



Manchester and London Investment Trust Public Limited Company

HALF-YEARLY REPORT
FOR THE SIX MONTHS ENDED
31 JANUARY 2018

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SUMMARY OF RESULTS

	At 31 January 2018	At 31 July 2017	Change
Net assets attributable to Shareholders (£'000)	113,657	94,661	20.1%
Net asset value ("NAV") per Ordinary Share (pence)	480.36	429.05	12.0%

	Six months to 31 January 2018
Total return to Shareholders*	13.5%
Benchmark - MSCI UK Investable Market Index (MXGBIM).*	4.7%

* Total return including dividends reinvested, as sourced from Bloomberg.

	Six months to 31 January 2018	Six months to 31 January 2017	Change
Interim ordinary dividend per Ordinary Share (pence)	4.00	1.82	
First special dividend per Ordinary Share (pence)	-	1.18	
Total dividends per Ordinary Share (pence)	4.00	3.00	33.3%

Dates for the interim ordinary dividend

Ex-dividend date	12 April 2018
Record date	13 April 2018
Payment date	8 May 2018

CHAIRMAN'S STATEMENT

Results for the half year ended 31 January 2018

During the half year under review, the total return to Shareholders was 13.5%, against an increase in the benchmark of 4.7%. The Manager's Report sets out the reasons for this outperformance. The Manager has retained its focus on buying stocks with business models that are aligned with key forward-looking trends. The Board notes the Manager's views that the positive momentum for generalist consumer staple stocks may have seen a shift in trend.

Alternative Investment Fund Managers' Directive (the "AIFMD")

The Company has appointed the Manager as its full scope Alternative Investment Fund Manager ("AIFM") and Indos Financial as its Depositary, in order to meet the increased regulatory requirements of the AIFMD, following the increase in its assets under management.

Dividends

With these results, we have announced an interim ordinary dividend of 4.0 pence per Ordinary Share. This is an increase of over 33% (31 January 2017: 3.0 pence per Ordinary Share).

Outlook

Global events, both political and economic, continue to produce uncertainty and volatility in equity markets worldwide. Within this challenging environment, our performance in the first half of the year has been satisfactory.

P H A Stanley
Chairman

3 April 2018

MANAGER'S REPORT

Portfolio management

The portfolio delivered an 8.8% outperformance against the benchmark, driven by our sector positioning.

The portfolio segments can be broken down in contribution to base currency performance terms over the half year as follows:

Total return of underlying sector holdings in local currency (excluding costs and foreign exchange)

Technology investments	14.8%
Consumer investments	5.2%
Healthcare investments	0.7%
Other (including costs and foreign exchange)	(7.1%)
Total NAV per Share return	13.5%

Source: Bloomberg L.P.

Technology investments

Technology (under which we include the Information Technology GICS (Global Industry Classification Standard) sector and technology/disruption orientated funds) delivered over 70% of underlying portfolio total return (in local currency).

The five largest contributors in this sector were Alphabet Inc., Facebook Inc., Microsoft Corporation, Alibaba Group Holding Ltd and Tencent Holdings Ltd, which accounted for around 60% of the sector return.

Other material positive performers included NVIDIA Corporation, salesforce.com, Inc., Polar Capital Technology Trust plc, Scottish Mortgage Investment Trust PLC, PayPal Holdings Inc., Apple Inc. and ROBO Global Robotics and Automation GO UCITS ETF. There were no material negative contributors.

We increased our exposure to the technology sector this year and we focused on the “gorilla” stocks as we become increasingly convinced that scale is generating enhanced returns. The portfolio’s delta-adjusted exposure to the sector is now just over 60% of net assets.

Consumer investments

Consumer (under which we include both the Consumer Staples and the Consumer Discretionary GICS sectors) delivered around 25% of underlying portfolio total return (in local currency). More than 88% of this performance was driven by Amazon.com, Inc.

The only negative performers were Brown Forman Corporation and Mondelēz International Inc, which have now been disposed of.

The key shift in our thinking in this sector is that we have repositioned away from generalist consumer goods (think toothpaste) towards niche consumer goods and experience providers (think gaming).

Overall, the portfolio’s delta-adjusted exposure to the sector is just over 20% of net assets.

Healthcare and pharmaceutical investments

Healthcare (under which we include the Healthcare GICS sector and Healthcare-orientated funds) delivered less than 1% of underlying portfolio total return (in local currency).

Material positive contributors included Align Technology Inc., Worldwide Healthcare Trust PLC, Smith & Nephew plc, AstraZeneca PLC and Zoetis Inc. GlaxoSmithKline plc and Allergan plc provided negative contributions so they were cut from the portfolio.

The portfolio's delta-adjusted exposure to this sector now represents just under 10% of net assets as the sector continues to underperform.

M&L Capital Management Limited

Manager

3 April 2018

EQUITY EXPOSURES

Equity exposures (longs)

As at 31 January 2018

Company	Sector*	Valuation £'000	% of net assets
Amazon.com, Inc.	Consumer Discretionary	18,192	16.01
Microsoft Corporation	Information Technology	10,837	9.53
Alphabet Inc.	Information Technology	10,210	8.98
Facebook Inc.	Information Technology	8,628	7.59
Tencent Holdings Ltd **	Information Technology	8,420	7.41
Alibaba Group Holding Ltd **	Information Technology	7,298	6.42
Apple Inc.	Information Technology	5,440	4.79
Polar Capital Technology Trust plc	Funds	4,408	3.88
Scottish Mortgage Investment Trust PLC	Funds	3,864	3.40
salesforce.com, Inc.	Information Technology	3,725	3.28
JD.Com, Inc. **	Consumer Discretionary	3,562	3.13
ROBO Global Robotics and Automation GO UCITS ETF	Funds	3,451	3.04
Worldwide Healthcare Trust PLC	Funds	3,394	2.99
PayPal Holdings Inc.	Information Technology	2,490	2.19
Pernod Ricard SA **	Consumer Staples	2,195	1.93
Heineken NV **	Consumer Staples	2,078	1.83
LVMH Moët Hennessy Louis Vuitton SE **	Consumer Discretionary	1,978	1.74
Zoetis Inc.	Healthcare	1,978	1.74
NVIDIA Corporation	Information Technology	1,910	1.68
AstraZeneca Plc **	Healthcare	1,613	1.42
Electronic Arts Inc. **	Information Technology	1,482	1.30
Sage Group plc **	Information Technology	1,379	1.21
Intuit Inc.	Information Technology	1,311	1.15
Bayer AG **	Healthcare	1,237	1.09
Activision Blizzard, Inc.	Information Technology	1,121	0.99
Adobe Systems Inc.	Information Technology	1,117	0.98
		113,318	99.70
Balance held in 12 other positions		5,992	5.27
Total long equities exposure		119,310	104.97
Unlisted debentures		218	0.19
Total long positions		119,528	105.16
Other net assets		(5,871)	(5.16)
Net assets		113,657	100.00

* GICS - Global Industry Classification Standard.

** Including equity swap exposures.

INTERIM MANAGEMENT REPORT

The important events that have occurred during the period under review and the key factors influencing the financial statements are set out in the Chairman's Statement on page 3 and the Manager's Report on pages 4 and 5.

The principal risks facing the Company are substantially unchanged since the date of the latest Annual Report and Financial Statements and continue to be as set out in the Strategic Report and note 17 of that report. Risks faced by the Company include, but are not limited to, economic and market risk, interest rate risk, gearing risk, liquidity risk, currency rate risk, credit and counterparty risk and other general financial risks. Details of the Company's management of these risks are set out in the Annual Report and Financial Statements.

M&M Investment Company plc is the controlling Shareholder of the Company. This company was controlled throughout the six months ended 31 January 2018, and continues to be, controlled by Mr M Sheppard, who forms part of the investment management team at M&L Capital Management Limited. Details of related party disclosures are set out in note 8 of this Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union; and gives a true and fair view of the assets, liabilities, financial position and profit/loss of the Company; and
- this Half-Yearly Report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

This Half-Yearly Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

P H A Stanley
Chairman

3 April 2018

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2018

	(Unaudited) Six months ended 31 January 2018			(Unaudited) Six months ended 31 January 2017 (restated)			(Audited) Year ended 31 July 2017 (restated)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value through profit or loss*	-	13,585	13,585	-	5,256	5,256	-	20,064	20,064
Investment income	383	-	383	466	-	466	1,053	-	1,053
Other investment income*	-	-	-	-	-	-	-	-	-
Gross return	383	13,585	13,968	466	5,256	5,722	1,053	20,064	21,117
Expenses									
Management fee	(280)	-	(280)	(188)	-	(188)	(424)	-	(424)
Transaction costs*	-	-	-	-	-	-	-	-	-
Other operating expenses	(206)	-	(206)	(186)	(79)	(265)	(365)	(89)	(454)
Total expenses	(486)	-	(486)	(374)	(79)	(453)	(789)	(89)	(878)
Return before finance costs and taxation	(103)	13,585	13,482	92	5,177	5,269	264	19,975	20,239
Finance costs*	(13)	(71)	(84)	(10)	(65)	(75)	(19)	(118)	(137)
Return on ordinary activities before tax	(116)	13,514	13,398	82	5,112	5,194	245	19,857	20,102
Taxation	(28)	-	(28)	-	-	-	(47)	-	(47)
Return on ordinary activities after tax*	(144)	13,514	13,370	82	5,112	5,194	198	19,857	20,055
Return per Ordinary Share: Basic and fully diluted (pence)	(0.64)	59.84	59.2	0.38	23.74	24.12	0.91	91.52	92.43

* Figures for six months ended 31 January 2017 and year ended 31 July 2017 have been restated following a change in accounting policy. Total return on ordinary activities after tax for these periods are unaffected. See note 2.

The total column of this statement represents the Condensed Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS"). The supplementary revenue and capital columns are both prepared under the Statement of Recommended Practice published by the Association of Investment Companies ("AIC SORP").

All items in the above statement are derived from continuing operations. No operations were acquired or discontinued during the period.

The notes on pages 12 to 17 form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2018

	Share capital £'000	Share premium £'000	Shares held in treasury £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2017	5,614	35,865	(984)	29,351	24,815	94,661
Total comprehensive income	-	-	-	13,514	(144)	13,370
Sale of Ordinary Shares from treasury	-	616	984	-	-	1,600
Share issue	301	5,072	-	-	-	5,373
Equity dividends paid	-	-	-	-	(1,347)	(1,347)
Balance at 31 January 2018	5,915	41,553	-	42,865	23,324	113,657

	Share capital £'000	Share premium £'000	Shares held in treasury £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2016	5,614	35,317	(2,315)	9,415	27,515	75,546
Total comprehensive income*	-	-	-	5,112	82	5,194
Goodwill written back	-	-	-	79	-	79
Sale of Ordinary Shares from treasury	-	-	-	-	-	-
Equity dividends paid	-	-	-	-	(2,239)	(2,239)
Balance at 31 January 2017	5,614	35,317	(2,315)	14,606	25,358	78,580

	Share capital £'000	Share premium £'000	Shares held in treasury £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2016	5,614	35,317	(2,315)	9,415	27,515	75,546
Total comprehensive income*	-	-	-	19,857	198	20,055
Goodwill written back	-	-	-	79	-	79
Sale of Ordinary Shares from treasury	-	548	1,331	-	-	1,879
Equity dividends paid	-	-	-	-	(2,898)	(2,898)
Balance at 31 July 2017	5,614	35,865	(984)	29,351	24,815	94,661

* Six months ended 31 January 2017 and year ended 31 July 2017 have been restated following a change in accounting policy. The total comprehensive income remains unchanged. See note 2 for further detail.

The notes on pages 12 to 17 form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 January 2018

	(Unaudited) 31 January 2018 (restated) £'000	(Unaudited) 31 January 2017 (restated) £'000	(Audited) 31 July 2017 (restated) £'000
Non-current assets			
Investments held at fair value through profit and loss	95,529	55,396	76,106
Current assets			
Unrealised derivative assets	6,658	1,381	5,173
Trade and other receivables	48	380	4,486
Cash and cash equivalents	14,910	23,163	11,205
	21,616	24,924	20,864
Gross assets	117,145	80,320	96,970
Current liabilities			
Unrealised derivative liabilities	(3,147)	(1,516)	(2,046)
Trade and other payables	(341)	(224)	(263)
	(3,488)	(1,740)	(2,309)
Net assets	113,657	78,580	94,661
Equity attributable to equity holders			
Ordinary Share capital	5,915	5,614	5,614
Shares held in treasury	-	(2,315)	(984)
Share premium	41,553	35,317	35,865
Capital reserves*	42,865	14,606	29,351
Retained earnings*	23,324	25,358	24,815
Total equity Shareholders' funds	113,657	78,580	94,661
Net asset value per Ordinary Share (pence)	480.36	364.90	429.05

* 31 January 2017 and 31 July 2017 have been restated following a change in accounting policy as detailed in note 2. Total equity Shareholders' funds are unaffected.

The notes on pages 12 to 17 form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2018

	Six months to 31 January 2018 (Unaudited) £'000	Six months to 31 January 2017 (Unaudited) £'000	Year ended 31 July 2017 (Audited) £'000
Cash flow from operating activities			
Return on operating activities before tax	13,398	5,194	20,102
Interest expense	84	75	137
Gains on investments held at fair value through profit or loss	(12,829)	(5,057)	(16,736)
Decrease/(increase) in receivables	68	(358)	(55)
Increase/(decrease) in payables	25	(40)	(75)
(Increase)/decrease in derivative financial instruments	(383)	1,657	(1,585)
Non-cash expenses	-	79	79
Taxation	(28)	-	(57)
Net cash generated from operating activities	335	1,550	1,810
Cash flow from investing activities			
Purchase of investments	(17,050)	(19,101)	(38,162)
Sale of investments	14,826	7,761	13,422
Net cash used in investing activities	(2,224)	(11,340)	(24,740)
Cash flow from financing activities			
Equity dividends paid	(1,347)	(2,239)	(2,898)
Sale of Ordinary Shares from treasury	1,600	-	1,879
Share issue	5,373	-	-
Interest paid	(32)	(60)	(98)
Net cash generated from/(used in) financing activities	5,594	(2,299)	(1,117)
Net increase/(decrease) in cash and cash equivalents	3,705	(12,089)	(24,047)
Cash and cash equivalents at the beginning of the period	11,205	35,252	35,252
Cash and cash equivalents at the end of the period	14,910	23,163	11,205

The notes on pages 12 to 17 form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Significant accounting policies

Basis of preparation

The condensed financial statements, which comprise the unaudited results of the Company, have been prepared in accordance with IFRS, as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared in accordance with the AIC SORP, except to any extent where it is not consistent with the requirements of IFRS.

The functional currency of the Company is Pounds Sterling because this is the currency of the primary economic environment in which the Company operates. The condensed financial statements are presented in Pounds Sterling rounded to the nearest thousand, except where otherwise indicated.

The half-year financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The accounting policies are as set out in the Annual Report for the year ended 31 July 2017, with the exception of the amendments detailed in note 2 which are in effect for the year ending 31 July 2018. Comparatives have been re-stated for the year ended 31 July 2017 and the six-month period to 31 January 2017. A reconciliation of the impact of the revised accounting policy can be found in note 2.

The financial information contained in this Half-Yearly Report does not constitute statutory accounts as defined by the Companies Act 2006. The financial information for the periods ended 31 January 2018 and 31 January 2017 have not been audited or reviewed by the Company's Auditors. The figures and financial information for the year ended 31 July 2017 are an extract from the latest published audited statements (re-stated where applicable) and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include a report of the Auditor, which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis and on the basis that approval as an investment trust will continue to be met.

2. Change in accounting policy

During the period to 31 January 2018, the Company changed its policy with regards to the recognition of realised gains and losses on investments, derivative instruments and associated interest charges.

Previously, upon disposal of investments, realised gains and losses were recognised in the Statement of Comprehensive Income as capital or revenue dependent on their nature. A position was deemed to be revenue rather than capital if the position had been opened and closed and the duration that the position was open was less than twelve months. Changes to core holdings were not classified as revenue regardless of their duration. Positions opened but not yet closed were deemed to be capital investments in nature until closed, at which point their duration determined if they were classified as revenue rather than capital.

Unrealised changes to the value of securities in relation to derivatives were allocated initially to capital, until realisation, where they were similarly allocated to either revenue or capital dependent upon their nature. Notional interest expenses on long positions were initially allocated 100% to capital whilst the position was unrealised and, upon realisation, expensed through the Statement of Comprehensive Income as revenue or capital in accordance with the Company's revenue recognition accounting policy.

The Company has voluntarily elected that, to be in line with normal market practice, all unrealised and realised gains and losses on the disposal of investments and the realisation of derivative instruments are to be recognised in the Statement of Comprehensive Income as capital, along with associated notional interest expenses on long positions.

The revised accounting policies are outlined below.

Investments (revised)

Investments are measured initially, and at subsequent reporting dates, at fair value, and derecognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time-frame of the relevant market. For listed investments, this is deemed to be bid market prices or closing prices for Stock Exchange Electronic Trading Service – quotes and crosses ("SETSqx").

Changes in fair value of investments are recognised in the Statement of Comprehensive Income as a capital item. On disposal, realised gains and losses are also recognised in the Statement of Comprehensive Income as capital items.

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 7.

Financial instruments (revised)

The Company may use a variety of derivative instruments, including equity swaps, futures, forwards and options under master agreements with the Company's derivative counterparties to enable the Company to gain long and short exposure on individual securities.

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Listed options and futures contracts are recognised at fair value through profit or loss valued by reference to the underlying market value of the corresponding security, traded prices and/or third party information.

Notional dividend income arising on long positions is recognised in the Statement of Comprehensive Income as revenue. Interest expenses on long positions are allocated to capital.

Unrealised changes to the value of securities in relation to derivatives are recognised in the Statement of Comprehensive Income as capital items.

The voluntary changes in accounting policy have the following impact to the Financial Statements:

	Six months to 31 January 2017 (unaudited)			Year ended 31 July 2017 (audited)		
	Published £'000	Re-stated £'000	Change £'000	Published £'000	Re-stated £'000	Change £'000
Statement of Comprehensive Income						
Revenue						
Other investment income	255	-	(255)	1,532	-	(1,532)
Transaction costs	(93)	-	93	-	-	-
Finance costs	(30)	(10)	20	(35)	(19)	16
Return on ordinary activities after tax	224	82	(142)	1,714	198	(1,516)
<i>Return per Share (pence)</i>	<i>1.04</i>	<i>0.38</i>	<i>(0.66)</i>	<i>7.9</i>	<i>0.91</i>	<i>(6.99)</i>
Capital						
Gains on investments at fair value through profit or loss	5,094	5,256	162	18,532	20,064	1,532
Finance costs	(45)	(65)	(20)	(102)	(118)	(16)
Return on ordinary activities after tax	4,970	5,112	142	18,341	19,857	1,516
<i>Return per Share (pence)</i>	<i>23.08</i>	<i>23.74</i>	<i>0.66</i>	<i>84.53</i>	<i>91.52</i>	<i>6.99</i>
Statement of Financial Position						
Capital reserves	12,149	12,291	142	27,835	29,351	1,516
Retained earnings	25,500	25,358	(142)	26,331	24,815	(1,516)

3. Return per Ordinary Share

Returns per Ordinary Share are based on the weighted average number of Shares in issue during the period. Normal and diluted return per Share are the same as there are no dilutive elements of share capital.

	Six months to 31 January 2018 (unaudited)		Six months to 31 January 2017 (unaudited) (re-stated)		Year ended 31 July 2017 (audited) (re-stated)	
	Net return £'000	Per Share pence	Net return £'000	Per Share pence	Net return £'000	Per Share pence
Return on ordinary activities after tax						
Revenue	(144)	(0.64)	82	0.38	198	0.91
Capital	13,514	59.84	5,112	23.74	19,857	91.52
Total return on ordinary activities	13,370	59.20	5,194	24.12	20,055	92.43
Weighted average number of Ordinary Shares	22,583,506		21,534,420		21,697,085	

4. Share capital

	Six months to 31 January 2018 (unaudited)		Six months to 31 January 2017 (unaudited)		Year ended 31 July 2017 (audited)	
	Number	£'000	Number	£'000	Number	£'000
25p Ordinary Shares						
Opening Ordinary Shares in issue	22,457,042	5,614	22,457,042	5,614	22,457,042	5,614
Shares issued	1,203,849	301	-	-	-	-
Closing Ordinary Shares in issue	23,660,891	5,915	22,457,042	5,614	22,457,042	5,614
Shares held in treasury						
Opening Ordinary Shares held in treasury	(394,254)		(922,622)		(922,622)	
Shares sold from treasury	394,254		-		528,368	
Closing Shares held in treasury	-		(922,622)		(394,254)	
Shares in circulation	23,660,891		21,534,420		22,062,788	

The Company's Share capital comprises Ordinary Shares of 25p each with one vote per Share. During the six months to 31 January 2018, the Company sold 394,254 Ordinary Shares from treasury for a gross consideration of £1,600,000, generating a surplus of £616,000, recognised in the share premium account (six months to 31 January 2017: no Shares sold from treasury; year ended 31 July 2017: 528,368 Ordinary Shares sold from treasury for a total consideration of £1,879,000, generating a surplus of £548,000).

During the six months to 31 January 2018, the Company issued 1,203,849 Ordinary Shares (six months to 31 January 2017: none; year ended 31 July 2017: none), with a nominal value of £301,000, for total proceeds of £5,401,000. The surplus of £5,100,000 had been recognised in the share premium account, net of Share issue costs of £28,000.

5. Dividends per Ordinary Share

The Board has declared an interim dividend of 4.00p per Ordinary Share (2017: interim dividend of 1.82p per Ordinary Share and a special dividend of 1.18p, total 3.00p) which will be paid on 8 May 2018 to Shareholders registered at the close of business on 13 April 2018.

This dividend has not been included as a liability in these financial statements.

6. Net asset value per Ordinary Share

Net asset value per Ordinary Share is based on net assets at the period end and 23,660,891 (31 January 2017: 21,534,420 and 31 July 2017: 22,602,788) Ordinary Shares in issue at the period end excluding Ordinary Shares held in treasury.

7. Fair value hierarchy

Financial assets and liabilities of the Company are carried in the Statement of Financial Position at their fair value or approximation of fair value. The fair value is the amount at which the asset could be sold in an ordinary transaction between market participants, at the measurement date, other than a forced or liquidation sale. The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices, unadjusted in active markets for identical assets and liabilities.

- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The tables below set out fair value measurement of financial instruments, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets at fair value through profit or loss at 31 January 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	95,311	-	-	95,311
Debentures	-	218	-	218
Derivatives – assets	-	6,658	-	6,658
Total	95,311	6,876	-	102,187

Financial assets at fair value through profit or loss at 31 January 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	55,160	-	-	55,160
Debentures	-	236	-	236
Derivatives – assets	-	1,381	-	1,381
Total	55,160	1,617	-	56,777

Financial assets at fair value through profit or loss at 31 July 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	75,877	-	-	75,877
Debentures	-	229	-	229
Derivatives – assets	-	5,173	-	5,173
Total	75,877	5,402	-	81,279

There have been no transfers during the period between level 1 and 2 fair value measurements and no transfers into or out of level 3 fair value measurement.

Financial liabilities at amortised cost at 31 January 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivatives – liabilities	-	3,148	-	3,148

Financial liabilities at amortised cost at 31 January 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivatives – liabilities	-	1,516	-	1,516

Financial liabilities at amortised cost at 31 July 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivatives – liabilities	-	2,046	-	2,046

8. Transactions with the Manager and related parties

M&L Capital Management Limited (“MLCM”), a company controlled by Mr M Sheppard, acts as Manager to the Company. Details of the fee arrangements are given in the Annual Report. On 17 January 2018, MLCM was

appointed as the AIFM of the Company. Mr M Sheppard is also a director of M&M Investment Company plc (“MMIC”) which is the controlling Shareholder of the Company.

The Management fee charged by MLCM is payable quarterly in arrears and is equal to 0.5% of the net asset value of the Company on an annualised basis. In addition, a Risk Management and Valuation fee equating to £59,000 on an annualised basis is charged by the Manager, in its role as the Company’s AIFM. Total fees paid charged by the Manager for the six months to 31 January 2018 were £280,000, of which £143,000 was outstanding as at 31 January 2018.

Management fees are charged to revenue as set out in the Statement of Comprehensive Income.

Midas Investment Management Limited (“Midas”), a company also controlled by Mr M Sheppard, also provides services to the Company. Fees charged by Midas include a monthly financial advisory fee and commissions on the purchase and sale of investments and the provision of the ISA & Savings schemes. During the six months to 31 January 2018, total fees amounted to £4,000 of which £2,000 was outstanding as at 31 January 2018.

Other administration costs incurred by the majority Shareholder, MMIC, on behalf of the Company were also recharged to the Company in the period. During the six months to 31 January 2018, £6,000 was recharged to the Company, of which £3,000 was outstanding as at 31 January 2018.

On 6 December 2017, MMIC subscribed for a further 1,078,849 Ordinary Shares of 25 pence each at 444.92 pence per share, equating to a total consideration paid of £4,800,015. Following this transaction, MMIC was interested in a total of 12,339,870 ordinary shares of 25 pence each in the Company, representing 52.43% of the issued share capital. This transaction was deemed to be a smaller related party transaction within the definition of Listing Rule 11.1.10R as the relevant class test percentage ratios were less than 5% but exceeded the 0.25% threshold as set out in LR 11.1.10R(1). As at the date of this report, MMIC holds 12,414,870 Ordinary Shares, representing 52.47% of the issued Share capital.

The fees payable to Directors are set out in the Annual Report.

There were no other related party transactions.

INVESTMENT OBJECTIVE

The investment objective of the Company is to achieve capital appreciation together with a reasonable level of income.

INVESTMENT POLICY

Asset allocation

The Company's investment objective is sought to be achieved through a policy of actively investing in a diversified portfolio, comprising UK and overseas equities and fixed interest securities. The Company seeks to invest in companies whose shares are admitted to trading on a regulated market. However, it may invest in a small number of equities and fixed interest securities of companies whose capital is not admitted to trading on a regulated market. Investment in overseas equities is utilised by the Company to increase the risk diversification of the Company's portfolio and to reduce dependence on the UK economy in addressing the growth and income elements of the Company's investment objective.

The Company may invest in derivatives, money market instruments, currency instruments, contracts for differences ("CFDs"), futures, forwards and options for the purposes of (i) holding investments and (ii) hedging positions against movements in, for example, equity markets, currencies and interest rates.

There are no maximum exposure limits to any one particular classification of equity or fixed interest security. The Company's investments are not limited to any one industry sector and its current investment portfolio is spread across a range of sectors. The Company has no specific criteria regarding market capitalisation or credit ratings in respect of investee companies.

Risk diversification

The Company intends to maintain a relatively focused portfolio, seeking capital growth by investing in approximately 20 to 40 securities. The Company will not invest more than 15% of the gross assets of the Company at the time of investment in any one security. However, the Company may invest up to 50% of the gross assets of the Company at the time of investment in an investment company subsidiary, subject always to other restrictions set out in this investment policy and the Listing Rules.

The Company intends to be fully invested whenever possible. However, during periods in which changes in economic conditions or other factors so warrant, the Manager may reduce the Company's exposure to one or more asset classes and increase the Company's position in cash and/or money market instruments.

Gearing

The Company may borrow to gear the Company's returns when the Manager believes it is in Shareholders' interests to do so. The Company's investment policy and the Articles permit the Company to incur borrowing up to a sum equal to two times the adjusted total of capital and reserves. Any change to the Company's borrowing policy will only be made with the approval of Shareholders by special resolution.

The effect of gearing may be achieved without borrowing by investing in a range of different types of investments including derivatives. The Company will not enter into any investments which have the effect of increasing the Company's net gearing beyond the above limit.

INVESTMENT POLICY (continued)

General

In addition to the above, the Company will observe the investment restrictions imposed from time to time by the Listing Rules which are applicable to investment companies with shares listed on the Official List of the UK Listing Authority (“UKLA”) under Chapter 15.

In accordance with the Listing Rules, the Company will manage and invest its assets in accordance with the Company’s investment policy. Any material changes in the principal investment policies and restrictions (as set out above) of the Company will only be made with the approval of Shareholders by ordinary resolution.

In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Board and the Manager by an announcement issued through a regulatory information service approved by the Financial Conduct Authority (“FCA”).

SHAREHOLDER BENEFITS

All Shareholders with 2,500 Shares (excluding the officers of the Company) are entitled to participate in a draw undertaken by the Directors before the Annual General Meeting in respect of The All England Lawn Tennis Ground Limited Debentures listed below. Once a Shareholder's holding exceeds 2,500 Shares, the probability of success in this draw will increase for every additional Share held. In the event that holding these Debentures did not align with the investment strategy of the Company, the Debentures will be sold; in such case, the above benefit would cease.

Centre Court

The Company owns two Debentures entitling it to two Centre Court seats (together with two badges admitting entry to the Debenture Holders' Lounge) for the thirteen days play of the championships. There will be thirteen draws, each draw entitling the successful Shareholder to one pair of adjacent seats for one day's play. The Sheppard family remove their Shares from the draw to manage conflicts of interest, hence your probability of success more than doubles.

Contribution to Society

Every year a number of Shareholders who win the All England Lawn Tennis Wimbledon Championship debenture ticket draw do not come forward and claim their tickets by the due date notified to them by the Company. In such circumstances, they are notified that their tickets will be sold back to the All England Lawn Tennis and Croquet Club ("AELTC") and the proceeds from these ticket sales gifted to charity. In the last six months, a sum of £13,600 was donated by the Company in respect of such AELTC return ticket sales to Alzheimer's Research UK (<https://www.alzheimersresearchuk.org>).

SHAREHOLDER INFORMATION

Investing in the Company

The Shares of the Company are listed on the Official List of the UKLA and traded on the London Stock Exchange. Private investors can buy or sell Shares by placing an order either directly with a stockbroker or through an independent financial adviser.

Electronic communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's annual report, half-yearly report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This reduces the cost to the Company as well as having an environmental benefit in the reduction of paper, printing, energy and water usage. If you have not already elected to receive electronic communications from the Company and now wish to do so, visit www.signalshares.com. All you need to register is your investor code, which can be found on your Share certificate or your dividend confirmation statement.

Alternatively, you can contact Link's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone – UK – 0871 664 0300, from overseas call +44 (0) 371 664 0300 (calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Link are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales).

By email – shareholder.enquiries@linkgroup.co.uk

By post – Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Frequency of NAV publication

The Company's NAV is released to the London Stock Exchange on a weekly basis and also published in the Investment Companies sector of The Financial Times.

Sources of further information

Copies of the Company's annual and half-yearly reports, factsheets and further information on the Company can be obtained from its website: www.mlcapman.com/manchester-london-investment-trust-plc.

Key dates

Half-yearly results announced	April
Interim dividend payment	May
Company's year end	31 July
Annual results announced	October
Annual General Meeting	November
Expected final dividend payment	December
Company's half-year end	31 January

CORPORATE INFORMATION

DIRECTORS AND ADVISERS

Directors

P H A Stanley (Chairman)
D Harris
B Miller

Auditor

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Saltire Court
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Manager and Alternative Investment Fund Manager

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Administrator

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Beaufort House
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Company Secretary

Link Company Matters Limited
Beaufort House
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Exeter EX4 4EP
Tel: 01392 477500

Bank

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Manchester M60 2DB

Registrar

Link Asset Services Limited
The Registry
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Beckenham BR3 4TU
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www.linkassetservices.com

Depositary

Indos Financial Limited
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Company details

Registered office

12a Princes Gate Mews
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Country of incorporation

Registered in England and Wales
Company Number: 01009550

Company website

www.mlcapman.com/manchester-london-investment-trust-plc