

THE BRUNNER INVESTMENT TRUST PLC

HALF-YEARLY FINANCIAL REPORT
For the six months ended 31 May 2016

Highlights

- Net asset value (debt at fair value) per share up by 2.6%
- Earnings per ordinary share 8.9p (2015 – 8.0p)
- Dividends for the half year 6.6p¹ (2015 – 6.4p)

	At 31 May 2016	At 31 May 2015	% change
Revenue			
Available for ordinary dividend	£3,806,000	£3,434,000	+10.8
Earnings per ordinary share	8.9p	8.0p	+11.3
Quarterly dividends per ordinary share	6.6p ¹	6.4p	+3.1
Retail price index	262.1	258.5	+1.4

¹First quarterly 3.3p, second quarterly 3.3p

	At 31 May 2016	At 30 November 2015	% change
Assets			
Net Asset Value per ordinary share (debt at fair value)	619.4p	610.3p	+1.5
Net Asset Value per ordinary share (debt at par)	644.4p	636.2p	+1.3
Ordinary share price	525.0p	540.5p	-2.9
Total net assets (debt at fair value)	£266,281,000	£262,487,000	+1.4
Total net assets (debt at par)	£277,011,000	£273,630,000	+1.2

Net Asset Value relative to Benchmark	Capital Return²	Total Return³
Change in net asset value	1.5%	2.6%
Change in benchmark	0.5%	2.2%
Performance against benchmark	1.0%	0.4%

² Debt at fair value.

³ Total returns are calculated with net dividends reinvested

Equity Portfolio relative to Benchmark	Capital Return²	Total Return³
Net portfolio return (excluding cash & gilts)	1.6%	3.9%
Change in benchmark	0.5%	2.2%
Performance against benchmark	1.1%	1.7%

Interim Management Report

Performance

The Net Asset Value per ordinary share of the company increased by 2.6% on a total return basis, outperforming the benchmark (50% FTSE All-Share, 50% FTSE World Index (ex UK Sterling), by 0.4%.

Earnings

Earnings increased by 11.3% to 8.9p per ordinary share in the six months to 31 May 2016 (2015 – 8.0p).

Gearing

The gearing at 30 November 2015 was 6.6% and at 31 May 2016 was 5.1%. Gearing is calculated after deducting cash and the value of holdings in government securities held to offset some of the long term debentures issued.

Dividends

The board declared a first quarterly dividend of 3.30p per ordinary share which was paid on 30 June 2016. The board has now declared a second quarterly dividend of 3.30p per ordinary share payable on 19 September 2016 to holders on the register of members at the close of business on 19 August 2016. A third quarterly payment will be made in December and the final dividend will be proposed for payment in March 2017.

This is the third year of quarterly dividend payments. It continues to be our intention that any dividend increases that are declared will be applied to quarterly payments rather than the final dividend with the aim of achieving a more even distribution of dividend payments across the year.

Portfolio Manager

Since the half year end we announced that Lucy Macdonald, who has been co-managing Brunner since 2005, has become the sole manager of the trust from 23 June 2016. This follows the departure of Jeremy Thomas who had co-managed the Trust with Lucy since 2010. Lucy is Chief Investment Officer, Global Equities at Allianz Global investors where she has spent the last fifteen years managing concentrated global portfolios. Lucy will continue to be supported by AllianzGI's 84 research analysts around the world, the global equity team and the regional portfolio teams in the US, Europe and Asia.

Lucy is a high calibre portfolio manager with a wealth of experience backed up by the strength and depth of AllianzGI's global research platform. This, combined with her in depth knowledge of the Brunner Investment Trust puts us in a strong position going forward. We are committed to delivering long term capital and dividend growth for our investors and, indeed, we are delighted to record our 44th year of increasing dividends making us one of the highest dividend paying trusts in our sector.

Lucy's detailed management report begins on page 4.

Benchmark

The benchmark for investing is currently 50 per cent UK equities, represented by the FTSE All-Share Index, and 50 per cent global equities, as represented by the FTSE World Index (ex UK Sterling). The portfolio manager has considerable discretion either side of these proportions and has been investing an increasing proportion in global equities, partly to diversify the income stream further, and partly because she has found more attractive growth opportunities overseas. The board is now considering reflecting this development by proposing a revision to the benchmark which would incorporate a higher proportion in global equities. It is anticipated that a formal resolution will be put to shareholders at next year's annual general meeting if the board reaches this conclusion.

Material events and transactions

In the six month period ended 31 May 2016 the following material events and transactions have taken place.

- At the annual general meeting of the company held on 15 March 2016, all the resolutions put to shareholders were passed.
- Carolan Dobson became Chairman of the company following the retirement of Keith Percy at the annual general meeting.
- During the period under review the company purchased 25,000 ordinary shares for cancellation.

There were no related party transactions in the period.

Since the period end, no further ordinary shares have been purchased for cancellation.

Principal Risks

The principal risks facing the company over the next six months are broadly unchanged from those described in the Annual Financial Report for the year ended 30 November 2015. These are set out in a table in the Strategic Report on page 10 of the annual report, together with commentary on the board's approach to mitigating the risks, under the following headings: Investment Strategy; Market Volatility; and Financial and Liquidity Risk.

In addition to the principal risks, the company faces the risks associated with the provision of services by third parties and general business risks including accounting, legal and regulatory matters. The board performs a high-level review of the principal risks at every meeting to ensure the risk assessment is current and relevant adjusting mitigating factors and procedures are appropriate. The board will over the coming months be closely monitoring the markets and the effect on the company of the UK voting to leave the European Union. The majority of the company's portfolio is composed of international stocks or UK stocks with substantial revenues generated outside the UK and as at the date of this report, 22 July 2016, the latest available NAV is 664.1p.

Going concern

The directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the company consist mainly of securities which are readily realisable and accordingly, the company has adequate financial resources to continue in operational existence for the foreseeable future.

Responsibility Statement

The directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within the half-yearly financial report has been prepared for the first time in accordance with FRS 102 and FRS 104, as set out in Note 2, and the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and
- The interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7 R of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- The interim management report includes a fair review of the information concerning related parties transactions as required by the Disclosure and Transparency Rule 4.2.8 R.

The half-yearly financial report was approved by the board on 22 July 2016 and the above responsibility statement was signed on its behalf by the Chairman.

Carolan Dobson
Chairman

Enquiries:

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Investment Managers' Review

Market Review

Global equities posted modest gains over the period despite a sharp sell-off at the beginning of 2016 due to global growth concerns and a steep slide in commodity prices. Sentiment quickly changed however and by the end of March most markets had recouped their losses. After a period of trading sideways, global equities rallied again in the second half of May, buoyed by somewhat stronger US economic data and firmer oil prices.

Overall, however, global economic growth remained low and fragile. While in the U.S. robust housing data and strong retail sales helped offset disappointing employment data, first quarter GDP increased by a tepid 0.8% annualised, despite being revised higher from initial estimates. Euro-zone economic data remained weak, with first quarter GDP coming in at an annualised rate of only 0.5% as both the manufacturing and services sectors weakened. In the U.K., uncertainty over the outcome of the June referendum on EU membership contributed to a slowdown in economic activity. China and Japan reported similarly uninspiring data.

Central banks, cognisant of the downside risks to global growth, took measures to boost investor sentiment. In March, the U.S. Federal Reserve Bank signalled that it would proceed cautiously on expected interest rate increases and the European Central Bank not only maintained its zero interest rate policy but also reduced banks' deposit rate further into negative territory and extended its quantitative easing programme. The Bank of Japan joined the party by introducing negative interest rates. These measures overall helped provide equities with a measure of support despite the muted economic growth outlook.

Portfolio Review

On a total return basis, over the period the portfolio's NAV with debt at fair value rose 2.6%, compared to a 2.2% gain for the benchmark (50% FTSE All-Share, 50% FTSE World ex-UK). In aggregate our highest conviction holdings outperformed significantly while the impact from the largest underweights was neutral. Overall stock selection contributed positively, particularly in Industrials, Health Care and Consumer Goods, which more than offset a negative contribution from Oil & Gas, Technology and Utilities. Industry weights, which are a result of bottom-up stock picking, detracted moderately, primarily due to underweights in Consumer Goods, where many companies have become expensive both in absolute and relative terms, and Utilities, where there are limited opportunities to invest in companies that meet our growth and quality investment criteria.

The top contributor to performance was Adidas, which is benefiting from strong demand for athletic footwear and apparel, driven by more active lifestyles and the rise of "Athleisure," casual attire designed to be worn for both exercise and everyday use. Recent results confirmed that the company is successfully executing on its strategy, helped by price increases and favourable shifts in product and channel mix. 1Q 2016 revenues rose 22% and the operating margin expanded 1.4%, leading to a 38% year-on-year increase in earnings. Adidas also raised guidance for the rest of the year. We anticipate that the strong recent momentum in sales and margins will continue.

Nielsen Holdings was another strong contributor. Nielsen's audience analytics services encompass all media platforms and its ratings are used as the basis for setting advertising rates. The company also announced better-than-expected results, driven by digital clients and accelerating emerging markets growth. Nielsen is an attractive way to gain exposure to the strong secular growth trend in digital media consumption and benefits from high revenue growth visibility and steady margin expansion due to its long-term customer contracts and new cross-platform media services.

Leading U.S. managed care provider UnitedHealth Group, also outperformed. 1Q 2016 results continued to show well-balanced growth in both membership enrolment and the company's health care services business Optum. UnitedHealth is a high return business with good earnings visibility and we continue to like the stock. Mothercare was the top detractor. This is a turnaround story and continues to be a volatile stock. The UK business continues to show improvement with FY2016 like-for-like store sales +3.6% and a strong contribution from the online business which grew 15% and now accounts for 37% of UK sales. However, the international business is facing challenges due to a challenging macro environment compounded by continued currency pressures. Nonetheless, the turnaround appears to be on track and we believe over time greater visibility will result in higher valuations.

Petroceltic International also detracted. The company's main asset was a gas field in Algeria with very meaningful development prospects. We initially purchased the shares because they were trading at a large discount to the value of the field and believed the company would either develop the field or be acquired. Unfortunately, the collapse in oil and gas prices both derailed a premium takeover offer and led to cash flow issues that ultimately resulted in the shares being delisted.

UBS also underperformed. The company has been reducing its exposure to volatile and low-return investment banking activities in order to concentrate on its wealth management business, which is experiencing some medium-term pressures due to capital markets volatility and a slowdown in client activity. However, the company is one of the best capitalised banks in Europe with a best-in-class private banking franchise and its focus on higher returns should result in a more consistent earnings profile and a higher market rating. Regulatory risk, however, remains for the entire sector.

We are extending our search for dividend income beyond the UK in order to provide greater diversification for investors and during the period we purchased Total and ING Groep. Total is a quality integrated oil company offering a 5.7% yield and prospects for capital growth as oil prices recover. ING should be one of the few European banks that can offset the current low interest rate environment with mortgage book repricing and lower deposit rates. In the meantime it offers a 6.5% yield and trades at a 20% discount to book value, giving it a favourable risk/reward profile.

We also purchased Whitbread which has sold off over concerns about UK hotel revenue growth, Brexit and slowing Costa Coffee sales. We believe the positive long-term growth drivers remain in place and that this is a good opportunity to buy a quality franchise at an attractive price.

Sales included Antofagasta, Weir Group, Intertek Group, William Hill, Rolls-Royce, Anadarko Petroleum, Celgene and Allergan. Antofagasta is experiencing cost increases due to production issues at one of its copper mines while Weir Group and Anadarko Petroleum are negatively impacted by the steep decline in oil prices. William Hill is facing challenges in online betting and Rolls Royce, while a quality business, is facing structural growth challenges in the aircraft engine market. We took profits in Celgene and Allergan, which have both been strong long-term contributors to performance but which now look expensive.

Outlook

Meagre equity market returns, accompanied by increased levels of volatility, reflect the slow growth global macro environment that persists despite unprecedented monetary policy support from central banks. The outlook is further clouded by the timing and trajectory of further US interest rate increases and the looming Brexit in the UK. We continue to expect uninspiring market returns and bouts of elevated volatility to continue for the foreseeable future in the absence of either a sustained global growth spurt or slide into recession, both of which we view as unlikely.

Our search for secular, as opposed to cyclical, growth leads us to companies, in areas such as industrials, technology and health care, which are benefitting from idiosyncratic growth drivers and exhibiting superior growth and return prospects. By investing in high return, reasonably valued, growth companies that can consistently increase earnings, generate healthy cash flows and raise their dividends, we have been able to provide long-term capital appreciation and consistent dividend growth to Brunner's shareholders and we believe our approach will continue to do so in the current low growth, low return and low interest rate environment.

Lucy MacDonald
Allianz Global Investors

BRUNNER INVESTMENT TRUST PLC
LISTED EQUITY HOLDINGS AS AT 31 MAY 2016

Security Name	Market Value £'000s	Total Assets %	Principal Activity
Royal Dutch Shell 'B' Shares	10,835	3.72	Oil & Gas Producers
Microsoft	8,610	2.96	Software & Computer Services
Nielsen	7,912	2.72	Media
Vodafone	7,518	2.58	Mobile Telecommunications
United Health	7,515	2.58	Health Care Equipment & Services
AbbVie	7,260	2.49	Pharmaceuticals & Biotechnology
Accenture	6,882	2.36	Support Services
Roche Holdings	6,485	2.23	Pharmaceuticals & Biotechnology
Estee Lauder 'A' Shares	6,066	2.08	Personal Goods
GlaxoSmithKline	5,916	2.03	Pharmaceuticals & Biotechnology
UBM	5,885	2.02	Media
Walgreen	5,218	1.79	Food & Drug Retailers
Muenchener Rueckver	5,191	1.78	Non-Life Insurance
Visa	4,963	1.71	Financial Services
HSBC	4,895	1.68	Banks
Lloyds Banking Group	4,606	1.58	Banks
Fresenius	4,503	1.55	Health Care Equipment & Services
Balfour Beatty	4,476	1.54	Construction & Materials
Better Capital	4,463	1.53	Equity Investment Instruments
Centrica	4,305	1.48	Gas, Water & Multiutilities
Adidas	4,166	1.43	Personal Goods
Prudential	4,139	1.42	Life Insurance
EOG Resources	4,027	1.38	Oil & Gas Producers
United Internet	4,014	1.38	Software & Computer Services
China Mobile	3,967	1.36	Mobile Telecommunications
Equiniti Group	3,875	1.33	Support Services
Agilent Technologies	3,840	1.32	Electronic & Electrical Equipment
Wells Fargo	3,809	1.31	Banks
Priceline.com	3,764	1.29	Travel & Leisure
SMC	3,753	1.29	Industrial Engineering
Nestle	3,691	1.27	Food Producers
Taiwan Semiconductor (ADS)	3,684	1.27	Technology Hardware & Equipment
Amadeus	3,650	1.25	Support Services
Barclays	3,648	1.25	Banks
Apple	3,624	1.25	Technology Hardware & Equipment
Microchip Technology	3,590	1.23	Technology Hardware & Equipment
UBS	3,571	1.23	Banks
BP	3,567	1.23	Oil & Gas Producers
Covestro	3,472	1.19	Chemicals
AIA	3,382	1.16	Life Insurance
Tyman	3,364	1.16	Construction & Materials
Mothercare	3,360	1.15	General Retailers
Brambles	3,355	1.15	General Industrials
SThree	3,341	1.15	Support Services
AMETEK	3,254	1.12	Electronic & Electrical Equipment
Rio Tinto	3,214	1.10	Mining
Itochu	3,201	1.10	Support Services
Unilever	3,146	1.08	Food Producers
Hansteen Holdings	3,138	1.08	Real Estate

Security Name	Market Value £'000s	Total Assets %	Principal Activity
Tullett Prebon	3,132	1.08	Financial Services
Ameriprise Financial	3,074	1.06	Financial Services
Monsanto	3,024	1.04	Food Producers
Astellas Pharma	3,001	1.03	Pharmaceuticals & Biotechnology
Citigroup	2,974	1.02	Banks
FirstGroup	2,948	1.01	Travel & Leisure
Jiangsu Express	2,898	1.00	Industrial Transportation
Schneider Electric	2,881	0.99	Electronic & Electrical Equipment
Total	2,671	0.92	Oil & Gas Producers
Ashmore	2,611	0.90	Financial Services
ICAP	2,590	0.89	Financial Services
Whitbread	2,527	0.87	Travel & Leisure
MERLIN Properties	2,458	0.84	Real Estate
Cielo	2,377	0.82	Financial Services
Aviva	2,328	0.80	Life Insurance
BASF	2,324	0.80	Chemicals
IFG Group	2,190	0.75	Financial Services
CCR	1,980	0.68	Industrial Transportation
Brammer	1,888	0.65	Support Services
Australia & New Zealand Bank	1,844	0.63	Banks
Amphenol	1,839	0.63	Electronic & Electrical Equipment
BHP Billiton	1,811	0.62	Mining
Flowserve	1,794	0.62	Industrial Engineering
Technip	1,720	0.59	Oil Equipment, Services & Distribution
ING Groep	1,712	0.59	Banks
Cie Financiere Richemont	1,317	0.45	Personal Goods
Tesco	990	0.34	Food & Drug Retailers
Petroceltic International	74	0.03	Oil & Gas Producers
	291,087	99.99	

UNLISTED EQUITY HOLDINGS

at 31 May 2016

	Market Value £'000s	Total Assets %	Principal Activity
First Debenture Finance	24	0.01	Financial Services
Fintrust Debenture	4	0.00	Financial Services
	28	0.01	

GEOGRAPHICAL ANALYSIS AS AT 31 MAY 2016

	%
United Kingdom	37.31
North America	31.96
Europe	19.24
Pacific Basin	6.57
Japan	3.42
Latin America	1.50
Total	100.00

SECTORAL ANALYSIS AS AT 31 MAY 2016

	%
Financials	25.12
Industrials	19.33
Health Care	11.91
Consumer Services	11.20
Technology	8.08
Oil & Gas	7.86
Consumer Goods	7.35
Telecommunications	3.95
Basic Materials	3.72
Utilities	1.48
Total	100.00

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2016

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Net gains on investments at fair value	-	5,548	5,548
Exchange gains on currency balances	-	27	27
Income from investments	5,225	-	5,225
Other income	89	-	89
Investment management fee	(217)	(506)	(723)
Administration expenses	(348)	(2)	(350)
Net profit before finance costs and taxation	4,749	5,067	9,816
Finance costs: interest payable and similar charges	(670)	(1,537)	(2,207)
Net profit before taxation	4,079	3,530	7,609
Taxation	(273)	-	(273)
Net profit attributable to ordinary shareholders	3,806	3,530	7,336
Earnings per ordinary share (Note 1) (basic and diluted)	8.85p	8.21p	17.06p

BALANCE SHEET

as at 31 May 2016

	£'000s
Investments held at fair value through profit or loss (Note 3)	291,115
Net current assets	35,101
Total assets less current liabilities	326,216
Creditors: amount falling due after more than one year	(49,205)
Total net assets	277,011
Called up share capital	10,747
Capital redemption reserve	5,253
Capital reserves	247,478
Revenue reserve	13,533
Shareholders' funds	277,011
Net asset value per ordinary share	644.4p

The net asset value is based on 42,987,418 ordinary shares in issue at 31 May 2016

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2015

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Net gains on investments at fair value	-	24,263	24,263
Exchange gains on currency balances	-	20	20
Income from investments	4,825	-	4,825
Other income	25	-	25
Investment management fee	(229)	(534)	(763)
Administration expenses	(292)	(2)	(294)
Net profit before finance costs and taxation	4,329	23,747	28,076
Finance costs: interest payable and similar charges	(671)	(1,542)	(2,213)
Net profit before taxation	3,658	22,205	25,863
Taxation	(224)	-	(224)
Net profit attributable to ordinary shareholders	3,434	22,205	25,639
Net earnings per ordinary share (Note 1) (basic and diluted)	7.97p	51.54p	59.51p

BALANCE SHEET

as at 31 May 2015

	£'000s
Investments held at fair value through profit or loss (Note 3)	318,232
Net current assets	31,035
Total assets less current liabilities	349,267
Creditors: amount falling due after more than one year	(49,469)
Total net assets	299,798
Called up share capital	10,756
Capital redemption reserve	5,244
Capital reserves	270,121
Revenue reserve	13,677
Shareholders' funds	299,798
Net asset value per ordinary share	696.8p

The net asset value is based on 43,024,918 ordinary shares in issue at 31 May 2015

BALANCE SHEET

as at 30 November 2015

£'000s

Investments held at fair value through profit or loss	290,746
Net current assets	32,225
Total assets less current liabilities	322,971
Creditors: amount falling due after more than one year	(49,341)
Total net assets	273,630
Called up share capital	10,753
Capital redemption reserve	5,247
Capital reserves	244,075
Revenue reserve	13,555
Shareholders' funds	273,630
Net asset value per ordinary share	636.2p

The net asset value is based on 43,012,418 ordinary shares in issue at 30 November 2015

STATEMENT OF CHANGES IN EQUITY

	Called up Share Capital £'000s	Capital Redemption Reserve £'000s	Capital Reserve £'000s	Revenue Reserve £'000s	Total £'000s
Six months ended 31 May 2016					
Net assets at 1 December 2015	10,753	5,247	244,075	13,555	273,630
Revenue profit	-	-	-	3,806	3,806
Ordinary shares repurchased during the period	(6)	6	(127)	-	(127)
Dividends on ordinary shares (Note 4)	-	-	-	(3,828)	(3,828)
Capital profit	-	-	3,530	-	3,530
Net assets at 31 May 2016	10,747	5,253	247,478	13,533	277,011
Six months ended 31 May 2015					
Net assets at 1 December 2014	10,772	5,228	248,285	14,078	278,363
Revenue profit	-	-	-	3,434	3,434
Ordinary shares repurchased during the period	(16)	16	(369)	-	(369)
Dividends on ordinary shares (Note 4)	-	-	-	(3,835)	(3,835)
Capital profit	-	-	22,205	-	22,205
Net assets at 31 May 2015	10,756	5,244	270,121	13,677	299,798

NOTES

Note 1

The returns per ordinary share have been calculated using a weighted average number of shares in issue of 42,994,658 (31 May 2015 - 43,079,819 shares).

Note 2

For the year ending 30 November 2016 the company is applying, for the first time, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), which is effective for periods commencing after 1 January 2015 and forms part of revised Generally Accepted Accounting Practice ('New UK GAAP') issued by the Financial Reporting Council.

The condensed set of financial statements has been prepared on a going concern basis in accordance with FRS 104, 'Interim Financial Reporting' issued by the FRC in March 2015 and the revised Statement of Recommended Practice – 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued by the Association of Investment Companies (AIC) in November 2014. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted. The requirements have been met to qualify for the exemption to prepare a Cash Flow Statement. The Cash Flow Statement has therefore been removed from the financial statements.

These condensed financial statements are the first since FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) came into effect for accounting periods beginning on or after 1 January 2015. An assessment of the impact of adopting FRS 102 has been carried out and found that no restatement of balances as at the transition date, 1 December 2015, or comparative figures in the Condensed Statement of Financial Position or the Condensed Statement of Comprehensive Income is considered necessary.

The half-yearly financial statements and the net asset value per share figures have been prepared in accordance with FRS 102 using the same accounting policies as the preceding annual accounts.

The accounting policies applied for the condensed set of financial statements with regard to measurement and classification of investments have not changed from those set out in the company's Annual Report for the year ended 30 November 2015. In particular the company has considered the possible changes brought about through sections 11 and 12 of FRS 102 in relation to financial instruments, and is satisfied the previous accounting policies relating to the disclosure and measurement of financial instruments are appropriate. References to prior, individual Financial Reporting Statements (FRS) should now be taken to reference FRS 102.

The total column of this statement is the profit and loss account of the company.

All revenue and capital items derive from continuing operations. No operations were acquired or discontinued in the period.

Purchases for the half year ended 31 May 2016 were £28,993,000 (31 May 2015 - £14,995,000) and sales for the half year ended 31 May 2016 were £33,213,000 (31 May 2015 - £49,503,000).

Included in the cost of investments are transaction costs on purchases which amounted to £98,000 (31 May 2015 - £41,000) and transaction costs on sales which amounted to £28,000 (31 May 2015 - £23,000).

Note 3

Investments are designated as held at fair value through profit or loss in accordance with FRS 102 sections 11 and 12. Investments are initially recognised at fair value, which is determined to be their cost. Subsequently, investments are revalued at fair value which is the bid market price for listed investments.

FRS 102 as amended for fair value hierarchy disclosures (March 2016) sets out three fair value levels.

Level 1: valued using quoted prices in active markets

Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1

Level 3: valued by reference to valuation techniques using inputs that are not based on observable market data

As at 31 May 2016, the financial assets at fair value through profit and loss of £291,115,000 (30 November 2015 - £290,746,000) are categorised as follows:

	Six months ended 31 May 2016 £'000s	Year ended 30 November 2015 £'000s
Level 1	291,087	290,718
Level 2	-	-
Level 3	28	28
	<u>291,115</u>	<u>290,746</u>

Note 4

In accordance with section 32 FRS102 'Events After the end of the Reporting Period', dividends declared after the end of the reporting period shall not be recognised as a liability.

Dividends payable on ordinary shares in respect of earnings for each period are as follows:

	Six months ended 31 May 2016 £'000s	Six months ended 31 May 2015 £'000s	Year ended 30 November 2015 £'000s
Final dividend 5.70p paid 29 March 2016 (2015 - 5.70p)	2,452	2,456	2,456
First quarterly dividend 3.20p paid 30 June 2015	-	-	1,377
Second quarterly dividend 3.20p paid 21 September 2015 (2014 - 3.10p)	-	-	1,376
Third quarterly dividend 3.20p paid 16 December 2015 (2014 - 3.20p)	1,376	1,379	1,379
	<u>3,828</u>	<u>3,835</u>	<u>6,588</u>

Dividends declared after the period end are not recognised as a liability under section 32 FRS 102 'Events after the end of the reporting period'. Details of these dividends are set out below.

	Six months ended 31 May 2016 £'000s	Six months ended 31 May 2015 £'000s	Year ended 30 November 2015 £'000s
First quarterly dividend 3.30p payable 30 June 2016 (2015 - 3.20p)	1,419	1,377	-
Second quarterly dividend 3.30p payable 19 September 2016 (2015 - 3.20p)	1,419	1,376	-
Third quarterly dividend 3.20p	-	-	1,376
Final dividend 5.70p	-	-	2,452
	<u>2,838</u>	<u>2,753</u>	<u>3,828</u>

The final and quarterly dividends above are based on the number of shares in issue at the period end. However, the dividend payable will be based upon the number of shares in issue on the record date and will reflect any purchase or cancellations of shares by the company settled subsequent to the period end.

Note 5

The directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements, as the assets of the company consist mainly of securities which are readily realisable and accordingly, that the company has adequate financial resources to continue in operational existence for the foreseeable future.

Note 6

The half-yearly report has neither been audited nor reviewed by the company's auditors. The financial information for the year ended 30 November 2015 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies and restated by reference to the changes in accounting policies detailed above. The auditor's report on those accounts was unqualified and did not contain a statement under either section 498(2) or (3) of the Companies Act 2006.

The half-yearly financial report will be sent to shareholders in early August 2016 and will be available to members of the public from the company's registered office at 199 Bishopsgate, London EC2M 3TY.