RNS Announcement

Keystone Positive Change Investment Trust plc

Legal Entity Identifier: 5493002H3JXLXLIGC563

Regulated Information Classification: Half Yearly Financial Report

Results for the six months to 31 March 2022

Over the six months to 31 March 2022, the Company's net asset value total return was minus 19.1% compared to a total return of positive 3.6% for the comparative index*. The share price total return was minus 27.0% as the discount widened from 0.9% to 10.6%.

- A significant driver of the underperformance has been the sell-off in growth stocks as the market prices in the prospects of higher inflation, irrespective of operational progress;
- During the period we made two new investments in Nu Holdings and Duolingo;
- We also added to the positions in AbCellera, Northvolt, Peloton, and Teladoc;
- New investments and additions have been funded by reductions to positions in Tesla and NIBE;
- Structural trends such as deflation of renewable technologies, advancement of computer science, and the need for sustainability provide exciting opportunities for patient investors.

Keystone Positive Change's objective is to generate long term capital growth with the aim of the NAV total return exceeding that of the MSCI AC World Index in sterling terms by at least 2 per cent. per annum over rolling five-year periods; and contribute towards a more sustainable and inclusive world by investing in the equities of companies whose products or services make a positive social or environmental impact. At 31 March 2022 the Company had total assets of £186.8 million.

Keystone Positive Change is managed by Baillie Gifford, an Edinburgh-based fund management group with approximately £250 billion under management and advice as at 4 May 2022.

Keystone Positive Change is a listed UK company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested. The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority. You can find up to date performance information about Keystone Positive Change at keystonepositivechange.com‡.

Past performance is not a guide to future performance. Total return information is sourced from Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer at end of this announcement.

* A composite index comprising the movement on the FTSE All-Share Index to 10 February 2021 and the movement on the MSCI All Country World Index in sterling terms thereafter.

‡ Neither the contents of the Managers' website nor the contents of any website accessible from hyperlinks on the Managers' website (or any other website) is incorporated into, or forms part of, this announcement.

4 May 2022

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The following is the unaudited Interim Financial Report for the six months to 31 March 2022.

Responsibility Statement

We confirm that to the best of our knowledge:

a) the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';
b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and
c) the Interim Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board
Karen Brade
Chairman
4 May 2022

Keystone Positive Change Investment Trust plc

Chairman's Statement

Last year your Board oversaw a significant transition for the Company, of both investment objective and new management, with the ambition of making Keystone Positive Change ('KPC') a vehicle capable of generating attractive long-term returns for shareholders while also being instrumental in the search for solutions to global challenges in areas such as healthcare, education, social inclusion and the environment that have been brought sharply into focus over the last two years. These changes were overwhelmingly approved by shareholders at a general meeting of the Company in February 2021.

With the advantage of hindsight, the timing of the transition was inopportune, as it coincided with a dramatic deterioration in investor sentiment away from growth equities. However, your Board remains confident in the long-term investment and strategic rationale behind the decision to adopt this new strategy and the team implementing it.

Performance

Over the six months to 31 March 2022, the Company's net asset value per share ('NAV') total return was -19.1% compared to a total return of +3.6% for the MSCI All Country World Index in sterling terms. The share price total return was -27.0% over the six months to 31 March 2022, as the discount widened from 0.9% to 10.6%.

Gearing

Total debt increased by £5.0 million to £15.4 million. Net gearing at 31 March 2022 was 8.1% (September 2021 - 4.6%).

Annual General Meeting

KPC's first AGM was held in person. All the resolutions were passed, including a revised dividend policy which has moved from making four quarterly payments to a single payment which will be paid after the next AGM and will be the amount sufficient to maintain the Company's investment trust status. The 4.0p paid in December 2021 was the last quarterly payment under the previous policy.

Board Composition

We have appointed Andrew Fleming as a Director with effect from 1 March 2022 to replace John Wood, who stepped down at the last AGM. Andrew brings considerable fund management, investment trust and impact investment experience to the Board.

The Company is already compliant with the FCA's recently published new rules on diversity and inclusion on company boards, which target that at least 40% of directors will be women and at least one of the senior positions on each board will be held by a woman.

Positive Conversations Report

The first KPC Positive Conversations report, which focuses on business practices of the companies in the portfolio and how they operate, has been published on the Company's website. We look forward to sharing the first annual KPC Impact Report, which will be published in the summer.

Outlook

The Positive Change team has an investment horizon of five years and beyond, with turnover in the portfolio expected to be typically no more than 20% per annum. This allows the team to focus on identifying long-term structural trends which present compelling investment opportunities to address the Company's commitment to supporting a sustainable world.

Karen Brade
Chairman
4 May 2022

Keystone Positive Change Investment Trust plc

Interim Management Report

On many levels, the past six months have been deeply challenging. Russia's invasion of Ukraine has led to unbearable suffering and destruction. Our hearts go out to those affected by this terrible war. In addition, conflicts continue in countries including Syria, Yemen, and Afghanistan, and closer to home, poverty and inequality are becoming increasingly difficult to ignore. These events add to our determination to act for Positive Change. Commerce and prosperity are the best deterrents to conflicts. We need to build a sustainable world where everyone can flourish.

Over the past six months, the Company's NAV total return was minus 19.1% compared to a 3.6% positive total return from the benchmark MSCI All Country World Index (in sterling terms). A significant driver of the underperformance has been the sell-off in growth stocks as the market prices in the prospects of higher inflation and discount rates, irrespective of operational progress. Moderna, for example, was the largest detractor from performance over the period despite announcing its first year of profitability after shipping over 800 million Covid vaccines in 2021 (over 200 million of these to low and middle income countries) and it has a further 44 programmes in development, 25 of which are in clinical trials. Gearing also detracted from performance over the period.

This short-term underperformance is understandably painful for the Company's shareholders, but we continue to be excited by the long-term prospects of the companies held in the portfolio. Importantly, we remain resolutely committed to our long-term investment philosophy – one that has served us well over the past five years that we have managed the Positive Change strategy. Our aim is not to minimise short-term volatility, but to invest in exceptional businesses that can generate huge societal and economic value over the long-term.

A Critical Juncture

The Intergovernmental Panel on Climate Change ('IPCC')'s latest assessment, released on 4 April 2022, provided a stark warning. The window for addressing climate change is quickly closing. Even if we halve greenhouse gas emissions by 2030, it is almost inevitable that we will, at least temporarily, exceed the 1.5°C warming limit. Avoiding the worst impacts of climate change requires drastic decarbonisation across all sectors and the removal of large amounts of carbon dioxide from the atmosphere. The investment needed is immense – roughly three to six times greater than the current levels. However, we should not lose hope. The IPCC report noted that the costs of solar, wind, and batteries have fallen by up to 85% since 2010. Here lie exciting opportunities. By scaling up renewable technologies, innovative companies and impact-focused investors can play an invaluable role in tackling climate change.

Numerous portfolio holdings are making important contributions towards tackling climate change. Ørsted continues to be at the vanguard of the offshore wind industry, developing projects across North America, Europe, and Asia. The company is also investing in new technologies, such as floating offshore wind and green hydrogen. As electrification gathers pace, the demand for batteries will rise. Meeting this rising demand will be crucial to tackling climate change. Northvolt, one of our private company investments, has been making good progress on this in Europe. The company produced its first lithium-ion battery cell at the end of last year and has recently announced the plan for a third Gigafactory. In the area of food and agriculture, Deere continues to innovate with precision agriculture. Its newly launched products such as autonomous tractors and See & Spray are helping farmers to grow more crops with fewer inputs.

More innovations are needed for tackling climate change and we are enthusiastic about the opportunity this presents. In recent months, we have been researching companies working on areas including next generation battery technology, green hydrogen, carbon capture, and cultivated meat. We believe these will be fruitful areas for idea generation over the coming years and decades.

Portfolio Update

During periods of significant market volatility, it can be tempting to make frequent portfolio changes. Often, that would be the wrong thing to do. Our focus continues to be on the long term, with the majority of our time spent on evaluating the long-term fundamentals of existing holdings and searching for new investment ideas. In the six months up to 31 March 2022, we made two new investments for the Company: Nu Holdings and Duolingo.

Nu Holdings, which went public in December 2021, is Latin America's leading digital bank. The company was born out of its founder's frustrations with banking services in Brazil, where incumbent banks have focused mostly on serving wealthy customers, leaving a large unbanked and underbanked population. By leveraging on digital and mobile technologies, Nu is able to achieve a lower cost-to-serve and provide a superior customer experience. With over 40 million active customers, and 5 million of them accessing banking and credit card services for the first time, Nu's offerings clearly have significant appeal. The next milestone is to demonstrate the ability to lend profitably at scale. While early signs are promising, we are cognisant that many more years of data are required before we can draw a firm conclusion. Nevertheless, given the size of opportunity and the management's track record so far, we have taken a holding on your behalf.

Duolingo is an education company that is well-known for its popular language learning app. The company uses gamification and storytelling to create a fun and engaging way to learn languages. For many people, learning a language can open up new education and career opportunities, or help them to explore new cultures. At the end of 2021, Duolingo had over 40 million monthly active users and just under 10 million daily active users. The company is still in the early stages of monetisation, which, together with new products such as language proficiency testing, should support attractive growth for many years to come.

In addition to the two new investments, we have been adding to the Company's positions in AbCellera, Northvolt, Peloton, and Teladoc. AbCellera continues to demonstrate the power of its antibody discovery platform. In 2021, the company added nine discovery partners and moved four programmes into the clinic. We added to the position to reflect our growing conviction and a more attractive valuation. As mentioned, Northvolt is making good progress scaling up battery production in Europe. We have been supporting the company in its capital raising. Peloton has had a more difficult time of late, with poor execution by the management team. However, we believe that the trend towards at-home exercising will continue and Peloton's offerings remain competitive. The new CEO, Barry McCarthy, brings in relevant experience from his time at Spotify and Netflix. As a result, we supported the company's capital raise last year. Teladoc continues to benefit from the rising demand for telemedicine. In 2021, the company enabled nearly 20 million virtual visits, compared to 4 million in 2019. Despite this, its share price has fallen back to its 2019 level, which provided an attractive opportunity to add to our holdings.

The new investments and additions have been funded by reductions to the Company's holdings in Tesla and NIBE. Despite ongoing supply chain disruptions, Tesla had a phenomenal year in 2021. The company delivered nearly 1 million electric vehicles and its operating profits more than tripled to US$6.5 billion. However, with a higher share price, the likely investment upside is now much lower. NIBE is a manufacturer of heat-pumps, which should benefit from efforts to decarbonise heating. However, the market is pricing in significant growth over the coming years, which leaves less room for a differentiated view.

Positive Conversations

We have met with the management of around half of the companies in the portfolio since the start of 2022, including in person meetings with several holdings in North America. These discussions play a core role in our work, and we are delighted to share the Company's first Positive Conversations report, which can be found on the Company's website. While the first annual Impact Report, which will be published in the summer, will focus on the impact of the products and services of the companies in the portfolio, Positive Conversations focuses on their business and details our engagement and proxy voting activities over the course of 2021.

Outlook

The near-term outlook remains highly uncertain, but our focus is on the long term. Over time periods of five years or more, there are many more certainties, such as the continued deflation of renewable technologies, the advancement of computer science, and the growing awareness of a need for sustainability. Those long-term, structural trends provide exciting opportunities for patient investors. The road there might be bumpy and the short-term volatility can be unpleasant, but the rewards over the long term – for investors and society – will be enormous.

Lee Qian and Kate Fox
Portfolio Managers
4 May 2022

For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Past performance is not a guide to future performance

Keystone Positive Change Investment Trust plc

Portfolio

Social Inclusion and Education			Environment and Resource Needs			Healthcare and Quality of Life			Base of the Pyramid		
Holding	Value £'000	%	Holding	Value £'000	%	Holding	Value £'000	%	Holding	Value £'000	%
ASML	15,781	8.4	Tesla	11,484	6.1	Moderna	13,784	7.4	Bank Rakyat Indonesia	5,747	3.1
TSMC	11,319	6.1	Deere	9,282	5.0	Dexcom	10,244	5.5			
MercadoLibre	8,162	4.4	Ørsted	6,987	3.7	Illumina	8,024	4.3	Safaricom	5,171	2.8
Shopify	2,988	1.6	Umicore	5,685	3.0	Discovery Holdings	5,345	2.9			
Coursera	2,806	1.5	Novozymes	4,339	2.3	Abiomed	5,254	2.8			
Alibaba	2,478	1.3	Xylem	4,309	2.3	Alnylam Pharmaceuticals	5,130	2.7			
Nu Holdings	2,458	1.3	NIBE Industrier	3,567	1.9	M3	3,991	2.1			
FDM	1,913	1.0	Northvolt AB(U)	3,384	1.8	Chr. Hansen	3,938	2.1			
Duolingo	1,603	0.9	Ecolab	2,982	1.6	Sartorius	3,670	2.0			
PsiQuantum(U)	1,519	0.8	Beyond Meat	1,409	0.8	Teladoc	3,482	1.9			
			Spiber(U)	1,032	0.6	10x Genomics	2,705	1.4			
			Joby Aviation	502	0.3	AbCellera Biologics	1,525	0.8			
						Peloton Interactive	935	0.5			
						Berkeley Lights	314	0.2			
	51,027	**27.3**		**54,962**	**29.4**		**68,341**	**36.6**		**10,918**	**5.9**
									Net liquid assets	1,540	0.8
									Total assets	**186,788**	**100.0**

(u) Private Company (unlisted) investment

Condensed Income Statement (unaudited)

	For the six months ended 31 March 2022			For the six months ended 31 March 2021			For the year ended 30 September 2021 (audited)		
	Revenue £'000	Capital £'000	**Total £'000**	Revenue £'000	Capita £'000l	**Total** £'000	Revenue £'000	Capita £'000l	**Total** £'000
Losses on investments	–	(40,036)	**(40,036)**	–	(3,325)	**(3,325)**	–	30,478	**30,478**
Currency (losses)/gains	–	(147)	**(147)**	–	1,057	**1,057**	–	859	**859**
Income from investments and interest receivable	684	–	**684**	1,721	–	**1,721**	2,353	–	**2,353**
Investment management fee (note 3)	(145)	(435)	**(580)**	(100)	(299)	**(399)**	(150)	(451)	**(601)**
Other administrative expenses	(273)	–	**(273)**	(199)	(166)	**(365)**	(427)	(166)	**(593)**
Net return before finance costs and taxation	266	(40,618)	**(40,352)**	1,422	(2,733)	**(1,311)**	1,776	30,720	**32,496**
Finance costs of borrowings	(38)	(97)	**(135)**	(24)	(51)	**(75)**	(50)	(111)	**(161)**
Net return on ordinary activities before taxation	228	(40,715)	**(40,487)**	1,398	(2,784)	**(1,386)**	1,726	30,609	**32,335**
Tax on ordinary activities	(119)	–	**(119)**	(49)	–	**(49)**	(121)	–	**(121)**
Net return on ordinary activities after taxation	**109**	**(40,715)**	**(40,606)**	**1,349**	**(2,784)**	**(1,435)**	**1,605**	**30,609**	**32,214**
Net return per ordinary share (note 4)	**0.17p**	**(65.86p)**	**(65.69p)**	**2.18p**	**(4.50p)**	**(2.32p)**	**2.60p**	**49.49p**	**52.09p**

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

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

A Statement of Comprehensive Income is not required as the Company does not have any other comprehensive income and the net return of ordinary activities after taxation is both the profit and total comprehensive income for the period.

Condensed Balance Sheet (unaudited)

	At 31 March 2022 £'000	At 30 September 2021 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss (note 6)	185,248	224,464
Current assets		
Debtors	420	132
Cash and cash equivalents	1,573	593
	1,993	725
Creditors		
Amounts falling due within one year:		
Bank loan (note 7)	(15,100)	(10,114)
Other creditors	(453)	(308)
	(15,553)	(10,422)
Net current liabilities	(13,560)	(9,697)
Total assets less current liabilities	**171,688**	**214,767**
Creditors		
Amounts falling due after more than one year:		
Cumulative preference shares (note 8)	(250)	(250)
Net assets	**171,438**	**214,517**
Capital and reserves		
Share capital (note 9)	6,760	6,760
Share premium account	3,449	3,449
Capital redemption reserve	466	466
Capital reserve	160,654	203,842
Revenue reserve	109	–
Shareholders' funds	**171,438**	**214,517**
Net asset value per ordinary share*	**277.3p**	**347.0p**

* For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Condensed Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2022

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	**Shareholders' funds £'000**
Shareholders' funds at 1 October 2021	6,760	3,449	466	203,842	–	**214,517**
Net return on ordinary activities after taxation	–	–	–	(40,715)	109	**(40,606)**
Dividends paid during the period (note 5)	–	–	–	(2,473)	–	**(2,473)**
Shareholders' funds at 31 March 2022	**6,760**	**3,449**	**466**	**160,654**	**109**	**171,438**

For the six months ended 31 March 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	**Shareholders' funds £'000**
Shareholders' funds at 1 October 2020	6,760	3,449	466	174,808	4,842	**190,325**
Net return on ordinary activities after taxation	–	–	–	(2,784)	1,349	**(1,435)**
Shares bought back into treasury (note 9)	–	–	–	(1,100)	–	**(1,100)**
Dividends paid during the period (note 5)	–	–	–	–	(3,956)	**(3,956)**
Shareholders' funds at 31 March 2021	**6,760**	**3,449**	**466**	**170,924**	**2,235**	**183,834**

* The Capital Reserve balance at 31 March 2022 includes investment holding losses of £36,636,000 (31 March 2021 – losses of £30,471,000).

Condensed Cash Flow Statement (unaudited)

	Six months to 31 March 2022 £'000	Six months to 31 March 2021 £'000
Cash flows from operating activities		
Net return before finance costs and taxation	(40,352)	(1,311)
Net losses on investments	40,036	3,325
Currency losses/(gains)	141	(1,057)
Overseas tax incurred	(53)	(38)
Changes in debtors and creditors	(306)	(380)
Net cash (outflow)/inflow from investing activities	(731)	24,720
Net cash (outflow)/inflow from operating activities*	(1,265)	25,259
Shares bought back into treasury	–	(1,100)
Net cash inflow/(outflow) from drawdown/(repayment) of bank loans	4,849	(19,183)
Interest and cumulative preference share dividends paid	(127)	(93)
Dividends paid	(2,473)	(3,956)
Net cash inflow/(outflow) from financing activities	2,249	(24,332)
Increase in cash and cash equivalents	984	927
Exchange movements	(4)	3
Cash and cash equivalents at start of period†	593	(30)
Cash and cash equivalents at end of period	**1,573**	**900**

* Cash from operating activities includes dividends received of £349,000 (31 March 2021 – £1,670,000) and interest received of nil (31 March 2021 – nil).

† Cash and cash equivalents at 30 September 2020 reconciled to the balance sheet as follows: cash held at custodian of £620,000 less overdraft included in short term creditors of £650,000.

Notes to the condensed financial statements (unaudited)

1 The condensed Financial Statements for the six months to 31 March 2022 comprise the statements set out above together with the related notes 1 to 11 below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in October 2019 and updated in April 2021 with consequential amendments. They have not been audited or reviewed by the Auditors pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The condensed Financial Statements for the six months to 31 March 2022 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 30 September 2021.

The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 30 September 2021 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditors' Report on those accounts was not qualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

2 **Going Concern**

The Directors have considered the Company's principal risks and uncertainties, as set out below, together with the Company's current position, investment objective and policy, the level of demand for the Company's shares, the nature of its assets, its liabilities and projected income and expenditure.

The Board has, in particular, considered the ongoing impact of market volatility during the Covid-19 pandemic and hostilities in Ukraine. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. The Board approves borrowing and gearing limits and reviews regularly the amounts of any borrowing and the level of gearing as well as compliance with borrowing covenants. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) regulations 2011. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these condensed Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these condensed Financial Statements.

3 Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, was appointed by the Company as its Alternative Investment Fund Manager and Company Secretary with effect from

11 February 2021. Baillie Gifford & Co Limited has delegated the investment management services to Baillie Gifford & Co. The Management Agreement can be terminated on three months' notice. The annual management fee is 0.70% on the first £100 million of market capitalisation, 0.65% on the next £150 million of market capitalisation and 0.55% on the remaining market capitalisation. Management fees are calculated and payable on a quarterly basis. Market capitalisation is calculated using middle market quotations derived from the Stock Exchange Daily Official List and the weighted average number of shares in issue during the quarter. The Managers waived the first six months' fee following the transfer of the mandate from Invesco to Baillie Gifford & Co Limited.

Invesco Fund Managers Limited received a management fee in respect of each of the quarterly periods ending on 31 March, 30 June, 30 September and 31 December each year of 0.1125% calculated on the average value of the market capitalisation of the Company's shares for the ten business days ending on the relevant quarter end date. The final fee payable by the Company to Invesco Fund Managers Limited was for the period from 1 January to 7 March 2021.

4

Net return per ordinary share	Six months to 31 March 2022 £'000	Six months to 31 March 2021 £'000	Year to 30 September 2021 (audited) £'000
Revenue return on ordinary activities after taxation	109	1,349	1,605
Capital return on ordinary activities after taxation	(40,715)	(2,784)	30,609
Total net return	**(40,606)**	**(1,435)**	**32,214**
Weighted average number of ordinary shares in issue	**61,815,632**	**61,877,555**	**61,846,509**

The net return per ordinary share figures are based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue (excluding treasury shares) during each period.

There are no dilutive or potentially dilutive shares in issue.

5

Dividends	Six months to 31 March 2022 £'000	Six months to 31 March 2021 £'000	Year to 30 September 2021 (audited) £'000
Amounts recognised as distributions in the period:			
Fourth interim of 4.0p paid December	2,473	2,473	2,473
First interim of 2.4p paid March	–	1,483	1,483
Second interim of 2.4p paid June	–	–	1,483
Third interim of 2.4p paid September	–	–	1,483
	2,473	**3,956**	**6,922**
Amounts paid and payable in respect of the period:			
First interim of 2.4p paid March	–	1,483	1,483
Second interim of 2.4p paid June	–	1,483	1,483
Third interim of 2.4p paid September	–	–	1,483
Fourth interim of 4.0p paid December	–	–	2,473
	–	**2,966**	**6,922**

At the Company's Annual General Meeting held on 9 February 2022, shareholders approved a change of Dividend Policy, such that the Company will no longer pay four quarterly interim dividends. A single final dividend will be paid following the Company's financial year end, being the amount sufficient to maintain the Company's investment trust status.

6 Fair Value Hierarchy

The Company's investments are financial assets held at fair value through profit or loss. The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through profit or loss are measured is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety.

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

An analysis of the Company's financial asset investments based on the fair value hierarchy described above is shown below.

Investments held at fair value through profit or loss

As at 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	179,313	–	–	179,313
Unlisted equities	–	–	5,935	5,935
Total financial asset investments	179,313	–	5,935	185,248

As at 30 September 2021 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	219,818	–	–	219,818
Unlisted equities	–	–	4,646	4,646
Total financial asset investments	219,818	–	4,646	224,464

The fair value of listed security investments is bid price or, in the case of FTSE 100 constituents and holdings on certain recognised overseas exchanges, last traded price. Listed Investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data. Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets). The Company's holdings in unlisted investments are categorised as Level 3 as unobservable data is a significant input to their fair value measurements.

7 During the year to 30 September 2021 the Company's £40 million committed revolving credit facility with The Bank of New York Mellon (International) Limited, London Branch, was repaid and expired and a 3 year £25 million multicurrency unsecured floating rate facility with Royal Bank of Scotland International Limited was arranged. At 31 March 2022 drawings were as follows: US$10.0 million at an interest rate of 1.76086% and £7.5 million at an interest rate of 1.25%+ SONIA, both maturing in June 2022 (30 September 2021 – US$6.9 million and £5 million maturing in December 2021).

8 Creditors: amounts falling due after more than one year

Long term creditors consist of 250,000 5% cumulative preference shares of £1 each. The preference shares dividend is paid bi-annually, in March and September.

9 Share Capital: allotted, called up and fully paid	At 31 March 2022 Number	At 31 March 2022 £'000	At 30 September 2021 (audited) Number	At 30 September 2021 (audited) £'000
Ordinary shares of 10p each in issue	61,815,632	6,182	61,815,632	6,182
Ordinary shares of 10p each held in treasury	5,778,363	578	5,778,363	578
	67,593,995	**6,760**	**67,593,995**	**6,760**

In the six months to 31 March 2022, the Company transacted no buybacks (six months to 31 March 2021 – 423,735 shares bought back at a total cost of £1,100,000).

At 31 March 2022 the Company had authority to buy back 9,266,163 ordinary shares on an ad hoc basis as well as a general authority to issue shares and an authority to issue shares or sell shares from treasury on a non pre-emptive basis up to an aggregate nominal amount of £618,156. In accordance with authorities granted at the last Annual General Meeting in February 2022, buy-backs will only be made at a discount to net asset value and the Board has authorised use of the issuance authorities to issue new shares or sell shares from treasury at a premium to net asset value, in both cases in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares.

10 During the period, transaction costs on purchases amounted to £2,000 (year to 30 September 2021 – £137,000) and transaction costs on sales amounted to £2,000 (year to 30 September 2021 – £226,000). Total transaction costs amounted to £4,000 (year to 30 September 2021 – £363,000).

11 Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Principal Risks and Uncertainties

The principal risks facing the Company are:
the risk that the Company's strategy and business model are unsuccessful in achieving its investment objective; discount/premium risk; financial risk; gearing risk; operational risk and custody and depositary risk; political and associated economic risk; and regulatory risk. An explanation of these risks and how they are managed is set out on pages 21 and 22 of the Company's Annual Report and Financial Statements for the year to 30 September 2021 which is available on the Company's website: keystonepositivechange.com‡. The principal risks and uncertainties have not changed materially since the date of that report.

‡ Neither the contents of the Managers' website nor the contents of any website accessible from hyperlinks on the Managers' website (or any other website) is incorporated into, or forms part of, this announcement.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

The Interim Financial Report will be available on the Company's page of the Managers' website keystonepositivechange.com‡ on or around 12 May 2022.

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FTSE Index Date

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Glossary of Terms and Alternative Performance Measures (APM)

Total Assets

The total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

Net Asset Value

When a Company's borrowings are all short-term, flexible facilities, Net Asset Value (NAV) equates to shareholders' funds, being the value of all assets held less all liabilities (including borrowings). Per share amounts are calculated by dividing the relevant figure by the number of ordinary shares in issue (excluding shares held in treasury). For the current and prior period, the difference between borrowings at book value, borrowings at par and borrowings at market value is negligible and no reconciliation between NAV at book/ par value and NAV at fair value is provided, as the NAV per share is the same on both bases.

Net Asset Value Per Share (APM)

		At 31 March 2022	At 30 September 2021 (audited)
Shareholders' funds (Net Asset Value)	a	£171,438,000	£214,517,000
Ordinary shares in issue (excluding treasury shares)	b	61,815,632	61,815,632
Net asset value per share	(a ÷ b x 100)	**277.3p**	**347.0p**

Discount/Premium (APM)

An investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Net Liquid Assets

Net liquid assets comprises current assets less current liabilities excluding borrowings.

Total Return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend. In periods where no dividend is paid, the total return equates to the capital return.

		31 March 2022 NAV	31 March 2022 Share price	30 September 2021 NAV	30 September 2021 Share price
Closing NAV/price per share	a	277.3p	248.0p	347.0p	344.0p
Dividend adjustment factor*	b	1.0123	1.0124	1.0338	1.0360
Adjusted closing NAV/price per share	c = a x b	280.7p	251.1p	358.7p	356.4p
Opening NAV/price per share	d	347.0p	344.0p	305.8p	253.0p
Total return	(c ÷ d) -1	**(19.1%)**	**(27.0%)**	**17.3%**	**40.9%**

* The dividend adjustment factor is calculated on the assumption that the dividends paid by the Company during the period were reinvested into shares of the Company at the cum income NAV/share price at the relevant ex-dividend date.

Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gross gearing, also referred to as potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds (a ÷ c in the table below).

Net gearing, also referred to as invested gearing is borrowings at book value less cash and cash equivalents (any certificates of deposit are not deducted) and brokers' balances expressed as a percentage of shareholders' funds (b ÷ c in the table below).

		31 March 2022	30 September 2021
Borrowings (at book cost)	a	£15,350,000	£10,364,000
Less: cash and cash equivalents		(£1,573,000)	(£593,000)
Less: sales for subsequent settlement		–	–
Add: purchases for subsequent settlement		£89,000	–
Adjusted borrowings	b	£13,866,000	£9,771,000
Shareholders' funds	c	£171,438,000	£214,517,000
Gross gearing	a ÷ c	9.0%	4.8%
Net gearing	b ÷ c	8.1%	4.6%

Active Share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

Treasury Shares

The Company has the authority to make market purchases of its ordinary shares for retention as treasury shares for future reissue, resale, transfer, or for cancellation. Treasury shares do not receive distributions and the Company is not entitled to exercise the voting rights attaching to them.

Unlisted (Private) Company

An unlisted or private company means a company whose shares are not available to the general public for trading and are not listed on a stock exchange.

Sustainable Finance Disclosure Regulation ('SFDR')

The EU Sustainable Finance Disclosure Regulation ('SFDR') does not have direct impact in the UK following Brexit. However, it applies to third-country products marketed in the EU. As Keystone Positive Change Investment Trust plc is marketed in the EU by the AIFM, BG & Co Limited, via the National Private Placement Regime (NPPR), the following disclosures have been provided to comply with the high-level requirements of SFDR.

The AIFM has adopted Baillie Gifford & Co's Governance and Sustainable Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Detail on the Investment Manager's approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website (bailliegifford.com/en/uk/about-us/literature-library/corporate-governance/governance-sustainability-principles-and-guidelines/).

Keystone Positive Change Investment Trust plc has sustainable investment as its objective while seeking capital growth over the long term. Pursuant to Article 9 of the Sustainable Finance Disclosure Regulation, it aims to invest in companies whose products, behaviour and/or services make a positive impact.

No index has been designated as a reference sustainable benchmark against which the product can be measured to determine if it is meeting its sustainable investment objective. However, Baillie Gifford & Co has developed a robust approach using its in-depth knowledge of companies to measure the impact of sustainable investments. A positive change impact report is published annually and is publicly available on the Baillie Gifford website. This report shows how each company in the portfolio is delivering positive change through its products and services. Key metrics for each individual company in relation to the contribution made by their products and services to the four impact themes and their contribution to the Sustainable Development Goals are included in the report.

The Regulatory Technical Standards ('RTS') under SFDR which specify the details of the content and presentation of information regarding the transparency of the promotion of environmental and/or social characteristics or sustainable investments in the Company's financial reports are not yet in force. However, the Company believes the disclosures above comply with the principles-based Level 1 requirements under SFDR.

Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework or criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under SFDR by introducing additional disclosure obligations in respect of AIFs that invest in an economic activity that contributes to an environmental objective.

The Company invests predominantly in shares of companies whose products or services make a positive social or environmental impact. A portion of these investments are in economic activities that contribute to the environmental objectives of climate change mitigation and climate change adaptation and as such may be eligible to be assessed for Taxonomy alignment. The 'do no significant harm' principle applies only to those investments underlying the Company that take into account the criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Company do not take into account the EU criteria for environmentally sustainable economic activities.

Disclosure of taxonomy alignment is dependent on disclosure by undertakings of the proportion of their products or services (as measured by turnover, capital expenditure and operating expenditure) that are associated with Taxonomy-aligned economic activities. These disclosures of such undertakings are likely only to be available from 1 January 2023 onwards. As a result, the AIFM at this time is not able to provide standardised and comparable disclosures on the proportion of environmentally sustainable investments (including the proportion of enabling and transitional activities) according to the Taxonomy Regulation.

-Ends-