

THE CITY OF LONDON INVESTMENT TRUST PLC

**Report for the half year ended
31 December 2020**
(unaudited)

THE CITY OF LONDON INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 31 December 2020

INVESTMENT OBJECTIVE

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

PERFORMANCE

	As at 31 December 2020	As at 30 June 2020
Net asset value ("NAV") per ordinary share	357.4p	344.0p
Premium/(discount)	3.7%	(1.2%)
Net asset value per ordinary share (debt at fair value)	351.2p	338.7p
Premium (debt at fair value)	5.5%	0.4%
Ordinary share price	370.5p	340.0p
Gearing (at par value)	8.6%	9.7%

Dividend yields	As at 31 December 2020	As at 30 June 2020
The City of London Investment Trust plc	5.4%	5.6%
FTSE All-Share Index (Benchmark)	3.0%	4.2%
AIC UK Equity Income sector	5.1%	4.9%
IA UK Equity Income OEIC sector	3.9%	5.5%

Sources: Morningstar for the AIC, Bloomberg

Total return performance to 31 December 2020

(including dividends reinvested and excluding transaction costs)	6 months %	1 year %	3 years %	5 years %	10 years %
Net asset value per ordinary share ¹	6.9	-13.8	-6.1	16.0	95.0
Ordinary share price ²	12.3	-11.8	-2.7	19.8	96.0
FTSE All-Share Index (Benchmark)	9.3	-9.8	-2.7	28.5	71.9
AIC UK Equity Income sector ³	12.0	-9.7	-1.1	24.7	100.9
IA UK Equity Income OEIC sector ⁴	11.9	-10.9	-4.3	16.2	76.9

Sources: Morningstar for the AIC, Janus Henderson, Refinitiv Datastream

¹ Net asset value per ordinary share total return with debt at fair value

² Share price total return using mid-market closing price

³ AIC UK Equity Income sector size weighted average NAV total return (shareholders' funds)

⁴ The Investment Association ("IA") peer group average is based on mid-day NAV whereas the returns of the investment trust are calculated using close of business NAV

INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

Net asset value total return

The UK equity market fell slightly over the first four months of the period under review, with the outlook uncertain for many companies due to the Covid-19 virus. A strong rally took place in the final two months of the period after newly developed vaccines were revealed to be effective against the virus. The FTSE All-Share Index recovered all of its losses from the first four months to produce a total return of 9.3% for the six months to 31 December 2020.

City of London's net asset value total return of 6.9% lagged the FTSE All-Share Index over the six month period. While gearing contributed positively by 0.7%, stock selection was negative by 3.0%. The biggest detracting sector was not holding equity investment instruments, especially Scottish Mortgage, followed by being underweight in travel & leisure, including not holding Flutter Entertainment. The third biggest detracting sector was our above average exposure to gas, water & multi-utilities. In general, some of the portfolio's more defensive holdings were underperformers, such as Nestlé (food manufacturer), Verizon Communications (US telecommunications operator) and RELX (information provider).

On a more positive note, the underweight positions in pharmaceuticals and oil & gas were the two biggest sector contributors followed by our holdings in real estate investment trusts, which recovered well in the last two months of the year. It was also pleasing to note strong stock contributions from M&G (life insurer and asset manager), Croda (chemicals) and La Française des Jeux (French National Lottery operator).

UK medium-sized and small companies, which are in general more domestic and cyclical, significantly outperformed UK large companies over the six months to 31 December 2020. The FTSE 250 Index of medium-sized companies produced a total return of 21.0% and the FTSE Small Cap Index 25.7%, while the FTSE 100 Index was 6.4%. This outperformance occurred despite dividend cuts being even more severe among medium-sized and small companies compared with FTSE 100 companies. City of London's relatively high FTSE 100 weighting and the defensive bias of its portfolio led to a total return underperformance over the six months compared with the averages of other UK equity income investment trusts and OEICs.

Earnings and dividends

Against the background of a significantly lower dividend base across the UK market compared with the same period last year, City of London's revenue earnings per share fell by 15.6%. Compared to our experience during the first half of 2020, when our earnings fell by 38.2% compared with the same period the previous year, there was a significant improvement with a number of investee companies returning to the dividend list, such as BAE Systems (aerospace and defence), Persimmon (housebuilder) and Direct Line Insurance. So far this financial year, City of London has declared two interim dividends of 4.75p each. City of London's diverse portfolio, strong cash flow and revenue reserve give the Board confidence that it will be able to increase the dividend for the fifty-fifth consecutive year. The quarterly rate will be reviewed by the Board before the third interim dividend is declared in March 2021.

Expenses

Expenses remain under tight control. The ongoing charge ratio is expected to remain around 0.36% for the year to 30 June 2021. There will, however, be a drop in interest costs following the redemption of our last debenture of £30 million, with a fixed interest rate of 8.5%, on 31 January 2021.

Material events and transactions during the period

During September 2020, 1,175,000 shares were bought back into treasury, at a discount to net asset value, for a total cost of £3,736,000. These were then reissued, at a premium to net asset value, for total proceeds of £3,860,000. A further 5,445,000 ordinary shares were issued at a premium to net asset value for total proceeds of £19,622,000.

The proceeds were predominantly invested in existing holdings in the portfolio considered to offer a realistic share price valuation relative to prospects and above average dividend yields. Areas of notable additions were: aerospace & defence (BAE Systems), financials (Direct Line Insurance, Legal & General, M&G and IG Group), tobacco (British American Tobacco and Imperial Brands) and utilities (SSE). One new holding was purchased, which was Cisco, the leading maker of network equipment for the internet.

Complete sales were made of Halma (health and safety equipment), Renishaw (precision measuring instruments) and Spirax-Sarco Engineering. All three stocks have performed exceptionally well over the period they have been in the portfolio, but their prospects were considered to be more than fully reflected in their share price valuations. Complete sales were also made of Greggs and National Express (bus and coach operator) given what was considered to be slow recovery prospects due to the pandemic. A complete sale was also made of TP ICAP (wholesale financial intermediary) following its change in corporate strategy. Overall, the number of holdings in the portfolio fell from 90 (at 30 June 2020) to 85 (at 31 December 2020).

The Board

Philip Remnant retired as Chairman at the conclusion of the Annual General Meeting on 27 October 2020 after nine years on the Board. It was unfortunate that the lockdown rules prevented shareholders from attending the Annual General Meeting in person, as I am sure that they would have wished to join the Board in thanking Philip for his outstanding leadership of the Company.

Martin Morgan will be retiring as a Director at the Annual General Meeting later this year, having served for nine years, and the Board will be starting a process to appoint a new Director shortly.

Outlook for the six months to 30 June 2021

The roll-out of three vaccines against the Covid-19 virus is very encouraging and provides “light at the end of the tunnel”. It is unlikely, however, that there will be a smooth path to herd immunity for the UK or globally given current limitations to the supply of the vaccines and the apparent scope for the virus to mutate.

Governments and central banks have responded to the enforced lockdowns of economies as a result of Covid-19 with unprecedented fiscal and monetary easing. It is likely that, after a contraction in the first quarter of 2021, the UK and global economy will recover sharply over the rest of the year, with consumer demand bolstered by running down the high savings ratios accumulated while economic activity was restricted. The scale of the lockdowns could still leave deep scarring in some sectors, such as travel and hospitality, with the resumption of dividends some way off. City of London’s portfolio remains biased towards large companies with defensive and cash generative qualities.

The UK’s trade deal with the EU at the end of 2020 removed an uncertainty and may improve sentiment towards UK equities from global investors. While interest rates remain at a rock bottom level, UK equities offer a much more attractive yield and have scope to build on recent capital appreciation if expectations for profits and dividends are met.

Sir Laurie Magnus
Chairman
18 February 2021

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Global pandemic
- Portfolio and market price
- Dividend income
- Investment activity, gearing and performance
- Tax and regulatory
- Operational

Information on these risks and how they are managed are given in the Annual Report for the year ended 30 June 2020. In the view of the Board, the principal risks and uncertainties at the year end remain and are as applicable to the remaining six months of the financial year as they were to the six months under review.

DIRECTORS’ RESPONSIBILITY STATEMENT

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

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

On behalf of the Board
Sir Laurie Magnus
Chairman
18 February 2021

INCOME STATEMENT

	(Unaudited) Half-year ended 31 December 2020			(Unaudited) Half-year ended 31 December 2019			(Audited) Year ended 30 June 2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	-	68,598	68,598	-	65,349	65,349	-	(291,388)	(291,388)
Income from investments held at fair value through profit or loss	32,496	-	32,496	35,645	-	35,645	67,779	-	67,779
Other interest receivable and similar income	154	-	154	116	-	116	176	-	176
Gross revenue and capital gains/(losses)	32,650	68,598	101,248	35,761	65,349	101,110	67,955	(291,388)	(223,433)
Management fee	(685)	(1,599)	(2,284)	(802)	(1,872)	(2,674)	(1,457)	(3,400)	(4,857)
Other administrative expenses	(389)	-	(389)	(354)	-	(354)	(696)	(7)	(703)
Net return/(loss) before finance costs and taxation	31,576	66,999	98,575	34,605	63,477	98,082	65,802	(294,795)	(228,993)
Finance costs	(984)	(2,112)	(3,096)	(1,112)	(2,411)	(3,523)	(2,163)	(4,681)	(6,844)
Net return/(loss) before taxation	30,592	64,887	95,479	33,493	61,066	94,559	63,639	(299,476)	(235,837)
Taxation on net return/(loss)	(341)	-	(341)	(420)	-	(420)	(1,176)	-	(1,176)
Net return/(loss) after taxation	30,251	64,887	95,138	33,073	61,066	94,139	62,463	(299,476)	(237,013)
Return/(loss) per ordinary share (note 2)	7.25p	15.56p	22.81p	8.59p	15.86p	24.45p	15.73p	(75.42p)	(59.69p)

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

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

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

STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 December 2020 (unaudited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2020	104,101	752,967	2,707	526,861	45,623	1,432,259
Net return on ordinary activities after taxation	-	-	-	64,887	30,251	95,138
Buyback of 1,175,000 ordinary shares for treasury	-	-	-	(3,736)	-	(3,736)
Issue of 1,175,000 ordinary shares from treasury	-	124	-	3,736	-	3,860
Issue of 5,445,000 new ordinary shares	1,361	18,261	-	-	-	19,622
Fourth interim dividend (4.75p per share) for year ended 30 June 2020 paid 28 August 2020	-	-	-	-	(19,779)	(19,779)
First interim dividend (4.75p per share) for year ending 30 June 2021 paid 30 November 2020	-	-	-	-	(19,724)	(19,724)
At 31 December 2020	105,462	771,352	2,707	591,748	36,371	1,507,640
Half-year ended 31 December 2019 (unaudited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2019	94,709	613,711	2,707	826,337	58,259	1,595,723
Net return on ordinary activities after taxation	-	-	-	61,066	33,073	94,139
Issue of 18,185,000 new ordinary shares	4,546	71,779	-	-	-	76,325
Fourth interim dividend (4.75p per share) for year ended 30 June 2019 paid 31 August 2019	-	-	-	-	(18,012)	(18,012)
First interim dividend (4.75p per share) for year ended 30 June 2020 paid 29 November 2019	-	-	-	-	(18,341)	(18,341)
At 31 December 2019	99,255	685,490	2,707	887,403	54,979	1,729,834
Year ended 30 June 2020 (audited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2019	94,709	613,711	2,707	826,337	58,259	1,595,723
Net (loss)/return on ordinary activities after taxation	-	-	-	(299,476)	62,463	(237,013)
Issue of 37,570,000 new ordinary shares	9,392	139,256	-	-	-	148,648
Fourth interim dividend (4.75p per share) for year ended 30 June 2019 paid 30 August 2019	-	-	-	-	(18,012)	(18,012)
First interim dividend (4.75p per share) for year ended 30 June 2020 paid 29 November 2019	-	-	-	-	(18,341)	(18,341)
Second interim dividend (4.75p per share) for year ended 30 June 2020 paid 28 February 2020	-	-	-	-	(19,041)	(19,041)
Third interim dividend (4.75p per share) for year ended 30 June 2020 paid 29 May 2020	-	-	-	-	(19,705)	(19,705)
At 30 June 2020	104,101	752,967	2,707	526,861	45,623	1,432,259

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

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 December 2020 £'000	(Unaudited) 31 December 2019 £'000	(Audited) 30 June 2020 £'000
Investments held at fair value through profit or loss (note 6)			
Listed at market value in the United Kingdom	1,414,556	1,684,974	1,359,435
Listed at market value overseas	223,058	177,648	211,589
Investment in subsidiary undertakings	347	347	347
	1,637,961	1,862,969	1,571,371
Current assets			
Debtors	8,253	7,288	5,962
	8,253	7,288	5,962
Creditors: amounts falling due within one year	(52,809)	(24,695)	(59,327)
Net current liabilities	(44,556)	(17,407)	(53,365)
Total assets less current liabilities	1,593,405	1,845,562	1,518,006
Creditors: amounts falling due after more than one year	(85,765)	(115,728)	(85,747)
Net assets	1,507,640	1,729,834	1,432,259
Capital and reserves			
Called-up share capital (note 3)	105,462	99,255	104,101
Share premium account	771,352	685,490	752,967
Capital redemption reserve	2,707	2,707	2,707
Other capital reserves (note 4)	591,748	887,403	526,861
Revenue reserve	36,371	54,979	45,623
Equity shareholders' funds	1,507,640	1,729,834	1,432,259
Net asset value per ordinary share - basic and diluted (note 5)	357.4p	435.7p	344.0p

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

NOTES

1. Accounting Policy – Basis of Preparation

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

For the period under review, the Company’s accounting policies have not varied from those described in the Annual Report for the year ended 30 June 2020. These financial statements have been neither audited nor reviewed by the Company’s auditors.

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

2. Return per Ordinary Share

	(Unaudited) Half-year ended 31 December 2020 £’000	(Unaudited) Half-year ended 31 December 2019 £’000	(Audited) Year ended 30 June 2020 £’000
The return per ordinary share is based on the following figures:			
Revenue return	30,251	33,073	62,463
Capital return/(loss)	64,887	61,066	(299,476)
Total	95,138	94,139	(237,013)
Weighted average number of ordinary shares in issue for each period			
	417,014,243	384,976,853	397,078,092
Revenue return per ordinary share	7.25p	8.59p	15.73p
Capital return/(loss) per ordinary share	15.56p	15.86p	(75.42p)
Total return/(loss) per ordinary share	22.81p	24.45p	(59.69p)

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

3. Share Capital

During the half-year ended 31 December 2020, 1,175,000 ordinary shares were bought back into treasury for a total cost of £3,736,000. These shares were then re-issued for total proceeds of £3,860,000 and a further 5,445,000 new ordinary shares were issued for total proceeds of £19,622,000 (half-year ended 31 December 2019: 18,185,000 ordinary shares issued for total proceeds of £76,325,000; year ended 30 June 2020: 37,570,000 ordinary shares issued for total proceeds of £148,648,000). The number of ordinary shares in issue at 31 December 2020 was 421,849,868. There are no shares in treasury.

4. Other Capital Reserves

At 31 December 2020, the other capital reserves are made up of the capital reserve arising on investments sold which was £300,424,000 (31 December 2019: £341,539,000; 30 June 2020: £271,839,000) and is distributable and the capital reserve arising on revaluation of investments held which was £291,324,000 (31 December 2019: £545,864,000; 30 June 2020: £255,022,000), which is not distributable.

5. Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £1,507,640,000 (31 December 2019: £1,729,834,000; 30 June 2020: £1,432,259,000) and on 421,849,868 ordinary shares (31 December 2019: 397,019,868; 30 June 2020: 416,404,868), being the number of ordinary shares in issue at the period end.

6. Financial Instruments

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

At 31 December 2020, the fair value of the debenture stock was £30,150,000 (31 December 2019: £42,225,000; 30 June 2020: £31,191,000) and the aggregate fair value of the preferred and preference stocks was £2,635,000 (31 December 2019: £2,634,000; 30 June 2020: £2,634,000).

The valuations of the debenture stock are obtained from brokers based on market prices. The valuations of the preferred and preference stock are from the Daily Official List quotations.

As at 31 December 2020, the fair value of the secured notes was estimated to be £109,196,000 (31 December 2019: £99,715,000; 30 June 2020: £103,950,000).

The valuation of the secured loan notes is calculated using a discount rate which reflects the yield on a UK gilt of similar maturity plus a suitable credit spread.

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

The table below sets out fair value measurements of the investments using the FRS 102 fair value hierarchy.

Financial assets at fair value through profit or loss at 31 December 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,637,614	-	347	1,637,961
Total	1,637,614	-	347	1,637,961

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

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

Financial assets at fair value through profit or loss at 30 June 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,571,024	-	347	1,571,371
Total	1,571,024	-	347	1,571,371

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date;

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

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

The valuation techniques used by the Company are explained in the accounting policies note 1 in the Company's Annual Report for the year ended 30 June 2020.

7. **Transaction Costs**

Purchase transaction costs for the half-year ended 31 December 2020 were £359,000 (half-year ended 31 December 2019: £598,000; year ended 30 June 2020: £1,627,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the half-year ended 31 December 2020 were £34,000 (half-year ended 31 December 2019: £21,000; year ended 30 June 2020: £72,000).

8. **Dividends**

A first interim dividend of 4.75p per ordinary share was paid on 30 November 2020. The second interim dividend of 4.75p per ordinary share (declared on 15 December 2020) will be paid on 26 February 2021 to shareholders on the register on 29 January 2021. The Company's shares went ex-dividend on 28 January 2021.

9. **Related Party Transactions**

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

10. **Going Concern**

The assets of the Company consist of securities that are readily realisable. The Directors have also considered the impact of Covid-19, including cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio and have concluded that the Company has adequate resources to meet its financial obligations, including the repayment of the debenture stock and the bank overdraft, as they fall due for a period of at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

11. **Comparative Information**

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The figures and financial information for the year ended 30 June 2020 are extracted from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

12. **General Information**

Company Status

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

ISIN number / SEDOL: ordinary shares: GB0001990497 / 0199049

London Stock Exchange (TIDM) Code: CTY

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

Legal Entity Identifier number (LEI): 213800F3NOTF47H6AO55

Company Registration Number

UK: 00034871

New Zealand: 1215729

Registered Office

201 Bishopsgate, London EC2M 3AE

Directors and Secretary

The Directors of the Company are Sir Laurie Magnus (Chairman), Samantha Wren (Audit Committee Chair), Martin Morgan (Senior Independent Director), Robert Edward (Ted) Holmes and Clare Wardle.

Philip Remnant CBE (former Chairman) retired from the Board on 27 October 2020.

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

Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at www.cityinvestmenttrust.com

13. Half-Year Report

An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in early March 2021. The Update will also be available on the Company's website www.cityinvestmenttrust.com or in hard copy from the Company's registered office.

FORTY LARGEST INVESTMENTS

Company	Market value 31 December 2020 £'000	Company	Market value 31 December 2020 £'000
British American Tobacco	69,325	Anglo American	28,618
Diageo	56,979	St. James's Place	28,054
Unilever	54,241	Tesco	26,842
Rio Tinto	49,777	Vodafone	26,607
Royal Dutch Shell	47,942	Schroders	26,277
RELX	45,695	Nestlé	25,886
GlaxoSmithKline	42,944	Persimmon	23,519
M&G	38,600	Barclays	22,002
HSBC	37,506	Direct Line Insurance	21,851
Imperial Brands	36,852	Taylor Wimpey	21,305
BHP	35,280	IG	20,688
SSE	34,500	Lloyds Banking	20,406
National Grid	34,168	Land Securities	20,214
Phoenix	33,979	Ferguson	19,545
Reckitt Benckiser	32,710	Legal & General	18,634
BAE Systems	32,261	Novartis	18,205
BP	31,723	Wm Morrison	17,735
Prudential	31,655	Severn Trent	17,167
Verizon Communications	30,060	Segro	17,057
AstraZeneca	29,296	Munich Re	16,817

These investments total £1,242,922,000 or 75.9% of the portfolio.

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

SECTOR EXPOSURE

As a percentage of the investment portfolio excluding cash

	%
Financials	25.4
Consumer Goods	22.6
Basic Materials	9.9
Consumer Services	8.7
Health Care	8.0
Industrials	6.6
Utilities	6.4
Oil & Gas	5.5
Telecommunications	4.9
Technology	2.0
Total	100.0

SECTOR BREAKDOWN OF INVESTMENTS

	Market value 31 December 2020 £'000	Market value 31 December 2020 £'000
OIL & GAS		
Oil & Gas Producers		
Royal Dutch Shell	47,942	
BP	31,723	
Total ¹	11,059	
	90,724	
Total Oil & Gas	90,724	
BASIC MATERIALS		
Chemicals		
Croda International	7,585	
Victrex	6,100	
Johnson Matthey	4,365	
	18,050	
Construction & Materials		
Ibstock	11,473	
Marshalls	6,952	
	18,425	
Forestry & Paper		
Mondi	11,177	
	11,177	
Mining		
Rio Tinto	49,777	
BHP	35,280	
Anglo American	28,618	
	113,675	
Total Basic Materials	161,327	
INDUSTRIALS		
Aerospace & Defence		
BAE Systems	32,261	
Meggitt	2,426	
	34,687	
Electronic & Electrical Equipment		
XP Power	9,380	
	9,380	
General Industrials		
Siemens ¹	9,993	
Smiths	7,603	
Swire Pacific ¹	4,100	
	21,696	
Industrial Engineering		
IMI	10,881	
Rotork	5,565	
	16,446	
Support Services		
Ferguson	19,545	
Paypoint	5,559	
	25,104	
Total Industrials	107,313	
CONSUMER GOODS		
Beverages		
Diageo	56,979	
Coca-Cola ¹	15,251	
Britvic	8,120	
	80,350	
Food Producers		
Nestlé ¹	25,886	
Tate & Lyle	15,174	
	41,060	
Household Goods & Home Construction		
Reckitt Benckiser	32,710	
Persimmon	23,519	
Taylor Wimpey	21,305	
Berkeley	11,144	
	88,678	
Personal Goods		
Unilever	54,241	
	54,241	
Tobacco		
British American Tobacco	69,325	
Imperial Brands	36,852	
	106,177	
Total Consumer Goods	370,506	
HEALTH CARE		
Health Care Equipment & Services		
Smith & Nephew	11,203	
	11,203	
Pharmaceuticals & Biotechnology		
GlaxoSmithKline	42,944	
AstraZeneca	29,296	
Novartis ¹	18,205	
Merck ¹	16,749	
Johnson & Johnson ¹	11,962	
	119,156	
Total Health Care	130,359	

	Market value 31 December 2020 £'000
CONSUMER SERVICES	
Food & Drug Retailers	
Tesco	26,842
Wm Morrison	17,735
	<u>44,577</u>
General Retailers	
Kingfisher	7,842
Halfords	5,874
DFS	3,520
	<u>17,236</u>
Media	
RELX	45,695
Daily Mail & General	3,725
ITV	2,884
	<u>52,304</u>
Travel & Leisure	
La Française des Jeux ¹	15,068
Ten Entertainment	6,255
Young	3,026
Go-Ahead	2,363
Carnival	2,119
	<u>28,831</u>
Total Consumer Services	142,948
TELECOMMUNICATIONS	
Fixed Line Telecommunications	
Verizon Communications ¹	30,060
	<u>30,060</u>
Mobile Telecommunications	
Vodafone	26,607
Orange ¹	11,760
Deutsche Telekom ¹	11,713
	<u>50,080</u>
Total Telecommunications	80,140
UTILITIES	
Electricity	
SSE	34,500
	<u>34,500</u>
Gas, Water & Multi-utilities	
National Grid	34,168
Severn Trent	17,167
United Utilities	9,666
Penon	9,421
	<u>70,422</u>
Total Utilities	104,922

	Market value 31 December 2020 £'000
FINANCIALS	
Banks	
HSBC	37,506
Barclays	22,002
Lloyds Banking	20,406
Nationwide Building Society	
10.25% Var Perp CCDS	11,552
	<u>91,466</u>
Financial Services	
M&G	38,600
Schroders	26,277
IG	20,688
Brewin Dolphin	13,115
	<u>98,680</u>
Life Insurance	
Phoenix	33,979
Prudential	31,655
St. James's Place	28,054
Legal & General	18,634
	<u>112,322</u>
Non-life Insurance	
Direct Line Insurance	21,851
Munich Re ¹	16,817
Hiscox	11,247
Sabre Insurance	9,213
	<u>59,128</u>
Real Estate Investment Trusts	
Land Securities	20,214
Segro	17,057
British Land	13,447
Hammerson	3,512
	<u>54,230</u>
Total Financials	415,826
TECHNOLOGY	
Software & Computer Services	
Microsoft ¹	16,254
Sage	9,114
	<u>25,368</u>
Technology Hardware & Equipment	
Cisco Systems ¹	8,181
	<u>8,181</u>
Total Technology	33,549
TOTAL INVESTMENTS	1,637,614

¹ Overseas listed