

Half-year Report

BLACKROCK SMALLER COMPANIES TRUST plc

(LEI: 549300MS535KC2WH4082)

Half yearly financial announcement of results in respect of the six months ended 31 August 2025

Performance record

	As at 31 August 2025	As at 28 February 2025	
Net asset value per ordinary share (debt at par value) (pence) ¹	1,410.32	1,403.45	
Net asset value per ordinary share (debt at fair value) (pence) ¹	1,477.13	1,463.44	
Ordinary share price (pence) ¹	1,304.00	1,270.00	
Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index ²	17,705.55	16,108.27	
	-----	-----	
Assets			
Total assets less current liabilities (£'000)	657,178	684,322	
Equity shareholders' funds (£'000) ³	587,621	614,779	
Ongoing charges ratio ^{4,5}	0.8%	0.8%	
Dividend yield ⁴	3.4%	3.5%	
Gearing ⁴	5.5%	13.3%	
	=====	=====	
	For the six months ended 31 August 2025	For the year ended 28 February 2025	
Performance (with dividends reinvested)			
Net asset value per ordinary share (debt at par value) ^{2,4}	2.5%	-0.6%	
Net asset value per ordinary share (debt at fair value) ^{2,4}	2.9%	0.0%	
Ordinary share price ^{2,4}	4.9%	-1.4%	
Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index ^{2,4}	9.9%	6.2%	
	=====	=====	
	For the six months ended 31 August 2025	For the six months ended 31 August 2024	Change %
Revenue and dividends			
Revenue return per ordinary share	25.77p	27.54p	-6.4
Interim dividend per ordinary share	16.00p	15.50p	3.2
	=====	=====	=====

1 Without dividends reinvested.

2 Total return basis with dividends reinvested.

3 The change in equity shareholders' funds represents the portfolio movements, shares repurchased into treasury and dividends paid during the period.

4 Alternative Performance Measures, see Glossary contained within the Half Yearly Financial Report. Full details setting out how calculations with dividends reinvested are performed are set out in the Glossary contained within the Half Yearly Financial Report.

5 Ongoing charges ratio calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items in accordance with AIC guidelines.

Chairman's Statement for the six months ended 31 August 2025

This is our report on your Company's results for the six months ended 31 August 2025. It is a report that covers a period filled with frustrating performance challenges, disappointing corporate developments and a cloudy UK investment environment. The Board has worked closely with the Manager to consider our investment approach, to improve the effectiveness of our discount management efforts and to leverage investor understanding of the long-term benefits of small and mid-cap investing in the UK, notwithstanding recent results. So far, these efforts must be acknowledged as a work in progress. My remarks in this letter cover all these matters in some detail and should be read in conjunction with the Investment Manager's Report. Together they tell a story that reveals the reasons for our longer term optimism for investment in our small/mid cap sector and the growth orientation that we have historically embraced. It is a view that demands conviction and confidence which we sincerely hope you can continue to embrace with us.

Performance

Geopolitical tensions and the announcement by the US of significant tariffs on its key trading partners drove equity market volatility over the period under review, with many investors reducing exposure to US equities and bonds in favour of UK and European securities. Frustratingly, UK markets saw a reversal of this rebound in August on the back of concerns over the UK November budget and the potential for Labour policy to stall the housing market and economic growth. With memories of the last Labour budget still painfully fresh, the willingness to invest remains low and many investors are actively reducing market exposure. This is a continuation of the difficult market conditions of the last few years, which have proved especially challenging for UK smaller companies investment trusts, and in particular for those managers with a growth bias. Notwithstanding these difficult conditions, your Board has been disappointed with the Company's NAV performance, with the net asset value (NAV) per share increasing by just + 2.9%^{1,2,3} over the period under review, underperforming the Company's benchmark, the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index, which returned +9.9%^{1,3}. The Company's share price rose by 4.9%^{1,3}. Looking at the broader market environment, the FTSE 100 Index returned +6.8%¹ over the period, the FTSE 250 Index rose by +6.3%¹ and the FTSE All Share Index returned +3.9%¹. The performance of both the NAV and share price over the longer term are illustrated in the table below.

Your Board works closely with the Manager to understand and monitor the drivers of underperformance, and as explained in more detail below, is implementing changes to the investment guidelines to better reflect the realities of the investable universe, and to enhance flexibility in these volatile and challenging market conditions.

	6 Months change %	1 Year change %	3 Years change %	5 Years change %	10 Years change %
Performance to 31 August 2025					
Net asset value per share (with dividends reinvested) ^{1,2}	2.9	-9.7	2.0	17.3	87.6
Share price (with dividends reinvested) ¹	4.9	-11.6	6.5	21.3	78.7
Benchmark (with dividends reinvested) ¹	9.9	3.0	14.4	30.6	59.9

1 Percentages in Sterling terms with dividends reinvested.

2 Debt at fair value.

3 Alternative Performance Measure, see Glossary contained within the Half Yearly Financial Report.

Returns and dividends

Dividend revenue from portfolio companies decreased this period, with the Company's revenue return per share for the six months ended 31 August 2025 down by 6.4% to 25.77p per share (compared to 27.54p revenue return per share for the six months to 31 August 2024). After adjusting for the impact of special dividends received, which amounted to 1.43p per share (31 August 2024: 1.45p per share), regular dividend income from portfolio companies decreased by 6.7% compared to 2024 levels. There is a trend in the UK equity market to prioritise share buybacks over dividends which is having an impact on overall dividend growth.

The Board is mindful of the importance of our dividend to shareholders. The Board is also cognisant of the benefits of the Company's investment trust structure which enables it to retain up to 15% of total revenue each year to build up reserves which may be carried forward and used to pay dividends during leaner times. The Company has substantial distributable reserves (£521.2 million as at 31 August 2025, including revenue reserves of £17.3 million). To put this into context, the current level of annual dividend distribution based on dividends declared in the last twelve months up to the date of this report amounted to £18.8 million. Accordingly, the Board is pleased to declare an interim dividend of 16.00p per share (2024: 15.50p per share) representing an increase of 3.2% over the previous interim dividend. The interim dividend will be paid on 10 December 2025 to shareholders on the Company's register on 7 November 2025. The Board continues to monitor the Company's income levels and projected future dividend income streams closely as the year proceeds and will make an assessment in respect of the final dividend in due course, noting that it has the ability to utilise revenue reserves should it deem this appropriate.

Dividend Policy

The Board recognises the importance of income to its shareholders and, following discussions with its advisers, has concluded that an increased frequency of dividend payments would be welcomed by shareholders. The Board also notes the importance of the Company's dividend approach being attractive to new investors, which will help to support demand for its shares and to narrow the discount. Consequently, with effect from 1 March 2026 the Company will move to making quarterly dividend payments in place of the current bi-annual dividend payments.

The Company's dividend policy will remain unchanged, and the Board will continue to focus on ensuring the sustainability of dividends and their future growth through investment in companies with strong balance sheets, solid management and sustainable business growth models. The Board's intention is to make three dividend payments in September, December and March each year equal to a quarter of the previous year's total dividend. It will then declare a final dividend for the full year (payable in June) reflecting the final amount required to ensure an appropriate level of full year dividend.

The Company has increased its annual dividend every year since 2003. The annualised increase in dividends paid across those 22 years equates to 10.6% and your Company has received the AIC accolade of 'Dividend Hero' for its consistent growth in dividends over that period.

Gearing

The Company had the following borrowing facilities in place: long-term fixed rate funding in the form of a £25 million senior unsecured fixed rate private placement notes issued in May 2017 at a coupon of 2.74% with a 20 year maturity, £20 million senior unsecured fixed rate private placement notes issued in December 2019 at a coupon of 2.41% with a 25 year maturity and £25 million senior unsecured fixed rate private placement notes issued in September 2021 at a coupon of 2.47% with a 25 year maturity. Shorter-term variable rate funding consisted of an uncommitted overdraft facility of £60 million with The Bank of New York Mellon (International) Limited with interest charged at SONIA plus 100 basis points.

It continues to be the Board's intention that net gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets. During the period, net gearing ranged between 5.5% to 10.4%. The Company's net gearing stands at 7.4% of net assets as at 22 October 2025, well within our target range.

Management of share rating

During the period, the Company's shares traded at an average discount to NAV (with debt at fair value) of 12.3%. The discount ranged between 11.5% and 13.4% and ended the period at 11.7%. For comparison, the AIC UK Smaller Companies sector average was 11.8%. The Company's shares were trading at a discount of 12.5% to NAV (with debt at fair value) as at close of business on 22 October 2025. During the period, the Company bought back a total of 2,139,000 ordinary shares (representing 4.9% of issued share capital at the start of the period) for a total consideration of £27,762,000 to be held in treasury (six months to 31 August 2024: 220,000 shares representing 0.5% of issued share capital for total consideration of £2,968,000).

There are many factors which influence the level of premium/discount at which a Company's shares trade in the market, many of which are outside of the Board's direct scope of control or influence; not least the pervasive selling we have witnessed since early 2022 which has depressed share prices in our asset class and acted to widen discounts. It is important to view the Company's share rating and buy back activity in the wider market context, noting that the Investment Trust sector average discount at 31 August 2025 had widened to 14.1% compared to 13.2% at the end of July 2025, remaining correlated with Gilt yields with the UK 10Y Gilt yield increasing from 4.57% to 4.72%. Buy back activity remained elevated across the sector as a whole as boards grappled with selling pressure, reaching a record high of £6.6 billion for 2025 year to date (an increase of 40% from the equivalent period in 2024) with a record 130 companies buying back shares in February 2025.

Overall, we believe that the share buy back activity undertaken has helped reduce the volatility of our share rating and delivered NAV accretion. As we navigate more volatile and uncertain markets, your Board will continue to monitor the Company's share rating and may deploy its powers to buyback the Company's shares where it believes that it is in shareholders' long-term best interests to do so. Shares are only bought back at a discount to NAV which ensures that these transactions are accretive to the NAV per share and enhance NAV returns for shareholders. As investor confidence in our sector returns we expect this approach to help us to achieve a narrowing discount to NAV.

Since the period end and as at the date of this report, the Company has bought back 1,086,000 shares into treasury for a total consideration of £14,274,000. The share buyback activity undertaken from 1 March 2025 has contributed 0.95% to the NAV per share return over this period.

Evolution of the small-cap sector and changes to investment guidelines

The last few years have seen a number of economic and market trends impacting the investable universe for the UK small cap sector. Fewer new companies have listed on the market and the market capitalisation profile of companies within the benchmark index has shifted significantly. In 2019 the largest market capitalisation for a company in our benchmark index was £1.275 billion, but, at 31 August 2025, this had increased to £2.7 billion. The Board has previously indicated that any new holdings in the portfolio that are not within the Benchmark Index will typically have a market cap beneath £2 billion (although the Manager may from time to time invest in larger market cap companies if these fit the investment thesis with the prior permission of the Board). Given the changes in small cap sector market characteristics described above, the Board has removed its previous £2 billion limit on off-benchmark holdings on the basis that it no longer has relevance to our investment strategy and acts as a theoretical barrier between investment themes (small cap versus mid cap) that is no longer valid. To the extent that the Manager invests in stocks outside of the Benchmark Index, it is envisaged that this will not exceed more than 15% of the portfolio by value although this will remain under close review.

In addition, the Board has agreed with the Manager to increase the holding period for any stocks that are promoted into the FTSE 100 from 30 days to 180 days. The Manager will now be required to sell any stock that enters the FTSE 100 Index within 180 days. This is consistent with the quarterly rebalancing schedule of the index and the fact that many newly promoted FTSE 100 stocks fall back into the FTSE 250 the quarter after promotion, and become investable again. This slightly longer time limit allows the Company flexibility to avoid what may be unnecessary forced selling of stocks due to purely technical variations.

No single portfolio holding (excluding holdings in cash fund investments held for cash management purposes) will, on the date such holding is acquired by the Company, exceed 5% of the Company’s net asset value. This limit is unchanged, but the Board will remove from its investment objective the statement that it has a ‘general aim’ (which could be waived with the consent of the Board) that no investment would exceed 3% of the portfolio by value at the time of purchase. This will allow for somewhat greater portfolio concentration consistent with the available investment universe. The Board will, however, set out a general aim of investing in a portfolio of between 60 and 90 stocks.

These amendments do not represent a material change to the way the portfolio is being run or the investment objective; rather they seek to remove outdated restrictions that obfuscate the realities of the investable universe, as well as to introduce additional flexibility in volatile market conditions. The portfolio will remain substantially invested in small-cap companies within the benchmark index; any holdings that are off-benchmark will be in companies in the UK Small and Mid-cap space that adhere to the Company’s investment thesis and remain the most attractive opportunity that can be found amongst a comparable peer group. The changes will take immediate effect.

Board composition

As mentioned in the Annual Report, Susan Platts-Martin, after serving nine years on the Board, did not seek re-election at the Company’s Annual General Meeting in June. The Board wishes to thank Susan for her wise council and valuable contribution to the Company through her tenure on the Board and as our Senior Independent Director. Helen Sinclair took over as Senior Independent Director and James Barnes as the Chair of the Nomination and Remuneration Committee following Susan’s retirement from the Board on the 19 June 2025.

Outlook

Since the period end, and up until the close of business on 22 October 2025, the Company’s NAV per share rose by 3.4%^{1,2} and the share price increased by 2.5%, whilst the benchmark rose by 2.9%¹.

While acknowledging that performance has been challenged, your Board continues to work closely with the Manager to understand and address the causes of our performance shortfall. Despite the difficult market backdrop, the smaller company landscape in the UK remains truly diverse, with a wide range of sectors represented and a large number of companies within our target universe. The earnings outlook for our portfolio of companies also remains broadly positive although all eyes are on the upcoming UK budget and the associated tax changes that may emerge. There are still clearly a range of uncertainties impacting the current business and market outlook, economic, political and geopolitical. While these uncertainties make portfolio decisions more challenging, they also give our managers opportunities to identify and select portfolio companies they see as strong performers for the future. Notwithstanding some periods of relative and absolute improvement, small & mid-cap stocks in the UK have experienced an extended bear market over more than four years. During that time the SMID sector has underperformed large caps by roughly 50%, a painful experience for investors but one that may finally be near an end. When this cycle turns and confidence begins to recover, your Manager believes that this has the potential to translate into a powerful recovery in the share prices of UK smaller companies and your Company’s investment results.

Your Board remains supportive of our Manager’s skills and resources, their focus on financially strong companies with innovative and disruptive business models and market leading offerings. Over time, these holdings should continue to offer exciting growth opportunities to long-term investors, and the changes we have implemented in respect of the investment guidelines as described above will provide additional flexibility for the Manager to navigate the challenging markets that we are facing. We will continue to consider other changes as circumstances develop in the future.

If shareholders would like to contact me, please write to BlackRock Smaller Companies Trust plc, Dundas House, 20 Brandon Street, Edinburgh EH3 5PP marked for the attention of the Chairman.

Ronald Gould

Chairman

24 October 2025

Investment Manager’s report for the six months ended 31 August 2025

Market review

The first half of this financial year has once again been a challenge for both the asset class and the relative performance of the Company. Companies and management teams are doing their best, and in many cases are delivering solid earnings, but share prices and valuations continue to struggle in the face of global and local market issues. Growth investing remains out of favour, smaller company investing equally so, whilst the performance of the market in general has been dominated by a narrow range of stocks and themes. On a global basis, 2025 has been a year of artificial intelligence (“AI”) winners or losers, at times it feels like there are no other categories, with only gold or crypto interjecting into the conversation.

At times like these it is important to understand the drivers of performance, and to ask ourselves whether our investment strategy is the right one. Why have we struggled to deliver the performance objectives that we hold ourselves to, and is our strategy still relevant? I will discuss the individual stock specific drivers of performance later, right now I will discuss the broader themes. Since the start of 2021 there has been a clear bifurcation in returns between “growth” and “value” investment strategies. Looking at the broad small-cap universe, the value orientated strategies have significantly outperformed growth. The normalisation of interest rates from financial crisis lows coupled with significant economic disruption have impacted the earnings outlook for many companies whilst at the same time investors have proved unwilling to place the same multiple on those earnings that they had in the latter part of the last decade. The focus on value strategies is evidenced by the poor performance of the active management sector in recent years. Indeed, in the last twelve months, only six of the forty- three funds in the broader sector have outperformed the benchmark. The explanation for this lies in the relatively narrow base of returns for the UK SMID (small and mid-cap companies) sector this year. A simple look at the stocks that have contributed most to index returns highlights three main drivers; the resurgence of commodities (Ithaca Energy, Greatland Resources, Pan African Resources, Rockhopper), the continued importance of mergers and acquisitions (“M&A”) (Alpha Group, Alphawave, Just Group, Bakkavor), and the dominance of “value” companies (TBC Bank, Serco, OSB, International Workplace Group, MITIE). Whilst the last twelve months are an extreme example, the same phenomenon has impacted returns since 2021.

Looking at each of these drivers in turn helps to understand some of the headwinds the strategy has faced. The Company has prioritised investment in profitable, well capitalised and growing companies in the continued belief that over the long term these disciplines produce the best returns. These priorities tend to make it difficult to find opportunities in the Resources sector where often companies have pre-production development assets that are difficult to analyse and require continued shareholder contributions for ethereal returns. We will invest in production assets (Ithaca, Hothschild Mining and Pan African Resources are all examples of portfolio companies) but in periods where commodity prices rally strongly, production assets tend to underperform development assets.

M&A is difficult to predict, by its very nature it is secretive. When analysing the activity of the last few months, other than a couple of examples (Alpha Group, Spectris and FD Technologies) the majority of activity has been in value companies, as such the benefits of this activity have largely accrued elsewhere. I have no doubt that the companies we invest in are attractive strategic assets, and as valuations continue to contract they will undoubtedly be appearing on the radar of potential acquirors.

Which leads neatly into valuation. It is my continued belief that the level of outflows seen in the UK SMID market, coupled with a general apathy of investors to the UK in general, is leading to significant valuation anomalies and opportunities. It may appear odd for a growth manager to illustrate this through the property sector, which is more commonly thought of as a value opportunity, but it serves as a useful illustration. After all the valuation investors are prepared to put on the future earnings of a growth company is in many ways arbitrary, involving assumptions for both earnings growth and the multiple. Whereas property companies have a stated asset value and over time we can look at the premium or discount the market is prepared to ascribe.

Today British Land trades at a c35% discount to Net Asset Value, Land Securities similarly. Whilst these large cap stocks are outside of our remit, they have the benefit of being listed for a long time, allowing us to compare valuations over an extended period. Further down the market cap, Great Portland, Shaftesbury and Workspace all trade at roughly a 40% discount. These valuations are significantly lower than where they traded through most of the last decade. Irrelevant you may say, the interest rate and economic backdrop were very different. Today's valuations are also lower than the early part of this century, when UK base rates averaged 4.5%. From 2003 through to the financial crisis the same property stocks traded at premiums to asset value. Perhaps the current discounts are a reflection of structural changes in the property market, yet the vacancy rates remain stable and rents continue to increase. The Bank of England may recently have signalled a shallower path to interest rate cuts, yet there is nothing to suggest that the forward path is anything but lower, which will be supportive of valuation yields. It is no coincidence that much of the M&A seen in the UK this year has been in the property sector; Empiric Student Property, Warehouse REIT, Assura, Urban Logistics and Care REIT are all examples of where strategic investors have seen the opportunity.

The housebuilding sector is similarly out of favour. From Crest Nicholson trading at 60% of book value to Taylor Wimpey at 90%, the sector trades below recent history. Again, we could argue interest rates or affordability are at play here, but the facts do not back up that narrative. Despite rising interest rates, the house price to earnings ratio sits roughly at the average of the last decade, mortgage availability is high, rates are falling, the required deposit for a first time buyer is a lower ratio to annual income than it has been for years, and only 30% of households utilise mortgages to secure their home, more own outright whilst the rest of the market rents. It is also worth remembering that in the current environment, for those that can secure a deposit, it is cheaper to purchase a house with a mortgage than it is to be a tenant. The current sorry state of housebuilding volumes owes much to the well publicised issues in planning, but these are fixable, and the overall volumes are similar to the average of the last two decades whereas the shares are valued as they were in the Global Financial Crisis.

I am conscious this analysis would sit more comfortably in the interim report of a value strategy, but both the property and housebuilding sectors provide a convenient lens through which to assess market sentiment. I could make similar claims for most sectors of the UK, across the market sectors and by definition individual shares are trading at discounts to the long- term averages. Despite several years of underperformance, and the relative valuation argument, UK SMID continues to struggle. The same question remains, why is SMID not performing as an asset class? The simple answer is flows. The space continues to see unrelenting outflows, with managers across the spectrum facing redemptions. Whilst the current annual pace of 10% of assets under management represents a reduction from peak levels, it is still a considerable amount for a relatively illiquid asset class to absorb. So maybe we need to turn the question on its head, we can be confident the flow environment is driving the asset class, so what can change the flow picture, what do investors need to see to tempt them back to the market? Whilst there is no simple answer to this (the elusive catalyst I have referred to in previous reports), there are several conditions that I would argue need to be in place: attractive valuation, economic stability, political stability, exciting opportunities, and a willing investor base.

Attractive valuation? What constitutes an “attractive” valuation is in the eye of the beholder. UK small and midcap equities are trading at a discount to their long-term averages, and the theoretical equity risk premium is lower than it has been for many years. Valuations certainly appear attractive to the strategic buyers of UK assets, with both private equity and corporate buyers scooping up UK listed assets at a frantic pace. As of the end of August there have been 58 firm offers for UK listed companies, with the US accounting for a quarter of acquirers, and the UK over 60%. Yet equity investors are choosing to exit the market Economic stability? The negative rhetoric towards the UK has continued. Not a day goes by without inflation, unemployment, growth or bond markets grabbing the headlines. But is the negativity deserved? It's fair to say the economy isn't motoring.

Unemployment in the UK is rising at a faster rate than the average for the G20 (an intergovernmental forum comprising 19 sovereign countries, the European Union and the African Union), suggesting Labour's raid on National Insurance is having an impact on hiring intentions, but unemployment remains at relatively low levels. Well known issues with the Labour Force Survey suggest things may not be as bad as they look, with historic data typically seeing positive revisions. Real wage growth continues to come through, although the Asda Income Survey suggests lower income quintiles are starting to feel a squeeze. Gross domestic product (“GDP”) growth for the UK is not out of kilter with the rest of the G7 (a forum consisting of Canada, France, Germany, Italy, Japan, the UK and the US), indeed this year the UK has been a front runner, although 1.2% isn't much to get excited about. Inflation is proving more stubborn than both the Bank of England and the UK population would like, but once the impact of National Insurance has washed through it should start to moderate. The Services purchasing managers' index (“PMI”) is above 50, and had until this month modestly beaten expectations, whilst the Manufacturing PMI remains weak, but in line with other economies suggesting this is related to tariff uncertainty rather than a UK specific issue. Consumer debt has been on a steady decline since the Global Financial Crisis, from a peak of 160% of disposable income to the current 120%, supported by a high savings ratio. The issue in the UK, as it is for much of the Western World, is a high level of Government debt and deficit, although again here the UK is in a better position than many. Put simply, things are not as bad as they are made out to be.

Political stability? To say that Labour has struggled to find a compelling narrative since they came to power is perhaps an understatement. The infamous £22 billion black hole was followed by a budget that significantly increased spending and taxes. The proposed changes to benefits have been quashed by back bench MPs. The next budget is some time away, a time that will no doubt be filled with leaks and rumours regarding potential tax plans, which will likely stifle investment, employment, demand and the housing market. Speculation is already rife: will the Chancellor plough on with a series of micro tax changes that in and of themselves raise very little revenue but cause substantial and profound changes to behaviour, or will she go against the Labour manifesto and raise one of the big three? Borrowing more is not an option, the bond markets that reacted so quickly to Chancellor Reeves' apparent tears in Prime Minister's Questions will not tolerate more debt, a new and burgeoning black hole needs to be filled. On the 23 September the Resolution Foundation published their suggestions for the budget and the message was clear “In order to raise larger sums, the reality is that personal taxes will have to rise”. The question isn't whether a rise in income tax is sensible, it's whether the Chancellor is prepared to go against an election pledge. A 2% rise in income tax is predictable from a behavioral perspective and raises a worthwhile amount, but at what political cost? If Labour are to break their election pledge it makes sense for it to do so now, with three years to demonstrate the benefits before the country returns to the ballot box. A bold and decisive move on tax, coupled with an effective message on spending and productivity would calm the bond markets, reduce interest payments, and eliminate speculation regarding future tax rises. There is a fine balance here, but what is clear is that a significant majority in the House of Commons does not necessarily equate to political stability.

Exciting Opportunities? The continued de-equatisation of the UK market is an issue. I have already referred to the level of M&A, but this is not the only phenomenon at play here. The UK has continued to lose companies as management teams seek the perceived benefits of a US listing, and this is the case not just for large FTSE 100 Index stalwarts, but also for smaller cap companies, with both Indivior and MaxCyte having re-listed this year. The level of equity buybacks in the UK is also at record levels, and whilst there is no suggestion that management are prioritising buybacks over M&A, the relatively low equity valuations that make buybacks so attractive by definition also make raising equity for transformational M&A less attractive. The IPO market relies on stability, it takes months to produce documentation, warm up investors, complete analyst education and launch a roadshow, but with another uncertain period ahead of the November budget it takes a brave management team to push ahead, suggesting little new issuance for the remainder of this year. With this backdrop it is a good thing the UK market remains home to a host of exciting businesses across a range of sectors, now at bargain valuations. I remain convinced the IPO market will return. London remains an unparalleled listing venue for smaller companies, with a deep pool of expertise, and there are many private equity funds looking to exit positions as well as entrepreneurial management teams looking for the next stage in their company lifecycle. A healthy functioning IPO market will help catalyse investor re-engagement with the UK equity market.

A willing investor base? Once the other conditions have been met, the final piece of the puzzle is having investors with assets that are willing to commit to the UK. For the last several years investors have focused on the US market, and why not, it is after all home to some of the world's leading and most exciting companies. History reminds us of the need for portfolio diversification, and there is a significant asset base in the UK that could be redirected towards the domestic market if conditions are right. The UK still enjoys the rule of law, regulatory protections, and an open economy, it has a functioning and broad market that should be attractive to long term investors.

In summary, the UK SMID market is suffering from what appears to be a crisis of confidence, with negative sentiment impacting on investment decisions that perpetuate the outflows and heap further pressure on valuations. The poor budgetary management of the Labour party is further adding to the uncertainty leading to both consumers and corporates delaying investment decisions. But underneath this the current UK economic picture isn't as bad as it is often presented, it's not boom time, but neither is it a recession.

Performance review

The previous section discussed why the asset class continues to struggle compared to large cap equities. Now it is time to turn to the performance of the Company. In the period under review the Company returned 2.9% versus the benchmark return of 9.9%. This is a disappointing performance, one that is more reflective of sector positioning than stock specific issues. Through the period under review, our stock specific disappointments have been relatively limited, but the portfolio's exposure to property, construction, leisure and food companies has been far more damaging. These sectors have all been impacted by fears over the potential impact of the forthcoming budget on consumer confidence, employment and costs. To quantify this, the Consumer Goods sector detracted by 1.4% from relative performance. This was in part due to valuations for some holdings drifting despite results being in-line with forecasts. In addition, a bid for Bakkavor (by the portfolio holding Greencore Group) also hurt performance (as the stock is a constituent of the Benchmark Index, but was not held in the portfolio). The Consumer Services sector cost 1.6% on a relative basis, largely through the continued under-performance of the Media sector where we have maintained a modest overweight, (albeit a large proportion of this is through our position in Bloomsbury which is exposed to different drivers to the broader media sector). The Financials sector has been a headwind in the period, detracting from relative performance by 1.1%. One specific driver has been the recovery in some of the stocks which were impacted by the FCA's investigation into the motor finance industry, coupled with a rally in some of the asset managers that have previously seen more extreme outflows. Frustratingly the biggest detractor in the Financials sector has been XPS Pensions, where the valuation has fallen despite an absence of any negative newsflow and strong earnings. XPS Pensions remains a significant position in the Company.

Turning to the stock specific drivers of performance, the largest single detractor in the period was ingredients company **Treatt** which has been impacted by a combination of and a weakening of US consumer confidence around the time of tariffs, leading to deferred orders, and high citrus prices forcing customers to look at product reformulation. Bid activity also detracted from performance. At the end of July, Brookfield announced an all-cash offer for **Just Group**. Frustratingly we had sold our position in Just Group in the face of a weakening market environment prior to the bid. **Bloomsbury** shares fell on the back of slightly reduced guidance for the coming year. The company highlighted weakness in the US academic publishing markets (a trend that has subsequently been referenced by others in the sector) as the driver for the lower earnings forecast. Academic publishing accounts for roughly a quarter of Bloomsbury’s revenue, so this development is not insignificant; however we believe the announcement of the next Sarah J Mass novel will be of far more importance to the group. The deterioration of sentiment towards domestic UK stocks has continued in the period. In some cases the underperformance accurately reflects disappointing earnings. **Breedon’s** interim results highlighted poor conditions in the UK, major project delays in Ireland and adverse weather conditions in the US, whilst **MJ Gleeson** compounded the impact of a weak UK housing market with its own operational issues. In other cases such as **Luceco**, the share price weakness has been driven by investor sentiment rather than any specific operational issues, with the company continuing to report numbers that are in-line with expectations.

Looking to the positive performers, **Boku** is an example of what can happen when the selling pressure passes. A victim of fund outflows in the preceding period, the shares have regained the lost ground simply by delivering on expectations. We continue to believe Boku’s enviable market position and relationships with major technology companies provide an attractive avenue into the growing local payments market. **Oxford Biomedica’s** share price has continued to react positively to the strategic pivot to becoming a Contract Development and Manufacturing Organisation (CDMO). The company has recently raised £60 million in fresh equity to help accelerate the process. **Chemring Group**, like most defence stocks, has responded to the deep rooted geopolitical problems. Its order book rose by 25% at the half year as European customers not only reassessed their own requirements, but also the security of their supply chains, resulting in more demand for domestic European suppliers. Whilst there has been a significant amount of M&A in the UK market, the Company has largely missed out, so we were delighted to see Corpay make a £42.50 all cash offer for **Alpha Group**, a 55% premium to the screen price.

Activity

Portfolio activity has been relatively elevated as we have reflected some of the structural changes we see in the market into the portfolio. The largest new addition in the period came from the equity placing in **Rosebank Industries** as management tapped the equity market for over £1 billion to fund the acquisition of Electrical Components International. We remain excited at the prospect of Rosebank management replicating the early successes they saw at their time at Melrose. Valuations across the property sector continue to reach levels we see as attractive for long term investment. Both **Shaftesbury** and **Safestore** have been trading at significantly under their net asset value. Whilst comparisons are hard to find, it is of interest to note that Shaftesbury have announced a strategic interest in their Covent Garden assets that underwrite the net asset value, whilst Safestore trades under the valuation that peer Lok N Store was acquired for.

We have exited positions where we see a risk of sustained earnings pressure. **Gamma Communications** has historically been a large holding for the Company, however we have become concerned by both concerns over the health of their SME customer base coupled with the strategic rationale of the recent expansion into Germany. The health of SME’s is a recurring theme, which has also led to the disposal of Workspace, where high levels of vacancy may lead to price pressure. **Coats** have acquired the footwear business OrthoLite Holdings, and whilst we understand the strategy to diversify into the attractive footwear sector, with tariffs impacting on customer decision making and planning, it feels like the wrong moment to leverage the balance sheet.

Outlook

It is very easy to be negative. The geo-political situation is volatile, the economic outlook is unstable, there are significant structural and technological trends upending industries and western governments are weighed down by debt at the same time the requirements for defence, welfare and health continue to rise. From a UK perspective the budget has increased pressure on businesses and injected further inflationary pressures into the economy, in turn making it harder for the Bank of England to reduce rates. This uncertainty has resulted in significant outflows across UK equities, which have been particularly damaging to SMID companies. Whilst history does not necessarily repeat, it can provide a guide. Smaller companies have seen much of this before, the Global Financial Crisis, Brexit, Covid, and many of them came through these difficult times better positioned. The level of M&A in the UK tells us others perceive value in the asset class, all we need now is to encourage equity investors to sense the same opportunity. I remain convinced market sentiment will shift towards these stocks. The UK market trades at a discount to international peers, and UK smaller companies trade at a discount to their larger cap cousins and relative to their own past. “History doesn’t repeat itself, but it often rhymes”, and at some point I believe we will hear something that sounds distinctly like 2003 or 2009, both years where for no apparent reason the renaissance of the small-cap markets began.

Roland Arnold
Blackrock Investment Management (UK) Limited
24 October 2025

Twenty largest investments as at 31 August 2025

Company	Business activity	Market value £’000	% of total portfolio
Boku	Digital payments company	17,875	2.9
XPS Pensions	Leading independent pensions consultancy and administration firm	17,286	2.8
Tatton Asset Management	Provider of discretionary fund management services to financial advisors	16,949	2.7
IntegraFin	Investment platform for financial advisers	16,390	2.6
Great Portland Estates	British property development and investment company	15,631	2.5
Greencore Group	A leading manufacturer of convenience food in the UK. It supplies major supermarkets and other retailers with products like sandwiches, salads, sushi, chilled ready meals and sauces	14,877	2.4
Morgan Sindall	Office fit-out, construction and urban regeneration services	14,323	2.3
Ithaca Energy	A UK-based oil and gas company operating in the North Sea	14,273	2.3
Serco Group	Public services across health, transport, immigration, defence, justice and citizen services	13,601	2.2
Rosebank Industries	Investment business that buys, improves and sells industrial and manufacturing businesses	13,368	2.2
Premier Foods	UK food manufacturer	12,633	2.0
Alfa Financial Software	Provider of software for customers working in the asset finance industry	12,020	1.9
Sigmaroc	Specialist limestone and quarried materials business	11,868	1.9
Chemring Group	Advanced technology products and services for the aerospace, defence and security markets	10,878	1.8
Young & Co’s Brewery – A Shares	UK-based pub and hotel operator	10,856	1.8
PayPoint	Digital payments business	10,824	1.8
Pollen Street Group	Alternatives asset manager with strategies across private equity and private credit	10,640	1.7
AJ Bell	UK investment platform	10,132	1.6
Sirius Real Estate	Owner and operator of business parks, offices and industrial complexes in Germany	9,993	1.6
Elementis	Speciality chemicals company	9,837	1.6
Twenty largest investments		264,254	42.6
Remaining investments		355,789	57.4
Total		620,043	100.0

Details of the full portfolio are available on the Company's website at www.blackrock.com/uk/brsc.

Portfolio holdings in excess of 3% of issued share capital

At 31 August 2025, the Company did not hold any equity investments comprising more than 3% of any company's share capital other than as disclosed in the table below:

	% of share capital held
Security	
Tatton Asset Management	3.9
Luceco	3.5
Diaceutics	3.1
	=====

Investment exposure as at 31 August 2025

Investment size

	Number of investments	Market value of investments as % of portfolio
£0m-£1m	3	0.3
£2m-£3m	6	2.5
£3m-£4m	9	5.2
£4m-£5m	6	4.5
£5m-£6m	7	6.3
£6m-£7m	8	8.3
£7m-£8m	7	8.6
£8m-£9m	8	11.0
£9m-£10m	9	13.9
£10m-£11m	5	8.6
£11m-£12m	1	1.9
£12m-£13m	2	4.0
£13m-£14m	2	4.3
£14m-£15m	3	7.0
£15m-£16m	1	2.5
£16m-£17m	2	5.4
£17m-£18m	2	5.7

Source: BlackRock.

Analysis of portfolio value by sector (%)

	Company	Benchmark (Deutsche Numis Smaller Companies plus AIM (ex Investment Companies) Index)
Energy	2.7	5.2
Basic Materials	4.3	8.4
Industrials	33.4	25.1
Consumer Discretionary	10.0	15.0
Health Care	4.2	4.8
Consumer Staples	9.3	5.9
Telecommunications	0.9	2.1
Financials	23.6	16.2
Real Estate	6.6	7.1
Technology	3.9	7.4

Utilities	1.1	2.0
Other	0.0	0.8

Sources: BlackRock and LSEG Datastream.

Interim Management Report and Responsibility Statement

The Chairman’s Statement and the Investment Manager’s Report above give details of the important events which have occurred during the period and their impact on the financial statements.

Principal risks and uncertainties

The principal risks faced by the Company can be divided into various areas as follows:

- Investment performance
- Market
- Income/dividend
- Legal and compliance
- Operational
- Financial
- Marketing

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 28 February 2025. A detailed explanation can be found in the Strategic Report on pages 35 to 39 and note 17 on pages 101 to 108 of the Annual Report and Financial Statements which is available on the website maintained by BlackRock at www.blackrock.com/uk/brsc.

The Board and the Investment Manager continue to monitor investment performance in line with the Company’s investment objectives, and the operations of the Company and the publication of net asset values are continuing.

In the view of the Board, there have not been any changes to the fundamental nature of the principal risks and uncertainties since the previous report and these are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Going concern

The Board is mindful of the risk that unforeseen or unprecedented events including (but not limited to) heightened geopolitical tensions such as the wars in Ukraine and Middle East, their longer-term effects on the global economy, high inflation and the current cost of living crisis could have a significant impact on global markets. Notwithstanding these uncertainties, the Directors, having considered the nature and liquidity of the portfolio, the Company’s investment objective, the Company’s projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. Therefore, for the reasons set out above, the Directors continue to adopt the going concern basis in preparing the financial statements.

Related party disclosure and transactions with the AIFM and Investment Manager

BlackRock Fund Managers Limited (BFM) was appointed as the Company’s Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has (with the Company’s consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the management and marketing fees payable are set out in notes 4 and 5 respectively below. The related party transactions with the Directors are set out in note 15 below.

Directors’ Responsibility Statement

The Disclosure Guidance and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge and belief that:

- the condensed set of financial statements contained within the Half Yearly Financial Report has been prepared in accordance with the applicable UK Accounting Standard FRS 104 Interim Financial Reporting; and
- the Interim Management Report together with the Chairman’s Statement and Investment Manager’s Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority’s (FCA) Disclosure Guidance and Transparency Rules.

The Half Yearly Financial Report has not been audited or reviewed by the Company’s Auditor.

The Half Yearly Financial Report was approved by the Board on 24 October 2025 and the above Responsibility Statement was signed on its behalf by the Chairman.

Ronald Gould
for and on behalf of the Board
24 October 2025

Income Statement for the six months ended 31 August 2025

	Six months ended	Six months ended	Year ended
--	------------------	------------------	------------

	Notes	31 August 2025 (unaudited)			31 August 2024 (unaudited)			28 February 2025 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss		–	4,083	4,083	–	88,199	88,199	–	(19,794)	(19,794)
Gains/(losses) on foreign exchange		–	17	17	–	(7)	(7)	–	(3)	(3)
Income from investments held at fair value through profit or loss	3	11,660	–	11,660	14,494	798	15,292	22,684	875	23,559
Other income	3	570	–	570	–	–	–	1	–	1
Total income/(loss)		12,230	4,100	16,330	14,494	88,990	103,484	22,685	(18,922)	3,763
Expenses										
Investment management fee	4	(498)	(1,495)	(1,993)	(615)	(1,845)	(2,460)	(1,153)	(3,458)	(4,611)
Other operating expenses	5	(459)	(14)	(473)	(510)	(14)	(524)	(940)	(25)	(965)
Total operating expenses		(957)	(1,509)	(2,466)	(1,125)	(1,859)	(2,984)	(2,093)	(3,483)	(5,576)
Net profit/(loss) on ordinary activities before finance costs and taxation		11,273	2,591	13,864	13,369	87,131	100,500	20,592	(22,405)	(1,813)
Finance costs	6	(238)	(714)	(952)	(332)	(900)	(1,232)	(627)	(1,781)	(2,408)
Net profit/(loss) on ordinary activities before taxation		11,035	1,877	12,912	13,037	86,231	99,268	19,965	(24,186)	(4,221)
Taxation		(23)	–	(23)	(55)	–	(55)	(47)	–	(47)
Net profit/(loss) on ordinary activities after taxation		11,012	1,877	12,889	12,982	86,231	99,213	19,918	(24,186)	(4,268)
Earnings/(loss) per ordinary share (pence) – basic and diluted	8									
		25.77	4.39	30.16	27.54	182.93	210.47	42.53	(51.64)	(9.11)

The total columns of this statement represent the Company's profit and loss account. The supplementary revenue and capital accounts are both prepared under guidance published by the Association of Investment Companies (AIC). 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 Company.

The net profit/(loss) for the period disclosed above represents the Company's total comprehensive income/(loss).

Statement of Changes in Equity for the six months ended 31 August 2025

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the six months ended 31 August 2025 (unaudited)							
At 28 February 2025		12,498	51,980	1,982	529,771	18,548	614,779
Total comprehensive income:							
Net profit for the period		–	–	–	1,877	11,012	12,889
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury		–	–	–	(27,577)	–	(27,577)
Share repurchase costs		–	–	–	(185)	–	(185)
Dividends paid ¹	7	–	–	–	–	(12,285)	(12,285)
At 31 August 2025		12,498	51,980	1,982	503,886	17,275	587,621
For the six months ended 31 August 2024 (unaudited)							
At 29 February 2024		12,498	51,980	1,982	601,098	18,648	686,206
Total comprehensive income:							
Net profit for the period		–	–	–	86,231	12,982	99,213
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury		–	–	–	(2,940)	–	(2,940)
Share repurchase costs		–	–	–	(28)	–	(28)
Dividends paid ²	7	–	–	–	–	(12,717)	(12,717)
At 31 August 2024		12,498	51,980	1,982	684,361	18,913	769,734
For the year ended 28 February 2025 (audited)							
At 29 February 2024		12,498	51,980	1,982	601,098	18,648	686,206
Total comprehensive (loss)/income:							
Net (loss)/profit for the year		–	–	–	(24,186)	19,918	(4,268)

Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury		—	—	—	(46,838)	—	(46,838)
Share repurchase costs		—	—	—	(303)	—	(303)
Dividends paid ³	7	—	—	—	—	(20,018)	(20,018)
		-----	-----	-----	-----	-----	-----
At 28 February 2025		12,498	51,980	1,982	529,771	18,548	614,779
		=====	=====	=====	=====	=====	=====

1 Final dividend paid in respect of the year ended 28 February 2025 of 28.50p per share was declared on 7 May 2025 and paid on 26 June 2025.

2 Final dividend paid in respect of the year ended 29 February 2024 of 27.00p per share was declared on 14 May 2024 and paid on 27 June 2024.

3 Interim dividend paid in respect of the year ended 28 February 2025 of 15.50p was declared on 24 October 2024 and paid on 4 December 2024. Final dividend paid in respect of the year ended 29 February 2024 of 27.00p was declared on 14 May 2024 and paid on 27 June 2024.

For information on the Company’s distributable reserves, please refer to note 12.

Balance Sheet as at 31 August 2025

		31 August 2025 (unaudited) £’000	31 August 2024 (unaudited) £’000	28 February 2025 (audited) £’000
	Notes			
Non current assets				
Investments held at fair value through profit or loss	13	620,043	851,197	696,573
Current assets				
Current tax assets		105	132	84
Debtors		3,842	4,958	9,738
Cash and cash equivalents – cash at bank		40,458	—	—
		-----	-----	-----
Total current assets		44,405	5,090	9,822
		=====	=====	=====
Current liabilities				
Cash and cash equivalents – bank overdraft		(168)	(10,102)	(9,230)
Creditors – amounts falling due within one year		(7,102)	(6,922)	(12,843)
		-----	-----	-----
Net current liabilities		37,135	(11,934)	(12,251)
		=====	=====	=====
Total assets less current liabilities		657,178	839,263	684,322
		=====	=====	=====
Creditors – amounts falling due after more than one year	9, 10	(69,557)	(69,529)	(69,543)
		-----	-----	-----
Net assets		587,621	769,734	614,779
		=====	=====	=====
Total equity				
Called up share capital	11	12,498	12,498	12,498
Share premium account		51,980	51,980	51,980
Capital redemption reserve		1,982	1,982	1,982
Capital reserves		503,886	684,361	529,771
Revenue reserve		17,275	18,913	18,548
		-----	-----	-----
Total shareholders’ funds	8	587,621	769,734	614,779
		-----	-----	-----
Net asset value per ordinary share (debt at par value) (pence)	8	1,410.32	1,634.26	1,403.45
		=====	=====	=====
Net asset value per ordinary share (debt at fair value) (pence)	8	1,477.13	1,684.43	1,463.44
		=====	=====	=====

Statement of Cash Flows for the six months ended 31 August 2025

	Six months ended 31 August 2025 (unaudited) £’000	Six months ended 31 August 2024 (unaudited) £’000	Year ended 28 February 2025 (audited) £’000
Operating activities			
Net profit/(loss) on ordinary activities before taxation ¹	12,912	99,268	(4,221)
Add back finance costs	952	1,232	2,408
(Gains)/losses on investments held at fair value through profit or loss	(4,083)	(88,199)	19,794
Net movement in foreign exchange	(17)	7	3
Sales of investments held at fair value through profit or loss	332,624	211,755	541,426

Purchase of investments held at fair value through profit or loss	(246,249)	(207,606)	(493,890)
Net amount for capital special dividends received	—	(798)	(875)
(Increase)/decrease in debtors	(820)	(1,273)	348
(Decrease)/increase in other creditors	(3,485)	409	1,065
Taxation on investment income	(23)	(55)	(47)
Net cash generated from operating activities	91,811	14,740	66,011
Financing activities			
Ordinary shares repurchased into treasury	(28,903)	(3,006)	(44,663)
Share repurchase costs	(185)	(28)	(303)
Interest paid	(935)	(1,213)	(2,383)
Dividends paid	(12,285)	(12,717)	(20,018)
Net cash used in financing activities	(42,308)	(16,964)	(67,367)
Increase/(decrease) in cash and cash equivalents	49,503	(2,224)	(1,356)
Effect of foreign exchange rate changes	17	(7)	(3)
Cash and cash equivalents at the beginning of the period/year	(9,230)	(7,871)	(7,871)
Cash and cash equivalents at the end period/year	40,290	(10,102)	(9,230)
Comprised of:			
Cash at bank	17	—	—
Cash Fund ²	40,441	—	—
Bank overdraft	(168)	(10,102)	(9,230)
	40,290	(10,102)	(9,230)

1 Dividends and interest received in cash during the six months ended 31 August 2025 amounted to £10,908,000 and £463,000 (six months ended 31 August 2024: £13,289,000 and £nil; year ended 28 February 2025: £22,774,000 and £1,000).

2 Cash Fund represents funds held on deposit with the BlackRock Institutional Cash Series plc - Sterling Liquid Environmentally Aware Fund.

Notes to the Financial Statements for the six months ended 31 August 2025

1. Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010.

2. Basis of preparation

The financial statements of the Company are prepared on a going concern basis in accordance with Financial Reporting Standard 104 Interim Financial Reporting (FRS 104) applicable in the United Kingdom and Republic of Ireland and the revised Statement of Recommended Practice – Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP), issued by the Association of Investment Companies (AIC) in October 2019 and updated in July 2022, and the provisions of the Companies Act 2006.

The accounting policies and estimation techniques applied for the condensed set of financial statements are as set out in the Company’s Annual Report and Financial Statements for the year ended 28 February 2025.

3. Income

	Six months ended 31 August 2025 (unaudited) £’000	Six months ended 31 August 2024 (unaudited) £’000	Year ended 28 February 2025 (audited) £’000
Investment income¹:			
UK dividends	9,427	11,921	18,567
UK special dividends	441	605	801
UK property income distributions	430	841	1,007
Dividends from UK REITs ²	367	—	493
Overseas dividends	560	1,049	1,514
Overseas special dividends	168	78	—
Dividends from overseas REITs ²	267	—	302
Total investment income	11,660	14,494	22,684
Other income:			
Bank Interest	15	—	1
Interest from Cash Fund	555	—	—
Total other income	570	—	1
Total	12,230	14,494	22,685

1 UK and overseas dividends are disclosed based on the country of domicile of the underlying portfolio company.

2 REITs – real estate investment trusts.

Special dividends of £nil have been recognised in capital during the six months ended 31 August 2025 (six months ended 31 August 2024: £798,000; year ended 28 February 2025: £875,000).

Dividends and interest received in cash during the period amounted to £10,908,000 and £463,000 (six months ended 31 August 2024: £13,289,000 and £nil; year ended 28 February 2025: £22,774,000 and £1,000).

4. Investment management fee

	Six months ended 31 August 2025 (unaudited)			Six months ended 31 August 2024 (unaudited)			Year ended 28 February 2025 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	498	1,495	1,993	615	1,845	2,460	1,153	3,458	4,611
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	498	1,495	1,993	615	1,845	2,460	1,153	3,458	4,611
	=====	=====	=====	=====	=====	=====	=====	=====	=====

The investment management fee is based on a rate of 0.6% of the first £750 million of total assets (excluding current year income) less the current liabilities of the Company (the “Fee Asset Amount”), reducing to 0.5% above this level. The fee is calculated at the rate of one quarter of 0.6% of the Fee Asset Amount up to the initial threshold of £750 million, and one quarter of 0.5% of the Fee Asset Amount in excess thereof, at the end of each quarter. The investment management fee is allocated 25% to the revenue account and 75% to the capital account of the Income Statement.

5. Other operating expenses

	Six months ended 31 August 2025 (unaudited) £'000	Six months ended 31 August 2024 (unaudited) £'000	Year ended 28 February 2025 (audited) £'000
Allocated to revenue:			
Custody fees	4	5	9
Depositary fees	34	42	83
Auditors' remuneration	30	29	52
Registrar's fee	23	23	46
Directors' emoluments	105	112	240
Marketing fees	59	136	195
AIC fees	12	11	22
Bank charges	12	12	24
Broker fees	26	18	23
Stock exchange listings	23	21	41
Printing and postage fees	27	24	39
Legal fees	10	9	43
Prior year expenses written back ¹	–	–	(11)
Other administrative costs	94	68	134
	-----	-----	-----
Total revenue expenses	459	510	940
	=====	=====	=====
Allocated to capital:			
Custody transaction charges ²	14	14	25
	-----	-----	-----
Total capital expenses	14	14	25
	-----	-----	-----
Total	473	524	965
	=====	=====	=====

1 No expenses have been written back during the six months ended 31 August 2025 (six months ended 31 August 2024: none; year ended 28 February 2025: bank charges, printing and postage fees and other administrative costs).

2 For the six month period ended 31 August 2025, expenses of £14,000 (six months ended 31 August 2024: £14,000; year ended 28 February 2025: £25,000) were charged to the capital account of the Income Statement. These relate to transaction costs charged by the custodian on sale and purchase trades.

The direct transaction costs incurred on the acquisition of investments amounted to £1,153,000 for the six months ended 31 August 2025 (six months ended 31 August 2024: £887,000; year ended 28 February 2025: £2,136,000). Costs relating to the disposal of investments amounted to £274,000 for the six months ended 31 August 2025 (six months ended 31 August 2024: £159,000; year ended 28 February 2025: £406,000). All direct transaction costs have been included within capital reserves.

6. Finance costs

	Six months ended 31 August 2025 (unaudited)	Six months ended 31 August 2024 (unaudited)	Year ended 28 February 2025 (audited)
--	---	---	---

	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on 2.74% loan note 2037	87	260	347	87	260	347	173	518	691
Interest on 2.41% loan note 2044	60	182	242	60	182	242	121	362	483
Interest on 2.47% loan note 2046	76	228	304	76	228	304	152	456	608
Interest on bank overdraft	11	34	45	105	220	325	173	425	598
2.74% Amortised loan note issue expenses	2	5	7	2	5	7	4	10	14
2.41% Amortised loan note issue expenses	1	2	3	1	2	3	2	5	7
2.47% Amortised loan note issue expenses	1	3	4	1	3	4	2	5	7
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	238	714	952	332	900	1,232	627	1,781	2,408
	=====	=====	=====	=====	=====	=====	=====	=====	=====

Finance costs have been allocated 25% to the revenue account and 75% to the capital account of the Income Statement.

7. Dividends

In accordance with FRS 102, Section 32 Events After the End of the Reporting Period, the interim dividend payable on the ordinary shares has not been included as a liability in the financial statements, as interim dividends are only recognised when they have been paid.

The Board has declared an interim dividend of 16.00p per share (31 August 2024: 15.50p per share), payable on 10 December 2025 to shareholders on the Company’s register as at 7 November 2025; the ex-dividend date is 6 November 2025. The total cost of this dividend, based on 40,579,792 shares in issue at 22 October 2025, is £6,493,000 (31 August 2024: £7,300,000).

8. Returns and net asset value per share

Revenue earnings, capital earnings/(loss) and net asset value per share are shown below and have been calculated using the following:

	Six months ended 31 August 2025 (unaudited)	Six months ended 31 August 2024 (unaudited)	Year ended 28 February 2025 (audited)
Revenue return attributable to ordinary shareholders (£'000)	11,012	12,982	19,918
Capital profit/(loss) attributable to ordinary shareholders (£'000)	1,877	86,231	(24,186)
	-----	-----	-----
Total profit/(loss) attributable to ordinary shareholders (£'000)	12,889	99,213	(4,268)
	-----	-----	-----
Total shareholders’ funds (£'000)	587,621	769,734	614,779
	=====	=====	=====
The weighted average number of ordinary shares in issue during the period on which the earnings per ordinary share was calculated was:	42,739,199	47,138,725	46,833,380
The actual number of ordinary shares in issue at the end of each period on which the undiluted net asset value was calculated was:	41,665,792	47,099,792	43,804,792
Earnings per share			
Revenue earnings per share (pence) – basic and diluted	25.77	27.54	42.53
Capital earnings/(loss) per share (pence) – basic and diluted	4.39	182.93	(51.64)
	-----	-----	-----
Total earnings/(loss) per share (pence) – basic and diluted	30.16	210.47	(9.11)
	=====	=====	=====
	As at 31 August 2025 (unaudited)	As at 31 August 2024 (unaudited)	As at 28 February 2025 (audited)
Net asset value per ordinary share (debt at par value) (pence)	1,410.32	1,634.26	1,403.45
Net asset value per ordinary share (debt at fair value) (pence)	1,477.13	1,684.43	1,463.44
Ordinary share price (pence)	1,304.00	1,524.00	1,270.00
	=====	=====	=====

9. Creditors – amounts falling due after more than one year

	As at 31 August 2025 (unaudited) £'000	As at 31 August 2024 (unaudited) £'000	As at 28 February 2025 (audited) £'000
Amounts falling due after more than one year			
2.74% loan note 2037	25,000	25,000	25,000
Unamortised loan note issue expenses	(161)	(166)	(168)
	-----	-----	-----
	24,839	24,834	24,832
	=====	=====	=====
2.41% loan note 2044	20,000	20,000	20,000
Unamortised loan note issue expenses	(124)	(130)	(127)
	-----	-----	-----
	19,876	19,870	19,873
	=====	=====	=====
2.47% loan note 2046	25,000	25,000	25,000

Unamortised loan note issue expenses	(158)	(175)	(162)
	-----	-----	-----
	24,842	24,825	24,838
	=====	=====	=====
Total	69,557	69,529	69,543
	=====	=====	=====

The fair value of the 2.74% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2025 equated to a valuation of 72.48p per note (31 August 2024: 76.63p; 28 February 2025: 73.47p), a total of £18,120,000 (31 August 2024: £19,158,000; 28 February 2025: £18,368,000). The fair value of the 2.41% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2025 equated to a valuation of 54.72p per note (31 August 2024: 61.74p; 28 February 2025: 57.61p), a total of £10,944,000 (31 August 2024: £12,348,000; 28 February 2025: £11,522,000). The fair value of the 2.47% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2025 equated to a valuation of 50.63p per note (31 August 2024: 57.58p; 28 February 2025: 53.50p), a total of £12,658,000 (31 August 2024: £14,395,000; 28 February 2025: £13,375,000).

The first £25 million loan note was issued on 24 May 2017. Interest on the note is payable in equal half yearly instalments on 24 May and 24 November in each year. The loan note is unsecured and is redeemable at par on 24 May 2037.

The £20 million loan note was issued on 3 December 2019. Interest on the note is payable in equal half yearly instalments on 3 December and 3 June in each year. The loan note is unsecured and is redeemable at par on 3 December 2044.

The second £25 million loan note was issued on 16 September 2021. Interest on the note is payable in equal half yearly instalments on 16 March and 16 September each year. The loan note is unsecured and is redeemable at par on 16 September 2046.

The Company also has available an uncommitted overdraft facility of £60 million with The Bank of New York Mellon (International) Limited, of which £168,000 had been utilised at 31 August 2025 (31 August 2024: £10,102,000; 28 February 2025: £9,230,000).

The Company has complied with all covenants during the period related to the loan and borrowings.

10. Reconciliation of liabilities arising from financing activities

	Six months ended 31 August 2025 (unaudited) £’000	Six months ended 31 August 2024 (unaudited) £’000	Year ended 28 February 2025 (audited) £’000
Debt arising from financing activities at beginning of period/year:			
Cash at bank – bank overdraft	9,230	7,899	7,899
Loan notes	69,543	69,515	69,515
	-----	-----	-----
Total	78,773	77,414	77,414
	=====	=====	=====
Cash flows:			
Movement in bank overdraft	(9,062)	2,203	1,331
Non-cash flows:			
Amortisation of loan note issue expenses	14	14	28
Debt arising from financing activities at end of period/year			
Cash at bank – bank overdraft	168	10,102	9,230
Loan notes	69,557	69,529	69,543
	-----	-----	-----
Total	69,725	79,631	78,773
	=====	=====	=====

11. Called up share capital

	Ordinary shares in issue (number)	Treasury shares (number)	Total shares (number)	Nominal value £’000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 25p each				
At 29 February 2024 (audited)	47,319,792	2,673,731	49,993,523	12,498
Ordinary shares repurchased into treasury	(220,000)	220,000	–	–
	-----	-----	-----	-----
At 31 August 2024 (unaudited)	47,099,792	2,893,731	49,993,523	12,498
Ordinary shares repurchased into treasury	(3,295,000)	3,295,000	–	–
	-----	-----	-----	-----
At 28 February 2025 (audited)	43,804,792	6,188,731	49,993,523	12,498
Ordinary shares repurchased into treasury	(2,139,000)	2,139,000	–	–
	-----	-----	-----	-----
At 31 August 2025 (unaudited)	41,665,792	8,327,731	49,993,523	12,498
	=====	=====	=====	=====

During the six months ended 31 August 2025, the Company has repurchased 2,139,000 shares (six months ended 31 August 2024: 220,000; year ended 28 February 2025: 3,515,000) into treasury for a total consideration of £27,762,000 (six months ended 31 August 2024: £2,968,000; year ended 28 February 2025: £47,141,000).

Since 31 August 2025 and up to the latest practicable date of 22 October 2025. A further 1,086,000 ordinary shares have been repurchased into treasury for a total consideration of £14,274,000.

The ordinary shares (excluding any shares held in treasury) carry the right to receive any dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of ordinary shares.

12. Reserves

The share premium account of £51,980,000 (31 August 2024: £51,980,000; 28 February 2025: £51,980,000) and capital redemption reserve of £1,982,000 (31 August 2024: £1,982,000; 28 February 2025: £1,982,000) are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the capital reserves of £503,886,000 (31 August 2024: £684,361,000; 28 February 2025: £529,771,000) may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments such as dividends. In accordance with the Company’s Articles of Association, the capital reserve and the revenue reserve may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments of £67,560,000 (31 August 2024: £109,443,000; 28 February 2025: £19,255,000) is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

As at 31 August 2025, the Company’s distributable reserves (excluding capital reserves on the revaluation of investments) amounted to £453,601,000 (31 August 2024: £593,831,000; 28 February 2025: £529,064,000).

13. Valuation of financial instruments

The Company’s investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The risks are substantially consistent with those disclosed in the previous annual financial statements.

Market risk arising from price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, climate change or other events could have a significant impact on the Company and its investments and could result in increased premiums or discounts to the Company’s net asset value.

Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash and cash equivalents and bank overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note on page 91 of the Annual Report and Financial Statements for the year ended 28 February 2025.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily 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 Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs

This category includes instruments valued using quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrument’s valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability, including an assessment of the relevant risks including but not limited to credit risk, market risk, liquidity risk, business risk and sustainability risk. The determination of what constitutes ‘observable’ inputs requires significant judgement by the Investment Manager and these risks are adequately captured in the assumptions and inputs used in the measurement of Level 3 assets or liabilities.

Fair values of financial assets and financial liabilities

The table below is an analysis of the Company’s financial instruments measured at fair value at the balance sheet date.

	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Financial assets at fair value through profit or loss				
Equity investments at 31 August 2025 (unaudited)	620,043	–	–	620,043
Equity investments at 31 August 2024 (unaudited)	851,197	–	–	851,197
Equity investments at 28 February 2025 (audited)	694,356	–	2,217	696,573

The Company did not hold any Level 3 securities as at 31 August 2025 (31 August 2024: none; 28 February 2025: one).

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

	Six months ended 31 August 2025 (unaudited)	Six months ended 31 August 2024 (unaudited)	Year ended 28 February 2025
--	---	---	-----------------------------------

	£'000	£'000	(audited) £'000
Level 3 financial assets at fair value through profit or loss			
Opening fair value	2,217	—	—
Additions at cost	—	—	770
Gain on investments included in gains on investments in the Income Statement	—	—	1,447
Assets transferred to Level 1 during the period	(2,217)	—	—
	-----	-----	-----
Closing balance	—	—	2,217
	=====	=====	=====

As at 28 February 2025, the investment in Rosebank Industries was a Level 3 investment due to there being a temporary suspension of the listing price. This was transferred to Level 1 during the period as the temporary suspension of the listing price was removed. The suspension was lifted effective 11 June 2025.

For exchange listed equity investments, the quoted price is the bid price. Substantially, all investments are valued based on unadjusted quoted market prices. Where such quoted prices are readily available in an active market, such prices are not required to be assessed or adjusted for any business risks, including climate change risk, in accordance with the fair value related requirements of the Company’s financial reporting framework.

14. Transactions with the Investment Manager and AIFM

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months’ notice. BFM has (with the Company’s consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed on page 51 of the Directors’ Report in the Company’s Annual Report and Financial Statements for the year ended 28 February 2025.

The investment management fee payable for the six months ended 31 August 2025 amounted to £1,993,000 (six months ended 31 August 2024: £2,460,000; year ended 28 February 2025: £4,611,000). At the period end, £977,000 was outstanding in respect of the management fee (31 August 2024: £3,569,000; 28 February 2025: £4,488,000).

In addition to the above services, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services for the six months ended 31 August 2025 amounted to £59,000 including VAT (six months ended 31 August 2024: £136,000; year ended 28 February 2025: £195,000). At the period end, £195,000 was outstanding in respect of the marketing fees (31 August 2024: £273,000; 28 February 2025: £137,000).

During the period, the Manager pays the amounts due to the Directors. These fees are then reimbursed by the Company for the amounts paid on its behalf. As of 31 August 2025, an amount of £140,000 (31 August 2024: £232,000; 28 February 2025: £129,000) was payable to the Manager in respect of Directors’ fees.

The Company had an investment in the BlackRock Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund of £40,441,000 as at 31 August 2025 (31 August 2024: £nil; 28 February 2025: £nil).

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware, USA.

15. Related party disclosure

Directors’ emoluments

As at 31 August 2025, the Board consisted of five non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £52,000, the Audit Committee Chairman receives an annual fee of £41,000, the Senior Independent Director receives a fee of £37,000, the Chair of the Nomination and Remuneration Committee receives an annual fee of £36,000 and each of the other Directors receives an annual fee of £35,000.

As at 31 August 2025, an amount of £17,000 (31 August 2024: £19,000; 28 February 2025: £19,000) was outstanding in respect of Directors’ fees.

At the period end members of the Board held ordinary shares in the Company as set out below:

	As at 31 August 2025 Ordinary shares	As at 31 August 2024 Ordinary shares	As at 28 February 2025 Ordinary shares
Ronald Gould (Chairman)	3,544	3,544	3,544
Mark Little	542	491	531
James Barnes	2,500	2,500	2,500
Helen Sinclair	988	988	988
Dunke Afe	—	—	—
Susan Platts-Martin ¹	n/a	2,800	2,800

1 Ms Platts-Martin retired as a Director on 19 June 2025.

Significant holdings

The following investors are:

- funds managed by the BlackRock Group or are affiliates of BlackRock, Inc. (Related BlackRock Funds); or
- investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are, as a result, considered to be related parties to the Company (Significant Investors).

	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
Total % of shares held by Related BlackRock Funds		

As at 31 August 2025	5.9	n/a	n/a
As at 31 August 2024	5.9	n/a	n/a
As at 28 February 2025	6.1	n/a	n/a

16. Contingent liabilities

There were no contingent liabilities at 31 August 2025, 28 February 2025 or 31 August 2024.

17. Publication of non-statutory accounts

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the six months ended 31 August 2025 and 31 August 2024 has not been audited, or reviewed, by the Company’s auditors.

The information for the year ended 28 February 2025 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor in those financial statements contained no qualification or statement under Sections 498(2) or (3) of the Companies Act 2006.

18. Annual results

The Board expects to announce the annual results for the year ending 28 February 2026 in early May 2026.

Copies of the results announcement can be obtained from the Secretary on 020 7743 3000 or at cosec@blackrock.com. The Annual Report should be available by the beginning of May 2026 with the Annual General Meeting being held in June 2026.

The Annual Report and Financial Statements will also be available on the BlackRock Investment Management website at <http://www.blackrock.com/uk/brsc>. Neither the contents of the Manager’s website nor the contents of any website accessible from hyperlinks on the Manager’s website (or any other website) is incorporated into, or forms part of, this announcement.

For further information, please contact:

Sarah Beynsberger, Director, Closed End Funds, BlackRock Investment Management (UK) Limited
Tel: 020 7743 3000

Press Enquiries:
Ed Hooper, Lansons Communications
Tel: 020 7294 3620

E-mail:

BlackRockInvestmentTrusts@lansons.com or EdH@lansons.com

24 October 2025