



Net Assets £7.4m

Net Assets excluding unaudited current period revenues £7.4m

ORDINARY SHARES

Share Price 369.00p

NAV per Share 400.44p*

Premium / (Discount to NAV) (-7.85%)

Share Capital 1,837,205**

* includes unaudited revenue reserve to 31/12/2024

** excludes shares held in Treasury

FUND MANAGERS



JAMES BAKER

James joined Chelverton Asset Management in June 2014 to manage MI Chelverton UK Equity Growth Fund.

A history graduate from Cambridge University, he has over 30 years of equity market experience on both buy and sell sides, specialising for all of his career in UK small and mid-capitalisation stock selection. He has worked for several organisations over the years, but most notably spent from 1999 to 2011 as part of the ABN Amro, small mid cap sales team which was consistently top ranked by Extel. Prior to joining Chelverton he worked as the assistant fund manager on the Rathbone UK Recovery Fund.



EDWARD BOOTH

Edward joined Chelverton Asset Management in 2016 as an Assistant Fund Manager, becoming a Fund Manager in November 2017. Having graduated from the London School of Economics with a degree in Economics with Economic History, Edward qualified as a Chartered Accountant at Deloitte, where he focused on the insurance sector. Prior to joining Chelverton, he worked as a Business Analyst for Barclays, focusing on a number of areas including Investment Bank Revenue and Group Capital performance.



HENRY BOTTING

Henry joined Chelverton Asset Management in 2021 and was appointed co-manager in August 2022. Prior to joining, Henry worked on the Equity Sales team at FinnCap, where he specialised in UK small and micro-cap companies. He has a degree in Economic and Social History from the University of Edinburgh and prior investment management experience at Rathbones and OLIM. Henry is a CFA Charterholder.

INVESTMENT OBJECTIVE AND POLICY

The Company invests in cash-generative quoted UK Small and Mid-Cap Companies that are expected to grow faster than the UK stock market as a whole over the long term and which can finance their own organic growth.

The Company's objective is to outperform the UK equity market by investing in companies with higher-than-average earnings growth that are listed outside the top 100 stocks on either of the Main Market, AQSE or traded on AIM, to capture the smaller companies' outperformance effect. The Investment Manager believes the investment trust structure of the Company lends itself to investing in smaller, more illiquid growth stocks, as the closed-end structure removes the potential scenario where the Company needs to sell holdings at the wrong time to meet redemptions.

The Company principally invests (approximately 75 per cent of its funds) in shares of companies which are listed on the Main Market or AQSE or traded on AIM, with market capitalisations of less than £250 million. The Company also invests (approximately 25 per cent of its funds) in some UK listed companies with larger market capitalisations, for liquidity purposes.

MONTHLY MANAGER COMMENTARY

A dull December capped off a disappointing second half of 2024 for UK small and mid-cap investors, particularly for AIM listed growth stocks. In the first half of the year, the Trust enjoyed a strong recovery with falling inflation, real wage growth and a return to modest economic growth painting a helpful backdrop for the domestic economy with the prospect of rate cuts driving an uplift in equity valuations. With the new government coming in, bringing with it the prospect of some long overdue political stability, we had felt the UK mid and small cap market was well-placed for the second half.

As it turned out the new government quickly dampened confidence, identifying the need to raise taxes through an increase in employers' National Insurance payments, a move which is likely to squeeze margins and profits in sectors where businesses lack pricing power and increase price and inflation where they enjoy it, whilst also deterring employment. Additionally, plans for significantly higher unfunded public spending caused an adverse reaction in the bond market so reducing the scope for further rate cuts in the short-term. The final headwind for small cap investors were concerns regarding the possible removal of Inheritance Tax Relief on AIM share investments, causing the AIM market, where the Trust is more than 50% invested, to materially underperform the Main List in the run up to the budget. All of these factors help peg the Trust's NAV return back to 11% for the year, having returned 12% in the first half.

The Trust was marginally up in December, with a strong performance from On The Beach, on strong FY results and a positive outlook statement for the year ahead, and Windward, on a recommended bid for the company at a 47% premium. We added to our Brooks Macdonald and Man Group holdings on weakness and started new positions in Future, a consumer media publisher, and Windar Photonics, a specialist sensor and software provider to wind turbines. We trimmed our On the Beach and Auction Technology holdings, and sold down our position in Equals, subject of a recommended bid, to provide liquidity.

As we move into the New Year, we expect the market should adjust to the Budget news. From the Trust's perspective, given its focus on higher margin businesses with pricing power and its relatively low exposure to low margin labour intensive businesses, we're not expecting a material headwind from higher employment taxes. It should also become clear whether Trump's tariff agenda is more posturing to get better terms or whether it will actually happen and depress economic growth amongst the USA's trading partners. In the meantime, inflation remains relatively subdued, so the outlook for rates remains downward, albeit at a slower pace than originally hoped. In our view the Trust's universe of UK small and mid-cap stocks, whilst unloved, offer great value; witness the level of takeover activity with the Trust, with the bid for Windward highlighted above, and another early in January.

RETURNS

31/12/2024

Since change of investment policy (26 July 2023)*					
	CURRENT MONTH	3 MONTHS	6 MONTHS	1 YEAR	FROM INCEPTION
Share Price Ordinary Shares	-1.86%	-1.60%	4.53%	17.14%	11.82%
NAV Ordinary Shares	0.75%	1.50%	-0.27%	11.22%	18.55%
Deutsche Numis Smaller Companies Index ex Investment Trusts plus AIM	-0.14%	-1.63%	0.79%	5.02%	7.54%

Source: Chelverton Asset Management Limited and Morningstar and Deutsche Numis

Past performance is not a guide to future results

* The Investment Company PLC changed its investment policy on 26 July 2023.

The NAV as of that date has been taken as the tender price, which was equal to the estimated Post-Transaction NAV per Ordinary Share. For reasons of clarity, previous track record has been excluded from the performance table. For details of previous performance please see annual reports on The Investment Company plc website: <https://theinvestmentcompanyplc.co.uk>





DIRECTORS

IAN DIGHÉ
Non-Executive Chairman

TIM METCALFE
Senior Independent Non-Executive Director

MARTIN PERRIN
Non-Executive Director

DAVID HORNER
Non-Independent Non-Executive Director

CALENDAR

Year End 30 June

AGM November

Management Fee Up to 0.75%*

Ongoing Fee 2%*

* The Investment Manager has waived the management fee of 0.75% and shall instead make a contribution to the company costs to ensure that the annualised ongoing charge does not exceed 2% of NAV.

PRICE INFORMATION

Reuters INVM.L

SEDOL 0465825

CONTACT US

E: info@theinvestmentcompany.com

The Investment Company plc
The Office Suite, Den House,
Den Promenade
Teignmouth TQ14 8SY

W: www.theinvestmentcompanyplc.co.uk

Risk Factors

The value of investments and the income from them may go down as well as up and you may not get back your original investment. "Investment trusts can borrow money to make additional investments on top of shareholders funds (gearing), however, this is investment trust does not currently use any gearing. An investor could lose all of their capital. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile. Some of the annual management fee is currently charged to the capital of the Fund. Whilst this increases the yield, it will restrict the potential for capital growth. The level of yield may be subject to fluctuation and is not guaranteed. Net Asset Value ("NAV") performance is not the same as share price performance and investors may not realise returns the same as NAV performance.

Risk Rating of Shares Ordinary shares - High

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TOP TWENTY HOLDINGS

Holding	Sector*	% of Net Assets
Alpha Group International	Financials	2.2%
On the Beach Group	Consumer	2.1%
JTC	Financials	2.0%
Learning Technologies Group	Technology	2.0%
Global Data	Media	1.9%
Hostelworld	Consumer	1.8%
Restore	Support Services	1.8%
dotdigital	Technology	1.8%
Eurocell	Construction	1.7%
Bodycote	Industrials	1.7%
Brooks Macdonald	Financials	1.7%
Auction Technology Group	Technology	1.7%
Trufin	Financials	1.7%
Ashtead Technology	Support Services	1.7%
Gamma Communications	Technology	1.7%
Big Technologies	Technology	1.6%
Celebrus Technologies	Technology	1.6%
Sigmaroc	Construction	1.6%
Warpaint London	Consumer	1.6%
Man Group	Financials	1.5%
Total		35.3%

* Source Chelverton Asset Management Limited

SECTOR BREAKDOWN %

Sector %	% of Net Assets
Technology	23.1%
Industrials	12.5%
Financials	12.1%
Consumer	11.4%
Media	10.0%
Support Services	9.0%
Construction	8.5%
Healthcare	3.9%
Resources	0.9%
Cash & Income	8.6%
Total	100.0%

Source: Chelverton Asset Management Limited

MARKET CAP BREAKDOWN

% of Net Assets	No of stocks
Above £1bn	14
£500m - £1bn	8
£250m - £500m	17
£100m - £250m	23
Below £100m	27
Cash & Income	8.6%
Total	100.00% 89

Source: Chelverton Asset Management Limited

