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# Aurora Investment Trust plc

## Half Yearly Financial Report

For the six months ended 30 June 2021





# CONTENTS

	Page
Financial and Performance Highlights	1
Objective and Investment Policy	2
Investment Manager's Review	4
Top Holdings	7
Sector Breakdown	8
Interim Management Report	9
Statement of Directors' Responsibilities	11
Condensed Statement of Comprehensive Income	12
Condensed Statement of Financial Position	13
Condensed Statement of Changes in Equity	14
Cash Flow Statement	17
Notes to the Financial Statements	18
Alternative Performance Measures	24
Corporate Information	26

# FINANCIAL AND PERFORMANCE HIGHLIGHTS

## Performance

	At 30 June 2021 (unaudited)	At 30 June 2020 (unaudited)	At 31 December 2020 (audited)
Net Asset Value ('NAV') per Ordinary Share <sup>1</sup>	230.90p	161.61p	213.39p
Ordinary Share price	232.00p	168.00p	207.00p
Premium/(discount) <sup>1</sup>	0.5%	3.95%	(4.58)%
FTSE All-Share Index ('Benchmark')	7,852.35	6,465.24	7,068.59
Gearing (net)	Nil	Nil	Nil

The total returns in sterling for the period/year were as follows:

	Six months to 30 June 2021 (unaudited) %	Six months to 30 June 2020 (unaudited) %	Year to 31 December 2020 (audited) %
NAV total return per Ordinary Share <sup>1,2</sup>	+6.69	(28.27)	(5.30)
Ordinary Share price total return <sup>1,2</sup>	+12.30	(26.97)	(10.00)
FTSE All-Share Index ('Benchmark')	+11.07	(17.43)	(9.80)

<sup>1</sup> Definitions of these Alternative Performance Measures ("APMs") together with how these have been calculated can be found on pages 24 to 25.

<sup>2</sup> Including dividend reinvested.

# OBJECTIVE AND INVESTMENT POLICY

## Investment Objective

Aurora Investment Trust plc's (the "Company") objective is to provide Shareholders with long-term returns through capital and income growth.

## New Investment Policy

### Proposed changes to the Investment Policy

At a General Meeting held on 28 September 2021 the following new investment policy was approved:

The Company seeks to achieve its investment objective by investing predominantly in a portfolio of UK listed companies. The Company may from time to time also invest in companies listed outside the UK and unlisted securities. The investment policy is subject to the following restrictions, all of which are at the time of investment:

- The maximum permitted investment in companies listed outside the UK at cost price is 20% of the Company's gross assets.
- The maximum permitted investment in unlisted securities at cost price is 10% of the Company's gross assets.
- There are no pre-defined maximum or minimum sector exposure levels but these sector exposures are reported to and monitored by the Board in order to ensure that adequate diversification is achieved.
- The Company's policy is not to invest more than 15% of its gross assets in any one underlying issuer (measured at the time of investment) including in respect of any indirect exposure through Castelnau Group Limited.
- The Company may from time to time invest in other UK listed investment companies, but the Company will not invest more than 10% in aggregate of the gross assets of the Company in other listed closed-ended investment funds.
- Save for Castelnau Group Limited, the Company will not invest in any other fund managed by the Investment Manager.

While there is a comparable index for the purposes of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. The portfolio will be relatively concentrated. The exact number of individual holdings will vary over time but typically the portfolio will consist of holdings in 15 to 20 companies. The Company may use derivatives and similar instruments for the purposes of capital preservation.

The Company does not currently intend to use gearing. However, if the Board did decide to utilise gearing the aggregate borrowings of the company would be restricted to 30% of the aggregate of the paid up nominal capital plus the capital and revenue reserves.

Any material change to the investment policy of the Company will only be made with the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

## INVESTMENT MANAGER'S REVIEW

### Performance

The NAV total return for the half year was 8.5% and the share price (incl. dividends) 12.3%. At the end of June, the share price was trading at a 0.5% premium to NAV. The FTSE All Share Index rose by 11.1% over the same period.

As at 27 September 2021, performance remained stable. The NAV total return for 2021 was 9.3% versus 13.7% for FTSE All Share. However, the share price weakened and moved to a discount to NAV.

In June 2021, it was pleasing that the Company issued new equity for the first time since June 2020, and we remain keen to grow the Company through both investment performance and new issuance.

Significant share price moves of note in the half year include **Dignity** up 35%, **Frasers** up 33% and **Lloyds** up 30%. **Frasers** and **Lloyds** have recently reported results, which highlight their recovery from COVID-19 pandemic-related disruption and being well placed to prosper going forward.

**Dignity's** share price rise came largely after their AGM in late June 2021 at which Gary Channon presented Phoenix's strategic vision for the business. Later in this report we refer to the AGM presentation and encourage you to read it.

The only significant faller of note was **Hornby**, which fell 25%. In their full year results the Company reported an increase in sales and a return to profitability.

From a contribution perspective, **Frasers** contributed 50% of the NAV rise in the first half year with **Lloyds** and **Dignity** also significant contributors.

### Portfolio Review

The first six months of the year have not seen significant investment activity as we remain comfortable with the portfolio and its prospects as the world returns to some normality.

One change of note in the first quarter was the sale of the entire holding in **Redrow**. It is a business in transition following the retirement of its Founder. It has made some mis-steps and has a land bank with several sites which take a long time to build. We expect continued environmental and building changes, which will increase the cost of building. This will affect the existing housebuilder land banks. We prefer the short and faster turning land banks of **Barratt Developments** and **Bellway**, which are less exposed to those risks.

On page 20 of the 2020 Annual Report, we reported on a plan to put in place a hedge against potential negative equity market movements in response to higher interest rates as result of increasing inflation. The report is below:

*"In late 2020 and into the New Year we became concerned about the potential for higher inflation and the possibility of unexpected interest rate rises if higher inflation was not managed carefully by central banks. It is our belief that an unexpected series of interest rate rises could have a significant negative effect on equity values. Due to the ongoing COVID-19 pandemic, equity index protection remains expensive, therefore, we have investigated the use of options on short sterling futures as a means of effectively hedging at a reasonable cost. At the time of writing the hedge is not yet in place as the price moved during the time it took to determine the regulatory leverage treatment, but it is our intention to spend, at an appropriate price, no more than 1% of NAV, which would pay out circa one-third of the value of the portfolio if interest rates were 2% in September 2022. We would be buying protection, therefore the value at risk would be the money spent on the option and no more. Regulatory leverage calculations require us to report on the underlying nominal value when calculating leverage which can be much higher, but it bears no relationship to the actual risk of loss."*

In July we began to execute the hedge at the price we wanted to pay, and the hedge is now in place.

In the half year we were successful in a General Meeting Vote we requisitioned at **Dignity** to replace the existing Executive Chairman with Gary Channon. The potential at the company is significant. At the **Dignity** AGM in June, Gary set out the analysis and strategy that we believe will lead to that potential being realised, and, rather than summarising it here, we would encourage you to look at the slides available on **Dignity's** corporate website. If you have the time, we would also encourage you to watch the replay of the presentation that accompanies it.

In early September, **easyJet** announced a rights issue in which we have participated. Whilst we did model the need for an equity fundraise, we believe the size of the raise was unnecessarily large.

## Outlook

In the Company's June 2021 monthly factsheet, Gary Channon reported on the outlook for the portfolio and the sentiments expressed remain true today. It is outlined below:

*Unlocking has been slowed by the latest variants of the virus, but the effectiveness of the vaccines means that this is gratification postponed, not cancelled. Economic activity is surging back to life, and we expect our portfolio of companies to be beneficiaries. We expect a bumper period ahead.*

*As support packages unwind, we expect there to be some capital needs that may throw up interesting opportunities for us to act. Currently we find the most valuable activity we can do with the portfolio is the most undervalued and underrated of all, which is to do nothing. We would have done a lot better over the past 23 years if we had been better at doing nothing.*

Upside to intrinsic value is our key metric when we consider valuation. At the time of writing in late-September it stands at 80%, which highlights the potential in the portfolio.

### Castelnau Group

In the same June 2021 factsheet, we announced that the Castelnau Group vehicle would be listed in the near future, and it was our intention, with the Board's agreement, that Aurora participate. The Board agreed but the participation required a shareholder vote because the Company is presently unable to hold a fund which Phoenix manages. The General Meeting was held on 28 September 2021 at which shareholders approved all resolutions proposed, including an amendment to the Company's Investment Policy and authorising the Company to participate.

The Castelnau Group Prospectus was published on 23 September 2021 and trading will begin on 18 October 2021. As outlined in previous communication, the Company will exchange shares in **Dignity PLC**, **Hornby** and **Phoenix Stanley Gibbons** for shares in Castelnau Group. The initial weight of Castelnau Group in the Company's portfolio will be 15%.

Steve Tatters  
Phoenix Asset Management Partners Ltd  
29 September 2021

## Top holdings

As at 30 June 2021

Company	Sector	Holding in Company	Amount of net assets	Percentage of net assets
			£'000	%
Frasers Group Plc	Retail	5,114,011	30,812	17.4
EasyJet Plc	Leisure	1,928,363	17,255	9.8
Barratt Developments Plc	Construction	2,474,612	17,204	9.7
Ryanair Holdings Plc	Leisure	928,600	12,652	7.2
Dignity Plc	Retail	1,980,558	17,013	9.6
Hornby Plc	Leisure	23,624,991	10,866	6.1
Bellway Plc	Construction	336,040	10,884	6.2
Randall & Quilter Investment	Insurance	6,220,225	9,952	5.6
Lloyds Banking Group	Financial	19,618,000	9,159	5.2
Phoenix SG Ltd*	Financial	3,277	8,259	4.7
GlaxoSmithKline Plc	Pharmaceuticals	499,427	7,089	4.0
Vesuvius Plc	Industrials	1,236,834	6,524	3.7
Other holdings (less than 3%)	n/a	n/a	8,445	5.0
<b>Total holdings</b>			<b>166,114</b>	<b>93.9</b>
Other current assets and liabilities			10,571	6.1
<b>Net assets</b>			<b>176,685</b>	<b>100.0</b>

\* Comprises the assets which make up the investment in Stanley Gibbons plc.

## Sector Breakdown

As at 30 June 2021

SECTOR	Percentage of net assets %
Leisure	23.1
Retail	27.0
Construction	15.9
Financial	13.1
Insurance	5.6
Industrials	3.8
Pharmaceuticals	4.0
Food & Beverage	1.4
Other current assets and liabilities	6.1
<b>Total</b>	<b>100.0</b>

# INTERIM MANAGEMENT REPORT

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider that the Investment Manager's Review on pages 4 to 6 of this Half Yearly Financial Report provide details of the important events which have occurred during the period and their impact on the financial statements. The following statement on the Principal Risks and Uncertainties, the Related Party Transactions, the Statement of Directors' Responsibilities and the Investment Manager's Review together constitute the Interim Management Report of the Company for the six months ended 30 June 2020. The outlook for the Company for the remaining six months of the year ending 31 December 2020 is discussed in the Investment Manager's Review.

Details of the investments held at the period end and the structure of the portfolio at the period end are provided on pages 7 and 8.

## Principal Risks and Uncertainties

The principal risks and uncertainties of the Company are detailed on pages 27 to 29 of the Company's most recent Annual Report for the year ended 31 December 2020 which can be found on the Company's website at [www.aurorainvestmenttrust.com](http://www.aurorainvestmenttrust.com). The principal risks and uncertainties facing the Company remain unchanged from those disclosed in the Annual Report for the year ended 31 December 2020 and the Board are of the opinion that they will continue to remain unchanged for the forthcoming six month period.

The principal risks and uncertainties facing the Company are as follows:

- Brexit;
- Portfolio Risk: including poor stock selection, poor use of gearing, illiquid stock and a concentrated portfolio;
- The COVID-19 pandemic which continues to impact the Company;
- Operational Risks; and
- Corporate governance and regulatory risks.

## Related Party Transactions

The Company's Investment Manager is Phoenix Asset Management Partners Limited, ('Phoenix' or the 'Investment Manager'). Phoenix is considered a related party in accordance with the Listing Rules. Phoenix does not earn an ongoing annual management fee. It will be paid an annual performance fee equal to one third of the outperformance of the Company's net asset value total return (including dividends and adjusted for the impact of share buybacks and the issue of new shares) over the FTSE All-Share Index total return for each financial year. Details of the investment management arrangements are shown in Note 5 on page 21 of these accounts.

The Board are also considered related parties. Further details of the Board's remuneration and shareholdings can be found on page 54 of the Company's Annual Report.

At a General Meeting held on 28 September 2021 shareholders approved the transfer of certain of the Company's assets to Castelnau Group ('Castelnau'), a company managed by Phoenix, in exchange for shares in Castelnau. As a result of managing Castelnau, the Investment Manager may be paid a performance fee by Castelnau. As explained above, Phoenix is a related party of the Company and will benefit from the Company's transaction with Castelnau through the establishment of the new fund. Therefore, the transfer of assets by the Company to Castelnau in exchange for shares in Castelnau constitutes a related party transaction under LR11.1.7R.

### Going Concern

The financial statements have been prepared on the going concern basis. The Directors have a reasonable expectation, after making enquiries, that the Company has adequate resources to continue in existence for at least 12 months from the date of approval of this document. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. As at 30 June 2021, the Company held £10,605,000 (30 June 2020: £6,591,000) in cash, £152,787,000 (30 June 2020: £107,349,000) in quoted investments and £13,327,000 (30 June 2020: £7,601,000) in an unquoted investment. It is estimated that the majority of the portfolio could be realised in seven days under normal conditions. The total operating expenses for the six months to 30 June 2021 was £349,000 (30 June 2020: £299,000).

In light of the COVID-19 pandemic, the Directors have fully considered and assessed the Company's portfolio of investments. A prolonged and deep market decline could lead to falling values in the Company's investments or interruptions to cashflow. However, the Company currently has more than sufficient liquidity available to meet any future obligations.

The market and operational risks associated with the COVID-19 pandemic, and the ongoing economic impact of measures introduced to combat its spread are continually monitored by the Board. The Investment Manager, Administrator and other key service providers are providing regular updates on operational resilience, in light of the COVID-19 pandemic. The Board is satisfied that the key service providers have the ability to continue their operations efficiently in a remote or virtual working environment.

### Change To The Board's Committees

Subsequent to the period end the Board agreed to change the names of two of their Committees. The Nomination Committee is now known as the Remuneration and Nomination Committee and the Remuneration and Management Engagement Committee is now known as the Management Engagement Committee.

For and on behalf of the Board of Directors  
Lord Flight  
Chairman  
29 September 2021

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within the Half Yearly Financial Report have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- The Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's DTR Rules.

The Half Yearly Financial Report was approved by the Board on 29 September 2021 and the above responsibility statement was signed on its behalf by:

Lord Flight  
Chairman  
29 September 2021

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Note	Six months to 30 June 2021 (unaudited)			Six months to 30 June 2020 (unaudited)			
	Revenue	Capital	Total	Revenue	Capital	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	
	Gains/(losses) on investments	–	13,314	13,314	–	(43,590)	(43,590)
	Losses on currency	–	(1)	(1)	–	(20)	(20)
4	Income	982	–	982	803	–	803
	<b>Total income</b>	<b>982</b>	<b>13,313</b>	<b>14,295</b>	<b>803</b>	<b>(43,610)</b>	<b>(42,807)</b>
5	Investment management fees	–	(332)	(332)	–	–	–
	Other expenses	(349)	–	(349)	(299)	–	(299)
	<b>Profit/(loss) before tax</b>	<b>633</b>	<b>12,981</b>	<b>13,614</b>	<b>504</b>	<b>(43,610)</b>	<b>(43,106)</b>
	Tax	(20)	–	(20)	–	–	–
	<b>Profit/(loss) and total comprehensive income for the period</b>	<b>613</b>	<b>12,981</b>	<b>13,594</b>	<b>504</b>	<b>(43,610)</b>	<b>(43,106)</b>
8	<b>Earnings/(loss) per share – Basic and diluted</b>	<b>0.81p</b>	<b>17.08p</b>	<b>17.89p</b>	<b>0.72p</b>	<b>(62.32p)</b>	<b>(61.60p)</b>

The revenue and capital columns, including the revenue and capital earnings per Ordinary Share data, are supplementary information prepared under guidance published by the AIC.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period. All revenue is attributable to the equity holders of the Company.

# CONDENSED STATEMENT OF FINANCIAL POSITION

Note		At 30 June 2021 (unaudited)	At 30 June 2020 (unaudited)	At 31 December 2020 (audited)
	£'000	£'000	£'000	£'000
<b>Non-current assets</b>				
	Investments held at fair value through profit or loss	166,114	114,950	157,894
<b>Current assets</b>				
	Trade and other receivables	219	91	258
	Cash and cash equivalents	10,605	6,591	5,055
		10,824	6,682	5,313
	<b>Total assets</b>	<b>176,938</b>	<b>121,632</b>	<b>163,207</b>
<b>Current liabilities:</b>				
	Investment management fees payable	(174)	(171)	(171)
	Other operating expenses payable	(79)	(86)	(115)
		(253)	(257)	(286)
	<b>Net assets</b>	<b>176,685</b>	<b>121,375</b>	<b>162,921</b>
<b>Equity:</b>				
7	Called up share capital	19,130	18,776	18,776
	Capital redemption reserve	179	179	179
	Share premium account	108,342	108,454	108,438
	Other reserve	997	–	665
	Investment holding gains/(losses)	34,043	(20,610)	20,621
	Other capital reserve	12,778	13,648	13,219
	Revenue reserve	1,216	928	1,023
	<b>Total equity</b>	<b>176,685</b>	<b>121,375</b>	<b>162,921</b>
7	Ordinary Shares in issue	76,519,675	75,103,743	75,103,743
	NAV per Ordinary Share	230.90p	161.61p	216.93p

The notes on pages 18 to 23 form part of these accounts.

## CONDENSED STATEMENT OF CHANGES IN EQUITY

Note	Called-up share capital	Capital	Share	Other reserve	Investment holding gains	Other capital reserve	Revenue reserve	Total
		redemption reserve	premium account					
	<b>Six months to 30 June 2021 (unaudited)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Opening equity	18,776	179	108,438	665	20,621	13,219	1,023 162,921
	Profit/(loss) for the year	–	–	–	–	13,422	(441)	613 13,594
5	Performance fee charge	–	–	(2,659)	332	–	–	– (2,327)
6	Dividends paid	–	–	–	–	–	– (420)	(420)
7	Issue of new Ordinary Shares	354	–	2,600	–	–	–	– 2,954
	Ordinary Share issue costs	–	–	(37)	–	–	–	– (37)
	<b>Closing equity</b>	<b>19,130</b>	<b>179</b>	<b>108,342</b>	<b>997</b>	<b>34,043</b>	<b>12,778</b>	<b>1,216 176,685</b>

Note	Called-up share capital	Capital	Share	Other reserve	Investment holding gains	Other capital reserve	Revenue reserve	Total
		redemption reserve	premium account					
Six months to 30 June 2020 (unaudited)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening equity	16,628	179	97,186	–	23,231	13,417	3,719	154,360
(Loss)/profit for the period	–	–	–	–	(43,841)	231	504	(43,106)
6 Dividends paid	–	–	–	–	–	–	(3,295)	(3,295)
7 Issue of new Ordinary Shares	2,148	–	11,409	–	–	–	–	13,557
Ordinary Share issue costs	–	–	(141)	–	–	–	–	(141)
<b>Closing equity</b>	<b>18,776</b>	<b>179</b>	<b>108,454</b>	<b>–</b>	<b>(20,610)</b>	<b>13,648</b>	<b>928</b>	<b>121,375</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY continued

Note		Called-up share capital	Capital redemption reserve	Share premium account	Other reserve	Investment holding gains	Other capital reserve	Revenue reserve	Total
	Year to 31 December 2020 (audited)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Opening equity	16,628	179	97,186	–	23,231	13,417	3,719	154,360
	(Loss)/profit for the year	–	–	–	–	(2,610)	(198)	599	(2,209)
5	Performance fee transactions	–	–	–	665	–	–	–	–
6	Dividends paid	–	–	–	–	–	–	(3,295)	(3,295)
7	Issue of new Ordinary Shares	2,148	–	11,408	–	–	–	–	13,556
	Ordinary Share issue costs	–	–	(156)	–	–	–	–	(156)
	<b>Closing equity</b>	<b>18,776</b>	<b>179</b>	<b>108,438</b>	<b>665</b>	<b>20,621</b>	<b>13,219</b>	<b>1,023</b>	<b>162,921</b>

The notes on pages 18 to 23 form part of these accounts.

## CASH FLOW STATEMENT

	Six months to 30 June 2021 (unaudited)	Six months to 30 June 2020 (unaudited)	Year to 31 December 2020
	£'000	£'000	£'000
<b>Net operating activities cash flow</b>			
Cash inflow from investment income and interest	843	1,132	1,369
Cash outflow for management expenses	(316)	(1,518)	(597)
Payments to acquire non-current asset investments	(996)	(35,223)	(33,756)
Receipts on disposal of non-current asset investments	6,199	15,477	12,316
Cash outflow for withholding tax	(20)	–	(11)
Losses on currency	(1)	–	(20)
Capital distributions received	–	–	236
<b>Net operating activities cash flow</b>	<b>5,709</b>	<b>(20,132)</b>	<b>(20,463)</b>
<b>Financing activities cash flow</b>			
Proceeds from issues of new Ordinary Shares	298	13,416	12,367
Ordinary Share issue costs	(37)	–	(156)
Dividends paid	(420)	(3,295)	(3,295)
<b>Financing activities cash flow</b>	<b>(159)</b>	<b>10,121</b>	<b>8,916</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>5,550</b>	<b>(10,011)</b>	<b>(11,547)</b>
Cash and cash equivalents at beginning of period/year	5,055	16,602	16,602
Increase/(decrease) in cash and cash equivalents	5,550	(10,011)	(11,547)
<b>Cash and cash equivalents at end of period/year</b>	<b>10,605</b>	<b>6,591</b>	<b>5,055</b>

The notes on pages 18 to 23 form part of these accounts.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Status of the financial statements

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months period ended 30 June 2021 and 30 June 2020 have not been reviewed or audited by the Company's Auditor. The unaudited Half Yearly Financial Report will be made available to the public at the registered office of the Company. The report will also be available in electronic format on the Company's website, <https://www.aurorainvestmenttrust.com/>.

The information for the year ended 31 December 2020 has been extracted from the last published Annual Report, unless otherwise stated. The audited financial statement has been delivered to the Registrar of Companies. The Auditors reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The Half Yearly Financial Report was approved by the Board of Directors on 29 September 2021.

## 2. Accounting policies

The half yearly financial information has been prepared in accordance with IAS34 Interim Financial Reporting. The accounting policies are unchanged from those used in the last published annual financial statements except where otherwise stated.

## 3. Investments held at Fair Value Through Profit or Loss ('FVTPL')

	At 30 June 2021 (unaudited)	At 30 June 2020 (unaudited)	At 31 December 2021 (unaudited)
	£'000	£'000	£'000
UK listed securities	144,528	98,102	133,858
Securities traded on AIM	13,327	9,247	15,970
Unquoted securities	8,259	7,601	8,066
<b>Total non-current investments held at 'FVTPL'</b>	<b>166,114</b>	<b>114,950</b>	<b>157,894</b>

Under IFRS13 investment companies are required to disclose the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

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.

Classification	At		
	30 June 2021	30 June 2020	31 December 2020
	£'000	£'000	£'000
Level 1	157,855	107,349	149,828
Level 2	–	–	–
Level 3	8,259	7,601	8,066
<b>Total non-current investments held at 'FVTPL'</b>	<b>166,114</b>	<b>114,950</b>	<b>157,894</b>

There were no transfers between levels during the period/year.

### 3. Investments held at Fair Value Through Profit or Loss ('FVTPL') continued

The movement on the Level 3 unquoted investments during the period/year is shown below:

	At 30 June 2021	At 30 June 2020	At 31 December 2020
	£'000	£'000	£'000
<b>Opening balance</b>	8,066	8,487	8,487
Additions during the period/year	–	–	–
Unrealised gains at period/year end	193	(886)	(421)
<b>Closing balance</b>	8,259	7,601	8,066

The Company's unquoted investment represents investment in Phoenix SG Limited (Phoenix SG). The fair value of the investment in Phoenix SG includes its shares in Stanley Gibbons Group Plc (Stanley Gibbons) and some other assets related to Stanley Gibbons.

### 4. Income

	Six months to 30 June 2021	Six months to 30 June 2020
	£'000	£'000
<b>Income from investments:</b>		
Dividends from listed or quoted investments	909	799
Unfranked income from overseas dividends	73	–
<b>Other income:</b>		
Deposit interest	–	4
<b>Total income</b>	<b>982</b>	<b>803</b>

## 5. Investment management fees

The Company has an agreement with Phoenix. Under the terms of this agreement, the Investment Manager does not earn an ongoing annual management fee, but will be paid an annual performance fee equal to one third of any outperformance of the Company's NAV per Ordinary Share total return (including dividends and adjusted for the impact of share buybacks and the issue of new shares) over the FTSE All-Share Index total return for each financial year.

The total annual performance fee is capped at 4% per annum of the NAV of the Company at the end of the relevant financial year, in the event that the NAV per Ordinary Share has increased in absolute terms over the period, and 2% in the event that the NAV per Ordinary Share has decreased in absolute terms over the period. Any outperformance that exceeds these caps will be carried forward and only paid if the Company outperforms, and the annual cap is not exceeded, in subsequent years.

The performance fee is subject to a high-water mark so that no fee will be payable in any year until all underperformance of the Company's net asset value since the last performance fee was paid has been made up.

Performance fees are settled by issuance of the Company's Ordinary Shares. Such Ordinary Shares are issued at the NAV per Ordinary Share on the date of issue, so that the then current value of the Ordinary Shares equates in terms of NAV to the performance fees liability.

Any part of the performance fee that relates to the performance of Phoenix SG will be accrued but will not be paid until such time as the Company's investment in Phoenix SG has been realised or is capable of realisation. The position will be reviewed at that time by reference to the realised proceeds of sale or the fully realisable value of Phoenix SG as compared to the original cost of acquisition.

Any performance of Castlenau Group Limited will be excluded from the calculation of the performance fee payable by the Company to Phoenix.

All other performance fees are subject to a review and claw-back procedure if the Company has underperformed its benchmark during a period of three years following the end of the financial year in respect of which the relevant fee was paid. Ordinary Shares received by the Investment Manager under this arrangement must be retained by the Investment Manager throughout the three year period to which the claw-back procedure applies.

As a result of the above reviewed procedures all or any part of the performance fees might become recoverable, the Company reflects this in the charge recognised in subsequent accounting periods within the vesting period of the Investment Manager through the true-up mechanism in IFRS 2.

The proportion of performance fee for the period ended 30 June 2021 was £332,000 (30 June 2020: £Nil).

## 6. Dividends

In accordance with the stated policy of the Company, the Directors do not recommend an interim dividend.

The final dividend of 0.55p per Ordinary Share in respect of the year ended on 31 December 2020 went ex-dividend on 10 June 2021 and had a record date of 11 June 2021. The dividend was paid on 2 July 2021. This dividend was not reflected in the financial statements for the year ended 31 December 2020, but is reflected in the financial statements for the period to 30 June 2021.

## 7. Share capital

		At 30 June 2021	At 30 June 2020	At 31 December 2020
Allotted, called up and fully paid	Number	76,519,675	75,103,743	75,103,743
Ordinary Shares of 25p	£'000	19,130	18,776	18,776

The Company did not purchase any of its own shares during the period ended 30 June 2021 or the period ended 30 June 2020. No shares were cancelled during either year or period.

### Share Issued under the Company's Block Listing Facility

During the period under review 125,000 Ordinary shares were issued from the Company's blocklisting facility on 8 June 2021 at a price of 238.35 pence per shares.

### Further Shares Issued to the Investment Manager

The Company issued 1,061,130 new Ordinary Shares at a price of 200.43 pence per share on 4 February 2021 to the Company's Investment Manager in relation to 80% of the performance fee which had been earned in respect of the Company's outperformance against its benchmark in respect of the year to 31 December 2020. On 17 June 2021, a further 229,802 new Ordinary shares were issued at a price of 230.07 pence per share to the Company's Investment Manager representing the 20% balance of the performance fee earned. These New Ordinary Shares were issued pursuant to the Investment Management Agreement dated 28 January 2016 and are subject to a 36-month lock-in following the date of issue of the new Ordinary Shares and will be subject to a fixed three year clawback period.

### Total Voting Rights

At 30 June 2021, the Company had 76,519,675 (30 June 2020: 75,103,743) Ordinary Shares in issue. The number of voting shares at 30 June 2021 was 76,519,675 (30 June 2020: 75,103,743).

## 8. Earnings/(loss) per share

Earnings for the period to 30 June 2021 are stated by reference to the weighted average of 75,995,161 (30 June 2020: 69,978,967) Ordinary Shares in issue during the period, excluding shares held in Treasury.

## 9. Related party transactions

The Board and Phoenix are considered related parties in accordance with the Listing Rules. Fees payable to the Investment Manager are detailed in the Statement of Comprehensive Income and note 5.

Fees payable to the Directors in respect of the period to 30 June 2021 were £69,000 (including NI Contribution or VAT as applicable) (30 June 2020: £69,000).

At a General Meeting held on 28 September 2021 shareholders approved the transfer of certain of the Company's assets to Castelnau Group ('Castelnau'), a company managed by Phoenix, in exchange for shares in Castelnau. As a result of managing Castelnau, the Investment Manager may be paid a performance fee by Castelnau. As explained above, Phoenix is a related party of the Company and will benefit from the Company's transaction with Castelnau through the establishment of the new fund. Therefore, the transfer of assets by the Company to Castelnau in exchange for shares in Castelnau constitutes a related party transaction under LR11.1.7R.

## 10. Post Period End Events

Since the period end the Company held a General Meeting on 28 September 2021. All three Ordinary resolutions proposed at that meeting which related to the Castelnau Group passed. The Ordinary resolutions proposed at that meeting can be found in the circular dated 3 September 2021 which can be found on the Company's website at [aurorainvestmenttrust.co.uk](http://aurorainvestmenttrust.co.uk).

## ALTERNATIVE PERFORMANCE MEASURES

### Gearing

A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.

		Page	At 30 June 2021 (unaudited)
Total assets	a	13	176,938
Cash and cash equivalents	b	13	10,605
Total assets less cash and cash equivalents	c=a-b		166,333
Loan	d	n/a	–
Gearing	d÷c	n/a	Nil

### Ongoing charges

A measure of the regular, recurring annual costs of running an investment company, expressed as a percentage of average net assets. The measure is calculated by expressing the regular expenses of the year as a percentage of the average net assets during the year.

		Page	As at 30 June 2021 (unaudited)
Average NAV	a	n/a	168,920
Annualised expenses	b	n/a	698
Ongoing charges figure	b÷a		0.41%

## Premium

The amount, expressed as a percentage, by which the share price is more than the NAV per share.

		At 30 June 2021 (unaudited)	Page
NAV per Ordinary Share	a	1	230.90
Share price	b	1	232.00
<b>Premium</b>	<b>(b÷a)-1</b>	<b>1</b>	<b>0.48%</b>

## Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its Ordinary Shares on the ex-dividend date.

Six months to 30 June 2021 (unaudited)	Page	NAV	Share price
Opening at 1 January 2021	a	1	216.93
Closing at 30 June 2021	b	1	230.90
Price movement (b÷a)-1	c	n/a	6.5%
Dividend reinvestment	d	n/a	0.2%
<b>Total return</b>	<b>(c+d)</b>		<b>6.7%</b>
			<b>12.3%</b>

n/a = not applicable

## CORPORATE INFORMATION

DIRECTORS	ALTERNATIVE FUND MANAGER ('AIFM') AND INVESTMENT MANAGER
Lord Flight (Chairman) The Honourable James Nelson D Stevenson Lady R Robathan L Walker	Phoenix Asset Management Partners Limited 64-66 Glenham Road London SW13 9JJ <i>Telephone: 0208 600 0100</i>
DEPOSITORY & CUSTODIAN	SECRETARY, ADMINISTRATOR & REGISTERED OFFICE
BNP Paribas Securities Services 10 Harewood Avenue London NW1 6AA	PraxisIFM Fund Services (UK) Limited 1st Floor Senator House 85 Queen Victoria Street London EC4V 4AB
REGISTRAR	AUDITOR
Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
STOCKBROKER	
Liberum Capital Limited 25 Ropemaker Street London EC2Y 9LY	
COMPANY INFORMATION AND IDENTIFICATION CODES	
ISIN	GB0000633262
Sedol	0063326
EPIC	ARR
Website	<a href="http://www.aurorainvestmenttrust.com">www.aurorainvestmenttrust.com</a>
Registered in	England and Wales
Company Number	03300814
Bloomberg	ARR:LN
Legal Entity Identifier	2138007OUWIZFMAGO575





