

NEW STAR INVESTMENT TRUST PLC

INTERIM REPORT

for the six months ended 31st December 2022

NEW STAR INVESTMENT TRUST PLC

INVESTMENT OBJECTIVE

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

REGISTERED OFFICE

1 Knightsbridge Green, London SW1X 7QA

Company Number: 03969011

COMPANY INFORMATION

DIRECTORS

G Howard-Spink (*Chairman*)

J L Duffield (*Deputy Chairman*)

D J Gamble

INVESTMENT MANAGER

Brompton Asset Management Limited

1 Knightsbridge Green, London SW1X 7QA

(*Authorised and regulated by the Financial Conduct Authority*)

SECRETARY AND ADMINISTRATOR

Maitland Administration Services Limited

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

Telephone: 01245 398950 *email:* cosec@maitlandgroup.com

SOLICITORS

CMS Cameron McKenna Nabarro Olswang LLP

Cannon Place, 78 Cannon Street, London EC4N 6AF

AUDITORS

Ernst & Young LLP

25 Churchill Place, London E14 5EY

CUSTODIAN

Brown Brothers Harriman & Co

Park House, 16 – 18 Finsbury Circus, London EC2M 7EB

REGISTRARS

Equiniti Limited

Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Telephone: 0371 384 2549

Website: www.shareview.co.uk

WEBSITE

www.nsitplc.com

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

FINANCIAL HIGHLIGHTS

	31st December 2022	30th June 2022	% Change
PERFORMANCE			
Net assets (£'000)	123,225	123,978	(0.61)
Net asset value per Ordinary share	173.50p	174.56p	(0.61)
Mid-market price per Ordinary share	124.50p	125.00p	(0.40)
Discount of price to net asset value	28.6%	28.4%	n/a
	Six months ended 31st December 2022	Six months ended 31st December 2021	
Total Return*	0.19%	2.59%	n/a
IA Mixed Investment 40-85% Shares (total return)	0.89%	4.18%	n/a
MSCI AC World Index (total return, sterling adjusted)	3.50%	7.86%	n/a
MSCI UK Index (total return)	5.39%	7.42%	n/a
	Six months ended 31st December 2022	Six months ended 31st December 2021	
REVENUE			
Return (£'000)	735		405
Return per Ordinary share	1.04p		0.57p
Proposed dividend per Ordinary share	0.90p		–
Dividend paid per Ordinary share	1.40p		1.40p
TOTAL RETURN			
Return (£'000)	241		3,584
Net assets (dividend added back)	0.19%		2.59%
Net assets	(0.61)%		1.88%

* The total return figure for the Group represents the revenue and capital return shown in the consolidated statement of comprehensive income plus dividends paid.

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CHAIRMAN'S STATEMENT

Performance

Your Company generated a positive total return of 0.19% over the six months to 31st December 2022, taking the net asset value (NAV) per ordinary share to 173.50p. By comparison, the Investment Association's Mixed Investment 40-85% Shares Index rose 0.89%. The MSCI AC World Total Return Index rose 3.50% in sterling over the period, the MSCI UK Total Return Index rose 5.39% while UK government bonds fell 12.06%. Further information is provided in the investment manager's report.

Your Company made a revenue profit for the six months of £735,000 (2021: £405,000).

Gearing and dividends

Your Company has no borrowings. It ended the period under review with cash representing 14.63% of its NAV and is likely to maintain a significant cash position. In recent years, your Company has invested in income-yielding assets with the aim of increasing its revenue and dividend. Its revenue and retained earnings are now sufficient for your Directors to pay a maiden interim dividend of 0.9p per share (2021: nil). Your Directors intend to maintain this policy of paying an interim dividend and recommending a final dividend to shareholders. Your Company paid a dividend of 1.4p per share (2021: 1.4p) in November 2022 in respect of the previous financial year.

Discount

Your Company's shares continued to trade at a significant discount to their NAV during the period under review. The Board keeps this issue under review.

Outlook

Although inflationary pressures have reduced, the lagged impact of rising interest rates may lead to recessions in the US and Europe over the coming months. This will affect corporate profits but equity markets may benefit from easing inflation as investors anticipate a turn downwards in the interest rate cycle. Your Company entered 2023 with above-average holdings in emerging market equities relative to collective funds with the same benchmark. Emerging markets are trading on relatively low valuations and have the potential to outperform as China relaxes its zero-Covid-19 policies. Your Company's significant cash holdings have benefited from rising deposit rates in recent months and can be deployed should other attractive opportunities emerge.

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CHAIRMAN'S STATEMENT

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Net asset value

Your Company's unaudited NAV at 28th February 2023 was 178.10p.

Geoffrey Howard-Spink
Chairman
20th March 2023

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INVESTMENT MANAGER'S REPORT

Market review

The leading Central Banks increased interest rates on four occasions over the six months to 31 December 2022 to combat inflation. The Federal Reserve and the Bank of England raised their policy rates to 4.25-4.5% and 3.5% respectively while the European Central Bank lifted the rate on its main refinancing operations to 2.5%. In February 2023, all three Central Banks increased rates again, the Fed by a quarter point and the BoE and the ECB by half a point. Investors were, however, anticipating a turn downwards in policy rates further ahead on expectations that inflation would reduce significantly.

US headline inflation peaked at 9.1% in June 2022 and declined every month thereafter, falling to 6.4% in January 2023. Eurozone and UK headline inflation proved more obdurate, standing at 10.6% and 11.1% respectively in October 2022 before falling to 8.6% and 10.1% respectively in January 2023. Oil prices fell 16.85% in sterling over the period under review, easing inflationary pressures. UK and eurozone inflation may have peaked later partly because of the impact of elevated gas prices following Russia's invasion of Ukraine.

Fed hawkishness was founded on the strength of the labour market, with unemployment just 3.4% in January 2023, and the resilience of consumer spending. Unemployment tends, however, to be a lagging indicator and is typically low at the start of a recession. Inflation is widely regarded as "sticky" when it becomes entrenched in pay increases but real wages fell over the period despite the strength of the labour market.

Rising interest rates proved a headwind for global bonds, which fell 1.78% in sterling. UK government bonds were particularly weak, falling 12.06%. The government's September announcement of unfunded tax cuts led to some pension funds becoming forced sellers of gilts. The BoE intervened, announcing UK government bond purchases of up to £65 billion to ensure financial stability.

Portfolio review

Your Company's total return over the period was 0.19%. By comparison, the Investment Association (IA) Mixed Investment 40-85% Shares sector, a peer group of funds with a multi-asset approach to investing and a typical investment in global equities in the 40-85% range,

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rose 0.89%. The MSCI AC World Total Return Index rose 3.50% in sterling while the MSCI UK Total Return Index rose 5.39%. Your company benefited from holding value-oriented equity investments and investments in gold miners and Indian stocks. A low overall exposure to bonds also helped performance. Performance suffered, however, from weakness among US and Chinese technology stocks, which resulted in falls for Polar Capital Global Technology and Matthews Asia ex Japan Dividend.

Your Company's allocation to equity increased from October to December 2022 by approximately £6 million at the expense of cash because inflation appeared to be close to peaking, increasing expectations that easier monetary policy could be on the horizon. In October, your Company invested £2 million in Redwheel Global Equity Income, which has a disciplined approach to income-investing. All investments must yield at least 25% more than the market average at the time of purchase and profits are taken on stocks that appreciate to the point where they yield less than the market average. The managers aim to select high-quality stocks while excluding stocks that may be at risk of cutting dividends. The addition of holdings managed in accordance with an income mandate should support your Company's ability to pay dividends.

More accommodative monetary policy may result in outperformance for growth-oriented investments and approximately £1 million was invested in the iShares S&P 500 exchange-traded fund, which tracks the US market, and £1 million was added to Lindsell Train Japanese Equity, which holds a concentrated portfolio of growth stocks including consumer-related companies that should benefit from increased Chinese tourism as China's zero-Covid-19 policies are relaxed.

The remaining £2 million was invested in emerging markets, with £1 million added to Vietnam Enterprise Investments in October and £1 million added to Somerset Asia Income in November. Some emerging markets trade on low valuations relative to developed markets and dollar strength, which has proved a headwind for emerging markets, may subside in anticipation of easier monetary policy. In December, Beijing relaxed its zero-Covid policies, leading to gains for Chinese stocks.

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INVESTMENT MANAGER'S REPORT

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Value stocks typically outperformed growth stocks over the period because rising interest rates affected longer-duration assets. Technology stocks were hurt because future cash flows from these high-growth stocks are discounted more aggressively at higher interest rates. US technology stocks fell 5.39% in sterling over the period, contributing to an 8.86% fall by Polar Capital Global Technology, but your Company's largest holding, Fundsmith Equity, rose 3.49%, despite its growth style and significant technology holdings. Gains by Novo Nordisk, one of its 10 largest holdings, fuelled the rise as investors warmed to the potential of its anti-obesity drugs.

UK equities modestly outperformed, rising 5.39%, but smaller companies lagged, gaining 2.97%. Amongst value-oriented investments, Man GLG Income and Aberforth Split Level Income, a small-company investment trust, gained 9.60% and 11.22% respectively. Aberforth Split Level Income also benefited from the gearing provided by its zero-dividend preference shares. Chelverton UK Equity Income, another small-cap specialist, gained 2.99%. Trojan Income rose 2.30%, underperforming because of its focus on consumer-related stocks such as Diageo, Procter & Gamble, Reckitt Benckiser and Unilever. All these investments delivered income in excess of global equities, contributing to your Company's ability to pay dividends.

Equities in Europe excluding the UK outperformed, rising 9.35% in sterling. BlackRock Continental European Income and Crux European lagged, however, up 7.82% and 8.55% respectively although both benefited from holding Novo Nordisk among their 10 largest investments.

Equities in Asia excluding Japan and emerging markets fell 2.91% and 1.81% respectively in sterling, with Chinese stocks, which account for the largest proportion of both indices, falling 11.10%. Chinese equities were hurt by Covid lockdowns, political interference in companies to promote wealth redistribution, so-called common prosperity, and high property sector debts. Within your Company's portfolio, the most resilient performers were JP Morgan Global Emerging Markets Income Trust, JP Morgan Emerging Market Income Fund and Somerset Asia Income, up 3.87% and down 1.88% and 2.20% respectively. Their income mandates proved defensive during a period in which lower-yielding Chinese technology stocks such as Tencent and Alibaba fell significantly. Matthews Asia ex Japan Dividend,

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however, fell 10.21%. Its mandate permitted it to hold lower-yielding Chinese technology stocks provided it had an above-market yield overall. Indian stocks rose 9.99% against the trend in sterling although Stewart Investors Indian Subcontinent Sustainability gained only 8.00%.

Your Company achieves diversification through its allocations to cash, including dollar cash, gold equities and low-risk multi-asset holdings. Interest income rose as your Company benefited from higher interest rates on its deposits. BlackRock Gold & General rose 5.85% as gold prices increased 1.77% in sterling. Trojan and EF Brompton Global Conservative, both lower-risk holdings, fell 0.20% and 1.17% respectively.

Outlook

Inflationary pressure from higher oil prices subsided somewhat in early 2023 but global economic growth is likely to slow over the year. Employment data were strong but falls in real incomes imply inflation had not become entrenched. Economic data in January and February 2023 were stronger than anticipated but the lagged transmission of tighter monetary policy may mean the full impact of tightening is yet to come. In March 2023, higher interest rates led to the collapse of Silicon Valley Bank in the US and the forced takeover of Credit Suisse by UBS. Central Banks moved swiftly to contain the fallout and protect depositors. Banks are generally more tightly regulated and have higher levels of capital adequacy than at the time of the credit crisis in 2007 – 2008 but these signs of distress may militate against tighter monetary policy. At the end of the period under review, prospects for equities overall appeared positive despite the likely deterioration in some companies' earnings because monetary policy easing was on the horizon. Emerging market equities appeared particularly attractive because of low valuations relative to some developed markets, signs of an end to zero-Covid polices and potential respite from dollar strength.

Your Company holds a diversified portfolio of assets including sterling and dollar cash, gold equities and lower-risk multi-asset investments. Investment in private equity is currently low. At the period end, your Company had more cash at the expense of bonds and higher allocations to emerging market equities at the expense of US and European equities than the average for the IA Mixed Assets 40-85% Shares peer group.

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Portfolio diversification provides some protection in falling markets when dollar cash and other low-risk investments may be sought by investors as safe havens. At the period end, your Company had approximately £18 million in cash. This cash is benefitting from higher deposit interest rates and is available for investment should attractive opportunities arise. Higher interest income and a bias towards income-oriented equity investments support the growth in your Company's dividend.

Brompton Asset Management Limited
20th March 2023

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DIRECTORS' REPORT

Performance

In the six months to 31st December 2022 the total return per Ordinary share was 0.19% (2021: 2.59%) and the NAV per ordinary share decreased slightly to 173.50p, whilst the share price decreased by 0.40% to 124.50p. This compares to an increase of 0.89% in the IA Mixed Investment 40-85% Shares Index.

Dividend

The Directors propose an interim dividend of 0.90p per Ordinary share in respect of the six months ended 31st December 2022 (2021: £nil). The dividend will be paid on 28th April 2023 to shareholders on the register at the close of business on 31st March 2023 (ex-dividend 30th March 2023).

Investment objective

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

Investment policy

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

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

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

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

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

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

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

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

Share capital

The Company's share capital comprises 305,000,000 Ordinary shares of 1p each, of which 71,023,695 (2021: 71,023,695) have been issued and fully paid. No Ordinary shares are held in treasury, and none were bought back or issued during the six months ending 31st December 2022.

Principal risks and uncertainties

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

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

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

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

Portfolio risks – market price, foreign currency and interest rate risks: The largest investments are listed on page 17. Investment returns will be influenced by interest rates, inflation, investor sentiment, availability/cost of credit and general economic and market conditions in the UK and globally. A significant proportion of the portfolio is in investments denominated in foreign currencies and movements in exchange rates could significantly affect their sterling value. The Investment Manager takes all these factors into account when making investment decisions but the Company does not normally hedge against foreign currency movements. The Board's policy is to hold a spread of investments in order to reduce the impact of the risks arising from the above factors by investing in a spread of asset classes, geographic regions and through investment funds.

Net asset value discount: The discount in the price at which the Company's shares trade to net asset value means that shareholders cannot realise the real underlying value of their investment. Over a number of years, the Company's share price has been at a significant discount to the Company's net asset value. The Directors review regularly the level of

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discount, however given the investor base of the Company, the Board is very restricted in its ability to influence the discount to net asset value.

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

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

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

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

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DIRECTORS' REPORT

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Investment management arrangements and related party transactions

In common with most investment trusts the Company does not have any executive directors or employees. The day-to-day management and administration of the Company, including investment management, accounting and company secretarial matters, and custodian arrangements are delegated to specialist third party service providers.

Details of related party transactions are contained in the Annual Report. There have been no unusual material transactions with related parties during the period which have had a significant impact on the performance of the Company.

Going concern and viability

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

Responsibility statement

The Directors named on page 2 confirm that to the best of their knowledge:

As disclosed in note 1, the annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The Chairman's statement and the Investment Manager's report include a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements.

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The Chairman's statement, the Investment Manager's report and the Directors' report include a fair review of the potential risks and uncertainties for the remaining six months of the year.

The Director's report and note 8 to the interim financial report include a fair review of the information concerning transactions with the investment manager and changes since the last annual report.

By order of the Board
Maitland Administration Services Limited

20th March 2023

SCHEDULE OF TOP TWENTY INVESTMENTS

at 31st December 2022

	30th June 2022 £'000	Purchases/ (Sales)	Market Movement	31st Dec 2022 £'000	% of Net Assets
Fundsmith Equity Fund	8,562	–	419	8,981	7.29
Polar Capital Global Technology	7,277	–	(628)	6,649	5.40
iShares Core S&P 500 UCITS ETF	3,828	991	39	4,858	3.94
Matthews Asia Ex Japan Fund	5,158	–	(563)	4,595	3.73
MI Chelverton UK Equity Income Fund	4,581	–	(25)	4,556	3.70
EF Brompton Global Conservative Fund	4,454	–	(49)	4,405	3.57
First State Indian Subcontinent Fund	3,943	–	303	4,246	3.45
BlackRock Continental European Inc Fund	3,916	–	300	4,216	3.42
Aquilus Inflection Fund	4,242	–	(130)	4,112	3.34
Baillie Gifford Global Income Growth	3,876	–	148	4,024	3.27
BlackRock Gold & General	3,710	–	223	3,933	3.19
MI Somerset Asia Income Fund	2,849	1,000	(150)	3,699	3.00
Vietnam Enterprise Investments	2,944	968	(451)	3,461	2.81
EF Brompton Global Equity Fund	3,361	–	75	3,436	2.79
Aberforth Split Level Income Trust	3,144	–	187	3,331	2.70
EF Brompton Global Opportunities Fund	3,198	–	65	3,263	2.65
EF Brompton Global Growth Fund	3,044	–	55	3,099	2.51
MI Brompton UK Recovery Unit Trust	2,798	–	101	2,899	2.35
Lindsell Train Japanese Equity Fund	2,650	1,000	(845)	2,805	2.28
TM Crux European Special Sits Fund	2,460	–	233	2,693	2.19
Man GLG UK Income Fund	2,468	–	157	2,625	2.13
	82,463	3,959	(536)	85,886	69.70
Balance not held in investments above	16,987	2,483	(58)	19,412	15.75
Total investments (excluding cash)	99,450	6,442	(594)	105,298	85.45
Cash	24,530	(6,347)	(159)	18,024	14.63
Other net current liabilities	(2)	(95)	–	(97)	(0.08)
Net Assets	123,978	–	(753)	123,225	100.00

All of the above investments are investment funds with the exception of Aberforth Split Level Income Trust and Vietnam Enterprise Investments which are investment companies.

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

Investment funds	£'000
Unquoted investments including loans of £1.2m	94,942
Investment companies and exchange traded funds	2,187
Other quoted investments	7,617
	552
	105,298

NEW STAR INVESTMENT TRUST PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31st December 2022

(unaudited)

		Six months ended 31st December 2022 (unaudited)		
	Notes	Revenue Return £'000	Capital Return £'000	Total Return £'000
INCOME				
Investment income		1,101	–	1,001
Other operating income		191	–	191
Total income	2	1,292	–	1,292
GAINS AND LOSSES ON INVESTMENTS				
Losses on investments at fair value				
through profit or loss	5	–	(594)	(594)
Legal and professional costs		–	–	–
Other exchange gains		–	99	99
Trail rebates		–	1	1
		1,292	(494)	798
EXPENSES				
Management fees	3	(385)	–	(385)
Other expenses		(163)	–	(163)
		(548)	–	(548)
PROFIT/(LOSS) BEFORE FINANCE COSTS AND TAX				
		744	(494)	250
Finance costs		–	–	–
PROFIT/(LOSS) BEFORE TAX				
		744	(494)	250
Tax		(9)	–	(9)
PROFIT/(LOSS) FOR THE PERIOD				
		735	(494)	241
EARNINGS/(LOSS) PER SHARE				
Ordinary shares (pence)	4	1.04p	(0.70)p	0.34p

The total return column of this statement represents the Group's profit and loss account, prepared in accordance with IFRS. The supplementary Revenue Return and Capital Return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

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

The notes on pages 23 to 28 form an integral part of these accounts.

NEW STAR INVESTMENT TRUST PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31st December 2021 and the year ended 30th June 2022

	Six months ended 31st December 2021 <i>(unaudited)</i>			Year ended 30th June 2022 <i>(audited)</i>		
	Revenue Return	Capital Return	Total Return	Revenue Return	Capital Return	Total Return
Notes	£'000	£'000	£'000	£'000	£'000	£'000
INCOME						
Investment income	1,001	–	1,001	1,837	–	1,837
Other operating income	–	–	–	20	–	20
Total income	2 1,001	–	1,001	1,857	–	1,857
GAINS AND LOSSES ON INVESTMENTS						
Gains/(losses) on investments at fair value through profit or loss	5 –	3,114	3,114	–	(15,188)	(15,188)
Legal and professional costs	–	(60)	(60)	–	(60)	(60)
Other exchange gains	–	121	121	–	1,382	1,382
Trail rebates	–	4	4	–	6	6
	<u>1,001</u>	<u>3,179</u>	<u>4,180</u>	<u>1,857</u>	<u>(13,860)</u>	<u>(12,003)</u>
EXPENSES						
Management fees	3 (437)	–	(437)	(837)	–	(837)
Other expenses	(158)	–	(158)	(320)	–	(320)
	<u>(595)</u>	<u>–</u>	<u>(595)</u>	<u>(1,157)</u>	<u>–</u>	<u>(1,157)</u>
PROFIT/(LOSS) BEFORE TAX	406	3,179	3,585	700	(13,860)	(13,860)
Tax	(1)	–	(1)	–	–	–
PROFIT/(LOSS) FOR THE PERIOD	<u>405</u>	<u>3,179</u>	<u>3,584</u>	<u>700</u>	<u>(13,860)</u>	<u>(13,160)</u>
EARNINGS PER SHARE						
Ordinary shares (pence)	4 <u>0.57p</u>	<u>4.48p</u>	<u>5.05p</u>	<u>0.98p</u>	<u>(19.51)p</u>	<u>(18.53)p</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31st December 2022

(unaudited)

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total £'000
AT 30TH JUNE 2022	710	21,573	56,908	44,787	123,978
Total comprehensive income for the period	-	-	-	241	241
Dividend paid	-	-	-	(994)	(994)
AT 31ST DECEMBER 2022	<u>710</u>	<u>21,573</u>	<u>56,908</u>	<u>44,034</u>	<u>123,225</u>

Included within retained earnings were £1,407,000 of Company reserves available for future distribution.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31st December 2021

(unaudited)

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total £'000
AT 30TH JUNE 2021	710	21,573	56,908	58,941	138,132
Total comprehensive income for the period	-	-	-	3,584	3,584
Dividend paid	-	-	-	(994)	(994)
AT 31ST DECEMBER 2021	<u>710</u>	<u>21,573</u>	<u>56,908</u>	<u>61,531</u>	<u>140,722</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2022

(audited)

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

The notes on pages 23 to 28 form an integral part of these accounts.

NEW STAR INVESTMENT TRUST PLC

CONSOLIDATED BALANCE SHEET

at 31st December 2022

		31st December 2022 <i>(unaudited)</i> £'000	31st December 2021 <i>(unaudited)</i> £'000	30th June 2022 <i>(audited)</i> £'000
	<i>Notes</i>			
NON-CURRENT ASSETS				
Investments at fair value through profit or loss	5	<u>105,298</u>	<u>135,726</u>	<u>99,450</u>
CURRENT ASSETS				
Other receivables		152	126	258
Cash and cash equivalents		<u>18,024</u>	<u>5,139</u>	<u>24,530</u>
		<u>18,176</u>	<u>5,265</u>	<u>24,788</u>
TOTAL ASSETS		123,474	140,991	124,238
CURRENT LIABILITIES				
Other payables		<u>(249)</u>	<u>(269)</u>	<u>(260)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>123,225</u>	<u>140,722</u>	<u>123,978</u>
NET ASSETS		<u>123,225</u>	<u>140,722</u>	<u>123,978</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS				
Called-up share capital		710	710	710
Share premium		21,573	21,573	21,573
Special reserve		56,908	56,908	56,908
Retained earnings	6	<u>44,034</u>	<u>61,531</u>	<u>44,787</u>
TOTAL EQUITY		<u>123,225</u>	<u>140,722</u>	<u>123,978</u>
NET ASSET VALUE PER ORDINARY SHARE (PENCE)	7	<u>173.50p</u>	<u>198.13p</u>	<u>174.56p</u>

The interim report was approved and authorised for issue by the Board on 20th March 2023.

The notes on pages 23 to 28 form an integral part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 31st December 2022

	Six months ended 31st December 2022 <i>(unaudited)</i> £'000	Six months ended 31st December 2021 <i>(unaudited)</i> £'000	Year ended 30th June 2022 <i>(audited)</i> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	831	517	673
INVESTING ACTIVITIES			
Purchase of investments	(6,442)	(2,885)	(11,861)
Sale of investments	–	–	26,950
Legal and professional costs	–	(60)	(60)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(6,442)	(2,945)	15,029
FINANCING			
Equity dividend paid	(994)	(994)	(994)
NET CASH (OUTFLOW)/INFLOW AFTER FINANCING	(6,605)	(3,422)	14,708
(DECREASE)/INCREASE IN CASH RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	(6,605)	(3,422)	14,708
(Decrease)/Increase in cash resulting from cash flows	(6,605)	(3,422)	14,708
Exchange movements	99	121	1,382
Movement in net funds	(6,506)	(3,301)	16,090
Net funds at start of period/year	24,530	8,440	8,440
NET FUNDS AT END OF PERIOD/YEAR	18,024	5,139	24,530
RECONCILIATION OF PROFIT BEFORE FINANCE COSTS AND TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before finance costs and taxation*	250	3,585	(13,160)
Losses/(gains) on investments	594	(3,114)	15,188
Exchange gains	(99)	(121)	(1,382)
Legal and professional costs	–	60	60
Capital trail rebates	(1)	(4)	(6)
Revenue profit before finance costs and taxation	744	406	700
Decrease/(Increase) in debtors	106	109	(30)
Decrease in creditors	(11)	(1)	(10)
Finance costs	–	(1)	–
Taxation	(9)	–	7
Capital trail rebates	1	4	6
NET CASH INFLOW FROM OPERATING ACTIVITIES	831	517	673

The notes on pages 23 to 28 form an integral part of these accounts.

* Includes dividends received in cash of £1,012,000 (30th June 2022: £1,653,000) (2021: £963,000), accumulation income of £188,000 (30th June 2022: £149,000) (2021: £140,000) and interest received of £189,000 (30th June 2022: £20,000) (2021: £1,000).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31st December 2022

1. Accounting policies

The condensed consolidated interim financial statements comprise the unaudited results of the Company and its subsidiary, JIT Securities Limited (together “the Group”), for the six months ended 31st December 2022. The comparative information for the six months ended 31st December 2021 and the year ended 30th June 2022 are a condensed set of accounts and do not constitute statutory accounts under the Companies Act 2006. Full statutory accounts for the year ended 30th June 2022 included an unqualified audit report, did not contain any statements under section 498 of the Companies Act 2006, and have been filed with the Registrar of Companies.

The half year financial statements have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’, and are presented in pounds sterling, as this is the Group’s functional currency.

The same accounting policies have been followed in the interim financial statements as applied to the accounts for the year ended 30th June 2022, which were prepared in accordance with IFRSs.

No segmental reporting is provided as the Group is engaged in a single segment.

2. Total income

	Six months ended 31st December 2022 £'000	Six months ended 31st December 2021 £'000	Year ended 30th June 2022 £'000
Income from Investments			
UK net dividend income	952	900	1,581
Unfranked investment income	125	85	219
UK fixed interest	24	16	37
	<u>1,101</u>	<u>1,001</u>	<u>1,837</u>
Other Income			
Bank interest receivable	191	–	20
	<u>191</u>	<u>–</u>	<u>20</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*continued***2. Total income** *continued*

	Six months ended 31st December 2022 £'000	Six months ended 31st December 2021 £'000	Year ended 30th June 2022 £'000
Total income comprises			
Dividends	1,101	985	1,800
Other income	191	16	57
	<u>1,292</u>	<u>1,001</u>	<u>1,857</u>

3. Management fees

	Six months ended 31st December 2022 £'000	Six months ended 31st December 2021 £'000	Year ended 30th June 2022 £'000
Investment management fee	385	437	837
	<u>385</u>	<u>437</u>	<u>837</u>

The Investment Manager receives a management fee, payable quarterly in arrears, equivalent to an annual 0.75 per cent of total assets after the deduction of the value of any investments managed by the Investment Manager or its associates (as defined in the investment management agreement).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*continued***4. Return per Ordinary share**

	Six months ended 31st December 2022 £'000	Six months ended 31st December 2021 £'000	Year ended 30th June 2022 £'000
Revenue return	735	405	700
Capital return	(494)	3,179	(13,860)
Total return	<u>241</u>	<u>3,584</u>	<u>(13,160)</u>
Weighted average number of Ordinary shares	71,023,695	71,023,695	71,023,695
Revenue return per Ordinary share	1.04p	0.57p	0.98p
Capital return per Ordinary share	<u>(0.70)p</u>	<u>4.48p</u>	<u>(19.51)p</u>
Total return per Ordinary share	<u>0.34p</u>	<u>5.05p</u>	<u>(18.53)p</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*continued***5. Investments at fair value through profit and loss**

	At 31st December 2022 £'000	At 31st December 2021 £'000	At 30th June 2022 £'000
GROUP AND COMPANY	<u>105,298</u>	<u>135,726</u>	<u>99,450</u>
ANALYSIS OF INVESTMENT PORTFOLIO			
Six months ended 31st December 2022			
	Quoted* (level 1 and 2) £'000	Unquoted** (level 3) £'000	Total £'000
Opening book cost	70,896	10,099	80,995
Opening investment holding gains/(losses)	<u>25,941</u>	<u>(7,486)</u>	<u>18,455</u>
Opening valuation	96,837	2,613	99,450
Movement in period:			
Purchases at cost	6,092	350	6,442
Sales			
– Proceeds	–	–	–
– Realised gains on sales	–	–	–
Movement in investment holding gains/(losses)	<u>182</u>	<u>(776)</u>	<u>(594)</u>
Closing valuation at 31 December 2022	<u>103,111</u>	<u>2,187</u>	<u>105,298</u>
Closing book cost	76,988	10,449	87,437
Closing investment holding gains/losses	<u>26,123</u>	<u>(8,262)</u>	<u>17,861</u>
Closing valuation	<u>103,111</u>	<u>2,187</u>	<u>105,298</u>

* Quoted investments include unit trust and OEIC funds which are valued at quoted prices. Included within Quoted Investments is one monthly valued investment fund of £4,112,000 (30th June 2022 £4,242,000) (2021: £4,632,000).

** The Unquoted investments, representing just under 2% of the Company's NAV, have been valued in accordance with IPEVC valuation guidelines. The largest unquoted investment amounting to £700,000 (30th June 2022: £957,000) (2021: £14,842,000) was valued at recent transaction price. The second largest investment has also been valued at recent transaction price. A 10% increase or decrease in the earnings of any of these investments would not have a material impact on the valuation of those investments.

There were no reclassifications for assets between Level 1, 2 and 3.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*continued***5. Investments at fair value through profit and loss** *continued*

	Six months ended 31st December 2022 £'000	Six months ended 31st December 2021 £'000	Year ended 30th June 2022 £'000
ANALYSIS OF CAPITAL (LOSSES)/GAINS			
Realised gains on sales of investments	–	–	18,375
(Decrease)/increase in investment holding gains	(594)	3,114	(33,563)
	<u>(594)</u>	<u>3,114</u>	<u>(15,188)</u>

6. Retained earnings

	At 31st December 2022 £'000	At 31st December 2021 £'000	At 30th June 2022 £'000
Capital reserve – realised	24,766	5,381	24,666
Capital reserve – revaluation	17,861	55,132	18,455
Revenue reserve	1,407	1,018	1,666
	<u>44,034</u>	<u>61,531</u>	<u>44,787</u>

7. Net asset value per Ordinary share

	31st December 2022 £'000	31st December 2021 £'000	30th June 2022 £'000
Net assets attributable to Ordinary shareholders	<u>123,225</u>	<u>140,722</u>	<u>123,978</u>
Ordinary shares in issue at end of period	<u>71,023,695</u>	<u>71,023,695</u>	<u>71,023,695</u>
Net asset value per Ordinary share	<u>173.50p</u>	<u>198.13p</u>	<u>174.56p</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

continued

8. Transactions with the Investment Manager

During the period there have been no new related party transactions that have affected the financial position or performance of the Group.

Since 1st January 2010 Brompton has acted as Investment Manager to the Company. This relationship is governed by an agreement dated 17th May 2018.

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

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

The total investment management fee payable to Brompton for the half year ended 31st December 2022 was £385,000 (30th June 2022: £837,000) (2021: £437,000) and at the half year £192,000 (30th June 2022: £193,000) (2021: £219,000) was accrued.

The Group's investments include seven funds managed by Brompton or its associates valued at £21,697,000 (30th June 2022: £24,451,000) (2021: £24,194,000). No investment management fees were payable directly by the Company in respect of these investments.

