



Aberforth Geared Value & Income Trust plc

Half Yearly Report

31 December 2024

The Company

Aberforth Geared Value & Income Trust plc (AGVIT) is a closed-ended investment company incorporated on 29 March 2024. It has a fixed life of seven years and its shares are traded on the London Stock Exchange's main market. The Company acted as a rollover option for shareholders in Aberforth Split Level Income Trust plc (ASLIT) in connection with the winding up of ASLIT on 1 July 2024. Further information is set out in Note 9 of the Financial Statements, the Company's Prospectus issued on 28 May 2024, and is also available on the Aberforth website www.aberforth.co.uk.

This is the Company's first Half Yearly Report, so no comparative results are shown.

Investment Objective

The Company's investment objective is to provide Ordinary Shareholders with high total returns, incorporating an attractive level of income, and to provide ZDP Shareholders with a pre-determined Final Capital Entitlement of 160.58 pence on the Planned Winding Up Date of 30 June 2031.

Investment Policy

The Company aims to achieve its objective by investing in a diversified portfolio of securities issued by small UK quoted companies. Further details of the Investment Policy are available in the Company's Prospectus, which is on the Managers' website www.aberforth.co.uk.

The Company has appointed Aberforth Partners LLP as the investment managers.

Contents

Financial Highlights	1
Chairman's Statement	2
Managers' Report	5
Investment Portfolio	12
Hurdle Rates and Redemption Yields	14
Principal Risks	15
Interim Management Report	17
Directors' Responsibility Statement	17
Income Statement	18
Reconciliation of Movements in Shareholders' Funds	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Financial Statements	22
Glossary	28
Corporate Information	Outside back cover

All data throughout this Half Yearly Report are to, or as at, 31 December 2024 as applicable, unless otherwise stated.

Financial Highlights

Total Return Performance

Period to 31 December 2024	Total Assets ¹	Ordinary Share		ZDP Share	
		NAV ¹	Share Price ¹	NAV ¹	Share Price ¹
Since Inception ³	-2.3%	-4.2%	-17.0%	2.6%	6.5%
Since Launch ³	-0.6%	-2.2%	-17.0%	2.6%	6.5%

Ordinary Share

As at:	Net Asset Value per Share ²	Share Price	Discount/ (Premium) ¹	Return per Share ^{2,4}	Dividend per Share ^{2,4}	Gearing ³
31 December 2024	95.9p	83.0p	13.4%	-3.6p	1.50p	40.1%
Inception ³	100.0p	100.0p	0.0%	n/a	n/a	37.5%

Zero Dividend Preference Share (ZDP Share)

As at:	Net Asset Value per Share ²	Share Price	Discount/ (Premium) ¹	Return per Share ^{2,4}	Projected Final Cumulative Cover ³	Redemption Yield ³
31 December 2024	102.6p	106.5p	(3.8)%	3.5p	1.97x	6.5%
Inception ³	100.0p	100.0p	0.0%	n/a	2.03x	7.0%

Source: Aberforth Partners LLP

¹ Alternative Performance Measure (refer to Glossary on page 28).

² UK GAAP Measure (refer to Glossary on page 28).

³ Defined in the Glossary on pages 28 to 29.

⁴ The Return per Share and First Interim Dividend per Share are in respect of the period to 31 December 2024.

The valuation statistics above, consisting of Redemption Yields and Final Cumulative Cover, are projected, illustrative and do not represent profit forecasts. There is no guarantee these returns will be achieved.

Chairman's Statement

Introduction

This is my first Chairman's statement for Aberforth Geared Value & Income Trust ("AGVIT"). It covers the period from inception on 28 June 2024 to 31 December 2024.

AGVIT's launch took place amongst headlines of wars, recessions and elections. Less well appreciated aspects of the backdrop were the attractive valuations of small UK quoted companies, their resilience when confronted by challenge and their ability to grow dividends over time. These characteristics were, and are, the basis of AGVIT's investment opportunity. There is additional encouragement in the elevated rate of M&A activity, which shows that other rational investors can spot the opportunity in the valuations of AGVIT's investment universe.

I am pleased to report that the Company's launch was successful with gross proceeds, before costs, of c.£147.6 million. The Company also started its life near fully invested since c.£132.7 million was subscribed by shareholders in Aberforth Split Level Income Trust ("ASLIT") who elected to roll over their investments into AGVIT. The balance of c.£14.9 million came from the Company's placing and offer for subscription. On behalf of the Board, I would like to thank all Shareholders for their support.

Before moving on to address performance and developments since launch, the following bullet points are a reminder of some of the salient features of your Company.

- The Company is an investment trust, with two classes of shares in issue: Ordinary Shares and Zero Dividend Preference ("ZDP") Shares. Capital returns to the Ordinary Shareholders are geared by the final capital entitlement due to the ZDP Shareholders. In periods of rising equity prices, this can benefit the net asset value performance of the Ordinary Shares, but the converse also holds true.
- AGVIT's investment objective is to provide Ordinary Shareholders with high total returns, incorporating an attractive level of income, and to provide ZDP Shareholders with a pre-determined Final Capital Entitlement of 160.58 pence per ZDP share on the Planned Winding Up Date of 30 June 2031. Based on the issue price of 100 pence per ZDP Share, this gives a 7.0% gross redemption yield.
- Ordinary Shareholders are entitled to all net income generated by the portfolio of investments. On a winding-up, Ordinary Shareholders are entitled to receive undistributed revenue reserves in priority to the capital entitlements of the ZDP Shareholders. Ordinary Shareholders are also entitled to the net assets of the Company, if any, after all liabilities have been settled and the entitlements of the ZDP Shares have been met.
- The Company invests in a diversified portfolio of 50-100 smaller UK quoted companies. There were 69 holdings at 31 December 2024.
- Aberforth Partners LLP manage the investment portfolio within parameters set by the Board. Their business was founded in 1990 and specialises in investing in small UK quoted companies. The team of six fund managers have considerable experience both of the asset class and of managing investment trusts. They have consistently applied a value investment philosophy to their selection of portfolio companies.

Review of Performance

Performance in AGVIT's first six months was disappointing. However, we are looking at a short period and one that was affected by non recurring launch costs. For AGVIT to succeed over its seven year life, the Company needs to produce capital returns at the total assets level in excess of the hurdle rate imposed by the ZDP Shares. When reporting performance, "since inception" refers to periods since 28 June 2024 and reflects the impact of certain one-off costs associated with the launch. "Since launch" refers to periods since 1 July 2024 and excludes these one-off costs.

Performance backdrop

AGVIT's Total Assets Total Return in the period since launch was -0.6%, which was unaffected by one-off launch costs, and since inception was -2.3%. Total Assets Total Return is the return from the portfolio of investments and so is not influenced by AGVIT's capital structure.

Chairman's Statement

For context, in the period since launch, the performance of larger companies, represented by the FTSE All-Share, was 1.9% and small companies, in the form of the Deutsche Numis Smaller Companies Index (excluding Investment Companies), returned 3.8%. This latter index, abbreviated throughout this report as "DNSCI (XIC)", is the Company's opportunity base of small UK quoted companies. Of course, AGVIT's investment objective and capital structure reduce the relevance of assessing its performance relative to an equity index.

The negative total return is disappointing, but it is over a short period. I would note that it is not inconsistent with the performance of the Managers' other client portfolios over this six month period. As those ASLIT investors who rolled over into AGVIT will recall, there was a particularly strong period of performance in the first half of 2024, which was captured in the run-up to the end of ASLIT's life. Given the turbulence of world and domestic events since then, some subsequent rotation is perhaps unsurprising.

The Managers' Report examines the various factors that influenced the Total Assets Total Return performance since launch.

Performance impact of gearing and one-off costs

For Ordinary Shareholders, the portfolio return, represented by the Total Assets Total Return since launch, is geared by the final capital entitlement due to the ZDP Shareholders. Since the portfolio return was below the ZDP Shares' entitlement rate, the Ordinary Share NAV Total Return since launch was -2.2%.

The Ordinary Share NAV Total Return since inception was -4.2%. It is calculated after one-off costs of c.£2.2 million. Of these, c.£1.2 million are fees and expenses related to launch, which benefited from a contribution from the Investment Managers of £450,000. The other main element arose from a decline in the value of the investment portfolio between 21 June 2024, which was the date agreed with ASLIT for the valuation of assets acquired from ASLIT, and 28 June 2024. This decline reflected general market weakness in that week.

NAVs and share prices at 31 December 2024

At 31 December 2024, the Ordinary Share NAV per Share was 95.85p. The discount of the Ordinary Share price to the NAV widened to 13.4% over the period. This resulted in a share price total return of -17.0%.

The ZDP Share NAV has increased at a rate consistent with the 7.0% annual increase in its entitlement. The ZDP Share price was at a 3.8% premium to its NAV per Share of 102.6p per share at 31 December 2024.

Despite the decline in the value of the portfolio, the projected final cumulative cover of the ZDP Shares was unchanged at 2.0 times at the end of the reporting period.

Performance conclusion

As the Managers set out in their report, the investment opportunity over AGVIT's seven year planned life remains compelling. One of the attractions of the Company's structure is its limited life, which in due course addresses share price discounts. Looking beyond the vagaries of near term market sentiment, a better gauge of progress for AGVIT is arguably the income performance of its investments.

Earnings and Dividends

AGVIT's income performance has been good in its first six months. The positive dividend experience of the portfolio is reflected in the 3.24p of revenue returns per Ordinary Share in the period to 31 December 2024. This was above the Managers' estimates at launch, which underlines the resilience of AGVIT's investee companies. While revenue per share has so far been better than expected, it is prudent to point out that the December year end reporting season is still ahead of us and so the dividend experience in the next two quarters will be important for the full year outcome.

Shareholders will recall the Prospectus stated that, in the absence of unforeseen circumstances, the Company will target dividends in the range of 4.00 and 5.00p per Ordinary Share, in respect of the period from launch to 30 June 2025. The Prospectus Assumptions stated that the first interim dividend will be approximately 30% of the total each year. Given the positive income experience so far, the Board is pleased to be able to focus on the top end of the Prospectus range and to announce a first interim dividend of 1.50p per Ordinary Share in respect of the financial period to 30 June 2025.

Chairman's Statement

The first interim dividend will be paid on 10 March 2025 to Ordinary Shareholders on the register as at close of business on 7 February 2025. The ex dividend date is 6 February 2025. The Company operates a Dividend Reinvestment Plan. Details of the plan are available from Aberforth Partners LLP or on their website, www.aberforth.co.uk.

Outlook

As your Company launched, the mood in the UK was starting to improve and low stockmarket valuations were attracting M&A interest from larger companies and private equity. The decisive election result in the UK promised to add a shot of political stability to the cocktail of investment opportunities for your Company. However, in the short period since launch, other complications have emerged, notably the UK's business-unfriendly Budget and political uncertainties overseas. Consequently, investors have been given further pause for thought and are not yet convinced that the attractive stockmarket valuations of small UK quoted companies outweigh the risks.

Taking a longer term view, the Board continues to believe that small UK quoted companies can generate capital and dividend growth to provide good total returns for both Ordinary and ZDP Shareholders. As the Managers' Report describes, the portfolio is invested in good businesses with strong balance sheets, which have coped well with political and macro-economic tests over the years. It is encouraging that their resilience is already evident in AGVIT's income performance, which has so far been better than expected at launch. In my experience, it is a reasonable assumption that rising dividends will support the portfolio's capital growth in due course.

Beyond the progress likely to be achieved by individual investee companies over the Company's planned seven year life, AGVIT can also benefit from a broader reappraisal of small UK quoted companies. Despite some improvement, valuations remain depressed and are attracting attention. On-going M&A activity confounds the gloominess of the stockmarket and highlights the qualities of the sorts of companies selected by the Managers. It seems to me likely that, until a broad revaluation of the asset class comes to pass, takeover activity will continue. This may not deliver smooth returns, but it is an obvious means through which the many value opportunities in AGVIT's portfolio can be realised.

Your Board therefore believes that AGVIT's portfolio and capital structure are fit for purpose – they can deliver on the investment objectives of both classes of shareholder over the Company's seven year planned life.

My fellow directors and I would welcome the views of all Shareholders about any matter pertinent to the Company, to which end my email address is noted below.

Angus Gordon Lennox
Chairman

28 January 2025

Angus.GordonLennox@aberforth.co.uk

Managers' Report

Introduction

In the six months from launch to 31 December 2024, AGVIT's total assets total return was -0.6%. This represents the performance of the Company's portfolio of small UK quoted companies. AGVIT's investment universe is the Deutsche Numis Smaller Companies Index (excluding investment companies) or DNSCI (XIC). The total return from this index in the period was +3.8%. For further context, the total return from larger UK companies, in the form of the FTSE All-Share index was +1.9%. The Performance Analysis and Portfolio Characteristics section of this report sets out the influences on AGVIT's return in the period.

Investment background

The top-down backdrop for stockmarkets was inauspicious around AGVIT's launch. The war in Ukraine continued, as did the conflict between Israel and Hamas. The risk of escalation buffeted oil prices and equity valuations. Political uncertainty was an additional challenge. The results of the elections in the UK and the US were broadly as expected, though the markets are now digesting the implications of policy change under the new regimes. Politics are more unclear elsewhere. An election looms in Japan, while South Korea has seen its president attempt to impose martial law. In Europe, June's election for the European parliament was the catalyst for a snap election in France, where a stable government has yet to be established. Meanwhile, Germany is also facing elections early in 2025 following the collapse of the ruling coalition.

On the economic front, the UK pulled out of the recession in the second half of 2023. The recovery has been tentative so far, but prospects for wage growth above the rate of inflation, lower mortgage rates and high household savings offer encouragement for the coming year. In Europe, Germany continues to struggle to escape recessionary conditions. Its export reliant industrial economy is contending with Chinese and Japanese competition, while demand for its products from China and elsewhere is depressed. The bright spot has remained the US, though even here recent macro-economic data have been patchy and hint at slowing growth.

Despite these challenges, equities have not performed badly, even stripping out the boost to the US market from the "Magnificent Seven" and artificial intelligence. The main reason was optimism about the interest rate cycle – for equity markets, the promise of a lower cost of money can overcome a host of other issues. The prospect of lower rates was fuelled by that lacklustre growth environment described above and by improving inflation data, as the pace of inflation continued to subside from the very high rates of 2022. Interest rate cuts were duly forthcoming, with the European Central Bank cutting in June, the Bank of England in July and the Federal Reserve in September. Stockmarkets' great hope is that the Federal Reserve can achieve the historically elusive "soft landing" – taming inflation without tipping the US economy into recession.

However, towards the end of 2024, politics intruded to unsettle the narrative of disinflation and lower interest rates. The Republican clean sweep in America's Presidential and Congressional elections increased the likelihood of potentially inflationary policies, such as trade tariffs, lower immigration and tax cuts. It remains to be seen whether tariffs are implemented in full force or are more of a negotiation tactic. And it is still unclear whether the new Department of Government Efficiency can mitigate the impact of tax cuts on budget deficits. Therefore, the assumption of a swift return to the lower inflation and interest rate environment of the pre-pandemic era has been undermined. It is notable that US bond yields have risen and that the market now expects a slower pace of interest rate cuts than it did before the elections.

In the UK, there have been similar developments. Labour's first Budget in nearly 15 years has clouded the outlook for monetary policy and the economy. It seems likely that increases to the National Living Wage and employers' national insurance contributions will be inflationary, as businesses seek to pass on their cost increases. At the same time, higher government spending and borrowing threatens to crowd out the private sector, which must also contemplate further tax increases if the government's growth ambitions do not transpire as intended. Again, fiscal action jeopardises the outlook for monetary policy: expectations today are now for less significant interest rate cuts than was the case before the Budget. As in the US, the point here is not to judge the merits of government policies; rather, it is to highlight the unintended consequences of governments' plans for what buoyed stockmarket valuations through 2024, namely expectations of lower interest rates.

Managers' Report

Turning to the UK stockmarket, its relevance has been widely questioned in recent years against a backdrop of outflows from equity funds and a dearth of IPO activity. The angst has been shared by regulators and successive governments. Several changes have followed, notably to the listing rules, and more are to come with the new prospectus regime in 2025. Other initiatives may follow, but the new Chancellor's commentary thus far has been rather vague and, as the short-lived flirtation with the UK ISA shows, policy change can be abrupt.

Indeed, reliance on government diktat, with all its unintended consequences, is seldom comfortable. Therefore, other signs of life in the UK stockmarket are more encouraging. Valuations were at a particularly low ebb little over a year ago, when the UK's economic and political situation appeared particularly uncertain in comparison with those of other countries. A year on, the UK looks less of an outlier. This has helped to bring tension back into the valuation of UK equities and to elicit a re-rating of small and large companies in the first half of 2024. At the same time, the identity of the marginal buyers of small UK quoted companies is now clear: larger companies and overseas companies through M&A, overseas asset managers, the companies themselves through buy-backs, and of course AGVIT.

Performance analysis and portfolio characteristics

Over the six months to 31 December 2024, AGVIT total assets total return was -0.6%. The DNSCI (XIC)'s was +3.8%. The paragraphs below provide context for these numbers and also set out the important characteristics of AGVIT's portfolio.

Portfolio Characteristics as at 31 December 2024	AGVIT	DNSCI (XIC)
Number of companies	69	350
Weighted average market capitalisation	£659m	£1,019m
Weighting in "smaller small" companies*	44%	21%
Price earnings (PE) ratio (historical)	9.6x	13.0x
Dividend yield (historical)	5.6%	3.4%
Dividend cover (historical)	1.9x	2.2x

*"Smaller small" companies are members of the DNSCI (XIC) that are not also members of the FTSE 250

Geography

AGVIT's investment return in the six months to 31 December 2024 was hindered by the weak share prices of several of its industrial holdings, companies which tend to generate their revenues and profits outside the UK. This is unusual in the context of the past eight years. In 2016, the EU referendum spurred a decline in sterling that boosted the translated profits earned outside the UK. Overseas earners also fared relatively well during the pandemic, since businesses dependent on the UK economy were particularly badly affected by lockdown.

The change in sentiment in the second half of 2024 had several causes. First, trading conditions for overseas businesses are subdued as much of the world is experiencing lacklustre economic growth. Second, US trade tariffs loom following the election of Donald Trump. Finally, sterling's recent strength against the euro is negative for the translation of profits earned in Europe, reversing some of the advantage gained by overseas earners in the wake of the EU referendum. Towards the period end, the effects of the Budget were felt on the share prices of domestic businesses and the Managers are seeing investment opportunities in both groups of companies.

Despite their recent challenges, AGVIT's overseas earners remain strong businesses. A good example is the DNSCI (XIC)'s engineering sector. Most engineers, including those owned by AGVIT, are truly international businesses. They have grown geographically over the years in response to shifting global demand, locating plants close to those of their customers. Their experienced management and strong balance sheets mean that, if the US does impose stringent tariffs on the likes of Mexico, it is probable that they will adapt again, moving capacity from Mexico to their US facilities. Some transitional costs could be incurred to achieve this, but the underlying viability and relevance of the businesses would likely be unaffected.

Managers' Report

Style

The Managers invest in accordance with their value investment philosophy. For existing and potential investments, they calculate target valuations. These are influenced by fundamental analysis, judgement informed by experience, and reference to other relevant valuations in equity markets or corporate activity. Growth of profits is an important component of a target valuation, but the Managers find that stockmarket valuations are often too generous in their assumptions of the sustainability and pace of growth.

The value investment philosophy means that AGVIT's returns are influenced by the stockmarket's preference in any period for more expensively priced growth stocks or more modestly rated value stocks. In respect of the six months to 31 December 2024, analysis by London Business School of the DNSCI (XIC) suggests that the value style performed in line with the growth style, with the latter buoyed in sympathy with America's large technology companies. Style was not, therefore, a significant influence on AGVIT's performance in the period under review. Over recent years, however, style has been beneficial. Value stocks have out-performed since the recovery from the pandemic started towards the end of 2020. A further boost came as inflation soared in 2022 and drove bond yields higher. While the rate of inflation has declined, its future path is uncertain. This should help maintain interest in the value style.

Size

The DNSCI (XIC) includes all main listed stocks in the UK with market capitalisations below c.£1.9bn. It therefore includes many mid cap companies. For much of the period since the global financial crisis in 2008, the Managers have found more attractive valuations down the market capitalisation scale. AGVIT has therefore a relatively high exposure to what might be termed the "smaller small" companies. Since late 2020, as the pandemic recovery commenced, the share prices of "smaller small" companies have performed better than those of the mid caps within the DNSCI (XIC). This was also the case in the six months to 31 December 2024. AGVIT's returns therefore benefited from its size positioning. Notwithstanding this improved performance from the "smaller smalls", they continue to exhibit more attractive valuation characteristics, as the section on Valuations below demonstrates.

Balance sheets

The following table sets out the balance sheet profile of AGVIT's portfolio and of the Managers' Tracked Universe. This subset of the DNSCI (XIC) represents 98% by value of the index as a whole and is made up of the 234 companies that the Managers follow closely.

Weight in companies with:	Net cash	Net debt/ EBITDA < 2x	Net debt/ EBITDA > 2x	Other*
Portfolio 2024	31%	51%	15%	3%
Tracked Universe 2024	30%	41%	23%	7%

*Includes loss-makers and lenders

Balance sheets are robust both within the portfolio and among small companies in general. Around one third of both the portfolio and index by value is represented by companies with net cash on their balance sheets. The more highly leveraged companies tend to be those with asset backing, such as property companies. It has been argued that small companies are less securely funded than large companies and that they therefore merit lower valuations. Some also claim that value stocks are less securely funded than growth stocks. Neither of these contentions hold true today, which underscores the attractiveness of AGVIT's current investment opportunity.

The strength of balance sheets naturally makes the question of capital deployment more urgent. The Managers frequently engage on this issue with the boards of AGVIT's investee companies. The highest priority should be organic investment to maintain the viability of a business and allow it to grow. Thereafter, a coherent and appropriate dividend policy is essential, optimally one that allows ordinary dividends to grow in real terms through economic cycles. After that, acquisitions may be considered, but these should be assessed against the benchmark of lower risk special dividends or share buy-backs. It is notable that

Managers’ Report

numerous small companies bought back shares in calendar 2024, which points to the value that boards of directors see in their companies. Among AGVIT’s 69 investee companies, buy-backs were undertaken by 16 companies, nine of which were among the top 20 holdings.

Income

The table below categorises AGVIT’s 69 holdings at 31 December 2024 according to each company’s most recent dividend action.

Nil Payer	Cutter	Unchanged Payer	Increased Payer	New / Returner
4	11	16	35	3

The message from the analysis is good, with the most populated category being those companies that most recently increased their dividends. There was further benefit from the three companies recommencing dividends or making payments for the first time. Less positively, eleven companies cut their dividends. Six of these were businesses operating in the domestic economy, usually close to the housing market. Their dividend decisions in 2024 were influenced by the impact of the recession towards the end of 2023. In the round, this income analysis is consistent with AGVIT’s dividend receipts in the six months to 31 December 2024, which was better than the Managers had expected at launch.

The historical dividend yield of AGVIT’s holdings at 31 December 2024 was 5.6%. The average dividend cover was 1.9x. This reflects a weak earnings performance from small companies in 2024, consistent with the recession impact, along with the resilience of dividends previously described. As profits continue their recovery from the downturn, it is likely that dividend cover will rise from here.

Corporate activity

Stockmarket valuations in the UK remain attractive and so M&A activity continues apace. If UK institutions and retail investors are willing sellers of domestic equities, larger overseas companies and private equity are willing buyers. For context, in calendar 2024, the takeovers of 15 companies within the DNSCI (XIC) were completed. As the year ended, there were offers outstanding for three and approaches had been made for another two. Of these 20 deals, the buyers were evenly split between private equity and other companies. Most of the acquirers were overseas based, with domestic buyers in six of the situations. Turning to AGVIT’s experience in the six months to 31 December 2024, it had investments in three takeover targets. One of these deals was completed by the calendar year end, whereas the other two were outstanding. Over the years, the Managers’ value investment style has meant that its clients have been disproportionate beneficiaries of M&A activity.

Takeovers can be a good means of closing value gaps, but the low valuations that still prevail in the UK stockmarket mean that the risk is high of some takeovers being done on unattractive terms. The risk is exacerbated by boards and other shareholders yielding too quickly to takeover interest, no doubt succumbing to the gloomy sentiment towards the UK. The Managers’ approach in such situations is purposeful engagement, as described in the section on Engagement below.

As the attractive valuations of small UK quoted companies draw takeover interest, the corollary is a subdued IPO market. Just two IPOs of a reasonable size and eligible for the DNSCI (XIC) were completed in calendar 2024. The Managers view this dearth of activity as a temporary phenomenon and a function of prevailing valuations. The UK’s new listing rules and the imminent changes to the prospectus regime are likely to encourage IPOs once the valuation basis of the UK market recovers.

Engagement

Since Aberforth started investment management in 1990, an integral part of its investment process has been engagement with the boards of the investee companies. The approach to engagement is intended to be purposeful, discreet and constructive. Its purpose is to improve investment outcomes for Aberforth’s clients and investors. The Managers engage on any topic that they perceive to be affecting the valuation of a company. The most common issue addressed is capital allocation, though M&A terms were an important topic in the first six months of AGVIT’s life.

Managers' Report

Engagement includes regular updates with executive directors and also encompasses meetings with non executives. There is a particular focus on the chair, which is the most important role in the UK's system of corporate governance. The Managers are prepared to be taken inside for extended periods, which indicates their commitment to responsible stewardship and which can be helpful to investee companies. The Managers' influence is enhanced by their ability to take significant stakes of up to 25% of issued share capital across their client base. At 31 December 2024, AGVIT had four holdings in which Aberforth's clients had a stake of more than 20% in an investee companies and 20 holdings in which the stake exceeded 10%.

The currently high rate of M&A activity within the UK stockmarket makes engagement particularly relevant. The terms of some of the takeovers have been frustrating. Large control premiums have distracted from uninspiring exit valuations and from boards too willing to present faits accomplis to their shareholders. Aberforth has therefore reinforced, in both writing and in meetings, the importance of boards consulting shareholders when they are considering a takeover offer or a significant capital allocation decision. For context, in 2024, there were numerous consultations by companies about M&A. These often involved the Managers going inside. In some cases, the Managers supported the boards in question to reject a takeover approach. In others, they worked with the boards to improve the initial terms offered. This sort of activity can be difficult and time-consuming, but it is important particularly when UK valuations remain at such attractive levels. The Managers are confident that their purposeful, discreet and constructive engagement has enhanced its clients' returns over time and will continue to do so.

Valuations

AGVIT's portfolio benefits from a triple valuation discount, which is set out in the following table.

Price earnings (PE) ratio:	34 year average	At 31 December 2023	At 31 December 2024
World equities*	15.9x	16.0x	17.7x
FTSE All-Share	15.3x	10.3x	14.6x
Smaller companies**	13.6x	10.3x	11.9x
Aberforth portfolio / AGVIT	12.0x***	7.9x***	9.6x

* Source: Bloomberg; Panmure Liberum

** DNSCI (XIC) to 2013 then Tracked Universe

*** Data for the portfolio of Aberforth's longest standing client

The triple discount comprises the following: (1) UK equities have a lower PE than do global equities, (2) small UK quoted companies have a lower PE than does the UK market as a whole, and (3) AGVIT's portfolio has a lower PE than do smaller companies. The table also demonstrates the valuation opportunity in another way. At present, UK equities, smaller companies and the portfolio are each rated on a lower PE than the average over the 34 year history of Aberforth's longest standing client. Therefore, AGVIT benefits from attractive valuations in comparison both with history and with broader equity indices.

The table also reveals some change through calendar 2024: the PEs of all four groups have risen. In the case of world equities, this was principally due to the further share price gains of the "Magnificent Seven" and their ilk. Less appreciated have been the partial re-ratings of the UK equity market and smaller companies in 2024. A broad re-rating of this sort is welcome but unsurprising given how unusually low PEs were towards the end of 2023. The uncertainty a year ago was when the improvement would come and what would prompt it. In the event, there have been three influences: the improved economic backdrop, a degree of political stability (at least in relative terms), and the continued buying pressure in the form of M&A.

It is worth dwelling on the components of the re-rating. Focusing on smaller companies, the historical PE rose from 10.3x at the end of 2023 to 11.9x at the end of 2024. That is a 16% rise over a period in which the return from the DNSSI (XIC) was 9.5%. From these two numbers it may be inferred that small company profits fell in aggregate, by around 6%. This decline in reported profitability is not news – the Managers expected this outcome given the impact of the recession in the second half of 2023. While lower profits are unwelcome, it is clear that they were not inconsistent with positive equity returns as the stockmarket discounted a probable recovery in profits.

Managers' Report

There are parallels here with the early 1990s recession, which was caused by inflation and the tighter monetary policy required to address it. The table below gives the macro economic context for the early 1990s downturn, along with how small UK quoted companies performed in the period.

	1990	1991	1992	1993	Cumulative 1991-3
<i>UK economic context</i>					
GDP YoY	+0.6%	-1.4%	+0.2%	+2.3%	+1.1%
CPI YoY	+7.0%	+8.5%	+4.2%	+2.5%	+15.9%
Year end base rates	13.9%	10.4%	6.9%	5.4%	–
<i>DNSCI (XIC)* experience</i>					
Year end PE ratio	8.2x	11.3x	13.9x	18.6x	–
Implied earnings growth	+1.8%	-13.7%	-13.1%	+6.2%	-20.3%
Total return	-23.5%	+18.3%	+6.4%	+41.6%	+78.2%

*Taken or calculated from London Business School data

The table shows the positive total returns generated by smaller companies in 1991 and 1992 even as the recession hit and profits declined. These returns drove the PE ratio up to 13.9x by the end of 1992. This was, though, only a partial re-rating since the actual recovery in earnings, which started in 1993, prompted a very strong performance from the asset class. Notwithstanding the similarities with today's situation, it would be wrong to anticipate that the market plays out in precisely this way. However, it is clear that the higher PEs seen in 2024 are not in and of themselves a barrier to further gains.

The following table turns to forward valuations. It uses the Managers' favoured valuation metric, EV/EBITA (enterprise value to earnings before interest, tax and amortisation). Ratios are set out for the portfolio, the Tracked Universe and certain subdivisions of the Tracked Universe. The profits underlying the ratios are based on the Managers' forecasts for each company that they track. The bullet points following the table summarise its main messages.

EV/EBITA	2024	2025	2026
AGVIT's portfolio	8.1x	7.3x	6.3x
Tracked Universe (234 stocks)	10.0x	9.0x	7.8x
– 38 growth stocks	15.9x	14.7x	12.7x
– 196 other stocks	9.3x	8.3x	7.2x
– 102 stocks > £600m market cap	10.5x	9.5x	8.3x
– 132 stocks < £600m market cap	8.8x	7.6x	6.6x

- The ratios are lower in 2025 than in 2024. This reflects the Managers' anticipation of profit growth in 2025, as lower interest rates and real wage growth drive a recovery in the profitability of domestic facing companies.
- The average EV/EBITA multiples of the portfolio are lower than those of the Tracked Universe. This has been a consistent feature over Aberforth's history and is consistent with the Managers' value investment style.
- The portfolio's 8.1x EV/EBITA ratio for 2024 is considerably lower than the average multiple of 13.6x at which takeover offers were made in calendar 2024.
- Each year, the Managers identify a cohort of growth stocks within the DNSCI (XIC). These stocks are on much higher multiples than both the portfolio and the rest of the Tracked Universe.
- Picking up on the size commentary above, the "smaller small" companies within the DNSCI (XIC) remain more attractively valued than do the "larger smalls", despite the former grouping's better share price performance in the year.

Managers' Report

Outlook & Conclusion

The investment outlook is clouded by geopolitics. The war in Ukraine continues, while the situation in the Middle East has recently become more complicated with the overthrow of the Assad regime in Syria. Meanwhile, there are unstable governments or imminent elections in France, Germany, Japan, South Korea and Canada. Despite the conclusive Republican victory in the US, uncertainty lingers. Donald Trump's statements about tariffs and reindustrialisation seem part of a world view that tends to isolationism, though it is unclear how much of this is his well-practised tactics to achieve a deal. To complicate matters, his fiscal actions will affect monetary policy. This in turn will influence the US economy, whose resilience has been welcome as other countries struggle, and the valuation basis of equities and bonds around the world.

Political risk remains elevated too in the UK, despite – or perhaps because of – Labour's decisive election victory. The Budget was uninspiring and impinges upon private sector growth, whatever the government's rhetoric about employers' national insurance contributions. Businesses and consumers can be forgiven for worrying about what might come next should economic growth not pick up as the Chancellor predicts. Some of that scepticism seems shared by bond investors, with gilt yields having risen sharply since the Budget.

However, it is important to put today's big picture concerns and risks in perspective. Macro economic and geopolitical issues are a fact of life. They have beset equity investors over Aberforth's 34 years, and indeed throughout the history of financial markets. Indeed, an element of the superior return achieved by equities over the long term is the reward for taking on those very risks. In their investment discussions, the Managers aim to take into account top down influences but try not to be distracted by them.

What is more certain is the resilience and valuations of the companies in which AGVIT invests. It is worth returning to the way in which small UK quoted companies have dealt so well with recent challenges such as Brexit, the pandemic and supply chain disruption. Even in 2024, when companies reported results affected by recession, many grew their dividends and many were able to enhance shareholder returns with buy-backs. In this, they have been helped by their strong balance sheets and experienced boards of directors. Given their demonstrable flexibility, resilience and adaptability, it is reasonable to expect them to cope well with further change.

It is clear, however, that the stockmarket continues to overlook the resilience and progress of small UK quoted companies. Valuations recovered over the past year but remain low in comparison with history and with other equity markets. While the US market is priced for perfection, small UK quoted companies are priced for irrelevance. But this tunnel vision on the part of equity markets is part of the present opportunity for investors in AGVIT's asset class. What makes the valuation discrepancies particularly thought-provoking is that there are rational investors – other companies and private equity – who are prepared to pay substantial premiums over stockmarket prices to own small UK quoted companies.

This takeover activity has helped to shine a light on AGVIT's investment opportunity by raising general awareness of the attractiveness of valuations. Encouragingly, the Managers' valuation framework suggests upside from the re-rating of the asset class. While it is not guaranteed that this will come in a prompt and smooth manner, investee companies are likely to continue to make underlying progress and build value for their shareholders. AGVIT is positioned to benefit from this with its diversified portfolio of resilient businesses, which has been constructed through the Managers' consistent investment process and value investment philosophy.

Aberforth Partners LLP
Managers

28 January 2025

Investment Portfolio

Fifty Largest Investments as at 31 December 2024

No.	Company	Valuation £'000	% of Total	Business Activity
1	Vesuvius	6,394	4.4	Metal flow engineering
2	Morgan Advanced Materials	4,278	3.0	Manufacture of carbon & ceramic materials
3	Smiths News	4,231	3.0	Newspaper distribution
4	Rathbones Group	3,934	2.7	Wealth management
5	PayPoint	3,854	2.7	Alternative payment services
6	Quilter	3,726	2.6	Wealth management
7	TI Fluid Systems	3,719	2.6	Automotive parts manufacturer
8	Bakkavor Group	3,401	2.4	Food manufacturer
9	MONY Group	3,374	2.3	Price comparison websites
10	Wilmington Group	3,278	2.3	Business information & training
Top Ten Investments		40,189	28.0	
11	NCC Group	3,227	2.2	IT security
12	Conduit Holdings	3,165	2.2	Bermuda based (re)insurer
13	Dowlais Group	3,161	2.2	Automotive parts manufacturer
14	Galliford Try Holdings	3,139	2.2	Building & infrastructure contractor
15	Sabre Insurance Group	3,114	2.2	Car insurance
16	ZIGUP	3,085	2.2	Van rental
17	C&C Group	3,003	2.1	Brewer and drinks distributor
18	FirstGroup	2,979	2.1	Bus & rail operator
19	Jupiter Fund Management	2,975	2.1	Investment management
20	XPS Pensions Group	2,942	2.0	Pension Consultancy
Top Twenty Investments		70,979	49.5	
21	PageGroup	2,896	2.0	Recruitment
22	Card Factory	2,824	2.0	Retailing - greetings cards
23	Keller	2,696	1.9	Ground engineering services
24	Workspace Group	2,549	1.8	Property - rental to small businesses
25	International Personal Finance	2,546	1.8	Home credit provider
26	Eurocell	2,492	1.7	Manufacture of UPVC building products
27	Kenmare Resources	2,464	1.7	Miner of titanium minerals
28	City of London Investment Group	2,418	1.7	Investment management
29	Hilton Food Group	2,167	1.5	Food manufacturer
30	Ashmore Group	2,021	1.4	Investment management
Top Thirty Investments		96,052	67.0	

Investment Portfolio

Fifty Largest Investments as at 31 December 2024

No.	Company	Valuation £'000	% of Total	Business Activity
31	Reach	1,995	1.4	UK newspaper publisher
32	Chesnara	1,941	1.4	Life insurance
33	Bloomsbury Publishing	1,923	1.3	Independent publishing house
34	CMC Markets	1,856	1.3	Financial derivatives trading platform
35	Bodycote	1,796	1.3	Engineering - heat treatment
36	Halfords Group	1,791	1.2	Automotive & cycling products retailer
37	Sirius Real Estate	1,764	1.2	Industrial & office property company
38	Castings	1,669	1.1	Engineering - automotive castings
39	Wickes Group	1,625	1.1	Home improvement retailer
40	NewRiver REIT	1,583	1.1	Property - retail
Top Forty Investments		113,995	79.5	
41	Picton Property Income	1,555	1.1	Property - diversified
42	TT Electronics	1,521	1.1	Sensors & other electronic components
43	DFS Furniture	1,500	1.0	Furniture retailer
44	Crest Nicholson	1,497	1.0	Housebuilding
45	RHI Magnesita	1,449	1.0	Refractory products
46	Speedy Hire	1,393	1.0	Plant hire
47	Energean	1,372	1.0	Oil & gas exploration and production
48	Robert Walters	1,332	1.0	Recruitment
49	Ricardo	1,254	0.9	Environmental & engineering consulting
50	Severfield	1,200	0.8	Structural steel specialist
Top Fifty Investments		128,068	89.4	
Other Investments (19)		15,264	10.6	
Total Investments		143,332	100.0	
Net Liabilities		(40,451)		
Total Net Assets		102,881		

Hurdle Rates & Redemption Yields

Hurdle Rates¹

	Ordinary Shares Hurdle Rates to return			ZDP Shares Hurdle rates to return	
	100p	Share Price	Zero Value	160.58p	Zero Value
At 31 December 2024	3.7%	1.9%	-10.7%	-10.7%	-55.3%
Inception ¹	3.0%	3.0%	-10.3%	-10.3%	-52.9%

Redemption Yields¹ & Terminal NAVs¹ (Ordinary Shares) as at 31 December 2024

Capital Growth (per annum)	Ordinary Share Redemption Yields ¹ Dividend Growth (per annum)					Terminal NAV ¹
	-20.0%	-10.0%	+0.0%	+10.0%	+20.0%	
-20.0%	-36.0%	-28.9%	-21.9%	-14.9%	-8.0%	0.0p
-10.0%	-29.3%	-24.6%	-19.1%	-13.1%	-6.7%	3.0p
0.0%	0.2%	1.4%	3.0%	5.2%	8.0%	66.1p
+10.0%	15.2%	15.9%	16.9%	18.2%	19.9%	175.7p
+20.0%	27.7%	28.3%	29.0%	29.9%	31.1%	356.5p

¹ Defined in the Glossary on pages 28 to 29.

The valuation statistics in the tables above are projected, illustrative and do not represent profit forecasts. There is no guarantee these returns will be achieved.

Principal Risks

The Board carefully considers the risks faced by the Company and seeks to manage these risks through continual review, evaluation, mitigating controls and action as necessary. A risk matrix for the Company is maintained. It groups risks into the following categories: portfolio management; investor relations; regulatory and legal; and financial and operational. The Company outsources all the main operational activities to recognised, well-established firms and the Board receives internal control reports from these firms, where available, to review the effectiveness of their control frameworks.

The Board regularly reviews emerging risks. These are risks that are still evolving, are not fully understood, but that could have a future impact on the Company. The Board also regularly monitors how the Managers integrate risks into the investment decision making.

Principal risks are those risks derived from the matrix that have the highest risk ratings based on likelihood and impact. They are expected to be relatively consistent from year to year given the nature of the Company and its business. The principal risks faced by the Company, together with the approach taken by the Board towards them, are summarised below. To indicate the extent to which the principal risks change during the period and the level of monitoring required, each principal risk has been categorised as either dynamic risk, requiring detailed monitoring as it can change regularly, or stable risk.

Investment performance and policy risk (a portfolio management risk)

The Company's investment policy and strategy expose the portfolio to share price movements. The performance of the investment portfolio will be influenced by stock selection, liquidity and market risk (see Market risk below). Investment in small companies is generally perceived to carry more risk than investment in large companies. While this is reasonable when comparing individual companies, it is much less so when comparing the risks inherent in diversified portfolios of small and large companies. The Board's aim is to achieve the investment objective by ensuring the investment portfolio is managed in accordance with the policy and strategy. The Board has outsourced portfolio management to experienced investment managers with a clearly defined investment philosophy and investment process. The Board receives regular and detailed reports on investment performance including portfolio and risk profile analysis. Senior representatives of Aberforth Partners attend each Board meeting. This remains a dynamic risk, with detailed consideration during the period. The Managers' Report contains information on portfolio investment performance and risk.

Market risk (a portfolio management risk)

Investment performance is affected by several market risk factors, which cause uncertainty about future price movements of investments. The Board delegates consideration of market risk to the Managers to be carried out as part of the investment process. The Managers regularly assess the exposure to market risk when making investment decisions and the Board monitors the results via the Managers' reporting. The Board and Managers closely monitor economic developments. This was a dynamic risk during the period, in which the Managers reported on market risks including those referred to in the Managers' Report.

Principal Risks

Political and taxation changes outwith the Company's control (a portfolio management risk)

Investment performance is affected by political and taxation risk factors, which cause uncertainty about future price movements of investments and may cause shareholder dissatisfaction. The Board monitors in conjunction with the Managers the political and tax landscape affecting the Company and takes action if in the best interests of shareholders as a whole. Company advisors provide regular updates. This is a dynamic risk.

Structural conflicts of interest (an investor relations risk)

The different rights and expectations of the holders of Ordinary Shares and the holders of ZDP Shares may give rise to conflicts of interest between them. While the Company's investment objective and policy seek to strike a balance between the interests of both classes of Shareholder, there can be no guarantee that such a balance will be achieved and maintained during the life of the Company. The Board acts in a manner that it considers fair, reasonable and equitable to both classes of Shareholder. This is a stable risk.

Significant fall in investment income (a portfolio management risk)

A significant fall in investment income could lead to the inability to provide an attractive level of income to Ordinary Shareholders. The Board receives regular and detailed reports from the Managers on income performance together with income forecasts. The Board and Managers monitor investment income and it is considered a dynamic risk.

Loss of key investment personnel (an operational and portfolio management risk)

The Board believes that a risk exists in the loss of key investment personnel at the Managers. The Board recognises that the collegiate approach employed by the Managers mitigates this risk. Board members are in regular contact with the partners and staff of the Managers and monitor personnel changes. This is a stable risk.

Regulatory risk (a regulatory and legal risk)

Breach of regulatory rules could lead to suspension of the Company's share price listings, financial penalties or a qualified audit report. Breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company losing investment trust status and, as a consequence, any capital gains would then be subject to capital gains tax. The Board reviews regular reports from the Secretaries to monitor compliance with regulations. This is a stable risk.

Cyber security risk (an operational risk)

The Company (or Managers) are subject to a cyber risk event negatively affecting shareholders or the Company's (or Managers) services. The Board oversees the Managers' (and other service providers') cyber security controls via external control reports and Board update papers. This is a dynamic risk.

Interim Management Report

A review of the half year and the outlook for the Company can be found in the Chairman's Statement and the Managers' Report.

Risks and Uncertainties

The Directors have a process for identifying, evaluating and managing the principal and emerging risks faced by the Company. This process was in operation during the period ended 31 December 2024 and continues in place up to the date of this report. The Company's capital structure is such that the underlying value of assets attributable to the Ordinary Shares is geared by the rising capital entitlements of the ZDP Shares and accordingly the Ordinary Shares should be regarded as carrying above average risk. The Company also has a £2 million overdraft facility, which when utilised increases the level of gearing. Mitigating factors in the Company's risk profile include its relatively simple capital structure, its diversified portfolio of small UK quoted companies, and outsourcing all of its main operational activities to recognised, well established firms.

The principal risks for the Company are set out on pages 15 and 16.

Going Concern

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. The Company's assets comprise mainly readily realisable equity securities, which, if necessary, can be sold to meet future funding requirements, though this can typically be achieved through use of the bank overdraft facility. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- (i) the condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of AGVIT, as at 31 December 2024, as required by DTR 4.2.4R of the Disclosure Guidance and Transparency Rules.
- (ii) the Half Yearly Report includes a fair review of information required by:
 - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events during the period to 31 December 2024 and their impact on the financial statements together with a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being disclosure of related party transactions and changes therein.
- (iii) the Half Yearly Report, taken as whole, is fair, balanced and understandable and provides information necessary for Shareholders to assess the Company's performance, objective and strategy.

On behalf of the Board

Angus Gordon Lennox

Chairman

28 January 2025

Income Statement

(unaudited)

For the period from incorporation on 29 March 2024 to 31 December 2024

	Notes	Revenue £'000	Capital £'000	Total £'000
Realised net gains on sales		–	1,342	1,342
Movement in fair value		–	(6,043)	(6,043)
Net (losses) on investments		–	(4,701)	(4,701)
Investment income		3,683	–	3,683
Other income		148	–	148
Investment management fee	3	(165)	(386)	(551)
Portfolio transaction costs ¹		–	(776)	(776)
Other expenses		(183)	–	(183)
Net return before finance costs and tax		3,483	(5,863)	(2,380)
Finance costs:				
Appropriation to ZDP Shares	8	–	(1,418)	(1,418)
Interest expense and overdraft fee		(1)	(3)	(4)
Return on ordinary activities before tax		3,482	(7,284)	(3,802)
Tax on ordinary activities		(6)	–	(6)
Return attributable to Equity Shareholders		3,476	(7,284)	(3,808)
Returns per Ordinary Share	5	3.24p	(6.79)p	(3.55)p

Dividends

On 28 January 2025, the Board declared a first interim dividend for the period ending 30 June 2025 of 1.50p per Ordinary Share, which will be paid on 10 March 2025.

¹ Portfolio transaction costs includes £602,000 in respect of stamp duty incurred on the transfer of securities from ASLIT to AGVIT. See note 9 for more information.

Reconciliation of Movements in Shareholders' Funds

(unaudited)

For the period from incorporation on 29 March 2024 to 31 December 2024

	Notes	Share capital £'000	Share Premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 29 March 2024		–	–	–	–	–	–
Return on ordinary activities after tax		–	–	–	(7,284)	3,476	(3,808)
Equity dividends paid	4	–	–	–	–	–	–
Issue of Ordinary Shares	9	1,073	106,258	–	–	–	107,331
Ordinary Share issue costs	9	–	(592)	–	–	–	(592)
Share Premium cancellation	9	–	(105,616)	105,616	–	–	–
Cost of Share Premium cancellation		–	(50)	–	–	–	(50)
Issue of Redeemable Shares	9	50	–	–	–	–	50
Redemption of Redeemable Shares	9	(50)	–	–	–	–	(50)
Balance as at 31 December 2024		1,073	–	105,616	(7,284)	3,476	102,881

Balance Sheet

(unaudited)

As at 31 December 2024

	Notes	31 December 2024 £'000
Fixed assets		
Investments at fair value through profit or loss	6	143,332
Current assets		
Debtors		550
Cash at bank		400
		950
Creditors (amounts falling due within one year)		
Other creditors		(111)
		(111)
Net current assets		839
Total assets less current liabilities		144,171
Creditors (amounts falling due after more than one year)		
ZDP Shares	8	(41,290)
TOTAL NET ASSETS		102,881
CAPITAL AND RESERVES: EQUITY INTERESTS		
Share Capital		
Ordinary Shares	9	1,073
Reserves		
Special reserve		105,616
Capital reserve		(7,284)
Revenue reserve		3,476
TOTAL EQUITY SHAREHOLDERS' FUNDS		102,881
Net Asset Value per Ordinary Share	7	95.85p
Net Asset Value per ZDP Share	7	102.59p

Approved and authorised for issue by the Board of Directors on 28 January 2025 and signed on its behalf by:

Angus Gordon Lennox
Chairman

Cash Flow Statement

(unaudited)

For the period from incorporation on 29 March 2024 to 31 December 2024

		Period to 31 December 2024 £'000
Net cash inflow from operating activities		2,603
Investing activities		
Purchases of investments		(23,426)
Sales of investments		7,363
Cash (outflow) from investing activities		(16,063)
Financing activities		
Proceeds from issue of Ordinary Shares	9	2,651
Proceeds from issue of ZDP Shares	9	12,182
Share issue costs paid	9	(969)
Interest and fees paid		(4)
Cash inflow from financing activities		13,860
Change in cash during the period		400
Cash at the start of the period		–
Cash at the end of the period		400

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of accounting

The financial statements have been presented under Financial Reporting Standard 104 (FRS 104) and the AIC's Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP). The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of the Company's investments as described below. The functional and presentation currency is pounds sterling, which is the currency of the environment in which the Company operates. The Board confirms that no significant accounting judgements or estimates have been applied to the financial statements and therefore there is not a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Investments

The Company's investments have been categorised as "financial assets at fair value through profit or loss" as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. Quoted investments are valued at their fair value, which is represented by the bid price. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its fair value. Purchases and sales of investments are accounted for on trade date. Gains and losses arising from changes in fair value are included in the capital return for the period, and transaction costs on acquisition or disposal of a security are expensed to the capital reserve.

(c) Income

Dividends receivable on quoted equity shares are accounted for on the ex dividend date as revenue, except where, in the opinion of the Board, the dividend is capital in nature, in which case it is treated as a return of capital. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, an amount equivalent to the cash dividend is recognised as income. Any surplus or deficit in the value of the shares received compared to the cash dividend forgone is recognised as capital. Other income is accounted for on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to revenue except as follows:

- expenses that are incidental to the acquisition and disposal of an investment are charged to capital; and
- expenses are charged to capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated, in which respect the investment management fee and finance costs incurred in connection with the overdraft facility have been allocated 70% to capital reserve and 30% to revenue reserve.

Notes to the Financial Statements

(e) Finance costs

The ZDP Shares are designed to provide a pre-determined capital growth from their original issue price of 100p on 1 July 2024 to a final capital entitlement of 160.58p on 30 June 2031, on which date the Company is planned to be wound up. The final capital entitlement of 160.58p per ZDP Share represents a gross redemption yield of 7.0% per annum over the life of the ZDP Shares, based on the issue price of 100p. No dividends are payable on the ZDP Shares. The provision for the capital growth entitlement of the ZDP Shares is included as a finance cost and charged to capital within the Income Statement.

Finance costs incurred in connection with the overdraft facility are accounted for on an accruals basis.

(f) Capital reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- increases and decreases in the valuation of investments held at the period end;
- gains on the return of capital by way of investee companies paying dividends which are capital in nature; and
- expenses, together with the related taxation effect, charged to this reserve in accordance with the above policies.

(g) Special reserve

This reserve may be treated as distributable profits for all purposes, including the payment of dividends to Ordinary Shareholders and the buy-back of shares provided, in both cases, that the projected final cumulative cover of the ZDP Shares does not fall below 2.0 times, immediately following any distribution to the Ordinary Shareholders from this reserve.

(h) Revenue reserve

Dividends can be funded from this reserve.

(i) Taxation

UK corporation tax payable is provided on taxable profits, where applicable, at the current rate. Deferred tax assets, using substantially enacted tax rates, are only recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of deferred tax assets may be deducted.

2. Alternative Performance Measures

Alternative Performance Measures (APMs) are measures that are not defined under the requirements of FRS 102 and FRS 104. The Company believes that APMs, referred to within "Financial Highlights" on page 1, provide Shareholders with important information on the Company. These APMs are also a component of management reporting to the Board. A glossary of the APMs can be found on page 28.

3. Investment Management Fee

The Managers, Aberforth Partners LLP, receive an annual management fee, payable quarterly in advance, equal to 0.75% of the Company's Total Assets. The investment management fee is allocated between revenue and capital as set out in note 1 (d).

Notes to the Financial Statements

4. Dividends

The directors have declared a first interim dividend for the period ending 30 June 2025 of 1.50p which will be paid on 10 March 2025 to holders of Ordinary Shares on the register on 7 February 2025. The ex dividend date is 6 February 2025. The first interim dividend has not been included as a liability in these financial statements. Deducting the first interim dividend from the Company's revenue reserves as at 31 December 2024 leaves revenue reserves equivalent to 1.74p per Ordinary Share.

5. Returns per Share

Net return for the period	£(3,808,000)
Weighted average Ordinary Shares in issue during the period	107,331,000
Return per Ordinary Share	(3.55)p
Appropriation to ZDP Shares for the period	£1,418,000
Weighted average ZDP Shares in issue during the period	40,249,000
Return per ZDP Share	3.52p

6. Investments at Fair Value

In accordance with FRS 102 and FRS 104, fair value measurements have been classified using the fair value hierarchy.

Level 1 – using unadjusted quoted prices for identical instruments in an active market.

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable based on market data.

Level 3 – using inputs that are unobservable for which market data are unavailable.

All investments are held at fair value through profit or loss. As at the reporting dates all investments are traded on a recognised stock exchange and have been classified as Level 1.

7. Net Asset Value (“NAV”) per Share

The Net Assets and the Net Asset Value per Share attributable to the Ordinary Shares and ZDP Shares as at 31 December 2024 are as follows.

	Ordinary Shares	ZDP Shares	Total Assets
Net assets attributable	£102,881,000	£41,290,000	£144,171,000
Number of Shares	107,331,000	40,249,000	147,580,000
Net asset value per Share	95.85p	102.59p	97.69p

Notes to the Financial Statements

8. Zero Dividend Preference Shares

	31 December 2024 £'000
Period ended:	
Issue of ZDP Shares (refer to notes 1(e) and 9)	40,249
Capitalisation of issue costs of ZDP Shares	(377)
Opening Balance	39,872
Issue costs amortised during the period	22
Capital growth of ZDP Shares	1,396
	41,290

Expenses of £377,000 associated with the issue of the ZDP Shares have been capitalised. These will be amortised over the expected life of the ZDP Shares and charged to capital as a finance cost within the Income Statement. Amortisation for the period to 31 December 2024 was £22,000.

9. Share Capital

	31 December 2024 Shares	31 December 2024 £'000
Issued		
Ordinary Shares of 1p each	107,331,000	1,073
ZDP Shares of 1p each	40,249,000	402
Total issued and allotted	147,580,000	1,475

Upon incorporation on 29 March 2024, the Company issued and allotted 1 Ordinary Share at £0.01. On 25 April 2024, 50,000 Redeemable Preference Shares were issued and allotted to enable the Company to obtain a trading certificate.

On 28 June 2024, the Company entered into a Transfer Agreement in connection with the scheme of reconstruction and winding up of ASLIT. Under this Transfer Agreement, a proportion of the assets of ASLIT were transferred to AGVIT as consideration for the issue of Ordinary and ZDP Shares to shareholders of ASLIT who elected to roll over their investment in ASLIT to AGVIT. The calculation date of 21 June 2024 was used for valuing ASLIT's assets transferred to AGVIT.

On 28 June 2024, 104,680,290 Ordinary Shares and 28,066,949 ZDP Shares were allotted to the shareholders of ASLIT who elected to roll over their investment in ASLIT to AGVIT at the issue price of £1 each. Assets amounting to £132.7 million were transferred from ASLIT in consideration for this allotment, including securities valued at £128.2 million.

Notes to the Financial Statements

In addition, 2,650,710 Ordinary Shares and 12,182,051 ZDP Shares were allotted to satisfy the demand of the Placing and Offer for Subscription at the issue price of £1 each. The proceeds of these issues were used to acquire securities for the Company's investment portfolio.

These allotments resulted in the Company having a total of 107,331,000 Ordinary Shares and 40,249,000 ZDP Shares, which were admitted to listing on the Official List and to trading on the London Stock Exchange on 1 July 2024. In addition, the 50,000 Redeemable Preference Shares were redeemed in full on 3 December 2024.

In November 2024, the High Court of Justice confirmed the cancellation of the entire amount standing to the credit of the Share Premium account and the creation of a Special Reserve, the balance of which may be treated as distributable profits for all purposes as permitted by the Articles of the Company. The Special Reserve will be available to be used for any buy-back of Ordinary Shares and ZDP Shares as permitted by the Companies Act 2006 and in accordance with the Company's Articles of Association.

Costs of £592,000 associated with the issue of the Ordinary Shares, net of the Aberforth Partners LLP cost contribution of £450,000, have been charged to the Share Premium account. Costs of £377,000 associated with the issue of the ZDP Shares will be amortised to capital as a finance cost in the Income Statement over the planned life of the ZDP Shares. Stamp duty amounting to £602,000 was also paid in relation to the transfer of securities from ASLIT to AGVIT under the Transfer Agreement, as detailed above. This cost is included in portfolio transaction costs as disclosed in the Income Statement.

10. Financial instruments and risk management

The Company's financial instruments comprise its investment portfolio (see pages 12 to 13), cash balances, ZDP Shares, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement, and accrued income. Note 1 sets out the significant accounting policies, including criteria for recognition and the basis of measurement applied for significant financial instruments, excluding cash at bank, which is carried at fair value. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The main risks that the Company faces arising from its financial instruments are as follows:

- (i) Market price risk – the risk that the market value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movement.
- (ii) Credit risk – the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Investment transactions are carried out with a large number of Financial Conduct Authority regulated brokers with trades typically undertaken on a delivery versus payment basis.
- (iii) Liquidity risk – the risk that the Company will encounter difficulty raising funds to meet its cash commitments as they fall due. Liquidity risk may result from either the inability to sell financial instruments quickly at their fair values or from the inability to generate cash inflows as required.
- (iv) Interest rate risk – the risk that the interest receivable/payable and the market value of investment holdings may fluctuate because of changes in market interest rates. The Company's investment portfolio is not currently directly exposed to interest rate risk. The Company's policy is to hold cash in variable rate bank accounts.

Notes to the Financial Statements

The Company's financial instruments are all denominated in sterling and therefore the Company is not directly exposed to significant currency risk. However, it is recognised that most investee companies, whilst listed in the UK, will be exposed to global economic conditions and currency fluctuations.

11. Related Party Transactions

The Board consists of four non-executive Directors, all of whom are considered to be independent by the Board. Each director has signed a letter of appointment to formalise the terms of their engagement. All of the Directors held shares in the Company at 31 December 2024 and their interests, in aggregate, were 852,367 Ordinary Shares and 47,635 ZDP Shares. The fees of the Directors for the period to 31 December 2024 were as follows.

	31 December 2024 £
Angus Gordon Lennox	17,500
Graeme Bissett	16,000
Lesley Jackson	16,000
Jane Tufnell	16,000
	65,500

There have been no related party transactions during the period to 31 December 2024 that have materially affected the financial position or the performance of the Company. During the period no Director or entity controlled by a Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

12. Company Information

Aberforth Geared Value & Income Trust plc is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Level 4, Dashwood House, 69 Old Broad Street, London EC2M 1QS.

13. Further Information

The foregoing do not constitute statutory accounts of the Company (as defined in section 434(4) of the Companies Act 2006). The financial statements cover the first six months of activities following the Company's Launch. All information shown for the period to 31 December 2024 is unaudited.

Certain statements in this report are forward looking. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements.

Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

Glossary of UK GAAP Measures

Net Asset Value, also described as Shareholders' Funds, is the value of total assets less all liabilities. The Net Asset Value or NAV per Ordinary Share is calculated by dividing this amount by the total number of Ordinary Shares in issue.

Net Asset Value (ZDP Share) is the value of the entitlement to the ZDP Shareholders. The Net Asset Value or NAV per ZDP Share is calculated by dividing this amount by the total number of ZDP Shares in issue.

Glossary of Alternative Performance Measures

Total Assets Total Return Total Assets Total Return represents the return of the combined funds of the Ordinary Shareholders and ZDP Shareholders assuming that dividends paid to Ordinary Shareholders were reinvested at the NAV per Ordinary Share at the close of business on the day the Ordinary Shares were quoted ex dividend.

Ordinary Share NAV Total Return represents the theoretical return on the NAV per Ordinary Share, assuming that dividends paid to Shareholders were reinvested at the NAV per Ordinary Share at the close of business on the day the shares were quoted ex dividend.

ZDP Share NAV Total Return represents the rate of capital growth required to achieve the final entitlement value of a ZDP Share.

Ordinary Share Price Total Return represents the theoretical return to an Ordinary Shareholder, on a closing market price basis, assuming that all dividends received were reinvested, without transaction costs, into the Ordinary Shares of the Company at the close of business on the day the shares were quoted ex dividend.

ZDP Share Price Total Return represents the return to a ZDP Shareholder, on a closing market price basis.

Discount is the amount by which the stockmarket price per Share is lower than the NAV per Share. The discount is normally expressed as a percentage of the NAV per Share.

Premium is the amount by which the stockmarket price per Share exceeds the NAV per Share. The premium is normally expressed as a percentage of the NAV per Share.

Glossary

Other Glossary Terms

Dividend Reinvestment Factor is calculated on the assumption that dividends paid by the Company were reinvested into Ordinary Shares of the Company at the NAV per Ordinary Share or the share price, as appropriate, on the day the Ordinary Shares were quoted ex dividend.

Gearing is calculated by dividing the asset value attributable to the ZDP Shares by the asset value attributable to the Ordinary Shares.

Hurdle Rate is the rate of capital growth per annum in the Company's investment portfolio to return a stated amount per Share at the planned winding-up date.

Ongoing Charges represents the percentage per annum of investment management fees and other operating expenses to the average published Ordinary Shareholders' NAV over the period.

Portfolio Turnover is calculated by summing the lesser of purchases and sales over the relevant period divided by the average portfolio value for that period.

Projected Final Cumulative Cover is the ratio of the total assets of the Company, as at the calculation date, to the sum of the assets required to pay the final capital entitlement of 160.58p per ZDP Share on the planned winding-up date, future estimated investment management fees charged to capital, and estimated winding-up costs.

Redemption Yield (Ordinary Share) is the annualised rate at which projected future income and capital cash flows (based on assumed future capital/dividend growth rates) are discounted to produce an amount equal to the share price at the date of calculation.

Redemption Yield (ZDP Share) is the annualised rate at which the planned future payment of capital is discounted to produce an amount equal to the price at the date of calculation.

Retained Revenue per Share is a cumulative figure calculated after accounting for dividends, including those not yet recognised in the financial statements.

Terminal NAV (Ordinary Share) is the projected NAV per Ordinary Share at the planned winding-up date at a stated rate of capital growth in the Company's investment portfolio after taking into account the final capital entitlement of the ZDP Shares, future estimated costs charged to capital, and estimated winding-up costs.

Key Dates

Company Incorporation Date	29 March 2024
Inception Date	28 June 2024
Launch/Listing Date	1 July 2024
Planned Winding-Up Date	30 June 2031

Directors

Angus Gordon Lennox (Chairman)

Graeme Bissett

Lesley Jackson

Jane Tufnell

Managers & Secretaries

Aberforth Partners LLP

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Edinburgh EH3 7NS

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Website: eu.mpms.mufg.com

Shareholder Portal: www.signalshares.com

Custodian

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Bankers

Handelsbanken

40 Torphichen Street

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Independent Auditor

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Registered in England and Wales

No: 15602886

Sponsors

J.P. Morgan Cazenove

25 Bank Street

Canary Wharf

London E14 5JP

Security Codes

	Ord Shares	ZDP Shares
SEDOL:	BPJMQ25	BPJMQ36
Bloomberg:	AGVI LN	AGZI LN
GIIN:	DDY70V.99999.SL.826	
LEI:	2138006A8FCYYWSIJE32	