Temple Bar

Investment Trust PLC

HALF-YEAR REPORT FOR THE
SIX MONTHS ENDED 30 JUNE 2021

Temple Bar Investment Trust PLC

Temple Bar Investment Trust PLC's ("Temple Bar" or the "Company") investment objective is to provide growth in income and capital to achieve a long-term total return greater than the benchmark FTSE All-Share Index, through investment primarily in UK listed securities. The Company's investment policy is to invest in a broad spread of securities with typically the majority of the portfolio selected from the constituents of the FTSE 350 Index.

Benchmark
Performance is measured against the FTSE All-Share Index.

Total assets less current liabilities
£864,086,000

Total equity
£789,434,000

Market capitalisation
£714,201,000

Capital structure

Ordinary shares	66,872,765 shares
4.05% Private Placement Loan 2028	£50,000,000
2.99% Private Placement Loan 2047	£25,000,000

Voting structure
Ordinary shares

Ongoing charges[1,2]
0.42%

Adjusted ongoing charges[1,2]
0.49%

ISA status
The Company's shares qualify to be held in an ISA.

[1] Alternative Performance Measures – See glossary of terms on pages 16 and 17 for definition and more information.

[2] Defined as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the period.

SUMMARY OF RESULTS

	6 months to 30 June 2021 £'000	6 months to 30 June 2020 £'000	Year to 31 December 2020 £'000	% change since year end
Net assets	789,434	585,999	675,336	16.9
Ordinary shares				
Net asset value per share with debt at book value	1,180.50p	876.29p	1,009.88p	16.9
Net asset value per share with debt at market value[1]	1,170.28p	857.90p	995.75p	17.5
Market price per share	1,068.00p	769.00p	955.00p	11.8
(Discount)/premium with debt at market value[1]	(8.7%)	(10.4%)	(4.1%)	
Revenue return				
Revenue return per ordinary share[1]	13.54p	9.25p	12.55p	
Dividends per ordinary share[1]	19.50p	22.00p	38.50p	
Capital return				
Capital return attributable to ordinary shareholders	117,078	(385,658)	(285,650)	
Capital return attributable per ordinary share	175.08p	(576.70p)	(427.15p)	

Total returns including dividends paid for the half year ended 30 June 2021

	%
On net assets[1,2]	19.3
On share price[1,2]	13.6
FTSE All-Share Index	11.1

1 Alternative Performance Measures – See glossary of terms on pages 16 and 17 for definition and more information.

2 Source: Morningstar.

CHAIRMAN'S STATEMENT

Performance

The period under review stands in sharp contrast to the corresponding period in 2020. The first half of 2021 saw your Company perform extremely well as mispriced Value stocks generally did significantly better than the rest of the UK market. This situation is reflected in Temple Bar's Net Asset Value ("NAV") performance. For the six months to 30 June 2021, the NAV returned 19.3% versus a return of 11.1% for the benchmark, FTSE All-Share Index (the "Benchmark"). More details on the underlying factors in this outperformance can be found in the Investment Manager's Report.

Discount

During the period, the share price discount to NAV varied from zero to over 8%. Recently it has been towards the top of this range as some market participants tend to the view that the Value rally has run its course. This view would be vehemently disputed by your Portfolio Managers who explain their arguments in their report.

Your Board and Investment Manager have instituted a number of measures aimed at attracting more buying interest in the Company's shares. Major marketing programmes have been carried out, which include an increased use of relevant social media channels; a targeted PR campaign has been undertaken; a Quarterly Newsletter has been initiated and we are currently working on a radical upgrade to the website. In addition, your Company's environmental, social and governance ("ESG") policies are now available on the Association of Investment Companies ("AIC") website. All these initiatives will be continued in the second half of the year.

Dividend

Your Board has declared two interim dividends of 9.75p each. The Company has also committed to paying a total dividend of *at least* 39p for the full year. We are well on track to meet this commitment.

Outlook

Clearly, in the current circumstances it is difficult to predict the movement of markets, but your Board and your Investment Manager believe there is every reason to be cautiously optimistic about the second half of your Company's financial year.

Arthur Copple

Chairman

19 August 2021

INVESTMENT MANAGER'S REPORT

In the first six months of the year, stock markets continued the rally that started last November on the back of positive vaccine news and have now recovered a large part of the ground that was lost in the early part of 2020. The rapid and successful roll out of vaccine programmes has convinced the markets that the most damaging effects of Coronavirus are behind us and that as economies open up, some sort of normality can now resume.

The brightening economic outlook has led to further upgrades to growth forecasts and expectations of a strong earnings rebound in those sectors of the market that were most impacted by the recession. At the end of May 2021, the UK economy was estimated to be 3%* below its pre-pandemic peak and it has therefore recovered a large portion of the ground that was lost in 2020.

For the greater part of the six month period, it was the more economically sensitive areas of the market that led the market higher, although towards the end of the period there was some nervousness that economic growth rates were peaking but that interest rates might have to rise somewhat earlier than expected nevertheless. As 'Value' stocks are highly represented in the more cyclical sectors, they outperformed during the six-month period.

The Company performed well in the six months, significantly outpacing the rise in the UK market. On the positive tack, there were notably strong share price performances from Royal Mail Group, Aviva, NatWest Group and BP. Royal Mail Group has continued to benefit from a lockdown induced surge in parcel volumes and whilst an element of this growth is likely to prove temporary, we believe that there continues to be significant unrealised potential in the business. This is borne out by the fact that if the management are successful in achieving their medium-term targets, there is potential for profits to grow meaningfully from today's levels. At Aviva, change continues apace and, despite the new chief executive officer having been in situ for just over a year, the company's disposal programme is now complete. This has allowed for a significant strengthening of the company's finances and paves the way for a large capital return to shareholders in the next twelve months. NatWest Group has benefitted from the continued strength in the UK housing market and improved mortgage lending spreads. The bank made large loan loss provisions at the start of the pandemic based on a conservative view of the economic outlook and as that outlook has brightened somewhat, has been able to write back a portion of those provisions, bolstering profitability. BP performed well on the back of continued strength in the oil price, which is now back to pre-pandemic levels. On the negative tack, the share price of Capita has continued to struggle despite the fact that the company has made further progress in its disposal programme and after six months, is on track to grow its revenues in 2021 for the first time in a number of years. The disposal programme is necessary to right size the company's balance sheet, but it does reduce its profit potential. Our view is that the stock is very undervalued, although we recognise that the shares are unlikely to do well until there is more tangible evidence that the turnaround is succeeding. Standard Chartered also failed to participate in the wider market rally as a result of increased political tension in Hong Kong, one of the company's key markets.

Despite the success of the UK's vaccine programme and the conclusion of the Brexit negotiations, UK stocks continue to be valued at a marked discount to world equities. This is at a time when interest rates are low and private equity has significant resources that it needs to put to work. Perhaps we shouldn't be surprised therefore that bid activity in the UK market has picked up very significantly in recent months. In

* source: ONS

the first half of this year, Tryg completed the purchase of Royal & Sun Alliance, Morrisons became the subject of a bidding war and a strategic investor built a 12% stake in BT. Each of these moves was beneficial for the Company and we are likely to see more bid activity in the coming months.

During the six months, we added to the Company's position in the Energy sector and increased the holding in Pearson, the education publisher. We maintain the view that the Energy companies will do what is needed to reduce their carbon emissions in line with the goals of the Paris Climate Change Agreement (the "Paris Agreement") and at the same time deliver attractive returns for shareholders. However, the path of progress is likely to be uneven and shareholders will need to maintain an active dialogue with the companies concerned. Nevertheless, we take the view that engagement is better than divestment as it will more likely lead to better practices over time. We are prepared to vote against management where we think it is right to do so. Accordingly in May 2021, we cast the Company's votes against the approval of the Shell Energy Transition Strategy, as we did not believe their targets aligned with the Paris Agreement. At Pearson, we believe that the company operates in attractive markets and that there is significant potential for growth once it has successfully managed the transition from print media to digital.

The economic outlook is as uncertain as ever with some predicting that recent inflationary pressures are here to stay and others taking the view that they are transitory in nature. The reality is that inflation is a measure of consumers' willingness to hold on to cash and is therefore to a large degree driven by psychology. Predicting future inflation therefore requires a view on how attitudes might evolve over time. This is extremely difficult to predict, and it shouldn't be a surprise therefore that even the Central Banks have had a poor record of forecasting inflation. In our minds, these challenges highlight the risks of building a portfolio of stocks based around a view of macro-economic variables. We prefer instead to focus our efforts on identifying sustainable, fundamentally sound but modestly valued companies, as over time these have tended to offer the most attractive investment returns.

Although Value stocks have staged a strong recovery from the lows reached in the Summer of last year, we would encourage shareholders not to anchor off the share prices of that time as valuations had become extreme. Despite the recovery in share prices since the vaccine news last November, valuations in some areas continue to be exceptionally attractive. The banks are a case in point. All are well capitalised (some have excess capital) and offer the potential for a 10% return on equity and yet they continue to be priced at very meaningful discounts to book value. Whilst the profits of the Energy companies are sensitive to the oil price and predicting future oil prices is difficult, investors shouldn't ignore the fact that with Brent oil at $70, BP and Royal Dutch Shell offer earnings yields in excess of 15%. Meanwhile, companies such as Royal Mail Group, Anglo American, Aviva and CK Hutchison all trade on single digit multiples of this year's forecast earnings. Although we live in an inherently uncertain world, we expect that today's combination of low starting valuations and improving confidence will enable the Company to pay an attractive, growing dividend over the coming years.

Ian Lance and Nick Purves

RWC Asset Management LLP

19 August 2021

RESPONSIBILITY STATEMENT

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal risks and uncertainties for the remaining six months of the financial year are set out in the Chairman's Statement on page 2 and the Investment Manager's Report on pages 3 and 4.

The principal risks facing the Company are unchanged since the date of the Annual Report and Financial Statements for the year ended 31 December 2020 and continue to be as set out in that report on pages 13 to 16 and note 22 to the financial statements.

Risks faced by the Company include, but are not limited to: investment strategy risk, loss of investment team or Portfolio Managers, income risk – dividend, share price risk, reliance on the Investment Manager and other service providers, compliance with laws and regulations, cyber security, global risk (e.g. climate risk, a pandemic), market price risk, interest rate risk, liquidity risk, credit risk and currency risk.

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half-year report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- the half-year report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- in accordance with Disclosure Guidance and Transparency Rule 4.2.8R there have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 30 June 2021.

The half-year report was approved by the Board on 19 August 2021 and the above responsibility statement was signed on its behalf by:

Arthur Copple

Chairman

TEN LARGEST INVESTMENTS
AS AT 30 JUNE 2021

Company	Industry	Place of primary listing	Valuation £'000	% of portfolio
Royal Mail Group	Industrials	UK	70,313	8.2
BP	Oil & Gas	UK	49,028	5.7
Anglo American	Basic Materials	UK	45,575	5.3
NatWest Group	Financials	UK	43,149	5.0
Royal Dutch Shell	Oil & Gas	UK	41,626	4.9
ITV	Consumer Services	UK	37,603	4.4
Standard Chartered	Financials	UK	35,255	4.1
Aviva	Financials	UK	34,655	4.1
Marks and Spencer Group	Consumer Services	UK	33,864	4.0
Total Energies	Oil & Gas	France	33,460	3.9
Top Ten Investments			**424,528**	**49.6**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (unaudited)

		30 June 2021 (unaudited)			30 June 2020 (unaudited)			31 December 2020 (audited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	5	11,185	3,026	14,211	8,142	–	8,142	12,687	–	12,687
Other operating income	5	–	–	–	5	–	5	6	–	6
		11,185	3,026	14,211	8,147	–	8,147	12,693	–	12,693
Profit/(losses) on investments										
Profit/(losses) on investments held at fair value through profit or loss	4	–	115,934	115,934	–	(381,924)	(381,924)	–	(277,554)	(277,554)
Currency exchange (loss)/gain		–	(21)	(21)	–	–	–	–	90	90
Total income/(loss)		11,185	118,939	130,124	8,147	(381,924)	(373,777)	12,693	(277,464)	(264,771)
Expenses										
Management fees		(393)	(590)	(983)	(514)	(727)	(1,241)	(1,052)	(1,497)	(2,549)
Other expenses including dealing costs		(547)	(213)	(760)	(297)	(1,519)	(1,816)	(943)	(3,726)	(4,669)
Profit/(loss) before finance costs and tax		10,245	118,136	128,381	7,336	(384,170)	(376,834)	10,698	(282,687)	(271,989)
Finance costs		(705)	(1,058)	(1,763)	(983)	(1,488)	(2,471)	(1,977)	(2,963)	(4,940)
Profit/(loss) before tax		9,540	117,078	126,618	6,353	(385,658)	(379,305)	8,721	(285,650)	(276,929)
Tax		(483)	–	(483)	(165)	–	(165)	(331)	–	(331)
Profit/(loss) for the period		9,057	117,078	126,135	6,188	(385,658)	(379,470)	8,390	(285,650)	(277,260)
Earnings per share (basic and diluted)		13.54p	175.08p	188.62p	9.25p	(576.70p)	(567.45p)	12.55p	(427.15p)	(414.60p)

A first interim dividend of 9.75 pence per share in respect of the quarter ended 31 March 2021 was paid on 30 June 2021.

A second interim dividend of 9.75 pence per share in respect of the quarter ended 30 June 2021 was declared on 17 August 2021 and is payable on 30 September 2021.

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the AIC.

All items in the above statement derive from continuing operations.

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (unaudited)

	Ordinary share capital £'000	Share premium account £'000	Capital reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	16,719	96,040	549,593	12,984	675,336
Total comprehensive income for the period	–	–	117,078	9,057	126,135
Dividends paid to equity shareholders	–	–	–	(12,037)	(12,037)
Balance at 30 June 2021	**16,719**	**96,040**	**666,671**	**10,004**	**789,434**

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (unaudited)

	Ordinary share capital £'000	Share premium account £'000	Capital reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	16,719	96,040	835,243	37,121	985,123
Total comprehensive loss for the period	–	–	(385,658)	6,188	(379,470)
Dividends paid to equity shareholders	–	–	–	(19,654)	(19,654)
Balance at 30 June 2020	**16,719**	**96,040**	**449,585**	**23,655**	**585,999**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (unaudited)

	30 June 2021 (unaudited) £'000	30 June 2020 (unaudited) £'000	31 December 2020 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	841,017	698,050	718,423
Current assets			
Investments held at fair value through profit or loss	14,666	–	55,193
Cash and cash equivalents	6,193	1,412	14,217
Receivables	3,166	2,643	2,466
Total assets	865,042	702,105	790,299
Current liabilities			
Payables	(956)	(2,017)	(1,675)
Interest bearing borrowings	–	–	(38,654)
Total assets less current liabilities	864,086	700,088	749,970
Non-current liabilities			
Interest bearing borrowings	(74,652)	(114,089)	(74,634)
Net assets	**789,434**	**585,999**	**675,336**
Equity attributable to equity holders			
Ordinary share capital	16,719	16,719	16,719
Share premium	96,040	96,040	96,040
Capital reserves	666,671	449,585	549,593
Retained revenue earnings	10,004	23,655	12,984
Total equity	**789,434**	**585,999**	**675,336**
Net asset value per share	1,180.50p	876.29p	1,009.88p

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (unaudited)

	30 June 2021 (unaudited) £'000	30 June 2020 (unaudited) £'000	31 December 2020 (audited) £'000
Cash flows from operating activities			
Profit/(loss) before tax	126,618	(379,305)	(276,929)
Adjustments for:			
(Gains)/losses on investments	(115,934)	381,924	277,554
Finance costs	1,763	2,471	4,940
Dividend income	(14,223)	(8,074)	(12,558)
Interest income	12	(64)	(135)
Dividends received	13,497	10,259	13,362
Interest received/(paid)	658	(377)	1,223
Increase in receivables	(170)	–	(139)
(Decrease)/increase in payables	(685)	271	(230)
Overseas withholding tax suffered	(483)	(165)	(331)
	(115,565)	386,245	283,686
Net cash flows from operating activities	11,053	6,940	6,757
Cash flows from investing activities			
Purchases of investments	(94,735)	(467,223)	(1,061,110)
Sales of investments	128,127	472,631	1,094,811
Net cash flows from investing activities	33,392	5,408	33,701
Cash flows from financing activities			
Repayment of borrowings	(38,000)	–	–
Equity dividends paid	(12,037)	(19,654)	(32,527)
Interest paid on borrowings	(2,432)	(2,431)	(4,863)
Net cash flows from financing activities	(52,469)	(22,085)	(37,390)
Net (decrease)/increase in cash and cash equivalents	(8,024)	(9,737)	3,068
Cash and cash equivalents at the start of the period	14,217	11,149	11,149
Cash and cash equivalents at the end of the period	6,193	1,412	14,217

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Temple Bar Investment Trust PLC (the "Company") was incorporated in England and Wales in 1926 with the registered number 00214601. The Company carries on the business as an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

1 SIGNIFICANT ACCOUNTING POLICIES

The half-year financial statements have been prepared on the basis of the accounting policies set out in the Company's Annual Report and Financial Statements for the year ended 31 December 2020 and have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. They have been prepared on a going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved. In making this assessment, the Directors have considered in particular the likely economic effects and the effects on the Company's operations of the current COVID-19 pandemic. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on a going concern basis.

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. There have been no significant judgements, estimates or assumptions which have had a significant impact on the financial statements for the current or preceding financial period.

3 SEGMENTAL REPORTING

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

4 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Investment portfolio summary

	30 June 2021		
	Quoted equities £'000	Debt securities £'000	Total £'000
Opening cost at the beginning of the period	716,228	55,200	771,428
Opening unrealised appreciation/(depreciation) at the beginning of the period	2,195	(7)	2,188
Opening fair value at the beginning of the period	718,423	55,193	773,616
Movements in the period:			
Purchases at cost	40,552	53,708	94,260
Sales proceeds	(33,932)	(94,195)	(128,127)
Realised gain/(loss) on sale of investments	2,878	(39)	2,839
Change in unrealised appreciation/(depreciation)	113,096	(1)	113,095
Closing fair value at the end of the period	841,017	14,666	855,683
Closing cost at the end of the period	725,726	14,674	740,400
Closing unrealised appreciation/(depreciation) at the end of the period	115,291	(8)	115,283
Closing fair value at the end of the period	841,017	14,666	855,683

(b) Fair value of financial instruments

IFRS 13 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:

Level 1 – valued using quoted prices in active markets for identical investments.

Level 2 – valued using other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc). There are no level 2 financial assets.

Level 3 – valued using significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments). There are no level 3 financial assets.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

All of the Company's investments are in quoted securities actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date and have therefore been determined as Level 1.

There were no transfers between levels in the period and as such no reconciliation between levels has been presented.

	30 June 2021 Level 1 £'000	30 June 2020 Level 1 £'000	31 December 2020 Level 1 £'000
Financial assets			
Quoted equities	841,017	698,050	716,423
Debt securities	14,666	–	55,193
	855,683	698,050	771,616

5 INCOME

	30 June 2021 (unaudited)			30 June 2020 (unaudited)			31 December 2020 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments									
UK dividends	7,852	3,026	10,878	6,559	–	6,559	9,536	–	9,536
Overseas dividends	3,345	–	3,345	1,524	–	1,524	3,022	–	3,022
Interest on fixed income securities	(12)	–	(12)	59	–	59	129	–	129
	11,185	3,026	14,211	8,142	–	8,142	12,687	–	12,687
Other Income									
Deposit interest	–	–	–	5	–	5	6	–	6
	11,185	3,026	14,211	8,147	–	8,147	12,693	–	12,693

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

6 DIVIDENDS

The fourth interim dividend relating to the year ended 31 December 2020 of 8.25 pence per ordinary share was paid during the six months ended 30 June 2021 and amounted to £5,517,000.

A first interim dividend relating to the period ended 31 March 2021 of 9.75 pence per share (amounting to £6,520,000) was paid on 30 June 2021.

A second interim dividend of 9.75 pence per share will be paid on 30 September 2021 to shareholders registered on 10 September 2021. In accordance with IFRS, this dividend has not been recognised in these financial statements.
The ex-dividend date for this payment is 9 September 2021.

As at 30 June 2021, the Company has £10,004,000 (2020: £23,655,000) of revenue reserves and £551,384,000 (2020: £533,471,000) of realised capital reserves available for distribution.

7 COMPARATIVE FIGURES

The financial information contained in this half-year report does not constitute statutory accounts as defined in sections 434-436 of the Companies Act 2006. The financial information for the six months ended 30 June 2021 and 30 June 2020 has not been audited.

The information for the year ended 31 December 2020 does not constitute statutory accounts, but has been extracted from the latest published audited accounts, which have been filed with the Registrar of Companies. The report of the Auditor on those accounts contained no qualification or statement under section 498 (2) or (3) of the Companies Act 2006.

DIRECTORS AND ADVISERS

DIRECTORS
Arthur Copple – Chairman
Lesley Sherratt
Richard Wyatt
Shefaly Yogendra

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TEMPLE BAR IDENTIFIERS
ISIN (ordinary shares) – GB0008825324
SEDOL (ordinary shares) – 0882532
Legal Entity Identifier – 213800O8EAP4SG5JD323

REGISTERED NUMBER
Registered in England Number 00214601

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* Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday.

GLOSSARY OF TERMS

AIC
The Association of Investment Companies.

BENCHMARK
A comparative performance index.

CASH ALTERNATIVES/EQUIVALENT
Also known as cash equivalents. A class of investments considered relatively low-risk because of their high liquidity, meaning they can be quickly converted into cash.

DISCOUNT*
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

DIVERSIFICATION
Holding a range of assets to reduce risk.

DIVIDEND
The portion of company net profits paid out to shareholders.

DIVIDENDS PER ORDINARY SHARE
Dividends per share paid or proposed for the financial period for Section 1158 purposes.

In the period ended 30 June 2021 there were two interim payments of 9.75p per share, totalling 19.50p.

In the year ended 31 December 2020 there were two interim payments of 11.0p per share and two interim payments of 8.25p per share, totalling 38.5p.

In the period ended 30 June 2020 there were two interim payments of 11.0p per share, totalling 22.00p.

FIXED INTEREST
Fixed-interest securities, also known as bonds, are loans usually taken out by a government or company which normally pay a fixed rate of interest over a given time period, at the end of which the loan is repaid.

FTSE ALL-SHARE INDEX
A comparative index that tracks the market price of the UK's leading companies listed on the London Stock Exchange. Covering around 600 companies, including investment trusts, the name FTSE is taken from the Financial Times and the London Stock Exchange, who are its joint owners.

FTSE 350 INDEX
A comparative index that tracks the market price of the UK's 350 largest companies, by market value, listed on the London Stock Exchange.

LIQUIDITY
The ease with which an asset can be purchased or sold at a reasonable price for cash.

MARKET CAPITALISATION
The total value of a company's equity, calculated by the number of shares multiplied by their market price.

NET ASSET VALUE PER SHARE WITH DEBT AT AMORTISED COST
The value of total assets less liabilities, with loan stocks at book value. The net asset value per share is calculated by dividing this amount by the number of ordinary shares outstanding.

NET ASSET VALUE PER SHARE WITH DEBT AT MARKET VALUE*
The value of total assets less liabilities, with loan stocks at market value. The net asset value per share is calculated by dividing this amount by the number of ordinary shares outstanding.

ONGOING CHARGES*
Ongoing charges is calculated on an annualised basis. This figure excludes any portfolio transaction costs and may vary from period to period. The calculation below is in line with AIC guidelines.

		Six months to 30 June 2021
Investment management fee		983,000
Administrative expenses		610,000
Less: one off fees		(4,000)
Total	(a)	1,589,000
Average cum income net asset value throughout the period	(b)	765,160,000
Ongoing charges (c=a/b)*2	(c)	0.42%

GLOSSARY OF TERMS CONTINUED

ADJUSTED ONGOING CHARGES*

A second ongoing charges ratio has been calculated to give a more accurate reflection of the Company's current circumstances. In this calculation the investment management fee has been adjusted to take into account that there was no fee for two months during the period. Ongoing charges is calculated on an annualised basis. This figure excludes any portfolio transaction costs and may vary from period to period. The calculation is below.

		Six months to 30 June 2021
Investment management fee		983,000
Investment management fee adjustment		299,000
Administrative expenses		610,000
Less: one off fees		(4,000)
Total	(a)	1,888,000
Average cum income net asset value throughout the period	(b)	765,160,000
Ongoing charges (c=a/b)*2	(c)	0.49%

PEER COMPANIES

Companies that operate in the same industry sector and are of similar size.

PREMIUM*

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

RELATIVE PERFORMANCE

The return that an asset achieves over a period of time, compared to a benchmark.

SHARE BUYBACK

When a company buys some of its own shares in the market, which leads to a rise in the share price. It changes the company's debt-to-equity ratio and is a tax-efficient alternative to paying out dividends.

TOTAL RETURN*

Captures both the capital appreciation/ depreciation of an investment as well as the dividends generated over a holding period.

Return on Net Asset Value

Expressed in percentage terms, Morningstar's calculation of total return is determined each month by taking the change in monthly net asset value, reinvesting all income, and dividing by the starting net asset value. Reinvestments are made using the actual reinvestment net asset value.

The total returns do account for management and administrative fees and other costs taken out of assets.

Return on Gross Assets

Fees and associated costs are removed from the net asset value to arrive at a gross return.

Return on Share price*

For equities, only market return can be calculated (since no net asset value exists), but the market return is also stored as the total return. This is done so that users can more easily compare a stock's return to that of other investments.

Market return does not reinvest dividends. Dividends are treated as a cash payout as of the end of the period. The calculation is point to point using adjusted price at the beginning of the period and the adjusted price at the end of the period incorporating any dividends paid. Therefore, it doesn't compound returns/the impact of dividends reinvested over that period.

VALUATION

Determination of the value of a company's stock based on earnings and the market value of assets.

VALUE INVESTING

An investment strategy that aims to identify under-valued yet good quality companies with strong cash flows and robust balance sheets, putting an emphasis on financial strength.

YIELD*

A measure of the income return earned on an investment. In the case of a share the yield expresses the annual dividend payment as the percentage of the market price of the share. In the case of a bond the running yield (or flat or current yield) is the annual interest payable as a percentage of the current market price. The redemption yield (or yield to maturity) allows for any gain or loss of capital which will be realised at the maturity date.

* Alternative Performance Measure.

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