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# Capital Gearing Trust P.l.c.



*Half-Year Report*

*For the six months ended  
30 September 2024*

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# Company Summary

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## The Company

Capital Gearing Trust P.I.c. (the 'Company') is an investment trust whose Ordinary shares are admitted to the closed-ended investment funds category of the Official List of the FCA and traded on the main market of the London Stock Exchange.

## Investment Objective

The Company's objective is to preserve and, over time, to grow shareholders' real wealth.

## Capital Structure and Voting Rights

The share capital comprises Ordinary shares of 25 pence each. As at 30 September 2024, 26,580,263 shares were in issue, of which 6,432,674 shares were held in treasury.

## Discount/Premium Control Policy ('DCP')

The Company aims to purchase or issue shares to ensure, in normal market conditions, that the shares trade consistently close to their underlying net asset value ('NAV') per share.

## Website

[www.capitalgearingtrust.com](http://www.capitalgearingtrust.com)

## Dividends

The Company pays an annual dividend but focuses on total return rather than any net income level.

## Management and Administration

Investment management is carried out by CG Asset Management Limited ('CGAM') for an annual fee of 0.6% of net assets up to £120m, 0.45% on net assets above £120m up to £500m and 0.30% thereafter. CGAM, including Peter Spiller, has managed the Company since 1982. Company secretarial and administrative services are provided by Frostrow Capital LLP. Custodial and depositary services are provided by Northern Trust Investor Services Limited.

## ISA

The Company manages its affairs to be a fully qualifying investment trust under the individual savings account ('ISA') rules.

## Financial Calendar (guide)

Annual Results	May
Annual General Meeting	July
Dividend Payment Date	July
Half-Year Results	November

Scan the QR code to register for email alerts regarding Company updates and to notify when voting events arise:



The Association of  
Investment Companies

The Company is a member of the Association of Investment Companies.

## Information disclaimer

This report is produced for members of the Company to provide them with information relating on the Company and its financial results for the period under review. This report contains subjective opinion, analysis and forward-looking statements which by their nature involve uncertainty. Past performance is no guarantee of future performance. Investments are not guaranteed and you may not get back the amount you originally invested. The Board and its advisers, including CG Asset Management and Frostrow Capital LLP, have produced these accounts in good faith and in accordance with legislation, regulations, reporting standards and to be useful to all stakeholders in the Company.

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# Contents

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<b>Company Summary</b>	Inside front cover
<b>Financial Summary</b>	2
<b>Chairman’s Statement</b>	3
<b>Investment Manager’s Report</b>	6
<b>Portfolio Investments</b>	8
<b>Portfolio Analysis</b>	10
<b>Interim Management Report</b>	11
<b>Financial Statements (unaudited)</b>	
<b>Condensed Income Statement</b>	12
<b>Condensed Statement of Changes in Equity</b>	13
<b>Condensed Statement of Financial Position</b>	14
<b>Condensed Cash Flow Statement</b>	15
<b>Notes to the Financial Statements</b>	16
<b>Alternative Performance Measures</b>	19
<b>Glossary of Terms and Definitions</b>	21
<b>Shareholder Information</b>	22
<b>Corporate Information</b>	Inside back cover

## **Beware of Share Fraud**

There has been an increase in the number of sophisticated but fraudulent financial scams, including imposter websites. Contact is often by a phone call or email which can originate from outside the UK. Shareholders may receive unsolicited phone calls or correspondence implying a connection to the Company. These are typically from overseas ‘brokers’ who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares or to acquire shares in anticipation of a fictitious offer for the Company.

Please note that it is very unlikely that either the Company, or the Company’s Registrar, would make unsolicited telephone calls to shareholders and never in respect of ‘investor advice’.

If you are contacted, we recommend that you do not respond with any personal information, including access to financial information or bank accounts. If you are in any doubt you should seek financial advice before taking any action. You can find more information about investment scams at the Financial Conduct Authority (FCA) website: [www.fca.org.uk/consumer/protect-yourself-scams](http://www.fca.org.uk/consumer/protect-yourself-scams). You can also call the FCA Consumer Helpline on 0800 111 6768.

There has also been an increase in imposter websites and internet scams. Investors should take care to discriminate between legitimate corporate websites and those that might try to represent corporates, where an objective of the scam would be to data capture private investor information or encourage investors to provide banking information.

# Financial Summary

## Highlights

	30 September 2024	31 March 2024
Share Price	4,760.0p	4,695.0p
NAV per Share	4,847.7p	4,810.5p
Share Price Discount to NAV per Share <sup>(1)</sup>	1.8%	2.4%
Market Capitalisation	£959.0m	£1,034.7m
Shareholders' Funds	£976.7m	£1,060.2m

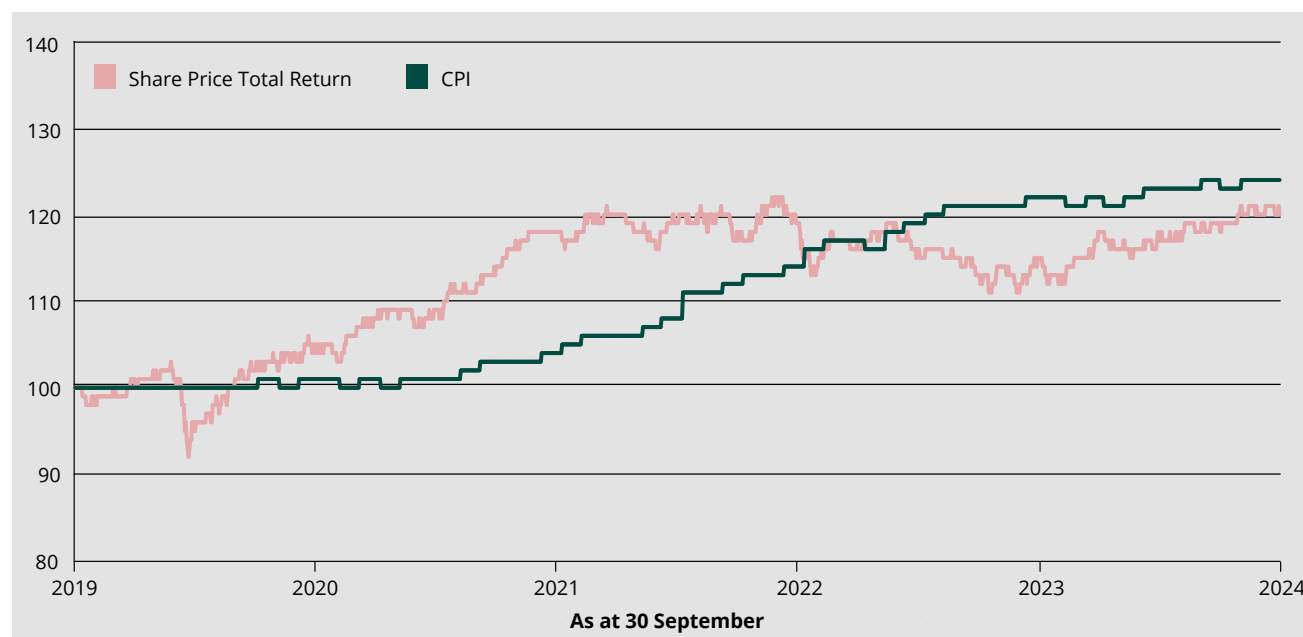
## Total Return Performance to 30 September 2024

	6 months (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Share Price <sup>(1)</sup>	3.1%	5.8%	(1.8)%	15.9%	69.5%
NAV per Share <sup>(1)</sup>	2.4%	5.6%	2.5%	20.4%	78.2%
Consumer Price Index ('CPI') <sup>(2)</sup>	0.9%	1.7%	19.4%	23.7%	33.8%

Source: AIC/LSEG/ONS.

## Share Price Total Return Performance over 5 years to 30 September 2024

Based on mid-market prices, the graph below illustrates the total return to investors in the Company over the past five years, compared with the Consumer Price Index. Each measure is rebased to 100 in 2019.



Source: LSEG

<sup>(1)</sup> Alternative Performance Measure. Please refer to pages 19 to 21 for a description of the Alternative Performance Measures and a glossary of terms and definitions.

<sup>(2)</sup> The Company does not have a formal benchmark but uses the Consumer Price Index ('CPI') as a relative measure over the medium to longer term.

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# Chairman's Statement

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## Performance

The Company's objective is to preserve and, over time, to grow shareholders' real wealth. I am pleased to report that this has been modestly achieved over the reporting period with a net asset value ('NAV') total return of +2.4%. This compares with the Consumer Price Index ('CPI') return of +0.9%. The share price total return over the period was +3.1% as the discount ended the six-month period at the slightly lower level of 1.8% compared with 2.4% as at 31 March 2024.

Further details regarding the Company's performance can be found in the Investment Manager's Report beginning on page 6.

## Discount/Premium Control Policy

Our discount / premium control policy ('DCP'), which aims to ensure that, in normal market conditions, the Company's ordinary shares trade at close to underlying asset value, has worked well over the period under review. The DCP encompasses both share issuances at a premium and share buybacks at a discount.

Consistent with the experience of many investment companies across different asset classes, the Company has been required to significantly increase the rate of its share buybacks this year to meet the objective of the DCP. Demand for investment trusts from both retail and wealth management buyers remains lacklustre. In addition, recently a number of investors were crystallising capital gains ahead of Labour's first budget, a factor that seemingly exacerbated the imbalance between supply and demand. It is hoped that the market will return to some semblance of normality now there is more clarity on capital gains taxation for investors. Against this backdrop the Company has repurchased 1,891,138 shares for a total consideration of £89.8 million over the six months to 30 September 2024. No shares were issued. Shares which are bought back are held in Treasury rather than cancelled as they can be reissued from Treasury more efficiently than issuing new shares.

## Income and Distributions

The amount the Company receives in dividends and interest is the outcome of the application of its investment policy, and the amounts distributed to shareholders are designed to satisfy the Company's annual income distribution test to ensure that it maintains its investment trust status.

In the annual report for the year ended 31 March 2024, I noted that, as a result of increased investment into index-linked bonds over the last few years, together with a significant increase in bond yields, the Company is receiving more bond income than in previous years which is generally chargeable to corporation tax payable by the Company. To mitigate its tax liability the Board is considering paying at least part of future dividends as interest distributions. If the Board decides to proceed with this course of action, further information will be included in the Annual Report for the Company's financial year ending 31 March 2025.

## Investment Trust Cost Disclosure

As shareholders may be aware, the investment trust industry, fronted by its governing body, the Association of Investment Companies ('AIC'), has been fighting to level the playing field with its open-ended counterparts in relation to cost disclosure rules.

Since 2021, European investment regulations which had been transcribed into UK regulation inadvertently led to a position which many argue has resulted in misleading information for investors when comparing investment trusts (closed-ended funds) against open-ended funds. In particular, the current regulations resulted in cost disclosure which gave the appearance of additional costs for investors investing in investment trusts.

It was announced recently that ahead of a broader reconsideration of cost disclosure requirements by regulators, the industry has been afforded some respite through a temporary suspension of the rules. We are yet to see whether this results in an increase in demand for investment trusts since there are other headwinds playing their part at present.

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# Chairman's Statement *(continued)*

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## Company Advisers

As reported in my annual statement, the Board conducted a review of its operational arrangements in late 2023 and, following the completion of that review, the Board appointed Frostrow Capital LLP and JP Morgan Securities with effect from 1 July 2024 to provide company secretarial and administration, and DCP services, respectively. I am pleased to report that the transition to these new service providers has been seamless and, together with new appointments at CG Asset Management in relation to its investor relations and marketing services, the Board is confident that the Company has the support in place to ensure its operations run smoothly and effectively.

I would like to place on record my thanks to the various advisers guiding us concerning these changes and to my fellow Directors who devoted a lot of extra time to the process to ensure a successful conclusion.

## Half-Year Report

In common with many other listed entities the Company is doing what it can to reduce its carbon footprint. As part of this strategy, and also to achieve cost savings for the benefit of shareholders, the Company will no longer be preparing printed copies of its Half-Year Report. This document will continue to be available on the Company's website at [www.capitalgearingtrust.com](http://www.capitalgearingtrust.com). The Company's annual report will continue to be available in print.

## Board Update

The Board plans for succession to ensure it retains an appropriate balance of skills, knowledge and diverse perspectives. To this end, we commenced two recruitment campaigns this year and, as a result, we were delighted to welcome Karl Sternberg and Theodora Zemek as non-executive directors with effect from 5 September and 1 November 2024 respectively. Karl and Theodora are very experienced in their respective fields and are excellent additions to the existing Board. Full details of their backgrounds and experience can be found in the Company announcements released to the London Stock Exchange on 12 August and 15 October 2024 respectively.

We bade farewell to Robin Archibald at the conclusion of the Company's AGM held in July, following a nine year period of unstinting commitment to his duties as a Director. We thank Robin for his valued contribution to the Company and wish him all the best for the

future. He was succeeded in the roles of Audit and Risk Chairman and Senior Independent Director by Ravi Anand and Wendy Colquhoun respectively.

As detailed in my annual statement, I will retire at the Company's AGM in July 2025 and my successor will be confirmed prior to the AGM next year. The result of these changes is to temporarily enlarge the Board to six members. However, following my retirement, the Board will revert to five members. We do not foresee any further changes to the Board in the immediate future. I can confirm that the Board's current composition is compliant with all applicable diversity targets for UK listed companies and it is the Board's intention that this will continue to be the case.

## Marketing, Promotion and Shareholder Interaction

Following enhancements to investor relations and marketing resource, as mentioned above, the Board is working with CG Asset Management to increase the Company's profile with investors and potential investors across the investment community via various media including video conferences, podcasts and in-person meetings, together with ongoing interaction with national and investment industry journalists. It is the Board's view that enhancing the Company's profile will benefit all shareholders, through a better understanding of the Company, and by creating sustained demand for its shares. If you would like to register for email alerts concerning the Company please scan the QR code on the inside front cover.

There will be an opportunity to hear from the Investment Managers on Monday 18 November 2024 at 11.00 a.m., when the team will present the Company's half-year results via the London Stock Exchange's Sparklive webcasting service. Questions can be submitted at any time before or during the live presentation. Investors and potential investors are invited to sign up for the event via the following link:

<https://sparklive.lseg.com/CapitalGearingTrust/events/8851ba81-6474-471c-b6d7-019ccc5498ef/capital-gearing-trust-interim-results-presentation>

## Outlook

The significant increase in buybacks, reflecting the operation of the DCP, has now reduced the Company's market capitalisation to under £1 billion. Your Board believes that the ability of shareholders to buy or sell shares at a price close to the prevailing NAV is a valuable

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# Chairman's Statement *(continued)*

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and distinguishing attribute of the Company that serves shareholders' best interests. The operation of the DCP insulates shareholders from the reduced secondary market liquidity often associated with smaller trusts and puts the Company in a strong position to grow again as shareholder sentiment improves.

The Board has recently completed a review of the Company's investment remit and concluded that it remains appropriate and that the Company represents a compelling investment vehicle for those seeking to preserve and, over time, grow real wealth over the medium term.

Our Investment Managers consider the preservation of wealth to be a central objective and view the medium-term outlook with caution. This comes not only from the many geopolitical concerns that surround us but the threat from persistent inflation impacting interest rates and economic growth both here and abroad. While this makes for a challenging time, our Investment Managers will, as always, be alert to market opportunities as and when they arise.

**Jean Matterson**  
*Chairman*

12 November 2024

# Investment Manager's Report

## Performance and Portfolio Positioning

The Company delivered a NAV total return of +2.4% and a share price total return of +3.1% during the first six months of its financial year. All parts of the portfolio contributed positively but most of the return came from the risk asset<sup>(1)</sup> and corporate credit holdings. Performance would have been stronger, had it not been for the appreciation of sterling, which gained in value by 7% against the dollar. After an extended period of political instability, the election of a Labour Government, with a sizable majority, helped sterling to be one of the strongest performing currencies globally. Whether this sterling strength will last as the new Government runs into political headwinds is an open question.

## Attribution Analysis

Return on portfolio	
Cash and Treasury Bills	0.20%
Credit	0.30%
Index-Linked Bonds	0.20%
Gold	0.10%
Alternatives	1.00%
Property	0.30%
Equities	0.30%
<b>Gross return</b>	<b>2.40%</b>
NAV accretion from share buybacks	0.40%
Management fee and costs	-0.30%
Corporation tax	-0.10%
<b>Net return</b>	<b>2.40%</b>

Risk asset weightings started the period at 28% and the allocation rose to 33% by the end due to a combination of additions and organic performance. Investment trusts are a key focus of the Company's allocation to risk assets, comprising approximately 25% of the overall portfolio. Investment trust discounts started the period at historically wide levels so the Company was actively adding to these positions, particularly in alternative investment trusts. New positions include SDCL Energy Efficiency Trust plc, which was purchased at discounts exceeding 30% and greater than a 10% dividend yield. We also continued to build up our holding in BH Macro Ltd on double digit discounts, such that it is now one of the largest single positions in the Company. This is still a relatively immature holding but it has performed well since acquisition and holds appeal as a genuine diversifier. In conventional investment trusts, Witan Investment Trust plc announced that it would merge with Alliance Trust plc. The announcement resulted in the discount narrowing from c.10% to c.3% at which point we

exited the position. We have invested in over 14 different situations over the period based on clear value criteria including discounted block trades, merger arbitrage opportunities and possible future returns of capital, with attractive upside from realisations close to net asset value.

Investment trust discounts appear to be bottoming out after two years of poor relative performance. Over the period the Investment Trust Index returned +3.9%, delivering better returns in sterling than the MSCI World Index (+3.1%) and the Company's risk assets exceeded the return of the Investment Trust Index, returning +5.0% over the period. We hope this is a trend that will continue into the medium term. The credit portfolios also performed well, indeed so well that credit spreads no longer seem sufficiently wide to justify the additional risk over holding Treasury Bills. As a result the credit portfolio was reduced from 12% to 9% of the portfolio through a combination of disposals and maturing bonds.

Perhaps the most significant change in the period was the reduction in our holdings of index-linked bonds, which fell from 44% of the portfolio to 34%. The main change was in our holdings of UK index-linked bonds, which started the period at 22% of the portfolio and ended at 12%. The proceeds of disposals of our 2028 and 2029 index-linked bonds were invested into a combination of US Inflation Linked bonds ('TIPS') and Treasury Bills. Included in the Treasury Bill purchases were Japanese Treasury Bills, denominated in yen and hedged back to sterling. These offered higher yields in sterling than domestic Treasury Bills, thanks to the large GBP/JPY cross-currency basis swap. The switch into TIPS was made on the basis that the sharp rise in the value of sterling offered an opportunity to purchase the dollar at improved value. The case for Treasury Bills is the yields of c.5%, which looks attractive relative to short UK index-linked.

## Outlook

It is widely known that every US recession since the second world war was preceded by an inverted Treasury yield curve. Less discussed is the most proximate warning signal of a recession, the point at which the yield curve normalises, known as a dis-inversion. The US yield curve has been inverted for two years and on 5 September 2024 the two-year Treasury yield fell below the ten-year Treasury yield, by this measure it dis-inverted. The reason the curve dis-inverted is because the bond market is implicitly assuming six further interest rate cuts over the next 18 months, which will only occur if the economy slows down significantly.



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# Investment Manager's Report *(continued)*

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Whilst a US recession in the next 12 months is not our central expectation it is notable how many US economic indicators are slowing, in some cases markedly. Key amongst these are falling consumer confidence, falling wage growth, rising unemployment and falling future capital expenditure intentions. It is clear that less affluent Americans are feeling stretched as evidenced by the very low savings rate. On balance we think the implied forecast of six interest rate cuts is too pessimistic but a slowdown seems all but assured.

The combination of an economic slowdown (recession or not) and very high US equity valuations could make for a testing time for investors in US equities. Much of the recent equity market performance has been driven by the “magnificent seven” hyperscale technology companies that are central to the development of Generative Artificial Intelligence (‘AI’). Goldman Sachs estimates that the capital expenditure to build AI infrastructure will cost \$1tn in the coming years and they are sceptical that there are general applications valuable enough to deliver a good return on this investment. News that the infamous mothballed nuclear plant at Three Mile Island was recently reopened on the back of a 20-year power purchase agreement with Microsoft is the most vivid example of the scale of infrastructure spend. This is a long way from the historically ‘capex-light’ business model of software development.

Much like the internet inspired dot-com boom (and bust) even if AI does prove to be revolutionary technology it seems likely we are at least a decade away from deploying it in a way that meaningfully impacts economy wide productivity. The early 2000s proved that a slowing economy combined with post-bubble asset write-downs could inflict very serious losses on investors even in the absence of a serious recession. The American economist Robert Shiller famously publicised the cyclically adjusted price earnings ratio (‘CAPE’) in his March 2000 book “Irrational Exuberance”. At that time CAPE hit its all-time high of 42x. Today the CAPE ratio sits at 37x, below that highest ever peak but at the 97th percentile high of its 150-year historic range. Against this backdrop of elevated equity market valuations, there is a growing number of geopolitical developments which have the potential to act as catalysts to a broader market repricing. Among these are implications from the result of the US election, the ongoing war between Russia and Ukraine, the spread of conflict in the Middle East, and increasing trade tensions with China.

It is this concerning prospect that means we retain a constrained weighting to equities even though the discount opportunities in investment trusts are at their most attractive level for a decade. Our risk asset weightings have increased from 28% at the start of the period to 33% at the end but that could well be at the high point in this cycle. We are taking profits in several positions that have performed well, and as such, dry powder<sup>(1)</sup> now sits at 31% of the portfolio. This will help to ensure that the portfolio could withstand the stern test that may be coming our way, and will provide optionality to redeploy these resources into yield-seeking assets as the risk environment moderates.

**Peter Spiller**      **Alastair Laing**      **Christopher Clothier**  
12 November 2024

<sup>(1)</sup> Please refer to page 21 for a glossary of terms and definitions.

# Portfolio Investments

The top ten<sup>(1)</sup> investments in each asset category are listed below. The full portfolio listing of the Company as at 30 September 2024 is published on the Company's website [www.capitalgearingtrust.com](http://www.capitalgearingtrust.com)

	30 September 2024 £'000	31 March 2024 £'000
<b>Index-Linked Government Bonds</b>		
Index-Linked Bonds – United States	199,434	175,243
Index-Linked Bonds – United Kingdom	121,695	238,005
Index-Linked Bonds – Sweden	11,557	32,182
Index-Linked Bonds – Japan	2,132	16,985
Index-Linked Bonds – Canada	2,537	5,036
	<b>337,355</b>	467,451
<b>Conventional Government Bonds</b>		
Conventional Government Bonds – Japan	136,099	34,837
Conventional Government Bonds – United Kingdom	66,053	110,063
Conventional Government Bonds – Sweden	–	5,553
	<b>202,152</b>	150,453
<b>Preference Shares/Corporate Debt</b>		
NB Private Equity Partners ZDP 2024	5,774	4,919
BP Capital Perpetual Bond	5,761	5,629
Network Rail 1.75% 2027	4,902	4,829
abr dn Asia Focus 2.25% 2025	4,878	4,431
RMS IL 2.8332% 2035	4,535	4,451
Akelius Residential Property 2.375% 2025	4,323	4,239
Dwr Cymru (Financing) 4.377% 2026	4,222	–
British Telecom 3.65% 2025	4,041	–
abr dn 5.25% 2071	4,033	3,835
Enquest 11.625% 2027	3,441	–
Other Preference Shares/Corporate Debt Investments	47,901	92,082
	<b>93,811</b>	124,415

<sup>(1)</sup> some asset categories comprise fewer than ten investments.

# Portfolio Investments *(continued)*

	30 September 2024 £'000	31 March 2024 £'000
<b>Funds/Equities</b>		
iShares MSCI Japan ESG Screened UCITS ETF	33,389	43,719
Vanguard FTSE 100 UCITS	25,045	24,311
North Atlantic Smaller Companies Investment Trust	17,490	15,981
Vanguard FTSE 250 UCITS	15,125	-
SPDR MSCI Europe Energy UCITS ETF	15,005	17,835
BH Macro	10,868	-
3i Infrastructure	9,969	7,586
International Public Partnerships	9,965	8,441
HICL Infrastructure	9,911	7,650
Polar Capital Global Financials Trust	7,819	-
Other Fund/Equity Investments	174,047	174,932
	<b>328,633</b>	<b>300,455</b>
<b>Gold</b>		
Wisdomtree Physical Swiss Gold	10,449	11,018
	<b>10,499</b>	<b>11,018</b>
<b>Total Investments</b>	<b>972,400</b>	<b>1,053,792</b>
<b>Cash</b>	<b>20,997</b>	<b>11,643</b>
<b>Total</b>	<b>993,397</b>	<b>1,065,435</b>

<sup>(1)</sup> some asset categories comprise fewer than ten investments.

	30 September 2024	31 March 2024
<b>Asset Allocation Analysis</b>		
Index-Linked Government Bonds	34%	44%
Funds/Equities	33%	28%
Cash	3%	1%
Conventional Government Bonds	20%	14%
Preference Shares/Corporate Debt	9%	12%
Gold	1%	1%
	<b>100%</b>	<b>100%</b>
<b>Currency Allocation Analysis</b>		
Sterling	52%	65%
US Dollar	28%	22%
Japanese Yen <sup>(1)</sup>	14%	5%
Euro	2%	2%
Swedish Krona	2%	4%
Other	2%	2%
	<b>100%</b>	<b>100%</b>

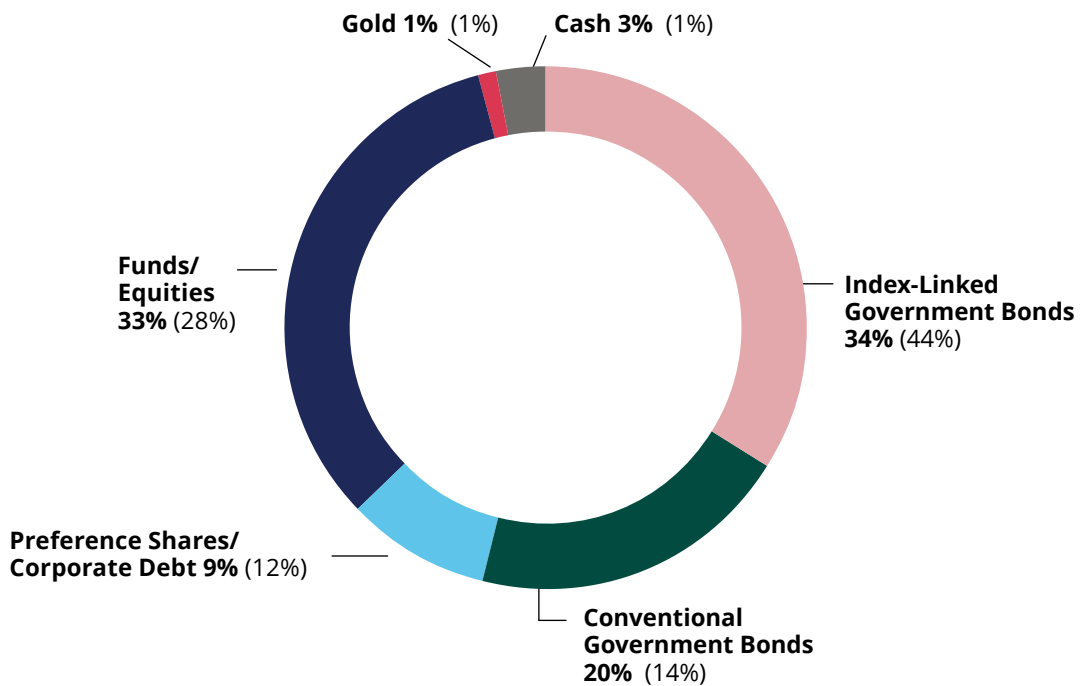
<sup>(1)</sup> Currency exposure is before the effect of currency hedging.

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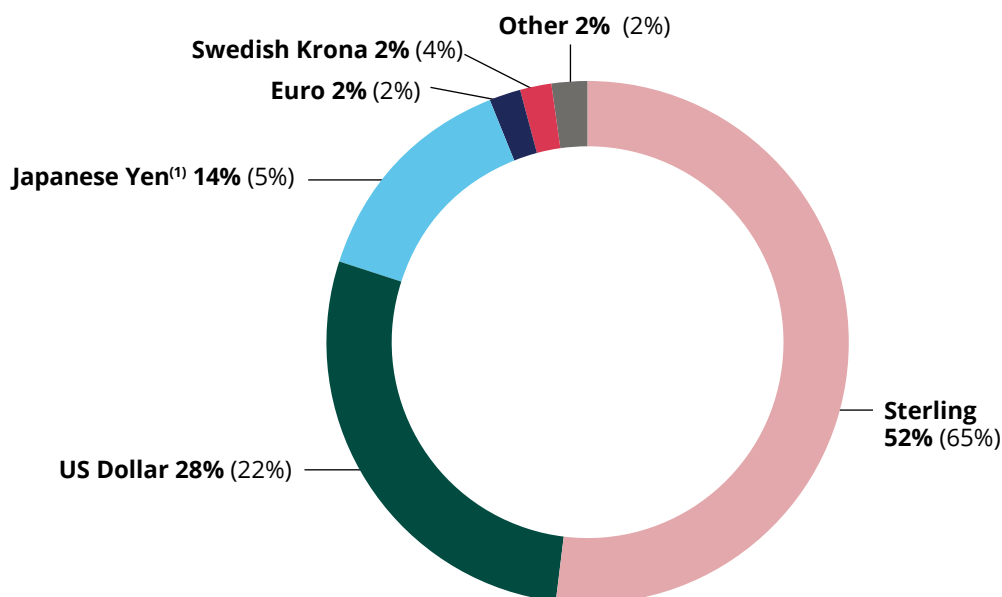
# Portfolio Analysis

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## Asset Allocation 30 September 2024 (31 March 2024)



## Currency Exposure 30 September 2024 (31 March 2024)



<sup>(1)</sup> Currency exposure is before the effect of currency hedging.

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# Interim Management Report

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

## Principal Risks and Uncertainties

The principal risks faced by the Company fall into the following broad categories: investment strategy and performance; share price premium/discount level; operational risk, regulatory and governance risk, and financial and economic risk. Information on each of these areas is given in the Strategic Review within the Annual Report for the year ended 31 March 2024. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

The Directors continue to work with the agents and advisers to the Company to manage the risks, including any emerging risks, as best they can.

## Related Party Transactions

Details of related party transactions are contained in the Annual Report issued in May 2024. There have been no material changes to be reported.

## Going Concern

The Company's investment objective and business activities, together with the main trends and factors likely to affect its development and performance are monitored continuously by the Board. The Directors believe that the Company is reasonably well placed to manage its business risks and, having reassessed the principal risks, consider it appropriate to continue to adopt the going concern basis of accounting in preparing the interim financial information.

## Statement of Directors' Responsibilities

Each Director confirms that, to the best of their knowledge:

- (i) the condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting); and
- (ii) the Half-Year Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and 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 includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period and any changes in the related party transactions described in the last annual report that could do so; and
- (iii) the Half-Year Report, taken as a whole, is fair balanced and understandable and provides information necessary for shareholders to access the Company's performance, position and strategy.

This Half-Year Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

For and on behalf of the Board

**Jean Matterson**  
*Chairman*

12 November 2024

# Condensed Income Statement

	(unaudited) Six months ended 30 September 2024			(unaudited) Six months ended 30 September 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments held at fair value	-	15,334	15,334	-	(27,390)	(27,390)
Net currency gains/(losses)	-	32	32	-	(82)	(82)
Investment income (note 2)	10,708	-	10,708	13,627	-	13,627
Other income	205	-	205	160	-	160
<b>Gross return</b>	<b>10,913</b>	<b>15,366</b>	<b>26,279</b>	13,787	(27,472)	(13,685)
Investment management fee	(2,015)	-	(2,015)	(2,188)	-	(2,188)
Other expenses	(774)	-	(774)	(538)	-	(538)
<b>Net return before tax</b>	<b>8,124</b>	<b>15,366</b>	<b>23,490</b>	11,061	(27,472)	(16,411)
Tax charge	(530)	-	(530)	(1,818)	-	(1,818)
<b>Net return attributable to equity shareholders</b>	<b>7,594</b>	<b>15,366</b>	<b>22,960</b>	9,243	(27,472)	(18,229)
<b>Net return per share (note 3)</b>	<b>36.16p</b>	<b>73.15p</b>	<b>109.31p</b>	36.47p	(108.40)p	(71.93)p

The total column of this statement represents the Income Statement of the Company. The Revenue return and Capital return columns are supplementary to this and are prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP").

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

There are no gains or losses other than those recognised in the Income Statement.

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

# Condensed Statement of Changes in Equity

For the six months ended 30 September 2024 (unaudited)	Called-up Share capital £'000	Capital redemption reserve £'000	Special reserve* £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
<b>Opening balance at 1 April 2024</b>	6,645	16	1,037,403	(9,215)	7,670	17,654	1,060,173
Net return for the period	-	-	-	10,960	4,406	7,594	22,960
Repurchase of shares into treasury (note 6)	-	-	(89,840)	-	-	-	(89,840)
Dividends paid (note 4)	-	-	-	-	-	(16,598)	(16,598)
<b>Closing balance at 30 September 2024</b>	6,645	16	947,563	1,745	12,076	8,650	976,695

For the six months ended 30 September 2023 (unaudited)	Called-up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
Opening balance at 1 April 2023	6,645	1,101,753	16	(7,973)	140,426	18,852	1,259,719
Net return for the period	-	-	-	(24,365)	(3,107)	9,243	(18,229)
Repurchase of shares into treasury (note 6)	-	-	-	-	(102,065)	-	(102,065)
Dividends paid (note 4)	-	-	-	-	-	(15,577)	(15,577)
Closing balance at 30 September 2023	6,645	1,101,753	16	(32,338)	35,254	12,518	1,123,848

\* These reserves are available for distribution except for the gains and losses relating to Level 3 investments.

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

# Condensed Statement of Financial Position

	(unaudited) 30 September 2024 £'000	(audited) 31 March 2024 £'000
<b>Fixed assets</b>		
Investments held at fair value through profit or loss (note 7)	972,400	1,053,792
<b>Current assets</b>		
Debtors	3,595	4,500
Cash	20,997	11,643
	24,592	16,143
<b>Creditors: amounts falling due within one year</b>	(20,297)	(9,762)
<b>Net current assets</b>	4,295	6,381
<b>Net assets</b>	976,695	1,060,173
<b>Capital and reserves</b>		
Called-up share capital	6,645	6,645
Capital redemption reserve	16	16
Special reserve	947,563	1,037,403
Capital reserve	13,821	(1,545)
Revenue reserve	8,650	17,654
<b>Total equity shareholders' funds</b>	976,695	1,060,173
<b>Net asset value per Ordinary share</b>	4,847.7p	4,810.5p

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

The Half-Year Financial Report for the six months ended 30 September 2024 was approved by the Board of Directors on 12 November 2024 and signed on its behalf by:

**Jean Matterson**  
Chairman

12 November 2024



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# Condensed Cash Flow Statement

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	(unaudited) Six months ended 30 September 2024 £'000	(unaudited) Six months ended 30 September 2023 £'000
<b>Net cash inflow from operating activities (note 5)</b>	<b>7,123</b>	5,821
Purchases of investments	(648,871)	(339,122)
Sales of investments	759,982	440,413
<b>Net cash inflow from investing activities</b>	<b>111,111</b>	101,291
Equity dividends paid	(16,598)	(15,577)
Repurchase of shares into treasury	(92,002)	(100,185)
Cost of share buybacks paid	(280)	(110)
<b>Net cash outflow from financing activities</b>	<b>(108,880)</b>	(115,872)
<b>Increase/(decrease) in cash</b>	<b>9,354</b>	(8,760)
Cash at start of period	11,643	13,766
<b>Cash at end of period</b>	<b>20,997</b>	5,006

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

# Notes to the Financial Statements

## 1. Basis of preparation

The condensed Financial Statements for the six months to 30 September 2024 comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and the Cash Flow Statement, together with the notes set out below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting', the AIC's Statement of Recommended Practice issued in 2022 ('SORP'), UK Generally Accepted Accounting Principles ('UK GAAP') and using the same accounting policies as set out in the Company's Annual Report and Accounts at 31 March 2024.

## 2. Investment income

	(unaudited) Six months ended 30 September 2024 £'000	(unaudited) Six months ended 30 September 2023 £'000
<b>Income from investments</b>		
Interest from UK bonds	3,754	5,116
Income from UK equity and non-equity investments	3,415	4,740
Interest from overseas bonds	1,033	3,474
Income from overseas equity and non-equity investments	2,506	297
Total income	10,708	13,627

## 3. Net return per share

The calculation of return per share is based on results after tax divided by the weighted average number of shares in issue during the period, excluding shares held in treasury, of 20,147,589 (31 March 2024: 24,313,730).

The revenue, capital and total returns per share are shown in the Income Statement.

## 4. Dividends paid

	(unaudited) Six months ended 30 September 2024 £'000	(unaudited) Six months ended 30 September 2023 £'000
2023 Dividend paid 10 July 2023 (60.0p per share)	-	15,577
2024 Dividend paid 5 July 2024 (78.0p per share)	16,598	-

# Notes to the Financial Statements *(continued)*

## 5. Reconciliation of net return before tax to net cash inflow from operating activities

	(unaudited) Six months ended 30 September 2024 £'000	(unaudited) Six months ended 30 September 2023 £'000
Net return before tax	23,490	(16,411)
Adjustments for:		
(Gains)/losses on investment held at fair value	(15,334)	27,472
Decrease in prepayments	28	16
(Decrease)/increase in accrued income	(750)	16
Overseas withholding tax reclaimed/(paid)	32	(29)
Decrease in recoverable tax	-	3
UK Corporation tax paid	(884)	(1,006)
Increase in dividends receivable	(183)	(326)
Decrease/(increase) in accrued interest	692	(3,832)
Realised gains/(losses) on foreign currencies	32	(82)
Net cash inflow from operating activities	7,123	5,821

## 6. Ordinary shares

During the period, the Company repurchased 1,891,138 shares for a cash consideration of £89,840,000 (six months to 30 September 2023: repurchased 2,218,929 shares for a cash consideration of £102,065,000). The Company issued no new shares during the period or during the six months to 30 September 2023.

At 30 September 2024, there were 26,580,263 shares in issue (31 March 2024: 26,580,263) and 6,432,674 shares were held in treasury (31 March 2024: 4,541,536).

# Notes to the Financial Statements *(continued)*

## 7. Fair value of financial assets and liabilities

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

Level 1: valued using unadjusted quoted prices in active markets for identical assets;

Level 2: valued using observable inputs other than quoted prices included within Level 1; and

Level 3: valued using inputs that are unobservable and are valued by the Directors using International Private Equity and Venture Capital Valuation ('IPEV') guidelines, such as earnings multiples, recent transactions and net assets, which equate to their fair values.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy as follows:

				(unaudited) As at 30 September 2024
Financial assets held at fair value through profit or loss	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Quoted securities	970,023	-	-	970,023
Unquoted equities	-	-	2,377	2,377
Total fair value of financial assets	970,023	-	2,377	972,400

				(audited) As at 31 March 2024
Financial assets held at fair value through profit or loss	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Quoted securities	1,051,371	-	-	1,051,371
Unquoted equities	-	-	2,421	2,421
Total fair value of financial assets	1,051,371	-	2,421	1,053,792

## 8. General information

The financial information contained in this Half-Year Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-years ended 30 September 2024 and 30 September 2023 has not been audited. The financial information for the year ended 31 March 2024 has been extracted from the Company's statutory accounts for that period, which have been filed with the Registrar of Companies. The report of the Auditors on those accounts was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

# Alternative Performance Measures

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

**NAV Total Return (APM)** Net asset value total return measures the increase or decrease in net asset value per share plus the dividends paid in the year, which are assumed to be reinvested at the NAV at the time that the shares are quoted ex-dividend.

		(unaudited) Six months ended 30 September 2024	(unaudited) Six months ended 30 September 2023
Opening NAV per share	A	4,810.5p	4,797.3p
Closing NAV per share	B	4,847.7p	4,674.9p
% change in NAV	$C=(B-A)/A$	0.8%	(2.6)%
Impact of dividend reinvested	D	1.6%	1.3%
NAV total return	$E=C+D$	2.4%	(1.3)%

**Share Price Total Return (APM)** Share price total return measures the increase or decrease in share price plus the dividends paid in the year, which are assumed to be reinvested at the share price at the time that the shares are quoted ex-dividend.

		(unaudited) Six months ended 30 September 2024	(unaudited) Six months ended 30 September 2023
Opening share price	A	4,695.0p	4,730.0p
Closing share price	B	4,760.0p	4,585.0p
% change in share price	$C=(B-A)/A$	1.4%	(3.1)%
Impact of dividend reinvested	D	1.7%	1.3%
Share price total return	$E=C+D$	3.1%	(1.8)%

**Share Price Premium/Discount to NAV per Share (APM)** The amount by which the share price is higher/lower than the net asset value per share, expressed as a percentage of the net asset value per share.

		(unaudited) As at 30 September 2024	(audited) As at 31 March 2024
NAV per share	A	4,847.7p	4,810.5p
Share price	B	4,760.0p	4,695.0p
Share price discount to NAV per share	$C=(B-A)/A$	1.8%	2.4%

# Alternative Performance Measures

*(continued)*

## Annualised Ongoing Charges Ratio (APM)

Ongoing charges ratio is calculated by taking the Company's annualised operating expenses and expressing them as a percentage of the average daily net asset value of the Company over the year. The costs of buying and selling investments are excluded, as are interest costs, taxation, costs of buying back or issuing shares and other non-recurring costs. These items are excluded because if included, they could distort the understanding of the Company's performance for the year and the comparability between periods. Performance fees are also excluded from the ongoing charges ratio calculation.

	<b>(unaudited)</b> <b>Six months</b> <b>ended</b> <b>30 September</b> <b>2024</b> <b>£'000</b>	<b>(audited)</b> <b>Year ended</b> <b>31 March</b> <b>2024</b> <b>£'000</b>
Total expenses per the Income Statement	<b>2,789</b>	5,387
Total expenses – annualised	<b>5,578</b>	5,387
Average net assets during the period	<b>1,006,749</b>	1,146,003
Ongoing charges ratio	<b>0.55%</b>	0.47%

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# Glossary of Terms and Definitions

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<b>Alternative Performance Measures</b>	Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes UK GAAP, including FRS 102, and the AIC SORP. Further information is provided above. These numerical measures are used by the Board to assess the Company's performance against a range of criteria and are viewed as particularly relevant for an investment company.
<b>Discount/Premium Control Policy</b>	A discount and premium control policy ('DCP') that seeks to ensure that the Company's shares trade at close to net asset value, in normal market conditions, through a combination of share buy-backs and share issues. The DCP creates liquidity in the shares and should reduce premium/discount volatility.
<b>Drawdown</b>	A maximum drawdown is the maximum observed negative period of return from a peak to a trough, as measured at month end NAV. Maximum drawdown is an indicator of downside risk that can be used to assess the relative riskiness of one portfolio relative to another.
<b>Dry Powder</b>	Highly liquid assets such as cash, Treasury Bills and short-term credit holdings that are readily available for investment opportunities.
<b>Earnings per share</b>	The earnings per share ('EPS') is calculated by dividing the net revenue return attributable to equity shareholders by the weighted average number of shares in issue.
<b>Equity ETF</b>	An exchange-traded fund ('ETF') is a type of pooled investment security that operates similarly to a mutual fund. Typically, ETFs will track a particular index, sector, commodity, or other asset, but unlike mutual funds, ETFs can be purchased or sold on a stock exchange in the same way as a regular listed stock. The price of an ETF's shares will change throughout the trading day reflecting the underlying value of the security.
<b>Market Capitalisation</b>	The value of the total market value of a company's shares. It is calculated by multiplying the total number of shares in issue by the current share price.
<b>Net Asset Value ('NAV')</b>	The value of total assets less liabilities. To calculate the net asset value per share the net asset value is divided by the number of shares in issue.
<b>Risk Assets</b>	Risk assets are any assets that carry an element of risk above high quality credit. The term generally refers to any financial security or instrument, such as equities (including investment trusts), commodities, high-yield bonds, and other financial products that are likely to fluctuate in price.
<b>Treasury shares</b>	Shares that have been repurchased by the Company but not cancelled. These shares are held in a treasury account and remain part of the Company's share capital but do not carry any rights to receive dividends or vote at general meetings.

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# Shareholder Information

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<b>Financial Reporting</b>	Copies of the Company's Annual and Half-Year Reports may be obtained from the Company Secretary and electronic copies can be accessed on the Company's website <a href="http://www.capitalgearingtrust.com">www.capitalgearingtrust.com</a> . See the inside back cover for contact details.
<b>Frequency of NAV Publication</b>	Daily
<b>How to Invest</b>	Via your bank, stockbroker or other financial adviser.
<b>Share Price</b>	The Company's share price can be found on the London Stock Exchange website by using the Company's TIDM code 'CGT' within the price search facility. The share price is also available on the Company's website.
<b>Share Identification Codes</b>	SEDOL: 0173861 ISIN: GB0001738615 BLOOMBERG: CGT:LN TIDM: CGT FT: CGT:LSE LEI: 213800T2PJTPVF1UGW53
<b>Substantial Shareholdings</b>	<p>The Disclosure Guidance and Transparency Rules require shareholders of the Company to simultaneously inform the Company and the Financial Conduct Authority (the 'FCA') of changes to major holdings in the Company's shares within two trading days of the change.</p> <p>For further information, please visit the FCA's website: <a href="https://www.fca.org.uk/markets/primary-markets/regulatory-disclosures/shareholding-notification-disclosure">https://www.fca.org.uk/markets/primary-markets/regulatory-disclosures/shareholding-notification-disclosure</a>.</p>
<b>Contacting the Board</b>	Any shareholders wishing to communicate directly with the Board should do so via the Company Secretary. See the inside back cover for contact details. The Chairman can also be contacted directly by email to <a href="mailto:chairman@capitalgearingtrust.com">chairman@capitalgearingtrust.com</a> .



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# Corporate Information

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## Directors *(all non-executive)*

Jean Matterson, Chairman  
Ravi Anand  
Wendy Colquhoun  
Karl Sternberg  
Paul Yates  
Theodora Zemek

## Company Secretary and Administrator

Frostrow Capital LLP  
25 Southampton Buildings  
London  
WC2A 1AL  
E-mail: [company.secretary@capitalgearingtrust.com](mailto:company.secretary@capitalgearingtrust.com)  
Telephone: 0203 709 8734

## Registered Office

Carson McDowell LLP  
Murray House  
Murray Street  
Belfast BT1 6DN

## Registered Number

NI005574

## Company Website

[www.capitalgearingtrust.com](http://www.capitalgearingtrust.com)

## AIC

Association of Investment Companies  
[www.theaic.co.uk](http://www.theaic.co.uk)

## Investment Manager and AIFM

CG Asset Management Limited  
20 King Street  
London EC2V 8EG  
E-mail: [info@capitalgearingtrust.com](mailto:info@capitalgearingtrust.com)

## Registrar

Computershare Investor Services plc  
The Pavilions  
Bridgewater Road  
Bristol BS99 6ZZ  
Telephone: 0370 873 5864

## Depository, Custodian and Banker

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

## Corporate Stockbroker

JP Morgan Cazenove  
25 Bank Street  
Canary Wharf  
London E14 5JP

## Independent Auditors

BDO LLP  
City Point  
65 Haymarket Terrace  
Edinburgh EH12 5HD



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