

**THE BRUNNER INVESTMENT TRUST PLC
HALF-YEARLY FINANCIAL REPORT
For the six months ended 31 May 2018**

Highlights

- Net asset value (debt at fair value) per share up by 3.1% (2017: +11.6%)
- Net asset value (debt at par) per share up by 2.4% (2017: +11.3%)
- Earnings per ordinary share 10.6p (2017: 10.2p) +3.9%
- Dividends for the half year 8.1p¹ (2017: 7.0p) +15.7%
- Net asset value total return (debt at fair value) per share up by 4.0% (2017: +12.6%)
- Net asset value total return (debt at par) per share up by 3.4% (2017: +12.3%)
- Share price up by 1.0% to 793.0p (2017: 785.0p)
- Discount of net asset value (debt at fair value) to share price 8.6% and an average of 9.3% over the period (2017: 6.7%, average over the year 13.1%)

	Six months ended 31 May 2018	Six months ended 31 May 2017	% change
Revenue			
Available for ordinary dividend	£4,502,000	£4,343,000	+3.7
Earnings per ordinary share	10.6p	10.2p	+3.9
Quarterly dividends per ordinary share	8.1p ¹	7.0p	+15.7
Retail price index	280.7	271.7	+3.3

¹First quarterly 4.05p, second quarterly 4.05p

	At 31 May 2018	At 30 Nov 2017	% change
Assets			
Net asset value per ordinary share (debt at fair value)	867.3p	841.4p	+3.1
Net asset value per ordinary share (debt at par)	883.0p	862.0p	+2.4
Ordinary share price	793.0p	785.0p	+1.0
Total net assets (debt at fair value)	£370,267,000	£359,228,000	+3.1
Total net assets (debt at par)	£376,968,000	£368,014,000	+2.4

Performance relative to the benchmark for the six months to 31 May 2018

Net Asset Value relative to Benchmark*	Capital Return²	Total Return³
Change in net asset value	3.1%	4.0%
Change in benchmark	2.9%	4.5%
Performance against benchmark*	0.2%	(0.5%)

² Debt at fair value.

³ Total returns are calculated with net dividends reinvested

Portfolio relative to benchmark*	Capital Return²	Total Return³
Change in portfolio return	2.5%	4.1%
Change in benchmark	2.9%	4.5%
Performance against benchmark*	(0.4%)	(0.4%)

*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 4.0% on a total return basis, slightly underperforming the benchmark (70% FTSE World Index Ex UK and 30% FTSE All-Share Index), by 0.5 percentage points.

Earnings

Earnings increased by 3.9% to 10.6p per ordinary share in the six months to 31 May 2018 (2017: 10.2p).

Dividends

In continuation of the policy to distribute income more evenly throughout the year, the board declared a first quarterly dividend of 4.05p per ordinary share which is payable on 27 July 2018. The board has now declared a second quarterly dividend of 4.05p per ordinary share payable on 21 September 2018 to holders on the register of members at the close of business on 10 August 2018. A Dividend Reinvestment Plan (DRIP) is available for this dividend and the relevant Election Date is 31 August 2018.

The board is continuing to balance quarterly payments to bring them in line with the final. It is anticipated, subject to there being no unforeseen circumstances, that the third quarterly dividend will be maintained at this rate, and an unchanged final dividend of 6.00p will be proposed for the year ending 30 November 2018, giving a dividend for the year of 18.15p, a 10% increase on the previous year. The third quarterly payment will be made in December and the final dividend will be proposed for payment in March 2019.

Material events and transactions

In the six month period ended 31 May 2018 the following material events and transactions have taken place.

- First Debenture Finance PLC – as reported in the Annual Financial Report published in February 2018, this debenture matured in January 2018 and the company redeemed the loan with its cash reserves.
- At the annual general meeting of the company held on 22 March 2018, all the resolutions put to shareholders were passed.

In the period since 31 May

- Fintrust Debenture PLC – on 1 June 2018 the company announced that it had priced an issue of a £25 million fixed rate 30 year unsecured private placement note at a coupon of 2.84% (the Notes). The Notes were funded on 28 June and the proceeds were used towards an early repayment of the company's portion of Fintrust Debenture PLC borrowings of £28 million. The balance of the cost of redeeming the debt was funded by a combination of existing assets and bank debt.
- The Fintrust debt had been due to mature in 2023. The total cost of redeeming the debt was £39.4m including accrued interest.

Following this refinancing exercise, the company's weighted average interest on all structural borrowings and preference stock is 2.9%, compared with 7.7% prior to 1 June 2018. The board announced that it had taken the decision to repay Fintrust early in order to achieve a balance of financing sources and maturities and to lock into a long term rate at pricing levels that it considers to be highly attractive. While the cost of redemption initially reduced the NAV per share as at 29 June 2018 by 0.7% (or 5.6 pence per share) with debt at fair value (the board's preferred measure, following industry practice) and 2.4% (or 21.1 pence per share) at book value, the refinancing exercise is expected to reduce the total annual interest cost by approximately £1.4m (or 3.3 pence per share) which will enhance both the revenue earnings and capital returns.

There were no share buy backs, share issuances and no related party transactions in the period or since the period end.

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 2017. These are set out in a table in the Strategic Report on page 15 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 23 July 2018 and the above responsibility statement was signed on its behalf by the Chairman.

Carolán Dobson
Chairman

Enquiries:

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Investment Manager's Review

Market Review

Global equities started 2018 as strongly as they had finished. However, by the end of May geopolitical noise, higher inflationary pressures and rising volatility had all returned to the markets. As a result, global equities finished the period more or less flat.

In both December 2017 and January 2018, several equity markets touched fresh peaks, boosted by ongoing optimism over the health of the global economy and expectations that tax reforms would lift US company profits. Shares then suffered significant corrections in February and March amid concerns over higher interest rates and fears of a global trade war. While an impressive earnings season saw developed market stocks regain some ground at the start of the second quarter, this was limited by President Trump's escalating trade war, as well as increasingly soft economic data outside of the US.

From a sector perspective, Information Technology stocks have performed best, shaking off privacy concerns thrown up by the Cambridge Analytica exposure in March. The Energy sector has also risen strongly, thanks largely to rising oil prices. Higher yielding, defensive stocks were undermined by rising bond yields, although Utilities have started to recover more recently. Financials were also weak, particularly those in the euro-zone, whose balance sheets appeared unduly exposed to political risk in the light of Italy's newly-elected populist government.

Economically, the past six months have highlighted a growing divergence between the US and the rest of the global economy. In the US, the economy picked up speed and inflation increased, most recently causing the Federal Reserve to raise rates to 2.0 per cent and forecast a further five rate increases before the end of 2019. Conversely, growth has slowed in the euro-zone, with the result that the European Central Bank has announced it will end its bond-buying programme by the end of the year, but keep interest rates on hold until "at least mid-2019". While the Bank of England has so far resisted raising interest rates due to Brexit-related uncertainty, Japan has provided the largest surprise, with its economy contracting by an annualised 0.6 per cent over the first quarter.

Oil prices rallied, with Brent crude reaching a peak of over 80 USD a barrel as the prospect of renewed sanctions on Iran, the economic crisis in Venezuela and cuts in production from OPEC caused concerns over supply. Gold prices rose sharply in January, reflecting rising inflation expectations, but later eased to end the period slightly lower.

Portfolio Review

Over the period, the Trust's NAV returned 4.0 per cent against a benchmark return of 4.5 per cent, after fees. A few stocks contributed to the underperformance:

Albemarle, the specialty chemicals producer, suffered due to fears of Lithium oversupply. Albemarle (alongside rival companies like SQM and FMC) has announced additional expenditure to increase Lithium production, resulting in some short-term concern from investors. However, Q2 earnings per share were well ahead of expectations, and battery trends, driven by increasing Electric Vehicle penetration continue to support Lithium's long-term price trajectory. Our investment thesis thus remains intact and we continue to hold the shares.

Despite a solid operating performance, CCR the Brazilian toll road company has been hit by triple challenges of a downturn in sentiment towards emerging markets, a weaker Brazilian Real and some accusations of irregularities in payments to suppliers. The last of these is of concern as the company has historically had good governance. The company gives exposure to Brazil's growing infrastructure with a healthy dividend, but the position is under review from a quality perspective.

Not owning Amazon has been relatively unhelpful. Our reasoning for remaining on the sidelines for the Trust is that the most substantial and highest margin growth within Amazon is its Web Services division, yet the Trust's holding in Microsoft already gives us exposure to a cloud computing division which is growing at a much faster rate of c. 90 per cent. Microsoft also has a dividend yield of 1.6 per cent, where Amazon has none. Similarly, at a price to cash flow multiple of over 47x, Amazon is very richly valued, particularly given the potential execution risk around its Whole Foods acquisition.

On the more positive side over the half year, stock selection in the Consumer sector has made a good contribution, with companies like Estee Lauder, Richemont and Adidas continuing to drive returns.

The events company UBM has made the single biggest contribution to performance. In January, the business intelligence and events company Informa announced its intention to acquire UBM for c. 3.9 billion GBP. UBM also announced in a trading update that revenue and earnings had grown substantially thanks to its transition into a pure-play events company. In completing the deal, Informa produced verified cost synergies of 60 million GBP, well above analyst expectations, causing the shares to rally further. The newly-enlarged Informa now represents the world's largest operator of business events and exhibitions, with a portfolio spanning the Monaco Yacht Show to the Black Hat cyber security convention. Exhibitions have always been an attractive growth area in media, with low exposure to disintermediation and there is potential for further value accretion. As a result, we expect further upside, even after the shares' strong performance.

NEX Group has also been a key contributor. Formerly the electronic brokerage and post-trade arm of ICAP, NEX Group is a relatively recent addition to the portfolio. Its shares rallied over 40 per cent in the last two weeks of March following a 10 GBP per share bid from CME Group. NEX's strong digital assets and the relative ease with which it would integrate into CME make it an ideal target for the American multinational. Moreover, both CME and NEX Group are targeting aggressive margin improvements, with CME talking about 200 million USD of synergies by end 2021. The company's single client interface also gives it a strong base for organic growth and the CME transaction looks set to complete in the second half of 2018.

Significant Transactions

Informa has been added to the portfolio via the acquisition of UBM.

We have sold our position in the advertising and marketing conglomerate WPP. Shares in the company have underperformed due to rising pressures in the industry and the departure of its CEO Martin Sorrell leaves the company liable to further disruption. With growth prospects in the advertising and marketing conglomerate no longer as attractive or stable as before, we have exited the holding in order to fund higher conviction ideas.

Outlook

Entering the second half of this year, we return to the question with which we began it: How much longer can the benevolent combination of low inflation, accommodative monetary policy and resurgent economic growth be sustained?

It is clear that the synchronised global upswing which characterised 2017 is now visibly fragmenting. On one hand, US economic data continues to impress, and should carry on doing so thanks to the Trump administration's tax reform, which has incentivised consumer spending, business investment and labour compensation. Yet in the rest of the world, growth momentum is moderating, with expectations in the euro-zone and Japan slowing in particular.

The Trump administration's stance on trade has also significantly increased the potential for downside risks. In the extreme event of a 20 per cent jump in tariffs between the US and the rest of the world, Bloomberg Economics estimates a reduction in global output of 1 per cent by 2020. There are already signs that these fears are dampening market sentiment, with China's Shanghai Composite Index plunging 3.8 per cent on the day President Trump threatened tariffs on an additional 200 billion USD of imports.

The topping out of cyclical momentum is a strong indication that we are entering the next stage of the business cycle, in which we should expect rising inflation against a backdrop of ever tighter labour markets and rising capacity utilisation. Yet if trade issues escalate and start to affect consumers, businesses may begin to lose confidence and slow their spending and investment. This further complicates the efforts of central banks struggling to normalise monetary policy without jeopardising economic growth.

As a result, we expect volatility to continue rising to more historic levels. We are already beginning to see signs that investors are rotating away from sectors potentially exposed to tariffs, like Industrials, in favour of more defensive stocks like Consumer Staples. At a style level, we retain our preference for stocks which display earnings momentum, rather than straightforward Growth, as they should be most resilient in the face of macroeconomic headwinds.

Nevertheless, our investment philosophy of looking for quality businesses capable of growing independently from market trends remains the same. As long-term investors, we will continue to take advantage of these short-term movements, rather than be dictated to by them.

Lucy Macdonald
Allianz Global Investors

BRUNNER INVESTMENT TRUST PLC
LISTED EQUITY HOLDINGS AS AT 31 MAY 2018

Security Name	Market Value £'000s	Total Assets %	Principal Activity
Microsoft	13,460	3.33	Software & Computer Services
Royal Dutch Shell 'B' Shares	13,050	3.22	Oil & Gas Producers
United Health	12,419	3.07	Health Care Equipment & Services
BP	10,066	2.48	Oil & Gas Producers
AbbVie	9,817	2.42	Pharmaceuticals & Biotechnology
Visa	8,986	2.22	Financial Services
Charles Schwab	8,660	2.14	Financial Services
Estée Lauder 'A' shares	8,281	2.04	Personal Goods
Muenchener Rueckversicherungs- Gesellschaft	7,664	1.89	Non-Life Insurance
Accenture	7,513	1.85	Support Services
Apple	7,423	1.83	Technology Hardware & Equipment
Microchip Technology	7,400	1.83	Technology Hardware & Equipment
Agilent Technologies	7,268	1.79	Electronic & Electrical Equipment
HSBC	7,206	1.78	Banks
Rio Tinto	7,014	1.73	Mining
United Internet	6,891	1.70	Software & Computer Services
Booking Holdings	6,867	1.70	Travel & Leisure
Amadeus	6,831	1.69	Support Services
Cie Financiere Richemont	6,431	1.59	Personal Goods
UBM	6,414	1.58	Media
EOG Resources	6,337	1.56	Oil & Gas Producers
Taiwan Semiconductor (ADS)	6,309	1.56	Technology Hardware & Equipment
Iberdrola	6,259	1.55	Electricity
GlaxosmithKline	6,240	1.54	Pharmaceuticals & Biotechnology
Unilever	6,220	1.54	Food Producers
Tencent Holdings	6,093	1.50	Software & Computer Services
Tyman	6,083	1.50	Construction & Materials
Amphenol	6,001	1.48	Electronic & Electrical Equipment
Adidas	5,945	1.47	Personal Goods
Senior	5,887	1.45	Aerospace & Defence
Roche Holdings	5,802	1.43	Pharmaceuticals & Biotechnology
AIA	5,798	1.43	Life Insurance
Covestro	5,792	1.43	Chemicals
Ecolab	5,715	1.41	Chemicals
UBS	5,550	1.37	Banks
AMETEK	5,436	1.34	Electronic & Electrical Equipment
Prudential	5,432	1.34	Life Insurance
Wabtec	5,375	1.33	Industrial Engineering
NEX Group	5,058	1.25	Financial Services
Fresenius	5,009	1.24	Health Care Equipment & Services
BASF	4,986	1.23	Chemicals
Lloyds Banking Group	4,899	1.21	Banks
Jiangsu Express	4,791	1.18	Industrial Transportation
Citigroup	4,660	1.15	Banks
Walgreens Boots Alliance	4,601	1.14	Food & Drug Retailers
Ameriprise Financial	4,585	1.13	Financial Services
Nielsen	4,467	1.10	Media

Security Name	Market Value £'000s	Total Assets %	Principal Activity
Itochu	4,438	1.10	Support Services
Howden Joinery	4,382	1.08	Support Services
Partners Group	4,363	1.08	Financial Services
Atlas Copco	4,269	1.05	Industrial Engineering
TP ICAP	4,244	1.05	Financial Services
Schneider Electric	4,195	1.04	Electronic & Electrical Equipment
Nestle	4,138	1.02	Food Producers
Ashmore	4,080	1.01	Financial Services
Albemarle	3,870	0.96	Chemicals
Enel	3,860	0.95	Electricity
Sirius Real Estate	3,807	0.94	Real Estate
Astellas Pharma	3,684	0.91	Pharmaceuticals & Biotechnology
SThree	3,421	0.84	Support Services
Brambles	3,407	0.84	General Industrials
China Mobile	3,391	0.84	Mobile Telecommunications
Australia & New Zealand Bank	3,386	0.84	Banks
Greene King	3,367	0.83	Travel & Leisure
MERLIN Properties	3,359	0.83	Real Estate
IFG Group	3,295	0.81	Financial Services
Vodafone	3,178	0.78	Mobile Telecommunications
Celgene	2,664	0.66	Pharmaceuticals & Biotechnology
Cielo	2,611	0.64	Financial Services
CCR	2,356	0.58	Industrial Transportation
Equiniti Group	2,324	0.57	Support Services
	405,080	99.99	

UNLISTED EQUITY HOLDINGS

at 31 May 2018

	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 2018

	%
North America	39.04
United Kingdom	28.54
Europe	22.56
Pacific Basin	6.63
Japan	2.01
Latin America	1.22
Total	100.00

SECTORAL ANALYSIS AS AT 31 MAY 2018

	%
Financials	24.12
Industrials	20.71
Technology	11.75
Health Care	11.27
Consumer Goods	7.66
Oil & Gas	7.26
Basic Materials	6.76
Consumer Services	6.35
Utilities	2.50
Telecommunications	1.62
Total	100.00

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2018

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Gains on investments held at fair value through profit or loss	-	10,156	10,156
Losses on foreign currencies	-	(72)	(72)
Income from investments	5,945	-	5,945
Other income	10	-	10
Investment management fee	(272)	(636)	(908)
Administration expenses	(349)	(1)	(350)
Profit before finance costs and taxation	5,334	9,447	14,781
Finance costs: interest payable and similar charges	(415)	(939)	(1,354)
Profit on ordinary activities before taxation	4,919	8,508	13,427
Taxation	(417)	-	(417)
Profit after taxation attributable to ordinary shareholders	4,502	8,508	13,010
Earnings per ordinary share (Note 1) (basic and diluted)	10.55p	19.93p	30.48p

BALANCE SHEET

as at 31 May 2018

	£'000s
Investments held at fair value through profit or loss (Note 3)	405,108
Net current assets	2,282
Total assets less current liabilities	407,390
Creditors: amount falling due after more than one year	(30,422)
Total net assets	376,968
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	345,618
Revenue reserve	15,350
Equity Shareholders' funds	376,968
Net asset value per ordinary share	883.0p

The net asset value is based on 42,692,727 ordinary shares in issue at 31 May 2018

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2017

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Gains on investments held at fair value through profit or loss	-	37,381	37,381
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)
Profit before finance costs and taxation	5,323	36,752	42,075
Finance costs: interest payable and similar charges	(667)	(1,531)	(2,198)
Profit on ordinary activities before taxation	4,656	35,221	39,877
Taxation	(313)	-	(313)
Profit after taxation attributable to ordinary shareholders	4,343	35,221	39,564
Earnings per ordinary share (Note 1) (basic and diluted)	10.17p	82.47p	92.64p

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
Total assets less current liabilities	383,704
Creditors: amount falling due after more than one year	(30,720)
Total net assets	352,984
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	322,622
Revenue reserve	14,362
Equity shareholders' funds	352,984
Net asset value per ordinary share	826.8p

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

BALANCE SHEET

as at 30 November 2017

	£'000s
Investments held at fair value through profit or loss (Note 3)	382,956
Net current assets	15,633
Total assets less current liabilities	398,589
Creditors: amount falling due after more than one year	(30,575)
Total net assets	368,014
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	337,110
Revenue reserve	14,904
Equity shareholders' funds	368,014
Net asset value per ordinary share	862.0p

The net asset value is based on 42,692,727 ordinary shares in issue at 30 November 2017

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 2017					
Net assets at 1 December 2016	10,714	5,286	288,393	13,941	318,334
Revenue profit	-	-	-	4,343	4,343
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
Net assets at 31 May 2017	10,673	5,327	322,622	14,362	352,984
Six months ended 31 May 2018					
Net assets at 1 December 2017	10,673	5,327	337,110	14,904	368,014
Revenue profit	-	-	-	4,502	4,502
Dividends on ordinary shares (Note 4)	-	-	-	(4,056)	(4,056)
Capital profit	-	-	8,508	-	8,508
Net assets at 31 May 2018	10,673	5,327	345,618	15,350	376,968

CASH FLOW STATEMENT

	Six months ended 31 May 2018 £000's	Six months ended 31 May 2017 £000's
Operating activities		
Profit before finance costs and taxation	14,781	42,075
Less: Gains on investments at fair value through profit or loss	(10,156)	(37,381)
Less : Losses on foreign currency	72	14
Less: Overseas tax suffered	(417)	(313)
Increase in other receivables	(36)	(242)
(Decrease) Increase in other payables	(31)	66
Settled purchases of fixed asset investments held at fair value through profit or loss	(32,244)	(36,253)
Settled sales of fixed asset investments held at fair value through profit or loss	23,312	39,233
Net cash (outflow) inflow from operating activities	(4,719)	7,199
Financing activities		
Interest paid	(2,333)	(2,333)
Repayment of Stepped Rate Interest Loan	(18,200)	-
Dividends paid on cumulative preference stock	(11)	(11)
Dividends paid on ordinary shares	(4,056)	(3,936)
Repurchase of ordinary shares for cancellation	-	(996)
Unclaimed dividends	-	14
Net cash outflow from financing activities	(24,600)	(7,262)
Decrease in cash and cash equivalents	(29,319)	(63)
Cash and cash equivalents at the start of the period	30,998	28,158
Effect of foreign exchange rates	(72)	(14)
Cash and cash equivalents at the end of the period	1,607	28,081
Comprising:		
Cash at bank	1,607	28,081

NOTES

Note 1

The returns per ordinary share have been calculated using a weighted average number of shares in issue of 42,692,727 (31 May 2017: 42,710,190 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 2018 were £31,682,000 (31 May 2017: £36,140,000) and sales for the half year ended 31 May 2018 were £19,687,000 (31 May 2017: £39,271,000).

Included in the cost of investments are transaction costs on purchases which amounted to £29,000 (31 May 2017: £79,000) and transaction costs on sales which amounted to £8,000 (31 May 2017: £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 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 2018, the financial assets at fair value through profit and loss of £405,108,000 (30 November 2017: £382,956,000) are categorised as follows:

	Six months ended 31 May 2018 £'000s	Year ended 30 November 2017 £'000s
Level 1	405,080	382,928
Level 2	-	-
Level 3	28	28
	405,108	382,956

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 2018 £'000s	Six months ended 31 May 2017 £'000s	Year ended 30 November 2017 £'000s

Final dividend 6.00p paid 29 March 2018 (2017: 5.90p)	2,562	2,519	2,519
First quarterly dividend 3.50p paid 30 June 2017 (2016: 3.30p)	-	-	1,494
Second quarterly dividend 3.50p paid 20 September 2017 (2016: 3.30p)	-	-	1,494
Third quarterly dividend 3.50p paid 14 December 2017 (2016: 3.30p)	1,494	1,417	1,417
	<u>4,056</u>	<u>3,936</u>	<u>6,924</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 2018 £'000s	Six months ended 31 May 2017 £'000s	Year ended 30 November 2017 £'000s
First quarterly dividend 4.05p payable 27 July 2018 (2017: 3.50p)	1,729	1,494	-
Second quarterly dividend 4.05p payable 21 September 2018 (2017: 3.50p)	1,729	1,494	-
Third quarterly dividend 3.50p	-	-	1,494
Final dividend 6.00p	-	-	2,562
	<u>3,458</u>	<u>2,988</u>	<u>4,056</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 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 2017 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 the 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.

Note 7

Post Balance Sheet Event - On 1 June 2018 the Company announced that it has priced an issue of a £25million fixed rate 30 year unsecured private placement note at a coupon of 2.84%. This was funded on 28 June 2018. The proceeds were used towards the early repayment of the Company's interest in Fintrust Debenture PLC.

The half-yearly financial report will be sent to shareholders in late July 2018 and will be available to members of the public from the company's registered office at 199 Bishopsgate, London EC2M 3TY.