Smithson
Investment Trust

Interim Report

for the six months ended 30 June 2024

Smithson Investment Trust plc

Small &
Mid Cap
Investments
That
Have
Superior
Operating
Numbers

Fundsmith
Buy good companies
Don't overpay
Do nothing

Smithson Investment Trust

Contents

Financial Calendar

Financial Year End	31 December 2024
Final Results Announced	February 2025
Annual General Meeting	April 2025

Investment objective

Smithson Investment Trust plc (the "Company") aims to provide shareholders with long term growth in value through exposure to a diversified portfolio of shares issued by listed or traded companies.

The Company's investment policy is to invest in shares issued by small and mid ("SMID") sized companies with a market capitalisation (at the time of initial investment) of between £500 million and £15 billion on a long-term, global basis. The Company's approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies. It will pursue its investment policy by investing in approximately 25 to 40 companies.

Investment Approach

1. Buy good companies

The Investment Manager focuses on investing in those companies it believes can compound in value over many years. It seeks to achieve this by selecting companies that have an established track record of success, such as having already established a dominant market share in their niche product or service or having brands or patents which others would find difficult, if not impossible, to replicate. The Investment Manager believes such SMID sized companies tend to out-perform large companies and that there is also an investment opportunity to take advantage of greater discrepancies between the share price and valuation of SMID sized companies, in part due to lighter research coverage and less information being available on them. SMID sized companies tend to have higher expected returns but also higher expected risk, defined as price volatility (a measure of how much a company's price moves over time), when compared to larger companies. However, adding a small and mid cap portfolio to a large cap portfolio can raise expected returns without increasing risk, due to the different risk and return characteristics that SMID sized companies provide.

2. Don't overpay

The Investment Manager seeks to invest in SMID sized companies that exhibit strong profitability that is sustainable over time and generate substantial cash flow that can be reinvested back into the business. Its strategy is not to overpay when buying the shares of such companies and then do as little dealing as possible in order to minimise the expenses of the Company, allowing the investee companies' returns to compound for shareholders with minimum interference.

3. Do nothing

The Investment Manager looks to avoid companies that are heavily leveraged or forced to rely upon debt in order to provide an adequate return, as well as sectors and industries that innovate very quickly and are rapidly changing. It instead focuses on companies that have exhibited an ability to continue outperforming competitors and will look for companies that rely heavily on intangible assets in industries such as information technology, health care and consumer goods. The Company's investments will be long-term and the Investment Manager will not be forced to act when market prices are unattractive. This will then facilitate the compounding of the Company's investments over time as the companies continue to reinvest their cash flows.

Company Policies

- **Long term capital growth.**

The Company is focused on long term capital growth and overall return rather than seeking any particular level of dividend. The Company will only declare dividends to the extent required to maintain the Company's tax status as an investment trust.

- **No hedging**

The Company will not use derivatives for currency hedging or for any other purpose.

- **No gearing**

The Company will not employ leverage save that it is permitted to use short term banking facilities to raise funds for liquidity purposes or for discount management purposes including the purchase of its own shares. Any such borrowing will be limited to 15 per cent. of the Company's net asset value.

Smithson
Investment Trust

Net Asset Value

	At 30 June 2024	At 30 June 2023	At 31 December 2023
Net assets	**£2,274,421,000**	**£2,622,930,000**	**£2,551,938,000**
Net asset value ("NAV") per ordinary share ("share")	**1,569.5p**	**1,575.4p**	**1,598.0p**
Share price	**1,378.0p**	**1,400.0p**	**1,415.0p**
Share price discount to NAV[1]	**12.2%**	**11.1%**	**11.5%**

	Six months ended 30 June 2024 % Change[2]	Six months ended 30 June 2023 % Change[2]	For the period from Company's listing on 19 October 2018 to 30 June 2024 % Change[2]
NAV total return per share[1]	**-1.8%**	**+11.7%**	**+56.9%**
Share price total return[1]	**-2.6%**	**+7.0%**	**+37.8%**
Comparator index total return[3]	**+3.4%**	**+1.9%**	**+52.2%**
Ongoing charges ratio[1]	**0.9%**	**0.9%**	**1.0%**

Source: Bloomberg.

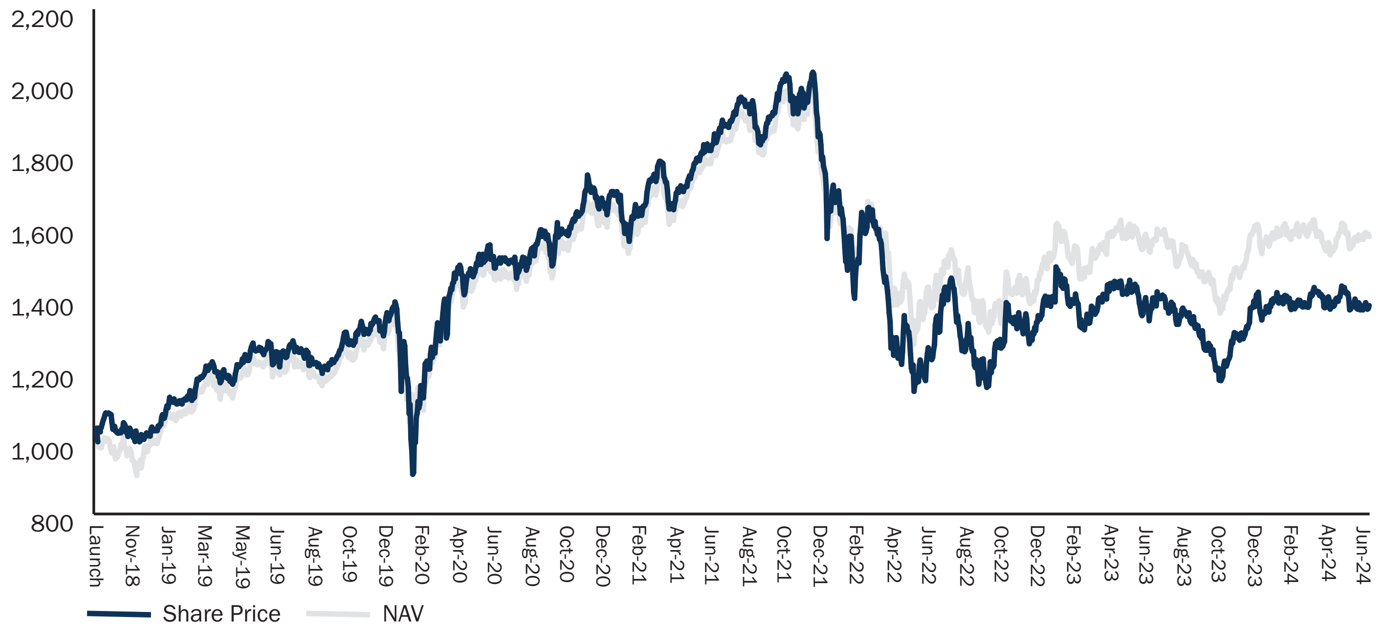
This report contains terminology that may be unfamiliar to some readers. The Glossary section gives definitions for frequently used terms.

[1] These are Alternative Performance Measures ("APMs"). Definitions of these, together with how these measures have been calculated, are disclosed on pages 24 and 25 where it is made clear how these APMs relate to figures disclosed and calculated under IFRS.

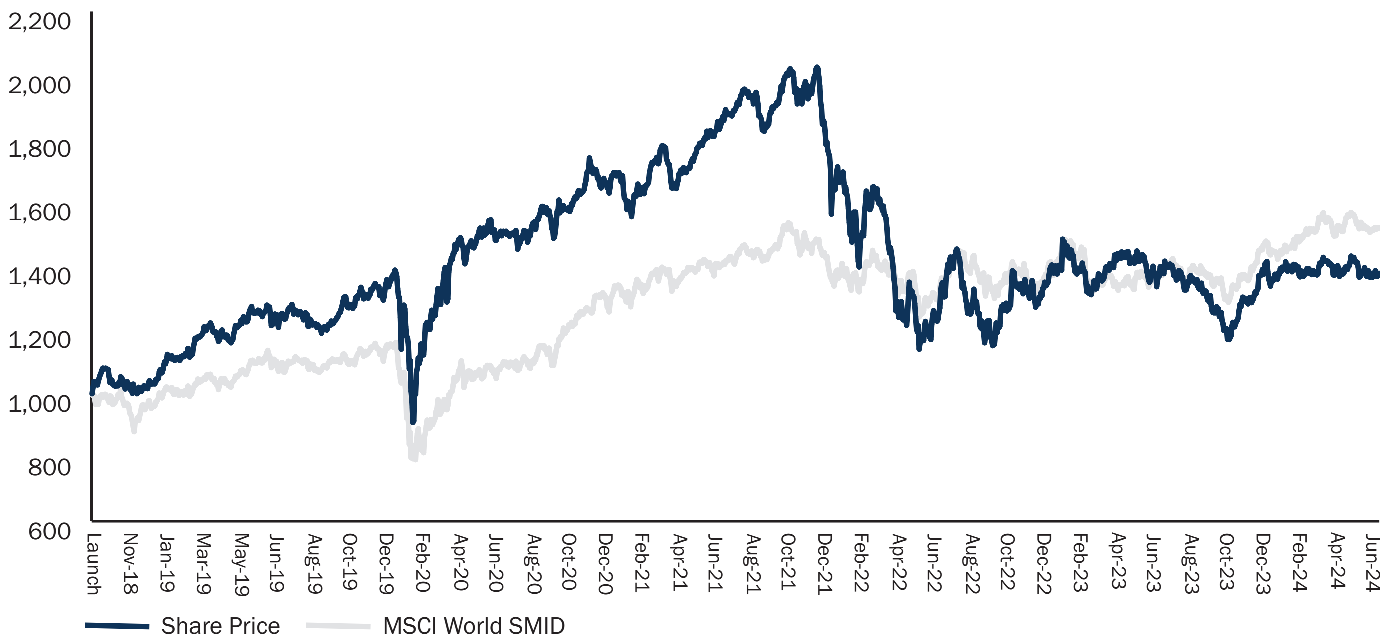
[2] Total returns are stated in GBP sterling.

[3] MSCI World SMID Cap Index, £Net Source: www.msci.com.

Total return performance against NAV for the period from the Company's listing on 19 October 2018 to 30 June 2024[1]



Total return performance against MSCI World SMID Index for the period from the Company's listing on 19 October 2018 to 30 June 2024[2]



1 Source: Bloomberg

2 Figures rebased to 1000 as at date of Company's listing

Introduction

I am pleased to present this Interim Report of Smithson Investment Trust plc (the "Company") for the six months ended 30 June 2024 ("Interim Report").

Performance

The Company's net asset value ("NAV") per share total return for the period was negative 1.8% compared with the 3.4% positive return from the MSCI World SMID Index. This is, as the Investment Manager reports in his half year review, frustrating. The last two and a half years, and particularly the last 18 months, have been challenging for those investing in small and mid-cap stocks.

The performance of the MSCI World Index, which is driven by the performance of a small number of very large technology stocks, has been very strong, and the divergence in performance between the MSCI World Index and the MSCI World SMID Index over the last 18 months is significant. The MSCI SMID Index has returned 12.8% over that period, whilst the MSCI World Index has returned 31.6%. These market conditions, and the performance of the Company's portfolio, are discussed in more detail in the Investment Manager's review.

There is no doubt that good returns can be delivered by investing in small and mid-cap stocks. The Company's objective is to provide shareholders with long term growth; the Company's annualised NAV per share performance in the nearly six years since inception to the end of June 2024 was +8.2% pa, 0.5 percentage points higher than the return from the MSCI World SMID Index.

Despite the efforts of the Board to try to reduce the discount to NAV at which the Company's shares trade though its buyback programme, the share price performance continues to be disappointing, with the share price loss for the first half amounting to 2.6% and the annualised return since inception lagging NAV performance at +5.8%. The buyback programme is detailed further below.

Discount and Share Buybacks

Since the end of the first quarter of 2022 the Company's shares have traded at a discount to net asset value. The problem of discounts is common across the investment trust sector, and to put the scale of the problem into context, at the end of June 2024, according to the Association of Investment Companies' statistics, some 94% of investment trusts were trading at a discount and the average discount across the industry at 30 June 2024, excluding 3i, was 15%.

The Board has reacted to the Company's discount by adopting the common practice of buying back shares and commenced a programme of regular market purchases in April 2022. In the first half of 2024 the Board spent £206.4m on buybacks, representing 8.3% of the issued share capital before the buyback programme began. This brings the total spent on share buybacks from the start of the programme in 2022 until the end of the first half of 2024 to £439.7m, equivalent to 18.2% of the issued share capital at the start of the buyback programme. Nevertheless, the discount at the end of June 2024 was 12.2%.

As I mentioned above, discounts are a common problem across the investment trust industry and despite the Company, in the first half of 2024, ranking second overall in the investment trust market in terms of amount bought in and third in terms of percentage of share capital in issue at the start of the year bought back, the discount still widened.

Whilst the buyback programme has clearly not addressed the Company's discount, (although the discount may have been greater if we had not bought back so many shares), it has nevertheless brought some benefits to shareholders, taken as a whole. The accretive value of the buybacks in the first half amounted to an estimated £25.7m, equivalent to 152% of the Company's operating expenses; since inception of the programme to the end of the first half of 2024, £50.2m of estimated accretive benefit to shareholders has been generated. It should also not be forgotten that as the Investment Manager's fees are based on market capitalisation rather than NAV, we estimate the discount has been responsible for their fees being reduced by some £1.1m in the first half of the year and by £2.2m during 2023.

When I met shareholders earlier this year, it was clear that they favoured the higher level of buybacks and the Board intends to continue allocating a substantial amount of the Company's capital to the buyback programme if discounts continue to prevail at high levels.

Results and Dividends

The Company's total loss after tax for the half year was £71m comprising a capital loss of £77m and a revenue profit of £6m. The income the Company receives from its investments tends to be higher in the first half of the year than in the second half, whereas its expenses are more evenly split between the half years, and, as in previous years, it is expected that the full year revenue profit will be lower than in the first half and may even be negative.

In the first half, the Company's operating cost ratio ("OCR") was 0.86% compared with the OCR for 2023 of 0.88%. The main reason for the improvement is the impact of the Company's discount on the Investment Manager's fee. We would expect this to reverse once the Company's discount narrows and the share price more closely tracks the NAV.

The Company's objective is to focus on capital growth and its expenses allocation policies are not designed to facilitate maximisation of revenue reserves and dividend payments. Consistent with previous interim periods a dividend is not proposed by the Board.

There is no current intention to change the Company's approach. It should not be expected that the Company will pay a significant annual dividend and it is likely that no interim dividends will be declared. The Board intends to declare such annual dividends as are necessary to maintain the Company's UK investment trust status.

AGM and Shareholder Engagement

The Company held its Annual General Meeting on 25 April 2024. It was good to see so many shareholders attend in person and to hear directly from Simon Barnard, our portfolio manager, and his team. Simon's presentation is available on the Company's website.

Following investor feedback to the Board's original decision not to hold a continuation vote at the AGM, the decision was reversed, and an ordinary resolution in favour of continuation of the Company was included in the Notice. The resolution was passed with 90% of the votes cast in favour. The Board has also resolved that where similar circumstances arise in future, the Board will automatically put such a vote to shareholders at the following AGM. This means that if the average discount in the first half, prevails in the second half, we will put another continuation vote to shareholders at the 2025 AGM.

Outlook

Our Investment Manager has continued to refresh the portfolio, adding new names and exiting some long-held names, and they continue to believe that the portfolio is well positioned to achieve the objective to deliver long term growth in value. The Board shares the Investment Manager's optimism and is pleased that Simon and his team remain focused on the things they can control and remain resolute in maintaining their investment approach.

Although the first half performance has been disappointing, shareholders should not lose sight of the fact that the Company has nevertheless outperformed its comparator index since inception. As our Investment Manager says, the headwind of rising interest rates will not last forever. The Board continues to have confidence that the Company's Investment Manager can execute the strategy successfully, and the Board believes that as the Company offers investors exposure to some of the best companies available globally in the small and mid-cap sector, the long-term investor will be well rewarded.

Diana Dyer Bartlett
Chairman

26 July 2024

Dear Fellow Shareholder,

The performance of Smithson Investment Trust ("Smithson"), along with comparators, is laid out below. For the first half of 2024 the NAV of the Company decreased by 1.8% and the share price declined by 2.6%. Over the same period, the MSCI World Small and Mid Cap Index ("SMID"), our reference index, increased by 3.4%. We also provide the performance of UK bonds and cash for comparison.

	Total Return[5] 01.01.24 to 30.06.24 %	Launch to 30.06.24 Cumulative %	Launch to 30.06.24 Annualised %
Smithson NAV[1]	-1.8	+56.9	+8.2
Smithson Share Price	-2.6	+37.8	+5.8
Small and Midcap Equities[2]	+3.4	+52.2	+7.7
UK Bonds[3]	-2.2	-7.0	-1.3
Cash[4]	+2.6	+10.2	+1.7

[1] Source: Bloomberg, starting NAV 1000.

[2] MSCI World SMID Cap Index, £ Net source: www.msci.com.

[3] Bloomberg/Barclays Bond Indices UK Govt 5-10 yr, source: Bloomberg.

[4] Month £ LIBOR Interest Rate source: Bloomberg.

[5] Alternative Performance Measure (see pages 24 to 25).

As a colleague recently commented, our performance so far this year has been "like watching paint dry", and I couldn't agree more; we are finding it as frustrating as you are. While we have had a couple of stock specific issues in the portfolio, which I discuss below, there is no doubt that this is a tough time in the market for smaller companies. As has happened in the past, large and 'glamourous' stocks have outperformed strongly this year, while small and medium sized companies as an asset class have struggled, and we only need to look at certain individual companies to get a sense of the scale of this issue.

One of the most glamourous and best performing large cap companies this year so far has been Nvidia, boosted by orders for its chips to facilitate the development of Generative AI. The shares are up 149% in the first half, or to put it another way, the company has increased in value by $1.8 TRILLION in the last 6 months alone. In comparison, the most frequently cited US small cap index, the Russell 2000, which incidentally, similar to our portfolio, has done very little year to date, has a total market capitalisation of only $3 trillion. It is therefore not an exaggeration to say that the level of asset flows currently being attracted to certain US large cap stocks is potentially sucking the air out of entire asset classes. This cannot go on forever, and it reminds me of a quote from veteran small cap manager, Ralph Wanger, who, suffering from the same issue, said "there is only one stock market, not two, and the market will soon shed a tier". Although it's worth pointing out that he said this over half a century ago.

Why is this now happening again? As you have seen me comment several times before in these reports, the short term movements of certain 'risk assets', including the small and mid-cap equity sectors, have been correlated to the movement in interest rate expectations. This could be due to the faster growing nature of small caps vs large caps (causing the higher future profits to be discounted more by higher interest rates), and the fact that smaller companies tend to be more operationally and financially geared, although this latter point does not apply to the majority of Smithson companies. Whatever the reason, interest rates increasing by over 50 basis points year to date, as measured by the US 10-year Treasury yield, has provided a headwind to performance.

We know that this headwind won't last forever. But what we should also bear in mind, which is apparent even from the relatively short operating period of Smithson, is that when small caps do move, they can really move. For example, from the trough in October 2022, the NAV of the trust increased by 23% in the following three months and in Q4 last year, the NAV was up 18% in just a two month period.

You will notice me having referred specifically to short term performance, because of course these factors I discussed are only affecting the short term valuations of the companies we own, while it is the delivery of growth in profits and free cash flow from our companies which will drive the long term performance of the trust. On this point we can report that over the last twelve months, the growth in free cash flow for our companies has been 14%, demonstrating why we remain so enthusiastic about the portfolio, while the free cash flow yield increased to 3%, from 2.3% this time last year.

Portfolio turnover adjusted for share buybacks was 20.0% in the half year, a little higher than the 13.1% last year. Annualised costs were unchanged, with an Ongoing Charges Figure of 0.9% of NAV (including the annualised Management Fee of 0.9% of market capitalisation). Costs of dealing, including taxes, amounted to 0.01% of NAV in the period, similar to that incurred over the same period last year, which meant that the annualised Total Cost of Investment was 0.93%.

We have been relatively busy in the first six months of the year due to the large number of opportunities being offered to us during this period of price weakness for high quality small cap companies. We added five exciting new companies to the portfolio and funded these by selling out of three existing positions, all of which I describe below.

One new holding is Inficon, a Swiss producer of instruments for gas analysis, measurement and control which are used for leak detection and vacuum control in precise manufacturing processes including semiconductors, flat panel displays, solar cells and industrial coatings. With all the fervour around the number of specialist GPUs being ordered to power generative AI applications, such as those produced by Nvidia, many will be surprised to hear that there has actually been a downcycle in the production of ordinary semiconductor chips since 2021. This is due to the fact that a shortage of chips in 2020 resulting from supply disruptions led to an overproduction in 2021 to catch up, in turn leading to inventories building up just as demand for consumer items such as cars and TVs softened. Inficon's semiconductor division, accounting for up to half of group revenue, has suffered somewhat over the last two years but is now receiving increasing orders which, based on company data, are accelerating every month. Longer term, the company is well placed to take advantage of growing markets, not just in semiconductors, but also in renewable energy, automotive and water purity, as it is positioned as the number one or two player in every market it serves. The Management also believe that being a European company selling semiconductor related equipment into China will continue to give them an advantage over US based competitors if geopolitical tensions escalate.

This position was funded by selling out of Temenos, a Swiss banking software company that had caused us much frustration over recent months. We believe that the company will require more investment in the short and medium term to fix a badly managed transition to a Software as a Service ("SaaS") business model, which will likely place pressure on margins and returns.

Reply is an IT consulting company based in Italy that helps corporates with technology adoption, not only with advice and 3rd party software integration but also developing and coding custom software. They are being increasingly engaged to help integrate AI technology into corporate IT systems, and so have direct exposure to the long-term growth in AI adoption. It strikes us that whoever the winners in AI may be, those helping companies to implement the resulting technology will not be short of demand. The company is actually a group of small 'pods' of specialist teams that focus on very specific IT niches and so the company grows both organically and through acquiring new pods, which also enables it to remain at the cutting edge of IT integration. Part of its advantage is that the group has built up very strong relationships with large multinational companies, over decades in some cases, that now provide revenue that is recurring in nature. Its second advantage is that the majority of its contracts are fixed price, allowing them to generate higher fees per employee compared to its peers, who bill by the hour. Lower corporate IT budgets due to the macroeconomic pressures over the past couple of years have allowed us to acquire a position in the company at what we believe to be an attractive 4% free cash flow yield.

We also started a position in Melexis, a Belgian company which designs and sells advanced sensors, integrated circuits and systems principally for the automotive industry, but also for smart buildings, energy management and robotics. We are attracted to the fact that it produces very low cost ($0.50 on average) but highly functional chips and sensors which are growing, in terms of number used per car, by around 10% a year. The low cost but high functionality not only enables this continued penetration into cheaper cars and novel uses, but also protects the company against copycats, as it is difficult to design and produce them at much lower cost, and that is assuming a competitor could guarantee the same functionality and reliability, which is critical for car manufacturers. As manufacturers have been running down their inventory over the last year or so, revenue growth has slowed and the share price has underperformed. This has created an attractive entry point now that, as suggested by management at its last quarterly earnings report, customer inventories were approaching normal levels and the company's free cash flow is growing once more.

The positions in Reply and Melexis were funded by selling our holding in Domino's Pizza Enterprises, the Australian Domino's franchisor. This is a company that had performed very well until 2021, after which mis-execution in core markets including Japan and Germany, led to underperformance. While management have set out a plan to recover sales in these markets, we believe that given the length of time this turnaround might involve, our shareholders' capital would be better deployed in other opportunities.

We also sold out of our position in IPG Photonics, a US manufacturer of high-powered lasers for industrial use to fund a new position in HMS Networks. IPG Photonics has seen increasing competition from Chinese companies, which produce lasers with less power and reliability, but also at far lower prices. This has put a degree of pricing pressure on IPG's lasers over time and is an issue that we had become increasingly concerned about.

HMS Networks is a Swedish producer of factory automation products. It sells devices that are integrated into factory equipment produced by other manufacturers, which allow that equipment to communicate with any other type of equipment or network, thus allowing for the automation of factories through remote diagnostics, monitoring and control, an important trend which we expect to continue for many years.

Finally, Choice Hotels is a US based hotel franchisor known for its Quality Inn and Radisson brands, among several others. It is another high-quality company with a strong track record of steady growth and profitability, achieving over 30% operating margins in recent years. Over the past 12 months however, the shares have been held back as management pursued a hostile bid for Wyndham Hotels and Resorts, a lower quality US hotel business of a similar size to Choice Hotels. This bid was ultimately abandoned by management in March, who at the same time communicated to shareholders that the funds earmarked for the deal would instead be spent on share buybacks, an approach we support given the currently attractive valuation of 5% free cash flow yield. We took the opportunity to acquire the position soon after this announcement was made.

To discuss in more detail the fund performance in the first half, the top five contributors to performance are shown below.

	Country	Contribution%
Ambu	Denmark	0.8%
Fisher & Paykel Healthcare	New Zealand	0.8%
Diploma	United Kingdom	0.7%
Verisk Analytics	United States	0.5%
Halma	United Kingdom	0.4%

Source: Northern Trust

Shares in Ambu, the Danish medical device manufacturer, performed well after the management team upgraded its guidance for the full year results after the company achieved strong revenue growth of over 20% in its disposable endoscopes business during the first six months.

Fisher & Paykel, the medical device manufacturer based in New Zealand, contributed to performance after both strong demand for hospital consumables and a good reception for its new CPAP mask led management to upgrade profit guidance.

Diploma is a UK based distributor of industrial products ranging from seals to laboratory equipment. Over the past few years it has spent an increasing proportion of its free cash flow on accretive acquisitions and the first six months of this year saw a continuation of this trend, with the share price reacting positively to a combination of another deal and strong underlying growth.

The US insurance data company Verisk reported strong earnings in May, since which time the share price has increased over 25%. The company has generally been on a positive trend since it divested several underperforming divisions over the last couple of years, leaving shareholders with only the highly profitable core insurance data business.

Halma, the UK manufacturer and distributor of safety and environmental products, also reported better than expected earnings, with the shares up 13% on the day of the results release.

The largest detractors of performance are shown below.

	Country	Contribution%
Temenos	Switzerland	-1.3%
Domino's Pizza Enterprises	Australia	-1.2%
Sabre	United States	-1.1%
Qualys	United States	-0.9%
Paycom Software	United States	-0.6%

Source: Northern Trust

The reasons for the underperformance of both Temenos and Domino's Pizza Enterprises have been discussed above and unfortunately they were detractors from the fund's performance in the first half before they were sold.

Sabre, the US provider of software to the travel industry, is still recovering from the lack of travel in the pandemic era. Management released cautious guidance in February, suggesting that corporate travel was improving at a slower rate than they had hoped, and they no longer expect growth in this travel segment for the year. Subsequent to this announcement, corporate travel growth has actually picked up, so there is potential for Sabre to produce results ahead of the lowered market expectations, should this continue.

Qualys provides cyber security software and its order growth has been held back by general weakness in corporate IT budgets due to macroeconomic uncertainty. We expect this to be temporary and for orders to recover once buyers become more optimistic in their outlook.

Paycom Software is a US company providing human resources software to small and medium sized companies. It has recently had an issue with increasing customer churn, as it transpires that the customer service teams were not doing nearly as good a job as its excellent sales teams. Management has refocused the organisation on servicing existing clients before selling more products to them and we are waiting to see if this begins to resolve the issue. If this doesn't occur within a satisfactory timeframe, we would be inclined to exit the position.

The positioning of the fund is described below, with a breakdown of the portfolio in terms of sector and geography at the end of the period. The median year of foundation of the companies in the portfolio at the end of the half year was 1965.

Sector	30 June 2024 (%)	30 June 2023 (%)
Industrials	41%	33%
Information Technology	26%	32%
Healthcare	11%	14%
Consumer Discretionary	9%	10%
Consumer Staples	8%	4%
Financials	3%	3%
Materials	2%	–
Communication Services	–	3%
Cash	–	1%

Source: Northern Trust

While the Industrials sector now appears to be significantly larger than the Information Technology sector, I would highlight that some companies, including Paycom Software and Verisk Analytics are classed as industrials by GICS, with Paycom only recently being reclassified to that sector, while we would still recognise them as Information Technology companies. I would also indicate that, given our focus on diversification and risk control, a 40% weighting in a single sector is the most we would feel comfortable with, and so this weighting is not expected to move materially higher. The increase in the Industrial sector weighting over the last 12 months has occurred from the outperformance of several companies in the sector, in contrast to the underperformance of certain Information Technology names. The Information Technology sector weighting also declined due to the sales of Temenos and IPG Photonics. The Healthcare weighting decreased after the sale of Masimo last year while that of the Consumer Staples sector increased after the additions of Oddity and Clorox. The new position in the Materials sector reflects the relatively recent acquisition of Croda.

Country of Listing	30 June 2024 (%)	30 June 2023 (%)
USA	48%	44%
UK	16%	15%
Italy	9%	10%
Germany	6%	6%
Switzerland	5%	7%
Sweden	5%	3%
New Zealand	4%	2%
Denmark	4%	8%
Australia	2%	4%
Belgium	1%	–
Cash	–	1%

Source: Northern Trust

Despite the changes to the portfolio, there has been very little movement in the geographic exposure of the fund, with the USA remaining the largest weight, as it is in the global index, and the UK being second largest, increasing slightly after the outperformance of Diploma and Halma and with the addition of Croda. The weighting to Denmark more than halved after Simcorp was acquired by Deutsche Börse and subsequently left the portfolio.

Source of Revenue	30 June 2024 (%)	30 June 2023 (%)
North America	44%	39%
Europe	32%	37%
Asia Pacific	19%	18%
Eurasia, Middle East, Africa	3%	4%
Latin America	2%	2%

Source: Fundsmith

In terms of the location where our companies generate their sales, the changes to the portfolio outlined above mean that North America has increased as a source of revenue, while Europe has declined somewhat. All other regions remain similar to this time last year.

In closing, we recognise that you have many options when allocating your capital, many of which have performed better than Smithson in the first half of this year. We greatly appreciate your continued support, and hope that we are able to convince you to keep this faith until the small cap sector returns to vogue. While we may have to remain patient a little longer while the paint dries, we remain very optimistic that the picture will be worth it.

Simon Barnard
Fundsmith LLP
Investment Manager

26 July 2024

Smithson Investment Trust

Investment Portfolio

Investments held as at 30 June 2024

Security	Country of incorporation	Fair value £'000	% of investments
Diploma	UK	117,954	5.2
Moncler	Italy	100,347	4.4
Verisk Analytics	USA	98,952	4.4
Geberit	Switzerland	92,096	4.1
Rational	Germany	91,586	4.0
Fisher & Paykel Healthcare	New Zealand	87,937	3.9
Equifax	USA	87,899	3.9
Verisign	USA	87,858	3.9
Fortinet	USA	83,591	3.7
Ambu	Denmark	80,897	3.6
Top 10 Investments		**929,117**	**41.1**
Fevertree Drinks	UK	77,866	3.4
Exponent	USA	76,537	3.4
Recordati	Italy	74,582	3.3
Graco	USA	71,420	3.1
Cognex	USA	70,515	3.1
Addtech	Sweden	69,644	3.1
Choice Hotels	USA	68,983	3.0
Spirax-Sarco Engineering	UK	66,637	2.9
MSCI	USA	63,468	2.8
Qualys	USA	61,811	2.7
Top 20 Investments		**1,630,580**	**71.9**
Rollins	USA	61,671	2.7
Halma	UK	61,604	2.7
Clorox	USA	61,558	2.7
Technology One	Australia	58,320	2.6
IDEX	USA	57,666	2.5
Nemetschek	Germany	51,082	2.2
Oddity	Israel	50,137	2.2
Croda	UK	47,494	2.1
Sabre	USA	45,240	2.0
HMS Networks AB	Sweden	41,369	1.8
Paycom Software	USA	36,477	1.6
Reply Spa	Italy	23,601	1.0
Inficon	Switzerland	22,354	1.0
Melexis	Belgium	22,185	1.0
Total Investments		**2,271,338**	**100.0**

Investment Objective and Policy

Investment Objective

The Company's investment objective is to provide shareholders with long term growth in value through exposure to a diversified portfolio of shares issued by listed or traded companies.

Investment Policy

The Company's investment policy is to invest in shares issued by small and mid-sized listed or traded companies globally with a market capitalisation (at the time of initial investment) of between £500 million and £15 billion. The Company's approach is to be a long-term investor in its chosen shares. It will not adopt short-term trading strategies. Accordingly, it will pursue its investment policy by investing in approximately 25 to 40 companies as follows:

(a) the Company can invest up to 10 per cent. in value of its gross assets (as at the time of investment) in shares issued by any single body;

(b) not more than 20 per cent. in value of its gross assets (as at the time of investment) can be in deposits held with a single body. This limit will apply to all uninvested cash (except cash representing distributable income or credited to a distribution account that the depositary holds);

(c) not more than 20 per cent. in value of its gross assets (as at the time of investment) can consist of shares issued by the same group. When applying the limit set out in (a) this provision would allow the Company to invest up to 10 per cent. in the shares of two group member companies (as at the time of investment);

(d) the Company's holdings in any combination of shares or deposits issued by a single body must not exceed 20 per cent. in value of its gross assets (as at the time of investment);

(e) the Company must not acquire shares issued by a body corporate and carrying rights to vote at a general meeting of that body corporate if the Company has the power to influence significantly the conduct of business of that body corporate (or would be able to do so after the acquisition of the shares).

The Company is to be taken to have power to influence significantly if it exercises or controls the exercise of 20 per cent. or more of the voting rights of that body corporate; and

(f) the Company must not acquire shares which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and represent more than 10 per cent. of the shares issued by that body corporate.

The Company may also invest cash held for working capital purposes and awaiting investment in cash deposits and money market funds.

For the purposes of the investment policy, certificates representing certain shares (for example, depositary interests) will be deemed to be shares.

Hedging policy

The Company will not use portfolio management techniques such as interest rate hedging and credit default swaps.

The Company will not use derivatives for purposes of currency hedging or for any other purpose.

Borrowing policy

The Company has the power to borrow using short-term banking facilities to raise funds for short-term liquidity purposes or for discount management purposes including the purchase of its own shares, provided that the maximum gearing represented by such borrowings shall be limited to 15 per cent. of the net asset value at the time of drawdown of such borrowings. The Company may not otherwise employ leverage.

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the FCA's Disclosure Guidance and Transparency Rules. The Directors consider that the Chairman's Statement and the Investment Manager's Review on pages 5 to 6 and 7 to 11 of the Interim Report respectively, provide details of the important events which have occurred during the period and their impact on the condensed set of financial statements. The following statements on principal risks and uncertainties, related party transactions and the Directors' responsibility statement below, together constitute the Interim Management Report for the Company for the period from 1 January 2024 to 30 June 2024.

Principal Risks and Uncertainties

The Board considers that the principal risks and uncertainties faced by the Company can be summarised as (i) investment objective and policy risk, (ii) market risks, (iii) outsourcing risks, (iv) key individuals' risk and (v) regulatory risks. A detailed explanation of risks and uncertainties can be found on pages 23 to 25 of the Company's most recent Report and Accounts for the year ended 31 December 2023. The Board also considers the risks associated with the macroeconomic backdrop such as uncertainty over inflation, higher interest rates, possibility of a recession, the continuing wars in Ukraine and the Middle East. The Board monitors the potential risks to the Company and its portfolio and receives regular updates and assurance from the Investment Manager and other key service providers on operational resilience and portfolio exposure and impact.

A review of the period and the outlook can be found in the Chairman's Statement and in the Investment Manager's Review.

Related Party Transactions

The Company's Investment Manager, Fundsmith LLP, is considered a related party in accordance with the Listing Rules. There have been no changes to the nature of the Company's related party transactions since the Company's most recent Report and Accounts for the period ended 31 December 2023 were released. Details of the amounts paid to the Company's Investment Manager and the Directors during the period are detailed in the notes to the financial statements.

Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Interim Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as required by DTR 4.2.4R;
- this Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and
- the Interim Financial Statements include a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board of Directors

Diana Dyer Bartlett
Chairman

26 July 2024

Condensed Statement of Comprehensive Income (Unaudited)

		Unaudited Six months ended 30 June 2024			Unaudited Six months ended 30 June 2023			Audited Year ended 31 December 2023		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments held at fair value through profit or loss	4	19,422	–	19,422	21,712	–	21,712	31,116	–	31,116
(Losses)/gains on investments held at fair value through profit or loss	3	–	(76,434)	(76,434)	–	269,112	269,112	–	291,600	291,600
Foreign exchange losses		–	(546)	(546)	(136)	(227)	(363)	(136)	(656)	(792)
Investment management fees		(9,472)	–	(9,472)	(10,523)	–	(10,523)	(20,280)	–	(20,280)
Other expenses and transaction costs		(733)	(309)	(1,042)	(769)	(139)	(908)	(1,532)	(650)	(2,182)
(Loss)/profit before tax		**9,217**	**(77,289)**	**(68,072)**	**10,284**	**268,746**	**279,030**	**9,168**	**290,294**	**299,462**
Tax		(3,059)	–	(3,059)	(5,375)	–	(5,375)	(6,144)	–	(6,144)
(Loss)/profit for the period/year	5	**6,158**	**(77,289)**	**(71,131)**	**4,909**	**268,746**	**273,655**	**3,024**	**290,294**	**293,318**
(Loss)/return per share (basic and diluted) (p)	5	**4.00**	**(50.20)**	**(46.20)**	**2.91**	**159.09**	**162.00**	**1.82**	**175.02**	**176.84**

The Company does not have any income or expenses which are not included in the profit for the period.

All of the profit and total comprehensive income for the period is attributable to the owners of the Company.

The "Total" column of this statement represents the Company's Income Statement, prepared in accordance with International Financial Reporting Standards ("IFRS"). The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies ("AIC").

All items in the above statement derive from continuing operations.

The accompanying notes on pages 19 to 23 are an integral part of these financial statements.

Smithson Investment Trust

Condensed Statement of Financial Position (Unaudited)

	Notes	Unaudited As at 30 June 2024 £'000	Unaudited As at 30 June 2023 £'000	Audited As at 31 December 2023 £'000
Non-current assets				
Investments held at fair value through profit or loss	3	2,271,338	2,608,856	2,538,953
Current assets				
Trade and other receivables		12,303	1,011	1,851
Cash and cash equivalents		3,814	21,057	16,579
		16,117	22,068	18,430
Total assets		**2,287,455**	**2,630,924**	**2,557,383**
Current liabilities				
Trade and other payables		(13,034)	(7,994)	(5,445)
Total assets less current liabilities		**2,274,421**	**2,622,930**	**2,551,938**
Equity attributable to equity shareholders				
Share capital	7	1,771	1,771	1,771
Share premium		1,719,487	1,719,487	1,719,487
Capital reserve		550,630	903,412	834,305
Revenue reserve		2,533	(1,740)	(3,625)
Total equity		**2,274,421**	**2,622,930**	**2,551,938**
Net asset value per share (p)	6	**1,569.5**	**1,575.4**	**1,598.0**

The accompanying notes on pages 19 to 23 are an integral part of these financial statements.

Condensed Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2024 (Unaudited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2024	1,771	1,719,487	834,305	(3,625)	2,551,938
Ordinary shares bought back and held in treasury	–	–	(205,333)	–	(205,333)
Costs on buybacks	–	–	(1,053)	–	(1,053)
(Loss)/profit for the period	–	–	(77,289)	6,158	(71,131)
Balance at 30 June 2024	**1,771**	**1,719,487**	**550,630**	**2,533**	**2,274,421**

For the six months ended 30 June 2023 (Unaudited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2023	1,771	2,219,487	203,358	(6,649)	2,417,967
Ordinary shares bought back and held in treasury	–	–	(68,318)	–	(68,318)
Costs on buybacks	–	–	(374)	–	(374)
Transfer of share premium#	–	(500,000)	500,000	–	–
Profit for the period	–	–	268,746	4,909	273,655
Balance at 30 June 2023	**1,771**	**1,719,487**	**903,412**	**(1,740)**	**2,622,930**

For the year ended 31 December 2023 (Audited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2023	1,717	2,219,487	203,358	(6,649)	2,417,967
Ordinary shares bought back and held in treasury	–	–	(158,506)	–	(158,506)
Costs on buybacks	–	–	(841)	–	(841)
Transfer of share premium#	–	(500,000)	500,000	–	–
Profit for the period	–	–	290,294	3,024	293,318
Balance at 31 December 2023	**1,771**	**1,719,487**	**834,305**	**(3,625)**	**2,551,938**

\# On 28 February 2023, High Court approval was obtained to reduce the Company's share premium by £500 million. The capital reduction, resulted in a corresponding increase in the Company's distributable reserves.

The accompanying notes on pages 19 to 23 are an integral part of these financial statements.

Condensed Statement of Cash Flows (Unaudited)

	Notes	Unaudited Six months ended 30 June 2024 £'000	Unaudited Six months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Operating activities				
(Loss)/profit before tax		(68,072)	279,030	299,462
Adjustments for:				
Losses/(gains) on investments held at fair value through profit or loss	3	76,434	(269,112)	(291,600)
Increase in receivables		(669)	(516)	(90)
(Decrease)/increase in payables		(270)	176	(70)
Overseas taxation		(3,059)	(3,564)	(4,334)
Net cash generated from operating activities		**4,364**	**6,014**	**3,368**
Investing activities				
Purchase of investments	3	(244,667)	(176,626)	(368,464)
Sale of investments	3	430,545	232,983	514,316
Net cash generated from investing activities		**185,878**	**56,357**	**145,852**
Financing activities				
Purchase of shares held in treasury		(199,837)	(65,531)	(156,389)
Costs relating to buy backs		(3,170)	(372)	(841)
Net cash used in financing activities		**(203,007)**	**(65,903)**	**(157,230)**
Net decrease in cash and cash equivalents		**(12,765)**	**(3,532)**	**(8,010)**
Cash and cash equivalents at start of the period/year		16,579	24,589	24,589
Cash and cash equivalents at end of the period/year		**3,814**	**21,057**	**16,579**
Comprised of:				
Cash at bank		**3,814**	**21,057**	**16,579**

The accompanying notes on pages 19 to 23 are an integral part of these financial statements.

1. General information

Smithson Investment Trust plc is a company incorporated on 14 August 2018 in the United Kingdom under the Companies Act 2006.

The Condensed Interim Financial Statements (unaudited) have been prepared in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("DTRs") of the UK's Listing Authority.

Principal activity

The principal activity of the Company is that of an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company commenced activities on admission to the London Stock Exchange on 19 October 2018.

Going concern

The Directors have adopted the going concern basis in preparing the Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024. The following is a summary of the Directors' assessment of the going concern status of the Company, which included consideration of macroeconomic conditions such as uncertainty over inflation, higher interest rates, a possible recession and the continuing wars in Ukraine and the Middle East.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. At the date of approval of this report, the Company has substantial operating expenses cover and a suitably liquid portfolio with which to continue share buybacks.

2. Significant accounting policies

The Company's accounting policies are set out below:

Accounting convention

The financial statements have been prepared under the historical cost convention (modified to include investments at fair value through profit or loss) on a going concern basis and in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the International Accounting Standards Board ("IASB") and with the Statement of Recommended Practice ("SORP") 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies ("AIC") in November 2014 (and updated in July 2022). They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Directors believe that it is appropriate to continue to adopt the going concern basis for preparing the financial statements for the reasons stated above. The Company is a UK listed company with a predominantly UK shareholder base. The results and the financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company. The accounting policies in this Interim Report are consistent with those applied in the Annual Report for the year ended 31 December 2023 and have been disclosed consistently and in line with Companies Act 2006.

Critical accounting judgements and sources of estimation uncertainty

The Board confirms that no significant accounting judgements or estimates have been applied to the financial statements and therefore there is not a significant risk of a material adjustment to the carrying amounts of assets and liabilities.

3. Investments held at fair value through profit or loss

	Unaudited Six months ended 30 June 2024 £'000	Unaudited Six months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Opening book cost	2,232,394	2,353,438	2,353,438
Opening investment holding gains	306,559	40,410	40,410
Opening fair value at start of the period/year	2,538,953	2,393,848	2,393,848
Purchases at cost	249,147	177,331	367,539
Sales – proceeds	(440,328)	(231,435)	(514,034)
(Losses)/gains on investments	(76,434)	269,112	291,600
Closing fair value at end of the period/year	2,271,338	2,608,856	2,538,953
Closing book cost at end of the period/year	1,999,024	2,326,975	2,232,394
Closing unrealised gain at end of the period/year	272,314	281,881	306,559
Valuation at end of the period/year	**2,271,338**	**2,608,856**	**2,538,953**

The Company received £440,328,000 excluding transaction costs from investments sold in the period (30 June 2023: £231,435,000, 31 December 2023: £514,034,000). The book cost of the investments when they were purchased was £482,687,000 (30 June 2023: £203,933,000, 31 December 2023: £489,233,000). These investments have been revalued over time until they were sold and unrealised gains/losses were included in the fair value of the investments.

All investments are listed.

4. Dividend income

	Unaudited Six months ended 30 June 2024 £'000	Unaudited Six months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
UK dividends	3,880	4,106	7,626
Overseas dividends	15,245	15,785	20,843
Overseas dividends – special	–	1,529	1,836
Bank interest	297	292	811
Total	**19,422**	**21,712**	**31,116**

5. (Loss)/return per share

(Loss)/return per ordinary share is as follows:

	Unaudited Six months ended 30 June 2024			Unaudited Six months ended 30 June 2023			Audited Year ended 31 December 2023		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/return for the period/year (£'000)	6,158	(77,289)	(71,131)	4,909	268,746	273,655	3,024	290,294	293,318
(Loss)/return per ordinary share (p)	**4.00**	**(50.20)**	**(46.20)**	**2.91**	**159.09**	**162.00**	**1.82**	**175.02**	**176.84**

Return per share is calculated based on returns for the period and the weighted average number of 153,957,461 shares in issue (excluding treasury shares) in the six months ended 30 June 2024 (30 June 2023: 168,930,514; 31 December 2023: 165,863,972).

6. Net asset value per share

	Unaudited 30 June 2024	Unaudited 30 June 2023	Audited 31 December 2023
Net asset value	£2,274,421,000	£2,622,930,000	£2,551,938,000
Shares in issue	144,917,958	166,497,958	159,692,958
Net asset value per share	**1,569.5p**	**1,575.4p**	**1,598.0p**

7. Share capital

	Unaudited 30 June 2024			
Issued, allotted and fully paid (ordinary)	**Ordinary Shares Number**	**Treasury Shares Number**	**Total Shares Number**	**Nominal Value £'000**
Ordinary shares in issue at 1 January	159,692,958	17,415,000	177,107,958	1,771
Ordinary shares bought back and held in treasury	(14,775,000)	14,775,000	–	–
	144,917,958	**32,190,000**	**177,107,958**	**1,771**

	Unaudited 30 June 2023			
Issued, allotted and fully paid (ordinary)	**Ordinary Shares Number**	**Treasury Shares Number**	**Total Shares Number**	**Nominal Value £'000**
Ordinary shares in issue at 1 January	171,407,958	5,700,000	177,107,958	1,771
Ordinary shares bought back and held in treasury	(4,910,000)	4,910,000	–	–
	166,497,958	**10,610,000**	**177,107,958**	**1,771**

	Audited 31 December 2023			
Issued, allotted and fully paid (ordinary)	**Ordinary Shares Number**	**Treasury Shares Number**	**Total Shares Number**	**Nominal Value £'000**
Ordinary shares in issue at 1 January	171,407,958	5,700,000	177,107,958	1,771
Ordinary shares bought back and held in treasury	(11,715,000)	11,715,000	–	–
	159,692,958	**17,415,000**	**177,107,958**	**1,771**

During the six months ended 30 June 2024, the Company issued no ordinary shares (30 June 2023: nil, 31 December 2023: nil).

During the six months ended 30 June 2024, the Company bought back to hold in treasury 14,775,000 shares (30 June 2023: 4,910,000, 31 December 2023: 11,715,000) at a total cost of £206,386,000 (30 June 2023: £68,692,000, 31 December 2023: £159,347,000). At the period end, the Company held 32,190,000 (30 June 2023; 10,610,000, 31 December 2023: 17,415,000) shares in treasury.

Since 30 June 2024 and up to 24 July 2024, a further 2,457,305 ordinary shares have been bought back to hold in treasury at a total cost of £34,478,000.

8. Related party transactions

Fees payable to the Investment Manager are shown in the Condensed Statement of Comprehensive Income. As at 30 June 2024, the fee outstanding to the Investment Manager was £1,331,000 (30 June 2023: £1,673,000, 31 December 2023: £1,599,000).

Fees are payable at an annual rate of £47,250 to the Chair of the Board, £42,000 to the Chair of the Audit Committee, £36,750 to the Chair of the Management Engagement Committee and £31,500 to Directors.

The Directors had the following shareholdings in the Company.

Director	**As at 30 June 2024**	**As at 30 June 2023**	**As at 31 December 2023**
Diana Dyer Bartlett	10,419	8,886	10,419
Lord St John of Bletso	10,000	10,000	10,000
Jeremy Attard-Manche	2,500	–	1,250
Denise Hadgill	2,578	1,111	1,111

As at 30 June 2024, Terry Smith and other partners and key employees of the Investment Manager directly or indirectly and in aggregate, held 1.91% of the issued share capital of the Company (30 June 2023: 1.80%, 31 December 2023: 1.70%).

9. Events after the reporting period

There were no post-period events requiring disclosure other than those included in these Condensed Interim Financial Statements.

10. Status of this report

These Condensed Interim Financial Statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The Interim Report will be made available to the public at the registered office of the Company. The report will also be available in electronic format on the Company's website, http://www.smithson.co.uk.

The financial information for the year ended 31 December 2023 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

The Interim Report was approved by the Board of Directors on 26 July 2024.

Alternative Performance Measures ("APMs")

APMs are often used to describe the performance of investment companies although they are not specifically defined under IFRS. APM calculations for the Company are shown below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders in order to assess the Company's performance between reporting periods and against its peer group.

Premium/(discount)

The amount, expressed as a percentage, by which the share price is more than/(less than) the NAV per ordinary share.

		As at 30 June 2024	As at 30 June 2023	As at 31 December 2023
NAV per ordinary share	a	1,569.5p	1,575.4p	1,598.0p
Share price	b	1,378.0p	1,400.0p	1,415.0p
Discount	**(b-a)÷a**	**12.2%**	**11.1%**	**11.5%**

Total return

A measure of performance that includes both income and capital returns. In the case of share price total return, this takes into account share price appreciation and dividends paid by the Company. In the case of NAV total return, this takes into account NAV appreciation (net of expenses) and dividends paid by the Company.

Six months ended 30 June 2024		**Share price**	**NAV**
Opening at 1 January 2024	a	1,415.0p	1,598.0p
Closing at 30 June 2024	b	1,378.0p	1,569.5p
Total return	**(b÷a)-1**	**(2.6)%**	**(1.8)%**

Six months ended 30 June 2023		**Share price**	**NAV**
Opening at 1 January 2023	a	1,308.0p	1,410.7p
Closing at 30 June 2023	b	1,400.0p	1,575.4p
Total return	**(b÷a)-1**	**7.0%**	**11.7%**

Period from Company's listing on 19 October 2018 to 30 June 2024		**Share price**	**NAV**
Opening at 19 October 2018	a	1,000.0p	1,000.0p
Closing at 30 June 2024	b	1,378.0p	1,569.5p
Total return	**(b÷a)-1**	**37.8%**	**56.9%**
Annualised total return		**5.8%**	**8.2%**

Annualised total return

The annualised total return for a period is the average return earned on an investment in the Company's shares for each year in that period, expressed by reference to either share price or NAV.

Ongoing charges ratio and total cost of investment

A measure, expressed as a percentage of average NAV, of the regular, recurring annual costs of running an investment company. The Total Cost of Investment measures cost to investors incurred through the Company's portfolio transaction costs and the recurring annual costs of running the Company.

		Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Period from Company's listing on 19 October 2018 to 30 June 2024 £'000
Average NAV	a	2,420,069	2,597,266	2,214,882
Annualised expenses	b	20,750	22,771	21,326
Ongoing charges ratio	**(b÷a)**	**0.86%**	**0.88%**	**1.0%**
Annualised investment transaction costs	c	628	218	713
Annualised investment transaction costs ratio	(c÷a)	0.03%	0.01%	0.04%
Total Cost of Investment		**0.89%**	**0.89%**	**1.04%**

Glossary of Terms

AIC
Association of Investment Companies

Alternative Investment Fund or AIF
An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.

Alternative Investment Fund Managers Directive or AIFMD
A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.

Annual General Meeting or AGM
A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.

Cash Conversion
Ratio of a company's cash flows to its net profit.

Custodian
An entity that is appointed to safeguard a company's assets.

Discount
The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

Depositary
Certain AIFs must appoint depositaries under the requirements of AIFMD. A depositary's duties include, inter alia, safekeeping of the Company's assets and cash monitoring. Under AIFMD the depositary is appointed under a strict liability regime.

Dividend
Income receivable from an investment in shares.

Ex-dividend date
The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.

Financial Conduct Authority or FCA
The independent body that regulates the financial services industry in the UK.

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

Gross assets

The Company's total assets before the deduction of any liabilities.

Gross margin

The amount of money a company has left after subtracting all direct costs of producing or purchasing the goods or services it sells.

Index

A basket of stocks which is considered to replicate a particular stock market or sector.

Investment company

A company formed to invest in a diversified portfolio of assets.

Investment trust

An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.

Leverage

An alternative word for "Gearing".

Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions.

Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Liquidity

The extent to which investments can be sold at short notice.

Net assets

An investment company's assets less its liabilities

Net asset value (NAV) per ordinary share

Net assets divided by the number of ordinary shares in issue (excluding any shares held in treasury)

Ongoing charges ratio

A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.

Glossary of Terms

Operating profit margin

The ratio of operating income to net sales. It measures profitability on a per-pound basis, after accounting for the variable costs of production but does not include interest or tax expense.

Ordinary shares

The Company's ordinary shares of 1p each.

Portfolio

A collection of different investments held in order to deliver returns to shareholders and to spread risk.

Premium to NAV

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

ROCE

Return On Capital Employed is a measure of the efficiency of a company at deploying capital to generate profits calculated as Earnings Before Interest and Tax / Capital Employed.

Share buyback

A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.

Share price

The price of a share as determined by a relevant stock market.

Total return

A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interest and other realised variables over a given period of time.

Treasury shares

A company's own shares which are available to be sold by a company to raise funds.

Volatility

A measure of how much a share moves up and down in price over a period of time.

Company Information

Directors
Diana Dyer Bartlett (*Chairman*)
Lord St John of Bletso
Jeremy Attard-Manche
Denise Hadgill

Registered Office and Directors' Business Address
6th Floor
125 London Wall
London
EC2Y 5AS

Investment Manager
Fundsmith LLP
33 Cavendish Square
London
W1G 0PW

Broker
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London
E14 5JP
(Appointed 1 July 2024)

Legal Advisers
Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

Statutory Auditor
Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB

Company Secretary
Apex Listed Companies Services (UK) Limited
6th Floor
125 London Wall
London
EC2Y 5AS

Administrator
Northern Trust Global Services Limited
50 Bank Street
Canary Wharf
London
E14 5NT

Depositary
Northern Trust Investor Services Limited
50 Bank Street
Canary Wharf
London
E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Registrar and Receiving Agent
Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

Registered in England no. 11517636
www.smithson.co.uk

This report is printed on Revive 100% White Silk a totally recycled paper produced using 100% recycled waste. Both the paper mill and the print factory have been awarded the ISO 14001 certificate for environmental management and are FSC accredited.

The pulp is bleached using a totally chlorine free (TCF) process.

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C021017

Smithson
Investment Trust

6th Floor
125 London Wall
London
EC2Y 5AS
www.smithson.co.uk
smithson@fundsmith.co.uk

The Association of
Investment Companies

Designed and
printed by:
perivan
perivan.com