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# HALF YEAR REPORT

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**30 JUNE 2017**

**Capital and income growth from  
active global equity investment**

 Witan investment trust

# WITAN'S OBJECTIVE

Long term growth in income and capital through active multi-manager investment in global equities.

**Witan is an investment trust which is listed on the London Stock Exchange and was founded in 1909.**

Witan offers actively-managed exposure to global markets (principally equities) using a multi-manager approach. The portfolio is diversified by geographical region, industrial sector and at the individual stock level.

Witan typically uses around 10 to 15 investment managers. The blend of different active approaches and styles aims to deliver added value for shareholders while smoothing out the volatility normally associated with a single manager.

## **To view the report online**

If you would like to view video updates about the Company, please visit:

**[www.witan.com](http://www.witan.com)**



## Highlights for the six months ended 30 June 2017

# 12.2%

Shareholder total return  
for the six months

# 10.8%

NAV total return for the six months

# 11.8%

Increase in dividends per share\*

## CONTENTS

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### About your Company

- 2 Financial Highlights
- 4 Interim Management Report
- 9 Portfolio Information
- 11 Regulatory Disclosures
- 12 Investment Managers

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### Financial Statements

- 14 Consolidated Statement of Comprehensive Income
- 16 Consolidated Statement of Changes in Equity
- 17 Consolidated Balance Sheet
- 18 Consolidated Cash Flow Statement
- 19 Notes to the Financial Statements

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### Shareholder Information

- 24 Witan Wisdom and Jump
- 26 Our relationship with the RHS
- 27 Directors and other information
- 28 Warning to Shareholders

\* The increase in the dividends payable in respect of the six months to 30 June 2017 compared with the six months to 30 June 2016.

# FINANCIAL HIGHLIGHTS

## Corporate key performance indicators

	(Unaudited) 30 June 2017	Change since 31 December 2016	(Unaudited) 30 June 2016	(Audited) 31 December 2016
Share price	<b>1001.0p</b>	11.0%	751.0p	902.0p
Net asset value per ordinary share (debt at par value)	<b>1042.7p</b>	9.4%	836.8p	952.8p
Net asset value per ordinary share (debt at fair value)	<b>1029.1p</b>	9.6%	820.6p	939.2p
Dividends per ordinary share	<b>9.5p</b>		8.5p	19.0p
Discount (debt at fair value)	<b>2.7%</b>		8.5%	4.0%
Share buybacks <sup>(A)</sup>	<b>1.3%</b>		7.6%	9.4%
Ongoing charges including performance fees <sup>(B)</sup>	<b>0.38%</b>		0.24%	0.65%
Ongoing charges excluding performance fees <sup>(B)</sup>	<b>0.37%</b>		0.37%	0.75%

(A) The percentage of the ordinary share capital in issue (excluding those held in treasury) at the previous year end that was bought back during the period.

(B) The total of the recurring operating and investment management costs (excluding the expenses of the subsidiary company) expressed as a percentage of the daily average net assets including debt at fair value.

## Performance

	6 months return %	1 year return %	3 years return %	5 years return %
<b>Total Returns to 30 June 2017</b>				
Total shareholder return <sup>(C)</sup>	12.2	36.2	51.3	147.5
Net asset value total return <sup>(D)</sup>	10.8	28.0	52.8	119.7
Benchmark <sup>(E)</sup>	7.4	22.7	41.0	89.2
FTSE All-Share Index <sup>(F)</sup>	5.5	18.1	23.9	65.2
FTSE World (ex UK) Index <sup>(F)</sup>	6.3	23.3	57.7	112.4

(C) Source: Morningstar. The movement in the ordinary share price adjusted to include the reinvestment of each dividend paid during the respective period's calculation.

(D) Source: Morningstar/Witan. The movement in the net asset value per share (debt at fair value) adjusted to include the reinvestment of each dividend paid during the respective period's calculation.

(E) Source: Morningstar/Witan. The benchmark is a composite of five indices: the FTSE All-Share Index 30%, the FTSE All-World North America Index 25%, the FTSE All-World Europe (ex UK) Index 20%, the FTSE All-World Asia Pacific Index 20% and the FTSE Emerging Markets Index 5%. Before 2017, the benchmark was a composite of four indices: the FTSE All-Share Index 40%, the FTSE All-World North America Index 20%, the FTSE All-World Europe (ex UK) Index 20% and the FTSE All-World Asia Pacific Index 20%.

(F) Source: Morningstar. See also FTSE International for conditions of use ([www.ftse.com](http://www.ftse.com)).

## Other financial information

	(Unaudited) 30 June 2017	Change since 31 December 2016	(Unaudited) 30 June 2016	(Audited) 31 December 2016
Net assets	<b>£1,865m</b>	8.0%	£1,547m	£1,727m
Shares with full voting rights (i.e. excluding treasury shares) <sup>(G)</sup>	<b>178,872,058</b>	(1.3)%	184,823,354	181,210,739
Revenue return per ordinary share	<b>14.48p</b>		12.60p	22.11p
Gearing <sup>(H)</sup>	<b>11.0%</b>		12.2%	10.3%

(G) Total number of ordinary shares in issue: 200,071,000 (June 2016: 200,071,000; December 2016: 200,071,000).

(H) The difference between shareholders' funds and the total market value of the investments (including the face value of futures positions) expressed as a percentage of shareholders' funds.

# INTERIM MANAGEMENT REPORT

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**HARRY HENDERSON**

Chairman

## Highlights

- During the first half of 2017, the Company's net asset value ('NAV') total return was +10.8% compared with a benchmark return of +7.4% - outperformance of 3.4%.
- The share price total return was +12.2%, as the discount narrowed from 4.0% at the end of 2016 to 2.7% at the end of June.
- A second interim quarterly dividend of 4.75 pence per ordinary share will be paid in September. Total dividends paid in respect of the period are 9.5 pence per ordinary share (2016: 8.5 pence).
- Eight of the ten external managers in place at the end of 2016 outperformed, as did the portfolio of direct holdings.

## Summary

Political developments presented contrasting surprises during the first half of 2017. An indecisive result from the election in the UK increased instability ahead of the crucial Brexit negotiations, contrasting with generally favourable outcomes from scheduled elections in Europe which reduced worries over European political cohesion and added to the more optimistic mood engendered by the region's economic recovery. In the US, the inauguration of President Trump has changed the style and manners of US diplomacy, causing a degree of disquiet, but there have been few substantive developments (good or bad) other than the US withdrawal from the Paris Climate Agreement, which has been widely criticised. Economic growth has been steady in the US, while improving in Europe and Japan, increasing confidence in equity markets, which registered gains in the first half of the year.

## Market background

Markets ended 2016 on a high note but began 2017 apprehensive over the direction of European politics and concerned in case President Trump implemented some of the protectionist policies on which he had campaigned. France, Germany and the Netherlands all faced national elections and there was a risk that Italy would also call an early poll. In each country, there was a strong populist/Eurosceptic element in public opinion and, after the Brexit and Trump surprises of 2016 few were willing to assume that these elections would be helpful for cohesion between Eurozone countries, with consequent risks for financial stability.

In the event, little has happened on the US policy front, while the European election results so far have resulted in pro-European parties winning, with Chancellor Merkel also looking well-placed for the September election in Germany. Helped by an economic recovery, populism (at least in its illiberal form) has lost support, which should be helpful for economic and political progress in Europe.

The UK has struck a different note, with an unanticipated General Election producing a hung parliament and hence uncertainty over both the direction of government domestic policy and the conduct of the Brexit negotiations. On the plus side, hopes have increased for a less confrontational deal with the EU than some of the more strident pre-election rhetoric had implied. The possibility of a rerun of the referendum itself, whilst not currently probable, cannot be ruled out as a way of resolving a parliamentary stalemate if public opinion swung to believe that the costs to the economy and compromises involved in securing a deal were less appealing than the proposition presented to voters in 2016. On the negative side, irresolute government and a left-wing alternative waiting in the wings cloud visibility of the outlook for the UK economy.

Bond yields fell back during the spring, owing to subdued inflation and a temporary slackening in US economic growth but were little changed by the end of June in the US and the UK, while rising in Europe, where the political relief and economic improvement were most notable. On the foreign exchanges the US dollar was less in demand, as European political reassurance boosted the Euro across the board, while sterling recovered 5% from

its end 2016 level against the dollar, when it had been close to the post-referendum lows. Equities delivered solidly positive returns in the period, with the UK, US and Japan all up 4–6%, while Europe and the Asia-Pacific region rose 12–13%.

### Investment performance

Witan's net asset value (NAV) total return was 10.6% taking the par value of our debt and 10.8% taking debt at fair value. This was well ahead of the benchmark's return of 7.4% during the period. Over the longer term, performance also remains ahead of our benchmark, with a 5 year NAV total return performance of 119.7%, compared with 89.2% for the benchmark.

Our investment portfolio significantly outperformed, returning 9.6%, with performance further assisted by the use of gearing and, to a small extent, the uplift from share buybacks. During the first half of 2017, six of the external managers (and both of the two managers terminated in May) outperformed their benchmarks, while two underperformed. The strongest relative performances came from Veritas (+15.4% compared with +6.3% for its global benchmark) and the Direct Holdings portfolio (+13.7% compared with Witan's benchmark's +7.4%). Performance figures for all of the managers are shown in the table on page 13.

The share price total return of 12.2% was ahead of the NAV total return, due to further progress in narrowing the discount.

# INTERIM MANAGEMENT REPORT continued

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## Portfolio changes

Following a search conducted in autumn 2016, the appointment of GQG Partners to manage an Emerging Markets portfolio was implemented in February, with the manager being allocated £70m or 4% of net assets. The holding in MSCI emerging market index futures was subsequently sold, as the exposure had been replaced.

In May, the Company consolidated the portfolios of its five global equity managers, dividing the assets between three of the existing managers, Lansdowne, Pzena and Veritas. Our analysis indicated that the resulting combination retained a desirable level of diversification, while reducing duplication and (as a result, we believe) enhancing the scope for outperformance in the future.

During April, shortly before the French Presidential election vote, an investment of 2% of assets was made in European equity index futures, to boost exposure to Europe, where the portfolio was under-represented. The political risks in Europe appeared to be reducing (subsequently confirmed by the election of a moderate candidate to the French Presidency) yet European markets had performed indifferently despite an improving economic outlook. The timing proved beneficial and part of the futures position was subsequently replaced with an increased allocation to Europe.

## Gearing

The Company began the year with gearing of 10.3%. This was maintained in a range of 10–12% for most of the period, ending June at 11.0%.

The Company has a £125m short-term loan facility, in addition to its fixed-rate borrowings. The drawn balance at the end of June 2017 was £107m.

## Investment income and expenses

Revenue earnings per share for the period were 14.5 pence per share, a rise of 14.9% from the 12.6 pence per share for the first half of 2016. The figures benefited from higher company pay-outs and from a weaker level of sterling, boosting the sterling value of dividends declared in other currencies.

Base management fees paid to external delegated managers were 20% higher than those in the first half of 2016, owing to the growth in the assets under management in the managers' portfolios. There was no significant accrual for performance fees. Although the majority of our managers outperformed, most do not have performance fee structures, while some that do were making up for underperformance in 2016.

Other expenses charged to revenue rose by 21%. Within operating expenses, there were rises in regulatory compliance costs and asset related items such as investment accounting and custody fees. There was a rise in payroll costs compared with the first half of 2016, owing to salary increases and an increase in performance-related accruals. Finance costs fell by 29% following the repayment of the 8.5% debenture in October 2016.

The ongoing charges figure ('OCF') for the six months was 0.37%, in line with the first half of 2016. Including performance fees, the OCF was 0.38% for the first half of 2017, compared with 0.24% for the same period in



2016 (when the portfolio underperformed, resulting in a write-back of previous accruals for performance fees). These figures apply for the first half and are not annualised. The OCF for the whole of 2016 was 0.75% excluding performance fees and 0.65% including performance fees (owing to reduced provisions for performance fees during 2016).

### Dividend

The Board's policy is that the first three interim dividends of the financial year (paid in June, September and December) will, in the absence of unforeseen circumstances, be paid at the rate of one quarter of the total payment made in respect of the previous year.

Accordingly, a second interim dividend of 4.75 pence per ordinary share, being one quarter of the total dividend paid in respect of 2016 (19.0 pence), will be paid on 18 September 2017 to shareholders on the register on 25 August 2017. This follows the first interim dividend of 4.75 pence per ordinary share paid on 16 June 2017. The fourth payment (in March 2018) will be a balancing amount, reflecting the difference between the three quarterly dividends already paid and the payment decided for the full year.

The Company has increased its dividend every year since 1974 (a 42 year record of increases), recognising the importance for its investors of a reliable and growing income.

In the absence of unforeseen developments, the full year's dividend for 2017 is expected to show a further year of growth, consistent with the Company's policy to increase the total annual dividend ahead of inflation.

### Discount and buybacks

One of the Company's key performance indicators is for its shares to trade at a low discount, or a premium to NAV, subject to market circumstances. Witan's shares ended 2016 on a 4.0% discount, which was below the widest levels reached in the aftermath of the Brexit referendum but wider than the average in recent years. At the end of June 2017, the discount was 2.7%.

During the first half of 2017, the Company has continued to buy back shares into treasury, purchasing 2m shares at an average discount of 4.0% in the early months of the year and a further 0.3m shares in May and June at an average discount of 2.1%. This added £0.9m to the net asset value of the Company but, just as important, showed that the Company was willing to continue buying back shares on tight discounts because of the benefit for shareholders of the shares trading at or near to net asset value, as well as the accretion to NAV per share.

The long-term objective is to create sustainable liquidity in Witan's shares at or near to net asset value. Discounts are affected by many factors not under the Company's control but the Company remains prepared to buy back shares taking account of prevailing market conditions, the level of the discount and the impact on the NAV per share. The Company will only issue shares at a premium to NAV. The criterion for the Company's transactions in its own shares will always be that it should be in shareholders' interests.

Since the period end, a further 0.2m shares have been bought back and placed in treasury. At the time of writing, the discount was 2.1%.

# INTERIM MANAGEMENT REPORT continued

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## Outlook

Economic recovery appears to have taken firmer root in Europe and Japan, while remaining established in the US. Although there are some concerns over the ability of China to maintain robust growth while addressing excesses in its banking system, so far these have proven incorrect, or at least premature.

Several of the world's Central Banks signalled in late June that they were sufficiently reassured by the recovery, and receding risks of deflation, to tighten the stance of monetary policy. In the US this has taken the form of rising short-term interest rates and a plan to reduce the Federal Reserve's bond holdings. In the UK and Europe, actual tightening seems a more distant prospect but the nuance has changed towards reducing monetary support for the economy.

Over the year ahead, a combination of gradually-rising interest rates and reduced central bank buying of bonds is likely to exert upward pressure on bond yields, presenting a valuation headwind for equities. Equity investors will need confirmation that a tailwind from improving corporate earnings is in place to offset this. Recent inflation numbers worldwide suggest a relatively modest underlying rise, which should allow the central banks to take their time in tightening and reduce the extent of any rise in longer-term bond yields. It also seems likely that the improvement in corporate earnings will be unevenly distributed, with positive cyclical effects interacting with disruption from technological change in many sectors. With this in mind, although the level of markets

offers few windfalls we remain focused on active and selective stock-selection and a prudent but opportunistic attitude to risk in order to add value for Witan's shareholders.

For and on behalf of the Board

**Harry Henderson**  
Chairman

9 August 2017

# PORTFOLIO INFORMATION

as at 30 June 2017

Company	£'m	% of portfolio	Company	£'m	% of portfolio
Princess Private Equity	39.9	1.96	Unitedhealth	15.7	0.77
Comcast	38.7	1.90	MI Somerset Emerging Markets Small Cap Fund	15.4	0.76
JP Morgan Chase	36.3	1.78	Tesco	15.3	0.75
Apax Global Alpha	34.4	1.69	Safran	15.0	0.74
London Stock Exchange	33.7	1.65	Daily Mail & General	14.9	0.73
Syncona	32.0	1.57	Sage	14.8	0.73
BlackRock World Mining	31.5	1.55	American Express	14.5	0.71
Vonovia	30.0	1.47	Edinburgh Dragon 3.5% Conv. Bond	14.0	0.69
Taiwan Semiconductor Manufacturing	27.9	1.37	Allergan	13.7	0.67
Bank of America	26.4	1.30	Citigroup	13.2	0.65
Alphabet	24.9	1.22	Vivendi	13.1	0.64
Unilever	24.3	1.19	Capita	12.9	0.63
Lloyds Banking	24.1	1.18	Rolls Royce	12.6	0.62
Delta Air Lines	24.0	1.18	NB Distressed Debt Inv. Fund	12.5	0.61
Diageo	22.8	1.12	Burberry	12.4	0.61
Amazon	21.5	1.06	HSBC Holdings	12.3	0.60
Relx	20.9	1.03	Facebook	11.8	0.58
Charter Communications	20.0	0.98	Hargreaves Lansdown	11.4	0.56
Oracle	19.7	0.97	Rathbone Brothers	10.8	0.53
BT	19.0	0.93	Pearson	10.6	0.52
International Consolidated Airlines	18.9	0.93	Microsoft	10.6	0.52
Barclays Bank	18.7	0.92	Mint	10.6	0.52
Schroders	18.5	0.91	CVS Health	10.5	0.52
Samsung Electronics	16.7	0.82	Royal Dutch Shell	10.4	0.51
Airbus	16.4	0.81	Sumitomo Mitsui Financial	10.3	0.51
<b>TOP 25</b>	<b>641.2</b>	<b>31.49</b>	<b>TOP 50</b>	<b>960.5</b>	<b>47.17</b>

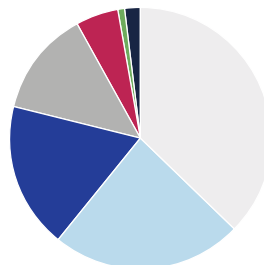
The top ten holdings represent 16.2% of the total portfolio (31 December 2016: 14.9%).

The full portfolio is not listed because it contains over 400 companies.

## PORTFOLIO INFORMATION continued

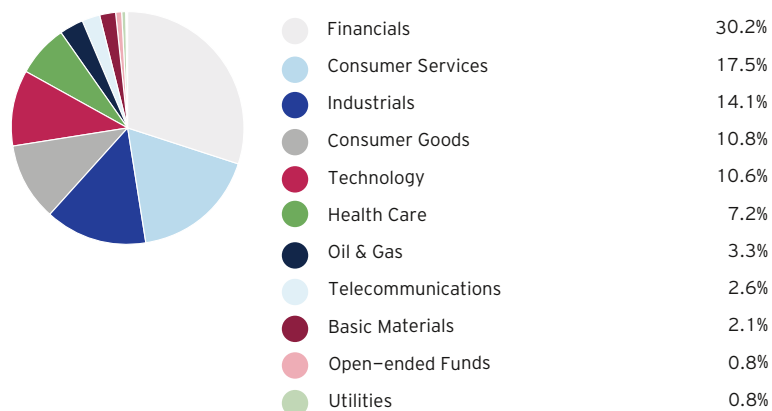
### Portfolio by geographical classification as at 30 June 2017

United Kingdom	37.4%
North America	23.7%
Continental Europe	17.9%*
Asia Pacific (ex Japan)	13.2%
Japan	5.1%
Latin America	0.9%
Other	1.8%



\*Underlying exposure including index futures investments

### Sector breakdown of the portfolio as at 30 June 2017



# REGULATORY DISCLOSURES

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## Going concern

The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

## Related party transactions

During the first six months of the year, no transactions with related parties have taken place which have materially affected the financial position or performance of the Company. Details of related party transactions during 2016 are contained in the Company's Annual Report for the year ended 31 December 2016.

## Principal risks and uncertainties

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

- a fall in equity prices;
- the appropriateness of the corporate objective and strategy;
- the application of investment strategy: country, currency, industrial sector, stock selection, choice of investment manager; and
- operational and regulatory risks.

Information on these risks is given in the Strategic Report and in the Notes to the Financial Statements in the Company's Annual Report for the year ended 31 December 2016.

In the view of the Board, these principal risks and uncertainties are 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:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34;
- (b) the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- (c) 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

**Harry Henderson**

Chairman

9 August 2017

# INVESTMENT MANAGERS

## Mandates as at 30 June 2017

Equity mandate	Investment manager	Benchmark (total return)	Investment style
UK	Artemis Investment Management LLP	FTSE All-Share	Recovery/special situations
UK	Heronbridge Investment Management LLP	FTSE All-Share	Intrinsic value growth
UK	Lindsell Train Limited	FTSE All-Share	Long-term growth from undervalued brands
Global	Lansdowne Partners (UK) LLP	DJ Global Titans	Concentrated, benchmark-independent investment in developed markets
Global	Pzena Investment Management, LLC	FTSE All-World	Systematic value
Global	Veritas Asset Management LLP	FTSE All-World	Fundamental value, real return objective
Pan-European	Marathon Asset Management LLP	FTSE All-World Developed Europe	Capital cycles
Asia Pacific	Matthews International Capital Management LLC	MSCI Asia Pacific Free	Quality companies with dividend growth
Emerging Markets	GQG Partners LLC	MSCI Emerging Markets	High quality companies with attractively-priced growth prospects
Directly-held investments	Witan's AIFM and Executive team	Witan's combined equity benchmark	Collective funds invested in mispriced or specialist assets, recovery situations

# INVESTMENT MANAGERS

## Assets under management and investment performance as at 30 June 2017

Investment manager	Appointment date	% of Witan's assets under management at 30.06.17 <sup>(1)</sup>	Performance in the half year (%)	Benchmark performance in the half year (%)	Performance since appointment (%) <sup>(2)</sup>	Benchmark performance since appointment (%) <sup>(2)</sup>
Artemis	06.05.08	8.8	2.7	5.5	10.1	6.4
Heronbridge	17.06.13	5.9	9.4	5.5	12.1	8.3
Lindsell Train	01.09.10	8.1	10.8	5.5	16.5	9.7
Lansdowne Partners	14.12.12	14.4	7.5	4.3	22.7	16.3
Pzena	02.12.13	14.1	5.6	6.3	13.5	14.3
Veritas	11.11.10	14.7	15.4	6.3	15.4	12.1
Marathon	23.07.10	8.2	11.2	10.3	11.9	10.0
Matthews	20.02.13	12.4	12.7	10.3	12.3	10.1
GQG Partners	16.02.17	3.4	-	-	3.5	4.0
Witan Direct Holdings	19.03.10	10.0	13.7	7.4	12.1	9.7

(1) Percentage of Witan's assets managed, excluding central cash balances.

(2) Percentages are annualised where the appointment date was before 2016.

(3) The mandates with MFS and Tweedy Browne were closed on 24 May 2017.

Source: BNP Paribas Securities Services

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 30 June 2017

	Note	(Unaudited) Half year ended 30 June 2017		Total £'000
		Revenue return £'000	Capital return £'000	
Investment income		31,701	–	31,701
Other income		905	–	905
Gains on investments held at fair value through profit or loss	2	–	161,140	161,140
Foreign exchange losses on cash and cash equivalents		–	(661)	(661)
<b>Total income</b>		<b>32,606</b>	<b>160,479</b>	<b>193,085</b>
<b>Expenses</b>				
Management and performance fees		(1,075)	(3,309)	(4,384)
Other expenses		(3,041)	(51)	(3,092)
<b>Profit before finance costs and taxation</b>		<b>28,490</b>	<b>157,119</b>	<b>185,609</b>
Finance costs		(948)	(2,714)	(3,662)
<b>Profit before taxation</b>		<b>27,542</b>	<b>154,405</b>	<b>181,947</b>
Taxation		(1,516)	–	(1,516)
<b>Profit attributable to equity shareholders of the parent company</b>		<b>26,026</b>	<b>154,405</b>	<b>180,431</b>
<b>Earnings per ordinary share</b>	3	<b>14.48p</b>	<b>85.92p</b>	<b>100.40p</b>

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with IFRSs as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Group does not have any other comprehensive income and hence the total profit, as disclosed above, is the same as the Group's total comprehensive income.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Witan Investment Trust plc, the parent company. There are no non-controlling interests.



(Unaudited) Half year ended 30 June 2016			(Audited) Year ended 31 December 2016		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
30,237	-	30,237	52,452	-	52,452
785	-	785	1,475	-	1,475
-	81,422	81,422	-	297,032	297,032
-	(750)	(750)	-	(417)	(417)
31,022	80,672	111,694	53,927	296,615	350,542
(897)	(689)	(1,586)	(1,905)	(4,252)	(6,157)
(2,507)	(51)	(2,558)	(5,109)	(101)	(5,210)
27,618	79,932	107,550	46,913	292,262	339,175
(1,333)	(3,871)	(5,204)	(2,467)	(7,148)	(9,615)
26,285	76,061	102,346	44,446	285,114	329,560
(1,454)	-	(1,454)	(2,415)	-	(2,415)
24,831	76,061	100,892	42,031	285,114	327,145
12.60p	38.58p	51.18p	22.11p	149.95p	172.06p



# CONSOLIDATED BALANCE SHEET

as at 30 June 2017

	Note	(Unaudited) 30 June 2017 £'000	(Unaudited) 30 June 2016 £'000	(Audited) 31 December 2016 £'000
<b>Non current assets</b>				
Investments at fair value through profit or loss		<b>2,036,591</b>	1,672,341	1,884,037
<b>Current assets</b>				
Other receivables		<b>23,465</b>	13,925	11,638
Cash and cash equivalents		<b>66,199</b>	65,264	50,556
		<b>89,664</b>	79,189	62,194
<b>Total assets</b>		<b>2,126,255</b>	1,751,530	1,946,231
<b>Current liabilities</b>				
Other payables		<b>(13,621)</b>	(19,959)	(8,102)
8½ per cent. Debenture Stock 2016		<b>-</b>	(44,585)	-
Bank loans		<b>(107,000)</b>	-	(71,000)
		<b>(120,621)</b>	(64,544)	(79,102)
<b>Total assets less current liabilities</b>		<b>2,005,634</b>	1,686,986	1,867,129
<b>Non current liabilities</b>				
At amortised cost:				
6.125 per cent. Secured Bonds due 2025		<b>(63,464)</b>	(63,389)	(63,434)
3.29 per cent. Secured Notes due 2035		<b>(20,871)</b>	(20,500)	(20,864)
3.47 per cent. Secured Notes due 2045		<b>(53,652)</b>	(53,994)	(53,639)
3.4 per cent. cumulative preference shares of £1		<b>(2,055)</b>	(2,055)	(2,055)
2.7 per cent. cumulative preference shares of £1		<b>(500)</b>	(500)	(500)
		<b>(140,542)</b>	(140,438)	(140,492)
<b>Net assets</b>		<b>1,865,092</b>	1,546,548	1,726,637
<b>Capital and reserves</b>				
Ordinary share capital	5	<b>50,018</b>	50,018	50,018
Share premium account		<b>99,251</b>	99,251	99,251
Capital redemption reserve		<b>46,498</b>	46,498	46,498
Retained earnings:				
Other capital reserves		<b>1,596,289</b>	1,285,681	1,464,105
Revenue reserve		<b>73,036</b>	65,100	66,765
<b>Total equity</b>		<b>1,865,092</b>	1,546,548	1,726,637
<b>Net asset value per ordinary share</b>	6	<b>1042.70p</b>	836.77p	952.83p

# CONSOLIDATED CASH FLOW STATEMENT

for the half year ended 30 June 2017

	Note	(Unaudited) Half year ended 30 June 2017 £'000	(Unaudited) Half year ended 30 June 2016 £'000	(Audited) Year ended 31 December 2016 £'000
<b>Cash flows from operating activities</b>				
Dividend income received		31,649	29,519	49,178
Interest received		13	62	90
Other income received		1,293	709	1,384
Operating expenses paid		(5,764)	(7,082)	(14,688)
Taxation on overseas income		(1,692)	(1,640)	(2,883)
Taxation received		290	-	371
<b>Net cash inflow from operating activities</b>		<b>25,789</b>	21,568	33,452
<b>Cash flows from investing activities</b>				
Purchases of investments		(558,660)	(237,801)	(525,517)
Sales of investments		553,891	363,224	641,967
Realised gain on futures		5,237	942	7,548
<b>Net cash inflow from investing activities</b>		<b>468</b>	126,365	123,998
<b>Cash flow from financing activities</b>				
Equity dividends paid		(19,755)	(19,385)	(34,920)
Buybacks of ordinary shares		(22,609)	(111,873)	(142,081)
Repayment of debenture		-	-	(44,589)
Interest paid		(3,589)	(5,248)	(10,474)
Drawdown/(repayment) of bank loans		36,000	(3,000)	68,000
<b>Net cash outflow from financing</b>		<b>(9,953)</b>	(139,506)	(164,064)
<b>Increase/(decrease) in cash and cash equivalents</b>	7	<b>16,304</b>	8,427	(6,614)
Cash and cash equivalents at the start of the period		50,556	57,587	57,587
Effect of foreign exchange rate changes		(661)	(750)	(417)
<b>Cash and cash equivalents at the end of the period</b>		<b>66,199</b>	65,264	50,556

# NOTES TO THE FINANCIAL STATEMENTS

## for the half year ended 30 June 2017

### 1 Basis of preparation

The condensed set of financial statements for the half year ended 30 June 2017 has been prepared on the basis of the accounting policies set out in the consolidated financial statements for the year ended 31 December 2016.

### 2 Transaction costs

The gains on investments held at fair value through profit or loss include purchase transaction costs of £1,089,000 (half year ended 30 June 2016: £686,000; year ended 31 December 2016: £1,520,000) and sale transaction costs of £398,000 (half year ended 30 June 2016: £241,000; year ended 31 December 2016: £475,000). The purchase transaction costs comprise mainly stamp duty and commissions. The sale transaction costs comprise mainly commissions.

### 3 Earnings per ordinary share

The earnings per ordinary share figure is based on the net profit for the half year of £180,431,000 (half year ended 30 June 2016: £100,892,000; year ended 31 December 2016: £327,145,000) and on 179,691,544 ordinary shares (half year ended 30 June 2016: 197,119,019; year ended 31 December 2016: 190,131,108) being the weighted average number of ordinary shares in issue during the period.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	<b>(Unaudited)</b> <b>Half year</b> <b>ended</b> <b>30 June 2017</b> <b>£'000</b>	(Unaudited) Half year ended 30 June 2016 £'000	(Audited) Year ended 31 December 2016 £'000
Net revenue profit	<b>26,026</b>	24,831	42,031
Net capital profit	<b>154,405</b>	76,061	285,114
Net total profit	<b>180,431</b>	100,892	327,145
Weighted average number of ordinary shares in issue during the period	<b>179,691,544</b>	197,119,019	190,131,108
	<b>Pence</b>	Pence	Pence
Revenue earnings per ordinary share	<b>14.48</b>	12.60	22.11
Capital earnings per ordinary share	<b>85.92</b>	38.58	149.95
<b>Total earnings per ordinary share</b>	<b>100.40</b>	51.18	172.06

#### 4 Interim dividend

The Directors have declared a second interim dividend of 4.75p per ordinary share (2016: 4.25p), payable on 18 September 2017 to shareholders registered on 25 August 2017. The shares will be quoted ex-dividend on 24 August 2017. A first interim dividend of 4.75p (2016: 4.25p) was paid on 16 June 2017.

#### 5 Ordinary share capital

At 30 June 2017 there were 178,872,058 ordinary shares in issue (30 June 2016: 184,823,354; 31 December 2016: 181,210,739) and 21,198,942 shares held in treasury (30 June 2016: 15,247,646; 31 December 2016: 18,860,261). During the half year ended 30 June 2017 the Company bought back 2,338,681 of its own ordinary shares (half year ended 30 June 2016: 15,247,646; year ended 31 December 2016: 18,860,261). The costs of the share buybacks were £22,221,000 (half year ended 30 June 2016: £112,289,000; year ended 31 December 2016: £142,918,000).

#### 6 Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the equity shareholders of £1,865,092,000 (30 June 2016: £1,546,548,000; 31 December 2016: £1,726,637,000) and on 178,872,058 (30 June 2016: 184,823,354; 31 December 2016: 181,210,739) ordinary shares, being the number of ordinary shares in issue at the period end.

#### 7 Movement in net debt

	<b>(Unaudited) Half year ended 30 June 2017 £'000</b>	(Unaudited) Half year ended 30 June 2016 £'000	(Audited) Year ended 31 December 2016 £'000
Increase/(decrease) in cash and cash equivalents	<b>16,304</b>	8,427	(6,614)
Effect of foreign exchange rate changes	<b>(661)</b>	(750)	(417)
Amortisation of expenses	<b>(50)</b>	(48)	(106)
(Drawdown)/repayment of bank loans	<b>(36,000)</b>	3,000	(68,000)
Repayment of debenture	<b>–</b>	–	44,589
Change in net debt in the year	<b>(20,407)</b>	10,629	(30,548)
<b>Opening net debt</b>	<b>(160,936)</b>	(130,388)	(130,388)
<b>Closing net debt</b>	<b>(181,343)</b>	(119,759)	(160,936)

#### 8 Subsidiary undertaking

The Company has an investment in the issued ordinary share capital of its wholly owned subsidiary undertaking, Witan Investment Services Limited, which is registered in England and Wales, operates in the United Kingdom and is regulated by the Financial Conduct Authority.

## 9 Financial instruments

### Balance Sheet amount versus fair value

At the period end, the carrying value of financial assets and financial liabilities approximates their fair value with the exception of the non current liabilities as detailed below:

	Fair value £'000	Balance Sheet amount £'000
Financial liabilities measured at amortised cost:		
Non current liabilities		
Preference shares	1,384	2,555
Secured bonds	82,867	63,464
Secured notes	80,626	74,523
	<b>164,877</b>	<b>140,542</b>

### Financial instruments carried at fair value

#### Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Financial assets and financial liabilities at fair value through profit or loss at 30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments including derivatives:				
Equity securities designated at fair value through profit or loss	2,021,178	-	-	2,021,178
Investments in other funds	-	15,413	-	15,413
Derivatives (nominal exposure of £33,140,000)	(832)	-	-	(832)
<b>Total financial assets and liabilities carried at fair value</b>	<b>2,020,346</b>	<b>15,413</b>	<b>-</b>	<b>2,035,759</b>

## 9 Financial instruments (continued)

There were no Level 3 investments during the 6 months to 30 June 2017.

There have been no transfers between levels of the fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

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 in an active market for identical assets.

Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.

Included in Level 2 is an investment in MI Somerset Emerging Markets Small Cap Fund.

Level 3: valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Group are explained in the accounting policies in the year end accounts.

## 10 Segment reporting

As detailed in the Company's Annual Report for the year ended 31 December 2016, geographical segments are considered to be the Group's primary reporting segment and business segments the secondary reporting segment. The Group has two business segments: (i) its activity as an investment trust, which is the business of the parent company, and (ii) the provision of alternative investment fund manager, executive and marketing management services and the management of savings schemes, which is the business of the subsidiary, Witan Investment Services Limited, and recorded in the accounts of that company. The investment trust is managed by reference to a geographical benchmark, as detailed on page 2; the geographical allocation of the portfolio, as at 30 June 2017, is set out on page 10. The schedule on page 13 summarises the assets under management and investment performance relating to each investment manager. This information is updated and reviewed regularly for internal management purposes and is essential for assessing the structure of the overall portfolio and the performance of each investment manager.

	Half year ended 30 June 2017		Half year ended 30 June 2016		Year ended 31 December 2016	
	Investment trust £'000	Management services £'000	Investment trust £'000	Management services £'000	Investment trust £'000	Management services £'000
Revenue	<b>32,059*</b>	<b>547</b>	30,479*	543	52,816*	1,111
Interest expense	<b>3,662</b>	–	5,204	–	9,615	–
Net result	<b>180,431</b>	–	100,892	–	327,145	–
Carrying amount of assets	<b>1,863,363</b>	<b>1,729</b>	1,544,929	1,619	1,724,927	1,710

\*The investment and other income of the parent company.



## **11 Comparative information**

The financial information contained in this half year financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 June 2017 and 30 June 2016 has neither been audited nor reviewed by the auditors.

The figures and financial information for the year ended 31 December 2016 are extracted from the latest published audited financial statements of the Company and do not constitute the statutory accounts for that year. The audited financial statements for the year ended 31 December 2016 have been filed with the Registrar of Companies. The report of the independent auditors on those accounts contained no qualification or statement under section 498(2) or section 498(3) of the Companies Act 2006.

# WITAN WISDOM AND JUMP

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## How to invest

There is a variety of ways to invest in Witan Investment Trust plc. Witan's shares can be traded through any UK stockbroker and most share dealing services, including online platforms that offer investment trusts (including Alliance Trust Savings, Hargreaves Lansdown, Barclays Stockbrokers, Halifax Share Dealing Limited, Interactive Investor and AJ Bell). Witan is available for investment through two savings schemes managed by Witan Investment Services – Witan Wisdom and Jump Savings. Advisers who wish to purchase Witan shares for their clients can do so via a stockbroker, Witan Savings Schemes or via a growing number of dedicated platforms (including Ascentric, Nucleus, Seven Investment Management and Transact).

## Witan Wisdom

Shareholders who hold their investment via both the Witan Wisdom Share Plan and ISA are charged a flat annual fee of £30.68\* + VAT. There is no further charge, other than government stamp duty, for regular savings or dividend reinvestment. Lump sum dealing is charged at a flat rate of £15, plus government stamp duty.

Witan Wisdom offers two different savings wrappers:

The **Witan Wisdom ISA** is a stocks and shares ISA that enables investors to buy Witan shares within a tax efficient wrapper. Investors have an annual ISA allowance of up to £20,000 in the 2017/18 tax year. The minimum lump sum investment with Witan Wisdom ISA is £2,000, with the minimum subsequent lump sum being £500. The regular savings minimum is £100 per month. Investors can also transfer existing ISAs to Witan Wisdom while retaining their tax efficient wrapper during and after transfer.

The **Witan Wisdom Share Plan** is our straightforward, low-cost savings scheme. The minimum lump sum investment is £1,000 with the minimum subsequent lump sum investment being £500. The minimum regular contribution is £50 per month or quarter. There is no maximum. Accounts can also be held jointly, or designated to a child.

## Jump Savings for children

Jump gives parents, grandparents and other adults the chance to invest in Witan on behalf of a child. This flexible savings plan has a minimum lump sum investment set at £250 and regular contributions can be made from £50 per month or quarter. Jump is available in three different accounts:

The **Junior ISA** is a tax efficient wrapper available to children born before 1 September 2002 or after 3 January 2012, or those who did not qualify for a Child Trust Fund ('CTF'). The account can only be opened by the parent though others can add to it. It currently has an annual subscription limit of £4,128 for the 2017/18 tax year. You can open a Jump Junior ISA with a minimum lump sum investment of £250 with the minimum subsequent lump sum being £100. The minimum regular contribution is £50 per month or quarter.

The **Jump Child Trust Fund** is, like the Junior ISA, a tax efficient savings vehicle with a current annual limit of £4,128 each year (but the annual term is measured by the child's birthday). Each child born in the UK from 1 September 2002 up to and including 2 January 2012 was eligible for a CTF. You can transfer existing CTFs to a Jump CTF or directly to a Jump Junior ISA, subject to a minimum transfer value of £1,000.

The **Jump Savings Plan** offers greater flexibility than the Junior ISA or Child Trust Fund in terms of the limits, access and control of the investment. It can also be opened by grandparents, relatives and other family friends. You can open a Jump Savings Plan with a lump sum investment of £250 with the minimum subsequent lump sum being £100. The minimum regular contribution is £50 per month or quarter.

Shareholders who hold their investments via Jump are charged a flat annual fee of £31.60\* + VAT. There is no charge, other than government stamp duty, for regular savings, dividend reinvestment or lump sum dealing.

NB: Given the flat rate annual fee for Wisdom and Jump, the cost is high for the minimum subscription level. Investors should consider if this is suitable for them if they do not plan to add to the account.

Brochures and applications for all of our products are available by calling 0800 082 81 80 or online via [www.witan.com](http://www.witan.com). If you would prefer to write to request further information, the address details can be found on page 27.

\* Subject to adjustment in line with the UK CPI inflation every 3 years compounded. In accordance with this policy, there will be an adjustment in line with inflation for Witan Wisdom shareholders with effect from 6 April 2020 and for Jump shareholders with effect from 6 April 2018. You can elect to pay the annual management fee by direct debit to avoid the need to sell shares if cash held at the time the fee is due for payment is insufficient to cover the amount.

Witan Investment Trust plc is an equity investment. Investors are reminded that past performance is not a guide to future performance and the value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Please note that tax assumptions may change if the law changes, and the value of tax relief (if any) will depend upon your individual circumstances. Investors should consult their own tax advisers in order to understand any applicable tax consequences. Issued and approved by Witan Investment Services Limited. Witan Investment Services Limited of 14 Queen Anne's Gate, London SW1H 9AA is registered in England and Wales number 5272533. Witan Investment Services Limited provides investment products and services and is authorised and regulated by the Financial Conduct Authority. We may record telephone calls for our mutual protection and to improve customer service.

# OUR RELATIONSHIP WITH THE RHS

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Witan Investment Trust has enjoyed a fruitful relationship with the Royal Horticultural Society ('RHS') for almost 20 years. During this time Witan has helped the RHS to redevelop a number of new gardens at RHS Garden Wisley including the Walled Garden West, the Herb Garden and the Bowes-Lyon Rose Garden. In July 2017, the Witan Global Growth Vegetable Garden opened at RHS Garden Hyde Hall, in Essex.

Witan shareholders who hold their shares through Witan Wisdom or Jump Savings, or on the main register, are eligible to apply for a ballot for a ticket that will allow free entry for any two adults to any of the four RHS gardens in the UK.

**If you would like to request a ticket then please phone us on 0800 082 8180 or email us at [wisdom@ifdsgroup.co.uk](mailto:wisdom@ifdsgroup.co.uk).**

The Global Growth Vegetable Garden in Hyde Hall in Essex, sponsored by Witan Investment Trust and designed by Xa Tollemache.



# DIRECTORS AND OTHER INFORMATION

## Directors

H M Henderson (Chairman)<sup>(a), (c), (d)</sup>  
 A L C Bell (Chief Executive Officer)<sup>(d)</sup>  
 R W Boyle<sup>(a), (b), (d)</sup>  
 M C Claydon<sup>(a), (b), (c), (d)</sup>  
 S E G A Neubert<sup>(a), (d)</sup>  
 R J Oldfield<sup>(a), (c)</sup>  
 J S Perry<sup>(a), (b), (d)</sup>  
 B C Rogoff<sup>(a)</sup>  
 A Watson (Senior Independent Director)<sup>(a), (b), (d)</sup>

- (a) Independent non-executive directors.  
 (b) Members of the Audit Committee which is chaired by Mr Boyle.  
 (c) Members of the Remuneration and Nomination Committee which is chaired by Mrs Claydon.  
 (d) Director of Witan Investment Services Limited.

## Company Secretary

Frostrow Capital LLP  
 25 Southampton Buildings  
 London WC2A 1AL  
 Telephone: 020 3008 4910

## Registered Office

14 Queen Anne's Gate  
 London SW1H 9AA  
 Telephone: 020 7227 9770

The Company is a public company limited by shares.

## Registered Number

Registered as an investment company in England and Wales, Number 101625.

## Registrar

Computershare Investor Services PLC  
 The Pavilions  
 Bridgwater Road  
 Bristol BS99 6ZZ  
 Telephone: 0370 707 1408\*

\* Calls cost no more than calls to geographic numbers (01 or 02) and must be included in inclusive minutes and discount schemes in the same way. Calls from landlines are typically charged up to 9p per minute; calls from mobiles typically cost between 3p and 55p per minute. Calls from landlines and mobiles are included in free call packages.

## Payment of Dividends

Dividends can be paid directly to a shareholder's bank account by means of BACS. Mandate forms for this purpose are available on request from the Registrar (at the address above). Alternatively, shareholders can write to the Registrar to give their instructions: these must include bank account number, the bank account title and the sort code of the bank to which payments are to be made.

## Other Points of Contact

For Witan Wisdom and Jump Savings queries:

If you have any questions or need more information concerning Witan, you may contact us in the following ways:

Freephone: 0800 082 8180  
 From abroad: +44 1268 448646  
 Website: [www.witan.com](http://www.witan.com)  
 E-mail: [wisdom@ifdsgroup.co.uk](mailto:wisdom@ifdsgroup.co.uk)

Post:  
 Witan Wisdom  
 PO Box 10550  
 Chelmsford  
 CM99 2BA

## Note to those who access this document by electronic means

The financial report for the half year ended 30 June 2017 has been approved by the Board of Witan Investment Trust plc and circulated to the Company's shareholders in hard copy format. It is also made available in electronic format for the convenience of readers. However, the Board cannot accept responsibility for guaranteeing the integrity of the document in electronic format. Printed copies are available from the Company's Registered Office in London.

Readers should note that legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.



The Company is also a member of

**aic**  
 The Association of  
 Investment Companies

# WARNING TO SHAREHOLDERS

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Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers of shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC,

would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

Shareholders who suspect they may have been approached by fraudsters should advise the Financial Conduct Authority ('FCA') using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams) or call the FCA Consumer Helpline on 0800 111 6768. You may also wish to call either the Company Secretary or the Registrar at the numbers provided on page 27.





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