

# **THE CITY OF LONDON INVESTMENT TRUST PLC**

**Report for the half year ended  
31 December 2019**  
*(unaudited)*

# THE CITY OF LONDON INVESTMENT TRUST PLC

## Unaudited Results for the Half-Year Ended 31 December 2019

### INVESTMENT OBJECTIVE

The Company's objective is to provide long-term growth in income and capital, principally by investment in equities listed on the London Stock Exchange. The Board continues to recognise the importance of dividend income to shareholders.

### PERFORMANCE HIGHLIGHTS

	As at 31 December 2019	As at 30 June 2019
Net asset value per ordinary share	435.7p	421.2p
Premium	1.8%	1.0%
Net asset value per ordinary share (debt at fair value)	431.0p	416.3p
Premium (debt at fair value)	2.9%	2.2%
Ordinary share price	443.5p	425.5p
Gearing (at par value)	7.7%	7.9%

<b>Dividend yields</b>	As at 31 December 2019	As at 30 June 2019
The City of London Investment Trust plc	4.4%	4.4%
FTSE All-Share Index (Benchmark)	4.1%	4.1%
AIC UK Equity Income sector	3.8%	3.9%
IA UK Equity Income OEIC sector	4.6%	4.6%

Sources: Morningstar for the AIC, Datastream

<b>Total return performance to 31 December 2019</b> (including dividends reinvested and excluding transaction costs)	6 months %	1 year %	3 years %	5 years %	10 years %
Net asset value per ordinary share <sup>1</sup>	5.9	21.1	22.9	42.3	163.5
FTSE All-Share Index	5.5	19.2	22.0	43.8	118.3
AIC UK Equity Income sector average – net asset value <sup>2</sup>	7.5	20.8	22.8	43.3	160.8
Ordinary share price	6.6	20.5	24.2	44.0	177.0
IA UK Equity Income OEIC sector average <sup>3</sup>	8.3	20.1	19.8	38.5	127.3

Sources: Morningstar for the AIC, Janus Henderson, Datastream

1. Using cum income fair value net asset value

2. AIC UK Equity Income sector size weighted average net asset value total return (shareholders' funds)

3. The Investment Association ("IA") peer group average is based on mid-day net asset value whereas the returns of the investment trust are calculated using close of business NAV

# INTERIM MANAGEMENT REPORT

## CHAIRMAN'S STATEMENT

### Net asset value total return

Despite slowing economic growth, the UK equity market performed well during the second half of 2019. The victory by the Conservatives in the December general election was an important factor, but other significant influences were the three cuts in US interest rates and the strong performance of shares on Wall Street.

City of London's net asset value total return for the six months was 5.9%, which was ahead of the FTSE All-Share Index's total return of 5.5%. The biggest sector contributor relative to the Index was having a below average exposure to the oil sector, although Royal Dutch Shell and BP are large holdings in the portfolio. The second biggest contributing sector was housebuilding, with strong performances from our holdings in Taylor Wimpey and Persimmon. The top stock contributor was the pub group, Greene King, which was taken over by CK Asset Holdings of Hong Kong. The biggest sector detractor was having a below average exposure to the pharmaceutical sector, where the underweight position in AstraZeneca was the largest stock detractor. The next biggest stock detractor was not holding London Stock Exchange followed by the holding in Hiscox which gave back some ground after significant long-term performance.

Sterling strengthened against both the US dollar and the euro over the six-month period and confidence in UK domestic stocks improved. As a result, the more domestic FTSE Mid 250 Index of medium-sized companies outperformed with a total return of 14.1%. The FTSE 100 Index of the largest companies, which is more international, returned 3.7%. City of London has a greater proportion of its portfolio in large companies than competitors in the AIC UK Equity Income sector and therefore underperformed the sector average over this six-month period.

### Earnings and dividends

City of London's revenue earnings per share rose by 4.8% compared with the same period last year. So far this financial year, the Company has declared two interim dividends of 4.75p each. City of London's diverse portfolio, strong cash flow and revenue reserve give the Board confidence that it will be able to increase the dividend for a fifty-fourth consecutive year. The quarterly rate will be reviewed by the Board before the third interim is declared in April 2020.

### Expenses

As a result of the new management fee rate of 0.325% of net assets, which took effect from 1 January 2019, our ongoing charge for the year to 30 June 2019 was 0.39%, down from 0.41% for the previous year. With the new fee rate in place over the full twelve months of our current financial year, to 30 June 2020, the Board expects a further reduction in the ongoing charge.

### Material events and transactions during the period

A total of 18,185,000 new shares for proceeds of £76.3 million were issued in the six months to 31 December 2019 at a premium to net asset value.

The proceeds were invested in a mixture of additions to existing holdings as well as three new holdings of which two are focused on the UK domestic economy. Wm Morrison Supermarkets has a good record of free cash flow generation, strong balance sheet and a differentiated strategy including some of its own food manufacturing. Royal Bank of Scotland, which now has strong capital ratios, should be a particular beneficiary of improving UK economic growth. The third new holding was La Française des Jeux, which is the operator of the French national lottery, with a 25-year license, and has good cash flow characteristics. In addition, M&G, the UK asset manager and life assurer, entered the portfolio after its demerger from Prudential. There were four complete sales of holdings: from the travel & leisure sector, Greene King and TUI; and from the support services sector, De La Rue and Connect Group.

Since the period end to 12 February 2020, a further 5,325,000 shares for proceeds of £23.3 million have been issued.

Gearing, which was 7.9% at 30 June 2019, remained in a close range over the six months and ended the period at 7.7%. At 31 December 2019, all the fixed rate borrowings were fully invested and £10 million of the £120 million bank facility was drawn down.

### The Board

Simon Barratt retired as a Director on 1 January 2020. I would like to thank Simon for his wise counsel over the past nine years. We announced on 24 October 2019 that Sir Laurie Magnus will join the Board on 1 March 2020. He is a Senior Advisor at Evercore Partners, an investment banking group, and has over 40 years' experience in the corporate finance advisory business. It is the Board's intention that Sir Laurie will become City of London's Chairman following my retirement at the Annual General Meeting in October 2020.

### **Outlook for the six months to 30 June 2020**

The end of the UK's political paralysis is likely to lead to improved business and consumer confidence. While Brexit is settled with the UK having left the European Union, the future trading relationship is unclear and this uncertainty might be a brake on investment intentions and the more optimistic outlook.

There is some limited scope for further interest rate cuts for the UK, but further stimulus to economic growth could come from an expanding fiscal deficit, especially given pledges made in the Conservative election manifesto. Globally, growth could continue to be lacklustre, partly because of tensions over tariffs and the spread of the Coronavirus. In addition, monetary policy has probably reached the limits of its effectiveness given historically low interest rates in many countries.

While UK equities have performed well in 2019, this only recovers the losses from 2018. In our view, the UK equity market's valuation is supportive, with its dividend yield better than that of most other leading equity markets, yields in most areas of fixed interest and bank deposit rates.

**Philip Remnant CBE**

**Chairman**

**13 February 2020**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Portfolio and market price
- Investment activity, gearing and performance
- Tax and regulatory
- Operational

Information on these risks and how they are managed are given in the Annual Report for the year ended 30 June 2019. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that, to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting";
- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and
- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

**For and on behalf of the Board**

**Philip Remnant CBE**

**Chairman**

**13 February 2020**

## INCOME STATEMENT

	(Unaudited) Half-year ended 31 December 2019			(Unaudited) Half-year ended 31 December 2018			(Audited) Year ended 30 June 2019		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	-	65,349	65,349	-	(180,861)	(180,861)	-	(21,023)	(21,023)
Income from investments held at fair value through profit or loss	35,645	-	35,645	31,871	-	31,871	77,438	-	77,438
Other interest receivable and similar income	116	-	116	131	-	131	288	-	288
<b>Gross revenue and capital gains/(losses)</b>	<b>35,761</b>	<b>65,349</b>	<b>101,110</b>	<b>32,002</b>	<b>(180,861)</b>	<b>(148,859)</b>	<b>77,726</b>	<b>(21,023)</b>	<b>56,703</b>
Management fee	(802)	(1,872)	(2,674)	(767)	(1,790)	(2,557)	(1,519)	(3,545)	(5,064)
Other administrative expenses	(354)	-	(354)	(389)	-	(389)	(726)	-	(726)
<b>Net return/(loss) before finance costs and taxation</b>	<b>34,605</b>	<b>63,477</b>	<b>98,082</b>	<b>30,846</b>	<b>(182,651)</b>	<b>(151,805)</b>	<b>75,481</b>	<b>(24,568)</b>	<b>50,913</b>
Finance costs	(1,112)	(2,411)	(3,523)	(1,158)	(2,517)	(3,675)	(2,277)	(4,946)	(7,223)
<b>Net return/(loss) before taxation</b>	<b>33,493</b>	<b>61,066</b>	<b>94,559</b>	<b>29,688</b>	<b>(185,168)</b>	<b>(155,480)</b>	<b>73,204</b>	<b>(29,514)</b>	<b>43,690</b>
Taxation on net return/(loss)	(420)	-	(420)	(381)	-	(381)	(1,181)	-	(1,181)
<b>Net return/(loss) after taxation</b>	<b>33,073</b>	<b>61,066</b>	<b>94,139</b>	<b>29,307</b>	<b>(185,168)</b>	<b>(155,861)</b>	<b>72,023</b>	<b>(29,514)</b>	<b>42,509</b>
<b>Return/(loss) per ordinary share</b> (note 2)	<b>8.59p</b>	<b>15.86p</b>	<b>24.45p</b>	<b>8.20p</b>	<b>(51.79p)</b>	<b>(43.59p)</b>	<b>19.76p</b>	<b>(8.10p)</b>	<b>11.66p</b>

The total columns of this statement represent the Company's Income Statement, prepared in accordance with FRS 104. The revenue and capital columns are supplementary to this and are published under guidance from the Association of Investment Companies.

The Company has no recognised gains or losses other than those disclosed in the Income Statement and Statement of Changes in Equity. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 December 2019 (unaudited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2019	94,709	613,711	2,707	826,337	58,259	1,595,723
Net return on ordinary activities after taxation	-	-	-	61,066	33,073	94,139
Issue of 18,185,000 new ordinary shares	4,546	71,779	-	-	-	76,325
Fourth interim dividend (4.75p per share) for year ended 30 June 2019 paid 31 August 2019	-	-	-	-	(18,012)	(18,012)
First interim dividend (4.75p per share) for year ending 30 June 2020 paid 29 November 2019	-	-	-	-	(18,341)	(18,341)
<b>At 31 December 2019</b>	<b>99,255</b>	<b>685,490</b>	<b>2,707</b>	<b>887,403</b>	<b>54,979</b>	<b>1,729,834</b>
Half-year ended 31 December 2018 (unaudited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2018	88,603	520,701	2,707	855,851	53,135	1,520,997
Net (loss)/return on ordinary activities after taxation	-	-	-	(185,168)	29,307	(155,861)
Issue of 6,825,000 new ordinary shares	1,706	26,007	-	-	-	27,713
Fourth interim dividend (4.55p per share) for year ended 30 June 2018 paid 31 August 2018	-	-	-	-	(16,175)	(16,175)
First interim dividend (4.55p per share) for year ended 30 June 2019 paid 30 November 2018	-	-	-	-	(16,319)	(16,319)
<b>At 31 December 2018</b>	<b>90,309</b>	<b>546,708</b>	<b>2,707</b>	<b>670,683</b>	<b>49,948</b>	<b>1,360,355</b>
Year ended 30 June 2019 (audited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2018	88,603	520,701	2,707	855,851	53,135	1,520,997
Net (loss)/return on ordinary activities after taxation	-	-	-	(29,514)	72,023	42,509
Issue of 24,425,000 new ordinary shares	6,106	93,010	-	-	-	99,116
Fourth interim dividend (4.55p per share) for year ended 30 June 2018 paid 31 August 2018	-	-	-	-	(16,174)	(16,174)
First interim dividend (4.55p per share) for year ended 30 June 2019 paid 30 November 2018	-	-	-	-	(16,319)	(16,319)
Second interim dividend (4.55p per share) for year ended 30 June 2019 paid 28 February 2019	-	-	-	-	(16,633)	(16,633)
Third interim dividend (4.75p per share) for year ended 30 June 2019 paid 31 May 2019	-	-	-	-	(17,773)	(17,773)
<b>At 30 June 2019</b>	<b>94,709</b>	<b>613,711</b>	<b>2,707</b>	<b>826,337</b>	<b>58,259</b>	<b>1,595,723</b>

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 December 2019 £'000	(Unaudited) 31 December 2018 £'000	(Audited) 30 June 2019 £'000
<b>Investments held at fair value through profit or loss</b> (note 5)			
Listed at market value in the United Kingdom	1,684,974	1,375,669	1,556,025
Listed at market value overseas	177,648	146,760	165,525
Investment in subsidiary undertakings	347	347	347
	<b>1,862,969</b>	<b>1,522,776</b>	<b>1,721,897</b>
<b>Current assets</b>			
Debtors	7,288	6,391	14,932
Cash at bank	-	-	-
	<b>7,288</b>	<b>6,391</b>	<b>14,932</b>
<b>Creditors: amounts falling due within one year</b>	<b>(24,695)</b>	<b>(43,087)</b>	<b>(25,350)</b>
<b>Net current liabilities</b>	<b>(17,407)</b>	<b>(36,696)</b>	<b>(10,418)</b>
<b>Total assets less current liabilities</b>	<b>1,845,562</b>	<b>1,486,080</b>	<b>1,711,479</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>(115,728)</b>	<b>(125,725)</b>	<b>(115,756)</b>
<b>Net assets</b>	<b>1,729,834</b>	<b>1,360,355</b>	<b>1,595,723</b>
<b>Capital and reserves</b>			
Called-up share capital (note 3)	99,255	90,309	94,709
Share premium account	685,490	546,708	613,711
Capital redemption reserve	2,707	2,707	2,707
Other capital reserves	887,403	670,683	826,337
Revenue reserve	54,979	49,948	58,259
<b>Equity shareholders' funds</b>	<b>1,729,834</b>	<b>1,360,355</b>	<b>1,595,723</b>
<b>Net asset value per ordinary share - basic and diluted</b> (note 4)	<b>435.7p</b>	<b>376.6p</b>	<b>421.2p</b>

The accompanying notes are an integral part of these financial statements.

## NOTES

### 1. Accounting Policy – Basis of Preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for “Financial Statements of Investment Trust Companies and Venture Capital Trusts”, issued in October 2019.

For the period under review, the Company’s accounting policies have not varied from those described in the Annual Report for the year ended 30 June 2019. These financial statements have been neither audited nor reviewed by the Company’s auditors.

As an investment fund, the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity’s investments are highly liquid and are carried at market value; and where a statement of changes in equity is provided.

### 2. Return per Ordinary Share

	(Unaudited) Half-year ended 31 December 2019 £’000	(Unaudited) Half-year ended 31 December 2018 £’000	(Audited) Year ended 30 June 2019 £’000
The return per ordinary share is based on the following figures:			
Revenue return	33,073	29,307	72,023
Capital return/(loss)	61,066	(185,168)	(29,514)
<b>Total</b>	<b>94,139</b>	<b>(155,861)</b>	<b>42,509</b>
Weighted average number of ordinary shares in issue for each period			
	<b>384,976,853</b>	357,545,059	364,414,801
Revenue return per ordinary share	<b>8.59p</b>	8.20p	19.76p
Capital return/(loss) per ordinary share	<b>15.86p</b>	(51.79p)	(8.10p)
<b>Total return/(loss) per ordinary share</b>	<b>24.45p</b>	<b>(43.59p)</b>	<b>11.66p</b>

The Company does not have any dilutive securities, therefore, the basic and diluted returns per share are the same.

### 3. Share Capital

During the half-year ended 31 December 2019, 18,185,000 ordinary shares were issued for total proceeds of £76,325,000 (half-year ended 31 December 2018: 6,825,000 ordinary shares issued for total proceeds of £27,713,000; year ended 30 June 2019: 24,425,000 ordinary shares issued for total proceeds of £99,116,000). The number of ordinary shares in issue at 31 December 2019 was 397,019,868.

### 4. Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £1,729,834,000 (31 December 2018: £1,360,355,000; 30 June 2019: £1,595,723,000) and on 397,019,868 ordinary shares (31 December 2018: 361,234,868; 30 June 2019: 378,834,868), being the number of ordinary shares in issue at the period end.

### 5. Financial Instruments

The financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or the Statement of Financial Position amount is a reasonable approximation of fair value (debtors and creditors falling due within one year). The debenture stocks, secured notes, preference stocks and preferred ordinary stock are carried in the Statement of Financial Position at par.

At 31 December 2019, the fair value of the debenture stocks was £42,225,000 (31 December 2018: £44,651,000; 30 June 2019: £43,510,000).

The aggregate fair value of the preferred and preference stocks was £2,634,000 (31 December 2018: £2,630,000; 30 June 2019: £2,557,000).

As at 31 December 2019, the fair value of the secured notes was estimated to be £99,715,000 (31 December 2018: £92,803,000; 30 June 2019: £98,237,000).

The valuations of the debenture stocks are obtained from brokers based on market prices. The valuations of the preferred and preference stock are from the Daily Official List quotations. The valuation of the secured loan notes is calculated using a discount rate which reflects the yield on a UK gilt of similar maturity plus a suitable credit spread.

The debenture stocks, preference stocks and preferred ordinary stock are categorised as level 1 in the fair value hierarchy. The secured notes are categorised as level 3 in the fair value hierarchy.

The table below sets out fair value measurements of the investments using the FRS 102 fair value hierarchy. 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: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

#### Financial assets at fair value through profit or loss at 31 December 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,862,622	-	347	1,862,969
<b>Total</b>	<b>1,862,622</b>	<b>-</b>	<b>347</b>	<b>1,862,969</b>

#### Financial assets at fair value through profit or loss at 31 December 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,522,429	-	347	1,522,776
<b>Total</b>	<b>1,522,429</b>	<b>-</b>	<b>347</b>	<b>1,522,776</b>

#### Financial assets at fair value through profit or loss at 30 June 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,721,550	-	347	1,721,897
<b>Total</b>	<b>1,721,550</b>	<b>-</b>	<b>347</b>	<b>1,721,897</b>

The valuation techniques used by the Company are explained in the accounting policies note 1 in the Company's Annual Report for the year ended 30 June 2019.

## 6. Transaction Costs

Purchase transaction costs for the half-year ended 31 December 2019 were £598,000 (half-year ended 31 December 2018: £484,000; year ended 30 June 2019: £1,046,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the half-year ended 31 December 2019 were £21,000 (half-year ended 31 December 2018: £20,000; year ended 30 June 2019: £53,000).

## 7. Dividends

A first interim dividend of 4.75p per ordinary share was paid on 29 November 2019. The second interim dividend of 4.75p per ordinary share (declared on 19 December 2019) will be paid on 28 February 2020 to shareholders on the register on 24 January 2020. The Company's shares went ex-dividend on 23 January 2020.

## 8. Related Party Transactions

Other than the relationship between the Company and its Directors, the provision of services by Janus Henderson is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with this related party affecting the financial position of the Company during the period under review.

## 9. Going Concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

## 10. Comparative Information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The figures and financial information for the year ended 30 June 2019 are extracted from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 11. General information

### Company Status

The City of London Investment Trust plc is UK domiciled investment trust company.

The SEDOL/ISIN number is GB0001990497. The London Stock Exchange (TIDM) Code is CTY.

Global Intermediary Identification Number (GIIN) is S55HF7.99999.SL.826.

Legal Entity Identifier number (LEI) is 213800F3NOTF47H6AO55.

### Company Registration Number

UK: 00034871

New Zealand: 1215729

### Registered Office

201 Bishopsgate, London EC2M 3AE

### Directors and Secretary

The Directors of the Company are Philip Remnant CBE (Chairman), Samantha Wren (Audit Committee Chair), Robert Edward (Ted) Holmes, Martin Morgan and Clare Wardle.

The Corporate Secretary is Henderson Secretarial Services Limited, represented by Sally Porter ACG.

### Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly fact sheets and data, copies of announcements, reports and details of general meetings can be found at [www.cityinvestmenttrust.com](http://www.cityinvestmenttrust.com)

## 12. Half-Year Report

An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in February 2020. The Update will also be available on the Company's website [www.cityinvestmenttrust.com](http://www.cityinvestmenttrust.com) or in hard copy from the Company's registered office.

## FORTY LARGEST INVESTMENTS

<b>Company</b>	<b>Market value 31 December 2019 £'000</b>	<b>Company</b>	<b>Market value 31 December 2019 £'000</b>
Royal Dutch Shell	108,074	National Grid	30,258
HSBC	69,252	Barclays	30,180
Diageo	63,364	Land Securities	29,700
Lloyds Banking	59,000	Schroders	26,460
British American Tobacco	58,813	Compass	25,137
BP	58,714	Anglo American	24,628
GlaxoSmithKline	56,928	Croda International	22,973
Unilever	50,564	SSE	22,441
RELX	48,312	Nestlé	22,159
Prudential	43,527	Vodafone	21,646
Taylor Wimpey	40,614	Merck	18,034
Rio Tinto	39,852	Imperial Brands	17,662
BAE Systems	33,888	British Land	17,567
Phoenix	32,503	Ibstock	17,493
Verizon Communications	32,417	Novartis	17,048
BHP	31,676	Ferguson	16,461
Reckitt Benckiser	30,645	Severn Trent	16,348
Persimmon	30,588	Segro	16,150
AstraZeneca	30,428	Hiscox	16,112
St James's Place	30,277	Coca-Cola	15,886

These investments total £1,373,779,000 or 73.8% of the portfolio.

Convertibles and all classes of equity in any one company are treated as one investment.

## SECTOR EXPOSURE

As a percentage of the investment portfolio excluding cash

	<b>%</b>
Financials	25.6
Consumer Goods	19.6
Consumer Services	11.0
Basic Materials	9.1
Oil & Gas	9.0
Industrials	8.2
Health Care	7.8
Telecommunications	4.2
Utilities	4.1
Technology	1.4
<b>Total</b>	<b>100.0</b>

## CLASSIFICATION OF INVESTMENTS BY SECTOR

Company	Market value 31 December 2019 £'000
<b>OIL &amp; GAS PRODUCERS</b>	
Royal Dutch Shell	108,074
BP	58,714
	<u>166,788</u>
<b>Total Oil &amp; Gas</b>	<b>166,788</b>
<b>BASIC MATERIALS</b>	
<b>Chemicals</b>	
Croda International	22,973
Victrex	6,484
Johnson Matthey	6,056
	<u>35,513</u>
<b>Construction &amp; Materials</b>	
Ibstock	17,493
Marshalls	8,670
	<u>26,163</u>
<b>Forestry &amp; Paper</b>	
Mondi	12,370
	<u>12,370</u>
<b>Mining</b>	
Rio Tinto	39,852
BHP	31,676
Anglo American	24,628
	<u>96,156</u>
<b>Total Basic Materials</b>	<b>170,202</b>
<b>INDUSTRIALS</b>	
<b>Aerospace &amp; Defence</b>	
BAE Systems	33,888
Meggitt	12,671
Senior	3,631
	<u>50,190</u>
<b>Electronic &amp; Electrical Equipment</b>	
Halma	10,051
XP Power	6,200
Renishaw	5,087
	<u>21,338</u>
<b>General Industrials</b>	
Siemens <sup>1</sup>	9,398
Smiths	8,525
Swire Pacific <sup>1</sup>	7,088
	<u>25,011</u>
<b>Industrial Engineering</b>	
IMI	11,372
Spirax-Sarco Engineering	10,846
Rotork	5,862
	<u>28,080</u>

Company	Market value 31 December 2019 £'000
<b>Industrial Transportation</b>	
Royal Mail	4,526
	<u>4,526</u>
<b>Support Services</b>	
Ferguson	16,461
Paypoint	6,072
	<u>22,533</u>
<b>Total Industrials</b>	<b>151,678</b>
<b>CONSUMER GOODS</b>	
<b>Beverages</b>	
Diageo	63,364
Coca-Cola <sup>1</sup>	15,886
Britvic	12,909
	<u>92,159</u>
<b>Food Producers</b>	
Nestlé <sup>1</sup>	22,159
Tate & Lyle	12,665
	<u>34,824</u>
<b>Household Goods &amp; Home Construction</b>	
Taylor Wimpey	40,614
Reckitt Benckiser	30,645
Persimmon	30,588
Berkeley	9,718
	<u>111,565</u>
<b>Personal Goods</b>	
Unilever	50,564
	<u>50,564</u>
<b>Tobacco</b>	
British American Tobacco	58,813
Imperial Brands	17,662
	<u>76,475</u>
<b>Total Consumer Goods</b>	<b>365,587</b>
<b>HEALTH CARE</b>	
<b>Health Care Equipment &amp; Services</b>	
Smith & Nephew	13,595
	<u>13,595</u>
<b>Pharmaceuticals &amp; Biotechnology</b>	
GlaxoSmithKline	56,928
AstraZeneca	30,428
Merck <sup>1</sup>	18,034
Novartis <sup>1</sup>	17,048
Johnson & Johnson <sup>1</sup>	10,099
	<u>132,537</u>
<b>Total Health Care</b>	<b>146,132</b>

<b>Company</b>	<b>Market value 31 December 2019 £'000</b>
<b>CONSUMER SERVICES</b>	
<b>Food &amp; Drug Retailers</b>	
J. Sainsbury	11,955
Greggs	9,422
Wm Morrison	9,091
	<u>30,468</u>
<b>General Retailers</b>	
Kingfisher	7,163
DFS	4,624
Halfords	2,878
Marks & Spencer	2,562
	<u>17,227</u>
<b>Media</b>	
RELX	48,312
ITV	6,251
Daily Mail & General	4,145
	<u>58,708</u>
<b>Travel &amp; Leisure</b>	
Compass	25,137
Carnival	14,576
Whitbread	13,210
Ten Entertainment	9,433
Française des Jeux <sup>1</sup>	9,084
Go-Ahead	7,812
National Express	7,748
Young	4,927
Cineworld	4,628
William Hill	2,381
	<u>98,936</u>
<b>Total Consumer Services</b>	<b>205,339</b>
<b>TELECOMMUNICATIONS</b>	
<b>Fixed Line Telecommunications</b>	
Verizon Communications <sup>1</sup>	32,417
BT	12,028
	<u>44,445</u>
<b>Mobile Telecommunications</b>	
Vodafone	21,646
Orange <sup>1</sup>	7,782
Deutsche Telekom <sup>1</sup>	4,335
	<u>33,763</u>
<b>Total Telecommunications</b>	<b>78,208</b>
<b>UTILITIES</b>	
<b>Electricity</b>	
SSE	22,441
	<u>22,441</u>

<b>Company</b>	<b>Market value 31 December 2019 £'000</b>
<b>Gas, Water &amp; Multiutilities</b>	
National Grid	30,258
Severn Trent	16,348
United Utilities	7,217
	<u>53,823</u>
<b>Total Utilities</b>	<b>76,264</b>
<b>FINANCIALS</b>	
<b>Banks</b>	
HSBC	69,252
Lloyds Banking	59,000
Barclays	30,180
Royal Bank of Scotland	12,616
Nationwide Building Society	
10.25% Var Perp CCDS	10,833
	<u>181,881</u>
<b>Financial Services</b>	
Schroders	26,460
Brewin Dolphin	14,150
M&G	10,437
TP ICAP	7,825
IG	6,185
	<u>65,057</u>
<b>Life Insurance</b>	
Prudential	43,527
Phoenix	32,503
St James's Place	30,277
Aviva	5,443
	<u>111,750</u>
<b>Non Life Insurance</b>	
Hiscox	16,112
Direct Line Insurance	13,265
Munich Re <sup>1</sup>	10,276
Sabre Insurance	9,338
	<u>48,991</u>
<b>Real Estate Investment Trusts</b>	
Land Securities	29,700
British Land	17,567
Segro	16,150
Hammerson	5,557
	<u>68,974</u>
<b>Total Financials</b>	<b>476,653</b>
<b>TECHNOLOGY</b>	
<b>Software &amp; Computer Services</b>	
Microsoft <sup>1</sup>	14,042
Sage	11,729
	<u>25,771</u>
<b>Total Technology</b>	<b>25,771</b>
<b>TOTAL INVESTMENTS</b>	<b>1,862,622</b>

<sup>1</sup> Overseas listed