

**THE BRUNNER INVESTMENT TRUST PLC  
HALF-YEARLY FINANCIAL REPORT  
For the six months ended 31 May 2017**

**Highlights**

- Net asset value (debt at fair value) per share up by 11.6% (2016: +1.5%)
- Net asset value (debt at par) per share up by 11.3% (2016: +1.3%)
- Earnings per ordinary share 10.2p (2016: 8.9p)
- Dividends for the half year 7.0p<sup>1</sup> (2016: 6.6p)
- Net asset value total return (debt at fair value) per share up by 12.6% (2016: +2.6%)
- Net asset value total return (debt at par) per share up by 12.3% (2016: +2.3%)
- Share price up by 18.5% to 701.0p (2016: 591.8p)
- Discount of net asset value (debt at fair value) to share price 12.5% and an average of 14.1% over the period

	<b>At 31 May 2017</b>	<b>At 31 May 2016</b>	<b>% change</b>
<b>Revenue</b>			
Available for ordinary dividend	£4,343,000	£3,806,000	+14.1
Earnings per ordinary share	10.2p	8.9p	+14.6
Quarterly dividends per ordinary share	7.0p <sup>1</sup>	6.6p	+6.1
Retail price index	271.7	262.1	+3.7

<sup>1</sup>First quarterly 3.5p, second quarterly 3.5p

	<b>At 31 May 2017</b>	<b>At 30 Nov 2016</b>	<b>% change</b>
<b>Assets</b>			
Net asset value per ordinary share (debt at fair value)	801.6p	718.0p	+11.6
Net asset value per ordinary share (debt at par)	826.8p	742.8p	+11.3
Ordinary share price	701.0p	591.8p	+18.5
Total net assets (debt at fair value)	£342,219,000	£307,707,000	+11.2
Total net assets (debt at par)	£352,984,000	£318,334,000	+10.9

<b>Net Asset Value relative to Benchmark*</b>	<b>Capital Return<sup>2</sup></b>	<b>Total Return<sup>3</sup></b>
Change in net asset value	11.6%	12.6%
Change in benchmark	9.3%	11.1%
<b>Performance against benchmark*</b>	2.3%	1.5%

<sup>2</sup> Debt at fair value.

<sup>3</sup> Total returns are calculated with net dividends reinvested

<b>Portfolio relative to benchmark*</b>	<b>Capital Return<sup>2</sup></b>	<b>Total Return<sup>3</sup></b>
Net portfolio return (excluding cash)	11.2%	13.0%
Change in benchmark	9.3%	11.1%
<b>Performance against benchmark*</b>	1.9%	1.9%

\*The benchmark applied was 50% FTSE All-Share Index and 50% FTSE World Ex UK Index until 21 March 2017, and 70% FTSE World Ex UK Index and 30% FTSE All-Share Index from 22 March 2017.

## **Interim Management Report**

### **Performance**

The Net Asset Value per ordinary share of the company increased by 12.6% on a total return basis, outperforming the benchmark (50% FTSE All-Share Index and 50% FTSE World Ex UK Index until 21 March 2017, and 70% FTSE World Index Ex UK and 30% FTSE All-Share Index from 22 March 2017), by 1.5%.

### **Earnings**

Earnings increased by 14.6% to 10.2p per ordinary share in the six months to 31 May 2017 (2016: 8.9p).

### **Gearing**

The gearing at 30 November 2016 was 6.9% and at 31 May 2017 was 5.7%. Gearing is calculated after deducting cash held to offset some of the long term debentures issued.

### **Dividends**

In continuation of the policy to distribute income more evenly throughout the year, the board declared a first quarterly dividend of 3.50p per ordinary share which was paid on 30 June 2017. The board has now declared a second quarterly dividend of 3.50p per ordinary share payable on 20 September 2017 to holders on the register of members at the close of business on 18 August 2017. Accordingly, this has no implication for the growth of the final dividend for the year. A third quarterly payment will be made in December and the final dividend will be proposed for payment in March 2018.

### **Material events and transactions**

In the six month period ended 31 May 2017 the following material events and transactions have taken place.

- At the annual general meeting of the company held on 21 March 2017, all the resolutions put to shareholders were passed.
- The change of the company's benchmark to 70% FTSE World Ex UK Index and 30% FTSE All-Share Index was approved at the AGM and took effect from 22 March 2017.
- During the period under review the company purchased 164,931 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 2016. These are set out in a table in the Strategic Report on page 12 of the annual report, together with commentary on the board's approach to mitigating the risks, under the following headings: Portfolio Risk; Business Risk; and Operational 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 oversees a detailed review of the principal risks by the audit committee at least twice a year to ensure the risk assessment is current and relevant, adjusting mitigating factors and procedures as appropriate.

### **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 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 18 July 2017 and the above responsibility statement was signed on its behalf by the Chairman.

**Carolán Dobson**  
**Chairman**

### **Enquiries:**

For further information, please contact:

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## **Investment Manager's Review**

### **Market Review**

During the period, European and emerging market equities led market strength helped by further signs that global economic activity continued to improve. US equities were arguably held back somewhat by increasing political risks and uncertainties concerning the ability of President Trump's administration to enact its policy agenda. Strong corporate results and better-than-expected US jobless claims and regional manufacturing data at the end of May helped calm the nerves.

In terms of sectors, Information Technology stocks delivered robust returns. Utilities and Consumer Staples also performed well. On the other hand, Energy lagged as oil prices failed to build on earlier gains.

During the period, the Federal Reserve raised US interest rates twice – in December and again in March – taking the federal funds rate to a range of 0.75% to 1.0%. In contrast, in December the European Central Bank (ECB) extended its bond-buying programme until at least the end of 2017, but reduced the size of its monthly bond purchases. Subsequently, rising inflation in the first quarter of 2017 led to speculation that the ECB would need to wind down these measures, with President Mario Draghi noting that the battle against deflation had now been won. The Bank of England and Bank of Japan left monetary policy unchanged.

Diminishing political risk following Emmanuel Macron's victory in the French presidential elections and further signs of euro-zone recovery boosted the euro while the US dollar weakened amid rising political turmoil.

Oil prices initially strengthened following the news that OPEC had agreed to cut production, but later weakened amid signs of rising US supply.

### **Portfolio Review**

On a total return basis, over the period the portfolio's NAV with debt at fair value rose 12.6%, compared to a 11.1% gain for the benchmark (50% FTSE All-Share Index and 50% FTSE World Ex UK Index until 21 March 2017, and 70% FTSE World Ex UK Index and 30% FTSE All-Share Index from 22 March 2017). Overall stock selection contributed positively, particularly in Financials, Technology and Consumer Goods, which more than offset a negative contribution from Consumer Services, Health Care and Telecommunications. Industry weights, which are a result of bottom-up stock picking, also contributed.

The top contributor to performance was United Internet, which announced the merger of their consumer telecom operations with Drillisch to gain strength in the telecom sector in Germany. This deal represents significant synergies and a solution for the issue of credible 4G wholesale access for United Internet, one of the major market concerns for the company.

Tyman was another strong contributor. FY16 results were strong, with margins in both the US and Europe ahead of expectations. This margin momentum looks set to continue as the US footprint project delivers more savings and synergies come through early. Management continues to benefit from self-help initiatives and plans to manage higher cost inflation through pricing, effective purchasing and cost reductions. The company has made significant progress structurally improving the business and we expect continued progress over the next few years.

Firstgroup, the US and UK ground transportation company, also outperformed. Full year results for the year to 31 March 2017 were better than expected, primarily due to better performances in North America. The share price has risen strongly in recent months: up 22% since it announced the South Western rail franchise win on 25 March 2017 and supported by a stronger dollar.

Nielsen was the top detractor. First quarter results came slightly below expectations as the company continued to experience weakness in the Buy segment, attributed to continued spending pressure from retail customers in the US. We view this as a short-term issue and the rest of the business remains strong; we maintain our belief that Nielsen is one of the better positioned companies within the media sector, particularly given its leading position in the evolving and steadily growing Watch segment.

We reduced our exposure to the Energy sector in the first quarter this year and the underweight in the sector was positive to performance during the period. EOG Resources detracted, reflecting the overall fall in oil prices. EOG has grown mostly through internally generated projects over the last five years, only recently

announcing their acquisition of Yates Petroleum. Given the potential of its portfolio, we still see EOG as a compelling investment.

Walgreens Boots also underperformed. While the Rite Aid acquisition, which would represent good synergy opportunities for the company, is still pending on the government's authorisation, speculations that Amazon is looking to enter the pharmacy market could represent a market disruption in the retail pharmacy business, directly affecting Walgreens Boots. The stock is under review as our conviction in the name is decreasing. During the period, we started new positions in Criteo, Wabtec, Celgene, Iberdrola, Tencent, Howden and WPP.

Criteo provides web advertising services and offers a range of solutions such as click per cost and online banner displays. We believe Criteo is well positioned to benefit from the shift in display ads toward Real-Time Bidding (RTB) and programmatic buying in general, as we believe the company has strong technology and scale advantages.

Wabtec is the North America's largest manufacturer of air brake systems and other products for the railroad and mass transit markets. The company's brake products command a 50% market share in North America and its other products generally hold the number one or number two position in their respective markets. Wabtec is a beneficiary of railroad operators' spending to enhance productivity, growth in mass transit programmes globally and a potential pick up in infrastructure spending in the US. The company's multipronged growth strategy includes introducing new products, enhancing international sales, expanding aftermarket exposure and acquiring bolt-on businesses.

Sales included Total, BHP, Aviva, TGS, Flowserve, BT and ING Groep.

Flowserve continues to face pricing pressures due to reduced energy project activity and very competitive bidding from competitors. Industry fundamentals are likely to remain challenging and against this backdrop we have reinvested the proceeds in higher conviction stocks like Wabtec.

## **Benchmark**

The benchmark for investing changed to 70 per cent global equities, represented by the FTSE World Ex UK Index and 30 per cent UK equities, as represented by the FTSE All-Share Index, with effect from the AGM in March this year, the benchmark having previously been a 50:50 per cent split of the same indices. The portfolio manager had (and continues to have) considerable discretion either side of the benchmark proportions and had been investing increasingly in global equities, partly to diversify the income stream further, and partly to invest in attractive overseas growth opportunities. The revision to the benchmark reflects this development of investing a higher proportion in global equities. The impact of the change in the benchmark has therefore been a gradual change to the investment strategy and stock selection. Over the reporting period, the change in benchmark has therefore had little impact on performance.

## **Outlook**

Expectations of a continued economic upswing and the still generous monetary policy of the leading international central banks should be positive for equities. Moreover, the good momentum of analysts' corporate earnings estimates is also a good signal for the stock markets. At the same time, divergent monetary policies in the US and Europe and persistent political uncertainties might result in elevated volatility.

In this environment, active management is required to augment returns. We are comfortable taking advantage of these opportunities to buy high quality growth franchises at attractive valuations.

**Lucy Macdonald**  
**Allianz Global Investors**

**BRUNNER INVESTMENT TRUST PLC**  
**LISTED EQUITY HOLDINGS AS AT 31 MAY 2017**

<b>Security Name</b>	<b>Market Value £'000s</b>	<b>Total Assets %</b>	<b>Principal Activity</b>
Microsoft	12,797	3.43	Software & Computer Services
Royal Dutch Shell 'B' Shares	10,449	2.80	Oil & Gas Producers
United Health	9,284	2.48	Health Care Equipment & Services
AbbVie	8,589	2.30	Pharmaceuticals & Biotechnology
BP	8,160	2.18	Oil & Gas Producers
Roche Holdings	7,654	2.05	Pharmaceuticals & Biotechnology
Muenchener Rueckver	7,522	2.01	Nonlife Insurance
HSBC	7,432	1.99	Banks
Estee Lauder 'A' shares	7,018	1.88	Personal Goods
GlaxosmithKline	6,972	1.87	Pharmaceuticals & Biotechnology
Visa	6,747	1.81	Financial Services
Microchip Technology	6,525	1.75	Technology Hardware & Equipment
Unilever	6,497	1.74	Food Producers
Priceline Group	6,300	1.69	Travel & Leisure
Apple	6,255	1.67	Technology Hardware & Equipment
Accenture	6,188	1.66	Support Services
Iberdrola	6,182	1.65	Electricity
Walgreen	6,158	1.65	Food & Drug Retailers
United Internet	6,152	1.65	Software & Computer Services
Taiwan Semiconductor (ADS)	5,942	1.59	Technology Hardware & Equipment
Nielsen	5,874	1.57	Media
Fresenius	5,771	1.54	Health Care Equipment & Services
Agilent Technologies	5,692	1.52	Electronic & Electrical Equipment
Amphenol	5,308	1.42	Electronic & Electrical Equipment
Prudential	5,207	1.39	Life Insurance
Senior	5,187	1.39	Aerospace & Defence
Amadeus	5,176	1.39	Support Services
Rio Tinto	5,133	1.37	Mining
Tyman	5,055	1.35	Construction & Materials
TP ICAP	5,017	1.34	Financial Services
Lloyds Banking Group	4,941	1.32	Banks
Adidas	4,926	1.32	Personal Goods
Covestro	4,919	1.32	Chemicals
Tencent Holdings	4,820	1.29	Software & Computer Services
Nestle	4,815	1.29	Food Producers
Ametek	4,682	1.25	Electronic & Electrical Equipment
AIA	4,622	1.24	Life Insurance
Howden Joinery	4,529	1.21	Support Services
UBM	4,511	1.21	Media
Equiniti	4,465	1.20	Support Services
Balfour Beatty	4,385	1.17	Construction & Materials
Greene King	4,378	1.17	Travel & Leisure
Citigroup	4,360	1.17	Banks
WPP	4,358	1.17	Media
China Mobile	4,346	1.16	Mobile Telecommunications
IFG Group	4,276	1.14	Financial Services
UBS	4,148	1.11	Banks
Atlas Copco	4,132	1.11	Industrial Engineering
Ameriprise Financial	4,118	1.10	Financial Services

<b>Security Name</b>	<b>Market Value £'000s</b>	<b>Total Assets %</b>	<b>Principal Activity</b>
Cie Financiere Richemont	3,987	1.07	Personal Goods
EOG Resources	3,928	1.05	Oil & Gas Producers
STHREE	3,913	1.05	Support Services
Schneider Electric	3,870	1.04	Electronic & Electrical Equipment
Hansteen Holdings	3,861	1.03	Real Estate Investment Trusts
Vodafone	3,833	1.03	Mobile Telecommunications
Centrica	3,624	0.97	Gas, Water & Multiutilities
Monsanto	3,566	0.95	Food Producers
FirstGroup	3,555	0.95	Travel & Leisure
Criteo	3,510	0.94	Media
Jiangsu Express	3,452	0.92	Industrial Transportation
ITOCHU	3,450	0.92	Support Services
Celgene	3,354	0.90	Pharmaceuticals & Biotechnology
NEX	3,215	0.86	Financial Services
BASF	3,201	0.86	Chemicals
MERLIN Properties	3,185	0.84	Real Estate Investment & Services
Brambles	3,142	0.84	General Industrials
Astellas Pharma	3,133	0.84	Pharmaceuticals & Biotechnology
Wabtec	3,083	0.83	Industrial Engineering
Ashmore	3,062	0.82	Financial Services
Sirius Real Estate	2,800	0.75	Real Estate Investment & Services
Better Capital	2,748	0.74	Equity Investment Instruments
CCR	2,695	0.71	Industrial Transportation
Cielo	2,570	0.69	Financial Services
SMC	2,524	0.68	Industrial Engineering
Australia and New Zealand Bank	2,348	0.63	Banks
	<b>373,583</b>	<b>99.99</b>	

## UNLISTED EQUITY HOLDINGS

at 31 May 2017

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

## GEOGRAPHICAL ANALYSIS AS AT 31 MAY 2017

	%
United Kingdom	35.22
North America	32.07
Europe	21.19
Pacific Basin	7.67
Japan	2.44
Latin America	1.41
<b>Total</b>	<b>100.00</b>

## SECTORAL ANALYSIS AS AT 31 MAY 2017

	%
Financials	22.00
Industrials	21.66
Health Care	11.98
Technology	11.37
Consumer Services	10.34
Consumer Goods	8.25
Oil & Gas	6.03
Basic Materials	3.55
Utilities	2.63
Telecommunications	2.19
<b>Total</b>	<b>100.00</b>



## SUMMARY OF UNAUDITED RESULTS

### INCOME STATEMENT

for the six months ended 31 May 2017

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Net gains on investments at fair value	-	37,381	37,381
Exchange losses on currency balances	-	(14)	(14)
Income from investments	5,812	-	5,812
Other income	89	-	89
Investment management fee	(262)	(611)	(873)
Administration expenses	(316)	(4)	(320)
<b>Net profit before finance costs and taxation</b>	<b>5,323</b>	<b>36,752</b>	<b>42,075</b>
Finance costs: interest payable and similar charges	(667)	(1,531)	(2,198)
<b>Net profit before taxation</b>	<b>4,656</b>	<b>35,221</b>	<b>39,877</b>
Taxation	(313)	-	(313)
<b>Net profit attributable to ordinary shareholders</b>	<b>4,343</b>	<b>35,221</b>	<b>39,564</b>
<b>Net earnings per ordinary share (Note 1)</b> (basic and diluted)	<b>10.17p</b>	<b>82.47p</b>	<b>92.64p</b>

## BALANCE SHEET

as at 31 May 2017

	£'000s
Investments held at fair value through profit or loss (Note 3)	373,611
Net current assets	10,093
<b>Total assets less current liabilities</b>	<b>383,704</b>
Creditors: amount falling due after more than one year	(30,720)
<b>Total net assets</b>	<b>352,984</b>
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	322,622
Revenue reserve	14,362
<b>Shareholders' funds</b>	<b>352,984</b>
<b>Net asset value per ordinary share</b>	<b>826.8p</b>

The net asset value is based on 42,692,727 ordinary shares in issue at 31 May 2017

## 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)
<b>Net profit before finance costs and taxation</b>	<b>4,749</b>	<b>5,067</b>	<b>9,816</b>
Finance costs: interest payable and similar charges	(670)	(1,537)	(2,207)
<b>Net profit before taxation</b>	<b>4,079</b>	<b>3,530</b>	<b>7,609</b>
Taxation	(273)	-	(273)
<b>Net profit attributable to ordinary shareholders</b>	<b>3,806</b>	<b>3,530</b>	<b>7,336</b>
<b>Net earnings per ordinary share (Note 1)</b> (basic and diluted)	<b>8.85p</b>	<b>8.21p</b>	<b>17.06p</b>

### 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
<b>Total assets less current liabilities</b>	<b>326,216</b>
Creditors: amount falling due after more than one year	(49,205)
<b>Total net assets</b>	<b>277,011</b>
Called up share capital	10,747
Capital redemption reserve	5,253
Capital reserves	247,478
Revenue reserve	13,533
<b>Shareholders' funds</b>	<b>277,011</b>
<b>Net asset value per ordinary share</b>	<b>644.4p</b>

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

## BALANCE SHEET

as at 30 November 2016

£'000s

Investments held at fair value through profit or loss (Note 3)	339,322
Net current assets	28,080
<b>Total assets less current liabilities</b>	<b>367,402</b>
Creditors: amount falling due after more than one year	(49,068)
<b>Total net assets</b>	<b>318,334</b>
Called up share capital	10,714
Capital redemption reserve	5,286
Capital reserves	288,393
Revenue reserve	13,941
<b>Shareholders' funds</b>	<b>318,334</b>
<b>Net asset value per ordinary share</b>	<b>742.8p</b>

The net asset value is based on 42,857,658 ordinary shares in issue at 30 November 2016

## STATEMENT OF CHANGES IN EQUITY

	Called up Share Capital £'000s	Capital Redemption Reserve £'000s	Capital Reserve £'000s	Revenue Reserve £'000s	Total £'000s
<b>Six months ended 31 May 2017</b>					
Net assets at 1 December 2016	10,714	5,286	288,393	13,941	318,334
Revenue profit	-	-	-	4,343	4,343
Ordinary shares repurchased during the period	(41)	41	(992)	-	(992)
Dividends on ordinary shares (Note 4)	-	-	-	(3,936)	(3,936)
Unclaimed dividends	-	-	-	14	14
Capital profit	-	-	35,221	-	35,221
<b>Net assets at 31 May 2017</b>	<b>10,673</b>	<b>5,327</b>	<b>322,622</b>	<b>14,362</b>	<b>352,984</b>
<b>Six months ended 31 May 2016</b>					
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
<b>Net assets at 31 May 2016</b>	<b>10,747</b>	<b>5,253</b>	<b>247,478</b>	<b>13,533</b>	<b>277,011</b>

## CASH FLOW STATEMENT

	Six months Ended 31 May 2017 £000's	Six months Ended 31 May 2016 £000's
<b>Operating activities</b>		
Net profit before finance costs and taxation	42,075	9,816
Less: Net gains on investments at fair value through profit or loss	(37,381)	(5,548)
Add: Special dividends credited to capital	-	850
Less : Net losses (gains) on foreign currency	14	(27)
Less: Overseas tax suffered	(313)	(273)
Increase in other receivables	(242)	(172)
Increase (decrease) in other payables	66	(9)
Purchase of fixed asset investments held at fair value through profit or loss	(36,253)	(28,883)
Sales of fixed asset investments held at fair value through profit or loss	39,233	33,213
<b>Net cash inflow from operating activities</b>	<b>7,199</b>	<b>8,967</b>
<b>Financing activities</b>		
Interest paid	(2,333)	(2,333)
Dividends paid on cumulative preference stock	(11)	(11)
Dividends paid on ordinary shares	(3,936)	(3,828)
Repurchase of ordinary shares for cancellation	(996)	(127)
Unclaimed dividends received	14	-
<b>Net cash outflow from financing activities</b>	<b>(7,262)</b>	<b>(6,299)</b>
<b>(Decrease) Increase in cash and cash equivalents</b>	<b>(63)</b>	<b>2,668</b>
Cash and cash equivalents at the start of the period	28,158	32,346
Effect of foreign exchange rates	(14)	27
Cash and cash equivalents at the end of the period	28,081	35,041
Comprising:		
Cash at bank	28,081	35,041

## NOTES

### Note 1

The returns per ordinary share have been calculated using a weighted average number of shares in issue of 42,710,190 (31 May 2016: 42,994,658 shares).

### Note 2

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 2017 were £36,140,000 (31 May 2016: £28,993,000) and sales for the half year ended 31 May 2017 were £39,271,000 (31 May 2016: £33,213,000).

Included in the cost of investments are transaction costs on purchases which amounted to £79,000 (31 May 2016: £98,000) and transaction costs on sales which amounted to £28,000 (31 May 2016: £28,000).

### 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: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

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

Level 3: Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability

As at 31 May 2017, the financial assets at fair value through profit and loss of £373,611,000 (30 November 2016: £339,322,000) are categorised as follows:

	<b>Six months ended 31 May 2017 £'000s</b>	<b>Year ended 30 November 2016 £'000s</b>
Level 1	373,583	339,294
Level 2	-	-
Level 3	28	28
	<u><b>373,611</b></u>	<u><b>339,322</b></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:

	<b>Six months ended 31 May 2017 £'000s</b>	<b>Six months ended 31 May 2016 £'000s</b>	<b>Year ended 30 November 2016 £'000s</b>
Final dividend 5.90p paid 24 March 2017 (2016: 5.70p)	2,519	2,452	2,452
First quarterly dividend 3.30p paid 30 June 2016 (2015: 3.20p)	-	-	1,419
Second quarterly dividend 3.30p paid 19 September 2016 (2015: 3.20p)	-	-	1,419
Third quarterly dividend 3.30p paid 14 December 2016 (2015: 3.20p)	1,417	1,376	1,376
	<hr/> 3,936	<hr/> 3,828	<hr/> 6,666

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.

	<b>Six months ended 31 May 2017 £'000s</b>	<b>Six months ended 31 May 2016 £'000s</b>	<b>Year ended 30 November 2016 £'000s</b>
First quarterly dividend 3.50p payable 30 June 2017 (2016: 3.30p)	1,494	1,419	-
Second quarterly dividend 3.50p payable 20 September 2017 (2016: 3.30p)	1,494	1,419	-
Third quarterly dividend 3.20p	-	-	1,417
Final dividend 5.90p	-	-	2,519
	<hr/> 2,988	<hr/> 2,838	<hr/> 3,936

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 cancellation 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 2016 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 late July 2017 and will be available to members of the public from the company's registered office at 199 Bishopsgate, London EC2M 3TY.