# MIGO Opportunities Trust plc

**Half-yearly Report**

for the six months ended 31 October 2022



# Investment Objective

The objective of MIGO Opportunities Trust plc (the "Company") is to outperform SONIA plus 2% (the "Benchmark") over the longer term, principally through exploiting inefficiencies in the pricing of closed-end funds (SONIA being the Sterling Overnight Index Average, the Sterling Risk-Free Reference Rate preferred by the Bank of England for use in Sterling derivatives and relevant financial contracts). This objective is intended to reflect the Company's aim of providing a better return to shareholders over the longer term than they would get by placing money on deposit.

The Benchmark is a target only and should not be treated as a guarantee of the performance of the Company or its portfolio.

# Company Summary

**Benchmark**
SONIA plus 2%, as at commencement of performance period.

**Alternative Investment Fund Manager ("AIFM")**
Premier Portfolio Managers Limited.

**Investment Manager**
Premier Fund Managers Limited.

**Capital structure**
25,110,256 Ordinary 1p shares as at 31 October 2022.

**Management fee**
0.65% per annum of the adjusted market capitalisation of the Company, valued at the close of business on the last business day of each month.

**Website**
www.migoplc.co.uk

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**FCA regulation of non-mainstream investment products**
The Company currently conducts its affairs so that the shares issued by the Company can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

# Investment Policy

The Company invests in closed-end investment funds traded on the London Stock Exchange's main market, but has the flexibility to invest in investment funds listed or dealt on other recognised stock exchanges, in unlisted closed-end funds (including, but not limited to, funds traded on AIM) and in open-ended investment funds. The funds in which the Company invests may include all types of investment trusts, companies and funds established onshore or offshore. The Company has the flexibility to invest in any class of security issued by investment funds including, without limitation, equity, debt, warrants or other convertible securities. In addition, the Company may invest in other securities, such as non-investment fund debt, if deemed to be appropriate to produce the desired returns to shareholders.

The Company is unrestricted in the number of funds it holds.

The Company invests in listed closed-end investment funds that themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-end investment funds. However, the Company may invest up to 10%, in aggregate, of the value of its gross assets at the time of acquisition in closed-end investment funds that do not have such a stated investment policy.

In addition, the Company will not invest more than 25%, in aggregate, of the value of its gross assets at the time of acquisition in open-ended funds.

There are no prescriptive limits on allocation of assets in terms of asset class or geography.

There are no limits imposed on the size of hedging contracts, save that their aggregated value will not exceed 20% of the portfolio's gross assets at the time they are entered into.

The Board permits borrowings of up to 20% of the Company's net asset value (measured at the time new borrowings are incurred).

The Company's investment objective may lead, on occasions, to a significant amount of cash or near cash being held.

# Financial Highlights

| | Six months ended 31 October 2022 | Year ended 30 April 2022 | % change |
|---|---|---|---|
| Net asset value ("NAV") per share | 326.2p | 362.6p | (10.0%) |
| Share price | 325.5p | 355.5p | (8.4%) |
| Share price premium/(discount) to NAV per share | 0.2% | (2.0%) | |
| Net asset value volatility* | 7.1% | 8.7% | |
| Gearing* | – | – | |
| Ongoing charges* | 1.3% | 1.3% | |

* Alternative Performance Measure, see Glossary on pages 19 and 20.

## Total Return Performance to 31 October 2022

| | 6 months % | 1 year % | 5 years % |
|---|---|---|---|
| Net asset value (dividend adjusted) | (9.9%) | (14.6%) | 19.8% |
| Share price (dividend adjusted) | (8.3%) | (14.5%) | 17.0% |
| SONIA +2% | 1.8% | 2.9% | 13.2% |

Source: Morningstar

# Chairman's Statement

In the six months to 31 October 2022, financial markets were impacted by the war in Ukraine, disruptions in the energy markets, inflationary pressures, supply chain disruptions and an increasing cost of living crisis. In the UK, economic data releases suggest that the UK is in the early stages of a recession that the Bank of England forecasts will last for more than a year. Predictably, markets have reacted through falling equity and bond prices as well as FX volatility, notably a strong US Dollar and weak Pound. Within the investment companies sector, where your company invests, this background has led to a widening of many companies' discounts to net asset value. I am pleased to report though that MIGO has continued to hold its own and has more recently been one of the few investment trusts trading at a premium to net asset value ("NAV") per share, even issuing new shares into the market.

## Performance

Over the six months to 31 October 2022 the Company's NAV per share total return (dividend adjusted) fell by 9.9% and the share price total return (dividend adjusted) fell by 8.3%. In comparison, the Company's Benchmark, sterling SONIA +2%, delivered a total return of 1.8%.

A comprehensive review of the factors affecting the Company's performance during the period, and developments in the portfolio, can be found in the Investment Manager's Review on pages 5 to 7. We believe that the current environment is ideal for the value driven style of our Investment Manager to find new attractively priced investments over the next year. Net cash at the period-end was £12.3 million or 15.0% of NAV, which is ready to be deployed when value opportunities arise. Average discounts to NAV in the Investment trust sector stood at 13.9% at 31 October 2022 (2021: 2.9%).

## Dividend

On 6 October 2022, a final dividend of 0.4p per share in relation to the year ended 30 April 2022 was paid to shareholders on the register as of 9 September 2022. The associated ex-dividend date was 8 September 2022.

The Company's principal objective remains to provide shareholder returns through capital growth in its investments and outperforming SONIA plus 2% over the longer term. Therefore, the Board is maintaining its current policy to pay only those dividends necessary to maintain UK investment trust status. Subject to the investment trust rules, any dividends and distributions will continue to be at the discretion of the Board from time to time.

## Share Price, Share Issuances and Buybacks

MIGO's share price decreased over the period from 355.5p to 325.5p and the shares traded at a very small premium to NAV per share of 0.2% at the end of the period, up from trading at a 2.0% discount to NAV per share at the last year end at 30 April 2022.

From May to July 2022, the Company undertook buybacks of 1,200,000 shares in order to manage the share price discount and provide liquidity in a tightening market. However, more recently, in September and October 2022, with shares trading at a premium to their net asset value, 200,000 shares were issued to the market, so that as at 31 October 2022, the Company had 25,110,256 (30 April 2022: 26,110,256) shares in issue. Since the period-end, a further 210,000 shares were issued at a premium, increasing the number of shares in issue to 25,320,256. We hope that this trend will continue and allow us to grow the Company.

The Board's policy is to be proactive in managing the share price premium or discount. Issuing new shares at a premium to NAV per share creates value for existing shareholders and any share issuance also improves the liquidity of the Company's shares, controls the premium to NAV per share at which the shares trade and spreads the operating costs over a larger capital base, reducing the ongoing charges ratio. Share buybacks reduce the overhang of shares in the market and correct imbalances of supply and demand. The Board, the Investment Manager and the Company's broker are in regular contact in order to be able to react swiftly to any disproportionate premiums or discounts the Company's shares are trading at.

At the Annual General Meeting ("AGM") held on 29 September 2022, shareholders gave the Board authority to issue shares of up to 10% of issued share capital at the time, whilst disapplying pre-emption rights, amounting to a total of 2,503,525 shares in total. At the AGM the Board also received shareholders' authority to buy back up to 3,752,784 shares, or 14.99% of issued share capital. These authorities will expire at the next AGM when the Board will ask for renewed authorities.

## The Board

As shareholders will have seen in our Stock Exchange announcement, two new Directors were appointed to the Board as independent non-executive directors with effect from 1 November 2022.

Lucy Costa Duarte is a specialist in marketing strategy and investor relations, working part-time for SV Health Investors, the managers of International Biotechnology Trust ("IBT") since 2016. During her time at IBT, she has overseen a significant improvement in the trust's discount to NAV and a positive shift in the shareholder registry as well as introduced an ESG policy for the Trust. Lucy was formerly a director at Citigroup heading the emerging markets ECM team in London. She left Citigroup in 2007 and took a career break to raise her children.

Ian Henderson is an advertising professional who is currently CEO of specialist agency AML, working with many firms in the finance sector in the UK and internationally. AML has recently been acquired by Selbey Anderson, the UK's fastest-growing marketing services group, of which Ian is now also chief creative officer. Ian was formerly a creative director at Publicis Groupe then CEO of a subsidiary, Masius. He left in 2008 to set up a new agency for Engine Group before leading a management buy-in to start AML in 2011.

On behalf of the whole Board, I am delighted to welcome Lucy and Ian and look forward to their contribution to the success of the Company.

## The Investment Manager

In November 2022, Charlotte Cuthbertson, the co-fund manager of the Company, left Premier Miton Investors ("PMI"). The Board of MIGO would like to thank Charlotte for her excellent support over the past years and wishes her all the best for the future.

The Board has full faith in the Company's lead portfolio manager, Nick Greenwood, but nonetheless we have discussed with PMI the resources available to support him following Charlotte's departure. Ian Rees, Deputy Head of the Multi-Asset Team, will support Nick on portfolio management and Claire Long, Head of Investment Trusts, will support Nick on marketing and communications.

## Outlook

I said in the last annual report that the market outlook was one of the cloudiest that the Company had seen in many years. Visibility has not improved much since then as the environment remains affected by recession, high inflation, rising interest rates and the end of quantitative easing policies. However, with MIGO trading at a premium and issuing shares, the Board believes that the Company continues to be in a good position. In addition, it is our view that the market environment will create a number of good value opportunities over the coming year that fit well into our Manager's investment style, creating a firm base for positive future performance.

The Board remains optimistic and thanks shareholders for their continued support.

**Richard Davidson**
Chairman
20 December 2022

# Investment Manager's Report
for the six months ended 31 October 2022

## Performance

During the six months to 31 October 2022, our net asset value fell from 362.6p to 326.2p. This represents a fall of 10.0% in capital terms. In comparison, the Numis All-Share Index* declined 8.3% in capital terms. Our shares also declined 8.4% and ended the half year trading on a 0.2% premium.

The period under review proved to be highly volatile as appetite for risk evaporated during the early months of the Ukraine war. This, combined with an end of the largesse unleashed by central bankers in response to the pandemic, created a challenging environment. Conditions deteriorated further towards the end of September as the Truss government's "mini budget" rapidly unravelled causing a spike in gilt yields. Deteriorating sentiment triggered a rapid widening in investment trust discounts. According to the AIC, the average approached 13.9% at one point having started the year in the region of 2.9%. Happily, MIGO was one of a handful of trusts which commanded a premium at times during this period. The average discount of our twelve largest positions at the end of September was 28.8% which is the highest figure for this measure we have seen. Our bias towards smaller trusts was unhelpful as large caps held up much better, The FTSE AIM index fell by over 21% highlighting aversion to stocks with smaller market capitalisations. Our high cash position softened the blow to some extent.

* The full investment companies universe as defined by Numis Securities Research including both equities and alternative asset investment companies.

## Contributors

A useful return came from our long-held position in Alpha Real. This trust had been transitioning from an owner of property to a property lender. The process had been much delayed in response to the outbreak of Covid. Furthermore, there were more credit losses than we felt comfortable with. Alpha struggled to generate a following and by late June was trading at a 42% discount. At that point the trust made a tender offer to buy shares in for cancellation at 175p. This compared well with the market price at the time of 123p. This level still represented a significant discount but the outlook for property was becoming tougher and we decided to sell.

Biotechnology was also a significant contributor to performance. The sector had suffered as many branches of medicine saw resources diverted towards fighting Covid. Therefore, progress generally disappointed markets and biotech stocks fell having initially boomed on the arrival of the pandemic. Further damage came from the rotation out of growth stocks into value, plus threats from the Democrats to control US drug pricing. These problems are now in the past and the sector has rallied sharply. We introduced a holding in International Biotechnology Trust.

Amedeo Air Four Plus, which was a new investment, leases planes to Emirates and Thai airlines. Their shares responded positively to a rapid recovery in demand for air travel which saw many of the trust's planes return to service having been mothballed. Severe delays in the delivery of the next generation of wide-bodied aircraft may well mean that some of Amedeo's assets will be generating revenue far longer than was previously expected.

Georgia Capital continues to trade at a discount approaching 60%. Sentiment towards this trust remains dire mainly due to Georgia's border with Russia and memories of the war between the two countries in 2008. In any event demand for single country Eastern European funds has been non-existent in recent years. The local economy is booming and has reached a sweet spot, moving on from basic industries. The establishment of a middle class is boosting growth. Furthermore, the arrival of Russian professionals, notably IT specialists, has given the economy a further shot in the arm. The trust confirmed the conservative nature of its valuation process when it sold Tbilisi's water supplier for hard cash at a useful premium to book value. Should the trust fail to narrow this extreme discount, the eventual exit is likely to be via an orderly wind down. Key stakeholders are hardly going to achieve an exit by selling their personal investment into the market at forty pence in the pound.

NB Private Equity and India Capital Growth also made positive contributions to our attribution.

## Detractors

Our principal detractor was EPE Special Opportunities. The dominant investment within its portfolio is lighting specialist Luceco. That company suffered as a result of overstocking by DIY stores and high freight costs incurred given their manufacturing base is in China. No doubt there were also fears that their factory could find itself in lockdown. Luceco's results in September were much better than analysts' forecasts as freight rates are in decline and the overstocking situation seems to be resolving itself.

Another significant drag on our attribution was Baker Steel Resources. Whilst there was little movement in the trust's underlying portfolio, its shares fell sharply and ended the period trading at a 37% discount. Sentiment towards developers of mines has deteriorated as the availability of bank finance dried up. This is not unusual at this point in the cycle. Some projects will need to move to the "back burner". Alternatively, Baker Steel can accept capital from an alternative lender. This would mean handing over a greater share of the cake to the provider of capital. On a positive note, four of Baker Steel's projects completed funding whilst markets remained open. This has enabled them to move to the next stage of development. Financing was achieved for projects focused on Tin in Saxony, Cement in Morocco, Tungsten in Devon and Gold in Zimbabwe. Whilst it is disappointing that the environment has cooled, the team would have become stretched if the bulk of the trust's ten deposits had reached the intensive stage of development at the same time.

Uncertainty over where interest rates would settle undermined the property sector which saw price falls across the board. There was little sign of the wheat being sorted from the chaff. All our positions within the sector suffered unilaterally. Ten-year gilt yields have subsequently softened to 3.1% from a peak of 4.5%. Therefore, declines in the share prices of Phoenix Spree, Industrials REIT, Macau Property Opportunities and Real Estate Investors dwarf any predictions of actual falls in their portfolios. Once there is certainty about where rates will settle for better or worse, the sector is likely to rally. Any lasting damage is likely be found in sub sectors where yields fell to unsustainably low levels. Our exposure to property is via areas which were already unloved and overlooked.

A major negative contribution came from our Vietnamese trusts. This comes as a surprise as the country is a beneficiary of the Chinese Covid lockdown and its trade war with the United States. Given Vietnam enjoyed strong GDP growth during the last quarter, we would have expected its stock market to be trading on a higher multiple than the current historic PE ratio of 8x. The Ho Chi Minh stock market faced two challenges: one external, one internal. International investors have ploughed substantial capital into projects in Vietnam. The local authorities were keen that the investors did not lose money through the dong's weakness against a very strong US Dollar. This led to unexpectedly aggressive rises in interest rates which caused locals to retreat from stocks. The other challenge came from excesses in the property market where developers issued bonds inappropriately to retail investors. Arrests were made leading to fears that losses on these bonds would systemically undermine the banking system. This now seems unlikely; however Vietnamese equities are notoriously volatile given that the stock market is dominated by retail investors who often trade on margin. Once share prices start falling, investors need to sell to meet margin calls which in turn causes prices to fall further and more margin calls to be made; a vicious circle ensues. We don't believe that recent events undermine the longer-term attractions of the Ho Chi Minh market.

Exposure to smaller companies proved unhelpful given how weak the asset class was amid fears of a recession. We disposed of our entire position in Strategic Equity Capital and significantly reduced our holdings in River & Mercantile UK Micro Cap and Henderson Opportunities.

## New entries and departures

We touched on the new entrants Amedeo Air Four Plus and International Biotechnology Trust earlier. In addition to Alpha Real and Strategic Equity Capital, Artemis Alpha and Third Point departed the portfolio.

Post the hike in interest rates, a number of higher yielding trusts with alternative asset class mandates saw their share prices fall sharply. Ten-year gilt yields touched 4.5% in the immediate aftermath of the mini budget. At that point it made sense to switch out of, say, an infrastructure trust yielding 5% into government securities. It became clear that many of these trusts had originally been bought purely for income which was scarce rather than for their fundamental attractions. In response to the evaporation of the yield premium there was a universal sell off with many babies thrown out with the bath water. We identified opportunities where trusts had been harshly treated. Frustratingly, the market proved highly illiquid. Nevertheless, post our interim period, we have three new names in the portfolio: Aquila European Renewables, EJF Investments and Grit Real Estate.

Aquila directly owns a range of hydroelectric, solar and wind assets in Greece, Scandinavia and Iberia. The managers are based in Germany and as a result have struggled to establish a following in the UK. The shares trade at one of the widest discounts in the sector. Furthermore, their accounting practices are conservative relative to peers. For example, the remaining economic life of their assets is assumed to be shorter than many of its peers. This suggests that true discount is wider than at first sight.

EJF describes its mandate as “regulatory arbitrage”. It typically invests in preference securities of medium and smaller sized US Banks. Many of these were issued to bolster balance sheets in the aftermath of the Global Financial Crisis. The market mechanism for these assets is highly inefficient. The portfolio managers are based in Washington and face a similar problem to Aquila in generating a following in the United Kingdom. This partially explains why we were able to acquire some shares in this well-run fund at a 32% discount.

Grit invests in African property excluding South Africa. Its shares are deeply out of favour trading at a 58% discount. In practice it uses its expertise to develop property for western governments and multinationals who do not wish to involve themselves in the intricacies of local property ownership. It owns a range of assets including embassies, shopping malls, accommodation blocks for miners and diplomats, offices and holiday resorts. The trust is in the process of acquiring connected companies which will turn Grit into a fee earning fund manager rather than purely the owner of a property portfolio. This is poorly understood by the market however we have only taken a toehold position as leverage will remain high until the transactions are completed. Should there be any short-term setbacks, this gearing would ensure that the effects would be painful.

We have revisited the Japanese activist trusts and have added to Nippon Active Value at a point when it had become overlooked and unloved. Until recently we were cynical having been told many times over the years that Japanese corporate governance was improving only to be disappointed. These trusts have recently performed much better than generalist peers. Nevertheless, because the yen has been friendless, returns have been muted. Japanese managements still rebuff asset stripping style attacks, but they are now listening to pragmatic approaches. The fact that there are more activists tackling local companies means that an improvement in corporate governance is gaining momentum. Smaller Japanese stocks are very lowly rated, and we see Nippon as offering a discount on a discount with corporate activity acting as a catalyst for change.

Looking forward, we remain cautious. Investors have enjoyed “free” money for over a decade. Abundant liquidity has supported a widespread rise in asset prices during that period. This phase has now come to an end and the process will move into reverse, suggesting mainstream indices face a headwind. The tide will be against us; however, the authorities will be limited in respect of how fast liquidity can be drained from the financial system given the fragility of markets. Nevertheless, there will remain many opportunities for us to exploit. These will be found in overlooked corners of the closed end world. On past occasions when discounts within our portfolio became as wide as they are presently, it proved to be the precursor to the next upward run in the value of our assets.

**Nick Greenwood**
Premier Fund Managers Limited
20 December 2022

## Average underlying discount*

| Top 12 stocks | Weight (%) | Discount (%) |
|---|---|---|
| Dunedin Enterprise Investment Trust | 6.4 | (2.6) |
| Vietnam Enterprise Investments | 5.6 | (16.2) |
| Yellow Cake | 4.4 | (5.0) |
| NB Private Equity Partners | 4.4 | (32.3) |
| Geiger Counter | 4.1 | (7.3) |
| Baker Steel Resources Trust | 4.1 | (41.9) |
| Biotech Growth Trust | 3.9 | (8.3) |
| Georgia Capital | 3.5 | (58.9) |
| Oakley Capital Investments | 3.5 | (34.4) |
| Phoenix Spree Deutschland | 3.4 | (49.4) |
| New Star Investment Trust | 3.2 | (28.3) |
| CQS Natural Resources Growth and Income | 2.7 | (16.4) |
| **Average discount** | | **(25.1)[1]** |

Source: Bloomberg, 31.10.2022.
* This table covers 49.2% of the Company's holdings.
1 Please note that the average discount figure only takes into account the top 12 holdings in the portfolio.

# Portfolio Valuation
## as at 31 October 2022

| Company | Investment Sector | Region | Valuation £'000 | % of NAV |
|---|---|---|---|---|
| Dunedin Enterprise Investment Trust† | Private Equity | Global | 5,275 | 6.4 |
| Vinacapital Vietnam Opportunity Fund | Private Equity | Asia Pacific – Vietnam | 4,617 | 5.6 |
| Yellow Cake* | Mining – Uranium | Global | 3,600 | 4.4 |
| NB Private Equity Partners | Private Equity | North America | 3,589 | 4.4 |
| Baker Steel Resources Trust | Mining | Global | 3,430 | 4.1 |
| Geiger Counter | Mining – Uranium | Global | 3,417 | 4.1 |
| Biotech Growth Trust | Equity | UK | 3,243 | 3.9 |
| Georgia Capital | Equity | Europe | 2,906 | 3.5 |
| Oakley Capital Investments | Private Equity | Global | 2,836 | 3.5 |
| Phoenix Spree Deutschland | Real Estate | Europe | 2,772 | 3.4 |
| | | | **35,685** | **43.3** |
| New Star Investment Trust | Equity | Global | 2,604 | 3.2 |
| CQS Natural Resources Growth and Income | Mining | Global | 2,255 | 2.7 |
| Real Estate Investors* | Real Estate | UK | 2,139 | 2.5 |
| Atlantis Japan Growth Fund | Equity | Japan | 2,006 | 2.4 |
| International Biotechnology Trust | Equity | UK | 1,944 | 2.4 |
| Duke Royalty* | Other – Alternative Lender | Global | 1,684 | 2.1 |
| Vietnam Enterprise Investments | Equity | Asia Pacific – Vietnam | 1,619 | 2.0 |
| India Capital Growth Fund* | Equity | India | 1,590 | 1.9 |
| Epe Special Opportunities* | Private Equity | UK | 1,520 | 1.9 |
| Ashoka India Equity Investment Trust | Equity | India | 1,503 | 1.8 |
| | | | **54,549** | **66.2** |
| Hansa Investment Co | Equity | Global | 1,460 | 1.8 |
| River & Mercantile UK Micro Cap Investment Co | Equity – Small Cap | UK | 1,315 | 1.6 |
| Downing Strategic Micro-Cap Investment Trust | Equity – Small Cap | UK | 1,201 | 1.5 |
| Nippon Active Value Fund | Equity – Small Cap | Japan | 1,114 | 1.4 |
| Life Settlement Assets | Other – Life Policies | North America | 1,113 | 1.4 |
| Macau Property Opportunities Fund† | Real Estate | Asia Pacific – China | 1,108 | 1.4 |
| Marwyn Value Investors | Equity | UK | 1,038 | 1.3 |
| Industrials REIT | Real Estate | UK | 1,044 | 1.3 |
| Schroder Uk Public | Private Equity | UK | 964 | 1.2 |
| VPC Speciality Lending Investments | Equity | UK | 961 | 1.2 |
| | | | **65,867** | **80.3** |
| Henderson Opportunities Trust | Equity | UK | 792 | 1.0 |
| Ground Rents Income Fund | Real Estate | UK | 792 | 1.0 |
| Rockwood Strategic* | Equity – Small Cap | UK | 730 | 0.9 |
| Amedeo Air Four Plus | Equity | Global | 671 | 0.8 |
| Aseana Properties† | Real Estate | Asia Pacific | 198 | 0.2 |
| Chelverton Growth Trust | Equity | UK | 168 | 0.2 |
| Chrysalis Investments | Private Equity | Europe | 193 | 0.2 |
| Reconstruction Capital II*† | Equity | Europe | 84 | 0.1 |
| Better Capital Pcc†^ | Private Equity | UK | 62 | 0.1 |
| Renn Universal†^ | Equity | North America | 50 | 0.1 |
| Crystal Amber Fund* | Equity – Small Cap | UK | 48 | 0.1 |
| Origo Partners†^ | Private Equity | Emerging Markets | 42 | 0.1 |
| Cambium Global Timberland*† | Other – Forestry | Global | 33 | 0.0 |
| Grit Investment Trust | Equity – Small Cap | UK | 1 | 0.0 |
| **Total investments** | | | **69,731** | **85.1** |
| **Other current assets (including net cash)** | | | **12,171** | **14.9%** |
| **Net asset value** | | | **81,902** | **100.0%** |

* AIM/NEX Listed
† In liquidation, in a process of realisation or has a fixed life.
^ Unlisted.

## Capital Structure

As at the date of this report, the Company's share capital comprises 25,320,256 Ordinary shares of 1p each with one vote per share. The Company's Articles of Association contain provisions enabling shareholders to elect at three-year intervals for the realisation of all or part of their shareholding (the "Realisation Opportunity"). At the discretion of the Company, shareholders may request that all or part of the Ordinary shares they hold be placed, repurchased, or purchased out of the proceeds of an issue of new Ordinary shares, or purchased under a tender offer or by a market maker. If realisation elections cannot be satisfied in their entirety through the placing and/or repurchase mechanism, all remaining Elected shares shall be converted into Realisation shares.

Also in the event that the Company does not make available to members an opportunity to effect such a realisation at the appointed time, shareholders may serve a realisation election requesting that all or part of their Ordinary shares be converted into Realisation shares.

The portfolio would then be split into two separate and distinct pools pro rata as between the Continuing Ordinary shares (the "Continuation Pool") and the Realisation shares (the "Realisation Pool"). The Continuation Pool would be managed in accordance with the Company's investment objective and policy, while the assets comprising the Realisation Pool would be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash to holders of Realisation shares as soon as practicable. The precise mechanism for any return of cash to holders of Realisation shares would depend on the relevant factors prevailing at the time and would be at the discretion of the Board. If the net asset value of the Company's Continuing Ordinary shares is more than £30 million, then the Company would continue in operation.

In September 2021, the Company offered a Realisation Opportunity, giving shareholders the option either to retain or to realise their investment in the Company. Realisation elections were received in respect of 0.55% of shares in issue at the time, and these shares were subsequently repurchased by the Company. There are currently no Realisation shares in issue. The next Realisation Opportunity will be offered to shareholders in 2024. The Board intends to put forward tailored proposals in relation to each Realisation Opportunity to ensure it can be delivered efficiently and in accordance with the best interests of the Company, at the relevant point in time.

# Interim Management Report

## Principal Risks and Uncertainties

A review of the half year and the outlook for the Company can be found in the Chairman's Statement on pages 3 and 4 and in the Investment Manager's Review on pages 5 to 7. The principal risks and uncertainties facing the Company fall into the following broad categories: investment risks (including market and discount risk; liquidity, cash and foreign exchange risk and interest rate risk), strategic risks (including shareholder relations and share price performance risk; key person risk and company duration risk), operational risks (in particular service provider risk) and macro risks (including global risk, UK regulatory and legal risk, governance risk and ESG and climate change risk). These risks were explained in detail on pages 16 to 22 in the Annual Report for the year ended 30 April 2022.

In addition, the war in Ukraine and continuing Covid outbreaks as well as the impact of inflation, interest rate rises and the prospect of a recession are recognised as principal risks and uncertainties with a possible impact on the investment performance of the Company as well as on the operations of the Company and its service providers.

## Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

## Going Concern

The Directors believe, having considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half-yearly report. For these reasons, the Directors consider there is reasonable evidence to continue to adopt the going concern basis in preparing the Half-Yearly Report.

## Directors Responsibility Statement

The Board of Directors confirms that, to the best of its knowledge:

(i) the condensed set of financial statements contained within the Half-Yearly Report has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);

(ii) The Half-Yearly Report and condensed financial statements give a true and fair view of the assets, liabilities, financial position and return of the Company; and

(iii) The Interim Management Report includes a fair review of the information required by:

- (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Half-Yearly Report has not been reviewed or audited by the Company's auditor.

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

For and on behalf of the Board

**Richard Davidson**
Chairman
20 December 2022

# Condensed Income Statement

| | Note | Six months to 31 October 2022 (unaudited) Revenue £'000 | Capital £'000 | Total £'000 | Six months to 31 October 2021 (unaudited) Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| (Losses)/gains on investments | | – | (9,492) | (9,492) | – | 9,698 | 9,698 |
| Income | 4 | 754 | – | 754 | 943 | – | 943 |
| Investment management fee | | (273) | – | (273) | (319) | – | (319) |
| Other expenses | | (286) | – | (286) | (493) | – | (493) |
| **Return/(loss) before finance costs and taxation** | | **195** | **(9,492)** | **(9,297)** | **131** | **9,698** | **9,829** |
| Finance costs | | (53) | – | (53) | (37) | – | (37) |
| **Return/(loss) before taxation** | | **142** | **(9,492)** | **(9,350)** | **94** | **9,698** | **9,792** |
| Taxation | | – | – | – | – | – | – |
| **Return/(loss) after taxation** | | **142** | **(9,492)** | **(9,350)** | **94** | **9,698** | **9,792** |
| **Return/(loss) per Ordinary share (pence)** | | **0.6** | **(37.8)** | **(37.2)** | **0.3** | **36.1** | **36.4** |

The Total column of this statement is the Income Statement of the Company. The supplementary revenue and capital columns have been prepared in accordance with guidance issued by the AIC.

All revenue and capital items in the above statement derive from continuing operations. There are no recognised gains or losses other than those passing through the Income Statement and therefore no Statement of Total Comprehensive Income has been presented.

The notes on pages 17 and 18 form an integral part of these financial statements.

# Condensed Statement of Changes in Equity

| | Share capital £'000 | Capital redemption reserve £'000 | Share premium account £'000 | Special reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Six months to 31 October 2022 (Unaudited)** | | | | | | | |
| Balance at 30 April 2022 | **261** | **89** | **27,729** | **1,222** | **65,034** | **349** | **94,684** |
| Buyback of shares for cancellation | (12) | 12 | – | (1,222) | (2,787) | – | (4,009) |
| Share issuance | 2 | – | 675 | – | – | – | 677 |
| Dividends paid | – | – | – | – | – | (100) | (100) |
| Return for the period | – | – | – | – | (9,492) | 142 | (9,350) |
| **Balance at 31 October 2022** | **251** | **101** | **28,404** | **–** | **52,755** | **391** | **81,902** |
| **Six months to 31 October 2021 (Unaudited)** | | | | | | | |
| At 30 April 2021 | 269 | 74 | 25,105 | 6,406 | 61,303 | (12) | 93,145 |
| Buyback of shares for cancellation | (2) | 2 | – | (738) | – | – | (738) |
| Return for the period | – | – | – | – | 9,698 | 94 | 9,792 |
| **Balance at 31 October 2021** | **267** | **76** | **25,105** | **5,668** | **71,001** | **82** | **102,199** |

The notes on pages 17 and 18 form an integral part of these financial statements.

# Condensed Statement of Financial Position

| | Note | As at 31 October 2022 (unaudited) £'000 | As at 30 April 2022 (audited) £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments | 5 | 69,731 | 83,480 |
| **Current assets** | | | |
| Debtors | | 115 | 567 |
| Cash | | 12,292 | 10,891 |
| | | **12,407** | **11,458** |
| **Creditors: amounts falling due within one year** | | | |
| Creditors | | (236) | (254) |
| | | **(236)** | **(254)** |
| **Net current assets** | | **12,171** | **11,204** |
| **Net assets** | | **81,902** | **94,684** |
| **Share capital and reserves:** | | | |
| Share capital | | 251 | 261 |
| Capital redemption reserve | | 101 | 89 |
| Share premium account | | 28,404 | 27,729 |
| Special reserve | | – | 1,222 |
| Capital reserve | | 52,755 | 65,034 |
| Revenue reserve | | 391 | 349 |
| **Total shareholders' funds** | | **81,902** | **94,684** |
| **Net asset value per ordinary share (pence)** | | **326.2** | **362.6** |

The net asset value per ordinary share is based on 25,110,256 shares, being the shares in issue as at 31 October 2022 (30 April 2022: 26,110,256).

The notes on pages 17 and 18 form an integral part of these financial statements.

# Condensed Cash Flow Statement

| | **Six months to 31 October 2022 (unaudited) £'000** | Six months to 31 October 2021 (unaudited) £'000 |
|---|---|---|
| **Net cash inflow from operating activities** | 311 | 91 |
| **Investing activities** | | |
| Purchases of investments | (5,546) | (6,517) |
| Sales of investments | 10,107 | 15,125 |
| **Net cash inflow from investing activities** | **4,561** | **8,608** |
| **Financing activities** | | |
| Share issuance | 677 | – |
| Buyback of shares for cancellation | (4,009) | (738) |
| Revolving credit facility repayment | – | (2,000) |
| Dividends paid | (100) | – |
| Finance costs paid | (35) | (34) |
| **Net cash outflow from financing activities** | **(3,467)** | **(2,772)** |
| **Increase in cash** | **1,405** | **5,927** |
| | | |
| **Reconciliation of net cash flow movement in funds:** | | |
| Cash at beginning of period | 10,891 | 4,035 |
| Exchange rate movements | (4) | 2 |
| Increase in cash | 1,405 | 5,927 |
| **Increase in net cash** | **1,401** | **5,929** |
| **Cash at end of period** | **12,292** | **9,964** |

The notes on pages 17 and 18 form an integral part of these financial statements.

# Notes to the Condensed Interim Financial Statements

## 1 Accounting policies

These condensed financial statements have been prepared on a going concern basis in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, FRS 104 'Interim Financial Reporting', the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' updated in July 2022 and using the same accounting policies as set out in the Company's Annual Report for the year ended 30 April 2022.

## 2 Financial statements

The condensed financial statements contained in this interim financial report do not constitute statutory accounts as defined in s434 of the Companies Act 2006. The financial information for the six months to 31 October 2022 and 31 October 2021 has not been audited or reviewed by the Company's external auditors.

The information for the year ended 30 April 2022 has been extracted from the latest published audited financial statements. Those statutory financial statements have been filed with the Registrar of Companies and included the report of the auditors, which was unqualified and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

## 3 Going concern

After making enquiries, and having reviewed the investments, Statement of Financial Position and projected income and expenditure for the next 12 months, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these financial statements.

## 4 Income

| | Six months to 31 October 2022 £'000 | Six months to 31 October 2021 £'000 |
|---|---|---|
| **Income from investments:** | | |
| UK dividend income | 175 | 380 |
| Non UK dividend income | 453 | 415 |
| Property income dividends | 110 | 148 |
| **Total income from investments** | **738** | **943** |
| Bank interest | 16 | – |
| **Total income** | **754** | **943** |

# Notes to the Condensed Interim Financial Statements continued

## 5 Fair value hierarchy

The methods of fair value measurement are classified into a hierarchy based on reliability of the information used to determine the valuation.

Level 1 – Quoted prices in an active market.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data), either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable).

The table below sets out the Company's fair value hierarchy investments.

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| **As at 31 October 2022** | | | | |
| Investment – Equities | 69,545 | 42 | 144 | 69,731 |
| **Total** | **69,545** | **42** | **144** | **69,731** |
| **As at 30 April 2022** | | | | |
| Investment – Equities | 83,267 | 40 | 173 | 83,480 |
| **Total** | **83,267** | **40** | **173** | **83,480** |

# Glossary of Terms and Alternative Performance Measures ("APMs")

## Discount or Premium (APM)

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share, the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

| | As at 31 October 2022 | As at 30 April 2022 |
|---|---|---|
| Closing NAV per share (p) | 326.2 | 362.6 |
| Closing share price (p) | 325.5 | 355.5 |
| **Premium/(discount)** | **0.2%** | **(2.0%)** |

## Net Asset Value ("NAV") Total Return (APM)

NAV total return is the closing NAV per share including any cumulative dividends paid as a percentage over the opening NAV.

NAV total return is an alternative way of measuring investment management performance of investment trusts which is not affected by movements in the share price.

| | Six months to 31 October 2022 | One year to 31 October 2022 | Five years to 31 October 2022 |
|---|---|---|---|
| Closing NAV per share (p) | 326.2 | 326.2 | 326.2 |
| Dividends reinvested (p) | 0.4 | 0.4 | 0.4 |
| Dividend adjusted closing NAV per share (p) | 326.6 | 326.6 | 326.6 |
| Opening NAV per share (p) | 362.6 | 382.3 | 272.6 |
| **Dividend adjusted NAV per share returns** | **(9.9%)** | **(14.6%)** | **19.8%** |

## Ongoing Charges (APM)

Ongoing charges are calculated by taking the Company's annualised revenue and capitalised expenses (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of the Company during the year.

| | Six months to 31 October 2022 £'000 | Year to 30 April 2022 £'000 |
|---|---|---|
| Total expenses per Income Statement | 559 | 1,389 |
| Less non-recurring expenses | – | 124* |
| **Total expenses – annualised** | **1,118** | **1,265** |
| Average net assets | 84,074 | 98,701 |
| **Ongoing charges** | **1.3%** | **1.3%** |

*Non-recurring expenses during the year to 30 April 2022 related to costs incurred on the Company's realisation opportunity in September 2021.

The ongoing charges percentage reflects the costs incurred directly by the Company which are associated with the management of a static investment portfolio. Consistent with AIC Guidance, the ongoing charges percentage excludes non-recurring items. In addition, the NAV performance also includes the costs incurred directly or indirectly in investments that are managed by external fund managers. Many of these managers net these costs off within their valuations, and therefore they form part of the Company's investment return, and it is not practical to calculate an ongoing charges percentage from the information they provide.

## Share Price Total Return (APM)

The combined effect of the rise and fall in the share price, together with any dividend paid/reinvested. Total return statistics enable the investor to make performance comparisons between trusts with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares of the trust at the time the shares go ex-dividend (the share price total return) or in the assets of the trust at its NAV per share (the NAV total return).

| | Six months to 31 October 2022 | One year to 31 October 2022 | Five years to 31 October 2022 |
|---|---|---|---|
| Closing share price (p) | 325.5 | 325.5 | 325.5 |
| Dividends reinvested (p) | 0.4 | 0.4 | 0.4 |
| Dividend adjusted closing share price (p) | 325.9 | 325.9 | 325.9 |
| Opening share price (p) | 355.5 | 381.0 | 278.5 |
| **Dividend adjusted share returns** | **(8.3%)** | **(14.5%)** | **17.0%** |

## NAV Volatility (APM)

Volatility is related to the degree to which NAVs or prices differ from their mean (the standard deviation). Volatility is calculated by taking the daily NAV or closing prices over the relevant year and calculating the standard deviation of those prices. The daily standard deviation is then multiplied by an annualisation factor being the square root of the number of the trading days in the year.

| | Six months to 31 October 2022 | Year ended 30 April 2022 |
|---|---|---|
| Standard deviation of daily NAV (A) | 0.62% | 0.54% |
| Number of trading days | 132 | 263 |
| Square root of the number of trading days (B) | 11.5 | 16.2 |
| **Annualised volatility (A*B)** | **7.1%** | **8.7%** |

# Shareholder Information

## Share dealing

Shares can be traded through a stockbroker or other authorised intermediary. The Company's Ordinary shares are traded on the London Stock Exchange. The Company's shares are fully qualifying investments for Individual Savings Accounts ("ISAs").

## Share register enquiries

The register for the Company's ordinary shares is maintained by Computershare Investor Services PLC. If you would like to notify a change of name or address, please contact the registrar in writing to Computershare Investor Services PLC, the Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

With queries in respect of your shareholdings, please contact Computershare on 0370 889 3231 (lines are open from 8.30 am to 5.30 pm, UK time, Monday to Friday). Alternatively, you can email WebCorres@computershare.co.uk or contact the Registrar via www.investorcentre.co.uk.

## Share capital and net asset value information

| | |
|---|---|
| SEDOL number | 3436594 |
| ISIN number | GB0034365949 |
| Bloomberg symbol | MIGO |

The Company releases its net asset value per Ordinary share to the London Stock Exchange on a daily basis.

Website: www.migoplc.co.uk

## Annual and Half-Yearly Reports

Copies of the Annual Reports are available from the Company Secretary and on the Company's website. Copies of the Half-Yearly Reports are only available on the Company's website.

## Investment Manager: Premier Fund Managers Limited

The Company's Investment Manager is Premier Fund Managers Limited, a wholly owned subsidiary of Premier Miton Group plc, an asset management group managing £10.6 billion on behalf of clients (as at 30 September 2022). Product strengths include UK equities, US equities, European and Global equities and a wide range of multi-asset strategies.

Investor updates in the form of monthly factsheets are available from the Company's website, www.migoplc.co.uk

## Association of Investment Companies

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

# Directors and Advisers

## Directors (all non-executive)
Richard Davidson (Chairman)
Katya Thomson (Audit Committee Chairman)
Hugh van Cutsem
Lucy Costa Duarte (appointed on 1 November 2022)
Ian Henderson (appointed on 1 November 2022)

## Registered Office
6th Floor
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

## Company Secretary, Marketing & Administration
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London WC2A 1AL

Website: www.frostrow.com
Email: info@frostrow.com

## Alternative Investment Fund Manager
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Eastgate Court
High Street
Guildford
Surrey GU1 3DE

## Investment Manager
Premier Fund Managers Limited
Eastgate Court
High Street
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Surrey GU1 3DE

Website: www.premiermiton.com

## Registrar
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The Pavilions
Bridgewater Road
Bristol BS99 6ZZ
United Kingdom

Telephone: (0) 370 889 3231*
Email: WebCorres@computershare.co.uk
Website: www.investorcentre.co.uk

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

*Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.30am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

## Stockbroker and Financial Adviser
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

## Depositary and Custodian
The Bank of New York
Mellon (International) Limited
One Canada Square
London E14 5AL

## Independent Auditors
PricewaterhouseCoopers LLP
7 More London
Riverside
London SE1 2RT

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The Association of Investment Companies

A member of the Association of Investment Companies

**MIGO Opportunities Trust plc**
An investment company as defined under Section 833 of the Companies Act 2006
Registered in England and Wales No. 5020752

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