

**THE INDEPENDENT INVESTMENT TRUST PLC**

**INTERIM FINANCIAL REPORT**  
For the six months ended 31 May 2018

## OBJECTIVE AND POLICY

The Company's objective is to provide good absolute returns over long periods by investing the great majority of its assets in UK and international quoted securities and, if appropriate, index futures. The portfolio is constructed without reference to the composition of any stockmarket index. Although its investment policy allows gearing, including the use of derivatives, the Company is not permitted to employ gearing whilst it continues to be a small registered UK Alternative Investment Fund Manager (AIFM). When appropriate, the directors will sanction a relatively concentrated portfolio structure and, depending on its AIFM status, relatively high levels of gearing.

## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company, which have not changed since the date of the Company's Annual Report and financial statements for the year to 30 November 2017, are financial risk, investment strategy risk, regulatory risk, custody risk, operational risk, discount risk, political risk and resource risk. An explanation of these risks and how they are being managed or mitigated is set out on pages 10 and 11 of that report, which is available on the Company's website: [www.independentinvestmenttrust.co.uk](http://www.independentinvestmenttrust.co.uk). The Company's policy is designed to allow the Company an unusually high degree of freedom to exploit the directors' judgement. To the extent that the directors' judgement is flawed, future results could be unusually poor.

## RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';
- b) the Chairman's Statement includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months, their impact on the financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and
- c) the Interim Financial Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the board

Douglas McDougall  
Chairman  
18 July 2018

## FINANCIAL HIGHLIGHTS\*

	31 May 2018	30 November 2017	% change
Net asset value per share	658.6p	610.2p	7.9
Share price	736.0p	654.0p	12.5
FTSE All-Share Index			4.7
FTSE World Index			2.3
Premium	11.8%	7.2%	

  

	Six months to 31 May 2018	Year to 30 November 2017	
<b>Total returns</b>			
Net asset value per share	9.0%	54.8%	
Share price	13.5%	87.0%	
FTSE All-Share Index	6.7%	13.4%	
FTSE World Index	3.7%	15.4%	

  

	Six months to 31 May 2018	Six months to 31 May 2017	% change
Revenue earnings per share	5.80p	4.43p	30.9
Dividend per share	2.00p	2.00p	–

\*For a definition of terms see Glossary of Terms on page 13.

Past performance is not a guide to future performance.

Total return information is sourced from Baillie Gifford/Thomson Reuters and relevant underlying index providers. See disclaimer on page 12.

The six month period ending 31 May 2018 saw our company produce a net asset value total return of 9.0%. The total returns notionally attributable to the FTSE All-Share Index and the FTSE World Index were 6.7% and 3.7% respectively. Our net asset value per share rose from 610.2p to 658.6p over the period, and the share price from 654p to 736p, causing the premium to net asset value to rise from 7.2% to 11.8%. The share price total return for the period was 13.5%.

Earnings for the half year amounted to 5.8p (4.43p) and we intend to pay an interim dividend of 2p (2p). As always, the outcome for the year will depend upon changes made to the portfolio during the second half of the year, but we expect to recommend a final dividend of 4p with surplus income being distributed by way of special dividend.

Once again, there is little of significance to report on the economic front. Most developed economies have shown some growth over the period with the US in particular benefiting from fiscal stimulus, while the UK has been rather disappointing. Inflation has tended to rise, but not sufficiently to cause alarm, which has allowed policy makers to leave in place the loose monetary conditions that have been such a boon to markets. For the most part our holdings reported good results, but there were some notable exceptions which acted as a restraint on our progress. This is more the normal state of affairs than the exceptionally favourable experience of our last financial year.

Initial public offerings (IPOs) have again featured prominently among our purchases during the period, including Urban Exposure, Team 17 and Codemasters. Integrafyn was also an IPO, but was sold at a good profit following our failure to build a worthwhile holding. We have often boasted of the returns we have achieved from IPOs. So it is only fair to admit that the survivors of last year's crop (UP Global was sold at a loss in the previous year) – Medica, Eddie Stobart Logistics, Alfa Financial Software and Footasylum – have been a considerable drag on performance in the period under review. Equally galling is the fact that in many cases their purchases were funded by reductions in mature holdings purely on grounds of valuation. Without exception, these mature holdings have since delivered strong performances, both operationally and in share price terms. Our practice of making valuation a key criterion in our selling decisions has not helped us in recent years.

Turnover was modest during the period and the principal change in the composition of the portfolio was a big increase in our exposure to the travel and leisure sector, albeit that this was entirely due to our decision to reclassify computer games companies as leisure businesses rather than technology businesses. Overall, we made net investments of some £16m, reducing our available cash balances from 7% of shareholders' funds at 30 November 2017 to 2% at 31 May 2018. This reflects the attractions of the individual stocks bought rather than any great enthusiasm for markets in general.

After the excitements of our last financial year, our technology and telecommunications holdings made more sedate, but nevertheless satisfactory, progress: a stake worth £79m (adjusted for the transfer of Frontier Developments to the travel and leisure sector) at 30 November 2017 had grown in value to £94m by 31 May 2018, after net purchases of £8.5m. The star of the show on this occasion was our new holding, Seeing Machines, which rose by over 40% between its purchase in December and 31 May. Seeing Machines has developed a device (a driver monitoring system or DMS) for detecting lapses of concentration on the part of drivers. The company has signed contracts with three major car manufacturers and is well placed to add to this number as the likelihood grows that DMSs will be mandatory in both the EU and the USA.

For a definition of terms see Glossary of Terms on page 13.

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Blue Prism had a quieter spell in share price terms, but reported excellent results, on the back of which we added to our holding. FDM, Gamma, Herald and Kainos all performed well on the back of good results, but Alfa Financial Software suffered during the period from a hesitant new business environment and then, after the period end, from major contract deferrals. This is obviously a disappointing picture, but our current view is that the share price reaction has been disproportionate.

It has been a rather disappointing period for our large housing stake, the value of which rose from £59.4m at 30 November 2017 to £61.9m at 31 May 2018, but only after net purchases of £5.3m. The two big disappointments were McCarthy and Stone and Crest Nicholson. McCarthy's business has been badly hurt by the government's ill considered unwillingness to exempt it from the new leasehold regulations and we have reluctantly sold our holding at a loss. Crest Nicholson has been affected by weakness at the upper end of the housing market, where it has more exposure than our other holdings. Persimmon, Redrow and Bellway all traded well throughout the period, but received scant recognition for their operational achievements. We do not rule out the possibility of weaker conditions in the housing market generally, but believe that this prospect is amply discounted in current share prices. Finally, we participated in the IPO of Urban Exposure, a company that lends money to housebuilders both on its own account and on the account of other organizations, which pay it fees. Run by former housebuilders, it is ideally placed to conduct such business. It enjoyed a quiet but successful start to its stockmarket life.

The value of our stake in the travel and leisure sector has been boosted by the inclusion of our video games holdings. Both our traditional holdings and the new games holdings performed strongly. Overall, a stake worth £43.3m at 30 November 2017 had, after benefiting from net additions of £5.8m, grown in value to £59.8m by 31 May 2018. As is customarily the case, the biggest contribution to this result came from On the Beach, which goes from strength to strength. The share prices of both Hollywood Bowl and Gym Group responded well to good results, while shares in the games company Frontier Developments rose strongly in anticipation of the launch of its new game franchise: Jurassic World Evolution. In the event, the launch failed to match expectations and the price has since fallen back. Our two new games purchases, Team 17 and Codemasters, were IPOs towards the end of the period. Team 17 not only publishes its own games, but also provides support to independent designers in return for royalties, a business that appears to have considerable potential. Codemasters specializes in racing games, where its three established franchises have long track records of profitable releases. Both companies enjoyed strong stockmarket debuts; Codemasters did not start trading until 1 June.

The only change in our business services stake was a purchase of a holding in the telephone conference call company, LoopUp. These shares were part of an issue made by the company to facilitate the takeover of a rival and did not start trading until June, since when they have performed well. The company's innovative approach in a mature market is leading to impressive market share gains. Of our existing holdings, Midwich delivered excellent results and was rewarded by a further re-rating of its shares, but Eddie Stobart Logistics saw its share price fall despite a satisfactory operating performance as the market worried about its exposure to the retail sector. Overall, a stake worth £25.9m at 30 November 2017 had grown in value to £33.4m by 31 May 2018 after a single purchase of £5.8m.

It has been a mixed six months for our retail holdings. The main feature of the period was the decision, taken after much heart searching, to sell out of Dunelm. Dunelm has been prominent in our portfolio ever since its flotation in 2006. It is an exceptionally well run business that has made a major contribution to our success over the years, but even it is struggling to cope with the changes to the retail landscape precipitated by the inexorable growth of the internet. We wish it well.

The retailer of nearly new cars, Motorpoint, continued its vigorous recovery while our three clothing retailers delivered good results in a difficult environment. This was reflected in the share price of Joules, but not in those of Footasylum or Quiz. In the period since 31 May, the Quiz share price has made good progress, but that of Footasylum has fallen sharply following a warning on current trading. Overall, our retail stake fell in value from £31.7m at 30 November 2017 to £24.9m at 31 May 2018 after net sales of £7.9m.

Fever-Tree has once again been on irrepresible form, contributing over half the overall capital appreciation of the portfolio over the six months to 31 May 2018, despite our best efforts to handicap it by (once again) reducing the holding at a price that has subsequently been shown to be too low. Within a strong overall performance its UK results have (once again) been outstanding. There must be limits to how much further the UK business can grow, but the opportunity outside the UK remains colossal and the company's recent decision to bring its US operation in house is a clear signal of its longer term ambitions.

Elsewhere in the portfolio, the Ashtead share price responded well to the sort of figures we have come to expect of the company over its five years in the portfolio, but Luceco suffered a major fall from grace as revelations of aggressive accounting compounded the effect of weak trading conditions; we sold our holding at a big loss. The NAHL share price was hit by a move to a less generous dividend policy, but the company appears to be adapting well to the changes in its markets. The Medica share price was hit by the company's failure to meet investors' expectations, but we remain optimistic about the company's long term prospects. The performance of the Polar Capital Global Insurance Fund reflected the market's lack of interest in the insurance sector. The energy sector was also surprisingly subdued given the strength of the oil price, which gave us the courage to add the shale oil producer, Concho Resources, to our existing energy holding, the service company RPC (which saw its share price fall sharply in reaction to disappointing results). We believe Concho, which operates exclusively in the Permian Basin, to be a low cost producer with excellent prospects for production growth even in a low oil price environment.

For some years, we have been striking a cautious note when discussing the outlook, but have allowed our many concerns to be overridden by our enthusiasm for the long term prospects of the companies we own. In the light of the success of this policy to date, we feel inclined to persist with it.

The principal risks facing the Company are set out on the inside front cover of this report. We draw your attention, in particular, to the unusually important role of the directors' judgement in the success or failure of the Company's policy. Related party transactions disclosures are set out in note 9 on page 11.

Douglas McDougall  
18 July 2018

## LIST OF INVESTMENTS AS AT 31 MAY 2018

Sector	Name	Value 30 Nov 2017 £'000	Net transactions £'000	Gains/ (losses) £'000	Value 31 May 2018 £'000	%
Housing	Bellway	6,918	–	(354)	6,564	1.8
	Crest Nicholson	15,105	4,485	(1,990)	17,600	4.8
	McCarthy and Stone	8,220	(6,670)	(1,550)	–	–
	Persimmon	5,074	–	584	5,658	1.5
	Redrow	24,040	–	180	24,220	6.6
	Urban Exposure	–	7,500	375	7,875	2.2
		59,357	5,315	(2,755)	61,917	16.9
Industrials	Ashtead Group	18,990	–	4,290	23,280	6.4
Retailing	Dunelm Group	10,522	(8,492)	(2,030)	–	–
	Footasylum	4,100	–	(400)	3,700	1.0
	Joules Group	4,050	–	1,050	5,100	1.4
	Motorpoint	8,325	–	2,475	10,800	3.0
	Quiz	4,740	592	(40)	5,292	1.5
		31,737	(7,900)	1,055	24,892	6.9
Consumer Services	NAHL Group	2,614	1,299	(700)	3,213	0.9
Consumer Goods	Luceco	7,251	(2,095)	(5,156)	–	–
Travel and Leisure	Codemasters Group Holdings*	–	4,800	–	4,800	1.3
	Frontier Developments	8,450	–	2,827	11,277	3.1
	Hollywood Bowl Group	7,120	–	1,920	9,040	2.5
	On the Beach Group	21,264	(4,573)	3,209	19,900	5.4
	Team 17 Group	–	5,566	1,184	6,750	1.8
	The Gym Group	6,450	–	1,020	7,470	2.0
		43,284	5,793	10,160	59,237	16.1
Business Services	Eddie Stobart Logistics	10,920	–	(1,120)	9,800	2.7
	LoopUp*	–	5,800	–	5,800	1.6
	Midwich	15,000	–	2,850	17,850	4.9
		25,920	5,800	1,730	33,450	9.2
Technology and Telecommunications	Alfa Financial Software	12,123	–	(4,311)	7,812	2.1
	Blue Prism	27,262	5,289	3,573	36,124	9.9
	FDM Group	14,213	–	1,087	15,300	4.2
	Gamma Communications	3,015	–	635	3,650	1.0
	Herald Investment Trust	17,640	–	1,860	19,500	5.3
	Kainos Group	4,725	(1,973)	1,318	4,070	1.1
	Seeing Machines	–	5,143	2,357	7,500	2.1
			78,978	8,459	6,519	93,956
Beverages	Fever-Tree Drinks	29,160	(5,567)	15,368	38,961	10.7
Health Care	Medica Group	8,480	–	(2,560)	5,920	1.6
Financials	Integrafin Holdings	–	(241)	241	–	–
	Polar Capital Global Insurance Fund – Ireland	4,789	–	(128)	4,661	1.3
		4,789	(241)	113	4,661	1.3
Energy/Oilfield Services	Concho Resources – USA	–	5,174	(15)	5,159	1.4
	RPC – USA	3,552	–	(1,084)	2,468	0.7
		3,552	5,174	(1,099)	7,627	2.1
<b>TOTAL INVESTMENTS</b>		314,112	16,037	26,965	357,114	97.8
<b>Net liquid assets</b>		24,339	(16,149)	(2)	8,188	2.2
<b>SHAREHOLDERS' FUNDS</b>		338,451	(112)	26,963	365,302	100.0

\*These holdings relate to new share issues purchased shortly before the period end which did not start trading until shortly after the period end. The above table excludes holdings valued at nil.

All holdings are in equities domiciled in the UK unless otherwise stated.

INCOME STATEMENT  
(unaudited)

For the six months ended 31 May 2018

	<i>Notes</i>	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	26,965	26,965
Currency losses		–	(2)	(2)
Income from investments and interest receivable		3,586	–	3,586
Other income		9	–	9
Administrative expenses		(375)	–	(375)
<b>Net return on ordinary activities before taxation</b>		<b>3,220</b>	<b>26,963</b>	<b>30,183</b>
Tax on ordinary activities		(4)	–	(4)
<b>Net return on ordinary activities after taxation</b>		<b>3,216</b>	<b>26,963</b>	<b>30,179</b>
<b>Net return per ordinary share</b>	<b>4</b>	<b>5.80p</b>	<b>48.61p</b>	<b>54.41p</b>
Note:				
Dividends per share paid and payable in respect of the period	5	2.00p		

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

All revenue and capital items in this statement derive from continuing operations.

A Statement of Comprehensive Income is not required as the Company does not have any other comprehensive income and the net return on ordinary activities after taxation is both the profit and comprehensive income for the year.



For the six months ended 31 May 2017			(Audited) For the year ended 30 November 2017		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	75,628	75,628	-	115,241	115,241
-	(15)	(15)	-	(32)	(32)
2,804	-	2,804	5,792	-	5,792
13	-	13	38	-	38
(356)	-	(356)	(721)	-	(721)
2,461	75,613	78,074	5,109	115,209	120,318
-	-	-	(3)	-	(3)
2,461	75,613	78,074	5,106	115,209	120,315
4.43p	136.28p	140.71p	9.20p	207.67p	216.87p
2.00p			8.00p		

**BALANCE SHEET**  
(unaudited)

		(Audited)	
		At 31 May	At 30 November
	<i>Notes</i>	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss		357,114	314,112
<b>Current assets</b>			
Debtors		1,084	798
Cash at bank and in hand		18,060	23,704
		19,144	24,502
<b>Creditors</b>			
Amounts falling due within one year		(10,956)	(163)
<b>Net current assets</b>		8,188	24,339
<b>Total net assets</b>		365,302	338,451
<b>Capital and reserves</b>			
Share capital		13,867	13,867
Share premium account		15,242	15,242
Special distributable reserve		16,387	16,387
Capital redemption reserve		2,665	2,665
Capital reserve		310,154	283,191
Revenue reserve		6,987	7,099
<b>Shareholders' funds</b>		365,302	338,451
<b>Net asset value per ordinary share</b>	6	658.6p	610.2p
<b>Ordinary shares in issue</b>	7	55,470,000	55,470,000

STATEMENT OF CHANGES IN EQUITY  
(unaudited)

For the six months ended 31 May 2018

	Share Capital £'000	Share Premium Account £'000	Special Distri- butable Reserve £'000	Capital Redemp- tion Reserve £'000	Capital Reserve* £'000	Revenue Reserve £'000	Share- holders' Funds £'000
Shareholders' funds at 1 December 2017	13,867	15,242	16,387	2,665	283,191	7,099	338,451
Net return on ordinary activities after taxation	-	-	-	-	26,963	3,216	30,179
Shares bought back for cancellation	-	-	-	-	-	-	-
Dividends paid (note 5)	-	-	-	-	-	(3,328)	(3,328)
<b>Shareholders' funds at 31 May 2018</b>	<b>13,867</b>	<b>15,242</b>	<b>16,387</b>	<b>2,665</b>	<b>310,154</b>	<b>6,987</b>	<b>365,302</b>

For the six months ended 31 May 2017

	Share Capital £'000	Share Premium Account £'000	Special Distri- butable Reserve £'000	Capital Redemp- tion Reserve £'000	Capital Reserve* £'000	Revenue Reserve £'000	Share- holders' Funds £'000
Shareholders' funds at 1 December 2016	13,882	15,242	16,625	2,650	167,982	4,489	220,870
Net return on ordinary activities after taxation	-	-	-	-	75,613	2,461	78,074
Shares bought back for cancellation	(15)	-	(238)	15	-	-	(238)
Dividends paid (note 5)	-	-	-	-	-	(1,387)	(1,387)
<b>Shareholders' funds at 31 May 2017</b>	<b>13,867</b>	<b>15,242</b>	<b>16,387</b>	<b>2,665</b>	<b>243,595</b>	<b>5,563</b>	<b>297,319</b>

\* The Capital Reserve balance at 31 May 2018 includes investment holding gains on fixed asset investments of £165,092,000 (31 May 2017 – gains of £121,558,000).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
(unaudited)

1. The condensed financial statements for the six months to 31 May 2018 comprise the statements set out on pages 6 to 9 together with the related notes on pages 10 and 11. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and updated in February 2018 with consequential amendments. They have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The financial statements for the six months to 31 May 2018 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and financial statements at 30 November 2017. The Company has elected not to present a Statement of Cash Flows for the current period as a Statement of Changes in Equity has been provided and substantially all of the Company's investments are highly liquid and are carried at market value.

**Fair value hierarchy**

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit or loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

The Company's investments are financial instruments held at fair value through the profit or loss accounts. At 31 May 2018, £346,514,000 of the investments were categorised as Level 1 in the above hierarchy, with the remaining £10,600,000 categorised as Level 2. All of the Company's investments at 30 November 2017 were classified as Level 1. For all other financial assets and liabilities, carrying value approximates to fair value. There have been no transfers between levels of the fair value hierarchy during the period. The fair value of listed investments is either the bid price or last traded price, depending on the convention of the stock exchange on which the investment is listed. Listed investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data.

**Going concern**

Having considered the Company's current position, self-managed status, the nature of its assets, liabilities, projected income and expenditure together with the Company's investment objective and policy, dividend policy and principal risks and uncertainties, as set out on the inside front cover of this report, it is the directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's assets, the majority of which are investments in quoted securities which are readily realizable, exceed its liabilities significantly. The Company has no loans. Accordingly, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements and confirm that they are not aware of any material uncertainties which may affect its ability to continue to do so over a period of at least twelve months from the date of approval of these financial statements.

2. The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 30 November 2017 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying its report, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

3. **Gains on investments**

	Six months to 31 May	Six months to 31 May	(Audited) Year to 30 November
	2018 £'000	2017 £'000	2017 £'000
Realised gains on sales	7,509	11,310	26,845
Movement on investment holding gains and losses	19,456	64,318	88,396
	<u>26,965</u>	<u>75,628</u>	<u>115,241</u>

4. **Net return per ordinary share**

	Six months to 31 May	Six months to 31 May	(Audited) Year to 30 November
	2018 £'000	2017 £'000	2017 £'000
Revenue return on ordinary activities after taxation	3,216	2,461	5,106
Capital return on ordinary activities after taxation	26,963	75,613	115,209
Total net return	<u>30,179</u>	<u>78,074</u>	<u>120,315</u>

The returns per share are based on the above returns and on 55,470,000 (31 May 2017 – 55,485,824; 30 November 2017 – 55,477,890) shares being the weighted average number of shares in issue during each period.

There was no dilution of returns during any of the financial periods under review.

5. Dividends

	Six months to 31 May	Six months to 31 May	(Audited) Year to 30 November
	2018 £'000	2017 £'000	2017 £'000
<b>Amounts recognized as distributions in the period:</b>			
Previous year's final of 4.00p paid 6 April 2018 (2017 – nil)	2,219	–	–
Previous year's special of 2.00p paid 6 April 2018 (2017 – 2.50p)	1,109	1,387	1,387
Interim (2017 – 2.00p)	–	–	1,109
	3,328	1,387	2,496
<b>Amounts paid and payable in respect of the period:</b>			
Interim of 2.00p payable 24 August 2018 (2017 – 2.00p)	1,109	1,109	1,109
Final (2017 – 4.00p)	–	–	2,219
Special (2017 – 2.00p)	–	–	1,109
	1,109	1,109	4,437

The Interim dividend in respect of the six months to 31 May 2018 was declared after the period end and has therefore not been included as a liability in the balance sheet. It is payable on 24 August 2018 to shareholders on the register at the close of business on 3 August 2018. The ex-dividend date is 2 August 2018.

6. Net asset value per ordinary share

The net asset value per ordinary share and the net asset value attributable to the ordinary shareholders at the period end calculated in accordance with the articles of association and UK GAAP were as follows:

	As at 31 May 2018		As at 30 November 2017	
	Pence	£'000	Pence	£'000
Ordinary shares	658.6p	365,302	610.2p	338,451

The net asset value per share is based on net assets as shown above and on 55,470,000 shares (30 November 2017 – 55,470,000), being the number of shares in issue at the period end.

There are no dilutive or potentially dilutive shares in issue.

7. During the period the Company did not buy back or allot any shares. At 31 May 2018, the Company had authority to buy back 8,314,953 ordinary shares and to allot new shares up to an aggregate nominal amount of £4,774,939.

8. Transaction costs incurred on the purchase and sale of the investments are added to the purchase cost or deducted from the sale proceeds, as appropriate. During the period, transaction costs on purchases amounted to £61,000 (31 May 2017 – £103,000; 30 November 2017 – £153,000) and transaction costs on sales amounted to £68,000 (31 May 2017 – £77,000; 30 November 2017 – £155,000).

9. Related party transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and financial statements that could have had such an effect on the Company during that period.

## THIRD PARTY DATA PROVIDER DISCLAIMER

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## AUTOMATIC EXCHANGE OF INFORMATION

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, the Company is required to collect and report certain information about certain shareholders.

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

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

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

None of the views expressed in this document should be construed as advice to buy or sell a particular investment. The Independent Investment Trust PLC, as a listed company, is subject to the requirements of the Listing Rules of the Financial Conduct Authority (FCA). It is a small registered UK Alternative Investment Fund Manager (AIFM) under the Alternative Investment Fund Managers Regulations 2013. Its employees are not registered with the FCA as authorized persons. If you are in any doubt about the Company's regulatory status, you should consult your stockbroker or financial adviser.

## GLOSSARY OF TERMS

### **Net Asset Value**

Net Asset Value (NAV) is the value of all assets held less all liabilities. The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue.

### **Discount/Premium**

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

### **Net Liquid Assets**

Net liquid assets comprise current assets less current liabilities.

### **Total Return**

The total return is the return to shareholders after reinvesting the dividend on the date that the share price goes ex-dividend.

### **Gearing**

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets. The level of gearing can be adjusted through the use of derivatives which affect the sensitivity of the value of the portfolio to changes in the level of markets.

### **Available Cash**

For the purposes of expressing available cash as a percentage of shareholders' funds, the cash figure in the Company's balance sheet is adjusted to reflect trades awaiting settlement.

#### DIRECTORS

DCP McDougall OBE (Chairman)  
MCB Ward (Managing Director)  
JGD Ferguson (Non-executive)  
The Hon. RJ Laing (Non-executive)

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#### COMPANY DETAILS

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