Slater Investments Limited

Slater Growth Fund

Interim Report

For the six months ended 30th June 2020

(Unaudited)

SLATER GROWTH FUND

DIRECTORY

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**Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and subject to limited regulation by the Prudential Regulation Authority.

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SLATER GROWTH FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

Slater Growth Fund (the "Fund") is an authorised unit trust scheme established by a Trust Deed dated 15 March 2004. It is a UCITS scheme as defined in the Collective Investment Schemes Sourcebook (COLL). The Fund is authorised and regulated by the Financial Conduct Authority with effect from 24 March 2004.

Unitholders of the Fund are not liable for the debts of the scheme.

Investment objective

The investment objective of the Fund is to achieve capital growth.

The Fund will invest in companies both in the UK and overseas but concentrating mainly or, where appropriate, exclusively on UK shares. The Fund will focus in particular on shares which are deemed to be under valued and that have the potential of a significant re rating. Other investments including bonds, warrants and collective investment schemes, within the limits imposed by the trust deed may also be used where it is considered that they meet the investment objective. It is also intended where appropriate to take advantage of underwritings and placings. At times it may be appropriate for the Fund not to be fully invested but to hold cash and near cash. The Fund has powers to borrow as specified in COLL and may invest in derivatives and forward transactions for hedging purposes only.

Rights and terms attaching to each unit class

Each unit of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each unit in the event the Fund is wound up are on the same proportional basis.

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

Mark Slater	Ralph Baber
Director	Director

SLATER INVESTMENTS LIMITED
Date: 26 August 2020

FUND MANAGER'S REPORT

Report for the six months to 30 June 2020

	Six Months	1 year	3 years	5 years	Since launch*
Slater Growth Fund P unit class	-11.55%	+3.48%	+16.76%	+45.10%	+472.32%
Investment Association (IA) OE UK All Companies	-17.74%	-11.02%	-4.91%	+11.95%	+135.38%

* A unit class launched 30 March 2005

Market Commentary

The six months to 30 June 2020 was a tale of two contrasting calendar quarters.

Investors panicked at the end of the first calendar quarter, resulting in shares recording substantial losses. Extreme volatility produces indiscriminate falls in share prices. For larger companies this often reflects selling of the index through tracker funds and derivatives. For smaller companies the falls tend to be violent as liquidity is lower. The UK Large Cap index fell over 23% between 21 February 2020 and 31 March 2020. The UK Mid Cap and alternative market indexes both fell 30% over that time. At their lows during March they were down over 40%. Moves at this speed have not been seen since October 1987. The rout spread to many markets, not least crude oil, and bonds swung wildly. On 9 March 2020 the 10-year gilt yield fell to 0.159%. Imagine investors accepting a total return of 1.6% after ten years! Wild times and wild panic.

In the second quarter there was a strong recovery in many of the Fund's holdings as the panic subsided and the market started to focus on the potential for recovery.

During these turbulent times, our approach has been first to focus on the survivability of our holdings. We satisfied ourselves that none of our holdings are likely to fail, in large part because of the quality of the underlying businesses but also because the public markets have facilitated high level access to capital comprising both equity raises and revised lines of credit from the banks.

We then took a view of the future and looked ahead 'across the valley' on a two to three-year timeframe to see where our companies might end up post crisis.

We determined what the sensible price today is for such shares on a post-pandemic basis. The aim here is to buy at an entry price which allows us to benefit from both rising profits and an increase in the price to earnings multiple. The uncertainties of the virus and lockdown make it exceptionally hard to predict the near term. We find it more productive to assess the situation two to three years from now. What should the company be making by then and what rating will this support? Normally it is easier to predict what will happen in three months rather than three years. Thanks to the virus this is not currently the case.

We were selective during the period as we sought to capitalise on the turmoil in the market with four new additions to the Fund, the topping up of 17 existing holdings and the sale of one, which was the subject of a takeover, a theme we are likely to see return over the coming months. In a global context the UK was 'on sale' in 2019 and we saw an unusually high number of acquisitions by overseas companies. We expect this to resume when Covid-19 subsides.

During the six-month reporting period there were three major contributors and 10 major detractors.

Major Contributors

The star performer was racing games developer **Codemasters**, which rose +22%, contributing +0.95%. The company has been a net beneficiary of the coronavirus pandemic. In the year to 31 March 2020 sales were a robust £76 million (2019: £71.2 million) underpinned by the release of just two new games compared to three the year before. Many important milestones were achieved. The Formula One (F1) contract was extended from 2021 until 2025, Games as a Service (GaaS) was established as a material contributor to the growing back catalogue, there was the continued rapid growth of F1 esports, and, post year-end, the company signed an exclusive licence agreement to develop and publish the FIA World Rally Championship (WRC) videogames and esports tournaments from 2023 through to 2027. The company remains exceptionally well positioned to capitalise on industry trends, supported by net cash of £24.8 million on the balance sheet at the period end. Codemasters also has an increasingly diverse portfolio of franchises performing strongly with powerful tailwinds driving them. Through the strategically important acquisition of its main rival, Slightly Mad Studios (SMS), last November (2019), it has become the leading independent developer and publisher of racing games. In addition, to the leading F1, GRID, DiRT and WRC franchises, SMS brings with it the Project CARS and the Hollywood blockbuster Fast & Furious franchises.

FUND MANAGER'S REPORT (CONTINUED)

Report for the six months to 30 June 2020

Another tailwind is the accelerating trend towards higher margin, digital purchases. In the year to March 2020, digital revenues as a proportion of the total increased rapidly from 59.2% to 67.7%, a positive trend that looks certain to continue. From modest beginnings the company is developing a growing presence on mobile through F1 Mobile Racing with over 19 million downloads, Project CARS, its co-development with NetEase and GRID Autosport. Codemasters' channel reach has been further extended with the launch of Google's Stadia streaming service. Another positive industry catalyst is a console refresh by Sony and Microsoft, which will benefit Codemasters fully from 2021. The video games sector globally has an underlying compound annual growth rate of around 8.5%. Management recently commented that 'the stars have aligned'. We whole-heartedly agree. A core holding.

Liontrust Asset Management rose +20%, contributing +0.66%. During the period, the company marked its near-meteoric climb in assets under management with admission to the UK Mid Cap index and in line finals to the end of March 2020. The company bounced back in the first quarter to June 2020 after some weakness in March 2020, experiencing strong net inflows of £971 million. Post period-end, the company continued its successful strategy of supplementing organic growth through targeted Mergers & Acquisitions, with the proposed acquisition of the Architas funds from AXA. Once completed later this year, this deal will take Liontrust's total assets under management to over £25 billion. The deal also significantly bolsters its presence in the multi-asset multi-manager segment and increases its access to financial advisers. We expect Liontrust to leverage its newly acquired assets further through its highly effective sales and marketing platform, further enhancing shareholder returns.

Hutchison China MediTech (HCM) contributed +0.63%. The company has a portfolio of eight cancer drug candidates currently in clinical studies around the world. Recently, there has been positive newsflow on the drug development front. It has been announced that blockbuster cancer drug, Tagrisso, owned by AstraZeneca, has been confirmed for use as a preventative drug as well as a cure. This represents a big expansion of its market. Clinical trials in which it is used in combination with HCM's Savolitinib, therefore, represent a potential route to unlocking significant returns for HCM by piggybacking Tagrisso's extraordinary growth. Positive interim analysis leading to a breakthrough therapy followed by confirmatory Phase III, if successful, could eventually unlock sales of $1-2 billion per annum under a bullish scenario. HCM is also optimistic about the potential for Fruquintinib in the US for the treatment of patients with colorectal cancer. This follows the decision by the Food and Drug Administration (FDA) to allow the drug's development to be fast-tracked in support of a New Drug Application (NDA). Surufatinib, which is being trialled for the treatment of patients with advanced tumours related to the nervous system, is also being fast-tracked in the US. The market potential is material and the commercial side is being readied now. We believe the market is yet to appreciate the full significance of these developments.

Major Detractors

IWG, the leading global operator of flexible workspace brands, contributed -1.52%. Chief Executive Officer, Mark Dixon, took full advantage of the sharp fall in the share price in the first calendar quarter buying two tranches of shares at 115.2 pence and 151.2 pence, netting him a substantial gain. The company sees more demand for flexible workspace post the coronavirus pandemic. At the end of May 2020, the owner of Regus, therefore, raised around £320 million as a war chest to target distressed assets owned by weaker industry players lacking the scale and balance sheet strength to survive the downturn. IWG has already used its war chest to secure the lease of a Hong Kong based office recently vacated by rival WeWork. In terms of trading, with the future easing of lockdown measures across the world, IWG anticipates a gradual improvement in the second half of the year. IWG has identified cash savings of around £150 million and is confident this gives sufficient headroom in relation to its covenants. If the downturn is more prolonged, it will implement additional savings in 2021. Additional downside protection is provided by having 95% of lease liabilities within special purpose vehicles which have few or no cross guarantees to the quoted parent. This means, as a last resort, IWG can hand back the keys of individual centres and walk away. The pandemic has undoubtedly delayed the programme of franchising the network of over 3,000 serviced offices, but the commercial logic remains powerful.

Restore contributed -1.19%. As one would expect, its more economically sensitive businesses such as shredding, recycling and office moves, have been adversely impacted by the pandemic, although all of them are said to be continuing to trade. In contrast, storage revenues remain solid and reliable at Records Management, its largest and most profitable business, which effectively represents an annuity stream where clients pay up front for box storage.

FUND MANAGER'S REPORT (CONTINUED)

Report for the six months to 30 June 2020

Where required, swift actions to reduce variable and discretionary costs were implemented with around 45% of staff initially furloughed with some returning in response to growing customer demand. The business remains strongly cash generative in line with expectations and is operating well within its banking covenants. The company has modelled various operating scenarios and is confident that it will remain profitable, albeit lower than reported for 2019.

Marston's contributed -1.10%. The company's prospects took a turn for the better following the joint venture with Carlsberg UK to merge their brewing assets. This imaginative scheme not only enables Marston's to retain a 40% brewing stake in the new company, with its margin-enhancing vertical integration benefits, but also enables it to continue with its debt reduction strategy given the £273 million it is due to receive in cash. Trading-wise, following the easing of the coronavirus lockdown restrictions on 4 July 2020 with social distancing reduced to one metre, the company plans to reopen around 85-90% of its pub estate. Given reductions in overheads, break-even should still be possible in the event of 50-70% reductions in sales volume reinforcing its going concern status.

ITV contributed -1.09%. The company is unable to provide any guidance against the backdrop of a brutal 42% fall in advertising revenue in April 2020. Since mid-March 2020 ITV Studios has also had to pause most of its productions globally, including Love Island, because of the restrictions on working practices imposed by Covid-19. On a more positive note, ITV Studios Global Distribution is seeing good demand for library content internationally and there has been good growth for BritBox free trial starts and subscriptions. Interactive revenues are growing well with increased demand for ITV's competitions. In terms of cash conservation, the company will reduce overhead costs by £60 million in 2020, helped by the furloughing of around 15% of its UK workforce. There will be at least a £100 million reduction in the programme budget to around £1 billion. ITV has access to around £930 million of liquidity in the form of unrestricted cash and credit facilities. In view of the ongoing uncertainty, however, it has withdrawn the 2019 final dividend. ITV potentially looks cheap under a recovery scenario but there is still underlying structural pressure in linear TV.

Specialist media group **Future** contributed -1.03%. This share price performance is out of step with trading. Despite the pandemic, towards the end of July 2020, the company confirmed that its strong performance reported at the interims has continued and that trading for the financial year to the end of September 2020 is expected to be towards the top end of market expectations. Audience growth and eCommerce are the two major factors behind this. Online users grew strongly by 26% to 253 million in the first half of the financial year and with the global lockdowns, audience growth then materially accelerated. This resulted in a record-breaking 329 million online users in March 2020, up 66% year-on-year. Organic growth in eCommerce, up 68%, also remains strong with eyeballs continuing to be converted to sales. This is made possible by Future's market-leading, global platform technology. This enables the business to scale profitably and achieve strong, positive operating gearing as reflected in the operating margin, which increased to 28% at the interims (2019: 21%). Profits need to be turned into cash to validate the business model. With strong interim free cash flows of £40 million (2019: £27.5 million), representing 100% of adjusted operating profit, the company also ticks this box. These positive factors offset the inevitable decline in magazine sales in shops and the postponement and cancellation of events. During the second quarter, Future completed the acquisition of TI Media and has since confirmed that its integration is progressing in line with expectations. Despite TI's exposure to magazine sales, the strategic rationale to convert many of its brands and much of its audience to digital remains compelling. Future remains attractive as a growth share on a price to earnings ratio of 16.6 and price to earnings growth ratio of 0.72 on a 12 month forward rolling basis.

Marketing specialist **Next Fifteen Communications** contributed -0.91%. With over half of its revenues coming from the technology sector and with limited exposure to highly affected areas such as travel and hospitality, the company remains relatively insulated from the economic impact of the coronavirus pandemic. When we met up with the company at the end of June 2020, management confirmed that the business was much further ahead than originally envisaged three months previously. All 16 brands and businesses are profitable including two that had to be turned around, and, due to a very strong focus on cash conservation, debt stands at £5 million as opposed to the £20 million originally envisaged around the time of the lockdown. The retention of a strong balance sheet was in part thanks to government support packages on both sides of the Atlantic (120 staff furloughed in the UK) and to the implementation of cost cutting measures, such that costs are running £10 million below budget. The US business has proven more resilient than the UK because it is more B2B focused and the group has proven to be more robust than the market gives it credit for.

FUND MANAGER'S REPORT (CONTINUED)

Report for the six months to 30 June 2020

It is highly focused on technology and is two thirds B2B. Clients are increasingly thinking through their digital strategies post Covid-19. Consequently, the company has two acquisition targets in its sights, one an innovation consultancy looking at disruptive technological scenarios for clients and the other a web optimisation specialist assisting corporate clients to move towards online first strategies, both of which represent high growth areas. The main note of caution expressed by management is that the pandemic is out of control in the US, and they are, therefore, still cautious about recovery in the second half of the financial year ending January 2021.

STV Group contributed -0.68%. The company was hit in the immediate aftermath of the coronavirus pandemic as advertisers pulled back during the initial lockdown. A fundraising placing 17.99% of the shares, however, has been completed strengthening the balance sheet. This together with the postponement of pension contributions in 2020 and £18 million of identified cost savings, including the furloughing of 40% of staff, leaves STV in a comfortable financial position. Prior to the pandemic, the growth strategy was delivering record TV and online audiences and record rates of digital and regional advertising growth outperforming ITV outside Scotland. We expect the company to kickstart its growth strategy again as and when conditions normalise. The company is lowly valued on a mid-single digit price earnings multiple.

Avation contributed -0.56%. The company's airline customers have been severely disrupted by Covid-19. It, therefore, instituted a programme of support enabling some of them to defer payment of certain portions of their rent, the cashflow impact of which has been mitigated by adjusting the amortisation profiles of the relevant financings. In addition, to conserve cash, the company reduced administration costs and paused capital expenditure and, as a result, at 31 March 2020 retained a strong cash balance of $131.6 million. Fortunately for Avation, some of its largest customers are in countries where there has been comparatively lower impact from the pandemic. It is now seeing a gradual return to service of certain customers including VietJet, airBaltic, EVA Air and Mandarin Airlines, which represent over 60% of future unearned contracted leasing revenue. Avation remains optimistic about the long-term opportunity for airline travel particularly the turboprop and narrow-body aircraft sectors. Five ATR72-600 aircraft on lease with Virgin Australia which went into administration now look like they will still be required by the new operator.

Arbuthnot Banking (-0.51% contribution) has the essential ingredients to be relatively resilient in its sector. In interims to the end of June 2020, the bank reported surplus capital of £66 million representing 147% of required capital. It has a liquidity surplus more than double the minimum requirement and customer deposits exceed customer loans by around £600 million. Arguably, its assets are relatively low risk, for example, as evidenced by low loan to values. However, the bank acknowledges that the ultimate economic impact of Covid-19 remains unknown. It is not certain how the economy will perform when the government's support packages are withdrawn. Any resultant impact on credit impairments will therefore not be fully understood until 2021. In view of this, there has been a refocus of the core bank towards residential property lending, which will see the return on capital optimised in the medium term. The immediate challenge facing Arbuthnot, however, is reduced economic activity following the pandemic coupled with historically low interest rates. The decline in the base rate is squeezing margins and at the interim stage cost £2.7 million, as reflected in pre-tax profit falling from £2.9 million to £0.2 million. Looking forward there will be incremental Covid-19 related impairments to factor in as well. Optically, the shares look cheap for a bank with surplus net assets and a strong record.

During the period we also supported certain top-up fundraisings by investee companies, an example being **Ten Entertainment (**-0.73% contribution). In this case the raise was at 155 pence. Consensus earnings per share is now at 17.2 pence for 2021. So an entry price earnings ratio of nine is already attractive. Estimates earlier in March 2020 were 25 pence giving a price to earnings ratio of 6.2, which looks within the company's grasp in 2022 if the situation has normalised by then. The forecast yield for 2021 is over 6%, supported by a high-teens return on capital. Together these two factors could combine to generate a substantial annualised return. Not bad for a game of skittles. The company will reopen all 39 of its English bowling centres on 1 August 2020, applying strict protocols laid down by the government, including restricted capacity, alternate lanes and additional cleaning.

FUND MANAGER'S REPORT (CONTINUED)

Report for the six months to 30 June 2020

Purchases and Sales

During the period we sold our position in **Amerisur Resources**, the subject of a successful takeover bid. We also trimmed our positions in **Future** and **Liontrust Asset Management**. We bought **Countryside Properties**, **Dart Group**, **Marlowe** and **Rank Group** and added to positions in **AFH Financial**, **Arrow Global**, **Breedon Group**, **Clinigen**, **Codemasters**, **Hutchison China MediTech (ADRs)**, **IWG**, **Kin and Carta**, **NCC**, **Next Fifteen Communications**, **Prudential**, **Redcentric**, **STV**, **Ten Entertainment**, **Tesco**, **The SimplyBiz Group** and **Trifast**.

Outlook

We foresee considerable value to be unlocked in our universe, particularly in the small to mid-cap arena. Some companies are not only well positioned to enjoy a resurgence once the pandemic subsides and business as normal resumes, but many of them will find themselves facing less competition as the weaker, mostly private-sector players fall by the wayside. Businesses which generated consistently good returns on capital before the crisis are likely to perform well afterwards.

Slater Investments Limited
26 August 2020

Distributions (pence per unit)

	Year 2020	Year 2019	Year 2018	Year 2017
Class A Accumulation				
Net income paid last day of February	-	-	0.2182	1.6499
Class B Accumulation				
Net income paid last day of February	2.7817	1.7752	2.6512	3.7314
Class P Accumulation				
Net income paid last day of February	4.1528	3.1991	3.9343	4.8066

Material portfolio changes

For the six months ended 30 June 2020

Purchases	Cost (£)	Sales	Proceeds (£)
Marlowe	6,000,009	Amerisur Resorces	2,401,999
Countryside Properties	5,950,247	Liontrust Asset Management	425,583
Codemasters Group	5,480,811	Future	116,360
Clinigen Group	4,464,613		
Dart Group	4,103,988		
Prudential	3,943,102		
Next Fifteen Communications Group	3,306,878		
Breedon Group	2,823,234		
IWG	2,055,400		
Tesco	1,628,732		
The Simplybiz Group	1,402,283		
AFH Financial Group	1,372,982		
Arrow Global Group	972,965		
Rank Group	936,912		
STV Group	915,329		
NCC Group	839,278		
Hutchison China MediTech ADR	638,484		
Trifast	303,458		
Ten Entertainment	253,732		
Kin and Carta	32,906		
Total purchases for the six months	**47,425,343**	**Total sales for the six months**	**2,943,942**

FUND MANAGER'S REPORT (CONTINUED)

FUND INFORMATION

Price and distribution record

Financial year to	Highest price	Lowest price	Net income per unit
Class A Accumulation			
31 December 2017	521.98p	404.16p	0.2182p
31 December 2018	529.69p	439.84p	-
31 December 2019	618.35p	441.50p	-
31 December 2020*	634.25p	397.53p	-
Class B Accumulation			
31 December 2017	539.72p	415.30p	2.6512p
31 December 2018	548.73p	457.11p	1.7752p
31 December 2019	641.76p	458.86p	2.7817p
31 December 2020*	658.48p	413.06p	-
Class P Accumulation			
31 December 2017	548.43p	420.81p	3.9343p
31 December 2018	559.17p	465.80p	3.1991p
31 December 2019	652.01p	467.58p	4.1528p
31 December 2020*	669.09p	419.89p	-

*six month period to 30 June 2020

Number of units in issue/Net asset value per unit

	Net asset value of scheme property	Number of units in issue	Net asset value per unit
Class A Accumulation			
31 December 2017	£52,573,009	10,071,924	521.98p
31 December 2018	£34,126,382	7,709,535	442.65p
31 December 2019	£37,767,522	6,171,368	611.98p
30 June 2020	£32,630,591	6,094,008	535.45p
Class B Accumulation			
31 December 2017	£11,115,523	2,059,501	539.72p
31 December 2018	£10,290,942	2,236,991	460.04p
31 December 2019	£15,146,096	2,384,621	635.16p
30 June 2020	£14,256,009	2,558,390	557.23p
Class P Accumulation			
31 December 2017	£432,892,452	78,932,781	548.43p
31 December 2018	£441,545,880	94,190,864	468.78p
31 December 2019	£575,248,076	89,143,428	645.31p
30 June 2020	£549,436,371	96,117,035	571.63p

Ongoing charges	Class A Accumulation	Class B Accumulation	Class P Accumulation
31 December 2019	1.53%	1.03%	0.79%
30 June 2020	1.57%	1.06%	0.81%

The ongoing charge figure is based on the annualised expenses for the period. This figure may vary from period to period. It excludes:

- Performance fees
- Portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling units in another collective investment scheme.

FUND INFORMATION (CONTINUED)

Synthetic risk and reward indicator

Lower risk	Higher risk
Typically lower rewards	Typically higher rewards

1	2	3	4	5	6	7

The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Fund. It is calculated based on the volatility of the Fund using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are used.

This Fund has been measured as 6 because it has experienced high volatility historically.

FUND INFORMATION (CONTINUED)

Portfolio statement
as at 30 June 2020

Holding or nominal value		Bid value £	Percentage of total net assets 30 June'20 %	31 Dec'19 %
	CONSTRUCTION & MATERIALS			
14,112,857	Breedon Group	10,951,577	1.84	
11,390,243	SigmaRoc	4,897,804	0.82	
	Total Construction & Materials	15,849,381	2.66	2.29
	CONSUMER SERVICES			
970,000	Applegreen	3,104,000	0.52	
1,864,937	Gamesys Group	16,001,159	2.68	
4,579,615	GoCo Group	4,414,749	0.74	
414,647	Rank Group	607,043	0.10	
	Total Consumer Services	24,126,951	4.04	3.55
	FINANCIAL SERVICES			
3,947,516	AFH Financial Group	13,579,455	2.28	
585,638	Arbuthnot Banking Group	4,685,104	0.79	
1,985,087	Arrow Global Group	1,723,056	0.29	
3,531,694	JTC	16,245,792	2.72	
1,843,397	Liontrust Asset Management	24,056,331	4.03	
1,260,000	M&G	2,110,500	0.35	
133,022	River & Mercantile	244,095	0.04	
2,641,261	The Simplybiz Group	4,014,717	0.67	
	Total Financial Services	66,659,050	11.17	10.60
	GENERAL RETAILERS			
2,036,313	CVS Group	20,953,661	3.51	
646,469	Frasers Group	1,969,145	0.33	
7,894,020	Tesco	18,006,260	3.02	
	Total General Retailers	40,929,066	6.86	7.12
	HOUSEHOLD GOODS & HOME CONSTRUCTION			
975,000	IG Design Group	4,894,500	0.82	
	Total Household Goods & Home Construction	4,894,500	0.82	1.10
	INDUSTRIAL ENGINEERING			
400,000	Pressure Technologies	320,000	0.05	
2,621,139	Trifast	2,948,781	0.49	
	Total Industrial Engineering	3,268,781	0.54	0.75

FUND INFORMATION (CONTINUED)

Portfolio statement (continued)
as at 30 June 2020

Holding or nominal value		Bid value £	Percentage of total net assets 30 June'20 %	31 Dec'19 %
	INDUSTRIAL TRANSPORTATION			
3,775,000	Avation	6,417,500	1.08	
220,000	James Fisher & Sons	3,000,800	0.50	
	Total Industrial Transportation	9,418,300	1.58	2.31
	LIFE INSURANCE			
1,600,000	Prudential	19,496,000	3.27	
	Total Life Insurance	19,496,000	3.27	2.90
	MEDIA			
3,657,340	Future	46,521,365	7.80	
9,000,000	ITV	6,719,400	1.13	
3,365,452	Next Fifteen Communications Group	11,913,700	2.00	
2,813,711	STV Group	6,415,261	1.08	
3,561,698	Ten Entertainment	5,698,717	0.96	
	Total Media	77,268,443	12.97	16.08
	OIL & GAS PRODUCERS			
	Total Oil & Gas Producers	-	-	0.38
	PHARMACEUTICALS & BIOTECHNOLOGY			
30,945,000	Alliance Pharma	23,054,025	3.87	
1,510,000	Clinigen Group	12,110,200	2.03	
2,480,000	Ergomed	11,160,000	1.87	
3,310,820	Hutchison China MediTech	14,236,526	2.39	
	Total Pharmaceuticals & Biotechnology	60,560,751	10.16	9.14
	REAL ESTATE INVESTMENT & SERVICES			
1,800,000	Countryside Properties	5,958,000	1.00	
	Total Real Estate Investment & Services	5,958,000	1.00	-

FUND INFORMATION (CONTINUED)

Portfolio statement (continued)
as at 30 June 2020

Holding or nominal value		Bid value £	Percentage of total net assets 30 June'20 %	31 Dec'19 %
	SOFTWARE & COMPUTER SERVICES			
10,459,357	Codemasters Group	35,561,814	5.96	
15,072,123	dotDigital Group	15,373,565	2.58	
2,140,625	Iomart Group	7,492,188	1.26	
2,793,092	Kin and Carta	1,703,786	0.29	
5,075,560	NCC Group	9,004,043	1.51	
6,913,895	Redcentric	8,365,813	1.40	
	Total Software & Computer Services	77,501,209	13.00	10.58
	SUPPORT SERVICES			
32,712,695	Inspired Energy	5,561,158	0.93	
6,585,930	IWG	17,452,715	2.93	
1,255,232	Marlowe	6,276,160	1.05	
1,654,524	Mears Group	2,547,967	0.43	
3,700,242	Restore	12,654,828	2.12	
4,270,000	Sureserve Group	1,836,100	0.31	
1,550,000	Wilmington Group	1,829,000	0.31	
	Total Support Services	48,157,928	8.08	9.71
	TECHNOLOGY HARDWARE & EQUIPMENT			
417,500	CML Microsystems	1,027,050	0.17	
	Total Technology Hardware & Equipment	1,027,050	0.17	0.23
	TRAVEL & LEISURE			
9,433,879	Marston's	5,004,673	0.84	
711,880	Dart Group	5,944,198	1.00	
	Total Travel & Leisure	10,948,871	1.84	1.91
	OVERSEAS SECURITIES			
702,955	Hutchison China MediTech ADR	15,662,303	2.63	
162,000	Walt Disney	14,607,001	2.45	
	Total Overseas Securities	30,269,304	5.08	4.83
	Portfolio of investments	496,333,585	83.24	83.48
	Net current assets	99,989,386	16.76	16.52
	Net assets	596,322,971	100.00	100.00

FUND INFORMATION (CONTINUED)

Portfolio transactions for the six months ended 30 June 2020

The investments of the Fund have been valued using bid market values ruling on international stock exchanges at the respective markets close as at 30 June 2020, being the last valuation point of the period. Market value is defined by the SORP as fair value which is generally the bid value of each security. Where applicable, investments are valued to exclude accrued income. Where a stock is unlisted or where there is an illiquid market, a valuation for this stock has been obtained from market makers where possible while suspended stocks are normally valued at their suspension price. However, where the AFM believes that these prices do not reflect a fair value, or where no reliable price exists for a security, it is valued at a price which in the opinion of the AFM reflects a fair and reasonable price for that investment.

	£
Total purchases, including transaction charges	47,425,343
Total sales proceeds, net of transaction charges	2,943,942

INTERIM FINANCIAL STATEMENTS (unaudited)
For the six months ended 30 June 2020

Statement of total return

	30 June 2020		30 June 2019	
	£	£	£	£
Income				
Net capital (losses)/gains		(72,505,948)		83,742,225
Revenue	1,906,507		4,201,961	
Expenses	(2,498,268)		(2,135,122)	
Net revenue before taxation	(591,761)		2,066,839	
Taxation	(775)		(1,563)	
Net revenue after taxation		(592,536)		2,065,276
Total (deficit)/return before distributions		(73,098,484)		85,807,501
Distributions		-		-
Change in net assets attributable to unitholders from investment activities		(73,098,484)		85,807,501

Statement of changes in net assets attributable to unitholders

	30 June 2020		30 June 2019	
	£	£	£	£
Opening net assets attributable to unitholders		*628,161,694		^485,963,204
Amounts receivable on issue of units	66,701,315		4,514,127	
Amounts payable on cancellation of units	(25,518,840)		(38,518,839)	
Amounts payable on unit class conversions	(464)		(515,598)	
Dilution adjustments	77,750		-	
		41,259,761		(34,520,310)
Change in net assets attributable to unitholders from investment activities		(73,098,484)		85,807,501
Retained distributions on accumulation units		-		-
Closing net assets attributable to unitholders		596,322,971		537,250,395

*As at 31 December 2019
^As at 31 December 2018

INTERIM FINANCIAL STATEMENTS (unaudited) (CONTINUED)
For the six months ended 30 June 2020

Balance sheet

	30 June 2020		31 December 2019	
	£	£	£	£
ASSETS				
Fixed Assets				
Investments		496,333,585		524,358,249
Current Assets				
Debtors	821,576		2,136,898	
Cash	107,826,485		101,710,411	
Total current assets		108,648,061		103,847,309
Total assets		604,981,646		628,205,558
LIABILITIES				
Current liabilities				
Other creditors	8,658,675		43,864	
Total liabilities		8,658,675		43,864
Net assets attributable to unitholders		596,322,971		628,161,694

Notes to the interim financial statements

Basis of preparation

The financial statements have been prepared in compliance with FRS102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019 and are described in those annual financial statements.

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