

Miton UK MicroCap Trust plc

Half year Report for the
period to 31 October 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...

-  Globalisation introduced a low inflationary environment, allowing central banks easily to inject additional financial stimulus every time global growth was unsettled.
-  The creation of additional credit over recent decades has driven up the valuation of nearly all assets to elevated levels.
-  The pandemic-induced recession could lead to numerous business failures and banks may tighten credit standards going forward.
-  If it becomes harder to access credit, then stock market trends may change, and markedly different investment strategies might start to outperform.
-  Miton UK MicroCap Trust plc has a very different investment universe from the mainstream stock market and was set up with this change in mind.
-  We believe that Miton UK MicroCap Trust plc may possess several major advantages, if economic and stock market conditions become less settled going forward.

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Miton UK MicroCap Trust plc

The 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 five 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 49.00p to 71.60p in June 2018. The gridlock in parliament ahead of Brexit in 2019, and more recently the pandemic-induced recession, led the Company's NAV to fall back to a nadir of 37.2p on 18 March 2020. Over the six months to October 2020, the Company's NAV has risen 21.6% (including re-invested dividend) from 51.33p (30 April 2020) to 62.32p. This report details how many of the quoted microcaps in the Company's portfolio have navigated the unsettled economic conditions and outlines the Company's prospects going forward.

| Half year to 31 October 2020 | Half year to 31 October 2019 | Year to 30 April 2020 |
|--|--|--|
| 62.32p NAV per Ordinary share | 48.92p NAV per Ordinary share | 51.33p NAV per Ordinary share |
| (0.10)p Revenue return per Ordinary share | 0.10p Revenue return per Ordinary share | 0.06p Revenue return per Ordinary share |
| 11.62p Total return per Ordinary share | (6.82)p Total return per Ordinary share | (4.67)p 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.

A very clear sense of purpose...

Funding businesses aligned with changing customer and market trends

Youthful businesses, like many quoted microcaps, often have greater agility to flex to the changing customer and market trends. This has been visible over recent years, for example, as a growing number of customers have preferred suppliers that are reducing their carbon footprint. The Trust's portfolio has several holdings in businesses that are actively leading the climate change agenda.

The investment universe of the Miton UK Microcap Trust includes quoted microcaps that have business models directly aligned with the climate change agenda. Our ambition, however, is much greater. The Trust engages with the full range of microcap management teams, with the objective of encouraging them all to calibrate their carbon footprint, and thereafter to find ways to reduce this exposure.

The UK Government has set a legally binding target to reach net zero greenhouse gas emissions by 2050. It will take decades of investment to achieve this, and the scaling up of low-carbon infrastructure is reliant, at least initially, on the conversion of suppliers that are not yet low-carbon businesses. The Trust seeks to fund such businesses so that they can actively scale back their carbon emissions and become more sustainable.

Helping quoted microcaps meet the climate change agenda more rapidly is a good illustration of the Trust's very clear sense of purpose.

Socially useful

The share prices of companies that generate plentiful surplus cashflow after capex often appreciate better than others. The Trust's portfolio of holdings is therefore selected to meet this criteria and thereby drives returns. Measuring the success of the Trust, however, doesn't just rest on achieving a premium return for shareholders.

Investing collective savings in younger expanding businesses is often of benefit to the wider community. As quoted microcaps tend to be relatively immature, the injection of additional capital helps accelerate their growth. This in turn leads to the creation of additional skilled employment and improvement in productivity, ensuring such businesses can continue to invest during economic setbacks. An important additional benefit is an increase in tax revenues for the government.

Whilst some larger businesses may achieve similar outcomes, many struggle to retain their market position against their more agile competitors. Some larger quoted businesses merge with others to drive down unit costs, and usually end up shedding labour, rather than increasing numbers in employment. Over the longer term, as customer behaviour evolves, numerous mainstream businesses fail to keep pace, and end up shrinking, with obvious adverse implications both for employment and government tax take.

In conclusion, investing in a portfolio of quoted microcaps is often more beneficial for the wider community than strategies that focus on mainstream stock market businesses. Effectively, MINI's investment strategy is more purposeful than many others. It has the potential to deliver socially useful outcomes as well as premium returns for shareholders.

...backed by four major advantages of the Trust's strategy

A portfolio of younger businesses has the potential to sustain growth even during changeable economic conditions

Currently, prospects for economic recovery appear limited. Unemployment is expected to rise as large numbers of over-indebted businesses become insolvent. Simultaneously, governments will need to find ways to scale back their unsustainably high budget deficits, potentially imposing a higher tax burden on the economy. Changeable economic conditions

such as these bring challenges for all businesses, both large and small.

The more modest market positions of younger businesses, including quoted microcaps, mean they often have greater scope to take market share during periods of wider economic weakness, which helps sustain their growth.

Quoted microcaps can deliver transformational returns by acquiring businesses at distressed valuations

When capital is scarce for unquoted businesses, the ongoing access to risk capital via a public listing can be disproportionately advantageous. During recessions, many over-indebted companies become insolvent for want of capital. Their skilled staff can, however, still be retained in their roles if these businesses are acquired from the receiver. Often, quoted companies can make

acquisitions at times like this, which can lead them to deliver particularly good returns.

Whilst mainstream quoted companies do make acquisitions on distressed valuations during recessions, their impact is diluted by the scale of their existing operations. In contrast, the same transaction for a quoted microcap can be transformational to their future returns.

Successful microcaps can build businesses with substantial momentum, where the returns can be multiples of the initial investment

A listed business that accesses a new market early, or operates more efficiently than others in an established market, may be able to scale up its operations rapidly using capital provided by external shareholders.

Whilst larger companies can achieve these aims, the opportunity is often proportionately

a lot more significant within a quoted microcap. The potential tends to be relatively small at the outset and hence, success of this kind rarely moves the needle for a large cap business. In contrast, the same first mover advantage within a quoted microcap can lead to several years of significant ongoing growth.

As the share prices of quoted microcaps rise, they become more relevant to a wider universe of investors, so the Trust can reallocate the capital to other overlooked microcaps

Very few professional investors research quoted microcaps, as the cash value and future effect of individual shareholdings in these companies is deemed insignificant to large portfolios.

This position changes as a quoted microcap matures and becomes large enough to be included in the mainstream investment

universe of more institutional portfolios. This may also lead to a rising competitive tension amongst institutional buyers which can bring forward the returns for a successful microcap. Effectively, the differential in valuations between the holdings at the top end of the size-band and the more overlooked microcaps that are brought into the portfolio, can further enhance the longer-term returns of the strategy.

Results for the Half Year

to 31 October 2020

- Over the half year, the Ordinary share NAV **rose from 51.33p** on 30 April 2020 **to 62.32p** on 31 October 2020, **a rise of 21.6%** (including re-invested dividend).*
- The Ordinary share price moved **from 43.35p** at the end of April 2020 **to 57.00p** at the end of October 2020, **an increase of 31.7%** (including re-invested dividend).*
- A loss of £125,000 in the half year to 31 October 2020 has been debited to the revenue reserves.

Summary of Results

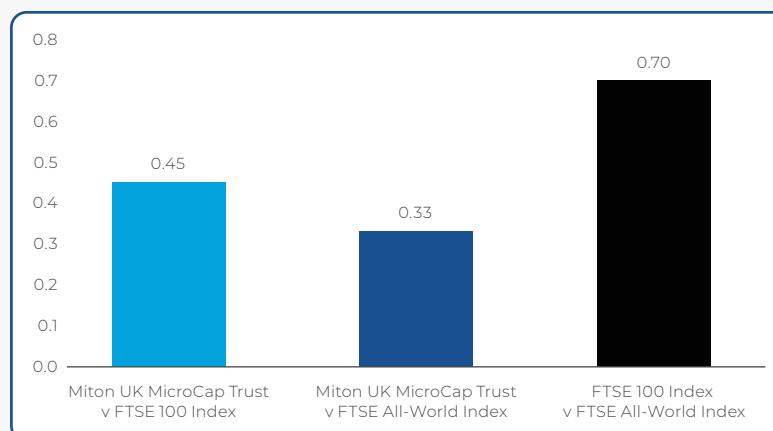
| | Half year to 31 October 2020 | Year ended 30 April 2020 |
|--|------------------------------------|--------------------------------|
| Total net assets attributable to equity shareholders (£'000) | 69,349 | 71,011 |
| NAV per Ordinary share | 62.32p | 51.33p |
| Share price (mid) | 57.00p | 43.35p |
| Discount to NAV* | (8.54)% | (15.55)% |
| Investment income | £0.3m | £0.8m |
| Revenue return per Ordinary share | (0.10)p | 0.06p |
| Total return per Ordinary share* | 11.62p | (4.67)p |
| Ongoing charges** | 1.61% | 1.68% |
| Ordinary shares in issue | 111,274,758 | 138,335,915 |

* Alternative Performance Measure ('APM'). Details provided in the Glossary on pages 31 and 32.

The ongoing charges are calculated in accordance with AIC guidelines.

Financial Performance Indicators

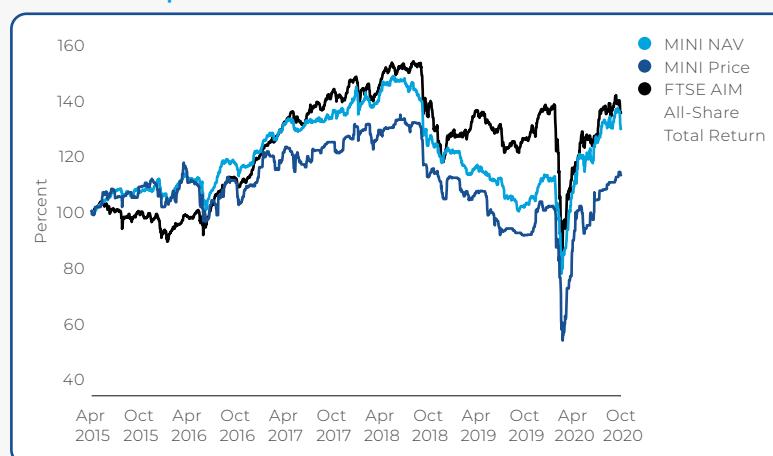
NAV correlation v FTSE 100 Index v FTSE All-World Index



Source: Bloomberg 30 April 2015 to 31 October 2020.

The return on major oil companies listed in the US or continental Europe tend to be quite similar to that of a major oil company listed in the UK. Furthermore, the stock exchanges tend to comprise a fairly uniform range of sectors in each geography. This explains why the daily movements of the FTSE100 and the MSCI Europe (excluding the UK) Indices tend to be closely correlated. In contrast the MINI portfolio operates in sectors that are much more wide ranging than those of the FTSE100 Index. The MINI portfolio is more equally weighted between UK and international operations. For these reasons the returns of the MINI portfolio are not particularly correlated with those of the mainstream indices. Sometimes the Trust can generate attractive returns when the mainstream stock markets are not appreciating, although at other times the Trust returns are somewhat lower than the mainstream stock markets.

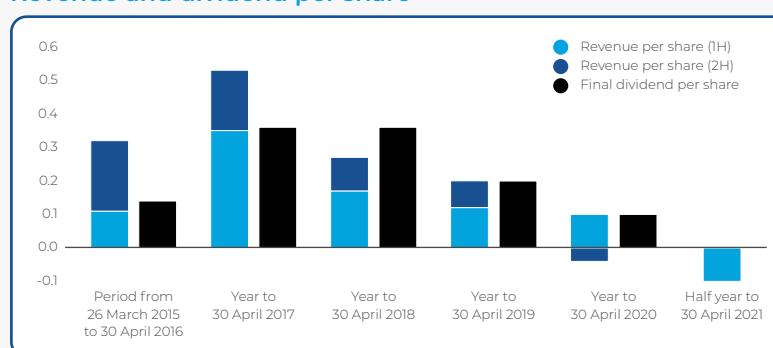
NAV v share price v FTSE AIM All-Share Index



Source: Morningstar 30 April 2015 to 31 October 2020.

This chart details the NAV and the daily closing share price of the Company. Prior to the Brexit referendum, the share prices of microcaps generally appreciated well and NAV of the Trust rose. After the Brexit referendum many asset allocators have scaled back their UK weightings given the uncertainties over the detail of the exit arrangements, and this has led to fewer buyers of smallcap stocks. This trend has been more acute amongst microcap stocks despite many demonstrating resilience during the pandemic. Many still stand on much lower valuations than mainstream stocks.

Revenue and dividend per share



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



“As microcaps are relatively young businesses, many can often sustain growth even during a recession and the performance of your Trust demonstrated that. The NAV total return of the Trust was 21.6% (including re-invested dividend) over the six-month period.”

Andy Pomfret

Chairman

This report covers the six-month period between 30 April and 31 October 2020, a period when many stock markets staged a recovery after dramatic falls in the early part of the year caused by the COVID-19 pandemic.

Returns over the half year

The pandemic has been the dominant issue of the period under review, however, the sheer scale of government support for businesses, along with additional financial stimulus from central banks, led to a marked recovery in global stock markets. With Brexit uncertainties ongoing, however the mainstream UK equity indices lagged with the FTSE All-Share Index falling 2.0% over the six

months to the end of October 2020, even with dividend income included.

As microcaps are relatively young businesses, many can often sustain growth even during a recession and the performance of your Trust demonstrated that. The NAV total return of the Trust was 21.6% (including re-invested dividend) over the six-month period.

In the half year, the costs of the Trust were slightly greater than the dividend revenue received. As a result, the NAV return outlined above includes a revenue deficit per share of 0.10p over this period, which compares to a positive revenue return of 0.06p per share last year. It has always been anticipated, however, that capital appreciation would be the principal driver of the Trust's return.

Returns since the Trust was first listed in April 2015

The share prices of numerous high-profile, US technology stocks have appreciated very substantially over the five and a half years since the Trust first listed in April 2015. In total return terms, the NASDAQ Composite Index for example, has risen by 178.9% in Sterling terms between April 2015 and October 2020.

Over the same period, returns on UK equities have been overshadowed by uncertainties over Brexit, and more recently by the pandemic, resulting in numerous business setbacks. As a result, the total return on the FTSE All-Share Index is only 2.7% over the five and half years to October 2020 (dividend income included), while the net asset total return on the Trust is 29.5%. Over the same period, the total return on the FTSE SmallCap Index (excluding Investment Trusts) is 8.2% and on the FTSE AIM All-Share Index, is 35.4%. These figures imply that while many UK-quoted businesses have grown since April 2015, this has been offset by reductions in market valuations over the period. Despite the potential for the Trust's portfolio to deliver premium returns going forward, its weighted price/book valuation stood at a discount to that of the FTSE All-Share Index and the FTSE AIM All-Share Index at the end of October 2020.

Share Redemptions

Since the Trust's share price reflects the balance of buyers and sellers, when there is an imbalance the Trust's share price can diverge from its NAV. Over the half year under review, while the Trust's share price has risen with its NAV, it has remained at an average discount of 13.1%, although this had narrowed to 8.5% by the end of the period. In order to help to manage such imbalances over the longer term, the Trust offers all shareholders the option to redeem their shares each year, subject to the Board's discretion.

This year, at the redemption point on 30 June 2020, 27,061,157 shares were offered for redemption, amounting to 19.56% of the share capital. The redemption was funded by transferring a pro rata tranche of all the Trust's holdings into a redemption pool to enable them to be liquidated. On liquidation of the redemption pool, redeeming shareholders received 55.41p per share (including a dividend of 0.10p which was declared and paid prior to the capital being returned).

Board refreshment

On 1 December 2020, we were pleased to welcome Bridget Guerin on to the Board as a non-executive Director and Chair-elect. Bridget will take over from me when I step down at the next AGM. This is the first step in implementing our Board succession plan. The other members of the Board were all appointed at the time of listing the Company in 2015 and under the current governance rules, they will all need to be replaced by 2024. I believe it is in the best interests of the Company for a new Chair to oversee that process and be responsible for forming the new Board.

Dividend

Over the half year to October 2020, the process of portfolio refreshment as holdings mature; has led to significant changes in the portfolio. This, together with some takeovers and some companies choosing to defer or cancel dividends as a consequence of the pandemic, has resulted in the Trust's dividend income falling compared with the same period last year. This has resulted in the Trust's revenue per share being below its ongoing costs.

Historically, the Trust has been able to distribute a small annual dividend but, for the reasons above, this is seen as unlikely in the current year.

Prospects

Global growth has been episodic since 2008, with central banks periodically injecting additional financial stimulus via Quantitative Easing to sustain economic momentum. The repeated injection of additional credit has driven up the price of government bonds to extremely high valuations in recent years, simultaneously dragging up the valuations of many other assets.

At the date of this report, the outcome of the Brexit negotiations remains unknown. The strategy and portfolio have shown resilience through the COVID-19 pandemic, and the Managers anticipate that, while there might be short term uncertainties and currency volatility, the final form of Brexit will not change the medium and long term opportunity that exists for the Trust.

Although the pandemic-induced recession will eventually pass, it may be that global growth will remain elusive. Governments will need to scale back their budget deficits via incremental tax rises, at a time when changing customer trends have left numerous companies under existential threat. While these headwinds will be a challenge for all companies, younger businesses with access to external risk capital, such as UK-quoted microcaps, have the potential not just surviving but also thriving in these conditions.

At the date of signing, the NAV had increased to 69.31p, being a 11.2% increase since the half year end.

In summary, we are increasingly confident in the prospects of the Trust over both the short and longer term.

Andy Pomfret

Chairman

11 December 2020

Investment Manager's Report

Who are the fund managers of the Trust?

Premier Miton Group plc ("Premier Miton") is an independent, listed fund management company, formed from the merger of Premier Asset Management and Miton Group in November 2019, with a well-established reputation for successfully managing UK-quoted smaller company portfolios over the longer term. The Trust's Board appointed Miton Group as Manager when it was listed in April 2015.

The day-to-day management of the Trust's portfolio continues to be carried out by Gervais Williams and Martin Turner, who came together as a team in April 2011.

Martin and Gervais have had a close working relationship since 2004, with complementary expertise that has led them to back a series of successful companies.

Gervais Williams

Gervais joined Miton in March 2011 and is now Head of Equities at 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. Gervais 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 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 contributors to the Trust's outperformance over the half year?

The half year between the end of April 2020 and the end of October 2020 was a period when stock markets around the world rallied following the pandemic-induced recession and market sell-off. Unfortunately, the UK stock market has not recovered in line with others over the half year, given the ongoing anxiety about the nature of the UK's exit from the EU.

Nonetheless, specialist markets are often resilient during recessions, and the weakness in some competitors can offer additional opportunities for those with good access to capital. During the half year, the share prices of Avacta and Synairgen both appreciated substantially, as their medical technology could be extended to address the needs of the pandemic. Other major contributors to the Trust's performance were Jubilee Metals, Corero Technology, Trackwise Design, Simec Atlantis and Rockrose Energy, all of whose share prices doubled over the six months, with the share price of Open Orphan rising three fold.

The most disappointing holdings over the half year were Kromek and Ethernity Networks which have both been awaiting major orders that have yet to be booked. Another significant detractor was CentralNic, whose share price has drifted lower over the period after a period of outperformance just prior to the half year.

Why was the Trust's revenue per share negative over the half year?

As the Trust's holdings mature and start to generate substantial paybacks on their initial investment, it puts them in a position to scale up their dividends considerably. The share prices of these stocks often appreciate so they no longer stand on such overlooked valuations. In time they are sold and replaced with new holdings earlier in their life cycle and that stand on lower valuations.

Over the half year to October 2020, the process of portfolio refreshment outlined above; some takeovers and some companies choosing to defer or cancel dividends as a consequence of the pandemic has resulted in the Trust's dividend revenues falling when compared with the same period last year. This has resulted that the Trust's revenue per share being below its ongoing costs.

The process of taking profits on those holdings that mature and pay dividends to reinvest in less mature stocks has always been anticipated to mean that capital appreciation would be the principal driver of the Trust's return. This, coupled with the caution of companies towards paying dividends as a result of the pandemic, means the Trust's revenue per share is expected to remain below its ongoing costs for the year. Historically, the Trust has been able to distribute a small annual dividend but, for the reasons above, this is seen as unlikely in the current year.

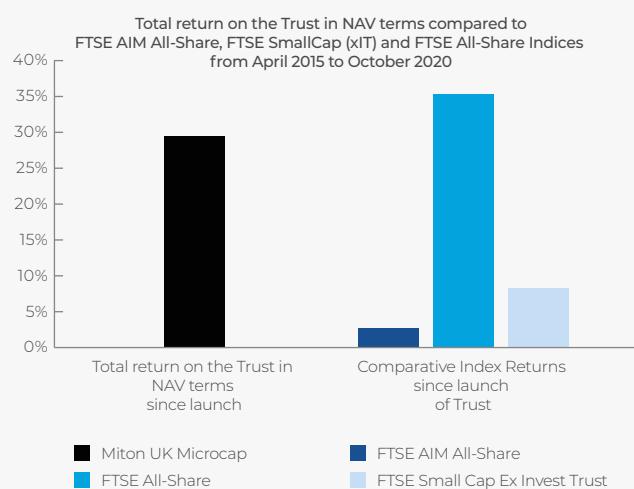
What are the main factors driving the Trust's returns since it first listed in April 2015?

In the UK, an analysis of stock market data since 1955 reveals that the best performing group of stocks has been quoted microcaps with a bias towards those standing on low, overlooked valuations. Whilst stocks with these characteristics have not continuously outperformed, their strong performance has been a persistent trend through a variety of economic and stock market conditions. For this reason, the Trust's strategy focuses on quoted microcaps that are standing on overlooked valuations. When these succeed, their share prices can rise by much greater percentages than most mainstream stocks. This feature has been evident in the Trust's portfolio over the six months to the end of October 2020.

As noted above, stocks with these characteristics don't continuously outperform. In the past, overlooked microcaps have lagged the returns of higher-profile, more volatile stocks at times of abundant market liquidity, and investor excitement has driven up those share prices faster than others. The dot-com boom prior to the millennium is a good example of this. As a result of Quantitative Easing, market liquidity has again been in plentiful supply over recent years and share prices of high volatility quoted companies have tended to outperform. As with the dot-com boom, when this favourable period of market liquidity comes to an end, we expect regular quoted companies standing on overlooked valuations to take up the running and outperform more volatile stocks by a considerable margin. We anticipate that this trend will re-emerge in the coming periods, but in the meantime, the Trust's strategy has faced a headwind over recent years.

In addition, another, more one-off, headwind has inhibited the Trust's returns. The UK's decision to leave the EU in June 2016 introduced uncertainty about the details of Brexit, which has held back investor interest in UK-quoted markets, and most particularly has detracted from the returns of UK-quoted small and microcaps. As this uncertainty drops away in the coming period, we anticipate investor interest in UK stocks will normalise.

Despite these two major headwinds since the Trust was listed in April 2015, its total return to October 2020 has been 29.5%. Whilst this return is above the underlying rate of inflation, we believe the returns of the strategy through a full stock market cycle – including periods when regular, overlooked microcaps outperform – will be much greater.



Investment Manager's Report continued

What impact will the pandemic-induced recession have on the Trust?

The global pandemic has precipitated a major recession that has greatly reduced the cash flow generated by numerous companies. Without substantial government payments, unemployment would have increased rapidly and many companies may have become insolvent. As Managers, we seek to limit this risk by selecting holdings with resilient balance sheets for inclusion in the Trust's portfolio. Although some may suffer a setback in cash flow during an economic setback, in general, stocks with resilient balance sheets should not run out of cash.

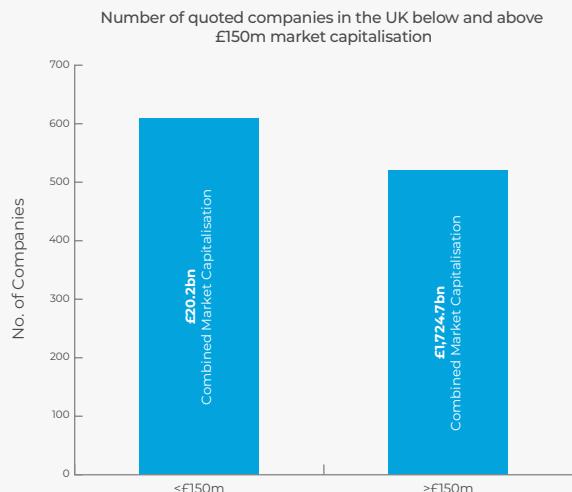
When the economy recovers, additional working capital needs often lead to corporate insolvencies. One of the advantages of quoted microcaps is that they can raise external capital and acquire previously over-borrowed, but otherwise viable, businesses from the receiver. Such acquisitions often bring in additional skilled staff and generate very good returns on investment, greatly enhancing the recovery prospects of the business. Overall, a global recession is a challenge for all businesses, but at times of recovery, it can provide additional opportunities for quoted microcaps enhancing their future returns.

How unusual is the UK-quoted microcap investment universe?

Prior to a sustained period of globalisation, returns on mainstream stock markets were not very different from that of underlying inflation. At that time, institutional interest in quoted small and microcaps was justified because they delivered better returns. After the policy of globalisation was adopted, mainstream stock market indices delivered unusually strong returns, so quoted small and microcap stocks were increasingly regarded as unnecessary and institutional interest faded. Over the last three decades, this has resulted in the closure of many of the small and microcap stock markets around the world for lack of institutional interest.

Fortunately, the UK Government has ensured that the market for quoted small and microcaps remains viable via dedicated tax exemptions, on the grounds that they generate both more skilled employment and increased productivity than the mainstream companies and ultimately contribute additional tax take.

Going forward, the ultra-low yields on bonds imply that prospective returns on mainstream assets will be unusually modest. As this becomes the consensus opinion, we anticipate that the premium returns on quoted small and microcaps will lead to renewed interest from institutions once again. Overall, the prospects for the UK economy may not be very different from others, but the prospects for the UK stock market could be very different due to its wide-ranging, vibrant universe of quoted small and microcaps. Currently, over half of all the companies listed in the UK have a market capitalisation of less than £150m which is a point of difference compared with most other major stock exchanges.



What are the prospects for the Trust?

Looking forward, as a successful COVID-19 vaccines are rolled out and consumer spending catches up, bond yields could start rising as significant government deficits drain market liquidity. To some degree, bond markets already appear to be anticipating this trend, with the potential change leading to the start of a fall back in share prices of many high volatility stocks. Overall, market trends could be at an inflection point, with attention switching back to regular businesses with recovery prospects.

A change such as this would be particularly favourable for the UK stock market, given its large weightings in recovery stocks such as bank and energy companies. If Brexit itself proves not to be chaotic, we believe microcap recovery prospects could be all the greater, because so many are standing on single-digit price earnings multiples.

Alongside, after such a deep recession, many private businesses may well struggle to participate in the recovery for want of capital. Quoted microcaps with strong balance sheets can expand into vacant markets, as well as enhancing their growth prospects via low cost acquisitions from the receiver. Overall, we remain confident in both the short and longer term prospects for the Trust.

Gervais Williams and Martin Turner

11 December 2020

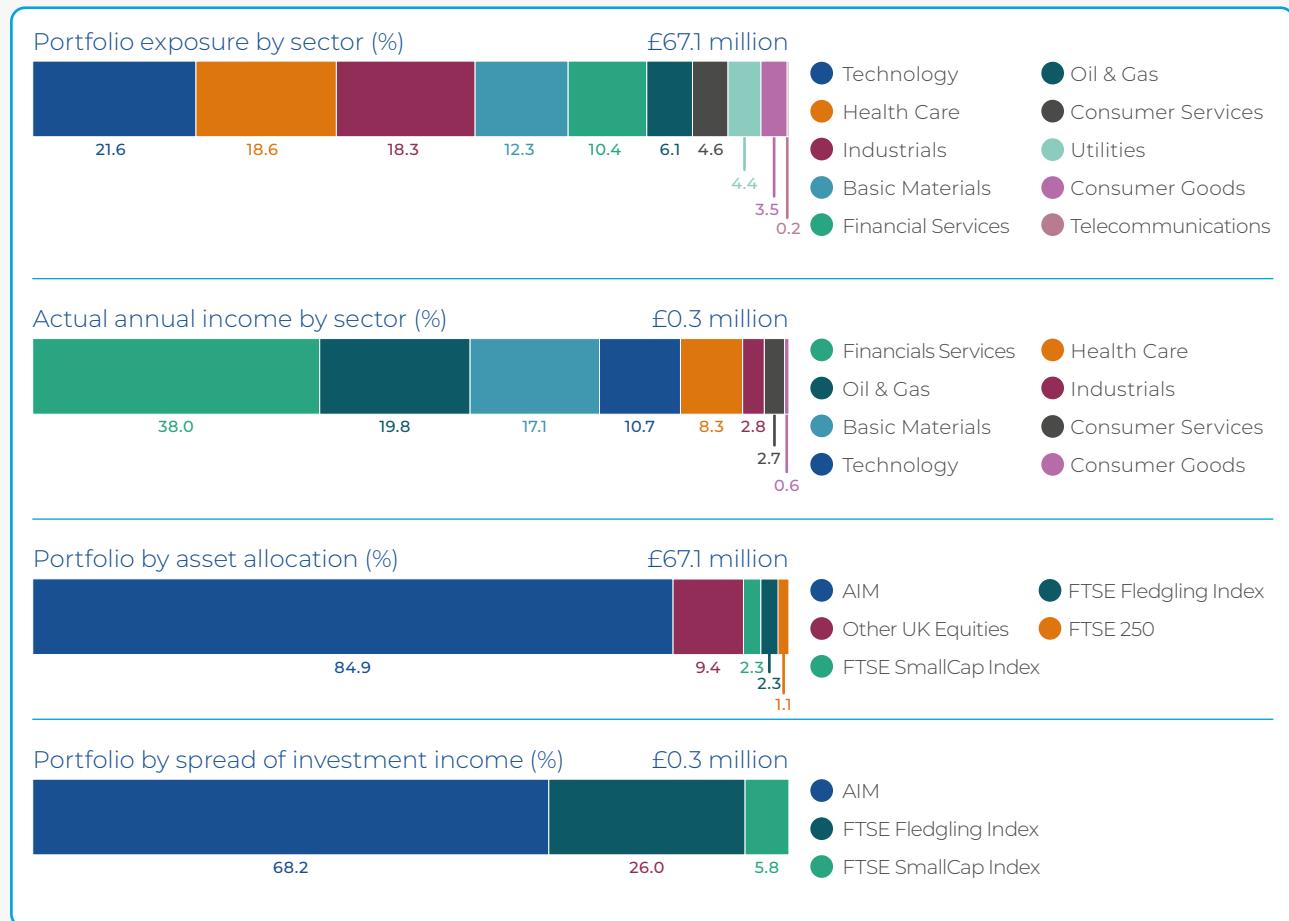
Portfolio Information

as at 31 October 2020

| Rank | Company | Sector & main activity | Valuation £'000 | % of net assets | Yield* |
|---|------------------------------|------------------------|-----------------|-----------------|--------|
| 1 | Avacta Group | Health Care | 3,129 | 4.5 | – |
| 2 | Cerillion | Technology | 2,266 | 3.3 | 1.7 |
| 3 | Jubilee Metals Group | Basic Materials | 2,252 | 3.3 | – |
| 4 | Corero Network Security | Technology | 2,091 | 3.0 | – |
| 5 | MTI Wireless Edge | Technology | 2,019 | 2.9 | 3.5 |
| 6 | Frontier IP Group | Industrials | 1,827 | 2.6 | – |
| 7 | Trackwise Designs | Industrials | 1,814 | 2.6 | – |
| 8 | Venture Life Group | Health Care | 1,804 | 2.6 | – |
| 9 | Caledonia Mining Corporation | Basic Materials | 1,803 | 2.6 | 3.2 |
| 10 | Inspiration Healthcare Group | Health Care | 1,761 | 2.5 | – |
| Top 10 investments | | | 20,766 | 29.9 | |
| 11 | Kape Technologies | Technology | 1,662 | 2.4 | – |
| 12 | Simec Atlantis Energy | Utilities | 1,401 | 2.0 | – |
| 13 | Wey Education | Industrials | 1,348 | 2.0 | – |
| 14 | Totally Ord | Health Care | 1,320 | 1.9 | 2.9 |
| 15 | CentralNic Group | Technology | 1,314 | 1.9 | – |
| 16 | Jadestone Energy | Oil & Gas | 1,214 | 1.8 | – |
| 17 | Amino Technologies | Technology | 1,193 | 1.7 | – |
| 18 | Mode Global Holdings | Financials | 1,056 | 1.5 | – |
| 19 | Gaming Realms | Consumer Services | 987 | 1.4 | – |
| 20 | FRP Advisory Group | Industrials | 945 | 1.4 | 1.0 |
| Top 20 investments | | | 33,206 | 47.9 | |
| Balance held in equity investments | | | 33,923 | 48.9 | |
| Total equity investments | | | 67,129 | 96.8 | |
| Other net current assets | | | 2,220 | 3.2 | |
| Net assets | | | 69,349 | 100.0 | |

*Source: Thomson Reuters. Based on historic dividends and therefore not representative of future yield.

Portfolio as at 31 October 2020



Source: Thomson Reuters.

The tables above set out how the portfolio's capital is deployed and the source of the semi-annual dividend income in terms of industry sectors. The same data is also shown in terms of the London Stock Exchange FTSE Index in which they are classified or the stock markets on which the holdings are listed. UK smaller quoted companies that are not listed on the London Stock Exchange are normally quoted on the AIM or the NEX exchanges. The portfolio as at 31 October 2020 is set out in detail on page 14, in line with that included in the Balance Sheet. The investment income above comprises the income from the portfolio as included in the Income Statement for the half year

ended 31 October 2020. The AIM and NEX market are both UK exchanges specifically set up to meet the requirements of smaller listed companies.

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 26, and details regarding risk diversification and other policies are set out each year in the Annual Report.

Interim Management Report and Directors' Responsibility Statement

Interim Management Report

The important events that have occurred during the period under review, the key factors influencing the financial statements and any updates to the principal risks and uncertainties for the remaining six months of the financial year are set out in the Chairman's Statement on pages 8 and 9 and the Investment Manager's Report on pages 10 to 13.

The principal risks facing the Company are substantially unchanged since the date of the Annual Report and Accounts for the year ended 30 April 2020 and remain as set out in that report on pages 18 to 21.

The Board has, throughout the period, considered risks surrounding the impact of the COVID-19 pandemic. The risks related to market volatility and, in the worst case scenario, a decline in market prices, are continually monitored by Premier Miton and reviewed regularly by the Board.

The risks faced by the Company include, but are not limited to, the availability of suitable investments to execute its investment strategy, reliance on third-party service providers, reliance on key personnel/individuals employed by the Investment Manager, share price volatility and liquidity risk, operational costs which are unrelated to the size of the fund, adverse regulatory or law changes, cyber security risk, legal action by others. The risks arising from the Company's financial instruments are market risk, liquidity risk and credit and counterparty risk.

Responsibility Statement

The Directors acknowledge responsibility for the Half-Year Financial Report and confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as adopted by the European Union; and gives a true and fair view of the assets, liabilities, financial position and profit of the Company as required by the Disclosure Guidance and Transparency Rules (DTR) 4.2.4R; and
- this Half Year Report (including the Chairman's Statement and the Investment Manager's Report) includes a fair review of the information required by:
 1. DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 2. DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

This Half Year Report was approved by the Board of Directors on 11 December 2020 and the above responsibility statement was signed on its behalf by Andy Pomfret, Chairman.

Income Statement

for the half year to 31 October 2020

| | Notes | Half year to 31 October 2020 | | | Half year to 31 October 2019 | | | Year ended 30 April 2020 | | |
|---|-------|---------------------------------|----------------------------|----------------|---------------------------------|----------------------------|----------------|-----------------------------|----------------------------|----------------|
| | | Revenue return £'000 | Capital return £'000 | Total £'000 | Revenue return £'000 | Capital return £'000 | Total £'000 | Revenue return £'000 | Capital return £'000 | Total £'000 |
| Gains/(losses) on investments held at fair value through profit or loss | | – | 14,741 | 14,741 | – | (9,658) | (9,658) | – | (8,124) | (8,124) |
| Losses on derivatives held at fair value through profit or loss | | – | – | – | – | (190) | (190) | – | 2,016 | 2,016 |
| Income | 2 | 255 | – | 255 | 508 | – | 508 | 828 | – | 828 |
| Management fee | 7 | (75) | (228) | (303) | (91) | (273) | (364) | (168) | (506) | (674) |
| Other expenses | | (276) | (419) | (695) | (266) | – | (266) | (556) | (79) | (635) |
| Return on ordinary activities before finance costs and taxation | | (96) | 14,094 | 13,998 | 151 | (10,121) | (9,970) | 104 | (6,693) | (6,589) |
| Finance costs | 8 | – | (19) | (19) | – | (24) | (24) | – | (44) | (44) |
| (Loss)/return on ordinary activities before taxation | | (96) | 14,075 | 13,979 | 151 | (10,145) | (9,994) | 104 | (6,737) | (6,633) |
| Taxation | | (29) | – | (29) | – | – | – | (23) | – | (23) |
| (Loss)/return on ordinary activities after taxation | | (125) | 14,075 | 13,950 | 151 | (10,145) | (9,994) | 81 | (6,737) | (6,656) |
| Return per Ordinary share (pence) | 3 | (0.10) | 11.72 | 11.62 | 0.10 | (6.92) | (6.82) | 0.06 | (4.73) | (4.67) |

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 period.

There is no other comprehensive income, and therefore the return/(loss) for the six months is also the comprehensive income.

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

Statement of Changes in Equity

for the half year to 31 October 2020

| Notes | Share capital £'000 | Capital redemption reserve £'000 | Share premium £'000 | Special reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|--|---------------------|----------------------------------|---------------------|-----------------------|-----------------------|-----------------------|---------------|
| As at 30 April 2020 | 189 | 34 | – | 79,251 | (8,810) | 347 | 71,011 |
| Total comprehensive income: | | | | | | | |
| Net return for the period | – | – | – | – | 14,075 | (125) | 13,950 |
| Transactions with shareholders recorded directly to equity: | | | | | | | |
| Redemption of Ordinary shares | 5 | (28) | 28 | – | (15,474) | – | – |
| Dividends paid | 4 | – | – | – | – | (138) | (138) |
| As at 31 October 2020 | 161 | 62 | – | 63,777 | 5,265 | 84 | 69,349 |
| As at 30 April 2019 | 203 | 20 | 86,986 | – | (2,073) | 543 | 85,679 |
| Total comprehensive income: | | | | | | | |
| Net return for the period | – | – | – | – | (10,145) | 151 | (9,994) |
| Transactions with shareholders recorded directly to equity: | | | | | | | |
| Cancellation of share premium net of costs | – | – | (86,986) | 86,972 | – | – | (14) |
| Repurchase of Ordinary shares | 5 | (15) | 15 | – | (7,721) | – | (7,721) |
| Dividends paid | 4 | – | – | – | – | (277) | (277) |
| As at 31 October 2019 | 188 | 35 | – | 79,251 | (12,218) | 417 | 67,673 |
| As at 30 April 2019 | 203 | 20 | 86,986 | – | (2,073) | 543 | 85,679 |
| Total comprehensive income: | | | | | | | |
| Net return for the period | – | – | – | – | (6,737) | 81 | (6,656) |
| Transactions with shareholders recorded directly to equity: | | | | | | | |
| Redemption of Ordinary shares | 5 | (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) |
| Dividends paid | 4 | – | – | – | – | (277) | (277) |
| As at 30 April 2020 | 189 | 34 | – | 79,251 | (8,810) | 347 | 71,011 |

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

Balance Sheet

as at 31 October 2020

| | Notes | 31 October 2020 £'000 | 31 October 2019 £'000 | 30 April 2020 £'000 |
|---|-------|-----------------------------|-----------------------------|---------------------------|
| Non-current assets: | | | | |
| Investments held at fair value through profit or loss | | 67,129 | 62,701 | 67,376 |
| Current assets: | | | | |
| Derivative instruments | | – | 501 | – |
| Trade and other receivables | | 341 | 134 | 76 |
| Cash at bank and cash equivalents | | 3,186 | 4,466 | 3,842 |
| | | 3,527 | 5,101 | 3,918 |
| Liabilities: | | | | |
| Trade and other payables | | (1,307) | (129) | (283) |
| Net current assets | | 2,220 | 4,972 | 3,635 |
| Net assets | | 69,349 | 67,673 | 71,011 |
| Capital and reserves | | | | |
| Share capital | 5 | 161 | 188 | 189 |
| Capital redemption reserve | | 62 | 35 | 34 |
| Share premium account | | – | – | – |
| Special reserve | | 63,777 | 79,251 | 79,251 |
| Capital reserve | | 5,265 | (12,218) | (8,810) |
| Revenue reserve | | 84 | 417 | 347 |
| Shareholders' funds | | 69,349 | 67,673 | 71,011 |
| | | pence | pence | pence |
| Net asset value per Ordinary share | 6 | 62.32 | 48.92 | 51.33 |

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

Statement of Cash Flows

for the half year to 31 October 2020

| | Half year to 31 October 2020 £'000 | Half year to 31 October 2019 £'000 | Year ended 30 April 2020 £'000 |
|--|---|---|---|
| Operating activities: | | | |
| Net gain/(loss) before taxation | 13,979 | (9,994) | (6,633) |
| (Gain)/loss on investments held at fair value through profit or loss | (14,741) | 9,848 | 6,108 |
| (Increase)/decrease in trade and other receivables | (64) | (21) | 44 |
| Decrease/(increase) in trade and other payables | 503 | (11) | 1 |
| Exclude finance costs | (145) | 24 | 44 |
| Withholding tax paid | (29) | – | (23) |
| Net cash outflow from operating activities | (497) | (154) | (459) |
| Investing activities: | | | |
| Purchase of investments | (17,608) | (6,110) | (15,691) |
| Sale of investments | 32,555 | 13,979 | 20,564 |
| Sale of derivative investments | – | – | 2,706 |
| Net cash inflow from investing activities | 14,947 | 7,869 | 7,579 |
| Financing activities: | | | |
| Redemption/repurchase of ordinary shares | (14,961) | (7,721) | (7,721) |
| Dividends paid | (138) | (277) | (277) |
| Finance costs paid | (7) | (21) | (50) |
| Costs paid in relation to share premium cancellation | – | (14) | (14) |
| Net cash outflow from financing activities | (15,106) | (8,033) | (8,062) |
| Decrease in cash and cash equivalents | (656) | (318) | (942) |
| Reconciliation of net cash flow movement in funds: | | | |
| Cash and cash equivalents at the start of the period | 3,842 | 4,784 | 4,784 |
| Net cash outflow from cash and cash equivalents | (656) | (318) | (942) |
| Cash at the end of the period | 3,186 | 4,466 | 3,842 |
| | £'000 | £'000 | £'000 |
| Cash received/(paid) during the period includes: | | | |
| – Dividends received | 187 | 487 | 866 |

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

Notes to the Condensed Financial Statements

1. Significant Accounting Policies

Basis of preparation

The condensed financial statements of the Company have been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

The financial information contained in this Half Year Report does not constitute statutory accounts as defined in Section 435(1) of the Companies Act 2006. The financial information for the periods ended 31 October 2020 and 31 October 2019 have not been audited or reviewed by the Company's Auditor. The figures and financial information for the year ended 30 April 2020 are an extract from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the Auditor on those financial statements was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

In the current period, the Company has applied amendments to IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. The adoption of these has not had any material impact on these financial statements and the accounting policies used by the Company followed in these half-year financial statements are consistent with the most recent Annual Report for the year ended 30 April 2020.

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 adequate resources to continue in operational existence for a period of at least 12 months from the date when 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 Directors noted that the Company's current cash balance exceeds any short-term liabilities and holds a portfolio of listed investments, therefore the Company is able to meet its obligations as they fall due. The current cash balance plus available additional borrowing, through the revolving credit facility, enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Directors continuously monitor the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered plausible downside scenarios. These tests were driven by the possible effects of continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. The conclusion was that in a plausible downside scenario, the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

Notes to the Condensed Financial Statements continued

The Directors, the Manager and other service providers have put in place contingency plans to minimise disruption. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on 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.

2. Income

| | Half year to 31 October 2020 £'000 | Half year to 31 October 2019 £'000 | Year ended 30 April 2020 £'000 |
|---------------------------------|---|---|---|
| Income from investments: | | | |
| UK dividends | 145 | 384 | 568 |
| Unfranked dividend income | 97 | 124 | 253 |
| UK REIT dividends | 12 | – | 4 |
| Bank interest | – | – | 1 |
| Exchange gains on income | 1 | – | 2 |
| Total income | 255 | 508 | 828 |

3. Return per Ordinary Share

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

| | Half year to 31 October 2020 | | | Half year to 31 October 2019 | | | Year ended 30 April 2020 | | |
|---|---------------------------------|--------------|--------------|---------------------------------|---------------|---------------|-----------------------------|---------------|---------------|
| | Revenue | Capital | Total | Revenue | Capital | Total | Revenue | Capital | Total |
| Net profit (£'000) | (125) | 14,075 | 13,950 | 151 | (10,145) | (9,994) | 81 | (6,737) | (6,656) |
| Weighted average number of shares in issue | | | 120,099,049 | | | 146,584,275 | | | 142,482,631 |
| Return per share (pence) | (0.10) | 11.72 | 11.62 | 0.10 | (6.92) | (6.82) | 0.06 | (4.73) | (4.67) |

4. Dividends per Ordinary Share

| | Half year to 31 October 2020 | | Half year to 31 October 2019 | | Year ended 30 April 2020 | |
|---|---------------------------------|-------------|---------------------------------|-------------|-----------------------------|-------------|
| | £'000 | pence | £'000 | pence | £'000 | pence |
| Amounts recognised as distributions to equity holders in the period: | | | | | | |
| Final dividend for the year ended 30 April 2019 | – | – | 277 | 0.20 | 277 | 0.20 |
| Final dividend for the year ended 30 April 2020 | 138 | 0.10 | – | – | – | – |
| | 138 | 0.10 | 277 | 0.20 | 277 | 0.20 |

5. Called-up Share Capital

| | Half year to 31 October 2020 | | Half year to 31 October 2019 | | Year ended 30 April 2020 | |
|---|---------------------------------|------------|---------------------------------|------------|-----------------------------|------------|
| | Number | £'000 | Number | £'000 | Number | £'000 |
| Ordinary shares of £0.001 each | | | | | | |
| Opening balance | 138,335,915 | 139 | 152,653,822 | 153 | 152,653,822 | 153 |
| Redemptions | (27,061,157) | (28) | (14,317,907) | (15) | (14,317,907) | (14) |
| | 111,274,758 | 111 | 138,335,915 | 138 | 138,335,915 | 139 |
| Management shares of £1 each | | | | | | |
| | 50,000 | 50 | 50,000 | 50 | 50,000 | 50 |

The total number of Ordinary Shares in respect of which valid redemption requests were received for the 30 June 2020 Redemption Point was 27,061,157 Ordinary Shares (representing 19.56% of the issued share capital (the “Redemption”)). The Board resolved to effect the Redemption using the redemption pool method set out in the Company’s Articles, pursuant to which the Company divided its assets and liabilities into two pools, the Redemption Pool and the Continuing Pool.

The assets of the Redemption Pool have been liquidated. The Redemption Price per Ordinary share for the 30 June 2020 Redemption Point was 55.41p (including the 0.10p dividend paid in September 2020). The 27,061,157 Ordinary shares over which valid redemption requests were made had been cancelled with effect from 18 September 2020. Payments were despatched in respect of the Redemption shares on or around 18 September 2020.

As at 31 October 2020, there were 111,274,758 Ordinary shares and 50,000 Management shares in issue.

6. Net Asset Value per Share

Ordinary shares

The NAV per Ordinary share and the NAV attributable at the period end were as follows:

| | NAV per Ordinary share 31 October 2020 pence | Net assets attributable 31 October 2020 £'000 | NAV per Ordinary share 31 October 2019 pence | Net assets attributable 31 October 2019 £'000 | NAV per Ordinary share 30 April 2020 pence | Net assets attributable 30 April 2020 £'000 |
|-------------------|--|---|--|---|--|---|
| Basic and diluted | 62.32 | 69,349 | 48.92 | 67,673 | 51.33 | 71,011 |

NAV per Ordinary share is based on net assets at the period end and 111,274,758 Ordinary shares, being the number of Ordinary shares in issue at the period end (31 October 2019: 138,335,915 Ordinary shares; 30 April 2020: 138,335,915 Ordinary shares).

Management shares

Net assets of £1.00 per Management share is based on net assets at the period end of £50,000 and attributable to 50,000 Management shares at the period end. The holders of Management shares have no right to any surplus capital or assets of the Company.

Notes to the Condensed Financial Statements continued

7. Management Fee

| | Half year to 31 October 2020 | | | Half year to 31 October 2019 | | | Year ended 30 April 2020 | | |
|----------------|---------------------------------|------------------|----------------|---------------------------------|------------------|----------------|-----------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Management fee | 75 | 228 | 303 | 91 | 273 | 364 | 168 | 506 | 674 |

At 31 October 2020, an amount of £49,000 (31 October 2019: £54,000; 30 April 2020: £42,000) was outstanding and due to Premier Portfolio Managers ("PPM") in respect of management fees.

With effect from 1 September 2020, the annual management fee has been reduced from 1.0% to 0.9% per annum of market capitalisation. The management fee payable on the Redemption Pool has reduced from 1.0% to 0.9% per annum of NAV, with effect from the same date. These fees will continue to be calculated on a monthly basis and are payable in arrears.

PPM 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.

8. Finance Costs

| | Half year to 31 October 2020 | | | Half year to 31 October 2019 | | | Year ended 30 April 2020 | | |
|---|---------------------------------|------------------|----------------|---------------------------------|------------------|----------------|-----------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| RBS £7.5m revolving loan facility arrangement fee | – | 5 | 5 | – | 3 | 3 | – | 8 | 8 |
| RBS £7.5m revolving loan facility non-utilisation fee | – | 14 | 14 | – | 21 | 21 | – | 36 | 36 |
| | – | 19 | 19 | – | 24 | 24 | – | 44 | 44 |

9. Fair Value Hierarchy

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements. 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.

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.

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.

The tables below set out fair value measurement of financial assets and financial liabilities in accordance with the fair value hierarchy into which the fair value measurement is categorised.

Financial assets

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Financial assets at fair value through profit or loss at 31 October 2020 | | | | |
| Equity investments | 66,299 | 830 | – | 67,129 |
| | 66,299 | 830 | – | 67,129 |
| | | | | |
| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Financial assets at fair value through profit or loss at 31 October 2019 | | | | |
| Equity investments | 62,701 | – | – | 62,701 |
| Derivative contracts | 501 | – | – | 501 |
| | 63,202 | – | – | 63,202 |
| | 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 |
| | 67,376 | – | – | 67,376 |

Reconciliation of level 3 movements – financial assets

| | As at 31 October 2020 | As at 31 October 2019 | As at 30 April 2020 |
|--|-----------------------------|-----------------------------|---------------------------|
| | Level 3 £'000 | Level 3 £'000 | Level 3 £'000 |
| Opening fair value investments | – | 1,807 | 1,807 |
| Transfer to level 1 | – | (1,807) | (870) |
| Movement in investment holdings gains movement in unrealised | – | – | (937) |
| Closing fair value of investments | – | – | – |

10. Transactions with the Investment Manager and Related Parties

The amounts paid and payable to the Investment Manager pursuant to the management agreement are disclosed in note 7. There were no other identifiable related parties at the half year end.

11. Post balance sheet events

Further to the proceedings concerning 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 Company has reached a near final settlement. The Company has provided for this and associated legal costs within the Half Year Report. The finalisation of settlement and associated payments are to be completed in due course.

Investment Objective and Policy

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 UK 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 £150m 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 NAV, 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.

Shareholder Information

Capital Structure

The Company's share capital consists of Ordinary shares of £0.001 each ("Ordinary shares") with one vote per share and non-voting Management shares of £1 each ("Management shares"). The Ordinary shares shall be redeemable in accordance with the Articles of Association of the Company. From time to time, the Company may issue C ordinary shares of £0.01 each ("C shares") with one vote per share.

As at 31 October 2020 and the date of this report, there are 111,274,758 Ordinary shares in issue, none of which are held in treasury, and 50,000 Management shares.

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. The next Redemption Point for the Ordinary shares will be 30 June 2021. 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 or capital gains tax. In particular, private shareholders who 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.

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

June 2021 Redemption Point

It is anticipated that the next redemption point for shareholders will be in June 2021. The Board retains the discretion to further amend this timetable given the ongoing uncertainty as to the eventual Brexit timetable as at the date of publication of this Report.

The following are the expected dates for the June 2021 Redemption Point:

| | |
|---------------------------------|---|
| 2 June 2021 | Latest date for receipt of Redemption Requests and certificates for certificated shares |
| 3 pm on 2 June 2021 | Latest date and time for receipt of Redemption Requests and settled TTE (Transfer to Escrow) instructions for uncertificated shares via CREST |
| 5 pm on 30 June 2021 | Redemption Point |
| By 14 July 2021 | Company to notify Redemption Price and dispatch redemption monies; or if the redemption is to be funded by way of a Redemption Pool, Company to notify the number of shares being redeemed. Notification of Redemption Price and dispatch of redemption monies to take place as soon as practicable thereafter. |
| By 28 July 2021 | Balance certificates to be sent to shareholders |

Shareholder Information continued

Share Dealing

Shares can be traded through your usual stockbroker.

Share Prices

The Company's Ordinary shares are listed on the Official List of the FCA and traded 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.

By phone – UK – 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.

By email – enquiries@linkgroup.co.uk.

By post – Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Ticker code

The Company's Ticker code is MINI

Investment Manager and AIFM: Premier Fund Managers Limited

The Company's Investment Manager is Premier Fund Managers Limited, a wholly-owned subsidiary of Premier Miton Group plc. Premier Miton Group is a leading multi-asset and equity fund management specialist listed on the AIM market for smaller and growing companies. Premier Portfolio Managers, also a wholly owned subsidiary of Premier Miton Group plc, has been appointed as the Company's Alternative Investment Fund Manager under the Alternative Investment Fund Managers' Directive.

Premier Miton had assets under management of £10.6bn (as at 30 September 2020).

Members of the fund management team invest in their own funds and are significant shareholders in the Miton Group.

Investor updates in the form of monthly factsheets are available from the Investment Manager's website, premiermiton.com.

Directors and Secretary

Directors (all non-executive)

Andy Pomfret, Chairman
Peter Dicks
Jan Etherden
Bridget Guerin (appointed 1 December 2020)
Ashe Windham, CVO

Company Secretary and Registered Office

Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Tel: 01392 477500

Advisers

Alternative Investment Fund Manager ("AIFM")

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

Company website: www.premiermiton.com

Auditor

BDO LLP
150 Aldersgate Street
London EC1A 4A

Company Administrator

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

Depositary and Custodian

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

Investment Manager

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

Company website: www.premiermiton.com

Registrar and Transfer Office

Link Asset Services
Shareholder Services Department
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300

(calls will cost 12p per minute plus network charges)

Email: enquiries@linkgroup.co.uk

Website: www.linkgroup.eu

Solicitor

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

Stockbroker

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

Financial Calendar

| | |
|---|-----------------|
| Year end | 30 April 2021 |
| Redemption Point | 30 June 2021 |
| 2021 full-year results announced | June 2021 |
| Annual General Meeting | September 2021 |
| Half-year end | 31 October 2021 |
| 2021 half-year results announced | December 2021 |

An investment company as defined under Section 833 of the Companies Act 2006.

Registered in England No. 09511015.

A member of the Association of Investment Companies.

Glossary and Alternative Performance Measures (APMs)

Alternative Investment Market (“AIM”)

MINI’s shares are traded on the London Stock Exchange, although most of the stocks held in the Company’s portfolio are quoted on AIM. 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.

Discount/Premium to NAV

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 | 31 October Page | 30 April 2020 | 30 April 2020 | |
|----------------------------|--------------------|------------------|------------------|-----|
| Closing NAV per share (p) | 6 | 62.32 | 51.33 | (a) |
| Closing share price (p) | 6 | 57.00 | 43.35 | (b) |
| Discount (c = ((a - b)/a)) | 6 | (8.54)% | (15.55)% | (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.

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.

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 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 1.

Miton Group plc (“Miton”)

Miton Group plc merged with Premier Asset Management Group plc in 2019. Now part of Premier Miton Group plc

Net Asset Value (“NAV”) per Ordinary share

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.

Glossary and Alternative Performance Measures (APMs)

continued

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 | 31 October 2020 £'000 | 30 April 2020 £'000 |
|---|------|--------------------------|------------------------|
| Management fee | 17 | 303 | 674 |
| Other administrative expenses | 17 | 276 | 556 |
| Less non-recurring items | | (16) | (12) |
| Total management fee and other administrative expenses | | 563 | 1,230 |
| Total management fee and other administrative expenses (annualised) | | 1,126 | 1,218 (a) |
| Average net assets in the year | | 70,146 | 72,325 (b) |
| Ongoing charges (c = a/b)* | | 1.61% | 1.68% (c) |

*Annualised.

Premier Miton Group plc ("Premier Miton")

Premier Miton was formed in 2019 from the merger of Premier Asset Management Group plc and Miton Group plc.

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 | 31 October 2020 | 30 April 2020 |
|---|------|-----------------|---------------|
| Closing NAV per share (p) | 6 | 62.32 | 51.33 |
| Add back final dividend for the year ended 30 April 2020 (2019) (p) | 22 | 0.10 | 0.20 |
| Adjusted closing NAV (p) | | 62.42 | 51.53 (a) |
| Opening NAV per share (p) | 6 | 51.33 | 56.13 (b) |
| NAV total return unadjusted (c = ((a - b)/b)) (%) | | 21.6% | (8.2)% (c) |
| NAV total return adjusted (%) | | 21.6%* | (8.2)%* |

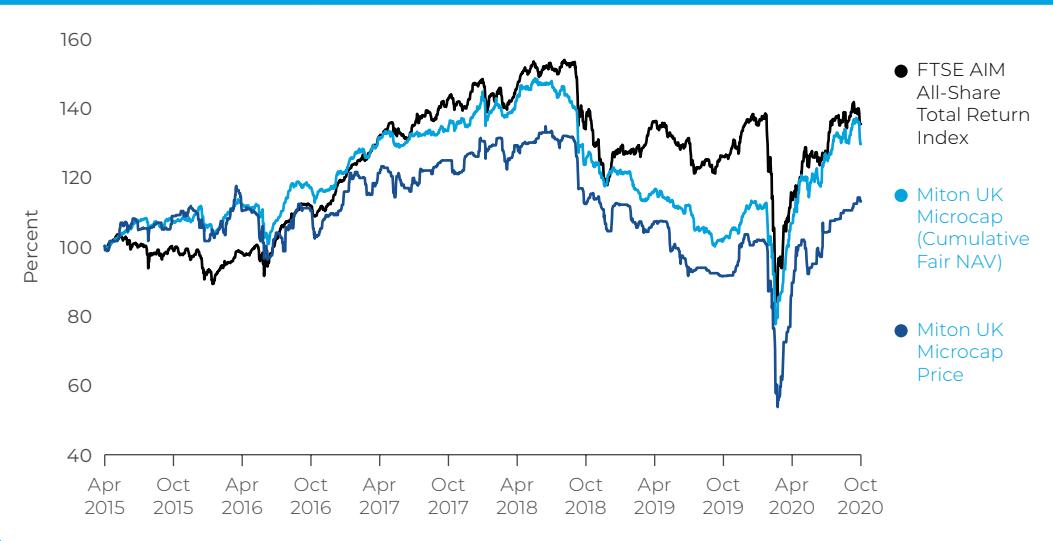
| Share Price Total Return | Page | 31 October 2020 | 30 April 2020 |
|---|------|-----------------|---------------|
| Closing share price (p) | 6 | 57.00 | 43.35 |
| Add back final dividend for the year ended 30 April 2020 (2019) (p) | 22 | 0.10 | 0.20 |
| Adjusted closing share price (p) | | 57.10 | 43.55 (a) |
| Opening share price (p) | 6 | 43.35 | 54.40 (b) |
| Share price total return unadjusted (c = ((a - b)/b)) (%) | | 31.7% | (19.9)% (c) |
| Share price total return adjusted (%) | | 31.7%* | (20.0)%* |

* 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.

Company performance since launch on 30 April 2015



Source: Morningstar 30 April 2015 to 31 October 2020.

The chart above details the NAV and the daily closing share price of the Company. Prior to the Brexit referendum, the share prices of microcaps generally appreciated well and NAV of the Trust rose. After the Brexit referendum many asset allocators have scaled back their UK weightings given the uncertainties over the detail of the exit arrangements, and this has led to fewer buyers of smallcap stocks. This trend has been more acute amongst microcap stocks despite many demonstrating resilience during the pandemic. Many still stand on much lower valuations than mainstream stocks. The Chairman sets out the prospects for the Trust on page 8 of this Report.



Paternoster House
65 St Paul's Churchyard
London EC4M 8AB