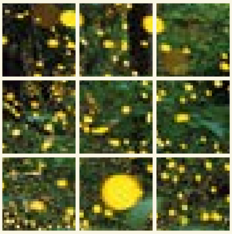
KEYSTONE POSITIVE CHANGE INVESTMENT TRUST PLC

Interim Financial Report
31 March 2023



Investment Objective

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.

Summary of Unaudited Results*

	At 31 March 2023	At 30 September 2022 (audited)	% change
Total assets (before deduction of borrowings)	£172.1m	£152.8m	
Borrowings (at book value)	(£15.0m)	(£15.5m)	
Shareholders' funds	£157.1m	£137.3m	
Net asset value per ordinary share (NAV)	254.1p	222.2p	14.4
Share price	211.0p	192.8p	9.4
Discount†	(17.0%)	(13.2%)	
Gross gearing	9.5%	11.3%	
Net gearing	8.9%	10.6%	
Active share†	97%	97%	

	Six months to 31 March 2023	Six months to 31 March 2022
Revenue earnings per ordinary share	0.64p	0.17p

	Six months to 31 March 2023	Year to 30 September 2022
Total return (%)#†		
Net asset value per ordinary share (NAV)	14.6	(35.2)
Share price	9.7	(43.3)
Comparative index‡	6.6	(3.7)

	Six months to 31 March 2023		Year to 30 September 2022	
Period's high and low	**High**	**Low**	**High**	**Low**
Net asset value per ordinary share (NAV)	266.8	218.1	360.5p	203.1p
Share price	226.0	187.0	345.0p	174.6p
(Discount)/premium†	(10.2%)	(18.0%)	2.4%	(17.9%)

* For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† Alternative performance measure. See Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

Source: Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 20.

‡ The MSCI All Country World Index (in sterling terms) is the principal index against which performance is measured with effect from 11 February 2021.

Past performance is not a guide to future performance.

Interim Management Report

Over the past six months, the Company's NAV total return was 14.6%, and the share price total return was 9.7%. In comparison, the benchmark MSCI All Country World Index returned 6.6% (in sterling terms). Our focus, however, continues to be on the long term, and we believe a period of five years is the appropriate time horizon over which to judge our performance.

Focusing on Picking Winners

While rising interest rates and an end to the boom period might cause angst for some investors, we believe it is becoming a better time to be stock pickers. When capital is plentiful, the advantages that usually belong to well-run businesses are eroded because even weaker companies can stay in the game by raising cheap capital and pursuing unsustainable growth strategies. However, as capital becomes constrained, competitive advantages become more important. Investors are less willing to finance businesses that grow users, production, or other metrics but have little prospect of turning a profit over a reasonable time horizon. For weaker companies, the only way to survive is to cut costs, downsize, and abandon their growth-at-all-cost strategy. Their market share will be picked up by companies with the right business model and strong competitive advantages.

Our investment philosophy focuses on companies with attractive long-term growth prospects, strong competitive advantages, and whose products and services are helping to create a more prosperous and sustainable world. Our high-conviction approach means we seek to pick out winners rather than just gaining exposure to particular sectors or themes. In an era of constrained capital, we believe this approach will be advantageous and that the Company's holdings should benefit accordingly.

MercadoLibre – Latin America's largest ecommerce platform – is a good example. We reviewed the investment case in 2022 and were impressed by the company's competitive advantage, underpinned by its investments in logistics and payment, and its expansion into financial services. We added to the Company's holding in MercadoLibre on the back of this research. Since then, as capital became more constrained, competitors started to pull back. For instance, Shopee (owned by Singapore-based SEA Ltd), which had expanded aggressively by offering generous discounts and incentives, pulled out of four Latin American countries and increased pricing in Brazil. MercadoLibre was able to take advantage of a more rational competitive environment to gain market share. In 2022, its revenues grew by 49%, and operating profits more than doubled. MercadoLibre was the top contributor to performance over the past six months.

A similar dynamic could develop in the electric vehicle (EV) market. Over the past few years, EV start-ups raised billions of dollars to fund production expansion, even if each car they made was sold at a significant loss. However, as access to funding started to dry up, many EV companies had to lay off workers and cut back their growth plans. A wave of consolidation is likely in the coming years. We believe your portfolio holding Tesla will benefit in this environment. After attending the company's Investor Day in March, we reviewed the Tesla investment case. We found that Tesla has managed to consistently reduce its production costs due to its vertical integration and emphasis on manufacturing efficiency. This cost advantage underpins Tesla's industry-leading margin. Thus far, Tesla is one of the few profitable EV companies. During a period when investors focus on profit, Tesla should benefit.

For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

Total return information is sourced from Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 20.

Past performance is not a guide to future performance.

The emphasis on competitive advantage has been a consistent part of our investment philosophy. This does not preclude us from investing in earlier-stage businesses. In those instances, we remain focused on picking out likely future winners rather than simply gaining exposure to exciting trends. Strong management teams, technological advantages, or superior and hard-to-replicate business models are a must. Of course, investing in earlier-stage companies carries greater risks, which we manage at a portfolio level by having a range of companies at different stages of maturity. However, as competitive advantages become more important and valuation of earlier-stage companies returns to a more palatable level, we believe the risk-reward balance is becoming more favourable to our approach. We remain alert to both private company and small-cap investment opportunities.

Portfolio Update

Over the past six months, we made three new investments: Remitly, Autodesk, and HDFC. Remitly is a leader in providing mobile-based remittance services for migrant workers. According to the World Bank, annual global remittance flow to low- and middle-income countries exceeds $600 billion. In the past, customers had to visit agents working for companies such as Western Union or Moneygram to send money. Layers of middlemen take a cut in the process, and the average cost of sending remittances through the offline channel is around 7%. Remitly offers an alternative where customers can send remittances via the Remitly mobile app. Money can be sent directly to receivers' bank accounts and mobile wallets or picked up in person. Mobile remittance is much cheaper – Remitly's average take rate is 2% – and faster, providing the senders with greater peace of mind. The UN Sustainable Development Goal has set the target of reducing the costs of remittance to below 3% by 2030. We first looked at Remitly more than a year ago and have since met the management team numerous times. We have also spoken with a former employee, competitors, and industry experts as part of our research process. We have been impressed by the management team and execution. In the long term, scale and partnerships should reinforce Remitly's advantage. The valuation had come back significantly, from a market capitalisation of $7 billion when we first looked at the company to $2 billion at the time of investment. Even factoring in a slowdown in growth as the company scales, the investment return should be attractive.

Autodesk is well-known for its design software for the Architecture, Engineering, and Construction (AEC) market. Construction is one of the least digitalised industries, which results in delayed projects and wasted materials. Autodesk is looking to change this. For example, Autodesk Construction Cloud helps to optimise workflow for project owners and contractors, leading to increased efficiency and reduced waste. For design software, the company is using artificial intelligence to improve performance. Architects can use its services to identify materials that have lowered embodied carbon or to run advanced simulations to design more energy-efficient buildings. Autodesk's entrenched position in design software provides competitive advantage, which we believe will help the company expand to adjacent markets such as construction and manufacturing. We have long admired this high-quality business, but the valuation was demanding. Its share price declined in 2022 as part of the sell-off of growth stocks, and we used the opportunity to take a holding.

HDFC is an Indian financial services business focused on providing home financing. It is a well-run business with an excellent long-term underwriting track record. We have owned HDFC in the open-ended Positive Change Fund for many years and were able to take a holding after completion of a protracted process required to hold Indian securities.

During the period, we made material additions to Shopify and Nu Holdings. Shopify provides various services, including digital storefronts, payment, and fulfilment, that help merchants sell online. Its share price has returned to the pre-pandemic level despite revenues more than tripling over the past three years. The steep share price decline in 2022 prompted several reviews, including surveying merchants and analysing the fulfilment opportunity. The findings supported the investment case – merchants remained highly satisfied with Shopify, and there were no clear alternatives. While the pandemic might have pulled forward some demand in the short term, we remain convinced that ecommerce penetration will continue to rise over the long term.

Nu Holdings is Latin America's leading digital bank, with over 60 million active customers. The company is helping to widen access to financial services in a region where incumbent banks have historically under-served a large part of society. We participated in Nu Holdings' IPO in December 2021, and the company has been performing well since then. In 2022, active customers increased by 49%, and revenues increased by 182%. The company is well-capitalised, with deposits significantly higher than its loan book. We added to the Company's holding on the back of strong fundamental progress.

Two holdings left the portfolio over the past six months. Abiomed, one of the largest contributors to performance over the period, was acquired by Johnson & Johnson in December 2022. We also sold Berkeley Lights, a maker of single-cell sequencing equipment. While the company has impressive technology, its execution on commercialisation has been disappointing. The company has pivoted its business model but with little success so far. We decided to sell Berkeley Lights and redeploy the proceeds elsewhere. In addition to those exits, we made modest reductions to Alnylam, ASML, Deere, Dexcom, Moderna, and TSMC. All these companies have performed well over the long term, and we decided to redeploy some capital to the newer holdings and additions mentioned previously.

Banking Exposure

The collapse of Silicon Valley Bank and Signature Bank in March 2023 caused considerable uncertainty in the financial markets. While the Company does not invest in either bank, we felt it was prudent to examine the potential second-order impact on the Company's holdings. The Company's overall exposure to the Financials sector (11.2%) is lower than the benchmark (14.9%). We reassessed the three banks in the Company's portfolio: Bank Rakyat Indonesia, HDFC, and Nu Holdings. Bank Rakyat Indonesia is Indonesia's largest microfinance provider. It has a good long-term underwriting track record, is well-capitalised, and enjoys the support of the Indonesian government, given its importance in improving its population's financial access. HDFC has a diverse funding base, a strong balance sheet, and good underwriting history. Nu Holdings, as previously discussed, is making strong fundamental progress and is well-capitalised. We are comfortable with the investment case for all three banks.

Beyond the banking exposure, we also analysed loss-making businesses and those with higher levels of debt. For loss-making businesses, the vast majority are in net cash positions and are well-placed even if funding dries up. For businesses with higher levels of debt, their debt is either well-matched against future cash flow (in the case of Ørsted) or covered by assets (in the case of Deere). The overall level of gearing for portfolio holdings is low, with an average net debt-to-equity ratio of 0.1, compared to 0.5 for the benchmark.

Positive Conversations

We recently released the latest **Positive Conversations** Report, which focuses on portfolio companies' business practices and our engagement activities in 2022. Last year, we had 102 engagements with 39 portfolio companies. 69% of engagements were at an executive level, covering a range of topics, including emissions disclosures, biodiversity, financial inclusion, supply chains, and corporate governance. In addition to Positive Conversations, we will be publishing our annual Impact Report in the summer. This details how portfolio companies are contributing to a more sustainable world through their products and services.

Peace and Prosperity

We are living through a period of rising geopolitical tensions and conflicts, which bring investment challenges and opportunities. On a personal level, most of us want to live in a peaceful world free from wars and conflicts. In his book The Better Angels of Our Nature, Steven Pinker argued that a widening of perspectives, which helped to expand the circle of empathy, was important in reducing violence and abolishing barbaric practices such as slavery, witch-hunts, and torture over the past few centuries. Today, gaining cultural perspectives might help us appreciate that people from different parts of the world have far more in common than some would have us believe. One company contributing to this cultural exchange is Duolingo. More than 60 million people use Duolingo to learn languages every month, some to improve their career prospects, others to enjoy improved communication with people from other countries.

Commerce is another force that can promote peace and prosperity. Enlightenment thinkers, including Adam Smith, have long argued that gentle commerce helps to promote liberal values and peaceful coexistence. In his book The Moral Consequences of Economic Growth, economist Benjamin Friedman argued that "economic growth – meaning a rising standard of living for the clear majority of citizens – more often than not fosters greater opportunity, tolerance of diversity, social mobility, commitment to fairness, and dedication to democracy." Companies such as MercadoLibre and Shopify directly support trade and commerce, with millions of merchants using their platforms to sell goods and services.

We do not know if or when current geopolitical tensions might recede. However, by supporting commerce and helping people actively widen their perspectives, we believe that the likelihood of a peaceful future should increase.

Outlook

It has been just over two years since we were appointed the managers for Keystone Positive Change. It has been a remarkably volatile period, punctuated by a global pandemic, wars, supply chain shocks, and rising inflation and interest rates. Despite those events, the operating performance of the companies within the portfolio has remained resilient. Over the past two years, the portfolio companies' median annualised revenue growth rate was 18.1%, which compares favourably to the benchmark, whose median annualised revenue growth rate was 12.7%. Examining operating profits, the equivalent growth rates for the companies in the portfolio and the benchmark were 16.0% and 11.9%, respectively. Importantly, portfolio holdings have also made significant societal contributions, including developing and rolling out vaccines for Covid-19, supporting education during the lockdown, and building a more sustainable energy system. We continue to be confident in the long-term prospects of your portfolio holdings and their ability to contribute towards a more prosperous, sustainable, and inclusive world.

Lee Qian and Kate Fox
Portfolio Managers
3 May 2023

Valuing Private Companies

We aim to hold our private company investments at 'fair value', i.e. the price that would be paid in an open-market transaction. Valuations are adjusted both during regular valuation cycles and on an ad hoc basis in response to 'trigger events'. Our valuation process ensures that private companies are valued in both a fair and timely manner.

The valuation process is overseen by a valuations committee at Baillie Gifford, which takes advice from an independent third party (S&P Global). The valuations committee is independent from the portfolio managers, as well as Baillie Gifford's Private Companies Specialist team, with all voting members being from different operational areas of the firm, and the portfolio managers only receive final valuation notifications once they have been applied.

We revalue the private holdings on a three-month rolling cycle, with one-third of the holdings reassessed each month. The prices are also reviewed twice per year by the Keystone Positive Change Board and are subject to the scrutiny of external auditors in the annual audit process.

Continued market volatility has meant that recent pricing has moved much more frequently than would have been the case with the quarterly valuations cycle. Beyond the regular cycle, the valuations committee monitors the portfolio for certain 'trigger events'. These may include changes in fundamentals, a takeover approach, an intention to carry out an Initial Public Offering ('IPO'), company news which is identified by the valuation team or by the portfolio managers or changes to the valuation of comparable public companies.

The valuations committee also monitors relevant market indices on a weekly basis and updates valuations in a manner consistent with our external valuer's (S&P Global) most recent valuation report where appropriate. When market volatility is particularly pronounced the team does these checks daily. Any ad hoc change to the fair valuation of any holding is implemented swiftly and reflected in the next published net asset value. There is no delay.

Keystone Positive Change Investment Trust plc	
Private company investments	4
Number of private companies revalued 2 times	2
Number of private companies revalued 4 times	2

The average movement in both valuation and private company share price for those which have decreased in value is shown below.

	Average movement in investee company valuation	Average movement in private company share price
Securities valued	(6%)	(6%)

The share price movement reflects a probability-weighted average of the valuation that would be realised in an IPO, and the downside protected valuation that would normally be triggered in the event of a corporate sale or liquidation.

	Listed equities %	Private company (unlisted) securities† %	Net liquid assets %	Total assets %
31 March 2023	**94.7**	**4.6**	**0.7**	**100.0**
30 September 2022	93.5	6.0	0.5	100.0

Figures represent percentage of total assets.

† Includes holdings in ordinary shares, preference shares and promissory notes.

Portfolio

Social Inclusion and Education

Building a more inclusive society through business practices or products and services

Holding	Value £'000	%
MercadoLibre	12,958	7.5
ASML	11,490	6.7
Shopify	7,993	4.6
TSMC	7,219	4.2
HDFC	4,991	2.9
Duolingo	3,922	2.3
Nu Holdings	3,349	1.9
Coursera	1,556	0.9
PsiQuantumⓤ	1,423	0.8
FDM	1,363	0.8
	56,264	**32.6**

Environment and Resource Needs

Improving our resource efficiency and reducing the environmental impact of our economic activities

Holding	Value £'000	%
Deere	7,124	4.1
Xylem	5,988	3.5
Ørsted	5,262	3.1
Novozymes	5,096	3.0
Umicore	4,979	2.9
Tesla	4,789	2.8
NIBE Industrier	4,071	2.4
Northvolt ABⓤ	3,930	2.3
Autodesk	3,656	2.1
Ecolab	3,159	1.8
Climeworksⓤ	1,896	1.1
Spiberⓤ	749	0.4
Joby Aviation	350	0.2
	51,049	**29.7**

ⓤ Private Company (Unlisted) investment.

Healthcare and Quality of Life

Actively improving the quality of life in developed and developing countries

Holding	Value £'000	%
Moderna	8,737	5.1
Dexcom	6,985	4.1
Alnylam Pharmaceuticals	6,334	3.7
Illumina	6,032	3.5
Sartorius	4,691	2.7
Chr. Hansen	4,558	2.6
Discovery Holdings	3,801	2.2
10x Genomics	3,217	1.9
M3	3,035	1.8
AbCellera Biologics	1,494	0.9
Teladoc	1,389	0.8
Peloton Interactive	427	0.2
	50,700	**29.5**

Base of the Pyramid

Addressing the basic aspirational needs of people at the bottom of the global income ladder

Holding	Value £'000	%
Bank Rakyat Indonesia	6,308	3.7
Remitly Global	3,953	2.3
Safaricom	2,566	1.5
	12,827	**7.5**
Net liquid assets	1,224	0.7
Total assets	**172,064**	**100.0**

Past performance is not a guide to future performance.

Condensed Income Statement (unaudited)

	For the six months ended 31 March 2023			For the six months ended 31 March 2022			For the year ended 30 September 2022 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	–	19,505	**19,505**	–	(40,036)	**(40,036)**	–	(72,765)	**(72,765)**
Currency gains/(losses)	–	722	**722**	–	(147)	**(147)**	–	(1,333)	**(1,333)**
Income from investments and interest receivable	1,021	–	**1,021**	684	–	**684**	1,459	–	**1,459**
Investment management fee (note 3)	(110)	(331)	**(441)**	(145)	(435)	**(580)**	(247)	(741)	**(988)**
Other administrative expenses	(242)	–	**(242)**	(273)	–	**(273)**	(506)	–	**(506)**
Net return before finance costs and taxation	669	19,896	**20,565**	266	(40,618)	**(40,352)**	706	(74,839)	**(74,133)**
Finance costs of borrowings	(104)	(295)	**(399)**	(38)	(97)	**(135)**	(101)	(266)	**(367)**
Net return on ordinary activities before taxation	565	19,601	**20,166**	228	(40,715)	**(40,487)**	605	(75,105)	**(74,500)**
Tax on ordinary activities	(167)	(12)	**(179)**	(119)	–	**(119)**	(216)	–	**(216)**
Net return on ordinary activities after taxation	**398**	**19,589**	**19,987**	**109**	**(40,715)**	**(40,606)**	**389**	**(75,105)**	**(74,716)**
Net return per ordinary share (note 4)	**0.64p**	**31.69p**	**32.33p**	**0.17p**	**(65.86p)**	**(65.69p)**	**0.63p**	**(121.50p)**	**(120.87p)**

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

All revenue and capital items in this statement 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 on ordinary activities after taxation is both the profit and total comprehensive income for the period.

Condensed Balance Sheet (unaudited)

	At 31 March 2023 £'000	At 30 September 2022 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss (note 6)	170,840	152,067
Current assets		
Debtors	587	199
Cash and cash equivalents	1,031	962
	1,618	1,161
Creditors		
Amounts falling due within one year:		
Bank loan (note 7)	(14,746)	(15,275)
Other creditors	(382)	(375)
	(15,128)	(15,650)
Net current liabilities	(13,510)	(14,489)
Total assets less current liabilities	**157,330**	**137,578**
Creditors		
Amounts falling due after more than one year:		
Cumulative preference shares (note 8)	(250)	(250)
Provision for tax liability (note 9)	(12)	–
Net assets	**157,068**	**137,328**
Capital and reserves		
Share capital (note 10)	6,760	6,760
Share premium account	3,449	3,449
Capital redemption reserve	466	466
Capital reserve	145,853	126,264
Revenue reserve	540	389
Shareholders' funds	**157,068**	**137,328**
Net asset value per ordinary share*	**254.1p**	**222.2p**

* For a definition of terms, see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

Condensed Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2023

	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 2022	6,760	3,449	466	126,264	389	**137,328**
Net return on ordinary activities after taxation	–	–	–	19,589	398	**19,987**
Dividends paid during the period (note 5)	–	–	–	–	(247)	**(247)**
Shareholders' funds at 31 March 2023	**6,760**	**3,449**	**466**	**145,853**	**540**	**157,068**

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**

* The Capital Reserve balance at 31 March 2023 includes investment holding losses of £41,834,000 (31 March 2022 – losses of £36,636,000).

Condensed Cash Flow Statement (unaudited)

	Six months to 31 March 2023 £'000	Six months to 31 March 2022 £'000
Cash flows from operating activities		
Net return before finance costs and taxation	20,565	(40,352)
Net (gains)/losses on investments	(19,505)	40,036
Currency (gains)/losses	(718)	141
Overseas tax incurred	(94)	(53)
Changes in debtors and creditors	(474)	(306)
Net cash inflow/(outflow) from investing activities	732	(731)
Net cash inflow/(outflow) from operating activities*	506	(1,265)
Cash flows from financing activities		
Net cash inflow from drawdown of bank loans	225	4,849
Interest and cumulative preference share dividends paid	(379)	(127)
Dividends paid	(247)	(2,473)
Net cash (outflow)/inflow from financing activities	(401)	2,249
Increase in cash and cash equivalents	105	984
Exchange movements	(36)	(4)
Cash and cash equivalents at start of period	962	593
Cash and cash equivalents at end of period	1,031	1,573

* Cash from operating activities includes dividends received of £588,000 (31 March 2022 – £349,000) and interest received of £10,000 (31 March 2022 – nil).

Notes to the Condensed Financial Statements (unaudited)

1 Basis of Accounting

The condensed Financial Statements for the six months to 31 March 2023 comprise the statements set out on pages 8 to 12 together with the related notes on pages 13 to 16. 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 and July 2022 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 2023 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 2022.

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 2022 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 on page 17, 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 geopolitical and macroeconomic challenges. The Company's assets, the majority of which are investments in listed 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 Investment Management Fee

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.

Notes to the Condensed Financial Statements (unaudited)

4 Net return per ordinary share	Six months to 31 March 2023 £'000	Six months to 31 March 2022 £'000	Year to 30 September 2022 (audited) £'000
Revenue return on ordinary activities after taxation	398	109	389
Capital return on ordinary activities after taxation	19,589	(40,715)	(75,105)
Total net return	**19,987**	**(40,606)**	**(74,716)**
Weighted average number of ordinary shares in issue	**61,815,632**	**61,815,632**	**61,815,632**

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 2023 £'000	Six months to 31 March 2022 £'000	Year to 30 September 2022 (audited) £'000
Amounts recognised as distributions in the period:			
Fourth interim of 4.0p paid December 2021	–	2,473	2,473
Final dividend of 0.4p paid February 2023	247	–	–
	247	**2,473**	**2,473**
Amounts paid and payable in respect of the period:			
Final dividend of 0.4p paid February 2023	–	–	247
	–	**–**	**247**

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 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	162,842	–	–	**162,842**
Unlisted securities	–	–	7,998	**7,998**
Total financial asset investments	**162,842**	**–**	**7,998**	**170,840**

As at 30 September 2022 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	142,878	–	–	**142,878**
Unlisted securities	–	–	9,189	**9,189**
Total financial asset investments	**142,878**	**–**	**9,189**	**152,067**

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.

Notes to the Condensed Financial Statements (unaudited)

7 Bank Loans

The Company has a 3 year £25 million multicurrency unsecured floating rate facility with The Royal Bank of Scotland International Limited which expires on 31 August 2024. At 31 March 2023 drawings were as follows: US$9.0 million at an interest rate of 1.25% over US LIBOR and £7.5 million at an interest rate of 1.25% over SONIA, both maturing in June 2023 (30 September 2022 – US$8.7 million and £7.5 million maturing in December 2022).

8 Cumulative Preference Shares

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

9 Provision for Tax Liability

The tax liability provision at 31 March 2023 of £12,000 (30 September 2022 – nil) relates to a potential tax liability for Indian capital gains tax that may arise on the Company's Indian investments should they be sold in the future, based on the net unrealised taxable gain at the period end and on enacted Indian tax rates. The amount of any future tax amounts payable may differ from this provision, depending on the value and timing of any future sales of such investments and future Indian tax rates.

10 Share Capital: allotted, called up and fully paid

	At 31 March 2023		At 30 September 2022 (audited)	
	Number	**£'000**	**Number**	**£'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 2023, the Company transacted no buybacks and issued no new shares (six months to 31 March 2022 – no shares bought back, none issued).

At 31 March 2023 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 2023, 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.

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.

Comparative Index

The principal index against which performance is measured is the MSCI All Country World Index (in sterling terms).

Principal Risks and Uncertainties

The principal and emerging 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; custody and depositary risk; climate and governance risk; political and associated economic risk; and regulatory risk. An explanation of these risks and how they are managed is set out on pages 23 to 25 of the Company's Annual Report and Financial Statements for the year to 30 September 2022 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.

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
Chair
3 May 2023

Further Shareholder Information

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in Keystone Positive Change you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting **keystonepositivechange.com**.

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email or post. See contact details in the 'Further Information' box on the back cover.

Share Register Enquiries

Until 26 May 2023, Link Group maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0371 664 0300. Shareholders can also access their holding details via Link's website: **signalshares.com**.

With effect from 30 May 2023, the Company's register will be maintained by Computershare Investor Services PLC. From that date, in the event of queries in your own name, please contact Computershare on 0370 703 6269. You can also check your holding on their website at **investorcentre.co.uk**.

Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Keystone Positive Change Investment Trust plc is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Keystone Positive Change Investment Trust plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

All new shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders **gov.uk/government/publications/exchange-of-information-account-holders**.

Risk Warnings

Past performance is not a guide to future performance.

Keystone Positive Change Investment Trust plc ('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.

Keystone Positive Change invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

Keystone Positive Change invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.

Keystone Positive Change can borrow money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any invested borrowings will increase the amount of this loss.

Keystone Positive Change can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.

Market values of securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.

Risk Warnings (continued)

Keystone Positive Change can make use of derivatives which may impact on its performance.

Keystone Positive Change's risk could be increased by its investment in private companies. These assets may be more difficult to buy or sell, so changes in their prices may be greater.

Keystone Positive Change's risk is increased as it holds fewer investments than a typical investment trust and the effect of this, together with its long term approach to investment, could result in large movements in the share price.

Keystone Positive Change invests in companies whose products or behaviour make a positive impact on society and/or the environment. This means the Company will not invest in certain sectors and companies and the universe of investments available to the Company will be more limited than other funds and investment trusts that do not apply such criteria. The Company's return may therefore differ from those of a fund or investment trust that has no such restrictions.

Keystone Positive Change charges 75% of the investment management fee and borrowing costs to capital which reduces the capital value. Also, where income is low the expenses may be greater than the total income received, meaning Keystone Positive Change may not pay a dividend and the capital value would be reduced.

Share prices may either be below (at a discount to) or above (at a premium to) the net asset value (NAV). The Company may issue new shares when the price is at a premium, which will reduce the share price. Shares bought at a premium can therefore quickly lose value.

The aim of Keystone Positive Change is to achieve capital growth and it is unlikely that the Company will provide a steady, or indeed any, income.

You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.

Keystone Positive Change is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

The information and opinions expressed within this Interim Financial Report are subject to change without notice.

This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Further details of the risks associated with investing in the Company, including how charges are applied, can be found at **keystonepositivechange.com** or by calling Baillie Gifford on 0800 917 2112.

The staff of Baillie Gifford & Co and Keystone Positive Change's Directors may hold shares in Keystone Positive Change and may buy or sell such shares from time to time.

Third Party Data Provider Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgements, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

MSCI Index Data

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (**msci.com**).

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 ESG 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 ESG Principles and Guidelines document, available publicly on the Baillie Gifford website (**bailliegifford.com**).

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 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 or 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 sustainable investments in the Company's financial reports apply from 1 January 2023. As such, more information will be included in the Annual Report to meet these requirements.

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 companies are in economic activities that contribute to environmental objectives including those that are covered by the Taxonomy Regulation's Technical Screening Criteria. The level of Taxonomy alignment will be reported as part of the annual report but the expected minimum level of Taxonomy alignment is at least 1 per cent. 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.

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 2023	At 30 September 2022 (audited)
Shareholders' funds (Net Asset Value)	a	£157,068,000	£137,328,000
Ordinary shares in issue (excluding treasury shares)	b	61,815,632	61,815,632
Net asset value per share	(a ÷ b x 100)	**254.1p**	**222.2p**

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 2023 NAV	31 March 2023 Share price	30 September 2022 NAV	30 September 2022 Share price
Closing NAV/price per share	a	254.1p	211.0p	222.2p	192.8p
Dividend adjustment factor*	b	1.0017	1.0020	1.01228	1.01242
Adjusted closing NAV/price per share	c = a x b	254.5p	211.4p	224.9p	195.2p
Opening NAV/price per share	d	222.2p	192.8p	347.0p	344.0p
Total return	(c ÷ d) -1	**14.6%**	**9.7%**	**(35.2%)**	**(43.3%)**

* 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 2023	30 September 2022
Borrowings (at book cost)	a	£14,996,000	£15,525,000
Less: cash and cash equivalents		(£1,031,000)	(£962,000)
Less: sales for subsequent settlement		–	–
Add: purchases for subsequent settlement		–	–
Adjusted borrowings	b	£13,965,000	£14,563,000
Shareholders' funds	c	£157,068,000	£137,328,000
Gross gearing	a ÷ c	**9.5%**	**11.3%**
Net gearing	b ÷ c	**8.9%**	**10.6%**

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.

Private (Unlisted) Company

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

Directors

Chair
Karen Brade

Ian Armfield
Andrew Fleming
Katrina Hart
William Kendall

Registered Office

Grimaldi House
28 St James's Square
London
SW1Y 4JH

Alternative Investment Fund Managers and Secretaries

Baillie Gifford & Co Limited
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel: 0131 275 2000
bailliegifford.com

Registrar

Until 26 May 2023:
Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL
Tel: 020 7954 9550

From 30 May 2023:
Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Tel: 0370 703 6269

Depositary

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London
EC4V 4LA

Broker

Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Company Details

keystonepositivechange.com

Company Registration No.	538179
ISIN	GB00BK96BB68
Sedol	BK96BB6
Ticker	KPC

Legal Entity Identifier:
5493002H3JXLXLIGC563

Further Information

Client Relations Team
Baillie Gifford & Co
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel: 0800 917 2112
Email:
trustenquiries@bailliegifford.com