

THE INDEPENDENT INVESTMENT TRUST PLC

INTERIM FINANCIAL REPORT
For the six months ended 31 May 2021

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 2020, 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: 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 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
9 July 2021

FINANCIAL HIGHLIGHTS*

	31 May 2021	30 November 2020	% change
Net asset value per share	633.7p	547.1p	15.8
Share price	564.0p	505.0p	11.7
FTSE All-Share Index†	4,016.1	3,542.9	13.4
FTSE World Index†	873.0	803.5	8.6
Discount#	11.0%	7.7%	

	Six months to 31 May 2021	Year to 30 November 2020
Total returns†		
Net asset value per share#	16.8%	(2.2%)
Share price#	12.8%	(0.2%)
FTSE All-Share Index	15.2%	(10.3%)
FTSE World Index	9.8%	11.3%

	Six months to 31 May 2021	Six months to 31 May 2020	% change
Revenue earnings per share	5.17p	0.85p	608.2
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 2021 saw our company produce a net asset value total return of 16.8%. The total returns notionally attributable to the FTSE All-Share Index and the FTSE World Index were 15.2% and 9.8% respectively. Our net asset value per share rose from 547.1p to 633.7p over the period, and the share price from 505p to 564p, causing the discount to net asset value to rise from 7.7% to 11.0%. The share price total return for the period was 12.8%.

Earnings for the half year amounted to 5.17p (2020 – 0.85p). As we had hoped, there has been a strong recovery in our revenue account, making the decision to declare an unchanged interim dividend of 3p an easy one. It will be paid on 20 August with an ex-dividend date of 29 July. The usual uncertainty attends the outlook for the full year, but the underlying picture is more encouraging than we had feared at the beginning of the year.

During the period we were able to buy back 911,769 shares at an average discount of 10.4%. We remain happy to buy back shares on terms that are in the interests of continuing shareholders.

Once again this has been a period when the economic background has been dominated by the development of the Covid-19 pandemic. Early optimism prompted by the start of the vaccination programme gave way to concern over the scale and duration of restrictions needed to curb further waves of infection. More recently, growing evidence that economies have been more resilient to the second lockdown than to the first has led to upgrades to forecasts for growth. For those economies, such as the UK and the USA, that have enjoyed good progress in their vaccination programmes, these upgrades have been significant. Stockmarkets have also been boosted by the continuing programmes of monetary and fiscal stimulation. Particularly helpful to sentiment has been the determination of central bankers to regard any signs of inflationary pressure as temporary.

The most striking feature of portfolio activity during the period was the re-emergence of the market for initial public offerings (IPOs) as a source of investment ideas: we invested a total of £27.3m in three IPOs (Bytes Technology, Moonpig and tinyBuild) and the aggregate value of these investments had climbed to £41m by 31 May 2021. We are impressed by the quality of these businesses and we believe we have paid reasonable prices for them. Our cash balances fell from 19.2% of our net assets at 30 November 2020 to 14.4% at 31 May 2021. They had reduced further to 11.2% by 8 July.

With a valuation of £63.6m at 31 May 2021, after net sales of £17.7m, our technology holdings maintained their position as our biggest sector exposure, albeit down from their valuation of £69.8m at 30 November 2020. The three stars of the show were the same three as featured in our last Annual Report: Seeing Machines, which continued its strong recovery from an unduly depressed valuation as investors began to recognize the strength of its technology; Herald Investment Trust, where a strong portfolio performance comfortably offset a disappointing rise in the discount; and Gamma Communications, which simply continued its exemplary record since our original purchase in 2014. We sold out of Zoo Digital on grounds of valuation after a strong recovery in its share price and made a big reduction in the Blue Prism holding following disappointing trading news. We also reduced our holding in FDM on grounds of valuation. The Alfa Financial share price ran out of steam despite further encouraging trading news.

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

See disclaimer on page 12.

We commented last year on the outperformance of our computer games companies and the underperformance of our traditional travel and leisure holdings. In the current period this pattern was reversed with our traditional holdings performing strongly and our historical holdings in the computer games industry tending to struggle. Paradoxically, however, it was our new computer games holding, tinyBuild, that delivered the best individual performance following its successful IPO. tinyBuild has two particularly interesting features: first, a huge social media following through which it is able to test and amend its games before they are released and secondly, a major cost advantage resulting from its big operations in eastern Europe. Coupled with a strong pipeline and a successful track record, these presented a compelling investment case. Frontier Developments and Team 17 also have strong pipelines and successful track records, but their share prices have suffered in recent months from a shift in investor sentiment. Of our traditional holdings, Loungers performed particularly well on the back of very strong trading when it was allowed to open while the recovery in the On The Beach share price faded towards the end of the period as travel restrictions were tightened once again. A new holding in Jet2 made a strong start, but also faded in May. Overall, a stake worth £47.6m at 30 November 2020 had grown in value to £60.3m by 31 May 2021, after net purchases of £8.6m.

Aided by pent up demand and the stamp duty holiday, the housing market went from strength to strength over the period and the share prices of our housebuilding holdings benefited accordingly. In the belief that investors were proving slow to recognize the scale of the buoyancy of demand, we made a well timed addition to our Persimmon holding. The current rate of increase in house prices is clearly unsustainable and raises the risk of a bout of turbulence in the market, but our holdings are well placed to cope with this and we believe the longer term outlook is underpinned by the chronic shortage of supply. We continue to think that the sector represents excellent long term value. Our position in the sector rose in value from £28.6m at 30 November 2020 to £43.7m at 31 May 2021, after net purchases of £6.3m.

Business Services has re-emerged as an important sector for us with the purchase of Bytes Technology, a software distributor with a strong record of organic growth stretching back over many years. Its sparkling post IPO performance led to its ending the period as our largest holding. Its sector colleague, the audio visual distributor Midwich, recouped some of the ground lost last year as the momentum in its business began to pick up. When account is taken of their generous dividends, our two tobacco companies produced satisfactory investment returns, while our two healthcare holdings performed strongly despite the premature sale of Oxford Biomedica.

Elsewhere in the portfolio, the decision to repurchase Ashtead proved a rewarding, if psychologically painful, one and the performance of our new retail purchase, the online cards retailer Moonpig, went some way towards offsetting a disappointing showing from Motorpoint. Most of the return from the motor insurer Direct Line came from its generous final dividend, but our old favourite Fever-Tree produced a solid capital gain, as did the property company Derwent London before its sale. Finally, the unit price of our longstanding holding, Polar Capital Insurance, had a subdued six months.

CHAIRMAN'S STATEMENT

With both central banks and governments committed to stimulative policies, the immediate outlook for economic growth appears bright. This is reflected in the fact that many of the world's stockmarkets are trading close to their all time highs and at levels of valuation that are stretched by historical standards. This is less true of the UK than of other countries, but it is unlikely that the UK would escape a general setback in markets. The most immediate threat to markets appears to be that of unexpectedly high inflation becoming embedded, but in the longer term the problem of global indebtedness resulting from the financial crisis and the covid pandemic also poses a threat to the stability of the global financial system. These concerns counterbalance the optimism we feel about the long term prospects of the businesses we own.

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
9 July 2021

LIST OF INVESTMENTS AS AT 31 MAY 2021

Sector	Name	Value 30 Nov 2020 £'000	Net transactions £'000	Gains/ (losses) £'000	Value 31 May 2021 £'000	%
Housing	Bellway	11,320	–	2,988	14,308	4.3
	Persimmon	6,906	6,339	2,555	15,800	4.7
	Redrow	10,380	–	3,208	13,588	4.0
		28,606	6,339	8,751	43,696	13.0
Industrials	Ashtead Group	–	6,663	3,633	10,296	3.1
Retailing	Moonpig Group	–	3,100	631	3,731	1.1
	Motorpoint	6,200	–	(840)	5,360	1.6
		6,200	3,100	(209)	9,091	2.7
Consumer Services	Telecom Plus	8,580	–	(1,476)	7,104	2.1
Travel and Leisure	Frontier Developments	9,158	(2,284)	648	7,522	2.2
	Jef2	–	6,014	733	6,747	2.0
	Loungers	3,737	–	979	4,716	1.4
	On the Beach Group	11,580	(4,638)	1,208	8,150	2.4
	Team 17 Group	23,100	(461)	(1,729)	20,910	6.2
	tinyBuild LLC – USA	–	9,993	2,257	12,250	3.7
		47,575	8,624	4,096	60,295	17.9
Business Services	Bytes Technology Group	–	14,207	10,783	24,990	7.4
	Midwich	12,100	–	1,650	13,750	4.1
		12,100	14,207	12,433	38,740	11.5
Tobacco	British American Tobacco	10,556	–	294	10,850	3.2
	Imperial Brands	9,527	–	1,670	11,197	3.3
		20,083	–	1,964	22,047	6.5
Technology and Telecommunications	Alfa Financial Software	3,255	–	(217)	3,038	0.9
	Blue Prism	7,135	(6,026)	(123)	986	0.3
	FDM Group	15,360	(2,504)	(245)	12,611	3.7
	Gamma Communications	11,235	–	2,695	13,930	4.1
	Herald Investment Trust	24,700	(4,748)	3,698	23,650	7.0
	Seeing Machines	6,784	(2,215)	4,831	9,400	2.8
	Zoo Digital Group	1,300	(2,160)	860	–	–
	69,769	(17,653)	11,499	63,615	18.8	
Beverages	Fever-Tree Drinks	9,240	–	980	10,220	3.0
Insurance	Direct Line Insurance Group	14,785	–	80	14,865	4.4
Property	Derwent London	6,080	(6,842)	762	–	–
Healthcare	Medica Group	4,920	(3,111)	1,391	3,200	0.9
	Oxford Biomedica	6,027	(7,637)	1,610	–	–
		10,947	(10,748)	3,001	3,200	0.9
Financials	Polar Capital Global Insurance Fund – Ireland	5,325	–	341	5,666	1.7
TOTAL INVESTMENTS		239,290	3,690	45,855	288,835	85.6
Net liquid assets		56,970	(8,422)	–	48,548	14.4
SHAREHOLDERS' FUNDS		296,260	(4,732)	45,855	337,383	100.0

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

INCOME STATEMENT
(unaudited)

For the six months ended 31 May 2021

	Notes	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	–	45,855	45,855
Currency (losses)/gains		–	(20)	(20)
Income from investments and interest receivable		3,156	–	3,156
Other income		8	–	8
Administrative expenses		(394)	–	(394)
Net return on ordinary activities before taxation		2,770	45,835	48,605
Tax on ordinary activities		–	–	–
Net return on ordinary activities after taxation		2,770	45,835	48,605
Net return per ordinary share	4	5.17p	85.64p	90.81p
Note:				
Dividends per share payable and paid 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 2020			(Audited) For the year ended 30 November 2020		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	(52,303)	(52,303)	-	(10,371)	(10,371)
-	4	4	-	22	22
782	-	782	4,002	-	4,002
59	-	59	68	-	68
(373)	-	(373)	(743)	-	(743)
468	(52,299)	(51,831)	3,327	(10,349)	(7,022)
(2)	-	(2)	(5)	-	(5)
466	(52,299)	(51,833)	3,322	(10,349)	(7,027)
0.85p	(95.62p)	(94.77p)	6.09p	(18.98p)	(12.89p)
3.00p			8.00p		

BALANCE SHEET
(unaudited)

		At 31 May	(Audited) At 30 November
	<i>Notes</i>	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss		288,835	239,290
Current assets			
Debtors		659	921
Cash and cash equivalents		47,915	56,237
		48,574	57,158
Creditors			
Amounts falling due within one year		(26)	(188)
Net current assets		48,548	56,970
Total net assets		337,383	296,260
Capital and reserves			
Share capital		13,311	13,539
Share premium account		15,242	15,242
Special distributable reserve		5,178	9,985
Capital redemption reserve		3,221	2,993
Capital reserve		294,257	248,422
Revenue reserve		6,174	6,079
Shareholders' funds		337,383	296,260
Net asset value per ordinary share	6	633.7p	547.1p
Ordinary shares in issue	7	53,243,888	54,155,657

STATEMENT OF CHANGES IN EQUITY
(unaudited)

For the six months ended 31 May 2021

	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 2020	13,539	15,242	9,985	2,993	248,422	6,079	296,260
Net return on ordinary activities after taxation	-	-	-	-	45,835	2,770	48,605
Shares bought back for cancellation	(228)	-	(4,807)	228	-	-	(4,807)
Dividends paid (note 5)	-	-	-	-	-	(2,675)	(2,675)
Shareholders' funds at 31 May 2021	13,311	15,242	5,178	3,221	294,257	6,174	337,383

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

* The Capital Reserve balance at 31 May 2021 includes investment holding gains on fixed asset investments of £122,409,000 (31 May 2020 – gains of £62,440,000).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(unaudited)

1. The condensed financial statements for the six months to 31 May 2021 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 2021 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 2020. 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 2021, all of the Company's investments were categorised as Level 1 within the fair value hierarchy described above. At 30 November 2020, all of the Company's investments were also 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, 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 2020 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
	2021 £'000	2020 £'000	2020 £'000
Realized gains/(losses) on sales	18,729	(18,416)	(9,327)
Movement on investment holding gains and losses	27,126	(33,887)	(1,044)
	<u>45,855</u>	<u>(52,303)</u>	<u>(10,371)</u>

4. Net return per ordinary share

	Six months to 31 May	Six months to 31 May	(Audited) Year to 30 November
	2021 £'000	2020 £'000	2020 £'000
Revenue return on ordinary activities after taxation	2,770	466	3,322
Capital return on ordinary activities after taxation	45,835	(52,299)	(10,349)
Total net return	<u>48,605</u>	<u>(51,833)</u>	<u>(7,027)</u>

The returns per share are based on the above returns and on 53,523,911 (31 May 2020 – 54,695,049; 30 November 2020 – 54,527,195) 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
	2021 £'000	2020 £'000	2020 £'000
Amounts recognized as distributions in the period:			
Previous year's second interim of 5.00p paid 9 April 2021 (2020 – 5.00p)	2,675	2,734	2,734
Previous year's special of nil (2020 – 5.00p)	–	2,734	2,734
Interim (2020 – 3.00p)	–	–	1,634
	2,675	5,468	7,102
Amounts paid and payable in respect of the period:			
Interim of 3.00p payable 20 August 2021 (2020 – 3.00p)	1,597	1,636	1,634
Second Interim of 5.00p paid 9 April 2021 (2020 – 5.00p)	–	–	2,708
	1,597	1,636	4,342

The Interim dividend in respect of the six months to 31 May 2021 was declared after the period end and has therefore not been included as a liability in the balance sheet. It is payable on 20 August 2021 to shareholders on the register at the close of business on 30 July 2021. The ex-dividend date is 29 July 2021.

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 2021		As at 30 November 2020	
	Pence	£'000	Pence	£'000
Ordinary shares	633.7	337,383	547.1	296,260

The net asset value per share is based on net assets as shown above and on 53,243,888 shares (30 November 2020 – 54,155,657), 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 911,769 ordinary shares of 25p each at a cost of £4,807,000. At 31 May 2021, the Company had authority to buy back 8,034,003 ordinary shares and to allot new shares up to an aggregate nominal amount of £4,559,325. In the period from 1 June 2021 to 9 July 2021 the Company has bought back 88,294 ordinary shares of 25p each at a cost of £490,000.

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 £170,000 (31 May 2020 – £274,000; 30 November 2020 – £569,000) and transaction costs on sales amounted to £95,000 (31 May 2020 – £152,000; 30 November 2020 – £224,000).

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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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 [gov.uk/government/publications/exchange-of-information-account-holders](https://www.gov.uk/government/publications/exchange-of-information-account-holders).

RISK WARNINGS

Past performance is not a guide to future performance.

The Independent Investment Trust PLC is a listed UK company. As a result, the value of its shares and any income from those shares can fall as well as rise and investors may not get back the amount invested.

As Independent invests in overseas securities, changes in the rates of exchange may also cause the value of investments (and any income it may pay) to go down or up.

Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance the value assigned to such securities will accurately reflect the price the Company might receive upon their sale.

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 as 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.

		31 May 2021	30 November 2020
Net asset value per share	(a)	633.7p	547.1p
Share price	(b)	564.0p	505.0p
(Discount)/premium expressed as a percentage	$(b - a) \div (a)$	(11.0%)	(7.7%)

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 2021 NAV	31 May 2021 Share Price	30 November 2020 NAV	30 November 2020 Share Price
Closing NAV per share/share price	(a)	633.7p	564.0p	547.1p	505.0p
Dividend adjustment factor*	(b)	1.00856	1.00960	1.02242	1.02409
Adjusted closing NAV per share/share price (c) = (a x b)		639.1p	569.4p	559.3p	517.2p
Opening NAV per share/share price	(d)	547.1p	505.0p	571.8p	518.0p
Total Return expressed as a percentage	$(c - d) \div (d)$	16.8%	12.8%	(2.2%)	(0.2%)

*The dividend adjustment factor is calculated on the assumption that the dividend of 5.0p paid by the Company in the six months to 31 May 2021 (year to 30 November 2020 – 13.00p) was 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.

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

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