

# Manchester and London Investment Trust plc

## Fact Sheet July 2019

### Investment Objective

The principal objective of the Manchester and London Investment Trust plc ("MNL" or the "Company") is to achieve capital appreciation together with a reasonable level of income.

### Manchester and London Investment Trust plc:

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 intends to maintain a relatively focused portfolio but will not invest more than 15 per cent of the gross assets of the Company at the time of investment in any one security.

Before making an investment you should ensure that you have read and understood Manchester and London Investment Trust plc's latest Annual Report in detail, which can be found on the following website: [www.mlcapman.com](http://www.mlcapman.com).

Information in this factsheet is at the last valuation point of the month of issue (except where indicated). Please ensure you read the important information & risk warnings section overleaf.

### Fund Information:

Launch date:	January 1972
NAV per share:	580.8p
Share mid price:	540.0p
Discount:	7.0%
Ongoing Charge <sup>2</sup> :	1.0%
Ongoing Charge (excluding performance fee) <sup>2, 3</sup> :	0.9%
Shares in issue:	29,363,930
Net Assets:	£170.6m
Net Long/Net Assets:	90.3%
Epic:	MNL.L
ISIN:	GB0002258472
Listed:	London Stock Exchange
Availability:	SIPP; ISA; SSAS
Year end:	31 July
DPS paid last 12 months:	14.0
Historic Dividend Yield:	2.6%
Beta <sup>1</sup> :	1.4x
See through P/E <sup>1</sup> :	28.2x
See through EV/EBITDA <sup>1</sup> :	16.7x
Active Share Ratio <sup>1</sup> :	125.7%
Sustainability Env. % <sup>1</sup> :	69.9% (Med. 50)

<sup>1</sup> Source: Bloomberg LP, Data as at 30 July 2019.

<sup>2</sup> Calculated as a percentage of average net assets and using expenses, excluding interest costs for the year ended 31 July 2018. Based on the Association of Investment Companies (AIC) methodology for calculating the Ongoing Charge figure.

<sup>3</sup> Figure excludes the performance element of the management fee.

### Fund News

#### Technology:

Amazon reported accelerated Q2 revenue growth of 20% (vs 17% growth in Q1). Operating Income growth materially slowed due to the Company's increased push into one-day delivery. Although one-day delivery may reduce near term profits, we see this as a long term opportunity to re-define customer expectations and solidify the Company's dominant market position.

Facebook Q2 results exceeded expectations with revenue growth increasing to 28% YoY.

Microsoft reported constant currency revenue growth of 15% for the year to June 2019 driven by a strong performance in commercial cloud.

Following a disappointing Q1, Alphabet revenue growth rebounded to 22% in Q2 (excluding FX). Whilst this is a positive development, the lack of clarity around the drivers for the slowdown and subsequent recovery makes it unclear which of the two quarters will be most indicative for the remainder of the year.

Other holdings reported quarterly revenue growth rates as follows: Visa 11%, ServiceNow 32%, PayPal 12%, Expedia 9% and Mastercard 12%.

We increased the Fund's holding in Salesforce following the announcement of a partnership with Alibaba to provide CRM software to Chinese enterprise customers.

### Market Update

The Equity Market is whipsawed between those carping about the age of the Bull, Shiller CAPE ratios and the collapse of the Liberal Global Order suggesting the Market is overvalued; and the shift lower in Developed Market Long Bond Yield as the Summers "Lower for Longer" thesis plays out in combination with further Central Bank easing.

This is the month that many have finally realised we may have entered a new paradigm in financial markets where negative yields are not just temporary: Japanification has encompassed the developed world. Each time yields press lower there is a reach for yield and Equities recover from the TINA trade. What is the correct discount rate for quality growth equity when 100 per cent of developed market debt is yielding negative? Is it all just a huge bubble sourced from the Bond market? Find out more in our forthcoming Newsletter.

### Top 25 Net Asset Exposures as a percentage of Net Assets\*

AMAZON.COM INC	17.5%	BOOKING HOLDINGS INC	1.4%
ALPHABET INC	10.7%	VANGUARD REAL ESTATE ETF	(1.3)%
MICROSOFT CORP	10.5%	MATCH GROUP INC	1.3%
ALIBABA GROUP HOLDING-SP ADR	8.2%	ARISTA NETWORKS INC	1.2%
FACEBOOK INC	7.8%	MS MARGIN SQUEEZE BASKET	(1.0)%
SALESFORCE.COM INC	7.0%		
TENCENT HOLDINGS LTD	5.9%		
VISA INC	5.2%		
PAYPAL HOLDINGS INC	5.0%		
NVIDIA CORP	3.2%		
ADOBE INC	3.2%		
POLAR CAPITAL TECHNOLOGY TR	2.5%		
SCOTTISH MORTGAGE INV TR PLC	2.3%		
PALO ALTO NETWORKS INC	2.2%		
WALT DISNEY CO/THE	1.9%		
ISHARES CORE FTSE 100	(1.9)%		
MS BBB DOWNGRADE BASKET	(1.8)%		
MS WEAK PRICING POWER BASKET	(1.7)%		
LVMH MOET HENNESSY LOUIS VUI	1.5%		
EXPEDIA GROUP INC	1.5%		

#### Liquidity Analysis:

Market Capitalisation:	% of Net Assets:
Large Cap	121.3%
Mid Cap	0.0%
Small Cap	0.0%
Options	(22.3)%
Other Listed Securities <sup>^</sup>	(8.3)%
<b>Delta Adjusted Exposure</b>	<b>90.3%</b>
<b>Leverage - Gross basis:</b>	<b>177.6%</b>
<b>Leverage - Commitment basis:</b>	<b>130.9%</b>

<sup>^</sup> Including closed-ended funds.

<sup>\*</sup> Includes delta-adjusted exposure from Options.

Data as at 30 July 2019 Source: Bloomberg L.P., MNL

### Fund Ratings

#### The ratings are not a recommendation to buy.

Latest available FE Crown, Lipper and Morningstar ratings provided at time of publication from [www.trustnet.com](http://www.trustnet.com), [www.lipperleaders.com](http://www.lipperleaders.com) & <http://essentials.morningstar.com>. All ratings are based on 3 years' worth of data.

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### Issued by:

M&L Capital Management Ltd ("MLCM") who are authorised and regulated by the Financial Conduct Authority under Firm Reference Number 672181.

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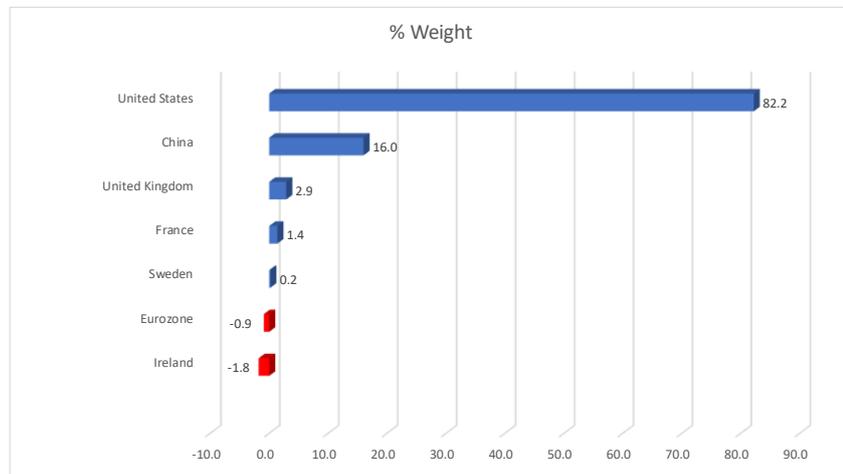
MLCM, MNL nor any of their respective affiliates, officers, directors, agents and employees make any warranty, expressed or implied, of any kind whatsoever, and none of these parties shall be liable for any losses, damages, costs or expenses, of every kind and description, relating to the adequacy, accuracy or completeness of any information in this document or the use of this information. As with all historical performance data, it may not be used to predict future characteristics or performance or relied on in making any investment decisions.

There are various risks associated with investing in any form of business and with investing in the stock market generally. The value of the Ordinary Shares will depend on general stock market and economic conditions as well as the specific performance of the Company.

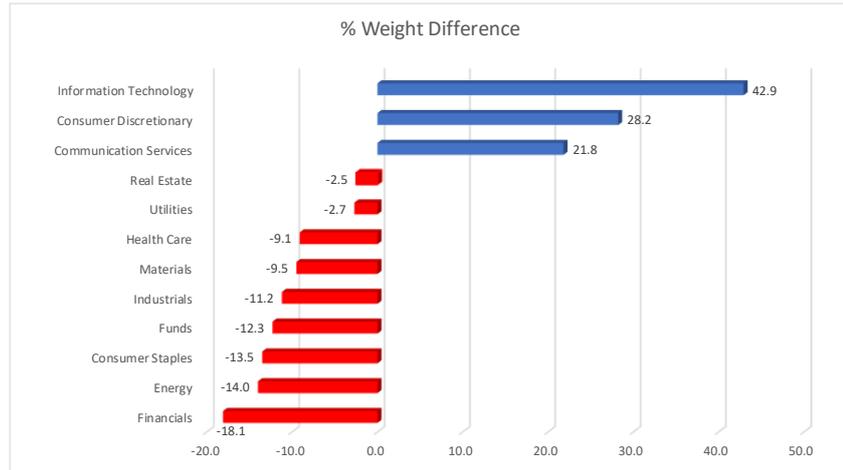
There is no guarantee of the future financial performance and returns achieved by the Company or the price at which the Ordinary Shares will trade on the London Stock Exchange. Share market conditions may affect the price of the Company's listed securities regardless of operating performance.

Share market conditions are affected by many factors such as: general economic outlook, movement in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply for capital. As a result, the price of the Ordinary Shares could be highly volatile and can go up or down. Past performance should not be seen as an indication of future performance.

### Domicile of Holdings by Market Value (Source: Bloomberg LP, MNL)



### Sector Weightings (of Net Longs) v Benchmark (Source: Bloomberg LP, MNL)



### Risk Management (annualised 1 year) (Source: Bloomberg LP, MNL)

Price volatility:	21.1%
Portfolio volatility:	19.0%
Sharpe:	0.8x
Benchmark volatility:	10.2%

Portfolio volatility is calculated using the Bloomberg Risk Model on underlying security returns in base currency (GBP). Sharpe is calculated by Bloomberg LP from underlying security returns in base currency (GBP).

### Synthetic Risk Reward Indicator ("SRRI")



The Fund is categorised as a 6 on the SRRI scale, which is calculated based on the Fund's 5 year annualised NAV volatility. Liquidity, Counterparty & Currency risks are not captured by the scale.

### Key Risk Considerations

The value of investments can go down as well as up and investors may not get back the amount originally invested.

Holdings in overseas investments are subject to changes in currency exchange rates, which may cause the value of such investments to go down as well as up.

Gearing, sometimes referred to as leverage, can be used by the Company to borrow to gain additional exposure to investments. Gearing works by magnifying the performance, this can result in either greater losses or profit had the Company not used Gearing.

Derivatives can be utilised by the Company, these instruments also give rise to leverage without the need to borrow. Derivatives may in addition also give rise to counterparty risk, the risk the issuer of the derivative cannot fulfil its obligations (profit that maybe due to the Company).

For a full list of risks and definitions of the portfolio risk statistics provided please refer to the Investment Disclosure Document and KID at [www.mlcapman.com](http://www.mlcapman.com).

### Comparative Period Performance (Source: Bloomberg LP, MSCI, MNL)

Return (%)	CYTD	FYTD	1yr	3yr	5yr
MNL	31.5	12.1	12.1	82.0	122.1
Benchmark (MXGBIM*)	16.3	1.8	1.8	27.8	36.7

This comparison is illustrative only. All figures are sourced from Bloomberg LP. NAV return is on a total return basis (dividends reinvested), net of all costs incurred. Calculation time periods depend on the timing of NAV releases and so may differ slightly to the column headings. The figures shown relate to past performance. \*MSCI UK Investable Market Index (GBP).

Past performance is not a reliable indicator of current or future results.