



Manchester and London Investment Trust Public Limited Company

HALF-YEARLY REPORT
FOR THE SIX MONTHS ENDED
31 JANUARY 2019

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SUMMARY OF RESULTS

| | At 31 January 2019 | At 31 July 2018 | Change |
|--|-----------------------------------|--------------------------------|---------------|
| Net assets attributable to Shareholders (£'000) | 134,331 | 130,388 | 3.0% |
| Net asset value ("NAV") per Ordinary Share (pence) | 486.58 | 532.81 | (8.7)% |

| | Six months to 31 January 2019 |
|---|--|
| Total return to Shareholders* | (7.12)% |
| Benchmark - MSCI UK Investable Market Index (MXGBIM)* | (8.70)% |

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

| | Six months to 31 January 2019 | Six months to 31 January 2018 | Change |
|---|--|--|---------------|
| Interim dividend per Ordinary Share (pence) | 6.00 | 4.00 | 50.0% |

Dates for the interim dividend

| | |
|------------------|---------------|
| Ex-dividend date | 4 April 2019 |
| Record date | 5 April 2019 |
| Payment date | 30 April 2019 |

CHAIRMAN'S STATEMENT

This is my first report to you as Chairman of the Company and I would like to start by thanking my predecessor, Peter Stanley, for his long service and contribution to the Board. As disclosed in the 2018 Annual Report, Daniel Wright was appointed as a non-executive Director of the Company in October 2018 and, following the 2019 Annual General Meeting, he has succeeded me as Chairman of the Audit Committee and Senior Independent Director.

Results for the half year ended 31 January 2019

During the half year under review, the total NAV per Share return was a negative 7.1%, compared to a decrease in the benchmark of 8.7%. The Manager's Report sets out the reasons for this slight outperformance against the benchmark but the portfolio has remained focused on stocks with business models that are aligned with key forward-looking trends. The period saw volatile financial markets that resulted in negative returns for nearly all asset classes with many equity indices entering a bear market at their nadir. Within this challenging environment, our performance in the first half of the year has been relatively satisfactory.

Dividends

With these results, we have announced an interim dividend of 6.0 pence per Ordinary Share. This is an increase of over 50% (31 January 2018: 4.0 pence per Ordinary Share) but the aim of the increase is to maintain more balance between the size of the interim and final dividends.

Auditor

Further to the statement set out in the Report from the Audit Committee included in the 2018 Annual Report, the Company has revisited its position on the requirement to carry out an audit tender by 1 August 2020. Following discussion with the incumbent Auditor, Deloitte LLP, it has been established that the Company is only required to carry out an audit tender in respect of the 31 July 2027 Annual Report.

Outlook

Global events, both political and economic, continue to produce uncertainty and volatility in equity markets worldwide. The decisions of Central Banks and the negotiations between US and Chinese government officials will be key to our second half performance. We also watch with caution for any developments in the regulation of the Technology giants.

David Harris

Chairman

19 March 2019

MANAGER'S REPORT

Portfolio management

The portfolio delivered a pyrrhic 1.6% outperformance against the benchmark.

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

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

| | |
|---|---------------|
| Technology investments | (3.8%) |
| Consumer investments | (2.1%) |
| Other (including costs, carry and foreign exchange) | (1.2%) |
| Total NAV per Share return | (7.1%) |

Source: Bloomberg L.P.

Technology investments

Technology (under which we include the Information Technology GICS (Global Industry Classification Standard) sector, the Communication Services GICS sector and Technology/disruption-orientated funds) delivered roughly 54% of the NAV total return per Share. This half year was more challenging for the Technology sector, with the Nasdaq declining mid-single digits over the period whilst enduring a particularly turbulent Q4 2018.

Key negative contributors included NVIDIA Corporation, Alphabet Inc., Activision Blizzard Inc., Electronic Arts Inc., Polar Capital Technology Trust plc, Scottish Mortgage Investment Trust PLC, Ubisoft Entertainment SA and Microsoft Corporation. The video gaming sub sector related stocks (developers plus NVIDIA) contributed -3.4% to portfolio performance. We have since reduced exposure to this niche as these stocks were not recovering in line with the rest of the market in February 2019. The issue for the gaming sub sector is that, although growth is forecast to be strong over the medium term, there is also a disruptive shift in pricing models which is increasing structural volatility in earnings. The market does not like such uncertainties, even if it can see the growth of the sub sector, and we have flexed our holdings down in response to the market moves.

Key positive contributors included Match Group Inc., PayPal Holdings Inc., Facebook Inc. and salesforce.com Inc. It is interesting to note that Facebook Inc. was a positive contributor for the fund over the period considering all the media noise regarding the stock.

The portfolio's delta-adjusted exposure to the sector is currently around 63% of net assets.

Consumer investments

Consumer (under which we include both the Consumer Staples and the Consumer Discretionary GICS sectors) delivered around 30% of the NAV total return per Share.

Key negative performers were Alibaba Group Holding Ltd and Amazon.com Inc. We remain positive on both stocks, although we concede that recent personal life events that have occurred for Jeff Bezos may act to suppress Amazon's stock further in the short term. We do see a further slowdown in China's economic growth but this may also result in a further shift towards consumption and especially online consumption that will assist Alibaba.

There were no material positive contributors.

Overall, the portfolio's delta-adjusted exposure to the sector is around 32% of net assets.

Other investments including Beta Hedge

Align Technology Inc. was the only material negative contributor; this was cut to a zero holding during the period. This means we no longer have any exposure to the Healthcare sector. This is a sector we are attracted to but, after a short spurt of outperformance, the worries over pricing have renewed relative weakness.

There were no material positive contributors.

During the period, we built short positions further, particularly in Real Estate, Banking and High-Yield Debt. US Quantitative Tightening ("QT") has been running for around 15 months now and the result has been soggy equity markets. We estimate that QT could continue for another 15 months and during this period we should not be surprised by further volatility or weakness. We have adopted the same investment selection policy to short positions as long positions, as we have focused on shorting disrupted sectors with low margins, low Return on Invested Capital ("ROIC"), high leverage and/or weak cash flows.

The portfolio's delta-adjusted exposure to other investments including Beta Hedge at the period end represented around -2% of net assets.

Our general short-term tactical objective during QT is that we would prefer to outperform a falling market even if that means we are at risk of underperforming a rising market. For this six month period, we achieved that marginally.

M&L Capital Management Limited
Manager

19 March 2019

EQUITY EXPOSURES

Equity exposures (longs)

As at 31 January 2019

| Company | Sector* | Valuation £'000 | % of net assets |
|--|------------------------|--------------------|--------------------|
| Amazon.com, Inc. | Consumer Discretionary | 24,676 | 18.37 |
| Microsoft Corporation** | Information Technology | 19,226 | 14.31 |
| Alphabet Inc.** | Information Technology | 18,727 | 13.94 |
| Alibaba Group Holding Ltd** | Information Technology | 15,119 | 11.26 |
| Facebook Inc. | Information Technology | 12,222 | 9.10 |
| Tencent Holdings Ltd** | Information Technology | 7,478 | 5.57 |
| PayPal Holdings Inc.** | Information Technology | 5,204 | 3.87 |
| Polar Capital Technology Trust plc | Funds | 3,420 | 2.55 |
| Scottish Mortgage Investment Trust PLC | Funds | 3,313 | 2.47 |
| LVMH Moët Hennessy Louis Vuitton SE** | Consumer Discretionary | 3,208 | 2.39 |
| Activision Blizzard Inc.** | Information Technology | 3,016 | 2.24 |
| Match Group Inc.** | Information Technology | 3,014 | 2.24 |
| Booking holdings** | Consumer Discretionary | 2,502 | 1.86 |
| NVIDIA Corporation** | Information Technology | 2,498 | 1.86 |
| Adobe Systems Inc.** | Information Technology | 2,290 | 1.70 |
| Palo Alto Networks, Inc.** | Information Technology | 2,138 | 1.59 |
| Ubisoft Entertainment SA** | Information Technology | 1,772 | 1.32 |
| Take-Two Interactive Software, Inc. | Information Technology | 1,689 | 1.26 |
| Apple Inc. | Information Technology | 1,262 | 0.94 |
| The Walt Disney Company | Consumer Discretionary | 975 | 0.72 |
| Invesco QQQ Trust Series 1 | Funds | 575 | 0.43 |
| Electronic Arts Inc. | Information Technology | 105 | 0.08 |
| Invesco China Technology ETF | Funds | 68 | 0.05 |
| Total long equities exposure | | 134,497 | 100.12 |
| Unlisted debentures | | 224 | 0.17 |
| Total long positions | | 134,721 | 100.29 |
| Short positions >1% | | - | - |
| Other net assets | | (390) | (0.29) |
| Net assets | | 134,331 | 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 18 of that report. Risks faced by the Company include, but are not limited to, investment performance risk; key man risk and reputational risk; fund valuation risk; risk associated with engagement of third-party service providers; regulatory risk; fiduciary risk; fraud risk; market risk; interest rate risk; liquidity risk; currency rate risk; and credit and counterparty risk. 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 2019, and continues to be, controlled by Mark 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 7 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 return 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:

David Harris
Chairman

19 March 2019

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2019

| | (Unaudited) Six months ended 31 January 2019 | | | (Unaudited) Six months ended 31 January 2018 | | | (Audited) Year ended 31 July 2018 | | |
|---|--|------------------|----------------|--|------------------|----------------|---|------------------|----------------|
| | 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 | - | (8,622) | (8,622) | - | 13,585 | 13,585 | - | 27,587 | 27,587 |
| Investment income | 487 | - | 487 | 383 | - | 383 | 767 | - | 767 |
| Gross return | 487 | (8,622) | (8,135) | 383 | 13,585 | 13,968 | 767 | 27,587 | 28,354 |
| Expenses | | | | | | | | | |
| Management fee | (522) | - | (522) | (280) | - | (280) | (695) | - | (695) |
| Other operating expenses | (179) | - | (179) | (206) | - | (206) | (434) | (1) | (435) |
| Total expenses | (701) | - | (701) | (486) | - | (486) | (1,129) | (1) | (1,130) |
| Return before finance costs and taxation | (214) | (8,622) | (8,836) | (103) | 13,585 | 13,482 | (362) | 27,586 | 27,224 |
| Finance costs | (14) | (440) | (454) | (13) | (71) | (84) | (45) | (329) | (374) |
| Return on ordinary activities before tax | (228) | (9,062) | (9,290) | (116) | 13,514 | 13,398 | (407) | 27,257 | 26,850 |
| Taxation | (24) | - | (24) | (28) | - | (28) | (58) | - | (58) |
| Return on ordinary activities after tax | (252) | (9,062) | (9,314) | (144) | 13,514 | 13,370 | (465) | 27,257 | 26,792 |
| Return per Ordinary Share: Basic and fully diluted (pence) | (0.98) | (35.34) | (36.32) | (0.64) | 59.84 | 59.20 | (2.00) | 117.27 | 115.27 |

The total column of this statement represents the Condensed Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. 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.

There is no other comprehensive income, and therefore the return for the period after tax is also the total comprehensive income.

The notes on pages 12 to 15 form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2019

| For the six months from 1 August 2018 to 31 January 2019 (unaudited) | Share capital £'000 | Share premium £'000 | Shares held in treasury £'000 | Capital Reserve £'000 | Retained earnings £'000 | Total £'000 |
|--|------------------------|------------------------|----------------------------------|--------------------------|----------------------------|----------------|
| Balance at 1 August 2018 | 6,118 | 45,606 | - | 56,608 | 22,056 | 130,388 |
| Total comprehensive income | - | - | - | (9,062) | (252) | (9,314) |
| Sale of Ordinary Shares from treasury | - | - | - | - | - | - |
| Share issue | 784 | 14,682 | - | - | - | 15,466 |
| Equity dividends paid | - | - | - | - | (2,209) | (2,209) |
| Balance at 31 January 2019 | 6,902 | 60,288 | - | 47,546 | 19,595 | 134,331 |

| For the six months from 1 August 2017 to 31 January 2018 (unaudited) | 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 |

| For the year from 1 August 2017 to 31 July 2018 (audited) | 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 | - | - | - | 27,257 | (465) | 26,792 |
| Sale of Ordinary Shares from treasury | - | 617 | 984 | - | - | 1,601 |
| Share issue | 504 | 9,124 | - | - | - | 9,628 |
| Equity dividends paid | - | - | - | - | (2,294) | (2,294) |
| Balance at 31 July 2018 | 6,118 | 45,606 | - | 56,608 | 22,056 | 130,388 |

The notes on pages 12 to 15 form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 January 2019

| | (Unaudited) 31 January 2019 £'000 | (Unaudited) 31 January 2018 £'000 | (Audited) 31 July 2018 £'000 |
|--|--|--|---------------------------------------|
| Non-current assets | | | |
| Investments held at fair value through profit and loss | 96,879 | 95,529 | 102,204 |
| Current assets | | | |
| Unrealised derivative assets | 3,341 | 6,658 | 4,123 |
| Trade and other receivables | 5,465 | 48 | 31 |
| Cash and cash equivalents | 35,479 | 14,910 | 27,858 |
| | 44,285 | 21,616 | 32,012 |
| Gross assets | 141,164 | 117,145 | 134,216 |
| Current liabilities | | | |
| Unrealised derivative liabilities | (2,785) | (3,147) | (3,332) |
| Trade and other payables | (4,048) | (341) | (496) |
| | (6,833) | (3,488) | (3,828) |
| Net assets | 134,331 | 113,657 | 130,388 |
| Equity attributable to equity holders | | | |
| Ordinary Share capital | 6,902 | 5,915 | 6,118 |
| Shares held in treasury | - | - | - |
| Share premium | 60,288 | 41,553 | 45,606 |
| Capital reserves | 47,546 | 42,865 | 56,608 |
| Retained earnings | 19,595 | 23,324 | 22,056 |
| Total equity Shareholders' funds | 134,331 | 113,657 | 130,388 |
| Net asset value per Ordinary Share (pence) | 486.58 | 480.36 | 532.81 |

The notes on pages 12 to 15 form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2019

| | Six months to 31 January 2019 (Unaudited) £'000 | Six months to 31 January 2018 (Unaudited) £'000 | Year ended 31 July 2018 (Audited) £'000 |
|--|---|---|---|
| Cash flow from operating activities | | | |
| Return on operating activities before tax | (9,290) | 13,398 | 26,850 |
| Interest expense | 454 | 84 | 374 |
| Gains on investments held at fair value through profit or loss | 8,720 | (12,829) | (27,240) |
| (Increase)/decrease in receivables | (2,208) | 68 | 60 |
| (Decrease)/increase in payables | (37) | 25 | - |
| (Increase)/decrease in derivative financial instruments | (2,861) | (383) | 2,656 |
| Taxation | (24) | (28) | (54) |
| Net cash generated from operating activities | (5,246) | 335 | 2,646 |
| Cash flow from investing activities | | | |
| Purchase of investments | (23,850) | (17,050) | (27,702) |
| Sale of investments | 21,279 | 14,826 | 33,041 |
| Net cash used in investing activities | (2,571) | (2,224) | 5,339 |
| Cash flow from financing activities | | | |
| Equity dividends paid | - | (1,347) | (2,294) |
| Sale of Ordinary Shares from treasury | - | 1,600 | 1,483 |
| Share issue | 15,466 | 5,373 | 9,628 |
| Interest paid | (28) | (32) | (149) |
| Net cash generated from financing activities | 15,438 | 5,594 | 8,668 |
| Net increase in cash and cash equivalents | 7,621 | 3,705 | 16,653 |
| Cash and cash equivalents at the beginning of the period | 27,858 | 11,205 | 11,205 |
| Cash and cash equivalents at the end of the period | 35,479 | 14,910 | 27,858 |

The notes on pages 12 to 15 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 accounting policies are as set out in the Annual Report for the year ended 31 July 2018.

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 International Accounting Standard 34 "Interim Financial Reporting".

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 2019 and 31 January 2018 have not been audited or reviewed by the Company's Auditors. The figures and financial information for the year ended 31 July 2018 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. 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 2019 (unaudited) | | Six months to 31 January 2018 (unaudited) | | Year ended 31 July 2018 (audited) | |
|--|---|--------------------|---|--------------------|--------------------------------------|--------------------|
| | 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 | (252) | (0.98) | (144) | (0.64) | (465) | (2.00) |
| Capital | (9,062) | (35.34) | 13,514 | 59.84 | 27,257 | 117.27 |
| Total return on ordinary activities | (9,314) | (36.32) | 13,370 | 59.20 | 26,792 | 115.27 |
| Weighted average number of Ordinary Shares | | 25,639,432 | | 22,583,506 | | 23,242,213 |

3. Share capital

| | Six months to 31 January 2019 (unaudited) | | Six months to 31 January 2018 (unaudited) | | Year ended 31 July 2018 (audited) | |
|--|--|-------|--|-------|--|-------|
| | Number | £'000 | Number | £'000 | Number | £'000 |
| 25p Ordinary Shares | | | | | | |
| Opening Ordinary Shares in issue | 24,471,985 | 6,118 | 22,457,042 | 5,614 | 22,457,042 | 5,614 |
| Shares issued | 3,135,007 | 784 | 1,203,849 | 301 | 2,014,943 | 504 |
| Closing Ordinary Shares in issue | 27,606,992 | 6,902 | 23,660,891 | 5,915 | 24,471,985 | 6,118 |
| Shares held in treasury | | | | | | |
| Opening Ordinary Shares held in treasury | - | | (394,254) | | (394,254) | |
| Shares sold from treasury | - | | 394,254 | | 394,254 | |
| Closing Shares held in treasury | - | | - | | - | |
| Shares in circulation | 27,606,992 | | 23,660,891 | | 24,471,985 | |

The Company's Share capital comprises Ordinary Shares of 25p each with one vote per Share. At 31 January 2019, no Shares were held in treasury (31 January 2018: none; 31 July 2018: none). During the six months to 31 January 2019, no Shares were bought into treasury (six months to 31 January 2018: none; year ended 31 July 2018: none). During the period under review, no Shares were sold from treasury (six months to 31 January 2018 and year ended 31 July 2018: 394,254 Shares sold from treasury for a total consideration of £1,601,000, generating a surplus of £616,000).

During the six months to 31 January 2019, the Company issued 3,135,007 Ordinary Shares (six months to 31 January 2018: 1,203,849; year ended 31 July 2018: 2,014,943), with a nominal value of £784,000, for total proceeds of £15,515,000. The surplus of £14,731,000 has been recognised in the share premium account, net of Share issue costs of £49,000.

4. Dividends per Ordinary Share

The Board has declared an interim dividend of 6.0p per Ordinary Share (2018: interim dividend of 4.0p per Ordinary Share) which will be paid on 30 April 2019 to Shareholders registered at the close of business on 5 April 2019.

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

5. Net asset value per Ordinary Share

Net asset value per Ordinary Share is based on net assets at the period end and 27,606,992 (31 January 2018: 23,660,891; 31 July 2018: 24,471,985) Ordinary Shares in issue at the period end.

6. 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 2019

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Equity investments | 96,655 | - | - | 96,655 |
| Debentures | - | 224 | - | 224 |
| Derivatives – assets | - | 3,341 | - | 3,341 |
| Total | 96,655 | 3,565 | - | 100,220 |

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

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'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 July 2018

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Equity investments | 101,983 | - | - | 101,983 |
| Debentures | - | 221 | - | 221 |
| Derivatives – assets | - | 4,123 | - | 4,123 |
| Total | 101,983 | 4,344 | - | 106,327 |

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 2019

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|----------------|----------------|----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Derivatives – liabilities | - | 2,785 | - | 2,785 |

Financial liabilities at amortised cost at 31 January 2018

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

Financial liabilities at amortised cost at 31 July 2018

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|----------------|----------------|----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Derivatives – liabilities | - | 3,332 | - | 3,332 |

7. Transactions with the Manager and related parties

M&L Capital Management Limited (“MLCM”), a company controlled by Mark Sheppard, acts as Manager to the Company. On 17 January 2018, MLCM was appointed as the AIFM of the Company. Mark Sheppard is also a director of M&M Investment Company plc (“MMIC”) which is the controlling Shareholder of the Company.

Prior to the appointment of MLCM as AIFM on 17 January 2018, the annual fee payable to the Manager was 0.5% of the Company’s NAV, payable quarterly in arrears. Subsequent to the appointment as the AIFM, an additional Risk Management and Valuation fee equating to £59,000 on an annualised basis is charged to the Company.

In May 2018, the fee arrangement was revised. Under the new agreement, the fee payable to the Manager is equal to 0.5% per annum of the Company’s NAV (the “Base Fee”), calculated as at the last business day of each calendar month (the “Calculation Date”), and is paid monthly in arrears. An uplift of 0.25% of the NAV will be applied to the fee, should the performance of the Company over the 36-month period to the Calculation Date be above that of the Company’s benchmark. Should the performance of the Company over the 36-month period to the Calculation Date be below that of the Company’s benchmark, the fee will be reduced to the lower adjusted amount of 0.25% of the NAV. In addition, the Risk Management and Valuation fee equating to £59,000 on an annualised basis continues to be charged by the AIFM. The Manager is also reimbursed any expenses incurred by it on behalf of the Company. Total fees charged by the Manager for the six months to 31 January 2019 were £522,000 (six months to 31 January 2018: £280,000; year ended 31 July 2018: £695,000), of which £91,000 was outstanding as at 31 January 2019.

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

During the period, MMIC subscribed for additional Ordinary Shares of 25 pence each on the dates indicated below:

| Date of subscription | Number of shares | Price paid (pence) | Total consideration paid |
|----------------------|------------------|--------------------|--------------------------|
| 12 September 2018 | 673,034 | 542.30 | £3,650,000 |
| 28 November 2018 | 651,707 | 471.07 | £3,070,000 |
| 12 December 2018 | 1,810,266 | 485.84 | £8,795,000 |

Following these transactions, MMIC was interested in a total of 16,056,971 Ordinary Shares of 25 pence each in the Company, representing 58.16% of the issued share capital. As at 31 January 2019, MMIC was interested in a total of 15,432,971 Ordinary Shares of 25 pence each in the Company, representing 55.90% of the issued share capital.

The fees payable to Directors are set out in the 2018 Annual Report.

There were no other related party transactions in the period.

8. Post Statement of Financial Position event

On 6 February 2019, MMIC subscribed for 762,363 new Ordinary Shares for a total consideration of £3,811,000. Following this transaction and as at the date of this report, the Company has 28,369,355 Ordinary Shares in Issue, none of which are held in treasury. As at the date of this report, MMIC holds 16,195,334 Ordinary Shares, representing 57.09% of the issued share capital.

There were no other significant events since the end of the reporting period.

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/or 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”).

Investment Strategy and Style

The fund's portfolio is constructed with flexibility but is more often than not focused on stock that exhibit the attributes of growth.

Target Benchmark

The Company was originally set up by Brian Sheppard as a vehicle for British retail investors to invest in with the hope that total returns would exceed the total returns on the UK equity market. Hence, the benchmark the Company uses to assess performance is one of the many available UK equity indices being the MSCI UK Investable Market Index (MXGBIM). The Company is not set on just using this index for the future and currently uses this particular UK index because at the current time it is viewed as the most cost advantageous. However, once the Company announces the use of an index, then this index will be used across all of the Company's documentation.

Investments for the portfolio are not selected from constituents of this index and hence the investment remit is in no way constrained by the index, although the Manager's management fee is varied depending on performance against the benchmark. It is suggested that Shareholders review the Company's Active Share Ratio that is on the fund factsheets as this illustrates to what degree the holdings in the portfolio vary from the underlying benchmark.

Environmental, Social, Community and Governance

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers.

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 £9,950 was donated by the Company in respect of such AELTC return ticket sales to Client Earth (<https://www.clientearth.org>).

In its oversight of the Manager and the Company's other service providers, the Board seeks assurances that they have regard to the benefits of diversity and promote these within their respective organisations. The Company has given discretionary voting powers to the Manager. The Manager votes against resolutions they consider may damage Shareholders' rights or economic interests and report their actions to the Board. The Company believes it is in the Shareholders' interests to consider environmental, social, community and governance factors when selecting and retaining investments and has asked the Manager to take these issues into account. The Manager does not exclude companies from their investment universe purely on the grounds of these factors but adopts a positive approach towards companies which promote these factors.

SHAREHOLDER BENEFITS

All Shareholders with 2,500 Shares or more (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 would 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 the probability of success for the other Shareholders more than doubles.

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. Lines 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 | March |
| Interim dividend payment | April |
| Company's year end | 31 July |
| Annual results announced | October |
| Annual General Meeting | January |
| Expected final dividend payment | February |
| Company's half-year end | 31 January |

CORPORATE INFORMATION

DIRECTORS AND ADVISERS

Directors

David Harris (Chairman)
Brett Miller
Daniel Wright

Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2DB

Manager and Alternative Investment Fund Manager

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Tel: 0207 584 5733

Administrator

Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Company Secretary

Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Tel: 01392 477 500

Registrar

Link Asset Services Limited
The Registry
34 Beckenham Road
Beckenham BR3 4TU
Tel: 0871 664 0300
Email: shareholder.enquiries@linkgroup.co.uk

Depository

Indos Financial Limited
54 Fenchurch Street
London EC3M 3JY

Bank

National Westminster Bank plc
11 Spring Gardens
Manchester M60 2DB

COMPANY DETAILS

Registered office

12a Princes Gate Mews
London SW7 2PS

Country of incorporation

Registered in England and Wales
Company Number: 01009550

Company website

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