

# Blue Planet Investment Trust plc

## Half Yearly Report and Accounts

For the six months ended 31 October 2017

### Officers and Advisors

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#### Directors

John Tyce (Non-Executive Chairman)  
Victoria Killay (Non-Executive)  
Kenneth Murray (Non-Executive)

#### Investment Manager, Administrator and Secretary

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#### Registered Office

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#### Registrars

Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
Shareholder Helpline No: 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm (Mon-Fri))  
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#### Chartered Accountants & Statutory Auditors

Deloitte LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2DB

#### Bankers

Lloyds Banking Group  
1<sup>st</sup> Floor  
48 Chiswell Street  
London EC1Y 4XX

#### Custodians

KAS Bank N.V.  
Westferry House, 11 Westferry Circus  
London E14 4HD

#### Custodians

Interactive Brokers (U.K.) Ltd  
Level 20 Heron Tower, 110 Bishopsgate  
London EC2N 4AY

#### Registered Number

SC192153

#### Custodians

Caja de Valores SA  
25 de Mayo, 362 C1002ABH  
Ciudad Autonoma de Buenos Aires  
Republica Argentina

Blue Planet Investment Trust plc is a member of the Association of Investment Companies.

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## Investment Policy and Objectives

The Company's objective is to provide investors with a combination of capital growth and income. To achieve this, it invests in securities (including equities, exchange traded funds, equity-related securities, bonds and derivatives) issued by companies, Governments and other types of issuers located throughout the world.

The Company has not set maximum exposures for any type of issuer, geographical regions or sectors. How the Company's investments are allocated will depend on market conditions and the judgement of the Board as to what is in the best interests of Shareholders. This is to provide it with the flexibility that is necessary to deal with an ever-changing economic environment. It would, however, normally be expected that most of the Company's investments will be in equities, exchange traded funds, equity-related securities, preference shares, bonds, bills and derivatives. However, the Company is not prohibited from investing in other types of securities including unlisted investments and property. No more than 15 per cent of the Company's portfolio may be invested in any one investment at the time the investment is made. There is no restriction on the amount that may be invested in any one country.

The Company's Articles permit borrowing up to an amount not exceeding 75% of Shareholders' funds. The Board may utilise borrowing up to this limit from time to time to enhance income and capital returns over the long term and may borrow in Sterling and other currencies.

| <b>Financial Record including Key Performance Indicators</b>    | Six months<br>ended 31<br>October 2017<br>(unaudited) | Six months<br>ended 31<br>October 2016<br>(unaudited) | Year<br>ended 30<br>April 2017<br>(audited) |
|---|---|---|---|
| Total return per share (p) <sup>1</sup>                         | 0.71  | 11.36   | 14.35                                       |
| <b>NAV total return per share (%)<sup>2</sup></b>               | <b>1.3</b>  | <b>24.4</b>   | <b>31.2</b>                                 |
| <b>Share price total return (%)<sup>3</sup></b>                 | <b>3.3</b>  | <b>11.8</b>   | <b>53.3</b>                                 |
| Total return on Benchmark Index <sup>4</sup> (%)                | 6.1   | 13.6  | 20.0  |
| Revenue return available for shareholders (£'000)               | 1,737   | 1,447   | 2,842                                       |
| Revenue return per share (p) <sup>1</sup>                       | 3.51  | 2.92  | 5.75  |
| Capital return per share (p) <sup>1</sup>                       | (2.80)  | 8.44  | 8.60  |
| <b>Dividend per share (net) (p)<sup>5</sup></b>                 | -   | -   | <b>4.70</b>                                 |
| <b>Dividend yield on our shares (%)<sup>6</sup></b>             | <b>N/A</b>  | <b>N/A</b>  | <b>9.8</b>                                  |
| Dividend yield on Benchmark Index (%)                           | 3.9   | N/A   | 3.8   |
| Total assets less current liabilities (excluding loans) (£'000) | 40,632  | 36,328  | 40,106                                      |
| Loans (£'000)   | (13,798)  | (8,996)   | (11,299)                                    |
| Shareholders' funds (£'000)                                     | 26,834  | 27,331  | 28,807                                      |
| Net asset value per share (p) <sup>7</sup>                      | 54.24   | 55.24   | 58.23                                       |
| Share price (p) – (Bid)   | 45.00   | 35.00   | 48.00                                       |
| Share price discount to NAV (%) <sup>8</sup>                    | 17.0  | 36.6  | 17.6  |
| Gearing (%) <sup>9</sup>  | 50.5  | 31.3  | 38.7  |
| Ongoing Charges (%) <sup>10</sup>                               | 3.7   | 3.7   | 3.7   |

The Board assesses the Company's performance in meeting its objectives against the above KPIs, they also believe the above KPIs are of most relevance to shareholders in monitoring the performance of the Company and therefore the return on their investment in the Company.

- Returns per share are calculated by taking the figure for "Return on ordinary activities after taxation and total comprehensive income" for each column as stated on the Income Statement and dividing by the weighted average number of ordinary shares in issue during the period. (Note 4)
- NAV total return per share is calculated as the percentage change in net asset value per share in the period with dividend paid during the period reinvested at the time of distribution.
- Share price total return is calculated as the percentage change in share price in the period with dividend paid during the period reinvested at the time of distribution.
- The Company's benchmark index is an index of the top 100 listed companies in the UK, with dividends reinvested at the time of distribution. The percentage change in value between each period end is shown above.
- No interim dividend is proposed. An annual dividend for the year ended 30 April 2017 was paid to shareholders on 15th August 2017.
- Dividend yield is dividend proposed/paid divided by share price (bid) at the period end.
- Net asset value per share is calculated as shareholders' funds divided by the number of ordinary shares in issue at the period end.

8. Calculated as the difference between net asset value per share and share price, divided by net asset value per share.
9. Net debt as a percentage of shareholders' funds. Net debt is equal to total loans less cash at bank.
10. Ongoing charges figure has been prepared in accordance with the Association of Investment Companies ("AIC") recommended methodology. Total administrative expenses, as stated on the income statement, is divided by average shareholders' funds in the period.

## The Investment Manager

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Under the Alternative Investment Fund Management Directive legislation, the Trust has elected to be its own AIF manager but has delegated the day to day management of the investment portfolio and administration to Blue Planet Investment Management Ltd. It is an independent firm that specialises in advising and managing investment and family trusts. It has a great deal of expertise in managing investments on a worldwide basis. It is regulated by the Malta Financial Services Authority.

Blue Planet Investment Management Ltd is the investment manager of the Company and receives an annual fee of 1.50% per annum of the total assets of the company which is paid monthly. Blue Planet Investment Management Ltd also receives £196,000 per annum in respect of administration and secretarial services. The investment management, administration and secretarial services agreements may only be terminated on receipt of two years notice.

## Website Information

Please take the time to visit our website:

[www.blueplanet.eu](http://www.blueplanet.eu)

Subscribe to our monthly fact sheet service:

[http://www.blueplanet.eu/blueplanet\\_downloads.136.html](http://www.blueplanet.eu/blueplanet_downloads.136.html)

To download historical Annual and Interim reports and past monthly fund fact sheets:

[http://www.blueplanet.eu/blueplanet\\_downloads.124.html](http://www.blueplanet.eu/blueplanet_downloads.124.html)

To view stock market RNS announcements:

[http://www.blueplanet.eu/blueplanet\\_news.8.html](http://www.blueplanet.eu/blueplanet_news.8.html)

## Retail Distribution of Investment Company Shares

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Blue Planet Investment Trust plc currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

# Interim Management Report – Portfolio Information

As at 31 October 2017

|   | Country        | Valuation (£)     | % of Portfolio |
|---|----------------|-------------------|----------------|
| <b>Debt Securities</b>  |                |                   |                |
| Republic of Brazil 10% 01/01/2025   | Brazil         | 4,900,283         | 12.2           |
| Republic of Argentina 15.5% 17/10/2026                                      | Argentina      | 1,992,141         | 5.0            |
| Genel Energy 7.5% 14/05/19  | United Kingdom | 1,515,471         | 3.8            |
| LEBAC ARS VTO. 21/02/2018   | Argentina      | 1,443,667         | 3.6            |
| Gulf Keystone Toggle Coupon 18/10/21  | Bermuda        | 1,425,692         | 3.5            |
| Republic of Argentina 18.2% 03/10/2021                                      | Argentina      | 1,402,358         | 3.5            |
| Republic of Argentina BADLAR+3.25% 01/03/2020                               | Argentina      | 1,148,111         | 2.9            |
| Erste Bank 8.875% Perpetual   | Austria        | 1,088,680         | 2.7            |
| BBVA 8.875% Perpetual   | Spain          | 1,053,310         | 2.6            |
| Turkey Government Bond 11% 24/02/2027                                       | Turkey         | 962,241           | 2.4            |
| Egypt Treasury Bill 09/01/2018  | Egypt          | 630,632           | 1.5            |
| Santander UK 10.0625% Perpetual   | United Kingdom | 568,204           | 1.4            |
| Petrobras 6.625% 16/01/34   | Brazil         | 555,677           | 1.4            |
| Egypt Treasury Bill 04/09/2018  | Egypt          | 501,072           | 1.3            |
| Sea Trucks Group 9% 26/03/18  | Nigeria        | 417,145           | 1.0            |
| Republic of Argentina 22.75% 05/03/2018                                     | Argentina      | 389,858           | 1.0            |
| LEBAC ARS VTO. 21/06/2018   | Argentina      | 271,146           | 0.7            |
| Sea Trucks Group Liquidity Bond 9% 21/06/2018                               | Nigeria        | 140,617           | 0.4            |
|   |                | <b>20,406,305</b> | <b>50.9</b>    |
| <b>Ordinary Shares</b>  |                |                   |                |
| ETRACS 2x Leveraged Long Wells Fargo Business Development Company Index ETN | United States  | 1,684,098         | 4.2            |
| General Motors Co   | United States  | 1,552,981         | 3.9            |
| Credit Suisse   | Switzerland    | 1,522,145         | 3.8            |
| Royal Bank of Scotland Group plc  | United Kingdom | 1,374,363         | 3.4            |
| Royal Dutch Shell plc - B shares  | United Kingdom | 1,266,183         | 3.1            |
| Direct Line Insurance Group   | United Kingdom | 1,208,025         | 3.0            |
| Teradyne Inc  | United States  | 1,073,372         | 2.7            |
| Société Générale  | France         | 984,507           | 2.5            |
| Bank of Ireland   | Eire           | 954,356           | 2.4            |
| Micron Technology Inc   | United States  | 947,807           | 2.4            |
| HSBC Holdings plc   | United Kingdom | 812,136           | 2.0            |
| Total S.A.  | France         | 801,346           | 2.0            |
| UBS Group AG  | Switzerland    | 797,850           | 2.0            |
| Tesco plc   | United Kingdom | 788,183           | 2.0            |
| National Grid plc   | United Kingdom | 775,915           | 1.9            |
| BT Group plc  | United Kingdom | 736,649           | 1.8            |
| Lloyds Banking Group plc  | United Kingdom | 586,950           | 1.5            |
| Rolls Royce plc   | United Kingdom | 302,321           | 0.8            |
| KCAP Financial Inc.   | United States  | 169,758           | 0.4            |
|   |                | <b>18,338,946</b> | <b>45.8</b>    |
| <b>Preference Shares</b>  |                |                   |                |
| Lloyds Banking Group 9.25%  | United Kingdom | 671,076           | 1.7            |
| NatWest Bank 9%   | United Kingdom | 401,250           | 1.0            |
|   |                | <b>1,072,326</b>  | <b>2.7</b>     |
| <b>Listed Investments</b>   | <b>4</b>       | <b>39,817,577</b> | <b>99.4</b>    |

|              |            |       |
|--------------|------------|-------|
| <b>Cash</b>  | 247,992    | 0.6   |
| <b>Total</b> | 40,065,569 | 100.0 |

## Interim Management Report

### Performance

The Fund generated a NAV total return of +1.3% and a share price total return of +3.8% in the six months to 31st October 2017. It also paid a dividend of 4.70p per share to shareholders on the 15th August 2017. The FTSE 100, by comparison, generated a total return of +6.1%. While we underperformed the FTSE 100 total return index for the period as a whole, we outperformed it in four out of the last six months and hope to outperform it for the full year.

At the half-year end 45.8% of our portfolio was invested in equities and 53.6% in bonds, preference shares and treasury bills. Of those investments, 86.5% were held primarily to produce income and 12.9% to generate capital growth. This income focused and defensive strategy has allowed us to boost our income and dividends every year for the last five years and to increase our dividend by 243% over that period and I am pleased to announce that this trend has continued into the current year with our income for the six months to 31st October 2017 rising 15.6%. Capital growth, however, was held back by this asset allocation and we produced a capital loss of £1.2m against a gain of £4.3m in the six months to 31st October 2016. In order to address this and boost our capital performance we added some technology stocks to our portfolio and these have since generated good levels of capital growth.

Another factor which impaired our first half capital performance was weakness in the Argentine Peso. This fell 17.5% against Sterling despite improving economic and political conditions in Argentina and worsening ones in the UK. We expect the Argentine economy to continue to strengthen and with it President Macri's hold on power. The UK on the other hand is headed in the other direction. The prospect of curbing further rises in the massive UK government debt is constantly being deferred. There are also signs that, as the government is struggling to sustain its delicate majority, that it is indulging in "populist" policies with an anti-business flavour. These policies run the risk of damaging the medium to long term growth prospects of the UK. In summary, the prospects for the Argentine economy are set to improve as the UK's are set to decline. That will strengthen the Peso and weaken Sterling which will benefit our future performance.

Additions to the portfolio over the period include Micron Technology Inc, a manufacturer of semiconductor devices, including dynamic random-access memory, flash memory, and solid-state drives, and Teradyne Inc, a market leader in automatic test equipment for systems and semiconductors and also, more importantly for us, a collaborative robotics business following their purchase of Universal Robots. We also added shares of Tesco plc and BT Group plc, for their recovery potential, with BT Group plc having the added attraction of a high dividend yield.

As central banks around the world raise interest rates, perpetual bonds, preference shares and low yielding bonds will suffer disproportionately. For this reason, we sold most of our preference shares and some of our lower yielding bonds during the period, booking very considerable profits in the process. Other notable movements in the portfolio include the addition of shareholdings in Royal Dutch Shell and Total SA to benefit from the improving oil price as well as providing good dividend yields. We also added to our holding of Republic of Argentina 15.5% 2026 bonds as we continue to see positive developments in the country, especially after an excellent outcome for President Macri's Cambiemos party in the recent Legislative elections.

In terms of the drivers of our performance over the past six months, the top contributors from our equities were General Motors with a total return during the period of 22.8%, followed by HSBC Holdings plc which produced a total return of 18.0%, Teradyne Inc, 22.5%, Micron Technology Inc, 20.0%, Royal Dutch Shell, 12.3%, and Credit Suisse, 9.5%. Another notable performer was Rolls Royce Holdings plc which produced a total return of 19.8% however it had less of an impact due to its lower weighting in the portfolio. Very few of our equity investments had a negative impact on our performance, the main one being ETRACS 2x Long WFC BDCI ETN. This position provides us with a significant amount of income, however the total return from it during the period was -17.4%.

Our bond portfolio, which produces most of our income, was in terms of total return less of a driver of our performance. Two bonds that performed well were Erste Bank's callable, 8.875% perpetual and BBVA's callable, 8.875% perpetual providing total returns of 16.2% and 14.2% respectively. Our Argentine bonds fell single digit percentages during the period but the most significant negative impact for us, as was mentioned earlier, came from the weakness of the Peso, which fell 17.5%, against the Pound.

## Income and Dividends

A dividend of 4.7p per share was paid on 15<sup>th</sup> August 2017 in respect of the financial year ended 30<sup>th</sup> April 2017. This represented a 56.7% increase on the 3.0p per share dividend paid for the financial year ended 30<sup>th</sup> April 2016. As the table below shows we have increased the dividend we pay to shareholders by 243% over the last five years. We have also increased it in every one of those years.

| Financial Year | Dividend Amount per share | % Change | Ex-date    | Record date | Pay date   |
|----------------|---------------------------|----------|------------|-------------|------------|
| 2017           | 4.70p                     | +56.7%   | 06/07/2017 | 07/07/2017  | 15/08/2017 |
| 2016           | 3.00p                     | +6.4%    | 14/07/2016 | 15/07/2016  | 23/08/2016 |
| 2015           | 2.82p                     | +22.6%   | 23/07/2015 | 24/07/2015  | 28/08/2015 |
| 2014           | 2.30p                     | +67.9%   | 16/07/2014 | 18/07/2014  | 25/08/2014 |
| 2013           | 1.37p                     | -        | 26/06/2013 | 28/06/2013  | 29/07/2013 |

In accordance with established policy no interim dividend has been declared for the first half of the year.

## Outlook

We expect to see the economic situation in Argentina to continue to improve and with it the value of the Peso and overseas demand for Argentinian assets. In the event that this happens it will be good for us and provide us with both increased income and capital gains. Elsewhere most of our income earning assets are relatively high yielding and low beta and provide us with a strong, stable income base from which to fund dividends. Meanwhile our tech and recovery stocks offer the added attraction of long term capital growth albeit that the path to that may become more volatile in the short term. While we are content that we have a very good, stable and high yielding portfolio that we can be confident in, we nonetheless recognise that risks are rising.

Volatility has returned to our markets of late, having been largely absent for many months and more acute bouts of this are likely over the next six months given the mounting number of risks and uncertainties facing markets. These range from:

- A rising statistical probability that the current bull market is getting close to the end;
- The timing and size of the rise in global interest rates;
- The twists and turns in the Brexit saga;
- The risk of rising inflation in the UK and internationally;
- Political instability in the UK, with prospect of a Labour government;
- Political instability in the EU following Merkel's problems in Germany and the rise of anti-EU parties across Europe;
- The prospect that the Trump administration will stumble over a number of issues such as North Korea, and finally;
- High levels of debt in many countries across the world, which could trigger another financial crisis

Such risks are out of our control but by ensuring that our shares offer a stable, high dividend yield we hope to protect our shareholders from them.

## Gearing and Capital Allocation

At the end of the six-month period to 31<sup>st</sup> October 2017 the Trust had gearing, net of cash, equal to 50.5% of NAV and its portfolio was allocated as follows: 50.9% was invested in bonds; 45.8% in ordinary shares; 2.7% in preference shares and 0.6% in cash. Figure 1 shows the movement in the allocation of our capital across those four different asset classes, ordinary shares, bonds, preference shares and cash, since our year end 30<sup>th</sup> April 2017.

Figure 1: Portfolio movements – by asset class

| Asset Class       | Oct-17 | Apr-17 |
|-------------------|--------|--------|
| Bonds             | 50.9%  | 53.5%  |
| Ordinary Shares   | 45.8%  | 38.1%  |
| Preference Shares | 2.7%   | 8.0%   |
| Cash              | 0.6%   | 0.4%   |
| Total             | 100.0% | 100.0% |

Figure 2: Disposition of assets by currency

| Currency | Oct-17 | Apr-17 |
|----------|--------|--------|
| GBP      | 25.2%  | 31.8%  |
| USD      | 22.4%  | 18.1%  |
| ARS      | 16.7%  | 19.3%  |
| BRL      | 12.3%  | 12.9%  |
| EUR      | 12.3%  | 13.1%  |
| CHF      | 5.8%   | 3.2%   |
| EGP      | 2.8%   | 1.5%   |
| TRY      | 2.4%   | 0.0%   |
| Total    | 100.0% | 100.0% |

### Principal risks and going concern

Your Company is, and will continue to be, exposed to a number of risks which are detailed in full in the Strategic Report on page 5 of the Annual Report and have not changed up to the date of this report. The key market risk arises from the uncertainty regarding the future price performance of the listed securities held by your Company. If gearing is employed this risk is magnified.

The prices of the individual listed securities in the portfolio are monitored on a daily basis and the Board, which meets quarterly, imposes borrowing limits to ensure gearing levels are appropriate to market conditions. When gearing is employed the potential impact of changes in interest rates is taken into consideration. The securities dealt in are all listed on recognised exchanges and are readily realisable.

The Fund is exposed to currency risk, due to the range of currencies in which investments are held. A substantial proportion of the Company's assets are held in assets denominated in foreign currencies and movements in these currencies can significantly affect the Sterling value of the Company's foreign denominated income and assets. The fund manager tracks currency movements on a regular basis and hedging is considered on a case-by-case basis.

Where investments are made in emerging markets there is a risk of higher volatility in the price performance of these equities and their associated currencies. Political risk and adverse economic circumstances are more likely to arise, putting the value of the investment at a higher risk. The registration and settlement arrangements in emerging markets may be less developed than in more mature markets so operational risks of investing are higher.

The Company's business model and strategy, together with the risk factors likely to affect its future position are set out in the Strategic Report on page 4 of the Annual Report and Accounts. The Directors consider that the Company has adequate financial resources in the form of readily realisable listed securities, including cash and credit facilities to continue in operational existence for the foreseeable future. For this reason, they continue to use the going concern basis in preparing the accounts

### Borrowings, Gearing and Liquidity

The Fund ended the period with gearing net of cash of 50.5%. The Company financed its gearing by means of credit facilities with KAS Bank N.V.

Generally, gearing beneficially affects the Company's NAV when the value of its investments is rising, but adversely affects it when the value of investments is falling.

**Blue Planet Services and Price Information Sources**

Shareholders can view the Company's share price and additional information about the Fund on the website of Blue Planet Investment Management Ltd ([www.blueplanet.eu](http://www.blueplanet.eu)) and the London Stock Exchange ([www.londonstockexchange.com](http://www.londonstockexchange.com)). To find the Company's share price on the London Stock Exchange website go to the Home page and type "BLP" in the "Price Search" field.

I would like to thank all shareholders for your continuing support.

John Tyce  
Chairman  
05 December 2017



## Balance Sheet

|  | At 31 October<br>2017<br>£<br>(unaudited) | At 31 October<br>2016<br>£<br>(unaudited) | At 30 April<br>2017<br>£<br>(audited) |
|--|---|---|---------------------------------------|
| <b>Fixed assets (note 6)</b>                                   |   |   |                                       |
| Listed equity investments                                      | 19,411,272                                | 15,469,230                                | 18,122,093                            |
| Listed non - equity investments                                | 20,406,305                                | 20,053,616                                | 21,065,970                            |
|  | 39,817,577                                | 35,522,846                                | 39,188,063                            |
| <b>Current assets</b>  |   |   |                                       |
| Debtors  | 1,491,363                                 | 530,095                                   | 872,127                               |
| Cash at bank and in hand                                       | 247,992                                   | 444,557                                   | 164,274                               |
| <b>Creditors: amounts falling due within one year (note 6)</b> | (14,722,715)                              | (9,166,059)                               | (11,417,449)                          |
| <b>Net current liabilities</b>                                 | (12,983,360)                              | (8,191,407)                               | (10,381,048)                          |
| <b>Net assets</b>  | 26,834,217                                | 27,331,439                                | 28,807,015                            |
| <b>Capital and reserves</b>                                    |   |   |                                       |
| Called-up share capital  | 497,820                                   | 497,820                                   | 497,820                               |
| Share premium account  | 18,426,406                                | 18,426,406                                | 18,426,406                            |
| Other reserves   |   |   |                                       |
| Capital reserve – realised                                     | (5,034,481)                               | (5,910,252)                               | (5,775,072)                           |
| Capital reserve – investment holding gains                     | 2,355,597                                 | 4,535,654                                 | 4,480,288                             |
| Capital redemption reserve                                     | 8,167,389                                 | 8,167,389                                 | 8,167,389                             |
| Revenue reserve  | 2,421,486                                 | 1,614,422                                 | 3,010,184                             |
| <b>Shareholders' funds</b>                                     | 26,834,217                                | 27,331,439                                | 28,807,015                            |
| <b>Net asset value per ordinary share (note 4)</b>             | 54.24p                                    | 55.24p                                    | 58.23p                                |

### Statement of Directors' responsibilities

The Directors confirm that this set of condensed financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting" and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

On behalf of the Board

John Tyce  
Chairman  
05 December 2017

## Statement of Changes in Equity

For the six months ended 31 October 2017 (unaudited)

|  | Called-up<br>Share capital<br>(£) | Share premium<br>(£) | Capital<br>reserve-<br>realised<br>(£) | Capital<br>reserve-<br>investment<br>holding losses<br>(£) | Capital<br>Redemption<br>reserve<br>(£) | Revenue<br>reserve<br>(£) | Total<br>shareholders'<br>funds<br>(£) |
|--|-----------------------------------|----------------------|--|--|---|---------------------------|--|
| Shareholders' funds at 1 May 2017            | 497,820                           | 18,426,406           | (5,775,072)                            | 4,480,288  | 8,167,389                               | 3,010,184                 | 28,807,015                             |
| Return on ordinary activities after taxation | -                                 | -                    | 740,591                                | (2,124,691)  | -                                       | 1,736,621                 | 352,521                                |
| Dividend paid during the period              | -                                 | -                    | -                                      | -  | -                                       | (2,325,319)               | (2,325,319)                            |
| Shareholders' funds at 31 October 2017       | 497,820                           | 18,426,406           | (5,034,481)                            | 2,355,597  | 8,167,389                               | 2,421,486                 | 26,834,217                             |

For the six months ended 31 October 2016 (unaudited)

|  | Called-up<br>Share capital<br>(£) | Share<br>premium<br>(£) | Capital<br>reserve-<br>realised<br>(£) | Capital reserve-<br>investment<br>holding losses<br>(£) | Capital<br>Redemption<br>reserve<br>(£) | Revenue<br>reserve<br>(£) | Total<br>shareholders'<br>funds<br>(£) |
|--|-----------------------------------|-------------------------|--|---|---|---------------------------|--|
| Shareholders' funds at 1 May 2016            | 497,820                           | 18,426,406              | (4,273,389)                            | (1,277,145)   | 8,167,389                               | 1,652,112                 | 23,193,193                             |
| Return on ordinary activities after taxation | -                                 | -                       | (1,636,863)                            | 5,812,799   | -                                       | 1,446,556                 | 5,622,492                              |
| Dividend paid during the period              | -                                 | -                       | -                                      | -   | -                                       | (1,484,246)               | (1,484,246)                            |
| Shareholders' funds at 31 October 2016       | 497,820                           | 18,426,406              | (5,910,252)                            | 4,535,654   | 8,167,389                               | 1,614,422                 | 27,331,439                             |

For the year ended 30 April 2017 (audited)

|  | Called-up<br>Share capital<br>(£) | Share<br>premium<br>(£) | Capital<br>reserve-<br>realised<br>(£) | Capital reserve-<br>investment<br>holding losses<br>(£) | Capital<br>Redemption<br>reserve<br>(£) | Revenue<br>reserve<br>(£) | Total<br>shareholders'<br>funds<br>(£) |
|--|-----------------------------------|-------------------------|--|---|---|---------------------------|--|
| Shareholders' funds at 1 May 2016            | 497,820                           | 18,426,406              | (4,273,389)                            | (1,277,145)   | 8,167,389                               | 1,652,112                 | 23,193,193                             |
| Return on ordinary activities after taxation | -                                 | -                       | (1,501,683)                            | 5,757,433   | -                                       | 2,842,318                 | 7,098,068                              |
| Dividend paid during the period              | -                                 | -                       | -                                      | -   | -                                       | (1,484,246)               | (1,484,246)                            |
| Shareholders' funds at 30 April 2017         | 497,820                           | 18,426,406              | (5,775,072)                            | 4,480,288   | 8,167,389                               | 3,010,184                 | 28,807,015                             |

## Income Statement

|  | For the six months ended 31 October 2017<br>(unaudited) |              |             | For the six months ended 31 October 2016<br>(unaudited) |              |             | For the year ended 30 April 2017<br>(audited) |              |            |
|--|---|--------------|-------------|---|--------------|-------------|---|--------------|------------|
|  | Revenue<br>£  | Capital<br>£ | Total<br>£  | Revenue<br>£  | Capital<br>£ | Total<br>£  | Revenue<br>£                                  | Capital<br>£ | Total<br>£ |
| <b>Capital (losses) / gains on investment</b>                                      |   |              |             |   |              |             |   |              |            |
| Net realised gains / (losses)  | -   | 827,195      | 827,195     | -   | (322,749)    | (322,749)   | -   | (80,334)     | (80,334)   |
| Unrealised (losses) / gains  | -   | (1,830,200)  | (1,830,200) | -   | 5,979,944    | 5,979,944   | -   | 5,585,353    | 5,585,353  |
| Exchange losses  | -   | (206,865)    | (206,865)   | -   | (1,319,130)  | (1,319,130) | -   | (915,269)    | (915,269)  |
| <b>Net capital (losses) / gains on investment</b>                                  | -   | (1,209,870)  | (1,209,870) | -   | 4,338,065    | 4,338,065   | -   | 4,589,750    | 4,589,750  |
| Income from investments  | 2,138,503   | -            | 2,138,503   | 1,850,624   | -            | 1,850,624   | 3,654,382                                     | -            | 3,654,382  |
| Bank interest receivable   | 94  | -            | 94          | 40  | -            | 40          | 5,655   | -            | 5,655      |
| <b>Gross revenue and capital (losses) / gains</b>                                  | 2,138,597   | (1,209,870)  | 928,727     | 1,850,664   | 4,338,065    | 6,188,729   | 3,660,037                                     | 4,589,750    | 8,249,787  |
| Administrative expenses  | (355,122)   | (146,816)    | (501,938)   | (336,213)   | (133,754)    | (469,967)   | (695,695)                                     | (279,143)    | (974,838)  |
| <b>Net return before interest payable and taxation</b>                             | 1,783,475   | (1,356,686)  | 426,789     | 1,514,451   | 4,204,311    | 5,718,762   | 2,964,342                                     | 4,310,607    | 7,274,949  |
| Interest payable   | (27,414)  | (27,414)     | (54,828)    | (28,375)  | (28,375)     | (56,750)    | (54,857)                                      | (54,857)     | (109,714)  |
| <b>Return on ordinary activities before taxation</b>                               | 1,756,061   | (1,384,100)  | 371,961     | 1,486,076   | 4,175,936    | 5,662,012   | 2,909,485                                     | 4,255,750    | 7,165,235  |
| Taxation on ordinary activities (note 3)   | (19,440)  | -            | (19,440)    | (39,520)  | -            | (39,520)    | (67,167)                                      | -            | (67,167)   |
| <b>Return on ordinary activities after taxation and total comprehensive income</b> | 1,736,621   | (1,384,100)  | 352,521     | 1,446,556   | 4,175,936    | 5,622,492   | 2,842,318                                     | 4,255,750    | 7,098,068  |
| <b>Return per ordinary share (note 4)</b>  | 3.51p   | (2.80)p      | 0.71p       | 2.92p   | 8.44p        | 11.36p      | 5.75p   | 8.60p        | 14.35p     |

The Total column of the income statement represents the profit & loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

There were no recognised gains and losses other than those disclosed above. Accordingly, a statement of total recognised gains and losses is not required.

## Notes

1. The financial statements for the six months to 31<sup>st</sup> October 2017 have been prepared on the basis of the accounting policies set out in the Company's Annual Report and Accounts as at 30<sup>th</sup> April 2017 and in accordance with FRS 104 "Interim Financial Reporting" and applicable to UK law and accounting standards.
2. All expenses are charged to the revenue account with the exception of management fees and interest charges on borrowings, one half of which less the appropriate tax relief is charged to capital. Investment Management and Administrators fees totalled £391,632 in the period (Full year to 30 April 2017 - £754,286)
3. The taxation charge arises wholly from overseas withholding tax on investment income.
4. The return per ordinary share is based upon the following figures:

|   | 31 October<br>2017<br>(unaudited) | 31 October<br>2016<br>(unaudited) | 30 April 2017<br>(audited) |
|---|-----------------------------------|-----------------------------------|----------------------------|
| Revenue return  | £1,736,621                        | £1,446,556                        | £2,842,318                 |
| Capital return  | £(1,384,100)                      | £4,175,936                        | £4,255,750                 |
| Weighted average number of ordinary shares in issue during the period | 49,474,863                        | 49,474,863                        | 49,474,863                 |

The net asset value per ordinary share is calculated on 49,474,863 ordinary shares in issue at the end of the period after deducting treasury shares.

5. No interim dividend is proposed.
6. The carrying value of investments is equivalent to their fair value and all investments are measured at fair value through profit or loss, are quoted in active markets and classified as level one.
7. The Company has credit facilities with KAS Bank N.V. Loans are secured against the investments held in custody accounts. As at 31<sup>st</sup> October 2017 the prevailing rate of interest on KAS Bank N.V facility was 1.0%. At 31 October 2017, the amount outstanding with these facilities was £13,798,149 (31<sup>st</sup> October 2016 - £8,996,353)
8. The total number of shares held in treasury is 307,125. These shares have no voting rights, do not rank for dividend and are excluded from the calculation of net asset value and return per ordinary share. At 31 October 2017, the Company had the authority to purchase a further 7,467,000 of its own shares. A resolution to renew this authority will be proposed at the Annual General Meeting in 2018.
9. The figures and financial information for the period ended 30<sup>th</sup> April 2017 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for the period as defined in section 434 of the Companies Act 2006. Those accounts have been delivered to the Registrar of Companies and include the report of the auditors which was unqualified and did not contain a statement either under section 498(2) or 498(3) of the Companies Act 2006. The half yearly Report and Accounts have not been audited or reviewed by the Company's Auditors.