

THE INDEPENDENT INVESTMENT TRUST PLC

INTERIM FINANCIAL REPORT
For the six months ended 31 May 2020

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 2019, 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. The principal risks and uncertainties have not changed since the date of the annual report with the exception of the current unprecedented situation resulting from the covid-19 pandemic. The board and manager are working closely to monitor the situation as it develops and will continue to do so. 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 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

14 July 2020

FINANCIAL HIGHLIGHTS*

	31 May 2020	30 November 2019	% change
Net asset value per share	467.0p	571.8p	(18.3)
Share price	414.0p	518.0p	(20.1)
FTSE All-Share Index†	3,363.7	4,066.7	(17.3)
FTSE World Index†	718.7	737.5	(2.5)
Discount#	11.3%	9.4%	
	Six months to 31 May 2020	Year to 30 November 2019	
Total returns†			
Net asset value per share#	(17.0%)	8.5%	
Share price#	(18.7%)	(0.5%)	
FTSE All-Share Index	(16.1%)	11.0%	
FTSE World Index	(1.4%)	13.1%	
	Six months to 31 May 2020	Six months to 31 May 2019	% change
Revenue earnings per share	0.85p	8.08p	(89.5)
Dividend per share	3.00p	3.00p	0.0

*For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 13.

†Source: Baillie Gifford/Refinitiv and relevant underlying data providers. See disclaimer on page 12.

#Alternative performance measure, see Glossary of Terms and Alternative Performance Measures on page 13.

Past performance is not a guide to future performance.

The six month period ending 31 May 2020 saw our company produce a net asset value total return of -17%. The total returns notionally attributable to the FTSE All-Share Index and the FTSE World Index were -16.1% and -1.4% respectively. Our net asset value per share fell from 571.8p to 467p over the period, and the share price from 518p to 414p, causing the discount to net asset value to rise from 9.4% to 11.3%. The share price total return for the period was -18.7%.

This is a most disappointing outcome and we are conscious that it would have been materially less so but for a fateful decision to increase our cash balances substantially towards the end of March. This decision was driven by the fear that many otherwise strong businesses would get into financial difficulties as a result of initial government responses to the Covid-19 pandemic. It is already clear that in most instances – notably that of Ashtead – this fear was misplaced, not least because it failed to take into account the scale of the measures governments and central banks would subsequently take to counter the damaging effects of lockdowns.

Earnings for the half year amounted to 0.85p (8.08p). It has been a difficult period for the revenue account as many of our biggest dividend payers have decided to defer dividends that would have been recognized during it. These are strong companies and most of them will return to the dividend list once the outlook clears. We have therefore decided to declare an unchanged interim dividend of 3p. This will be paid on 21 August with an ex-dividend date of 30 July. We hope to have a clearer picture of the underlying potential of the revenue account towards the end of the year, at which point we shall take a decision on whether or not to recommend a final dividend.

During the period we were able to buy back 39,609 shares at a discount of 11.1%. These purchases were made in February when market conditions were orderly. We have always made it a paramount consideration in buying back shares that such activity should be in the interests of continuing shareholders. From the end of February, the volatility of markets became such that we were unable to convince ourselves that this criterion would be met. More recently there have been some signs of stability returning to markets and we have tentatively re-entered the market for our own shares.

The early part of the period was marked by an unexpectedly decisive Conservative victory in the General Election, which was beneficial to our portfolio with its domestic bias. January and February saw further encouraging trends, within both the economy and our portfolio, but the sudden realization in early March that drastic measures would need to be taken to control the spread of Covid-19 created conditions of panic in stockmarkets round the world. The fall in the UK stockmarket had a particularly severe impact on companies in the housebuilding and leisure industries, to which we were heavily exposed. Our decision to reduce our exposure to these areas and to make sales of other companies whose businesses appeared particularly vulnerable to the sudden interruption of economic activity was poorly timed. Soon after it, markets staged a dramatic recovery as governments introduced huge programmes of fiscal stimulus and central banks flooded the markets with liquidity. Many of the stocks we had sold featured prominently in this recovery.

The biggest changes in the composition of our portfolio have been the reduction in our housebuilding stake (largely driven by market movements) and the sale of our one industrial holding, Ashtead. Our cash balances rose from 13.6% at 30 November 2019 to 26.4% at 31 May 2020. Market movements and net purchases (including share repurchases) have reduced this to 20.5% at 14 July 2020.

Past performance is not a guide to future performance.

For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 13.

Total return information is sourced from Baillie Gifford/Refinitiv and relevant underlying data providers.

See disclaimer on page 12.

Our technology holdings demonstrated commendable resilience over the period: a stake worth £64.9m at 30 November 2019 had fallen in value to £57.2m by 31 May 2020 after net sales of £5.1m. The star of the show was our old favourite, Herald – the only member of our current portfolio to have been held continuously since October 2000. Over the period, Herald's portfolio of small technology companies once again outperformed the market by a significant margin, allowing its share price to rise despite an increase in the discount. Herald is now our biggest holding and stands at almost four times its book cost. Gamma Communications, to which we added in April, also saw its share price rise over the period as strong trading and the evident resilience of its business model attracted investors. Blue Prism was another positive contributor despite a poorly timed sale of part of the holding. Seeing Machines, FDM and Alfa Financial Software were all affected by Covid-19 while Zoo Digital continues to wrestle with upheavals in its marketplace.

Our traditional holdings in the travel and leisure sector had a very difficult time during the period owing to the impact of lockdown on their businesses. We sold completely out of The Gym Group and Hollywood Bowl, and reduced On The Beach – all at depressingly low prices – but added modestly to Loungers at a comparably depressed price. In total, our traditional holdings in the sector cost us £16.9m over the six months, but fortunately this was mostly offset by the gains we made in our three computer games companies: Codemasters, Frontier Developments and Team 17. All three have benefited significantly from increased game playing during lockdowns round the world and there is some uncertainty as to how much, if any, of this benefit will survive a return to normal life, but their longer term prospects will be determined by their success in creating new games of enduring appeal. On this count, the track records of all three give grounds for encouragement. Overall, our travel and leisure stake fell in value from £60.6m at 30 November 2019 to £52.4m at 31 May 2020 after net sales of £6.0m.

Following their good recovery last year, we had high hopes of our housebuilding holdings for 2020. Valuations were attractive, trading was good and the uncertainty dispelled by the General Election outcome seemed likely to generate a strong spring selling season. With this in mind, we made significant additions to our stake in mid-December. Everything seemed to be unfolding much as we had hoped when the prospect of lockdown hove into view. Suddenly, what had appeared a clear and bright outlook had become a dense and unwelcoming fog. We concluded that it was no longer appropriate to have such a large exposure to an industry that could easily suffer a lengthy period of hostile trading conditions, whatever its long term attractions. Unfortunately, the timing of the reduction in our stake was poor, as is often the case when a sudden and dramatic change of view is required. Over the period, our holdings declined in value from £53.6m at 30 November 2019 to £24.2m at 31 May 2020 after net sales of £5.5m.

The traditional retail sector has been particularly badly affected by Covid-19, but our disposals of Joules and The Works took place before the outbreak, which saved us a little money. This leaves us with just one retail holding: the second hand car retailer, Motorpoint. Its share price held up better than one might have expected, allowing us to make a further reduction in the holding.

The energy sector suffered from the spectacular fall in the oil price. Early in the period we bought a holding in Shell, believing that the dividend was safe. This belief was quickly shown to be misplaced and we sold the holding at a substantial loss. We hold out greater hopes for our American holdings, Concho and RPC, both of which look certain to survive and would benefit disproportionately from a recovery in the oil price.

We made a further reduction in our hugely successful holding in Fever-Tree on grounds of valuation following a change in its US strategy and we made a poorly timed disposal of our holding in Ashted – also a successful holding for us. The Midwich share price performed disappointingly over the period as the company's business was affected by Covid-19, but we retain our enthusiasm for the long term prospects of the business.

CHAIRMAN'S STATEMENT

A new holding in the personal lines insurer, Direct Line, made a subdued start, while our longstanding holding in Polar Capital Global Insurance performed uncharacteristically poorly. The Medica share price reflected the disruption to its business caused by Covid-19, but the lentiviral specialist Oxford Biomedica performed strongly as it expanded its range of collaborations with large pharmaceutical companies. Finally, we disposed of small holdings in NAHL and Eddie Stobart Logistics at a substantial loss.

The reaction of governments and central banks to the Covid-19 pandemic has been to pursue fiscal and monetary policies of unprecedented laxity. These have had the short term effect of restoring confidence in stockmarkets, but their longer term implications for the health of economies is difficult to assess. The job of valuing equities in these circumstances is very difficult and we are struggling to find businesses where we can be confident that their stockmarket valuations are a sensible reflection of their risk-adjusted prospects. For as long as this remains the case, we expect to operate with larger cash balances than normal.

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. We should also like to remind shareholders, despite the decision by the Association of Investment Companies to classify us as a UK trust, that we are free to invest in quoted equities wherever they are listed.

Douglas McDougall
14 July 2020

LIST OF INVESTMENTS AS AT 31 MAY 2020

Sector	Name	Value 30 Nov 2019 £'000	Net transactions £'000	Gains/ (losses) £'000	Value 31 May 2020 £'000	%
Housing	Bellway	6,678	7,592	(3,990)	10,280	4.0
	Crest Nicholson	15,376	(10,620)	(4,756)	-	-
	Persimmon	5,116	-	(530)	4,586	1.8
	Redrow	26,440	(6,219)	(10,857)	9,364	3.7
	Taylor Woodrow*	-	3,795	(3,795)	-	-
		53,610	(5,452)	(23,928)	24,230	9.5
Industrials	Ashtead Group	23,490	(14,256)	(9,234)	-	-
Retailing	Joules Group	3,450	(2,629)	(821)	-	-
	Motorpoint	9,984	(2,494)	(530)	6,960	2.7
	TheWorks.co.uk	519	(752)	233	-	-
		13,953	(5,875)	(1,118)	6,960	2.7
Consumer Services	NAHL Group	3,000	(1,250)	(1,750)	-	-
Travel and Leisure	Codemasters Group Holdings	9,118	-	2,716	11,834	4.6
	Frontier Developments	7,917	-	5,473	13,390	5.2
	Hollywood Bowl Group	7,140	(2,994)	(4,146)	-	-
	Loungers	3,120	162	(969)	2,313	0.9
	On the Beach Group	17,872	(1,558)	(7,974)	8,340	3.3
	Team 17 Group	10,050	-	6,450	16,500	6.5
	The Gym Group	5,380	(1,588)	(3,792)	-	-
		60,597	(5,978)	(2,242)	52,377	20.5
Business Services	Direct Line Insurance Group	-	9,359	295	9,654	3.8
	Eddie Stobart Logistics	70	(473)	403	-	-
	Midwich	14,750	1,250	(3,762)	12,238	4.8
		14,820	10,136	(3,064)	21,892	8.6
Technology and Telecommunications	Alfa Financial Software	2,635	-	(682)	1,953	0.8
	Blue Prism	12,419	(6,611)	632	6,440	2.5
	FDM Group	14,565	-	(1,080)	13,485	5.3
	Gamma Communications	6,250	1,993	367	8,610	3.4
	Herald Investment Trust	21,060	-	960	22,020	8.6
	Seeing Machines	6,343	(487)	(2,414)	3,442	1.3
	Zoo Digital Group	1,620	-	(380)	1,240	0.5
		64,892	(5,105)	(2,597)	57,190	22.4
Beverages	Fever-Tree Drinks	17,504	(6,161)	(3,135)	8,208	3.2
Healthcare	Medica Group	5,640	-	(640)	5,000	2.0
	Oxford Biomedica	3,528	-	867	4,395	1.7
		9,168	-	227	9,395	3.7
Financials	Polar Capital Global Insurance Fund – Ireland	5,766	-	(850)	4,916	1.9
Energy/Oilfield Services	Concho Resources – USA	2,807	-	(604)	2,203	0.9
	Royal Dutch Shell B*	-	3,927	(3,927)	-	-
	RPC – USA	595	-	(81)	514	0.2
		3,402	3,927	(4,612)	2,717	1.1
TOTAL INVESTMENTS		270,202	(30,014)	(52,303)	187,885	73.6
Net liquid assets		42,667	24,784	-	67,451	26.4
SHAREHOLDERS' FUNDS		312,869	(5,230)	(52,303)	255,336	100.0

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

* These shares were bought and sold within the period.

INCOME STATEMENT
(unaudited)

For the six months ended 31 May 2020

	<i>Notes</i>	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	–	(52,303)	(52,303)
Currency gains/(losses)		–	4	4
Income from investments and interest receivable		782	–	782
Other income		59	–	59
Administrative expenses		(373)	–	(373)
Net return on ordinary activities before taxation		468	(52,299)	(51,831)
Tax on ordinary activities		(2)	–	(2)
Net return on ordinary activities after taxation		466	(52,299)	(51,833)
Net return per ordinary share	4	0.85p	(95.62p)	(94.77p)
Note:				
Dividends per share paid and payable in respect of the period	5	3.00p		

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.

For the six months ended 31 May 2019			(Audited) For the year ended 30 November 2019		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	19,249	19,249	-	17,338	17,338
-	(1)	(1)	-	(4)	(4)
4,826	-	4,826	7,969	-	7,969
9	-	9	209	-	209
(361)	-	(361)	(740)	-	(740)
4,474	19,248	23,722	7,438	17,334	24,772
(5)	-	(5)	(7)	-	(7)
4,469	19,248	23,717	7,431	17,334	24,765
8.08p	34.79p	42.87p	13.48p	31.45p	44.93p
3.00p			13.00p		

BALANCE SHEET
(unaudited)

		(Audited)
		At 31 May
		At 30 November
	<i>Notes</i>	2020 £'000
		2019 £'000
Fixed assets		
Investments held at fair value through profit or loss		187,885
		270,202
Current assets		
Debtors		129
Cash and cash equivalents		67,346
		67,475
		43,712
Creditors		
Amounts falling due within one year		(24)
		(1,045)
Net current assets		67,451
		42,667
Total net assets		255,336
		312,869
Capital and reserves		
Share capital		13,669
Share premium account		15,242
Special distributable reserve		12,233
Capital redemption reserve		2,863
Capital reserve		206,472
Revenue reserve		4,857
Shareholders' funds		255,336
		312,869
Net asset value per ordinary share	6	467.0p
		571.8p
Ordinary shares in issue	7	54,677,769
		54,717,378

STATEMENT OF CHANGES IN EQUITY
(unaudited)

For the six months ended 31 May 2020

	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 2019	13,679	15,242	12,465	2,853	258,771	9,859	312,869
Net return on ordinary activities after taxation	-	-	-	-	(52,299)	466	(51,833)
Shares bought back for cancellation	(10)	-	(232)	10	-	-	(232)
Dividends paid (note 5)	-	-	-	-	-	(5,468)	(5,468)
Shareholders' funds at 31 May 2020	13,669	15,242	12,233	2,863	206,472	4,857	255,336

For the six months ended 31 May 2019

	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 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)
Shareholders' funds at 31 May 2019	13,830	15,242	15,613	2,702	260,685	8,545	316,617

* The Capital Reserve balance at 31 May 2020 includes investment holding gains on fixed asset investments of £62,440,000 (31 May 2019 – gains of £92,498,000).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(unaudited)

1. The condensed financial statements for the six months to 31 May 2020 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 October 2019 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 2020 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 2019. 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 2020, all of the Company's investments were categorised as Level 1 within the fair value hierarchy described above. At 30 November 2019, £270,132,000 of the Company's investments were classified as level 1 and £70,000 were classified as level 3. 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, as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data and as level 3 where market data is unavailable.

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 2019 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
	2020 £'000	2019 £'000	2019 £'000
Realized (losses)/gains on sales	(18,416)	15,062	9,321
Movement on investment holding gains and losses	(33,887)	4,187	8,017
	<u>(52,303)</u>	<u>19,249</u>	<u>17,338</u>

4. Net return per ordinary share

	Six months to 31 May	Six months to 31 May	(Audited) Year to 30 November
	2020 £'000	2019 £'000	2019 £'000
Revenue return on ordinary activities after taxation	466	4,469	7,431
Capital return on ordinary activities after taxation	(52,299)	19,248	17,334
Total net return	<u>(51,833)</u>	<u>23,717</u>	<u>24,765</u>

The returns per share are based on the above returns and on 54,695,049 (31 May 2019 – 55,321,507; 30 November 2019 – 55,114,893) 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
	2020 £'000	2019 £'000	2019 £'000
Amounts recognized as distributions in the period:			
Previous year's second interim of 5.00p paid 6 April 2020 (2019 – 5.00p)	2,734	2,766	2,766
Previous year's special of 5.00p paid 6 April 2020 (2019 – 3.00p)	2,734	1,659	1,660
Interim (2019 – 3.00p)	–	–	1,647
	5,468	4,425	6,073
Amounts paid and payable in respect of the period:			
Interim of 3.00p payable 21 August 2020 (2019 – 3.00p)	1,636	1,660	1,647
Final (2019 – 5.00p)	–	–	2,736
Special (2019 – 5.00p)	–	–	2,736
	1,636	1,660	5,539

The Interim dividend in respect of the six months to 31 May 2020 was declared after the period end and has therefore not been included as a liability in the balance sheet. It is payable on 21 August 2020 to shareholders on the register at the close of business on 31 July 2020. The ex-dividend date is 30 July 2020.

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 2020		As at 30 November 2019	
	Pence	£'000	Pence	£'000
Ordinary shares	467.0	255,336	571.8	312,869

The net asset value per share is based on net assets as shown above and on 54,677,769 shares (30 November 2019 – 54,717,378), 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 bought back for cancellation 39,609 ordinary shares of 25p each at a cost of £232,000. At 31 May 2020, the Company had authority to buy back 8,162,525 ordinary shares and to allot new shares up to an aggregate nominal amount of £4,559,325. In the period from 1 June 2020 to 14 July 2020 the Company has bought back 145,020 ordinary shares of 25p each at a cost of £605,000.

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 £274,000 (31 May 2019 – £6,000; 30 November 2019 – £120,000) and transaction costs on sales amounted to £152,000 (31 May 2019 – £63,000; 30 November 2019 – £96,000).

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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FTSE Index Data

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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 must 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 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 at shareholders' 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, it is said to be trading at 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 2020 NAV	31 May 2020 Share Price	30 November 2019 NAV	30 November 2019 Share Price
Closing NAV per share/share price	(a)	467.0p	414.0p	571.8p	518.0p
Dividend adjustment factor*	(b)	1.01602	1.01689	1.02019	1.02046
Adjusted closing NAV per share/share price (c = a x b)		474.5p	421.0p	583.3p	528.6p
Opening NAV per share/share price	(d)	571.8p	518.0p	537.4p	531.0p
Total Return expressed as a percentage	(c ÷ d) – 1	(17.0)	(18.7)	8.5	(0.5)

*The dividend adjustment factor is calculated on the assumption that the dividends of 10.00p paid by the Company in the six months to 31 May 2020 (year to 30 November 2019 – 11.00p) 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.

Available Cash

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

DIRECTORS

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

All of

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COMPANY DETAILS

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LEI: 213800IYHGJTJ3M0642