NEW STAR INVESTMENT TRUST PLC

REPORT AND ACCOUNTS

for the year ended 30th June 2022

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INVESTMENT OBJECTIVE

The Company's objective is to achieve long-term capital growth.

THIS DOCUMENT IS IMPORTANT and, if you are a holder of Ordinary shares requires your attention. If you are in doubt as to what action to take you should seek advice from your own independent personal financial advisor. If you have sold or otherwise transferred all of your Ordinary shares in the capital of the Company you should send this document and the accompanying Form of Proxy immediately to the purchaser or transferee; or to the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Company's shares are traded on the London Stock Exchange and are not subject to restriction under the Financial Conduct Authority's non-mainstream investment products regime.

REGISTERED OFFICE

1 Knightsbridge Green, London, SW1X 7QA

Company Number: 03969011

COMPANY INFORMATION

DIRECTORS

G Howard-Spink (Chairman)
J L Duffield (Deputy Chairman)
D J Gamble

INVESTMENT MANAGER

Brompton Asset Management LLP
1 Knightsbridge Green, London SW1X 7QA
(Authorised and regulated by the Financial Conduct Authority)

SECRETARY AND ADMINISTRATOR

Maitland Administration Services Limited
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Telephone: 01245 398950 | email: cosec@maitlandgroup.com

SOLICITORS

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place, 78 Cannon Street
London EC4N 6AF

AUDITORS

Ernst & Young LLP
25 Churchill Place, London E14 5EY

CUSTODIAN

Brown Brothers Harriman & Co
Park House, 16 – 18 Finsbury Circus, London EC2M 7EB

REGISTRARS

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone: 0371 384 2549
Website: shareview.co.uk

WEBSITE

www.nsitplc.com

The Company's shares are traded on the London Stock Exchange and their prices are shown in the Financial Times under "Investment Companies".

BOARD OF DIRECTORS

Geoffrey Howard-Spink (Chairman)* was one of the founders in 1981 of Lowe Group Limited, one of the UK's biggest advertising groups. He was Chairman of Immedia Group PLC and a director of Chrysalis. Mr Howard-Spink was appointed Chairman of the Company with effect from 13th May 2009.

John L Duffield (Deputy Chairman) is the Senior Partner of Brompton Asset Management Group LLP. Mr Duffield was Chairman of New Star Asset Management Group PLC between 2000 and April 2009. Prior to founding New Star, Mr Duffield was the founder and chief executive of Jupiter International Group from 1985 to 2000.

David Gamble* was chief executive of British Airways Pension Investment Management from 1993 to 2004. He has also served as a director of numerous financial services companies including a number of investment companies. Mr Gamble was appointed a Director on 16th November 2017 and is the chairman of the Audit Committee.

* *Members of the Audit Committee and Independent Directors*

STRATEGIC REPORT

for the year ended 30th June 2022

FINANCIAL HIGHLIGHTS

	30th June 2022	30th June 2021	% Change
PERFORMANCE			
Net assets (£'000)	**123,978**	138,132	(10.3)
Net asset value per Ordinary share	**174.56**	194.49p	(10.3)
Mid-market price per Ordinary share	**125.00p**	134.00p	(6.7)
Discount of price to net asset value	**28.4%**	31.1%	n/a
Total Return*	**(9.53)%**	22.16%	n/a
IA Mixed Investment 40% – 85% Shares (total return)	**(7.12)%**	17.48%	n/a
MSCI AC World Index (total return, sterling adjusted)	**(3.73)%**	25.10%	n/a
MSCI UK Index (total return)	**3.16%**	17.46%	n/a

	1st July 2021 to 30th June 2022	1st July 2020 to 30th June 2021
Revenue return per Ordinary share	**0.98p**	0.61p
Capital return per share	**(19.51)p**	34.93p
Return per Ordinary share	**(18.53)p**	35.54p
TOTAL RETURN*	**(9.53)%**	22.16%
PROPOSED DIVIDEND PER ORDINARY SHARE	**1.40p**	1.40p

* The total return figure for the Group represents the revenue and capital return shown in the Consolidated Statement of Comprehensive Income divided by the net asset value at the beginning of the period.

STRATEGIC REPORT

for the year ended 30th June 2022

CHAIRMAN'S STATEMENT

PERFORMANCE

Your Company had a negative total return of 9.53% over the year to 30th June 2022, leaving the net asset value (NAV) per ordinary share at 174.56p. By comparison, the Investment Association's Mixed Investment 40-85% Shares Index fell 7.12%. The MSCI AC World Total Return Index fell 3.73% in sterling while the MSCI UK Total Return Index rose 3.16%. Over the year, UK government bonds declined 14.27%. Further information is provided in the investment manager's report.

Your Company made a revenue profit for the year of £700,000 (2021: £429,000).

GEARINGS AND DIVIDEND

Your Company has no borrowings. It ended the year under review with cash representing 19.79% of its NAV and is likely to maintain a significant cash position. In respect of the financial year to 30th June 2022, your Directors recommend the payment of a dividend of 1.4p per share (2021: 1.4p).

DISCOUNT

During the year under review, your Company's shares continued to trade at a significant discount to their NAV. The Board keeps this issue under review.

OUTLOOK

Investors may have to contend with challenging economic conditions over the remainder of 2022 and early 2023. Weakening monetary trends within the Group of Seven major industrial nations, intensifying housing market weakness and falling long-term bond yields relative to short-term interest rates suggest a period of weak or no economic growth extending into the spring of 2023. Inflationary trends, however, were showing signs of moderating over the early autumn, suggesting that a return to 1970s-style price rises was unlikely.

NET ASSET VALUE

Your Company's unaudited NAV at 30th September 2022 was 174.35p.

G H-Spink

Geoffrey Howard-Spink
Chairman
10th October 2022

STRATEGIC REPORT

for the year ended 30th June 2022

INVESTMENT MANAGER'S REPORT

MARKET REVIEW

Global equities and bonds fell 3.73% and 3.60% in sterling respectively over the year to 30th June 2022 as rising inflation and interest rates hurt economic growth. Global equities rose 7.86% in sterling in the first half of the year under review as economies emerged from Covid-19 lockdowns and rising inflation was largely dismissed as transitory. Central banks, including the Federal Reserve, turned more hawkish around the New Year, however, as inflation became entrenched. Global equities and bonds fell 10.74% and 3.99% in sterling respectively over the second half of the year under review.

Russia's invasion of Ukraine in February 2022 exacerbated the rise in energy and materials prices caused by the synchronised recovery in global demand following the end of Covid-19 lockdowns. The US is close to self-sufficient in energy because it has exploited its shale gas reserves whereas European governments have closed coal-fired and nuclear power stations, leaving the region dependent on Russian gas. In the short term, liquid natural gas can be purchased from the US but it will take time to reduce dependence on Russia by accelerating the transfer to renewable energy and by classifying some gas and nuclear developments as "green investments".

In July 2022, headline inflation rates in US, eurozone and UK were 8.5%, 8.9% and 10.1%, far above the central banks' 2% targets. US inflation fell from a 9.1% high in June and may have reached its cyclical peak but inflation is likely to rise in Europe because of higher energy costs as a result of Russian gas supply restrictions. Before the recent announcement of energy subsidies, the Bank of England said UK inflation might exceed 13% in the fourth quarter of 2022 because of the planned Ofgem energy price increase and other factors. Monetary policy tightened and in September 2022, US and UK official interest rates were 3.00-3.25% and 2.25% respectively. In the eurozone, key policy interest rates rose by half a percentage point in July as the European Central Bank abandoned negative interest rates and by a further 0.75 points in September. UK government bonds, sterling corporate bonds and sterling high-yield bonds fell 14.27%, 14.54% and 11.78% respectively over the year as the widening differential between shorter-dated US and UK interest rates led to sterling weakness and UK economic prospects deteriorated. The pound fell 12.09% against the dollar over the year.

PORTFOLIO REVIEW

Your Company had a negative total return of 9.53% over the year under review. By comparison, the Investment Association Mixed Investment 40-85% Shares sector, a peer group of funds with a multi-asset approach to investing and a typical investment in global equities in the 40-85% range, fell 7.12%. The MSCI AC World Total Return Index fell 3.73% in sterling over the year while the MSCI UK All Cap Total Return Index rose 3.16%. In falling markets, your company benefited from a high allocation to sterling cash and dollars. Investment in technology stocks and a relatively low allocation to US equities and large-cap UK equities, however, hurt performance.

In January 2022, following a shift towards tighter monetary policies by some central banks, your Company increased cash by approximately £8 million through partial sales of Fundsmith, Crux European Special Situations and Trojan Income and the outright disposal of Aberdeen Standard European Income and Chelsea Managed Monthly Income.

STRATEGIC REPORT

for the year ended 30th June 2022

Your Company also received a net £14.8 million from the sale of a private-equity investment, Embark Group, to Lloyds Banking Group. As a result of this disposal, your Company's private-equity investments fell from 12% of assets to 2% over the course of the year. Approximately £1 million was invested in Vietnam Enterprise Investments. In March, after falls by US stocks in January and February, $5 million was invested in the iShares Core S&P 500 exchange-traded fund (ETF).

Tighter monetary policy contributed to a rotation in market leadership in favour of global value stocks, which gained 5.25% in sterling over the year whereas growth stocks fell 12.77%. Growth stocks had made gains during the initial phases of the Covid-19 pandemic because their future cash flows were discounted less aggressively in an environment of near-zero interest rates. Technology stocks had been particularly strong because Covid lockdowns accelerated the adoption of new technologies, fuelling demand for electronic goods and online services. US technology stocks, however, retreated 7.45% in sterling over the year and Polar Capital Technology did worse, falling 21.75% because its holdings in smaller stocks tended to underperform larger peers.

The underperformance of growth stocks and technology companies in particular also contributed to an 11.13% fall for Fundsmith Equity, whose concentrated portfolio included Meta, the owner of Facebook, as well as Intuit and Paypal. By contrast, Baillie Gifford Global Income Growth fell 2.75% as greater diversification and an income mandate proved defensive.

Equities in Europe excluding the UK lagged, falling 9.78% in sterling as energy prices, particularly gas prices, rose after Russia's invasion of Ukraine. European policymakers are being forced to confront the consequences of energy policies that have left the region dependent on Russian gas. BlackRock Continental European Income fell 10.56% while Crux European Special Situations, which has a growth bias and typically has significant holdings in smaller companies, fell 15.27%.

UK equities rose against the trend because of the UK stockmarket's bias towards cyclical value sectors such as energy and mining. UK smaller companies, however, underperformed because of their higher sensitivity to domestic trends, falling 17.18%. Within your Company's portfolio, Man GLG Income, which has a value investment style, did best, rising 0.83%. By contrast, Trojan Income, which typically invests in companies where the earnings sensitivity is lower than the market, fell 6.94%. Chelverton UK Equity Income and Aberforth Split Level Income, two small-company specialists, fell 11.51% and 23.19% respectively. The weakness among UK small companies was magnified in Aberforth Split Level Income's fall because of portfolio leverage resulting from the trust's zero dividend preference shares.

Equities in emerging markets and Asia excluding Japan fell 14.68% and 14.44% respectively in sterling over the year, with Chinese equities, which account for the largest proportion of both indices, down 22.30%. Chinese stocks fell because of weak growth resulting from the country's "zero-Covid" policy, which led to lockdowns in cities such as Shanghai, an over-indebted property sector and increased political risk stemming from state intervention in quoted companies in accordance with Beijing's "common prosperity" policy. Matthews Asia ex-Japan Dividend and Liontrust Asia Income fell 9.93% and 8.65% respectively. The JP Morgan investments, Emerging Markets Income Trust and Emerging Markets Income Fund, fell 13.86% and 5.48% respectively. The bias towards regional funds managed in accordance with an income mandate proved defensive as low-yielding big Chinese technology companies such as Tencent and Alibaba fell sharply while higher-yielding stocks such as Taiwan Semiconductor Manufacturing Company fell less.

STRATEGIC REPORT

for the year ended 30th June 2022

Amongst single-country emerging market income investments, Stewart Investors India Sustainability, which aims to buy companies with strong business models and balance sheets, did best, up 9.31% while Indian equities gained 8.70% in sterling. Vietnam Enterprise Investments fell 3.16%. Vietnamese equities are benefiting from monetary discipline, high public sector spending and an expanding middle class. Some global manufacturers have moved capacity from China to benefit from lower costs and avoid Sino-US sanctions. Following Russia's Ukraine invasion, the HSBC Russia Capped exchange-traded fund suspended trading. Your Company has taken a conservative approach and valued the investment at zero.

Your Company predominantly invests in equity funds and achieves diversification through holding other assets including cash and currencies, low-risk multi-asset funds, alternative funds and gold equity funds. It has minimal exposure to bonds and no direct investment to UK government bonds which have fallen sharply since your Company's year-end, forcing the Bank of England to intervene and buy UK government bonds to stabilise the market. Your Company benefited from holding dollars, which represented 12.5% of NAV at the year end, with sterling falling 12.09% against the dollar over the year. Amongst its low-risk multi-asset holdings, Trojan rose 1.47% while EF Brompton Global Conservative fell 6.54%. Aquilus Inflection, an alternative investment, fell 3.11%. Gold rose 15.25% in sterling but gold equities fell 9.87% as margins came under pressure from rising costs. BlackRock Gold & General, which invests in gold producers, fell 10.36%.

OUTLOOK

In the early autumn of 2022, US inflation remained far above the Federal Reserve 2% target but appeared to be close to its cyclical high, with tighter monetary policies reducing demand and economic activity. In Europe, inflation may rise further because of Russian gas supply restrictions. The US economy was technically in recession following two quarters of economic decline and some leading indicators implied that a further contraction was likely. US 10-year government bond yields close to 3% may present a buying opportunity.

Equity valuations have fallen but earnings forecasts may be too high as margins come under pressure from higher costs and the impact of rising living costs on consumer spending. The longer-term prospects for equities look positive overall, however, because some companies have the ability to pass on higher inflation through higher prices and reward investors through higher dividends. Equity income investments may outperform because higher yields may support valuations. Your Company's equity income holdings also contribute to the ability to pay a dividend although investment income has yet to regain pre-Covid-19 levels.

At the year-end, your Company held 19.79% of its NAV in sterling and dollar cash. Your Company was cautiously positioned prior to Russia's Ukraine invasion and has taken advantage of weak markets to increase its overall allocation to equities modestly. Further falls in equity markets may present buying opportunities for longer-term investors.

Brompton Asset Management LLP
Investment manager
10th October 2022

STRATEGIC REPORT

for the year ended 30th June 2022

SCHEDULE OF LARGEST HOLDINGS AT 30th JUNE 2022

	Market value 30 June 2021	Purchases/ Sales	Market movement	Market value 30 June 2022	% of net assets
	£'000	£'000	£'000	£'000	
Fundsmith Equity Fund	10,653	(1,000)	(1,091)	8,562	6.91
Polar Capital Global Technology	9,299	–	(2,022)	7,277	5.87
Matthews Asia Ex Japan Fund	5,839	–	(681)	5,158	4.16
MI Chelverton UK Equity Income Fund	5,387	–	(806)	4,581	3.69
EF Brompton Global Conservative Fund	4,766	–	(312)	4,454	3.59
Aquilus Inflection Fund	4,378	–	(136)	4,242	3.42
First State Indian Subcontinent Fund	3,608	–	335	3,943	3.18
BlackRock Continental European Income Fund	4,431	–	(515)	3,916	3.16
Baillie Gifford Global Income Growth	4,075	–	(199)	3,876	3.13
iShares Core S&P 500 UCITS ETF	-	3,969	(141)	3,828	3.09
BlackRock Gold & General	4,195	–	(485)	3,710	2.99
EF Brompton Global Equity Fund	3,726	–	(365)	3,361	2.71
EF Brompton Global Opportunities Fund	3,545	–	(347)	3,198	2.58
Aberforth Split Level Income Trust	4,212	–	(1,068)	3,144	2.54
EF Brompton Global Growth Fund	3,309	–	(265)	3,044	2.45
Vietnam Enterprise Investments	2,109	992	(157)	2,944	2.37
Liontrust Asia Income Fund	3,233	–	(384)	2,849	2.30
MI Brompton UK Recovery Unit Trust	3,020	–	(222)	2,798	2.26
Lindsell Train Japanese Equity Fund	3,199	–	(549)	2,650	2.14
Man GLG UK Income Fund	2,584	–	(116)	2,468	1.99
TM Crux European Special Situations Fund	5,903	(3,000)	(443)	2,460	1.98
EF Brompton Global Balanced Fund	2,669	–	(218)	2,451	1.98
Trojan Accumulation Fund	2,337	–	35	2,372	1.91
EF Brompton Global Income Fund	2,354	–	(210)	2,144	1.73
Embark Group	14,842	(14,764)	–	78	0.06
	113,673	(13,803)	(6,362)	89,528	72.19
Balance not held in investments above	16,054	(1,286)	(4,826)	9,942	8.02
Total investments (excluding cash)	129,727	(15,089)	(15,188)	99,450	80.21

The investment portfolio, excluding cash, can be further analysed as follows:

	£ '000
Investment funds	82,496
Investment companies and exchange traded funds	12,890
Unquoted investments, including loans of £1.6m	2,613
Other quoted investments	1,451
	99,450

STRATEGIC REPORT

for the year ended 30th June 2022

STRATEGIC REVIEW

The Strategic Review is designed to provide information primarily about the Company's business and results for the year ended 30th June 2022. The Strategic Review should be read in conjunction with the Chairman's Statement on page 6 and the Investment Manager's Report on pages 7 to 9, which provide a review of the year's investment activities of the Company and the outlook for the future. The Directors' Report on pages 18 to 24 and the Corporate Governance Statement on pages 25 to 28 form part of this Strategic Report.

STATUS

The Company is an investment company under section 833 of the Companies Act 2006. It is an Approved Company under the Investment Trust (Approved Company) (Tax) Regulations 2011 (the 'Regulations') and conducts its affairs in accordance with those Regulations so as to retain its status as an investment trust and maintain exemption from liability to United Kingdom capital gains tax.

The Company is a small registered Alternative Investment Fund Manager.

PURPOSE CULTURE AND VALUES

The Directors acknowledge the expectation under the UK Code on Corporate Governance issued by the Financial Reporting Council in July 2018 (the 'Code') that they formally define a purpose for the Company. The Directors have reviewed this requirement and consider that the Company's purpose is to deliver the Company's stated investment objective to achieve long-term capital growth for the benefit of its investors.

Similarly, the Directors have also considered the Company's culture and values in line with the Code requirements. The Board has formed the view that as the Company has no direct employees, and with operational management outsourced to the Investment Manager, the Administrator and the Company Secretary, the Company's culture and values have to be those of the Board. Having a stable composition and established working practices, the Board is defined by experienced membership, trust and robust investment challenge. These are therefore the key characteristics of the Company's culture and values.

STAKEHOLDER RESPONSIBILITIES (S.172 STATEMENT UNDER COMPANIES ACT 2006)

The Directors are aware of their responsibilities to stakeholders under both the Code and legislation through regular governance updates from the Company Secretary. As a UK listed investment trust, the Directors outsource operational management of the Company, including day-to-day management of the investment portfolio, to third parties. As a consequence, the Directors consider their key stakeholder groups to be limited to the Company's shareholders, its third party advisers and service providers, and individual Board members.

The Company's Articles of Association, the Board's commitment to follow the principles of the Code and the involvement of the independent Company Secretary in Board matters enable the Directors to meet their responsibilities towards individual shareholder groups and Board members. Governance procedures are in place which allow both investors and Directors to ask questions or raise concerns appropriately. The Board is satisfied that those governance procedures mean the Company can act fairly between individual shareholders and takes account of Mr Duffield's significant shareholding. In considering the payment of the minimum dividend required to maintain investment trust tax status, the recommendations to vote in favour of the resolutions at the AGM and the asset allocation within the investment portfolio, the Board assessed the potential benefits to shareholders and the manager of the investment portfolio.

STRATEGIC REPORT

for the year ended 30th June 2022

STRATEGIC REVIEW CONTINUED

The Board also regularly considers the performance of its independent third party service providers. Those third party service providers in turn have regular opportunities to report on matters meriting the attention of the Board, including in relation to their own performance. The Board is therefore confident that its responsibilities to each of its key stakeholder groups are being discharged effectively.

As the Company does not have any employees, the Board does not consider it necessary to establish means for employee engagement with the Board as required by the latest version of the Code.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Company's investment objective is to achieve long-term capital growth.

Investment Policy

The Company's investment policy is to allocate assets to global investment opportunities through investment in equity, bond, commodity, real estate, currency and other markets. The Company's assets may have significant weightings to any one asset class or market, including cash.

The Company will invest in pooled investment vehicles, exchange traded funds, futures, options, limited partnerships and direct investments in relevant markets. The Company may invest up to 15% of its net assets in direct investments in relevant markets.

The Company will not follow any index with reference to asset classes, countries, sectors or stocks. Aggregate asset class exposure to any one of the United States, the United Kingdom, Europe ex UK, Asia ex Japan, Japan or Emerging Markets and to any individual industry sector will be limited to 50% of the Company's net assets, such values being assessed at the time of investment and for funds by reference to their published investment policy or, where appropriate, the underlying investment exposure.

The Company may invest up to 20% of its net assets in unlisted securities (excluding unquoted pooled investment vehicles), such values being assessed at the time of investment.

The Company will not invest more than 15% of its net assets in any single investment, such values being assessed at the time of investment.

Derivative instruments and forward foreign exchange contracts may be used for the purposes of efficient portfolio management and currency hedging. Derivatives may also be used outside of efficient portfolio management to meet the Company's investment objective. The Company may take outright short positions in relation to up to 30% of its net assets, with a limit on short sales of individual stocks of up to 5% of its net assets, such values being assessed at the time of investment.

The Company may borrow up to 30% of net assets for short-term funding or long-term investment purposes.

STRATEGIC REPORT

for the year ended 30th June 2022

STRATEGIC REVIEW CONTINUED

No more than 10%, in aggregate, of the value of the Company's total assets may be invested in other closed-ended investment funds except where such funds have themselves published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds.

Information on the Company's portfolio of assets with a view to spreading investment risk in accordance with its investment policy is set out on page 10.

FINANCIAL REVIEW

Net assets at 30th June 2022 amounted to £123,978,000 compared with £138,132,000 at 30th June 2021. In the year under review, the NAV per Ordinary share decreased by 10.25% from 194.49p to 174.56p, after paying a dividend of 1.40p per share.

The Group's gross revenue rose to £1,857,000 (2021: £1,522,000), recovering from the worst impact of the Covid-19 pandemic. After deducting expenses and taxation, the revenue profit for the year was £700,000 (2021: £429,000).

Total expenses for the year rose to £1,157,000 after an increased management fee (2021: £1,093,000). In the year under review the investment management fee increased to £837,000 (2021: £774,000), reflecting the Company's increased average NAV over the period. Further details on the Company's expenses may be found in notes 3 and 4 on page 60.

Historically, dividends have not formed a central part of the Company's investment objective. The increased investment in income focused funds over the last few years has enabled the Directors to declare an increased dividend in recent years. The pandemic's adverse impact on dividends received is seen as temporary, and the Directors have decided to utilise retained earnings to maintain the dividend. The Directors propose a final dividend of 1.40p per Ordinary share in respect of the year ended 30th June 2022 (2021: 1.40p). If approved at the Annual General Meeting, the dividend will be paid on 30th November 2022 to shareholders on the register at the close of business on 4th November 2022 (ex-dividend 3rd November 2022).

The primary source of the Company's funding is shareholder funds.

While the future performance of the Company is dependent, to a large degree, on the performance of international financial markets, which in turn are subject to many external factors, the Board's intention is that the Company will continue to pursue its stated investment objective in accordance with the strategy outlined above. Further comments on the short-term outlook for the Company are set out in the Chairman's Statement on page 6 and the Investment Manager's report on pages 7 to 9.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

Throughout the year the Group's investments included seven funds managed by the Investment Manager (2021: seven). No investment management fees were payable directly by the Company in respect of these investments.

STRATEGIC REPORT

for the year ended 30th June 2022

STRATEGIC REVIEW CONTINUED

In order to measure the success of the Company in meeting its objectives, and to evaluate the performance of the Investment Manager, the Directors review at each meeting: net asset value, income and expenditure, asset allocation and attribution, share price of the Company and the discount. The Directors take into account a number of different indicators as the Company does not have a formal benchmark, and performance against these is shown in the Financial Highlights on page 5.

Performance is discussed in the Chairman's Statement and Investment Manager's Report on pages 6 to 9.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks identified by the Board, and the steps the Board takes to mitigate them, are discussed below. The audit committee reviews existing and emerging risks on a six monthly basis. The Board has closely monitored the societal, economic and market focused implications of the events in 2021 and 2022.

Investment strategy

Inappropriate long-term strategy, asset allocation and fund selection could lead to underperformance. The Board discusses investment performance at each of its meetings and the Directors receive reports detailing asset allocation, investment selection and performance.

Business conditions and general economy

The Company's future performance is heavily dependent on the performance of different equity and currency markets. The Board cannot mitigate the risks arising from adverse market movements. However, diversification within the portfolio will reduce the impact. Further information is given in portfolio risks below.

Macro-economic event risk

The Covid pandemic was felt globally in 2021 and 2022 although economies and markets have recovered. The scale and potential adverse impact of a macro-economic event, such as the Covid pandemic, has highlighted the possibility of a number of identified risks such as market risk, currency risk, investment liquidity risk and operational risk having an adverse impact at the same time. The risk may impact on: the value of the Company's investment portfolio, its liquidity, meaning investments cannot be realised quickly, or the Company's ability to operate if the Company's suppliers face financial or operational difficulties. The Directors closely monitor these areas and currently maintain a significant cash balance.

Portfolio risks - market price, foreign currency and interest rate risks

The largest investments are listed on page 10. Investment returns will be influenced by interest rates, inflation, investor sentiment, availability/cost of credit and general economic and market conditions in the UK and globally. A significant proportion of the portfolio is in investments denominated in foreign currencies and movements in exchange rates could significantly affect their sterling value. The Investment Manager takes all these factors into account when making investment decisions but the Company does not normally hedge against foreign currency movements. The Board's policy is to hold a spread of investments in order to reduce the impact of the risks arising from the above factors by investing in a spread of asset classes and geographic regions.

STRATEGIC REPORT

for the year ended 30th June 2022

STRATEGIC REVIEW CONTINUED

Net asset value discount

The discount in the price at which the Company's shares trade to net asset value means that shareholders cannot realise the real underlying value of their investment. Over the last few years the Company's share price has been at a significant discount to the Company's net asset value. The Directors regularly review the level of discount, however given the investor base of the Company, the Board is very restricted in its ability to influence the discount to net asset value.

Investment Manager

The quality of the team employed by the Investment Manager is an important factor in delivering good performance and the loss of key staff could adversely affect returns. A representative of the Investment Manager attends each Board meeting and the Board is informed if any major changes to the investment team employed by the Investment Manager are proposed. The Investment Manager regularly informs the Board of developments and any key implications for either the investment strategy or the investment portfolio.

Tax and regulatory risks

A breach of The Investment Trust (Approved Company) (Tax) Regulations 2011 (the 'Regulations') could lead to capital gains realised within the portfolio becoming subject to UK capital gains tax. A breach of the FCA Listing Rules could result in suspension of the Company's shares, while a breach of company law could lead to criminal proceedings, financial and/or reputational damage. The Board employs Brompton Asset Management Limited as Investment Manager, and Maitland Administration Services Limited as Secretary and Administrator, to help manage the Company's legal and regulatory obligations.

Operational

Disruption to, or failure of, the Investment Manager's or Administrator's accounting, dealing or payment systems, or the Custodian's records, could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service. How the Board monitors its service providers, with an emphasis on their business interruption procedures, is set out in the Corporate Governance Statement on pages 25 to 28.

The Directors confirm that they have carried out a robust assessment of the risks and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity.

VIABILITY STATEMENT

The assets of the Company consist mainly of securities that are readily realisable or cash and it has no significant liabilities and no financial commitments. Investment income has exceeded annual expenditure and current liquid net assets cover current annual expenses for many years. Accordingly, the Company is of the opinion that it has adequate financial resources to continue in operational existence for the long term which is considered to be in excess of five years. Five years is considered a reasonable period for investors when making their investment decisions. In reaching this view the Directors reviewed the anticipated level of annual expenditure against the cash and liquid assets within the portfolio. The Directors have also considered the risks the Company faces in making this viability statement.

STRATEGIC REPORT

for the year ended 30th June 2022

STRATEGIC REVIEW CONTINUED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

The Company has no employees, with day-to-day operational and administration of the Company being delegated by the Board to the Independent Investment Manager and the Administrator. The Company's portfolio is managed in accordance with the investment objective and policy approved by shareholders. The Company is primarily invested in investment funds and exchange traded funds, where it has no direct dialogue with the underlying investments. Environmental, social and governance considerations of underlying investee companies are not a key driver when evaluating existing and potential investments.

GREENHOUSE GAS EMISSIONS

As the Company has no premises, properties or equipment of its own, the Directors deem the Company to be exempt from making any disclosures under the Companies Act 2006 (Strategic Reports and Directors' Reports) Regulations 2013.

STREAMLINED ENERGY AND CARBON REPORTING

The Company is categorised as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company's energy and carbon information is not therefore disclosed in this report.

MODERN SLAVERY ACT

The Directors rely on undertakings given by its independent third party advisers that those companies continue to have no instances of modern slavery either within their businesses or supply chains. Given the financial services focus and geographical location of all third party suppliers to the Company, the Directors perceive the risks of a contravention of the legislation to be very low.

GENDER DIVERSITY

The Board of Directors comprises three male directors, and currently no female board members. Composition of the Board has not changed since 2017, and the Board has benefited from stable membership and strong working relationships between individual directors in that time. For this reason, the Board does not currently anticipate making future changes.

The Board is committed to the benefits of diversity, including gender, ethnicity and background when considering new appointments to the Board, whilst always seeking to base any decision on merit, measured by knowledge, experience and ability to make a positive contribution to the Board's decision making.

CLIMATE RELATED REPORTING

As a closed-end investment fund, the Group is exempt from any climate related reporting. The Group mainly invests in funds. Those funds are responsible for determining the impact of climate change when making their investment decisions. The Group does not influence the investment decisions of the funds it invests in.

STRATEGIC REPORT

for the year ended 30th June 2022

STRATEGIC REVIEW CONTINUED

LISTING RULE 9.8.4

Listing rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out. The Directors confirm that there were no disclosures to be made in this regard.

APPROVAL STATEMENT

The Strategic Report of the Company, comprising the information contained on pages 5 to 17 of this Report and Accounts was approved by the Board and signed on its behalf by:

G H-Spink
Geoffrey Howard-Spink
Chairman
10th October 2022

DIRECTORS' REPORT

for the year ended 30th June 2022

DIRECTORS' REPORT

The Directors present the audited accounts of the Company and their report for the year ended 30th June 2022.

STATUS

The Company is a public limited company incorporated and registered in England and Wales and is domiciled in the United Kingdom. The Company number is 03969011.

The Company is an investment company under section 833 of the Companies Act 2006. It is an Approved Company under the Investment Trust (Approved Company) (Tax) Regulations 2011 (the 'Regulations') and conducts its affairs in accordance with those Regulations so as to continue to gain exemption from liability to United Kingdom capital gains tax.

The Company is listed on the London Stock Exchange, with ISIN GB0002631041 and SEDOL 0263104 and accordingly is subject to the Listing Rules issued by the FCA, the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority and the UK Corporate Governance Code 2018 issued by the Financial Reporting Council ('the Code').

The Company has been approved by the Financial Conduct Authority to be a small registered Alternative Investment Fund Manager.

DIRECTORS

Board composition

The names and biographies of the Directors are given on page 4. The Articles of Association provide that the total number of Directors shall be not less than two nor more than ten.

No Director has a contract of employment with the Company. Directors' terms of appointment are set out in letters of appointment which are available for inspection at the registered office of the Company and will be available at the Annual General Meeting ('AGM').

The following Directors, all of whom are non-executive, served during the year:

	Date of appointment as a Director
G Howard-Spink (Chairman)	13th April 2000
J L Duffield	5th April 2000
D J Gamble	16th November 2017

During the year under review the Company did not arrange insurance cover in respect of legal action against the Directors, as it was considered that the premium would not constitute good value to shareholders. The Directors are indemnified by the Company against all liabilities, except where prohibited by law.

DIRECTORS' REPORT

for the year ended 30th June 2022

DIRECTORS' REPORT CONTINUED

Board independence

The Board considers a range of factors in determining the independence of the individual Directors including their character and judgement, whether they have any material business relationships with the Company or its advisers, whether they have any close family ties with the Company's advisers or Directors and their other commitments.

The Directors consider that length of service does not of itself impair their ability to act independently, rather, a long-serving Director can offer a perspective that adds value to the deliberations of a well-balanced investment trust company board.

It is considered by the Board that, with the exception of Mr Duffield, all of the Directors are independent. The Board specifically considered the independence of Mr Gamble at his appointment, who has an immaterial holding in Brompton Asset Management Group Limited and concluded that he is an independent Director. The biographies of the Directors holding office at the date of this report demonstrate a breadth of investment and commercial experience relevant to their positions as Directors. All Directors have a wide range of other interests and are not dependent on the Company itself.

The Board considers that as in previous years, given its small size and the size and nature of the Company's operations, it is unnecessary to nominate one Director as a Senior Independent Director and both non-executives accordingly perform these duties.

Directors' appointment, retirement and rotation

The Board may appoint directors without shareholder approval. Any Director so appointed must stand for election by shareholders at the next AGM in accordance with the Articles of Association.

Under the Articles of Association one-third of Directors are required to retire by rotation each year. As two of the Directors have been in office for more than nine years, all Directors have stood for re-election each year in recent years. The Code now requires all Directors to stand for re-election annually. All the Company's Directors will stand for re-election at the Company's Annual General Meeting in 2022, all being eligible.

Mr Howard-Spink stands for re-election. The Board considers the leadership and contribution by Mr Howard-Spink to its deliberations continues to be extremely valuable, and he continues to exhibit independence of character and judgement. The Board accordingly strongly recommends that shareholders vote in favour of Mr Howard-Spink's re-election.

Mr Duffield and Mr Gamble also stand for re-election. The Board considers the contribution by both Mr Duffield and Mr Gamble on investment matters, company strategy and governance and on investment trust matters to be very valuable, notwithstanding that Mr Duffield is not deemed an independent director. The Directors therefore strongly recommend that shareholders vote in favour of both their re-election to the Board.

DIRECTORS' REPORT

for the year ended 30th June 2022

DIRECTORS' REPORT CONTINUED

Mr Duffield has a beneficial interest in 59.14% of the Company's shares and is the senior partner of the Investment Manager's parent entity, for these reasons he is not considered to be independent by the Board.

In specific circumstances, shareholders may remove a director before the end of their term of office by passing an ordinary resolution at a general meeting. An ordinary resolution is passed if more than 50% of the votes cast in person or by proxy are in favour of the resolution.

Directors' remuneration

The Board consists solely of non-executive directors and accordingly the Company is not required to comply with the principles of the Code in relation to executive directors' remuneration, nor does it have a Remuneration Committee. Details of the fees paid to the Directors can be found in the Directors' Remuneration Report on page 33.

MANAGEMENT ARRANGEMENTS

The Company has no executive directors or employees. The day-to-day management and administration of the Company, including investment management, accounting and company secretarial matters, and custodian arrangements are delegated to specialist third party companies.

Investment management services

The Company's investments are managed by Brompton Asset Management Limited (the 'Investment Manager' or 'Brompton'). This relationship is governed by an agreement dated 17th May 2018. The portfolio manager is Gill Lakin.

Brompton receives a management fee, payable quarterly in arrears, equivalent to an annual 0.75 per cent of total assets after the deduction of the value of any investments managed by the Investment Manager or its associates (as defined in the investment management agreement). The investment management agreement may be terminated by either party giving three months written notice, to expire on the last calendar day of any month.

During the year under review the investment management fee amounted to £837,000 (2021: £774,000).

Secretarial, administration and accounting services

Company secretarial services, general administration and accounting services for the Company are undertaken by Maitland Administration Services Limited (the 'Administrator').

Custodian services

Brown Brothers Harriman & Co is the independent custodian to the Company.

RELATED PARTY TRANSACTIONS

Mr Duffield is the senior partner of Brompton Asset Management Group LLP, the ultimate parent of the Investment Manager. Details of fees paid to the Investment Manager are given on page 20 and in note 3 on page 60.

DIRECTORS' REPORT

for the year ended 30th June 2022

DIRECTORS' REPORT CONTINUED

SHARE CAPITAL AND SHAREHOLDERS

Share capital

The Company's share capital comprises 71,023,695 Ordinary shares of 1p each (2021: 71,023,695), all of which are issued and fully paid. No shares are held in treasury (2021: nil). The Company did not issue or repurchase any shares during the year or up to the date of this report.

There are no restrictions on the transfer of the Company's shares other than: a) transfers by Directors and Persons Discharging Managerial Responsibilities and their connected persons during prohibited periods under the rules of the FCA or which may constitute insider dealing; b) transfers for more than one class of share; c) transfers to more than four joint transferees; and d) transfers of shares which are not fully paid up or on which the Company has a lien provided that such would not prohibit dealings taking place on an open and proper basis.

The Company is not aware of any arrangements between shareholders or between the Company and any shareholders which restrict the transfer of shares or which would take effect or terminate in the event of a change of control of the Company.

The voting rights of the Ordinary shares on a poll are one vote for every share held.

Shareholders are entitled to such dividends (if any) as the Board may from time to time declare, and on a winding up are entitled to a distribution of such surplus assets (if any) as may remain after settling the liabilities of the Company, in proportion to the number of shares held and the respective amounts paid up or credited as paid up on their shares.

Substantial share interests

At 30th June 2022 and 30th September 2022, the Company was aware of the following interests which represent 3% or more of the voting rights in the Company:

DIRECTORS' REPORT

for the year ended 30th June 2022

DIRECTORS' REPORT CONTINUED

Substantial share interests

Shareholder	% of voting rights 30th June 2022	% of voting rights 30th September 2022
J L Duffield	59.1	59.1
M R L Astor	3.4	3.4

Relations with shareholders

The Board and Investment Manager are available for dialogue with shareholders. The primary mediums through which the Company communicates with its shareholders are the Half Year Report and the Annual Report and Accounts which aim to provide shareholders with a clear understanding of the Company's activities and its results. The Company's Annual Report and Accounts and Half Year Report are also published on the Company's website at: www.nsitplc.com and net asset values are published on the London Stock Exchange and the Company's website on a monthly basis.

It is currently intended that all shareholders will have the opportunity to attend and vote at the AGM during which the Directors and Investment Manager will be available to answer questions regarding the Company.

The Company will generally seek to provide twenty working days' notice of the AGM.

The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Directors' Report or, where applicable, in the Notice of Meeting. Separate resolutions are proposed for each substantive issue.

GOING CONCERN

The Directors have undertaken a review of the Group's ability to continue as a going concern. The Directors specifically reviewed whether the Group could continue in operational existence for the period to 31st October 2023. The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts, given this review, and since the assets of the Company consist mainly of securities that are readily realisable or cash and it has no significant liabilities. This is discussed further in the viability statement on page 15.

DIRECTOR INDEMNIFICATION

As permitted by the Company's Articles of Association, each Director has the benefit of an indemnity which is a qualifying third party indemnity, as defined by section 234 of the Companies Act 2006.

SUBSIDIARY

The Company owns the whole of the issued share capital (£1) of JIT Securities Limited. The results of JIT Securities Limited are included in the consolidated financial statements.

DIRECTORS' REPORT

for the year ended 30th June 2022

DIRECTORS' REPORT CONTINUED

INDEPENDENT AUDITOR

Ernst & Young LLP have indicated their willingness to remain in office. Accordingly a resolution proposing the re-appointment of Ernst & Young LLP until the close of the next general meeting at which accounts are laid before members, and to authorise the Directors to determine their remuneration, will be put to shareholders at the forthcoming AGM. The Company is undertaking currently an audit tender and a new auditor will be appointed before the required change in auditor in 2023.

DIRECTORS' STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors who were members of the Board at the time of approving this Report are listed on page 4. Each of those Directors confirms that:

- to the best of his knowledge and belief, there is no information relevant to the preparation of the Report and Accounts of which the Company's auditors are unaware; and
- he has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

ANNUAL GENERAL MEETING

The AGM of the Company will be held at 1 Knightsbridge Green, London, SW1X 7QA on Thursday, 17th November 2022 and will commence at 11.00 am.

Shareholders' views are important and the Board encourages shareholders to exercise their votes in respect of the meeting in advance, by completing and returning their proxy forms. This will ensure that the votes are registered.

In addition, shareholders may also submit questions in advance of the AGM to the Company Secretary via email to cosec@maitlandgroup.com or by post to the Company Secretary at the address set out on page 3 of this report.

The notice of meeting can be found on pages 77 to 81.

SPECIAL BUSINESS AT THE AGM

In addition to the Ordinary business to be transacted at the forthcoming Annual General Meeting, Resolution 8 will be proposed as an Ordinary Resolution and Resolutions 9 to 12 will be proposed as Special Resolutions.

Resolution 8 seeks renewal of the general and unconditional authority for the Directors to allot shares. The authority can be sought for up to 5 years but is put to shareholders annually. The Directors do not currently have any plans to exercise this authority if granted under this Resolution.

DIRECTORS' REPORT

for the year ended 30th June 2022

DIRECTORS' REPORT CONTINUED

Resolution 9 would allow the Company to allot a limited number of equity securities without applying pre-emption rights. Again, the Directors do not currently have any plans to exercise this authority but consider it desirable and in the Company's interest to have the authority in place.

Resolution 10 is to seek renewal of the existing authority for the Company to make market purchases of the Company's shares. The authority is limited to 10,646,450 Ordinary shares representing approximately 14.99% of the current issued Ordinary share capital. No market purchases have yet been made but the Directors feel it is important to have the ability to make purchases and the Directors would only exercise the authority, if granted, if they considered it to be in the Company's best interest. Any Ordinary shares bought back would be cancelled or held in treasury at the discretion of the Directors.

Resolution 11 would give the Directors discretion to re-issue Ordinary shares held in treasury into the market. Shares would not be re-issued at a price below the most recent published net asset value prior to re-issue.

Resolution 12 will enable the Directors to call general meetings (other than an Annual General Meeting) at not less than 14 days' notice rather than 21 days. Ordinarily the Directors would expect to give the full notice period but circumstances might make it desirable to call a meeting on shorter notice. A general meeting may only be called on short notice if it complies with certain conditions.

The Directors strongly recommend that shareholders vote in favour of all Resolutions being put to the annual general meeting, as they themselves intend to vote in respect of their own beneficial shareholdings totalling 42,003,223, being approximately 59.14% of the Ordinary share capital in issue at the date of this report.

The Corporate Governance Statement on pages 25 to 28 forms part of the Directors Report.

Faith Pengelly

For and on behalf of the Board of Directors
Maitland Administration Services Limited
Corporate Secretary
10th October 2022

CORPORATE GOVERNANCE STATEMENT

for the year ended 30th June 2022

CORPORATE GOVERNANCE STATEMENT

APPLICABLE GOVERNANCE CODE

Throughout the year under review the Company applied the UK Corporate Governance Code issued by the Financial Reporting Council ('FRC') in July 2018 (the 'Code'), and had regard to the Code of Corporate Governance issued by the Association of Investment Companies in February 2019 (the 'AIC Code') which provides specific corporate governance guidance for investment trusts, if they are members of the AIC. The Company has not taken advantage of the AIC's exemptions as it is not a member of the AIC. Full details of the Company's corporate governance arrangements and instances of non-compliance are given below.

The Code referred to above can be found on the FRC's website at www.frc.gov.uk

STATEMENT OF COMPLIANCE

It is considered that the Company has complied with the provisions of the Code subject to the exceptions explained below and on page 19 and 32: the chairman has been a director for more than nine years (Code provision 10); the Company has not appointed a Senior Independent Director (Code provision 12); the Company undertakes bi-annual Board evaluations (code provision 21) and it does not have a Nominations Committee and Remuneration Committee (Code provision 17 and 32).

THE BOARD

Responsibilities of the Board

The Board is responsible for the effective stewardship of the Company's affairs. It determines the strategic direction of the Company and sets the boundaries within which the Investment Manager operates. The Board meets at least four times a year and reviews the Company's investment policy, performance and financial position. The Investment Manager takes decisions as to the purchase and sale of individual investments and is responsible for effecting those decisions on the best available terms. There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice at the Company's expense.

The Chairman is responsible for leading the Board and ensuring that it continues to deal effectively with all aspects of its role. In particular, he ensures that the Investment Manager and Administrator provide the Directors, in a timely manner, with management, regulatory and financial information that is clear, accurate and relevant. Representatives of the Investment Manager attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern.

The Board comprises three non-executive Directors. In the light of the small size of the Board, it has been decided not to appoint a formal Nominations Committee and appointments of any new Directors are considered by the Board in meeting as a whole.

CORPORATE GOVERNANCE STATEMENT

for the year ended 30th June 2022

CORPORATE GOVERNANCE STATEMENT CONTINUED

Powers of the Directors

The powers of the Directors are set out in the Articles of Association which are publicly available from Companies House. Except as otherwise provided by regulation and legislation, the Directors may exercise all of the ordinary powers usually conferred on directors to manage the affairs of a company and to delegate such of those powers to committees, agents or individuals as they consider appropriate. The Directors may authorise the Company to borrow; to pay fees, expenses, salaries and make other payments to directors, executives and employees; and to provide pensions or other benefits for Directors, executives and employees; but have not exercised these powers except for the payment of fees to non-executive Directors.

Board attendance

Attendance at the Board and Audit Committee meetings held during the financial year is shown below.

	Quarterly Board meetings	Audit committee meetings
No. of meetings	4	2
John Duffield	4	N/A
David Gamble	4	2
Geoffrey Howard-Spink	4	2

PERFORMANCE EVALUATION

The Company

The performance of the Company is considered in detail at each Board meeting.

The Board

The Board evaluates its own performance, that of the Audit Committee, and the performance of each Director and the Chairman on a regular basis. Because the Board comprises only three Directors, appraisals are carried out every two years rather than annually. Appraisals are conducted by the use of a tailored questionnaire designed to elicit views on all Board and Committee functions, followed by an opportunity to openly discuss the findings and ensure that effectiveness is maintained. A review has been carried out in 2022. That evaluation confirmed that the Board continues to perform effectively.

INTERNAL CONTROLS

The Board has overall responsibility for the establishment of the Company's systems of internal control and for reviewing their effectiveness. Internal control systems are designed to meet the particular requirements of the Company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature provide reasonable but not absolute assurance against material misstatement or loss. The Board has reviewed the effectiveness of the Company's internal control systems including the financial, operational and compliance controls and risk management processes for the year.

CORPORATE GOVERNANCE STATEMENT

for the year ended 30th June 2022

CORPORATE GOVERNANCE STATEMENT CONTINUED

The key procedures which have been established with a view to providing effective internal control are as follows:

- Throughout the year under review, there has been an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which accords with the guidance in the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014). The process involves reports from the Company Secretary and Investment Manager on risk control and compliance, in conjunction with the Investment Manager's regular report which covers investment performance. In addition, the Company Secretary or Investment Manager report on the internal control environment at the Company's third party service providers. Internal control statements from third party service providers are also made available to the Audit Committee.

- The Audit Committee reviews a risk matrix prepared by the investment manager at its 6 monthly meetings and considers whether there are any emerging risks.

- The duties relating to investment management, accounting and custody of assets are segregated; the procedures of the individual parties are designed to complement one another.

- Investment management is performed by Brompton. The Board is responsible for setting the overall investment policy and monitors the activities of the Investment Manager at its regular meetings. The responsibilities of the Investment Manager are included in the Investment Management Agreement between the Company and Brompton. Brompton is authorised and regulated by the Financial Conduct Authority.

- Custody of assets is undertaken by Brown Brothers Harriman & Co.

- Administration, accounting and company secretarial duties are performed by Maitland Administration Services Limited.

- Authorisation and exposure limits are set by the Board.

- The Company clearly defines the duties and responsibilities of its agents through their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of parties involved; the Board monitors their on-going performance and contractual arrangements. The Board reviews financial information produced by the Investment Manager and the Company Secretary on a regular basis.

ACCOUNTABILITY AND RELATIONSHIP WITH INVESTMENT MANAGER

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 35. The responsibilities of the independent auditor are set out on pages 36 to 49. The Directors' Report states that the business is a going concern and confirmation of the Directors consideration on viability is on page 15.

CORPORATE GOVERNANCE STATEMENT

for the year ended 30th June 2022

CORPORATE GOVERNANCE STATEMENT CONTINUED

The Board has delegated contractually to external third parties (including the Investment Manager) the management of the investment portfolio, custodial services (including safeguarding of assets), day to day accounting, company secretarial and administration duties, and registration services. Each of these contracts was entered into after consideration by the Board of the quality and cost of the services offered. The Board receives regular formal reports from the Investment Manager and ad hoc information as required.

STEWARDSHIP

The Board has delegated the voting of investee company shares to the Investment Manager. The Board is conscious that the majority of its investments are in diverse funds, and its holdings in quoted companies do not constitute positions of significant influence. The Investment Manager regularly informs the Board of any material developments in connection with any investments or investee companies.

CONFLICTS OF INTEREST

The Board has put in place a framework for Directors to report conflicts of interest or potential conflicts of interest, which it believes works effectively. Directors are aware that they have a continuing obligation to notify the Company Secretary of all existing, new and potential situations or interests which do or could conflict with the interests of the Company. All disclosed situations and interests are reviewed by the Board at its meetings and, where appropriate, authorised. It is the Board's intention to continue to review all notified situations on a regular basis.

REPORT OF THE AUDIT COMMITTEE

for the year ended 30th June 2022

AUDIT COMMITTEE

Composition of the Audit Committee

The Board has established an Audit Committee which consists of Mr Gamble (Chairman) and Mr Howard-Spink. Mr Gamble was appointed Chairman of the Committee on becoming a director in 2017. Mr Howard-Spink is a member of the Audit Committee to ensure there are two independent directors on the committee. Both committee members are considered by the Board to be independent of the Investment Manager. It is considered that each of the members of the Audit Committee has recent and relevant financial experience, and of the sector in which the Company operates.

The terms of reference for the Audit Committee are available on the Company's website: www.nsitplc.com

Role of the Audit Committee

The Audit Committee meets at least twice per year and operates within clearly defined terms of reference. The Committee provides a forum through which the Company's external auditor reports to the Board.

The main work and responsibilities of the Audit Committee include:

- monitoring the integrity of the Company's annual and half yearly financial statements together with the appropriateness of its accounting policies;
- considering whether the annual financial statements are fair, balanced and understandable;
- considering the Company's key and emerging risks and the risk matrix prepared by the Investment Manager;
- considering the nature and scope of the external audit and the findings therefrom;
- considering the need for establishing an internal audit function;
- overseeing the relationship with the external auditor, including assessing the independence and objectivity of the auditor, the effectiveness of the auditor and any non-audit services provided; and
- reviewing the investment management agreement and any proposed alterations to the investment management agreement.

Significant accounting matters considered by the Audit Committee

As part of the Audit Committee's review of the 2022 Annual Report and Accounts, the Committee considered the following significant issues, including the consideration of principal risks and uncertainties in light of the Company's activities and issues communicated by the Auditor during their work.

REPORT OF THE AUDIT COMMITTEE

for the year ended 30th June 2022

AUDIT COMMITTEE CONTINUED

Valuation of the investment portfolio: Approximately 98% of the portfolio excluding cash has been verified by daily or monthly market prices. The valuation of the remainder of the portfolio, which is more subjective, is reviewed separately by the Investment Manager, the Audit Committee and the Auditor. The Audit Committee reviewed the Investment Manager's detailed valuation paper covering the basis adopted for valuing each unquoted investment. Following the disposal of the Company's then largest unquoted investment, the Embark Group, the percentage held in unquoted investments has fallen significantly.

Ownership of the investment portfolio: The Company uses the services of an independent global custodian, Brown Brothers Harriman & Co. The Investment Manager and Administrator reconcile their records to those of the custodian. The Auditor obtains independent confirmation of the holdings from the custodian at the year end.

Volatility due to the Covid pandemic, the war in Ukraine and rising inflation: The Audit Committee received updates from the Investment Manager regarding the market volatility resulting from the Covid pandemic, the war in Ukraine and rising inflation during the year. The Committee reviewed the risks arising from a macro-economic event.

Compliance with The Investment Trust (Approved Company) (Tax) Regulations 2011: compliance with these regulations is essential to maintaining the taxation benefits of being an Investment Company for UK tax purposes. Schedules are prepared by the Administrator to confirm ongoing compliance and there is an additional review at the year-end by the Investment Manager and the Auditor.

Recognition of income: the accounting treatment of special dividends or deemed income could impact the split between income and capital and the minimum dividend payable. There was no special dividend or deemed income during the year.

EXTERNAL AUDITOR

Auditor independence and performance

The Audit Committee makes recommendations to the Board regarding the appointment and independence of the external Auditor, Ernst & Young LLP, and assesses the objectivity and effectiveness of the audit process. Representatives of Ernst & Young LLP attended the Audit Committee meeting at which the draft Annual Report and Accounts were considered. They also engage with the Directors as and when required. Details of the amounts payable to the Auditor during the year under review, for audit and other services, are set out in note 4 on page 60.

The effectiveness of the audit was assessed by considering the Auditor's direct engagement with the Audit Committee, the auditors' written reports and from feedback from the Investment Manager and the Administrator.

Ernst & Young LLP have audited the Company's financial statements since the inception of the Company in 2000. Ernst & Young LLP can continue to audit the accounts through the year ended 2023. In accordance with the rotation rules the Ernst & Young partner has changed in 2022. An audit tender is currently being undertaken.

REPORT OF THE AUDIT COMMITTEE

for the year ended 30th June 2022

AUDIT COMMITTEE CONTINUED

The auditor does not provide the Company with any non-audit services. The Board concluded, on the recommendation of the Audit Committee, that the Auditor continues to be independent of the Company and the Investment Manager and recommends their reappointment until such time as the audit tender is completed.

Other Matters

In common with many investment trusts, the Company does not have a whistle-blowing policy. The main functions of the Company are delegated to third parties and the Audit Committee believes that it is appropriate to rely on the whistle-blowing policies operated by those third parties.

The Company does not have any employees and its day-to-day operations are delegated to third parties. The Board has determined that, in view of these circumstances, there is no need for the Company to have an internal audit function. The Directors review periodically whether a function equivalent to internal audit is needed and will continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

Approved by the Audit Committee and signed on its behalf by:
David Gamble
David Gamble
Chairman – Audit Committee
10th October 2022

DIRECTORS' REMUNERATION REPORT

for the year ended 30th June 2022

ANNUAL REPORT ON REMUNERATION

The Directors are pleased to present their report on remuneration. An Ordinary resolution, to approve the Directors' Remuneration Policy (the 'Policy') (which is binding) was put to the 2020 AGM and approved. As is now customary, an Ordinary resolution to adopt this report (which is advisory) will also be proposed for approval by shareholders at the forthcoming AGM.

The Auditor is required to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Act. Where information set out below has been audited, it is clearly indicated. The Auditor's opinion is included within the Independent Auditor's Report on pages 36 to 49.

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It describes the Policy and how it was implemented for the year to 30th June 2022.

The Board does not consider it necessary or appropriate to establish a separate Remuneration Committee as the Company has no employees, the Board is small and there are no executive Directors. Non-executive Directors' remuneration is determined by the Board in line with the Policy below.

REMUNERATION POLICY

The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that have a similar capital structure (ordinary shares), and have a similar investment objective (long-term capital growth).

Under the current remuneration policy, the non-executive Directors of the Company are entitled to such rates of annual fees as the Board, at its discretion determines, subject to an aggregate ceiling of £100,000.

No Director shall be entitled to any benefits in kind, share options, long-term incentives, pension or other retirement benefits or compensation for loss of office. It is considered that no part of the Directors' remuneration should be performance related in the light of their non-executive status. Directors are entitled to reimbursement of expenses in respect of duties undertaken in connection with the management of the Company.

It is the Board's policy to obtain shareholder's approval for the policy every three years.

DIRECTORS' SERVICE CONTRACTS

It is the Board's policy that none of the Directors has a service contract. Any Director may be removed without notice and no compensation will be due on leaving office.

DIRECTORS' REMUNERATION REPORT

for the year ended 30th June 2022

ANNUAL REPORT ON REMUNERATION CONTINUED

VOTING AT AGM

The remuneration policy was approved by shareholders at the 2020 AGM, at which 99.97% of the votes were in favour and 0.03% were against. At last year's AGM, the Directors' Remuneration Report was also approved; 99.95% voted in favour and 0.05% voted against.

DIRECTORS' FEES (AUDITED)

The table below shows the rates of annual fees payable to the highest paid Director, the Chairman, and all other non-executive Directors for the year to 30th June 2022 and the year to 30th June 2021:

	2022 (£)	2021 (£)
Chairman	**25,000**	25,000
Board member	**20,000**	20,000

DIRECTORS' EMOLUMENTS (AUDITED)

The single total figure of remuneration for each Director for the year to 30th June 2022 is detailed below together with the prior year comparative. Emoluments were received solely in the form of fees.

Name of Director	**Fees paid/Total (£)**	
	2022	2021
J L Duffield	**20,000**	20,000
D J Gamble	**20,000**	20,000
G Howard-Spink	**25,000**	25,000
Total	**65,000**	65,000

RELATIVE IMPORTANCE OF SPEND ON PAY

The fees payable in respect of Mr Duffield's services are paid to the Investment Manager. The Company has no executive directors. Distributions made to shareholders by way of dividend have no correlation to Directors' remuneration. Any comparison would not be meaningful.

DIRECTORS' INTERESTS IN SHARES (AUDITED)

The interests of the Directors in the Ordinary shares of the Company at the beginning and end of the financial year are shown in the table on the next page.

DIRECTORS' REMUNERATION REPORT

for the year ended 30th June 2022

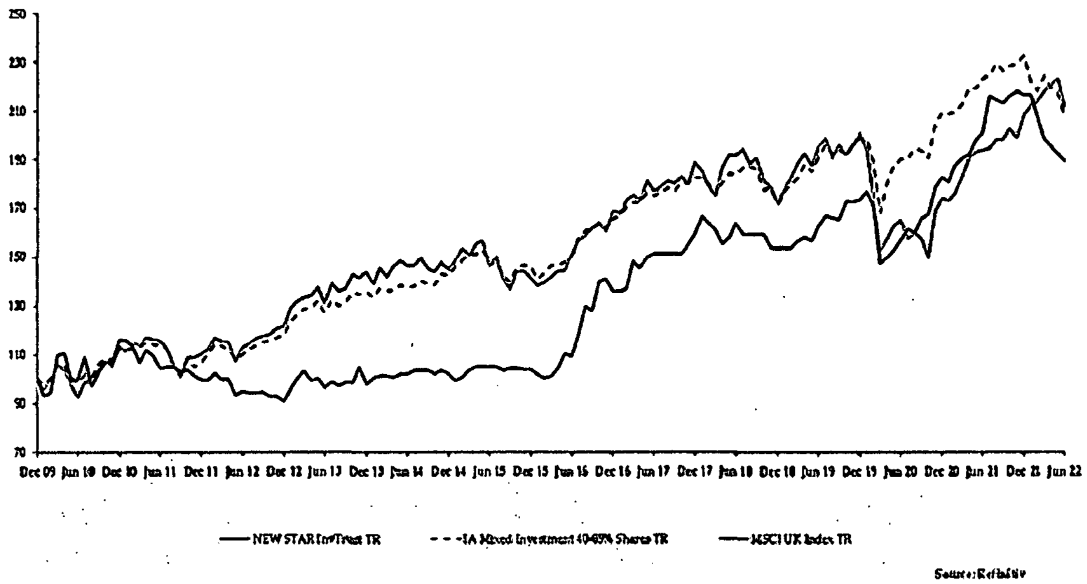
ANNUAL REPORT ON REMUNERATION CONTINUED

Ordinary shares of 1p beneficial:	**30th June 2022**	30th June 2021
J L Duffield	**42,003,223**	42,003,223
D J Gamble	–	–
G Howard-Spink	–	–

There have been no changes in the Directors' interests in the period from 30th June 2022 to the date of this report.

YOUR COMPANY'S PERFORMANCE

The graph below compares the share price total return (assuming all dividends are reinvested) since 31st December 2009 against the IA Mixed Investment 40-85% (total return). The data has been rebased to 100 at 31st December 2009.



G H-Spink
By order of the Board
Geoffrey Howard-Spink
Chairman
10th October 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 30th June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under law, the Directors are required to prepare Financial Statements under UK adopted international accounting standards.

Under Company Law, the Directors must not approve the Group's Annual Report and Accounts unless they are satisfied that they give a true and fair view of the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing those Group's Annual Report and Accounts the Directors are required to:

- select suitable accounting policies in accordance with International Accounting Standard ('IAS') 8: Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with UK adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have concluded that the Group's Annual Report and Accounts for the year ended 30th June 2022, taken as a whole, is fair, balanced and understandable, and provide the information necessary for shareholders to assess the performance, business model and strategy of the Group.

STATEMENT UNDER DISCLOSURE GUIDANCE AND TRANSPARENCY RULE 4.1.12

The Directors of the Company each confirm to the best of their knowledge that:

(a) the financial statements have been prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

(b) the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties they face.

Faith Pengelly
For and on behalf of the Board of Directors
Maitland Administration Services Limited
Secretary
10th October 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT

OPINION

In our opinion:

- New Star Investment Trust Plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30th June 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of New Star Investment Trust plc's financial statements for the year ended 30th June 2021 which comprise:

Group	Parent Company
Consolidated Statement of Comprehensive Income for the year ended 30th June 2022	Company Statement of Changes in Equity for the year ended 30th June 2022
Consolidated Statement of Changes in Equity for the year ended 30th June 2022	Company Balance Sheet as at 30th June 2022
Consolidated Balance Sheet as at 30th June 2022	Company Cash Flow Statement for the year ended 30th June 2022
Consolidated Cash Flow Statement for the year ended 30th June 2022	Related notes 1 to 21 to the financial statements, including a summary of significant accounting policies.
Related notes 1 to 21 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 UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

INDEPENDENCE

We are independent of the Group and Parent 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 out other ethical responsibilities in accordance with these requirements.

The non audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

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 Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Confirmation of our understanding of the Group and Parent Company's going concern assessment process and engaged with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.

- Inspection of the Directors' assessment of going concern, including the revenue forecast, for the period to 31st October 2023 which is at least twelve months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Group and Parent Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

- Review of the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Group and Parent Company.

- Consideration of the mitigating factors included in the revenue forecast that are within the control of the Group and the Parent Company. We reviewed the Group and Parent Company's assessment of the liquidity of investments held and evaluated the Group and the Parent Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.

- Review of the Group and Parent Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

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 Group and Parent Company's ability to continue as a going concern for the period assessed by the directors, being the period to 31st October 2023 which is at least 12 months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

In relation to the Group and Parent Company's reporting on how they have 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of New Star Investment Trust Plc in accordance with applicable law and International Standards on Auditing (UK). • All audit work was performed directly by the audit team
Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income • Risk of incorrect valuation or ownership of the investment portfolio
Materiality	• Overall group materiality of £1.24m which represents 1% of shareholders' funds as at 30th June 2022.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope of the Group and the Parent Company. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, including controls and changes in the business environment when assessing the level of work to be performed.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Group and the Parent Company have assessed that there is no impact on the carrying amounts in the financial statements and no adjustments were required with regards to climate change. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Group and the Parent Company's disclosures in the financial statements as set out in Note 1a and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by UK-adopted international accounting standards. We also challenged the Directors' considerations of climate change in their assessment and associated disclosures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income *(Refer to the Audit Committee Report (page 30) and Accounting policies (page 56))* The total revenue for the year to 30th June 2022 was £1.86 million (2021: £1.52 million), consisting primarily of dividend income from the investment portfolio. The total amount of special dividends received by the Company was nil 2021: nil. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.	We have performed the following procedures: We obtained an understanding of the processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures. For all dividends received and accrued we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued we agreed the amounts to bank statements.	The results of our procedures identified no material misstatements in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income. However, in the current year no special dividends were received.	For dividends accrued, we reviewed the investee announcements to assess whether the dividend obligations arose prior to 30th June 2022. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the amount receivable and agreed the subsequent cash receipts to post year end bank statements. To test completeness of recorded income, we tested that expected dividends for each investee Company held during the year had been recorded as income with reference to an external source. For all investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were special.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	Through enquiry we confirmed with management that no special dividends had been received during the year. Our procedures did not identify any special dividends. To test completeness of reportable income, we identified the offshore funds held during the year and determined whether those funds had reporting fund status or not. For those identified as reporting offshore funds held during the period and at year-end, we independently verified and recalculated the excess reportable income amounts recognised as revenue in the Statement of Comprehensive Income. Through enquiry with management we confirmed no excess reportable income had been reported during the year. Our procedures did not identify any excess reportable income.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio *(Refer to the Audit Committee Report (page 29) and Accounting policies (page 56)).* The valuation of the investment portfolio at 30th June 2022 was £99.45 million (2021: £129.73 million) consisting primarily of quoted investments with an aggregate value of £96.84 million (2021: £112.48 million) and unquoted investments with an aggregate value of £2.61 million (2021: £17.25 million). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Inappropriate investment pricing, or failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of quoted investments is determined by reference to bid price or the last traded price depending on the convention of the exchange on which the investment is quoted.	**We have performed the following procedures:** We obtained an understanding of the processes and controls surrounding investment title and the pricing of investments by performing our walkthrough procedures. For all quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We inspected the stale pricing reports produced by the Administrator to identify prices that have not changed and verified whether the quoted price is a valid fair value. For a sample of unquoted investment held as at the year-end, we utilised our specialist Valuations and Business Modelling team to test the valuations. This included the following: • Reviewed the Directors' valuations to assess if these have been performed in line with the IPEVC valuation guidelines.	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Investments in units of unit trusts or shares in OEICs are valued at the bid price for dual priced funds, or single price for non-dual priced funds, released by the relevant investment manager. Unquoted investments are valued at fair value by Directors following a review and challenge of the valuations proposed by the Investment Manager. The Investment Manager's unquoted investment valuation policy applies the methodologies consistent with the International Private Equity and Venture Capital ('IPEVC') Valuation Guidelines.	• Assessed and challenged the appropriateness of the data inputs and assumptions used to support the valuations. • Assessed and challenged other factors and circumstances, such as relevant market movement, recent transaction price, cost price and comparative company information, that have an impact on the fair market value of the investments. • Determined a reasonable range for the valuation and tested whether management's valuation lies within this range.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
The valuation of the unquoted investments, and the resultant impact on unrealised gains/(losses), is the area requiring the most significant judgement and estimation in the preparation of the financial statements.	For the remaining unquoted investments, • Obtained and reviewed the valuation paper produced by the Manager and agreed the valuations to the accounting records. For all unquoted investments, we recalculated the unrealised gains/losses as at the year-end using the book-cost reconciliation. Obtained supporting documents from the Manger for any purchases and sales, agreeing these details to the accounting records and to bank statements. We compared the Company's investment holdings at 30th June 2022 to independent confirmations received directly from the Group's Custodian. For certain unquoted investments, which were not confirmed by the Custodian, we agreed to documentation confirming legal title.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1.24million (2021: £1.37 million), which is 1% (2021: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure of the Group's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £0.93m (2021: £1.03m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts , we have also applied a separate revenue testing threshold for the revenue column of the Consolidated Statement of Comprehensive Income of £0.06m (2021: £0.07m), being 5% of planning materiality (2021: being 5% of the revenue return before taxation).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.06m (2021: £0.07m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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 those reports have been prepared in accordance with applicable legal requirements;
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance statement and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent 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; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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
- a Corporate Governance Statement has not been prepared by the Company

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 22;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 15 ;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 15;
- Directors' statement on fair, balanced and understandable set out on page 35;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 14 ;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 26 ; and;
- The section describing the work of the Audit Committee set out on page 29.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 35, 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 Group and Parent 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 Group or the Parent 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.

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the Companies Act 2006, the Listing Rules, the AIC Code, the UK Corporate Governance Code, section 1158 of the Corporation Tax Act 2010, and the Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Group is complying with those frameworks through discussions with the Audit Committee, the Investment Manager, and the Company Secretary and a review of the Group's documented policies and procedures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW STAR INVESTMENT TRUST PLC

AUDITOR'S REPORT CONTINUED

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the incorrect valuation of unquoted investments and the resulting impact on the Statement of Comprehensive Income. Further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Group.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the Group on inception of the Parent Company to audit the financial statements for the period ending 5th May 2000 and subsequent financial periods.

- The period of total uninterrupted engagement including previous renewals and reappointments is 23 years, covering the period ending 5th May 2000 to 30th June 2022.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

- The audit opinion is consistent with the additional report to the Audit Committee.

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.

James Beszant

James Beszant (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
11th October 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th June 2022

	Notes	Year ended 30th June 2022 Revenue Return £'000	Capital Return £'000	Total £'000	Year ended 30th June 2021 Revenue Return £'000	Capital Return £'000	Total £'000
INVESTMENT INCOME	2	**1,837**	**–**	**1,837**	1,519	–	1,519
Other operating income	2	**20**	**–**	**20**	3	–	3
		1,857	**–**	**1,857**	1,522	–	1,522
GAINS AND LOSSES ON INVESTMENTS							
(Losses)/gains on investments at fair value through profit or loss	9	**–**	**(15,188)**	**(15,188)**	–	25,927	25,927
Legal and professional costs		**–**	**(60)**	**(60)**			
Other exchange gains/(losses)		**–**	**1,382**	**1,382**	–	(1,119)	(1,119)
Trail rebates		**–**	**6**	**6**	–	4	4
		1,857	**(13,860)**	**(12,003)**	1,522	24,812	26,334
EXPENSES							
Management fees	3	**(837)**	**–**	**(837)**	(774)	–	(774)
Other expenses	4	**(320)**	**–**	**(320)**	(319)	-	(319)
		(1,157)	**–**	**(1,157)**	(1,093)	–	(1,093)
(LOSS)/PROFIT BEFORE TAX		**700**	**(13,860)**	**(13,160)**	429	24,812	25,241
Tax	5	**–**	**–**	**–**	–	–	–
(LOSS)/PROFIT FOR THE YEAR		**700**	**(13,860)**	**(13,160)**	429	24,812	25,241
EARNINGS PER SHARE							
Ordinary shares (pence)	7	**0.98p**	**(19.51)p**	**(18.53)p**	0.61p	34.93p	35.54p

The total column of this statement represents the Group's profit and loss account, prepared in accordance with UK adopted international accounting standards. The supplementary Revenue Return and Capital Return 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.

The Company did not have any income or expense that was not included in '(Loss)/Profit for the year'. Accordingly, the '(Loss)/Profit for the year' is also the 'Total comprehensive income for the year', as defined in IAS 1(revised) and no separate Statement of Comprehensive Income has been presented.

No operations were acquired or discontinued during the year.

All income is attributable to the equity holders of the parent company. There are no minority interests.

The Notes on pages 56 to 76 form an integral part of these Accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2022

	Notes	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2021		**710**	**21,573**	**56,908**	**58,941**	**138,132**
Total comprehensive income for the year		**–**	**–**	**–**	**(13,160)**	**(13,160)**
Dividend paid	8	–	–	–	**(994)**	**(994)**
AT 30th JUNE 2022		**710**	**21,573**	**56,908**	**44,787**	**123,978**

Included within Retained earnings were £1,666,000 of Company reserves available for distribution.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2021

	Notes	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2020		**710**	**21,573**	**56,908**	**34,694**	**113,885**
Total comprehensive income for the year		**–**	**–**	**–**	**25,241**	**25,241**
Dividend paid	8	–	–	–	**(994)**	**(994)**
AT 30th JUNE 2021		**710**	**21,573**	**56,908**	**58,941**	**138,132**

Included within Retained earnings were £1,960,000 of Company reserves available for distribution.

The Notes on pages 56 to 76 form an integral part of these Accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2022

	Notes	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2021		**710**	**21,573**	**56,908**	**58,941**	**138,132**
Total comprehensive income for the year		**–**	**–**	**–**	**(13,160)**	**(13,160)**
Dividend paid	8	**–**	**–**	**–**	**(994)**	**(994)**
AT 30th JUNE 2022		**710**	**21,573**	**56,908**	**44,787**	**123,978**

Included within Retained earnings were £1,666,000 of Company revenue reserves available for distribution.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2021

	Notes	Share capital £ '000	Share premium £ '000	Special reserve £ '000	Retained earnings £ '000	Total £ '000
AT 30TH JUNE 2020		**710**	**21,573**	**56,908**	**34,694**	**113,885**
Total comprehensive income for the year		**–**	**–**	**–**	**25,241**	**25,241**
Dividend paid	8	**–**	**–**	**–**	**(994)**	**(994)**
AT 30TH JUNE 2021		**710**	**21,573**	**56,908**	**58,941**	**138,132**

Included within Retained earnings were £1,966,000 of Company revenue reserves available for distribution.

The Notes on pages 56 to 76 form an integral part of these Accounts.

CONSOLIDATED BALANCE SHEET

at 30th June 2022

	Notes	30th June 2022 £ '000	30th June 2021 £ '000
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	9	**99,450**	129,727
CURRENT ASSETS			
Other receivables	11	**258**	235
Cash and cash equivalents	12	**24,530**	8,440
		24,788	8,675
TOTAL ASSETS		**124,238**	138,402
CURRENT LIABILITIES			
Other payables	13	**(260)**	(270)
TOTAL ASSETS LESS CURRENT LIABILITIES		**123,978**	138,132
NET ASSETS		**123,978**	138,132
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS			
Called-up share capital	14	**710**	710
Share premium	15	**21,573**	21,573
Special reserve	15	**56,908**	56,908
Retained earnings	15	**44,787**	58,941
TOTAL EQUITY		**123,978**	138,132
NET ASSET VALUE PER ORDINARY SHARE	16	**174.56p**	194.49p

These Accounts were approved by the Board of Directors and authorised for issue on 10th October 2022.

G H-Spink
Geoffrey Howard-Spink
Chairman
New Star Investment Trust Plc
Registered in England & Wales No. 03969011

The Notes on pages 56 to 76 form an integral part of these Accounts.

COMPANY BALANCE SHEET

at 30th June 2022

	Notes	**30th June 2022 £ '000**	30th June 2021 £ '000
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	9	**99,450**	129,727
Investments in subsidiary at fair value through profit or loss	10	**–**	–
		99,450	129,727
CURRENT ASSETS			
Other receivables	11	**258**	235
Cash and cash equivalents	12	**24,530**	8,440
		24,788	8,675
TOTAL ASSETS		**124,238**	138,402
CURRENT LIABILITIES			
Other payables	13	**(260)**	(270)
TOTAL ASSETS LESS CURRENT LIABILITIES		**123,978**	138,132
NET ASSETS		**123,978**	138,132
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS			
Called-up share capital	14	**710**	710
Share premium	15	**21,573**	21,573
Special reserve	15	**56,908**	56,908
Retained earnings[1]	15	**44,787**	58,941
TOTAL EQUITY		**123,978**	138,132

[1] The loss for the year dealt with in the accounts of the Company is £13,160,000 (2021: profit £25,241,000).

These Accounts were approved by the Board of Directors and authorised for issue on 10th October 2022.

Geoffrey Howard-Spink
Chairman
New Star Investment Trust Plc
Registered in England & Wales No. 03969011

The Notes on pages 56 to 76 form an integral part of these Accounts.

CASH FLOW STATEMENTS

for the year ended 30th June 2022

	Notes	Year ended 30th June 2022 Group £ '000	Year ended 30th June 2022 Company £ '000	Year ended 30th June 2021 Group £ '000	Year ended 30th June 2021 Company £ '000
NET CASH INFLOW FROM OPERATING ACTIVITIES		**673**	**673**	376	376
INVESTING ACTIVITIES					
Purchase of investments		**(11,861)**	**(11,861)**	(9,717)	(9,717)
Sale of investments		**26,950**	**26,950**	8,932	8,932
Legal and professional costs		**(60)**	**(60)**	–	–
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**15,029**	**15,029**	(785)	(785)
FINANCING					
Equity dividends paid	*8*	**(994)**	**(994)**	(994)	(994)
NET CASH OUTFLOW FROM FINANCING		**(994)**	**(994)**	(994)	(994)
INCREASE/(DECREASE) IN CASH		**14,708**	**14,708**	(1,403)	(1,403)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH & CASH EQUIVALENTS					
Increase/(decrease) in cash resulting fom cash flows		**14,708**	**14,708**	(1,403)	(1,403)
Exchange movements		**1,382**	**1,382**	(1,119)	(1,119)
Movement in net funds		**16,090**	**16,090**	(2,522)	(2,552)
Net funds at start of the year		**8,440**	**8,440**	10,962	10,962
CASH & CASH EQUIVALENTS AT END OF YEAR	*17*	**24,530**	**24,530**	8,440	8,440
RECONCILIATION OF PROFIT BEFORE FINANCE COSTS AND TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES					
(Loss)/profit before finance costs and taxation*		**(13,160)**	**(13,160)**	25,241	25,241
(Losses)/gains on investments		**15,188**	**15,188**	(25,927)	(25,241)
Legal and professional costs		**60**	**60**	–	–
Exchange differences		**(1,382)**	**(1,382)**	1,119	1,119
Capital trail rebates		**(6)**	**(6)**	(4)	(4)
Net revenue gains before taxation		**700**	**700**	429	935
Decrease/(Increase) in debtors		**(30)**	**(30)**	(90)	(90)
(Decrease)/Increase in creditors		**(10)**	**(10)**	41	(465)
Taxation		**7**	**7**	(8)	(8)
Capital trail rebates		**6**	**6**	4	4
NET CASH INFLOW FROM OPERATING ACTIVITIES		**673**	**673**	376	376

* Includes dividends received in cash of £1,653,000 (2021: £1,273,000), accumulation income of £149,000 (2021: £187,000) and interest received of £20,000 (2021: £3,000).

The Notes on pages 56 to 76 form an integral part of these Accounts.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

1. **ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with UK adopted international accounting standards.

These financial statements are presented in pounds sterling, the Group's functional currency, being the currency of the primary economic environment in which the Group operates, rounded to the nearest thousand.

(a) *Basis of preparation:* The financial statements have been prepared on a going concern basis (see 1(p)). The principal accounting policies adopted are set out below.

Where presentational guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') issued by the Association of Investment Companies ('AIC') in November 2014 and updated in February 2018 and October 2019 with consequential amendments is consistent with the requirements of UK adopted International Accounting Standards, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) *Basis of consolidation:* The consolidated financial statements include the accounts of the Company and its subsidiary made up to 30th June 2022. No statement of comprehensive income is presented for the parent company as permitted by Section 408 of the Companies Act 2006.

The Company is an investment entity as defined by UK adopted International Accounting Standards and assets are held at their fair value reflecting the impact, if any, of climate change (see 1 (g)). The consolidated accounts include subsidiaries which are an integral part of the Group and not investee companies.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated. Subsidiaries are valued at fair value, which is considered to be their NAV, in the accounts of the Company.

(c) *Presentation of Statement of Comprehensive Income:* In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the consolidated statement of comprehensive income between items of a revenue and capital nature has been presented alongside the consolidated statement of comprehensive income.

In accordance with the Company's Articles of Association, net capital returns may not be distributed by way of a dividend. Additionally, the net revenue profit is the measure the Directors believe is appropriate in assessing the Group's compliance with certain requirements set out in the Investment Trust (Approved Company) (Tax) Regulations 2011.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

1. **ACCOUNTING POLICIES** CONTINUED

(d) *Use of estimates:* The preparation of financial statements requires the Group to make estimates and assumptions that affect items reported in the consolidated and parent company balance sheets and consolidated statement of comprehensive income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on the Directors' best knowledge of current facts, circumstances and, to some extent, future events and actions, the Group's actual results may ultimately differ from those estimates, possibly significantly. The most significant estimate relates to the valuation of unquoted investments (see note 18(h)).

(e) *Revenue:* Dividends and other such revenue distributions from investments are credited to the revenue column of the consolidated statement of comprehensive income on the day in which they are quoted ex-dividend. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash and the amount of the cash dividend is recognised as income, any excess in the value of the shares received over the amount recognised is credited to the capital reserve. Deemed revenue from offshore funds is credited to the revenue account. Interest on fixed interest securities and deposits is accounted for on an accruals basis.

(f) *Expenses:* Expenses are accounted for on an accruals basis. Management fees, administration and other expenses, with the exception of transaction charges, are charged to the revenue column of the consolidated statement of comprehensive income. Performance fees and transaction charges are charged to the capital column of the consolidated statement of comprehensive income.

(g) *Investments held at fair value:* Purchases and sales of investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

All investments are classified as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value, which is either the quoted bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in units of unit trusts or shares in OEICs are valued at the bid price for dual priced funds, or single price for non-dual priced funds, released by the relevant investment manager. Unquoted investments are valued by the Directors at the balance sheet date based on recognised valuation methodologies, in accordance with International Private Equity and Venture Capital ('IPEVC') Valuation Guidelines such as dealing prices or third party valuations where available, net asset values and other information as appropriate.

As the quoted investments hold listed companies, the fair value prices should reflect the impact, if any, of climate change.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

1. **ACCOUNTING POLICIES** CONTINUED

(h) *Taxation:* The charge for taxation is based on taxable income for the year. Withholding tax deducted from income received is treated as part of the taxation charge against income. Taxation deferred or accelerated can arise due to temporary differences between the treatment of certain items for accounting and taxation purposes. Full provision is made for deferred taxation under the liability method on all temporary differences not reversed by the Balance Sheet date. No deferred tax provision is made against deemed reporting offshore funds. Deferred tax assets are only recognised when there is more likelihood than not that there will be suitable profits against which they can be applied.

(i) *Foreign currency:* Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange applicable at the transaction date. Exchange gains and losses are taken to the revenue or capital column of the consolidated statement of comprehensive income depending on the nature of the underlying item.

(j) *Capital reserve:* The following are accounted for in this reserve:

- gains and losses on the realisation of investments together with the related taxation effect;
- foreign exchange gains and losses on capital transactions, including those on settlement, together with the related taxation effect;
- revaluation gains and losses on investments;
- legal expenses in assessing potential investments or incurred in disposing of investments; and
- trail rebates received from the managers of the Company's investments.

The capital reserve is not available for the payment of dividends.

(k) *Revenue reserve:* This reserve includes net revenue recognised in the revenue column of the Statement of Comprehensive Income.

(l) *Special reserve:* special reserve can be used to finance the redemption and/or purchase of shares in issue.

(m) *Cash and cash equivalents:* Cash and cash equivalents comprise current deposits and balances with banks. Cash and cash equivalents may be held for the purpose of either asset allocation or managing liquidity.

(n) *Dividends payable:* Dividends are recognised from the date on which they are irrevocably committed to payment.

(o) *Segmental Reporting:* The Directors consider that the Group is engaged in a single segment of business with the primary objective of investing in securities to generate long term capital growth for its shareholders. Consequently no business segmental analysis is provided.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

1. **ACCOUNTING POLICIES CONTINUED**

(p) *Going concern basis of preparation*: The financial statements are prepared on a going concern basis under the historical cost convention, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained.

(q) *New standards, interpretations and amendments effective for the periods beginning on or after 1st July 2021:* There are no new standards, amendments to standards and interpretations that have impacted the Group and should be disclosed.

(r) *New standards, interpretations and amendments issued which are not yet effective and applicable for the periods beginning on or after 1st July 2022:* There are no new standards, amendments to standards and interpretations that will impact the Group and should be disclosed.

2. **INVESTMENT INCOME**

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
INCOME FROM INVESTMENTS		
UK net dividend income	**1,581**	1,278
Unfranked investment income	**219**	238
UK fixed interest	**37**	3
	1,837	1,159
OTHER OPERATING INCOME		
Bank interest receivable	**20**	3
	20	3
TOTAL INCOME COMPRISES		
Dividends	**1,800**	1,516
Other income	**57**	6
	1,857	1,522

The above dividend and interest income has been included in the profit before finance costs and taxation included in the cash flow statements.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

3. MANAGEMENT AND PERFORMANCE FEES

	Year ended 30th June 2022			Year ended 30th June 2021		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**837**	**–**	**837**	774	–	774
	837	**–**	**837**	774	–	774

At 30th June 2022 there were amounts accrued of £193,000 (2021: £214,000) for investment management fees.

A summary of the terms of the investment management agreement may be found in the Directors' Report on page 20.

4. OTHER EXPENSES

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Directors' remuneration	**65**	65
Administrative and secretarial fee	**95**	95
Auditors' remuneration		
– Audit	**55**	41
– Interim review	**–**	8
Other	**105**	110
	320	319
Allocated to:		
– Revenue	**320**	319
– Capital	**–**	–
	320	319

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

5. **TAXATION**

(a) Analysis of tax charge for the year:

	Year ended 30th June 2022			Year ended 30th June 2021		
	Revenue Return £'000	**Capital Return £'000**	**Total £'000**	Revenue Return £'000	Capital Return £'000	Total £'000
Overseas tax	**2**	**–**	**2**	9	–	9
Recoverable income tax	**(2)**	**–**	**(2)**	(9)	–	(9)
Total current tax for the year	**–**	**–**	**–**	–	–	–
Deferred tax	**–**	**–**	**–**	–	–	–
Total tax for the year (note 5b)	**–**	**–**	**–**	–	–	–

(b) Factors affecting tax charge for the year:

The charge for the year of £nil (2021: £nil) can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Total (loss)/profit before tax	**(13,160)**	25,241
Theoretical tax at the UK corporation tax rate of 19.00% (2021: 19.00%)	**(2,500)**	4,796
Effects of:		
Non-taxable UK dividend income	**(300)**	(243)
Gains and losses on investments that are not taxable	**2,623**	(4,714)
Excess expenses not utilised	**197**	188
Overseas dividends which are not taxable	**(20)**	(27)
Overseas tax	**2**	9
Recoverable income tax	**(2)**	(9)
Total tax for the year	**–**	–

Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to maintain approval of such status in the foreseeable future, the Company has not provided tax on any capital gains arising on the revaluation or disposal of investments.

There is no deferred tax (2021: £nil) in the capital account of the Company. There is no deferred tax charge in the revenue account (2021: £nil).

At the year-end there is an unrecognised deferred tax asset of £884,000 (2021: £669,000) based on the enacted tax rates of 19% for financial years beginning 1st April 2022, as a result of excess expenses.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

6. COMPANY RETURN FOR THE YEAR

The Company's total loss for the year was £13,160,000 (2021: profit £25,241,000).

7. RETURN PER ORDINARY SHARE

Total return per Ordinary share is based on the Group total loss on ordinary activities after taxation of £13,160,000 (2021: profit £25,241,000) and on 71,023,695 (2021: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Revenue return per Ordinary share is based on the Group revenue profit on ordinary activities after taxation of £700,000 (2021: £429,000) and on 71,023,695 (2021: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

Capital return per Ordinary share is based on net capital loss for the year of £13,860,000 (2021: profit £24,812,000) and on 71,023,695 (2021: 71,023,695) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

8. DIVIDENDS ON EQUITY SHARES

Amounts recognised as distributions in the year:

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Dividends paid during the year	**994**	994
Dividends payable in respect of the year ended: 30th June 2022: 1.4p (2021: 1.4p) per share	**994**	994

It is proposed that a dividend of 1.4p per share will be paid in respect of the current financial year.

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
GROUP AND COMPANY	**99,450**	129,727

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

ANALYSIS OF INVESTMENT PORTFOLIO – GROUP AND COMPANY

	Quoted* £'000	Unquoted £'000	Total £'000
Opening book cost	**68,281**	**9,428**	**77,709**
Opening investment holding gains	**44,200**	**7,818**	**52,018**
Opening valuation	**112,481**	**17,246**	**129,727**
Movement in period			
Purchases at cost	**7,819**	**4,042**	**11,861**
Sales			
– Proceeds	**(8,738)**	**(18,212)**	**(26,950)**
– Realised gains/(losses) on sales	**3,534**	**14,841**	**18,375**
Movement in investment holding gains for the year	**(18,259)**	**(15,304)**	**(33,563)**
Closing valuation	**96,837**	**2,613**	**99,450**
Closing book cost	**70,896**	**10,099**	**80,995**
Closing investment holding gains	**25,941**	**(7,486)**	**18,455**
Closing valuation	**96,837**	**2,613**	**99,450**

* Quoted investments include unit trust and OEIC funds and one monthly priced fund.

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
ANALYSIS OF CAPITAL GAINS AND LOSSES		
Realised gains on sales of investments	**18,375**	745
Investment holding (losses)/gains	**(33,563)**	25,182
Net (losses)/gains on investments attributable to ordinary shareholders	**(15,188)**	25,927

Transaction costs

The purchase and sale proceeds figures above include transaction costs on purchases of £1,984 (2021: £680) and on sales of £nil (2021: £nil).

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

10. INVESTMENT IN SUBSIDIARY UNDERTAKING

The Company owns the whole of the issued share capital (£1) of JIT Securities Limited, a company registered in England and Wales.

The financial position of the subsidiary is summarised as follows:

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Net assets brought forward	–	506
Dividend paid to parent	–	(506)
Net assets carried forward	–	–

11. OTHER RECEIVABLES

	30th June 2022 Group £'000	**30th June 2022 Company £'000**	30th June 2021 Group £'000	30th June 2021 Company £'000
Prepayments and accrued income	253	253	223	223
Taxation	5	5	12	12
	258	258	235	235

12. CASH AND CASH EQUIVALENTS

	30th June 2022 Group £'000	**30th June 2022 Company £'000**	30th June 2021 Group £'000	30th June 2021 Company £'000
Cash at bank and on deposit	24,530	24,530	8,440	8,440

13. OTHER PAYABLES

	30th June 2022 Group £'000	**30th June 2022 Company £'000**	30th June 2021 Group £'000	30th June 2021 Company £'000
Accruals	260	260	270	270
	260	260	270	270

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

14. CALLED UP SHARE CAPITAL

	30th June 2022 £'000	30th June 2021 £'000
Authorised		
305,000,000 (2021: 305,000,000) Ordinary shares of £0.01 each	3,050	3,050
Issued and fully paid		
71,023,695 (2021: 71,023,695) Ordinary shares of £0.01 each	710	710

15. RESERVES

	Share Premium account £'000	Special Reserve £'000	Retained earnings £'000
GROUP			
At 30th June 2021	21,573	56,908	58,941
Decrease in investment holding gains	–	–	(33,563)
Net gains on realisation of investments	–	–	18,375
Gains on foreign currency	–	–	1,382
Trail rebates	–	–	6
Legal fees allocated to capital	–	–	(60)
Retained revenue profit for year	–	–	700
Dividend paid	–	–	(994)
At 30th June 2022	21,573	56,908	44,787

	Share Premium account £'000	Special Reserve £'000	Retained earnings £'000
COMPANY			
At 30th June 2021	21,573	56,908	58,941
Decrease in investment holding gains	–	–	(33,563)
Net gains on realisation of investments	–	–	18,375
Gains on foreign currency	–	–	1,382
Trail rebates	–	–	6
Legal fees allocated to capital	–	–	(60)
Retained revenue profit for year	–	–	700
Dividend paid	–	–	(994)
At 30th June 2022	21,573	56,908	44,787

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

15. RESERVES CONTINUED

The components of retained earnings are set out below:

	30th June 2022 £'000	30th June 2021 £'000
GROUP		
Capital reserve – realised	**24,666**	5,316
Capital reserve – revaluation	**18,455**	52,018
Revenue reserve	**1,666**	1,607
	44,787	58,941
COMPANY		
Capital reserve – realised	**24,666**	4,963
Capital reserve – revaluation	**18,455**	52,018
Revenue reserve	**1,666**	1,960
	44,787	58,941

16. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary share is calculated on net assets of £123,978,000 (2021: £138,132,000) and 71,023,695 (2021: 71,023,695) Ordinary shares in issue at the year end.

17. ANALYSIS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

	At 1st July 2021 £'000	Cash flow	Exchange movement	**At 30th June 2022 £'000**
GROUP				
Cash at bank and on deposit	8,440	14,708	1,382	**24,530**
COMPANY				
Cash at bank and on deposit	8,440	14,708	1,382	**24,530**

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Group's investment objective is to achieve long-term capital growth. The investment objective is implemented by allocating assets to global investment opportunities through investment in equity, bond, commodity, real estate, currency and other markets. The Group's assets are stated at fair value.

For listed securities, this represents the last traded bid price, or for unit trusts and OEICs, the bid price for dual priced funds, or single price for non-dual priced funds, released by the relevant investment manager.

Unquoted investments are valued by the Directors at the balance sheet date based on recognised valuation methodologies, in accordance with IPEVC valuation guidelines such as dealing prices or third party valuations where available, net asset values and other information as appropriate.

The holding of securities, investing activities and associated financing undertaken pursuant to this objective involve certain inherent risks. Events may occur that would result in either a reduction in the Group's net assets or a reduction of potential revenue profits available for dividend. As an investment trust, the Group invests in securities for the long term. Accordingly it is, and has been throughout the year under review, the Group's policy that no short-term trading in investments or other financial instruments shall be undertaken.

The main financial instrument risks arising from the Group's pursuit of its investment objective are market risk (comprising price risk, currency risk, and interest rate risk), liquidity risk and credit risk. The Board has reviewed and agreed policies for managing each of these risks, which are unchanged from the previous year, and which are summarised below.

Note 18 (h) sets out a summary of the Group's financial assets and liabilities by category.

The only difference between the Group and the Company's financial assets is the Company's investment in subsidiary, which is held at net asset value.

(a) Market Risk

The fair value or future cash flows of a financial instrument held by the Group may fluctuate because of changes in market prices of investments held by the Group.

This market risk comprises three elements - currency risk (see note 18 (b)), interest rate risk (see note 18 (c)), and other price risk (see note 18 (d)). The Board reviews and agrees policies for managing these risks. The Group's Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

(b). Currency Risk

A proportion of the Group's portfolio is invested in investments denominated in a foreign currency and movements in exchange rates can significantly affect their Sterling value.

Furthermore, a proportion of the Company's investments in other collective investment schemes may have underlying currency exposure through their investments and, as a result, the Company may be subject to further indirect currency movement.

Management of the risk

The Investment Manager does not normally hedge against foreign currency movements affecting the value of the investment portfolio, but takes account of this risk when making investment decisions. In addition, the Directors may authorise the Investment Manager to hedge currency risk or increase it in appropriate circumstances.

Foreign currency exposure

During the year under review, the Investment Manager did not enter into any forward currency contracts. (2021: £nil).

The fair values of the Group's assets that have foreign currency exposure at 30th June 2022 are shown below.

	2022 US Dollars £'000	**2022 Euros £'000**	**2022 Japanese Yen £'000**	**2022 Total £'000**	2021 US Dollars £'000	2021 Euros £'000	2021 Japanese Yen £'000	2021 Total £'000
Investment at fair value through profit or loss	**4,799**	**4,356**	**2,650**	**11,805**	1,041	4,378	3,199	8,618
Cash at bank and short-term deposits	**10,749**	**226**	**–**	**10,975**	8,149	–	–	8,149
Other receivables	**–**	**–**	**–**	**–**	–	–	–	–
Total net foreign currency exposure	**15,548**	**4,582**	**2,650**	**22,780**	9,190	4,378	3,199	16,767

The above table represents the direct assets denominated/dealt in US Dollars, Japanese Yen and Euros. The Company holds investments which are denominated in sterling which have significant currency exposure. These assets are not included in the above table. The underlying currency exposure will be significantly greater.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

(b) Currency Risk continued

Foreign currency sensitivity

During the financial year sterling depreciated by 12.09% against the US dollar (2021: appreciated 11.80%), depreciated by 0.27% against the euro (2021: appreciated 5.89%) and appreciated by 7.61% (2021: appreciated 15.02%) against the Japanese Yen.

Applying a 10% change in rate to the exposures listed above would affect net assets and total return as follows:

	2022 US Dollars £'000	**2022 Euros £'000**	**2022 Japanese Yen £'000**	**2022 Total £'000**	2021 US Dollars £'000	2021 Euros £'000	2021 Japanese Yen £'000	2021 Total £'000
If exchange rates appreciated by 10%	**(1,413)**	**(417)**	**(241)**	**(2,071)**	(835)	(398)	(291)	(1,524)
If exchange rates depreciated by 10%	**1,727**	**509**	**294**	**2,531**	1,021	486	355	1,863

It should be noted that the above illustration is based on the currency denominated/dealt assets noted above at the year end. Exposures may be subject to change during the year as a result of investment decisions.

(c) Interest Rate Risk

The Group will be affected by interest rate changes as it holds cash. The majority of the Group's investments are equity based and are not therefore subject to interest rate risk. However, interest rate changes will have an impact on the valuation of equities, although this forms part of other price risk, which is considered separately below.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. The Group currently has no gearing.

The Group may from time to time hold significant cash balances. Short-term borrowings are used when required. Cash balances are invested in the market and may be put on deposit for up to one year to improve the return.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

(c) Interest Rate Risk continued

Interest rate exposure

The exposure, at 30th June, of financial assets and liabilities to interest rate risk is shown by reference to:

- floating interest rates – when the rate is due to be re-set;
- fixed interest rates – when the financial instrument is due for repayment.

GROUP	2022 In 1 year or less £'000	2022 Greater than 1 year £'000	2022 Total £'000	2021 In 1 year or less £'000	2021 Greater than 1 year £'000	2021 Total £'000
Exposure to fixed interest rates:						
Cash in Deposit Accounts	4,700	–	4,700	8,149	–	8,149
Exposure to floating interest rates:						
Cash at bank	19,830	–	19,830	291	–	291
Total exposure to interest rates	24,530	–	24,530	8,440	–	8,440

The above year end amounts may not be representative of the exposure to interest rates during the year, since the level of cash held during the year will be affected by the strategy being followed in response to the Board's and Investment Manager's perception of the market prospects and the investment opportunities available at any particular time.

Interest rate sensitivity

The following table illustrates the sensitivity of the profit before taxation for the year and equity to an increase or decrease of 50 (2021: 50) basis points in interest rates in regard to the Group's monetary financial assets which are subject to interest rate risk.

The sensitivity analysis is based on the Group's monetary financial instruments held at each balance sheet date, with all other variables held constant.

GROUP	Increase in rate 2022 £'000	Decrease in rate 2022 £'000	Increase in rate 2021 £'000	Decrease in rate 2021 £'000
Effect on total return to equity	123	(123)	41	(41)

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

(d) Other Price Risk

The Group's exposure to other price risk comprises mainly movements in the value of its equity related investments.

A Schedule of the Largest Investments is given on page 10. Investments are valued in accordance with the Group's accounting policies. Uncertainty in future valuations of the Group's investments arises as a result of future changes in the market prices of the Group's listed equity investments and its unit trust and OEIC investments, and the effect changes in exchange rates may have on the sterling value of the investments.

Management of the risk

In order to manage this risk the Directors meet regularly with the Investment Manager to compare the performance of the portfolio against the IA sector benchmark and market indices. Given the Group's investment objective, the Group does not hedge against the effect of changes in the underlying prices of the investments.

The Group had no derivative instruments at the year end.

The unquoted investments are held at Directors' valuations. All valuations are reviewed by the Investment Manager, the Group's Audit Committee and subsequently recommended to the Board.

Other price risk exposure

The Group's exposure to other changes in market prices at 30th June on its quoted investments, which are all equities or equity related, was as follows:

	2022 **£'000**	2021 £'000
Fixed assets quoted investments at fair value through profit or loss	**96,837**	112,481

The Group's exposure to other changes in prices at 30th June on its unquoted investments was as follows:

	2022 **£'000**	2021 £'000
Fixed asset unquoted investments at fair value through profit or loss	**2,613**	17,246

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

(d) Other Price Risk continued

Analysed as:

	2022 £'000	2021 £'000
Equities	**1,042**	15,805
Loan – interest bearing	**600**	400
Loan – non-interest bearing	**971**	1,041
	2,613	17,246

Other price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the equity to an increase or decrease of 10% in the fair values of the Group's investments. The sensitivity analysis is based on the Group's investments at each balance sheet date, with all other variables held constant.

	Increase in fair value 2022 £'000	Decrease in fair value 2022 £'000	Increase in fair value 2021 £'000	Decrease in fair value 2021 £'000
Effect on total return and on net assets	**9,945**	**(9,945)**	12,973	(12,973)

(e) Liquidity Risk

Liquidity risk is the possibility of failure of the Group to realise sufficient assets to meet its financial liabilities, including outstanding commitments associated with financial instruments.

The Group's assets mainly comprise securities which can be readily sold to meet future funding commitments, if necessary. Unlisted securities, which carry a higher degree of liquidity risk form less than 3% (2021: 12.5%) of the investment portfolio.

All financial liabilities of the Group at the balance sheet date are payable within three months.

Management of the risk

The liquidity risk is managed by maintaining some cash or cash equivalent holdings in order to meet investment requirements and other liabilities as they fall due. At the year end the Group had liquid resources of £117 million (2021: £117 million).

This included £24.5 million (2021: £8.4 million) of cash and deposits and £92.6 million (2021: £108.10 million) of listed/daily priced investments.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

Liquidity risk exposure

A summary of the Group's financial liabilities is provided in note 18 (h). The Group has sufficient funds to meet these financial liabilities as they fall due.

(f) Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

Credit risk is managed as follows:

- investment transactions are carried out with approved brokers, whose credit standard is reviewed periodically by the Investment Manager.
- cash at bank is held only with an authorised list of banks, periodically reviewed by the Board.

Credit risk exposure

The maximum exposure to credit risk at 30th June 2022 was £24,530,000 (2021: £8,440,000), comprising:

	2022	2021
	£'000	£'000
Cash and cash equivalents	**24,530**	8,440

All of the above financial assets are current, their fair values are considered to be approximately the same as the values shown and the likelihood of a material credit default is considered to be low.

(g) Fair Values of Financial Assets and Financial Liabilities

The Group's financial assets and financial liabilities are stated at their fair values at the year end. The fair value of quoted shares and securities and unit trusts and OEICs is based on last traded market bid prices or the bid/single price provided by the fund administrator. The fair value of unlisted shares and securities is based on Directors' valuations as detailed in the accounting policies (note 1(g)).

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

(h) Summary of Financial Assets and Financial Liabilities by Category

The carrying amounts of the Group's financial assets and financial liabilities, as recognised at the balance sheet date of the reporting periods under review, are categorised as follows:

	2022 £'000	2021 £'000
FINANCIAL ASSETS		
Financial assets at fair value through profit or loss		
Current assets carried at cost:	**99,450**	129,730
Debtors (due from brokers, dividends receivable, accrued income and other debtors)	**253**	220
Tax recoverable	**5**	12
Cash and cash equivalents	**24,530**	8,440
	124,238	138,402
FINANCIAL LIABILITIES		
Measured at amortised cost:		
Creditors: amounts falling due within one year		
Accruals	**260**	270
	260	270

Fair value of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Level 1 – valued using quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The tables overleaf set out fair value measurements of financial instruments at the year end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

(h) Summary of Financial Assets and Financial Liabilities by Category continued

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AT 30TH JUNE 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities and funds	**92,595**	**4,242**	**1,042**	**97,878**
Loan	**–**	**–**	**1,571**	**1,571**
	92,595	**4,242**	**2,613**	**99,450**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AT 30TH JUNE 2021

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities and funds	**108,103**	**4,378**	**16,846**	**129,327**
Loan	**–**	**–**	**400**	**400**
	108,103	**4,378**	**17,246**	**129,727**

The valuation techniques used by the Company are explained in the accounting policies on page 56. There have been no transfers during the year between Levels 1, 2 or 3.

The level 2 investment is an offshore fund, traded monthly. All loans are level 3 investments.

A reconciliation of fair value measurements in Level 3 is set out below.

LEVEL 3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AT 30TH JUNE

	2022 £'000	2021 £'000
Opening fair value	**17,246**	8,468
Movement in classification of investments:		
Purchases at cost	**4,042**	980
Sales proceeds	**(18,212)**	–
Total gains or losses included in gains on investments in the statement of comprehensive income		
– on sold assets	**14,841**	–
– on assets held at the end of the year	**(15,304)**	7,798
Closing fair value	**2,613**	17,246

Level 3 valuations comprise the unquoted investments held at Directors' valuation.

The Level 3 unquoted portfolio represents 2.1% of the net asset value of the Group. Fair value has been established using recognised valuation techniques in accordance with IPEVC guidelines. Only three investments individually represent more than 0.5% of the Group's net asset value. The largest investment (0.77% of NAV) is valued based on recent transaction value. The second and third largest investments are valued on the basis of

NOTES TO THE ACCOUNTS

for the year ended 30th June 2022

18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS CONTINUED

(h) Summary of Financial Assets and Financial Liabilities by Category continued

recent transaction value or cost. A 10% increase or decrease in its earnings would not have a material impact on the valuation of these investments. None of the investments are valued on the basis of their earnings.

(i) Capital Management

The Group and the Company's capital is as disclosed in their Balance Sheets and is managed on a basis consistent with its investment objective and policies, as disclosed in the Strategic Report on pages 12 and 13. The principal risks and their management are disclosed in the Strategic Report.

19. RELATED PARTIES

Since 1st January 2010, Brompton or its predecessor Brompton Asset Management LLP has acted as Investment Manager to the Company. This relationship is governed by an agreement dated 17th May 2018. Details of the investment management fee payable can be found on page 20.

Mr Duffield is the senior partner of Brompton Asset Management Group LLP, the ultimate parent of Brompton. Mr Duffield owns the majority (59.14%) of the shares in the Company.

Mr Gamble has an immaterial holding in Brompton Asset Management Group LLP.

The total investment management fee payable to Brompton for the year ended 30th June 2022 was £837,000 (2021: £774,000) and at the year-end £193,000 (2021: £214,000) was accrued.

The Group's investments include seven funds managed by Brompton or its associates totalling £21,451,000 (2021: £23,389,000). No investment management fees were payable directly by the Company in respect of these investments.

In May 2021 the Company invested £500,000 of equity and loan in an investment management company in which a related party of Mr Duffield holds a minority stake A further £200,000 loan has been made this year. Mr Duffield did not vote or attend the Board meetings when the investment was approved.

Details of Directors fees paid may be found on page 33.

20. GOING CONCERN

As covered in the Directors' report, the Directors specifically reviewed whether the Group could continue in operational existence for the period to 31st October 2023. The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts, given this review, and since the assets of the Company consist mainly of securities that are readily realisable or cash and it has no significant liabilities.

21. COMMITMENTS AND CONTINGENCIES

The Company has made commitments to invest a further £1.0 million which remain undrawn at the year-end. There are no other commitments or contingencies at the reporting date (2021: £nil).

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2022 Annual General Meeting of New Star Investment Trust plc ("Company") shall be held at Tenth Floor, 1 Knightsbridge Green, London, SW1X 7QA commencing at 11.00 am on Thursday 17th November 2022 for the following purposes:

ORDINARY BUSINESS

To consider, and if thought fit to pass, the following Resolutions which are proposed as Ordinary Resolutions of the Company:

1. To receive and adopt the Company's Report and Accounts for the year to 30th June 2022 together with the Report of the Auditors therein.
2. To receive and approve the Annual Directors' Remuneration Report for the year to 30th June 2022.
3. To approve the final dividend of 1.40p per Ordinary share in respect of the year to 30th June 2022.
4. To re-elect Mr Geoffrey Howard-Spink, retiring in accordance with the UK Corporate Governance Code, as a Director.
5. To re-elect Mr David Gamble, retiring by rotation, as a Director.
6. To re-elect Mr John Duffield, retiring in accordance with the Listing Rules, as a Director.
7. To re-appoint Ernst & Young LLP as Auditors until the conclusion of the next general meeting at which accounts are laid before members, and authorise the Directors to determine the Auditor's remuneration.

SPECIAL BUSINESS

To consider, and if thought fit to pass, Resolution 8 as an Ordinary Resolution of the Company, and Resolutions 9 to 12 as Special Resolutions of the Company:

8. That the Directors be generally and unconditionally authorised under section 551 of the Companies Act 2006 ("Act") to exercise all the powers of the Company to allot Ordinary shares in the capital of the Company ("Shares") and/or grant rights to subscribe for or convert any security into Shares up to an aggregate of:

   a) £71,023 in nominal value of such Shares; and

   b) a further £71,023 in nominal value of Shares in connection with an offer by way of a rights issue:

      (i) to holders of Ordinary shares in proportion (or as nearly may be) to their existing holdings; and

      (ii) to holders of other equity securities as required by the rights of those equity securities or otherwise as the Directors may consider necessary;

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS continued

subject to such exclusions restrictions or other arrangements as the Directors consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares, or any legal or regulatory or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and unless otherwise renewed varied or revoked the authorities hereby granted shall expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2022 or fifteen months after the passing of this Resolution save that the Company may before such expiry enter into offer(s) or agreement(s) which shall or may require Shares to be allotted after such expiry and the Company may allot Shares in pursuance of such offer(s) or agreement(s) as if the authorities hereby granted had not so expired.

9. That subject to the passing of Resolution 8 above the Directors be generally and unconditionally authorised pursuant to section 570 of the Companies Act 2006 ("Act") to allot equity securities (as defined in section 560 of the Act) as if section 561 of the Act did not apply to such allotment, provided that unless otherwise renewed varied or revoked the authority hereby granted shall expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2022 or the date fifteen months after the passing of this Resolution, and shall be limited to:

   (i) the allotment of equity securities up to an aggregate nominal amount of £35,511 (being approximately 5% of the capital currently in issue); and

   (ii) the allotment of equity securities at a price (excluding expenses) not less than the net asset value per share for the business day immediately preceding such allotment, or if earlier the agreement to allot;

   Save that the Company may enter into offer(s) or agreement(s) which shall or may require Shares to be allotted after such expiry and the Company is authorised to allot Shares in pursuance of such offer(s) or agreement(s) as if the authorities hereby granted had not so expired.

10. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("Act") to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary shares in the capital of the Company upon such terms and in such manner as the Directors shall determine provided that:

    (i) the maximum aggregate number of Ordinary shares authorised hereby to be purchased shall be 10,646,450, being approximately 14.99% of the Ordinary share currently in issue;

    (ii) the minimum price which may be paid per Ordinary share shall be £0.01;

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS continued

(iii) the maximum price (exclusive of expenses) which may be paid per Ordinary share shall be an amount equal to the highest of (a) 5% above the average of the mid-market quotations for Ordinary shares as shown on the London Stock Exchange Daily Official List or website on the five business days immediately preceding the day of purchase and (b) in the event of a programme of buybacks the higher of the last independent trade and the highest current independent bid price,

(iv) at the discretion of the Directors any Ordinary shares bought back under this authority may be cancelled or placed in treasury;

(v) unless otherwise renewed varied or revoked the authority hereby granted shall expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2022 or the date fifteen months after the passing of this Resolution save that the Company may enter into offer(s) or agreement(s) which shall or may require Shares to be bought back after such expiry and the Company may buy back Ordinary shares pursuant to such offer(s) or agreement(s) as if the authority hereby granted had not so expired.

11. That any Ordinary shares held by the Company in treasury, whether as a result of being bought back in accordance with the authority conferred by Resolution 10 above or otherwise may, at the discretion of the Directors, be cancelled or resold or allotted from treasury, provided that they shall not be resold or allotted at a price below the last published net asset value prior to re-issue.

12. That General Meetings of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

Faith Pengelly

By order of the Board
Maitland Administration Services Limited
Corporate Secretary
10th October 2022

Registered Office: 1 Knightsbridge Green, London SW1X 7QA
Registered in England & Wales No: 3969011

NOTICE OF ANNUAL GENERAL MEETING

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. This Report and Accounts is circulated to holders of Ordinary shares, all of whom are entitled to attend, speak and vote at the above Annual General Meeting ("AGM").
2. Any member entitled to attend and vote at the AGM is also entitled to appoint one or more proxies to attend, speak and vote at the AGM on their behalf, provided that if multiple proxies are appointed they must be appointed in respect of different Ordinary shares. Proxies need not be members of the Company. A form of proxy is sent to members with the Report and Accounts and must be received by the Company's Registrar: Equiniti Registrars, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA duly completed in accordance with the instructions on the form of proxy not less than 48 hours before the time of the meeting, or in the case of an adjourned meeting not less than 48 hours before the time of the adjourned meeting. If multiple proxies are being appointed the form of proxy should be copied and a separate form of proxy completed, identifying the different Ordinary shares each represents, stating that it is in respect of a multiple proxy appointment, for each proxy and have an original signature of the member making the appointment(s). Completion and return of form(s) of proxy will not preclude a member from attending, speaking and voting in person at the AGM.
3. To appoint proxies or give/amend an instruction to an appointed proxy via the CREST system, the CREST message must be received by the issuer's agent, Equiniti Registrars (ID: RA19) by 11.00am on 15th November 2022. The time of receipt will be taken as the time (as determined by the timestamp applied by the CREST Applications Host) that the issuer's agent is able to retrieve the message. CREST Personal Members or other CREST Sponsored Members, and CREST Members who have appointed voting service providers, should refer to their relevant sponsor or voting service provider for advice on appointing proxies via CREST. Regulation 35 of the Uncertificated Securities Regulations 2001 will apply to all proxy appointments sent via CREST. Members should refer to the CREST Manual (available at www.euroclear.com) for information on CREST system limitations, procedures and timing.
4. Institutional investors may be able to appoint a Proxy electronically via the Proxmity platform, a process that has been agreed by the Company and approved by the Registrar. Further information regarding Proxymity can be found on www.proxymity.io. Proxies must be lodged by 11:00 am on Tuesday 15 November 2022 in order to be considered valid. Before appointing a proxy via this process investors will need to have agreed to Proxymity's associate terms and conditions. It is important to read these carefully as investors will be bound by them and they will govern the electronic appointment of proxies.
5. A person who is not a member of the Company and receives this notice of meeting as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 ("Act") does not have a right to appoint proxies. However, if a nominated person has an agreement with the member who nominated them, the nominated person may have a right to be appointed as a proxy or a right to instruct the member as to the exercise of voting rights at the AGM.
6. Shareholders entered on the Register of Members of the Company by 6.30pm two days before the time for the meeting, or by 6.30pm two days prior to an adjourned meeting, are entitled to attend and vote at the AGM. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any shareholders to attend and vote at the AGM.
7. Under Section 319(A) of the Act the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the AGM unless answering the question would interfere unduly with the preparation for the meeting, would involve the disclosure of confidential information, an answer has already been given on a website, or is undesirable in the interests of the Company or good order of the AGM.
8. Members may not use any electronic address provided in this notice or any related document(s) to communicate with the Company for any purpose other than as specifically stated.
9. As at 7th October 2022, the latest practicable date prior to the publication of this notice, the issued capital carrying voting rights comprised 71,023,695 Ordinary shares. On a poll, each Ordinary share is entitled to one vote, and accordingly at 7th October 2022 the total voting rights attaching to Ordinary shares in issue was 71,023,695.

NOTICE OF ANNUAL GENERAL MEETING

10. Information regarding the AGM, including the information required by Section 311A of the Act, can be found on the Company's website at www.nsitplc.com
11. No Director has a service agreement with the Company. Directors' letters of appointment will be available for inspection at the AGM venue from 15 minutes before the meeting and until conclusion of the meeting.
12. Members' sufficient shares are entitled, pursuant to Sections 388 and 388A of the Act, to include a Resolution to be dealt with in the business of the AGM and to require the Company to give notice of that Resolution.