28 July 2020

THE BRUNNER INVESTMENT TRUST PLC
HALF-YEARLY FINANCIAL REPORT
For the six months ended 31 May 2020

Financial Headlines

- Net asset value (debt at fair value) per share fell by 6.9% (2019: +1.8%)
- Net asset value (debt at par) per share fell by 5.9% (2019: +2.6%)
- Earnings per ordinary share 8.4p (2019: 12.6p) -33.3%
- Dividends for the half year 9.34p[1] (2019: 9.32p) +0.2%
- Net asset value total return (debt at fair value) per share fell by 5.9% (2019: +2.9%)
- Net asset value total return (debt at par) per share fell by 4.9% (2019: +3.7%)
- Benchmark Index fell by 5.4% (2019: +3.4%)
- Share price total return fell by 8.4% (2019: +5.1%)
- Discount of net asset value (debt at fair value) to share price 10.7% and an average of 5.8% over the period (2019: 10.1%, average over the year 9.6%)

	Six months ended 31 May 2020	Six months ended 31 May 2019	% change
Revenue			
Available for ordinary dividend	£3,567,000	£5,372,000	-33.6
Earnings per ordinary share	8.4p	12.6p	-33.3
Quarterly dividends per ordinary share	9.34p[1]	9.32p	+0.2
Retail price index	292.2	289.2	+1.0

[1]First quarterly 4.67p, second quarterly 4.67p

Assets	**At 31 May 2020**	**At 30 Nov 2019**	**% change**
Net asset value per ordinary share (debt at fair value)	873.0p	937.4p	-6.9
Net asset value per ordinary share (debt at par)	890.0p	945.8p	-5.9
Ordinary share price	780.0p	862.0p	-9.5
Total net assets (debt at fair value)	£372,728,000	£400,207,000	-6.9
Total net assets (debt at par)	£379,950,000	£403,787,000	-5.9

Performance relative to the benchmark for the six months to 31 May 2020

Net Asset Value with debt at fair value relative to Benchmark*	**Capital Return**	**Total Return[2]**
Change in net asset value	-6.9%	-5.9%
Change in benchmark	-6.6%	-5.4%
Percentage point performance against benchmark*	-0.3	-0.5

*The benchmark applied is 70% FTSE World Ex UK Index and 30% FTSE All-Share Index.

[2] Total returns are calculated with net dividends reinvested

Interim Management Report

Half-yearly report

Since the publication of our Annual Report in February the world has been shaken by the impact of the COVID-19 pandemic and this has generated a period of great volatility in world stock markets. As mentioned in the Annual Report for November 2019, the investment portfolio was positioned with a strategic bias towards quality and structural growth companies to help protect against future volatility, so entered this period of crisis in a strong position. This has helped protect the investment portfolio through this extraordinary period.

Performance

With this as the backdrop, the Net Asset Value per ordinary share of the company decreased by 5.9% on a total return basis. The benchmark (70% FTSE World Index Ex UK and 30% FTSE All-Share Index) fell by 5.4% over the period.

Earnings

Dividend payments are under pressure across a wide range of companies and our earnings accordingly decreased by 33.3% to 8.4p per ordinary share in the six months to 31 May 2020 (2019: 12.6p). However, Brunner has revenue reserves which exist for circumstances such as this. The revenue reserves as at 31 May 2020, after the payment of the first and second quarterly dividends, are 27.6p per share. The board intends to use these reserves to maintain our steadily growing dividend for a reasonable period whilst we wait for our earnings to recover. Encouragingly, the manager comments on the following pages that dividend payment expectations are improving from their current depressed level for the year ahead, in overseas markets, if not in the UK. Even so, it may be a considerable time before this improvement translates into Brunner's dividend income recovering sufficiently to cover our current level of dividend payments.

Dividends

In June the board declared a first quarterly dividend of 4.67p per ordinary share which was paid on 23 July 2020, a marginal increase on the payment made in the first quarter in the previous year. The board has now declared a second quarterly dividend of 4.67p per ordinary share payable on 16 September 2020 to holders on the register of members at the close of business on 7 August 2020. A Dividend Reinvestment Plan (DRIP) is available for this dividend and the relevant election date is 21 August 2020.

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 2020, giving a dividend for the year of 20.01p, a small 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 2021.

Material events and transactions

In the six months ended 31 May 2020 there were no share buy backs or share issuances and no related party transactions nor have there been any since the period end.

Principal Risks

The impact of the COVID-19 pandemic has tested all companies in the past few months and since the publication of the Annual Report the board has kept in close contact with the manager and other third party service providers, to understand their responses to the pandemic and in particular actions taken to mitigate the effects of the pandemic on the company and its business.

The principal risks facing the company are set out on in a table on page 16 of the Annual Report for the year ended 30 November 2019 together with commentary on the board's approach to mitigating the risks, under the following headings: Portfolio Risk; Business Risk; Operational Risk; and Emerging Risks and Uncertainties. These continue to be the principal risks facing the company but the board's assessment of the residual risk against its risk appetite for Portfolio Risk and Emerging Risks and Uncertainties has changed during the period, as follows:

- Portfolio Risk: The combination of the pandemic, the economic downturn and the increase in international tensions have caused increased uncertainty in relation to portfolio earnings and dividends which cannot be mitigated by factors within the board's control.

- Emerging Risks and Uncertainties: The board is considering the impact of the global economic downturn caused by the pandemic, the scale and duration of which is not yet known.

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 have considered the company's investment objective and capital structure both in general terms and in the context of the COVID-19 pandemic. Having noted that the portfolio, which is constructed by the portfolio manager on a bottom up basis, consists mainly of securities which are readily realisable, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have also considered the risks and consequences of the COVID-19 pandemic on the operational aspects of the company and have concluded that the company has the ability to continue in operation and meet its objectives in the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

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 28 July 2020 and the above responsibility statement was signed on its behalf by the Chairman.

Recent events and the future
During the period we announced a change to our portfolio management arrangements. Lucy Macdonald stepped down as portfolio manager in the middle of May. Matthew Tillett, who has worked closely with Lucy on Brunner for a number of years, now leads the management of the portfolio supported by global equity managers Jeremy Kent, a long standing member of Lucy's team, and Marcus Morris-Eyton, a long standing member of the European Growth team of Allianz Global Investors (AllianzGI), the Company's investment manager. Matthew provides a detailed review of the period and the outlook for the market and the portfolio in his report on the following pages.

In the unique circumstances of the global pandemic we held the Annual General Meeting later than usual and within the confines of the Government guidance available at the time of the meeting on 27 May. All resolutions put to the AGM were passed. As we mentioned at the time, the board hopes to be able to arrange an opportunity for shareholders to meet with the directors and portfolio managers when the current restrictions on travel and meetings permit this to be done safely.

Carolan Dobson
Chairman

Investment Manager's Review

Market Review

The speed and extent to which COVID-19 has changed daily life is hard to overstate. Similarly, its impact on the global economy has become one of the primary concerns for financial markets. After closing 2019 at all-time highs, the first five months of this year have seen global equities post both their sharpest downturn and swiftest recovery on record. This rollercoaster ride has been driven by two opposing forces. Governments around the world have responded to COVID-19 by implementing national lockdowns. These have saved lives, slowed the spread of the disease and prevented health services from being overwhelmed. But they have also brought large parts of the economy to a standstill, with the result that most major economies have reported record GDP contractions during the lockdown periods.

In response, central banks and governments have unleashed a tidal wave of monetary and fiscal stimulus. Lower interest rates and quantitative easing have been matched by a fiscal response, including generous furlough schemes, which globally now stands at 8.3 trillion USD, equivalent to 10 per cent of world Gross Domestic Product. These measures have prevented widespread bankruptcies and allowed investors to look through a year of depressed earnings, effectively placing a floor under equity valuations.

The policy response appears to be working – global equity markets have lost just one percent over the past six months despite experiencing one of the worst economic environments. Some commentators have interpreted this as the stock market discounting a rapid V-shaped recovery, however the reality is more nuanced. The dispersion in performance and valuation at a sector level has been pronounced. Companies most likely to be impacted by reduced economic activity, such as Energy, Financials and Industrials have seen substantial share price declines and valuation de-ratings. In contrast, Information Technology and Health Care stocks, both clear beneficiaries of an increasingly online and health-conscious world, are in many cases trading at new all time highs. The performance of the stock market reflects this, with the latter group accounting for an ever increasing percentage of the overall market.

Portfolio Review

Over the six month period to the end of May 2020 the trust's portfolio outperformed the combined benchmark by approximately 1.9%.* The trust's NAV with debt at fair value returned -5.9% after fees, against a benchmark return of -5.4%. Our investment process is designed to ensure that stock selection is the main driver of performance over the long-term, however the past six months have seen substantial shifts at a sector level. The portfolio has benefited strongly from its underweight to the Energy sector, as well as its overweight to Health Care. Stock selection also made a positive contribution, in particular within the Financials, Industrials and Basic Materials sectors.

COVID-19 has driven a huge divergence in performance across the stock market. Companies with resilient business models that are immune to or beneficiaries of the crisis have performed extremely well and in many cases are significantly above pre crisis levels. The pandemic has had the effect of speeding up many digitalisation trends as stay at home orders have forced consumers and corporates to adopt digital technologies more rapidly.

In this context our long-term focus on companies embracing digitalisation has been a clear positive driver of performance. Microsoft made the largest positive contribution to returns. The resilience of Microsoft's corporate cloud revenues has provided a strong underpin to growth during this period. The trust's holding in **Microsoft** has more than offset not holding **Amazon**, which also performed strongly. We continue to avoid Amazon in favour of Microsoft, which has faster growth in its cloud computing division, lower execution risks in "non-core" activities like grocery, as well as a dividend.

This digitalisation theme spans a number of portfolio holdings across a range of sectors, including Financials and Industrials. **Ecolab**, another strong contributor, is a water management and hygiene business that has invested heavily into digital monitoring of its systems as well as customer service. These efficiency gains have enabled it to achieve strong margins despite weakness in its hospitality and energy segments. Within financials, stock selection was strong due to our focus on higher quality, more defensive business models such as **Visa**, which is a long-term beneficiary of the trend towards digital payments. These digitalisation trends are structural in nature and should therefore continue once the crisis passes, however we are alert to the fact that there could be a temporary hiatus as the world returns to normality.

The portfolio's significant overweight to Health Care has also helped performance. Health care spending tends to be resilient to economic downturns. The trust's holdings in the sector were not highly valued before the crisis and they have performed strongly throughout. **Roche** in particular has boosted returns, in part due to its manufacturing a highly automated test for COVID-19, although our longer-term investment case also remains intact.

At the other end of the spectrum, highly cyclical companies or those in the travel and leisure sector have not fully recovered and in most cases are still discounting a downturn. To some extent this is understandable considering the uncertain nature of the economic recovery against a backdrop of ongoing social distancing and potential permanent shifts in behaviour by customers.

Unsurprisingly, the biggest detractors to performance came from the companies directly impacted by government policies to contain COVID-19. **Informa** – a media and exhibitions specialist –made the largest negative impact on returns. Generating approximately 65 per cent of its revenues from events-related business, and with a substantial focus on Asia, the company was one of the first to halt operations. **Compass** (a multinational food service group), **Amadeus** (a provider of software for the airline and hospitality industry) and **Senior** (a maker of components for aerospace and hi-spec engineering) have all faced similar demand challenges. As a result of COVID-19 the outlook for these companies has unquestionably deteriorated. We have made some reductions to these positions, but we are also conscious that share prices have already adjusted downward to reflect the new reality. Looking forward, our primary focus now is on understanding the shape of the recovery and to what extent any changes in consumer behaviour or business practices could permanently impair the value of these companies.

*Based on Wiltshire buy and hold methodology total return (daily buy-and-hold, closing price valuation, no transaction costs). Performance figures shown are approximates. The official performance when trading in volatile daily market conditions will vary from these figures. Past performance is not a reliable indicator of future results

Significant Transactions
We made a number of transactions during the period of heightened volatility in February and early March.

Taking advantage of the relatively attractive valuations pre COVID-19, we sold three of the trust's UK holdings.

HSBC has struggled for many years to deliver any meaningful growth, despite a relatively attractive geographic footprint. Meanwhile, headwinds related to geopolitical and Hong Kong tensions posed increased short term risk. Despite this the stock continued to command a premium valuation, hence we decided to sell the position.

We also exited the holding in **Prudential**. After the demerger of M&G, the UK-based asset management company, Prudential has an increasing overlap with AIA, another trust holding, for which we have a preference.

Sirius Real Estate, the specialist mixed use real estate operator, has been a strong performer for the trust in recent years. However, the valuation had become very stretched, especially in the light of the emerging COVID-19 risks, causing us to sell out of the holding.

In order to take advantage of emerging opportunities, during March we drew down fully on the trust's revolving credit facility. There were three new purchases, also in the UK.

We added **National Grid**, where we see an unwarranted valuation discount. The company supplies vital electricity and gas infrastructure with operations split equally in terms of profit between the US and UK, two highly regulated markets. National Grid's US peers command notably higher valuations, a discount we expect to close over time. The business model is very defensive with an attractive and growing dividend.

Redrow is a UK housebuilder with a focus on the premium end of the market in the midlands and the south. Although a cyclical industry, UK housebuilding also has attractive longer term drivers. The market is structurally undersupplied due to the bottlenecks in the planning system. Moreover, it is only the larger players such as Redrow that have the land banks and access to the larger sites where it is possible to generate consistently high returns on capital. In the short term, economic fears around COVID-19 have depressed the Redrow valuation, but the company is well capitalised with excellent management. We expect the company to bounce back strongly once the economy recovers.

We also added **ITV**, the free to air broadcast and content business. ITV owns one of the largest European content studio businesses and also has an emerging digital strategy that is gaining increasing traction. The traditional broadcasting business is mature but continues to attract significant audience share and advertising revenues. ITV's balance sheet is robust allowing it to trade through the COVID-19 advertising downturn, which we expect to be temporary.

Elsewhere, we reduced the trust's large holding in **Microsoft** following a very strong performance which had taken the position over 5%. As already noted, due to concerns over the longer term impact of COVID-19 we reduced the positions in **Senior**, **Informa** and **Amadeus**, and these positions remain under review. Within healthcare, we reduced the position in **Cooper** following a period of strong performance and added to **AbbVie** at an attractive long-term valuation.

Market Outlook

Since late March, global equity markets have staged a strong rally. A tidal wave of central bank liquidity, combined with government lifelines, has kept all but the most structurally challenged companies afloat. The steady easing of lockdowns in developed markets, regular news of a developing COVID-19 vaccine and some tentative signs of pent-up demand have all boosted markets further.

Such equity market optimism defies several headwinds. Absent a COVID-19 vaccine, the threat of a "second wave" means some form of social distancing – and suppressed economic activity – is likely to endure. Already elevated unemployment numbers may thus be compounded further when government-funded furlough schemes end. US geopolitics also have the capacity to surprise negatively, whether domestically in the form of racial tensions or internationally through disputes with China.

The strong recovery in equity markets in the face of a deteriorating earnings outlook has resulted in a sharp increase in stock market valuations. The rally has disproportionately benefited defensive growth industries, such as Information Technology and Health Care, while cyclical sectors like Energy and Financials remain underwater. COVID-19 has thus extended a decade-long divergence between growth (companies delivering consistently strong earnings growth) and value (companies which appear cheap relative to their fundamentals).

Looking forward, the key question is to what extent economic and corporate fundamentals can sustain a rally which thus far has primarily driven by liquidity. It is encouraging that most major economies have bounced from the April low point, however this is to be expected given the severity of the lockdown induced contraction. At a corporate level, earnings expectations are becoming less negative, with some US companies guiding towards 2019 levels next year. In Europe, a Franco German stimulus programme has boosted expectations that unified monetary policy will find a fiscal counterpart.

A meaningful and sustained economic recovery – should it materialise - would be of most benefit to lower quality cyclical stocks, where cash flows and balance sheets have been severely strained during the lockdown. We are conscious that many such companies are lowly valued and therefore have the potential to rally significantly in this scenario. However, such shifts tend to be short lived in nature, dwarfed in importance by longer term secular trends such a demographics and digitalisation. Where the trust has exposure to cyclical companies, it is to business models that we believe are fundamentally high quality, resilient, and with the potential to emerge stronger once COVID-19 passes. Meanwhile the core of the trust's portfolio continues to be invested in companies with high quality and relatively defensive business models that are benefiting from secular trends. It is here where we see the best prospects for longer term growth in both capital and income.

Matthew Tillett
Allianz Global Investors

BRUNNER INVESTMENT TRUST PLC
INVESTMENT PORTFOLIO AS AT 31 MAY 2020

Listed Equity Holdings

Name	Value £'000s	% of Invested Funds	Sector
Microsoft	19,039	4.75	Software & Computer Services
United Health	16,840	4.20	Health Care Equipment & Services
Roche Holdings	15,229	3.80	Pharmaceuticals & Biotechnology
Visa	12,467	3.11	Financial Services
The Cooper Companies	12,307	3.07	Health Care Equipment & Services
Accenture	12,056	3.01	Support Services
Munich Re	11,497	2.87	Non-Life Insurance
Ecolab	11,354	2.83	Chemicals
Agilent	11,136	2.78	Electronic & Electrical Equipment
AbbVie	10,910	2.72	Pharmaceuticals & Biotechnology
Estée Lauder	9,348	2.33	Personal Goods
Enel	9,268	2.31	Electricity
Taiwan Semiconductor	8,594	2.14	Technology Hardware & Equipment
GlaxoSmithKline	8,358	2.09	Pharmaceuticals & Biotechnology
Schneider Electric	8,273	2.06	Electronic & Electrical Equipment
Microchip Technology	7,855	1.96	Technology Hardware & Equipment
Adidas	7,446	1.86	Personal Goods
Itochu	7,387	1.84	General Industrials
Royal Dutch Shell ‘B’ Shares	7,355	1.84	Oil & Gas Producers
AMETEK	7,353	1.83	Electronic & Electrical Equipment
AIA	7,054	1.76	Life Insurance
Partners Group	7,000	1.75	Financial Services
Iberdrola	6,827	1.70	Electricity
Nestle	6,362	1.59	Food Producers
Unilever	5,889	1.47	Personal Goods
Yum China Holdings	5,855	1.46	Travel & Leisure
Atlas Copco	5,786	1.44	Industrial Engineering
Booking Holdings	5,741	1.43	Travel & Leisure
Fresenius	5,699	1.42	Health Care Equipment & Services
St. James's Place	5,513	1.38	Life Insurance
Bright Horizons Family Solutions	5,391	1.35	General Retailers
Assa Abloy	5,111	1.28	Construction & Materials
Amphenol	5,083	1.27	Electronic & Electrical Equipment
International Flavors & Fragrances	5,044	1.26	Chemicals
Tyman	4,998	1.25	Construction & Materials
Intuitive Surgical	4,865	1.21	Health Care Equipment & Services
Brambles	4,782	1.19	General Industrials
Intuit	4,663	1.16	Software & Computer Services
Stock Spirits Group	4,651	1.16	Beverages
Astellas Pharma	4,597	1.15	Pharmaceuticals & Biotechnology
Wabtec	4,406	1.10	Industrial Engineering
Cie Financiere Richemont	4,382	1.09	Personal Goods
Rio Tinto	4,313	1.08	Mining
Charles Schwab	4,274	1.07	Financial Services
Compass	4,259	1.06	Travel & Leisure
Ashmore	4,072	1.02	Financial Services
Jiangsu Express	4,025	1.00	Industrial Transportation

Name	Value £'000s	% of Invested Funds	Sector
National Grid	3,935	0.98	Gas, Water & Multiutilities
Amadeus	3,922	0.98	Software & Computer Services
Citigroup	3,602	0.90	Banks
Redrow	3,511	0.88	Household Goods & Home Construction
ITV	3,452	0.86	Media
UBS	3,433	0.86	Banks
Albemarle	3,412	0.85	Chemicals
Informa	3,408	0.85	Media
MERLIN Properties	3,328	0.83	Real Estate
SThree	3,104	0.77	Support Services
Helical	3,060	0.76	Real Estate
China Mobile	2,852	0.72	Mobile Telecommunications
Lloyds Banking Group	2,390	0.60	Banks
Australia & New Zealand Bank	2,103	0.52	Banks
Senior	576	0.14	Aerospace & Defence
	400,802	**100.00**	

Unlisted Equity Holdings

Fintrust Debenture	4	-	Financial Services
	4	**-**	

GEOGRAPHICAL ANALYSIS AS AT 31 MAY 2020

	%
North America	45.65
Continental Europe	25.84
UK	18.20
Pacific Basin	7.32
Japan	2.99
Total	100.00

SECTORAL ANALYSIS AS AT 31 MAY 2020

	%
Industrials	20.96
Health Care	19.66
Financials	17.43
Technology	10.99
Consumer Goods	10.38
Consumer Services	7.01
Basic Materials	6.02
Utilities	4.99
Oil & Gas	1.84
Telecommunications	0.72
Total	100.00

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2020

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Losses on investments held at fair value through profit or loss	-	(21,997)	(21,997)
Gains on foreign currencies	-	72	72
Income from investments	4,985	-	4,985
Other income	2	-	2
Investment management fee	(268)	(626)	(894)
Administration expenses	(363)	(1)	(364)
Profit before finance costs and taxation	4,356	(22,552)	(18,196)
Finance costs: interest payable and similar charges	(142)	(301)	(443)
Profit on ordinary activities before taxation	4,214	(22,853)	(18,639)
Taxation	(647)	-	(647)
Profit after taxation attributable to ordinary shareholders	**3,567**	**(22,853)**	**(19,286)**
Earnings per ordinary share (Note 1) (basic and diluted)	**8.36p**	**(53.53p)**	**(45.17p)**

BALANCE SHEET

as at 31 May 2020

	£'000s
Investments held at fair value through profit or loss (Note 3)	400,806
Net current assets	4,212
Total assets less current liabilities	**405,018**
Creditors: amount falling due after more than one year	(25,068)
Total net assets	**379,950**
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	348,161
Revenue reserve	15,789
Equity shareholders' funds	**379,950**
Net asset value per ordinary share	**890.0p**

The net asset value is based on 42,692,727 ordinary shares in issue at 31 May 2020

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2019

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Gains on investments held at fair value through profit or loss	-	9,227	9,227
Losses on foreign currencies	-	(52)	(52)
Income from investments	6,615	-	6,615
Other income	11	-	11
Investment management fee	(258)	(601)	(859)
Administration expenses	(340)	-	(340)
Profit before finance costs and taxation	**6,028**	**8,574**	**14,602**
Finance costs: interest payable and similar charges	(148)	(318)	(466)
Profit on ordinary activities before taxation	**5,880**	**8,256**	**14,136**
Taxation	(508)	-	(508)
Profit after taxation attributable to ordinary shareholders	**5,372**	**8,256**	**13,628**
Earnings per ordinary share (Note 1) (basic and diluted)	**12.58p**	**19.34p**	**31.92p**

BALANCE SHEET

as at 31 May 2019

	£'000s
Investments held at fair value through profit or loss (Note 3)	394,396
Net current assets	280
Total assets less current liabilities	**394,676**
Creditors: amount falling due after more than one year	(25,060)
Total net assets	**369,616**
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	336,741
Revenue reserve	16,875
Equity shareholders' funds	**369,616**
Net asset value per ordinary share	**865.8p**

The net asset value is based on 42,692,727 ordinary shares in issue at 31 May 2019

BALANCE SHEET
as at 30 November 2019

	£'000s
Investments held at fair value through profit or loss (Note 3)	435,569
Net current liabilities	**(6,718)**
Total assets less current liabilities	**428,851**
Creditors: amount falling due after more than one year	(25,064)
Total net assets	**403,787**
Called up share capital	10,673
Capital redemption reserve	5,327
Capital reserves	371,014
Revenue reserve	16,773
Equity shareholders' funds	**403,787**
Net asset value per ordinary share	**945.8p**

The net asset value is based on 42,692,727 ordinary shares in issue at 30 November 2019

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 2019					
Net assets at 1 December 2018	10,673	5,327	328,485	15,788	360,273
Revenue profit	-	-	-	5,372	5,372
Dividends on ordinary shares (Note 4)	-	-	-	(4,291)	(4,291)
Unclaimed Dividends	-	-	-	6	6
Capital profit	-	-	8,256	-	8,256
Net assets at 31 May 2019	**10,673**	**5,327**	**336,741**	**16,875**	**369,616**
Six months ended 31 May 2020					
Net assets at 1 December 2019	10,673	5,327	371,014	16,773	403,787
Revenue profit	-	-	-	3,567	3,567
Dividends on ordinary shares (Note 4)	-	-	-	(4,551)	(4,551)
Capital loss	-	-	(22,853)	-	(22,853)
Net assets at 31 May 2020	**10,673**	**5,327**	**348,161**	**15,789**	**379,950**

CASH FLOW STATEMENT

	Six months ended 31 May 2020 £000's	Six months ended 31 May 2019 £000's
Operating activities		
(Loss) Profit before finance costs and taxation	(18,196)	14,602
Less: Losses (gains) on investments held at fair value through profit or loss	21,997	(9,227)
Add: Special dividends credited to capital	3	257
Less: (Gains) losses on foreign currency	(72)	52
Less: Overseas tax suffered	(647)	(508)
Decrease (increase) in other receivables	284	(288)
Decrease in other payables	(111)	(96)
Purchases of fixed asset investments held at fair value through profit or loss	(41,800)	(35,004)
Sales of fixed asset investments held at fair value through profit or loss	52,665	31,365
Net cash inflow from operating activities	**14,123**	**1,153**
Financing activities		
Interest paid	(422)	(451)
Revolving Credit Facility drawdown	2,000	-
Dividend paid on cumulative preference stock	(11)	(11)
Dividends paid on ordinary shares	(4,551)	(4,291)
Unclaimed dividends	-	6
Net cash outflow from financing activities	**(2,984)**	**(4,747)**
Decrease in cash and cash equivalents	**11,139**	**(3,594)**
Cash and cash equivalents at the start of the period	2,327	11,133
Effect of foreign exchange rates	72	(52)
Cash and cash equivalents at the end of the period	13,538	7,487
Comprising:		
Cash at bank	13,538	7,487

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 2019: 42,692,727 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 2020 were £39,254,000 (31 May 2019: £35,004,000) and sales for the half year ended 31 May 2020 were £52,017,000 (31 May 2019: £31,365,000).

Included in the cost of investments are transaction costs on purchases which amounted to £124,000 (31 May 2019: £69,000) and transaction costs on sales which amounted to £17,000 (31 May 2019: £7,000).

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 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 2020, the financial assets at fair value through profit and loss of £400,806,000 (30 November 2019: £435,569,000) are categorised as follows:

	Six months ended 31 May 2020 £'000s	**Year ended 30 November 2019 £'000s**
Level 1	400,802	435,565
Level 2	-	-
Level 3	4	4
	400,806	**435,569**

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 2020 £'000s	**Six months ended 31 May 2019 £'000s**	**Year ended 30 November 2019 £'000s**
Fourth quarterly dividend 6.00p paid 3 April 2020 (2019: final 6.00p)	2,562	2,562	2,562
First quarterly dividend 4.66p paid 23 July 2019 (2018: 4.05p)	-	-	1,989
Second quarterly dividend 4.66p paid 19 September 2019 (2018: 4.05p)	-	-	1,989
Third quarterly dividend 4.66p paid 12 December 2019 (2018: 4.05p)	1,989	1,729	1,729
	4,551	4,291	8,269

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 2020 £'000s	**Six months ended 31 May 2019 £'000s**	**Year ended 30 November 2019 £'000s**
First quarterly dividend 4.67p payable 23 July 2020 (2019: 4.66p)	1,994	1,989	-
Second quarterly dividend 4.67p payable 16 September 2020 (2019: 4.66p)	1,994	1,989	-
Third quarterly dividend 4.66p	-	-	1,989
Fourth quarterly dividend 6.00p	-	-	2,562
	3,988	3,978	4,551

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 2019 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. 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 2020 and will be available to members of the public from the company's registered office at 199 Bishopsgate, London EC2M 3TY.