

Miton UK MicroCap Trust plc

Report and Accounts for the
year ended 30 April 2020

Accessing the inherent
vibrancy of the smallest
quoted companies to
generate attractive
potential returns

The Trust's investment universe differs from the mainstream stock market...



As import tariffs were reduced, cross-border trade and productivity improved, and the period of premium growth known as globalisation began.



With debt being both plentiful and progressively cheaper, nearly all assets, including mainstream stock markets, have enjoyed many years of upward momentum.



However, more recently, the electorate has opted for change, with global growth starting to stall even prior to the pandemic.



The current pandemic-induced recession took many quoted companies by surprise, and the returns on mainstream stock markets may be unsettled for quite some time.



The investment universe of the Miton UK MicroCap Trust is very different from the mainstream stock market, which will be of great relevance going forward.



This Annual Report outlines the reasons why we believe the Miton UK MicroCap Trust plc is well placed to thrive in this period of changing stock market dynamics.

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Miton UK MicroCap Trust plc

Miton UK MicroCap Trust plc is an investment trust quoted on the London Stock Exchange under the ticker code MINI. It is referred to as the Company, MINI or the Trust in the text of this report. The Board, which consists of four independent directors, appoints the Investment Manager and is responsible for monitoring the Trust's performance.

After the Trust's listing in April 2015, its net asset value (NAV) rose from 49.0p to 71.6p in June 2018. With worries about the imminent nature of Brexit, and more recently the global pandemic and highly volatile markets, the NAV fell back to 37.2p on 18 March 2020, although in the final weeks of the Company's accounting year, the NAV has recovered to finish at 51.33p. This report outlines why the Trust's portfolio ended the year to April 2020 in resilient form, at a time when a global recession is threatening economies.

Year to 30 April 2020	Year to 30 April 2019
51.33p	56.13p
NAV per Ordinary share	NAV per Ordinary share
0.06p	0.20p
Revenue return per Ordinary share	Revenue return per Ordinary share
(4.67)p	(12.83)p
Total return per Ordinary share	Total return per Ordinary share

Our objective

The Company invests principally in a portfolio of smaller UK quoted companies, generally with market capitalisations of less than £150m. The primary objective is to generate capital growth, through a portfolio of stocks that are themselves investing capital in anticipation of an attractive cash payback.

Many such stocks initially do not pay dividends, but it is anticipated that those that succeed in growing their cashflow may be in a position to use this to invest further and begin to pay dividends over the coming years. As the share prices of these quoted companies appreciate, the proceeds from maturing investments in the Trust can be reinvested in other less mature businesses with greater future potential. For this reason, it is anticipated that a major part of the Company's return will comprise capital appreciation, and that its annual dividend may vary from year to year.

The future trajectory of the mainstream stock markets could be quite modest...

Investing in a portfolio of quoted companies involves judgements about the potential for return, often in the context of the general trajectory of the mainstream stock market. Specifically, the prospect of making an attractive investment gain over the longer term needs to be considered alongside the chance of a material drawdown on the capital originally invested.

Investors think about drawdown risk in two categories. The first is known as systematic risk, which is the chance that the entire stock market disappoints. The second is stock specific risk, when the share price of an individual quoted company disappoints, rather than the overall stock market. Stock specific risk can be scaled down considerably via a portfolio held in an investment trust such as MINI, because the movements of several individual share prices often tend to offset each other. (For more on portfolio risk management see page 4.)

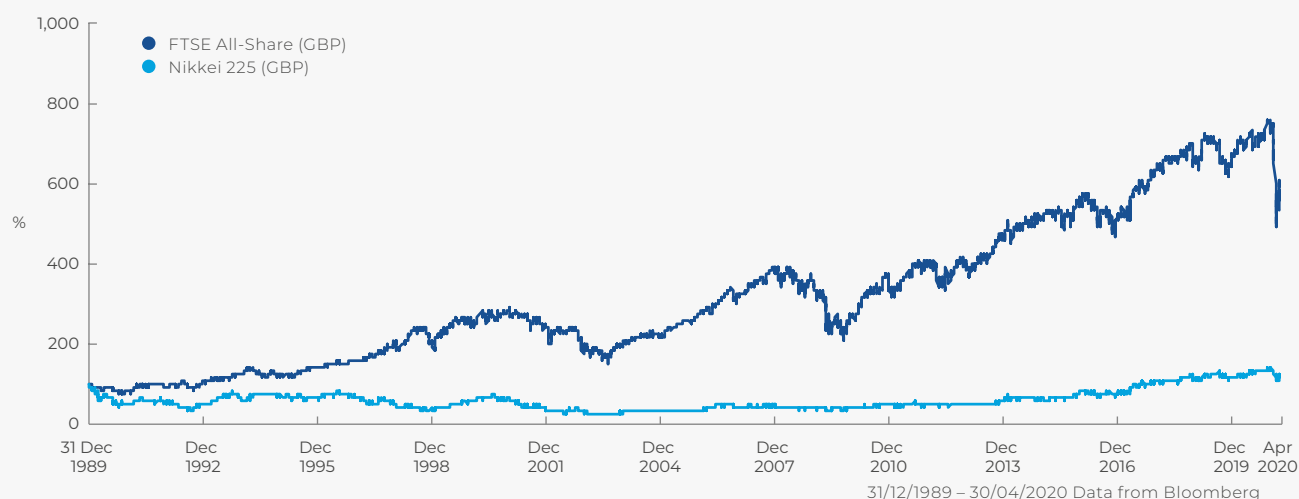
During the last three decades, nearly all asset prices have appreciated significantly. The share prices of some individual companies will have risen at an even faster pace, but even those that have lagged may have risen nonetheless over the years.

Stock markets, however, can rise at a much slower pace, especially when economic growth is more modest, and when quoted companies are paying off debt. Japanese quoted companies for example, have faced these challenges since 1989, and the return on the Nikkei 225 Index has stagnated since that date. This differential in cumulative performance is well illustrated by the fact that the total return on the FTSE all share index over this time period was nearly 18 times that of the Nikkei 225 Index in sterling terms, as shown below.

As a result of the pandemic and the change in the political agenda, many market commentators believe that global growth will be more modest going forward. Alongside the blizzard of dividend cuts recently, many believe that the overall returns on the FTSE All Share Index will compound at a much lower rate in future, potentially in a similar manner to that seen in Japan.

If these assumptions are correct, then institutional investors will need to consider participating in other more specialist areas of the stock market with the potential to deliver a better return. We envisage that the investment strategy of the Trust has these characteristics.

Chart of the total return (ie including dividends reinvested) of the FTSE All-Share Index and the Nikkei 225 Index from December 1989 to April 2020



...whereas MINI participates in an investment universe that has favourable long-term tailwinds

Scale is the key differential between mainstream listed companies and quoted microcaps.

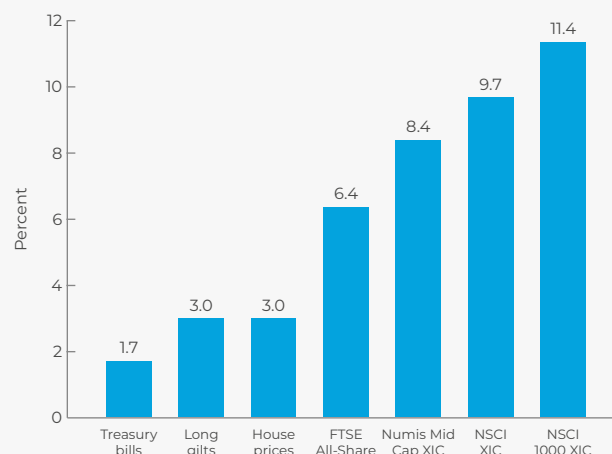
The growth of larger quoted companies as a group often tends to be closely related to the general growth of the global economy. When growth in demand eases, it tends to be difficult for those with substantial market shares, such as mainstream stocks, to buck the wider trend.

The growth potential of smaller quoted companies is not as dependent on general economic conditions. Smaller quoted companies often have smaller market positions for example, so they have scope to continue to take additional market share, offsetting a general contraction in demand. Furthermore, where new markets are relatively modest in scale, growth in those markets is likely to have a much more significant impact on the fortunes of smaller quoted companies. By contrast, immature markets are often insignificant relative to the scale of a large quoted company's operations.

The value of insolvent companies lies in the investment that has gone in previously, and the ability to unlock this with additional working capital. Since few companies have capital structures robust enough to consider acquiring them during recessions, insolvent companies are often sold at very low valuations. Quoted companies' access to external capital at times when it is scarce for others is a major advantage as the returns on these transactions can be substantial. While this is helpful for larger quoted companies, in practice the acquisitions tend to be minor in comparison to their core operations. In contrast, similar transactions can be transformational for a quoted microcap.

The advantage of smallness is represented in decades of microcap outperformance of the FTSE All Share Index. Since 1955, the date when detailed data was first regularly collected on the UK stock market, microcaps have outperformed by 5% per year, which compounds into a major differential in return over the longer term.

Bar chart of annualised real returns of Treasury Bills, Long Gilts, the FTSE All-Share Index, Numis MidCap excluding investment companies (XIC), Numis Smaller Companies Index XIC, and Numis 1000 XIC, 1995-2018



Source: London Business School and Numis Annual Review

Furthermore, since most professional investors overlook microcaps because they require fundamental analysis and only represent a small part of the stock market, individual microcap share prices can be more out of line with their longer-term prospects than mainstream quoted companies. Hence, favourable stock picking can add yet more return to a portfolio of quoted microcaps.

Since April 2015 when the Miton UK MicroCap Trust was established, it is notable that the Trust has outperformed most markedly over recent months at a time when a global recession looms, since the tailwinds favouring microcaps have emerged.

MINI's broad investment universe offers genuine opportunity to scale back portfolio risk...

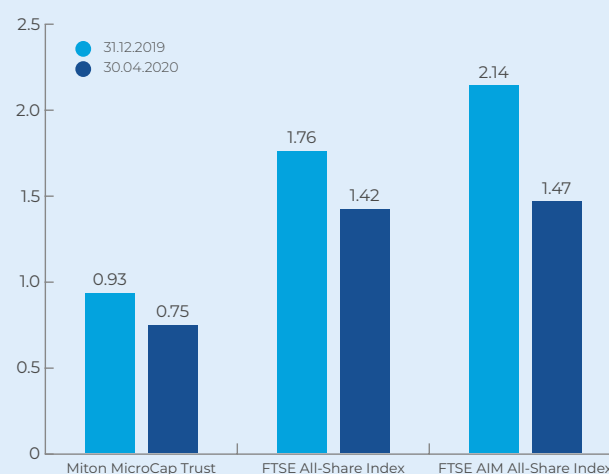
One of the features of the quoted microcap investment universe is that companies with market capitalisations below £150m by number account for more than half of the listed companies in the UK. The Trust's ambition is to assemble a portfolio where any delay in successful cash payback on individual stocks doesn't necessarily risk a dilutive share placing, or insolvency. One of the advantages of a broad investment universe is that it is possible to invest in quoted microcaps with both promising prospects and unusually resilient balance sheets, that stand at low valuations because they are overlooked by professional investors. In summary, we regard investing in quoted microcaps as having room for a greater margin of safety than some other strategies because the opportunity set is so wide-ranging and overlooked in nature.

An example can illustrate this premise. Reabold Resources plc, an oil and gas production company, is held in the Trust's portfolio. It actively minimises corporate risk, such as that of adverse cashflow when oil prices are low, through investing in onshore oil wells where the cost of production tends to be much lower than offshore. In order to maximise the upside, Reabold invests in wells that have already exhausted all other sources of capital funding. The key point is that when there is no other source of capital, Reabold tends to get a disproportionate return on the well if it succeeds. Last year, Reabold announced that a well at West Newton it had funded had apparently discovered the largest UK onshore oil and gas field since Wytch Farm in 1973. Yet with the subsequent collapse in the oil price, it has been possible to buy Reabold shares at 40% of the value of its core and contingent asset value, having been scaled back to take account of the uncertainties, and the prospective profitability of their well even at very low oil prices.

Although no stock market investment is risk free, we believe that investing in stocks with these kinds of risk characteristics – namely a focus on those with resilient balance sheets, and yet still possessing substantial upside potential despite their low valuations-helps moderate portfolio risk.

The ratio of the share price of an individual company to the assets per share on its balance sheet (sometimes known as book value) is known as the price to book ratio. In general, we consider investing in companies with plentiful assets is preferable, because these can be used to generate additional cash paybacks in future. A low price to book ratio is therefore an advantage, as long as the company itself isn't already heavily indebted. The chart below sets out the price to book ratio for the MINI portfolio, and how it compares with that of the FTSE All Share Index and the FTSE AIM All Share Index.

Price to Book of the Miton UK MicroCap Trust compared with the FTSE All-Share Index and FTSE AIM All-Share Index



Source: Bloomberg analysis (weighted average)

...and address the urgency for UK listed companies to reduce their carbon footprint



Investing in quoted companies always involves a degree of risk. In general, the Miton UK MicroCap strategy has always actively sought to minimise the risk of a permanent loss of capital, through avoiding companies where the business and the balance sheet risks are elevated simultaneously.

The stock selection process seeks to screen out stocks that carry too many downside risks, identifying a multitude of business risks that could have an adverse effect. For example, we have always regarded a poor accident record as a risk that could lead to a company's production facilities being closed suddenly by a regulator. Alongside, we are always alert to how much the management team prioritise active engagement with their staff, since we believe that a highly motivated team delivers better outcomes for customers. In addition, we also take a great interest in how a quoted company monitors its customer service, as in our view any weakness here can lead to pressure on their profit margins.

We highlight these factors, because we see them as intrinsic to minimising stock specific risk. The introduction of a series of corporate governance codes may have led boards to become more attentive to some of these factors. But as yet most quoted company presentations or annual reports still have very little detail on staff motivational metrics or customer service standards.

We believe that the attitude to risk outlined above is also applicable to the climate change agenda. While most management teams would acknowledge that there is some urgency in addressing their carbon footprint, they are often watching to see what others do first. In our view, this attitude may make it harder to retain the best staff or continue to supply some of their customers. For this reason, we actively encourage quoted businesses to work towards publishing details of their current carbon footprint per unit of production, along with their gross water usage, and gross energy consumption. Once these are in place, and reported on regularly, then companies can start to work towards reducing their emissions. For example, a business may choose a renewable energy supplier or start actively to reduce the weight of rubbish collected from their premises as a first step along this path.

Finally, we would like to highlight that there are some microcap stocks in the Trust's portfolio on overlooked valuations that are actively making a positive impact to climate change. For example, Jubilee Metals removes heavy metals from mining tailings, as the profits on the platinum more than covers the cost. Another is Inspired Energy, that has extended its services so that it can now provide CO2 emission audit certificates for quoted companies.

Results for the Year

to 30 April 2020

- Over the year, the Ordinary share NAV moved from 56.13p on 30 April 2019 to 51.33p on 30 April 2020, a total return including dividend reinvested of -8.2%. As at close of business on 25 June 2020, the closest date to this Report, the Ordinary share NAV was 57.55p and the share price was 48.00p.
- The Ordinary share price moved from 54.40p at 30 April 2019 to 43.35p at 30 April 2020, a total return including dividend reinvested of minus 20.0%
- Revenue return at £81,000 was 0.06p per share for the year to 30 April 2020, which compares with £307,000 for last year, 0.20p per share. A number of holdings that paid high dividend yields were either sold or taken over prior to the year under review, and the proceeds reinvested into stocks that had been more overlooked with greater potential, in anticipation that they would deliver better returns over time. In the final two months of the Company's financial year end, a number of investee companies also opted to cancel or defer dividends due to uncertainties relating to COVID-19.
- The Company-held derivative contracts contributed £2,016,000 in the year to 30 April 2020 compared to a loss of £241,000 in the prior year. The overall loss was £6,737,000 in the current year compared to a loss of £19,962,000 in the prior year. This amounted to a loss of 4.73p per share and a loss of 13.03p in the prior year.
- At the Company's general meeting held on 23 July 2019, a special resolution was passed that enabled the balance standing to the credit of the share premium account of the Company as at 1 July 2019 to be cancelled and credited to a reserve. Following the approval of the Court and the subsequent registration of the Court order with the Registrar of Companies on 13 August 2019, the cancellation became effective on 13 August 2019. Accordingly, the amount of £86,986,618 previously held in the share premium account was cancelled and transferred to a reserve.
- The Company offers all investors the opportunity to redeem their shareholding each year, which clears any overhanging sellers and hence is designed to ensure that the market price of the Company does not deviate too far from the underlying NAV. Redemption requests in relation to 27,061,157 Ordinary shares, or 19.56% of the Company's share capital, were received for the 30 June 2020 Redemption Point and are not reflected in the summary below. The redemption mechanism is explained further on page 77.

Summary of Results

	Year to 30 April 2020	Year to 30 April 2019
Total net assets attributable to equity shareholders (£'000) [†]	71,011	85,679
NAV per Ordinary share*	51.33p	56.13p
Share price (mid)	43.35p	54.40p
Discount to NAV*	(15.55)%	(3.08)%
Investment income	£0.8m	£1.0m
Revenue return per Ordinary share	0.06p	0.20p
Total return per Ordinary share*	(4.67)p	(12.83)p
Ongoing charges [#]	1.68%	1.52%
Ordinary shares in issue	138,335,915	152,653,822

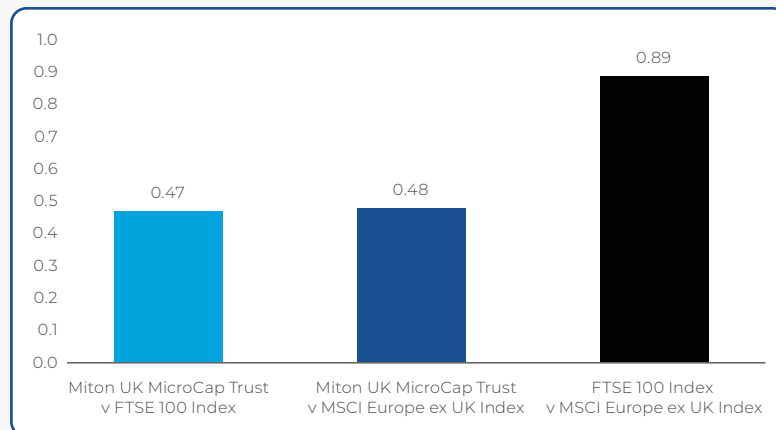
[†] After payment of redemption proceeds and cancellation of shares June 2019: £7,735,000 (June 2018: £12,761,000).

* Alternative Performance Measure ('APM'). Details provided in the Glossary on pages 89 to 91.

[#] The ongoing charges are calculated in accordance with AIC guidelines.

Financial Performance Indicators

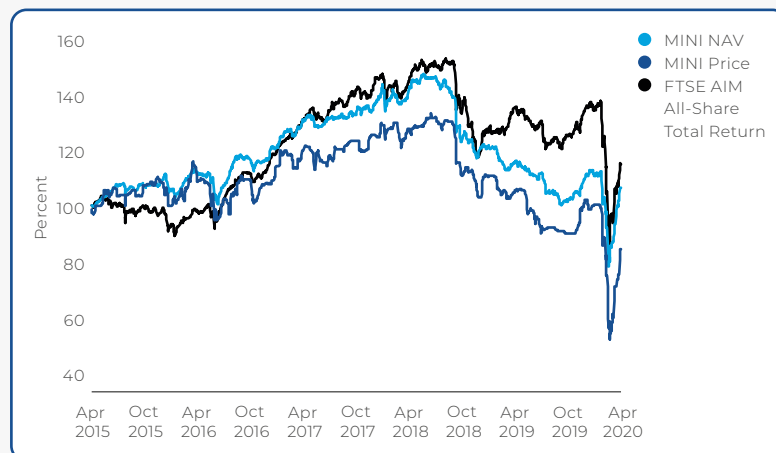
NAV correlation to FTSE100 Index and MSCI Europe (ex UK) Index



Source Bloomberg from 30/04/2015 to 30/04/2020.

Many of the mainstream international indices comprise multinational companies in a narrow range of sectors that are fairly uniform across each geography. For example, a major pharmaceutical company in the US or Europe tends to perform in a similar way to a major pharmaceutical company in the UK, so the daily movements of the FTSE100 and the MSCI Europe (ex UK) Indices are relatively correlated. Although the holdings in MINI are listed in the UK, microcaps tend to operate in a wider range of industry sectors so the daily movements of the Company's NAV are relatively lowly correlated with the daily movements of the FTSE100 Index. Diversification can be an advantage to investors, which has been more evident over recent months when many stock markets around the world have suffered a collective setback. Details of the main contributors and detractors to financial returns over the year are given on page 12.

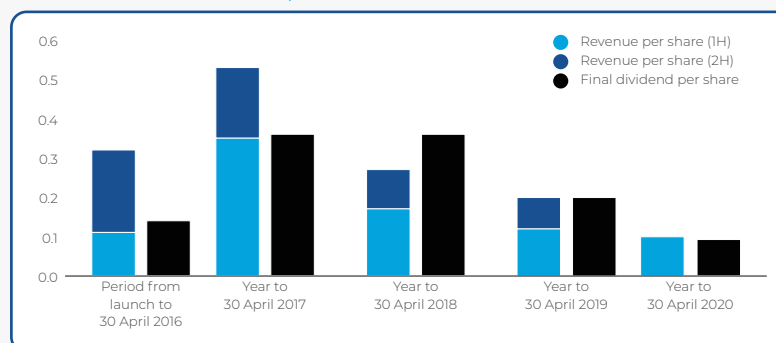
NAV v share price v FTSE AIM All-Share Index



Source: Morningstar from 30/04/2015 to 30/04/2020.

The chart to the left details the NAV and the daily closing share price of the Company compared with that of the FTSE AIM All-Share Index. Prior to the Brexit referendum in June 2016, the share prices of microcaps generally appreciated and the Trust's NAV rose. After the Brexit referendum many asset allocators scaled back their UK weightings given the uncertainties over the detail of the exit arrangements, and over the last 18 months this has led to fewer buyers of smallcap stocks. The adverse trend has been more acute amongst microcap stocks, with most now standing on much lower valuations than mainstream stocks. A more detailed explanation is set out in the Investment Managers Report on pages 11 to 14.

Revenue and dividend per share



Source: Bloomberg 30/04/2015. Source: Company to 30/04/2020.

The revenue per share of the Trust was particularly strong in the early years, as two of the portfolio holdings were yielding 10% at purchase. Since these were taken over, the underlying dividend income from the portfolio has been at a lower level. Overall it has always been anticipated that the major part of the Trust's longer term returns will be via capital gain rather than dividend income.

Chairman's Statement



“The conditions are now right for UK quoted microcaps not only to enjoy a period of performance catch-up, but also for the prior trend of sixty years of outperformance to resume”

Andy Pomfret
Chairman

This is the fifth annual report since the Trust was issued, and covers the year to 30 April 2020, a period in which a new government was elected with a clear majority in the UK; however, global stock markets suffered a major setback late in the period due to the COVID-19 pandemic and the resulting global recession. At the time of writing it is impossible to say how long the recession will last and what the long term implications of the pandemic will be.

Returns

As in the previous year, many investors held back from investing in UK quoted microcaps due to the imminent Brexit vote. Although this pattern changed with the clear UK election result, this was later overshadowed by a stock market setback when

the UK, in common with many other countries, implemented a policy of “lockdown” to reduce the loss of life from the global pandemic. Over the year to the April 2020, the FTSE SmallCap Index (excluding Investment Trusts) Index fell 20.7% in total return terms including dividend income, and the FTSE AIM All-Share Index fell by 15.2%, both much in line with the FTSE All Share Index that fell 16.6%. In comparison, the total return of the Trust, including the NAV performance and the dividends to shareholders, only fell by 8.2%.

When the Trust was first listed, its NAV rose from 49.0p in April 2015 to 71.6p in June 2018. However, as Brexit approached the NAV of the Trust suffered a reversal. This trend persisted into the early part of the year under review, and when markets sold off during the global pandemic, the Trust's NAV reached a low of 37.2p on 18 March 2020. In the final couple of months of the period under review, the Trust's NAV staged a recovery as certain UK quoted microcaps not only survived but thrived in the prevailing economic climate. The Trust's NAV finished at 51.33p per share, and with the final dividend income taken into account (see below) the total return was minus 8.2% over the year to April 2020.

This annual return includes a revenue return per share of 0.06p over the year, which compares with 0.20p per share last year. A final dividend of 0.10p per share has been declared. It has always been anticipated that, over time, capital appreciation would be the principal driver of the Trust's return.

During the five-year period since launch on 28 April 2015, the UK voted to leave the EU in 2016, after that many investors scaled back their allocations to UK quoted companies. Effectively, there has been something of a one-off Brexit headwind over recent years that has offset the long-term microcap tailwind. The outcome is that the Trust's total return over the five years since issue has been modest at 6.0%. This return compares to that of the FTSE SmallCap Index (excluding Investment Trusts) that was down 1.0%, the FTSE AIM All Share Index that was up 15.2% and the FTSE All Share Index that was up 4.8%.

Litigation

The Company is one of more than 45 defendants to proceedings filed in June 2019 by Howard M. Ehrenberg, in his capacity as the liquidating trustee of Orion Healthcorp, Inc., (the "Trustee") in the United States Bankruptcy Court in the Eastern District of New York arising from the takeover of Constellation Healthcare Technologies, Inc. in January 2017. The Trust was a shareholder in the company at that time and received takeover proceeds of US\$1.73m. In November 2019, the Company moved to dismiss the proceedings on the grounds that the United States Bankruptcy Court does not have jurisdiction over the Company and further intends to dispute the claim on multiple additional grounds. The Trustee's opposition to that motion is due later in 2020.

Share Redemptions

The Trust's share price reflects the balance of buyers and sellers in the market, so when there is an imbalance, its share price can diverge from the Trust's NAV. For example, towards the end of the year under review, the Trust's share price did not keep up with the recovery of its NAV, leading to an unusually large discount of 15.5% at the end of April 2020. In order to ensure that these kinds of imbalances do not persist, the Trust offers all shareholders the option to redeem their shares each year. At the previous redemption point at the end of June 2019, 14,317,907 shares were offered for redemption, amounting to 9.4% of the share capital at that date.

Shareholders who submitted redemption requests before 2 June 2020 were able to participate in the forthcoming redemption point at end of June 2020. The board expects that redemptions will be funded by transferring a pro rata tranche of all the Trust's holdings into a redemption pool portfolio and selling these into the stock market. This may take some weeks or months to complete and will incur transaction costs that will be borne by the shareholders electing to redeem.

AGM

At this stage it is not known whether it will be possible for shareholders to attend the Trust's AGM in September 2020. The wellbeing of our shareholders is important to us and if the AGM proceeds as a physical meeting then, in light of current restrictions on public gatherings as a result of the COVID-19 pandemic, shareholders may not be able to attend the AGM in person. I therefore encourage you to vote on the resolutions by proxy, and not to attend in person. Further updates on the AGM will be made available via an announcement to the London Stock Exchange and through statements on our website.

Prospects

The decade up to 2019 was defined by extra borrowing. The surge of low-cost imports kept inflation and interest rates low. Alongside, when global growth wobbled, central banks reached for more and more Quantitative Easing ("QE") so that their banks kept lending. Whilst global growth may have been patchy over this period, there was a form of economic equilibrium because whenever corporate debts became due, there was always someone prepared to relend to them. Stock markets appreciated as well, because even these quoted companies that were not generating cashflow could afford to boost their dividends using extra debt that was cheap and plentiful. Heavily cash consumptive growth stocks also performed particularly well during this period, as there was easy access to plentiful risk capital.

With the pandemic, an abrupt and deep global recession has now destabilised the previous equilibrium. Most businesses have either suffered an alarming drop in demand, or supply, or both. Whilst the government has stepped in to bridge the huge shortage of corporate cashflow for now, this is only a temporary fix. With the major setback in profitability, numerous corporates now find themselves exceptionally short of cash. So, for at least the coming year, the ongoing pressure on corporate profitability and cashflow will continue to cause many companies to radically restructure or even fail.

Chairman's Statement [continued](#)

This is a big moment for investors, because the past decades of plentiful cash and risk capital have abruptly dried up. It isn't just that dividends are being passed. We should anticipate that quite a few companies will need emergency access to extra cash, either through dilutive rights issues, or the sale of a part or all of their businesses at distressed valuations.

In contrast, many quoted microcaps enter this period of corporate challenge with three major advantages:

- (i) Numerous quoted microcaps already have strong balance sheets as they have learnt that they could not rely on external investors to fund their growth ambitions;
- (ii) Almost no quoted microcaps have defined benefit pension schemes, and hence they won't have to fund extra pension fund contributions; and
- (iii) Many UK microcaps with attractive prospects are currently standing on unusually low valuations.

The conditions are now right for UK quoted microcaps not only to enjoy a period of performance catch-up, but also for the prior trend of sixty years of outperformance to resume. The Miton UK MicroCap Trust's strategy is particularly well suited to these market conditions.

Overall, an investment in this Trust is not about hoping that the UK economy outperforms others, but rather about accessing the potential from a much wider and more diverse investment universe than the quoted majors. It is about buying into overlooked companies that have been putting in years of spadework out of the limelight, but that will now be in a position to deliver a cash payback. As they gain recognition, the appreciation of their share prices could be all the more distinctive at a time when the earnings of most mainstream stocks are under pressure.

[Andy Pomfret](#)
Chairman
26 June 2020

Investment Manager's Report

Who are Premier Miton?

In November 2019, Premier and Miton merged to form Premier Miton Group plc, which remains an independent listed company with an emphasis on delivering premium investment returns. Some of the technology developed by Premier will be very helpful for Miton clients, and the reduction of overlapping costs will allow the combined group to accelerate investment in the business to address the changing market trends ahead of others.

Both Miton and Premier have a heritage of organically growing their fund management businesses from small beginnings, through client-centric fund strategies that have scope to deliver returns that are ahead of others. In the case of Premier it was principally within funds including shares, bonds and property together, whereas in the case of Miton it was principally via equity portfolios in specific investment universes, such as the Miton UK MicroCap Trust. Premier Miton are a signatory to the UN Principles for Responsible Investment.

The day to day management of the Trust's portfolio continues to be carried out by Gervais Williams and Martin Turner, who have worked together on this Trust since it first listed in April 2015.

Gervais Williams

Gervais joined Miton in March 2011 and is Head of Equities in Premier Miton. He has been an equity fund manager since 1985, including 17 years at Gartmore. He was named Fund Manager of the Year by What Investment? in 2014. And is also a board member of the Quoted Companies Alliance and a member of the AIM Advisory Council.

Martin Turner

Martin joined Miton in May 2011. Martin and Gervais have had a close working relationship since 2004, with complementary expertise that led them to back a series of successful companies. Martin qualified as a Chartered Accountant with Arthur Anderson, and had senior roles and extensive experience at Merrill Lynch and Collins Stewart.

What were the main drivers of the Trust's returns over the year?

Prior to the Trust's year starting in May 2019, the US central bank had been attempting to normalise US interest rates, after a long period at very low levels. It had raised US interest rates by 0.25% several times and inverted its policy of Quantitative Easing into QT – Quantitative Tightening. However, as global growth became very weak, and stock markets around the world fell back this was abandoned. At the start of the 2019, the US central bank announced that US interest rates would be cut, which marked a period of stock market recovery around the world. Hence, at the start of the Trust's year, the share prices of many of the largest companies were already rising.

In contrast to the mainstream stock markets, the share prices of UK microcaps were weak at the start of the Trust's year. Overall, the absence of a political consensus as to how the Brexit referendum should be implemented resulted in a political impasse. Given the uncertainty over the policy outlook, most investors in smaller UK quoted companies chose to hold back from making any additional investments.

This period came to an end in December, when the Conservative party won a clear parliamentary majority in the General Election. With the political logjam cleared, the share prices of smaller UK companies rallied. Whilst this was most evident within the small and midcap companies initially, there was some indication that there would be renewed interest in UK quoted microcaps in time, as some overhanging sellers were cleared.

In the early part of 2020, the spectre of the global pandemic started to dominate the news flow. As it spread around the world, most governments imposed lock downs, in an attempt to slow the spread of the virus and ensure that their health services were not overwhelmed. One of the implications of this policy has been the onset of a deep global recession, which led to a major decline of global stock markets, including UK quoted microcaps.

Investment Manager's Report [continued](#)

Governments around the world have sought to scale back the adverse economic effects, by providing temporary payments to businesses, as a cashflow bridge, in the hope of keeping as many people from being made unemployed as possible. These policies were welcomed by the financial markets, and the Trust's year finished with the mainstream stock markets staging a partial recovery.

By contrast, the share prices of some UK quoted microcaps recovered rather more substantially. Many of the microcaps held in the Trust have strong balance sheets, with prospects that are not necessarily defined by the trajectory of the wider economy. As the Trust's year concluded, some microcap share prices rose considerably, to levels well above the start of the year. Overall, the NAV of the Trust was down 8.2% over the year to April 2020, but this was considerably better than that of the FTSE AIM All Share Index, down 16.4%, and the FTSE SmallCap Index (excluding Investment Companies) that was down 23.1%. This performance momentum has persisted into the start of the new financial year.

Which portfolio holdings had the greatest impact on the Trust's outcome over the year?

In the context of a year when most microcap share prices were drifting lower, there were several stocks that fell back more abruptly as they failed to reach their objectives. Nanoco, for example, was building a new plant funded by a large US mobile phone company, to manufacture quantum dots for their new models. However, despite funding the capex, the US mobile phone company subsequently changed its mind, which left Nanoco vulnerable to making persistent losses in future. The trust exited the holding, releasing 39 basis points of capital, albeit at a loss to the initial purchase price.

Anglo-African Oil & Gas also failed to achieve its investment objective. The company had planned to drill a crucial oil well during the year. Unfortunately, the well ran into technical problems, and therefore did not reach the targeted depth, which left investors uncertain over its prospects.

Given the weakness of the oil price at the time, and the company's requirement for more cash to drill the well again, the Trust's holding was sold, but the position detracted 1.2% from the overall return on the portfolio.

Mercantile Ports and Corero Network Security both announced slower progress than expected, detracting 1.6% and 1.3% from performance respectively. In our view however, their longer-term prospects remain in place, so whilst there was a setback in their share prices that detracted from the Trust's returns, they both remained in the portfolio at the year end.

Kape Technologies has been amongst the largest holdings in the Trust's portfolio for some time, and it is reassuring to report that it was one of the largest contributors to returns this year, adding 3.9% after it announced a major transaction that improved its market position in the US.

Whilst the COVID-19 stock market setback was uncomfortable for most portfolio holdings, it boosted the value of the Trust's FTSE100 Put option which was sold in early March for £2.7m, generating a profit of £1.8m on an original purchase price of just under £1m. This brought valuable new cash into the Trust, which was used to fund additional investments at a time when many valuations were standing at unusually low metrics.

The Trust's weighting in Healthcare stocks has risen progressively over the year. In April 2019, it was just 3.8%, but as several new holdings were added, it had risen to 15.4% as at April 2020. Avacta, purchased in November, was the largest contributor to the Trust's return over the year, adding 5.4% to the Trust's return. In our view, its therapeutic products alone could be worth many times its market capitalisation of £20m at the time of the Trust's investment. As it happened, its affimer technology is also applicable to disposable virus tests and applying this to COVID-19 has driven up its share price considerably. Avacta was the largest contributor to the Trust's return over the year.

Since the Trust was listed in April 2015, how well has it performed?

Overall, the major appreciation of stocks such as Kape and Avacta underline a key feature of the Trust's strategy. Our objective is to identify quoted companies that have scope to appreciate by a multiple of their original purchase prices. Furthermore, they often operate in smaller niche markets that are immature, and hence have the potential to expand even at times when the wider stock market may be suffering a setback. Many of these kinds of stocks are able to continue to perform well, even at a time when the global economy is in recession.

How has the Trust performed since it was first set up in April 2015?

The Miton UK MicroCap investment trust was set up to participate in the long-term tailwinds of UK quoted microcap stocks. As outlined on page 14, during the period of globalisation over the last thirty years, they have not stood out because the mainstream UK stock market has had a strong tailwind of its own. In April 2015 when the Trust was set up, it was anticipated that the attitude of the electorate was changing, and that as a result, prevailing economic policies would also be changed. Effectively it was anticipated that the globalisation tailwinds which have been driving up the mainstream stock markets for decades were coming to an end.

With the UK electorate voting for Brexit in June 2016, and the US electorate selecting nationalist President Trump in November 2016, stock markets have become more unsettled over recent years. Indeed, as feared, most mainstream indices have delivered very little return at all over the last five years, exacerbated by the advent of the pandemic. The FTSE All Share Index for example, has only risen 4.8% over the five years to April 2020 in total return terms, even when all the dividend income is included. The FTSE SmallCap Index (excluding Investment Companies) has risen just 1.0% in total return terms.

The FTSE AIM All Share Index has appreciated a little more, being up 15.2%, boosted by some speculative growth stocks that were fashionable in the early part of this period.

Interestingly, the tailwinds for UK quoted microcap stocks themselves flagged temporarily during the period, and hence the anticipated microcap differential hasn't been as evident as expected over the last five years. During the final months of 2018, and most of 2019, the UK political logjam held back the usual premium returns on microcaps. However, the microcap tailwinds have showed renewed vigour in the final months of the year. The total return of the Trust was still up 6.0% over the five years since launch.

Overall, we believe the reasoning for launching the Trust was valid and very much remains in place. As the globalisation tailwind comes to an end, the advantage of tapping into the long-term microcap tailwinds should become hugely advantageous.

Does the Trust invest in unlisted stocks?

No, the Trust's investment strategy has always been to invest solely in quoted stocks. We have always considered that the longer term returns on the microcap strategy would be entirely satisfactory without the need to consider investing in unlisted stocks, with their attendant lack of liquidity.

Furthermore, unlisted companies give rise to questions over whether their valuations are accurate, and whether the Trust might find itself obliged, as is often the case, to keep allocating new capital to them, without which they might become insolvent.

Investment Manager's Report *continued*

What are the prospects for the Trust?

Globalisation works on the principle that moderating border tariffs enhances cross-border trade and productivity improvement, which together boost global growth. Since the late 1980s, this favourable economic trend became so consistent, that past margins of safety started to appear overly cautious. This meant that when there was a global financial setback in 2008, UK banks were found to be hopelessly overstretched.

Whilst the UK 'emergency' interest rate cut was essential in 2008, along with the introduction of Quantitative Easing, ultimately, it has become politically expedient over recent years to use and reuse QE, in a similar manner to the way that numerous interest rate cuts had been used prior to 2008.

The key point about QE is that it makes debt and risk capital more plentiful. Its use and reuse has kept the globalisation tailwind in mainstream stock markets going over recent years. Alongside, regular QE has bred a reliance on easy credit conditions among numerous mainstream quoted companies. This has led many to take on ever larger amounts of debt, rendering them considerably less resilient at the time of an economic setback.

Much of the last ten years has been defined by increased dividends part-funded by debt, or the rapid appreciation of high-growth stocks that have a reliance on regular external funding, together driving an ongoing rise of stock markets. Unfortunately, we would argue that both trends can only be successful if there is a near-continuous, and plentiful supply of low-cost debt, and ever supportive stock markets. The pandemic, and the deep global recession that it has spawned, have revealed the scale of this vulnerability. We are, therefore, not surprised by the welter of

dividend cuts that have been announced by mainstream companies over recent months and fear numerous cashflow-negative businesses will be found to be insolvent in the coming quarters.

The Trust's microcap strategy principally selects those with attractive future cashflow, but which also have strong balance sheets. Whilst the share prices of these companies do fluctuate with the stock market, overall, we believe these businesses have a greater chance of success because they are not reliant on the easy availability of additional capital.

Furthermore, being listed, we also believe they can help sustain skilled employment at a time of recession, by acquiring insolvent companies and injecting additional working capital through the issuance of new shares. Few others have robust enough balance sheets to take on these transactions during recessions, or the ability to raise new capital to fund their recovery. In general, therefore, the acquisition cost of these transactions can be abnormally low, and hence they can deliver exceptionally large returns when they succeed.

Overall, as the globalisation tailwind comes to an end, we believe the advantage of tapping into the long-term microcap tailwinds will become hugely advantageous. We remain very upbeat about the prospects for the Trust over the short and the longer term.

Gervais Williams and Martin Turner

26 June 2020

Business Model

Business and Status of the Company

MINI was incorporated on 26 March 2015 and its Ordinary shares were listed on the London Stock Exchange on 30 April 2015. It is registered in England as a public limited company and is an investment company in accordance with the provisions of Sections 832 and 833 of the Companies Act 2006.

The principal activity of the Company is to carry on business as an investment trust. The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of Sections 1158/1159 of the Corporation Tax Act 2010 ("S1158/1159"). The Directors do not envisage any change in this activity in the foreseeable future.

The Company has been granted approval from HM Revenue & Customs ("HMRC") as an investment trust under S1158/1159 and will continue to be treated as an investment trust company, subject to there being no serious breaches of the conditions for approval.

The principal conditions that must be met for continuing approval by HMRC as an investment trust are that the Company's business should consist of "investing in shares, land or other assets with the aim of spreading investment risk and giving members of the company the benefit of the results" and the Company may only retain 15% of its investment income. The Company must also not be a close company. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 April 2020 so as to be able to continue to qualify as an investment trust.

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments and all other net capital gains. Investment trusts offer a number of advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at lower cost, and the ability to hold illiquid positions in uncertain market conditions.

Investment Policy

The Company's full investment policy is set out on page 78 and contains information on the policies which the Company follows relating to asset allocation, risk diversification and gearing, and includes maximum exposures, where relevant.

The Company invests in a portfolio of UK quoted companies with the objective of achieving capital growth by investing in a portfolio of stocks that are well placed to generate an attractive cash payback from productivity improvements.

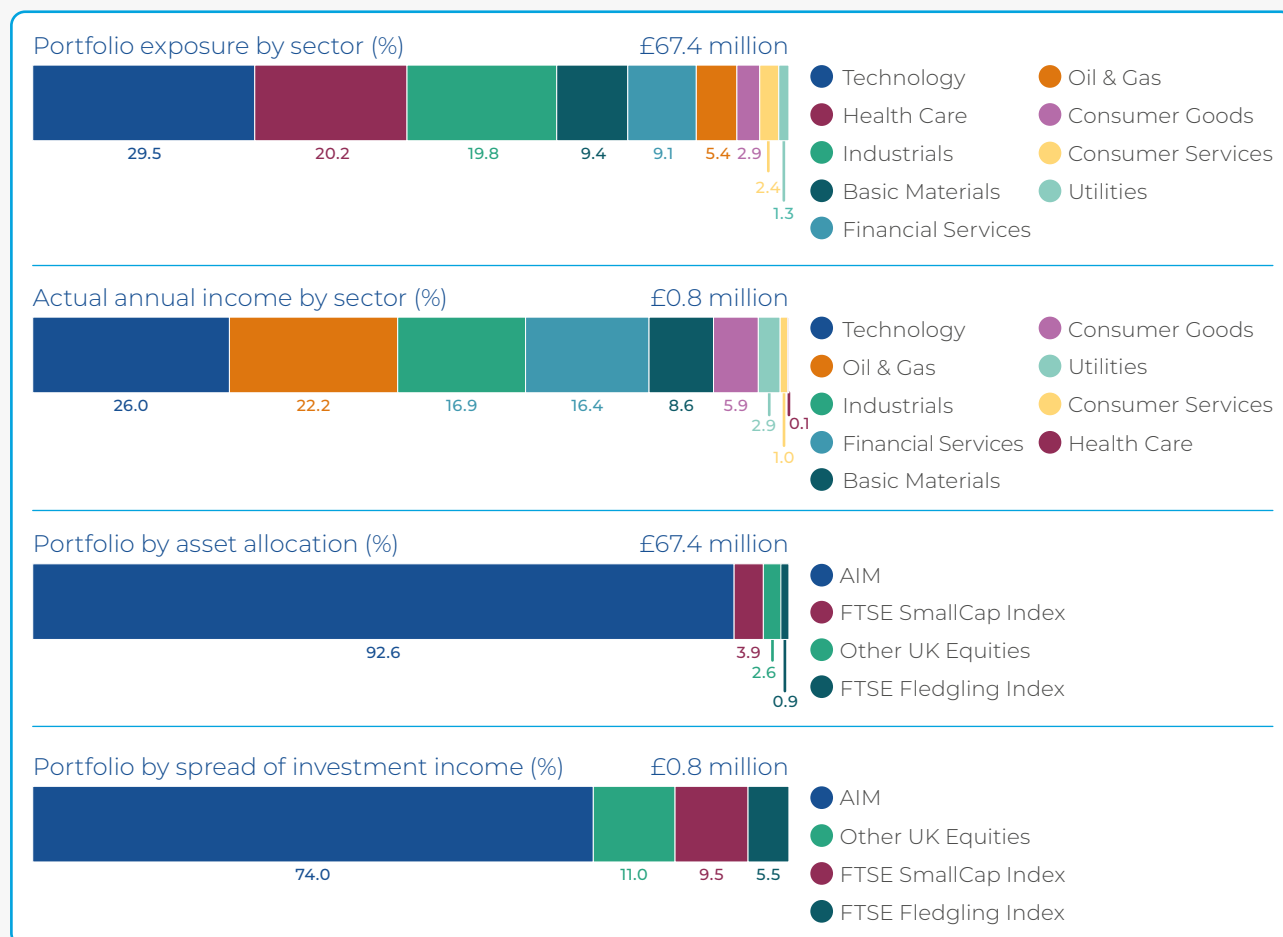
Portfolio Information

as at 30 April 2020

Rank	Company	Sector & main activity	Valuation £000	% of net assets	Dividend Yield* %
1	Avacta Group Ord Shs	Health Care	4,437	6.2	0.0
2	Kape Technologies Ord Shs	Technology	4,257	6.0	0.0
3	Cerillion	Technology	2,674	3.8	1.8
4	Frontier IP Group	Industrials	2,481	3.5	0.0
5	MTI Wireless Edge	Technology	2,225	3.1	4.5
6	Caledonian Mining	Basic Materials	1,927	2.7	3.1
7	Centralnic	Technology	1,870	2.6	0.0
8	Synairgen Ord Shs	Health Care	1,812	2.6	0.0
9	Kromek Group	Health Care	1,773	2.5	0.0
10	Aquis Exchange	Financials	1,691	2.4	0.0
Top 10 investments			25,147	35.4	
11	Amino Technologies Ord Shs	Technology	1,673	2.4	1.3
12	Inspiration Healthcare Group	Health Care	1,667	2.3	0.0
13	Wey Education Ord Shs	Industrials	1,546	2.2	0.0
14	Totally Ord Shs	Health Care	1,540	2.2	0.0
15	FRP Advisory Group Ord Shs	Industrials	1,539	2.2	0.0
16	Jubilee Metals Group	Basic Materials	1,333	1.9	0.0
17	BATM Advanced Communications	Technology	1,323	1.9	0.0
18	Corero Network Security	Technology	1,309	1.8	0.0
19	Oxford Metrics	Technology	1,091	1.5	1.9
20	Conygar Investment Company	Financials	926	1.3	0.0
Top 20 investments			39,094	55.1	
Balance held in equity instruments			28,282	39.8	
Total equity investments			67,376	94.9	
Other net current assets			3,635	5.1	
Net assets			71,011	100.0	

* Source: Thomson Reuters. Dividend Yield based upon historic dividends and therefore not representative of future yield.

Portfolio as at 30 April 2020



Source: Thomson Reuters.

The LSE assigns all UK quoted companies to an industrial sector and frequently to a stock market index. The LSE also assigns industrial sectors to many international quoted equities as well, and those that have not been classified by the LSE have been assigned as though they had. The portfolio as at 30 April 2020 is set out in some detail on page 16, in line with that included in the Balance Sheet. The investment income above comprises all of the income from the portfolio as included in the Income Statement for the year ended 30 April 2020. The AIM and Aquis markets are both UK exchanges specifically set up to meet the requirements of smaller listed companies.

The first two bar charts above determine the overall sector weightings of the Company's capital at the end of the year, and with regard to the income received by the Company over the year. The second pair of bar charts determines the LSE stock market index within which portfolio companies sit, and the income received by the Company over the year. Investments for the Company's portfolio are principally selected on their individual merits. As the portfolio evolves, the Manager continuously reviews the portfolio's overall sector and index balance to ensure that it remains in line with the underlying conviction of the Investment Manager. The Investment Policy is set out on page 78, and details regarding risk diversification and other policies are set out each year in the Annual Report.

Performance and Risks

Key Performance Indicators

The Board reviews the Company's performance by reference to a number of key performance indicators ("KPIs") and considers that the most relevant KPIs are those that communicate the financial performance and strength of the Company as a whole.

The Board and the Investment Manager monitor the following KPIs:

- **NAV performance, relative to the AIM All-Share Index and other comparable investment trusts and open-ended funds**

The Ordinary share NAV at 30 April 2020 was 51.33p per share (30 April 2019: 56.13p), giving a total return of (8.2)% (30 April 2019: (18.6)% over the year. This compares with the UK Investment Trust Smaller Companies sector, where the average was a -16.4% decrease in total return terms over the same period. By comparison, the total return on the FTSE AIM All-Share Index was -15.3% over the year.

- **NAV correlation to mainstream indices**

The Company has an objective to deliver a low NAV correlation with the FTSE 100 and FTSE All-Share Indices. Correlation data is presented on page 7 of the Report.

- **Movements in the Company's share price**

The Company's Ordinary share price decreased by 20.3% (30 April 2019: decreased by 17.3%) over the year on a capital return basis.

- **The discount/premium of the share price in relation to the NAV**

At times, the number of shareholders looking to transact in the Company's shares exceeds the market's daily liquidity. Imbalances like this are normally cleared through stock market transactions over a few weeks, but on occasion these imbalances can become persistent and the Company's share price diverges from the daily NAV. The Company has an objective to keep this divergence to a minimum.

When buyers have become persistent over recent years and the share price has traded consistently above the daily NAV, the Company has issued additional stock through placing new shares with investors. In contrast, during the year to 30 April 2020, the share price discount has ranged between 0.8% and 8.5% to the daily NAV, which has not been an appropriate environment in which to issue shares.

In order to address this, the Company was also set up with an annual redemption mechanism so that shareholders could redeem their holdings. This year, redemption requests were received for 19.56% of the Company's shares and it is expected that the redemption will be settled via the redemption pool process.

- **Ongoing charges**

The ongoing charges on the Ordinary shares for the year to 30 April 2020 amounted to 1.6% (30 April 2019: 1.5%) of total assets.

Principal Risks and Uncertainties

The Company is exposed to a variety of risks and uncertainties that could cause its asset price or the income from the investment portfolio to reduce, possibly by a sizeable percentage in the most adverse circumstances. The principal financial risks and the Company's policies for managing these risks and the policy and practice with regard to the portfolio are summarised in note 19 to the financial statements.

The Board, through delegation to the Audit and Management Engagement Committee, undertakes a robust annual assessment and review of the principal risks facing the Company, together with a review of any new and emerging risks which may have arisen during the year, including those that would threaten its business model, future performance, solvency or liquidity. These risks are formalised within the Company's risk matrix. Information regarding the Company's internal control and risk management procedures can be found in the Corporate Governance Statement on pages 37 and 38.

Listed below is a summary of the principal and emerging risks identified by the Board and actions taken to mitigate those risks.

Risk	Mitigation
Investment and strategy	
There can be no guarantee that the investment objective of the Company will be achieved.	The Investment Manager has long experience of managing portfolios of this nature, including dealing in smaller capitalisation companies, and deploying an approach that is designed to maximise the chances of the investment objective being achieved over longer-term time horizons. The Company is reliant on its Investment Manager's investment process. The Board reviews and discusses the investment approach at each Board meeting, and if it isn't satisfied it can appoint another Investment Manager.
The Company will invest primarily in small UK quoted or traded companies by market capitalisation. Smaller companies can be expected, in comparison to larger companies, to have less mature businesses, a more restricted depth of management and a higher risk profile.	The Board looks to mitigate the higher risk profile of individual quoted smaller companies by ensuring the Company holds a well-diversified portfolio, both by number of companies and areas of operation. As a result of the COVID-19 pandemic for example, the Company's diversified portfolio has held some stocks where prospects have improved that offset some others where they have deteriorated.
These companies are normally traded less frequently on the stock exchange and, when aggregated with holdings in other client funds of the Investment Manager, the combined funds may have a significant percentage ownership of investee companies.	The Company is structured as a closed-ended fund, which means that it is not subject to daily inflows and outflows.
Many businesses are facing additional financial challenges due to demand fluctuations, and/or additional cost of supply currently, due to the COVID-19 pandemic.	
Reliance on third parties	
The Company has no employees and is reliant on the performance of third-party service providers. Failure by the Investment Manager or any other third-party service provider to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Company. This could include failure of a counterparty on whom the Company is reliant.	The Board monitors and receives reports on the performance of its key service providers. In relation to the risk of counterparty failure, the Board reviews the controls report of the Depositary.
	The Board may in any event terminate all key contracts on normal commercial terms.
Loss of key personnel/fund managers	
The Company depends on the diligence, skill, judgement and business contacts of the Manager's investment professionals and its future success could depend on the continued service of these individuals, particularly Gervais Williams and Martin Turner.	The Company may decide to terminate the Management Agreement should both Gervais Williams and Martin Turner cease to be employees of the Manager's group and if they are not replaced by a person/s who the Company considers to be of equal or satisfactory standing within three months of one or both of their departures.

Performance and Risks continued

Risk	Mitigation
Share price volatility and liquidity/marketability risk	
<p>The market price of the Ordinary shares, as with shares in all investment trusts, may fluctuate independently of their underlying NAV and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary shares, market conditions and general investor sentiment.</p> <p>The Company may become too small to be attractive to a wide audience, with lesser stock market liquidity and a wider share price discount.</p> <p>The UK's vote to leave the EU has introduced new uncertainties and instability into the financial markets; likewise COVID-19 has also had an impact, which is ongoing.</p>	<p>The Company has in place an annual redemption facility whereby shareholders can voluntarily tender their shares. The Board monitors the relationship between the share price and the NAV. The Company has powers to repurchase shares should there be an imbalance in the supply and demand leading to a persistent and excessive discount. The Investment Manager maintains regular dialogue with shareholders through monthly factsheets and regular face-to-face meetings.</p>
Costs of operation	
<p>As stated, the Company relies on external service providers. Many of these are paid on a basis where their fees are related to the size of the Company (an "ad valorem" basis). Others are for fixed monetary amounts. Therefore, if the Company were to shrink, through redemptions, buybacks or asset performance, the cost per share of running the Company would increase. This could make it harder to achieve the investment objective.</p>	<p>The Board monitors the costs of all service providers. The Board is also committed to the controlled growth of the Company which would spread the fixed costs over a larger asset base. In the event that the Company were to decrease in size from its current level, the Board has capped the total costs at no more than 2% of the aggregate market capitalisation. The ongoing charges for the year to 30 April 2020 amounted to 1.68% (30 April 2019: 1.52%).</p>
Regulatory risk/change in tax status	
<p>The Company is subject to laws and regulations enacted by national and local governments. Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy.</p>	<p>The Board receives regular updates from its Secretary, Broker, industry representatives and its Investment Manager on significant regulatory changes that may impact the Company. The Company's ability to determine the shape of regulatory or tax changes is limited and therefore the Board aims to ensure that it is well informed and prepared to respond to changes as required.</p>
Cyber Risk/IT Security	
<p>Errors, fraud or control failures by the Company's key service providers or loss of data through increasing cyber threats or business continuity failure could damage the Company's reputation or investors' interests or result in losses.</p>	<p>The Board receives regular control reports and cyber/IT policies from all service providers to ensure that controls are in place including business continuity and disaster recovery arrangements.</p>

Risk	Mitigation
The Trust may be subject to legal action by others	
<p>The investment portfolio comprises the principal assets of the Trust, and is valued on their market bid price along with its cash balances. One way to realise a return for investors is to accept a takeover offer, often at a premium to the market price. When these transactions occur, the Trust may be in receipt of cash proceeds, that are then reinvested in other equities. When these are US companies, the Trust is at risk that an acquirer subsequently discovers that the commercial value of the business acquired is not as anticipated, and may try to reclaim some or all of the proceeds paid for the acquisition from the vendors – which in our case is the Trust.</p>	<p>The Trust moderates this risk via insurance cover but would normally expect acquirers to carry out their own due diligence on the assets being acquired, and if there is subsequent disappointment then to seek redress from their advisers. As noted in the interim statement, the liquidating Trustee of Orion Healthcare Inc, the acquirer of Constellation Healthcare Technologies Inc, has initiated legal proceedings to recover the Trust's proceeds from the takeover, which do not fall within the remit of the insurance cover. The action does not allege any wrongdoing by the Trust or its advisers. The Trust is one of more than 45 other former Constellation shareholders that are contesting the validity of this action, and is paying a share of the joint legal costs as incurred as a result. By the end of April these had amounted to just over £90,000.</p>

Share Capital

Share Issues

At the Annual General Meeting held on 11 September 2019, the Directors were granted the authority to allot Ordinary shares up to an aggregate nominal amount of £15,265 (representing 15,265,000 Ordinary shares) on a non pre-emptive basis. No shares have been issued under this authority.

This authority is due to expire at the Company's Annual General Meeting to be held on 22 September 2020. Proposals for the renewal of the authority are set out on page 31.

Share Redemptions

Valid redemption requests were received under the Company's redemption facility for the 28 June 2019 Redemption Point in relation to 14,317,907 Ordinary shares at a price of 53.92 pence per Ordinary share, representing 9.4% of the issued share capital. The number of valid redemption requests received under the redemption facility for the 30 June 2020 Redemption Point was announced via a regulatory announcement on 3 June 2020, namely in relation to 27,061,157 Ordinary shares, representing 19.56% of the issued share capital.

Purchase of Own Shares

At the Annual General Meeting of the Company held on 11 September 2019, the Directors were granted the authority to buy back up to 22,882,807 Ordinary shares. No Ordinary shares have been bought back under this authority. The authority will expire at the forthcoming Annual General Meeting, when a resolution for its renewal will be proposed (see page 32 for further information).

Treasury Shares

Shares bought back by the Company may, at the Board's discretion, be held in treasury, from where they could be re-issued at a premium to NAV quickly and cost effectively. This provides the Company with additional flexibility in the management of its capital base. No shares were purchased for, or held in, treasury during the year or since the year end.

Current Share Capital

As at the year end, there were 138,335,915 Ordinary shares and 50,000 Management shares (see note 4 to the financial statements) in issue. Further details of the Company's share capital are set out in note 4 to the financial statements on pages 61 and 62. This includes details of the 2019 redemption of Ordinary shares.

The rights attached to each share class are set out on page 78.

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

S.172(1) Statement

Background

Directors have a duty (under section 172 of the Companies Act 2006) to promote the success of a company for the benefit of shareholders as a whole. In doing so, a company must have regard to other broader matters including the likely long-term consequences of any decision, and the need to foster a company's relationships with its employees, suppliers, customers and others and to have regard to their interests, the impact of a company on the community and the environment, and the desirability of maintaining a reputation for high standards of business conduct.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all its discussions and as part of its decision-making. During the year under review, the Board discussed which parties should be considered as stakeholders of the Company and concluded that, as the Company is an externally managed investment trust and does not have any employees or customers in the traditional sense, its key stakeholders comprise its shareholders, suppliers (comprising mainly its Investment Manager, third party service providers and advisers), but they also take account of the Company's responsibilities to regulators and to the environment and the wider community. The section below discusses the actions taken by the Company to ensure that the interests of stakeholders are taken into account.

Shareholders

The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most meaningful, in order to gain an understanding of the views of shareholders. These include:

Annual General Meeting – Whilst the Company welcomes and encourages attendance and participation from shareholders at the AGM, in view of specific restrictions this year in relation to COVID-19, attendance at the AGM is likely to be, exceptionally, severely restricted. Under normal circumstances, shareholders have the opportunity to meet the Directors and the Investment Manager and to address questions to them directly. There is typically a presentation on the Company's performance and on the future outlook;

Publications – The Annual Report and Half-Year results are made available on the Company's website and are circulated to those shareholders requesting hard copies. These reports provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by a monthly factsheet which is available on the website. Feedback and/or questions the Company received from shareholders help the Company evolve its reporting, aiming to render the reports and updates transparent and understandable;

Shareholder concerns – In the event shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chairman at the registered office. The Senior Independent Director and other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels; and

Investor relations updates – at every Board meeting, the Directors receive updates from the Broker, Peel Hunt LLP, and from the Company Secretary on the share trading activity, share price performance, the Company's share register and investor relations.

S.172(1) Statement *continued*

Other stakeholders

Investment Manager

Maintaining a close and constructive working relationship with the Investment Manager (Premier Miton) is crucial to the Board. The Investment Manager's performance is critical for the Company to successfully achieve consistent, long-term returns in line with its investment objective. The Board meets with the Investment Manager on a regular basis, both within and outside formal Board meetings, and receives and discusses monthly reports and updates with the Investment Manager when appropriate.

Further details on the relationship with the Investment Manager can be found on page 26.

Suppliers

The Company relies on a diverse range of reputable advisors for support in meeting its obligations. The Board maintains regular contact with its key external providers, namely the Administrator, the Company Secretary, the Registrar, the Custodians and the Brokers, and receives regular reporting from them, both through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views, are regularly taken into account. The Audit and Management Engagement Committee formally assesses the performance of third party suppliers, their fees and continuing appointment on an annual basis to ensure that they key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit and Management Engagement Committee also receives reports on the financial reporting control environments in place at each service provider.

Regulators

The Company can only operate with the approval of its regulators, who have a legitimate interest in how the Company operates in the market and treats its investors and shareholders. The Company regularly considers the control environment in place to ensure that it meets various regulatory and statutory obligations.

Environment and Community

In light of the out-sourced nature of the Company's operations, the Company has very little direct impact on the community or the environment. However, the Investment Manager recognises that it can influence an investee company's approach to Environmental, Social and Governance ("ESG") matters and discusses ESG matters with investee companies on a regular basis. Further information about the Company's approach to environmental, human rights, social and community issues are set out on page 27.

The above mechanisms for engaging with stakeholders are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective. Should the shareholders and other stakeholders of the Company wish to contact the Chair of the Company, they can do so by contacting the registered office of the Company or by sending an email for the attention of the Chairman at mitonukmicrocap@linkgroup.co.uk

Decision-making

The Board considers the impact that any material decision will have on all relevant stakeholders to ensure that it is making a decision that promotes the long-term success of the Company. By way of illustration, decisions taken during the course of the financial year related the cancellation of the share premium account, the renewal and mechanics of the annual redemption facility and the decision to take profits on the FTSE100 put option holding in two parts during the course of the year.

Culture

The Company's defined purpose is relatively simple; it is to deliver our investment objective. The culture of the Board promotes a desire for strong governance and long-term investment, mindful of the interests of all stakeholders. The Board believes that, as an investment company with no employees, this is best achieved by working in partnership with our appointed Investment Manager.

The Directors agree that establishing and maintaining a healthy corporate culture among the Board and in its interaction with the Investment Manager, shareholders and other stakeholders will support the delivery on its purpose, values and strategy. The Board seeks to promote a culture of openness, debate and integrity through on-going dialogue and engagement with its service providers, principally the Investment Manager.

The Board strives to ensure that its culture is in line with the Company's purpose, values and strategy. The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to Diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings and in particular during the annual evaluation process which is undertaken by each Director (for more information see the performance evaluation section on page 36).

The Board seeks to appoint the appropriate service providers and evaluates their remit, performance and cost effectiveness on a regular basis as described on page 39. The Board considers the culture of the Investment Manager and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders and in particular during the annual review of the performance and continuing appointment of all service providers.

Management, Social, Environmental and Diversity Matters

Management Arrangements

The Company's investment manager is Premier Portfolio Managers Limited (the "Investment Manager"), following the novation of the Management Agreement on 24 April 2020. The Investment Manager is responsible for the management of the Company's portfolio in accordance with the Company's investment policy and the terms of the Management Agreement dated 8 April 2015. The Investment Manager has delegated investment management to Miton Asset Management Limited. Both the Investment Manager and Miton Asset Management Limited are authorised and regulated by the FCA.

The Board has appointed Premier Portfolio Managers Limited as the alternative investment fund manager ("AIFM") of the Company, following the novation of the Management Agreement on 24 April 2020.

Under the terms of the Management Agreement, the Investment Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable monthly in arrears and is at the rate of 1% per annum, calculated in respect of each calendar month, of the market capitalisation at the relevant calculation date. In addition to the basic management fee, and for so long as a Redemption Pool (see page 77 for details) is in existence, the Investment Manager is entitled to receive from the Company a fee calculated at the rate of 1% per annum of the net asset value of the Redemption Pool on the last Business Day of the relevant calendar month.

The Investment Manager has agreed that, for so long as it remains the Company's investment manager, it will rebate such part of any management fee payable to it so as to help the Company maintain an ongoing charges ratio of 2% or lower.

In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 75% of the management fee payable is expected to be charged to capital and the remaining 25% to income.

The Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months' written notice. The Management Agreement may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including insolvency or in the event of a material breach by the Investment Manager of the Management Agreement which is not remedied within thirty days of the receipt of notice. The Company has given certain market standard indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Management Agreement.

The Board appointed Bank of New York Mellon (International) Limited ("Bank of New York Mellon") as its Depositary and Custodian under an agreement dated 8 April 2015. The annual fee for depositary services due to Bank of New York Mellon is 0.025% per annum of gross assets, subject to a minimum fee of £15,000.

Administrative Services are provided by Link Alternative Fund Administrators Limited under an agreement dated 8 April 2015. The Administration Agreement may be terminated by either party on at least six months' prior written notice.

Continuing Appointment of the Investment Manager

The Board, through the Audit and Management Engagement Committee, keeps the performance of the Investment Manager under continual review and the Audit and Management Engagement Committee conducts an annual appraisal of the Investment Manager's performance, and makes a recommendation to the Board about the continuing appointment of the Investment Manager. It is the opinion of the Board that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole. The Board believes that the Investment Manager has executed the investment strategy in line with the Prospectus. The Directors also believe that by paying the management fee calculated on a market capitalisation basis, rather than a percentage of assets basis, the interests of the Investment Manager are more closely aligned with those of shareholders.

Environmental, Human Rights, Employee, Social and Community Issues

The Company does not have any employees and the Board consists entirely of non-executive Directors. The day-to-day management of the business is delegated to the Investment Manager. As an investment trust, the Company has no direct impact on the community or the environment, and as such has no environmental, human rights, social or community policies. In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly and ethically. The Company has a zero-tolerance policy towards bribery and corruption and as such is committed to carrying out its business fairly, honestly and openly.

Further information about the Company's relationships with its stakeholders is set out in the s.172 Statement on pages 23 to 25.

Gender Diversity

The Board of Directors of the Company comprises one female and three male Directors. The Company's Diversity Policy acknowledges the benefits of greater diversity, including gender diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives. The Board will always appoint the best person for the job and will not discriminate on any grounds including gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Approval

The Strategic Report has been approved by the Board of Directors.

On behalf of the Board

Andy Pomfret
Chairman
26 June 2020

Directors

All the Directors are non-executive and are independent of the Investment Manager.



Andrew (Andy) Pomfret – Chairman

appointed 31 March 2015

Andy spent over 13 years with Kleinwort Benson as a corporate financier, venture capitalist and finance director of the investment management and private banking division. In 1999, he joined Rathbone Brothers Plc as finance director, and served as chief executive from 2004 until February 2014. He is currently a non-executive director of Aberdeen New Thai Investment Trust plc, Sabre Insurance Group plc and Sanne Group plc.



Peter Dicks – Chairman of the Audit and Management Engagement Committee and Senior Independent Director
appointed 26 March 2015

Peter was a founder director of Abingworth plc in 1973, a venture capital investment company, mainly investing in the USA but also in the UK, where he worked from 1973 to 1991. Since then he has been a non-executive director or chairman of a number of companies. He is on the Board of Mercia Fund 1 General Partnership Limited and Foresight Solar Fund Limited and currently the chairman of SVM Emerging Fund and Gabelli Value Plus+ Trust plc.



Jeannette (Jan) Etherden *appointed 31 March 2015*

Jan has over 35 years' experience in the investment industry as an analyst, fund manager and a non-executive director. Previously head of UK equities for Confederation Life/Sun Life of Canada, she joined Newton Investment Management Limited in 1996 as a director specialising in multi-asset portfolios, and was also their Investment Chief Operating Officer from 1999 to 2001. Subsequently, she worked with Olympus Capital Management as development manager for specialist hedge fund products. Currently, she is a non-executive director of LXI REIT Plc.



Ashe Windham, CVO *appointed 31 March 2015*

Following 11 years service in the British Army, Ashe joined Barclays de Zoete Wedd ("BZW") in 1987 as an institutional equities salesman and was appointed a Director of BZW's Equities Division in 1991. He joined Credit Suisse First Boston in 1997 when they acquired BZW's equities business. In 2004, he joined Man Investments as Head of Internal Communications and in 2007 became Man Group's Global Head of Internal Communications. In June 2009 he resigned from Man Group plc to set up a private family office, which he continues to run. Ashe is the chairman and a non-executive director of Ruffer Investment Company Limited, The Prince's Foundation and a non-executive director and chairman of the Remuneration Committee of EFG Asset Management (UK) Limited.

Report of the Directors

The Directors present their report and the financial statements for the year ended 30 April 2020.

Directors

The Directors in office at the date of this Report and the dates of their appointment are shown on page 28.

In accordance with the policy adopted by the Board, all the Directors will retire and stand for re-election at the Company's forthcoming Annual General Meeting ("AGM").

Following consideration of the results of the performance evaluation, the Board was assured that the performance of all Directors continues to be effective, that they bring extensive knowledge and commercial experience to the Board, demonstrate a range of valuable business, financial and investment trust skills, that they continue to be effective and their contribution supports the long-term sustainable success of the company and that they remain wholly independent. The Board therefore recommends that shareholders vote in favour of each Directors proposed election.

None of the Directors or any persons connected with them had a material interest in the transactions and arrangements of, or the agreement with, the Investment Manager during the year.

Substantial Shareholdings

So far as is known to the Company by virtue of notifications made to it pursuant to the Disclosure Guidance and Transparency Rules, the following persons held notifiable interests in the Company's voting rights as at 30 April 2020:

	Number of Ordinary shares	% of voting rights
Investec Wealth & Investment Limited	18,024,055	13.03
Rathbone Investment Management Limited	9,229,309	6.67
Premier Miton Group plc	7,000,000	5.06
Almitas Capital LLC	6,250,000	4.52
Brewin Dolphin Limited	6,057,250	4.38
City of Bradford Metropolitan District Council	4,000,000	2.89
Brooks Macdonald Asset Management Limited	2,113,855	1.53

On 26 May 2020, the Company was notified that Almitas Capital LLC had an interest in 9,235,000 Ordinary shares comprising 6.667% of the Total Voting Rights. The Company has not been informed of any other notifiable interests between 30 April 2020 and the date of this report.

Dividends

The Directors have recommended the payment of a final dividend in respect of the year of 0.10 pence per Ordinary share, payable on 29 September 2020 to shareholders who appear on the register on 4 September 2020. The ex-dividend date will be 3 September 2020.

Future Developments

A review of the year and the outlook for the next year are set out on pages 8 to 14.

Financial Risk Management

The principal financial risks and the Company's policies for managing these risks are set out in note 19 to the financial statements.

Corporate Governance

The Corporate Governance Statement on pages 33 to 38 forms part of the Report of the Directors. It includes details of the qualifying third party indemnity provisions and Directors' and officers liability insurance on page 35.

Going Concern

The Directors consider that it is appropriate to adopt the going concern basis. Cashflow projections have been reviewed and show that the Company has sufficient funds to meet its contracted expenditure. On the basis of the review and as the majority of net assets are securities which are traded on recognised stock exchanges, after making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have considered the principal and emerging risks set out on pages 19 to 21 of this report, including the

Report of the Directors *continued*

risks arising from COVID-19 and their impact on the liquidity of the portfolio and resultant cashflow, along with the Company's ability to meet obligations as they fall due, its ability to raise finance in the short and longer term and future prospects and results. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date that these financial statements were approved.

Viability Statement

In accordance with the AIC Code of Corporate Governance, the Board has considered the prospects for the Company.

The period assessed is the three years to June 2023. The Company is intended to be a long-term investment vehicle. It was launched in 2015, and due to the limitations and uncertainties inherent in predicting market and political conditions, the Directors have determined that three years is the appropriate period over which to make this assessment.

As part of its assessment of the viability of the Company, the Board has considered the principal risks and uncertainties and the impact on the Company's portfolio of a significant fall in UK markets.

To provide this assessment, the Board has considered the Company's financial position and its ability to liquidate its portfolio to meet its expenses or other liabilities as they fall due:

- the Company invests largely in companies listed and traded on stock exchanges. These are actively traded and, whilst perhaps less liquid than larger quoted companies, the portfolio is well diversified by both number of holdings and industry sector;
- the expenses of the Company are predictable and modest in comparison with the assets in the portfolio. There are no commitments that would change that position;

- the Company has no employees; and
- the Company has an annual redemption facility whereby shareholders may request that their shares are redeemed at NAV. The Board has considered the possibility that shareholders holding a significant percentage of the Company's shares request redemption. Firstly, the Board has flexibility over the method and date of redemption so can avoid disruption to the overall operation of the Company in this situation. Secondly, the Company has an arrangement with the Manager to rebate fees should total costs exceed 2% of aggregate market capitalisation, such that were there to be significant redemption, or a significant fall in the value of the portfolio, the expenses of operation would be manageable. In addition, many of the expenses vary in line with the size of the Company.

In addition to considering the principal risks on pages 19 to 21 and the financial position of the Company as described above, the Board has also considered the following further factors:

- the continuing relevance of the Company's investment objective in the current environment and the continued satisfactory performance of the Company;
- the level of demand for the Company's shares and that since launch the Company has been able to issue further shares;
- the gearing policy of the Company; and
- that regulation will not increase to such an extent that the costs of running the Company become uneconomic.

Accordingly, the Directors have formed the reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years, from the balance sheet date.

Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. There are no disclosures required in relation to Listing Rule 9.8.4.

Audit Information

Each of the Directors who held office at the date of approval of the Report of the Directors confirms that, so far as he/she is aware, there is no relevant audit information of which the Company's Auditor is unaware; and that he/she has taken all the steps that he/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 Auditor is aware of that information.

Auditor

The Company appointed BDO LLP as Auditor to the Company for the financial year ended 30 April 2020 following the resignation of Ernst & Young LLP ("EY").

BDO LLP has confirmed its willingness to fulfill the casual vacancy in respect of the 2020 Audit and resolutions for its appointment and for the Audit and Management Engagement Committee to determine its remuneration will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Notice of the Annual General Meeting to be held on 22 September 2020 (the "Notice") is set out on pages 83 to 88. Shareholders are being asked to vote on various items of business, being:

- (i) the receipt of the Strategic Report, the Reports of the Directors and Auditor and the financial statements for the financial year ended 30 April 2020;
- (ii) the receipt and approval of the Directors' Remuneration Report;
- (iii) the re-election of the Directors;
- (iv) the appointment of BDO LLP as Auditor;
- (v) the authorisation of the Audit and Management Engagement Committee to determine the remuneration of the Auditor;
- (vi) the approval of a final dividend;
- (vii) the granting of authorities in relation to the allotment of shares;
- (viii) the disapplication of pre-emption rights for certain issues of shares;
- (ix) the purchase by the Company of its own shares; and
- (x) the holding of general meetings on not less than 14 clear days' notice.

Authority to Issue Shares and Disapplication of Pre-emption Rights

An ordinary resolution to authorise the Directors to allot Ordinary shares up to an aggregate nominal amount of £13,833.591, equal to approximately 10% of the Company's issued Ordinary share capital (representing 13,833,591 Ordinary shares), will be proposed as Resolution 10. Resolution 11, a special resolution, is being proposed to authorise the Directors to issue Ordinary shares for cash and to disapply the pre-emption rights of existing shareholders in relation to issues of Ordinary shares under Resolution 10 (being in respect of up to 10% of the Company's issued share capital as at the date of the Notice).

Report of the Directors [continued](#)

Where statutory pre-emption rights are disapplied, any subsequent issues of shares will be dilutive to those shareholders who cannot, or choose not to, participate in such fundraising. No Ordinary shares will be issued at a price which is less than the aggregate of the NAV per Ordinary share.

The Directors will only issue new shares if they believe it would be in the best interests of the Company's shareholders.

As at the date of the Notice, the Company holds no shares in treasury.

These authorities, if approved by shareholders, will expire at the Annual General Meeting to be held in 2021, when resolutions for their renewal will be proposed with the limit of authority adjusted as appropriate.

[Purchase of Own Shares](#)

Resolution 12, a special resolution, will renew the Company's authority to make market purchases of up to 14.99% of the Company's Ordinary shares, either for cancellation or placing into treasury at the determination of the Directors. Purchases of Ordinary shares will be made within guidelines established from time to time by the Board. Any purchase of Ordinary shares would be made only out of the available cash resources of the Company. The maximum price which may be paid for an Ordinary share must not be more than the higher of (i) 5% above the average of the mid-market values of the Ordinary shares for the five business days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary shares. The minimum price which may be paid is £0.001 per Ordinary share.

The Directors would use this authority to address any significant imbalance between the supply and demand for the Company's Ordinary shares and to manage the discount to NAV at which the Ordinary shares trade.

Ordinary shares will be repurchased only at prices below the NAV per Ordinary share, which should have the effect of increasing the NAV per Ordinary share for remaining shareholders. Shares bought back by the Company may be held in treasury from where they could be re-issued at a premium to NAV quickly and cost effectively. This authority will expire at the Annual General Meeting to be held in 2021 when a resolution to renew the authority will be proposed.

[Notice Period for General Meetings](#)

Resolution 13 is a special resolution that will give the Directors the ability to convene general meetings, other than annual general meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's Annual General Meeting to be held in 2021, at which it is intended that renewal will be sought. The Company will have to offer facilities for all shareholders to vote by electronic means for any general meeting convened on 14 days' notice. The Directors will only call a general meeting on 14 days' notice where they consider it to be in the interests of shareholders to do so and the relevant matter is required to be dealt with expediently.

[Recommendation](#)

Full details of the above resolutions are contained in the Notice.

The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

[Approval](#)

The Report of the Directors has been approved by the Board.

By order of the Board

[Link Company Matters Limited](#)

Secretary
26 June 2020

Corporate Governance Statement

This Corporate Governance Statement forms part of the Report of the Directors.

Statement of Compliance

The Company is committed to maintaining high standards of corporate governance. The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance for Investment Companies ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"), both as published in February 2019. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the UK Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules.

The Company complies with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to: the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Guide and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally-managed investment company. The Company does not therefore comply with these provisions and has not reported further in respect of them.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

The Board of Directors

The Board consists entirely of non-executive Directors, who are independent of the Investment Manager. The Board has no employees. No one individual has unfettered powers of decisions made by the Board.

The Board is accountable to shareholders for the direction and control of all aspects of the Company's affairs, notwithstanding any delegation of responsibilities to third parties. A detailed description of the role of the Board and its relationship with the Investment Manager are set out further below.

The names and responsibilities of the Directors, together with their biographies and details of their significant commitments, are set out on page 28. The Directors possess a wide range of business and financial expertise relevant to the leadership of the Company, including the ability and willingness to provide robust and objective challenge to the views and assumptions of the Investment Manager and other Directors. All of the Directors consider that they have sufficient time to devote to the Company's affairs and that they carry out their duties effectively.

No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors have chosen to follow the practice of annual re-election by shareholders at the AGM. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors' letters of appointment are available for inspection at the Company's registered office and will be available at the Annual General Meeting.

Corporate Governance Statement [continued](#)

The appointment of any new Director will be made on the basis of assessing the candidate's merits, measuring his or her skills and experience against the criteria identified by the Board as being desirable to complement the composition and qualification of the Board. The Board will take gender and other diversity elements into consideration when evaluating the skills, knowledge and experience necessary to fill any Board vacancy, in accordance with the Board's Diversity Policy. The Board has established the following measurable objectives for achieving diversity on the Board:

- all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective;
- long lists of potential non-executive directors should include diverse candidates of appropriate merit; and
- only executive search firms who have signed up to the voluntary Code of Conduct on gender diversity and best practice will be engaged.

The policy is reviewed on an annual basis.

The Board, or the Investment Manager upon request of the Board, shall offer induction training to new Directors about the Company, its key service providers, the Director's duties and obligations and other matters as may be relevant from time to time.

[Board Responsibilities and Relationship with the Investment Manager](#)

The main roles of the Board are to create value for shareholders, provide leadership to the Company and approve the Company's strategic objectives. Specific responsibilities in relation to investments and the Investment Manager include:

Determining the Company's investment policy and strategy, promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society; determining the Company's gearing policy; monitoring the controls of the Investment Manager, and reviewing the

investment activity, performance and contractual arrangements with the Investment Manager. The Board is also responsible for maintaining proper internal controls and monitoring shareholders' opinions and engaging with them effectively. The Board has adopted a schedule of matters reserved for decision by the Board reflecting the above responsibilities and reviews this schedule regularly.

The Company's day-to-day functions have been sub-contracted to a number of service providers, each engaged under separate legal agreements. The management of the Company's assets has been delegated to the Investment Manager, Premier Portfolio Managers Limited. The Investment Manager has discretion to manage the Company's assets in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors.

Following the merger of the parent company of our former AIFM, Miton Group Plc, and Premier Asset Management Plc in November 2019, Premier Portfolio Managers Limited has been appointed as the Company's AIFM for the purposes of the Alternative Investment Fund Manager Directive ("AIFMD").

[Chairman and Senior Independent Director](#)

The Chairman, Andy Pomfret, is responsible for leadership of the Board and ensuring its effectiveness. The Chairman sets the Board's agenda, ensuring a particular focus on the overall strategy of the Company, and allows adequate time for discussion of all agenda items. Andy Pomfret was considered to be independent on appointment and is deemed by his fellow Board members (all who are independent themselves) to continue to be independent and to have no conflicting relationships, in accordance with the criteria set out in the AIC Code.

Peter Dicks, Chairman of the Audit and Management Engagement Committee, acts as the Senior Independent Director of the Company. He provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the independent Directors.

The full responsibility of the Chairman and Senior Independent Director as agreed by the board is set out on the Company's website.

Board Operation

The Board holds regular Board meetings at least four times a year, with additional meetings arranged as necessary. The table below sets out the attendance record of individual Directors at the scheduled Board and Committee meetings held during the year ended 30 April 2020.

	Scheduled Board meetings		Scheduled Audit and Management Engagement Committee meetings	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Andy Pomfret	5	5	2	2
Peter Dicks	5	5	2	2
Jan Etherden	5	5	2	2
Ashe Windham	5	5	2	2

This table provides details of scheduled meetings held in the financial year and the attendance at each meeting of each Director. From time to time, the Board is required to hold meetings outside of its planned schedule to consider topics that require immediate attention or to approve ad-hoc matters and transactions. There were a number of additional ad-hoc Board meetings held during the financial year.

At each scheduled Board meeting, the Chairman follows a formal agenda, circulated to the Directors in advance by the Secretary. The Secretary and Investment Manager regularly provide the Board with relevant financial information, briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice. At each Board meeting, one or more representatives from the Investment Manager are in attendance to present verbal and written reports covering the Company's activity, portfolio and investment performance over the preceding period. Communication between the Board and the

Investment Manager and other service providers is maintained between formal meetings.

The Board endeavours to provide support, robust and objective challenge and a different perspective to the Investment Manager, to help optimise the performance of the Company. The Board and the Investment Manager operate in a fully co-operative and open environment. The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

As permitted by its Articles of Association and subject to the provisions of UK legislation, the Company has granted a third-party indemnity to each Director in respect of liabilities which they may sustain or incur in connection with the discharge of their duties as a Director. The indemnity also covers reasonable legal and other defence expenses, although these would have to be repaid in the event of a conviction. Deeds of Indemnity in favour of each of the Directors were executed on behalf of the Company on their appointment and remain in force as at the date of signing of this Report. There are no other qualifying third party indemnity provisions in place. In addition, Directors are covered by Directors' and Officers' liability insurance.

Board Committee

The Board has established an Audit and Management Engagement Committee, the Terms of Reference (the "Committee") of which are available on the Company's website at <https://www.mitongroup.com/private/fund/miton-uk-microcap-trust-plc/>

Further details on the composition and role of the Audit and Management Engagement Committee and its activities during the financial year can be found on pages 39 to 41.

Given the size of the Board, the Directors do not consider it appropriate to establish a nomination committee or remuneration committee. The functions that would normally be carried out by these committees are dealt with by the full Board.

Corporate Governance Statement *continued*

The report of the Committee is set out on pages 39 to 41.

Board Evaluation

The Directors recognise the value of continually monitoring and enhancing the performance of the Board and view the regular evaluation of the Board, its Committee and individual Directors as a means of obtaining valuable feedback on areas for development.

In the year ended 30 April 2020, the Board opted to undertake an internal performance evaluation by way of questionnaires, which addressed the areas indicated by the AIC Code. In particular, the questionnaires were designed to assess the qualifications, independence, composition, diversity, and performance of the Board, and the performance of the Board's Committee, the Chairman and individual Directors. The questionnaires were also intended to assess whether the focus of Board meetings and the information provided were appropriate and identify any training and development needs for individual Directors.

The evaluation process and analysis of the results were carried out post year end and conducted by the Chairman. Peter Dicks, as the Senior Independent Director, led the appraisal of the Chairman. The results of the exercise revealed no significant concerns amongst the Directors about the effectiveness of the Board.

Independence of Directors

In accordance with the AIC Code, the Board evaluation included a review of the independence of each individual Director and the Board as a whole.

Mr Dicks holds less than 0.5% of the issued share capital of Premier Miton Group Plc, the parent company of the Investment Manager. The Board considers the holding to be immaterial and of no impact to his independence.

None of the Directors have any significant shareholdings in companies where the Company has a notifiable stake or a holding which amounts to more than 1% of the Company's portfolio.

The Board is of the view that, having reviewed all required factors, all Directors met, and continue to meet, the independence criteria set out in the AIC Code.

Election/Re-election of Directors

Under the Company's Articles of Association, Directors are required to retire at the first Annual General Meeting following their appointment and offer themselves for election. Thereafter, Directors are required to retire from office and stand for re-election at intervals of not more than three years.

The AIC Code and UK Code recommend that all Directors should be subject to annual re-election by shareholders. The Company recognises this to be good corporate governance and has therefore chosen to follow this practice.

The maximum length of service for any Director, including the Chairman, will be nine years from first election.

Exceptions could be made in exceptional circumstances, for example if the Company were in the middle of a corporate action.

Conflicts of Interest

Under the Articles of Association of the Company, the Board must consider and, if it sees fit, may authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company.

In line with the AIC code 2019, the Board has established a formal system to consider authorising such conflicts, whereby the Directors who have no interest in the matter decide whether to authorise the conflict and any conditions to be attached to such authorisations.

Stewardship Responsibilities and the use of Voting Rights

As an externally-managed investment company, the majority of the responsibilities of the Board in relation to engagement with investee companies are delegated to the Investment Manager. The Board retains oversight of the investor stewardship

exercised on its behalf by reviewing the Investment Manager's stewardship and voting policies, considering the regular updates on engagement provided by the Investment Manager and holding the Investment Manager to account. The Investment Manager has published a statement of compliance with the UK Stewardship Code, which is available on its website at www.premiermiton.com. The Board reviews this statement of compliance annually.

Company Secretary

The Board has direct access to the advice and services of the Secretary, Link Company Matters Limited. The Secretary is responsible for ensuring that Board and Committee procedures are followed and that information and reports are delivered to the Board on a timely basis. The Secretary is also responsible for ensuring that applicable regulations are complied with and the statutory obligations of the Company are met.

Internal Controls and Risk Management Systems

The Board has overall responsibility for establishing and maintaining the Company's systems of internal controls and risk management and the reliability of the financial reporting process and for reviewing their effectiveness.

The Directors have reviewed and considered the guidance supplied by the FRC on Risk Management, Internal Control, and Related Finance and Business Reporting and an ongoing process has been established for identifying, evaluating and managing the risks faced by the Company. The Board maintains a risk matrix, which consists of a detailed risk and internal control assessment and provides the basis for the Committee and the Board to regularly monitor the effective operation of the controls and to update the risk matrix when new risks are identified. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and was in place at the date of the signing of this Report. The risk management process and Company's systems of internal control are designed to assist the Board in making better, more informed decisions with a view to creating and protecting shareholder value.

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded. The purpose of risk management is to manage rather than eliminate the risk of failure in achieving the Company's objectives and involves Directors exercising judgement. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Internal Controls Assessment

Regular risk assessments and reviews of internal controls will be undertaken in the context of the Company's overall investment objective. The Board, through the Committee, has identified risk management controls in four key areas: corporate strategy; compliance with laws and regulations and disclosure; relationships with service providers; and investment and business activities. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

The risk matrix, established and maintained by the Company, is structured so as to allow the Board to assess the risks against how those risks are managed. The risks are assessed on the basis of the likelihood of occurrence, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. The risk register is reviewed at meetings of the Committee and at other times as necessary.

Corporate Governance Statement *continued*

The Board also reviews information provided by the Investment Manager and the Secretary on a regular basis.

Most functions for the day-to-day management of the Company are sub-contracted, and the Board therefore obtains regular assurances and information from key third party suppliers, including the Investment Manager, the Administrator and the Depositary, regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the Committee.

The Board has carried out a review of the effectiveness of the risk management and systems of internal control as they have operated over the year under review and up to the date of approval of this Report. No significant failings or weaknesses were identified from that review and there were no matters arising which required further investigation.

Shareholder Relations

The Board is committed to ensuring there is open and effective communication with the Company's shareholders and that the Directors understand the views of major shareholders on matters such as governance, strategy and performance. Accordingly, both the Board and the Investment Manager give a high priority to shareholder engagement and the Chairman and other Directors are available to enter into dialogue with shareholders. The Investment Manager and the Company's Stockbroker, Peel Hunt LLP, maintain a regular dialogue with major investors and provide the Board with regular reports on feedback from shareholders.

Under normal circumstances, all shareholders would be encouraged to attend and vote at the Company's AGM to be held on 22 September 2020. The Board and the Investment Manager would usually be available during the meeting to discuss issues affecting the Company and answer any questions.

As noted in the Chairman's Statement, at this stage it is not known whether it will be advisable for shareholders to appear in person at the Trust's AGM in September 2020. Further updates on the AGM will be made available via an announcement to the London Stock Exchange and through statements on our website. Shareholders wishing to communicate directly with the Board, or to lodge a question in advance of the AGM, should contact the Secretary at the address on page 92. The Company always responds to letters from shareholders.

We therefore encourage you to vote on the resolutions to be proposed at the AGM by appointing a proxy electronically at www.signalshares.com by following the instructions on that website or, if you hold your shares in CREST, you may appoint a proxy via the CREST system. Notice of your appointment of a proxy should reach the Company's registrar, Link Asset Services (the "Registrar") by no later than 11.00am on 18 September 2020. If you hold your shares through a nominee service, please contact the nominee service provider regarding the process for appointing a proxy. Further details and instructions regarding the appointment of a proxy are set out in the "Administrative Notes in connection with the Annual General Meeting" on pages 85 to 88.

The Annual and Half-Yearly Reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance. Copies are released to the London Stock Exchange, and the Annual Report is dispatched to shareholders by mail. They are also available from the Secretary or on the Company's website, <https://www.mitongroup.com/professional/fund/miton-uk-microcap-trust-plc/>.

Audit and Management Engagement Committee Report

I am pleased to present the Audit and Management Engagement Committee (the “Committee”) Report for the financial year ended 30 April 2020.

Composition and Operation of the Committee

Given the small size of the Board, it is deemed both proportionate and practical for all Directors to be on the Committee, including the Chairman of the Company. The Board considers that the members of the Committee have the requisite skills and experience, relevant to the sector, as a result of their involvement in financial services to fulfil the responsibilities of the Committee.

Under its terms of reference, the Committee is required to meet twice a year to discuss the publication of the Company's financial statements. Additional meetings will be convened as necessary.

Role of the Committee

The primary responsibilities of the Committee are:

- to monitor the integrity of the financial statements of the Company and review the content of the Company's half-year and annual reports and any formal announcements regarding its financial performance, and report to the Board on any significant financial reporting issues and areas of judgement contained within them;
- to advise the Board on whether the content of the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to monitor and keep under review the adequacy and effectiveness of the Company's internal financial controls and risk management and internal control systems;
- to make recommendations to the Board in relation to the selection, appointment, re-appointment or removal of the external auditor, following a review of their independence, objectivity, qualifications, expertise and resources;

- to approve the remuneration and terms of engagement of the external auditor for audit and non-audit services;
- to review the scope, findings and effectiveness of the external audit process;
- to consider the terms of appointment of the Investment Manager, to annually review the performance of the Investment Manager's obligations under the Investment Management Agreement and to consider any variation to the terms of that agreement, and report its findings to the Board; and
- to review annually the performance of other key third party service providers.

The Committee has direct access to the Company's external auditor, BDO LLP, and provides a forum through which the external auditor reports to the Board. Representatives of the external auditor attend meetings of the Committee at least annually.

Principal Activities of the Committee during the Year

The Committee met twice during the year under review and during those meetings it has:

- reviewed the Company's Annual Report for the financial year ended 30 April 2019 and the related results announcements and the Half-Yearly Report to 31 October 2019;
- received and discussed with the Auditor their findings from the audit of the financial year ended 30 April 2019 and the effectiveness of the external audit process;
- reviewed the effectiveness of the risk management systems and internal controls of the Company and related reports from the Investment Manager and other third party providers;
- agreed the Auditor's fees;
- recommended the appointment of BDO LLP as Auditor to fill a casual vacancy following the resignation of Ernst & Young LLP;

Audit and Management Engagement Committee Report

continued

- conducted an annual appraisal of the Investment Manager's performance against the Investment Management Agreement, and made a recommendation to the Board about the continuing appointment of the Investment Manager;
- monitored compliance by providers of other services to the Company with the terms of their respective agreements; and
- conducted a legal review of all service provider agreements during the year following a review by the Company's Legal Advisers.

The Committee also met once post the year end to review the Company's Annual Report for the year ended 30 April 2020.

Other matters reviewed by the Committee include:

- the Committee's terms of reference;
- the Company's risk matrix;
- the Company's policy on the supply of non-audit services by the external auditor; and
- the whistleblowing policy of Miton Asset Management Limited and Premier Portfolio Managers Limited.

The Committee receives a report on internal control and compliance from the Investment Manager's Compliance Officer on a six-monthly basis and discusses this with the Investment Manager. The Investment Manager has in place a compliance monitoring plan for testing of controls as an alternative to establishing a separate internal audit function.

The Committee monitors and reviews the effectiveness of the external audit process for the Annual Report, including a detailed review of the audit plan and the audit results report, and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditor. Any concerns with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the year ended 30 April 2020.

Audit Fees and Non-Audit Services

An audit fee of £34,000 (exclusive of VAT) has been agreed in respect of the audit for the financial year ended 30 April 2020 (2019: £24,000 exclusive of VAT).

No non-audit services were provided in the financial year ended 30 April 2020 (2019: £nil).

The Committee has a policy on the engagement of the Auditor to supply non-audit services. All requests for services to be provided by the external auditor are submitted to the Committee in order to ensure that the scope and nature of the proposed work does not affect the Auditor's independence or objectivity.

Independence and Objectivity of the Auditor

Following its review of the independence and objectivity of the Auditor, the Committee has been reassured that no conflicts have arisen during the year. However, the Committee will continue to monitor the position.

Appointment of the Auditor

BDO LLP was appointed as Auditor in April 2020 following the resignation of EY.

Following consideration of the performance of EY, the service provided during the year and a review of their value for money, the Committee has recommended to the Board the appointment of BDO LLP as Auditor to the Company at the Company's forthcoming AGM.

BDO LLP has been Auditor to the Company and Vanessa Jayne Bradley has been the audit partner since April 2020. Rotation of the audit partner will take place every five years in accordance with the FRC revised Ethical Standard 2016. Under the FRC transitional arrangements, the Company is required to re-tender, at the latest, by 2030. The Company intends to re-tender within the timeframe set by the FRC. Due to the short period of time since the Auditor was appointed, it is not considered appropriate to review the Auditor's succession at this point in time. The Committee will regularly consider the level of fees and the independence and objectivity of the Auditor.

Significant Audit Issues considered by the Committee

Following discussion with the Investment Manager and Auditor, the Committee determined that the key risks in relation to the Company's financial statements and how they were addressed were:

Risk	Mitigation
Incomplete or inaccurate revenue recognition	
The recognition of income is undertaken in accordance with the stated accounting policies of the Company.	The Directors review the Company's income, revenue forecasts and the sensitivity of the revenue account to falls in income. Particular attention is paid to any special dividends that the Company may receive.
The valuation and ownership of the investment portfolio	
The Company's investments have been valued in accordance with the accounting policies, as disclosed in note 1 to the financial statements. The majority of investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 and 2 within the IFRS 13 fair value hierarchy. These are disclosed in note 13 to the financial statements.	The portfolio holdings and their pricing is reviewed and verified by the Investment Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Company uses the services of an independent Depositary (The Bank of New York Mellon (International) Limited) to hold the assets of the Company. The Depositary checks the consistency of its records with those of the Manager on a monthly basis and reports to the Board on an annual basis.
Maintenance of investment trust status	
There is a risk of failure to maintain investment trust status in accordance with s1158/1159 which would have a significant impact on the Company as a result of the potential capital gains tax payable.	The Investment Manager and Administrator have reported to the Committee to confirm continuing compliance with the requirements for maintaining investment trust status.

Following consideration of the above matters and its detailed review of this Report, the Committee is of the opinion 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.

Peter Dicks

Audit and Management Engagement Committee Chairman

26 June 2020

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution for the approval of the Directors' Remuneration Report will be put to shareholders at the forthcoming AGM.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 47 to 52.

Statement from the Chairman

Given the size of the Board, it is not considered appropriate for the Company to have a separate remuneration committee and the functions of this committee are carried out by the Board as a whole. The Board consists entirely of independent non-executive Directors and the Company has no employees. We have not, therefore, reported on those aspects of remuneration that relate to executive Directors.

Directors' fees for the year ended 30 April 2020 are set out on page 43.

Directors' Remuneration Policy

This Remuneration Policy was approved by shareholders at the Company's AGM held in September 2019. The policy provisions set out below will remain in place until they are next put to shareholders for renewal of that approval, which must be at intervals of not more than three years, or the Remuneration Policy is varied, in which event shareholder approval for the new Remuneration Policy will be sought.

The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

The fees for the Directors are determined within the limits (not to exceed £500,000 per year in aggregate) set out in the Company's Articles of Association, or any greater sum that may be determined by an ordinary resolution of the Company. The Chairman does not participate in any discussions relating to his own fee, which is determined by the independent Directors. Directors are not eligible for bonuses, share options or long-term incentive schemes or other performance-related benefits as the Board does not believe that this is appropriate for non-executive Directors.

The fees for the Directors will be increased annually, effective from the first day of the Company's financial year, by the rate of the Consumer Price Index prevailing at that time.

Under the Company's Articles of Association, if any Director is called upon to perform extra or special services of any kind, he shall be entitled to receive such sum as the Board may think fit for expenses, and also such remuneration as the Board may think fit, either as a fixed sum or as a percentage of profits or otherwise, and such remuneration may, as the Board shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive.

Directors are entitled to be paid all reasonable expenses properly incurred in attending Board, Committee or shareholder meetings or otherwise in or with a view to the performance of their duties. There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.

Component	Director	Rate as at 1 May 2020 ⁶	Rate as at 1 May 2019 ⁵	Purpose of Remuneration
Annual Fee	Chairman	£36,200	£35,665	Commitment as Chairman ¹
Annual Fee	Non-executive Directors	£25,855	£25,475	Commitment as a non-executive Director ²
Additional Fee	Senior Independent Director and Audit and Management Engagement Committee Chairman	£5,170	£5,095	For additional responsibilities and time commitment ³
Additional Fee	All Directors	N/A	N/A	For extra or special services performed in their role as a Director ⁴
Expenses	All Directors	£375	N/A	Reimbursement of expenses incurred in the performance of duties as a Director

¹ The Company's policy is for the Chairman of the Board to be paid a higher fee than the other Directors to reflect the more onerous role

² The Company's Articles of Association limit the total aggregate annual fees that can be paid to £500,000

³ The Company's policy is for the Senior Independent Director and Chairman of the Audit Management Engagement Committee to be paid a higher fee than other Directors to reflect the more onerous role

⁴ Additional fees would only be paid in exceptional circumstances in relation to the performance of extra or special services

⁵ Fees were increased by the rate of the Consumer Price Index prevailing on 1 May 2019, being 1.9%

⁶ Fees were increased by the rate of the Consumer Price Index prevailing on 1 May 2020, being 0.9%

Fees for any new Director appointed will be on the above basis. Fees payable in respect of subsequent periods will be determined following an annual review. Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board.

It is the Board's policy that Directors do not have service contracts, but Directors are provided with a letter of appointment as a non-executive Director. The terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment. Compensation will not be made upon early termination of appointment.

Directors' Fees for the Year (audited)

The Directors who served in the year received the following emoluments:

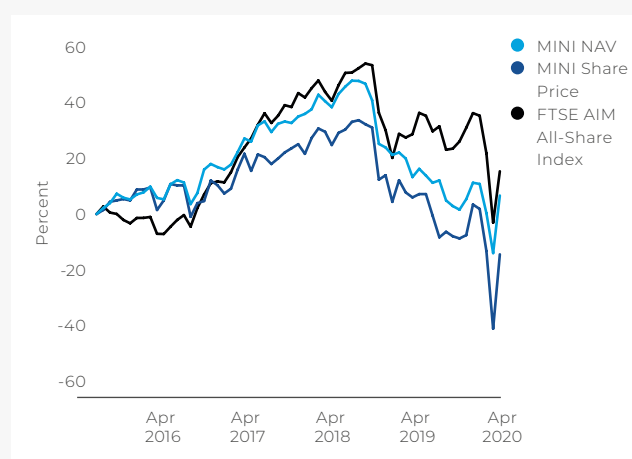
	Year ended 30 April 2020			Year ended 30 April 2019		
	Fees	Expenses	Total	Fees	Expenses	Total
Andrew Pomfret (Chairman)	35,665	–	35,665	35,000	–	35,000
Peter Dicks	30,570	–	30,570	30,000	–	30,000
Jan Etherden	25,475	–	25,475	25,000	–	25,000
Ashe Windham	25,475	375	25,850	25,000	–	25,000
	117,185	375	117,560	115,000	–	115,000

Company Performance

The Company does not have a specific benchmark against which performance is measured. The graph below compares the total return (assuming all dividends are reinvested) to holders of Ordinary shares since they were first admitted to the Official List of the UK Listing Authority, compared to the total shareholder return of the FTSE AIM All-Share Index, which is the closest broad index against which to measure the Company's performance.

Directors' Remuneration Report *continued*

It is noteworthy that some of the best performing stocks on the AIM exchange have been growth stocks, often with market capitalisations much larger than the investment universe of this Company. This trend may continue for now, but in the past it has been the smallest stocks that have outperformed, especially those with undemanding valuations at purchase. Further explanation of the recent market trends is outlined in the Shareholders' Questions and Answers section of this Report on pages 11 to 14.



Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	30 April 2020 £000	30 April 2019 £000
Dividends paid to Ordinary shareholders in the year	277	550
Management fees paid in the year	674	931
Total remuneration paid to Directors	117	115

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

Directors' Beneficial and Family Interests (audited)

There is no requirement under the Company's Articles of Association or the terms of their appointment for Directors to hold shares in the Company.

The interests of the Directors and their families in the Ordinary shares of the Company as at 30 April 2020 are set out below:

	Number of Ordinary shares as at 30 April 2020	Number of Ordinary shares as at 30 April 2019
Andrew Pomfret (Chairman)	148,150	148,150
Peter Dicks	368,150	278,150
Jan Etherden	146,300	146,300
Ashe Windham	140,000	140,000

There have been no changes to the Directors' share interests between 30 April 2020 and the date of this Report.

Voting at the Annual General Meeting

The Directors' Remuneration Report for the year ended 30 April 2019 and the Directors' Remuneration Policy were approved by shareholders at the AGM held on 11 September 2019. The votes cast by proxy were as follows:

	Directors' Remuneration Report		Directors' Remuneration Policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	43,427,284	0.04	49,545,884	99.93
Against	6,151,358	12.41	32,758	0.07
Total votes cast	49,585,642		49,585,642	
Number of votes withheld	7,000		7,000	

Approval

The Directors' Remuneration Report was approved by the Board on 26 June 2020.

On behalf of the Board

Andy Pomfret

Chairman

26 June 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Company's financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Company's financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

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 the Company's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of 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 comply with that law and those regulations, and for ensuring that the Annual Report includes the information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are published on the Company's website, www.mitongroup.com/private/fund/miton-uk-microcap-trust-plc/, which is maintained on behalf of the Company by the Investment Manager. Under the Management Agreement, the Investment Manager has agreed to maintain, host, manage and operate the Company's website and to ensure that it is accurate and up-to-date and operated in accordance with applicable law. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Statement of Directors' Responsibilities [continued](#)

We confirm that to the best of our knowledge:

- the Company's financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and 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.

The Directors consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

[Andy Pomfret](#)

Chairman

26 June 2020

Independent Auditor's Report to the members of Miton UK Microcap Trust plc

Opinion

We have audited the financial statements of Miton UK MicroCap Trust plc (the 'Company') for the year ended 30 April 2020 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosure in the annual report that describe the emerging and principal risks and explain how they are being managed and mitigated;
- the directors' confirmation in the annual report that they have carried out a robust assessment of the Company's emerging and principal risks;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' 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;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their 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 their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report to the members of Miton UK Microcap Trust plc [continued](#)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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. This matter was 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 this matter.

Key audit matter	How our audit addressed the key audit matter
Valuation and ownership of investments (Note 1 and 12 to the financial statements) The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. The Investment Manager's fee is based on the value of the net assets of the fund. The Investment Manager is responsible for preparing the valuation of investments which are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations.	<p>We responded to this matter by testing the valuation and ownership of the portfolio of investments. We performed the following procedures:</p> <p>In respect of quoted investment valuations we have:</p> <ul style="list-style-type: none">• Confirmed the year-end bid price was used by agreeing all quoted investments to externally quoted prices• For all investments, assessed if there were contra indicators, such as liquidity considerations from reviewing trading volumes, to suggest bid price is not the most appropriate indication of fair value.• Obtained direct confirmation from the custodian regarding all of investments held at the balance sheet date. <p>Key observations Based on the procedures performed we consider the investment valuations to be within an appropriate range.</p> <p>We consider the investment disclosures to be materially complete and accurate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could reasonably influence the economic decisions of users that are taken on the basis of the financial statements.

Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below. In setting materiality, we had regard to the nature and disposition of the investment portfolio.

Materiality Measure	Purpose	Key considerations	2020 Quantum (£)
Statement Materiality 1% value of net assets	Assessing whether the financial statements as a whole present a true and fair view. We consider this to be the key measurement for shareholders.	<ul style="list-style-type: none"> • The value of investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuation 	710,000
Performance Materiality 70% of materiality	The maximum error in an assertion that we would be prepared to accept and still conclude that the result from an audit procedure has achieved our objective.	<ul style="list-style-type: none"> • Financial statement materiality • Risk and control environment • History of prior errors 	497,000

We have set a lower testing threshold for those items impacting Income Statement of £65,000 which is based on 5% of total expenses.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £13,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

[An overview of the scope of our audit](#)

Our audit approach was developed by obtaining an understanding of the Company's activities and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

[Capability of the audit to detect irregularities, including fraud](#)

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, the FCA Listing rules and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and IFRSs as adopted by the EU. We also considered the Group's qualification as an Investment Trust under UK tax legislation as any breach of this would lead to the Group losing various deductions and exemptions from corporation tax.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion.

Independent Auditor's Report to the members of Miton UK Microcap Trust plc [continued](#)

We focused on laws and regulations that could give rise to a material misstatement in the Group financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the Investment Manager, Administrator and the Audit Committee;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoice, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

[Other information](#)

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee or

- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Independent Auditor's Report to the members of Miton UK Microcap Trust plc [continued](#)

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other matters which we are required to address

Following the recommendation of the Audit Committee and the Board of Directors, we were appointed by the members of the Company on 9 April 2020 to audit the financial statements for the year ending 30 April 2020 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 30 April 2020.

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

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Vanessa-Jayne Bradley

Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
London, UK

26 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

of the Company for the year ended 30 April 2020

	Notes	Year ended 30 April 2020			Year ended 30 April 2019		
		Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
(Losses)/gains on investments held at fair value through profit or loss	12	–	(8,124)	(8,124)	–	(18,995)	(18,995)
Gain/(losses) on derivatives held at fair value through profit or loss	14	–	2,016	2,016	–	(241)	(241)
Income	2	828	–	828	1,087	(1)	1,086
Management fee	7	(168)	(506)	(674)	(233)	(698)	(931)
Other expenses	8	(556)	(79)	(635)	(533)	–	(533)
Return on ordinary activities before finance costs and taxation		104	(6,693)	(6,589)	321	(19,935)	(19,614)
Finance costs	9	–	(44)	(44)	–	(47)	(47)
Return on ordinary activities before taxation		104	(6,737)	(6,633)	321	(19,982)	(19,661)
Taxation	10	(23)	–	(23)	(14)	–	(14)
Return on ordinary activities after taxation		81	(6,737)	(6,656)	307	(19,982)	(19,675)
Return on ordinary activities for the year analysed as follows:							
Attributable to Ordinary shares		81	(6,737)	(6,656)	307	(19,982)	(19,675)
Return per Ordinary share (pence)	3	0.06	(4.73)	(4.67)	0.20	(13.03)	(12.83)

The total column of this statement is the Income Statement of the Company prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. The supplementary revenue return and capital return columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP").

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

There is no other comprehensive income and, therefore, the return on ordinary activities after taxation is both the profit and the total comprehensive income.

The notes on pages 57 to 76 form part of these financial statements.

Statement of Changes in Equity

of the Company for the year ended 30 April 2020

For the year ended 30 April 2020	Notes	Share capital £000	Capital redemption reserve £000	Share premium account £000	Special reserve £000	Capital reserve £000	Revenue reserve £000	Total £000
As at 30 April 2019		203	20	86,986	–	(2,073)	543	85,679
Total comprehensive income:								
Return on ordinary activities after taxation		–	–	–	–	(6,737)	81	(6,656)
Transactions with shareholders recorded directly to equity:								
Redemption of Ordinary shares	4	(14)	14	–	(7,720)	–	–	(7,720)
Redemption of Ordinary shares costs		–	–	–	(1)	–	–	(1)
Cancellation of Share Premium		–	–	(86,986)	86,986	–	–	–
Cancellation of Share premium costs		–	–	–	(14)	–	–	(14)
Equity dividends paid	11	–	–	–	–	–	(277)	(277)
As at 30 April 2020		189	34	–	79,251	(8,810)	347	71,011

For the year ended 30 April 2019	Notes	Share capital £000	Capital redemption reserve £000	Share premium account £000	Special reserve £000	Capital reserve £000	Revenue reserve £000	Total £000
As at 30 April 2018		221	2	86,986	–	30,670	786	118,665
Total comprehensive income:								
Return on ordinary activities after taxation		–	–	–	–	(19,982)	307	(19,675)
Transactions with shareholders recorded directly to equity:								
Redemption of Ordinary shares	4	(18)	18	–	–	(12,761)	–	(12,761)
Equity dividends paid	11	–	–	–	–	–	(550)	(550)
As at 30 April 2019		203	20	86,986	–	(2,073)	543	85,679

The notes on pages 57 to 76 form part of these financial statements.

Balance Sheet

of the Company as at 30 April 2020

	Notes	30 April 2020 £000	30 April 2019 £000
Non-current assets:			
Investments held at fair value through profit or loss	12	67,376	80,308
Current assets:			
Derivative instruments	14	–	690
Trade and other receivables	15	76	108
Cash at bank and cash equivalents		3,842	4,784
		3,918	5,582
Liabilities:			
Trade and other payables	16	283	211
Net current assets		3,635	5,371
Net assets		71,011	85,679
Capital and reserves			
Share capital	4	189	203
Capital redemption reserve		34	20
Share premium account		–	86,986
Special reserve		79,251	–
Capital reserve		(8,810)	(2,073)
Revenue reserve		347	543
Shareholders' funds		71,011	85,679
		pence	pence
Net asset value per Ordinary share – basic and diluted	5	51.33	56.13

These financial statements were approved and authorised for issue by the Board of Miton UK MicroCap Trust plc on 26 June 2020 and were signed on its behalf by:

Andy Pomfret
Chairman
26 June 2020

Company No: 09511015

The notes on pages 57 to 76 form part of these financial statements.

Statement of Cash Flows

for the Company for the year ended 30 April 2020

	30 April 2020 £000	30 April 2019 £000
Operating activities:		
Net loss before taxation	(6,633)	(19,661)
Loss on investments and derivatives held at fair value through profit or loss	6,108	19,236
Decrease in trade and other receivables	44	38
Increase/(decrease) in trade and other payables	1	(34)
Exchange losses on capital items	–	1
Exclude finance costs	44	47
Withholding tax paid	(23)	(14)
Net cash outflow from operating activities	(459)	(387)
Investing activities:		
Purchase of investments	(15,691)	(27,511)
Sale of investments	20,564	32,371
Purchase of derivative instruments	–	(931)
Sale of derivative investments	2,706	–
Net cash inflow from investing activities	7,579	3,929
Financing activities:		
Repurchase of ordinary shares	(7,721)	(12,761)
Equity dividends paid	(277)	(550)
Finance Costs paid	(50)	(41)
Share premium account cancellation costs	(14)	–
Net cash outflow from financing activities	(8,062)	(13,352)
Decrease in cash and cash equivalents	(942)	(9,810)
Reconciliation of net cash flow movement in funds:		
Cash and cash equivalents at the start of the period	4,784	14,595
Net cash outflow from cash and cash equivalents	(942)	(9,810)
Exchange rate movements	–	(1)
Cash at the end of the period	3,842	4,784
	£'000	£'000
Cash received/(paid) during the period includes:		
– Dividends Received	866	1,142

The notes on pages 57 to 76 form part of these financial statements.

Notes to the Condensed Financial Statements

1. Accounting Policies

Miton UK MicroCap Trust plc is a company incorporated and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

The Company's financial statements for the year ended 30 April 2020 have been prepared in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and as applied in accordance with the provisions of the Companies Act 2006. The annual financial statements have also been prepared in accordance with the AIC SORP for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of IFRS.

Basis of Preparation

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

The financial statements are presented in Sterling, which is the Company's functional currency as the UK is the primary environment in which it operates, rounded to the nearest £'000, except where otherwise indicated.

Going Concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future, being a period of at least 12 months from the date these financial statements were approved.

In making the assessment, the Directors have considered the likely impacts of the current COVID-19 pandemic on the Company, operations and the investment portfolio. The Director's noted the cash balance exceeds any short term liabilities, the Company has access to a revolving credit facility which has not been drawn down and the Company holds a portfolio of investments listed on the London Stock Exchange. The Company is a closed end fund, where assets are not required to be liquidated to meet day to day redemptions. Whilst the economic future is uncertain, and the Directors believe it is possible the Company could experience further reductions in income and/or market value that this should not be to a level which would threaten the Company's ability to continue as a going concern. The Directors, the Investment Manager and other service providers have put in place contingency plans to minimise disruption. The Directors have also assessed the impact of the current Redemption. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in companies listed in the UK.

Accounting Developments

In the current year, the Company has applied a number of amendments to IFRS, issued by the IASB. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. The Company has also applied, with associated amendments, for the first time the following standards:

Notes to the Condensed Financial Statements [continued](#)

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases by lessors and lessees.

The adoption of the changes to accounting standards has had no material impact on the current or prior years' financial statements. The Company held no leases during the current or prior years.

There are a number of amendments to IFRS, legislation and regulatory requirements will apply from 1 April 2020. These will not impact the financial statements other than requiring changes in disclosure and presentation amendments.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the Balance Sheet, the Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas requiring the most significant judgement and estimation in the preparation of the financial statements are: recognising and classifying unusual or special dividends received as either revenue or capital in nature; and setting the levels of dividends paid and proposed in satisfaction of both the Company's long-term objective and its obligations to adhere to investment trust status rules under Section 1158 of the Corporation Tax Act 2010.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and

future period if the revision affects both current and future periods. There were no accounting estimates or judgements that had a significant impact on the financial statements in the current period.

Investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of investments is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors.

Upon initial recognition the Company designates the investments 'at fair value through profit or loss'. They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Income Statement, and allocated to 'capital' at the time of acquisition). When a purchase or sale is made under a contract, the terms of which require delivery within the time-frame of the relevant market, the investments concerned are recognised or derecognised on the trade date. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments this is deemed to be bid market prices or closing prices for Stock Exchange Electronic Trading Service – quotes and crosses ("SETSqx"). Changes in fair value of investments are recognised in the Income Statement as a capital item. On disposal, realised gains and losses are also recognised in the Income Statement as capital items.

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 13.

Foreign Currency

Transactions denominated in foreign currencies are converted to Sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities and assets carried at fair value denominated in foreign currencies at the year end are reported at

the rate of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is of a capital or revenue nature.

Derivatives

Derivatives, including Index Put options, which are listed investments, are classified as financial instruments at fair value through profit or loss. Derivatives are initially recorded at cost (being premium paid to purchase the option) and subsequently valued at fair value and included in current assets/liabilities. Derivatives are derecognised when the contract expires or on the trade date when the contract is sold.

Changes in the fair value of derivative instruments are recognised as they arise in the capital column of the Income Statement. The fair value is calculated by a broker using models with inputs from market prices. On disposal or expiration, realised gains and losses are also recognised in the Income Statement as capital items.

Cash and Cash Equivalents

For the purposes of the Balance Sheet, cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and Other Receivables

Trade and other receivables are measured, where applicable, at amortised cost and as reduced by appropriate allowance for expected irrecoverable amounts.

Trade Payables and Short-term Borrowings

Trade payables and short term borrowings are measured at amortised cost.

Income

Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis.

Dividends from overseas companies are shown gross of any non-recoverable withholding taxes, which are presented separately in the Income Statement.

Special dividends are taken to revenue or capital account depending on their nature.

When the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend forgone is recognised as income. Any excess in the value of the cash dividend is recognised in the capital column.

All other income is allocated on a time-apportioned accruals basis.

Expenses and Finance Costs

All expenses and finance costs are accounted for on an accruals basis. On the basis of the Board's expected long-term split of total returns the Company charges 75% of its management fee and 100% (2019: 75%) of finance costs to capital.

Expenses incurred directly in relation to arranging debt finance are amortised over the term of the finance and charged to capital (2019: 75%).

Expenses incurred directly in relation to issue of shares are charged to share premium.

Expenses incurred in the maintenance of capital, redemption the cancellation of shares are charged to the special reserve through the Statement of Changes in Equity.

Notes to the Condensed Financial Statements *continued*

Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date based on tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of temporary differences can be deducted. In line with the recommendations of the AIC SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the “marginal” basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

The charge for taxation is based on the net revenue for the year and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes.

The actual charge for taxation in the Income Statement relates to irrecoverable withholding tax on overseas dividends received during the year.

Dividends Payable to Shareholders

Dividends to shareholders are recognised as a liability in the period in which they are paid or approved in general meetings and are taken to the Statement of Changes in Equity. Dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

Share Capital

The Company is a closed-ended investment company with an unlimited life. As defined in the Articles of Association, redemption of Ordinary shares is at the sole discretion of the Directors, therefore the Ordinary shares have been classified as equity.

The issuance, acquisition and resale of Ordinary shares are accounted for as equity transactions and no gain or loss is recognised in the Income Statement.

Share Premium

The share premium account represents the accumulated premium paid for shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of shares; and
- premium on the issue of shares.

Special reserve

The special reserve was created on 13 August 2019. This reserve may be used for:

- redemption of shares by way of the annual redemption facility;
- costs relating to the capital structure of the company;
- cancellation of shares;
- share buy backs.

Capital Reserve

The following are taken to the capital reserve through the capital column in the Statement of Comprehensive Income:

- gains and losses on the disposal of investments and derivatives;
- increase and decrease in the valuation of investments held at the year end;
- exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above accounting policies.

Capital Redemption Reserve

The capital redemption reserve represents non-distributable reserves that arise from the purchase and cancellation of shares.

Revenue Reserve

The revenue reserve represents the surplus of accumulated profits and is distributable by the way of dividends.

2. Income

	Year ended 30 April 2020 £000	Year ended 30 April 2019 £000
Income from investments:		
UK Dividends	568	705
Unfranked dividend income	253	382
UK REIT dividends	4	–
Bank Interest	1	–
Exchange gains on income	2	–
Total income	828	1,087

3. Return per Ordinary Share

Returns per Ordinary share are based on the weighted average number of shares in issue during the year. Basic and diluted return per share are the same as there are no dilutive elements on share capital.

	Year ended 30 April 2020			Year ended 30 April 2019		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit (£000)	81	(6,737)	(6,656)	307	(19,982)	(19,675)
Weighted average number of shares in issue			142,482,631			153,363,323
Return per share (pence)	0.06	(4.73)	(4.67)	0.20	(13.03)	(12.83)

The 50,000 Management shares do not participate in the returns of the Company.

4. Share Capital

	Year ended 30 April 2020		Year ended 30 April 2019	
	Number	£000	Number	£000
Ordinary shares of £0.001 each				
Opening balance	152,653,822	153	171,151,514	171
Redemptions	(14,317,907)	(14)	(18,497,692)	(18)
	138,335,915	139	152,653,822	153

	Year ended 30 April 2020		Year ended 30 April 2019	
	Number	£000	Number	£000
Management shares of £1 each	50,000	50	50,000	50

The rights attaching to each share class are set out on page 78 of this report.

Notes to the Condensed Financial Statements *continued*

Cancellation of Share Premium

Following Court approval and the subsequent registration of the Court order with the Registrar of Companies on 13 August 2019, the cancellation of the Company's share premium account became effective. Accordingly, the amount of £86,986,000 previously held in the share premium account was cancelled and transferred to the special reserve. On 15 August 2019, the Company redeemed 14,317,907 Ordinary shares pursuant to its voluntary redemption facility. The Ordinary shares were redeemed at a price of 53.92 pence per Ordinary share, costing £7,721,000 including expenses. As at 31 October 2019, there were 138,335,915 Ordinary shares and 50,000 Management shares in issue.

Redemption of Ordinary Shares

The Company has a redemption facility through which shareholders are entitled to request the redemption of all or part of their holding of Ordinary shares on an annual basis. As set out in the Articles of Association, the Board may, at its absolute discretion, elect not to operate the annual redemption facility in whole or in part. Accordingly, the Ordinary shares have been classified as equity.

Post year end, valid redemption requests representing 27,061,157 (2019: 14,317,907) Ordinary shares, representing 19.6% (2019: 9.4%) of the issued share capital. The assets attributable to the redemption shareholders will be calculated at the valuation point and transferred to the Redemption Pool. These assets will be distributed to the relevant shareholders upon the realisation of assets and will be determined by the future performance of the Redemption Pool. Further announcements will be made to shareholders.

Management Shares

50,000 Management shares with a nominal value of £1 each were allotted to Miton Trust Managers Limited on the date of incorporation. These shares have been fully paid up.

The Management shares are non-voting and non-redeemable and, upon a winding-up or on a return of capital of the Company, shall only receive the fixed amount of capital paid up on such shares and shall confer no right to any surplus capital or assets of the Company.

5. Net Asset Values

The NAVs per Ordinary share and the net assets attributable at the year end were as follows:

	30 April 2020 Ordinary share		30 April 2019 Ordinary share	
	NAV per share pence	Net assets attributable £'000	NAV per share pence	Net assets attributable £'000
Basic and diluted	51.33	71,011	56.13	85,679

NAV per Ordinary share is based on net assets at the year end and 138,335,915 Ordinary shares (2019: 152,653,822), being the number of Ordinary shares in issue at the year end.

NAV of £1.00 per Management share is based on net assets at the year end of £50,000 (2019: £50,000) and attributable to 50,000 Management shares at the year end. The shareholders have no right to any surplus capital or assets of the Company.

6. Transaction Costs

During the year, expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	Year ended 30 April 2020 £000	Year ended 30 April 2019 £000
Costs on acquisitions	8	21
Costs on disposals	26	50
	34	71

These transaction costs are dealing commissions paid to stockbrokers and stamp duty, a government tax paid on transactions (which is zero when dealing on the AIM/ISDX exchanges). A breakdown of these costs is set out below:

	30 April 2020		30 April 2019	
	Ordinary share £000	% of average monthly net assets in the year	Ordinary share £000	% of average monthly net assets in the year
Costs paid in dealing commissions	32	0.04	59	0.06
Costs of stamp duty	2	–	12	0.01
	34	0.04	71	0.07

The average monthly net assets of the Ordinary shares for the year to 30 April 2020 was £72,325,463 (2019: £96,533,871).

7. Management Fee

The AIFM is entitled to receive from the Company in respect of its services provided under the Management Agreement a management fee for both the Ordinary share and C share classes (when in issue), payable monthly in arrears and calculated at the rate of 1% per annum of the market capitalisation of each share class as at the relevant calculation date.

In addition to the basic management fee, and when a Redemption Pool is in existence, the AIFM is entitled to receive from the Company a fee calculated at the rate of 1% per annum of the net asset value of the Redemption Pool on the last Business Day of the relevant calendar month.

Notes to the Condensed Financial Statements *continued*

The AIFM has agreed that, for so long as it remains the Company's investment manager, it will not charge such part of any management fee payable to it so that the Company can maintain an ongoing charges ratio of 2% or lower. The ongoing charges ratio for the year is 1.68% (2019: 1.52%) for the Ordinary shares, and as such is below 2%. In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 75% of the management fee payable is expected to be charged to capital and the remaining 25% to income.

	Year ended 30 April 2020			Year ended 30 April 2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Management fee	168	506	674	233	698	931

At 30 April 2020, an amount of £42,000 (30 April 2019: £67,000) was outstanding and due to Miton Trust Managers Limited in respect of management fees.

8. Other Expenses

	Year ended 30 April 2020 £000	Year ended 30 April 2019 £000
Directors' fees	117	115
Auditor's remuneration – BDO LLP	34	–
Auditor's remuneration – Ernst & Young LLP	–	24
Secretarial services	175	168
Registrar's fees	22	14
Custodian fees	11	13
Depository fees	18	25
Advisory and professional fees	79	92
Printing and postage	19	9
Research fee*	10	3
Directors insurances and other expenses	14	16
Irrecoverable VAT	45	43
Miscellaneous	12	11
	556	533

During the years ended 30 April 2020 and 30 April 2019, the Auditor's remuneration related to audit services only.

* Contribution to Investment Manager's research budget

9. Finance Costs

	Year ended 30 April 2020			Year ended 30 April 2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
RBS £7.5m revolving loan facility arrangement fee	–	8	8	2	4	6
RBS £7.5m revolving loan facility non-utilisation fee	–	36	36	10	31	41
	–	44	44	12	35	47

The Company entered into a revolving loan facility (the “facility”) on 12 February 2018 for £7.5m which was subsequently amended to £5m on 19 December 2019 (the “amendment”). The facility has been arranged by NatWest Markets Plc (previously known as The Royal Bank of Scotland plc), and the lender The Royal Bank of Scotland International Limited, London branch.

The original terms of the facility set out below remain unchanged under the amendment except where stated:

- Interest at 1.10% above LIBOR on any drawn down balance.
- Commitment fee of 0.55% on any undrawn balance where less than 25% of the facility is drawn down or 0.45% on any undrawn balance where more than 25% of the facility is drawn down.
- The covenants require that borrowings will not at any time exceed 15% of the adjusted portfolio value, being the total portfolio value less the gross market value of each investment which is not a quoted equity freely traded on a recognised investment exchange, and that the net asset value shall at all times be greater than £50m (previously £70m). If the Company breaches any covenant it is required to notify RBS of any default and the steps being taken to remedy it.

The arrangement fee of £18,750 was paid and amortised over the 3-year period of the facility. A further £5,000 was paid for the amendment to the facility.

The Company has not drawn down this facility during the year (2019: nil) and no amounts have been drawn down at the date of signing this report.

Notes to the Condensed Financial Statements *continued*

10. Taxation

	30 April 2020			30 April 2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Overseas withholding tax suffered	23	–	23	14	–	14

The current tax charge is explained below:

	30 April 2020			30 April 2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Return on ordinary activities before taxation	81	(6,737)	(6,656)	309	(19,970)	(19,661)
Theoretical tax at UK corporation tax rate of 19% (2019: 19%)	15	(1,280)	(1,265)	59	(3,794)	(3,735)
Effects of:						
UK dividends that are not taxable	(108)	–	(108)	(134)	–	(134)
Overseas dividends that are not taxable	(48)	–	(48)	(59)	–	(59)
Non-taxable investment losses/(gains)	–	1,161	1,161	–	3,655	3,655
Overseas taxation not recoverable	23	–	23	4	–	4
Double taxation relief	–	–	–	10	–	10
Unrelieved expenses	141	119	260	134	139	273
Total current tax charge	23	–	23	14	–	14

Factors that may affect future tax charges

The Company has excess management expenses of £6,732,000 (2019: £5,460,000), that are available to offset against future taxable revenue. A deferred tax asset of £1,279,000 (2019: £928,000) has not been recognised because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses and, accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus losses.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an Investment Trust Company.

11. Dividends

Amounts recognised as distributions to equity holders in the period.	30 April 2020		30 April 2019	
	£000	pence	£000	pence
In respect of the previous period:				
Final dividend	277	0.20	550	0.36
	277	0.20	550	0.36

The Directors have recommended a final dividend in respect of the year ended 30 April 2020 of 0.10p (2019: 0.36p) per Ordinary share payable on 29 September 2020 to all shareholders on the register at close of business on 4 September 2020. The ex-dividend date will be 3 September 2020.

12. Investments

	30 April 2020 £000	30 April 2019 £000
Investment portfolio summary:		
Opening book cost	84,320	82,523
Opening unrealised (losses)/gains	(4,012)	20,480
Total investments designated at fair value	80,308	103,003
Analysis of transactions made in the year		
Opening fair value	80,308	103,003
Movements in the year:		
Purchases at cost	15,771	27,582
Sales – proceeds	(20,579)	(31,282)
– gains on sales	391	5,497
Increase in unrealised losses	(8,515)	(24,492)
Closing fair value	67,376	80,308
Closing book cost	78,099	84,320
Closing unrealised losses	(10,723)	(4,012)
	67,376	80,308
Analysis of capital losses		
Gains on sales	391	5,497
Movement in unrealised losses	(8,515)	(24,492)
Losses on investments held at fair value through profit or loss	(8,124)	(18,995)

A list of the largest portfolio holdings by their fair value is shown on page 16.

Notes to the Condensed Financial Statements continued

13. Fair Value Hierarchy

Financial assets of the Company are carried in the Balance Sheet at their fair value or approximation of fair value. The fair value is the amount at which the asset could be sold in an ordinary transaction between market participants, at the measurement date, other than a forced or liquidation sale. The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – Valued using quoted prices, unadjusted in active markets for identical assets and liabilities.

Level 2 – Valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1.

Level 3 – Valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. Financial assets are transferred at the point in which a change of circumstances occur.

The table below sets out the fair value measurement of financial assets and liabilities in accordance with the fair value hierarchy.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss at 30 April 2020				
Equity investments	67,376	–	–	67,376
Derivative contracts	–	–	–	–
	67,376	–	–	67,376

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss at 30 April 2019				
Equity investments	78,051	–	1,807	80,308
Derivative contracts	690	–	–	690
	79,191	–	1,807	80,998

The Level 2 investments are at values calculated using observable inputs. Warrants are valued at the exercise price or £nil.

Reconciliation of level 3 movements – financial assets

	As at 30 April 2020 Level 3 £000	As at 30 April 2019 Level 3 £000
Opening fair value investments	1,807	2,404
Purchase at cost	–	(200)
Realised gains on sales	–	(579)
Transfer (to)/from Level 1	(870)	182
Movement in unrealised gains	(937)	–
Closing fair value of investments	–	1,807

The fair value of Level 3 investments are based on discounted anticipated future cash returns.

Rockrose Energy was readmitted to AIM and was reclassified from Level 3 to Level 1 at fair value.

Other Financial Assets and Liabilities

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including: trade and other receivables; cash and cash equivalents and trade and other payables.

14. Derivative Contracts

	Year to 30 April 2020 £000	Year to 30 April 2019 £000
Derivative Instruments at fair value through profit of loss at 30 April 2020		
Opening book cost	931	–
Opening holding loss	(241)	–
Total derivative instruments designated at fair value	690	–
Analysis of movements		
Opening fair value	690	–
Movements in the year:		
Purchases at cost	–	931
Sales – proceeds	(2,706)	–
– gains on sales	2,016	–
Movement in unrealised loss	–	(241)
Closing fair value	–	690
Closing book cost	–	931
Closing unrealised (losses)/gains	–	(241)
Closing fair value	–	690

Notes to the Condensed Financial Statements *continued*

	30 April 2020 £000	30 April 2019 £000
Analysis of capital gains/(losses)		
Gain on sale of derivative	2,016	–
Movement in unrealised losses	–	(241)
Gain/(losses) on derivatives held at fair value through profit or loss	2,016	(241)

Typically, derivative contracts serve as components of the Company's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Company (the Company does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Company may hold from time to time or issue include: index-linked notes, contracts for differences, covered options and other equity-related derivative instruments.

Derivatives often reflect, at their inception, only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments can involve a high degree of leverage and are very volatile. A relatively small movement in the underlying value of a derivative contract may have a significant impact on the profit and loss and net assets of the Company.

The Company's investment objective sets limits on investments in derivatives with a high risk profile. The Investment Manager is instructed to closely monitor the Company's exposure under derivative contracts and any use of the derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments. The Company will not enter into uncovered short positions.

The Company has positions in the following type of derivative:

The Company purchases either Put or Call options through regulated exchanges and OTC markets. Options purchased by the Company provide the Company with the opportunity to purchase (Call options) or sell (Put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Company is exposed to credit risk on purchased options only to the extent of their carrying value, which is their fair value.

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Company held no derivative positions as at year end.

15. Trade and Other Receivables

	30 April 2020 £000	30 April 2019 £000
Amount due from brokers	17	2
Dividends receivable	28	73
Prepayment and other debtors	29	32
Taxation recoverable	2	1
	76	108

16. Trade and Other Payables

	30 April 2020 £000	30 April 2019 £000
Amount due to brokers	151	71
Other creditors	132	140
	283	211

17. Capital Management Policies

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return over the long term to its equity shareholders through an appropriate balance of equity capital and debt.

As stated in the investment policy, the Company has authority to borrow up to 15% of net asset value through a mixture of bank facilities and certain derivative instruments. There were no borrowings as at 30 April 2020 or throughout the year (2019: nil). Also, as a public company, the minimum share capital is £50,000.

The Company's capital at 30 April 2020 comprised:

	30 April 2020 £000	30 April 2019 £000
Current liabilities:		
Trade and other payables	283	211
Equity:		
Equity share capital	189	203
Retained earnings and other reserves	70,822	85,476
Total shareholders' funds	71,294	85,890
Debt as a % of net assets	0.00%	0.00%

Notes to the Condensed Financial Statements *continued*

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Investment Manager's view of the market;
- the buy back of shares for cancellation or treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium);
- new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital have remained unchanged since its launch.

18. Reserves

	Share premium account £000	Special reserve £000	Capital redemption reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000
Ordinary shares to 30 April 2020						
Opening balance	86,986	–	20	2,181	(4,254)	543
Redemption of Ordinary shares	–	(7,720)	14	–	–	–
Redemption of Ordinary shares costs	–	(1)	–	–	–	–
Net gain on realisation of investments and derivatives	–	–	–	2,407	–	–
Unrealised gains realised in the year	–	–	–	4	(4)	–
Unrealised net decrease in value of investments and derivatives	–	–	–	–	(8,515)	–
Realisation of previously unrealised losses*	–	–	–	(2,051)	2,051	–
Management fee charged to capital	–	–	–	(506)	–	–
Finance costs charged to capital	–	–	–	(44)	–	–
Capital expenses	–	–	–	(79)	–	–
Cancellation of Share Premium	(86,986)	86,986	–	–	–	–
Cancellation of Share Premium costs	–	(14)	–	–	–	–
Equity dividends paid	–	–	–	–	–	(277)
Revenue return on ordinary activities after tax	–	–	–	–	–	81
Closing balance	–	79,251	34	1,912	(10,722)	347

* Realisation of previously unrealised losses consists of Atlas African Industries Ltd £285,000, Fairpoint Group plc £491,000, Fishing Republic plc £771,000 and Patisserie Holdings plc £504,000.

Ordinary shares to 30 April 2019	Share premium account £000	Special reserve £000	Capital redemption reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000
Opening balance	86,986	–	2	10,197	20,473	786
Redemption of Ordinary shares	–	–	18	(12,761)	–	–
Net gain on realisation of investments and derivatives	–	–	–	5,497	–	–
Unrealised net increase in value of investments and derivatives	–	–	–	–	(24,733)	–
Management fee charged to capital	–	–	–	(698)	–	–
Finance costs charged to capital	–	–	–	(47)	–	–
Equity dividends paid	–	–	–	–	–	(550)
Foreign currency gains/(losses)	–	–	–	(7)	6	–
Revenue return on ordinary activities after tax	–	–	–	–	–	307
Closing balance	86,986	–	20	2,181	(4,254)	543

At 30 April 2020, the distributable reserves of the Company comprised of £70,788,000 (2019: £nil). The special reserve was created and was distributable on 13 August 2019.

19. Analysis of Financial Assets and Liabilities

Investment Objective and Policy

The Company's investment objective and policy are detailed on pages 78 and 79.

The Company's investing activities in pursuit of its investment objective involve certain inherent risks.

The Company's financial instruments can comprise:

- shares and debt securities held in accordance with the Company's investment objective and policies;
- derivative instruments for efficient portfolio management, gearing and investment purposes; and
- cash, liquid resources and short-term debtors and creditors that arise from its operations.

The risks identified arising from the Company's financial instruments are market risk (which comprises market price risk, interest rate risk and foreign currency exposure risk), liquidity risk and credit and counterparty risk. The Company may enter into derivative contracts to manage risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

These policies have remained unchanged since the beginning of the accounting period.

Market Risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions by way of price movements, interest rate movements and exchange rate movements. The Investment Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

Notes to the Condensed Financial Statements *continued*

Market price risk

Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the Investment Manager. Investment performance and exposure are reviewed at each Board meeting.

The Company's exposure to changes in market prices as at 30 April 2020 on its equity and listed Put index option investments held at fair value through profit or loss was £67,376,000 (2019: £80,998,000).

A fall of 30% in fair value would reduce net assets by £20,211,000 at 30 April 2020. An equal change in the opposite direction would have decreased the net assets and net profit available to shareholders by an equal and opposite amount. The analysis is based on closing balances only and is not representative of the year as a whole.

Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits. The Company's financial assets and liabilities, excluding short-term debtors and creditors, may include investment in fixed interest securities, such as UK corporate debt stock, whose fair value may be affected by movements in interest rates. The majority of the Company's financial assets and liabilities, however, are non-interest bearing. As a result, the Company's financial assets and liabilities are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. There was no exposure to interest bearing liabilities during the year ended 30 April 2020 (2019: nil).

The Company has a £5m revolving loan facility with RBS at an interest rate of 1.10% above LIBOR on any drawn down balance and 0.55% on any undrawn balance where less than 25% of the facility is drawn down or 0.45% on any undrawn balance where more than 25% of the facility is drawn down. During the year the facility has not been drawn down.

The possible effects on the fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions.

The interest rate profile of the Company (excluding short-term debtors and creditors) was as follows:

	30 April 2020 Floating rate £000	30 April 2019 Floating rate £000
Assets and liabilities:		
Cash and cash equivalents	3,842	4,784
	3,842	4,784

If the above level of cash was maintained for a year, a 1% increase in LIBOR would increase the revenue return and net assets by £38,000 (2019: £48,000). If there was a fall by 1% in LIBOR it would potentially impact the Company by a revenue reduction of £38,000 (2019: £48,000).

Foreign currency risk

Although the Company's performance is measured in Sterling, a proportion of the Company's assets may be either denominated in other currencies or in investments with currency exposure. Any income denominated in a foreign currency is converted into Sterling upon receipt. At the Balance Sheet date, all the Company's assets were denominated in Sterling and accordingly the only currency exposure the Company has is through the trading activities of its investee companies.

Liquidity Risk

Liquidity risk is not significant as the Company is a closed-ended investment trust and the majority of the Company's assets are investments in quoted equities and other quoted securities that are readily realisable.

The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The Investment Manager reviews daily forward-looking cash reports which project cash obligations. These reports allow it to manage its obligations. A maturity analysis is not presented as the Investment Manager does not consider this to be a material risk.

Credit and Counterparty Risk

Credit risk is the risk of financial loss to the Company if the contractual party to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk as at 30 April 2020 was £3,918,000 (2019: £4,892,000). The calculation is based on the Company's credit risk exposure as at 30 April 2020 and this may not be representative for the whole year.

The Company's quoted investments are held on its behalf by The Bank of New York Mellon ("BNYM"), acting as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal controls report.

Where the Investment Manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default.

The Company's cash balances are held on its behalf by BNYM. The Board monitor the credit worthiness of BNYM, currently rated at Aa1 (Moody's). The exposure of cash held at BNYM as at 30 April 2020 £3,842,000 (2019: £4,784,000). The cash balances will fluctuate throughout the year and the Board will monitor the exposure.

Investment transactions are carried out with a number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.

Cash is only held at banks that have been identified by the Board as reputable and of high credit quality.

None of the Company's assets are past due or impaired.

Notes to the Condensed Financial Statements *continued*

20. Related Parties

The Directors who served in the year were entitled to the following emoluments in the form of fees:

	Directors' fees per annum £000	Directors' fees paid for the year £000	Outstanding as at 30 April 2020 £000	Directors' fees per annum £000	Directors' fees paid for the year £000	Outstanding as at 30 April 2019 £000
Directors Fees						
Andrew Pomfret (Chairman)	36	36	–	35	35	–
Peter Dicks	31	31	–	30	30	–
Jan Etherden	25	25	–	25	25	–
Ashe Windham	25	25	–	25	25	–

Details of the Management fee payable to Miton Trust Managers Limited pursuant to the Investment Management Agreement are set out in the Strategic Report on page 26. Amounts paid and payable are set out in Note 7.

21. Post Balance Sheet Events

The Company has received redemption requests for 27,017,157 shares representing 19.6% of the issued share capital. The assets attributable to the redemption shareholders will be calculated at the valuation point and will be transferred to the Redemption Pool. These assets will be distributed to the relevant shareholders upon the realisation of assets and will be determined by the future performance of the Redemption Pool. Further announcements will be made to shareholders in due course.

Since 30 April markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. However, since the year end the NAV per share has increased by 12.1% to 25 June 2020.

22. Contingent Liability

The Company is one of more than 45 defendants to proceedings filed in June 2019 by Howard M. Ehrenberg, in his capacity as the liquidating trustee of Orion Healthcorp, Inc., (the "Trustee") in the United States Bankruptcy Court in the Eastern District of New York arising from the takeover of Constellation Healthcare Technologies, Inc. The total claim is for US\$1.88m. In November 2019, the Company moved to dismiss the proceedings on the grounds that the United States Bankruptcy Court does not have jurisdiction over the Company and further intends to dispute the claim on multiple additional grounds. The Trustee's opposition to that motion is due later in 2020.

Redemption of Ordinary Shares

The Company has a voluntary redemption facility through which shareholders are entitled to request the redemption of all or part of their holding of Ordinary shares on an annual basis. For the year ended 30 April 2020 the Redemption Point for Ordinary shares will be in accordance with the timetable below. Redemption Request forms are available upon request from the Company's Registrar.

Shareholders submitting valid requests for the redemption of Ordinary shares will have their shares redeemed at the Redemption Price. The Directors may elect, at their absolute discretion, to calculate the Redemption Price applying on any redemption point by reference to the Dealing Value per Ordinary share or by reference to a separate Redemption Pool*.

The Board may, at its absolute discretion, elect not to operate the annual redemption facility on any given Redemption Point, or to decline in whole or part any redemption request, although the Board does not generally expect to exercise this discretion, save in the interests of shareholders as a whole.

A redemption of Ordinary shares may be subject to either income tax and/or capital gains tax. In particular, private shareholders that sell their shares via the redemption mechanism could find they are subject to income tax on the gains made on the redeemed shares rather than the more usual capital gains tax on the sale of their shares in the market. However, individual circumstances do vary, so shareholders who are in any doubt about the redemption or the action that should be taken should consult their stockbroker, accountant, tax adviser or other independent financial adviser.

The relevant dates for the June 2020 Redemption Point are:

2 June 2020	Latest date for receipt of Redemption Requests and certificates for certificated shares
3.00pm on 2 June 2020	Latest date and time for receipt of Redemption Requests and settled TTE (Transfer to Escrow) instructions for uncertificated shares via CREST
5.00pm on 30 June 2020	Redemption Point
By 14 July 2020	Company to notify Redemption Price and dispatch redemption monies; or
	The redemption will be funded by way of a Redemption Pool and the Company will notify the Redemption Price and dispatch of redemption monies as soon as practicable

Full details of the redemption facility are set out in the Company's Articles of Association or are available from the Secretary.

Should the Board elect to continue the facility, the relevant dates for the 2021 Redemption Point will be published through a regulatory announcement.

** The pool of cash, assets and liabilities to be created by the Directors in respect of a particular Redemption Point and allocated to the Ordinary shares which are the subject of Redemption Requests for that Redemption Point.*

Shareholder Information

Miton UK MicroCap Trust plc was incorporated on 26 March 2015 and its Ordinary shares were admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities on 30 April 2015.

Capital Structure

At the year end, the Company's share capital consisted of Ordinary shares of £0.001 each ("Ordinary shares") and non-voting management shares of £1 each ("Management shares"). From time to time, the Company may issue C shares of £0.01 each ("C shares").

The Company's shares have the following rights:

Voting: Ordinary shares and C shares have equal voting rights. At shareholder meetings, members present in person or by proxy have one vote on a show of hands and on a poll have one vote for each share held.

Management shares are non-voting unless no other shares are in issue at that time.

Dividends: the assets of the Ordinary shares and C shares are separate and each class is entitled to dividends declared on their respective asset pool. The Management shares are entitled to receive, in priority to the holders of any other class of shares, a fixed cumulative dividend equal to 0.01% per annum on the nominal value.

Capital: if there are any C shares in issue, the surplus capital and assets of the Company shall on a winding-up or on a return of capital, be applied amongst the existing Ordinary shareholders and the Management shareholders pro rata according to the nominal capital paid up on their holdings, having first deducted therefrom an amount equivalent to the assets and liabilities relating to the C shares, which amount shall be applied amongst the C shareholders pro rata according to the nominal capital paid up on their holdings of C shares.

When there are no C shares in issue, any surplus shall be divided amongst the Ordinary shareholders

and Management shareholders pro rata according to the nominal capital paid up on their holdings of Ordinary shares and Management shares.

In each instance, the holders of the Management shares shall only receive an amount up to the capital paid up on such Management shares and the Management shares shall not confer the right to participate in any surplus remaining following payment of such amount.

As at the date of this Report, there are 138,385,915 Ordinary shares in issue, none of which are held in treasury, and 50,000 Management shares.

The Company has a redemption facility through which shareholders are entitled to request the redemption of all or part of their holding of Ordinary shares on an annual basis. The Board may, at its absolute discretion, elect not to operate the annual redemption facility in whole or in part, although it has indicated that it is minded to approve all requests.

Further details of the capital structure can be found in note 17 to the financial statements. Details of the redemption facility are set out on page 77.

Investment Objective

The investment objective of the Company is to provide shareholders with capital growth over the long-term.

Investment Policy

The Company invests primarily in the smallest companies, measured by their market capitalisation, quoted or traded on an exchange in the United Kingdom at the time of investment. It is likely that the majority of the microcap companies held in the Company's portfolio will be quoted on AIM and will typically have a market capitalisation of less than £150 million at the time of investment. The Company may also invest in debt, warrants or convertible instruments issued by such companies and may invest in, or underwrite, future equity issues by such companies.

The Company may utilise derivative instruments including index-linked notes, contracts for differences, covered options and other equity-related derivative instruments for efficient portfolio management, gearing and investment purposes. Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described below. The Company will not enter into uncovered short positions.

If companies in the portfolio achieve organic growth or grow through corporate activity such as acquisitions, and consequently have a market capitalisation that would place them outside the investable universe, the Investment Manager will not be obliged to sell those holdings, but the proportion of the portfolio in such companies will be carefully monitored by the Investment Manager and the Board so that the overall investment policy to invest in the smallest quoted or traded companies is not materially altered.

The Company's portfolio is expected to be diversified by industry and market of activity. No single holding will represent more than 15% of Gross Assets at the time of investment and, when fully invested, the portfolio is expected to have over 120 holdings although there is no guarantee that will be the case and it may contain a lesser number of holdings at any time.

The Company will have the flexibility to invest up to 10% of its Gross Assets at the time of investment in unquoted or untraded companies, or in any one unquoted or untraded company.

The Company will invest no more than 10% of Gross Assets at the time of investment in other investment funds.

Borrowing

The Company may deploy borrowing to enhance long-term capital growth. Gearing will be deployed flexibly up to 15% of the Net Asset Value, at the time of borrowing. In the event this limit is breached as a result of market movements, and the Board considers that borrowing should be reduced, the Investment Manager shall be permitted to realise investments in an orderly manner so as not to prejudice shareholders.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

Share Dealing

Shares can be traded through a stockbroker or share trading platform.

Share Prices

The Company's shares are listed on the London Stock Exchange.

Share Register Enquiries

The register for the Ordinary shares is maintained by Link Asset Services. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Email Link at enquiries@linkgroup.co.uk. Changes of name and/or address must be notified in writing to the Registrar: Link Asset Services, Shareholder Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Current Share Capital and Net Asset Value Information

Ordinary £0.001 shares: 138,385,915
SEDOL Number: BWFGQ08
ISIN Number: GB00BWFGQ085

The Company releases its net asset value per share to the London Stock Exchange daily.

Shareholder Information continued

Annual and Half-Yearly Reports

Copies of the Annual and Half-Yearly Reports are available from the Secretary on telephone number 01392 477 500 and are available on the Company's website, www.mitongroup.com/private/fund/miton-uk-microcap-trust-plc/.

Investment Manager: Premier Portfolio Managers Limited

The Company's Investment Manager is Premier Portfolio Managers Limited, a wholly-owned subsidiary of Premier Miton Group plc ("Premier Miton"). Premier Miton is listed on the AIM market for smaller and growing companies.

As at 31 March 2020, the Premier Miton had total funds under management of approximately £9.1 billion.

Members of the fund management team invest in their own funds and are significant shareholders in the Premier Miton. Investor updates in the form of monthly factsheets are available from the Company's website, <https://corporate.premiermiton.com/>.

Association of Investment Companies

The Company is a member of the Association of Investment Companies.

Financial Calendar

29 June 2020	Announcement of 2020 annual results
22 September 2020	Annual General Meeting
31 October 2020	Half-year end
December 2020	Announcement of 2020 half-yearly results
30 April 2021	Year end
30 June 2021	Redemption Point

Retail Investors advised by IFAs

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Alternative Investment Fund Managers' Directive Disclosures

Remuneration

Miton Trust Managers Limited (the "Firm") is required in this Report to make certain disclosures in respect of remuneration paid to its staff. The following disclosures are made in line with the Firm's interpretation of currently available regulatory guidance on remuneration disclosures. These disclosures are not audited.

The total amount of remuneration paid (or to be paid) by the Firm to its staff in respect of the financial year ended 31 December 2018 has been attributed (using an objective apportionment methodology) to Miton UK MicroCap Trust plc, for which the Firm acts as the alternative investment fund manager.

The amount of the total remuneration paid (or to be paid) by the Firm to its staff which has been attributed to Miton UK MicroCap Trust plc in respect of the financial year ended 31 December 2018 is £399,042. This figure is comprised of fixed remuneration of £199,143 and variable remuneration of £199,899.

There were a total of five beneficiaries of the remuneration described above.

The amount of the aggregate remuneration paid (or to be paid) by the Firm to its senior management which has been attributed to Miton UK MicroCap Trust plc in respect of the financial year ended 31 December 2018 was £52,149. The Firm delegates investment management activity to Miton Asset Management Limited and therefore there are no members of staff whose actions have a material impact on the risk profile of Miton UK MicroCap Trust plc.

Remuneration Policy of the Firm

The Firm is authorised and regulated by the UK Financial Conduct Authority ("FCA") as an Alternative Investment Fund Manager ("AIFM") and as such must comply with the rules contained in the FCA's AIFM Remuneration Code within SYSC 19B in a manner that is appropriate to its size, internal organisation and the nature, scope and complexities of its activities.

Staff included in the aggregated figures disclosed above are rewarded in line with the Firm's remuneration policy (the "Remuneration Policy") which is determined and implemented by the Remuneration Committee (comprising senior executives and non-executives of Miton Group plc) and is subject to independent review. The Remuneration Policy reflects the Firm's ethos of good governance and encapsulates the following principal objectives:

- (i) to provide a clear link between remuneration and performance of the Firm and to avoid rewarding for failure;
- (ii) to promote sound and effective risk management consistent with the risk profiles of the Alternative Investment Funds ("Funds") managed by the Firm; and
- (iii) to remunerate staff in line with the business strategy, objectives, values and interests of the Firm and the Funds managed by the Firm in a manner that avoids conflicts of interest.

Alternative Investment Fund Managers' Directive Disclosures

continued

The Firm assesses performance for the purposes of determining payments in respect of performance-related remuneration by reference to a broad range of measures including (i) individual performance (using financial and non-financial criteria), (ii) performance of the business unit or relevant Fund for which the individual provides services and (iii) the overall performance of the Firm. Assessment of performance is set within a multi-year framework, reflecting the cycles of the relevant Fund, to ensure the process is based on longer-term performance and spread over time.

The elements of remuneration are balanced between fixed and variable and the management function sets fixed salaries at a level sufficient to ensure that variable remuneration incentivises and rewards strong performance but does not encourage excessive risk taking.

The Firm operates a discretionary bonus scheme.

The Firm is entitled to disapply the requirements of SYSC 19B in relation to deferral and payment of remuneration in instruments, therefore, due to the Firm's size, internal organisation and the nature, scope and complexities of its activities the Firm does not currently operate deferral of remuneration.

Mechanisms are in place to ensure that remuneration does not reward failure, whether on the early termination of a contract or otherwise.

No individual is involved in setting his or her own remuneration.

Leverage

For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated under the Gross and Commitment Methods, in accordance with AIFMD. Under the Gross Method, exposure represents the sum of the Company's positions without taking account of any netting or hedging arrangements. Under the Commitment Method, exposure is calculated after certain hedging and netting positions are offset against each other.

Leverage is any method by which by which the AIFM increases the exposure of an AIF it manages whether through borrowings of cash or securities, or leverage embedded in derivative positions or by any other means.

Leverage exposure	Gross Method	Commitment Method
Maximum Level	200%	200%
Actual Level	100%	100%

A figure of 100% means that the exposure is equal to the net asset value and the AIF has no leverage.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the fifth ANNUAL GENERAL MEETING of Miton UK MicroCap Trust plc (the "Company") will be held on 22 September 2020 at 11.00 am at the offices of Eastgate Court, High Street, Guildford, GU1 3DE to consider and vote on the Resolutions below.

Resolutions 1 to 10 (inclusive) will be proposed as Ordinary Resolutions and Resolutions 11 to 13 (inclusive) will be proposed as Special Resolutions.

Ordinary Resolutions

1. To receive and adopt the Strategic Report, Reports of the Directors and Auditor and the audited financial statements for the year ended 30 April 2020.
2. To receive and approve the Directors' Remuneration Report for the year ended 30 April 2020.
3. To re-elect Andy Pomfret as a Director of the Company.
4. To re-elect Peter Dicks as a Director of the Company.
5. To re-elect Jan Etherden as a Director of the Company.
6. To re-elect Ashe Windham as a Director of the Company.
7. To appoint BDO LLP as Auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next meeting at which financial statements are laid before the Company.
8. To authorise the Audit and Management Engagement Committee to determine the remuneration of the Auditor of the Company.
9. To declare a final dividend of 0.10 pence per Ordinary share for the year ended 30 April 2020.
10. THAT: The Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot Ordinary shares in the capital of the Company up to an aggregate nominal value of £13,838 (being approximately 10% of the issued Ordinary share capital of the Company at the date of this Notice), such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2021 (unless previously renewed, varied or revoked by the Company in general meeting) (the "Section 551 period"), but so that the Company may, at any time prior to the expiry of the Section 551 period, make offers or agreements which would or might require the allotment of shares in pursuance of such offers or agreements as if the authority had not expired.

Notice of Annual General Meeting continued

Special Resolutions

11. THAT: Subject to the passing of Resolution 10, the Directors be and they are hereby empowered, in accordance with Sections 570 and 573 of the Act, to allot Ordinary shares and to sell Ordinary shares from treasury for cash pursuant to the authority referred to in Resolution 11 as if Section 561(1) of the Act did not apply to any such allotment or sale, such power to expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require Ordinary shares to be allotted or sold from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired.
12. THAT: The Company is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of £0.001 each in the capital of the Company ("Ordinary shares") provided that:
- (i) the maximum number of Ordinary shares hereby authorised to be purchased is – (representing 14.99% of the Ordinary shares in issue at the date of this Notice);
 - (ii) the minimum price which may be paid for each Ordinary share is £0.001;
 - (iii) the maximum price which may be paid for each Ordinary share shall not be more than the higher of: (i) an amount equal to 105% of the average of the middle market quotations of Ordinary shares taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the contract of purchase is made; and (ii) the higher of the price of the last independent trade in the Ordinary shares and the highest then current independent bid for the Ordinary shares on the London Stock Exchange;
 - (iv) this authority will (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2021;
 - (v) the Company may make a contract of purchase for Ordinary shares under this authority before this authority expires which will or may be executed wholly or partly after its expiration; and
 - (vi) any Ordinary shares bought back under the authority hereby granted may, at the discretion of the Directors, be cancelled or held in treasury and if held in treasury may be resold from treasury or cancelled at the discretion of the Directors.
13. THAT: A general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

[Link Company Matters Limited](#)

Registered Office: Beaufort House, 51 New North Road, Exeter EX4 4EP

26 June 2020

Administrative Notes in Connection with the Annual General Meeting

1. Attending the Annual General Meeting in person

If you wish to attend the Annual General Meeting in person, you should arrive at the venue for the Annual General Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Link Asset Services (the "Registrar"), prior to being admitted to the Annual General Meeting.

2. Appointment of proxies

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent a member. To be validly appointed, a proxy must be appointed using the procedures set out in these notes. If members wish their proxy to speak on their behalf at the meeting, members will need to appoint their own choice of proxy (not the Chairman of the Annual General Meeting) and give their instructions directly to them.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should log on to www.signalshares.com or contact the Registrar by telephone on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

A member may instruct their proxy to abstain from voting on any resolution to be considered at the Annual General Meeting by marking the 'Vote Withheld' option when appointing their proxy. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' the resolution.

The appointment of a proxy will not prevent a member from attending the Annual General Meeting and voting in person if they wish. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every share of which he/she is the holder.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 9 below.

3. Appointment of a proxy online

Members can appoint a proxy online at: www.signalshares.com. In order to appoint a proxy using this website, members will need their Investor Code, which they can find on their share certificate. If you need help with voting online, please contact our Registrar, Link Asset Services, on (0) 371 664 0391, or email Link at enquiries@linkgroup.co.uk. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Members must appoint a proxy using the website no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting.

Notice of Annual General Meeting [continued](#)

4. Appointment of a proxy using a Form of Proxy

You may request a hard copy form of proxy directly from the Registrar by telephone on 0371 664 0300. To be valid, a Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting.

5. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: www.euroclear.com/CREST. 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 or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Registrar Link Asset Services (ID RA10) no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able

to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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 their 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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 (as amended).

6. Appointment of proxy by joint holders

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority shall be determined by the order in which the names of the joint holders stand in the Company's register of members in respect of the joint holding.

7. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

8. Entitlement to attend and vote

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at close of business on 18 September 2020 (or, if the Annual General Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

9. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

10. Website giving information regarding the Annual General Meeting

Information regarding the Annual General Meeting, including information required by section 311A of the Act, and a copy of this Notice of Annual General Meeting is available from the Company's website at www.mitongroup.com/private/fund/miton-uk-microcap-trust-plc/

11. Audit concerns

Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with the auditors of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. 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 Act. Where the Company is required to place a statement on a website under section 527 of the Act, 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 Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

12. Voting rights

As at 26 June 2020 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 138,385,915 ordinary shares, carrying one vote each.

Notice of Annual General Meeting [continued](#)

13. Notification of shareholdings

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the Annual General Meeting as their proxy will need to ensure that both they, and their proxy, comply with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

14. Members' right to require circulation of resolution to be proposed at the Annual General Meeting

Members meeting the threshold requirements set out in the Act have the right to: (a) require the Company to give notice of any resolution which can properly be, and is to be, moved at the Annual General Meeting pursuant to section 338 of the Act; and/or (b) include a matter in the business to be dealt with at the Annual General Meeting, pursuant to section 338A of the Act.

15. Further questions and communication

Under section 319A of the Act, the Company must cause to be answered any question relating to the business being dealt with at the Annual General Meeting put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members may not use any electronic address or fax number provided in this Notice or in any related documents to communicate with the Company for any purpose other than those expressly stated.

16. Documents available for inspection

Copies of the Letters of Appointment of the Non-Executive Directors of the Company will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this Notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the location of the meeting from 10:45pm until the conclusion of the Annual General Meeting.

Glossary

Alternative Investment Market ("AIM")

MINI's shares are traded on the London Stock Exchange, although most the stocks held in the Company's portfolio are quoted on the AIM exchange. AIM is owned by the London Stock Exchange and was principally set up to meet the funding needs of smaller, growing companies.

Alternative Performance Measure ("APM")

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework.

Annual General Meeting ("AGM")

All public companies have an AGM every year, and this is the opportunity for the shareholders to confirm their approval of the annual accounts, the annual dividend and the appointment of the Directors and Auditors. It is also a good time for shareholders to meet the non-executive directors. The Company's AGM is on 22 September 2020 at 11 am at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH. One of the fund managers will give shareholders a presentation on the current position of the Company's portfolio and some thoughts on the market outlook.

Discount/Premium

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Discount Calculation	Page	30 April 2020	30 April 2019	
Closing NAV per share (p)	6	51.33	56.13	(a)
Closing share price (p)	6	43.35	54.40	(b)
Discount (c = ((a - b)/a))	6	(15.55)%	(3.08)%	(c)

Dividend Yield

The annual dividend expressed as a percentage of the mid-market share price.

Financial Conduct Authority ("FCA")

This regulator oversees the fund management industry, including the operation of the Company.

Financial Reporting Council ("FRC")

The FRC regulates UK auditors and provides guidance to accountants with the aim of promoting better transparency and integrity in the annual reports of quoted businesses.

Gearing

Gearing refers to the ratio of the Company's debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company's assets grow, the shareholders' assets grow proportionately because the debt remains the same. If the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Generally Accepted Accounting Principles ("GAAP")

GAAP are a common set of accounting principles, standards and procedures that companies follow when they compile their financial statements. GAAP is a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information. This enables the financial results of companies to be determined on a common basis so they are able to be compared. In the UK, company accounts must be prepared in accordance with applicable company law, this being the Companies Act 2006, which recognises GAAP.

International Financial Reporting Standards ("IFRS") are standards issued by the International Accounting Standards Board ("IASB"), approved for implementation by the European Union to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. These were previously International Accounting

Glossary *continued*

Standards ("IAS") maintained by the IASB. The Company adopted IFRS with the accounting policies of the Company set out in the financial statements.

Growth Stock

A stock where the earnings are expected to grow at an above-average rate, leading to a faster than average growing share price. Growth stocks do not usually pay a significant dividend.

Key Performance Indicators ("KPIs")

KPIs are a short list of corporate attributes that are used to assess the general progress of the business and are outlined in this Report on page 18.

Investment Association ("IA")

The IA is the trade body that represents UK investment managers. Miton Group plc is a member, and Gervais Williams is on the board.

Link Company Matters Limited ("Link")

Link is the Company Secretary for the Company.

Markets in Financial Instruments Directive II ("MiFID II")

This directive came into effect on 3 January 2018. In the case of Miton Group plc clients, the principal change has been the unbundling of transaction and external research charges paid by the Company, when stock market transactions are carried out.

Net Asset Value per Ordinary share ("NAV")

The NAV is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of all of the Company's assets, at their current market value, having deducted all liabilities and prior charges at their par value, or at their asset value as appropriate. The NAV per share is calculated by dividing the shareholders' funds by the number of Ordinary shares in issue excluding treasury shares.

Ongoing Charges

As recommended by the AIC in its guidance, ongoing charges are the Company's annualised revenue and capital expenses (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of the Company during the year.

Ongoing Charges Calculation	Page	30 April 2020	30 April 2019
Management fee	64	674	931
Other administrative expenses	64	556	533
Total management fee and other administrative expenses (annualised)		1,218	1,464 (a)
Average net assets in the year		72,325	96,534 (b)
Ongoing charges (c = a/b)		1.68%	1.52% (c)

Peer Group

The Company is part of the AIC's UK Smaller Companies sector whose members invest at least 80% of their assets in UK Smaller Companies.

Put Option

Put options are most commonly used in the stock market to protect against the decline of the price of a stock below a specified price likened to purchasing a form of financial insurance. An owner of a Put option can collect a financial benefit after an adverse event, with the scale of the benefit proportionate to the setback in the market and the remaining term of the cover. The Company Put option will become more valuable should the market decline.

Senior Independent Director ("SID")

The SID is a non-executive director who can be contacted by investors to discuss a matter of governance when it concerns the Chairman and the normal practice cannot be followed. MINI's SID is Peter Dicks.

Tap Issue

A tap issue is a procedure that allows the Company to issue new shares at the current market value when the share price is at a premium to NAV. The Company is authorised to issue up to 10% of its share capital without the need for an open offer. This enables the Company to invest in attractive investment opportunities and to issue new shares on a flexible and cost-effective basis.

Total Assets

Total assets include investments, cash, current assets and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce value and to produce positive economic value. Assets represent the value of ownership that can be converted into cash. The total assets less all liabilities will be equivalent to total shareholders' funds.

Total Return – NAV and Share Price Returns

Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The Total Return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are re-invested in the Company at the prevailing NAV.

NAV Total Return	Page	30 April 2020	30 April 2019
Closing NAV per share (p)	6	51.33	56.13
Add back final dividend for the year ended 30 April 2019 (2018) (p)	67	0.20	0.36
Adjusted closing NAV (p)		51.53	56.49 (a)
Opening NAV per share (p)	6	56.13	69.33 (b)
NAV total return unadjusted (c = ((a - b)/b)) (%)		(8.2)%	(18.5%) (c)
NAV total return adjusted (%)		(8.2)%*	(18.6%)*

Share Price Total Return	Page	30 April 2020	30 April 2019
Closing share price (p)	6	43.35	54.40
Add back final dividend for the year ended 30 April 2019 (2018) (p)	67	0.20	0.36
Adjusted closing share price (p)		43.55	54.76 (a)
Opening share price (p)	6	54.40	65.80 (b)
Share price total return unadjusted (c = ((a - b)/b)) (%)		(19.9)%	(16.8%) (c)
Share price total return adjusted (%)		(20.0)%*	(16.9%)*

* Based on NAV/share price movements and dividends being reinvested at the relevant cum dividend NAV/share price during the period. Where the dividend is invested and the NAV/share price falls, this will further reduce the return or, if it rises, any increase will be greater. The source is Morningstar who have calculated the return on an industry comparative basis.

Yield Stock

Yield stocks pay above-average dividends to shareholders. If the dividend grows, and the yield on the share remains constant, the share price will increase. Companies which grow their dividends faster than average are capable of delivering faster share price growth.

Contact Details of Advisers

Secretary and Registered Office

Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Telephone: 01392 477 500

Investment Manager and Alternative Investment Fund Manager

Premier Portfolio Managers Limited
Eastgate Court
High Street
Guildford
Surrey GU1 3DE

Company website

www.mitongroup.com/private/fund/miton-uk-microcap-trust-plc/

Auditor

BDO LLP
150 Aldersgate Street
London EC1A 4AB

Company Administrator

Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Depository and Custodian

The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL

Registrar and Transfer Office

Link Asset Services
Shareholder Services Department
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 0371 664 0300
(calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate)

Email: enquiries@linkgroup.co.uk
Website: www.linkassetservices.com

Solicitor

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

Stockbroker

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Shareholder warning

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These calls typically come from fraudsters operating in 'boiler rooms' offering investors shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. While high profits are promised, those who buy or sell shares in this way usually lose their money. These fraudsters can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

It is very unlikely that either the Company or the Company's Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you have been contacted by an unauthorised firm regarding your shares, you can report this using the FCA helpline on 0800 111 6768 or by using the share fraud reporting form at www.fca.org.uk/consumers/scams.

Company performance since launch on 30 April 2015



Source Morningstar from 30/04/2015 to 30/04/2020.

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INVESTORS

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