

# THE ESTABLISHMENT INVESTMENT TRUST PLC

Half-year report for the six months  
ended 30 September 2014



# The Establishment Investment Trust plc

## Directors

Sir David Cooksey GBE (Chairman)  
Gregory Shenkman  
Henry Thornton (retired 8 July 2014)  
Susan Thornton (appointed 8 July 2014)  
Tom Waring  
Harry Wells

## Investment Manager

Blackfriars Asset Management Limited  
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London EC4R 2RU  
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[www.blackfriarsam.com](http://www.blackfriarsam.com)

Monthly updates are announced on the website of the London Stock Exchange  
and are available from the Investment Manager

## Corporate Secretary and Registered Office

Cavendish Administration Limited  
145-157 St John Street  
London EC1V 4RU  
Tel: 020 7490 4355  
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## Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
Tel: 0871 664 0300  
*(calls cost 10p per minute plus network extras;  
from outside the UK: +44 208 639 3399)*

## Registered Auditor

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

Registered in England No. 4355437

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## Objective of the Company

The investment objective of the Company is to achieve long-term capital growth from a managed international portfolio of securities. The preservation of capital is of primary importance to the investment objective.

The Company aims to achieve absolute returns and is not managed by reference to any equity or bond index or benchmark.

## Investment Policy

- To invest primarily in equities issued by companies listed on regulated markets. With the prior approval of the Board, the Company may invest in unlisted securities.
- Up to 30% of net assets may be invested in investment products managed by the Company's Investment Manager. The Company may also hold positions in investment products managed by third parties.
- Up to a maximum of 15% of net assets (at cost at the date of investment) may be invested in any one security.
- The Company may borrow up to a maximum of 50% of net assets.

## Financial Highlights

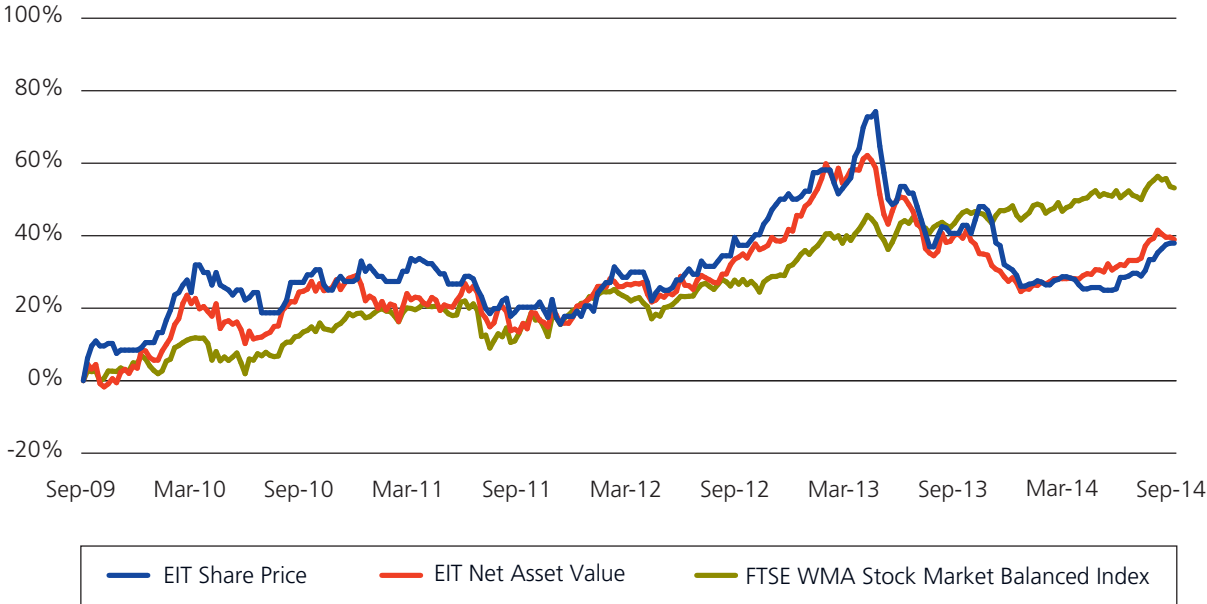
Performance comparisons 31 March 2014 – 30 September 2014

|  | <b>31 March<br/>2014</b> | 30 September<br>2014 | <b>Change</b> |
|--|--------------------------|----------------------|---------------|
| Share price                            | <b>171.0p</b>            | 182.5p               | <b>+6.7%</b>  |
| Net asset value                        | <b>206.4p</b>            | 220.6p               | <b>+6.9%</b>  |
| FTSE WMA Stock Market Balanced Index * |                          |                      | <b>+3.7%</b>  |
| MSCI UK Equity *                       |                          |                      | <b>+2.5%</b>  |
| MSCI AC World Equity *                 |                          |                      | <b>+5.5%</b>  |
| MSCI Japan Equity *                    |                          |                      | <b>+7.2%</b>  |
| MSCI Asia ex Japan Equity *            |                          |                      | <b>+8.5%</b>  |

\* Total return in Sterling

Financial Highlights continued

Share Price performance relative to the Net Asset Value and FTSE WMA Stock Market Balanced Index from 1 October 2009 to 30 September 2014 (total return)



Data in Sterling, FTSE Index, Net Dividends  
Share price and net asset value total returns above include dividends paid

### Chairman's Statement

I am pleased to report better results for the first six months of the current financial year. The share price and net asset value ("NAV") total returns for the six months ended 30 September 2014 were 8.2% and 8.5% respectively. At the end of the period and over ensuing weeks there has been substantial volatility in markets brought about by a number of geopolitical factors and slowing growth in many economies.

As previously indicated in the last Annual Report, Blackfriars Asset Management Limited ("Blackfriars") has been appointed as investment manager to the Company. The appointment of Blackfriars took effect on 15 July 2014 and the appointment of BDT Invest LLP was terminated at that time. Mr Henry Thornton has transferred to Blackfriars and continues to have primary responsibility as the Company's portfolio manager. No fees were payable to BDT Invest LLP beyond those due up to the effective date of the appointment of Blackfriars. The fees payable to Blackfriars are calculated on the same basis as under the agreement with BDT Invest LLP save that the performance fee provisions have been removed. I am pleased to report that the transition to Blackfriars has gone smoothly and the Board is confident that the new arrangements should serve shareholders well.

The change of investment manager necessitated some non-material changes to the Company's investment policy. Details of the changes to the investment policy can be found in the Company's Annual Report for the year ended 31 March 2014.

There have been some changes to the Board during the period under review. As a consequence of the appointment of Blackfriars, Tom Waring is no longer considered to be an independent director. Henry Thornton retired as a director of the Company at the Annual General Meeting, and this leaves Tom as the representative of the investment manager on the Board. I am pleased to report that following the last Annual General Meeting, the Board appointed Susan Thornton as a director of the Company. Susan is not considered to be independent under the Listing Rules.

The total return per Ordinary Share for the six months ended 30 September 2014 was 16.96p of which the revenue return per Ordinary Share was 1.24p. Your Board has declared an unchanged interim dividend of 1.9p per Ordinary Share.

**Sir David Cooksey**  
**Chairman**

19 November 2014

### Investment Manager's Report

During the first half of the Company's financial year the share price rose by 6.7% while the net asset value advanced by 6.9%. A final dividend of 2.8p was paid to shareholders during the period. In total return terms, the share price and the net asset value gained 8.5% and 8.2% respectively. For comparative purposes, the FTSE WMA Stock Market Balanced Index rose 3.7%, the MSCI AC World Index gained 5.5%, the MSCI Japan Index rose 7.2%, while the MSCI AC Asia ex Japan Index advanced 8.5%. The share price discount to net asset value stood at 17.3% at the end of the first half.

## Investment Manager's Report continued

### Global Economy

The powerful deflationary forces sweeping the global economy remain at the forefront of your investment managers thinking. The economic troubles across Europe continue as the straightjacket of the euro forces the peripheral, smaller economies to deflate faster than Germany to seek to regain competitiveness. Growth remains elusive. Elevated debt levels across the OECD at every level – government, corporate and household – are restraining investment, the only true source of growth. Excess capacity across a swathe of industries in China continues to force product prices lower. The Chinese producer price index has not registered a year on year percentage increase since February 2012 as the investment and credit excesses of the past five years come home to roost. The slowdown in the Chinese economy, especially in the property market, has impacted commodity markets with coal and iron ore the most obvious casualties although more recently crude oil prices have turned down decisively. Needless to say, the stronger tone of the US Dollar since mid-year is, of course, deflationary in itself.

The recent decision by the Federal Reserve to end quantitative easing is not unexpected. In relative terms, the US economy has performed well of late and the unemployment rate has declined substantially even if incomes and wages continue to stagnate. While the immediate impact of ending QE is more likely to be felt in currency markets and on Wall Street, it will be interesting to see how the economy reacts to the prospect of tighter money over the next six months.

### Asia

Asia's economies have never been immune to a slowdown in global trade and the more externally orientated ones continue to decelerate. Conversely those economies driven by domestic demand have performed rather better. In this regard, the Philippines remains the economic "poster child" of the region. A booming business process outsourcing industry and rising investment in infrastructure continue to propel growth. The landslide victory of the BJP's Narendra Modi in the recent election appears almost single-handedly to have reignited the "animal spirits" in India. This domestically orientated economy is ripe for a cyclical upturn after a prolonged downturn. The Company's portfolio has solid exposure to both markets.

The recent military coup in Thailand has seen business sentiment improve perceptibly. Investment is picking up and the Government is pressing ahead with a number of significant infrastructure projects that will support growth in the years ahead. Again the portfolio is well represented here.

Perhaps more important to the growth prospects of the regional economies is the decline in commodity prices of which Asia is a large importer. The decline in prices of hard commodities such as iron ore and copper, soft commodities such as sugar and rice, and energy feed stocks such as coal and oil represents a huge transfer of wealth to the region. The real purchasing power of the Asian consumer has been increased significantly. The portfolio retains extensive exposure to domestically orientated consumer stocks.

Japan has been the most disappointing market in the region so far this year with the increase in the consumption tax in April derailing what was in any event a fairly modest economic recovery. Your company has used this weakness to build a few positions in unfashionable sectors such as finance and real estate.

The portfolio position in gold bullion continued to disappoint and has been sold since the period end resulting in the Company's liquidity rising to over 20%. The Company already has substantial exposure to developing markets across Asia and your investment manager is looking to invest the majority of this surplus liquidity into developed market equities with a focus on large, well established companies with robust cash flow profiles that will generate useful income.

**Blackfriars Asset Management Limited**

**Investment Manager**

19 November 2014

## Income Statement

|   |       | Six months ended<br>30 September 2014<br>(unaudited) |                  |                |
|---|-------|--|------------------|----------------|
|   | Notes | Revenue<br>£'000                                     | Capital<br>£'000 | Total<br>£'000 |
| Gains/(losses) on investments                   |       | –  | 3,086            | 3,086          |
| Exchange gains/(losses) on currency balances    |       | –  | 178              | 178            |
| Income  | 5     | 471  | –                | 471            |
| Investment management fees                      |       | (30)   | (120)            | (150)          |
| Other expenses                                  |       | (153)  | –                | (153)          |
| <b>Return on ordinary activities before tax</b> |       | <b>288</b>   | <b>3,144</b>     | <b>3,432</b>   |
| Tax on ordinary activities                      | 7     | (40)   | –                | (40)           |
| <b>Return on ordinary activities after tax</b>  |       | <b>248</b>   | <b>3,144</b>     | <b>3,392</b>   |
| <b>Return per Ordinary Share</b>                | 8     | <b>1.24p</b>   | <b>15.72p</b>    | <b>16.96p</b>  |

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

The total columns in this statement represent the profit and loss accounts of the Company. The revenue and capital columns are supplementary to this and are prepared under the guidance published by the Association of Investment Companies.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

No operations were acquired or discontinued in the year.



## The Establishment Investment Trust plc

| Six months ended<br>30 September 2013<br>(unaudited) |                  |                | Year ended<br>31 March 2014<br>(audited) |                  |                |
|--|------------------|----------------|--|------------------|----------------|
| Revenue<br>£'000                                     | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                         | Capital<br>£'000 | Total<br>£'000 |
| –  | (7,284)          | (7,284)        | –  | (9,265)          | (9,265)        |
| –  | (341)            | (341)          | –  | (578)            | (578)          |
| 553  | –                | 553            | 827                                      | –                | 827            |
| (36)   | (143)            | (179)          | (67)                                     | (269)            | (336)          |
| (162)  | –                | (162)          | (241)                                    | –                | (241)          |
| 355  | (7,768)          | (7,413)        | 519                                      | (10,112)         | (9,593)        |
| (45)   | –                | (45)           | (58)                                     | –                | (58)           |
| 310  | (7,768)          | (7,458)        | 461                                      | (10,112)         | (9,651)        |
| 1.55p  | (38.84)p         | (37.29)p       | 2.31p                                    | (50.56)p         | (48.25)p       |

## Reconciliation of Movements in Shareholders' Funds

### For the six months ended 30 September 2014 (unaudited)

|   | Share capital<br>£'000 | Share premium<br>£'000 | Capital reserve<br>£'000 | Revenue reserve<br>£'000 | Total<br>£'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|----------------|
| <b>At 31 March 2014</b>   | <b>5,000</b>           | <b>14,701</b>          | <b>20,555</b>            | <b>1,030</b>             | <b>41,286</b>  |
| Return on ordinary activities after tax<br>for the financial period | –                      | –                      | <b>3,144</b>             | <b>248</b>               | <b>3,392</b>   |
| Dividends paid  | –                      | –                      | –                        | <b>(560)</b>             | <b>(560)</b>   |
| <b>At 30 September 2014</b>   | <b>5,000</b>           | <b>14,701</b>          | <b>23,699</b>            | <b>718</b>               | <b>44,118</b>  |

### For the six months ended 30 September 2013 (unaudited)

|   | Share capital<br>£'000 | Share premium<br>£'000 | Capital reserve<br>£'000 | Revenue reserve<br>£'000 | Total<br>£'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|----------------|
| <b>At 31 March 2013</b>   | <b>5,000</b>           | <b>14,701</b>          | <b>30,667</b>            | <b>1,509</b>             | <b>51,877</b>  |
| Return on ordinary activities after tax<br>for the financial period | –                      | –                      | <b>(7,768)</b>           | <b>310</b>               | <b>(7,458)</b> |
| Dividends paid  | –                      | –                      | –                        | <b>(560)</b>             | <b>(560)</b>   |
| <b>At 30 September 2013</b>   | <b>5,000</b>           | <b>14,701</b>          | <b>22,899</b>            | <b>1,259</b>             | <b>43,859</b>  |

### For the year ended 31 March 2014 (audited)

|   | Share capital<br>£'000 | Share premium<br>£'000 | Capital reserve<br>£'000 | Revenue reserve<br>£'000 | Total<br>£'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|----------------|
| <b>At 31 March 2013</b>   | <b>5,000</b>           | <b>14,701</b>          | <b>30,667</b>            | <b>1,509</b>             | <b>51,877</b>  |
| Return on ordinary activities after tax<br>for the financial year | –                      | –                      | <b>(10,112)</b>          | <b>461</b>               | <b>(9,651)</b> |
| Dividends paid  | –                      | –                      | –                        | <b>(940)</b>             | <b>(940)</b>   |
| <b>At 31 March 2014</b>   | <b>5,000</b>           | <b>14,701</b>          | <b>20,555</b>            | <b>1,030</b>             | <b>41,286</b>  |

## Balance Sheet

|  | 30 September<br>2014<br>(unaudited)<br>£'000 | 30 September<br>2013<br>(unaudited)<br>£'000 | 31 March<br>2014<br>(audited)<br>£'000 |
|--|--|--|--|
| Note   |  |  |  |
| <b>Fixed assets</b>                                      |  |  |  |
| Investments held at fair value through<br>profit or loss | <b>38,137</b>                                | 36,752                                       | 35,337                                 |
| <b>Current assets</b>                                    |  |  |  |
| Debtors  | <b>189</b>                                   | 213  | 182                                    |
| Cash at bank   | <b>5,928</b>                                 | 7,068  | 5,871                                  |
|  | <b>6,117</b>                                 | 7,281  | 6,053                                  |
| Creditors: amounts falling due<br>within one year        | <b>(136)</b>                                 | (174)  | (104)                                  |
| <b>Net current assets</b>                                | <b>5,981</b>                                 | 7,107  | 5,949                                  |
| <b>Net assets</b>  | <b>44,118</b>                                | 43,859                                       | 41,286                                 |
| <b>Capital and reserves</b>                              |  |  |  |
| Called up share capital                                  | <b>5,000</b>                                 | 5,000  | 5,000                                  |
| Share premium  | <b>14,701</b>                                | 14,701                                       | 14,701                                 |
|  | <b>19,701</b>                                | 19,701                                       | 19,701                                 |
| Capital reserve  | <b>23,699</b>                                | 22,899                                       | 20,555                                 |
| Revenue reserve  | <b>718</b>                                   | 1,259  | 1,030                                  |
| <b>Equity shareholders' funds</b>                        | <b>44,118</b>                                | 43,859                                       | 41,286                                 |
| <b>Net asset value per Ordinary Share</b>                | <b>6</b>                                     | <b>220.59p</b>                               | 219.30p                                |
|  |  |  | 206.43p                                |

## Cash Flow Statement

|  | Notes | Six months<br>ended<br>30 September<br>2014<br>(unaudited)<br>£'000 | Six months<br>ended<br>30 September<br>2013<br>(unaudited)<br>£'000 | Year ended<br>31 March<br>2014<br>(audited)<br>£'000 |
|--|-------|---|---|--|
| Net cash inflow from operating activities      | 9     | 197   | 340   | 332  |
| Taxation                                       |       | (40)  | (24)  | (37)   |
| Financial investment                           |       | 286   | 2,549   | 1,984  |
| Net cash inflow before financing               |       | 443   | 2,865   | 2,279  |
| Equity dividends paid                          |       | (560)   | (560)   | (940)  |
| <b>(Decrease)/increase in cash in the year</b> |       | <b>(117)</b>  | 2,305   | 1,339  |

### Reconciliation of net cash flow to movement in net funds

|   |   |              |       |       |
|---|---|--------------|-------|-------|
| (Decrease)/increase in cash in the year |   | (117)        | 2,305 | 1,339 |
| Foreign exchange movements              |   | 174          | (330) | (561) |
| Opening net funds                       |   | 5,871        | 5,093 | 5,093 |
| <b>Closing net funds</b>                | 9 | <b>5,928</b> | 7,068 | 5,871 |

## Notes to the Financial Statements

1. These financial statements are unaudited. These financial statements are not the Company's statutory accounts for the purposes of Section 434 of the Companies Act 2006. The half-yearly financial report will be sent to shareholders and copies will be made available to the public at the registered office of the Company. The report will be available on the investment manager's website ([www.blackfriarsam.com](http://www.blackfriarsam.com)).
2. The financial information for the year ended 31 March 2014 included in this half-year report has been extracted from the Company's annual accounts for the year to 31 March 2014. The accounts had an unqualified audit report and did not include statements under Sections 498(2) or 498(3) of the Companies Act 2006. Those accounts have been filed with the Registrar of Companies.
3. The financial statements for the six months ended 30 September 2014 have been prepared on a basis consistent with the accounting policies adopted by the Company in its statutory accounts for the year ended 31 March 2014.

These financial statements have been prepared on a going concern basis.

4. The Income Statement for the six months ended 30 September 2014, the six months ended 30 September 2013 and the year ended 31 March 2014 have been prepared in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by The Association of Investment Companies in January 2009, which has been adopted by the Company.

5. Income

|                                | <b>Six months<br/>ended<br/>30 September<br/>2014<br/>(unaudited)<br/>£'000</b> | Six months<br>ended<br>30 September<br>2013<br>(unaudited)<br>£'000 | Year<br>ended<br>31 March<br>2014<br>(audited)<br>£'000 |
|--------------------------------|---|---|---|
| <b>Income from investments</b> |   |   |   |
| Overseas dividends             | <b>456</b>  | 540   | 814   |
| UK dividends                   | <b>15</b>   | 13  | 13  |
|                                | <b>471</b>  | 553   | 827   |

6. Net asset value per Ordinary Share

|  | <b>Six months<br/>ended<br/>30 September<br/>2014<br/>(unaudited)</b> | Six months<br>ended<br>30 September<br>2013<br>(unaudited) | Year<br>ended<br>31 March<br>2014<br>(audited) |
|--|---|--|--|
| Net assets attributable                    | <b>£44,118,000</b>  | £43,859,000  | £41,286,000                                    |
| Ordinary Shares in issue at the period end | <b>20,000,000</b>   | 20,000,000   | 20,000,000                                     |
| Net asset value per Ordinary Share         | <b>220.59p</b>  | 219.30p  | 206.43p  |

7. Taxation

The tax charge relates to overseas withholding tax incurred on income receivable.

## Notes to the Financial Statements continued

### 8. Return per Ordinary Share

|  | <b>Six months<br/>ended<br/>30 September<br/>2014<br/>(unaudited)</b> | Six months<br>ended<br>30 September<br>2013<br>(unaudited) | Year<br>ended<br>31 March<br>2014<br>(audited) |
|--|---|--|--|
| <b>Total return per Ordinary Share</b>                                 |   |  |  |
| Total return   | <b>£3,392,000</b>   | £(7,458,000)   | £(9,651,000)                                   |
| Weighted average number of Ordinary Shares<br>in issue during the year | <b>20,000,000</b>   | 20,000,000   | 20,000,000                                     |
| Total return per Ordinary Share  | <b>16.96p</b>   | (37.29)p   | (48.25)p                                       |

The total return per Ordinary Share detailed above can be further analysed between revenue and capital, as below:

|  | <b>Six months<br/>ended<br/>30 September<br/>2014<br/>(unaudited)</b> | Six months<br>ended<br>30 September<br>2013<br>(unaudited) | Year<br>ended<br>31 March<br>2014<br>(audited) |
|--|---|--|--|
| <b>Revenue return per Ordinary Share</b>                                 |   |  |  |
| Revenue return   | <b>£248,000</b>   | £310,000   | £461,000                                       |
| Weighted average number of Ordinary Shares<br>in issue during the period | <b>20,000,000</b>   | 20,000,000   | 20,000,000                                     |
| Revenue return per Ordinary Share  | <b>1.24p</b>  | 1.55p  | 2.31p  |
| <b>Capital return per Ordinary Share</b>                                 |   |  |  |
| Capital return   | <b>£3,144,000</b>   | £(7,768,000)   | £(10,112,000)                                  |
| Weighted average number of Ordinary Shares<br>in issue during the period | <b>20,000,000</b>   | 20,000,000   | 20,000,000                                     |
| Capital return per Ordinary Share  | <b>15.72p</b>   | (38.84)p   | (50.56)p                                       |

### 9. Cash flow statement

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

|  | <b>Six months<br/>ended<br/>30 September<br/>2014<br/>(unaudited)<br/>£'000</b> | Six months<br>ended<br>30 September<br>2013<br>(unaudited)<br>£'000 | Year<br>ended<br>31 March<br>2014<br>(audited)<br>£'000 |
|--|---|---|---|
| Net return before finance costs and taxation     | <b>3,432</b>  | (7,413)   | (9,593)   |
| (Gains)/losses on investments held at fair value | <b>(3,086)</b>  | 7,284   | 9,265   |
| (Gains)/losses on foreign exchange movements     | <b>(174)</b>  | 341   | 578   |
| (Increase)/decrease in other debtors             | <b>–</b>  | –   | (3)   |
| (Increase)/decrease in accrued income            | <b>(7)</b>  | 84  | 111   |
| Increase/(decrease) in creditors                 | <b>32</b>   | 44  | (26)  |
| Net cash inflow from operating activities        | <b>197</b>  | 340   | 332   |

## Notes to the Financial Statements continued

### (b) Financial investment

|   | <b>Six months<br/>ended<br/>30 September<br/>2014<br/>(unaudited)<br/>£'000</b> | Six months<br>ended<br>30 September<br>2013<br>(unaudited)<br>£'000 | Year<br>ended<br>31 March<br>2014<br>(audited)<br>£'000 |
|---|---|---|---|
| Purchase of investments                 | <b>(8,599)</b>  | (2,061)   | (6,137)   |
| Sale of investments                     | <b>8,885</b>  | 4,610   | 8,121   |
| Net cash flow from financial investment | <b>286</b>  | 2,549   | 1,984   |

### (c) Analysis of net funds

|              | <b>Six months<br/>ended<br/>30 September<br/>2014<br/>(unaudited)<br/>£'000</b> | Six months<br>ended<br>30 September<br>2013<br>(unaudited)<br>£'000 | Year<br>ended<br>31 March<br>2014<br>(audited)<br>£'000 |
|--------------|---|---|---|
| Cash at bank | <b>5,928</b>  | 7,068   | 5,871   |

#### 10. Interim dividend

The Directors have declared an interim dividend of 1.9p per Ordinary Share in respect of the year ending 31 March 2015. The shares will be quoted ex-dividend on 4 December 2014 and the dividend will be paid on 22 December 2014, to Shareholders on the register at the close of business on 5 December 2014.

#### 11. Change of investment manager

Blackfriars Asset Management Limited ("Blackfriars") has been appointed as the Company's investment manager with effect from 15 July 2014. The appointment of BDT Invest LLP, the Company's previous investment manager, was terminated on 15 July 2014. The fees payable to Blackfriars Asset Management Limited are calculated on the same basis as under the agreement with BDT Invest LLP save that the performance fee provisions have been removed.

Up to 30% of net assets may be invested in investment products managed by the Company's investment manager. At 30 September 2014, the aggregate amount invested in investment products managed by Blackfriars represented 14.2% of the Company's net assets. Blackfriars rebates management fees in respect of amounts invested in Blackfriars' investment products back to the Company.

12. The Company holds (via its holding in BDT Investment Management Limited) an effective economic interest of 17.8% in its former investment manager, BDT Invest LLP. Accordingly, the shares in BDT Investment Management Limited are accounted for and disclosed in the same way as other investments in the portfolio. The valuation of the Company's investment in BDT Investment Management Limited is valued on the basis of fair value as determined by Directors of the Company. At 30 September 2014 the holding in BDT Investment Management Limited was valued at £128,000 which equates to 0.3% of the Company's net assets. BDT Invest LLP and BDT Investment Management Limited will shortly be entering voluntary liquidation.

13. The Company conducts its affairs in order to meet the requirements for approval as an investment trust under Section 1158 of the Corporation Tax 2010.

## Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the UK Listing Authority's Disclosure Rules and Transparency Rules and consider that the Chairman's Statement and the Investment Manager's Report on pages 4 and 5 of this Report, the following statement on related party transactions and the Directors' Responsibility Statement below, together constitute the Interim Management Report for the Company for the six months ended 30 September 2014.

The principal risks to the Company are in respect of foreign currency; interest rates; market prices; liquidity and credit risk. The Chairman's Statement and Investment Manager's Report set out any perceived uncertainties in respect of these and any other risks to the Company, for the remaining six months of the current financial year.

The Directors confirm that no related party transactions were undertaken by the Company in the first six months of the current financial year. There have been no changes to the related party transactions described in the Annual Report of the Company for the year ended 31 March 2014.

The half-year report for the six months ended 30 September 2014 has not been reviewed by the Company's Auditors Grant Thornton UK LLP.

## Directors' Responsibility Statement

The Directors listed at the front of this half-year report, being the persons responsible, confirm that to the best of their knowledge:

- a) the condensed set of Financial Statements contained within the Half-yearly financial report has been prepared in accordance with the guidance issued by the Accounting Standards Board on "Half-yearly financial reports";
- b) the Interim Management Report includes a fair review; as required by Disclosure and Transparency Rule 4.2.7 R; of important events that have occurred during the first six months of the financial year, their impact on the condensed set of Financial Statements and a description of the principal risks and perceived uncertainties for the remaining six months of the financial year; and
- c) the Interim Management Report includes a fair review of the information concerning related parties transactions as required by Disclosure and Transparency Rule 4.2.8 R.

The half-year report was approved by the Board on 19 November 2014 and the above Responsibility Statement was signed on its behalf by:

**Sir David Cooksey**  
Chairman



## Portfolio Holdings at 30 September 2014

(All Equity Shares unless otherwise stated)

| Holding    | Company                                    | Fair value<br>£'000 | % of net<br>assets |
|------------|--|---------------------|--------------------|
| 400,000    | Blackfriars Oriental Focus Fund 'B' †      | 6,251               | 14.17              |
| 50,000     | Gold Bullion Securities                    | 3,576               | 8.11               |
| 1,100,000  | Malayan Banking                            | 2,058               | 4.66               |
| 445,000    | ITC  | 1,640               | 3.72               |
| 8,160,000  | BTS Group Holdings                         | 1,535               | 3.48               |
| 800,000    | Lafarge Malaysia                           | 1,527               | 3.46               |
| 180,000    | Siam City Cement                           | 1,477               | 3.36               |
| 1,600,000  | Want Want China Holdings                   | 1,230               | 2.79               |
| 370,000    | Zee Entertainment Enterprises              | 1,157               | 2.62               |
| 410,000    | Taiwan Semiconductor Manufacturing Company | 997                 | 2.26               |
| 40,000     | Sumitomo Mitsui Financial                  | 992                 | 2.25               |
| 499,800    | Samsonite International                    | 990                 | 2.24               |
| 1,950,000  | Ayala Land                                 | 931                 | 2.11               |
| 760,000    | Minth Group                                | 905                 | 2.05               |
| 1,400,000  | IJM Land                                   | 868                 | 1.97               |
| 30,000     | Rotork                                     | 830                 | 1.88               |
| 1,100      | Samsung Electronics                        | 758                 | 1.72               |
| 50,000     | GS Retail Co                               | 754                 | 1.71               |
| 1,070,000  | Sun Art Retail Group                       | 743                 | 1.68               |
| 200,000    | Mitsubishi UFJ                             | 697                 | 1.58               |
| 647,689    | Uni-President Enterprises                  | 693                 | 1.57               |
| 67,500     | Ayala Land                                 | 671                 | 1.52               |
| 9,000,000  | Pace Development Corporation               | 664                 | 1.50               |
| 140,000    | Hitachi                                    | 659                 | 1.49               |
| 3,320,000  | Land & Houses                              | 656                 | 1.49               |
| 30,000     | Honda Motor                                | 636                 | 1.44               |
| 60,000     | Nomura Real Estate                         | 635                 | 1.44               |
| 9,300,000  | Metro Pacific Investments Corporation      | 618                 | 1.40               |
| 5,000      | Hyundai Motor                              | 553                 | 1.25               |
| 9,200      | Nestlé India                               | 547                 | 1.24               |
| 58,000     | Mediatek                                   | 529                 | 1.20               |
| 62,000     | United Breweries                           | 440                 | 1.00               |
| 100,000    | Tsingtao                                   | 439                 | 0.99               |
| 15,000,000 | Filinvest Land                             | 322                 | 0.73               |
| 128,012    | BDT Investment Management *                | 128                 | 0.29               |
| 181,347    | Bedlam Asset Management *                  | 30                  | 0.07               |
| 30,000     | BTS Group Holdings Warrants                | 1                   | 0.00               |
|            | Total investments                          | 38,137              | 86.44              |
|            | Net current assets                         | 5,981               | 13.56              |
|            | <b>Net assets</b>                          | <b>44,118</b>       | <b>100.00</b>      |

\* Unlisted investments

† Blackfriars Irish domiciled and listed fund

## Analysis of Investment Portfolio at 30 September 2014

| <b>Sector Analysis</b>     | <b>Fair value<br/>£'000</b> | <b>% of net<br/>assets</b> |
|----------------------------|-----------------------------|----------------------------|
| Financials                 | 9,552                       | 21.65                      |
| Investment Companies       | 6,409                       | 14.53                      |
| Information Technology     | 4,378                       | 9.92                       |
| Consumer Discretionary     | 3,688                       | 8.35                       |
| Gold Bullion               | 3,576                       | 8.11                       |
| Industrials                | 3,352                       | 7.59                       |
| Materials                  | 3,004                       | 6.82                       |
| Consumer Staples           | 2,677                       | 6.07                       |
| Telecommunication Services | 758                         | 1.72                       |
| Utilities                  | 743                         | 1.68                       |
| Total investments          | 38,137                      | 86.44                      |
| Net current assets         | 5,981                       | 13.56                      |
| <b>Net assets</b>          | <b>44,118</b>               | <b>100.00</b>              |

| <b>Geographical Analysis (based on listing or domicile)</b> | <b>Fair value<br/>£'000</b> | <b>% of net<br/>assets</b> |
|---|-----------------------------|----------------------------|
| Ireland †   | 6,251                       | 14.17                      |
| United Kingdom  | 4,564                       | 10.35                      |
| Malaysia  | 4,453                       | 10.09                      |
| Thailand  | 4,333                       | 9.83                       |
| Hong Kong   | 4,307                       | 9.75                       |
| India   | 3,784                       | 8.58                       |
| Japan   | 3,619                       | 8.20                       |
| Philippines   | 2,542                       | 5.76                       |
| Taiwan  | 2,219                       | 5.03                       |
| Korea   | 2,065                       | 4.68                       |
| Total investments   | 38,137                      | 86.44                      |
| Net current assets  | 5,981                       | 13.56                      |
| <b>Net assets</b>   | <b>44,118</b>               | <b>100.00</b>              |

| <b>Classification of Assets</b> | <b>Fair value<br/>£'000</b> | <b>% of net<br/>assets</b> |
|---------------------------------|-----------------------------|----------------------------|
| Equities                        | 38,136                      | 86.44                      |
| Other securities                | 1                           | 0.00                       |
| Total investments               | 38,137                      | 1.00                       |
| Net current assets              | 5,981                       | 13.56                      |
| <b>Net assets</b>               | <b>44,118</b>               | <b>100.00</b>              |

† Blackfriars Irish domiciled and listed fund invested in Asia



