momentum
global investment management

# Momentum Multi-Asset Value Trust plc

ANNUAL REPORT
AND ACCOUNTS
30 APRIL 2021

Refined Value

# Momentum Multi-Asset Value Trust plc

## (previously Seneca Global Income & Growth Trust plc)



This document may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this document. Nothing should be construed as a profit forecast.

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**For more information about Momentum Multi-Asset Value Trust plc, visit:**

www.momentum.co.uk/mavt

# Introducing your Manager: Momentum Global Investment Management

Momentum Global Investment Management ('MGIM') acquired Seneca Investment Managers ('SIML') in November 2020. The acquisition has combined two specialist Multi-Asset management businesses, enabling MGIM to grow its presence in the UK retail market whilst providing clients with an enhanced and more comprehensive Value proposition.

**Ferdi van Heerden**
CEO, MGIM

**Ferdi van Heerden, MGIM CEO:**

**"This is a compelling acquisition for MGIM. The teams complement each other well and have a strong cultural fit. We are pleased to have Momentum Multi-Asset Value Trust plc in our product suite and are committed to expanding our business in the UK."**

## MGIM'S MULTI-ASSET VALUE APPROACH

MGIM specialises in Multi-Asset investing. This style of investing combines traditional assets (such as equities and bonds) with less traditional assets (such as property, private equity, infrastructure and specialist financial investment vehicles) that seek to deliver specific long-term investment outcomes.

Our Refined Value approach takes the traditional Value Investing style and refines it to allow its application to a wider range of opportunities across a range of asset classes. This allows us to capitalise on new opportunities as they appear.

## WHO IS MGIM?

MGIM was established in the UK in 1998 and focuses on designing, building and managing outcome-based investment solutions, delivered through Multi-Asset portfolios and tailored client solutions. The firm is a wholly owned subsidiary of Momentum Metropolitan Holdings Limited, a large South African insurance and investment business listed on the Johannesburg Stock Exchange. The recent acquisition of SIML creates a truly broad and compelling range of Multi-Asset solutions.

The team of investment specialists is empowered to work collaboratively, and with partners, to identify and implement innovative investment ideas based on its wealth of experience. The team works closely with institutional and adviser partners in the UK and Europe, Asia, the Middle East, South America and South Africa in order to manage solutions that meet the needs of clients.

**Richard Ramsay**
Chairman, MAVT

**Richard Ramsay,Chairman of MAVT:**

**"Momentum Multi-Asset Value Trust plc is distinctive amongst investment trusts in having a wide range of investable assets each selected with a Value consideration. The investment team managing your Company remains the same, but now has access to enhanced research and support resources."**

# About Momentum Multi-Asset Value Trust plc

# Refined Value

Momentum Multi-Asset Value Trust plc ('MAVT' or your 'Company') is designed for investors who wish to combine the benefits of a quarterly income with long-term capital growth.

## OUR REFINED VALUE INVESTMENT APPROACH

Value Investing is a process which is traditionally applied solely to equity investment. As a Multi-Asset investor we seek to apply this process across a much wider range of asset classes seeking the best investment opportunities wherever they can be found. We describe this investment process as Refined Value Investing.

We combine direct investment in equities with holdings in a range of funds managed by Value-oriented external managers.

## OUR INVESTMENT OBJECTIVE

**Over a typical investment cycle, your Company seeks to achieve a total return of at least CPI plus 6% per annum after costs with low volatility and aims to increase the dividends paid to Shareholders at least in line with inflation, through the application of a Multi-Asset Investment Policy.**

The Manager defines a typical investment cycle as one which spans 5-10 years, and in which returns from the various asset classes are generally in line with their very long-term average. Low volatility is defined as being lower volatility than that which would be typical of a pure equity portfolio.

## OUR HISTORY

**1996**
Taverners Trust plc was established to invest in regional breweries and pubs

**2005**
Taverners changed its Investment Objective and became a Multi-Asset trust, renamed as Midas Income Growth Trust plc

**2014**
The management company was acquired by Seneca Investment Managers and your Company was renamed Seneca Global Income & Growth Trust plc

**2020**
Seneca Investment Managers was acquired by Momentum Global Investment Management in November of 2020

**2021**
Your Company changed its name to Momentum Multi-Asset Value Trust plc in March 2021

# Key Facts

**185.50p**
**+42.1%***
SHARE PRICE

**188.53p**
**+41.6%***
NET ASSET VALUE PER SHARE

**£66.6m**
**+4.9%***
SHAREHOLDERS' FUNDS

**6.72p**
**0.0%***
DIVIDEND PER SHARE

* For year ended 30 April 2021.

| | 30 April 2021 | 30 April 2020 | Change |
|---|---|---|---|
| Total assets[1] (£'000) | 73,621 | 70,516 | +4.4% |
| Shareholders' funds (net assets) (£'000) | 66,621 | 63,516 | +4.9% |
| Share price (mid market) | 185.50p | 130.50p | +42.1% |
| Net asset value per share (cum income) | 188.53p | 133.10p | +41.6% |
| (Discount)/premium[2] | (1.6)% | (2.0)% | |
| Net gearing[1] | 9.2% | 10.2% | |
| Ongoing charges ratio – excluding fund look through costs[2] | 1.62% | 1.51% | |
| Ongoing charges ratio – including fund look through costs[2] | 2.34% | 2.52% | |
| **Dividends and earnings** | | | |
| Revenue return per share | 5.48p | 6.79p | -19.3% |
| Dividends per share[3] | 6.72p | 6.72p | 0.0% |
| Revenue reserves (£'000) | 2,082 | 2,005 | +3.8% |

| Total returns against comparator indices for periods to 30 April 2021 | 1 Year | Cumulative 3 Years | 5 Years | Since 18.01.2012[5] |
|---|---|---|---|---|
| MAVT share price total return[2] | +48.5% | +19.7% | +52.7% | +162.3% |
| MAVT NAV total return[2] | +47.9% | +23.6% | +56.3% | +130.8% |
| Benchmark[4] | +7.5% | +23.1% | +34.1% | +49.6% |
| AIC Flexible Investment Sector | +18.8% | +17.9% | +48.5% | +105.7% |
| FTSE All-Share Index | +25.1% | +7.7% | +39.9% | +90.5% |

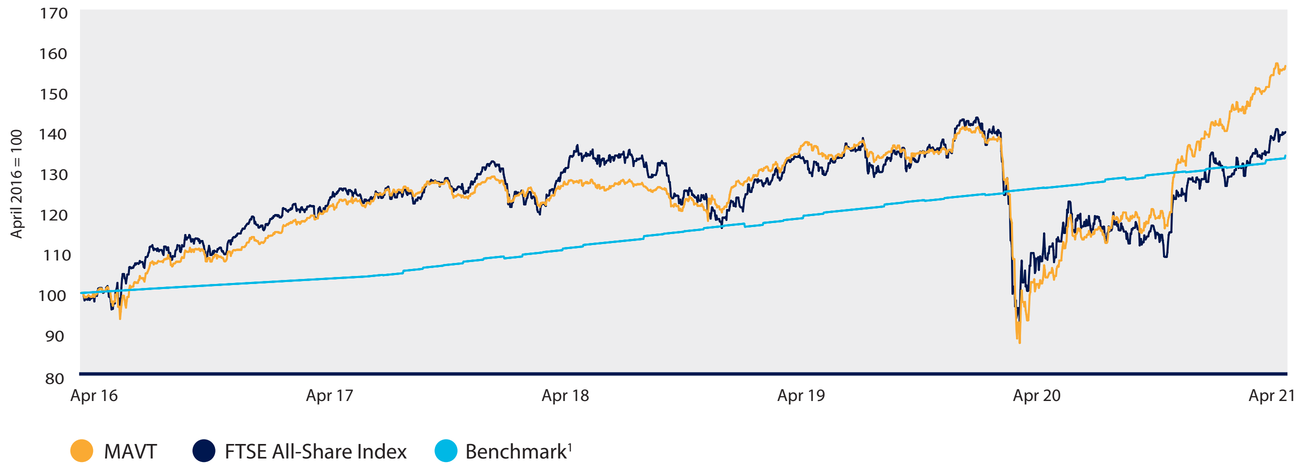
Source: FTSE Russell®/Morningstar/Momentum Investment Management Limited.

Total return represents the capital return plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

1 A glossary of terms can be found on pages 74 and 75.
2 Alternative Performance Measure – full details can be found on pages 72 and 73.
3 The third interim dividend was paid from distributable capital reserves, all other dividends were paid from revenue.
4 The Benchmark return is calculated using a blended return based on the Benchmark of CPI +6% from 7 July 2017 and previously of LIBOR GBP +3%.
5 Date of change to the current Investment Policy.

# Performance

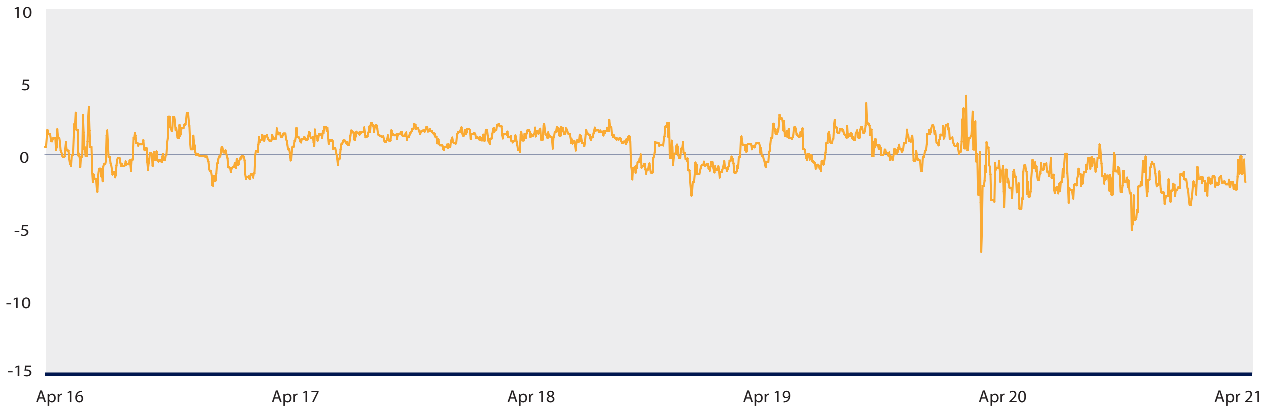
## Cumulative growth NAV total return




Source: FTSE Russell®/Momentum Global Investment Management

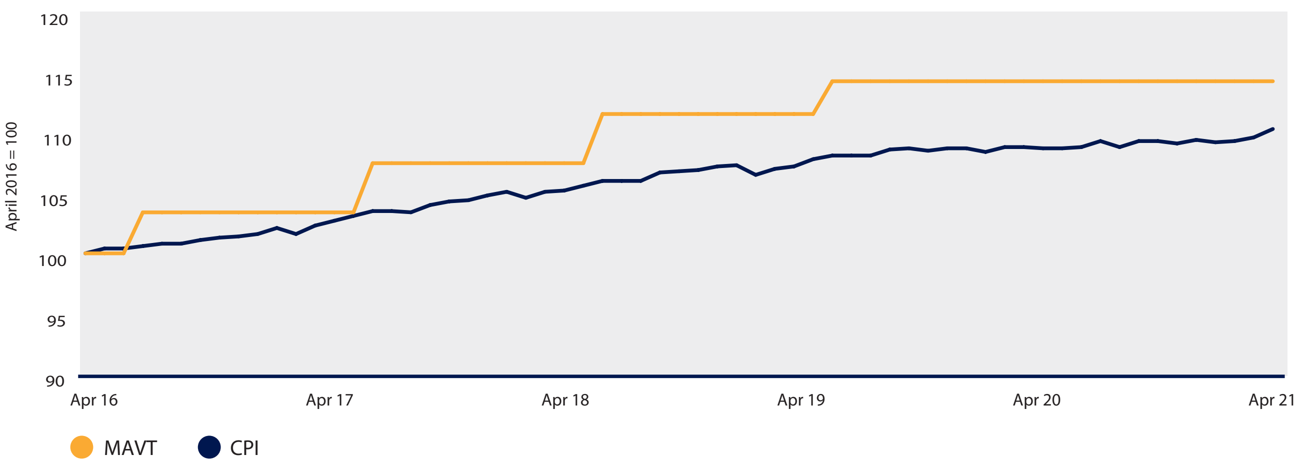
[1] The Benchmark return is a blended return based on the Benchmark of CPI +6% from 7 July 2017 and previously LIBOR GBP +3%.

## Company premium/(discount), % (based on cum income NAV)




Source: Bloomberg

## Dividend growth vs CPI




Source: Bloomberg

# Chairman's Statement



**Richard Ramsay**
Chairman

## OVERVIEW

**Three major events have dominated the year. Firstly, the global pandemic continued to overshadow all our lives but we hope that vaccine developments are now enabling a way out of the crisis. Secondly, after years of wrangling, Brexit finally happened, removing that uncertainty although the full impact will only be clearer once the COVID-19 'distortions' lift. Finally, last November, President Biden was elected leading to significant economic and political changes in US policy direction.**

| NET ASSET VALUE TOTAL RETURN[1] VS BENCHMARK | SHARE PRICE TOTAL RETURN[1] | ANNUAL VOLATILITY VS FTSE ALL-SHARE INDEX[2] | MAINTAINED DIVIDEND FOR THE YEAR | ANNUALISED YIELD BASED ON 185.5P YEAR-END SHARE PRICE |
|---|---|---|---|---|
| +47.9% vs +7.5% | +48.5% | 13.0% vs 18.0% | 6.72p per share | 3.6% |

**"Your Company has performed well, more than recovering from the challenges of the early stages of the pandemic in the first half of 2020. I am pleased to report significant increases in the Company's NAV and share price, and we are maintaining the dividend."**

[1] Total return represents the capital return plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

[2] Source: FTSE Russell®/Morningstar/Momentum Global Investment Management.

**All credit is due to the team managing the portfolio for sticking to its investment style and discipline through this difficult period. It is thanks to its conviction and consistency of approach that your Company has prospered this year.**

In my Interim Report, I noted that, in the first half of MAVT's financial year, the Value investment style had hindered performance. Over this time Growth Investing continued to outshine Value Investing as many investors favoured the large technology stocks. I also observed that "The real upside from a change in sentiment towards Value Investing remains to be realised". The excellent and literally lifesaving vaccine news in early November 2020 looks like it might prove to have been an inflection point in the switch from Growth to Value investment style factors. Thus far, it has proved to be the case and the disparity between Growth and Value is beginning to close. Furthermore, the clarity provided by the resolution of Brexit led to more investors reconsidering investment in the UK.

## PERFORMANCE

Against this backdrop, MAVT generated a net asset value ('NAV') total return per share for the year of +47.9%, compared with the Benchmark return of +7.5%. Over the last five years, your Company has generated a NAV total return per share of +56.3% (equivalent to 9.3% per annum) compared with +34.1% (equivalent to 6.0% per annum) from the blended Benchmark.

The Benchmark of CPI plus 6% per annum was adopted in July 2017 and performance against this Benchmark is measured over a 'typical investment cycle' which is defined as one that spans five to ten years. The CPI plus 6% per annum Benchmark has only been in place for the most recent four of the last five years, before which the Benchmark was lower (Libor plus 3% per annum) and hence needs to be blended to cover the five years.

The Manager's Review (pages 12 – 17), provides greater analysis and explanation of MAVT's performance for the year.

## CORPORATE DEVELOPMENTS

In March, the Company adopted its new name, Momentum Multi-Asset Value Trust plc, reflecting the sale of the Manager (Seneca Investment Managers Limited) to Momentum Global Investment Management Limited ('MGIM' or your 'Manager'). Your Company's new name also clearly describes the Multi-Asset portfolio as well as the Value investment style of MGIM.

It is worth reiterating that the investment management team responsible for the strong performance of your Company has not changed because of the sale.

**Your Board is delighted with the progress made by MGIM in integrating the acquisition of the Manager which has provided both continuity and supplementary resources to the Company.**

Our Company Secretary also had a change of ownership in 2020 and has changed its name from PATAC Limited to Juniper Partners Limited. There has been no change to the team at Juniper Partners and it continues to provide your Company with company secretarial, administration and discount control services and to act as our Alternative Investment Fund Manager ('AIFM').

## DIVIDENDS

Your Company will pay a fourth interim dividend of 1.68 pence per share (on 18 June 2021), which, when added to the three preceding interim dividends of the same amount, produces total dividends of 6.72 pence per share for the year to 30 April 2021, unchanged from the previous year. That represents a yield of 3.6% on the share price of 185.5 pence that prevailed at the year-end.

Your Board took the decision to maintain the dividend despite the extraordinary pressures on many investee companies and their ability to pay a dividend throughout the recession caused by COVID-19. This reflects the Board's belief in the resilience, quality and diversification of the portfolio. At the time of writing, several of the Company's UK equity holdings have yet to re-establish their policies on dividend payments and, until these become clearer and shareholder distributions normalise, it is difficult to give guidance on what MAVT's future income is likely to be. However, as has been noted previously, your Company has significant distributable reserves that allow it to maintain the 1.68p per share quarterly dividend rate for as long as the Board may consider appropriate and, barring unforeseen circumstances, for at least the financial year to 30 April 2022.

**Critically, the structure of your Company's reserves means that there is no need to make changes to the portfolio to generate income and your Company's current dividend policy does not conflict with the portfolio being managed to achieve the best possible total return.**

## DISCOUNT CONTROL MECHANISM ('DCM')

The DCM has been in operation from 1 August 2016, and during the year it bought back 12,382,740 shares costing £18.6m and issued no shares. Since being put in place, the operation of the DCM has resulted in the issuance of 13,755,000 shares and the buy-back of 18,315,013 shares; a net buy-back of 4,560,013 shares. As shares are issued at a small premium and bought back at a small discount the NAV of your Company has been enhanced by £437,222 after all applicable costs.

**The liquidity provided to Shareholders and the lack of any material discount of the share price to the underlying NAV of MAVT are of real value to Shareholders and the Board remains resolute in its application of the DCM to ensure these benefits are maintained.**

## GEARING

In November 2020, your Board announced that MAVT had renewed its £10m revolving credit facility with The Royal Bank of Scotland International Ltd for a further two years. At the financial year-end, £7m was drawn down and during this period the average net gearing level was 10.7%. A small amount of the drawn facility is held in cash to allow instant access to funds should the need arise. The undrawn element of the facility is in place largely to assist with the operation of the DCM, enabling gearing levels to be maintained when the DCM results in the issuance of new shares, and providing short-term working capital, if necessary, when shares are bought back.

## ANNUAL GENERAL MEETING ('AGM')

This year's AGM will be held on Thursday 22 July 2021 at MGIM's offices in London. We hope to be able to welcome Shareholders in person this year, particularly given the constraints we faced last year. We are proposing to hold a physical meeting that can also be viewed live via an online platform. Attendance at the physical meeting may still be restricted, depending on the UK Government guidelines in place at the time. Whilst we do hope to welcome the maximum number of Shareholders permissible within the guidelines, Shareholders are encouraged to consider viewing the AGM online and submitting any questions in advance.

Shareholders wishing to attend the AGM in person should register their intention as soon as practicable with the Company Secretary by e-mailing cosec@junipartners.com. Attendance in person will only be permitted if you have registered in advance by e-mail and provided contact details. Shareholders wishing to view the AGM online should also contact the Company Secretary, at the same e-mail address, to register and be provided with online access details.

At the 2020 AGM, Shareholders approved all resolutions, each by a majority of over 98% of shares voted. These resolutions included those that help with the effective management of the DCM specifically allowing the Company to issue shares on a non pre-emptive basis equivalent to 30% of its equity and to buy-back up to 14.99% of the shares in issue. Your Company also held a General Meeting in December 2020 at which Shareholders approved by a majority of over 99% a resolution to renew the Company's buy-back authority.

As last year, your Board is asking Shareholders to approve two separate resolutions concerning the issue of shares for an aggregate of 30%. The first resolution seeks permission to issue 10%, and the second (extra) resolution seeks permission to issue up to a further 20% solely in connection with the DCM. The Board believes this approach of seeking non pre-emption authorities is in the best interests of all Shareholders and addresses any concerns that the aggregate authority being sought is higher than the recommended Corporate Governance guidelines.

The Board believes that all the resolutions are in the best interests of your Company and all Shareholders and strongly recommends that Shareholders vote in favour of all the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings of 308,402 shares.

## OUR APPROACH TO RESPONSIBLE INVESTING

Investor focus on responsible investing and consideration of Environmental, Social and Governance ('ESG') criteria continues to increase. Many academic studies highlight that adopting such an approach as part of the investment process and portfolio construction can be both a risk mitigator and enhance long-term returns.

**Your Board and Manager believe that ESG considerations should minimise the portfolio's exposure to non-financial risks as well as helping to identify compelling new investment opportunities in well-managed companies with strong Governance.**

MAVT's investment approach has long considered ESG criteria and your Manager has now taken steps to define the approach to Responsible Investing which informs their investment decisions. Further information is outlined in the Responsible Investing section on page 11.

## OUTLOOK

Against the backdrop of continued global turbulence, it is pleasing to report on your Company's strong performance for the year. This was achieved in the context of a market environment that benefitted the Value Investing style. Your Manager is confident both that global markets remain conducive to this investment style and of the potential to continue to increase your Company's NAV, albeit at a more measured pace compared to the last year.

It is worth recalling that Value Investing had been out of favour, relative to Growth Investing, for many years before the impact of COVID-19 and the recent resurgence in Value Investing may well have several years to run yet.

**No forecast can be given with certainty and no path is smooth but, with a well-resourced and disciplined Manager and the continuing retreat of COVID-19 in developed countries, your Board is confident the future looks a good deal brighter than at this point last year.**

**Richard Ramsay**
Chairman

16 June 2021

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**Your Manager's Refined Value investment style takes the traditional Value Investing style and refines it to allow its application to a wider range of opportunities across a spectrum of asset classes.**

# The Investment Team

## GARY MOGLIONE
Lead Oversight Portfolio Manager

Gary focuses on Overseas Developed Market Equity and Credit research. He joined the Manager in April 2018 and works alongside Tom Delic in third-party, non-alternative fund analysis and selection. Previously Gary has performed similar fund management roles within Multi-Asset and Fund of Funds at Royal Liver Asset Managers and Amundi Investment Management.

## RICHARD PARFECT
Second Oversight Portfolio Manager

Richard applies a Value-driven approach to his specific focus on Specialist Assets. He is a Fellow of the CISI and was a founder of the Manager in 2002. Richard previously worked as a UK equity analyst at Merseyside Pension Fund and started his career at Neilson Cobbold.

## MARK WRIGHT
Portfolio Manager

Mark is responsible for UK Equity research. He began his career at the Manager in 2006 after graduating from the University of York with a BSc degree in Economics. Mark is a CFA Charter holder and an accredited member of the CFA Institute.

## TOM DELIC
Portfolio Manager

Tom covers Overseas Emerging Markets Equity and Credit research. He graduated in 2009 from the University of Liverpool with a first class degree in Mathematics with Finance. After beginning his career as an investment analyst for Royal Liver Asset Managers, Tom joined the team in October 2011.

# Refined Value Investing

## Your Company has a long heritage in Refined Value Investing, coupled with strong research expertise.

Our **strategic asset allocation** focuses on outcome-based investment principles and is designed to ensure a high probability of delivering against the Company's objectives. Our nimble approach to tactical asset allocation, in increasingly dynamic investment markets, serves to help manage volatility and enhance returns.

This is how we invest in each asset class:

- **UK Equities:** direct investment, drawing on the Manager's research experience and expertise in Value selection skill and judgement.
- **Overseas Equities:** investment in funds managed by talented third-party fund managers that share a Value investing approach and a focus on returns rather than benchmarks.
- **Credit:** selection of high quality, experienced third-party managers that offer a highly selective and differentiated approach.
- **Specialist Assets:** the Company invests in a wide range of assets and opportunities across this asset class including property, infrastructure, private equity and specialist financials which we expect to deliver long-term, sustainable returns that are more reliable than equities and have greater potential to increase in value than bonds.
- **Defensive Assets:** as part of the asset allocation approach the Manager can use Defensive Assets in anticipation of and during times of market stress. These are non-correlated assets that defend the portfolio value and reduce volatility, such as: gold, sovereign bonds and short exchange-traded funds.

We believe that this approach to combining and investing across these asset classes results in a highly differentiated approach to Refined Value Investing.

### OUR INVESTMENT PROCESS

**Strategic Asset Allocation (SAA): Equities, Credit, Specialist Assets, Defensive Assets and Cash and Equivalent**

**Tactical Asset Allocation (TAA)**
Variations from SAA according to bottom up valuations and macro indicators

| UK EQUITIES (DIRECT) | OVERSEAS EQUITIES | CREDIT | SPECIALIST ASSETS | DEFENSIVE ASSETS |
|---|---|---|---|---|
| Mid cap focus | Benchmark agnostic | TAA drives broad approach | Heterogeneous asset class | Non-correlated |
| Concentrated portfolio (15-25 holdings) | High active share | Preservation, yield, value | Exposure to real assets | Defensive qualities |
| Low turnover | Niche managers | Active managers with track records of avoiding defaults | Focus on security of income, asset value and terminal value | Used for times of market stress |
| | | | | Examples include gold, sovereign bonds, short ETFs |

**QUALITY OUTCOMES**

# Responsible Investing

**Responsible investment considerations form an integral part of our investment philosophy and are implemented throughout our investment process.**

MAVT follows MGIM's approach to responsible investing. MGIM is committed to responsible investing and has a Responsible Investing Committee which provides clear oversight for your Company.

Your Board and Manager believe that following an integrated Environmental, Social and Governance ('ESG') approach as a part of the investment decision-making enables us to manage our exposure to the related risks and will contribute to achieving long-term, sustainable returns. We do not operate a negative exclusion policy on "sin" stocks or sectors. Enabling positive change is part of our integrated approach, and in certain industries we include companies with both a clear strategy to transition to the lower carbon economy and an ESG focus.

MAVT is not a positive impact fund but a number of our holdings do have significant potential positive Environmental and Social impacts.

Your Board and Manager are committed to active ownership and engagement. We regard these undertakings as important aspects of responsible investment practice and key to strong risk management. We engage proactively with the boards and managements of the companies and third-party funds in which we invest in order to encourage, influence and improve their ESG practices, together with other business and commercial aspects.

We focus our engagement on material issues, and we vote our shares when we believe this is important to protect shareholder interests and maximise shareholder value. MGIM maintains records of proxy votes cast and other relevant engagements which will be disclosed in an annual Stewardship Report.

As a signatory (either directly or through its parent company), MGIM is committed to the UN's Principles of Responsible Investment (UNPRI), the principles agreed to by the Investment Consultants Sustainability Working Group, and is a supporter of the UK Stewardship Code.

## WE BELIEVE THAT:

- Non-financial ESG risks and opportunities are financially material and can have a significant impact on long-term performance.
- Integrating our understanding of ESG risks and opportunities into the investment process enables us to make more fully informed investment decisions
- Proactive engagement is generally welcomed by companies and enhances the value of our clients' investment over time

## WE ARE COMMITTED TO:

- Advocacy
- Consideration of ESG factors
- Active ownership and constructive engagement
- Clear reporting
- Full disclosure

# Manager's Review

## OVERVIEW

**Your Company had a particularly strong year, delivering a NAV total return of 47.9%.**

It is important to highlight how we got to this point and how positive we are for the future given the investment style and focus of MAVT. It may be helpful to provide some context around the environment over the past decade, the current situation and where we believe financial markets are heading.

In recent years, the environment has not been favourable to our Value investment style. Over the last decade we have witnessed significant outperformance of the Growth style which accelerated even further over the last five years. The spread of valuations between Value and Growth stocks was compelling before the pandemic but the COVID-19 induced lockdowns widened the gap further as Growth stocks, technology and healthcare companies in particular, were the beneficiaries. In many cases the market appeared to have completely abandoned normal valuation disciplines and instead expectations of growth, sentiment and momentum became the dominant drivers of investment decisions - this is the complete antithesis of our investment approach. We have seen all this before and, using history as an indicator, the disregard of the valuation discipline always ends abruptly and is followed by a strong Value cycle.

**We believe we are entering another rotation into a strongly supportive environment for MAVT's investment style.**

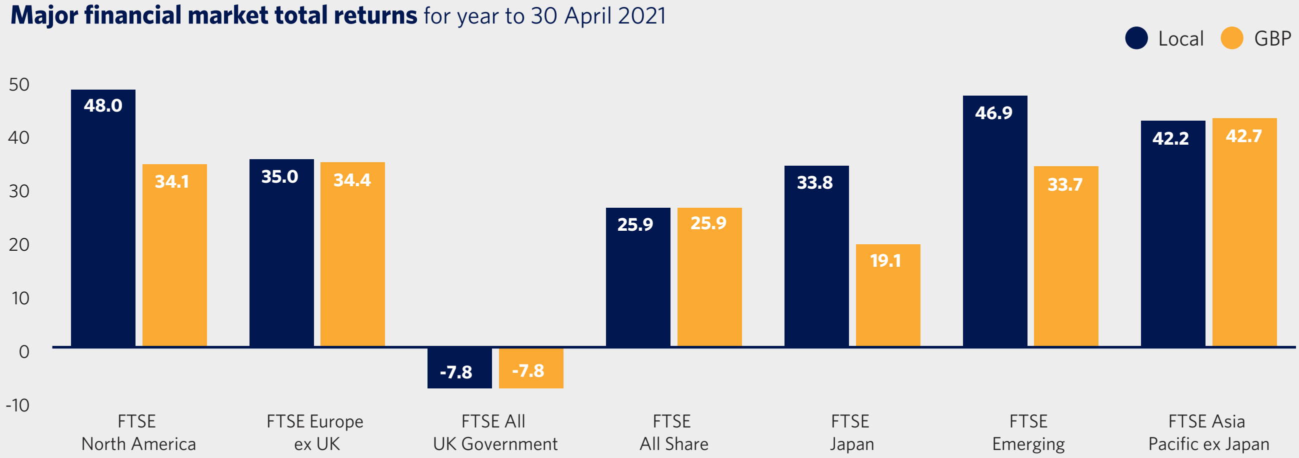
We seek to invest in stable, 'real world' areas such as toilet roll manufacturers, housebuilders, underwear brands and insurance companies. MAVT's investments will always be backed by real cash flows which are distributed to investors or reinvested to increase long-term earnings. There is no sentiment, hype or momentum rolled up into the share price of your investments that can be wiped out overnight.

**While some sectors of the market are still trading on exceptionally high valuations, MAVT owns a portfolio of investments with attractive fundamentals.**

For example, at the time of writing, your Company's Japanese equity exposure trades on a price to book ratio of 0.74x with 51% of market capitalisation consisting of cash and investments. Its US equity exposure has stronger earnings per share growth over the long-term than the S&P 500 but is currently trading on a price to earnings multiple of 12x compared to 22x for the index. Your Company's UK equity exposure trades at a price to book ratio of 1.4x versus 2.3x for the index, yet the average return on equity is 13.8% versus the index average of just 8.8%.

2020 was an exceptional year for returns but the valuation anomalies at the start of the year were so great we believe we are only just beginning to close the disparity between Value stocks and Growth stocks.

**Major financial market total returns** for year to 30 April 2021




Source: FTSE Russell®. Total returns expressed in sterling and local currency.

## PERFORMANCE

The period under review encapsulates the recovery from what we believed to be seriously oversold markets at the end of March 2020 as the COVID-19 pandemic took off around the world. There are several key factors that contributed to the significant returns achieved by your Company.

**Style:** After a decade of underperformance there have been numerous catalysts this year that have sparked a reversal in the fortunes of the Value and Growth styles in favour of Value.

**UK Equities:** The UK market was already trading on a deep discount to other global markets because of Brexit uncertainty. This was further compounded by the UK Government's slow initial response to the handling of the pandemic. We saw this as an excellent opportunity, with six new investments being added to our UK exposure and the topping up of several existing investments that were trading at historically low valuations. The second half of the period saw the Company's UK Equity investments gain 63% versus the index rise of 29%. This made the Company's UK Equity exposure the major contributor to returns over the year, comprising approximately half of the 47.9% NAV total return despite averaging little more than a third of the portfolio by weight.

**Active Management:** Market volatility over the past year has provided investors with opportunities and threats, in equal measure. We have looked for compelling new opportunities in high quality stocks that previously traded above our valuation threshold but had corrected to more reasonable prices. We also added to some of our current investments at attractive levels. In addition, we took the opportunity to take profits from stocks that outperformed through the pandemic by reducing **Investec Global Gold** and **Merian Chrysalis** (now renamed Chrysalis). The monies from these disposals were then invested in stocks trading at lows such as **Halfords**, **Arrow Global** and **Purplebricks**. These companies consequently became major contributors to performance.

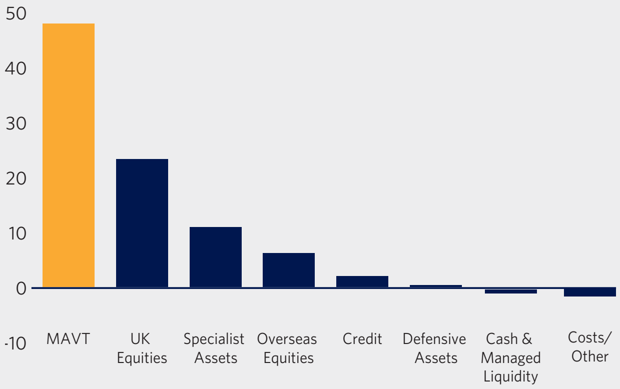
In addition to the broader areas discussed above it is also worth looking at some of the major contributors to performance on an individual holdings level.

The strength of the recovery has resulted in most of the portfolio's holdings posting positive returns. The top four contributors are all stocks that we believed were heavily oversold and undervalued at the peak of the pandemic. MAVT increased its holding in these stocks at, or near, the bottom of the market. As a result, the returns from each of these stocks, over the year, ranged from over 150% to 250%.

There have been no major detractors to performance. **DP Aircraft** was severely hampered by the pandemic but as one of the smallest holdings in the portfolio the impact has been relatively minor. **Babcock International** shares have come under pressure as the market feared issuance of new equity to strengthen the balance sheet but we did not believe this would be necessary and that the shares were undervalued. While some of Babcock's assets were impaired, and the profitability of some contracts written down, the amounts finally announced were less than feared by the market. The company has also ruled out the need to raise fresh equity. We expect a strong recovery from here with the shares trading at a price to book ratio of 0.6x compared to a 10-year average of over 2.3x.

### Contribution analysis by asset class

for year to 30 April 2021




Source: Momentum Global Investment Management/StatPro Revolution

### Contribution analysis by individual holdings

in the year to 30 April 2021

| | Asset Class | Contribution |
|---|---|---|
| **Contributors** | | |
| 1. Arrow Global Group | UK Equities | +3.11 |
| 2. Halfords Group | UK Equities | +2.86 |
| 3. Purplebricks Group | UK Equities | +2.83 |
| 4. Marston's | UK Equities | +2.59 |
| 5. Chrysalis Investments | Specialist Assets | +1.85 |
| **Detractors** | | |
| 1. Babcock International Group | UK Equities | -0.82 |
| 2. DP Aircraft I | Specialist Assets | -0.57 |
| 3. Round Hill Music Royalty Fund | Specialist Assets | -0.06 |
| 4. Kier Group | UK Equities | -0.04 |
| 5. Accrol Group | UK Equities | 0.00 |

Source: Momentum Global Investment Management /StatPro Revolution.

## ASSET ALLOCATION

MAVT is a Multi-Asset fund. However, its strategic asset allocation is more equity-oriented than its AIC Flexible Investment peer group. The strategic asset allocation is as follows:

- 35% in UK Equities
- 25% in Overseas Equities
- 25% in Specialist Assets
- 15% in Credit

The key decision we implemented over the year was to increase our UK Equity holdings prior to the strong recovery in this market. We also raised our exposure to Specialist Assets where the overwhelming majority of our holdings have maintained or increased their dividends, an exceptional achievement in this environment. The reduction in Overseas Equities is more an effect of stronger sterling than a reduction in allocation. The increases to UK Equities and Specialist Assets have been predominantly funded by reducing our Defensive Assets and Credit exposure. The significant reduction in Defensive Assets was predominantly taking profits from our gold exposure over the summer. At the start of the period gold was 7.3% of the portfolio as a result of the rapid appreciation of the gold price versus the depressed levels of the equity valuations.

### UK Equities

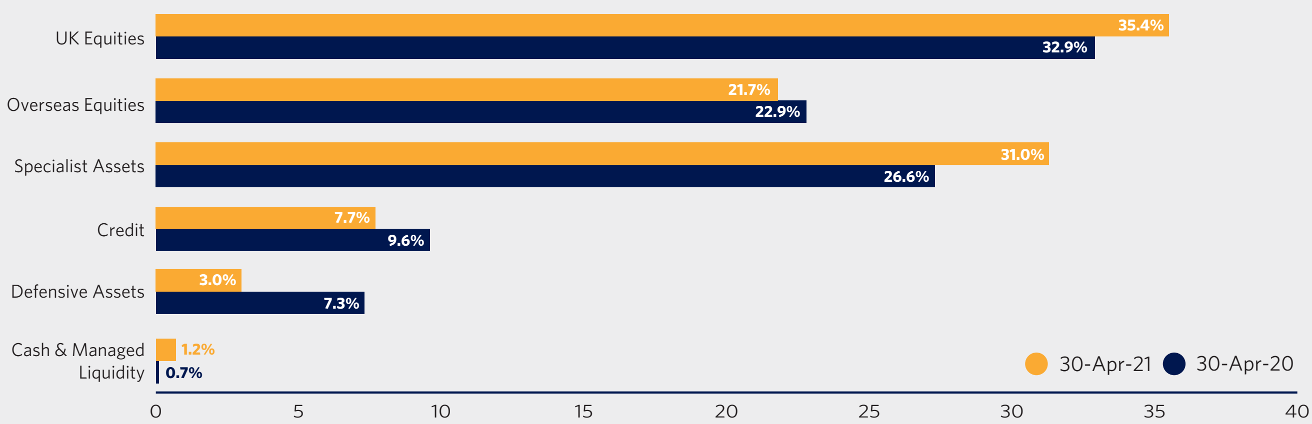
Given the extreme volatility in equity markets this has been a highly active period for your Company. With its strong valuation focus, many stocks previously considered out of reach from a valuation perspective corrected sufficiently to trade at prices that fell within our valuation thresholds. We have taken advantage of this environment with six new additions to the portfolio.

We purchased **Strix Group** in July 2020. Strix is a market leader in the manufacture of thermostats for kettles and is covered in the case study on page 23.

We made two new investments in the financial sector. The first is **M&G**, an asset manager which demerged from Prudential in October 2019. The company was clearly trading on a low valuation in 2020 with a dividend yield at the time of purchase in excess of 13%. The dividend was covered approximately 1.6x by operating capital generation. The business is trying to replicate the success of PruFund (AUM approx. £54 billion) in Europe which, if well executed, should generate attractive growth.

By contrast, **Conduit Holdings**, purchased at IPO in October 2020, is a new entrant to the reinsurance market. When capital floods into the reinsurance market prices weaken but when capital is scarce prices increase. After several years of high insurance claims there is significant capital tied up in balance sheets to cover legacy claims and a lack of new capital entering the market. Conduit has entered the market with a clean balance sheet, putting capital to work in a hardening interest rate environment. The business intends to pay dividends providing a yield of 5.5%, supported by a strong balance sheet. The IPO was executed at book value on a business that should deliver a mid-teen return on equity. We believe there is scope for considerable upside coupled with an attractive yield.

**Portfolio asset allocation** – comparison between 30 April 2020 and 30 April 2021




Source: Momentum Global Investment Management. All figures are expressed as a percentage of total investments plus cash.

We have had little or no exposure to oil and gas stocks in recent years. However, we recently purchased **Diversified Energy Company** ('DEC'). DEC is not an exploration company but an operator of gas fields. Natural gas will play a vital role supporting the transition to increased renewable energy around the world. The management team seeks to purchase mature fields that have highly predictable flows for low valuations. At the time of our purchase the dividend yield was over 10% and well covered by free cash flow.

**Ultra-Electronics** is a high-quality electronics business operating in the aerospace, defence, security, cyber, transport and energy sectors. We originally purchased this stock in 2016 but sold in 2020 to recycle the capital into stocks with greater upside potential. In recent months the share price retreated and the margin of safety between intrinsic value and share price became attractive enough for it to be brought back into the portfolio.

The final purchase was **Accrol**. Not the most glamorous of stocks in that it manufactures own label toilet rolls and tissues for many of the discount supermarkets. The company is benefiting from a new management team, with an excellent track record which is now reducing headcount, introducing a stronger cost discipline and negotiating customer contracts that include the ability to pass on production cost increases.

We sold out of two stocks this year. **Phoenix Group** had performed well and had been a significant contributor to income, maintaining its dividends throughout the pandemic, but the stock had reached the upper range of our valuation.

The other exit from the portfolio was **Arrow Global** which has accepted a bid from TDR Capital and the deal should close in the third quarter of 2021.

Furthermore, as Brexit uncertainty clears and we emerge from the pandemic, we expect to see an increase in mergers and acquisitions. We believe that there is significant potential for corporate activity directed at some of the companies we are invested in, with the likelihood of further upside in their share prices.

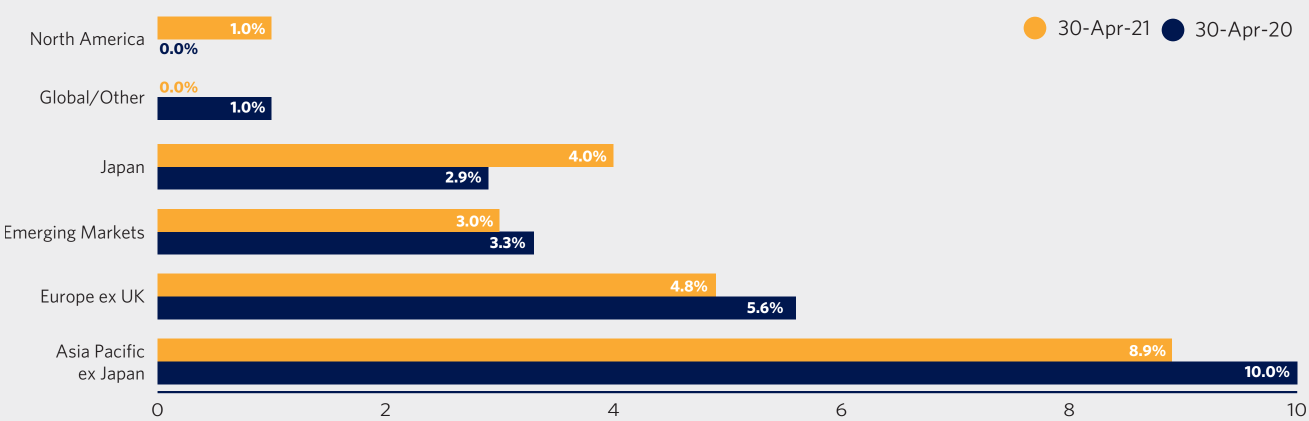
## Overseas Equities

In June 2020 we introduced **Conventum Lyrical** as our first investment in US equities for several years. While the US market looked expensive it was led by a small number of stocks.

We reviewed several classic Value funds that demonstrated expertise in the cheapest corners of the US market prior to selecting the Conventum Lyrical fund. The manager has a strong long-term track record but had underperformed in recent years as the environment did not suit the investment style.

The S&P 500 has historically maintained a 23% valuation premium to the portfolio companies. However, due to S&P 500 strength and Conventum Lyrical's portfolio names remaining unloved, that index premium had grown to 126% against Conventum Lyrical's portfolio. We saw this as a compelling opportunity to invest in a manager which has delivered over the long-term but was, we believed, at the low point in the cycle. Your Company has been handsomely rewarded for this contrarian investment which has returned 82% in dollar terms since purchase, outperforming the S&P 500 by 42% and now ranks seventh out of 1,329 US Equity funds. We have recently trimmed the position by taking some profits.

**Overseas equity allocations** comparison between 30 April 2020 and 30 April 2021




Source: Momentum Global Investment Management. All figures are expressed as a percentage of total investments plus cash.

During the period we also sold **Liontrust European Enhanced Income** and purchased **JP Morgan European Investment Trust - Income** ('JETI'). Generally we like to invest in high conviction, capacity constrained, actively managed portfolios run by portfolio manager-owned boutiques. The JETI portfolio does not fit this model but we believe this quant-driven, large cap portfolio of 250 higher yielding European stocks, managed by one of the world's largest asset managers, is currently attractive. JETI has a strong long-term track record of outperforming the index. However, it has had a period of underperformance as investors preferred Growth stocks. At the time of purchase JETI had a dividend yield of over 5%, versus the market at 2%, and was trading at a double digit discount to NAV and stood well placed to use its investment trust status to at least maintain its dividend. By investing in JETI we have purchased a robust, well-diversified income stream and a growing NAV which should result in the discount reducing over time. This provides potential for strong capital growth and the receipt of a dividend over twice the market level while we wait.

Our overseas equity exposure is still dominated by smaller boutique managers including Samarang, Morant Wright, CIM and HMG but we pride ourselves on our breadth of research and flexibility to recognise an opportunity that falls outside our normal considerations.

## Specialist Assets

We made a new investment in **Home REIT** which funds the acquisition and building of high quality accommodation for homeless people in the UK. Rental growth will typically be contractually linked to inflation and the minimum targeted dividend yield is 5.5% per annum.

We participated in the IPO of **Round Hill Music Royalty Fund**, an investment we think is complementary to our holding in Hipgnosis. Round Hill looks to purchase established music publishing assets that have stood the test of time. This reduces the risk of acquiring catalogues at a valuation based on peak earnings compared to acquiring the rights to contemporary popular songs where there is no visibility or guarantee of their revenue potential in the future. Zync, a business acquired by Round Hill in 2017, specialises in actively managing music catalogues to generate additional revenue via opportunities such as synchronisation licenses which include advertisements and TV and film soundtracks. The company aims to deliver a dividend yield of 4.5% and total shareholder return of 9-11%.

We also took part in the large equity placing of **Gore Street Energy Storage Fund** which owns a portfolio of operational lithium-ion battery storage assets across the UK and Republic of Ireland. The assets can generate revenue via several means such as intraday trading and contractual revenue from National Grid to provide energy during spikes in demand. Managed by an experienced investment team and backed by several large public and private investors, the company is paying a dividend yield based on the IPO price of 7% and targeting a minimum total return of 10%.

In February we introduced **Cordiant Digital Infrastructure** to the portfolio. This is a newly formed investment company that will invest in the "plumbing of the Internet". The company seeks exposure to three main categories of digital infrastructure: mobile communication towers, data centres and fibre-optic networks. The demand for the physical infrastructure that enables online activities to take place continues to gather strong momentum. The three categories of assets targeted by Cordiant have low obsolescence risk, high customer renewal rates and often enjoy long contracts that typically have annual uplifts built into the lease agreements. The investment manager (Cordiant Capital) is highly experienced and the company is targeting a total return of 9% per annum.

Towards the end of the period, we also purchased **Digital 9 Infrastructure** at its IPO. The investment company will seek exposure to a mixed portfolio of sub-sea cable, data centres, 5G mobile towers and terrestrial fibre. Like Cordiant these target assets are experiencing growing demand and offer similarly attractive investment characteristics. The company is targeting an initial dividend yield of 6% per annum and a total return of 10% per annum.

## Credit

Throughout the year our Credit allocation was reduced to fund equity and Specialist Asset opportunities where we saw considerably higher upside potential. We also repurchased **Royal London Sterling Extra Yield Bond Fund** which was sold in the previous year. This was funded by a reduction in **Royal London Global Short Duration High Yield Bond Fund** as the Sterling Extra Yield fund is in a recovery phase and we believe offers more upside.

## OUTLOOK

Our view of where markets are moving is driven primarily by our valuation analysis rather than trying to predict the future by second guessing how politicians and central bankers will behave. There are strong correlations between the current valuation of markets and returns over the following five years. Our analysis shows that valuations are elevated in many markets. However, we still see potential opportunities in areas such as Japanese Equities, Asia Pacific (Ex Japan) and Emerging Market Equities.

The compelling investment case in the broader UK Equity market that existed last year is gradually closing. Nevertheless, we still see a range of valuations including the more domestic focused, mid cap stocks which we believe still offer significant upside potential compared to the wider market.

We remain somewhat pessimistic on the prospects for Government bonds against a backdrop of increased inflation risk. We have also been trimming our US Equity exposure to take profits following the recent gains as valuations have reached what we believe to be their upper levels. On the macro side, we do not see economies under great strain and with the huge levels of liquidity that have been pumped into markets over the past year there is still room for further growth in the wider equity markets.

Overall, the portfolio has a strong bias to the UK, Value and mid-cap equities. There is currently a strong tailwind behind each of these factors and we expect to be able to take advantage of this environment and continue to deliver strong returns to Shareholders.

**Momentum Global Investment Management**
16 June 2021

“

**We seek to invest in stable and real world areas such as toilet roll manufacturers, housebuilders, underwear brands and insurance companies. MAVT’s investments will always be backed by real cash flows which are distributed to investors or reinvested to increase long-term earnings. There is no sentiment, hype or momentum rolled up into the share price of your investments that can be wiped out overnight.**

# Ten Largest Holdings

(All figures are in £'000s)

**KEY**

- OVERSEAS EQUITIES
- CREDIT
- UK EQUITIES
- DEFENSIVE ASSETS
- SPECIALIST ASSETS

### 1 MORANT WRIGHT FUJI YIELD FUND

| | |
|---|---|
| Valuation 2020 | 2,084 |
| Purchases | 1,127 |
| Sales | (507) |
| Appreciation/ (depreciation) | 242 |
| Valuation 2021 | 2,946 |

### 2 CIM DIVIDEND INCOME FUND

| | |
|---|---|
| Valuation 2020 | 3,195 |
| Purchases | - |
| Sales | (1,074) |
| Appreciation/ (depreciation) | 648 |
| Valuation 2021 | 2,769 |

### 3 GOODHART PARTNERS HORIZON FUND HMG GLOBAL EMERGING MARKETS EQUITY FUND

| | |
|---|---|
| Valuation 2020 | 2,314 |
| Purchases | - |
| Sales | (353) |
| Appreciation/ (depreciation) | 282 |
| Valuation 2021 | 2,243 |

### 4 SAMARANG ASIAN PROSPERITY FUND

| | |
|---|---|
| Valuation 2020 | 2,303 |
| Purchases | - |
| Sales | (259) |
| Appreciation/ (depreciation) | 104 |
| Valuation 2021 | 2,148 |

5

**ABSALON EMERGING MARKETS CORPORATE DEBT FUND**

| | |
|---|---|
| Valuation 2020 | 1,831 |
| Purchases | - |
| Sales | (330) |
| Appreciation/ (depreciation) | 309 |
| Valuation 2021 | 1,810 |

6

**CLINIGEN GROUP**

| | |
|---|---|
| Valuation 2020 | 1,480 |
| Purchases | - |
| Sales | - |
| Appreciation/ (depreciation) | 269 |
| Valuation 2021 | 1,749 |

7

**DIVERSIFIED ENERGY COMPANY**

| | |
|---|---|
| Valuation 2020 | - |
| Purchases | 1,462 |
| Sales | - |
| Appreciation/ (depreciation) | 208 |
| Valuation 2021 | 1,670 |

8

**TWENTYFOUR SELECT MONTHLY INCOME FUND**

| | |
|---|---|
| Valuation 2020 | 1,480 |
| Purchases | - |
| Sales | (138) |
| Appreciation/ (depreciation) | 310 |
| Valuation 2021 | 1,652 |

9

**NINETY ONE GLOBAL GOLD FUND**

| | |
|---|---|
| Valuation 2020 | 3,107 |
| Purchases | - |
| Sales | (1,434) |
| Appreciation/ (depreciation) | (33) |
| Valuation 2021 | 1,640 |

10

**PRUSIK ASIAN EQUITY INCOME FUND**

| | |
|---|---|
| Valuation 2020 | 1,615 |
| Purchases | - |
| Sales | (176) |
| Appreciation/ (depreciation) | 185 |
| Valuation 2021 | 1,624 |

# Investment Portfolio

## AS AT 30 APRIL 2021

| Name | Sector | Asset class | Valuation £'000 | % |
|---|---|---|---|---|
| Morant Wright Fuji Yield Fund [A] | Unit trusts and OEICs | Overseas Equities | 2,946 | 3.99 |
| CIM Dividend Income Fund [A] | Unit trusts and OEICs | Overseas Equities | 2,769 | 3.75 |
| Goodhart Partners Horizon Fund HMG Global Emerging Markets Equity Fund [A] | Unit trusts and OEICs | Overseas Equities | 2,243 | 3.04 |
| Samarang Asian Prosperity Fund [A] | Unit trusts and OEICs | Overseas Equities | 2,148 | 2.91 |
| Absalon Emerging Markets Corporate Debt Fund [A] | Unit trusts and OEICs | Credit | 1,810 | 2.45 |
| Clinigen Group | Support services | UK Equities | 1,749 | 2.37 |
| Diversified Energy Company | Oil & gas producers | UK Equities | 1,670 | 2.26 |
| TwentyFour Select Monthly Income Fund | Investment companies | Credit | 1,652 | 2.23 |
| Ninety One Global Gold Fund [A] | Unit trusts and OEICs | Defensive Assets | 1,640 | 2.22 |
| Prusik Asian Equity Income Fund [A] | Unit trusts and OEICs | Overseas Equities | 1,624 | 2.20 |
| **Top ten investments** | | | **20,251** | **27.42** |
| JP Morgan European Investment Trust | Investment companies | Overseas Equities | 1,615 | 2.19 |
| Fair Oaks Income | Investment companies | Specialist Assets | 1,587 | 2.15 |
| Ediston Property Investment Company | UK REITs | Specialist Assets | 1,532 | 2.07 |
| Purplebricks Group | Support services | UK Equities | 1,530 | 2.07 |
| BT Group | Fixed line telecoms | UK Equities | 1,484 | 2.01 |
| OSB Group | General financial | UK Equities | 1,476 | 2.00 |
| RM Secured Direct Lending | Investment companies | Specialist Assets | 1,473 | 1.99 |
| Schroder UK Public Private Trust | Investment companies | Specialist Assets | 1,463 | 1.98 |
| UK Mortgages | Investment companies | Specialist Assets | 1,443 | 1.95 |
| Vistry Group | Household goods | UK Equities | 1,428 | 1.93 |
| **Top twenty investments** | | | **35,282** | **47.76** |
| Babcock International Group | Support services | UK Equities | 1,417 | 1.92 |
| Origin Enterprises | Food producers | UK Equities | 1,412 | 1.91 |
| AEW UK REIT | UK REITs | Specialist Assets | 1,387 | 1.88 |
| Invesco Perpetual European Equity Income Fund [A] | Unit trusts and OEICs | Overseas Equities | 1,334 | 1.80 |
| Royal London Sterling Extra Yield Bond Fund [A] | Unit trusts and OEICs | Credit | 1,301 | 1.76 |
| Strix Group | Electronic & electrical equipment | UK Equities | 1,283 | 1.74 |
| Marks & Spencer | General retailers | UK Equities | 1,268 | 1.72 |
| Legal & General | Life insurance | UK Equities | 1,197 | 1.62 |
| Merian Chrysalis | Investment companies | Specialist Assets | 1,182 | 1.60 |
| Syncona | Investment companies | Specialist Assets | 1,153 | 1.56 |
| **Top thirty investments** | | | **48,216** | **65.27** |
| The PRS REIT | UK REITs | Specialist Assets | 1,152 | 1.56 |
| Sequoia Economic Infrastructure Income Fund | Investment companies | Specialist Assets | 1,139 | 1.54 |
| Senior Engineering | Aerospace & defence | UK Equities | 1,125 | 1.52 |
| Round Hill Music Royalty Fund | Investment companies | Specialist Assets | 1,118 | 1.51 |
| Essentra | Support services | UK Equities | 1,098 | 1.49 |
| Marston's | Travel & leisure | UK Equities | 1,095 | 1.48 |
| Hipgnosis Songs Fund | Investment companies | Specialist Assets | 1,021 | 1.38 |
| National Express | Travel & leisure | UK Equities | 959 | 1.30 |
| Royal London Short Duration Global High Yield Bond Fund [A] | Unit trusts and OEICs | Credit | 935 | 1.27 |
| International Public Partnerships | Investment companies | Specialist Assets | 924 | 1.25 |
| **Top forty investments** | | | **58,782** | **79.57** |

| Name | Sector | Asset class | Valuation £'000 | % |
|---|---|---|---|---|
| Conduit Holdings | General financial | UK Equities | 901 | 1.22 |
| Doric Nimrod Air Two | Investment companies | Specialist Assets | 892 | 1.21 |
| Gore Street Energy Storage Fund | Investment companies | Specialist Assets | 879 | 1.19 |
| M&G | General financial | UK Equities | 869 | 1.18 |
| Halfords Group | General retailers | UK Equities | 846 | 1.14 |
| Morgan Advanced Materials | Electronic & electrical equipment | UK Equities | 827 | 1.12 |
| LXI REIT | UK REIT | Specialist Assets | 805 | 1.09 |
| Ultra Electronics | Electronic & electrical equipment | UK Equities | 765 | 1.04 |
| Home REIT | UK REIT | Specialist Assets | 757 | 1.02 |
| Conventum Lyrical Fund [A] | Unit Trusts & OEICS | Overseas Equities | 746 | 1.01 |
| **Top fifty investments** | | | **67,069** | **90.79** |
| Britvic | Beverages | UK Equities | 696 | 0.94 |
| European Assets Trust | Investment companies | Overseas Equities | 625 | 0.85 |
| Cordiant Digital infrastructure | Investment companies | Specialist Assets | 606 | 0.82 |
| Doric Nimrod Air Three | Investment companies | Specialist Assets | 585 | 0.79 |
| Invesco Physical Gold ETC [B] | Exchange-traded fund | Defensive Assets | 581 | 0.79 |
| Digital 9 Infrastructure | Investment companies | Specialist Assets | 567 | 0.77 |
| Kier Group | Construction & materials | UK Equities | 534 | 0.72 |
| LondonMetric | UK REIT | Specialist Assets | 479 | 0.65 |
| Greencoat UK Wind | Investment companies | Specialist Assets | 342 | 0.46 |
| JLEN Environmental Assets Group | Investment companies | Specialist Assets | 336 | 0.45 |
| **Top sixty investments** | | | **72,420** | **98.03** |
| Accrol Group | Household goods | UK Equities | 316 | 0.43 |
| Dotdigital Group | Support services | UK Equities | 114 | 0.15 |
| Arrow Global Group | General financial | UK Equities | 80 | 0.11 |
| Blue Capital Global Reinsurance [C] | Investment companies | Specialist Assets | 39 | 0.05 |
| DP Aircraft I | Investment companies | Specialist Assets | 26 | 0.04 |
| **Total Investments** | | | **72,995** | **98.81** |
| Cash | | | 876 | 1.19 |
| **Total investments plus cash** | | | **73,871** | **100.00** |

[A] Open-ended
[B] Exchange-traded commodity
[C] In liquidation/delisted

INVESTMENT SPOTLIGHT

# Round Hill

ASSET CLASS: SPECIALIST ASSETS

**1.5%**
% OF PORTFOLIO AT 30 APRIL 2021

**£1.1m**
VALUATION AT 30 APRIL 2021

ROUND HILL | MUSIC ROYALTY PARTNERS

MAVT has been an investor in music royalties for a few years via Hipgnosis Songs Fund and recently added a further investment in Round Hill Music Royalty Fund. Revenue from music catalogues is relatively uncorrelated from traditional equity and fixed income markets and proved to be resilient during the pandemic. Round Hill has a high-quality portfolio and has focused on older vintages with the majority of their songs over 20 years old. Examples of songs in which they own a copyright interest are The Beatles (She Loves You, From Me to You and I Saw Her Standing There), Louis Armstrong (What A Wonderful World) and Elvis Presley (Jail House Rock). In 2020, the over 45 age group was the fastest growing subscriber base, fuelling demand for older songs.

Music revenue was ravaged by piracy from 2000 to 2014 but has been saved by the adoption of streaming as a reasonably priced alternative to illegal downloads. Subscription revenue is more dependable than the historic discretionary spend. The fund has exposure to many positive market trends such as strong current and projected global revenue growth and new revenue streams opening up, including Peloton and Tik Tok. Furthermore, emerging market growth is accelerating with countries such as China and India embracing streaming. There is also pressure to modernise legislation to ensure digital platforms give a greater share of revenue to copyright holders. All of the above create an asset class with low correlation and high cash generation leading to healthy dividends and the prospect for strong capital growth.

INVESTMENT SPOTLIGHT

# Strix Group

ASSET CLASS:
UK EQUITIES

**1.7%**
% OF PORTFOLIO AT 30 APRIL 2021

**£1.3m**
VALUATION AT 30 APRIL 2021

Strix
INNOVATIVE TECHNOLOGY

Your Company invested in Strix Group in July 2020, adding further diversification in UK equities. Strix, headquartered in the Isle of Man, is a high-quality business and the global leader in designing, manufacturing, and supplying kettle controls. It commands a 38% global market share. Strix also leverages its R&D and technological capabilities into the water filtration and small domestic appliance markets, partnering with brands such as Amazon and Tommee Tippee. It is also growing its own Aqua Optima brand which is the second biggest water filtration brand in the market after Brita.

Strix has outlined a plan to double revenues over the next five years and has a strong, prudently-managed balance sheet. Net debt was 1.0x EBITDA in 2020 and this, in combination with high cash generation and a robust intention to keep paying and growing dividends, supports our belief in Strix as a high-quality business.

The company has generated a healthy return on invested capital that will continue to compound over time and we believe that the current market valuation fails to take this into consideration. Future growth should be both organic and via cautious acquisition. For example, Strix bolstered its water business through the acquisition of HaloSource in the US for just $1.3m. HaloSource has a significant R&D spend and is a strong brand in China.

Strix has strong ESG credentials. It has committed to improvements in energy efficiency with new product developments seeking to address the £300m a year in energy wasted by UK households boiling excess water. Strix also sold 5.6 million water filters in 2019. The company estimates that this equates to 56 million single use plastic bottles which will now not end up in our oceans or landfill.

INVESTMENT SPOTLIGHT

# GORE Street Energy Storage

ASSET CLASS: SPECIALIST ASSETS

**1.2%**
% OF PORTFOLIO AT 30 APRIL 2021

**£0.9m**
VALUATION AT 30 APRIL 2021

Gore Street
Energy Storage Fund plc

In 2019, the UK government passed legislation to reach net zero greenhouse gas emissions by 2050, one of the first countries in the world to do so. A major contributor to this aim will be the significant increase in the use of renewable energy. Wind and solar are the main renewable sources in the UK but both are intermittent. Excessively or insufficiently windy or sunny day can mean the national power system has a mismatch between supply and demand. Furthermore the system is inherently less stable and prone to frequency divergences compared with traditional thermal generation. In order to keep the system in balance, energy storage is likely to take on an increasingly important role.

Gore Street Energy Storage Fund manages a portfolio of operational lithium-ion battery storage assets across the UK and Republic of Ireland. The assets can generate revenue via several means, with multiple revenue streams potentially stacked on a single battery. The main source of revenue comes from fixed price contracts with the transmission network operator National Grid. The battery assets can provide instantaneous network frequency balancing, along with the security of backup capacity for future peak demand periods. Managed by an experienced investment team and backed by several large public and private investors, the Fund is targeting a minimum gross return of 10%, along with a dividend yield of 7%.

INVESTMENT SPOTLIGHT

# HMG Global Emerging Markets Equity Fund

ASSET CLASS: OVERSEAS EQUITIES

**3.0%**
% OF PORTFOLIO AT 30 APRIL 2021

**£2.2m**
VALUATION AT 30 APRIL 2021

HMG FINANCE

HMG Global Emerging Markets Equity Fund is managed by HMG Finance, a French asset management company that was established 30 years ago. The team has built a proprietary universe of almost 800 listed equities. Approximately three quarters of the universe are emerging market listed subsidiaries of developed market companies, while the remainder are businesses that have significant strategic partnerships with Western World multi-nationals. Oversight by or association with a developed market company within emerging markets offers commercial advantages such as brand and extensive industry know-how. Subsidiaries are also often set up to sell goods and services in the country in which they are listed, providing MAVT with genuine exposure to domestic growth within the emerging market regions.

While purchasing a portfolio of good quality businesses with attractive growth prospects is appealing, we believe the real attraction of the Fund is the approach of HMG. Portfolio construction is completely index agnostic, with a small to mid-cap bias and exposure to frontier markets such as Africa. The result is a highly active portfolio versus traditional emerging market indices, with almost 80% of their investable universe not captured by market indices. Coupled with this active approach, the team employs a value philosophy by investing in subsidiaries in their universe when they trade at substantial discounts to intrinsic value and are out of favour with other investors.

# Business Model

## OUR PURPOSE AND STRATEGY

The purpose of MAVT is to act as a vehicle to provide, over time, financial returns (both income and capital) to Shareholders. Investment trusts, such as the Company, are long-term investment vehicles and are typically externally managed, have no employees and are overseen by an independent non-executive Board of Directors.

The Board, which currently comprises four independent non-executive Directors, has a broad range of skills and experience across all major functions that affect the Company. The Board retains responsibility for taking all decisions relating to the Company's Investment Objective and Policy, gearing, Corporate Governance and strategy, and for monitoring the performance of the Company's Manager and service providers.

## OUR INVESTMENT POLICY

The asset classes included in the Company's portfolio are UK and Overseas Equities, Credit, Specialist Assets and Defensive Assets. Further detail of each asset class is provided below. The Company's Manager aims to add value through both strategic and tactical asset allocations within a range for each asset class.

The asset allocation ranges are as follows:

| | Asset allocation range % |
|---|---|
| UK Equities | 15-60 |
| Overseas Equities | 10-40 |
| Total Equities | 25-85 |
| Credit | 0-40 |
| Specialist Assets | 0-50 |
| Defensive Assets | 0-20 |

Asset class descriptions (these are for general guidance only and do not exclude other investments):

- **UK and Overseas Equities:** companies listed on any recognised stock exchange throughout the world.
- **Credit**: government and corporate bonds, inflation-linked securities, emerging market debt, and high yield bonds.
- **Specialist Assets**: infrastructure, property, private equity, and specialist financials.
- **Defensive Assets**: gold (physical and miners), short equity exchange-traded funds (ETFs), uncorrelated strategies, managed futures, and government bonds.

Exposure to Specialist Assets will ordinarily be through specialist collective investment products ('funds') managed by third parties. Exposure to other asset classes may be achieved by investing directly or through funds. With the Board's prior approval, any exposure may also be gained through funds managed by the Company's Manager.

The Company may use derivatives for efficient portfolio management.

The Company will not invest more than 7.5% of gross assets in any individual direct equity, any individual security related to another asset class or any physical asset, or more than 10% of gross assets in any fund.

The Company will not invest more than 7.5% of gross assets in unlisted securities and will not hold more than 25% of its gross assets in cash.

The Company may borrow to gear the Company's returns when the Board believes it is in Shareholders' interests to do so. The Company's borrowing policy allows gearing up to 25% of the Company's net assets.

The Company's current borrowing facilities comprise a £10m revolving loan facility of which £7m was drawn down at 30 April 2021 (equivalent to 10.5% of net assets). The Board reviews these levels frequently and believes they are appropriate for the Company at the present time. Further details of the facility can be found in note 11 to the financial statements.

The asset allocation ranges and limits referred to in the Investment Policy are measured at the time of investment or drawdown of borrowings.

## HOW WE DIVERSIFY RISK ACROSS THE PORTFOLIO

The Manager diversifies portfolio risk in three ways:

- The Multi-Asset Investment Policy helps reduce risk by investing in a wide range of broadly uncorrelated asset classes.
- Having a Value style for investment and asset selection, meaning investments are often made at lower than the asset's intrinsic value, creating a margin of safety and thus reducing risk.
- The use of Defensive Assets in anticipation of and during times of market stress.

A description of the Manager's investment process can be found on page 10 and details of our approach to responsible investing on page 11.

## HOW WE PROMOTE THE SUCCESS OF THE COMPANY

The Board is required to describe to the Company's Shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172(1) of the Companies Act 2006. This statement provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of decisions and the need to foster relationships with all stakeholders.

The Company's main stakeholders are its Shareholders, Manager, service providers and debt provider. The Manager also engages extensively with the investee companies, particularly on performance and Environmental, Social and Governance issues.

### How the Board engages with stakeholders

| Stakeholders | How we engage |
|---|---|
| **Shareholders** | Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all Shareholders' views and aims to act fairly between all Shareholders.<br>The Company's share register is dominated by retail investors. The Manager meets regularly with wealth managers and private client brokers who represent private investors. The Manager also engages with investor platforms and research companies to identify how best to communicate with the broader retail investor community. Shareholder feedback is discussed by the Directors at Board meetings.<br>Regular updates are provided to Shareholders through the Annual Report, Half Yearly Report, monthly factsheets, company announcements, including daily net asset value announcements, and the Company's website.<br>Under normal circumstances, the Company's AGM provides a forum, both formal and informal, for Shareholders to meet and discuss issues with the Directors and Manager. The Board ordinarily encourages as many Shareholders as possible to attend the AGM and to provide feedback on the Company. However, as a result of COVID-19, last year's AGM and this year's AGM have had to take a different format. Details are included in the Chairman's Statement on page 7.<br>**Target outcome:** Shareholders are able to make informed decisions about their investment in the Company, facilitating the retention of existing Shareholders and attracting new ones. |
| **Manager** | The Manager's Review on pages 12 to 17 details the key investment decisions taken during the year. The Manager has continued to manage the Company's assets in accordance with the mandate provided by Shareholders, with the oversight of the Board.<br>The Board reviews regularly the Company's performance against its Investment Objective and undertakes an annual strategy review to ensure that the Company is positioned well for the future.<br>The Board receives presentations from the Manager at every Board meeting to help it exercise effective oversight of the Manager and the Company's strategy.<br>The Board, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually.<br>**Target outcome:** The Company's portfolio and affairs are well-managed, enabling the Company to meet its strategic objectives and achieve long-term sustainable success. |
| **Service providers** | A key relationship is with Juniper Partners, who provide AIFM, company secretarial and fund administration services, as well as operating the DCM. The Board seeks to maintain constructive relationships with Juniper Partners and also with the Company's other service providers, either directly or through Juniper Partners and the Manager.<br>The Board conducts an annual review of the performance and terms and conditions of appointment of the Company's main service providers to ensure they are performing in line with Board expectations and providing value for money.<br>**Target outcome:** Service providers provide the required level of service at proportionate and competitive cost levels. |
| **Debt provider** | On behalf of the Board, the Manager and Juniper Partners maintain a positive working relationship with The Royal Bank of Scotland International, the provider of the Company's revolving loan facility, and provides regular updates on business activity and compliance with its loan covenants.<br>**Target outcome:** A strong relationship is maintained with the debt provider, supporting the Company's financing arrangements. |

## Specific examples of stakeholder consideration during the year

The Board is always mindful of its responsibilities to all stakeholders of the Company and this forms part of every Board decision.

**COVID-19**

Since the COVID-19 crisis emerged in early 2020, there has been increased interaction with the Manager, Juniper Partners and other agents to the Company to ensure that the Company has sufficient resilience in its portfolio and in its operational structure to meet the challenged circumstances, which has proved to be the case.

**Manager**

The Company's Manager, SIML, was acquired by MGIM on 30 November 2020. Following the integration of SIML's business into MGIM, the investment management agreement was novated from SIML to MGIM, with no changes to the terms of the agreement. The Company's Manager is now MGIM.

The Board met with the executives of MGIM on a number of occasions prior to the completion of the acquisition and was supportive of the change, as both companies shared a philosophy of outcome-based Multi-Asset Value Investing. In its capacity as AIFM, Juniper Partners carried out detailed due diligence on MGIM prior to the acquisition. The individual managers responsible for the management of the Company's portfolio have retained their portfolio management responsibilities and there has been a seamless continuity of service, with the additional benefits of a stronger offering and broader capabilities. Other than the rebrand detailed below, there have been no changes to the Company as a consequence of the above.

**Rebrand**

To reflect the Manager changes above, and to communicate the Company's Investment Policy more clearly, the Board changed the name of the Company to Momentum Multi-Asset Value Trust plc. The change became fully effective on 6 April 2021 and a new website, revealing the new name and the Momentum brand, was launched on the same day.

**Discount Control Mechanism ('DCM')**

In the early stages of the COVID-19 pandemic, the Board debated if it was appropriate to continue operating the DCM during the pandemic. The Board agreed that the DCM was very important to Shareholders as a means of providing liquidity and lack of discount volatility, and so should be maintained. During the year the Company bought back 12,382,740 Ordinary shares through the operation of the DCM. The shares were bought back at a discount to NAV, thereby providing a small accretion to the NAV per share. The impact of the pandemic resulted in more significant levels of buy-backs during the year, but the Board continues to be committed to the DCM.

**Dividends**

One of the consequences of COVID-19 is that some investee companies sought to preserve their cash by cutting, postponing or cancelling their dividends. This had an impact on the Company's income and the net revenue available for distribution as dividends. The Board recognises the importance of dividends to the Shareholders. Accordingly, after discussing the Company's revenue forecasts and the general investment outlook with the Manager, the Board decided to pay the third interim dividend from the Company's distributable capital reserves to support the Company's dividend policy. This allowed the Board to maintain the quarterly dividend rate of 1.68p per share during financial year to 30 April 2021. The Board intends to maintain the dividend at this level for at least the next financial year, barring unforeseen circumstance.

## PRINCIPAL RISKS AND UNCERTAINTIES

Risks are inherent in the investment process, but it is important that their nature and magnitude are understood so that risks, particularly those which the Company does not wish to take, can be identified and either avoided or controlled. The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that threaten its business model, future performance, solvency or liquidity. The Board has established a detailed framework of the key risks that the business is exposed to, with associated policies and processes devised to mitigate or manage those risks.

The COVID-19 pandemic continues to increase the risks faced by the Company in both the investment and operational side of the business. Specific mitigation actions in relation to the impact of COVID-19 are addressed in each relevant risk category below.

The principal risks faced by the Company, which have not changed during the course of the year, are set out below.

| Risk | Mitigation |
|---|---|
| **Investment and strategy risk** | |
| An inappropriate strategy, including asset class, country and sector allocation, stock selection and use of gearing, could lead to underperformance against the Company's Benchmark and peer group, and have an adverse effect on Shareholders' returns.<br><br>**Increase in this risk due to COVID-19** | The Company's strategy is formally reviewed by the Board at least annually, considering investment performance, Shareholder views, developments in the marketplace and the structure of the Company. The strategy has been kept under regular review over the past year in the light of the COVID-19 pandemic.<br><br>The Board requires MGIM to provide an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio at each Board meeting, when gearing levels are also reviewed. The Board monitors the spread of investments to ensure that it is adequate to minimise the risk associated with particular asset classes, countries or factors specific to particular sectors.<br><br>The Board monitors the investment performance at each Board meeting. |
| **Portfolio and market risk** | |
| External factors such as market, economic, political and legislative change, as well as Environmental, Social and Governance matters, could cause increased market volatility. This could lead to a fall in the market value of the Company's portfolio which would have an adverse effect on Shareholders' funds.<br><br>**Increase in this risk due to COVID-19** | The Board monitors the implementation and results of the investment process, including gearing strategy, with MGIM on an ongoing basis and at each Board meeting, through reviews of the portfolio composition, investment activity and performance. |
| **Financial risk** | |
| Exposure to inappropriate levels of market price risk, foreign currency risk, interest rate risk and liquidity and credit risk could result in volatility of Shareholders' funds.<br><br>**Increase in this risk due to COVID-19** | Full details of the financial risks and the ways in which they are managed are disclosed in note 16 of the financial statements.<br><br>The Company has a diversified portfolio of mainly readily realisable securities, mitigating the Company's exposure to liquidity risk. The risk of a counterparty failing is minimised through regular review and due diligence. |
| **Earnings and dividend risk** | |
| Fluctuations in earnings resulting from changes in the underlying portfolio, or factors impacting the dividend paying ability of investee companies, could result in the Company being unable to meet its income objective.<br><br>**Increase in this risk due to COVID-19** | The Board reviews detailed income forecasts prepared by MGIM and the Company Secretary at each Board meeting and when the quarterly dividends are declared.<br><br>The Board and MGIM have kept the dividend paying ability of the investee companies under regular review during the COVID-19 pandemic. The Company's ability to pay dividends out of distributable capital reserves provides flexibility in times of market stress. |

| Risk | Mitigation |
|---|---|
| **Operational and cyber risk** | |
| Disruption to, or failure of, systems and controls, including cyber-attacks at the Manager and the Company's third-party service providers, in particular the Administrator and Custodian, could result in financial and reputational damage to the Company.<br><br>**No change to this risk** | The operational systems and controls of the Manager and third-party service providers are regularly tested and monitored and are reported on at each Board meeting. An internal control report, which includes an assessment of risks, together with the procedures to mitigate such risks, is prepared by the Company Secretary and reviewed by the Audit Committee at least once a year. The Custodian, J.P. Morgan Chase Bank N.A., produces an internal control report every six months which is reviewed by its auditor and gives assurance regarding the effective operation of controls. A summary of this report is reviewed by the Audit Committee.<br><br>The operational requirements of the Company, including from the Manager and its service providers, have been subject to rigorous testing as to their application during the COVID-19 pandemic, where increased use of out of office working and online communication has been required. To date the operational arrangements have proven robust. |
| **Regulatory risk** | |
| Breach of regulatory rules could lead to suspension of the Company's stock exchange listing or financial penalties. Breach of sections 1158 to 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on chargeable gains.<br><br>**No change to this risk** | The Company Secretary monitors the Company's compliance with the rules of the FCA and sections 1158 to 1159 of the Corporation Tax Act 2010. Compliance with the principal rules is reviewed by the Directors at each Board meeting. |
| **Key man risk** | |
| Loss of key personnel and lack of succession planning at the Manager or Company Secretary could lead to disruption for the Company.<br><br>**No change to this risk** | In order to reduce key man risk, MGIM operates a team approach to fund management, with each member of the four strong highly experienced investment team contributing to the performance of the Company through their research specialisations. Juniper Partners has experienced company secretarial and administration teams in place, with appropriate levels of cover. The Board receives regular updates from MGIM and Juniper Partners on business and succession plans. |

## GOING CONCERN

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. This review included consideration of the Company's current Investment Objective (see page 2), its principal risks and uncertainties, including the ongoing impact of COVID-19 (see pages 29 and 30), its capital and debt management (see note 17 to the financial statements), the nature of its portfolio, its income and expenditure projections and the operation of the DCM.

The Company's investments consist mainly of readily realisable securities which can be sold to maintain adequate cash balances to meet expected cash flows, including debt servicing. The Board has set limits for borrowing and regularly reviews the level of gearing and compliance with banking covenants, including sensitivities around the levels at which covenants may be breached. The Company's loan facility with The Royal Bank of Scotland International was renewed on 29 October 2020 for two years.

The Board also has regard to ongoing investor interest in the continuation of the Company, looking specifically at feedback from meetings and conversations with Shareholders by the Company's advisers, and the operation of the DCM, which the Directors believe enhances the Company's appeal to investors.

Based on their assessment and considerations, the Directors believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for at least 12 months from the date of this report, meeting liabilities when they fall due. The Directors have, therefore, concluded that they should continue to prepare the financial statements on a going concern basis and the financial statements have been prepared accordingly.

## THE COMPANY'S VIABILITY

The Directors have assessed the prospects of the Company over a five-year period from the date that this Annual Report is due to be approved by Shareholders. This period was selected as it is considered a reasonable time horizon to consider the continuing viability of the Company and a suitable period over which to measure the performance of the Company against its Benchmark. The five-year period is consistent with the planning horizon used by the Company in managing its activities.

In their assessment of the viability of the Company, the Directors have considered the following factors:

- The principal risks and uncertainties detailed on pages 29 to 30 and the mitigating controls in place, including the ongoing impact of COVID-19 and the Company's operational resilience.
- The Company's Investment Objective and its ongoing relevance in the current environment.
- The effectiveness of the DCM.
- Income and expenditure projections.
- The effect of any significant future falls in investment values on the ability to repay and re-negotiate borrowings and retain investors.
- The liquidity of the portfolio, which is principally invested in readily realisable, listed securities which could be sold to meet funding requirements if necessary.

Based on the results of their analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to the AGM in 2026.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

The Directors recognise that their first duty is to act in the best financial interests of the Company's Shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Manager to deliver against these objectives, they have also requested that the Manager takes into account the broader Environmental, Social and Governance issues of the companies within the portfolio, acknowledging that companies failing to manage these issues adequately run a long-term risk to the sustainability of their businesses. A description of the Company's approach to Responsible Investing can be found on page 11.

The Company is an investment trust with no employees. Therefore, the Company has no direct Employee, Social or Environmental responsibilities.

At 30 April 2021 there were two male Directors and two female Directors. As the Company has no employees, it is not required to report further on gender diversity. Details of the Board's policy on diversity can be found on page 42.

## KEY PERFORMANCE INDICATORS

### The Board uses a number of performance measures to assess the Company's success in meeting its objectives.

More information on the Company's Key Performance Indicators can be found In the Chairman's Statement on pages 5 to 8 and in the Business Model on page 28. The Key Performance Indicators are as follows:

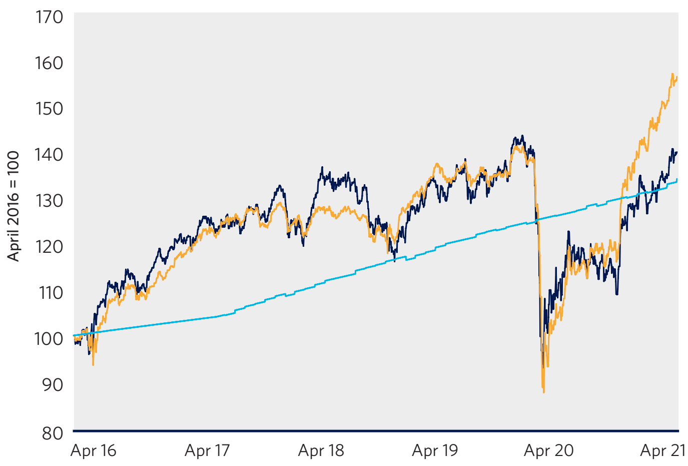
**Performance measured against the Benchmark and comparator indices**

The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value total return and share price total return for the Company and its Benchmark and comparator indices. The Company's Benchmark is based on CPI as the Board recognises the importance to Shareholders of achieving real returns from their investment. The FTSE All-Share Index is used as a comparator index to monitor the investment aim of delivering equity-like, long-term returns with lower volatility and lower risk.

**Premium/(discount) to net asset value ('NAV')**

At each Board meeting, the Board monitors the level of the Company's premium/(discount) and the operation of the DCM, which aims to keep the volatility of the premium/(discount) low and the share price trading at close to NAV. The Company publishes a NAV per share figure on a daily basis, through the official newswire of the London Stock Exchange.

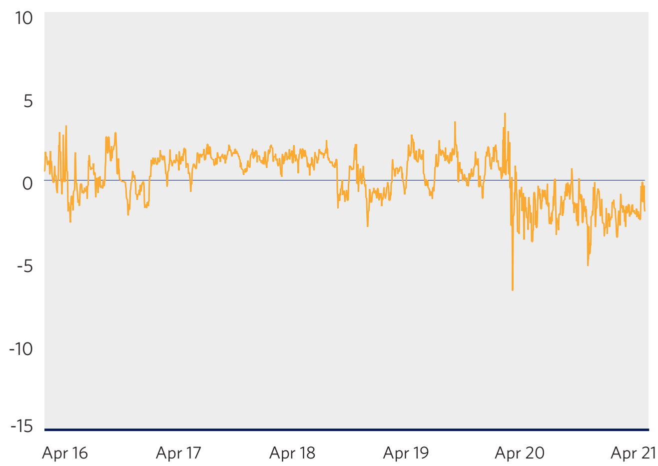
**Cumulative growth NAV total return**




MAVT FTSE All-Share Index Benchmark

Source: FTSE Russell®/Momentum Global Investment Management

**Company premium/(discount) %** (based on cum income NAV)




Source: Bloomberg

**Ongoing charges**

The ongoing charges are a measure of the total expenses incurred by the Company expressed as a percentage of the average Shareholders' funds over the year. The Board regularly reviews the ongoing charges and monitors all Company expenses. Details of the Company's ongoing charges percentage can be found on page 73.

**Revenue, earnings and dividends per share**

The Board reviews a revenue forecast on a quarterly basis to determine the quarterly dividend and considers dividend growth against CPI.

**Richard Ramsay**
Chairman

16 June 2021

# GOVERNANCE

# Your Board

## Richard Alexander McGregor Ramsay

Independent Non-Executive Chairman

**Length of service:**

8 years 2 months. Appointed a Director on 2 April 2013 and Chairman on 3 September 2013

**Experience:**

Formerly an investment banker with considerable experience of the investment trust sector gained as a Managing Director at Barclays de Zoete Wedd and a director at Intelli Corporate Finance. His experience also covers the fund management sector as a director with Ivory & Sime, the leisure sector as finance director at Aberdeen Football Club, the energy sector as a managing director at Ofgem and the public sector as a director at the Shareholder Executive. He is currently director of JLEN Environmental Assets Group Limited.

**Last re-elected to the Board:**

21 July 2020

**Contribution:**

Richard has continued to chair the Board and the Management Engagement Committee expertly, fostering a collaborative spirit between the Board and the Manager while ensuring that meetings remain focused on the key areas of stakeholder relevance.

**Committee membership:**

Audit Committee, Management Engagement Committee, Nomination Committee

**Remuneration:**

£32,000 per annum

**All other public directorships:**

JLEN Environmental Assets Group Limited

**Shareholding in the Company:**

150,402 Ordinary shares

## James Russell McCulloch

Senior Independent Non-Executive Director and Chairman of the Nomination Committee

**Length of service:**

6 years 5 months. Appointed a Director on 2 January 2015

**Experience:**

Previously Executive Chairman of Speirs & Jeffrey Ltd with over 30 years' experience in private client investment and portfolio management. He was formerly a chartered FCSI having previously qualified as a Chartered Accountant with Coopers & Lybrand. Mr McCulloch is a member of the Institute of Chartered Accountants of Scotland.

**Last re-elected to the Board:**

21 July 2020

**Contribution:**

In addition to his position as Senior Independent Director, James has continued to chair the Nomination Committee expertly throughout the year as well as providing significant investment insight to the Board and knowledge of the investment trust sector.

**Committee membership:**

Audit Committee, Management Engagement Committee, Nomination Committee

**Remuneration:**

£25,000 per annum

**All other public directorships:**

None

**Shareholding in the Company:**

120,000 Ordinary shares

## Susan (Sue) Patricia Inglis

Independent Non-Executive Director and
Chairman of the Audit Committee

**Length of service:**

2 years 3 months. Appointed a Director on 1 March 2019

**Experience:**

Previously Managing Director – Corporate Finance in the Investment Companies teams at Cantor Fitzgerald Europe (2012-2018) and Canaccord Genuity (2009-2012) with over 30 years' experience advising investment companies and financial institutions. She is a qualified lawyer and was a partner and head of the funds and financial services group at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009. Sue is currently the Chairman of The Bankers Investment Trust PLC and a non-executive director of several other listed investment trusts.

**Last re-elected to the Board:**

21 July 2020

**Contribution:**

Sue has continued to chair the Audit Committee expertly throughout the year as well as providing significant investment insight to the Board and knowledge of the investment trust sector.

**Committee membership:**

Audit Committee, Management Engagement Committee, Nomination Committee

**Remuneration:**

£27,000 per annum

**All other public directorships:**

The Bankers Investment Trust PLC, Baillie Gifford US Growth Trust plc and BMO Managed Portfolio Trust PLC.

**Shareholding in the Company:**

20,000 Ordinary shares

## Anne Sarah Gilding

Independent Non-Executive Director

**Length of service:**

1 year. Appointed a Director on 16 June 2020.

**Experience:**

Over the last 25 years Anne has led the development of global communications, branding and marketing solutions for a broad range of companies including Impax Asset Management Group plc, BMO (formerly F&C), GAM, Vernalis Group plc and UBS. She is currently a senior adviser to Peregrine Communications and a non-executive director of Aberdeen New Thai Investment Trust plc.

**Last re-elected to the Board:**

21 July 2020

**Contribution:**

Since her appointment in June 2020, Anne has provided significant insight and expertise on marketing and promotional activities and knowledge of ESG.

**Committee membership:**

Audit Committee, Management Engagement Committee, Nomination Committee

**Remuneration:**

£24,000 per annum

**All other public directorships:**

Aberdeen New Thai Investment Trust plc.

**Shareholding in the Company:**

18,000 Ordinary shares

# Directors' Report

## The Directors present their Report and the audited financial statements for the year ended 30 April 2021.

### PRINCIPAL ACTIVITY

The business of the Company is that of an investment trust investing in a diversified portfolio principally comprising UK and Overseas Equities, Credit, Specialist and Defensive Assets. The Company seeks to take advantage of a wide range of investment opportunities and reduce the risk profile of the Company's portfolio.

### STATUS

The Company is registered as a public limited company, is an investment company as defined by section 833 of the Companies Act 2006 and is registered in England and Wales with registered number 03173591. The Company is also a member of the Association of Investment Companies ('AIC').

The Company carries on business as an investment trust and has been approved as such by HM Revenue and Customs.

The Company manages its affairs so as to be a qualifying investment for inclusion in an Individual Savings Account ('ISA') and it is the Directors' intention that the Company should continue to do so.

### REVENUE AND DIVIDENDS

The revenue profit for the year after expenses, interest and taxation was £2,235,000 (2020: £3,322,000), equivalent to a return of 5.48p per share (2020: 6.79p). Three interim dividends of 1.68p were paid during the year and a fourth interim dividend of 1.68p will be paid on 18 June 2021 to holders on the register at the close of business on 28 May 2021, making a total distribution for the year of 6.72p (2020: 6.72p). The third interim dividend for 2021 was paid from the Company's distributable capital reserves.

### SHARE CAPITAL

The issued share capital at 30 April 2021 consisted of 35,336,348 Ordinary shares of 25p each and there were 14,264,740 Ordinary shares held in treasury. As at the last practicable date of 15 June 2021 the issued share capital consisted of 34,186,348 Ordinary shares of 25p each and 15,414,740 shares were held in treasury. At general meetings of the Company, each holder of Ordinary shares, excluding treasury shares, is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary share held.

### COMPANIES ACT 2006, SECTION 992

The following further information is disclosed in accordance with the above:

- the Company's capital structure is summarised above;
- details of the substantial Shareholders in the Company are listed on page 37;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised below;
- amendment of the Company's Articles of Association and powers to issue non pre-emptively or buy-back the Company's shares require a special resolution to be passed by Shareholders;
- there are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid; and
- there are no agreements between the Company and its Directors concerning compensation for loss of office.

### DIRECTORS

Details of the current Directors of the Company are shown on pages 34 and 35.

The Articles of Association require Directors to offer themselves for re-election at least once every three years. The Board has resolved that all the Directors will retire and offer themselves for re-election on an annual basis, believing this to be best practice. New Directors will offer themselves for election at the Annual General Meeting immediately following their appointment.

No Director has a service contract with the Company. No Directors were interested in any contracts with the Company.

### DIRECTORS' INDEMNITIES

As at the date of this report, indemnities are in place between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his or her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred, provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third-party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the AGM.

## MANAGEMENT OF CONFLICTS OF INTEREST

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his or her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential or actual conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

## SUBSTANTIAL INTERESTS

To the best of the Company's knowledge at 30 April 2021 the only persons known to the Company who, directly or indirectly, were interested in 3% or more of the Company's issued share capital were as follows:

| Shareholder | Number of shares held | % held |
|---|---|---|
| Interactive Investor | 4,738,059 | 13.4% |
| Hargreaves Lansdown | 4,208,582 | 11.9% |
| AJ Bell | 2,536,331 | 7.2% |
| Philip J Milton | 2,275,275 | 6.4% |
| Rathbones | 2,187,542 | 6.2% |
| Charles Stanley | 1,805,215 | 5.1% |
| Alington Ruthin | 1,539,985 | 4.4% |
| Hedley | 1,367,118 | 3.9% |
| EFG Harris Allday | 1,197,932 | 3.4% |
| Transact | 1,153,861 | 3.3% |

All of the above Shareholders are platforms, wealth managers or stockbrokers.

Since 30 April 2021, there have been no changes notified to the Company.

Directors and staff of MGIM (and their families) own 0.4m shares in the Company representing 1.1% of the Company's issued share capital as at 30 April 2021. The change in ownership since last year reflects the acquisition of SIML by MGIM and resultant board changes.

## MANAGEMENT AND MANAGEMENT FEES

MGIM provides investment management services to the Company. A summary of the agreement between the Company, the AIFM and the Manager in respect of investment management services provided is given in note 3 to the financial statements.

SIML was acquired by MGIM on 30 November 2020 and, following the integration of SIML's business into MGIM, the Company's investment management delegation agreement was novated from SIML to MGIM on 1 April 2021. The terms of the agreement remain unchanged.

The Management Engagement Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Committee considered the past investment performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance. It also considered the length of the notice period of the management agreement and the fees payable to the Manager, together with the commitment of the Manager to the Company and the standard of other services provided, which include marketing and corporate development.

Following this review it is the Directors' opinion that the continuing appointment of the Manager, on the terms agreed, is in the interests of Shareholders as a whole.

## EXPENSE ALLOCATION POLICY

The Board carries out an annual review of the Company's expense allocation policy.

Following a review in April 2020, it was determined that the policy of charging 50% of management fees and interest costs to capital and 50% to revenue should be changed to 70% to capital and 30% to revenue. This change reflects the Board's expectation of future long-term returns and became effective on 1 May 2020.

## DIRECTORS' REMUNERATION POLICY AND REPORT

The Directors' remuneration policy and report are detailed on pages 47 and 48.

## ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('AIFMD')

The Company has appointed Juniper Partners Limited as its AIFM. The AIFM has delegated the portfolio management activities relating to the Company to MGIM pursuant to a delegation agreement between the Company, the AIFM and MGIM. MGIM absorbs the cost of the AIFM as part of its management fee.

The AIFMD requires the AIFM to appoint a depositary for each authorised investment fund it manages. The Company's appointed depository is J.P. Morgan Europe Limited (the 'Depositary'). The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment and leverage limits. The Depositary has delegated the custody function to J.P. Morgan Chase Bank N.A.

## ANNUAL GENERAL MEETING

The Notice of Annual General Meeting is set out on pages 76 to 80.

### Resolution 1
### Receipt and adoption of the audited accounts and associated reports

Resolution 1 asks Shareholders to receive and adopt the audited accounts for the year ended 30 April 2021 together with the associated reports of the Directors and auditor.

### Resolution 2
### Approval of the Directors' remuneration report

Resolution 2 asks Shareholders to approve the Directors' remuneration report for the year ended 30 April 2021. The report can be found on pages 47 to 48.

### Resolution 3
### Approval of dividend policy

The Company's current policy is to pay all of its dividend payments (four per annum) as interim dividends. This enables the fourth dividend payment to be made several weeks earlier than would be the case if that dividend were categorised as a final dividend and therefore have to wait for Shareholder approval at the AGM in July. This arrangement is made in the interests of Shareholders, enabling them to benefit from the earlier receipt of the fourth dividend. In accordance with the principles of good Corporate Governance, as there is no resolution to approve a final dividend at the AGM, resolution 3 seeks Shareholder approval for the Company's current dividend policy.

### Resolutions 4 to 7
### Re-election of Directors

In line with best practice, each Director stands for re-election on an annual basis. Resolutions 4 to 7 relate to the re-election of Richard Ramsay, James McCulloch, Sue Inglis and Anne Gilding, all of whom served as Directors for the past year and offer themselves for re-election.

The Directors have reviewed the proposed re-election of each of the Directors and are of the opinion that they bring a significant range of business, financial and management skills and experience to the Company and are independent in both character and judgement. Accordingly, the Board supports the Directors re-elections, as proposed by resolutions 4 to 7.

Directors' biographies are set out on pages 34 and 35.

### Resolutions 8 and 9
### Re-appointment and remuneration of Auditor

The Company is required to appoint an auditor at each general meeting at which accounts are presented to Shareholders. BDO LLP was appointed by the Board following an audit tender in 2020 and has indicated its willingness to continue in office. Accordingly, resolution 8 asks Shareholders to re-appoint BDO LLP as auditor of the Company and resolution 9 asks Shareholders to authorise the Directors to fix the auditor's remuneration.

### Resolutions 10, 11 and 12
### Directors' authority to allot shares

Resolution 10, if approved, will give the Directors a general authority to allot Ordinary shares up to an aggregate nominal amount of £2,848,862 (or such amount being equivalent to one third of the aggregate nominal amount of the issued share capital of the Company, excluding treasury shares, on the date on which resolution 10 is passed). In line with Corporate Governance guidelines, resolution 11, if approved, will authorise the Directors to allot such Ordinary shares, or sell Ordinary shares held in treasury, up to an aggregate nominal amount of £854,658 (or such amount being equivalent to 10% of the aggregate nominal amount of the issued share capital of the Company, excluding treasury shares, on the date on which resolution 11 is passed) for cash without first offering such Ordinary shares to existing Shareholders pro rata to their existing shareholdings. In addition to this authority and consistent with previous years, resolution 12, if approved, will authorise the Directors to allot further Ordinary shares, or sell further Ordinary shares held in treasury, up to an aggregate nominal amount of £1,709,316 (or such amount being equivalent to 20% of the aggregate nominal amount of the issued share capital of the Company, excluding treasury shares, on the date on which resolution 12 is passed) for cash without first offering such Ordinary shares to existing Shareholders pro rata to their existing shareholdings. This additional authority will only be used to issue Ordinary shares, or sell treasury shares, in accordance with the Company's DCM.

These authorities will expire on 22 October 2022 or, if earlier, at the conclusion of the AGM of the Company to be held in 2022. No issue of Ordinary shares would be made pursuant to the authorities which would dilute the net asset value per Ordinary share of existing Shareholders.

As at 15 June 2021, the Company held 15,414,740 Ordinary shares in treasury.

### Resolution 13
### Share buy-backs

Resolution 13 seeks Shareholder approval to renew the authority to purchase through the market up to 5,124,533 Ordinary shares or, if less, the number representing 14.99% of the Ordinary shares in issue (excluding treasury shares) on the date on which resolution 13 is passed (the 'Buy-back Authority').

The Buy-back Authority, if granted, will expire on 22 October 2022 or, if earlier, at the conclusion of the AGM of the Company to be held in 2022.

The price (excluding expenses) paid for an Ordinary share bought back pursuant to the Buy-back Authority will not be: (a) less than its nominal value of 25p; or (b) more than the higher of (i) 5% above the average of the middle market values of the Ordinary shares for the five business days prior to the day the purchase is made and (ii) the higher of the price of the last independent trade and the highest current independent bid for any number of Ordinary shares on the trading venue on which the purchase is carried out.

The Buy-back Authority will only be exercised at the Directors' discretion and is expected to be used principally to buy back Ordinary shares in accordance with the Company's DCM, details of which are set out in the Chairman's Statement on page 7. Any Ordinary shares bought back under the Buy-back Authority may be held in treasury or cancelled.

As at 15 June 2021, the Company had authority to buy-back 2,575,959 Ordinary shares.

### Resolution 14
### Notice period for general meetings

Resolution 14 is to allow the Company to hold general meetings (other than an AGM) on 14 clear days' notice. The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days, unless Shareholders approve a shorter notice period, which cannot be less than 14 clear days, and the Company offers the facility for all Shareholders to vote by electronic means.

Annual General Meetings must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time-sensitive, non-routine business and where merited in the interests of Shareholders as a whole. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

### Recommendation

Your Board considers the passing of the resolutions to be proposed at the AGM to be in the best interests of the Company and its Shareholders as a whole. Accordingly, your Board unanimously recommends that Shareholders should vote in favour of the resolutions as it intends to do in respect of its own beneficial shareholding of 308,402 Ordinary shares.

As attendance at this year's AGM may be restricted, Shareholders are encouraged to vote by proxy and to ask any questions in advance (by e-mail to cosec@junipartners.com).

## FINANCIAL INSTRUMENTS

The Company's financial instruments comprise its investment portfolio, cash balances, bank debt, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement, and accrued income. Financial instruments recognised at fair value are shown in the fair value hierarchy in note 18 to the financial statements. The financial risk management objectives and policies arising from the Company's financial instruments and the exposure to risk are disclosed in note 16 to the financial statements. Details of the Company's bank facility are contained in note 11 to the financial statements.

## GREENHOUSE GAS EMISSIONS

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, employees or operations of its own and does not produce any material greenhouse gases or other emissions.

As the Company did not consume more than 40,000 kWh of energy during the past year, it qualifies as a low energy user and is exempt from reporting under Streamlined Energy and Carbon Reporting regulations.

## CRIMINAL FINANCES ACT 2017

The Company has a zero tolerance policy towards the criminal facilitation of evasion.

## STATEMENT REGARDING ANNUAL REPORT

Following a detailed review of the Annual Report by the Audit Committee, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Accounts would have a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

## DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that, so far as each of them are aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## POST BALANCE SHEET EVENTS

Since 30 April 2021, there are no post balance sheet events which would require adjustment of or disclosure in the financial statements.

By order of the Board
**Juniper Partners Limited**
Company Secretary

16 June 2021

28 Walker Street
Edinburgh
EH3 7HR

# Statement of Corporate Governance

## INTRODUCTION

Corporate Governance is the process by which the Board seeks to look after Shareholder interests and protect and enhance Shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company.

The Board has considered the principles and provisions of the Association of Investment Companies' Code of Corporate Governance ('AIC Code'). The AIC Code is endorsed by the Financial Reporting Council and adapts the principles and provisions set out in the UK Corporate Governance Code to make them relevant to investment companies as well as incorporating the relevant provisions of the UK Corporate Governance Code.

The Board believes that the AIC Code provides the most appropriate Governance framework for the Company. Accordingly, the Company reports against the principles and provisions of the AIC Code. The February 2019 edition of the AIC Code is applicable to the year under review and can be found at www.theaic.co.uk.

By reporting against the AIC Code, the Board is meeting its obligations in relation to the UK Corporate Governance Code (and associated disclosure requirements under the FCA's Listing Rule 9.8.6R) and, accordingly, the Company does not need to report further on issues contained in the UK Corporate Governance Code which are irrelevant to it.

## OPERATION OF THE BOARD

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. The Board sets the Company's values and objectives and ensures that its obligations to Shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

The Board undertakes a regular review of the Manager's culture, policies and practices to ensure that they are aligned with the values of the Company. It also reviews the Company's service providers to satisfy itself that they maintain policies and practices consistent with good risk management, compliance and regulatory frameworks and deliver a value for money service.

The Board meets five times a year on a formal basis and on an ad-hoc basis as required. The primary focus at the regular Board meetings is a review of investment performance and associated matters, including asset allocation, marketing and investor relations and regulatory and industry issues. In advance of each meeting, the Directors receive a comprehensive set of papers, including the Manager's review and performance reports, revenue projections and expense budgets, updates on marketing activities and investor relations, regulatory reports and documents on any other specific matters of importance. Key representatives of the Manager attend each Board meeting, enabling the Directors to probe on matters of concern and seek clarification on any issues.

## AUDIT COMMITTEE

The Report of the Audit Committee is contained on pages 44 to 46.

## MANAGEMENT ENGAGEMENT COMMITTEE

A separate Management Engagement Committee, which is chaired by Richard Ramsay and comprises the full Board, has been established. The Management Engagement Committee reviews annually matters concerning the management agreement which exists between the Company, the AIFM and the Manager. Further information on the Manager and the activities of the Management Engagement Committee are set out on page 37 and details of the management agreement are shown in note 3 to the financial statements.

## NOMINATION COMMITTEE

Appointments to the Board of Directors are considered by the Nomination Committee which is chaired by James McCulloch and comprises the full Board. As the Board consists of four Directors with a wide range of skills, it is considered appropriate for all Directors to members of the Nomination Committee. The Committee considers a broad range of skills and experience when seeking potential candidates, including diversity. External search consultants may be used to assist in the appointment of new Directors should it be considered expedient.

As described in last year's Annual Report, the Nomination carried out a search for a new Director in early 2020. Cornforth Consulting, an external agency with no connection to the Company, was engaged to put forward candidates for interview. The Committee determined that a new Director with marketing and communications experience would be a very useful addition to the Board and Cornforth was provided with a brief to identify a diverse range of candidates, including some with these particular skills. Following a far reaching candidate review and interview process, Anne Gilding was appointed to the Board on 16 June 2020. Anne has extensive experience in the marketing and communications and was best qualified to complement the existing balance of skills and experience on the Board.

## DIRECTORS' MEETINGS

The following table shows the number of formal Board and Committee meetings held during the year and the number attended by each Director (with eligibility to attend in brackets):

| | Board meetings[2] | Audit Committee meetings | Management Engagement Committee meetings | Nomination Committee meetings |
|---|---|---|---|---|
| Richard Ramsay | 10 (10) | 2 (2) | 2 (2) | 1 (1) |
| James McCulloch | 10 (10) | 2 (2) | 2 (2) | 1 (1) |
| Sue Inglis | 10 (10) | 2 (2) | 2 (2) | 1 (1) |
| Anne Gilding[1] | 10 (10) | 2 (2) | 2 (2) | 1 (1) |

[1] Anne Gilding was appointed on 16 June 2020 and attended two Board meetings, one Audit Committee meeting and one Management Engagement Committee meeting as an observer.

[2] The Board met more frequently than usual during the year due to the acquisition of the Manager and the impact of COVID-19.

## DIRECTORS' INDEPENDENCE

The Board currently consists of a non-executive Chairman and three non-executive Directors. All Directors are considered by the Board to be independent of the Manager and free of any material relationship with the Manager. Each Director has the requisite level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper Governance of the Company. James McCulloch has been identified as the Senior Independent Director, to whom any concerns can be conveyed by the other Directors.

## TENURE

Directors are subject to election by Shareholders at the Annual General Meeting following their appointment and, thereafter, are subject to retirement and re-election on an annual basis. In addition, the appointment of each Director is reviewed by the other members of the Board each year. Directors are not, therefore, subject to automatic re-appointment. Directors are not appointed for specific terms. The Board is conscious of the benefits of continuity on the Board and believes that retaining Directors with sufficient experience of the Company is of great benefit to Shareholders. The Chairman and Directors would generally be expected to serve a term of nine years. However, a flexible approach to tenure has been adopted and that period may be extended in certain circumstances to facilitate continuity and effective succession planning, whilst still ensuring regular refreshment and diversity on the Board.

## BOARD DIVERSITY

The Board recognises the importance of diversity including gender, ethnicity and background, and is committed to ensuring that a wide range of knowledge, experience, skills and cognitive diversity are represented on the Board.

The Board does not consider it appropriate to establish diversity targets or quotas but considers diversity, in its broadest sense, as an important factor in its succession planning and recruitment process, and is committed to appointing and retaining the most appropriate and well qualified individuals.

## INDUCTION AND TRAINING

New Directors appointed to the Board are provided with an induction programme which is tailored to the particular circumstances of the appointee. Regular briefings are provided during the year on industry and regulatory matters and the Directors receive other relevant training as required.

## PERFORMANCE EVALUATION

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole, the individual Directors and the Board Committees. The process involves consideration of completed questionnaires tailored to suit the nature of the Company and discussion of the points arising amongst the Directors.

The annual evaluation of the Board and the Directors has been completed and the Directors have concluded that the Board continues to function effectively and, individually, the Directors remain independent and there are no relationships or circumstances which are likely to affect the judgement of the Directors.

The Board has reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. The Board has reviewed the proposed re-elections and is of the opinion that each Director brings a significant range of business, financial and management skills and experience to the Company and the Board supports their re-election.

## STEWARDSHIP

The Board has delegated responsibility for actively monitoring the activities of investee companies to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee companies, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights in respect of investee companies. The underlying aim of exercising such voting rights is to protect the return from an investment. The Manager's policy is to assess each voting opportunity individually and to vote only in cases where it is believed that the Company's best interests need to be protected. The Board also receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights.

Further details on Responsible Investing can be found on page 11.

## RELATIONS WITH SHAREHOLDERS

The Directors place a great deal of importance on communication with Shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders may obtain up to date information on the Company through the Manager's website at www.momentum.co.uk.

A regular dialogue is maintained with the Company's private client asset and wealth manager Shareholders. This is principally carried out through the Manager. Reference to significant holdings in the Company's Ordinary shares can be found under 'Substantial Interests' on page 37.

The Notice of the Annual General Meeting included within the Annual Report and Accounts is sent out at least 20 working days in advance of the meeting. All Shareholders have the opportunity to put questions to the Board or Manager. The Company Secretary is available to answer general Shareholder queries at any time throughout the year.

By order of the Board
**Juniper Partners Limited**
Company Secretary

16 June 2021

28 Walker Street
Edinburgh
EH3 7HR

# Audit Committee Report

## COMPOSITION OF THE AUDIT COMMITTEE

An Audit Committee has been established and comprises four non-executive Directors: Sue Inglis (Chairman), Anne Gilding, James McCulloch and Richard Ramsay. Sue Inglis has recent and relevant financial experience and the Audit Committee as a whole has competence relevant to the investment trust sector. The Chairman of the Board is a member of the Committee to enable him to be kept fully informed of any issues which may arise. The Terms of Reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis and are disclosed on the Company's website. Further copies are available on request.

## ROLE OF THE AUDIT COMMITTEE

A summary of the Committee's main audit review functions is shown below:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager and Administrator;
- to meet with the external auditor to review their audit programme and findings. The Audit Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services;
- to review an annual statement from the Manager and Administrator detailing the arrangements in place whereby the staff of the Manager and of the Administrator may, in confidence, escalate concerns about possible improprieties in financial reporting or other matters;
- to make recommendations in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification.

## ANNUAL REPORT AND FINANCIAL STATEMENTS

The Board of Directors is responsible for preparing the Annual Report and financial statements. The Audit Committee advises the Board on the form and content of the Annual Report and financial statements, any issues which may arise and any specific areas which require judgement. The Audit Committee considered certain significant issues during the year. These are noted in the table on page 45.

## AUDIT TENDER

During the year, the Audit Committee undertook a tender process and the Board agreed to appoint BDO LLP ('BDO') to succeed Ernst & Young LLP ('EY') as auditor. EY formally resigned as the Company's auditor on 24 November 2020 and BDO was appointed by the Board to carry out the audit for the year ending 30 April 2021.

The Committee invited a number of audit firms to tender for the audit and two audit firms were selected to present formal tender documents to the Committee. The presentations were gauged against a number of objective and subjective measures. Based on this, the Audit Committee determined that BDO would be the most suitable appointee for the Company's requirements. BDO presented a knowledgeable team who exhibited a good understanding of the Company, its reporting requirements and risks and were competitive as to proposed audit fees.

BDO has carried out the audit for the year ended 30 April 2021 and Shareholders will be asked to approve their re-appointment at the Annual General Meeting.

## AUDITOR

As part of its review of the scope and results of the audit, the Audit Committee considered and approved BDO's plan for the audit of the financial statements for the year ended 30 April 2021. At the conclusion of the audit, BDO did not highlight any issues to the Audit Committee which would cause it to qualify its audit report, nor did it highlight any fundamental internal control weaknesses. BDO issued an unqualified audit opinion which is included on pages 50 to 54.

In relation to the provision of non-audit services by the auditor, it has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit Committee and any special projects must also be approved in advance. BDO did not carry out any non-audit work during the year.

As part of the review of auditor independence and effectiveness, BDO has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating BDO, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Audit Committee, from direct observation and enquiry of the Manager and Administrator, is satisfied that BDO provides effective and independent challenge in carrying out its responsibilities. Following professional guidelines, the audit principal rotates after five years. The current audit principal, Vanessa Bradley, is in the first year of her appointment. On the basis of this assessment, the Audit Committee has recommended the continuing appointment of BDO to the Board. BDO's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

In relation to the Annual Report and financial statements the following significant issues were considered by the Committee:

| Significant issue | How the issue was addressed |
|---|---|
| **Accuracy of portfolio valuation and existence of investments** | Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Unquoted investments are valued using primary valuation techniques (as set out on page 60) and are reviewed by the Committee at each meeting. Existence of investments is verified through custodian reconciliations. |
| **Misstatement of income** | Income received is accounted for in line with the Company's accounting policy (as set out on page 60) and is reviewed by the Committee at each meeting, including allocation of special dividends. |
| **Comfort over internal controls** | The Committee receives regular reports on internal controls from the Manager and the AIFM and has access to the relevant personnel at the Manager and the AIFM who have a responsibility for risk management. |
| **COVID-19** | The Committee considered the impact of COVID-19 on the Company's system of internal controls and received regular updates from the Manager and key service providers on mitigation measures put in place to ensure operational resilience. |

All of the above were satisfactorily addressed through consideration of reports provided by and discussed with the Manager and Juniper Partners.

## INTERNAL CONTROLS

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. In accordance with the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' (the 'FRC Guidance') the Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal controls. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed.

The principal risks and uncertainties affecting the Company are disclosed on pages 29 and 30.

The key components designed to provide effective internal controls are outlined below:

- Juniper Partners as Company Secretary and Administrator together with the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance.
- The Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate.
- Juniper Partners as AIFM operates a risk policy which covers the risks associated with the management of the portfolio. The adequacy and effectiveness of this is reviewed at least annually, including the risk management processes and systems and limits for each risk area. The AIFM reports regularly to the Board.
- As a matter of course the Manager's compliance department continually reviews the Manager's operations and reports to the Board on a quarterly basis.
- Written agreements are in place which specifically define the roles and responsibilities of the Manager, Administrator and other third-party service providers.

The Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager and the AIFM, has decided to place reliance on the Manager's and the AIFM's systems and internal control procedures.

At its June meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 April 2021 by considering documentation from the Manager and the Administrator, including the compliance function, and taking account of events since 30 April 2021. The Committee determined that the internal controls were operating effectively and as expected, and the results of the assessment were then reported to the Board at the following Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

**Sue Inglis**
Chair of Audit Committee

16 June 2021

# Directors' Remuneration Report

## INTRODUCTION

As the Company has no employees and all of the Directors are non-executive, the Board has not established a separate Remuneration Committee. The Board as a whole fulfils the role of the Remuneration Committee and determines the level of remuneration paid to individual Directors within the parameters of the remuneration policy.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is shown below.

The Board has prepared this report in accordance with the requirements of section 421 of the Companies Act 2006. By law, the Company's auditor is required to audit certain of the disclosures provided in this report. Where disclosures have been audited they are indicated as such. An ordinary resolution for the approval of this report will be put to the Shareholders at the forthcoming Annual General Meeting.

## REMUNERATION POLICY

It is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally and of investment trusts that are similar in size and complexity as the Company, the time committed by the Directors to the Company's affairs and the additional responsibilities of the Chairmen of the Board and the Audit and Nomination Committees. The policy was approved by Shareholders at the AGM in 2020 and there have been no changes to the policy since that date. It is intended that the policy will continue in force until the AGM in 2023.

The Company's Articles of Association set a maximum aggregate limit for fees payable to the Directors in a financial year. The current limit, approved by Shareholders at the AGM in 2019, is £150,000 per annum, with an annual uplift to reflect the change in the Consumer Price Index.

The Board reviewed the Directors' fee rates in February 2021 and agreed to maintain them at the current levels for the year to 30 April 2022 as follows: Chairman £32,000, Audit Committee Chairman £27,000, Nomination Committee Chairman £25,000 and Director £24,000. The rates reflect the current responsibilities and commitment of the Directors and ensure the Company continues to be able to attract high calibre individuals in the future.

No Director has a service contract with the Company. Letters of appointment are in place under which the Directors are appointed to the Board subject, inter alia, to re-appointment in accordance with the Articles of Association.

The Directors have not had any interests in contractual arrangements with the Company either during the period or subsequently.

No Director past or present has any entitlement to pensions and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

## ANNUAL REPORT ON DIRECTORS' REMUNERATION

### Directors' emoluments (audited)

The Directors who served in the year received the following fees:

| | 2021 £ | 2020 £ |
|---|---|---|
| Richard Ramsay | 32,000 | 30,125 |
| James McCulloch | 25,000 | 23,750 |
| Sue Inglis | 27,000 | 24,000 |
| Anne Gilding[1] | 21,040 | - |
| Ian Davis[2] | - | 14,500 |
| | 105,040 | 92,375 |

[1] Appointed 16 June 2020

[2] Retired 28 November 2019

The total remuneration for the Board as a whole over the five years ending 30 April 2021 is summarised below:

| | Fees £ |
|---|---|
| 2021 | £105,040 |
| 2020 | £92,375 |
| 2019 | £69,833 |
| 2018 | £67,000 |
| 2017 | £67,000 |

### Relative importance of spend on pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration and Shareholder distributions:

| | 2021 £'000 | 2020 £'000 | Change % |
|---|---|---|---|
| Aggregate Directors' remuneration | 105 | 92 | +14.1% |
| Dividends paid to Shareholders | 2,775 | 3,300 | -15.9% |

Directors' fee rates have not changed during the year but the number of Directors has increased from three to four. The dividend per share did not change between 2020 and 2021 but the total amount paid did reduce due to share buy-backs.

### Directors' shareholdings (audited)

The Directors who held office at the year-end and their interests in the Ordinary shares of the Company were as follows:

| | At 30 April 2021 Ordinary shares | At 30 April 2020 Ordinary shares |
|---|---|---|
| Richard Ramsay | 150,402 | 150,402 |
| James McCulloch | 120,000 | 120,000 |
| Sue Inglis | 20,000 | 20,000 |
| Anne Gilding[1] | 18,000 | N/A |

[1] Appointed 16 June 2020

There have been no other changes in the Directors' interests in the shares of the Company between 30 April 2021 and 15 June 2021. None of the Directors are required to own shares in the Company.

## COMPANY PERFORMANCE

The chart shown below illustrates, for the ten financial years ended 30 April 2021, the total Shareholder return for a holding in the Company's shares as compared to the notional annualised return of 8% from 1 May 2011 to 18 January 2012, 3 month LIBOR plus 3% from 18 January 2012 to 6 July 2017 and CPI plus 6% from 7 July 2017 to 30 April 2021, each being the Company's Benchmark for the relevant period. The Company's Benchmark is based on CPI as the Board recognises the importance to Shareholders of achieving real returns from their investment.

## VOTING AT ANNUAL GENERAL MEETING

At the Company's last Annual General Meeting, held on 21 July 2020, Shareholders approved the Directors' Remuneration Report in respect of the year ended 30 April 2020, with 99.3% of votes in favour and 0.7% against. Shareholders also approved the Directors' Remuneration Policy in respect of the three year period ending 30 April 2023, with 99.3% votes in favour and 0.7% against.

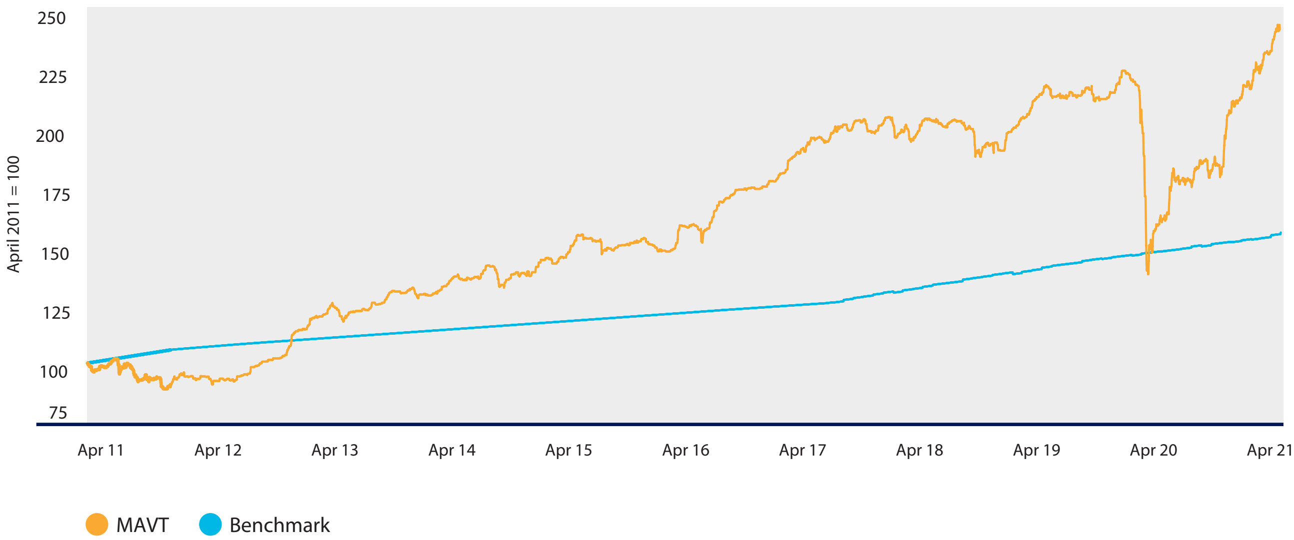
An ordinary resolution for the approval of this Directors' Remuneration Report will be put to Shareholders' votes at the forthcoming Annual General Meeting.

By order of the Board

**Juniper Partners Limited**
Company Secretary

16 June 2021

### Share Price Total Return




Source: Momentum Global Investment Management/Bloomberg

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they present a true and fair view and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations. The financial statements are published on www.momentum.co.uk which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that, in the opinion of the Directors, the Annual Report and Accounts taken as a whole is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006, where applicable. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

For Momentum Multi-Asset Value Trust plc

**Richard Ramsay**
Chairman

16 June 2021

# Independent Auditor's Report

**TO THE MEMBERS OF MOMENTUM MULTI-ASSET VALUE TRUST PLC**

## OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Momentum Multi-Asset Value Trust plc (the 'Company') for the year ended 30 April 2021 which comprise the Income Statement, the Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the *UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

### Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 24 November 2020 to audit the financial statements for the year ended 30 April 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the year ended 30 April 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

## CONCLUSIONS RELATING TO GOING CONCERN

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

- Evaluating the appropriateness of management's method of assessing going concern in light of market volatility and the present uncertainties due to the Covid-19;
- Assessing the liquidity position available to meet the future obligations and operating expenses for the next twelve months;
- Challenging the reasonableness of management's assumptions and judgements made in their forecasts with reference to historical actual results; and
- Assessing the reasonableness of management's stress tests performed on their forecasts and the resulting impacts on the company's liquidity position and requirements.

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

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

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

## OVERVIEW

| | |
|---|---|
| **Key audit matters** | 2021<br><br>Valuation and ownership of quoted investments |
| **Materiality** | *Balance sheet materiality*<br><br>£660k based on 1% of Net Assets |

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

| Key audit matter | | How the scope of our audit addressed the key audit matter |
|---|---|---|
| Valuation and ownership quoted of investments (note 1b and note 9) | The investment portfolio at the year-end comprised of investments at fair value through profit or loss.<br><br>The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. As the investment manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations. | We responded to this matter by testing the valuation and ownership of 100% of the portfolio of quoted investments. We performed the following procedures:<br><br>• Confirmed the year-end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value.<br><br>• Obtained direct confirmation from the custodian regarding all investments held at the Balance Sheet date.<br><br>**Key observations:**<br>Based on our procedures performed we consider management's assessment of the valuation of quoted investments to be appropriate. |

## OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

| | **Company financial statements 2021** |
|---|---|
| **Materiality** | £660k |
| **Basis for determining materiality** | 1% of Net Assets. |
| **Rationale for the benchmark applied** | As an investment trust, the net asset value is a key measure for users of the financial statements. |
| **Performance materiality** | £430k |
| **Basis for determining performance materiality** | Performance materiality was set at 65% of total materiality as this is the first year on the audit. |

## SPECIFIC MATERIALITY

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items to be £220,000 based on 10% of revenue return before tax. We further applied a performance materiality level of 65% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £10,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## CORPORATE GOVERNANCE STATEMENT

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

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

### Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and
- The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.

### Other Code provisions

- The Directors' statement on fair, balanced and understandable;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the audit committee.

## OTHER COMPANIES ACT 2006 REPORTING

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

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

### Directors' remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## RESPONSIBILITIES OF DIRECTORS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Chapter 3 Part 6 of the Income Tax Act 2007, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the Company's qualification as an Investment Trust under UK tax legislation. We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the significant fraud risk area to be management override of controls.

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

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with Governance;
- testing of journal postings on a sample basis based on a defined risk criteria, made during the year to identify potential management override of controls;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

## USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Vanessa Bradley (Senior Statutory Auditor)**
For and on behalf of BDO LLP, Statutory Auditor
London, UK
16 June 2021
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# FINANCIAL STATEMENTS

# Income Statement

| | Notes | Year ended 30 April 2021 Revenue £'000 | Capital £'000 | Total £'000 | Year ended 30 April 2020 Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Gains/(losses) on investments | 9 | - | 22,842 | 22,842 | - | (22,362) | (22,362) |
| Currency losses | | - | (46) | (46) | - | (7) | (7) |
| Income | 2 | 2,974 | - | 2,974 | 4,288 | - | 4,288 |
| Investment management fee | 3 | (153) | (363) | (516) | (332) | (332) | (664) |
| Administrative expenses | 4 | (520) | - | (520) | (543) | - | (543) |
| **Profit/(loss) before finance costs and taxation** | | **2,301** | **22,433** | **24,734** | **3,413** | **(22,701)** | **(19,288)** |
| Finance costs | 5 | (43) | (92) | (135) | (91) | (91) | (182) |
| **Profit/(loss) before taxation** | | **2,258** | **22,341** | **24,599** | **3,322** | **(22,792)** | **(19,470)** |
| Taxation | 6 | (23) | - | (23) | - | - | - |
| **Profit/(loss) for year/total comprehensive income** | | **2,235** | **22,341** | **24,576** | **3,322** | **(22,792)** | **(19,470)** |
| **Return per share (pence)** | **8** | **5.48** | **54.75** | **60.23** | **6.79** | **(46.57)** | **(39.78)** |

The total column of this statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

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

# Balance Sheet

| | Notes | As at 30 April 2021 £'000 | As at 30 April 2020 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments at fair value through profit or loss | 9 | 72,995 | 70,186 |
| **Current assets** | | | |
| Debtors and prepayments | 10 | 726 | 921 |
| Cash | | 876 | 524 |
| | | **1,602** | **1,445** |
| **Creditors: amounts falling due within one year** | 11 | | |
| Bank loan | | (7,000) | (7,000) |
| Other creditors | | (976) | (1,115) |
| | | **(7,976)** | **(8,115)** |
| **Net current liabilities** | | **(6,374)** | **(6,670)** |
| **Net assets** | | **66,621** | **63,516** |
| **Capital and reserves** | | | |
| Called-up share capital | 12 | 12,400 | 12,400 |
| Share premium account | | 16,044 | 16,104 |
| Special reserve | | 20,651 | 39,287 |
| Capital redemption reserve | | 2,099 | 2,099 |
| Capital reserve – unrealised | 13 | (5,498) | (27,008) |
| Capital reserve – realised | 13 | 18,843 | 18,629 |
| Revenue reserve | | 2,082 | 2,005 |
| **Equity Shareholders' funds** | | **66,621** | **63,516** |
| **Net asset value per share (pence)** | 15 | **188.53** | **133.10** |

The financial statements were approved by the Board of Directors and authorised for issue on 16 June 2021 and were signed on its behalf by:

**Richard Ramsay**
Chairman

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

# Statement of Changes in Equity

| For the year ended 30 April 2021 | Share capital £'000 | Share premium account £'000 | Special reserve £'000 | Capital redemption reserve £'000 | Capital reserve – unrealised £'000 | Capital reserve – realised £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 30 April 2020 | 12,400 | 16,104 | 39,287 | 2,099 | (27,008) | 18,629 | 2,005 | 63,516 |
| Total comprehensive income | - | - | - | - | 21,510 | 831 | 2,235 | 24,576 |
| Dividends paid (see note 7) | - | - | - | - | - | (617) | (2,158) | (2,775) |
| Discount control costs | - | (60) | - | - | - | - | - | (60) |
| Shares bought back into treasury | - | - | (18,636) | - | - | - | - | (18,636) |
| **Balance at 30 April 2021** | **12,400** | **16,044** | **20,651** | **2,099** | **(5,498)** | **18,843** | **2,082** | **66,621** |

| For the year ended 30 April 2020 | Share capital £'000 | Share premium account £'000 | Special reserve £'000 | Capital redemption reserve £'000 | Capital reserve – unrealised £'000 | Capital reserve – realised £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 30 April 2019 | 12,309 | 15,312 | 38,824 | 2,099 | 3,200 | 11,213 | 1,983 | 84,940 |
| Total comprehensive income | - | - | - | - | (30,208) | 7,416 | 3,322 | (19,470) |
| Dividends paid (see note 7) | - | - | - | - | - | - | (3,300) | (3,300) |
| Discount control costs | - | (36) | - | - | - | - | - | (36) |
| Shares bought back into treasury | - | - | (3,759) | - | - | - | - | (3,759) |
| Shares issued from treasury | - | 276 | 4,222 | - | - | - | - | 4,498 |
| New shares issued | 91 | 552 | - | - | - | - | - | 643 |
| **Balance at 30 April 2020** | **12,400** | **16,104** | **39,287** | **2,099** | **(27,008)** | **18,629** | **2,005** | **63,516** |

The revenue reserve, the realised capital reserve and special reserve represent the amount of the Company's reserves distributable by way of dividend.

The capital reserve has been split between realised and unrealised on the Balance Sheet and the Statement of Changes in Equity to distinguish between the element of the reserve that is distributable (realised) and the element of the reserve that is not distributable (unrealised).

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

# Cash Flow Statement

| | Notes | Year ended 30 April 2021 £'000 | Year ended 30 April 2021 £'000 | Year ended 30 April 2020 £'000 | Year ended 30 April 2020 £'000 |
|---|---|---|---|---|---|
| Net return before finance costs and taxation | | | 24,734 | | (19,288) |
| Adjustments for: | | | | | |
| (Gains)/losses on investments | | | (22,842) | | 22,362 |
| Exchange movements | | | 46 | | 7 |
| Loan interest paid | | | (149) | | (173) |
| Tax paid | | | (23) | | - |
| Decrease in dividends receivable | | | 66 | | 113 |
| Decrease/(increase) in other debtors | | | 23 | | (6) |
| (Decrease)/increase in other creditors | | | (12) | | 60 |
| **Net cash inflow from operating activities** | | | **1,843** | | **3,075** |
| **Investing activities** | | | | | |
| Purchases of investments | | (17,464) | | (34,895) | |
| Sales of investments | | 37,515 | | 32,677 | |
| **Net cash inflow/(outflow) from investing activities** | | | **20,051** | | **(2,218)** |
| **Financing activities** | | | | | |
| Proceeds of issue of shares | | - | | 5,105 | |
| Cost of share buy-backs | | (18,721) | | (3,552) | |
| Equity dividends paid | | (2,775) | | (3,300) | |
| **Net cash outflow from financing activities** | | | **(21,496)** | | **(1,747)** |
| Increase/(decrease) in cash | 19 | | 398 | | (890) |
| Exchange movements | | | (46) | | (7) |
| Opening balance | | | 524 | | 1,421 |
| **Closing balance** | | | **876** | | **524** |

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

# Notes to the Financial Statements

## 1 ACCOUNTING POLICIES

### (a) Basis of preparation and going concern

Momentum Multi-Asset Value Trust plc is a public company limited by shares, is incorporated and domiciled in England and Wales and carries on business as an investment trust. The Company's name changed on 30 March 2021 from Seneca Global Income & Growth Trust plc to Momentum Multi-Asset Value Trust plc.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The financial statements are prepared in sterling, which is the functional currency of the Company, and rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue. The financial statements have been prepared on a going concern basis under the historic cost convention, as modified by the revaluation of investments held at fair value through profit and loss. The Directors have a reasonable expectation that the Company has enough resources to continue in operational existence for the foreseeable future. The Directors considered the impact of the COVID-19 pandemic and the impact this may have on the Company, in particular noting that, in addition to its net current assets, the Company holds a portfolio of largely liquid assets that, if required, can be sold to maintain adequate cash balances to meet expected cash flows, including debt servicing. The Directors are satisfied that the contingency plans and working arrangements of the Manager and key service providers are sustainable. Therefore, the going concern basis has been adopted in preparing the Company's Financial Statements.

Statement of estimation uncertainty – in the application of the Company's accounting policies, the Board is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates. Except for the valuation of unquoted investment holdings, there have been no significant judgements, estimates or assumptions for the year.

### (b) Investments

Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and derecognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments continue to be valued at fair value. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Investments in collective investment schemes have been valued at bid price for dual priced funds or single price for single priced funds. Unquoted investments are valued by the Directors using International Private Equity and Venture Capital Valuation ('IPEV') guidelines, such as earnings multiples, recent transactions and net assets, which equate to their fair values. Gains and losses arising from changes in fair value are included in net profit or loss for the year as a capital item in the Income Statement. The Company has chosen to apply FRS 102 sections 11 and 12 for the recognition and measurements of financial assets and liabilities.

### (c) Income

Income from investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex dividend. Special dividends are credited to capital or revenue, according to the circumstances. Interest receivable on short-term deposits is treated on an accruals basis.

### (d) Expenses

All expenses are accounted for on an accrual basis. Expenses are charged to revenue within the Income Statement except as follows:

- transaction costs on the acquisition or disposal of investments are charged to capital; and
- expenses are charged to capital where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fee and loan interest relating to the bank facility have been allocated 70% to capital and 30% to revenue within the Income Statement. Prior to 1 May 2020, the allocation was 50% to capital and 50% to revenue.

### (e) Other financial instruments

Other debtors, prepayments and other creditors do not carry any interest, are short-term in nature and initially recognised at transaction price and then held at amortised cost, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Cash may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

### (f) Reserves

**Revenue reserve** – the net revenue for the year is transferred to the revenue reserve and dividends paid from revenue are deducted from the revenue reserve.

**Capital reserves** – capital expenses, gains or losses on realisation of investments and changes in fair values of investments are transferred to the capital reserves. The realised capital reserve is available to fund dividend payments.

**Special reserve** – this is a distributable reserve used to fund market purchases of the Company's own shares and is also available to fund dividend payments.

**Share premium account** – this represents the surplus of subscription monies after expenses over the nominal value of the issued share capital.

**Capital redemption reserve** – the nominal value of the shares bought back and cancelled are transferred to the capital redemption reserve.

### (g) Taxation

The tax effect of different items of income/gains and expenditure/losses is allocated between revenue and capital on the same basis as the particular item to which it relates, under the marginal method, using the Company's effective rate of tax.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in future against which the deferred tax asset can be offset. Due to the Company's status as an investment trust company, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

### (h) Foreign currency

Transactions involving foreign currencies are converted to sterling, being the Company's functional currency, at the rate ruling at the date of the transaction. Translation of all monetary assets and liabilities held at fair value is at the year-end exchange rate. Differences arising from translation are treated as a gain or loss to capital or revenue within the Income Statement depending upon the nature of the gain or loss.

### (i) Interest bearing borrowings

All interest bearing borrowings are initially recognised at cost, being fair value of the consideration received. After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs.

### (j) Business segment

The Directors are of the opinion that the Company is engaged in the single business of investing in equities, collective investment products and other investments.

## 2 INCOME

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Income from investments** | | |
| UK franked income | 1,355 | 2,283 |
| UK unfranked dividend income | 413 | 615 |
| Overseas dividends | 1,206 | 1,390 |
| **Total income** | **2,974** | **4,288** |

## 3 INVESTMENT MANAGEMENT FEE

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Investment management fee | 153 | 363 | 516 | 332 | 332 | 664 |

The Company's investment manager is Momentum Global Investment Management Limited ('MGIM'). The management fee payable is calculated by reference to the Company's market capitalisation, at a rate of 0.9% per annum on market capitalisation up to £50m and 0.65% per annum on market capitalisation above this figure. The Company has appointed Juniper Partners Limited (previously called PATAC Limited) as its Alternative Investment Fund Manager ('AIFM'). The AIFM has delegated the portfolio management activities relating to the Company to MGIM pursuant to a delegation agreement between the Company, the AIFM and MGIM. MGIM absorbs the costs of the AIFM as part of its management fee. The agreement is terminable by either party on 12 months' notice. In the event that the agreement is terminated on less than 12 months notice, MGIM is entitled to payment in lieu of such notice. The delegation agreement was novated from Seneca Investment Managers Limited ('SIML') to MGIM on 30 March 2021, following the acquisition of SIML by MGIM. All terms of the agreement remain the same.

The fee was chargeable 50% to capital and 50% to revenue within the Income Statement for the year ended 30 April 2020. Following a review in April 2020, the split was changed to 70% to capital and 30% to revenue, effective from 1 May 2020, reflecting the Board's estimate of the split of future long-term returns between capital and revenue.

The balance due to MGIM at the year-end was £45,000 (2020: £42,000).

## 4 ADMINISTRATIVE EXPENSES

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Administration and company secretarial fees | 113 | - | 113 | 126 | - | 126 |
| Directors' fees | 105 | - | 105 | 92 | - | 92 |
| Auditor's remuneration: | | | | | | |
| – audit (excluding VAT) | 36 | - | 36 | 35 | - | 35 |
| Other | 266 | - | 266 | 290 | - | 290 |
| | **520** | **-** | **520** | **543** | **-** | **543** |

The Company has an agreement with Juniper Partners for the provision of administration and Company secretarial services.

Up to 31 July 2019, Juniper Partners was entitled to a fixed fee of £110,000 per annum (index-linked). From 1 August 2020, Juniper Partners is entitled to a fixed fee of £100,000 per annum (index-linked) plus 0.1% on net assets of £50m-£100m, 0.03% on net assets of £100m-£250m, 0.02% on net assets of £250m-£1,000m and 0.01% on net assets above £1,000m.

The agreement is terminable by either party on three months' notice. The balance due to Juniper Partners at the year-end was £20,000 (2020: £29,000).

## 5 FINANCE COSTS

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| On bank loans | 43 | 92 | 135 | 91 | 91 | 182 |

Finance costs relate to interest charged on the revolving loan facility, details of which are disclosed in note 11.

## 6 TAXATION

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| **(a) Analysis of charge for the year** | | | | | | |
| Total tax charge | 23 | - | 23 | - | - | - |

### (b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| **Net profit/(loss) on ordinary activities before taxation** | **2,258** | **22,341** | **24,599** | **3,322** | **(22,792)** | **(19,470)** |
| Corporation tax at 19.00% (2020: 19.00%) | 429 | 4,245 | 4,674 | 631 | (4,330) | (3,699) |
| Effects of: | | | | | | |
| Non-taxable UK dividends | (210) | - | (210) | (376) | - | (376) |
| Non-taxable overseas dividends | (229) | - | (229) | (264) | - | (264) |
| Overseas tax | 23 | - | 23 | - | - | - |
| Movement in unutilised management expenses | 10 | 86 | 96 | 9 | 80 | 89 |
| (Losses)/gains on investments not taxable | - | (4,331) | (4,331) | - | 4,250 | 4,250 |
| **Total tax payable** | **23** | **-** | **23** | **-** | **-** | **-** |

### (c) Factors that may affect future tax changes

There was no provision for deferred taxation made for either this year or the previous year. The Company has not recognised a deferred tax asset of £1,454,000 (2020: £1,358,000) arising as a result of surplus management expenses, non-trading deficits and eligible unrelieved foreign tax, totalling £7,654,000 (2020: £7,146,000). These deficits will only be utilised if the Company has profits chargeable to corporation tax in future accounting periods. Due to the nature of the Company, it is considered unlikely that it will generate such profits and therefore no deferred tax asset has been recognised.

## 7 DIVIDENDS

Amounts recognised as distributions to equity holders for the year ended 30 April:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Fourth interim dividend for 2020: 1.68p (2019: 1.68p) | 786 | 813 |
| First interim dividend for 2021: 1.68p (2020: 1.68p) | 715 | 827 |
| Second interim dividend for 2021: 1.68p (2020: 1.68p) | 657 | 828 |
| Third interim dividend for 2021: 1.68p (2020: 1.68p) | 617 | 832 |
| | **2,775** | **3,300** |

Split as follows:

| | | |
|---|---|---|
| Paid from revenue | 2,158 | 3,300 |
| Paid from capital | 617 | - |
| | **2,775** | **3,300** |

A fourth interim dividend has been declared for the year of 1.68p (2020: 1.68p) per share, amounting to £578,000 (2020: £786,000). There is no final dividend proposed for the year (2020: nil).

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of sections 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £2,235,000 (2020: £3,322,000).

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| First interim dividend for 2021: 1.68p (2020: 1.68p) | 715 | 827 |
| Second interim dividend for 2021: 1.68p (2020: 1.68p) | 657 | 828 |
| Third interim dividend for 2021: 1.68p (2020: 1.68p) | 617 | 832 |
| Fourth interim dividend for 2021: 1.68p (2020: 1.68p) | 578 | 787 |
| | **2,567** | **3,274** |

Split as follows:

| | | |
|---|---|---|
| Paid and payable from revenue | 1,950 | 3,274 |
| Paid from capital | 617 | - |
| | **2,567** | **3,274** |

## 8 RETURN PER ORDINARY SHARE

The return per Ordinary share is based on the following figures:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Revenue p | Capital p | Total p | Revenue p | Capital p | Total p |
| | 5.48 | 54.75 | 60.23 | 6.79 | (46.57) | (39.78) |

The revenue return per Ordinary share is calculated on net revenue on ordinary activities after taxation for the year of £2,235,000 (2020: £3,322,000) and on 40,804,188 (2020: 48,937,757) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The capital return per Ordinary share is calculated on net capital gains for the year of £22,341,000 (2020: losses of £22,792,000) and on 40,804,188 (2020: 48,937,757) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The total return per Ordinary share is calculated on total gains for the year of £24,576,000 (2020: losses of £19,470,000) and on 40,804,188 (2020: 48,937,757) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

## 9 INVESTMENTS

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Fair value through profit or loss:** | | |
| Opening book cost | 97,194 | 87,025 |
| Opening fair value (losses)/gains on investments held | (27,008) | 3,200 |
| Opening valuation | 70,186 | 90,225 |
| Movements in year: | | |
| Purchases at cost | 17,362 | 35,446 |
| Sale proceeds | (37,395) | (33,123) |
| Gains/(losses) on investments | 22,842 | (22,362) |
| **Closing fair value of investments held** | **72,995** | **70,186** |
| | | |
| Closing book cost | 78,493 | 97,194 |
| Closing fair value losses on investments held | (5,498) | (27,008) |
| **Closing fair value of investments held** | **72,995** | **70,186** |

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Gains/(losses) on investments** | | |
| Realised gains on sales | 1,332 | 7,846 |
| Increase/(decrease) in fair value of investments held | 21,510 | (30,208) |
| **Gains/(losses) on investments** | **22,842** | **(22,362)** |

The Company received proceeds of £37,395,000 (2020: £33,123,000) from investments sold in the year. The average book cost of these investments when they were purchased was £36,063,000 (2020: £25,277,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

### Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains/(losses) on investments in the Income Statement. The total costs were as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Purchases | 33 | 80 |
| Sales | 20 | 19 |
| | **53** | **99** |

## 10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Dividends receivable | 357 | 422 |
| Due from brokers | 322 | 446 |
| Prepayments and other debtors | 47 | 53 |
| | **726** | **921** |

None of the above amounts are past their due date or impaired (2020: nil).

## 11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Bank loan | 7,000 | 7,000 |
| Due to brokers | 740 | 861 |
| Interest payable | 3 | 3 |
| Other creditors | 233 | 251 |
| | **7,976** | **8,115** |

The Company has a £10,000,000 (2020: £14,000,000) revolving loan facility in place with The Royal Bank of Scotland International Limited which expires in October 2022. The facility was reduced from £14,000,000 to £10,000,000 on 14 May 2020. At 30 April 2021 £7,000,000 had been drawn down at an all-in fixed rate of 1.13388% until 31 July 2021. At 30 April 2020 £7,000,000 had been drawn down at an all-in fixed rate of 1.78288% until 31 October 2020. The terms of the revolving loan, including interest rate, are agreed at each draw down. The facility can be cancelled at any time without cost to the Company.

As at 30 April 2021 there was a commitment fee of £8,000 (2020: £8,000) payable to The Royal Bank of Scotland International on the undrawn bank loan facility.

## 12 CALLED-UP SHARE CAPITAL

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Called-up, allotted and fully paid** | | |
| 35,336,348 Ordinary shares of 25p each in issue (2020: 47,719,088) | 8,834 | 11,930 |
| 14,264,740 Ordinary shares of 25p each held in treasury (2020: 1,882,000) | 3,566 | 470 |
| 49,601,088 Ordinary shares of 25p each (2020: 49,601,088) | 12,400 | 12,400 |

The Ordinary shares carry the right to receive any dividends and have one vote per Ordinary share. There are no restrictions on the voting rights of the shares or on the transfer of the shares.

During the year to 30 April 2021 the Company repurchased 12,382,740 Ordinary shares (2020: 2,626,000) at a total cost of £18,636,000 (2020: £3,759,000), all of which were placed in treasury.

During the year to 30 April 2021 the Company reissued no Ordinary shares from treasury (2020: 2,550,273 for cash proceeds totalling £4,498,000).

During the year to 30 April 2021 there were no new Ordinary shares of 25p each issued by the Company (2020: 364,727 for cash proceeds totalling £643,000).

The costs of the operation of the Discount Control Mechanism of £60,000 (2020: £36,000) have been charged against the premium on shares issued.

## 13 CAPITAL RESERVE

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Unrealised £'000 | Realised £'000 | Unrealised £'000 | Realised £'000 |
| Balance brought forward | (27,008) | 18,629 | 3,200 | 11,213 |
| Movement in fair value gains/(losses) | 21,510 | 1,332 | (30,208) | 7,846 |
| Exchange losses | - | (46) | - | (7) |
| Expenses allocated to capital reserves | - | (455) | - | (423) |
| Third interim dividend | - | (617) | - | - |
| **Balance carried forward** | **(5,498)** | **18,843** | **(27,008)** | **18,629** |

## 14 COMMITMENTS AND CONTINGENCIES

As at 30 April 2021 there were no contingent liabilities (2020: nil).

## 15 NET ASSET VALUE PER SHARE

| | 2021 | 2020 |
|---|---|---|
| Net assets attributable | £66,621,000 | £63,516,000 |
| Number of Ordinary shares in issue | 35,336,348 | 47,719,088 |
| Net asset value per Ordinary share | 188.53p | 133.10p |

## 16 RISK MANAGEMENT, FINANCIAL ASSETS AND LIABILITIES

The Company's financial instruments comprise:

- Equities, bonds and collective investment schemes that are held in accordance with the Company's Investment Objective, which is set out on page 2 of this report;
- Term loans, the main purpose of which is to raise finance for the Company's operations;
- Cash and liquid resources that arise directly from the Company's operations; and
- Other short-term debtors and creditors.

The main risks arising from the Company's financial instruments are market risk, interest rate risk, credit risk, liquidity risk and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the inception of the Company.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. The maturity profile is disclosed below.

### Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined financial, market and sector analysis, with the emphasis on long-term investments. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

A list of the investments held by the Company at 30 April 2021 is shown in the 'Investment Portfolio' table on pages 20 and 21. All investments are stated at fair value.

If market prices of quoted securities at the Balance Sheet date had been 20% (2020: 20%) higher or lower while all other variables remained constant, the return attributable to Shareholders for the year ended 30 April 2021 would have increased/ decreased by £14,591,000 (2020: increase/decrease of £14,203,000) and equity reserves would have increased/decreased by the same amount.

Market risk includes interest rate risk, foreign currency risk and other price risk.

### Interest rate risk

#### Financial assets

Prices of bonds and prices of the underlying holdings of third-party debt funds are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the governments' fiscal positions, short-term interest rates and international market comparisons. The Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee company.

### Financial liabilities

The Company may finance some or all of its operations through the use of a loan facility. The Board sets borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

## Maturity profile

The maturity profile of the Company's floating rate financial assets and liabilities at 30 April 2021 and 30 April 2020 was as follows:

| At 30 April 2021 | Within 1 year £'000 | Within 1-5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|
| **Floating rate** | | | | |
| Bank loan | (7,020) | - | - | (7,020) |
| Cash | 876 | - | - | 876 |

## Floating rate

Details of the Company's loan is shown in note 11.

| At 30 April 2020 | Within 1 year £'000 | Within 1-5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|
| **Floating rate** | | | | |
| Bank loan | (7,062) | - | - | (7,062) |
| Cash | 524 | - | - | 524 |

Other debtors and other creditors at 30 April 2021 and 30 April 2020 have no interest rate and are all receivable or payable within one year.

## Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for floating interest investments and borrowings at the Balance Sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of investments that have floating rates.

If interest rates had been 100 basis points higher or lower respectively and all other variables were held constant, the Company's:

- Profit before tax for the year ended 30 April 2021 would decrease/increase by £61,000 (2020: £65,000). This is mainly attributable to the Company's exposure to interest rates on its borrowings and cash balances. These positions have been calculated based on cash balance and borrowing positions at each year-end.
- Profit before tax for the year ended 30 April 2021 would increase/decrease by £171,000 (2020: £287,000). This is mainly attributable to the Company's exposure to interest rates on its third-party managed debt funds, which are both fixed and variable rate vehicles. This is based on assumptions of modified duration on third-party funds held.

In the opinion of the Directors, the above sensitivity analyses are not necessarily representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will fluctuate depending on the current market perception.

## Foreign currency risk

The income and capital value of the Company's investments are mainly denominated in sterling; therefore, the Company is not subject to any material risk of currency movements and therefore no sensitivity analysis is presented in this regard. At the year-end the Company held the following investments denominated in foreign currencies:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Currency '000 | Sterling equivalent £'000 | Currency '000 | Sterling equivalent £'000 |
| Euro | 1,623 | 1,412 | 1,074 | 935 |
| US | 4,909 | 3,553 | 2,486 | 1,974 |

At the year-end the Company held foreign currency cash balances with the sterling equivalent of £nil (2020: £nil).

### Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments held directly or indirectly through collective investment products.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process, as detailed on page 10, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The vast majority of investments held by the Company, directly or indirectly through collective investment products, are listed on various stock exchanges worldwide.

### Credit risk

Credit risk represents the failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not considered significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports by the Administrator on a daily basis. In addition, the Administrator carries out a stock reconciliation to the Custodian's records on a weekly basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee; and
- cash is held only with reputable banks with high quality external credit ratings.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The carrying amounts of financial assets exposed to credit risk, namely receivables and cash, best represents the maximum credit risk exposure at the Balance Sheet date, hence no separate disclosure is required.

## 17 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity Shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 20% of net assets.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

| Capital management | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Debt** | | |
| Bank loan | 7,000 | 7,000 |
| **Equity** | | |
| Equity share capital | 12,400 | 12,400 |
| Retained earnings and other reserves | 54,221 | 51,116 |
| | 66,621 | 63,516 |
| Debt as a % of net assets | 10.5 | 11.0 |

The Company considers the above headings to be the capital that it manages.

## 18 FAIR VALUE HIERARCHY

Financial Reporting Standard 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 30 April 2021 as follows:

| Financial assets at fair value through profit or loss | Note | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | 2021 Total £'000 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | 2020 Total £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Quoted equities | (a) | 53,460 | - | - | 53,460 | 47,182 | - | - | 47,182 |
| Unit trusts and OEICs | (a) | 19,496 | - | - | 19,496 | 22,912 | - | 21 | 22,933 |
| Delisted equities | (b) | - | - | 39 | 39 | - | - | 71 | 71 |
| **Net fair value** | | **72,956** | **-** | **39** | **72,995** | **70,094** | **-** | **92** | **70,186** |

### (a) Quoted investments

Quoted equities included in fair value Level 1 are actively traded on recognised stock exchanges and the fair value of these investments has been determined by reference to their quoted bid prices at the reporting date. The fair value for unit trusts and OEICs included in Level 1 has been determined based on prices published by the relevant fund manager. Those unit trusts and OEICs included within Level 1 are quoted in an active market. The fair value for unit trusts and OEICS in Level 3 has been determined based on prices published by the relevant fund manager with the application of an illiquidity discount.

### (b) Delisted investments

The fair value of the Company's investments in unquoted stocks have been determined by reference to primary valuation techniques described in note 1(b).

During the year to 30 April 2019, Blue Capital Reinsurance Fund went into liquidation and delisted from the London Stock Exchange. The fair value has been determined based on the current value of the fund, as provided by the relevant fund manager, with the application of a liquidation discount.

A reconciliation of fair value measurements in Level 3 is set out in the following table:

| | Delisted equities £'000 | Unit trusts and OEICs £'000 | 2021 Total £'000 | 2020 Total £'000 |
|---|---|---|---|---|
| Opening balance | 71 | 21 | 92 | 390 |
| Purchases | - | - | - | - |
| Sales | (20) | - | (20) | (393) |
| Transfers | - | - | - | - |
| Total gains/(losses) on investments in the Income Statement: | | | | |
| on assets sold | - | - | - | 192 |
| on assets held at the end of the year | (12) | (21) | (33) | (97) |
| **Closing balance** | **39** | **-** | **39** | **92** |

## 19 ANALYSIS OF CHANGES IN NET DEBT

| | 30 April 2020 £'000 | Cash flows £'000 | Exchange movements £'000 | 30 April 2021 £'000 |
|---|---|---|---|---|
| **Cash or cash equivalents** | | | | |
| Cash | 524 | 398 | (46) | 876 |
| **Borrowings** | | | | |
| Debt due within one year | (7,000) | - | - | (7,000) |
| **Total** | **(6,476)** | **398** | **(46)** | **(6,124)** |

## 20 RELATED PARTIES

The Directors of the Company receive fees for their services. James McCulloch's fees are paid to J3 Capital Limited. Further details are provided in the Directors' Remuneration Report on pages 47 and 48. Details of the fees paid to MGIM, as Manager, are shown in note 3.

## UNAUDITED FINANCIAL INFORMATION

### Alternative Investment Fund Managers Directive 'AIFMD'

In accordance with the AIFMD, information in relation to the Company's AIFM, Juniper Partners Limited, is required to be made available to investors. In accordance with the AIFMD, the AIFM's remuneration policy and the numerical remuneration disclosures in respect of the relevant financial reporting period (year ended 30 April 2021) are available from Juniper Partners on request.

The Company's maximum and actual leverage levels at 30 April 2021 are shown below:

| | Gross method | Commitment method |
|---|---|---|
| Maximum limit | 200% | 200% |
| Actual | 110% | 111% |

# Alternative Performance Measures

The Alternative Performance Measures ('APMs') detailed below are used by the Board to assess the Company's performance against a range of criteria and are viewed as particularly relevant to an investment trust. Other terms detailed below are for reference.

### NAV Total Return

The increase/(decrease) in net asset value per share plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Opening NAV per share | 133.10p | 179.08p |
| Increase/(decrease) in NAV per share | 55.43p | (45.98)p |
| Closing NAV per share | 188.53p | 133.10p |
| % change in NAV | 41.6% | (25.7)% |
| Impact of reinvested dividends | 6.3% | 3.0% |
| **NAV total return** | **47.9%** | **(22.7)%** |

### Share Price Total Return

The increase/(decrease) in share price plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Opening share price | 130.50p | 178.25p |
| Increase/(decrease) in share price | 55.0p | (47.75)p |
| Closing share price | 185.50p | 130.50p |
| % change in share price | 42.1% | (26.8)% |
| Impact of reinvested dividends | 6.4% | 2.9% |
| **Share price total return** | **48.5%** | **(23.9)%** |

### (Discount)/Premium

The amount by which the share price is lower or higher than the net asset value per share, expressed as a percentage of the net asset value per share.

| | | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|---|
| NAV per share | a | 188.53p | 133.10p |
| Share price | b | 185.50p | 130.50p |
| **(Discount)/Premium** | c=(b-a)/a | **(1.6)%** | **(2.0)%** |

**Ongoing Charges**

Operating costs incurred in the reporting period, calculated as a percentage of average net assets in that year. Operating costs exclude the costs of buying and selling investments, interest costs, taxation and the costs of buying back or issuing ordinary shares.

The following calculation shows the ongoing charges ratio excluding the costs suffered within underlying investee funds:

| | | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| Investment management fee | | 516 | 664 |
| Other operating expenses | | 520 | 579 |
| Ongoing charges | a | 1,036 | 1,243 |
| Average net assets | b | 63,785 | 82,221 |
| **Ongoing charges ratio - excluding fund look through costs** | c=a/b | **1.62%** | **1.51%** |

The following calculation shows the additional costs suffered within underlying investee funds and the ongoing charges ratio including these costs:

| | | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| Ongoing charges ratios (as above) | a | 1.62% | 1.51% |
| Underlying investee funds costs | b | 0.72% | 1.01% |
| **Ongoing charges ratio - including fund look through costs** | c=a+b | **2.34%** | **2.52%** |

**Dividend Yield**

The annual dividend expressed as a percentage of the share price.

| | | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| Dividend per share | a | 6.72p | 6.72p |
| Share price | b | 185.50p | 130.50p |
| **Dividend yield** | c=a/b | **3.6%** | **5.1%** |

# Glossary of Terms

| | |
|---|---|
| **Active management** | There are two main types of investment management: active management and passive management. MGIM is an active management company. Active management means that investment decisions are based on the judgment of fund managers (as opposed to passive management where decisions are made systematically). Our portfolio managers use analytical research, forecasts, and their own experience to make investment decisions with respect to which securities to buy, hold and sell. |
| **Asset class** | This is how different types of investments are grouped together, such as company shares, bonds, commodities or commercial property. |
| **Benchmark** | A benchmark is a metric against which the performance of a fund can be measured or judged. MAVT's Benchmark is CPI plus 6% per annum over a typical investment cycle. The Manager defines a typical investment cycle as one which spans 5-10 years, and in which returns from various asset classes are generally in line with their very long-term average. |
| **Capital growth** | The return from any investment comprises income and capital growth. Capital growth generally refers to the appreciation in value in the underlying investment, whether shares, bonds, or property. |
| **DCM** | A discount control mechanism ('DCM') is a process that seeks to ensure a company's shares trade at close to net asset value, in normal market conditions, through a combination of share buy-backs and share issues. A DCM creates liquidity in the shares and reduces discount volatility. |
| **(Discount)/premium** | The amount by which the share price is lower or higher than the net asset value per share, expressed as a percentage of the net asset value per share. |
| **Diversification** | Diversification refers to the principle of 'not putting all your eggs in one basket'. In other words, it means investing in a variety of investments and thus not being excessively exposed to the risk of a single investment falling sharply in value. Diversification can be achieved using different assets, funds and geographic regions. |
| **Dividend yield** | The annual dividend expressed as a percentage of the share price. |
| **Efficient portfolio management** | The use of derivatives for one or more of the following purposes: reduction of risk; reduction of costs; and/or generation of additional capital or income within the Company's existing risk parameters. |
| **Growth style investing** | Growth style investing is a stock-buying strategy that looks for companies that are expected to grow at an above-average rate compared to their industry or the broader market. The capital value of the stock grows as the company grows. |
| **IPO** | An initial public offering (IPO) or stock market launch is a public offering in which shares of a company are sold to institutional investors and usually also retail (individual) investors. |
| **Managed futures** | Investment strategies that take long or short positions in highly liquid futures contracts in a wide list of asset classes. The return profile tends to have low correlation to equity markets. |
| **Market capitalisation** | This refers to the size of a company in terms of the total value of its shares and is calculated by multiplying the total number of shares in issue with the current share price. |
| **Net asset value (NAV)** | The value of total assets less liabilities. Liabilities for this purpose includes current and long-term liabilities. To calculate the net asset value per Ordinary share the net asset value is divided by the number of shares in issue. |
| **Net gearing** | Borrowings less all cash and liquidity fund investments, expressed as a percentage of Shareholders' funds. |
| **Real cash flows** | A company's cash flow for a certain period of time adjusted for inflation. The real cash flow gives an indication of how a company is performing from one period of time to the next. |

## GLOSSARY OF TERMS CONTINUED

| | |
|---|---|
| **Short equity ETF** | An exchange-traded fund that uses various derivatives to profit from a decline in the value of an underlying equity benchmark. These products may use leverage. For example, a 2x leveraged short ETF aims to deliver a 4% return if the underlying index declines 2% (excluding fees and commissions). |
| **Strategic Asset Allocation** | Strategic asset allocation can be thought of as the broad allocation to each asset class that would be expected to achieve the investment performance objective over time. For example, a simple Multi-Asset fund might have a strategic asset allocation of 60% global equities and 40% global bonds. Given an understanding of how global equities and global bonds would be expected to behave over the longer term, one would have an understanding of how the fund should behave over the longer term as a result of exposure to equities and bonds in the proportions mentioned. |
| **Tactical Asset Allocation** | Tactical asset allocation is generally used in conjunction with strategic asset allocation. Tactical asset allocation refers to decisions to deviate from time to time from strategic asset allocation. Using the example cited, this might mean a decision to have only 50% in equities rather than the strategic allocation of 60% because one might have a slightly negative view on the outlook for equities. |
| **Total assets** | Investments plus current assets less other creditors. |
| **Treasury shares** | Ordinary shares that have been repurchased by the Company but not yet cancelled. These shares are held in a treasury account and remain part of the Company's share capital but do not carry any rights to receive dividends or vote at general meetings. |
| **Uncorrelated strategies** | Investment strategies that typically do not behave in the same way as equities. They will utilise long and short positions in a variety of asset classes. |
| **Undervalued** | The term 'undervalued' is used to describe an investment that is cheap in relation to some other measurement. The measurement could be an objectively derived measure of the value of the investment in question such as break-up value (how much cash shareholders would receive if the company was broken up) or related to the sector in which the investment sits (a company might be considered undervalued if it was yielding more than the sector average). There are many ways of valuing assets. |
| **Value cycle** | The Value cycle is a common term used to describe the period of time from stock investment at a low price to stock sale at a higher price. The cycle that the stock has gone through to deliver its intrinsic value. |
| **Value Style investing** | Value Style investing is a stock-buying strategy that seeks to identify and invest in companies that the market appears to have undervalued based on fundamentals. In return for buying and holding these value stocks for the medium to long-term, investors can be well rewarded if the stock returns to its intrinsic value. |
| **Volatility** | This is a term used to describe the frequency and severity with which the price of an investment goes up and down. |

# Notice of Annual General Meeting

Notice is hereby given that the twenty-fifth Annual General Meeting of Momentum Multi-Asset Value Trust plc will be held on Thursday 22 July 2021 at 10.00 a.m. at the offices of Momentum Global Investment Management Limited, The Rex Building, 62 Queen Street, London EC4R 1EB, for the purposes of transacting the following business:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. That the reports of the Directors and auditor and the audited financial statements for the year ended 30 April 2021 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 30 April 2021 be approved.
3. That the Company's dividend policy as set out on page 38 of the Annual Report and Accounts for the year ended 30 April 2021 be approved.
4. That Richard Ramsay, who retires annually, be re-elected as a Director.
5. That James McCulloch, who retires annually, be re-elected as a Director.
6. That Sue Inglis, who retires annually, be re-elected as a Director.
7. That Anne Gilding, who retires annually, be re-elected as a Director.
8. That BDO LLP be re-appointed as auditor of the Company.
9. That the Directors be authorised to determine the remuneration of the auditor.
10. That, in substitution for any pre-existing authority to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ('relevant securities') up to an aggregate nominal amount of £2,848,862 (or such amount being equivalent to one third of the aggregate nominal amount of the issued share capital of the Company, excluding any treasury shares, at the date of passing of this resolution), such authority to expire on 22 October 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following resolutions as special resolutions:

11. That, subject to the passing of resolution 10, the Directors be and they are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (as defined in section 560 of the Act) pursuant to the authority granted by resolution 10 above or by way of the sale of shares from treasury, for cash as if section 561 of the Act did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to the allotment of equity securities or the sale of treasury shares having a nominal amount not exceeding £854,658 (or such amount being equivalent to 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution). Unless previously varied, revoked or renewed, the power hereby conferred shall expire on 22 October 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted or treasury shares sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.
12. That, subject to the passing of resolution 10 and in addition to the authority granted in resolution 11, the Directors be and they are hereby empowered pursuant to section 570 and 573 of the Companies Act 2006 (the 'Act') to allot further equity securities (as defined in section 560 of the Act) pursuant to the authority granted by resolution 10 above or by way of the sale of shares from treasury, for cash as if section 561 of the Act did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to the allotment of further equity securities or the sale of treasury shares in connection with the Company's Discount Control Mechanism and having a nominal amount not exceeding £1,709,316 (or such amount being equivalent to 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution). Unless previously varied, revoked or renewed, the power hereby conferred shall expire on 22 October 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted or treasury shares sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

13. That the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary shares (either for retention as treasury shares for future resale or transfer or for cancellation) provided that:

    (a) the maximum number of Ordinary shares authorised to be purchased shall be 5,124,533 or, if less, the number representing 14.99% of the number of the Ordinary shares in issue (excluding treasury shares) at the date on which this resolution is passed;

    (b) the minimum price which may be paid for an Ordinary share shall be 25 pence;

    (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than the higher of:

        (i) 5% above the average of the market value of an Ordinary share for the five business days immediately preceding the date of purchase; and

        (ii) the higher of the price of the last independent trade and the highest current independent bid for any number of Ordinary shares on the trading venue on which the purchase is carried out; and

    (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 22 October 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

14. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

**Juniper Partners Limited**
Company Secretary

16 June 2021

Registered Office: Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW

## NOTES:

### 1. Website

Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at www.momentum.co.uk.

### 2. Entitlement to vote

Only Shareholders registered in the Company's register of Shareholders at 6.30 p.m. on 20 July 2021 (or, if the AGM is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting, excluding non-working days) shall be entitled to vote at the AGM in respect of the number of Ordinary shares registered in their name at that time. Changes to entries on the register of Shareholders after 6.30 p.m. on 20 July 2021 (or, if the AGM is adjourned, at 6.30 p.m. on the day two business days prior to the date of the adjourned meeting, excluding non-working days) shall be disregarded in determining the rights of any person to vote at the AGM.

### 3. Attending the AGM

As a result of the COVID-19 pandemic and the measures imposed by the UK Government to control the spread of the virus, physical attendance at the AGM may not be possible. In accordance with the Company's Articles of Association and the relevant guidance at the time the Company may impose entry restrictions on attendance. The safety of our Shareholders is of paramount importance. The Board will continue to monitor the situation and will update Shareholders through announcements to the London Stock Exchange. In the meantime, Shareholders are strongly encouraged to vote in favour of the resolutions to be proposed at the AGM by using the enclosed form of proxy. If shares are not held directly Shareholders are encouraged to arrange for their nominee to vote on their behalf. For further information on the AGM arrangements, please contact the Company Secretary at cosec@junipartners.com.

### 4. Appointment and revocation of proxies

**4.1** A Shareholder at the time set out in note 2 above is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy does not need to be a member of the Company but must attend the AGM to represent the Shareholder. A proxy may only be appointed using the procedures set out in these notes and the notes on the Form of Proxy.

**4.2** A Shareholder may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary shares. A Shareholder cannot appoint more than one proxy to exercise rights attached to the same Ordinary shares. If a Shareholder wishes to appoint more than one proxy, they should contact the Company's registrar, Equiniti Limited (the 'Registrar'), on telephone number 0371 384 2411 or +44 121 415 7047 for International callers. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales).

**4.3** If a Shareholder wishes a proxy to speak on their behalf at the AGM, the Shareholder will need to appoint their own choice of proxy (not the chairman of the AGM) and give their instructions directly to them. Such an appointment can be made using the Form of Proxy, electronically at www.sharevote.co.uk or through CREST.

**4.4** A Shareholder may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the 'Vote Withheld' option in relation to that particular resolution when appointing their proxy. It should be noted that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of the proportion of votes 'For' or 'Against' that particular resolution.

**4.5** A Shareholder who wishes to change their proxy instruction must submit a new appointment of proxy in accordance with notes 5 to 8 (as appropriate) below. If a Shareholder requires another hardcopy Form of Proxy to enable them to change their proxy instruction, they should contact the Registrar on either of the telephone numbers set out in note 4.2 above.

**4.6** In order to revoke a proxy instruction, a Shareholder must inform the Company by sending a hardcopy notice clearly stating their revocation of their proxy instruction to the Registrar, FREEPOST RTHJ-CLLL-KBKU, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 8LU. In the case of a Shareholder that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. The revocation notice must be received by the Registrar not later than 10.00 a.m. on 20 July 2021.

**4.7** Appointment of a proxy will not preclude a Shareholder from attending the AGM and voting in person.

**4.8** A person who is not a Shareholder but has been nominated by a Shareholder to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 10 below.

### 5. Appointment of proxy using hardcopy Form of Proxy

The notes on the Form of Proxy explain how to direct a proxy how to vote, or abstain from voting, on the resolutions. To appoint a proxy using the Form of Proxy, the Form of Proxy must be completed and signed and sent or delivered to the Registrar, FREEPOST RTHJ-CLLL-KBKU, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 8LU, so as to be received by the Registrar by not later than 10.00 am. on 20 July 2021. In the case of a Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

## 6. Appointment of proxy online

You may, if you wish, register the appointment of a proxy or voting instruction for the meeting by logging onto www.sharevote.co.uk. You will need to use the series of numbers made up of your Voting ID, Task ID and Shareholder Reference Number printed on your Form of Proxy. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by the Registrar not later than 10.00 a.m. on 20 July 2021. Please note that any electronic communication sent to the Registrar that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the AGM is governed by the Registrar's conditions of use set out on the website, www.sharevote.co.uk, and may be read by logging onto the site.

## 7. Appointment of proxy through CREST

**7.1** CREST members who wish to appoint a proxy or proxies for the AGM by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be reviewed at www.euroclear.com. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

**7.2** In order for a proxy appointment made via CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Registrar (ID RA19) by not later than 10.00 a.m. on 20 July 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

**7.3** CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

**7.4** The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## 8. Appointment of proxies by joint Shareholders

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of Shareholders in respect of the joint holding (the first named being the most senior).

## 9. Corporate representatives

Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a Shareholder provided that no more than one corporate representative exercises powers over the same Ordinary share(s).

## 10. Nominated Persons

**10.1** A person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person'): (i) may have a right under an agreement between the Nominated Person and the Shareholder who has nominated them to have information rights (the 'Relevant Member') to be appointed or to have someone else appointed as a proxy for the AGM; and (ii) if they either do not have such a right or, if they have such a right but do not wish to exercise it, may have a right under an agreement between them and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, their custodian or broker) and they should continue to contact them (and not the Company) regarding any changes or queries relating to their personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

**10.2** The rights of Shareholders to attend the AGM and to appoint proxies set out in notes 2 and 4 above do not apply directly to a Nominated Person.

## 11. Website publication of audit concerns

Pursuant to Chapter 5 of Part 16 of the Companies Act (sections 527 to 531), where requested by (a) Shareholder(s) meeting the qualification criteria set out in note 12 below, the Company must publish on its website a statement setting out any matter that such Shareholder(s) propose(s) to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. Where the Company is required to publish such a statement: (i) it may not require the Shareholder(s) making the request to pay any expenses incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and (iii) the statement may be dealt with as part of the business of the AGM.

The request: (a) may be in hard copy form or in electronic form (see note 13 below); (b) must be either set out the statement in full or, if supporting a statement sent by another Shareholder, clearly identify the statement which is being supported; (c) must be authenticated by the person or persons making it (see note 13 below); and (d) must be received by the Company at least one week before the AGM.

### 12. Shareholders' qualification criteria

In order to be able to exercise the Shareholders' right to require the Company to publish audit concerns (see note 11 above) the relevant request must be made by: (i) (a) Shareholder(s) having a right to vote at the AGM and holding at least 5% of the total voting rights of the Company; or (ii) at least 100 Shareholders having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

### 13. Submission of hard copy and electronic requests

Where (a) Shareholder(s) wish(es) to request the Company to publish audit concerns (see note 11 above) such request be must be made in accordance with one of the following ways: (i) a hard copy request which is signed by the Shareholder(s), states their full name(s) and address(es) and is sent to the Company Secretary, Juniper Partners Limited, 28 Walker Street, Edinburgh EH3 7HR; or (ii) a request which states 'MAVT AGM' in the subject line of the email and the full name(s) and address(es) of the Shareholder(s) and is sent to cosec@junipartners.com

### 14. Questions at the AGM

Under section 319A of the Companies Act 2006, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a Shareholder attending the AGM unless: (i) answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (ii) the answer has already been given on the Company's website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

As a result of restrictions on attendance at this year's AGM, Shareholders are invited to submit questions in advance by email to the Company Secretary at cosec@junipartners.com. Answers will be posted on the Company's section of the Manager's website immediately following the time of the AGM.

### 15. Total voting rights

At 15 June 2021, the Company's issued share capital comprised 49,601,088 Ordinary shares, 15,414,740 of which were held in treasury. Each Ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company at 15 June 2021 was 34,186,348.

### 16. Disclosure obligations

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the AGM as their proxy will need to ensure that both they and their proxy complies with their respective disclosure obligations under the FCA's Disclosure Guidance and Transparency Rules.

### 17. Communication

Any electronic address provided either in this notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company may not be used for any purposes other than those expressly stated.

### 18. Documents on display

Copies of the Directors' letters of appointment will be available for inspection at the place of the AGM from at least 15 minutes prior to the AGM until the end of the AGM.

# Corporate Information

## Directors
Richard A M Ramsay, Chairman
James R McCulloch
Susan P Inglis
Anne S Gilding

## Registered Office
Level 13
Broadgate Tower
20 Primrose Street
London EC2A 2EW
Company Registration Number: 03173591

## Investment Manager or Manager
**Momentum Global Investment Management Limited**

**London Office:**

The Rex Building
62 Queen Street
London EC4R 1EB

**Liverpool Office:**

Tenth Floor
Horton House
Exchange Flags
Liverpool L2 3YL

## Alternative Investment Fund Manager, Company Secretary and Administrator
**Juniper Partners Limited**
**(previously named PATAC Limited)**
28 Walker Street
Edinburgh EH3 7HR

## Auditor
**BDO LLP**
55 Baker Street
London W1U 7EU

## Registrar
**Equiniti**
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder helpline: 0371 384 2411
Shareview dealing helpline: 0345 603 7037
Textel/Hard of hearing line: 0371 384 2255
International helpline: +44 121 415 7047

Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales).

Website www.momentum.co.uk

## Bankers
**The Royal Bank of Scotland International Limited**
1 Princes Street
London EC2R 8BP

## Custodian Bankers
**J.P. Morgan Chase Bank N.A.**
25 Bank Street
Canary Wharf
London E14 5JP

## Depositary
**J.P. Morgan Europe Limited**
25 Bank Street
Canary Wharf
London E14 5JP

## Solicitors
**Dickson Minto WS**
16 Charlotte Square
Edinburgh EH2 4DF

## Data Protection
The Company is committed to ensuring the privacy of any personal data provided to it. Details of the privacy policy can be found on the website www.momentum.co.uk

## Legal Notice
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global investment management

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