Capital Gearing Trust P.l.c.

Annual Report and Financial Statements

For the year ended 31 March 2026

Contents

Information disclaimer

This report has been produced for shareholders of the Company to provide them with information relating to the Company and its financial results for the year under review. This report contains subjective opinion, analysis and forward-looking statements which, by their very nature, involve uncertainty. Past performance is no guarantee of future performance. Investment returns are not guaranteed and you may not get back the amount you originally invested. The Board and its advisers, have endeavoured to produce these audited accounts in good faith and in accordance with legislation, regulations, reporting standards and to be useful to all stakeholders in the Company.

Key Features

The Company

Capital Gearing Trust P.l.c. (the 'Company' or 'CGT') is an HMRC approved 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

The share capital comprises Ordinary shares of 25 pence each. As at 31 March 2026, 26,580,263 shares were in issue, of which 10,882,030 shares were held in treasury.

AGM

The Annual General Meeting ('AGM') of the Company will be held at the Chartered Accountants' Hall, One Moorgate Place, London EC2R 6EA on Wednesday, 8 July 2026 at 11.00 a.m. Further details on the arrangements for the AGM are provided on page 7.

Website

www.capitalgearingtrust.com

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.

Dividends

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

Management

Investment management is carried out by CG Asset Management Limited ('CGAM' or the 'Investment Manager') for an annual fee of 0.60% 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.

Keeping up to date

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

Financial Calendar

31 March	June	July	November
Financial year-end	Annual results for the year ended 31 March 2026	Annual General Meeting	Half-year results for the six months ending 30 September 2026
	Annual Report published	Dividend payment date	Half-Year Report published

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

Key Features *(continued)*

Why Capital Gearing Trust?

Why Capital Gearing Trust?

Capital Gearing Trust is built to preserve and grow investors' real wealth across market environments, delivering long-term returns ahead of inflation with a focus on limiting losses, through active management of three core components:

(i) Specialist risk assets (comprising of investment trusts, ETFs, & property)

(ii) Inflation-linked bonds

(iii) Managed liquidity reserve (cash and short-dated bonds)

This approach allows the Company to be held as a complete portfolio for an investor or alongside other investments.

The Company also operates a discount control policy, to ensure in normal market conditions, that the shares trade consistently close to their underlying NAV per share.

Why CG Asset Management?

CG Asset Management is a specialist investment boutique focused on capital preservation and real returns. The investment team combines deep asset-class expertise with more than 40 years' experience investing in investment trusts, alongside a long-standing specialism in inflation-linked bonds and the active management of inflation and duration.

A disciplined approach underpins the process, with active risk management and flexible asset allocation, allowing the team to respond to changing macroeconomic conditions.

Strong alignment is central, with managers and their families invested alongside shareholders. The team also engages actively with investment trust company boards to protect shareholder value.

Why now?

Markets today face elevated valuations, persistent inflation pressures and rising uncertainty around growth and interest rates. In this environment, resilience matters.

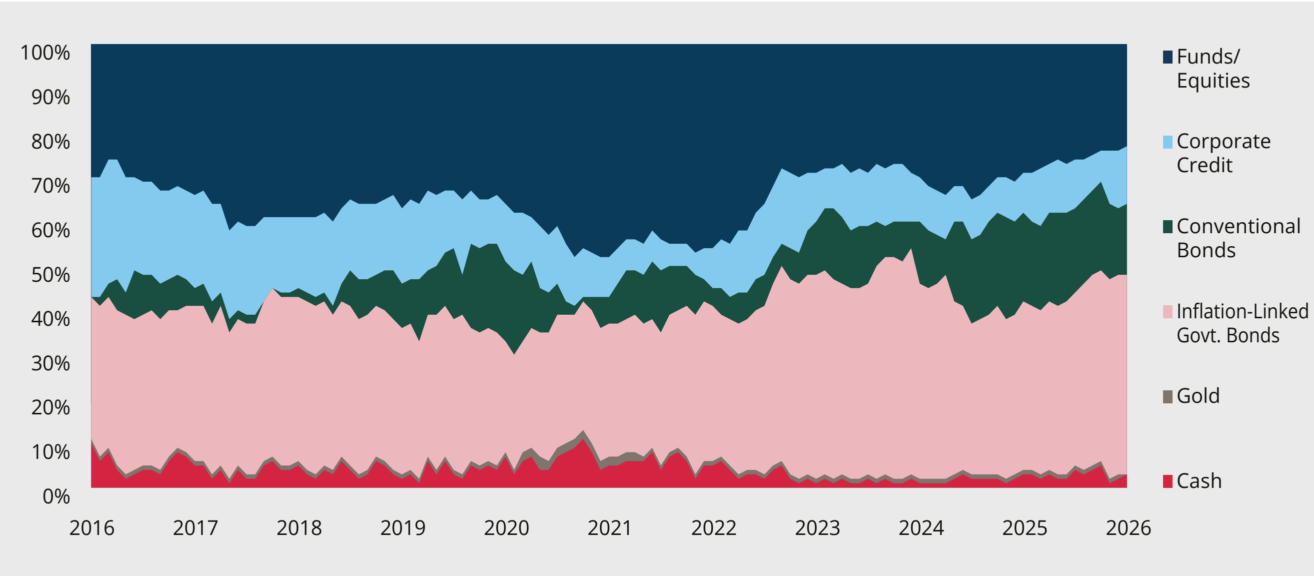
Capital Gearing Trust has a long track record of navigating inflationary periods and market stress with low volatility and limited losses.

By maintaining liquidity and flexibility, the Company is well positioned to protect capital today while remaining ready to seize opportunities as conditions evolve.

This combination of resilience and optionality is particularly valuable in today's uncertain environment.

Active Asset Allocation

The Manager actively allocates to each portfolio component to meet its objectives

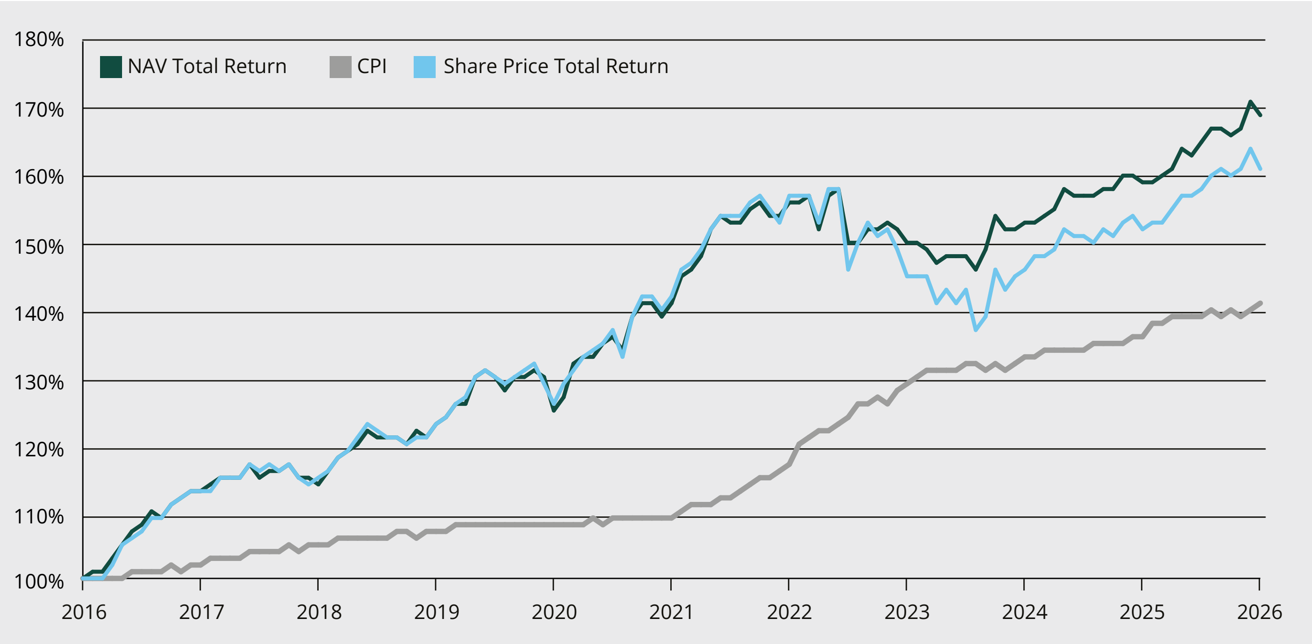


Key Features *(continued)*

Outperforming Inflation and Downside Protection

Total return performance over ten years to 31 March 2026

CGT has outperformed CPI by 1.9% (annualised) over ten years and 2.5% (annualised) over 20 years. Since 1982[1] CGT's NAV total return has exceeded inflation in 37 of the last 44 financial years.

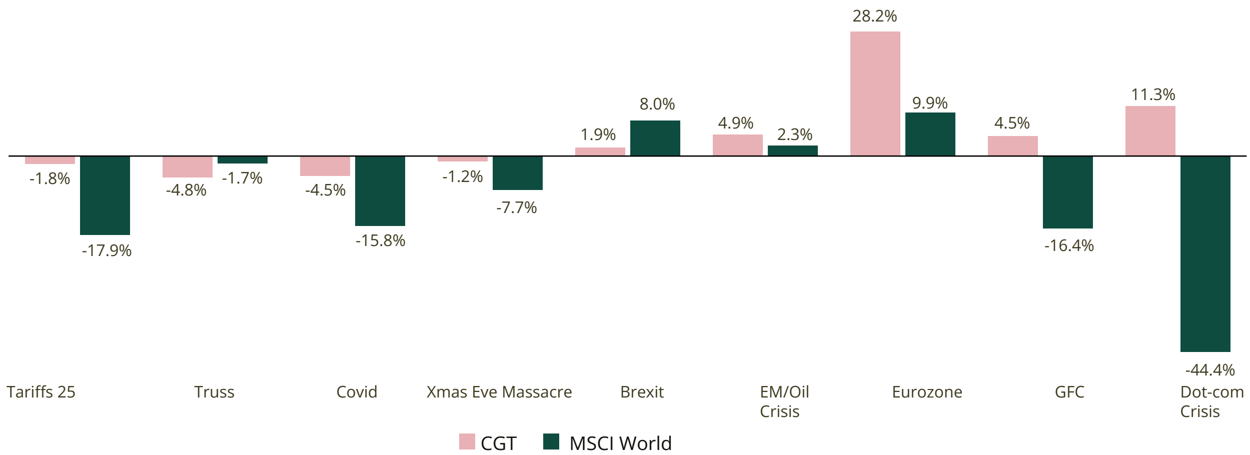


The Company does not have a formal benchmark but uses the Consumer Price Index ('CPI') as a relative measure over the medium to longer term.

Source: CG Asset Management Limited, data rebased to 100 in 2016.

CGT NAV Performance through major market events[2]

CGT has a strong track record of preserving wealth through periods of market stress.



(1) Peter Spiller, part of the current management team, has managed CGT since 1982.

(2) Tariffs 25 (18/02/25-08/04/25), Truss (31/08/22-31/10/22), Covid (31/01/20-31/03/20), Xmas Eve Massacre (30/11/18-30/12/18), Brexit (31/05/16-30/06/16), EM/Oil Crisis (30/06/15-31/03/16), Eurozone (31/12/09-31/07/12), GFC (30/06/08-31/03/09), Dot-com Crisis (31/01/01-31/03/03).

Financial Highlights

Highlights

	31 March 2026	31 March 2025
Share price	**4,985.0p**	4,785.0p
NAV per Ordinary share	**5,104.5p**	4,924.8p
Dividends per share	**66p**	102p
Share price discount to NAV per share(1)	**2.3%**	2.8%
Shareholders' funds	**£801.3m**	£885.0m
Market capitalisation	**£782.6m**	£859.9m
Ongoing charges ratio(1)	**0.59%**	0.56%

Total return performance to 31 March 2026

	One year	Three years	Five years	Ten years
Share price total return(1)	**6.4%**	**11.1%**	**14.1%**	**61.5%**
NAV total return(1)	**5.8%**	**12.1%**	**19.4%**	**68.6%**
Consumer Price Index(2)	**3.3%**	**9.4%**	**28.9%**	**40.7%**

(1) Please refer to page 89 for a glossary of terms and definitions and to pages 79 and 80 for a reconciliation of the Alternative Performance Measures to the year-end results.

(2) 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.

Chairman's Statement

I am pleased to present the Annual Report of Capital Gearing Trust P.l.c. (the 'Company' or 'CGT') for the year ended 31 March 2026. This is my first as your Chairman.

Performance is the most important information in every chairman's statement. Over the year ended 31 March 2026, the Company's net asset value ('NAV') total return was +5.8%. This compares with inflation of +3.3% over the same year, as measured by the Consumer Price Index ('CPI'). The share price total return over the year was +6.4%.

The Company's objective is to preserve and, over time, to grow shareholder's real wealth. It does this by having two combined aims. The first is to protect investors' wealth by cushioning the effect of falling asset prices. The second aim is to beat inflation over the medium term by at least 2%, compounded over time. During the most recent reporting period, CGT's NAV return outperformed inflation by 2.5%.

There is further analysis of historical returns for the Company on pages 87 and 88.

Working with the Investment Manager, the Board has given significant attention to what returns shareholders might reasonably expect in future, particularly in the light of current market conditions. We began with three specific observations. Firstly, when interest rates were first tightened in 2022, equity markets fell substantially, and the Company's NAV cushioned the decline by less than it had in the past. Secondly, when Peter Spiller began to manage the Company's assets in 1982, UK inflation-linked bond yields were more than 4% real, whereas during the height of quantitative easing in 2008-2009, the real yield was negative if bonds were held to maturity. Peter's tenure commenced from a radically less favourable environment than the investment team faces today. Thirdly, the long-duration conventional bond has, in the past, provided a source of positive returns even as other asset prices fell; to such an extent that the Company was able to report a positive year even when equity markets had fallen by 50%. Now long-duration government bonds have become positively correlated with equity markets.

The conclusion of our deliberations is that we cannot simply point to the returns delivered since inception and suggest that those returns can be a guide to future returns. We have moved from a disinflationary world with falling interest rates to an inflationary environment with higher interest rates.

Nevertheless, the Board believes that the Company's dual targets stated above are achievable, and attractive for shareholders. To deliver at least 2% real p.a., with lower volatility than investment in a global equity tracker fund should be an important anchor in all portfolios. Other asset classes may ultimately perform better, but they will have much scarier interludes. Having CGT in a portfolio makes it easier to weather those rougher seas without panicking. Moreover, if markets finally start to price in greater inflation and inflation volatility, CGT should perform much better than the 30% or 40% in conventional bonds that investors are often herded into owning as they approach retirement.

Discount/Premium Control Policy ('DCP')

Our DCP, which aims to ensure that, in normal market conditions, the Company's ordinary shares trade at close to underlying asset value, requires us to buy or sell shares in the Company to maintain a narrow share price discount or premium. Over the year ended 31 March 2026 the Company has repurchased 2,272,529 shares (2025: 4,067,965 shares) for a total cost of £111.2 million (2025: £194.5 million). No shares were issued. As a result of this policy, over the year the discount averaged 2.0%.

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. Whilst it is pleasing to note that the rate of buybacks is slowing, the repurchase of the Company's shares this year has continued to shrink the assets of the Company. However, the Board notes that due to the vast majority of the Company's expenses being charged on an ad valorem basis, that is they rise and fall commensurably with the Company's assets, there is only a marginal increase (from 0.56% in the prior year to 0.59% in the current year) in the Company's ongoing charges ratio. We believe that the DCP remains in the best interests of the Company and its shareholders.

Reflecting both the quantum of buybacks completed by the Company and the Board's commitment to the DCP, the Company held a General Meeting in April 2026 to renew shareholder authority to buy back shares to ensure that the Company would not be left in a position where it had run out of buy-back authority. The renewal was approved by shareholders and a further 51,386 Ordinary shares for a total cost of £2.6 million have been repurchased in the Company's new financial year to date.

Chairman's Statement *(continued)*

Since the renewed authority will automatically expire at the conclusion of the Company's forthcoming Annual General Meeting, in line with usual practice, the Company will ask shareholders to approve a further renewal of the authority to repurchase up to 14.99% of its capital at a discount to estimated NAV at the forthcoming Annual General Meeting.

Income and Distributions

The amount the Company receives in dividends and interest is the outcome of the application of its investment policy rather than a target. The amounts distributed to shareholders are largely determined by the net revenue received by the Company in any year and are designed to satisfy the Company's annual income distribution test to ensure that it maintains its investment trust status.

In respect of the Company's year ended 31 March 2025, the Company took advantage of the UK interest streaming rules, which allow approved investment trusts which have income from interest-bearing assets to treat all or part of a distribution as an interest distribution, rather than a conventional dividend. By doing this, the Company received a corresponding deduction in its corporation tax liability.

The receipt of income has fallen since last year, nevertheless the Company is again designating a proportion of the total distribution as an interest distribution. Accordingly, the Board has recommended a final dividend of 66p per share which will be paid, subject to shareholder approval, on 15 July 2026 to shareholders on the register on 12 June 2026. The ex-dividend date will be 11 June 2026. For the purpose of personal taxation calculations, the Board has designated the payment as follows:

Interest distribution per Ordinary share: 43p

Dividend distribution per Ordinary share: 23p

Total distribution per Ordinary share: 66p

The total distribution represents a decrease of 35% from the 102p paid to shareholders in respect of the Company's financial year ended 31 March 2025.

Share Split

As a consequence of the Company's exceptional performance since launch, the share price has risen sharply and stood at 4,985.0p (or £49.85) as at 31 March 2026. Whilst this is an excellent badge of honour for existing long-term shareholders, the Board believes that the high share price may be unhelpful for those investing smaller amounts, monthly savers, and dividend re-investment programmes. Therefore, it is proposing to sub-divide the shares on a ten for one basis. This is known as a 'share split'. Following the share split, each shareholder will hold ten new ordinary shares for each ordinary share held immediately prior to the share split.

We hope that sub-dividing the Company's ordinary shares will make buying the shares more attractive to new investors and increase market liquidity. I would like to reassure existing shareholders that the splitting of the shares will not affect the overall value of their holdings in the Company as the reduction in the price per share will be offset by a commensurate increase in the number of shares they hold. By way of example, taking the price as at 31 March 2026 of 4,985.0p per share, following the sub-division each holder of one existing ordinary share would receive ten new ordinary shares, each of which would have an equivalent theoretical price of 498.50p per share or £4.985 per share immediately after the share split. Shareholders will have the opportunity to vote on this proposal at the forthcoming Annual General Meeting and more details are set out on pages 81 and 82.

If resolution 11 is approved at the Annual General Meeting it is expected that dealings in the Existing Ordinary Shares will cease as at close of business on 22 July 2026 and admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange, and dealings in the New Ordinary Shares, will commence 23 July 2026.

Company's Marketing, Promotion and Shareholder Interaction

The Board is continuing to work with CGAM to increase the Company's profile via various media including video conferences, podcasts and in-person meetings, together with ongoing interaction with national and investment industry journalists. The Board's view is that enhancing the Company's profile will benefit all shareholders if a better understanding of the Company and its objectives can be translated into sustained demand for its shares.

Chairman's Statement *(continued)*

During the year, the Company launched a redesigned website to provide a clearer, more informative, and accessible online experience for shareholders. The site provides the history and background of the Company, insights, regulatory documents, performance data, shareholder communications, and investor tools. The new site can be found here: https://capitalgearingtrust.com

The next opportunity to hear from the Investment Managers is on Thursday, 4 June 2026 at 2.30 p.m., when the investment team will present the Company's year-end results via Investor Meet Company's webcasting service. Questions can be submitted at any time during the live presentation. Investors and potential investors can sign up to Investor Meet Company for free and add "to meet CG Asset Management" via: https://www.investormeetcompany.com/cg-asset-management/register-investor Investors who already follow CG Asset Management on the Investor Meet Company platform will automatically be invited. To ensure you get early notification of future presentations and events you can register for email and news alerts concerning the Company using the following link:
https://capitalgearingtrust.com/contact/#alerts

The Board is also keen to engage with shareholders. If any shareholder wishes to communicate with me as Chairman or Wendy Colquhoun as Senior Independent Director, please contact our Company Secretary at info@frostrow.com or at the office address, or by telephone as detailed on page 90.

Annual General Meeting ('AGM')

The AGM will be held on Wednesday, 8 July 2026 at 11.00 am at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA. I hope as many shareholders as possible will be able to attend to take the opportunity to meet the Board and to hear a presentation from the Investment Manager. However, if you are unable to attend in person, you can watch the Investment Manager's presentation soon after the AGM when a recording will be posted on the Company's website.

Details on the resolutions to be proposed at the AGM can be found on pages 81 and 82. The Board firmly believes that all the resolutions being proposed are in the best interests of the Company and its shareholders and encourages shareholders to vote by proxy in favour of the resolutions, as the Directors intend to do in respect of their own shareholdings. We would encourage shareholders to return their votes by electronic proxy, including by instructing their platform providers to vote on their behalf if their shares are held through platform nominees.

Outlook

In the 1970s the world economy experienced price shocks from the oil market and a wage-price spiral, more emphatically in the UK than elsewhere. The one positive from inflation was that it allowed the corporate and government sectors to deleverage. But high inflation causes redistribution of income and wealth, distorts economic decision-taking, and deters investment by companies.

The response of governments and central banks was to raise interest rates to control the growth in credit and money stock. Under Paul Volcker's Chairmanship of the Federal Reserve, US interest rates peaked at 17%, with the stalwart support of the US President, despite the side-effect of a recession, and creating unemployment. The subsequent fall in inflation was magnified by secular trends of globalisation, deregulation, and deunionisation. These disinflationary forces were taken by policymakers as marks of their own policy competence.

Once inflation was under control, the Federal Reserve embarked on a multi-decade cycle of loosening monetary policy. When William Chesney Martin was the Federal Reserve Chairman in the 1970s, he described the role of the central bank as removing the punch bowl just as the party got going. In fact, the opposite happened. As monetary policy became looser there followed a series of bubbles in stock markets, then property markets, then emerging markets, then dot.com, then the US housing market, and so on. As each bubble burst, the central bank response was to cut interest rates, and merely move the venue of the party to another asset class. The culmination of this long period of falling interest rates was the deliberate creation of money at near-zero interest rates.

The hubris of central bankers was revealed, with an inflationary impulse from printing money. At the same time, these global disinflationary forces started to reverse. Tariffs are back, used as geopolitical and now geo-economic weapons. Globalisation is challenged as the US, and other countries, start to focus on security of supply, with price levels taking a back seat. Power has shifted in labour markets as the populations of the developed countries are no longer growing; in Japan, the population is falling; and in China, the working age population will fall by five hundred million as a result of its one-child policy. The need to re-arm in response to Russia and threats as far away as Iran is heaping pressure on government finances and borrowing. Nearly all wars have been inflationary.

Chairman's Statement *(continued)*

The Board agrees with the Investment Manager that the new super-cycle is one of higher and more variable inflation. The economic challenges feel more like the 1970s redux than anything experienced by most active managers today. We are in a bear market for long-dated bonds as governments struggle to finance themselves, and ultimately other asset classes like equities will come under pressure from much higher government bond yields. Policy-makers may try to put off the day of reckoning by intervening in bond markets to keep longer rates lower; and they may yet force banks and even growing pension funds to own domestic government debt. All such interventions are ultimately inflationary. As Jean-Claude Juncker articulated it, most politicians know what they need to do; they just don't know how to get re-elected afterwards.

Karl Sternberg
Chairman

3 June 2026

The Investment Management Team

The Company is managed by CG Asset Management, Limited ('CGAM') which is authorised and regulated by the Financial Conduct Authority. The investment team consists of Peter Spiller, Alastair Laing and Chris Clothier, supported by a team of investment analysts.

Peter Spiller

Founder, CIO, Co-manager

Prior to founding CGAM in 2000, Peter was a partner and strategy director at Cazenove & Co Capital Management and a US equity investor at Capel Cure & Myers. Peter has managed Capital Gearing Trust plc since 1982. Peter studied Politics, Philosophy and Economics at Christ Church, Oxford.

Alastair Laing

CEO, Co-manager

Alastair joined CGAM in 2011 and has co-managed the funds since that date. Alastair joined CGAM from Hg Capital LLP (a pan-European private equity fund) and previously worked with the mergers and acquisitions team at Deloitte LLP. Alastair was educated at Edinburgh University and was an MBA Scholar at London Business School. He is a member of the Institute of Chartered Accountants of Scotland.

Chris Clothier

CO-CIO, Co-manager

Chris joined CGAM in 2015 and has co-managed the funds since that date. Prior to that he was a director at IPGL Limited, a private investment vehicle with a range of public and private interests predominantly in the financial services industry, where he worked for six years. Before that he worked at MMC Ventures, an early-stage venture capital firm. Chris studied Chemistry at New College, Oxford.

Investment Manager's Report

Review

Over the year to 31 March 2026, the Company delivered a NAV return of +5.8% and a share price return of +6.4% for the year. This compares with CPI inflation of +3.3%, and a global equity return of +16.6%. All major parts of the portfolio delivered a positive contribution.

Attribution analysis

Return on portfolio	%	%
Cash & treasury-bills	0.4	
Credit	0.7	
Managed Liquidity Reserve		**1.1**
Inflation-linked bonds		**1.0**
Gold	0.5	
Infrastructure	0.8	
Alternatives	0.3	
Property	0.1	
Equities	2.3	
Risk assets		**4.0**
Gross return		**6.1**
NAV accretion from buyback	0.3	
Management fee and other costs	(0.6)	
Net return		**5.8**

(1) Alternative Performance Measure ('APM'). Please refer to page 80 for a glossary of terms and definitions and to pages 79 and 80 for a reconciliation of the Alternative Performance Measures to the year-end results.

Source: CGAM and Frostrow. All figures are on a total return basis. Contributions calculated using arithmetic methodology.

The Company's financial year began and ended with two significant political and economic shocks. On 2 April 2025, the US President announced sweeping trade tariffs. This was followed by a bewildering array of increases, decreases and exemptions. For the time being, the situation appears to have normalised. Tariffs currently range from 10% to 100%, with the average effective rate for goods entering the US in the low teens. The reaction has been muted with few retaliatory tariffs enacted.

Then, on 27 February 2026 the US and Israel jointly began a war with Iran. At the time of writing, a fragile ceasefire is underway and talks are being intermediated by the government of Pakistan.

Both events proved to be a good test of the resilience of the portfolio. From its peak in the middle of February to its trough in April 2025, the MSCI World Index fell by 18% in sterling terms. Over the same period, the Company's NAV fell 2%. The initial fall in the MSCI World Index since the start of the Iran war was only 7%. On this occasion, the NAV of the company fell around 2%.

Markets have rallied since then, despite the inflationary shock of rising oil prices and interruptions in supply, driven by excitement about the potential for AI and the huge investments required in data centres to enable uptake of AI.

It remains unclear how the war will unfold, although the most immediate consequence is elevated inflation. It is therefore necessary that alongside preserving capital during such crises, the Company also grows investors' real wealth by delivering returns in excess of inflation. CGT has outperformed CPI by 1.9% per annum over ten years and 2.5% per annum over 20 years. Under the Manager's tenure, the Company has exceeded inflation in 37 of the last 44 financial years.

High inflation is negative for both bonds and equities and, accordingly, both fell following the outbreak of war. Perhaps more surprising was that gold did not prove to be a haven and fell 17% following the start of the conflict. However, for many months, the behaviour of gold had been unusual, with it trading more like a speculative asset. In 2025, it reached record levels at the same time as equities. Traditionally, gold has been a safe-haven but, during this shock, it did not perform that role. We sold all the Company's gold at a price of $5,105 per ounce in February, although it represented only 1% of the portfolio.

For some time, the Company's most direct form of inflation protection has come from its inflation-linked government bond portfolio. At the end of the year, inflation-linked bonds comprised 46% of the Company's portfolio, with an overall duration of five years. This is allocated across US TIPS (25% of the portfolio) and inflation-linked gilts (21% of the portfolio). While the real yield is broadly similar across both portfolios (1.0% over US CPI for TIPS, and 1.2% over UK CPI[1]), the Company's portfolio currently favours TIPS, held unhedged. This is on the basis that the US dollar currency exposure helps to protect investors from the impact of any devaluation of sterling which may follow from, for example, a continued expansionary fiscal stance.

In both jurisdictions, inflation-linked bond positioning is materially shorter than respective benchmark indices, and emphasises the 'belly' of the curve. This short positioning ensures that the return on the portfolio more closely tracks accruals of realised inflation over market expectations – with some exposure to the 'belly' of the curve (i.e. five to ten years) to ensure that the portfolio benefits from the relative steepness of both yield curves, without creating undue sensitivity to volatility from long-term interest rates.

The Company's exposure to risk assets is predominantly via investment trusts. Our strategy for conventional equity trusts is to buy them on discounts where we believe there is a catalyst for those discounts to close. We have extensive experience in this approach and only rarely get the discounts wrong.

Investment Manager's Report *(continued)*

What is more uncertain is the performance of the underlying sector and whether the fund manager underperforms, our approach seeks to identify sectors that we like and quality underlying fund managers with robust processes across a wide spread of investments. This increases the likelihood that the performance of our equities will reflect a broadly diversified basket of equities, with additional returns harvested from discount narrowing.

Notable successes in the year, where both the discount narrowed and the underlying performance was strong, include Blackrock Energy & Resource Income Trust (+73%), Monks (+32%), Fidelity Emerging Markets (+61%) and Aberdeen Asia Focus (+27%). Notable underperformers included Smithson Investment Trust (+2%), Finsbury Growth & Income Trust (-16%) and Mobius Investment Trust (-12%). In the case of the underperformers, the underlying discounts on the trusts narrowed materially but that was not sufficient to overcome their poor performance at the NAV level.

The Company's largest equity holding, North Atlantic Smaller Companies, had a disappointing year delivering a return of -4%. This level of performance is not good enough and we are engaging with the Company to improve corporate governance.

The average discount on the investment trust portfolio stands at 16%, an increase over last year, which holds the promise of attractive future returns.

The Company's infrastructure holdings delivered a return of +11.4% for the year, outperforming their underlying benchmark. On the back of a sharp rally in the summer, we sold the majority of the Company's renewable infrastructure holdings. This proved prudent, as they have since materially underperformed both the Company's core equity infrastructure holdings and equity markets more broadly.

Property holdings delivered positive, though unexciting returns. Two of the largest positions – PRS REIT and Empiric Student Property – were bid for in the year. In the case of Empiric the consideration was a mix of cash and shares in Unite, the acquiror. Frustratingly, these fell sharply after a profit warning from Unite after the deal was announced but before closing.

2025 did not seem an opportune time to take credit risk as spreads were at near record lows. The company harvested a number of positions that were built following the Truss Crisis and generally reduced duration and spread risk. The return of +6.3%, outperformed the credit market return of +4.7%. High yield bonds also returned +13.9% for the year which was satisfactory though, given the low weighting, the overall contribution was modest.

Outlook

Since 1945, every global inflationary episode has been caused either by war or by an energy price shock. Often, as today, the two coincide. How long the shock will persist is unknowable. At the time of writing, the price of Brent for delivery next year is $84 which is about 25% higher than the average over the year before the start of hostilities in the Middle East. This increase masks much greater price rises elsewhere. In the UK since the start of the war, the price of heating oil has doubled and the price of red diesel has increased by 75%. Even if the war proves short-lived, the same may not be true of the inflationary impulse. Damage to production facilities will need to be repaired. Shipowners and insurers may take time to become comfortable sending their vessels through the Strait of Hormuz. Even more pernicious are the second-order inflationary effects. Energy prices feed first into food and shipping costs and from there into core inflation via wage demands.

In 2023 the IMF published a wide-ranging study of inflationary shocks[2]. The key conclusion was that in nearly half of instances they took longer than five years to resolve. If history is a guide inflation will be anything other than transitory.

High energy prices and physical shortages also reduce growth. The combination of lower growth and higher inflation should have a negative impact on both nominal bonds and equities. Nominal bond yields rise as investors anticipate lower real returns and higher short term nominal interest rates. Equities suffer from the triple whammy of lower revenue growth, lower margins and rising discount rates.

The outlook for the UK economy is not good. Growth is slowing. Consumers are reeling from increased energy costs. The government is going to have to find new money for defence, to tackle iniquitous student loans, and to fund higher interest costs. Put together it seems likely that the Chancellor's fiscal headroom will have evaporated. Some or all of higher taxes, a steeper yield curve and weaker sterling will result. The UK political environment is becoming more volatile with the five major parties all polling within 15% of each other. Outflanked by a populist Green Party, Labour is likely to be forced to the left and promise higher spending resulting in either higher borrowing and/or higher taxes.

For these reasons, we maintain a high allocation to inflation-linked bonds which, unlike conventional bonds and equities, we believe will perform well in a stagflationary world. Given our concerns about the outlook for government debt, which places foreseeable upward pressure on long-term yields, duration has been kept relatively short (circa five years). If held to maturity, the Company's TIPS and inflation-linked gilt portfolios should yield around 1.0% per annum over their respective domestic rates of inflation[3].

Investment Manager's Report *(continued)*

Despite the recent global inflation shock, market expectations of inflation remain undemanding at the five-year point, further underscoring the value in this portfolio in an increasingly volatile inflationary outlook[4].

The Company's return profile is very unusual. Bonds typically offer low volatility, the downside of which is that most of the return comes as income. Equities offer capital gains, which means that returns can be highly volatile. The Company's portfolio is constructed to compound investors' capital with low volatility and high levels of inflation protection. We hope our shareholders value this approach. As investors ourselves, we do.

Peter Spiller **Alastair Laing** **Chris Clothier**
CG Asset Management Limited

3 June 2026

1 Calculated by applying a 75bp RPI-CPI wedge for four of the five years, noting that RPI indexation will cease in 2030.
2 Anil Ari, Carlos Mulas-Granados, Victor Mylonas, Lev Ratnovski, and Wei Zhao. "One Hundred Inflation Shocks: Seven Stylized Facts", IMF Working Papers 2023, 190 (2023).
3 The real yield on the Company's TIPS portfolio was 1.0% over US CPI at 31 March 2026. The real yield on the Company's inflation-linked gilt portfolio was 0.6% over UK RPI at the same date. Adjusting for the differential between RPI and CPI over the period (75 basis points to 2030) gives an adjusted real yield of approximately 1.2% over UK CPI.
4 At year end, the five-year breakeven on TIPS was 2.6% (US CPI). The five year breakeven on inflation-linked gilts was 3.9% (UK RPI, or 3.3% over UK CPI).

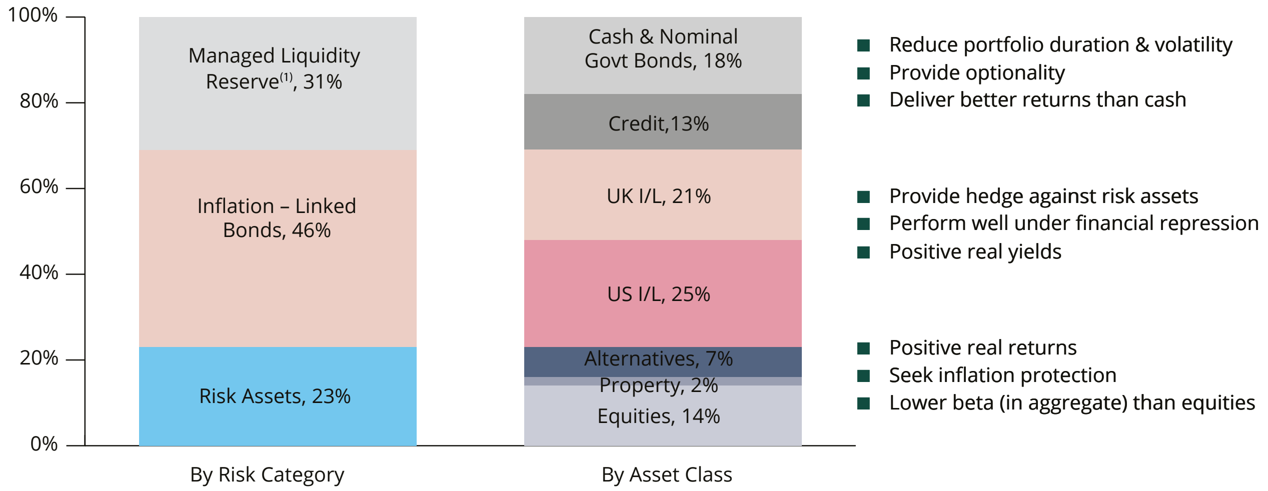
Portfolio Analysis

Asset allocation

	As at 31 March 2026	As at 31 March 2025
Inflation-Linked Government Bonds	**46%**	38%
Funds/Equities	**23%**	29%
Conventional Government Bonds	**17%**	18%
Preference Shares/Corporate Debt	**13%**	9%
Cash	**1%**	5%
Gold	**–**	1%
	100%	100%

In addition to the above table, the asset allocation chart on page 2 shows the change in asset allocation over the last ten years.

Further analysis as at 31 March 2026



(1) Highly liquid assets such as cash, treasury bills and short term credit holdings that are readily available for investment opportunities.

Currency allocation

	As at 31 March 2026	As at 31 March 2025
Sterling	**59%**	50%
US Dollar (1)	**27%**	30%
Japanese Yen (1)	**14%**	18%
Euro	**–**	1%
Swedish Krona	**–**	1%
	100%	100%

(1) Currency exposure is presented before the effect of currency hedging. Please refer to Note 15 on page 76 for details of the US Dollar and Japanese Yen hedging instruments.

List of the Largest Portfolio Investments

The full portfolio listing of the Company as at 31 March 2026 is available at www.capitalgearingtrust.com.

Asset allocation by type/geography and the largest equity holdings are shown below:

	As at 31 March 2026 £'000	As at 31 March 2025 £'000
Inflation-Linked Government Bonds		
Inflation-Linked Bonds – United States	**197,938**	244,846
Inflation-Linked Bonds – United Kingdom	**163,659**	75,828
Inflation-Linked Bonds – Sweden	**–**	11,992
Inflation-Linked Bonds – Japan	**–**	2,151
	361,597	334,817
Conventional Government Bonds		
Conventional Government Bonds – Japan	**105,497**	159,043
Conventional Government Bonds – United Kingdom	**25,427**	15,855
	130,924	174,898
Preference Shares/Corporate Debt		
Network Rail 1.75% 2027	**11,762**	4,947
Heathrow Funding 6.75% 2026	**6,144**	–
London And Quadrant Housing Trust 2.625% 2026	**4,987**	–
National Grid Electricity Transmission 1.375% 2026	**4,927**	–
Dwr Cymru (Financing) 3.514% 2030	**4,894**	5,662
RMS IL 2.8332% 2035	**4,373**	4,427
Porterbrook Rail Finance 7.125% 2026	**4,229**	–
SP Distribution 5.875% 2026	**4,013**	–
Rolls-Royce 3.375% 2026	**3,988**	–
Westfield Stratford 1.642% 2026	**3,954**	–
Other Preference Shares/Corporate Debt Investments	**50,210**	85,182
	103,481	100,218
Funds/Equities		
Vanguard FTSE 100 UCITS	**22,197**	16,805
North Atlantic Smaller Companies Investment Trust	**15,495**	16,469
UBS Core MSCI World ETF	**13,852**	–
JPMorgan Japan Research Enhanced Index Equity Active UCITS ETF	**13,356**	23,308
HICL Infrastructure	**10,788**	8,260

List of the Largest Portfolio Investments *(continued)*

	As at 31 March 2026 £'000	As at 31 March 2025 £'000
Funds/Equities (continued)		
International Public Partnerships	**10,134**	9,231
3i Infrastructure	**7,823**	7,488
BH Macro	**6,183**	6,089
Sequoia Economic Infrastructure Income Fund	**5,948**	3,964
Impax Environmental Markets	**5,582**	–
Other Fund/Equity Investments	**69,453**	147,916
	180,811	239,530
Gold		
Wisdomtree Physical Swiss Gold (Exchange Traded Commodity)	**–**	10,944
	–	10,944
Total Investments	**776,813**	860,407
Cash	**7,376**	42,859
Total	**784,189**	903,266

ESG and the Investment Process

The Company aims to conduct itself responsibly, ethically and fairly and has sought to ensure that the Investment Manager's management of the portfolio of investments takes account of environmental, social and governance ('ESG') matters where appropriate. While the Investment Manager considers ESG issues to be important when selecting investments, it does not consider the Company to be a sustainable investment product and it does not have explicit sustainability objectives in the investment policy. The Company has not opted to label the investment product under the FCA's Sustainability Disclosure Requirements ('SDR') but it ensures that it adheres to the Anti-Greenwashing rule.

The Company has limited direct impact on the environment as it invests primarily in government bonds and investment companies and other collective investment vehicles. The investment sectors chosen do not generally raise ethical issues. The majority of the Company's assets are bonds issued by governments of countries which have, in the opinion of the Investment Manager, robust social institutions and good credit quality. These judgements are based on both qualitative and quantitative factors. Qualitative factors include respect for the rights of individuals and of property, free speech, lack of corruption, transparency and freedom of the press.

The balance of the investment portfolio comprises corporate bonds and preference shares. Within all asset classes the Investment Manager does not directly invest into companies in the tobacco, defence or gambling sectors. However, through broad holdings of collective equity funds, there will be small indirect holdings of companies that operate in these sectors. These holdings are not considered to be material in the context of overall assets managed.

The Board monitors, through the Investment Manager, and is satisfied with, the underlying investee companies' policies to act with due regard to community, welfare and environmental factors. The Investment Manager is a signatory to UN Principles of Responsible Investing. Further information on the Investment Manager's governance and policies can be found at www.cgasset.com/governance-and-policies.

ESG and the Investment Process *(continued)*

The Investment Manager's key considerations

1	**Be honest** No greenwashing, no PR-lead initiatives, no jargon. CGAM believes stakeholders are best served by an accurate presentation of its activities rather than a marketing campaign dressed up in the language of stewardship.
2	**One firm, one rule** CGAM does not have an ethical fund range (and by implication an unethical fund range). CGAM's standards apply to all the funds it manages.
3	**Ethics, not mathematics** Securing appropriate data is essential to all aspects of investment decision making, including judgements around sustainability. However data has to be interpreted within a specific context. There is no formula that can be applied in a uniform way to every situation; CGAM emphasise judgement over simplistic third party quantitative scoring.
4	**Engagement over disinvestment** When investors have the influence to effect change it is most valuable to encourage positive transition rather than pursuing disinvestment.
5	**Targeted, not scatter-shot** Whilst supporting positive transition might be the optimal strategy, effective engagement is time consuming. As a small firm CGAM must focus its efforts where it will have the most impact rather than taking a generalist approach.
6	**Driven by governance** Improved governance leads to improved social, environmental and financial outcomes. Investors have multiple direct mechanisms to influence governance, so CGAM's engagement activities invariably focus on governance, even when the ultimate objective is positive social or environmental change.
7	**Integration, not separation** CGAM is a small firm and the entire team is collectively responsible for the stewardship activities with the ultimate responsibility lying with the chief executive. CGAM does not have a standalone Responsible Investment Team or ESG analysts as this does not seem to CGAM to represent true integration.

Strategic prioritisation

A majority of the assets held are securities issued by governments such as bonds, bills and currency. As well as government securities, there are a minority of assets held in securities issued by corporations, typically collective investment vehicles such as investment trusts, real estate investment trusts or ETFs.

ESG and the Investment Process *(continued)*

Different asset classes lend themselves to different stewardship approaches based on data quality and the potential for CGAM to effectively engage and influence the issuer. As a small firm it is essential that CGAM focuses its resources strategically, targeting engagement activities where it has most influence.

This means focusing the most intense efforts on those corporate issuers in those market segments where CGAM has a long history of engagement and know many of the participants. This means focusing primarily on listed closed ended funds and listed property companies.

Where CGAM does not have influence, it is more likely to pursue exclusions. In CGAM's assessment, exclusions are a less effective and productive form of stewardship but it makes no sense to expend significant resources on engaging in areas the firm is less likely to impact. These areas include those where the Company has relatively small holdings (such as corporate credit) or limited ability influence (such as government bonds).

	ESG Data Quality	Potential for Engagement	Exclusions	Engagement	Priority Focus
Gov't Bonds and Cash	High	Low	X		◎
Corporate Credit	Low	Med	X	✓	
Preference Shares	Low	Med	X	✓	
Listed Property	Med	High		✓	◎
Listed closed ended funds	Low	High		✓	◎
ETFs	Med	Low	X		

CGAM's approach to the Company's investments by asset class

1. Direct government securities

A significant proportion of the assets held by the Company are invested in direct holdings of securities issued by governments including bonds, bills and cash. As CGAM's capacity to influence governments is extremely limited, its primary approach is to exclude sovereigns that do not maintain high ESG standards. In order to help assess these criteria, CGAM considers indices compiled by a range of Non-Governmental Organisations (refer to the table below) and requires sovereigns, at a minimum, to achieve strong rankings in at least four out of five of these criteria. In addition to using third party indices, CGAM also overlays its own subjective assessments, which typically leads to additional exclusions.

Index	Criteria
World Bank governance effectiveness index	Top quartile
World press freedom index	Good or satisfactory
Global freedom score	Free rating
UN Human development index	Very high human development rank
Net zero by 2050 statement	Statement of intent by 2050 or earlier

ESG and the Investment Process *(continued)*

2. Direct corporate credit and preference shares

The Company holds small quantities of direct credit and preference share holdings issued by corporate issuers. Given CGAM's small participation in the market and therefore limited influence, CGAM's primary approach is to exclude corporate issuers who are primarily engaged in the following activities:

Exclusion area	Exclusion sub-area	Threshold
Controversial weapons	Anti-personnel mines, cluster munitions, chemical weapons	0%
Tobacco	Manufacture or marketing	<5%
Thermal Coal	Coal mining or coal-based energy production	<5%
Oil sands or Arctic drilling	Production	<5%
Gambling	Services	<5%
Adult entertainment	Production or broadcasting	<5%
Firearms	Manufacture	<5%
Predatory lending	Services	<5%

CGAM does not invest directly in companies with primary activities in the above areas, although it cannot always identify immaterial non-core activities. As a result, CGAM employs a revenue threshold in certain areas.

3. Listed closed-ended funds including, investment trusts, REITs and property companies

CGAM has a long history of active engagement in the London market for listed closed-ended funds and other collective investment companies including REITs. In this priority area for engagement, CGAM seeks to achieve positive transition so does not employ systematic exclusions. Listed investment companies are fundamentally different to operating companies and typically have the following features:

- they hold a broad portfolio of securities on behalf of their shareholders;
- external investment managers, rather than executive management teams;
- no employees or customers; and
- have a board of directors to represent shareholder interests and concerns.

Given the prominent role that directors play in investment companies, CGAM frequently undertakes activities that aim to influence boards and ultimately improve governance. The techniques employed vary based on the specific scenario but include those listed in the table below. As well as engagement in the sector, CGAM places particular weight on providing primary capital to high impact investment companies with an environmental or social focus. In its assessment, by providing primary capital, via IPO sponsorship or follow-on fund raisings, investors have a greater impact than by simply trading securities in the secondary market.

Activist engagement technique	Frequency of employment
Management engagement	Continuous
Board engagement	Continuous
Shareholder co-ordination	Frequent
Voting against significant resolutions	Frequent
Raising ESG matters in fund reporting	Frequent
Amplification through press engagement	Periodic
Replacing directors to improve governance	Periodic
Publishing open letters	Periodic
Publishing research incorporating ESG views	Periodic
Threatening to requisition meetings	Periodic

ESG and the Investment Process *(continued)*

4. Exchange traded funds ('ETFs')

The Company holds exchange traded funds. ETFs are listed collective funds which typically track an index and provide low cost, efficient access to a broad portfolio of securities. CGAM does engage directly with its approved panel of ETF providers to encourage improved stewardship standards. Typically, this is via ESG screened ETFs which is a dynamic and growing sector. The programme of identifying and conducting due diligence on these products is ongoing.

Strategic Review

Business model and investment strategy

The Company, as an investment trust, is a UK closed-ended public limited company which invests in a diversified portfolio of assets meeting the investment trust tax conditions. Investment trusts, such as the Company, are long-term investment vehicles and are typically externally managed and overseen by experienced independent non-executive Directors.

The Company has no employees, and the Board outsources its entire operational infrastructure to third party organisations. In particular, the Board appoints and oversees CG Asset Management Limited ('CGAM'), as independent Investment Manager, to manage the investment portfolio. CGAM also acts as the Company's Alternative Investment Fund Manager. The Board sets the Company's strategy, decides the appropriate financial policies to manage the assets of the Company, ensures compliance with tax, legal and regulatory requirements and reports regularly to shareholders on the Company's performance.

The Company seeks to preserve shareholders' real wealth and deliver absolute total returns through the construction of a multi-asset portfolio. Portfolio construction is the key tool used to mitigate capital loss in any given year. The Investment Manager allocates across asset classes based on an assessment of capital markets and macro-economic risks, with the aim of avoiding capital loss. In addition, a portion of the portfolio is invested into closed-ended investment companies with the aim of generating risk adjusted returns that are superior to those available in more liquid equity markets.

One of the unique characteristics of the Company is the implementation of the Investment Manager's macro views on risk assets through the Company's holdings in investment companies. Investment companies provide an opportunity to benefit from an additional return from discounts narrowing, alongside the underlying asset performance. There are also risks from discounts widening. The macro impact of rising interest rates and inflation particularly affects investment companies investing in illiquid assets, such as infrastructure, property, private equity and credit. In addition, the investment companies sector has a UK equity bias, which means the impact of a non-UK equity market rally can be difficult to capture. The Investment Manager believes the investment companies market continues to be an appropriate way to allocate a significant portion of the Company's risk assets and that the current market offers a number of compelling investment opportunities.

Objective

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

Investment policy

As preserving shareholders' real wealth is core to the investment objective, greater emphasis is placed on avoiding loss than maximising returns. Achieving the investment objective implies returns at least in line with inflation over the short term and significantly ahead of inflation over the long term.

The Company does not have a formal benchmark but reports against the UK Consumer Price Index ('CPI') (a measure of inflation).

The Investment Manager has the authority to invest in equities, bonds, commodities and cash. Equity investments are typically in listed collective investment vehicles, including investment companies, ETFs, investment holding companies and property companies.

Asset allocation is flexible and responds to changes in asset values and to the macro-economic environment. A broad mix of assets will be maintained, with a maximum equity exposure of 80% and a minimum of 20%. The Investment Manager has the authority to invest in any geographical region and has no set limits on industry sector or country exposure.

The Company will not invest more than 15% of its investment portfolio in any single security. The Investment Manager is not permitted to invest in derivatives (such as options, swaps or forward contracts) without prior Board approval. Investments in other funds managed by the Investment Manager also requires Board approval.

The Company has the authority to borrow up to 20% of net assets, subject to prior Board approval.

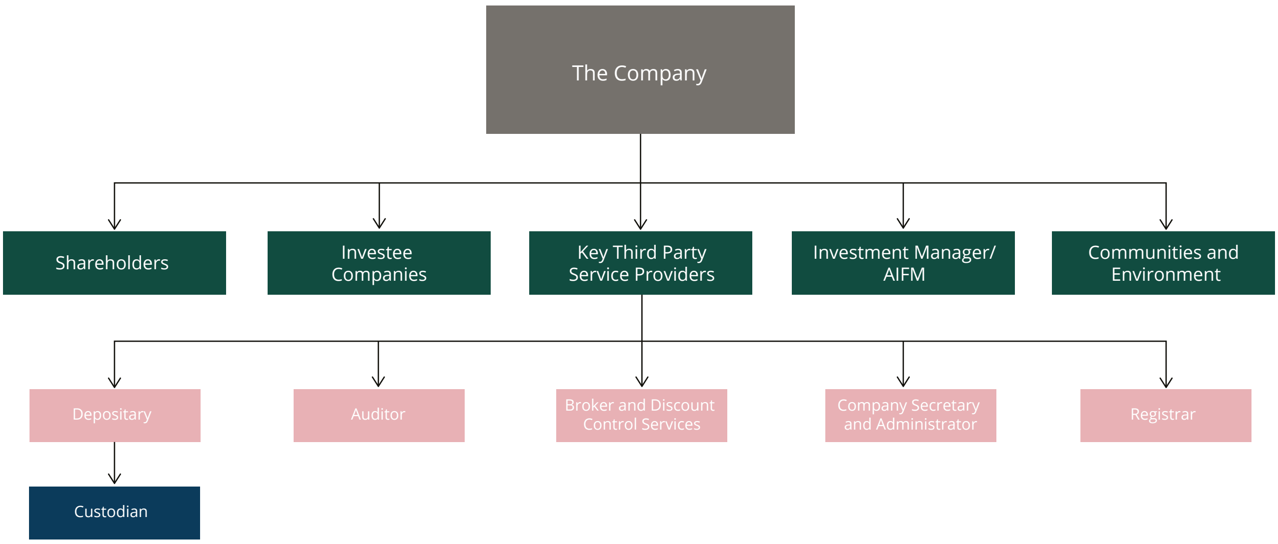
Promoting the success of the Company

The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial period under section 172 of the Companies Act 2006 (the 'Section 172 Statement'). This requires an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of decisions, the need to foster relationships with all stakeholders in the Company and the impact of the Company's operations on the environment.

Role of the Board

The Board comprises five independent non-executive Directors who have a broad range of skills and experience across all major functions that affect the Company. The Board has responsibility for decisions relating to the Company's investment objective and policy, gearing, corporate governance and strategy, and for monitoring the performance of the Company's various service providers. The Board's philosophy is that the Company should foster a culture where all parties are treated fairly and with respect and the Board recognises the importance of keeping the interests of the Company's stakeholders, and of acting fairly between them, front of mind in its key decision making.

The Board has identified the following as its key stakeholders:



How the Board engages with stakeholders

The Board considers its stakeholders at Board meetings and receives feedback on the Investment Manager's interactions with them.

Stakeholder	How we engage
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them, both through written communication from the Company and the Investment Manager. The Board welcomes all shareholders' views and aims to act fairly between shareholders. The Company's shareholder register is retail investor orientated both directly and through wealth managers and private client brokers representing private investors. As a constituent of the FTSE-250 Index, the Company also has index tracking investors. The Investment Manager and Company's broker regularly meet with current and prospective shareholders to discuss the Company, its performance and outlook. The Chairman is available to talk directly with shareholders. Shareholder feedback is discussed by the Directors at Board meetings. The Board is kept appraised of changes to the share register and the Investment Manager is in contact with investor platforms to identify how best to communicate with the direct retail investor community. The operation of the DCP provides secondary market liquidity for investors and in providing stability of pricing at close to the prevailing net asset value. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, announcements, including daily net asset value announcements, and the Company's website. The Investment Manager prepares monthly factsheets and quarterly reports and maintains a website which includes current information for investors.

Strategic Review *(continued)*

Stakeholder	How we engage
Shareholders (continued)	The Company's Annual General Meeting typically provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Manager. The Board encourages as many shareholders as possible to attend the Annual General Meeting and to provide feedback on the Company. The Company Secretary also deals with regular shareholder queries on behalf of the Board. The Board encourages shareholders to vote on all Company business, which includes specific exercises to obtain votes for general meetings to maintain issuance and buyback authorities should they become exhausted between annual general meetings.
Investment Manager	The Investment Manager's Report on pages 10 to 12 details the key investment decisions taken during the year. The Investment Manager has continued to manage the Company's assets in accordance with the Company's investment policy, with the oversight of the Board. The Investment Manager is represented at all formal Board meetings. The Board regularly reviews the Company's performance against the investment objective and the application of its investment policy and restrictions. The Board undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its investment objective. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy in operation. The Board, through the Management Engagement Committee, formally reviews the performance of the Investment Manager at least annually. Risks and emerging risks are considered at each Board meeting.
Investee companies	The Board monitors the activities of investee companies through its delegation to the Investment Manager. The Investment Manager has discretionary powers to exercise voting rights on all resolutions proposed by the investee companies. The Board monitors investments made and divested and can query the rationale for exposures taken and the Investment Manager's engagement with investee companies.
Communities and the environment	The Board supports the Investment Manager on Environmental, Social and Governance ('ESG') matters in line with good stewardship practices, and an approach agreed with the Board. The Board is also acutely aware of the importance of providing an investment product which meets the needs of its investors in both protecting and growing value over time. The Board takes appropriate account of broader ESG concerns and the need for the Company to act as a good 'corporate citizen'. An investment approach that meets the needs of investors provides a service valuable to the communities in which the Company operates, not least as a means for financial planning and saving. See the ESG/engagement section on pages 16 to 20.
Other service providers	The Board seeks to maintain constructive relationships with all of the Company's suppliers either directly or through the Investment Manager and/or Company Secretary with regular communications and meetings. The Management Engagement Committee conducts an annual review of the performance and terms and conditions of engagement of the Company's main service providers to ensure they are performing in line with Board expectations and providing value for money.

Strategic Review *(continued)*

Specific examples of stakeholder consideration during the year

The Chairman and his fellow Directors always make themselves available to engage with shareholders as required. The Investment Manager also holds an annual Investor Day, which was held on 2 December in 2025. The Investor Day, which is always well attended, is open to all shareholders and potential investors.

Annual income distribution / corporation tax savings

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 relation to the annual income distribution to shareholders for the Company's year ended 31 March 2025, which was paid in July 2025, the Board decided to take advantage of the UK interest streaming rules, which allow approved investment trusts which have income from interest bearing assets to treat all or part of a distribution as an interest distribution, rather than a conventional dividend. By doing this, the Company received a corresponding deduction in its corporation tax liability, which is of benefit to all shareholders. The receipt of income has fallen since last year, nevertheless the Company is again designating a proportion of the total distribution as an interest distribution to again result in a deduction in corporation tax liability.

Revised terminology

To achieve the Company's objective, the Investment Manager follows a flexible multi-asset strategy using a diversified portfolio of equities, inflation-linked bonds, and other assets to deliver consistent, risk-adjusted returns.

Long-term shareholders will be familiar with the terms we have used for many years to describe the various assets available to the team – namely: Dry Powder, index-linked Bonds and Risk Assets. Whilst there has not been any change to the investment strategy, the Board worked with the Investment Manager over the year to find new labels which better reflect and explain their role in achieving the investment objective. We hope this new terminology, as detailed below, is helpful:

- **Managed Liquidity Reserve** (formerly Dry Powder) - Cash and short-dated bonds that provide the Investment Manager with liquidity and optionality in uncertain markets.
- **Inflation-Linked Bonds** (formerly Index-Linked Bonds) - These government bonds protect against inflation and are a key component of the capital preservation strategy.
- **Risk Assets** (label unchanged) – Chiefly comprising listed investment trusts, ETFs, and property companies offering long-term growth potential.

Share split

As a consequence of the Company's strong performance since launch, the share price has risen sharply and stood at 4,985.0p (or £49.85) as at 31 March 2026. The Board believes that the high share price may be unhelpful for those shareholders investing smaller amounts, monthly savers and dividend re-investment programmes and therefore it took the decision over the year to propose a sub-division of the Company's shares on a ten for one basis, known as a 'share split'. If approved by shareholders at the forthcoming Annual General Meeting, each shareholder will hold ten new ordinary shares for each share held immediately prior to the share split.

It is hoped that sub-dividing the Company's ordinary shares will make buying the shares more attractive to new investors and increase market liquidity. More details are set out on page 34.

Discount control policy ('DCP')

The operation of the DCP is a fundamental part of the Company's operating structure. It offers liquidity in the secondary market close to the prevailing net asset value and the removal of pricing volatility around net asset value either when selling or buying shares in the Company. Ensuring that the DCP continues to operate effectively requires constant monitoring, maintaining the requisite authorities, and having sufficient liquidity in the portfolio. To ensure the continued operation of the DCP, the Board called and held a General Meeting in 2026 to renew the Company's buyback authority, since the existing authority could have been fully exhausted by the time of the next opportunity to renew (the forthcoming Annual General Meeting). The renewal was supported by shareholders and hence the Company has been able to continue the operation of the DCP. Since the renewed authority will expire at the conclusion of the Company's forthcoming Annual General Meeting, and in line with usual practice, the Company will ask shareholders to approve the repurchase of up to 14.99% of its capital at a discount to estimated NAV at the forthcoming Annual General Meeting.

Ongoing

Overall the Board is always mindful of its responsibilities to the stakeholders of the Company and the impact of key decisions on the stakeholders, and this has been part of both scheduled Board meetings and discussions between these meetings as required.

Strategic Review *(continued)*

Management of the portfolio

The Investment Manager's Report on pages 10 to 12 details the key investment decisions taken during the year ended 31 March 2026. The overall diversified shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective.

As explained in more detail on page 32, during the year, the Management Engagement Committee agreed that the continuing appointment of the Investment Manager was in the best interests of shareholders.

Key performance indicators ('KPIs')

The Board has chosen KPI indices and ratios for the purpose of assessing and reporting investment performance. The KPIs have been chosen to allow the Board to monitor the performance of the Investment Manager against CPI over the short-term (three years) and over the longer-term (ten years). Further information on these performance measures can be found on page 79.

Tables and graphs showing the performance of the Company's NAV per share compared with CPI are shown on page 3.

In addition, the Board monitors the following KPIs:

- Share price discount/premium to NAV per share, an important measure of demand for the Company's shares and a key indicator of the need for shares to be bought back or issued. At the start of the year under review the discount to NAV was 2.8%, compared with a discount of 2.3% at 31 March 2026, with an average discount of 2.0% for the year ended 31 March 2026; and
- Ongoing charges ratio ('OCR'), calculated using the methodology recommended by the Association of Investment Companies which enables the Board to measure and monitor the control of costs. This was 0.59% for the year to 31 March 2026 (2025: 0.56%).

Both share price discount/premium to NAV per share and OCR are Alternative Performance Measures ('APMs'). Please refer to page 89 for a glossary of terms and definitions and to pages 79 and 80 for a reconciliation of the APMs to the year-end results.

Principal and emerging risks

The Company has been subject to significant economic headwinds, such as substantial market movements, inflationary pressures and increasing interest rates. This makes preserving shareholders' real wealth, far less growing it, challenging. The central aims remain to preserve value in the Company's portfolio and liquidity in the Company's shares.

The Directors aim to ensure that the Company maintains its investment strategy, has operational resilience, meets its regulatory requirements as an investment trust and navigates the financial and economic circumstances.

Through the remit of the Audit and Risk Committee, Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and uncertainties facing the Company, together with the mitigating actions the Board takes, are set out overleaf.

This year the Board has identified the emergence of Artificial Intelligence ('AI') as a key emerging risk. While AI presents substantial opportunities and can be a force for good, it also introduces growing risks for businesses and society. Advances in computing power have made AI a powerful tool with far-reaching applications, including the potential to disrupt – and in some cases harm – existing models. AI adoption may significantly reshape business processes and entire companies, increasing uncertainty in corporate valuations. In this environment, markets are likely to identify real or perceived winners and losers from AI, which could heighten share price volatility in investee companies. It may also influence how retail investors approach investing, including increased thematic positioning and momentum-driven flows tied to AI narratives.

Strategic Review *(continued)*

Risk	Mitigation
Investment strategy and performance The Board is responsible for setting the investment strategy of the Company and monitoring investment performance. Inappropriate strategy and/or poor investment performance may have an adverse effect on shareholder returns. **Risk remains relatively unchanged**	The Company's strategy is formally reviewed by the Board at least annually, considering investment performance, shareholder views, developments in the marketplace and the structure of the Company. Investment performance is reviewed by the Board on a regular basis against CPI. The composition of the portfolio is provided at each Board meeting and allows the monitoring of the spread of investments and associated investment risks. The Investment Manager is formally appraised at least annually by the Management Engagement Committee.
Geopolitical There are a growing number of geopolitical conflicts which pose an increased risk to market stability. As of 2026, the global security situation is unusually tense, with a high number of simultaneous conflicts. Analysts note that the number of armed conflicts worldwide is at its highest level since World War II, with a mix of full-scale wars, regional confrontations, insurgencies and a broader resurgence of economic nationalism. These factors, along with uncertainty surrounding interest rate and inflation, could weigh on market stability and investment opportunities and may adversely affect the Company's performance. **Increased overall risk due to inflation, higher interest rates, supply issues and ongoing and increasing global political tensions and the impact of heightened interest rates.**	This risk is managed to some extent by diversification of investments and by regular communication with the Manager on matters of investment strategy and portfolio construction which will directly or indirectly include an assessment of these risks. The Board receives regular reports from the Manager regarding market outlook and considers thematic and factor risks, together with stock selection on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Manager. The Board can, with shareholder approval, look to amend the investment policy and objectives of the Company to gain exposure to or mitigate the risks arising from geopolitical instability.
Premium/discount level The Company's share price could be impacted by a range of factors causing it to be higher than (at a premium to) or lower than (at a discount to) the underlying NAV per share. Excessive demand for, or supply of, shares can create liquidity issues, restricting the ability of investors to buy and sell shares in the secondary market. Fluctuations in the share price can cause volatility which may not be reflective of the underlying investment portfolio. **Risk remains relatively unchanged**	The Company operates a discount/premium control policy ('DCP'), under which it aims to purchase or issue shares to ensure, in normal market conditions, that the shares trade close to their underlying NAV per share. The DCP increases liquidity and reduces volatility by preventing the build-up of excessive demand and/or supply for the Company's shares which, the Board believes, is in the best interests of shareholders. The DCP continues to be reviewed to ensure liquidity for issuance and buyback. The levels of issuance/buyback of shares are reported to the Board on an ongoing basis and at each Board meeting the Board considers the Investment Manager's ability to invest new proceeds (in the case of issuance) and maintain sufficient liquidity (in the case of buybacks) to meet the demands of the DCP. Since the inception of the DCP, the Company has issued and bought back a substantial number of shares, with the more recent trend being buying back.

Strategic Review *(continued)*

Risk	Mitigation
Operational The Company is reliant on third-party service providers and key teams at such service providers. Failure of the internal control systems of these third parties could result in inaccurate information being reported or risk to the Company's assets. **Risk reduced since it has been more than a year since two new key service providers have been in place and there has been a seamless transition.**	The Audit and Risk Committee formally reviews each service provider at least annually, considering their reports on internal controls, information security, and the resources available to them. The Management Engagement Committee reviews the service levels and how the service providers have performed. The operational requirements of the Company from its service providers are subject to rigorous testing including the use of office/home working and online communication. Additionally, the Investment Manager's and Administrator's technology environments are continually maintained and subject to regular testing, vulnerability scans and patch management. As part of this review the Board considers the measures taken by each supplier to mitigate its cybersecurity risk. Further details of the Company's internal control and risk management system is provided on pages 40, 41 and 50.
Regulatory and governance The Company operates in a regulatory environment. Failure to comply with section 1158 of the Corporation Tax Act 2010 could result in the Company losing investment trust status and being subject to tax on capital gains. Failure to comply with other regulations could result in financial penalties or the suspension of the Company's listing on the London Stock Exchange. **Risk remains relatively unchanged**	Compliance with relevant regulations is monitored on an ongoing basis by the Company Secretary and Investment Manager who report regularly to the Board. The Board also takes into account increasing governance requirements and complies with them wherever practical or explains why there is any divergence. The Board monitors changes in the regulatory environment and receives regulatory updates from the Investment Manager, Company Secretary, lawyers and auditor as relevant. The Board is appraised of corporate governance issues and changes and as far as practical the Company complies with governance guidance or explains where it does not and meets the guidance of the AIC Corporate Governance Code (refer to page 37).
Financial and economic The Company's investments are impacted by financial and economic factors including market prices, interest rates, foreign exchange rates and credit which could cause losses to the investment portfolio. **Risk has been heightened by geopolitical events**	The Board regularly reviews and monitors the management of market risk, interest rate risk, foreign currency risk and credit risk. These are explained in detail in Note 15 to the financial statements on pages 71 to 78. Inflation, and geopolitical risks, are considered a component of market risk, with the impact of higher inflation and interest rates taken into account. The Board has authorised the purchase of hedged Japanese and US Treasury Bills, which are hedged back to sterling to remove some of the currency risk. The Company has sufficient cash resources and liquidity in its portfolio to meet its operating requirements, including the operation of DCP. In common with most commercial operations, there are always exogenous risks and consequences, which are difficult to predict and plan for in advance. The Company does what it can to address these risks when they emerge, not least operationally and in trying to meet its investment objective.

Share buybacks

During the year the Company bought back 2,272,529 shares at an average price of 4,893.01p per share and for an aggregate consideration of £111.2 million (2025: 4,067,965 shares at an average price of 4,746.7p per share and for an aggregate consideration of £194.5 million). Shares are repurchased at a discount to the NAV thereby covering the costs of the DCP and associated portfolio transaction costs and providing some accretion to the NAV per share. All shares were bought back in accordance with the DCP, which is detailed further on page 24. Since the year-end, the Company has repurchased a further 51,386 shares.

Going concern

The Audit and Risk Committee has undertaken an assessment of whether the Company is a going concern. The Company's investment objective and business activities, together with the main factors likely to affect its future development and performance, including prevailing macro-economic conditions, are described above.

The financial position of the Company, including its cash flows and liquidity positions, is set out in detail in the financial statements. Note 15 to the financial statements describes the Company's processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to market price, interest rates, foreign currency, credit and liquidity risk. The Board works closely with the Investment Manager and the Company Secretary to ensure that the Company's operations are resilient, and its portfolio robust enough to meet challenges and opportunities.

The Directors also take into account the liquidity of the portfolio and scenario stress testing when considering the viability of the Company and its ability to meet liabilities as they fall due and to fulfil the ongoing operation of the DCP. The stress tests examined downside scenarios which combined a substantial fall (up to 25%) in stock markets, and therefore asset values, with a considerable loss of income. The impact of such severe scenarios are then mitigated by a significant reduction in management fees and most expenses. The results of the stress testing indicated that there was sufficient portfolio liquidity and net income for the Company to continue in operation and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The stress tests also examined the operation of the DCP in the event of the Company having to buy back a substantial number of shares.

The Directors believe that the Company is well placed to manage its business risks successfully and consider that the Company currently has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements. The Directors do not consider that there are any material uncertainties to the Company's ability to continue to adopt this approach over a period of at least 12 months from the date of approval of these financial statements.

Viability statement

The Board has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The Board has drawn up a matrix of the risks facing the Company and has put in place appropriate processes and controls in order to mitigate these risks as far as practicable. The principal risks which have been identified, and the steps taken by the Board to manage these, are detailed on pages 25 to 27.

The Company is a long-term investor and the Board believes it is appropriate to assess the Company's viability over a five-year period in recognition of the balance between the Investment Manager's long-term horizon and also what the Directors believe to be investors' horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties, the operation of the DCP and the circumstances of investment companies more generally.

As mentioned under the going concern paragraph above, the Directors also take into account the liquidity of the portfolio and scenario stress testing when considering the viability of the Company. The results of the stress testing indicated there was sufficient portfolio liquidity and net income for the Company to continue in operation for at least three years.

The Directors do not expect there to be any significant change in the principal risks that have been identified and the adequacy of the controls in place. Also, the Directors do not envisage any change in the Company's strategy or its objective, or any events, that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited, and the Company intends to continue to operate as an investment trust. The Directors believe that only a dramatic downturn in financial markets, deteriorating economic circumstances, or other crises besetting global markets, could have an impact on this assessment.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

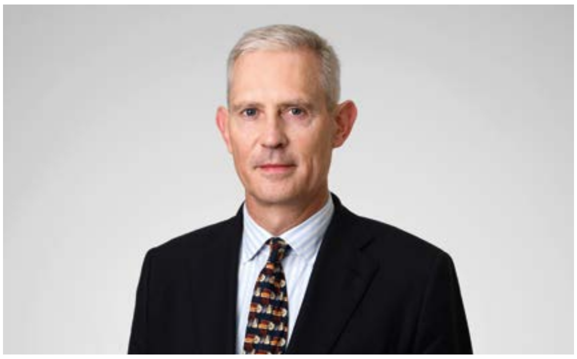
The Board's Strategic Report contained on pages 5 to 28 has been approved by the Board and signed on its behalf by:

Karl Sternberg
Chairman

3 June 2026

The Board

The Board members are all experienced Directors who work closely with the Company's key advisers in the day to day operations of the Company. Apart from the scheduled Board meetings, the Board is in regular contact regarding matters arising and all of the Directors have demonstrated sufficient commitment and experience to carry out their responsibilities.



Karl Sternberg

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

Appointed a director in September 2024 and was appointed Chairman in July 2025 following the retirement of Jean Matterson. Karl is Chairman of Clipstone Industrial REIT plc, a senior independent adviser for Fulcrum Asset Management and a Non-Executive Director of The Howard de Walden Estate. Prior to his non-executive career, he held a number of positions at Morgan Grenfell/Deutsche Asset Management between 1992 and 2004 including Chief Investment Officer for London, Australia, Europe and the Asia Pacific. He left this firm to establish institutional asset manager Oxford Investment Partners, which was acquired by Towers Watson in 2013. Karl was previously a non-executive director and chairman of The Monks Investment Trust plc, Apex Global Alpha Limited, and a non-executive director of Herald Investment Trust plc, Lowland Investment Company plc and Alliance Trust plc.

Ravinder (Ravi) Anand

Independent Non-Executive Director and Chairman of the Audit and Risk Committee

Appointed a Director in August 2023. Ravi is a highly experienced corporate financier and commercial business director. He has more than 35 years of financial services experience. He has created businesses and led numerous corporate transactions, including many in the investment companies sector. Until September 2025 he was managing director of ThinCats, a lender to mid-market UK SMEs. Prior to that he was head of corporate finance at boutique investment bank Dexion Capital, head of corporate finance and alternatives at New Star Asset Management and a director of equity capital markets at HSBC Investment Bank. He qualified as a chartered accountant at KPMG.

Wendy Colquhoun

Independent Non-Executive Director, Senior Independent Director and Chairman of the Remuneration Committee

Appointed a Director in January 2021. Until May 2020, Wendy was a senior corporate partner at international law firm CMS Cameron McKenna Nabarro Olswang LLP where she specialised in financial services. She has over 25 years of experience in providing advice to investment trusts. After qualifying as a solicitor in 1987, Wendy held roles with Dickson Minto WS and Linklaters before heading up the UK corporate group at Dundas & Wilson (a leading Scottish law firm) prior to its merger with CMS Cameron McKenna in 2014. She is a non-executive director and senior independent director of Schroder UK Mid Cap Fund plc and Murray International Trust plc and a non-executive director of Temple Bar Investment Trust Plc. She was formerly a non-executive director and chair of Henderson Opportunities Trust plc and a non-executive director of Scottish Financial Enterprise.

The Board *(continued)*

Paul Yates

Independent Non-Executive Director and Chairman of the Management Engagement Committee

Appointed a Director in December 2019. Paul is chairman of the advisory board of 33 St James's Limited. His extensive career in investment management began at Samuel Montagu & Co in 1980. He joined Phillips and Drew in 1985, being the year that it was acquired by UBS. During his time at UBS he held a number of positions covering management, portfolio management, pensions, strategy and client service. He was CEO of UBS Global Asset Management (UK) Limited between 2001 and 2005 and, after undertaking a number of global roles at UBS, he retired in 2007. He was formerly a non-executive director and chair of the nomination and remuneration committee of Witan Investment Trust plc and a non-executive director of Fidelity European Trust plc, where he was also the senior independent director.

Dr Theodora (Theo) Zemek

Independent Non-Executive Director

Appointed a director in November 2024. Theo has over 40 years' of experience within fixed income investment. She commenced her city career in bonds sales, moving into fund management in 1988. She spent nine years with M&G, rising to be chief investment officer of M&G International, before joining New Star Asset Management in November 2002. In March 2008, she joined AXA Investment Managers, where she was global head of fixed income and a member of AXA Investment Manager's management board. Theo was formerly a non-executive director at BlackRock Fund Managers and EFG Asset Management (UK) Limited.

Directors' Report

The Directors present their report and financial statements of Capital Gearing Trust P.l.c. for the year ended 31 March 2026.

Company status

The Company is an investment company as defined by section 833 of the Companies Act 2006 and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010 (the 'CT Act'). This legislation provides conditions that the Company must meet in respect of each accounting period. The Company will continue to conduct its affairs as an investment trust. The Company does not fall within the definition of a 'close company' under the CT Act.

Revenue and dividend

The net revenue return attributable to shareholders for the financial year to 31 March 2026 was £12,848,000 (31 March 2025: £21,527,000).

The Company does not aim to invest for income to support any target dividend payment or target yield, and dividend payments are affected by the requirement to distribute a certain level of income to maintain investment trust status. It is anticipated that capital return is likely to be the larger component of the returns over the longer term. The Company is generating considerable income from higher interest from bonds and other fixed interest securities.

The Board recommends the payment of a dividend of 66p per share, comprising 43p in interest distribution and 23p in ordinary equity dividends, for the year ended 31 March 2026, (2025: total of 102p) for approval by shareholders at the forthcoming Annual General Meeting. The dividend will be payable on 15 July 2026 to shareholders on the register of members on 12 June 2026, the associated ex-dividend date being 11 June 2026. As detailed in the Chairman's Statement, part of this year's dividend represents an interest distribution. Under FRS 102, final dividends should not be accrued in the financial statements unless they are approved by shareholders before the balance sheet date. As such, the amount recognised in the 2026 financial statements comprises the 2025 final dividend.

Net asset value per share

The net asset value per share of the Company as at 31 March 2026 was 5,104.5p, compared with 4,924.8p as at 31 March 2025.

The financial position of the Company is set out in detail in the financial statements. Note 15 to the financial statements describes the Company's processes for managing its capital, its financial risk management objectives, details of its financial investments and its exposure to market price, interest rates, foreign currency, credit and liquidity risk.

Share capital

The Company's share capital comprises Ordinary shares of 25p each nominal value. The voting rights of the shares on a poll are one vote for each share held. As at 31 March 2026, the issued share capital consisted of 26,580,263 shares (31 March 2025: 26,580,263) and 10,882,030 shares were held in Treasury (31 March 2025: 8,609,501). During the year to 31 March 2026, 2,272,529 shares were bought back into treasury (31 March 2025: 4,067,965).

As at 2 June 2026, the latest practicable date prior to the publication of this report, the issued share capital consisted of 26,580,263 shares, of which 10,933,416 shares were held in treasury. While shares are held in treasury, no dividends are paid on them and they have no voting rights.

Substantial shareholders

At 31 March 2026, the Board received notification of the following interest in the voting rights of the Company:

Notified interests	% of Issued share capital held
LGT Wealth Management UK LLP	**5.7%**
Killick & Co LLP	**5.7%**
Brewin Dolphin Limited	**4.1%**

Since 31 March 2026 to the date of this report, the Company has not been informed of any changes.

In addition to the above, as at 31 March 2026, directors and employees of CGAM were interested in shares representing 1.8% of the issued share capital.

Management and contracts

Investment Manager

The Company's investments are managed by CGAM. Under the investment management agreement, CGAM receives an annual investment management fee of 0.60% of the net assets of the Company up to £120m, 0.45% of net assets above £120m up to £500m, and 0.30% thereafter, based on quarterly valuations and payable quarterly in arrears. CGAM also receives an additional annual fee of £150,000 in relation to AIFM services provided to the Company (including investor relations and marketing). The agreement is terminable on six months' notice, and in the event of termination otherwise than at the end of a quarter, the Company is obliged to pay to CGAM a due proportion of the fee for the period ended on the termination of the agreement, calculated by reference to the net assets of the Company as at the date of termination. No other compensation would arise in the event of termination.

CGAM was appointed as the Company's AIFM in November 2017.

The Investment Manager operates under the investment policy and guidelines drawn up by the Board as detailed on page 21. Any proposed deviation from these guidelines is required to be discussed with and agreed by the Board, or by the Chairman where authority is required between Board meetings. In addition, the Investment Manager presents a report at each Board meeting detailing compliance with the policy during the preceding quarter and outlining any instances where approval for investment decisions was sought from either the Board or the Chairman.

Performance, evaluation and the continuing appointment of the Investment Manager

The performance of the Investment Manager during the year to 31 March 2026 and the contractual arrangements with the Investment Manager were discussed at the Management Engagement Committee meeting held on 21 April 2026.

In reviewing the Investment Manager's performance, the Directors consider the following:

- adherence to the pre-agreed investment policy and guidelines as prescribed by the Board;
- whether the strategy adopted by the Investment Manager has been and continues to be consistent with the Company's aims;
- the asset value performance achieved in the year under review as well as over the longer term and whether this satisfies the investment objective as communicated to shareholders;
- performance comparison against a selected peer group; and
- compliance and administration competence.

Based on investment performance over the year to 31 March 2026, as well as over the longer-term, the Directors concluded that the continuing appointment of the Investment Manager on the existing terms is in the best interests of the shareholders as a whole.

Company secretarial and administration services

Frostrow Capital LLP ('Frostrow') was appointed by the Company from 1 July 2024 to provide company secretarial and administration services under an Administration Agreement which may be terminated on six months' notice. Frostrow receives a fee of 0.11% on the first £150 million of market capitalisation and 0.05% of market capitalisation above £150 million.

Discount and premium control services

JP Morgan Securities, the Company's broker, was appointed by the Company from 1 July 2024 to operate the Board's discount and premium control policy.

Depositary and custodian

The Northern Trust Company ('Northern Trust') was appointed in 2011 to provide custodial services for the portfolio and subsequently appointed to act as depositary on 20 December 2019 to fulfil the requirements of the AIFMD. Pursuant to the terms of this agreement, Northern Trust receives a depositary fee which is based on the net asset value of the Company, subject to a minimum of £50,000 per annum, and safe-keeping and transaction fees which vary by market. Termination of the depositary and custody agreement requires six month's written notice.

Details of the fees paid during the year are recorded in note 4 of the financial statements on page 66.

Conflicts of interest

In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of interests and potential conflicts is maintained and is reviewed at every Board meeting to ensure all details are kept up to date. Appropriate authorisation is sought prior to the appointment of any new Director or if any new conflicts or potential conflicts arise.

Directors

The Directors of the Company who held office at 31 March 2026 and at the date of approval of this report are set out on pages 29 and 30, together with their biographies. Directors' interests in the shares of the Company are set out in the Directors' Remuneration Report on page 44.

There are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' Report *(continued)*

Retirement and re-appointment of Directors

In accordance with the AIC Code, all Directors offer themselves for re-appointment at the forthcoming AGM and on an annual basis going forward.

After due consideration of the results of the performance evaluation, the Board confirms that the performance of each Director continues to be effective and that each Director demonstrates commitment to their role, including the necessary commitment of time for Board and Committee meetings and other duties as required. The Board believes that the re-appointment of all Directors standing at the AGM is in the best interests of the Company and its shareholders.

Directors' indemnity

The Company maintains directors' and officers' liability insurance in place for all Directors, which is reviewed periodically. Subject to the provisions of UK legislation, the Company's Articles of Association (the 'Articles') provide the Directors with a qualifying third-party indemnity provision against costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the courts. The qualifying third-party indemnity provision was in force throughout the financial year and at the date of approval of the annual report. No claims have been brought against the Company or the Directors.

Whistleblowing policy

As the Company has neither executive Directors nor employees, a formal whistleblowing policy has not been adopted. However, the Board has agreed a procedure by means of which any Directors or employees of external service providers can bring to the attention of the Chairman or Senior Independent Director matters of concern to them. No matters of concern have been raised during the year to 31 March 2026.

Information about securities carrying voting rights

The following information is disclosed in accordance with Section 992 of the Companies Act 2006:

- the Company's capital structure is summarised on page 31;
- the details of the substantial shareholders in the Company are listed on page 31;
- the rules on the appointment and replacement of the Directors are set out in the Articles and are summarised on page 33. Any change to the Articles would be governed by the Companies Act 2006;
- the Directors' powers to issue and buy back shares, in force at the financial year-end, are recorded on page 34; and
- there are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid.

Annual General Meeting (the 'AGM')

The AGM of the Company will be held on 8 July 2026 at 11.00 a.m. at the Chartered Accountants' Hall, 1 Moorgate Place, London EC2R 6EA. If you are unable to attend in person, a recording of the Manager's presentation will be available on the Company's website shortly after the AGM. The formal notice of such is set out on pages 81 to 83. Shareholders are strongly advised to appoint the Chairman of the meeting to vote on their behalf by completing and returning their form of proxy or when submitting their votes through an investment platform.

Shareholders are encouraged to submit questions to the Board using the email address company.secretary@capitalgearingtrust.com by close of business on 6 July 2026. The proxy voting results, answers to any questions raised ahead of the AGM and the presentation from the Investment Manager will be made available on the Company's website following the AGM.

There are 15 resolutions being proposed at the AGM, 12 of which are ordinary resolutions, five of which are being considered as special business, and three of which (resolutions 13 to 15) are special resolutions.

Resolutions 1 to 3 concern the receiving of the accounts, approving the Directors' remuneration report and approving the final dividend of 66p per share, comprising 43p in interest distribution and 23p in ordinary equity dividends. Resolutions 4 to 8 are for the re-appointment of the existing Directors. Resolution 9 is for the re-appointment of BDO as auditor and resolution 10 is to authorise the Directors to determine their remuneration.

Directors' Report *(continued)*

Additional information on the resolutions relating to special business is detailed below:

Resolution 11 – Sub-division of existing ordinary shares

At the Annual General Meeting the Directors will seek authority to sub-divide each existing ordinary share of 25 pence each (the 'Existing Ordinary Shares') into ten new ordinary shares of 2.5 pence each (the 'New Ordinary Shares'). The full text of this resolution is set out on page 81. The resolution is conditional upon, and will take effect upon, the New Ordinary Shares being listed on the Official List of the Financial Conduct Authority and admitted to trading on the London Stock Exchange.

If resolution 11 is passed at the Annual General Meeting and the conditions attaching to the resolution are fulfilled there will be 265,802,630 New Ordinary Shares in issue (including those held in Treasury) immediately following completion of the sub-division (on the basis that there are currently 26,580,263 Existing Ordinary Shares in issue, including those held in Treasury). The Directors consider the sub-division to be in the best interests of shareholders as a whole as lowering the price at which the shares are traded should improve their marketability.

The New Ordinary Shares will rank pari passu with each other and will be subject to the same rights and restrictions as the Existing Ordinary Shares, including the same rights to participate in dividends or income of the Company. Mandates and other instructions for the payment of dividends, including any dividend reinvestment instruction received, in paper form or via CREST, will, unless and until revised, continue to apply to the New Ordinary Shares. A holding of New Ordinary Shares following the sub-division will represent the same proportion of the issued ordinary share capital of the Company as the corresponding holding of the Existing Ordinary Shares immediately prior to the sub-division.

If resolution 11 is approved at the Annual General Meeting it is expected that: (i) dealings in the Existing Ordinary Shares will cease as at close of business on 22 July 2026; (ii) admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange, and dealings in the New Ordinary Shares, will commence 23 July 2026; (iii) where Existing Ordinary Shares are held in certificated form, share certificates will cease to be valid from 23 July 2026 and certificates in respect of the New Ordinary Shares will be posted, at the risk of shareholders, by 31 July 2026 (in substitution for existing certificates which should be destroyed); and (iv) shareholders who hold their Existing Ordinary Shares in uncertificated form will have their CREST accounts credited with the relevant entitlements to New Ordinary Shares on 23 July 2026.

The New Ordinary Shares have been allocated new stock identification codes as follows: SEDOL Code BT66KP9; and ISIN Code: GB00BT66KP92, to be effective from the date of admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange, expected to be 23 July 2026.

The share split will not itself give rise to any liability to UK income tax (or corporation tax on income) for shareholders. For the purposes of UK capital gains tax and corporation tax on chargeable gains, the receipt of the New Ordinary Shares from the share split will be a reorganisation of the share capital of the Company. Accordingly, a shareholder's holding of New Ordinary Shares will be treated as the same asset as a shareholder's holding of Existing Ordinary Shares and as having been acquired at the same time and for the same consideration, as that holding of Existing Ordinary Shares.

Resolutions 12 and 13 – Directors' authority to allot shares and disapply pre-emption rights

Directors are seeking authority to allot up to 5,215,615 shares, in aggregate a nominal value of £1,303,903, representing one third of the issued share capital as at 2 June 2026 (excluding treasury shares). The Directors are also seeking to disapply pre-emption rights in respect of the allotment of up to 20% of the issued share capital of the Company, (equivalent to 5,316,052 shares at 2 June 2026 with an aggregate nominal value of £1,329,013, including any shares which have been bought back as treasury shares.

The Board recognises institutional investor guidelines which state that non pre-emptive issues should be limited to a maximum of 20% for investment companies. The Board believes that the continued operation of the DCP in a cost-effective manner is in the best interests of both existing and new shareholders.

Resolution 14 – Authority to make market purchases of the Company's shares

At the 2025 AGM, the Directors were given the authority until the date of the following AGM to buy back up to 2,595,398 shares (14.99% of the issued share capital at the date of the 2025 AGM).

At a general meeting held on 28 April 2026, shareholders granted authority until the date of the following AGM to buy back up to 2,351,519 shares (being 14.99% of the issued share capital at the date of the general meeting).

Directors' Report *(continued)*

At this year's AGM, the Directors are seeking authority to buy back up to 2,345,462 shares (14.99% of the issued share capital (excluding treasury shares) as at 2 June 2026 or, if less, the number representing 14.99% of the issued share capital (excluding treasury shares) of the Company at the date of the meeting at which this resolution is proposed) for cancellation or holding in treasury for re-sale into the market during more favourable market conditions at values equal or at a premium to NAV.

If approved, the powers, as detailed above under Resolutions 12 to 14 and in the formal notice of the AGM, will expire at the AGM to be held in 2027 unless previously renewed, varied or revoked by the Company in general meeting. These powers will be exercised only if the Board is of the opinion that it would result in an enhancement to the NAV per share of the Company and therefore have a positive effect on shareholder funds. The ability to buy back shares is an important part of the operation of the DCP, if and when required.

Resolution 15 – Notice of general meetings

At the 2025 AGM, a resolution was passed to allow the Company to call a general meeting other than an AGM on at least 14 clear days' notice. Such shareholder authority must be renewed annually, and must exclude AGMs, which can only be held on 21 clear days' notice. Without such shareholder authority, all general meetings need 21 clear days' notice.

The Board considers it prudent to retain the ability to call general meetings other than AGMs on the shorter notice period of 14 clear days, and this resolution seeks such approval from shareholders.

Recommendation

The Directors consider that all the resolutions detailed in the formal notice of the AGM are in the best interests of the Company and the shareholders taken as a whole and therefore unanimously recommend to shareholders that they vote in favour of each resolution, as the Directors intend to in respect of their own holdings.

Statutory auditor

The Audit and Risk Committee is satisfied that BDO LLP is independent of the Company and, as mentioned above, a resolution to re-appoint BDO LLP as the Company's auditor will be put to shareholders at the forthcoming AGM.

Directors' statement as to disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 29 and 30. Each Director in office at the date of this report confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Business ethics

The Company is an investment company with no employees or customers and does not provide goods or services in the normal course of business. It has appointed third parties to manage the investments and to carry out administrative and secretarial services. The Company's own supply chain consists predominantly of professional advisers and service providers in the financial services industry, which is highly regulated and the Board has sought assurances from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Bribery Act 2010

The Company has zero tolerance towards bribery and is committed to carrying out business fairly, honestly and openly. The Investment Manager also adopts a zero tolerance approach and has policies and procedures in place to prevent bribery.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Greenhouse gas emissions

The Company's approach to ESG is set out on pages 16 to 20 and are aligned towards the delivery of sustainable investment performance over the longer term. The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations either as a producer or a provider of goods or services, while its shareholders are effectively its customers. As such it does not directly generate any greenhouse gas or other emissions or pollution. Nor does it have any emissions-producing sources to report under the Companies Act 2006 and associated regulations. As the Company did not consume more than 40,000 kWh of energy during the past year, it is exempt from reporting under Streamlined Energy and Carbon Reporting regulations.

Taskforce for Climate Related Financial Disclosures ('TCFD')

The Company notes the TCFD recommendations on climate-related financial disclosures. The Company is an investment trust and, as such, it is exempt from the Listing Rules requirement to report against the TCFD framework.

Political and charitable contributions

No contributions were made during the year for political or charitable purposes (2025: nil).

Outlook and future developments

Please refer to the Chairman's statement on pages 5 to 8 and the Investment Manager's review on pages 10 to 12 for an update on performance over the year and the outlook for the Company.

Post balance sheet events

Since 31 March 2026, there are no post balance sheet events which would require adjustment of or disclosure in the financial statements.

Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report.

Compliance with the recommendations of the AIC Code and UK Corporate Governance Code

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

The Board believes that the AIC Code, which incorporates the UK Corporate Governance Code, provides the most appropriate governance framework for the Company. Accordingly, the Company reports against the principles and provisions of the AIC Code as the Board believes this should provide more relevant information to shareholders. The 2024 edition of the AIC Code is applicable to the year under review, with the exception to Provision 34 which is applicable for accounting periods beginning on or after 1 January 2026, and can be found at www.theaic.co.uk.

The UK Corporate Governance Code includes provisions relating to the role of the chief executive, executive directors' remuneration, the need for an internal audit function and workforce engagement. For the reasons set out in the AIC Code and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations and has therefore not reported further in respect of these provisions.

During the financial year the Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Corporate Governance Code.

Application of the AIC Code

Operation of the Board

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings, including strategy, management, structure, capital, financial reporting, internal controls, gearing, asset allocation, share price premium/discount, contracts, investment policy, finance, risk, investment restrictions, performance, corporate governance and Board membership and appointments.

It has delegated investment management, within clearly defined parameters and dealing limits, to CG Asset Management, and the company secretarial and administration functions have been delegated to Frostrow Capital LLP. The Board reviews the performance of the Company at Board meetings and sets the objectives for the Investment Manager.

The Company Secretary is responsible to the Board, *inter alia*, for ensuring that Board procedures are followed and for compliance with applicable rules and regulations including the AIC Code.

The Board believes that the content and presentation of Board papers circulated before each meeting contain sufficient information concerning the financial condition of the Company. Key representatives of the Investment Manager attend each Board meeting enabling the Directors to probe on matters of concern or seek clarification on certain issues.

Biographies of those Directors in office at the date of signing of the financial statements are set out on pages 29 and 30.

Audit and Risk Committee

The Audit and Risk Committee is a formally constituted Committee of the Board with defined terms of reference. The Committee is chaired by Ravi Anand. Its role and responsibilities are set out in the Report of the Audit and Risk Committee on page 47. As the Board is small, Karl Sternberg, the Chairman of the Board, is a member of the Committee. The Board is satisfied that members of the Audit and Risk Committee have relevant and recent financial experience to fulfil their role effectively and also have sufficient experience relevant to the closed ended investment company sector and UK listed companies. The auditor, who the Board has identified as being independent, is invited to attend the Committee meeting at which the annual accounts are considered and any other meetings that the Committee deems necessary.

Nomination Committee

The Nomination Committee, chaired by Karl Sternberg, comprises all the Directors and meets at least annually. It is deemed appropriate that all Directors serve on this Committee since it is important that they are all involved in director appointments and the annual Board performance review process in particular. The Chairman

Corporate Governance Statement *(continued)*

will not participate in any discussions concerning his successor. The Committee's primary focus is to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender. The Board's diversity policy is set out on page 39.

The Committee has put in place the necessary procedures to conduct, on an annual basis, an appraisal of the Chair, the Board, its Committees and individual Directors. Full details of the ongoing evaluation process can be found on page 40.

Management Engagement Committee

A Management Engagement Committee comprises all the independent Directors of the Company and is chaired by Paul Yates. The Committee meets at least once a year to consider the performance and remuneration of the Investment Manager and to review the terms of the investment management contract. The Management Engagement Committee also reviews the terms and performance of the other key service suppliers to the Company on an annual basis, including the costs of these services and how effective they have been during the year.

Remuneration Committee

A Remuneration Committee is chaired by Wendy Colquhoun. As the Board is small, the Committee comprises all the independent Directors of the Company. The Committee meets at least once a year to consider the Directors' Remuneration Policy and the remuneration of the Directors.

During the year, the Committee considered the Directors' fees over the last eight years, fees paid by its investment trust peer group and other trusts of a similar size and structure and the results of Trust Associate's 2025 fee review. After considering this information and the work and responsibilities of the Directors, the Committee concluded that for the forthcoming financial year it was appropriate to increase the fees as detailed in the Directors' Remuneration Report on page 43.

The additional fee payable to the Senior Independent Director will remain at £2,000.

The Directors' Remuneration Report can be found on pages 42 to 46.

Directors' meeting attendance

The number of formal meetings held during the year ended 31 March 2026 and the Directors' attendance is detailed below.

	Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Karl Sternberg	5/5	3/3	1/1	1/1	1/1
Ravi Anand	5/5	3/3	1/1	1/1	1/1
Wendy Colquhoun	5/5	3/3	1/1	1/1	1/1
Jean Matterson (retired 3 July 2025)	2/5	1/3	1/1	1/1	1/1
Paul Yates	5/5	3/3	1/1	1/1	1/1
Theo Zemek	5/5	3/3	1/1	1/1	1/1

Apart from regular Board meetings, members of the Board attended a number of ad hoc committee meetings during the year, for strategic discussions, succession planning and continued implementation of the discount/premium control policy. Members of the Board are also in contact with representatives of the Investment Manager and the Company Secretary on an informal and regular basis. In addition, all members of the Board at that time attended the 2025 AGM.

Corporate Governance Statement *(continued)*

Independence of the Directors

Each of the Directors is independent of any association with the Investment Manager and has no other relationships or circumstances which might be perceived to interfere with the exercise of independent judgement on the affairs of the Company. The Directors have a range of business and financial skills and experience relevant to the direction of the Company. Wendy Colquhoun is currently the Senior Independent Director, having been appointed to this role in July 2024. Ms Colquhoun has significant direct corporate and market experience of investment companies and of acting as a senior independent director and non-executive director for other investment companies.

Director Time Commitments

Ahead of appointing a Director, candidates are asked to confirm that they are able to allocate sufficient time to the Company to discharge their responsibilities effectively. The Board believes that all Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

Director tenure

In accordance with the AIC Code all Directors are subject to annual re-appointment. Board support for re-appointment is based on the outcome of an annual performance evaluation. The Chairman also speaks with each Director individually. The performance of each Director and nominations for re-appointment are then discussed by the Board as a whole.

The Board's view is that length of tenure is not necessarily an issue, with the Director's contribution, and ability being important factors in determining the value the individual brings to the Board. The Directors are conscious of the benefits of continuity on the Board and believe that retaining Directors with sufficient experience of both the Company and the markets is of great benefit to the Company. The Chairman and Directors will not generally seek reappointment at an annual general meeting that falls after having served nine years on the Board, unless there are certain circumstances, such as succession planning and the need to maintain cohesion and continuity, for doing so.

Director remuneration

The Company's policy on Director remuneration is set out within the Directors' Remuneration Report on pages 42 to 46.

Board diversity

The Board is focused on having an effective Board which consists of experienced non-executive Directors who can function well together and have a good operational knowledge of the Company and the closed ended investment company sector more generally. The Board currently consists of five independent Directors: Karl Sternberg, Ravi Anand, Wendy Colquhoun, Paul Yates and Theo Zemek.

The Board supports the principle of boardroom diversity in its broadest sense, in terms of gender, expertise, geographic background, age and race. The Company is specialised and the Board's priority is to have a relatively small and effective independent Board of non-executive Directors with the requisite abilities and experience to oversee the Company, its investments and its corporate structure, including its third-party advisers. Any new appointee would make an appropriate contribution to those skills. It is the Board's policy to review its composition regularly and, when appropriate, to refresh the Board through recruitment, with the aim of having the blend of skills and attributes that will best serve shareholders in the future and will not discriminate on the grounds of gender, race, ethnicity, socio-economic background, religion, sexual orientation, age or physical ability.

The Nomination Committee is conscious of the diversity targets set out in the FCA Listing Rules and the Board complies with the AIC Code in appointing appropriately diverse, independent non-executive Directors who set the operational and moral standards of the Company and aims to have an appropriate level of diversity on the Board.

In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity as at 31 March 2026, being the financial year-end of the Company. The information included in the tables below has been obtained following confirmation from the individual Directors. As shown in the tables, the Company meets all the FCA diversity targets as at 31 March 2026. The Board will continue to take all matters of diversity into account as part of its succession planning.

Board gender as at 31 March 2026[1]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	60%	1
Women	2	40%[2]	1

Key Features | Strategic Report | Governance Report | Independent Auditor's Report | Financial Statements | Notice of AGM | Shareholder Information

Corporate Governance Statement *(continued)*

Board ethnic background as at 31 March 2026[1]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority-white groups)	4	80%	1
Mixed/Multiple Ethnic Groups	1	20%[3]	nil

(1) The Company does not disclose the number of Directors in executive management as this is not applicable for an investment trust. The Listing Rules state that the senior board positions consist of Chair, Chief Executive Officer, Senior Independent Director and Chief Financial Officer. As an externally managed investment trust the Company does not have the roles of CEO or CFO.

(2) This meets the Listing Rules target of 40% in terms of gender diversity.

(3) This meets the Listing Rules target on ethnic diversity.

Directorate

The Board believes that shareholders' interests are best served by ensuring a smooth and orderly refreshment of the Board with experienced candidates whilst maintaining continuity of knowledge and expertise.

Induction and training

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

Ongoing evaluation

On an annual basis the Nomination Committee formally reviews the Board's performance, together with that of the Audit and Risk and other Board committees and the effectiveness and contribution of the individual Directors, including the Chairman, within the context of service on those bodies. The Senior Independent Director led the annual evaluation of the Chairman. The outcome of the external review was positive with no significant concerns expressed.

As the Company is a constituent of the FTSE 250, the Board intends to hold an externally facilitated performance evaluation of the Board, its Committees, the Chairman and the individual Directors, every three years. The Board is due to conduct an externally facilitated board evaluation in respect of the Company's year ending 31 March 2026, since a period of three years have passed since the last externally facilitated exercise. Given the number of recent changes to the Board, to include the appointment of two Directors and a change of Chairman, the Board has resolved to postpone this enhanced exercise until 2027.

Shareholder communications

Shareholder relations are given high priority by both the Board and the Investment Manager. The principal medium by which the Company communicates with shareholders is through half yearly and annual reports. The information contained therein is supplemented by daily NAV announcements and by a monthly fact sheet and quarterly report available on the Company's website.

The Board largely delegates responsibility for communication with shareholders to CGAM and, through feedback from the Investment Manager, expects to be able to develop an understanding of shareholders' views. There is also a communication line with shareholders through the Company Secretary. The Board receives a quarterly report from the Investment Manager summarising any shareholder correspondence. Members of the Board are always happy to meet with shareholders for the purpose of discussing matters in relation to the operation and prospects of the Company.

The Board encourages investors to attend the AGM either in person or online and welcomes questions and discussion on issues of concern or areas of uncertainty. Shareholders who have any questions are encouraged to address these through the Company Secretary and the Board will respond accordingly.

The Investment Manager typically makes a presentation at the AGM outlining the key investment issues that face the Company. The presentation is made available on the Company's website.

Accountability, internal controls and audit

The Board pays careful attention to ensuring that all documents released by the Company, including the Annual Report, present a fair and accurate assessment of the Company's position and prospects.

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness. In common with the majority of investment trusts, the Board has determined that the most efficient and effective management of the Company is achieved by the Directors determining the investment strategy, and the Investment Manager being responsible for the day to day investment management decisions on behalf of the Company. Accounting, company secretarial and custodial services have also been delegated to organisations that are specialists

Corporate Governance Statement *(continued)*

in these areas, and which can provide, because of their size and specialisation, economies of scale, segregation of duties and all that is required to provide proper systems of internal control within a regulated environment.

As the Company has no employees and its operational functions are undertaken by third parties, the Audit and Risk Committee does not consider it necessary for the Company to establish its own internal audit function. Instead, the Audit and Risk Committee examines internal control reports received from its principal service providers to satisfy itself as to the controls in place. The internal controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable.

Control of risks identified covering financial, operational, compliance and risk management, is embedded in the controls of the Company through a series of regular investment performance statements, financial and risk analyses, Investment Manager reports and control reports. Key risks have been identified and controls put in place to mitigate them, including those not directly the responsibility of the Investment Manager. The effectiveness of the internal controls is assessed on a continuing basis by the Investment Manager, the custodian and the Company Secretary. Each maintains its own system of internal controls, and the Board and Audit and Risk Committee receive regular reports from them. These control systems have been in place throughout the year under review and up to the date of signing the financial statements. They are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage, rather than eliminate, risk of failure to achieve objectives.

It is a requirement that the Board monitors the Company's risk management and internal controls systems and, at least annually, carries out a review of their effectiveness. The Board has established a process for identifying, evaluating and managing the principal risks faced by the Company in accordance with the Financial Reporting Council's guidance document 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'. Business risks have also been analysed by the Board and recorded in a risk map that is reviewed regularly.

The Board continues to work closely with all of its agents, directly or indirectly, to ensure that internal controls and the resilience of operating systems continue to be in place.

By order of the Board

Frostrow Capital LLP
Company Secretary

3 June 2026

Directors' Remuneration Report

This section provides details of the remuneration policy for the Directors of the Company. All Directors are non-executive, appointed under the terms of letters of appointment, and none has a service contract. Each Director's appointment is subject to their appointment or re-appointment by shareholders every year at the AGM. The Company has no employees.

The Board has prepared this report in accordance with the requirements of the Companies Act 2006. The shareholders approved the remuneration policy at the Annual General Meeting in 2025 and it will be put to shareholders again at the AGM to be held in 2028. This policy, together with the Directors' letters of appointment, may be inspected at the Company's registered office.

The Board has established a Remuneration Committee consisting of all the independent Directors, chaired by Wendy Colquhoun. The Committee considers and determines all matters relating to the Directors' remuneration at the beginning of each financial year. The Directors are remunerated exclusively by fixed fees in cash. There are no performance related elements to the Directors' fees and the Company does not operate any type of incentive, share or pension scheme. Therefore, no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are entitled to receive reasonable out of pocket expenses incurred in connection with their responsibilities, which largely relate to travel and accommodation expenses.

Policy on Directors' remuneration

The Company's policy is that the remuneration of each Director should be commensurate with the duties, responsibilities and time commitment of each respective role and consistent with the requirement to attract and retain Directors of appropriate quality and experience. The remuneration should also be comparable to that of similar investment trusts within the AIC Flexible Investment Sector and other investment trusts which are similar in size and structure. Given the nature of the Company, there may be circumstances where additional remuneration is paid to Directors for requirements outside the normal activities of the Board. The remuneration policy is not subject to employee consultation as the Company has no employees. As such, there is no employee comparative data to provide in relation to the setting of the remuneration policy of the Directors.

The Board, at its discretion, shall determine Directors' remuneration subject to the aggregate annual fees not exceeding the amount set out in the Company's Articles from time to time. The current limit on the total aggregate annual fees payable is £250,000. This limit can be increased by ordinary resolution of the shareholders. Fees for each financial year are agreed and approved by the Remuneration Committee.

It is intended that this policy will remain in place for the next and subsequent financial years.

Shareholder views

The Board will consider any comments received from shareholders on the remuneration policy on an ongoing basis and will take account of these views where appropriate. No shareholder has expressed any views to the Company in respect of the remuneration policy and the Directors' remuneration.

Loss of office

A Director may be removed from office without notice and no compensation will be due on loss of office.

Expenses

All Directors are entitled to the reimbursement of reasonable out of pocket expenses incurred by them in order to perform their duties as Directors of the Company.

Review of remuneration policy

The Board reviews the above remuneration policy at least annually to ensure that it remains appropriate.

Audit requirements

The Company's auditor is required to report on certain information contained within this report. These elements are described below as 'audited'. The auditor's opinion is included within the auditor's report set out on pages 52 to 58.

Directors' fees

The Directors who served during the year received remuneration as detailed below. The fee rates, having been determined, are applied from the date, which is not necessarily the commencement of a reporting year, from which a director is appointed or assumes additional responsibilities.

Directors' Remuneration Report *(continued)*

Directors' fees are reviewed every year and a detailed review was undertaken in February 2026. Following this review, fees have been increased to ensure that the remuneration paid to Directors is in line with comparable peers, thus ensuring that the Company remains able to attract suitably qualified candidates for future Board vacancies. The agreed new fee rates for 2027 shown in the table below took effect from 1 April 2026 and reflect an average fee increase of 3.5% on average.

	Annual fee rates		
	2027 £	2026 £	2025 £
Chairman	53,750	**52,000**	50,000
Audit and Risk Committee Chairman	43,000	**41,500**	40,000
All other Directors	35,250	**34,000**	32,500

The Senior Independent Director receives an additional fee of £2,000 per annum.

Single total figure of remuneration (audited)

The single total figure of remuneration for the Board as a whole for the year ended 31 March 2026 was £213,508 (year to 31 March 2025: £197,486). The single total figure for the total remuneration of each Director, together with the prior year's comparative, is set out in the table below:

	Total	
Directors	2026 £	2025 £
Jean Matterson (Chairman of the Board until retirement on 3 July 2025)	**15,764**(1)	50,000
Ravi Anand (appointed to the Board on 1 August 2023 and Chairman of the Audit and Risk Committee from 2 July 2024)	**41,500**	38,071
Wendy Colquhoun	**40,616**(2)	33,986
Karl Sternberg (appointed to the Board on 5 September 2024 and Chairman of the Board from 3 July 2025)	**47,628**	18,583
Paul Yates (appointed to the Board on 2 December 2019)	**34,000**	32,500
Theo Zemek (appointed to the Board on 1 November 2024)	**34,000**	13,542
Robin Archibald (retired from the Board on 2 July 2024)	**–**	10,804
	213,508	197,486

(1) includes £1,830 in taxable benefits relating to the reimbursement of costs incurred in connection with the attendance of meetings.

(2) includes £4,616 in taxable benefits relating to the reimbursement of costs incurred in connection with the attendance of meetings.

Directors’ Remuneration Report *(continued)*

There were no other transactions with Directors during the year.

No payments were made to any former Directors and no loss of office payments were made to any person who has previously served as a Director of the Company at any time during the financial year ended 31 March 2026 (year to 31 March 2025: nil).

Annual percentage change in remuneration of Directors

The table below is a disclosure requirement under The Companies (Directors’ Remuneration Policy and Directors’ Remuneration Report) Regulations 2019 and sets out the annual percentage change in each director’s remuneration received in the most recent five financial years. The percentage change reflects changes in roles on the Board compared to previous remuneration and less than full year appointment.

Directors	2026 Total Fees % change	2025 Total Fees % change	2024 Total Fees % change	2023 Total Fees % change	2022 Total Fees % change
Karl Sternberg (appointed to the Board on 5 September 2024 and Chairman of the Board from 3 July 2025)	**156.3**	100	n/a	n/a	384.8
Ravi Anand (appointed to the Board on 1 August 2023 and appointed Chairman of the Audit and Risk Committee from 2 July 2024)	**9.0**	84.2	100	n/a	n/a
Wendy Colquhoun (appointed to the Board on 5 January 2021 and Senior Independent Director from 2 July 2024)	**19.5**	9.6	3.3	9.1	9.4
Jean Matterson (Chairman of the Board until retirement on 3 July 2025)	**(68.5)**	7.5	9.8	10.0	18.5
Paul Yates (appointed to the Board on 2 December 2019)	**4.6**	4.8	3.3	9.1	10.0
Theo Zemek (appointed to the Board on 1 November 2024)	**151.1**	100	n/a	n/a	n/a
Robin Archibald (retired from the Board on 2 July 2024)	**n/a**	(73.0)	4.4	9.4	n/a

Directors and their interests (audited)

The Directors in office at 31 March 2026 and the number of shares in the Company over which they held an interest are listed below. The interests of each Director include the interests of their connected persons:

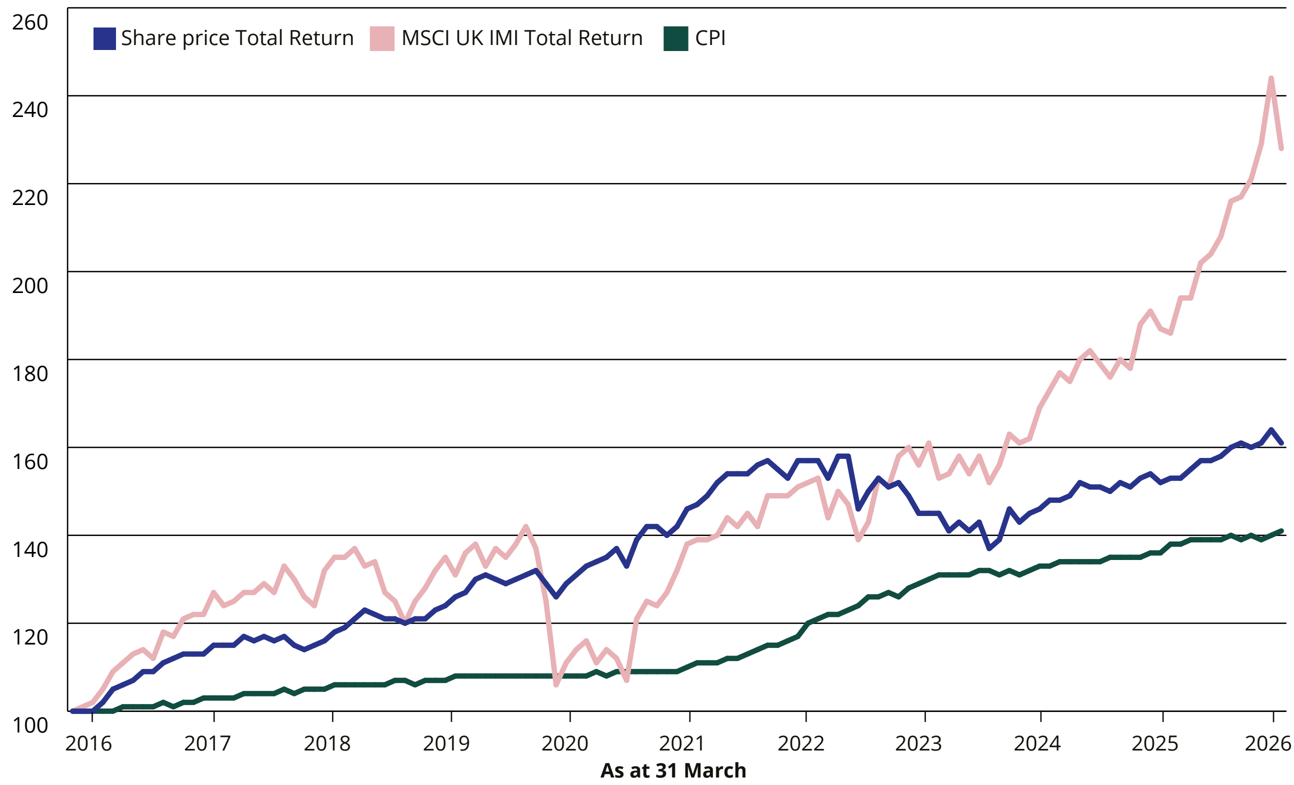
	Ordinary shares of 25p each	
	31 March 2026	**31 March 2025**
Karl Sternberg	**3,143**	1,269
Ravi Anand	**4,430**	4,430
Wendy Colquhoun	**400**	400
Paul Yates	**2,000**	2,000
Theo Zemek	**414**	–

On 17 April 2026, Karl Sternberg acquired a further 982 shares taking his shareholding in the Company at the date of this report to 4,125. No further changes to the above holdings have been notified since 31 March 2026 up to the date of this report. The Company has no share options or any share schemes, and does not operate a pension scheme. None of the Directors are required to own shares in the Company.

Directors' Remuneration Report *(continued)*

Performance graph

The following graph compares the Company's share price total return to shareholders over the last ten years with the MSCI UK IMI Total Return Index and CPI. Whilst Investment performance is reviewed by the Board against CPI only, The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 require the Company to include within the Directors' Remuneration Report a graph comparing total shareholder return with the performance of a broad equity market index. The Board has selected the MSCI UK IMI Total Return Index for this purpose, as it is deemed to be an appropriate equity market index comparator.



Source: CG Asset Management Limited, data rebased to 100 in 2016.

Relative importance of spend on pay

Actual expenditure by the Company on remuneration and distributions to shareholders for the current and prior year are detailed in the table below:

	2026 £'000	2025 £'000	Absolute change £'000
Remuneration paid to all Directors	**214**	197	17
Distribution to shareholders by way of dividend and share buyback[1]	**121,556**	212,448	(90,892)

[1] Dividend for 2026 comprises the final dividend proposed for the year but not yet paid estimated based on 15,698,233 shares with voting rights as at 31 March 2026.

Directors' Remuneration Report *(continued)*

Statement of voting at the last Annual General Meeting

An ordinary resolution for the approval of this report will be put to the members at the forthcoming AGM and every year thereafter. To date, no shareholders have commented in respect of the remuneration report or policy. Should there be any significant vote against approval of the remuneration report or policy in the future, the Directors will seek to discuss with relevant shareholders the reasons for any such vote and any actions in response will be disclosed in future reports. At the last AGM held on 3 July 2025 shareholders, passed the resolution to approve the Directors' Remuneration Report: of the 5,018,497 proxy votes cast, 4,991,189 (99.46%) were cast in favour and 27,308 (0.54%) were cast against. 11,780 votes were withheld.

At the last AGM held on 3 July 2025 shareholders passed the resolution to approve the Directors' Remuneration Policy: of the 5,018,282 proxy votes cast, 4,993,260 (99.50%) votes were cast in favour and 25,022 (0.50%) were cast against. 11,995 votes were withheld.

Annual statement

On behalf of the Board, I confirm that the above Directors' Remuneration Report summarises as appropriate for the year ended 31 March 2026:

a) the major decisions on Directors' remuneration;

b) any substantial changes relating to Directors' remuneration made during the year; and

c) the context in which those changes occurred and decisions were taken.

On behalf of the Board

Wendy Colquhoun
Chairman of the Remuneration Committee

3 June 2026

Audit and Risk Committee Report

This report describes the range of work that the Committee has been engaged in and the judgements it has exercised.

Composition

The Committee comprises Karl Sternberg, Wendy Colquhoun, Paul Yates, Theo Zemek and Ravi Anand, as Chairman, all of whom have recent and relevant financial experience from their senior management and other non-executive roles in both the closed-ended sector or from other investment products.

Ravi Anand is a chartered accountant, corporate financier and commercial business director with considerable financial and investment company experience. The biographies of the Committee members can be found on pages 29 and 30. As he is deemed to be independent, Karl Sternberg, the Chairman of the Board, is a member of the Committee. Collectively, the Committee brings considerable corporate and investment company experience to bear on the Company's activities.

Role and responsibilities

The principal objectives of the Committee are to provide assurance to the Board as to the effectiveness of the Company's internal controls and the integrity of its financial reporting and to monitor the appointment, effectiveness and objectivity of the external auditor. In doing so, the Committee operates within its terms of reference, which are reviewed at each meeting and are available on the Company's website.

The Committee discharges the following key functions:

- to review the internal financial and non-financial controls, identify the principal risks, including emerging risks, and monitor the mitigating controls. This includes meeting representatives of the Investment Manager, Administrator and Custodian and receiving reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company;
- to consider the integrity of and recommend to the Board for approval the contents of the draft half- yearly and annual reports to shareholders and related announcements;
- to review the accounting policies and significant financial reporting judgements;
- to assess going concern and viability of the Company, including the assumptions used;
- to ensure the Annual Report, taken as a whole, is fair, balanced and understandable;
- to review the external auditor's independence, objectivity, effectiveness, appointment, remuneration and the quality of the services provided and to approve, if appropriate, any non-audit services to be carried out by the auditor;
- together with the Company Secretary, to review the Company's compliance with financial reporting, regulatory and governance requirements; and
- to assess the need for an internal audit function, taking account of the assurances received from the various external agents to the Company on their internal controls and systems.

The Committee met in full three times during the year, and its members met more regularly on an informal basis, as well as reviewing and commenting on documentation between formal committee meetings. The Company's auditor is invited to attend meetings as appropriate. The Committee has continued to support the Board in fulfilling its oversight responsibilities, reviewing the financial reporting process, the systems of internal control and management of risk, the audit process and the Company's process for monitoring compliance with laws and regulations.

In particular, the Committee focussed on the following areas during the year:

Financial reporting

The Committee considered the significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements and in the production of the interim accounts, including emerging risks and changes to the Company's risk profile. The Committee reviewed the external audit plan in November 2025 and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements and that the accounting policies and how they are applied continues to be appropriate.

Audit and Risk Committee Report *(continued)*

Financial reporting *(continued)*

As part of the review of the financial statements, the Committee considered the following significant issues:

Significant issue	How the issue was addressed
Ownership and valuation of investments	The appointed Depositary is responsible for the custody and controlling of all assets of the Company entrusted for safekeeping. Controls are in place to ensure that valuations are appropriate, and existence is verified by Frostrow Capital LLP via reconciliations to custodial records. The valuation of investments is undertaken in accordance with the significant accounting policies disclosed in note 1 to the financial statements on pages 63 to 65.
Ongoing impact of higher inflation, rising interest rates, and heightened geopolitical risks	The Committee reviewed inflation, rising interest rates, and geopolitical risks as part of the review of the investment portfolio and the asset allocation. This was also considered in reviewing the level of income received and the significant proportion of inflation-linked securities now held.
Revenue recognition, particularly from delisted trusts, where returns may be of capital rather than income, and any other returns from investments which constitute capital rather than revenue returns	Revenue was recognised in accordance with investment policies and enquiry was made on revenue of an atypical nature, such as special dividends or capital receipts. The Investment Manager reported to the Committee that less than 0.3% of the Company's portfolio is invested in delisted investment trusts. Receipts from these investments are reviewed by the Company Secretary and Investment Manager to ensure they are appropriately allocated to revenue or capital.
Potential for management override of controls and maintaining appropriate internal controls	The Committee together with the Board have established clear lines of responsibility between the Investment Manager, Custodian, Company Secretary and Administrator and receive appropriate reports from each of them regarding the operation and review of those organisations' internal controls. There was also a review of the co-ordination between the Investment Manager, the Administrator and Company Secretary.
Going concern	The content of the investment portfolio, trading activity, portfolio diversification and the cash balances are discussed at each Board meeting. After due consideration, the Committee concluded it was appropriate to prepare the Company's financial statements on a going concern basis and made this recommendation to the Board. The Company's continued ability to meet its investment objective, apply its investment policy, fulfil the aims of the discount and premium control policy, having a widely diversified and relatively liquid investment portfolio of largely listed securities and being ungeared, with the operational expenses of the Company covered by net income, were all factored into the consideration of both going concern and viability of the Company.
Compliance with s1158 Corporation tax Act 2000 (Investment trust status) and other taxation issues impacting on the Company	The Committee reviews the Company Secretary's procedures for ensuring compliance with relevant regulations, including maintenance of investment trust status and regularly seeks confirmation of compliance with the relevant regulations. A separate accounting firm, Grant Thornton, is appointed to oversee and advise on tax matters impacting on the Company.

Audit and Risk Committee Report *(continued)*

Financial statements

The production and the audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. One of the main governance requirements of the Company's Annual Report and Financial Statements is that they are fair, balanced and understandable. The Board has requested that the Committee advise on whether it considers that the Annual Report and Financial Statements fulfil these requirements, and that the Committee has given consideration to the following:

a) the comprehensive reviews that are undertaken at different levels in the production process of the Annual Report and Financial Statements, by the Investment Manager, Company Secretary and Auditor and the Committee that aim to ensure consistency and overall balance; and

b) the controls that are in place at the Investment Manager and third-party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets.

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 31 March 2026, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, position, business model and strategy as applied in the preceding year and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 51.

Climate change

The Committee has considered the impact of climate change insofar as it is reasonably able to do so, particularly in the context of the climate-related risks. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year, nor were they expected to have a significant impact on the Company's going concern or viability.

Audit appointment and tenure

The Company's current auditor, BDO LLP, have acted in this role since their appointment in July 2020, following a formal tender process. As described below, the Committee reviews the performance of the auditor annually, taking into consideration the services and advice provided to the Company and the fees charged for these services. The audit partner is required to be rotated at least every five years. Having served as audit partner since November 2022, Chris Meyrick rotated off the engagement a year earlier than originally anticipated due to a change in his portfolio responsibilities. He has been replaced by Gary Fensom. Based on existing regulation the audit must be put out to tender at least every ten years. The Company confirms that it complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 during the financial year ended 31 March 2026.

The Competition and Markets Authority Order

The Company has complied throughout the year ended 31 March 2026 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority. There are no contractual obligations restricting the choice of Auditor. The Auditor is invited to all Audit and Risk Committee meetings and receives copies of all relevant papers and meeting minutes.

Policy on non-audit services

The Company operates on the basis whereby the provision of non-audit services by the auditor is permissible where no conflict of interest arises, where the independence of the auditor is not likely to be impinged on by undertaking the work and the quality and objectivity of both the non-audit work and audit work will not be compromised. There was no non-audit work carried out during the year by BDO LLP, nor since its appointment in 2020. Taxation services for the Company are provided by a separate accounting firm, Grant Thornton.

Audit plan and fees

The Committee considered the plan and scope of the audit, the principal risks that BDO LLP would address, the timetable and proposed fees. The audit fee of £52,000 for the current year's audit, representing an inflationary based increase of 4.4% on the prior year, was considered and approved by the Committee. Having experience from other investment trust directorships and noting that there is a continued trend for increased audit fees throughout the industry, the Committee

Audit and Risk Committee Report *(continued)*

concluded the fee remained competitive for what is being provided and for the circumstances of the Company and the Committee will endeavour to ensure that value is provided for fees rendered.

Representatives of BDO attend the Committee and subcommittee meetings at which the draft Annual Report and Financial Statements are reviewed and are given the opportunity to speak to the Committee members without the presence of the representatives of the Investment Manager or the Company Secretary.

Assessment of the efficacy of the external audit process

The Committee has adopted a framework in its review of the effectiveness of the external audit process and audit quality. This includes a review of the following areas:

a) the quality of the audit engagement partner and the audit team;

b) the expertise of the audit firm and the resources available to it;

c) planning, scope and execution of the audit, including identification of areas of audit risk;

d) consideration of the appropriateness of the level of audit materiality adopted;

e) role of the Board, Company Secretary, and third-party service providers in an effective audit process;

f) communications by the auditor with the Committee;

g) how the auditor supports the work of the Committee and contributes added value; and

h) a review of independence and objectivity of the audit firm.

Following the completion of the external audit each year, the Committee reviews the effectiveness of the external audit process against these criteria and is satisfied that audit quality continues to be sufficient to allow the Company to meet its obligations, and to gain value from the services provided. The Committee is satisfied that the external audit was carried out effectively and recommends the re-appointment of BDO as the Company's auditor for the forthcoming financial year and the authorisation of the Directors to determine their remuneration for the year. The Committee continues to believe that there is no requirement for an interim review by the audit firm of the Company's interim accounts.

Internal audit function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. Being an investment company with no employees, all executive activities are delegated to service providers, principally among them, the Investment Manager and the Administrator. The Board places reliance on the Company's framework of internal controls and the Committee's view on reporting received from the Investment Manager and the Administrator. The Board has therefore concluded that it is not necessary for the Company to have its own internal audit function.

Committee evaluation

The Board conducts a formal annual review of the Committee's effectiveness, using an evaluation questionnaire. The outcome was positive with no concerns expressed.

2025-2026 action plan

During the year to 31 March 2026, the Committee will continue to examine changes to the regulatory, governance and economic environment, and the risks and opportunities so presented. The annual report and financial statements and the half yearly statement will occupy much of the Committee time, as will examining the resilience of the Company's operations, the internal controls of its agents and the integrity of financial records and external financial reporting. Risks will continue to be monitored, particularly the impact of increasing inflation and geopolitical risks, whether current or emerging.

Ravi Anand
Chairman of the Audit and Risk Committee

3 June 2026

Directors' Responsibilities Statement

in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law) and applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Annual Report and Financial Statements are published on the Company's website which is maintained by the Investment Manager. The Investment Manager is responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Declaration

Each of the Directors, whose names and functions are listed in the Governance Report, confirms that, to the best of his or her knowledge:

- the Company's Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102, and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Board's Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Karl Sternberg
Chairman

3 June 2026

Independent Auditor's Report

to the members of Capital Gearing Trust P.l.c.

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2026 and of the Company's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with UK
- Generally Accepted Accounting Practice; and

We have audited the financial statements of Capital Gearing Trust P.l.c. (the 'Company') for the year ended 31 March 2026 which comprise of the following:

- Income statement
- Statement of changes in equity
- Statement of financial position
- Cash flow statement
- Notes 1 to 17 to the company financial statements
- A summary of significant accounting policies

Basis for opinion

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

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Conclusions relating to going concern

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

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of economic and market conditions by reviewing the information used by the Directors in completing their assessment;
- Evaluating the sensitivity analysis applied by the Directors in their going concern assessment including the impact of a significant reduction in the fair value of investments and the impact this would have on the Company's ability to meet continued expenditure;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash and liquid assets relative to forecast expenditure and other commitments;
- Challenging the Directors' assumptions and judgements made in their forecasts by performing an independent analysis of the liquidity of the portfolio; and
- Reviewing the disclosures in the financial statements relating to going concern to assess whether they are consistent with the Company's circumstances.

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

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

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

Independent Auditor's Report *(continued)*

to the members of Capital Gearing Trust P.l.c.

Overview

Key audit matters	Valuation and ownership of investments.	**2026** ✔	**2025** ✔
Materiality	**Company financial statements as a whole:** £8.0m (2025: £8.8m) based on 1% (2025: 1%) of Net assets.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, the applicable financial reporting framework and the Company's system of internal control. We identified and assessed the risks of material misstatement of the Company financial statements. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Key audit matters

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

Key audit matter		How the scope of our audit responded to the risk
Valuation and ownership of quoted investments ***(Notes 8 and 15 to the financial statements)***	99.9% of the investment portfolio at the year-end comprised of quoted equity and fixed income investments held at fair value through profit or loss. We considered the valuation and ownership of investments to be a significant audit area as investments represent the most significant balance in the financial statements and underpins the principal activity of the Company. While we do not consider the valuation of quoted investments to involve a significant degree of estimation or judgement, there is a risk that the prices used for the quoted investments held by the Company may not reflect their fair value at the year end. Additionally, in relation to ownership and recording, there is a risk of error in the recording of quoted investment holdings which could result in the incorrect recognition of investments by the Company. For these reasons, and due to the materiality of the balance in the context of the financial statements as a whole, we consider this to be a Key Audit Matter.	We responded to this mater by testing the valuation and ownership of 100% of the quoted investments by performing the following procedures: ■ Checked that the year-end bid price has been used by agreeing to externally quoted prices; ■ Recalculated the valuation by multiplying the number of shares held (as per the statement independently obtained from the custodian), by the price per share; ■ Recalculated the valuation of the fixed interest instruments by multiplying the units held (as per the statement independently obtained from the custodian), by the price per unit; ■ Assessed whether there were any contra indicators, such as liquidity considerations, that could suggest the bid price was not the most appropriate measure of fair value by considering the realisation period for individual holdings; and ■ Obtained direct confirmation of the number of equity shares and fixed interest units held from the custodian. **Key observations:** Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of the quoted equity investments was not appropriate.

Independent Auditor's Report *(continued)*

to the members of Capital Gearing Trust P.l.c.

Our application of materiality

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

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

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

	Company financial statements	
	2026 £m	**2025 £m**
Materiality	8.0	8.8
Basis for determining materiality	1% of Net assets	
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	6.0	6.6
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £400,000 (2025: £177,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Independent Auditor’s Report *(continued)*

to the members of Capital Gearing Trust P.l.c.

Corporate governance statement

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

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

Going concern and longer-term viability	■ The Directors’ statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 28; ■ The Directors’ explanation as to their assessment of the Company’s prospects, the period this assessment covers and why the period is appropriate set out on page 28; and ■ The Directors’ statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities set out on page 28.
Other Code provisions	■ Directors’ statement on fair, balanced and understandable set out on page 51; ■ Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 25 to 27; ■ The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 40 and 41; and ■ The section describing the work of the Audit and Risk Committee set out on pages 47 to 50.

Other Companies Act 2006 reporting

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

Strategic report and Directors’ report	In our opinion, based on the work undertaken in the course of the audit: ■ the information given in the Strategic report and the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ■ the Strategic report and the Directors’ report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors’ report.
Directors’ remuneration	In our opinion, the part of the Directors’ remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditor's Report *(continued)*

to the members of Capital Gearing Trust P.l.c.

Corporate governance statement	In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information. In our opinion, based on the work undertaken in the course of the audit, the information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees comply with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules. We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ■ adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or ■ the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ■ certain disclosures of Directors' remuneration specified by law are not made; or ■ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditor's Report *(continued)*

to the members of Capital Gearing Trust P.l.c.

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance, including the Audit Committee; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Companies Act 2006, the FCA's UK Listing and Disclosure Guidance and Transparency Rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

Fraud

We assessed the susceptibility of the financial statements to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

Based on our risk assessment, we considered the area most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- Performed a review of estimates and judgements applied by the Directors in the financial statements to assess their appropriateness and the existence of any systematic bias;
- Considered the opportunity and incentive to manipulate accounting entries and assessed the appropriateness of any post-closing adjustments made in the period end financial reporting process;
- Reviewed for significant transactions outside the normal course of business; Obtaining independent confirmation of bank balances; and
- Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

Independent Auditor's Report *(continued)*

to the members of Capital Gearing Trust P.l.c.

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

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

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

Other matters which we are required to address

We were appointed by the shareholders, on recommendation from the Audit and Risk Committee, on 3 July 2020 to audit the financial statements for the period ended 5 April 2021.

Our total uninterrupted period of engagement is six years, covering the periods ended 5 April 2021 to 31 March 2026.

Our audit opinion is consistent with the additional report to the Audit and Risk committee.

Use of our report

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

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.15R - 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Gary Fensom (Senior Statutory Auditor)
For and on behalf of **BDO LLP, Statutory Auditor**
Glasgow, UK

3 June 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 31 March 2026

	Note	Year ended 31 March 2026			Year ended 31 March 2025		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains on investments	8	**–**	**16,995**	**16,995**	–	13,059	13,059
Net gains on currency swap contracts		**–**	**15,541**	**15,541**	–	1,354	1,354
Net currency gains		**–**	**4**	**4**	–	51	51
Investment income	2	**17,682**	**–**	**17,682**	26,694	–	26,694
Other income	2	**95**	**–**	**95**	339	–	339
Gross return		**17,777**	**32,540**	**50,317**	27,033	14,464	41,497
Investment management fee	3	**(3,447)**	**–**	**(3,447)**	(3,950)	–	(3,950)
Other expenses	4	**(1,482)**	**–**	**(1,482)**	(1,513)	–	(1,513)
Net return before tax		**12,848**	**32,540**	**45,388**	21,570	14,464	36,034
Tax	5	**–**	**–**	**–**	(43)	–	(43)
Net return attributable to equity shareholders		**12,848**	**32,540**	**45,388**	21,527	14,464	35,991
Net return per Ordinary share	7	**76.90p**	**194.80p**	**271.70p**	107.54p	72.26p	179.85p

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 under guidance issued by the Association of Investment Companies.

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 and therefore no statement of comprehensive income has been presented.

The notes on pages 63 to 78 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2026

	Note	Called-up share capital £'000	Capital redemption reserve £'000	Special reserve[1] £'000	Realised capital reserve[1] £'000	Unrealised capital reserve[1] £'000	Revenue reserve[1] £'000	Total equity shareholders' funds £'000
Opening balance at 1 April 2024		6,645	16	1,037,403	7,670	(9,215)	17,654	1,060,173
Net return for the year		–	–	–	21,205	(6,741)	21,527	35,991
Shares bought back into treasury	11	–	–	(194,541)	–	–	–	(194,541)
Dividends paid	6	–	–	–	–	–	(16,598)	(16,598)
Closing balance at 31 March 2025		6,645	16	842,862	28,875	(15,956)	22,583	885,025
Opening balance at 1 April 2025		**6,645**	**16**	**842,862**	**28,875**	**(15,956)**	**22,583**	**885,025**
Net return for the year		**–**	**–**	**–**	**13,354**	**19,186**	**12,848**	**45,388**
Shares bought back into treasury	11	**–**	**–**	**(111,195)**	**–**	**–**	**–**	**(111,195)**
Dividends paid	6	**–**	**–**	**–**	**–**	**–**	**(17,907)**	**(17,907)**
Closing balance at 31 March 2026		**6,645**	**16**	**731,667**	**42,229**	**3,230**	**17,524**	**801,311**

(1) These reserves are available for distribution (except for the unrealised gains on Level 3 investments detailed in Note 15).

The notes on pages 63 to 78 form an integral part of these financial statements.

Statement of Financial Position

as at 31 March 2026

	Note	31 March 2026 £'000	Restated[(1)] 31 March 2025 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	**776,813**	860,407
Current assets			
Debtors	9	**3,149**	5,448
Investments – derivative financial instruments[(1)]	15	**16,439**	4,455
Cash at bank		**7,376**	42,859
		26,964	52,762
Creditors: amounts falling due within one year			
Investments – derivative financial instruments[(1)]	15	**–**	(1,524)
Other creditors	10	**(2,466)**	(26,620)
Net current assets		**24,498**	24,618
Total assets less current liabilities		**801,311**	885,025
Capital and reserves			
Called-up share capital	11	**6,645**	6,645
Capital redemption reserve		**16**	16
Special reserve	12	**731,667**	842,862
Capital reserve		**45,459**	12,919
Revenue reserve		**17,524**	22,583
Total equity shareholders' funds		**801,311**	885,025
Net asset value per Ordinary share	13	**5,104.5p**	4,924.8p

(1) In the prior year the net receivable balance of £2,931,000 from derivative financial instruments was included in the "debtors" balance. In the current year derivative financial instruments have been disclosed separately under current assets and creditors: amounts falling due within one year, to comply with the presentation requirements of the Companies Act. The prior year presentation has also been restated for comparability.

The financial statements on pages 59 to 78 were approved by the Board on 3 June 2026 and signed on its behalf by:

Karl Sternberg
Chairman

The notes on pages 63 to 78 form an integral part of these financial statements.

Cash Flow Statement

for the year ended 31 March 2026

	Note	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Net cash inflow from operating activities	14	**13,711**	10,689
Payments to acquire investments		**(744,867)**	(1,072,259)
Receipts from sale of investments		**823,116**	1,307,502
Settlement on currency swap contracts		**2,033**	(1,577)
Net cash inflow from investing activities		**80,282**	233,666
Equity dividends paid	6	**(17,907)**	(16,598)
Repurchase of Ordinary shares		**(111,573)**	(196,592)
Net cash outflow from financing activities		**(129,480)**	(213,190)
(Decrease)/increase in cash and cash equivalents		**(35,483)**	31,216
Cash and cash equivalents at start of year		**42,859**	11,643
Gains on currency translations		**4**	51
Cash and cash equivalents at end of year		**7,376**	42,859

The notes on pages 63 to 78 form an integral part of these financial statements.

Notes to the Financial Statements

1 Significant accounting policies

a) Basis of accounting

Capital Gearing Trust P.l.c. is a public company limited by shares, incorporated and domiciled in Northern Ireland and carries on business as an HMRC approved investment trust.

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice (Accounting Standards 'UK GAAP') including Financial Reporting Standard (FRS) 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies ('AIC') in 2022. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss. The Directors carried out a robust assessment, taking into account the liquidity of the portfolio, forecasts and obligations under the DCP, and determined that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Annual Report.

The principal accounting policies are set out below. These policies have been applied consistently throughout the current year and prior period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As at 31 March 2026, the Company's holdings in unquoted investments of £321,000 (2025: £563,000) are considered immaterial. Consequently, the Directors do not consider there to be any significant accounting estimates or judgments applied that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

b) Valuation of investments

The Company has elected to adopt Sections 11 and 12 of FRS 102 in respect of investments and other financial instruments. The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with a documented investment strategy and information is provided internally on that basis to the Board. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". Investments are included initially at fair value which is taken to be their cost, including expenses incidental to purchase. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its fair value following a detailed review and appropriate challenge of the valuations proposed by the Investment Manager. The Investment Manager applies techniques consistent with the International Private Equity and Venture Capital Valuation Guidelines 2022 ('IPEV') (as detailed in Note 15). The investments are valued according to a three monthly cycle of measurement dates, or where there is an indication of a change in fair value as defined in the IPEV guidelines.

All purchases and sales are accounted for on a trade date basis.

c) Accounting for reserves

Gains and losses on sales of investments and any other capital charges are included in the Income Statement and dealt with in the capital reserve. Increases and decreases in the valuation of investments held at the year-end and foreign exchange gains and losses on cash balances held at the year-end are also included in the Income Statement and dealt with in the capital reserve. The cost of repurchasing the Company's own shares for cancellation including the related stamp duty and transaction costs is charged to the distributable element of the capital reserve. The costs relating to the issue of new Ordinary shares are charged to the share premium account.

d) Dividends

In accordance with FRS 102 the final dividend is included in the financial statements in the year that it is approved by shareholders.

e) Income

Dividends receivable on listed equity shares are recognised on the ex-dividend date as a revenue return, and the return on zero dividend preference shares is recognised as a capital return.

Dividends receivable on equity shares where no ex-dividend date is quoted are recognised when the Company's right to receive payment is established.

Notes to the Financial Statements *(continued)*

1 Significant accounting policies (continued)

Special dividends receivable are taken to capital where relevant circumstances indicate that the dividends are capital in nature. Otherwise they are taken to revenue.

Income from fixed-interest securities is recognised as revenue on an effective interest rate basis so as to reflect their effective yield.

Income from securities where the return is linked to an inflation index is accrued as earned and is included in the income column of the Income Statement. In accordance with the Company's commercial objective and as permitted by the AIC SORP, the movement in capital value is recognised in the capital column of the Income Statement. The amount recognised as a capital return on inflation-linked securities in the year is disclosed in Note 8 – Investments held at fair value through profit or loss.

f) Expenses

All expenses are charged to revenue and include, where applicable, value added tax ('VAT'). All expenses are accounted for on an accruals basis.

g) Taxation policy

Current tax payable is based on the taxable profit for the year. Deferred taxation is measured based on timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Owing to the Company's status as an investment trust, and the intention to continue to meet the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation of investments.

h) Other debtors and creditors

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

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

i) Foreign currency

The results and financial position of the Company are expressed in pounds sterling, which is the functional and presentational currency of the Company. The Directors, having regard to the currency of the Company's share capital and the predominant currency in which the Company operates, have determined the functional currency to be sterling.

Transactions denominated in foreign currencies are recorded in the functional currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end.

j) Reserves

The following are accounted for in the capital reserve:

- gains and losses on the realisation of investments;
- increases and decreases in the valuation of investments held at the year-end;
- realised foreign currency differences of a capital nature; and
- unrealised foreign currency differences of a capital nature.

Other reserves:

- The share premium account includes the premium above nominal value from proceeds on issue of any equity share capital comprising Ordinary shares of 25p each and is not distributable.
- The revenue reserve reflects all the income and costs which are recognised in the revenue column of the income statement and is distributable.
- The special reserve results from the shareholder and court approved cancellation of the share premium account, is distributable and will be applied for share buy backs.
- The capital redemption reserve arises from the buy back and cancellation of shares and is not distributable.

k) Repurchases of shares into treasury and subsequent re-issue

The proceeds from issuing Ordinary shares less issue costs are taken to equity and the costs of repurchasing Ordinary shares, including related stamp duty and transaction costs, are taken directly to equity and reported through the Statement of Changes in Equity, with the cost of repurchase being charged to a distributable reserve. Share issues and repurchase transactions are accounted for on a trade-date basis. The nominal value of Ordinary share capital repurchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve, in accordance with section 733 of the Companies Act 2006.

Notes to the Financial Statements *(continued)*

1 Significant accounting policies (continued)

Where shares are repurchased and held in treasury, the transfer to the capital redemption reserve is made if and when such shares are subsequently cancelled.

The sales proceeds of treasury shares re-issued are treated as a realised profit up to the amount of the purchase price of those shares and is transferred to capital reserves. The excess of the sales proceeds over the purchase price is transferred to 'share premium'.

l) Derivative financial instruments

Derivative instruments are prohibited for the purpose of investment under the Company's Investment Policy, but with the Board's prior approval, can be used to hedge certain market risk exposures such as foreign currency risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement and entirely recognised as capital, as the sole purpose of the derivative contracts is to protect the currency fluctuations on the underlying investments.

2 Investment income

	2026 £'000	2025 £'000
Income from Investments:		
Income from overseas equity and non-equity investments	**4,271**	6,531
Income from UK equity and non-equity investments	**3,729**	6,200
Interest from inflation-linked overseas bonds	**3,389**	4,759
Interest from conventional UK bonds	**2,730**	5,423
Interest from inflation-linked UK bonds	**2,214**	2,688
Interest from conventional overseas bonds	**1,349**	1,093
Total income from investments	**17,682**	26,694

	2026 £'000	2025 £'000
Total income comprises:		
Interest from bonds	**9,682**	13,963
Dividends	**6,832**	11,266
Property income and interest distributions	**1,168**	1,465
Deposit interest	**95**	339
	17,777	27,033

	2026 £'000	2025 £'000
Income from investments comprises:		
UK	**8,673**	14,311
Overseas	**9,009**	12,383
	17,682	26,694

Notes to the Financial Statements *(continued)*

3 Investment management fee

	2026 £'000	2025 £'000
Investment management fee	**3,447**	3,950

The Company's Investment Manager CG Asset Management Limited received an annual management fee equal to 0.60% of the net assets of the Company up to £120m, 0.45% on net assets above £120m to £500m and 0.30% thereafter (2025: the same basis). At 31 March 2026 £184,000 (31 March 2025: £307,000) was payable. The terms of the investment management agreement are detailed on pages 31 and 32.

4 Other expenses

	2026 £'000	2025 £'000
Company secretarial and administration services	**506**	571
Directors' remuneration (refer to Directors' Remuneration Report)	**214**	197
Depositary fees	**83**	96
Stock Exchange and FCA fees	**105**	110
Custody fees	**59**	65
Registrar fees	**50**	48
Fees payable to the Company's auditor for the audit of Company financial statements[1]	**52**	82
General expenses	**413**	344
	1,482	1,513

[1] Audit fees for the year ended 31 March 2025 included a non-recurring charge of £27,000 relating to additional costs incurred in respect of the prior year audit and also a £5,000 one-off charge for additional audit procedures performed in relation to the change in the Company's Administrator.

The above expenses exclude VAT where appropriate. Irrecoverable VAT is included within general expenses.

5 Taxation

	2026			2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax:						
Overseas withholding tax	**–**	**–**	**–**	43	–	43
Corporation tax	**–**	**–**	**–**	–	–	–
Current tax charge	**–**	**–**	**–**	43	–	43

Notes to the Financial Statements *(continued)*

5 Taxation (continued)

The tax assessed for the year is lower (2025: lower) than the standard rate of corporation tax in the UK of 25% (2025: 25%). The differences are explained below:

	2026			2025		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Net return before tax	**12,810**	**32,540**	**45,350**	21,570	14,464	36,034
Net return multiplied by the standard rate of UK corporation tax	**3,203**	**8,135**	**11,338**	5,393	3,616	9,009
Adjusted for the effects of:						
Non-taxable UK franked dividends	**(1,565)**	**–**	**(1,565)**	(2,537)	–	(2,537)
Non-taxable capital returns	**–**	**(8,135)**	**(8,135)**	–	(3,616)	(3,352)
Tax impact on dividends designated as interest distribution	**(1,647)**	**–**	**(1,647)**	(2,856)	–	(2,856)
Irrecoverable overseas withholding tax	**–**	**–**	**–**	43	–	43
Current tax charge	**–**	**–**	**–**	43	–	43

The Company has no unrelieved management expenses.

6 Dividends paid

	2026 £'000	**2025 £'000**
Ordinary shares		
2024 dividend paid 5 July 2024 (78p per share)	**–**	16,598
2025 dividend paid 5 July 2025 (102p per share)	**17,907**	–
	17,907	16,598

The 2025 dividends were paid on 5 July 2025 to shareholders on the register on 6 June 2025 when there were 17,556,324 Ordinary shares with voting rights in issue. The 2024 dividends were paid on 4 July 2024 to shareholders on the register on 7 June 2024 when there were 21,257,727 Ordinary shares with voting rights in issue.

The Directors have recommended to shareholders a final dividend of 66p per share, comprising 43p in interest distribution and 23p in ordinary equity dividends for the year ended 31 March 2026. If approved, this dividend will be paid to shareholders on 15 July 2026. This dividend is subject to approval by shareholders at the AGM and, therefore, in accordance with FRS 102, it has not been included as a liability in these financial statements. The total estimated dividend to be paid, based on the number of shares in issue at 31 March 2026, is £10,361,000. However the actual amount of the dividend to be paid will be based on the number of shares in issue on 12 June 2026, the dividend record date.

	2026 £'000	**2025 £'000**
Revenue available for distribution by way of dividend for the year	**12,848**	21,527
Proposed final dividend of 66p for the year ended 31 March 2026 (2025: paid final dividends of 102p per share)	**(10,361)**	(17,907)
Surplus/(deficit) available to carry forward	**2,487**	3,620

Notes to the Financial Statements *(continued)*

7 Net return per Ordinary share

The net return per share of 271.70p (2025: 179.85p), net revenue per share of 76.90p (2025: 107.54p) and net capital return per share of 194.80p (2025: 72.26p) are calculated based on the net return, net revenue income and net capital gain figures reported in the Income Statement and the weighted average number Ordinary shares in issue of 16,704,520 (2025: 20,011,591) during the year.

8 Investments held at fair value through profit or loss

	2026 £'000	2025 £'000
Inflation-linked government and corporate bonds – UK	**203,795**	98,924
Inflation-linked government and corporate bonds – overseas	**201,420**	259,448
UK equities[1]	**165,697**	209,298
Conventional government and corporate bonds – overseas	**105,497**	164,560
Conventional government and corporate bonds – UK	**83,193**	81,592
Overseas equities (including offshore ETFs)	**17,211**	46,586
	776,813	860,407
Opening cost of investments	**879,297**	1,063,115
Unrealised losses	**(18,890)**	(9,323)
Opening fair value of investments	**860,407**	1,053,792
Additions at cost	**721,131**	1,092,046
Effective yield adjustment[2]	**3,157**	8,689
Sales proceeds	**(824,877)**	(1,307,179)
Net gains on investments	**16,995**	13,059
Closing fair value of investments	**776,813**	860,407
Closing book cost of investments	**790,029**	879,297
Unrealised accumulated losses	**(13,216)**	(18,890)
	776,813	860,407
Realised gains on disposals	**11,321**	22,626
Increase/(decrease) in cumulative unrealised losses	**5,674**	(9,567)
Net gains on investments	**16,995**	13,059

(1) Includes perpetual preference and zero dividend preference shares, which are presented under "Preference Shares/Corporate Debt" instead of "Funds/Equities" on pages 14 and 15.

(2) The effective yield adjustment is in relation to conventional fixed interest and inflation-linked securities. The accounting treatment for income on securities held is set out in Note 1(e) on pages 63 and 64.

The categorisation of investments at the top section of the above table has been reorganised to provide a more consistent presentation across the portfolio listings report in the Investment Manager's Report and Note 15: Financial Instruments. The 2025 categorisation has also been re-presented to reflect this change.

During the year the Company purchased £721,131,000 (2025: £1,092,046,000) of investments and incurred a total transaction cost of £258,000 (2025: £393,000). Disposals of investments amounted to £824,877,000 (2025: £1,307,179,000) with a total transaction cost of £88,000 (2025: £98,000). The book cost of the disposed investments was £813,556,000 (2025: 1,284,553,000) and the transaction costs are included in the book cost of acquisitions and the net proceeds of sales.

The total amount recognised as a capital return on inflation-linked securities in the year was £4,923,000 (2025: £5,575,000).

The geographical spread of investments is shown on page 13.

Notes to the Financial Statements *(continued)*

9 Debtors

	2026 £'000	Restated[1] 2025 £'000
Due from brokers	**422**	1,818
Accrued interest	**2,025**	1,803
Dividends receivable	**617**	1,002
Prepayments and other debtors	**85**	91
Corporation tax refund	**–**	734
	3,149	5,448

[1] In the prior year the net receivable balance of £2,931,000 from derivative financial instruments was included in the "debtors" balance. In the current year derivative financial instruments have been disclosed separately under current assets and creditors: amounts falling due within one year, to comply with the presentation requirements of the Companies Act. The prior year presentation has also been restated for comparability.

10 Creditors: amounts falling due within one year

	2026 £'000	2025 £'000
Due to brokers	**646**	24,382
Repurchase of Ordinary shares into treasury	**1,392**	1,770
Accruals	**428**	451
Other creditors	**–**	17
	2,466	26,620

11 Called-up share capital

	2026		2025	
	Number of shares	£'000	Number of shares	£'000
Ordinary share of 25p				
Ordinary shares in issue at beginning of year	**17,970,762**	**4,493**	22,038,727	5,510
Ordinary shares bought back into Treasury during year	**(2,272,529)**	**(568)**	(4,067,965)	(1,017)
Ordinary shares in issue at end of year	**15,698,233**	**3,925**	17,970,762	4,493
Treasury shares (Ordinary shares of 25p)				
Treasury shares in issue at beginning of year	**8,609,501**	**2,152**	4,541,536	1,135
Ordinary shares bought back into Treasury during year	**2,272,529**	**568**	4,067,965	1,017
Treasury shares in issue at end of year	**10,882,030**	**2,720**	8,609,501	2,152
Total Ordinary shares in issue and in treasury at end of year	**26,580,263**	**6,645**	26,580,263	6,645

During the years to 31 March 2026 and 31 March 2025, the Company issued no new Ordinary shares and no Ordinary shares were sold from Treasury.

During the year to 31 March 2026, 2,272,529 (2025: 4,067,965) Ordinary shares were repurchased by the Company at an average price of 4,881.2p per share for a total cost of £111,195,000 (2025: at an average price of 4,746.7p per share for a total cost of £194,541,000). All shares were bought back at a discount to NAV. No shares were purchased for cancellation during the year (2025: nil) and at the year-end 10,882,030 shares were held in treasury (2025: 8,609,501).

Notes to the Financial Statements *(continued)*

12 Share premium account and special reserve

On 22 January 2024 the High Court of Justice in Northern Ireland (the 'Court') approved the cancellation of the Company's share premium account and the crediting of an equivalent amount to the Company's distributable reserves. The Order of the Court approving the cancellation became effective on 7 February 2024 when it was registered with the Registrar of Companies in Northern Ireland and this special distributable reserve was therefore established from that date.

The cost of share buybacks undertaken by the Company have been recognised through this reserve since 7 February 2024.

13 Net asset value per Ordinary share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year-end, calculated in accordance with the Articles, were as follows:

Net asset value per Ordinary share attributable to

	2026	**2025**
Ordinary shares	**5,104.5p**	4,924.8p

Net assets attributable to

	2026 £'000	**2025 £'000**
Ordinary shares	**801,311**	885,025

Net asset value per Ordinary share is based on the net assets, as shown above, and on 15,698,233 (2025: 17,970,762) Ordinary shares, being the number of Ordinary shares in issue at the year-end, but excluding shares held in Treasury.

14 Reconciliation of net return on ordinary activities before tax to net cash inflow from operating activities

	2026 £'000	**2025 £'000**
Net return on ordinary activities before tax	**45,388**	36,034
Net gains on investments	**(32,540)**	(14,464)
Decrease/(increase) in prepayments	**25**	(2)
Decrease in accruals	**(41)**	(737)
Decrease/(increase) in dividends receivable	**385**	(605)
Increase in accrued interest and effective interest income adjustments	**(222)**	(8,637)
Overseas withholding tax paid	**–**	(43)
UK Corporation tax repaid/(paid)	**716**	(857)
Net cash inflow from operating activities	**13,711**	10,689

During the year, the Company received dividend income of £6,304,000 (2025: £9,045,000) and interest income of £8,370,000 (2025: £7,006,000) in cash.

Notes to the Financial Statements *(continued)*

15 Financial instruments

The Company has the following financial instruments:

	2026 £'000	Restated[1] 2025 £'000
Financial assets at fair value through profit or loss		
– Investments held at fair value through profit and loss	**776,813**	860,407
– Derivative financial instruments	**16,439**	4,455
Financial assets that are measured at amortised cost		
– Cash at bank	**7,376**	42,859
– Due from brokers	**422**	1,886
– Accrued interest and dividends receivable	**2,642**	2,805
	803,692	912,412

	2026 £'000	Restated[1] 2025 £'000
Financial liabilities at fair value through profit or loss		
– Derivative financial instruments	**–**	1,524
Financial liabilities measured at amortised cost		
– Due to brokers	**646**	24,399
– Accruals	**1,820**	2,221
	2,466	28,144

(1) In the prior year the net receivable balance of £2,931,000 from derivative financial instruments was included in the "debtors" balance. In the current year derivative financial instruments have been disclosed separately under current assets and creditors: amounts falling due within one year, to comply with the presentation requirements of the Companies Act. The prior year presentation has also been restated for comparability.

The Company's financial instruments comprise:

- investment company ordinary shares, zero dividend preference shares, exchange traded funds and fixed and inflation-linked securities that are held in accordance with the Company's investment objective;
- cash and liquid resources that arise directly from the Company's operations; and
- debtors and creditors.

The main risks arising from the Company's financial instruments are market risk, interest rate risk, foreign currency risk and credit risk. The Board regularly reviews and monitors the management of each of these risks and they are summarised below.

Other debtors and creditors do not carry any interest and are short-term in nature and accordingly are stated at their nominal value.

Market risk

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

The Company invests in the shares of other investment companies. These companies may use borrowings or other means to gear their balance sheets which may result in returns that are more volatile than the markets in which they invest, and the market value of investment company shares may not reflect their underlying assets.

15 Financial instruments (continued)

To mitigate these risks, the Investment Manager's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined financial, market and sector analysis, with the emphasis on long-term investments. An appropriate spread of investments is held in the portfolio in order to reduce both the systemic risk and the risk arising from factors specific to a country or sector. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly to consider investment strategy. A list of the largest investments held by the Company is shown on pages 14 and 15. All investments are stated at bid value, which in the Directors' opinion is equal to fair value.

Price risk sensitivity

The following table illustrates the sensitivity of the net return after taxation for the year and the net assets to an increase or decrease of 10% (2025: 10%) in market prices. This level of change is considered to be reasonably possible based on an observation of current market conditions. The sensitivity analysis is based on the Company's investments at the Statement of Financial Position date with all other variables held constant.

	2026		2025	
	10% increase in market prices £'000	10% decrease in market prices £'000	10% increase in market prices £'000	10% decrease in market prices £'000
Income Statement – net return after tax				
Revenue return	**(259)**	**259**	(296)	296
Capital return	**77,681**	**(77,681)**	86,041	(86,041)
Total return after taxation	**77,422**	**(77,422)**	85,745	(85,745)
Change to net assets attributable to shareholders	**77,422**	**(77,422)**	85,745	(85,745)

Interest rate risk

Bond and preference share yields, and as a consequence their prices, are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee company.

Returns from bonds and preference shares are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond the market price at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a price different from its purchase level and a profit or loss may be incurred.

Interest rate changes affect the income the Company generates from its financial assets with floating rates, and the fair value of the interest bearing assets in the Company's portfolio. The following table illustrates the sensitivity of the net returns and the net assets to an increase or decrease of 1% (2025: 1%) in regard to the Company's monetary financial assets and financial liabilities. The financial assets affected by interest rates comprise cash at bank , conventional and inflation-linked bonds as well as corporate debt instruments. There are no financial liabilities affected by interest rates. This level of change is considered to be reasonably possible based on an observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments at the Statement of Financial Position date with all other variables held constant.

Notes to the Financial Statements *(continued)*

15 Financial instruments (continued)

	2026		2025	
	1% increase in interest rates £'000	**1% decrease in interest rates £'000**	**1% increase in interest rates £'000**	**1% decrease in interest rates £'000**
Income Statement – net revenue return	**74**	**(74)**	429	(429)
Income Statement - net capital return	**(83,799)**	**83,420**	(54,955)	54,240
Change to net assets attributable to shareholders	**(83,725)**	**83,346**	(54,526)	53,811

The interest rate profile of the Company's assets at 31 March 2026 was as follows:

	Total (as per Statement of Financial Position) £'000	Floating rate £'000	Inflation-linked £'000	Other fixed rate £'000	Assets/ (liabilities) on which no interest is paid £'000	Weighted average interest rate %	Weighted average period for which rate is fixed (years)
Assets							
Equity investments[1]	182,908	–	–	–	182,908	–	–
UK inflation-linked government bonds	163,659	–	163,659	–	–	0.53	5.64
UK inflation-linked non-government bonds	40,136	–	40,136	–	–	1.28	5.42
UK government bonds	25,427	–	–	25,427	–	4.42	1.52
UK non-government bonds	57,766	–	–	57,766	–	5.04	1.73
Overseas inflation-linked government bonds	197,938	–	197,938	–	–	0.69	4.92
Overseas inflation-linked non-government bonds	3,482	–	3,482	–	–	–	–
Overseas government bonds	105,497	–	–	105,497	–	1.05	0.83
Invested funds	776,813	–	405,215	188,690	182,908		
Cash at bank	7,376	7,376	–	–	–	–	–
Other debtors	3,149	–	–	–	3,149	–	–
Derivative financial instruments	16,439	–	–	–	16,439	–	–
Liabilities							
Creditors	(2,466)	–	–	–	(2,466)	–	–
Total net assets	**801,311**	**7,376**	**405,215**	**188,690**	**200,030**		

[1] Includes perpetual preference and zero dividend preference shares, which are presented under "Preference Shares/Corporate Debt" instead of "Funds/Equities" on pages 14 and 15.

15 Financial instruments (continued)

The interest rate profile of the Company's assets at 31 March 2025 was as follows:

	Total (as per Statement of Financial Position) £'000	Floating rate £'000	Inflation-linked £'000	Other fixed rate £'000	Assets/ (liabilities) on which no interest is paid £'000	Weighted average interest rate %	Weighted average period for which rate is fixed (years)
Assets							
Equity investments	255,883	–	–	–	255,883	–	–
UK inflation-linked government bonds	75,829	–	75,829	–	–	0.40	10.24
UK inflation-linked non-government bonds	23,095	–	23,095	–	–	1.03	4.58
UK government bonds	15,855	–	–	–	15,855	–	–
UK non-government bonds	65,737	–	–	65,737	–	4.26	5.15
Overseas inflation-linked government bonds	258,992	–	258,992	–	–	0.51	7.13
Overseas inflation-linked non-government bonds	456	–	456	–	–	3.05	0.39
Overseas government bonds	159,043	–	–	159,043	–	0.54	0.77
Overseas non-government bonds	5,517	–	–	5,517	–	6.22	4.34
Invested funds	860,407	–	358,372	230,297	271,738	–	–
Cash at bank	42,859	42,859	–	–	–	–	–
Other debtors	5,448	–	–	–	5,448	–	–
Derivative financial instruments[2]	4,455	–	–	–	4,455	–	–
Liabilities							
Derivative financial instruments[2]	(1,524)	–	–	–	(1,524)	–	–
Other creditors	(26,620)	–	–	–	(26,620)	–	–
Total net assets	885,025	42,859	358,372	230,297	253,497		

(2) In the prior year the net receivable balance of £2,931,000 from derivative financial instruments was included in the "debtors" balance. In the current year derivative financial instruments have been disclosed separately under current assets and creditors: amounts falling due within one year, to comply with the presentation requirements of the Companies Act. The prior year presentation has also been restated for comparability.

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.

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.

Notes to the Financial Statements *(continued)*

15 Financial instruments (continued)

The Company's assets are measured at fair value through profit or loss. The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 31 March 2026 and 2025 as follows:

Financial assets at fair value through profit or loss	2026				Restated[1] 2025			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted securities	**763,467**	**13,025**	**–**	**776,492**	844,854	14,990	–	859,844
Currency swap contracts	**–**	**16,439**	**–**	**16,439**	–	4,455	–	4,455
Delisted equities	**–**	**–**	**321**	**321**	–	–	563	563
Total financial assets	**763,467**	**29,464**	**321**	**793,252**	844,854	19,445	563	864,862

Financial liabilities at fair value through profit or loss	2026				Restated[1] 2025			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Currency swap contracts	**–**	**–**	**–**	**–**	–	(1,524)	–	(1,524)
Total financial liabilities	**–**	**–**	**–**	**–**	–	(1,524)	–	(1,524)
Net fair value	**763,467**	**29,464**	**321**	**793,252**	844,854	17,921	563	863,338

(1) In the prior year the net receivable balance of £2,931,000 from derivative financial instruments was included in the "debtors" balance. In the current year derivative financial instruments have been disclosed separately under current assets and creditors: amounts falling due within one year, to comply with the presentation requirements of the Companies Act. The prior year presentation has also been restated for comparability.

Quoted securities included in fair value Level 1 are actively traded on recognised stock exchanges and the fair value of these investments has been determined by reference to their quoted bid prices at the reporting date.

Quoted securities included in fair value Level 2 relate to some corporate bond holdings in the Company's portfolio, which are also traded on recognised stock exchanges but the fair value of these investments has been determined by reference to prices indicated by a group of contributing brokers at the reporting date.

The fair value of the Company's Level 3 financial assets been determined by reference to primary valuation techniques described in Note 1(b), using available auction prices, and expected or discounted expected liquidation proceeds. The fair value of these investments is influenced by the estimates, assumptions and judgements made in the valuation process, including probability of future cash flows, discounts to net asset values, and recent transaction/auction price.

During the year to 31 March 2026, four financial assets (Smithson Investment Trust, PMGR Securities ZDP 2025, SDV ZDP 2025 and PRS REIT) were moved from Level 1 to Level 3 as they delisted. During the year to 31 March 2025, four assets (Catco Reinsurance Opportunities Funds C shares, Catco Reinsurance Opportunities Funds, NB Global Monthly Income, NB Private Equity Partners ZDP 2024, Premier Miton UK Microcap) were moved from Level 1 to Level 3 as they delisted.

Notes to the Financial Statements *(continued)*

15 Financial instruments (continued)

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

	2026 Total £'000	2025 Total £'000
Opening balance	**563**	2,421
Purchases	**–**	–
Sales	**(13,596)**	(8,569)
Transfers from Level 1	**13,150**	7,451
Total gains/(losses) on investments in the Income Statement:		
on assets sold	**(444)**	38
on assets held at the end of the year	**648**	(778)
Closing balance	**321**	563

Foreign currency risk

The Company's investments in foreign currency securities are subject to the risk of currency fluctuations. The Investment Manager monitors current and forward exchange rate movements in order to mitigate this risk. The Company's investments denominated in foreign currencies are:

	2026			2025		
	Cash and Investments £'000	Currency Swap Contracts[(1)]	Accrued interest £'000	Cash and Investments £'000	Currency Swap Contracts[(1)]	Accrued interest £'000
US Dollar	**213,172**	**(21,767)**	**419**	276,824	(93,824)	378
Japanese Yen	**108,794**	**(128,213)**	**211**	185,830	(137,165)	89
Australian Dollar	**3,538**	**–**	**13**	3,679	–	13
Euro	**650**	**–**	**–**	9,506	–	–
Canadian Dollar	**5**	**–**	**–**	5	–	–
Swedish Krona	**–**	**–**	**–**	11,993	–	39
	326,159	**(149,980)**	**643**	487,837	(230,989)	519

(1) Based on notional amounts of the currency swap contracts. The contracts were entered into for the purpose of fully hedge the FX exposures on certain US and Japanese government bond investments. Notional exposure on local currency basis are Japanese Yen 23,200,000,000 (2025: 25,750,000,000) and US Dollar 26,700,000 (2025: 104,517,000). As at 31 March 2026, the contracts in receivable position amount to £16,439,000 (2025: £4,455,000) and contracts in payable position amount to £nil (2025: £4,455,000). Overall the Company is in a net receivable position of £16,439,000 (2025: £2,931,000).

15 Financial instruments (continued)

Foreign currency sensitivity

The following table illustrates the sensitivity of the net return after taxation for the year and the net assets to an increase or decrease of 10% in the rates of exchange of foreign currencies relative to Sterling. This level of change is considered to be reasonably possible based on an observation of current market conditions. The sensitivity analysis is based on the Company's foreign currency investments at the Statement of Financial Position date with all other variables held constant.

	2026		2025	
	10% appreciation of Sterling £'000	10% depreciation of Sterling £'000	10% appreciation of Sterling £'000	10% depreciation of Sterling £'000
Income statement – net return after taxation				
Revenue return	**(674)**	**674**	(929)	929
Capital return	**(22,282)**	**22,282**	(31,892)	31,892
Total return after taxation	**(22,956)**	**22,956**	(32,821)	32,821
Net assets attributable to shareholders	**(22,956)**	**22,956**	(32,821)	32,821

Liquidity risk

Liquidity risk is not considered to be significant as the Company has no bank loans or other borrowings and the majority of the Company's assets are investments in quoted securities which are readily realisable. All liabilities are payable within three months.

Credit risk

In addition to interest rate risk, the Company's investment in bonds, the majority of which are government bonds, is also exposed to credit risk which reflects the ability of a borrower to meet its obligations. Generally, the higher the quality of the issue, the lower the interest rate at which the issuer can borrow money. Issuers of a lower quality will tend to have to pay more to borrow money to compensate the lender for the extra risk taken. As at 31 March 2026, 76% (2025: 68%) of the portfolio was held in fixed income instruments. Of these, 63% (2025: 56%) was in government bonds issued by governments which are rated AA or better. The Investment Manager judges these to have very low credit risk given that each of the issuers are monetarily sovereign, that is to say they borrow in their own currency. Of the 13% (2025: 11%) of the portfolio that was held in corporate debt, the majority is investment grade and relatively short duration. Cash balances of 1% (2025: 5%) were held with Northern Trust which has a short-term credit rating of A-1 with Standard & Poor's. Investment transactions are carried out with a number of brokers whose standing is reviewed periodically by the Investment Manager. The Investment Manager assesses the risk associated with these investments by prior financial analysis of the issuing companies as part of his normal scrutiny of existing and prospective investments and reports regularly to the Board. Cash is held with a reputable bank with a high-quality external credit rating.

A further credit risk is the failure of a counterparty to a transaction to discharge its obligations under that transaction, which could result in a loss to the Company. The following table shows the maximum credit risk exposure.

Notes to the Financial Statements *(continued)*

15 Financial instruments (continued)

Credit risk exposure

Within the financial asset balances reported in the Statement of Financial Position, the maximum credit risk exposure is:

	2026		Restated[1] 2025	
	Statement of Financial Position £'000	**Maximum exposure £'000**	**Statement of Financial Position £'000**	**Maximum exposure £'000**
Financial assets – investments at fair value through profit and loss	**793,252**	**610,344**	864,862	608,977
Debtors – amounts due from brokers, dividends and interest receivable	**3,064**	**3,064**	4,623	4,623
Cash at bank	**7,376**	**7,376**	42,859	42,859
	803,692	**620,784**	912,344	656,459

(1) In the prior year the net receivable balance of £2,931,000 from derivative financial instruments was included in the "debtors" balance. In the current year derivative financial instruments have been disclosed separately under current assets and creditors: amounts falling due within one year, to comply with the presentation requirements of the Companies Act. The prior year presentation has also been restated for comparability. As a result of this restatement, the receivable leg of the derivative financial instruments of £16,439,000 (2025: £4,455,000) has now been included in the "financial assets – investments at fair value through profit and loss" line in the table below.

Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise the total return to its equity shareholders. The Company's capital comprises its equity share capital and reserves. The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. Further details can be found in the Strategic Report.

16 Transactions with the Investment Manager and related parties

Details of the Company's transactions with the Investment Manager are fully disclosed in Note 3 on page 66. Directors are the only related parties to the Company and their fees and shareholdings are disclosed in the Directors Remuneration Report on pages 42 to 46. There have been no other related party transactions in the year ended 31 March 2026.

17 Company information

Capital Gearing Trust P.l.c. is a closed-ended investment company, registered in Northern Ireland No NI005574, with its Ordinary shares listed on the London Stock Exchange. The address of the registered office is Murray House, Murray Street, Belfast BT1 6DN.

Alternative Performance Measures (unaudited)

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

NAV Total Return

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.

		One year to 31 Mar 2026	Three years to 31 Mar 2026	Five years to 31 Mar 2026	Ten years to 31 Mar 2026
Opening NAV per share	A	4,924.8p	4,797.3p	4,590.0p	3,368.0p
Closing NAV per share	B	5,104.5p	5,104.5p	5,104.5p	5,104.5p
% change in NAV	C=(B-A)/A	3.6%	6.4%	11.2%	51.6%
Impact of dividend reinvested and share buyback	D	2.2%	5.7%	8.2%	17.0%
NAV total return	E=C+D	5.8%	12.1%	19.4%	68.6%

Share Price Total Return

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.

		One year to 31 Mar 2026	Three years to 31 Mar 2026	Five years to 31 Mar 2026	Ten years to 31 Mar 2026
Opening share price	A	4,785.0p	4,730.0p	4,690.0p	3,433.0p
Closing share price	B	4,985.0p	4,985.0p	4,985.0p	4,985.0p
% change in share price	C=(B-A)/A	4.2%	5.4%	6.3%	45.2%
Impact of dividend reinvested	D	2.2%	5.7%	7.8%	16.3%
Share price total return	E=C+D	6.4%	11.1%	14.1%	61.5%

Discount/Premium to NAV

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.

		2026	2025
NAV per share	A	5,104.5p	4,924.8p
Share price	B	4,985.0p	4,785.0p
Discount	C=(B-A)/A	(2.3%)	(2.8%)

Alternative Performance Measures (unaudited) *(continued)*

Ongoing Charges

The Company publishes its ongoing charges ('ongoing charges ratio' or 'OCR') on two bases, the first excluding and the second including fees of collective funds invested in by the Company. The management fee and all other administrative expenses expressed as a percentage of the average daily net assets during the year.

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

		2026 £'000	2025 £'000
Investment Management fee		**3,447**	3,950
Other expenses		**1,482**	1,513
Total ongoing charges	A	**4,929**	5,463
Average net assets during the year	B	**832,245**	972,994
Ongoing charges ratio	C=A/B	**0.59%**	0.56%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the sixty-third Annual General Meeting of the Company will be held at the Chartered Accountants' Hall, 1 Moorgate Place, London EC2R 6EA on Wednesday, 8 July 2026 at 11.00 a.m. for the following purposes:

Ordinary business

To consider, and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the audited financial statements for the year ended 31 March 2026 together with the reports of the Directors and auditor thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 March 2026.
3. To declare a final dividend for the year ended 31 March 2026 of 66p per Ordinary share, comprising 43p in interest distribution and 23p in ordinary equity dividends.
4. To re-appoint Karl Sternberg as a Director.
5. To re-appoint Ravi Anand as a Director.
6. To re-appoint Wendy Colquhoun as a Director.
7. To re-appoint Paul Yates as a Director.
8. To re-appoint Theo Zemek as a Director.
9. To re-appoint BDO LLP as auditor of the Company.
10. To authorise the Directors to determine the remuneration of the auditor.

Special business

To consider and, if thought fit, pass the following resolutions, of which resolutions 11 and 12 will be proposed as ordinary resolutions and resolutions 13 to 15 will be proposed as special resolutions:

Ordinary resolutions

Sub-division of existing ordinary shares

11. THAT each of the issued ordinary shares of 25 pence each in the capital of the Company be sub-divided into ten ordinary shares of 2.5 pence each (the 'New Ordinary Shares') having the rights and being subject to the restrictions and obligations set out in the articles of association of the Company, such sub-division to be conditional on, and to take effect upon, the New Ordinary Shares being admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange by 8.00 a.m. on 23 July 2026 (or such other time and/or date as the Directors may in their absolute discretion determine).

Directors' authority to allot shares

12. THAT the Directors be generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 (the 'Act'), to exercise all powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to a maximum aggregate nominal value of £1,303,903 (being one third of the issued share capital of the Company as at 1 June 2026 (excluding treasury shares), being the latest practicable date prior to the publication of this Notice, and representing 5,215,615 Ordinary shares of 25 pence each), provided that such authority shall expire at the conclusion of the AGM of the Company to be held in 2027, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Special resolutions

Directors' authority to disapply pre-emption rights

13. THAT the Directors be and are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 12 above or otherwise as if section 561 of the Act did not apply to any such allotment, and to sell relevant equity securities (within the meaning of section 560 of the Act) if, immediately before the sale, such equity securities were held by the Company as treasury shares (as defined in section 724 of the Act ('treasury shares')), for cash as if section 561 of the Act did not apply to any such sale, provided that this power shall be limited to the allotment of equity securities and the sale of treasury shares, in connection with and pursuant to:
    a) an offer of equity securities open for acceptance for a period fixed by the Board where the equity securities respectively attributable to the interests of holders of Ordinary shares of 25 pence each in the Company (the 'Ordinary shares') are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Board may consider necessary, appropriate or expedient to deal with equity securities

Notice of Annual General Meeting *(continued)*

representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

b) otherwise than pursuant to sub-paragraph a) above, up to an aggregate nominal value of £1,329,013 or, if less, the number representing 20% of the issued share capital of the Company at the date of the meeting at which this resolution is proposed, such power to expire at the conclusion of the AGM of the Company to be held in 2027, unless previously renewed, varied or revoked by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such power, an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Board may allot equity securities or sell treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

Authority to make market purchases of the Company's own shares

14. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693 of the Act) of Ordinary shares of 25 pence each in the Company (the "Ordinary shares"), provided that:

a) the maximum aggregate number of Ordinary shares to be purchased shall be 2,345,462 or, if less, the number representing 14.99% of the issued share capital of the Company (excluding treasury shares) at the date of the meeting at which this resolution is proposed;

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

c) the maximum price, excluding expenses, which may be paid for an Ordinary share shall be an amount equal to the higher of:

(i) 105% of the average of the middle market quotations for an Ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such purchase is made; and

(ii) the higher of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out;

d) the authority hereby conferred shall expire at the conclusion of the AGM of the Company to be held in 2027 unless such authority is renewed prior to such time; and

e) the Company may enter into a contract to purchase Ordinary shares under this authority prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiration of such authority, and may make a purchase of shares pursuant to any such contract.

Notice of general meetings

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

By order of the Board

Frostrow Capital LLP
Company Secretary

Registered Office:
Carson McDowell LLP
Murray House
Murray Street
Belfast BT1 6DN

3 June 2026

Location of Annual General Meeting

Chartered Accountants' Hall,
1 Moorgate Place,
London EC2R 6EA
at 11.00 a.m. on Wednesday, 8 July 2026

If you are unable to attend in person, you can watch a recording of the Manager's presentation on the Company's website shortly after the AGM.

Shareholders are encouraged to vote in favour of the resolutions to be proposed at the AGM by form of proxy. If shares are not held directly (including through any platform) shareholders are encouraged to arrange for their nominee to vote on their behalf.

Notice of Annual General Meeting *(continued)*

Notes

1. Members are entitled to attend, speak and vote at the AGM. A member entitled to attend, speak and vote at the AGM is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. The proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to different shares.

   To have the right to vote at the AGM (and also for the purposes of calculating how many votes a member may cast on a poll) shareholders must be registered in the Register of Members of the Company no later than 6.30 p.m. on the day which is two days (excluding non-working days) before the day of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to vote at the meeting.

2. A form of proxy is enclosed with this notice, together with a pre-paid reply envelope. Completion and return of such form of proxy either by post or through www.investorcentre.co.uk/eproxy or submission of any CREST Proxy Instruction (as described in note 7 below) will not prevent a member from subsequently attending the AGM and voting in person if they so wish.

3. To be valid any form of proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed, or certified copy thereof, must be received by post or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or through www.investorcentre.co.uk/eproxy or no later than 48 hours (excluding non-working days) before the time of the meeting or any adjourned meeting.

4. A person who is not a member of the Company, but has been nominated by a member of the Company (the "relevant member") under section 146 of the Companies Act 2006 to enjoy information rights (the "nominated person"), does not have a right to appoint any proxies under note 1 above. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the AGM. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, he/she may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights. It is important to remember that a nominated person's main contact in terms of their investment remains as the relevant member (or perhaps the custodian or broker who administers the investment) and a nominated person should continue to contact them (and not the Company) regarding any changes or queries relating to their personal details and holding (including any administration thereof). The only exception to this is where the Company writes to a nominated person directly for a response.

5. In the case of joint holders the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com).

   The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of AGM. For this purpose, the time of the receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

8. Any member attending the AGM has the right to ask questions. Shareholders are also invited to submit their questions to the Board in advance and the answers to these questions will be posted on our website after the AGM. Please submit questions to the Board using the email address company.secretary@capitalgearingtrust.com.

9. Resolutions 1 to 12 are proposed as ordinary resolutions which, to be passed, require more than half of the votes cast to be in favour of the resolution. Resolutions 13 to 15 are proposed as special resolutions which, to be passed, require at least three-quarters of the votes cast to be in favour of the resolution.

10. As at 2 June 2026 (being the last practicable date prior to the publication of this document) the total number of Ordinary shares of 25p each in issue with voting rights attached was 15,646,847.

11. Biographical details of the Directors seeking appointment and re-appointment can be found on pages 29 and 30.

12. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.capitalgearingtrust.com.

13. The members of the Company may require the Company (without payment) to publish, on the website, a statement (which is also to be passed to the Auditor) setting out any matter relating to the audit of the Company's accounts, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the member's full name and address and be sent to the registered address of the Company.

Shareholder Information

Financial Reporting	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 www.capitalgearingtrust.com.
Contacting the Board	Any shareholders wishing to communicate directly with the Board should do so via the Company Secretary.
Capital Gains Tax	As at 31 March 1982 the adjusted value for capital gains tax purposes of the 25p Ordinary shares was 21.25p.
Frequency of NAV Publication	Daily
Share Price	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.
How to Invest	Via your bank, stockbroker, execution only platforms or financial advisor.
ISA	The Company manages its affairs to be a fully qualifying investment trust under the individual savings account ('ISA') rules.
Sources of Further Information	Company's website: www.capitalgearingtrust.com AIC: www.theaic.co.uk
Share Identification Codes	SEDOL: 0173861 ISIN: GB0001738615 BLOOMBERG: CGT:LN TIDM: CGT FT: CGT:LSE LEI: 213800T2PJTPVF1UGW53 If shareholders approve the share split at the 2026 Annual General Meeting, the New Ordinary Shares have been allocated new stock identification codes as follows: SEDOL Code BT66KP9; and ISIN Code: GB00BT66KP92, to be effective from the date of admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange, expected to be 23 July 2026.
Nominee Share Code	The Company will arrange for copies of shareholder documents to be made available on request to interested parties and operators of nominee accounts.
Substantial Shareholdings	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. Please inform the Company Secretary using the details on page 90.
Disability Act	Access for the hard of hearing to the services of the registrar to the Company, Computershare Investor Services PLC, is provided by their contact centre's text phone service on 0370 702 0005. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the RNID) you should dial 18001 followed by the number you wish to dial.
Data Protection	The Company is committed to ensuring the privacy of any personal data provided to us. Further details of the Company's privacy policy can be found on the Company's website www.capitalgearingtrust.com.
Key Information Document	In accordance with European regulations effective from January 2018, a Key Information Document ('KID') has been prepared for the Company by its AIFM and is available on the Company's website. The KID is produced in a prescribed format and is not the responsibility of the Company. Investors should note that the methods for calculating risk, costs and potential returns are defined by law, may not reflect expected Company returns, and do not guarantee future performance. The costs disclosed include transaction costs and look-through costs (such as the operating costs of underlying funds), in addition to the Company's ongoing charges.

Shareholder Information *(continued)*

Non-Mainstream Pooled Investment Rules

The Company's shares are 'excluded securities' for the purposes of the rules relating to non-mainstream pooled investment products. This means they can be recommended by independent financial advisors to their ordinary retail clients, subject to normal suitability requirements.

Alternative Investment Fund Managers Directive ('AIFMD')

The Company is an Alternative Investment Fund ('AIF') as defined by the AIFMD and CG Asset Management is the Company's Alternative Investment Fund Manager ('AIFM'). CG Asset Management is authorised as a Full Scope UK AIFM.

Although the investment policy of the Company permits gearing, including the use of derivatives, the Board has no current intention to employ gearing.

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM, CG Asset Management, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period (year ending 30 April 2025) are available from CG Asset Management on request.

Leverage, for the purposes of the AIFM Directive, is any method which increases the company's exposure to stockmarkets whether through borrowings, derivatives, or any other means. It is expressed as a ratio of the Company's exposure to its NAV. In summary, the gross method measures the Company's exposure before applying hedging or netting arrangements. The commitment method allows certain hedging or netting arrangements to be offset. As at 31 March 2026 and 2025, the Company had no hedging or netting arrangements. The Company's maximum and actual leverage levels at 31 March 2026 are shown below:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual	100%	100%

The investor disclosure document and all additional periodic disclosures required in accordance with the requirements of the FCA Rules implementing the AIFMD in the UK are made available on the Company's website: (www.capitalgearingtrust.com).

Shareholder Information *(continued)*

Shareholder Analysis

Beneficial owner analysis

	31 March 2026 % of Issued share capital	31 March 2025 % of Issued share capital
Platforms/Execution only brokers	**40.0**	38.4
Private wealth managers	**32.0**	35.6
Fund companies	**13.9**	12.4
Private individuals	**4.3**	3.1
Foundations	**3.8**	3.3
Family offices	**2.8**	2.8
Other[1]	**3.2**	4.4
	100.0	100.0

Source: Modular Finance

(1) which includes pension funds, insurance corporations and non-financial corporations.

Ten-Year Historical Data

to 31 March, with exception of data from 2016 to 2021 which are to 5 April

Key Data

Year	Total Net Assets (£m)	Market Capitalisation (£m)	Shares in issue (with voting rights)	NAV per Share (pence)	Share Price (pence)	Discount/ premium to NAV per share	Ongoing Charges Ratio
2026	**801.3**	**782.6**	**15,698,233**	**5,104.5**	**4,985.0**	**-2.3%**	**0.59%**
2025	885.0	859.9	17,970,762	4,924.8	4,785.0	-2.8%	0.56%
2024	1,060.2	1,034.7	22,038,727	4,810.5	4,695.0	-2.4%	0.47%
2023	1,259.7	1,242.0	26,258,763	4,797.3	4,730.0	-1.4%	0.46%
2022	1,049.8	1,073.8	20,891,975	5,025.1	5,140.0	2.3%	0.52%
2021	634.0	651.3	13,813,113	4,590.2	4,715.0	2.7%	0.58%
2020	470.1	482.2	11,509,263	4,084.2	4,190.0	2.6%	0.65%
2019	321.9	328.9	7,886,589	4,082.0	4,170.0	2.2%	0.70%
2018	219.5	225.3	5,762,919	3,809.0	3,910.0	2.6%	0.77%
2017	169.5	172.4	4,453,174	3,805.0	3,870.5	1.7%	0.89%
2016	107.9	109.1	3,191,062	3,382.0	3,420.0	1.1%	1.04%

Year	Earnings per Share (pence)	Total Dividend per Share (pence)	Share Price Total Return	NAV Total Return	UK Retail Price Index (at 31 March)	UK Consumer Price Index (at 31 March)
2026	**76.90**	**66**	**6.4%**	**5.8%**	**4.1%**	**3.3%**
2025	107.54	102	3.6%	4.1%	2.6%	3.2%
2024	69.74	78	0.8%	1.8%	4.3%	3.2%
2023	70.67	71[1]	-7.1%	-3.6%	13.4%	10.1%
2022	56.81	46	10.0%	10.5%	9.0%	7.0%
2021	51.04	45	13.6%	13.9%	1,5%	0.7%
2020	59.12	42	1.3%	0.8%	2.6%	1.5%
2019	51.12	35	7.4%	7.9%	2.4%	1.9%
2018	37.04	27	1.5%	0.0%	3.3%	2.5%
2017	18.26	20	13.8%	13.4%	3.1%	2.3%
2016	16.91	20	3.7%	3.4%	1.6%	0.5%

[1] Includes additional special dividend of 11p paid in February 2024 in respect of the financial year ending 31 March 2023.

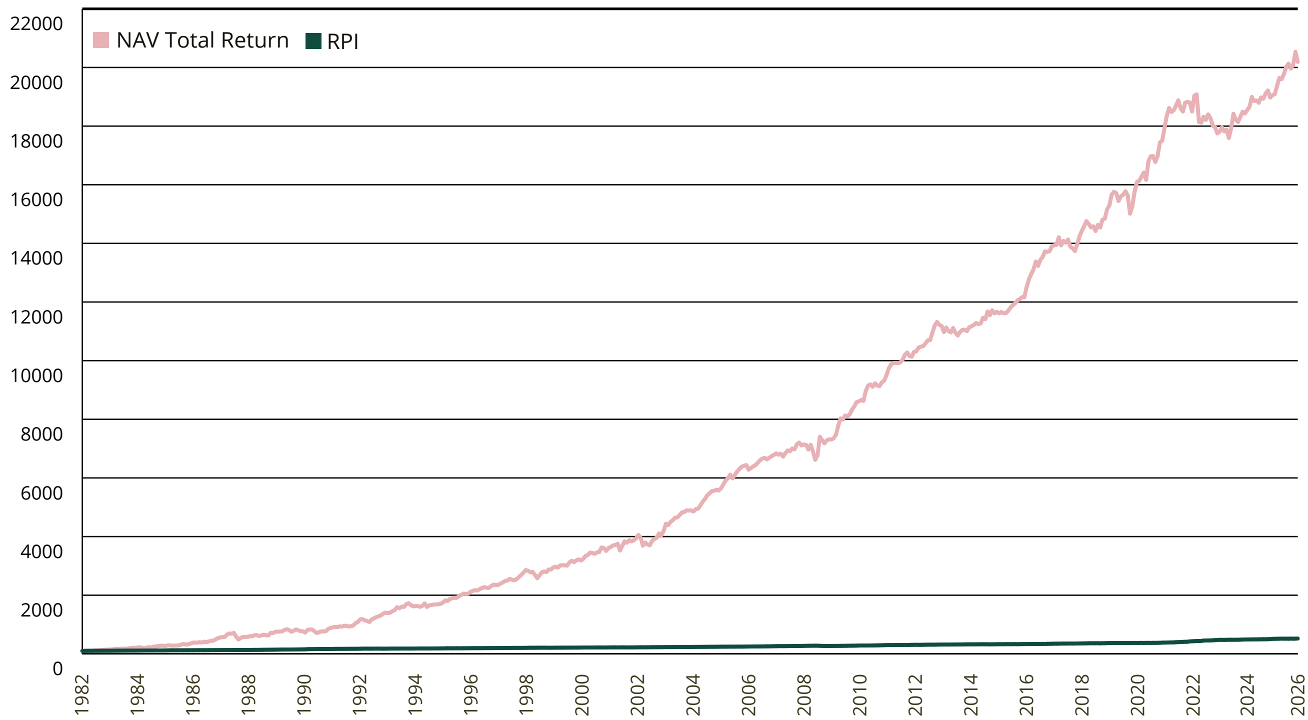
Ten-Year Historical Data *(continued)*

Allocation of portfolio

Year	Inflation-Linked Government Bonds	Conventional Government Bonds	Preference Shares/ Corporate Debt	Funds/ Equities	Cash	Gold
2026	**46.1%**	**16.7%**	**13.2%**	**23.1%**	**0.9%**	**–**
2025	37.1%	19.4%	11.1%	26.5%	4.7%	1.2%
2024	43.9%	14.1%	11.7%	28.2%	1.1%	1.0%
2023	46.1%	12.3%	13.6%	25.9%	1.1%	1.0%
2022	35.0%	3.9%	10.9%	44.1%	4.8%	1.3%
2021	29.9%	6.2%	10.3%	46.0%	5.8%	1.8%
2020	25.1%	18.8%	14.0%	34.1%	6.9%	1.1%
2019	33.0%	10.3%	17.6%	35.2%	2.9%	1.0%
2018	37.9%	1.1%	17.3%	36.9%	5.8%	1.0%
2017	36.7%	11.5%	12.2%	34.2%	5.4%	–
2016	32.7%	4.5%	22.2%	30.6%	10.0%	–

NAV performance 1982 to 2026

Based on the Company's NAV per Ordinary share, the graph below illustrates the total return to investors in the Company since 1982, compared with the Retail Price Index ('RPI'). Each measure is rebased to 100 in 1982.



(1) Source: CG Asset Management Limited. Whilst Investment performance is reviewed by the Board against CPI, CPI has only been in existence since 1996, hence for the purpose of this graph RPI is shown as the comparator.

Glossary of Terms and Definitions

Alternative Performance Measures	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.
DCP	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.
Drawdown	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.
ETF	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 the same way that a regular listed stock can. The price of an ETF's shares will change throughout the trading day reflecting the underlying value of the security.
Managed Liquidity Reserve	Highly liquid assets such as cash, Treasury Bills and short term credit holdings that are readily available for investment opportunities.
Market Capitalisation	The value of the Company's total market value of its shares and is calculated by multiplying the total number of shares in issue with the current share price.
Net Asset Value ('NAV')	The value of total assets less liabilities. To calculate the net asset value per share the net asset value is divided by the number of shares in issue.
Ongoing Charges	The Company publishes its ongoing charges ('ongoing charges ratio' or 'OCR') on two bases, the first excluding and the second including fees of collective funds invested in by the Company. The management fee and all other administrative expenses are expressed as a percentage of the average daily net assets during the year.
Share Price Premium/ Discount to NAV per share	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.
Risk Assets	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.
Total Return	Net asset value/share price total return measures the increase or decrease in net asset value per share/share price plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend either in the net asset value or share price of the Company.
Treasury shares	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.

Corporate Information

Investment Manager and AIFM

CG Asset Management Limited ('CGAM')
20 King Street
London EC2V 8EG
Telephone: 020 3906 1633

As at 31 March 2026, CGAM had total funds under management of £2.2 billion.

Depositary, Custodian and Banker

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

Company Secretary and Administrator

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
E-mail: info@frostrow.com
Telephone: 0203 008 4910

Registered Office

Carson McDowell LLP
Murray House
Murray Street
Belfast BT1 6DN

Registered Number

NI005574

AIC

Association of Investment Companies
www.theaic.co.uk

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
Telephone: 0370 873 5864

Independent Auditor

BDO LLP
2 Atlantic Square
31 York Street
Glasgow G2 8NJ

Corporate Stockbroker

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

Beware of Share Fraud

In recent years there has been an increase in the number of sophisticated but fraudulent financial scams. This is often by a phone call or email which can originate from outside UK. Shareholders may receive unsolicited phone calls or correspondence concerning investment matters that imply 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.

Shareholders may also be advised that there is an imminent offer for the Company, and the caller may offer to buy shares at significantly above the market price if an administration fee is paid. This is known as 'boiler room fraud'. 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. 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.

Shareholder Updates

If you wish to register for email alerts using the QR code below, you will receive regular updates regarding the publication of the monthly factsheet, quarterly reports, podcasts and an alert regarding the AGM and other shareholder meetings, encouraging you to vote.

Scan the QR code to register for email alerts regarding Company updates:

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Capital Gearing Trust P.l.c.
Carson McDowell LLP
Murray House
Murray Street
Belfast BT1 6DN

www.capitalgearingtrust.com