Premier Miton INVESTORS

Miton UK MicroCap Trust plc

Report and Accounts for the year ended 30 April 2021

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

Numerous fund strategies reflect the long-term trend of declining bond yields...

- Over the last 30 years, as long-dated bond yields have declined, the value of all assets have been substantially enhanced.
- In particular, the share prices of rapid-growth technology stocks have typically outperformed more traditional stocks.
- This rising stock market trend has been so persistent that many investors overlook the scale of the dangers should these recent trends change.
- The Miton UK MicroCap Trust was set up specifically because its returns would not be as closely correlated with the rise of bond valuations.
- As the political agenda evolves towards nationalism and away from globalisation, this trend may actively favour UK-quoted microcap stocks.
- This Report and Accounts seeks to offer greater insight to the Trust's strategy and its prospects.

... whereas this Trust offers participation in a very different opportunity set

Contents

The 4 Key Performance Indicators

The Board uses four Key Performance Indicators (KPIs) to gauge the success or otherwise of the Company's strategy and its outcome to shareholders.

1 The Company's NAV total return – Over the year, the NAV total return of the Trust was 104.4%, which compares to 49.4% for the peer group* and 59.8% for the FTSE AIM All-Share Index. Since the Company's listing in April 2015, the NAV total return was 118.0%, which compares to 87.3% for the peer group and 84.1% for the FTSE AIM All-Share Index.

2 Plentiful stock market trading volumes – Shareholders add to or reduce their shareholding in the Trust via stock market transactions. In order to make this as frictionless as possible, the Board aims to maintain a healthy trading volume in the Trust's shares. Over the year, on average 365,125 of the Company's shares were traded each day and, since issue, 264,177 have been traded daily. The proportion of the daily turnover of shares relative to the Trust's market capitalisation compares favourably with many others in the peer group

3 The Trust's valuation relative to its NAV – Prior to the Brexit referendum, the Trust's share price normally traded close to, or at a premium to its daily NAV. After the referendum, with the onset of the Brexit uncertainties, the Company's share price did move to a discount to its underlying asset value, as did most in the peer group. Over the year under review, the Company's share price initially lagged the strong rise of its NAV, although the share price had risen to match the NAV at the end of the April.

4 Keeping costs competitive – On page 18 of this report, the ongoing charges are set out at 1.60% of NAV over the year. The Board pays careful attention to costs and, in the context of the Trust's specialist investment universe and the premium returns it has delivered since issue, the Board believes that the Trust's overall costs are justifiable.

** The Company's peer group is the Association Of Investment Companies UK Smaller Companies sector.*

A summary of the nature of the Trust's portfolio

The Miton UK Microcap Trust aims to deliver premium returns for shareholders via a portfolio of stocks that are often well placed to generate surplus cash. This summary also highlights how downside risks can be moderated by diversifying stock specific and portfolio risk.

The Trust's capital is:

- invested in companies whose prospects are often somewhat independent of the general growth of the economy... By their nature, microcaps often have relatively modest market shares, or operate in immature markets. Therefore, their growth is not as reliant on the general growth of the economy and they have greater growth potential than some of their larger competitors.

- diversified across a broad universe of stocks... The Trust's portfolio invests in London Stock Exchange and Aquis Stock Exchange listed microcaps, amongst others. By far the largest cohort are quoted on the Alternative Investment Market (AIM). The portfolio may occasionally invest in stocks listed on other exchanges such as the International Stock Exchange in the Channel Islands, although this is normally a relatively small percentage of the portfolio.

- invested into those companies where plentiful cash surpluses are anticipated... Sometimes after a number of years of capital expenditure, the valuations of some quoted microcaps do not fully reflect the quantum of their forthcoming cashflow surpluses, as few professional investors actively research them. As these companies announce major improvements to their cashflow, their share prices tend to outperform.

- invested with a preference for those companies with strong balance sheets, standing on overlooked valuations. Academic reviews of UK stock market data since 1955 conclude that listed companies in the bottom two per cent by market capitalisation tend to deliver higher returns than those in all other size bands. Furthermore, if this factor is combined with companies that stand on overlooked valuations, then the returns can be even higher.

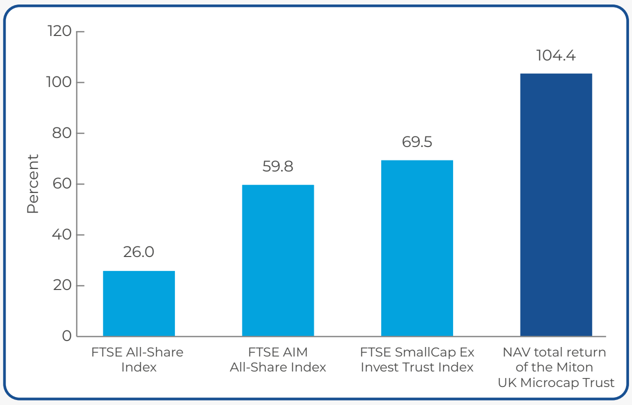
It is anticipated that the vast majority of the Trust's return will comprise capital appreciation, rather than income from dividends.

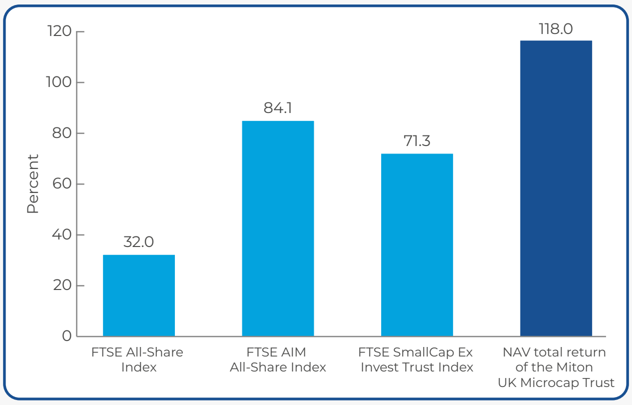
Miton UK MicroCap Trust plc

Report and Accounts for the year ended 30 April 2021

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 (Premier Portfolio Managers Limited, a wholly owned subsidiary of Premier Miton Group plc) and oversees all aspects of the Trust.

Following the Trust's listing in April 2015, its net asset value (NAV) rose from 49.00p to 71.60p in June 2018. With the uncertainties about the nature of any potential Brexit agreement, and the onset of the global pandemic, the Company's NAV fell to a nadir of 37.20p in March 2020. During the year under review, the Company's NAV has risen from 51.33p to 104.83p. Even after the Trust's recent rise in NAV, the Investment Manager believes there is still plenty of scope for the actively managed portfolio to continue to deliver attractive returns.





Source: Morningstar

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 selecting stocks that are anticipated to generate plentiful surplus cash in the short to the medium-term. As this comes through and their share prices appreciate sharply, the Investment Manager tends to take profits, with the capital reinvested in other promising microcaps standing on overlooked valuations. Given that a major part of the Company's return is anticipated to comprise capital appreciation, the Trust's annual dividend (if any) will be a modest contributor to long-term returns.

The Trust has a clear sense of purpose...

Helping UK quoted businesses to fund the climate change agenda...

The UK Government has set a legally binding target so that the greenhouse gas emissions of the economy are reduced to net zero, which will take some decades of investment to achieve.

Some UK microcap business models are already aligned with the climate change agenda, and in a few cases some are investing to sequester carbon and sell on their carbon credits to other industries, such as transport, where it is more difficult to eliminate carbon emissions quickly. Whilst the Miton UK Microcap Trust portfolio does have investments in some of these, it is also recognised that the much bigger task will be to help all other businesses to reduce their carbon emissions.

At present, we are asking the portfolio stocks to identify their scope 1 and scope 2 emissions so they can plan to become low-carbon businesses in the future. Premier Miton has partnered with CDP (Climate Disclosure Project) to support this work.

In short, helping fund UK-quoted microcaps to meet the climate change agenda ahead of others underlines the Trust's very clear sense of purpose. Quoted companies that move ahead of others should be well-placed to deliver superior returns. Additional detail on the climate change agenda is set out in the Investment Managers Report on pages 10 to 14.

...and being demonstrably socially useful

Stock exchanges are not just about listing companies with investment plans, or attracting savers willing to fund their capital expenditure. A successful stock exchange must be relevant to the local electorate as well. It does this by creating extra employment, additional domestic growth and an increase in the government tax take. Overall, stock exchanges are favoured by politicians because they are socially useful.

During the decades of globalisation, redundancies resulting from major mergers were tolerated because world growth and employment prospects were plentiful. More recently, a change in the political climate, combined with the global pandemic, has led to a more nationalistic agenda. Companies that shed labour on mergers, or favour distant supply lines, together with those that pay tax in offshore low-tax territories are now coming under much greater political scrutiny.

One of the advantages of investing in UK-quoted microcaps is that young businesses tend to create additional skilled roles that are often in the UK. Furthermore, younger corporates usually have simple tax arrangements, so their success boosts the exchequer's revenues. Hence, any additional political scrutiny isn't necessarily a constraint as the Trust's portfolio of UK-quoted microcaps already offers demonstrable, social advantages. It has the potential to deliver socially useful outcomes as well as premium returns.

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

The prospects for microcap share prices appear more attractive than those for mainstream assets

Currently there are reasons to expect rises in corporation tax or interest rates which will make earnings growth particularly challenging, whilst ultra-low bond yields imply that asset valuations are unlikely to rise and could fall back. Changeable economic conditions challenge all businesses of course but, at present, the upside potential for many mainstream stocks does appear to be quite limited.

Younger businesses often have the energy and vision of more hands-on management teams, which can be reflected in superior corporate drive and agility. This is a long-term advantage but tends to be rather more prominent when the returns on the mainstream stock markets are constrained.

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

If bond yields do rise, and risk capital becomes scarcer, a public listing can be disproportionately advantageous because listed companies have ongoing access to risk capital.

During recessions, many over-indebted companies become insolvent for want of capital. At times like these, quoted companies can enhance their returns because they can fund low-cost acquisitions when others are more constrained.

The upside on acquisitions at distressed valuations is often limited for mainstream quoted companies because the capital involved in an acquisition is trivial compared to scale of the acquirer. In contrast, a quoted microcap undertaking a similar transaction may find it delivers transformational returns for its investors.

Successful listed microcaps can generate returns that are multiples of the initial investment through scaling up rapidly, using external capital

When a listed business identifies an opportunity to generate plentiful cash returns, its access to capital means it can scale up its operations very rapidly.

Whilst larger companies can achieve these aims, there are numerous opportunities of significance for quoted microcaps. Investing aggressively for relatively rapid cash surpluses, that funds even greater investment, results in a virtuous spiral for the share price of the quoted microcap. The impact of capex within a quoted microcap can often deliver significant returns given its relatively small market capitalisation, and hence deliver proportionately greater upside potential. This can sometimes be reflected in share prices doubling, tripling or rising even more.

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 UK quoted microcaps, as the market value of these companies is deemed insignificant to large portfolios.

As the share price of a quoted microcap rises, it can become a smallcap or even a midcap in time. At this stage these stocks are then researched by a wider range of institutional investors which can be reflected in a higher valuation on its earnings. Effectively, successful holdings can often be sold at much higher valuations compared with those of overlooked microcaps in which the capital is reinvested. This factor also tends to enhance the longer-term returns from this strategy.

Results for the Year

to 30 April 2021

- Over the year, the Ordinary share NAV moved from 51.33p on 30 April 2020 to 104.83p on 30 April 2021, a total return including dividends reinvested of 104.4%.
- The Ordinary share price moved from 43.35p at 30 April 2020 to 104.50p at 30 April 2021, a total return including dividend reinvested of 141.5%. As at close of business on 2 July 2021, the closest date to this Report, the Ordinary share NAV was 103.20p and the share price was 94.00p.
- The net Revenue return was a loss of £169,000 this year (0.14)p per share as the costs were greater than the revenue received. This compares to a positive revenue return of £81,000 last year, or 0.06p per share.
- The Company offers all investors the opportunity to redeem their shareholding each year, which has the advantage of clearing any overhanging sellers and 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 2,671,198 ordinary shares, or 2.4% of the Company's share capital, at 30 April 2021, were received for the 30 June 2021 Redemption Point and are not reflected in the summary below. The redemption mechanism is explained further on page 76.
- The Company does not have a formal benchmark but, for comparison, it is intended that the return on the FTSE AIM All Share Index and the Morningstar Investment Trust UK Smaller Companies sector will be published on the monthly factsheet and in the Company's annual and interim reports. Returns may diverge from any of these indices for a significant period.

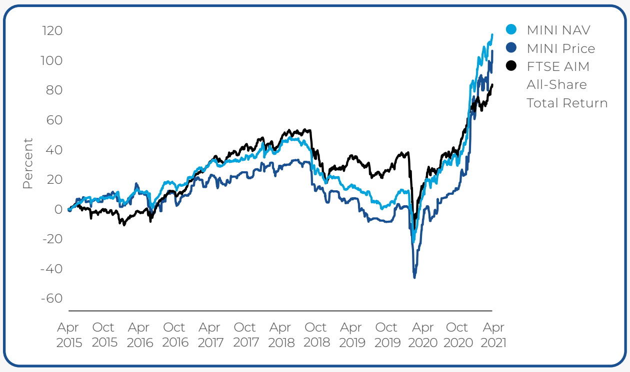
Summary of Results

	Year to 30 April 2021	Year to 30 April 2020
Total net assets attributable to equity shareholders (£'000)	116,651	71,011
NAV per Ordinary share*	104.83p	51.33p
Share price (mid)	104.50p	43.35p
Premium/(Discount) to NAV*	(0.31)%	(15.55)%
Investment income	£0.7m	£0.8m
Revenue return per Ordinary share	(0.14)p	0.06p
Total return per Ordinary share*	49.51p	(4.67)p
Ongoing charges#*	1.60%	1.68%
Ordinary shares in issue	111,274,758	138,335,915

** Alternative Performance Measure ('APM'). Details provided in the Glossary on pages 81 to 83.*
 # The ongoing charges are calculated in accordance with AIC guidelines.

Financial Performance Indicators

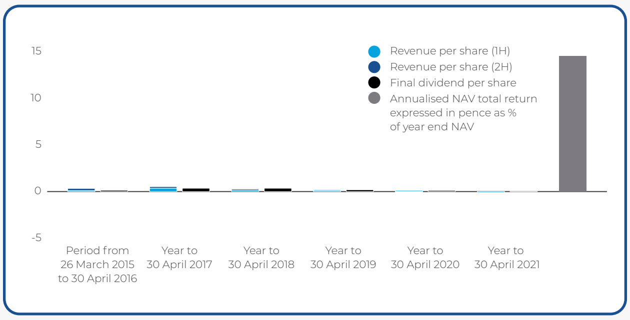
NAV v share price v FTSE AIM All-Share Index



Source: Morningstar from 30/04/2015 to 30/04/2021.

The chart to the left details the NAV, the Trust's share price and the FTSE AIM All Share Index as a comparator. Prior to the Brexit referendum in June 2016, the share prices of quoted microcaps generally reflected the underlying trends in corporate profits. After the referendum, and most particularly during 2019 when Parliament was gridlocked over Brexit, the share prices of many quoted microcaps fell back to reflect the uncertainty of how Brexit might be concluded. Microcap share prices fell even further during the early stages of the pandemic, but thereafter the surge in economic and fiscal stimulus by global governments have led asset prices to appreciate very substantially over recent quarters. One of the features of microcaps is that, being younger businesses, their prospects are often less closely related to fluctuations in the world economies, and hence may have continued to trade well despite the global recession. They have also made up ground having been somewhat overlooked during the period of Brexit uncertainty.

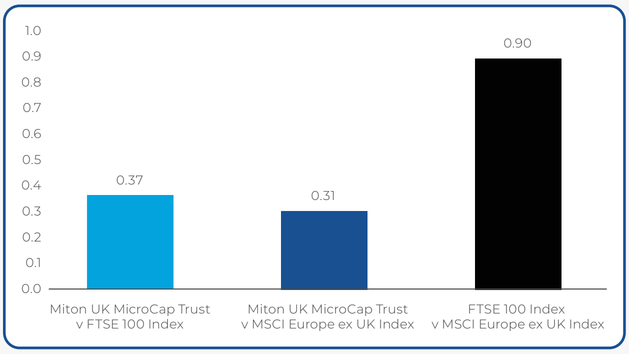
Revenue and dividend per share



Source: Company from 30/04/2015 to 30/04/2021.

The chart alongside denotes the Trust's revenue per share each year since listing. Note that various incidental costs such as secretarial costs and the printing costs of the annual reports, along with one quarter of the fund management fee are expensed against the revenue of the Trust, which is mainly dividend income. (The remaining three quarters of the fund management fee is charged against capital appreciation each year.) Since both the revenue and cost figures happen to be very similar in magnitude each year, the net revenue per share of the Trust which is set out alongside tends to be relatively minor in comparison to the annualised capital appreciation of the Trust, that is shown in the last bar on the chart. It has always been anticipated that capital appreciation would be the principal driver of return in this strategy, and that dividends to shareholders could be irregular.

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



Source Bloomberg from 30/04/2015 to 30/04/2021.

Since the return on a major pharmaceutical company in the US or Europe is often similar to a major pharmaceutical company in the UK, the daily movements of the FTSE 100 and the MSCI Europe (ex UK) Indices tend to move together in a relatively correlated manner. The holdings in MINI tend to operate across a wider range of industry sectors so the daily movements of the Company's NAV tend to be less-correlated with the daily movements of the FTSE 100 Index. Overall, diversification can be a major advantage to investors, especially at turning points when past trends come to an end, and new trends become established. Details of the main contributors and detractors to financial returns over the year are given on page 10.

Chairman's Statement

"The recent trend aligns with those of earlier decades, when... the share prices of UK microcaps outperformed substantially."

Andy Pomfret
Chairman

This report covers the sixth year of the Trust ending 30 April 2021, which was a period of robust stock market recovery as central banks and governments flooded their economies with plentiful liquidity to offset the effects of the Covid pandemic.

Returns over the year

In May 2020, many UK-quoted microcaps started the Trust's year standing at very overlooked valuations as many investors had steered clear of UK domestic stocks during the uncertain period leading up to the Brexit Agreement. Furthermore, most UK quoted microcap share prices had fallen yet further at the start of the global pandemic.

Over the year to April 2021, global stock markets appreciated robustly. UK smallcap indices performed particularly strongly with the FTSE SmallCap Index (excluding Investment Companies) up 69.5% in total return terms, and the FTSE AIM All Share Index up 59.8%. The Net Asset Value ("NAV") total return on the same basis of the Trust was 104.6% over the same period, which includes last year's final dividend payment approved by shareholders at the AGM. This was the best annual performance of the Trust in its six year life.

A proportion of the Trust's annual running costs are set against revenue (principally dividend income). In the past, these figures have been quite similar in magnitude and it has always been anticipated that capital appreciation would be the principal driver of the Trust's return. During the year under review, numerous UK quoted companies reduced or ceased paying dividends, so this year the costs were greater than the dividend revenue received. The NAV total return outlined above includes a revenue deficit per share of 0.20p for the year, which compares to a revenue surplus of 0.06p per share last year.

Returns since the Trust was first listed in April 2015

In six years since the Trust was first listed, the UK stock market has been through a fairly turbulent period. From June 2016 onwards, the UK decision to leave the EU initiated a long period of uncertainty. The weakness of UK-quoted microcap share prices was further compounded by the added impact of the global pandemic.

Over the six year period, in capital terms, the FTSE All Share Index has only appreciated 6.0% despite the Brexit agreement in December, although with six years of dividend income its total return over the period was 32.0%. Quoted smallcaps have outperformed this Index, with the total return of the FTSE SmallCap Index (excluding Investment Trusts) being 71.3% and that of the FTSE AIM All Share Index being 84.1% despite the uncertainties over the six year period. The Trust's NAV total return including dividend income paid to shareholders over the same period was 118.0%.

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 year to April 2021, the Trust's share price discount to its daily NAV averaged 9.5%. As investors became more upbeat about the Trust's prospects and the Brexit uncertainties fell away, the Trust's share price discount narrowed, and the Trust finished the year with its share price much in line with its NAV.

In order to help to address any persistent imbalances between buyers and sellers, the Trust offers all shareholders the option to redeem their shares each year.

This year, redemption requests were made over 2,671,198 shares at the closing date of 2 June 2021. As announced on 30 June, the Board resolved that these shares would be redeemed for cash at a value of 102.38 pence per share, to be settled on or around 14 July 2021.

Board changes

As announced with the half year results, Bridget Guerin was appointed to the Board from 1 December 2020.

Prospects

The yield on government debt has progressively fallen over the decades, which has been a tailwind for the share prices of major technology stocks, growth equities and other long duration assets. Yet over recent months, the prior trend appears to have been breaking down. Whilst global stock markets have continued to rise this year, the share prices of UK microcaps have tended to outperform ahead of most others.

The recent trend aligns with those of earlier decades, when the mainstream UK indices outperformed the US exchange for an extended period, and the share prices of UK microcaps outperformed substantially. Whilst we shouldn't necessarily expect UK microcaps to outperform every year, this sector appears well-placed for a period of premium returns.

Andy Pomfret
Chairman
5 July 2021

Investment Manager's Report

Who are the fund managers of the Trust?

Premier Miton Group plc 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 Investment 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.

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 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 contributors to the Trust's outperformance over the year?

The year to April 2021 was a period when numerous share prices around the world recovered from the pandemic setback, and often moved to new highs. The total return on the FTSE SmallCap Index (excluding investment companies) index was 69.5% and the FTSE AIM All Share Index was 59.8%.

Whilst economic conditions were challenging for some companies during the global pandemic, for others the nature of change offered them much greater potential than before. In the case of Avacta for example, they found their affimer technology which may significantly reduce the side-effects of chemotherapy in time, was also potentially very suited to use in lateral flow tests for Covid. Synairgen found that their treatments that helped asthmatics combat the cold virus, turned out to be very helpful to lessen the disease for those with shortness of breath due to Covid.

The abrupt reduction in demand during the pandemic-induced recession, followed by an equally abrupt renewed surge of demand with the economic stimulus, has led to shortage of certain materials, such as copper, leading to a very strong share price appreciation of Jubilee Metals in the year. The appreciation of asset prices was particularly evident amongst cryptocurrencies, and this led to a very substantial rise in the share price of Argo Blockchain.

One of the features of quoted microcaps, is that they start with modest market capitalisations. The potential upside from the changes in their markets can drive up their share prices by multiples of the price at purchase. The four stocks above, contributed over 27% of the Trust's total returns of 104.4% during the year to April.

Clearly there were some holdings that detracted from the Trust's return during the year. The most disappointing was Kromek Group, a company which is improving the images of medical scanners, and also identifies radioactive substances for the security forces. In the case of Kromek, they were unable to deliver a major order due to the pandemic travel restrictions, so the potential cash payback has been deferred. The Trust has largely exited from the holding, although it still detracted 0.9% in the year. There were not many other significant detractors, although collectively 7 Digital, Tekmar Group, Microsaic Systems and TP Group detracted 1.0% from the Trust's return in the year.

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

The Trust's strategy particularly seeks to identify quoted microcaps that are well positioned to generate a plentiful surplus of cash in the short to medium-term. As these stocks mature, their cash surpluses put them in a position to either step up reinvestment in their business, or to start paying initial and growing dividends to investors. When the Trust's holdings succeed and they are in a position to start paying significant dividends to their investors, their share prices have normally also risen substantially. In many cases, they have grown to beyond being microcaps, and may have lesser prospects for substantial share price appreciation. Therefore, it is usual for these holdings with dividend income to be sold from the Trust's portfolio, so the capital can be reinvested in a number of other immature microcaps with much greater potential upside.

Since dividend income contributes the bulk of Trust's revenue each year, and as the Trust normally takes profits on these stocks, the overall annual revenue is relatively modest. During the global recession, numerous companies opted either to hold back from paying dividends, or in some cases cut their prior distributions, so the Trust's revenue fell during the year under review.

The Trust's principal cost is the management fee, with one quarter of this figure expensed against the Trust's revenue, and three quarters expensed against the Trust's NAV each year. Since the Trust's revenue per share is relatively modest, it was slightly smaller than its revenue expenses to the extent that the revenue deficit per share for the year under review was 0.2p, which compares with a revenue surplus of 0.06p last year. The Directors have determined that a final dividend of 0.01p should be recommended to shareholders for approval at this year's AGM. As the revenue per share is in deficit this year, this dividend has been funded from past revenue reserves.

It has always been envisaged that the bulk of the Trust's return would be via capital appreciation. Over the six years since the Trust was first listed, the aggregate appreciation of the NAV has been 56p, whilst the net revenue per share that funds the Trust's dividend in aggregate has been just 2p.

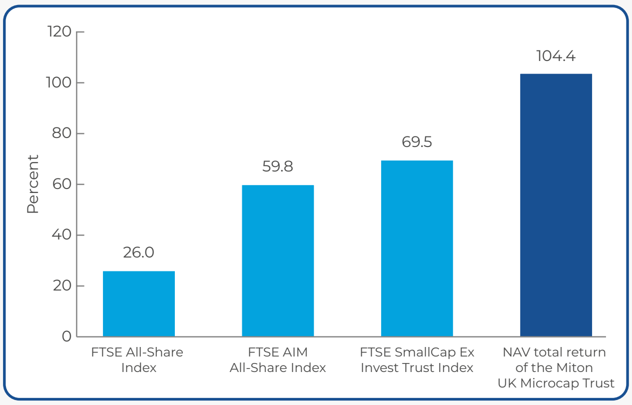
What are the main factors that have driven the Trust's returns since it first listed in April 2015?

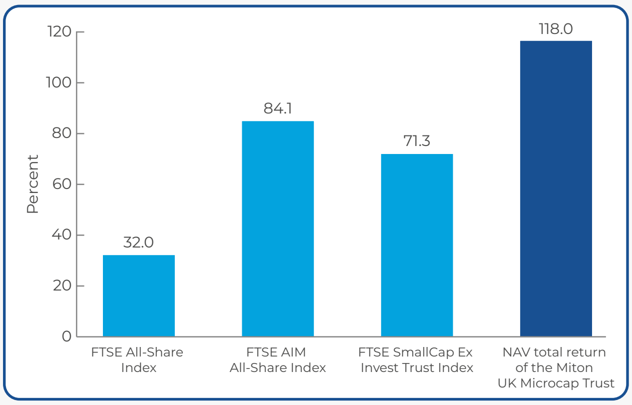
In the UK, an analysis of stock market data since 1955 reveals that the best performing group of stocks has been quoted microcaps, and, most especially, when combined with a bias towards those standing on low, overlooked valuations. Whilst stocks with these characteristics have not outperformed continuously, 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, as they did in the year under review.

In the past, the rise of the share prices of overlooked microcaps have often lagged the returns of higher-profile, more volatile stocks at times of abundant market liquidity. Yet eventually, the share prices of stocks that are forecast to grow strongly tend to be more vulnerable when economic conditions change. The dot.com boom prior to the millennium is a good example of how much the share prices of stocks that are forecast to grow rapidly can appreciate, but it is also a good example of how quickly and hard they can subsequently fall.

Over the six years since the Trust's IPO, the share prices of stocks that are forecast to grow rapidly have often been the best performers, although many of the stocks in the Trust's portfolio on lower valuations have also performed well in the year under review as their prospects greatly improved with the changing economic and market trends of the pandemic. Furthermore, to some degree, as the open-ended nature of the Brexit uncertainty has come to an end, investors are more willing to contemplate investing in UK quoted microcaps.

Overall, we believe that the true potential of the Miton UK Micro Cap Trust strategy has not yet been fully evident. Even so, the Trust's NAV total return over the six years to April 2021 was 118.0% which equates to an annualised total return of 13.9% per annum. This compares favourably with the returns on the various UK smaller company indices.





Source: Morningstar

Although the Trust has delivered a major increase in NAV over the last year, we continue to believe that the prospects for a strategy seeking to participate in the outperformance of UK quoted microcaps standing on overlooked valuations, is still overdue a period of performance catch-up compared to stocks that are already standing on elevated valuations because they are forecast to grow strongly.

How is the climate change agenda reflected in the Trust's portfolio?

Whilst some fund strategies are dedicated to investing solely in low-carbon companies that are already close to meeting the climate change agenda, the interconnected nature of the corporate world means that many of these still have a reliance on others that are less well aligned. Specifically, we believe that the financial markets have a major role in actively engaging with the less-aligned companies. Specifically, each needs to make an assessment of their current carbon footprints and then plan to steadily reduce it in future. Normally, evolving a business towards a zero carbon future, will involve very substantial investment, so access to capital will be an important component of these plans.

As managers of the Miton UK Microcap Trust we have a long history of actively highlighting areas of potential hazard with the management teams of quoted companies, so that they can be considered, and, if they agree with us, the risks moderated. In that regard, we actively quiz management teams as to how they are planning to address the climate change agenda, and often give best practice examples of others' actions. This strategy does involve investing and engaging with some companies that currently have poor metrics, on the basis that reductions in the carbon footprints of these kinds of companies are essential for the UK economy as a whole to meet its zero carbon commitment.

In our opinion, progressively over time, many of the current activities of businesses will either become unviable as the cost of carbon emissions becomes prohibitive, or customer preferences result in a vertiginous decline in demand. Thus, all companies will need to embrace change and step up investment, so they remain sustainable in all senses of the word. For some, moving ahead of others may well offer commercial advantage, and hence enhanced returns. Conversely, some may misjudge how quickly others respond, and carry the associated downside risks. The bottom line is that the Trust's portfolio still has shareholdings in all sorts of businesses that we genuinely believe embrace the need for change and, in our view, will be successful at addressing the climate change agenda. If they succeed and progressively lower their carbon footprints, then we believe this progress will not only actively assist the UK to become a low-carbon economy, but also deliver premium returns for shareholders as well.

What impact would a sustained pick up in global inflation have on the Trust?

Following the surge of economic stimulus during the global pandemic, it is evident that there are all sorts of industry constrictions that are now leading to renewed inflationary pressures. At this stage, it is unknown whether these bottlenecks will prove to be temporary or long-term in nature.

If inflation does prove to be more embedded, then the yields of long-dated bonds will probably rise, which could weigh on the valuations of all asset prices, including stock markets. At the margin, a rise in long-dated bonds might make it harder for some companies with major debt burdens, or those that operate at a loss over many years, to access borrowings when their current facilities expire. Most of the stocks in the Trust's portfolio would be largely unaffected, as they tend to have strong balance sheets with little debt and are not expected to be persistently loss making.

If inflation does become entrenched, then at the time of an economic downturn it might reduce the scope for central banks or governments to inject economic stimulus in future. Such a change might put more companies at risk of insolvency. One of the advantages of being listed, is that companies can raise external capital and acquire previously over-borrowed, but otherwise viable businesses from the receiver. These kinds of acquisitions often bring in additional skilled staff and generate attractive returns on investment, greatly enhancing the prospect of generating plentiful cash in the future. Sometimes these transactions can be potentially transformative for quoted microcaps, because they can be substantial relative to their diminutive size.

Overall, whilst a sustained increase in inflation would, to some degree, make it harder for nearly all businesses, generally we believe that quoted microcaps have some offsetting factors that could greatly enhance their prospects.

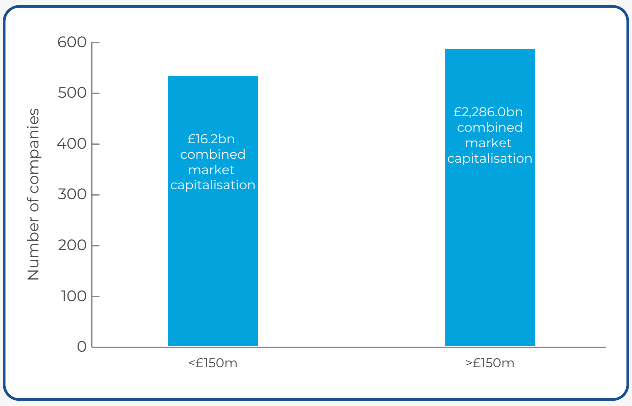
How unusual is the UK quoted microcap investment universe?

Prior to a sustained period of globalisation, returns on mainstream stock markets were not very different from that of underlying inflation. During these decades, institutions actively chose to allocate capital to the UK-quoted small and microcaps universe because they needed to access the premium returns they offered.

During the period of globalisation, however, asset returns of all kinds have been unusually plentiful, so institutional interest for quoted small and microcap stocks was crowded out by larger weightings in long-duration assets such as US technology growth stocks. Over recent decades, many small and microcap stock markets around the world have closed for lack of institutional interest.

In contrast to others, the UK government has sustained the support for a quoted small and microcap exchange via dedicated tax exemptions, because they generate both more skilled employment and increased productivity than mainstream companies, and ultimately contribute additional tax take. Hence, as the ultra-low yields on bonds depress the prospective returns on most mainstream assets, the premium returns on quoted small and microcaps is likely to lead to renewed interest from institutional investors.

Generally, we believe that the prospects for the UK economy may not differ much from others, but the vibrant universe of UK quoted small and microcaps imply its prospective returns could be very different. Almost half of all the companies listed in the UK have a market capitalisation of less than £150m which is a major point of difference for the UK market compared with most others.



What are the prospects for the Trust?

The valuation of government debt around the world has risen considerably, in a trend that has persisted for decades. The valuation of the full range of assets has also increased, with the valuations of numerous technology companies and unicorn stocks probably rising the most. Since the US has so many quoted businesses with rapid growth expectations like these, the valuation of the US stock market as a whole has risen more than others, and it has delivered outstanding returns over recent decades.

The UK stock market mainly comprises companies that tend to grow less rapidly. Hence, the valuation of the UK stock market has not risen as much as the US. Furthermore, the uncertainties of Brexit over the last five years has also suppressed investor enthusiasm, and so the valuation of all sorts of UK quoted microcaps are still undemanding, even after the recent period of performance catch-up.

Following the global pandemic, the whipsaw in global demand has led to shortages of supply in a wide range of individual products. This has initiated a period of inflation, and the valuation of government debt has peaked out somewhat. The recent reversal in bond valuations tends to favour profitable companies that generate surplus cash, as they have greater resilience than technology companies that often need plentiful capital to fund their growth. The recent period has also favoured younger businesses, as many of these operate in immature sectors, where prospects are less reliant on ongoing global growth. The Trust's portfolio includes numerous younger businesses that are anticipated to generate substantial surplus cash, and hence the recent economic and market trends have been reflected in a period of substantial outperformance. Specifically, it is reassuring to note just how well the Miton UK Microcap Trust's strategy can perform at a time of disappointing global growth and rising inflationary pressures.

Inflationary pressures may fluctuate over the coming quarters, and the stock exchanges themselves might oscillate as the market trend of recent decades runs out. In time, we expect the forthcoming market trends to resemble those of the decades prior to globalisation, when UK quoted microcaps substantially outperformed. The Miton UK Microcap Trust's strategy was set up in anticipation of this potential. If the economic and market patterns are fundamentally changing, then the Trust's strategy is well-set to deliver a long period of premium returns.

Gervais Williams and Martin Turner
5 July 2021

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 for 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 2021 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 77 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.

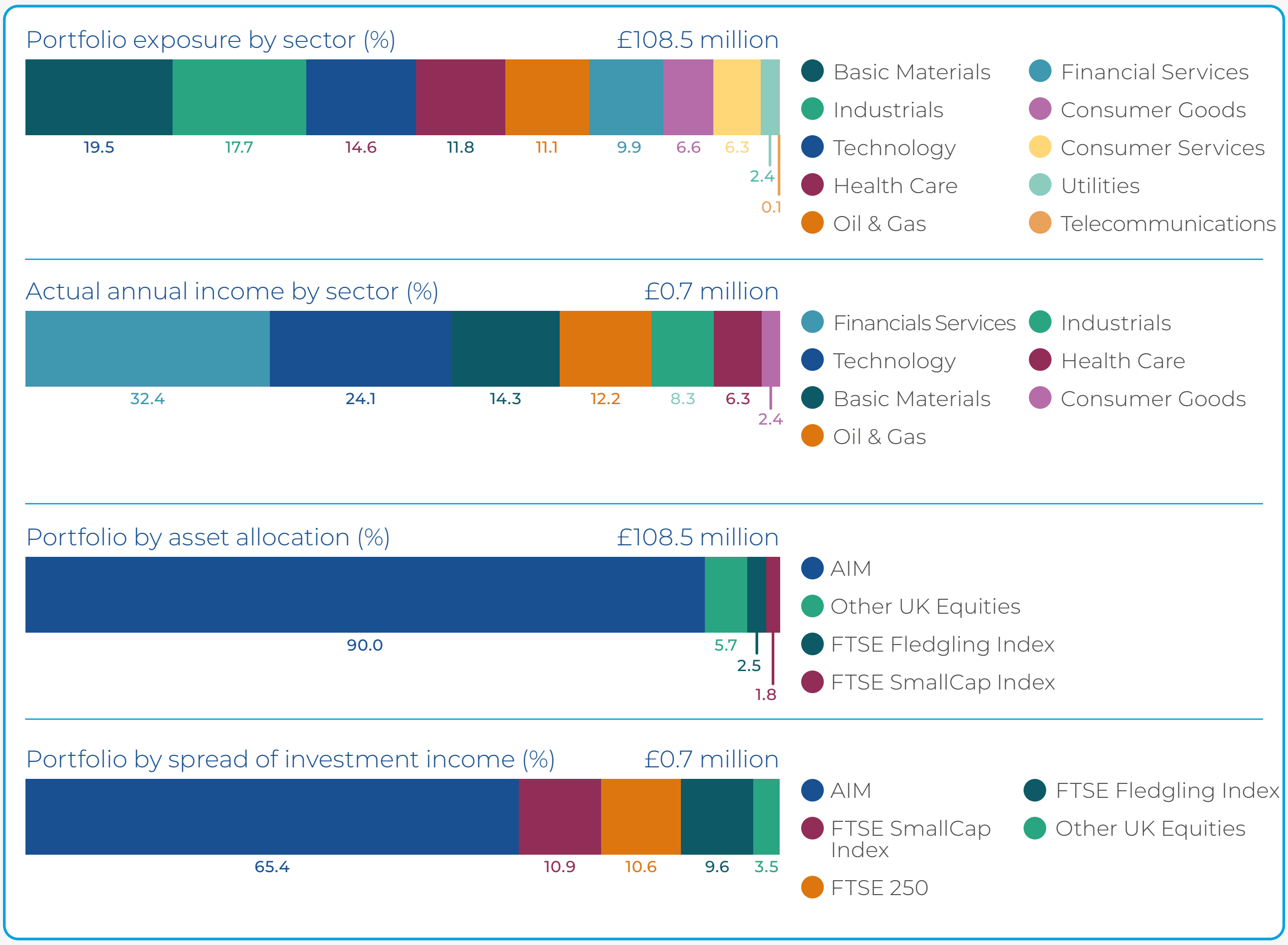
Portfolio Information

as at 30 April 2021

Rank	Company	Sector & main activity	Valuation £000	% of net assets	Dividend Yield* %
1	Jubilee Metals Group	Basic Materials	5,398	4.6	0.0
2	MTI Wireless Edge	Technology	2,966	2.5	2.6
3	Corero Network Security	Technology	2,405	2.1	0.0
4	Avacta Group	Health Care	2,395	2.0	0.0
5	Accrol Group	Consumer Goods	2,225	1.9	0.0
6	Totally Ord Shs	Health Care	2,204	1.9	1.3
7	Quadrise Fuels International	Oil & Gas	2,017	1.7	0.0
8	Supreme Ord Shs	Consumer Goods	1,940	1.7	0.0
9	Wey Education Ord Shs	Industrials	1,927	1.7	0.0
10	Frontier IP	Industrials	1,887	1.6	0.0
Top 10 investments			25,364	21.7	
11	Virgin Wines UK	Consumer Services	1,772	1.5	0.0
12	Afritin Mining	Basic Materials	1,729	1.5	0.0
13	Helium One Global	Oil & Gas	1,729	1.5	0.0
14	Amino Technologies	Technology	1,662	1.4	1.2
15	Inspiration Healthcare	Health Care	1,568	1.3	0.5
16	Pressure Technologies	Industrials	1,513	1.3	0.0
17	Trackwise Designs	Industrials	1,474	1.3	0.0
18	Tirupati Graphite	Basic Materials	1,471	1.3	0.0
19	Eqtec Ord Shs	Utilities	1,431	1.2	0.0
20	Panoply Holdings	Technology	1,368	1.2	0.0
Top 20 investments			41,081	35.2	
11	Heiq Ord Shs	Basic Materials	1,339	1.1	0.0
12	Caledonia Mining	Basic Materials	1,293	1.1	4.6
13	Blackbird	Technology	1,287	1.1	0.0
14	Tissue Regenix Group	Health Care	1,267	1.1	0.0
15	Kape Technologies Ord Shs	Technology	1,250	1.1	0.0
16	Open Orphan	Health Care	1,226	1.1	0.0
17	Bilby	Industrials	1,203	1.0	0.0
18	Reabold Resources	Oil & Gas	1,195	1.0	0.0
19	Centralnic Group	Technology	1,151	1.0	0.0
20	Jadestone Energy	Oil & Gas	1,138	1.0	0.0
Top 30 investments			53,430	45.8	
Balance held in equity instruments			55,076	47.2	
Total equity investments			108,506	93.0	
Other net current assets			8,145	7.0	
Net assets			116,651	100.0	

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

Portfolio as at 30 April 2021



Source: Thomson Reuters.

The London Stock Exchange ("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 2021 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 2021. 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 illustrate the overall sector weightings of the Company's capital at the end of the year, and the income received by the Company over the year. The second pair of bar charts illustrates the LSE stock market index within which portfolio companies sit, and the source of 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 Investment 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 77, 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**
  Whilst the Trust does not have a formal benchmark, its returns are routinely compared with the performance of the peer group and the FTSE AIM All Share Index to provide context. Over the year, the NAV total return of the Trust was 104.4%, which compares to 49.4% for the peer group and 59.8% for the FTSE AIM All-Share Index. Since the Company's listing in April 2015, the NAV total return was 118%, which compares to 87.3% for the peer group and 84.1% for the FTSE AIM All-Share Index. Furthermore, the total return of the Trust has also greatly exceeded that of the FTSE All Share Index over the year under review, with the timing of those returns being different from the timing of the returns of the FTSE All Share Index. The Board believes that a UK investment strategy that delivers returns that are not especially closely correlated with the mainstream UK indices offers diversification benefits to shareholders.

- **Daily stock market trading volumes of the Trust**
  Over the year, the average daily volume of the Company's shares traded each day was 365,125 and, since issue, an average of 264,177 shares have been traded daily. This indicator tends to be elevated when the Trust is outperforming, although it may be assisted by clearing all the overhanging sellers in the Trust each year at the time of the redemption. Generally, new buyers like to know there aren't any major sellers that are potentially overhanging, waiting to exit.

- **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.

- Over the year under review, the Company's share price has traded on average 9.4% below its daily NAV. However, towards the year end as performance improved markedly, the share price traded close to NAV and following the year end, at a premium to NAV which allowed the Company to issue a small amount of stock to meet demand.

- **Ongoing charges**
  The ongoing charges on the Ordinary shares for the year to 30 April 2021 amounted to 1.6% (30 April 2020: 1.6%) of total assets. Further details are set out in the Glossary on page 82 of this report.

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 18 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 36 and 37.

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 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. 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. Many businesses are facing additional financial challenges due to demand fluctuations, and/or additional cost of supply currently, due to the COVID-19 pandemic.	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, in extremis, it can appoint another Investment Manager. 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. The Company is structured as a closed-ended fund, which means that it is not subject to daily inflows and outflows.

Risk	Mitigation
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 Investment 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 Management 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.
Share price volatility and liquidity/marketability risk	
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. The Company may become too small to be attractive to a wide audience, with lesser stock market liquidity and a wider share price discount. 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.	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 regular face-to-face meetings.

Risk	Mitigation
Costs of operation	
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.	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 2021 amounted to 1.6% (30 April 2020: 1.68%).
Regulatory risk/change in tax status	
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.	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.
Cyber Risk/IT Security	
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.	The Board receives regular control reports and cyber/IT policies from all material service providers to ensure that controls are in place including business continuity and disaster recovery arrangements.
The Trust may be subject to legal action by others	
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 the acquirers 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.	The Trust 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.

Share Capital

Share Issues

At the Annual General Meeting held on 22 September 2020, the Directors were granted the authority to allot Ordinary shares up to an aggregate nominal amount of £13,838 (representing 13,838,000 Ordinary shares) on a non pre-emptive basis. The Company put a new blocklisting facility into place towards the end of the financial year and following the year end the Company issued 650,000 Ordinary shares under this blocklisting facility.

The Directors' current authority to allot Ordinary shares is due to expire at the Company's Annual General Meeting to be held on 22 September 2021. Proposals for the renewal of the authority will be included within the Notice of AGM, to be issued in due course.

Share Redemptions

Valid redemption requests were received under the Company's redemption facility for the 30 June 2020 Redemption Point in relation to 27,061,157 Ordinary shares, representing 19.56% of the Company's issued share capital. This was carried out by way of a Redemption Pool at a price of 55.31 pence per Ordinary share. The number of valid redemption requests received under the redemption facility for the 30 June 2021 Redemption Point was announced via a regulatory announcement on 3 June 2021, namely in relation to 2,671,198 Ordinary shares, representing 2.4% of the issued share capital.

Purchase of Own Shares

At the Annual General Meeting of the Company held on 22 September 2020, the Directors were granted the authority to buy back up to 20,736,553 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.

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 111,274,758 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 62 and 63. This includes details of the 2021 redemption of Ordinary shares.

The rights attached to each share class are set out on page 77.

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. In considering the Company's stakeholders, the Board has 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 – The Company encourages the attendance of shareholders at the Annual General Meeting. 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; Unfortunately, due to the restrictions which were in place in September 2020 as a result of the Covid-19 pandemic, it was not possible to welcome shareholders in person at last year's AGM. The Board hopes that, Government restrictions permitting, shareholders will be able to attend the 2021 AGM;

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;

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 33.

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 Custodian and the Broker, 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 the 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 shareholders or other stakeholders of the Company wish to contact the Chairman, 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 to the renewal and mechanics of the annual redemption facility, the recruitment of an additional Non-executive Director, and the decision to work with the Investment Manager to reduce the annual management fee from 1.0% to 0.9% where the market capitalisation of the trust is below £100m, and from 0.9% to 0.8% above that level.

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 its 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 of 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 35).

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 38. 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 performance and the 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"). 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 and restated 20 October 2020.

The Board has appointed Premier Portfolio Managers Limited as the alternative investment fund manager ("AIFM") of the Company.

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 0.9% per annum where the market capitalisation is at or below £100,000,000 and 0.8% thereafter, 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 76 for details) is in existence, the Investment Manager is entitled to receive from the Company a fee calculated at the rate of 0.9% 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 and 24.

Gender Diversity

The Board of Directors of the Company comprises two 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
5 July 2021

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 and Chairman of Sabre Insurance 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.

Bridget Guerin *appointed 1 December 2020*

Bridget had an executive career in financial services marketing with Ivory & Sime, Schroders and the Matrix Group. She is currently Chairman of the Schroder Income Growth Fund plc, a non-executive director of the Invesco Perpetual UK Smaller Companies Investment Trust plc and the Mobeus Income & Growth VCT plc. In September 2020 she stepped down from the board of Charles Stanley Group PLC where she was a non-executive director for eight years.

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 a Trustee of 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 2021

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 2021:

	Number of Ordinary shares	% of voting rights
Rathbone Investment Management Limited	15,205,456	13.67
Investec Wealth & Investment Limited	12,239,630	10.99
Premier Miton Group plc	4,715,000	4.24
Almitas Capital LLC	9,235,000	6.67
Mirabella Financial Services LLP	1,503,137	1.35

The Company has not been informed of any other notifiable interests between 30 April 2021 and the date of this report.

Dividends

The Directors have recommended the payment of a final dividend in respect of the year of 0.01 pence per Ordinary share, payable on 29 September 2021 to shareholders who appear on the register on 3 September 2021. The ex-dividend date will be 2 September 2021.

Future Developments

A review of the year and the outlook for the next year are set out in the Investment Manager's Report on pages 10 to 14.

Financial Risk Management

The principal financial risks and the Company's policies for managing these risks are set out in note 18 to the financial statements.

Corporate Governance

The Corporate Governance Statement on pages 32 to 37 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 34.

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 carried out a robust assessment of the principal and emerging risks set out on pages 19 to 21 of this report, including the 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. In addition, the Directors have assessed the impact of the Company's annual redemption facility on its cash reserves. The Directors are satisfied that the impact of the 2021 redemption amounting to 2,671,198 shares, and which will be settled in cash, does not constitute a risk to the Company's going concern status. 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 2024. 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 Investment 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. There is no requirement for disclosures under the The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

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's auditor is BDO LLP. BDO LLP has confirmed its willingness to continue to act as the Company's Auditor and resolutions for its re-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 Company's Annual General Meeting will be held on 22 September 2021 and, in view of the uncertainty surrounding the timescale for the Government's lifting of Covid-19 restrictions, the Board has taken the decision to delay issuing the formal Notice of the AGM until a later date.

The Notice will be issued to shareholders under separate cover during the next few weeks.

Assessment and Approval

The Board is of the opinion that this Annual 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.

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

By order of the Board

Link Company Matters Limited
Secretary
5 July 2021

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 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.

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. In accordance with the

Board's Diversity Policy, the Board will consider all elements of diversity when evaluating the skills, knowledge and experience necessary to fill any Board vacancy. 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 a separate legal agreement. 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.

Premier Portfolio Managers Limited is 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 2021.

	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
Bridget Guerin	2	2	1	1
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, and these were related to the Redemption Pool, the Orion/Constellation litigation, Bridget Guerin's appointment and the approval of a new block-listing facility.

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 Committee"), the Terms of Reference of which are available on the Company's website at www.mitonukmicrocaptrust.com/documents/

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 38 to 40.

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.

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 2021, 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, he 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 unusual 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.

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.

All shareholders are encouraged to attend, ask questions and vote at the Company's AGM to be held on 22 September 2021. It is hoped that the Covid-19 restrictions which were in place during 2020, and which prevented shareholders attending in person, will not be in place for this year's meeting. However, the Board has taken the decision to delay issuing the formal Notice of Meeting, with the expectation that there will be greater clarity over the coming weeks about the format of this year's AGM.

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, www.mitonukmicrocaptrust.com/documents/

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 2021.

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 2020 and the related results announcements and the Half-Yearly Report to 31 October 2020;
- received and discussed with the Auditor their findings from the audit of the financial year ended 30 April 2020 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;

- undertook an annual assessment of the requirement for an internal audit function for the Company and concluded that no changes were required;
- 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.

The Committee also met once post the year end to review the Company's Annual Report for the year ended 30 April 2021.

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 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 2021.

Audit Fees and Non-Audit Services

An audit fee of £40,000 (exclusive of VAT) has been agreed in respect of the audit for the financial year ended 30 April 2021 (2020: £34,000 exclusive of VAT).

No non-audit services were provided in the financial year ended 30 April 2021 (2020: £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.

Re-appointment of the Auditor

BDO LLP was appointed as Auditor in April 2020. Following consideration of the performance of BDO LLP, the service provided during the year and a review of their value for money, the Committee has recommended to the Board their re-appointment as Auditor to the Company at the Company's forthcoming AGM.

BDO LLP has been Auditor to the Company since April 2020 and Vanessa-Jayne Bradley has been the audit partner since that time. 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.

Audit and Management Engagement Committee Report

continued

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 13 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 Investment 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.

Peter Dicks
Audit and Management Engagement Committee Chairman
5 July 2021

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 46 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 2021 are set out on page 42.

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/she 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.

Directors' Remuneration Report continued

Component	Director	Rate as at 1 May 2021[6]	Rate as at 1 May 2020[5]	Purpose of Remuneration
Annual Fee	Chairman	£36,740	£36,200	Commitment as Chairman[1]
Annual Fee	Non-executive Directors	£26,240	£25,855	Commitment as a non-executive Director[2]
Additional Fee	Senior Independent Director and Audit and Management Engagement Committee Chairman	£5,245	£5,170	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	N/A	N/A	No fixed rate. 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 that 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 2020, being 0.9%
[6] Fees were increased by the rate of the Consumer Price Index prevailing on 1 May 2021, being 1.5%

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 2021			Year ended 30 April 2020		
	Fixed fees £	Expenses £	Total £	Fixed fees £	Expenses £	Total £
Andrew Pomfret (Chairman)	36,200	146	36,346	35,665	–	35,665
Peter Dicks	31,025	–	31,025	30,570	–	30,570
Jan Etherden	25,855	–	25,855	25,475	–	25,475
Ashe Windham	25,855	–	25,855	25,475	375	25,850
Bridget Guerin	10,775	–	10,775	–	–	–
	129,710	146	129,856	117,185	375	117,560

Annual Percentage Change in Directors' Remuneration

The following sets out the annual percentage change in Directors' fees since 30 April 2020

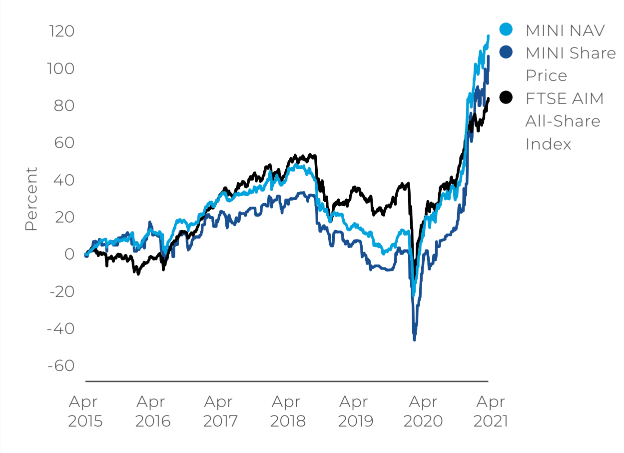
	Percentage change since prior year
Andy Pomfret	0.9%
Peter Dicks*	0.9%
Jan Etherden	0.9%
Bridget Guerin#	n/a
Ashe Windham	0.9%

** Senior Independent Director & Chair of Audit & Management Engagement Committee*
 # Appointed December 2020

Company Performance

The Company does not have a specific benchmark against which performance is measured. The graph opposite 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 Financial Conduct 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.

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 Investment Manager's section of this Report on pages 10 to 14.



Relative Importance of Spend on Pay

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

	30 April 2021 £000	30 April 2020 £000
Dividends paid to Ordinary shareholders in the year	138	277
Management fees paid in the year	732	674
Total remuneration paid to Directors	130	117

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

Directors' Remuneration Report continued

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 2021 are set out below:

	Number of Ordinary shares as at 30 April 2021	Number of Ordinary shares as at 30 April 2020
Andrew Pomfret (Chairman)	148,150	148,150
Peter Dicks	368,150	368,150
Jan Etherden	146,300	146,300
Ashe Windham	200,000	140,000
Bridget Guerin	45,978	N/A

There have been no changes to the Directors’ share interests between 30 April 2021 and the date of this Report.

Voting at the Annual General Meeting

The Directors’ Remuneration Report for the year ended 30 April 2020 and the Directors’ Remuneration Policy were approved by shareholders at the AGMs held on 22 September 2020 and 11 September 2019 respectively. The votes cast were as follows:

	Directors’ Remuneration Report		Directors’ Remuneration Policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	38,936,064	99.82	49,545,884	99.93
Against	69,079	0.18	32,758	0.07
Total votes cast	39,005,143		49,578,642	
Number of votes withheld	63,722		7,000	

Approval

The Directors’ Remuneration Report was approved by the Board on 5 July 2021.

On behalf of the Board

Andy Pomfret
Chairman
5 July 2021

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company's financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 group and company and of the profit or loss for the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- prepare a director's report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

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 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.

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Andy Pomfret
Chairman
5 July 2021

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Miton UK MicroCap Trust plc (the 'Company') for the year ended 30 April 2021 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cashflows and the 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 accounting standards in conformity 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit and Management Engagement Committee, we were appointed by the Board of Directors on 22 September 2020 to audit the financial statements for the year ending 30 April 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 30 April 2020 and 30 April 2021. We remain 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. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery created by the ongoing Covid-19 pandemic by reviewing the information used by the Directors in completing their assessment;
- Challenging Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the liquidity of the portfolio and covenant headroom.; and
- Calculating financial ratios to consider the financial health of the Company.
- Reviewing the loan agreements to identify the covenants and assess the likelihood of them being breached based on the Directors' forecasts and our sensitivity analysis.

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

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

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

Key audit matters		2021	2020
	Valuation and ownership of investments	✓	✓
Materiality	Financial statements as a whole £1.17m (2020: £0.71m) based on 1% (2020: 1%) of net assets.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations.

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 the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Note 1 and Note 11) The investment portfolio comprises quoted investments and a small number of unquoted investments (warrants). The Investment Manager's fee is based on the market capitalisation of the Company which is influenced by the performance of the Trust. 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. There is a risk that the investment balance includes investments which are no longer owned by the Company or that the bid price used to value the investment is incorrect This is the most significant balance in the financial statements and is the key driver of performance and we therefore determined this to be a key audit matter. Furthermore there is an element of subjectivity in the valuation of Level 2 and Level 3 investments.	We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures: • Confirmed the year-end bid price was used by agreeing to externally quoted prices and assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. • For warrants held at the year-end, we performed the following procedures: • Considered the appropriateness of the valuation methodology against the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines and the appropriateness of the judgmental inputs into the model applied by the Investment Manager. • Re-performed the calculation of the investment valuation. • Where appropriate, performed sensitivity analysis where reasonable alternative assumptions could exist. • Obtained direct confirmation of the number of warrants held from the custodian. Key observations Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of investments was not appropriate.

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 influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels 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.

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

	Company financial statements	
	2021 £'000	2020 £'000
Materiality	1,166	710
Basis for determining materiality		1% of net assets
Rationale for the benchmark applied		As an investment trust, the value of net assets is the key measure of performance.
Performance materiality	874	497
Basis for determining performance materiality		75% of materiality (2020: 70% of materiality) based on our knowledge and experience of the client.

Lower testing threshold

We have set a lower testing threshold for those items impacting revenue return of £68,000 which is based on 5% of total expenditure, excluding other capital expenses included in the capital return column (2020: £65,000 which is based on 5% of total expenditure).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £23,000 (2020: £14,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

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

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and 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. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, international accounting standards in conformity with the requirements of the Companies Act 2006, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

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

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our audit work focussed on the valuation of investments, where the risk of material misstatement due to fraud is the greatest (refer to the Key Audit Matter section). We also:

- Recalculated investment management fees in total; and
- Obtained independent confirmation of bank and loan balances.

In addressing the risk of management override of internal controls we tested journals and evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

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

5 July 2021

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 2021

		Year ended 30 April 2021			Year ended 30 April 2020		
	Notes	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	11	–	61,838	61,838	–	(8,124)	(8,124)
Gain on derivatives held at fair value through profit or loss	13	–	–	–	–	2,016	2,016
Income	2	699	6	705	828	–	828
Management fee	6	(183)	(549)	(732)	(168)	(506)	(674)
Other expenses	7	(635)	(859)	(1,494)	(556)	(79)	(635)
Return on ordinary activities before finance costs and taxation		(119)	60,436	60,317	104	(6,693)	(6,589)
Finance costs	8	–	(34)	(34)	–	(44)	(44)
Return on ordinary activities before taxation		(119)	60,402	60,283	104	(6,737)	(6,633)
Taxation	9	(50)	–	(50)	(23)	–	(23)
Return on ordinary activities after taxation		(169)	60,402	60,233	81	(6,737)	(6,656)
Return per Ordinary share – basic and diluted (pence)	3	(0.14)	49.65	49.51	0.06	(4.73)	(4.67)

The total column of this statement is the Income Statement of the Company prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 75 form part of these financial statements.

Statement of Changes in Equity

of the Company for the year ended 30 April 2021

For the year ended 30 April 2021	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 2020		189	34	–	79,251	(8,810)	347	71,011
Total comprehensive income:								
Return on ordinary activities after taxation		–	–	–	–	60,402	(169)	60,233
Transactions with shareholders recorded directly to equity:								
Redemption of Ordinary shares		–	–	–	(14,968)	469	44	(14,455)
Cancellation of shares	4	(27)	27	–	–	–	–	–
Equity dividends paid	10	–	–	–	–	–	(138)	(138)
As at 30 April 2021		162	61	–	64,283	52,061	84	116,651

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		–	–	–	(7,720)	–	–	(7,720)
Cancellation of shares	4	(14)	14	–	–	–	–	–
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	10	–	–	–	–	–	(277)	(277)
As at 30 April 2020		189	34	–	79,251	(8,810)	347	71,011

The notes on pages 57 to 75 form part of these financial statements.

Balance Sheet

of the Company as at 30 April 2021

	Notes	30 April 2021 £000	30 April 2020 £000
Non-current assets:			
Investments held at fair value through profit or loss	11	108,506	67,376
Current assets:			
Trade and other receivables	14	2,796	76
Cash at bank and cash equivalents		6,272	3,842
		9,068	3,918
Liabilities:			
Trade and other payables	15	923	283
Net current assets		8,145	3,635
Net assets		116,651	71,011
Capital and reserves			
Share capital	4	162	189
Capital redemption reserve		61	34
Share premium account		–	–
Special reserve		64,283	79,251
Capital reserve		52,061	(8,810)
Revenue reserve		84	347
Shareholders' funds		116,651	71,011
		pence	pence
Net asset value per Ordinary share – basic and diluted	5	104.83	51.33

These financial statements were approved and authorised for issue by the Board of Miton UK MicroCap Trust plc on 5 July 2021 and were signed on its behalf by:

Andy Pomfret
Chairman
5 July 2021

Company No: 09511015

The notes on pages 57 to 75 form part of these financial statements.

Statement of Cash Flows

for the Company for the year ended 30 April 2021

	30 April 2021 £000	30 April 2020 £000
Operating activities:		
Net return/(loss) before taxation	60,283	(6,633)
(Gain)/Loss on investments and derivatives held at fair value through profit or loss	(61,838)	6,108
(Increase)/Decrease in trade and other receivables	(106)	44
Increase in trade and other payables	61	1
Amortisation of finance costs	(9)	(6)
Withholding tax paid	(50)	(23)
Net cash outflow from operating activities	(1,659)	(509)
Investing activities:		
Purchase of investments	(42,901)	(15,691)
Sale of investments	61,583	20,564
Sale of derivative investments	–	2,706
Net cash inflow from investing activities	18,682	7,579
Financing activities:		
Redemption of ordinary shares	(14,455)	(7,721)
Equity dividends paid	(138)	(277)
Share premium account cancellation costs	–	(14)
Net cash outflow from financing activities	(14,593)	(8,012)
Increase/(Decrease) in cash and cash equivalents	2,430	(942)
Reconciliation of net cash flow movement in funds:		
Cash and cash equivalents at the start of the period	3,842	4,784
Net cash inflow/(outflow) from cash and cash equivalents	2,430	(942)
Cash at the end of the period	6,272	3,842

The notes on pages 57 to 75 form part of these financial statements.

Notes to the 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 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have also been prepared in accordance with the AIC SORP for the financial statements of investment trust companies and venture capital trusts.

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 £1,000, 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 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, with the current cash balance and holding a portfolio of listed investments, is able to meet the obligations of the Company 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 have completed stress tests assessing 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.

The Directors, the Investment 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.

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

Accounting developments in the year under review, the Company has applied 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 adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements. There are amendments to IAS/IFRS that will apply from 1 May 2021 as follows:

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative – Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements.

Standards issued but not yet effective.

There are no standards or amendments not yet effective which are relevant or have a material impact on the Company.

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; the valuation of warrants; and recognition of expenses between capital and income.

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.

Warrants gives the Company the right, but not the obligation, to buy common ordinary shares in an investee company at a fixed price for a pre-defined time period. The fair value is determined by the Manager through use of models using available observable inputs of the warrant: the exercise share price of the investee company, the expiration period plus other factors including the prevailing interest rate and associated risks.

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 12.

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% (2020: 75%) of its management fee and 100% (2020: 100%) of finance costs to capital.

Expenses incurred directly in relation to arranging debt finance are amortised over the term of the finance. Finance charges incurred and amortised are charged to capital (2020: 100%) and included in the capital column of the Income Statement.

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

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

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.

This is a reserve forming part of the non-distributable reserves.

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 by the cancellation of the share premium account. 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 2021 £000	Year ended 30 April 2020 £000
Income from investments:		
UK Dividends	426	568
Non-UK dividend income	247	253
UK REIT dividends	25	4
Bank Interest	1	1
Exchange gains on income	–	2
	699	828
Capital dividend	6	–
Total	705	828

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 2021			Year ended 30 April 2020		
Net profit (£000)	Revenue	Capital	Total	Revenue	Capital	Total
Continuation shareholders (£'000)	(125)	60,871	60,746	81	(6,737)	(6,656)
Redemption shareholders (£')	(44)	(469)	(513)	–	–	–
	(169)	60,402	60,233	81	(6,737)	(6,656)
Weighted average number of shares in issue			121,654,380			142,482,631
Return per share (pence)	(0.14)	49.65	49.51	0.06	(4.73)	(4.67)

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

	Return per ordinary share			Weighted average
	pence	pence	pence	
Continuation shareholders	(0.11)	52.6	52.49	115,723,167
Redemption shareholders	(0.16)	(1.74)	(1.90)	27,061,157

On 30 June 2020 a redemption pool was created for those shareholders wishing to redeem their shares until 18 September 2020, a total of 80 days.

4. Share Capital

	Year ended 30 April 2021		Year ended 30 April 2020	
	Number	£000	Number	£000
Ordinary shares of £0.001 each				
Opening balance	138,335,915	139	152,653,822	153
Redemptions	(27,061,157)	(27)	(14,317,907)	(14)
	111,274,758	112	138,335,915	139

	Year ended 30 April 2021		Year ended 30 April 2020	
	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 77 of this report.

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.

2021 Redemption

The total number of Ordinary Shares in respect of which valid redemption requests were received for the 30 June 2021 Redemption Point was 2,671,198 Ordinary Shares (representing 2.40% of the issued share capital) at 30 April 2021.

2020 Redemption

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 notionally divided its assets and liabilities into two pools, the Redemption Pool and the Continuing Pool, with the returns attributable to the respective Redemption and Continuing shareholders. Both shareholders have the same rights apart from the attribution of returns determined by the Redemption Pool and Continuing Pools.

The assets of the Redemption Pool have been liquidated. The Redemption Price per Ordinary Share for the 30 June 2020 Redemption Point was 55.31p per Ordinary Share. The 27,061,157 Ordinary Shares over which valid redemption requests were made have been cancelled with effect from 18 September 2020. The total payment excluding dividends was £14,968,000.

The capital losses and expenses associated with the operation of the Redemption Pool (the "redemption loss") are a component of the Return of the Company as stated in the Income Statement. The Redemption shareholders received the value of the Redemption Pool upon liquidation. The redemption loss to Redemption shareholders from the performance of the Redemption Pool amounted to £513,000.

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 2021 Ordinary share		30 April 2020 Ordinary share	
	NAV per share pence	Net assets attributable £'000	NAV per share pence	Net assets attributable £'000
Basic and diluted	104.83	116,651	51.33	71,011

NAV per Ordinary share is based on net assets at the year end and 111,274,758 Ordinary shares (2020: 138,335,915), 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 (2020: £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.

Notes to the Financial Statements continued

6. Management Fee

The basic management fee payable to the AIFM is calculated at the rate of one-twelfth of 0.9% (1% prior to 1 September 2020) of the average market capitalisation of the Company up to £100m, 0.8% per annum on the average market capitalisation above £100m, on the last business day of each calendar month. The basic management fee accrues daily and is payable in arrears in respect of each calendar month. For the purpose of calculating the basic fee, the 'adjusted market capitalisation' of the Company is defined as the average daily mid-market price for an Ordinary share and C share (when in issue), multiplied by the number of relevant shares in issue, excluding those held by the Company in treasury, on the last business day of the relevant month.

In addition to the basic management fee, and when the a Redemption Pool is in existence, the AIFM is entitled to receive from the Company a fee calculated at the rate of 0.9% (1% prior to 1 September 2020) of the net asset value of the Redemption Pool on the last Business Day of the relevant calendar month.

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 1.6% (2020: 1.68%) 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 2021			Year ended 30 April 2020		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Management fee	183	549	732	168	506	674

At 30 April 2021, an amount of £79,000 (30 April 2020: £42,000) was outstanding and due to Premier Portfolio Managers Limited in respect of management fees.

7. Other Expenses

	Year ended 30 April 2021 £000	Year ended 30 April 2020 £000
Directors' fees	130	117
Audit remuneration	40	34
Secretarial and administrator services	201	175
Registrar's fees	18	22
Custodian fees	20	11
Depository fees	20	18
Advisory and professional fees	108	79
Printing and postage	–	19
Research fee[1]	10	10
Directors insurances and other expenses	24	14
Irrecoverable VAT	51	45
Miscellaneous	13	12
	635	556
Capital expenses[2]	859	79
Total	1,494	635

During the years ended 30 April 2021 and 30 April 2020, the Auditor's remuneration related to audit services only.

[1] Contribution to Investment Manager's research budget
[2] The Company reached a final settlement with respect to the proceedings concerning Orion Healthcorp Inc. Both the settlement and the associated legal costs are included within the figures above.

8. Finance Costs

	Year ended 30 April 2021 Revenue £000	Capital £000	Total £000	Year ended 30 April 2020 Revenue £000	Capital £000	Total £000
Revolving credit facility						
£5m revolving loan facility arrangement fee	–	9	9	–	8	8
£5m revolving loan facility non-utilisation fee	–	25	25	–	36	36
	–	34	34	–	44	44

Revolving credit facility

The Company entered into a revolving credit facility (the "facility") on 25 February 2021 for £5m. 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 Company has not drawn down this facility during the year (2020: nil) and no amounts have been drawn down at the date of signing this report.

The Company during the year held a revolving credit facility for £5m with Natwest Markets Plc that expired on 12 February 2021.

Notes to the Financial Statements continued

The terms of the facility are set out below:

- Interest at 1.35% above LIBOR on any drawn down balance.
- Commitment fee of 0.65% on any undrawn balance where less than 25% of the facility is drawn down or 0.55% 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.

The arrangement fee of £18,000 was paid and amortised over the 3-year period of the facility.

The Company did not draw on either facility during the year.

9. Taxation

	30 April 2021			30 April 2020		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Overseas withholding tax suffered	39	–	39	8	–	8
Foreign tax	11	–	11	15	–	15
	50	–	50	23	–	23

The current tax charge is explained below:

	30 April 2021			30 April 2020		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Return on ordinary activities before taxation	(119)	60,402	60,283	104	(6,737)	(6,633)
Theoretical tax at UK corporation tax rate of 19% (2020: 19%)	(23)	11,476	11,453	20	(1,280)	(1,260)
Effects of:						
UK dividends that are not taxable	(81)	–	(81)	(108)	–	(108)
Overseas dividends that are not taxable	(32)	–	(32)	(29)	–	(29)
Capital income non taxable	(8)	–	(8)	–	–	–
Non-taxable investment (gains)/losses	–	(11,587)	(11,587)	–	1,176	1,176
Overseas taxation not recoverable	39	–	39	8	–	8
Double taxation relief	12	–	12	15		15
Unrelieved expenses	143	111	254	117	104	221
Actual current tax charge	50	–	50	23	–	23

Factors that may affect future tax charges

At 30 April 2021, the Company had no unprovided deferred tax liabilities (2020: £nil). At that date, based on current estimates and including the accumulation of net allowable losses, the Company had unrelieved losses of £7,951,558 (2020: £6,643,273) that are available to offset future taxable revenue. A deferred tax asset at a rate of 19% (2020: 19%) of £1,510,796 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 Trust meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an Investment Trust company.

10. Dividends

	30 April 2021		30 April 2020	
Amounts recognised as distributions to equity holders in the period.	£000	pence	£000	pence
In respect of the previous period:				
Final dividend	138	0.10	277	0.20
	138	0.10	277	0.20

The Directors have recommended a final dividend in respect of the year ended 30 April 2021 of 0.01p (2020: 0.10p) per Ordinary share payable on 29 September 2021 to all shareholders on the register at close of business on 3 September 2021. The ex-dividend date will be 2 September 2021.

11. Investments

	30 April 2021 £000	30 April 2020 £000
Investment portfolio summary:		
Opening book cost	78,099	84,320
Opening unrealised losses	(10,723)	(4,012)
Total investments designated at fair value	67,376	80,308
Movements in the year:		
Purchases at cost	43,480	15,771
Sales – proceeds	(64,188)	(20,579)
– gains on sales	22,617	391
Increase/(decrease) in unrealised gains	39,221	(8,515)
Closing fair value	108,506	67,376
Closing book cost	80,008	78,099
Closing unrealised gains/(losses)	28,498	(10,723)
Closing fair value	108,506	67,376
Costs on acquisitions	35	8
Costs on disposals	53	26
	88	34
Analysis of capital gains/(losses)		
Gains on sales	22,617	391
Movement in unrealised losses	39,221	(8,515)
Gains/(losses) on investments held at fair value through profit or loss	61,838	(8,124)

The Company received £64,188,000 (2020: £20,579,000) from investments sold in the year. The book cost of these investments when they were purchased was £41,571,000 (2020: £20,188,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

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

12. 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 2021				
Equity investments	107,286	1,156	64	108,506
	107,286	1,156	64	108,506

	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

The Level 2 investments are at values calculated using observable inputs. The fair value of warrants is determined by the Manager through use of models using available observable inputs of the warrant: the exercise share price of the investee company, the expiration period plus other factors including the prevailing interest rate and associated risks.

Reconciliation of level 3 movements – financial assets

	As at 30 April 2021 Level 3 £000	As at 30 April 2020 Level 3 £000
Opening fair value investments	–	1,807
Transfer from/(to) Level 1	64	(870)
Movement in unrealised gains	–	(937)
Closing fair value of investments	64	–

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

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.

13. Derivative Contracts

	Year to 30 April 2021 £000	Year to 30 April 2020 £000
Opening book cost	–	931
Opening holding loss	–	(241)
Opening fair value	–	690
Sales – proceeds	–	(2,706)
Gains on sales	–	2,016
Closing fair value	–	–

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 of the Company (the Company does not designate any derivative as 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 instruments.

The Company's investment objective set limits on investments in derivatives. The Investment Manager closely monitors the company's exposure under derivative contracts and 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. The Company will not enter into uncovered short positions.

During the year the Company held no derivative contracts or transactions.

Notes to the Financial Statements continued

14. Trade and Other Receivables

	30 April 2021 £000	30 April 2020 £000
Amount due from brokers	2,623	17
Dividends receivable	90	28
Prepayment and other debtors	76	29
Taxation recoverable	7	2
	2,796	76

15. Trade and Other Payables

	30 April 2021 £000	30 April 2020 £000
Amount due to brokers	730	151
Other creditors	193	132
	923	283

16. 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 2021 or throughout the year (2020: nil). Also, as a public company, the minimum share capital is £50,000.

The Company's capital at 30 April 2021 comprised:

	30 April 2021 £000	30 April 2020 £000
Current liabilities:		
Trade and other payables	923	283
Equity:		
Equity share capital	162	189
Retained earnings and other reserves	116,489	70,822
Total shareholders' funds	117,574	71,294
Debt as a % of net assets	0.00%	0.00%

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.

17. Reserves

Ordinary shares to 30 April 2021	Share premium account £000	Special reserve* £000	Capital redemption reserve £000	Capital reserve realised* £000	Capital reserve unrealised £000	Revenue reserve* £000
Opening balance	–	79,251	34	1,912	(10,722)	347
Redemption of Ordinary shares	–	(14,968)	–	–	–	–
Cancellation of shares	–	–	27	–	–	–
Net gain on realisation of investments and derivatives	–	–	–	22,965	–	–
Unrealised gains realised in the year	–	–	–	–	39,221	–
Management fee charged to capital	–	–	–	(549)	–	–
Finance costs charged to capital	–	–	–	435	–	–
Capital expenses	–	–	–	(1,207)	–	–
Capital dividends received	–	–	–	6	–	–
Equity dividends paid	–	–	–	–	–	(138)
Revenue return on ordinary activities after tax	–	–	–	–	–	(125)
Closing balance	–	64,283	61	23,562	28,499	84

** At 30 April 2021, the distributable reserves of the Company comprised of £87,929,000 (2020: £70,788,000).*

Notes to the Financial Statements continued

Ordinary shares to 30 April 2020	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	–	20	2,181	(4,254)	543
Redemption of Ordinary shares	–	(7,720)	–	–	–	–
Cancellation of shares	–	–	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

18. Analysis of Financial Assets and Liabilities

Investment Objective and Policy

The Company's investment objective and policy are detailed on pages 77 and 78.

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.

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 2021 on its equity investments held at fair value through profit or loss was £108,506,000 (2020: £67,376,000).

The Company has experienced volatility in the fair value of investments during recent years due to COVID-19 and Brexit. The Company has used 20% to demonstrate the impact of a significant reduction/increase in the fair value of the investments and the impact upon the Company that might arise from future significant events.

A fall of 20% in fair value would reduce net assets by £21,701,000 at 30 April 2021. 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 2021 (2020: nil).

The Company has a £5m revolving loan facility with Natwest Markets Plc at an interest rate of 1.35% above LIBOR on any drawn down balance and 0.65% on any undrawn balance where less than 25% of the facility is drawn down or 0.55% 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.

Notes to the Financial Statements continued

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

	30 April 2021 Floating rate £000	30 April 2020 Floating rate £000
Assets and liabilities:		
Cash and cash equivalents	6,272	3,842
	6,272	3,842

If the above level of cash was maintained for a year, a 1% interest rates would increase the revenue return and net assets by £63,000 (2020: £38,000). If there was a fall by 1% in interest rates would potentially impact the Company by a revenue reduction of £63,000 (2020: £38,000).

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 2021 was £9,068,000 (2020: £3,918,000). The calculation is based on the Company's credit risk exposure as at 30 April 2021 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 2021 £6,272,000 (2020: £3,842,000). 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.

19. Related Parties

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

Directors Fees	Directors' fees per annum £000	Directors' fees paid for the year £000	Outstanding as at 30 April 2021 £000	Directors' fees per annum £000	Directors' fees paid for the year £000	Outstanding as at 30 April 2020 £000
Andrew Pomfret (Chairman)	36	36	–	36	36	–
Peter Dicks	31	31	–	31	31	–
Jan Etherden	26	26	–	25	25	–
Ashe Windham	26	26	–	25	25	–
Bridget Guerin	11	11	–	–	–	–

Details of the Management fee payable to Premier Portfolio 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 6.

20. Post Balance Sheet Events

At the Redemption deadline of 2 June 2021, the Company received redemption requests for 2,671,198 shares representing 2.40% of the issued share capital. The Board subsequently resolved that all of these shares would be settled for cash, at a Redemption Price of 102.38 pence, being the cum income net asset value at the close on 29 June 2021. The redeemed shares have been cancelled by the Company.

Since 30 April 2021 the Company has issued 650,000 ordinary shares at an average price of 106.6p receiving £689,000 net of costs.

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 2021 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 2021 Redemption Point are:

2 June 2021	Latest date for receipt of Redemption Requests and certificates for certificated shares
3.00pm 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
5.00pm on 30 June 2021	Redemption Point
By 14 July 2021	Company to notify Redemption Price and dispatch redemption monies

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 2022 Redemption Point will be published through a regulatory announcement and in the Company's 2021 Half Year Report.

** 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 109,253,560 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.

Details of the redemption facility are set out on page 76.

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.

Shareholder Information continued

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 Group. 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 Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Current Share Capital and Net Asset Value Information

Ordinary £0.001 shares: 109,253,560
SEDOL Number: BWFGQ08
ISIN Number: GB00BWFGQ085

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

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.mitonukmicrocaptrust.com/.

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 2021, Premier Miton had total funds under management of approximately £12.6 billion.

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

Association of Investment Companies

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

Financial Calendar

6 July 2021	Announcement of 2021 annual results
22 September 2021	Annual General Meeting
31 October 2021	Half-year end
December 2021	Announcement of 2021 half-yearly results
30 April 2022	Year end
30 June 2022	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

Alternative Investment Fund Managers' Directive Disclosures

The provisions of the Alternative Investment Fund Managers Directive ('AIFMD') took effect on 22nd July 2014. That legislation requires the AIFM to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management.

Pre-Investment Disclosures

The AIFM is required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment can be found at www.mitonukmicrocaptrust.com/documents/

AIFMD Leverage Limits

The maximum level of leverage which the Investment Manager may employ on behalf of the Company and the levels as at 30 April 2021 are set out below. A figure of 100% means that the exposure is equal to the net asset value and the AIF has no leverage.

Leverage exposure	Maximum gross leverage	Maximum commitment
Maximum level	200%	200%
Actual level	100%	100%

Remuneration Disclosure

Premier Portfolio Managers Limited (the 'AIFM') is part of a larger group of companies within which remuneration policies are the responsibility of a Remuneration Committee comprised entirely of non-executive directors. That committee has established a remuneration policy which sets out a framework for determining the level of fixed and variable remuneration of staff, including maintaining an appropriate balance between the two.

Arrangements for variable remuneration within the group are calculated primarily by reference to the performance of each individual and the profitability of the relevant business unit. The policies are designed to reward long-term performance and long term profitability.

Within the group, all staff are employed by the parent company with none employed directly by the AIFM. The costs of a number of individuals are allocated between the entities within the group based on the expected amount of time devoted to each.

The total remuneration of those individuals who are fully or partly involved in the activities of the AIFs, including those whose time is allocated between group entities, for the financial year ending 30 September 2020, is analysed below:

Fixed Remuneration	£2,269,821
Variable Remuneration	£1,405,261
Total	£3,675,082
FTE Number of staff:	31

11 of the staff members included in the total remuneration figures above are considered to be senior management or others whose actions may have a material impact on the risk profile of the fund. The table below provides an alternative analysis of the remuneration data.

Aggregate remuneration of:

Senior management	£57,538
Staff whose actions may have a material impact on the funds	£1,381,224
Other	£2,236,321
Total	£3,675,082

The staff members included in the above analysis supports all the funds managed by the AIFM. It is not considered feasible or useful to attempt to apportion these figures to individual funds.

The management has reviewed the general principles of the Remuneration Policy and its application in the last year which has resulted in no material changes to the Policy.

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 2021. The Notice of Meeting will be sent to shareholders in due course.

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 2021	30 April 2020	
Closing NAV per share (p)	6	104.83	51.33	(a)
Closing share price (p)	6	104.50	43.35	(b)
Discount (c = ((a - b)/a))	6	0.31%	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, 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 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.

Glossary continued

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 to 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. Premier Miton Group plc is a member.

Link Company Matters Limited ("Link")
Link is the Company Secretary for the Company.

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 2021	30 April 2020	
Management fee	64	732	674	
Other administrative expenses	64	635	556	
Less non recurring fees		(23)	(12)	
Total management fee and other administrative expenses (annualised)		1,344	1,218	(a)
Average net assets in the year		84,258	72,325	(b)
Ongoing charges (c = a/b)		1.60%	1.68%	(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.

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. The Company'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 2021	30 April 2020	
Closing NAV per share (p)	6	104.83	51.33	
Add back final dividend for the year ended 30 April 2020 (2019) (p)	67	0.10	0.20	
Adjusted closing NAV (p)		104.93	51.53	(a)
Opening NAV per share (p)	6	51.33	56.13	(b)
NAV total return (c = ((a - b)/b)) (%)		104.4%	(8.2)%	(c)

Share Price Total Return	Page	30 April 2021	30 April 2020	
Closing share price (p)	6	104.50	43.35	
Add back final dividend for the year ended 30 April 2020 (2019) (p)	67	0.10	0.20	
Adjusted closing share price (p)		104.60	43.55	(a)
Opening share price (p)	6	43.35	54.40	(b)
Share price total return unadjusted (c = ((a - b)/b)) (%)		141.3%	(19.9)%	(c)
Share price total return adjusted (%)		141.5%*	(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.

Contact Details of Advisers

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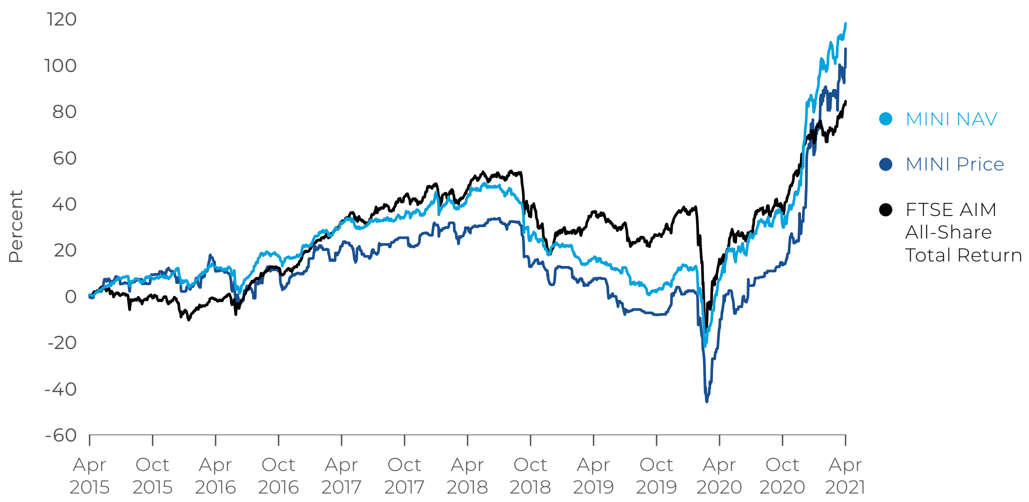
Shareholder warning

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 30/04/2021.

Premier Miton INVESTORS

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