

# The Independent Investment Trust PLC

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## Interim Financial Report for the six months ended 31 May 2019

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Legal Entity Identifier: 213800IYHGJTZJ3MO642

Regulated Information Classification: Half Yearly Financial Report.

The following information is disclosed in accordance with DTR 4.2 of the UKLA Listing Rules (half-yearly financial reports).

### Objective and Policy

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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 Risk and Uncertainties

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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 2018, 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 to 12 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

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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 Rule 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year, 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 year); and
- c) the Interim Financial Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the board

Douglas McDougall

Chairman

12 July 2019

# The Independent Investment Trust PLC

## Financial Highlights\*

	31 May 2019	30 November 2018	% change
Net asset value per share	572.3p	537.4p	6.5
Share price	556.0p	531.0p	4.7
FTSE All-Share Index†			2.6
FTSE World Index†			1.4
Discount#	2.8%	1.2%	

  

	Six months to 31 May 2019	Year to 30 November 2018
<b>Total returns†</b>		
Net asset value per share#	8.1%	(10.8%)
Share price#	6.2%	(17.9%)
FTSE All-Share Index	4.9%	(1.5%)
FTSE World Index	2.8%	6.0%

  

	Six months to 31 May 2019	Six months to 31 May 2018	% change
Revenue earnings per share	8.08p	5.80p	39.3
Dividend per share	3.00p	2.00p	50.0

\* For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

# Alternative performance measure, see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

† Source: Baillie Gifford/Refinitive and relevant underlying data providers. See disclaimer at the end of this announcement.

Past performance is not a guide to future performance.

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## Chairman's Statement

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The six month period ending 31 May 2019 saw our Company produce a net asset value total return of 8.1%. The total returns notionally attributable to the FTSE All-Share Index and the FTSE World Index were 4.9% and 2.8% respectively. Our net asset value per share rose from 537.4p to 572.3p over the period, and the share price from 53 1p to 556p, causing the discount to net asset value to rise from 1.2% to 2.8%. The share price total return for the period was 6.2%.

Earnings for the half year amounted to 8.08p (5.8p). The buoyancy of our revenue account gives us confidence that the outcome for the full year will be significantly ahead of last year's figure. We are therefore paying an interim dividend of 3p on 23 August with an ex date of 1 August. We expect to recommend a final dividend of at least 5p with any surplus income being distributed by way of special dividend.

During the period we were able to buy back 50,000 shares at a discount of 5.1%. Subject to market conditions and the availability of cash, we continue to be happy to buy back stock when we can do so on terms that do not harm the interests of continuing shareholders. Since the end of the period we have bought back a further 393,649 shares on an average discount of 5.4%.

The Association of Investment Companies has unilaterally decided to change the sector under which The Independent is listed. Previously we were listed as a global trust, but we are now classified as a UK trust. It is true that most of our money has been invested in UK equities in recent years, but we have always had – and intend to retain – the freedom to invest in quoted equities wherever they are listed. We regret the fact that our new classification may mislead potential investors into believing that it is a permanent part of our formal investment policy to have a high UK stake.

Economic developments during the period have been rather overshadowed by political developments. Of particular note have been the belligerent tone adopted by the USA in its trade negotiations with China and Mexico, and the political chaos that has attended the apparently interminable Brexit process. The latter increases the possibility of Britain being subjected to an extreme left wing government, not an appetising prospect for investors. The most significant economic development of the period was the softening of central bank rhetoric on monetary policy. Markets have reacted favourably to this, but it can be argued that it should be a matter of concern that developed economies, many of which are operating close to capacity, are still not strong enough to cope with a normal interest rate environment.

This has been a quiet period for us with low turnover and only one new purchase, the café-bar chain Loungers. There have been no material changes in our sectoral distribution but, as foreshadowed in our annual report, our cash balances continued to rise: from 8.5% at 30 November 2018 to 14% at 31 May 2019. More recently they have fallen back a little: on 11 July they represented 12%.

Our technology holdings fell in value from £72.7m at 30 November 2018 to £70.15m at 31 May 2019, but this was after net sales of £11.5m and thus masked a solid underlying rebound from the depressed levels prevailing at the start of the period. We have sold the rest of our holding in Kainos on grounds of valuation; it did us proud. We have also taken advantage of the strong recovery in the Blue Prism share price to make a substantial net reduction in the size of the holding which, with the benefit of hindsight, had become too large. It remains a very exciting business, but the volatility of the share price is evidence of the difficulty we and others have in valuing it. Our sole technology purchase was an addition to our holding in Seeing Machines which, not for the first time in its chequered history, had run out of money. It is to be hoped that the funds raised, together with a more disciplined approach on the part of its new management team, will allow the company to bring its impressive technology to commercial fruition. Herald, FDM and Gamma all made good progress, both operationally and in share price terms, but Zoo Digital suffered from the loss of an important client and Alfa Financial remained becalmed by subdued market conditions.

Our large stake in the travel and leisure sector fared well during the period: worth £50.3m at 30 November 2018, it had grown in value to £55m at 31 May 2019 after net sales of £1.5m. The principal impetus to this performance was the publication of pleasing results by all of the constituent holdings apart from Gym Group, which fell behind on its schedule of new openings at a time of increasing competition in the low cost gym sector. It was a particular relief to see good results from our computer games companies, which had suffered badly in the stockmarket sell off in the second half of 2018. It was also reassuring to see solid results from On the Beach and Hollywood Bowl, both of

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which have had to contend with difficult trading conditions over the last year or so. Finally, we bought shares in the café-bar company Loungers at the time of its initial public offering. The Loungers format, which is particularly popular with women, is unusual in that it trades well throughout the day. This generates a high return on invested capital and thus facilitates a rapid rate of expansion. The company believes there is ultimately scope for at least three times the current number of outlets.

Our housebuilding holdings staged a moderate recovery from the depressed levels they had reached at the end of our last financial year: in aggregate they rose in value from £41.3m at 30 November 2018 to £45.5m at 31 May 2019 after purchases amounting to £0.7m. Our worry at the start of the year had been that the deterioration in trading evident in the latter part of 2018 might intensify given the uncertainties attending Brexit, but in the event the market has stabilized at a level that provides satisfactory sales rates for all our holdings. Coupled with a land market that remains unusually benign, this has led to profits meeting expectations and high levels of cash generation. Our view is that such results can only be reconciled with the current stockmarket valuations of these businesses if the industry is on the verge of a severe downturn in profitability. Such a development is always possible, particularly at a time when political and economic uncertainties abound, but it does not appear likely to us. Nor, were it to occur, would it alter our enthusiasm for the long term outlook for the sector. We are closer to adding to our stake in the industry than to abandoning it.

The performance of our business service holdings has been mixed. We took advantage of a good recovery in the Midwich share price to reduce our holding, more on grounds of the illiquidity of the holding than on any concerns about trading, which remains good. The LoopUp share price, whose poor performance in the period under review was caused by the company's decision to increase its cost base, has since collapsed following the disclosure that it also suffered a sharp deterioration in trading in the period. Shares in Eddie Stobart Logistics performed dismally over the period. It has subsequently emerged that trading has been somewhat disappointing and that new accounting policies will have a mildly negative effect on earnings expectations; despite these revelations, the shares now look very cheap. Overall, the value of our business services holdings fell from £29.1m at 30 November 2018 to £25.5m at 31 May 2019 after sales of £2.6m.

Retailing is no longer a particularly important part of the portfolio, but that did not prevent it from inflicting notable damage on our overall performance: a stake worth £16.8m at 30 November 2018 had declined in value to £14.5m by 31 May 2019 after a single sale amounting to £0.5m. Motorpoint, our largest holding in the sector, traded well but saw its share price succumb to fears over the outlook for the used car market. Joules also traded well and was rewarded with a modest increase in its share price. Both The Works and Quiz were affected by tough trading conditions on the high street and saw their share prices fall sharply; we sold the holding in Quiz at a big loss.

Elsewhere in the portfolio, good results from Fever-Tree allowed its share price to stage a partial recovery; continued strong operating progress at Ashtead went largely unrewarded by the market; and the share prices of both Medica and NAHL reacted with relief as results met previously reduced expectations. The Polar Capital Insurance Fund performed well, but our two energy holdings had a very difficult time as a shortage of pipeline capacity in the Permian Basin affected the economics of their businesses.

Ever since the financial crisis we have struggled to develop any confidence in the outlook for economies or stockmarkets. The most important factor in the outlook is probably the future of monetary policy. The extraordinary laxity of the last decade has continued for far longer than we had thought possible and there is no sign of its coming to an end in the near future. However, the behaviour of stockmarkets in the final quarter of 2018, when many believed that we were entering a period of more restrictive monetary conditions, was a salutary reminder of how uncomfortable conditions may be for investors when policy finally is tightened. In these circumstances, it seems sensible to operate with higher cash balances than we have held in the recent past.

The principal risks facing the Company are set out at the start of this announcement. 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.

Douglas McDougall  
12 July 2019

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## List of Investments as at 31 May 2019 (unaudited)

Sector	Name	Value 30 Nov 2018 £'000	Net transactions £'000	Gains/ (losses) £'000	Value 31 May 2019 £'000	%
Housing	Bellway	5,082	-	400	5,482	1.7
	Crest Nicholson	13,688	-	976	14,664	4.6
	Persimmon	3,800	-	134	3,934	1.3
	Redrow	18,728	662	2,028	21,418	6.8
		<u>41,298</u>	<u>662</u>	<u>3,538</u>	<u>45,498</u>	<u>14.4</u>
Industrials	Ashtead Group	17,590	-	1,055	18,645	5.9
Retailing	Joules Group	3,510	-	315	3,825	1.2
	Motorpoint	9,450	-	(270)	9,180	2.9
	Quiz	1,461	(496)	(965)	-	-
	TheWorks.co.uk	2,345	-	(854)	1,491	0.5
		<u>16,766</u>	<u>(496)</u>	<u>(1,774)</u>	<u>14,496</u>	<u>4.6</u>
Consumer Services	NAHL Group	2,575	-	150	2,725	0.9
Travel and Leisure	Codemasters Group Holdings	5,950	-	1,394	7,344	2.3
	Frontier Developments	5,590	-	1,495	7,085	2.2
	Hollywood Bowl Group	7,800	(2,342)	1,382	6,840	2.2
	Loungers	-	3,245	243	3,488	1.1
	On the Beach Group	19,228	(2,366)	1,466	18,328	5.8
	Team 17 Group	6,150	-	1,110	7,260	2.3
	The Gym Group	5,580	-	(880)	4,700	1.5
		<u>50,298</u>	<u>(1,463)</u>	<u>6,210</u>	<u>55,045</u>	<u>17.4</u>
Business Services	Eddie Stobart Logistics	7,910	-	(2,240)	5,670	1.8
	LoopUp	5,003	-	(508)	4,495	1.4
	Midwich	16,200	(2,631)	1,781	15,350	4.8
		<u>29,113</u>	<u>(2,631)</u>	<u>(967)</u>	<u>25,515</u>	<u>8.0</u>
Technology and Telecommunications	Alfa Financial Software	3,300	-	(175)	3,125	1.0
	Blue Prism	23,596	(9,235)	5,659	20,020	6.3
	FDM Group	12,735	-	1,665	14,400	4.6
	Gamma Communications	4,020	-	1,930	5,950	1.9
	Herald Investment Trust	17,325	-	2,385	19,710	6.2
	Kainos Group	4,240	(4,395)	155	-	-
	Seeing Machines - Australia	4,800	2,100	(1,375)	5,525	1.7
	Zoo Digital Group	2,660	-	(1,240)	1,420	0.4
		<u>72,676</u>	<u>(11,530)</u>	<u>9,004</u>	<u>70,150</u>	<u>22.1</u>
Beverages	Fever-Tree Drinks	23,920	(6,109)	3,421	21,232	6.7
Healthcare	Medica Group	5,640	-	240	5,880	1.9
Financials	Polar Capital Global Insurance Fund - Ireland	5,051	-	459	5,510	1.7
	Energy/Oilfield Services	Concho Resources - USA	5,107	-	(1,219)	3,888
	RPC - USA	2,050	-	(868)	1,182	0.4
		<u>7,157</u>	<u>-</u>	<u>(2,087)</u>	<u>5,070</u>	<u>1.6</u>
Total Investments		272,084	(21,567)	19,249	269,766	85.2
Net Liquid Assets		25,489	21,362	-	46,851	14.8
<b>Shareholders' Funds</b>		<b>297,573</b>	<b>(205)</b>	<b>19,249</b>	<b>316,617</b>	<b>100.0</b>

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

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## Income statement (unaudited)

	For the six months ended 31 May 2019			For the six months ended 31 May 2018			(Audited) For the year ended 30 November 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments (note 3)	-	<b>19,249</b>	<b>19,249</b>	-	26,965	26,965	-	(41,752)	(41,752)
Currency losses	-	(1)	(1)	-	(2)	(2)	-	(2)	(2)
Income from investments and interest receivable	<b>4,826</b>	-	<b>4,826</b>	3,586	-	3,586	6,541	-	6,541
Other income	<b>9</b>	-	<b>9</b>	9	-	9	60	-	60
Administrative expenses	<b>(361)</b>	-	<b>(361)</b>	(375)	-	(375)	(751)	-	(751)
<b>Net return on ordinary activities before taxation</b>	<b>4,474</b>	<b>19,248</b>	<b>23,722</b>	3,220	26,963	30,183	5,850	(41,754)	(35,904)
Tax on ordinary activities	(5)	-	(5)	(4)	-	(4)	(11)	-	(11)
<b>Net return on ordinary activities after taxation</b>	<b>4,469</b>	<b>19,248</b>	<b>23,717</b>	3,216	26,963	30,179	5,839	(41,754)	(35,915)
<b>Net return per ordinary share (note 4)</b>	<b>8.08p</b>	<b>34.79p</b>	<b>42.87p</b>	5.80p	48.61p	54.41p	10.53p	(75.27p)	(64.74p)
Note: Dividends per share paid and payable in respect of the period (note 5)	<b>3.00p</b>			2.00p			10.00p		

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 period.

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## Balance sheet (unaudited)

	At 31 May 2019 £'000	(Audited) At 30 November 2018 £'000
<b>Fixed assets</b>		
Investments held at fair value through profit or loss	<b>269,766</b>	272,084
<b>Current assets</b>		
Debtors	<b>1,231</b>	266
Cash and cash equivalents	<b>45,804</b>	25,794
	<b>47,035</b>	26,060
<b>Creditors</b>		
Amounts falling due within one year	<b>(184)</b>	(571)
<b>Net current assets</b>	<b>46,851</b>	25,489
<b>Total net assets</b>	<b>316,617</b>	297,573
<b>Capital and reserves</b>		
Share capital	<b>13,830</b>	13,842
Share premium account	<b>15,242</b>	15,242
Special distributable reserve	<b>15,613</b>	15,861
Capital redemption reserve	<b>2,702</b>	2,690
Capital reserve	<b>260,685</b>	241,437
Revenue reserve	<b>8,545</b>	8,501
<b>Shareholders' funds</b>	<b>316,617</b>	297,573
<b>Net asset value per ordinary share (note 6)</b>	<b>572.3p</b>	537.4p
<b>Ordinary shares in issue (note 7)</b>	<b>55,320,000</b>	55,370,000

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## Statement of changes in equity (unaudited)

For the six months ended 31 May 2019

	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital redemption reserve £'000	Capital Reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 December 2018	13,842	15,242	15,861	2,690	241,437	8,501	297,573
Net return on ordinary activities after taxation	-	-	-	-	19,248	4,469	23,717
Shares bought back for cancellation	(12)	-	(248)	12	-	-	(248)
Dividends paid (note 5)	-	-	-	-	-	(4,425)	(4,425)
<b>Shareholders' funds at 31 May 2019</b>	<b>13,830</b>	<b>15,242</b>	<b>15,613</b>	<b>2,702</b>	<b>260,685</b>	<b>8,545</b>	<b>316,617</b>

For the six months ended 31 May 2018

	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital redemption reserve £'000	Capital Reserve* £'000	Revenue reserve £'000	Shareholders' 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>

\* The Capital Reserve balance at 31 May 2019 includes investment holding gains on fixed asset investments of £92,498,000 (31 May 2018 – gains of £165,092,000).



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## Notes to the condensed financial statements (unaudited)

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1. The condensed financial statements for the six months to 31 May 2019 comprise the statements set out above and the related notes below. 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 2019 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 2018. 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 2019, all of the investments were categorized as Level 1 within the fair value hierarchy described above. All of the Company's investments at 30 November 2018 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 above, 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 2018 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.
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3. <b>Gains on investments</b>	(Audited)		
	Six months to 31 May 2019 £'000	Six months to 31 May 2018 £'000	Year to 30 November 2018 £'000
Realized gains on sales	<b>15,062</b>	7,509	15,574
Movement on investment holding gains and losses	<b>4,187</b>	19,456	(57,326)
	<b>19,249</b>	26,965	(41,752)

4. <b>Net return per ordinary share</b>	(Audited)		
	Six months to 31 May 2019 £'000	Six months to 31 May 2018 £'000	Year to 30 November 2018 £'000
Revenue return on ordinary activities after taxation	<b>4,469</b>	3,216	5,839
Capital return on ordinary activities after taxation	<b>19,248</b>	26,963	(41,754)
Total net return	<b>23,717</b>	30,179	(35,915)

The returns per share are based on the above returns and on 55,321,507 (31 May 2018 – 55,470,000; 30 November 2018 – 55,469,725) 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. <b>Dividends</b>	(Audited)		
	Six months to 31 May 2019 £'000	Six months to 31 May 2018 £'000	Year to 30 November 2018 £'000
<b>Amounts recognized as distributions in the period:</b>			
Previous year's final of 5.00p paid 8 April 2019 (2018 – 4.00p)	<b>2,766</b>	2,219	2,219
Previous year's special of 3.00p paid 8 April 2019 (2018 – 2.00p)	<b>1,659</b>	1,109	1,109
Interim (2018 – 2.00p)	-	-	1,109
	<b>4,425</b>	3,328	4,437
<b>Amounts paid and payable in respect of the period:</b>			
Interim of 3.00p payable 23 August 2019 (2018 – 2.00p)	<b>1,660</b>	1,109	1,109
Final (2018 – 5.00p)	-	-	2,769
Special (2018 – 3.00p)	-	-	1,661
	<b>1,660</b>	1,109	5,539

The Interim dividend in respect of the six months to 31 May 2019 was declared after the period end and has therefore not been included as a liability in the balance sheet. It is payable on 23 August 2019 to shareholders on the register at the close of business on 2 August 2019. The ex-dividend date is 1 August 2019.

## 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 2019		As at 30 November 2018	
	Pence	£'000	Pence	£'000
Ordinary shares	<b>572.3</b>	<b>316,617</b>	537.4	297,573

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The net asset value per share is based on net assets as shown above and on 55,320,000 shares (30 November 2018 – 55,370,000), being the number of shares in issue at the period end.

There are no dilutive or potentially dilutive shares in issue.

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7. During the period the Company bought back for cancellation 50,000 ordinary shares of 25p each at a cost of £248,000. At 31 May 2019, the Company had authority to buy back 8,292,468 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 £6,000 (31 May 2018 - £61,000; 30 November 2018 - £95,000) and transaction costs on sales amounted to £63,000 (31 May 2018 - £68,000; 30 November 2018 - £131,000).
  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.
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## Third party data provider disclaimer

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# The Independent Investment Trust PLC

## Glossary of Terms and Alternative Performance Measures (APM)

### **Total Assets**

The total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

### **Net Asset Value**

Also described as shareholder's funds. 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 (APM)**

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 (APM)**

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

		31 May 2019 NAV	31 May 2019 Share Price	30 November 2018 NAV	30 November 2018 Share Price
Closing NAV per share / share price	(a)	572.3p	556.0p	537.4p	531.0p
Dividend adjustment factor*	(b)	1.0147	1.0146	1.0127	1.0115
Adjusted closing NAV per share / share price	(c = a x b)	580.7p	564.1p	544.2p	537.1p
Opening NAV per share / share price	(d)	537.4p	531.0p	610.2p	654.0p
Total Return	(c ÷ d) - 1	8.1%	6.2%	(10.8%)	(17.9%)

\* The dividend adjustment factor is calculated on the assumption that the dividends of 8.00p paid by the Company in the six months to 31 May 2019 were reinvested into shares of the Company at the cum income NAV per share/ share price, as appropriate, at the ex-dividend date.

### **Gearing (APM)**

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.

# The Independent Investment Trust PLC

## **Available Cash**

Cash and cash equivalents as adjusted for investment and share buy-back transactions awaiting settlement.

The printed version of the Interim Financial Report will be sent to shareholders and will be available on [www.independentinvestmenttrust.co.uk](http://www.independentinvestmenttrust.co.uk)† on or around 23 July 2019. None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

† *Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.*

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