

# Strategic Report

## Chairman’s Statement



### Background

I am pleased to present the twenty-second annual report of MUSCIT which was launched on 16 March 1995. In 1996, the initial investment of £25 million was increased in size through a £30 million “C” share issue. Net assets now stand at £211 million.

An investment trust is an attractive vehicle for shareholders to invest in quoted UK “smaller” companies, which are less well researched and more illiquid than larger, blue chip companies.

Since inception, MUSCIT has delivered a cumulative NAV total return of 622% compared with an increase of 393% for the composite benchmark.

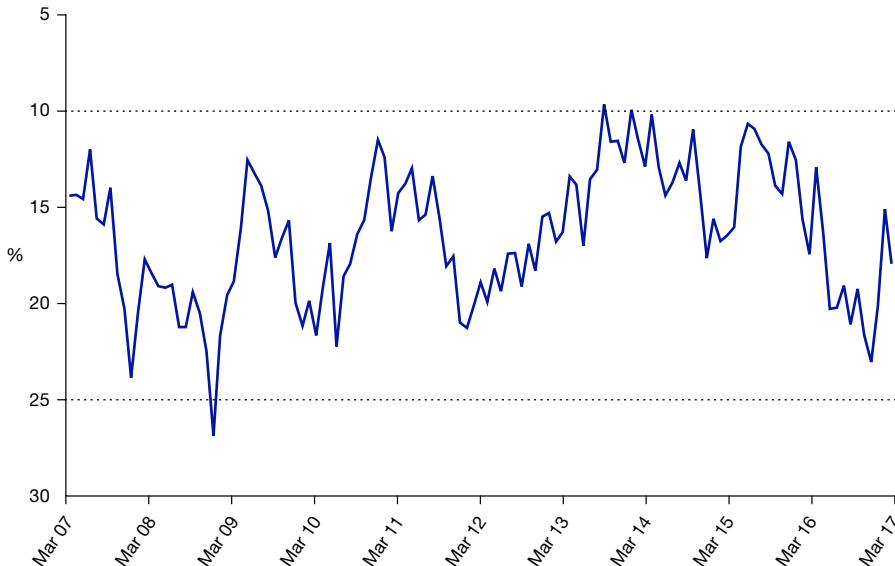
### Results

In the year to 31 March 2017, the NAV per share of MUSCIT (excluding current period revenue) rose by 11.3% to 621.6p in comparison with a gain of 15.4% by the NSCI. During the same period, the Company’s share price rose by 10.6% to 510.0p, reflecting a modest widening of the discount.

### Discount

The discount of MUSCIT’s share price to NAV, as shown in the graph below, widened to 18.0% on 31 March 2017 from 17.4% at the end of the previous financial year. The BREXIT referendum held in June 2016 led to significant investor concern over the future of the UK economy, which was reflected in an increase in the average discount of the SmallCap investment trust sector.

Share Price Discount to NAV\*



\* Discount based on NAV (excluding current period revenue) over the last ten years.

Source: Montanaro Asset Management Limited.