

# Capital and income growth from active global equity investment

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Half year report 30 June 2015



# Witan's objective

Long term growth in income and capital through active multi-manager investment in global equities.

**Witan is an investment trust which is listed on the London Stock Exchange and was founded in 1909.**

Witan offers diversified exposure to global markets (principally equities) using a multi-manager approach. The portfolio is diversified by geographical region, industrial sector and at the individual stock level.

Witan typically uses between 10 and 15 investment managers. The blend of different active approaches and styles aims to deliver added value for shareholders while smoothing out the volatility normally associated with a single manager.

## To view the report online

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If you would like to view video updates about the Company, please visit:

[www.witan.com](http://www.witan.com)



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Shareholder Total Return	+5.8%
NAV Total Return	+5.5%
Dividends per Share	+6.9%

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# Financial Highlights

## Corporate key performance indicators

	(Unaudited) 30 June 2015	Change since 31 December 2014	(Unaudited) 30 June 2014	(Audited) 31 December 2014
Share price – ordinary share	<b>788.5p</b>	4.6%	706.5p	753.5p
Net asset value per ordinary share (debt at par value)	<b>789.4p</b>	3.8%	725.9p	760.3p
Net asset value per ordinary share (debt at market value)	<b>782.2p</b>	4.4%	717.5p	749.2p
Dividends per ordinary share	<b>7.7p</b>		7.2p	15.4p
Discount (debt at par value)	<b>(0.1)%</b>		(2.7)%	(0.9)%
Premium/(discount) (debt at market value)	<b>0.8%</b>		(1.5)%	0.6%
Share issues <sup>(A)</sup>	<b>2.4%</b>		0.0%	0.1%
On-going charges including performance fees <sup>(B)</sup>	<b>0.48%</b>		0.37%	0.96%
On-going charges excluding performance fees <sup>(B)</sup>	<b>0.40%</b>		0.38%	0.74%

(A) The percentage of the ordinary share capital in issue at the previous year end that was issued during the period.

(B) The total of the recurring operating and investment management costs (excluding the expenses of the subsidiary company) expressed as a percentage of the daily average net assets including debt at market value.

## Performance

	6 months return %	1 year return %	3 years return %	5 years return %
Total Returns to 30 June 2015				
Total shareholder return <sup>(C)</sup>	5.8	13.9	86.4	112.2
Net asset value total return <sup>(D)</sup>	5.5	11.2	61.2	83.2
Benchmark <sup>(E)</sup>	3.6	6.8	43.4	66.3
FTSE All-Share Index <sup>(F)</sup>	3.0	2.6	36.9	66.6
FTSE World (ex UK) Index <sup>(F)</sup>	1.9	10.7	49.1	75.7

(C) Source: Datastream. The movement in the ordinary share price adjusted to include the notional reinvestment of dividends.

(D) Source: Datastream/Witan. The movement in the net asset value per share adjusted to include the notional reinvestment of dividends.

(E) Source: Witan/FE Analytics. The benchmark is a composite of four indices: the FTSE All-Share Index 40%, the FTSE All-World North America Index 20%, the FTSE All-World Europe (ex UK) Index 20% and the FTSE All-World Asia Pacific Index 20%.

(F) Source: Datastream. See also FTSE International for conditions of use ([www.ftse.com](http://www.ftse.com)).

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## Other financial information

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	(Unaudited) 30 June 2015	Change since 31 December 2014	(Unaudited) 30 June 2014	(Audited) 31 December 2014
Net assets	<b>£1,532m</b>	6.3%	£1,374m	£1,441m
Number of ordinary shares in issue	<b>194,056,000</b>	2.4%	189,301,000	189,561,000
Revenue return per ordinary share	<b>10.91p</b>		8.85p	15.88p
Gearing <sup>(G)</sup>	<b>9.6%</b>		8.8%	10.1%

(G) The difference between shareholders' funds and the total market value of the investments (including the face value of futures positions) expressed as a percentage of shareholders' funds.

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# Interim Management Report

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**Harry Henderson** | Chairman



**Andrew Bell** | Chief Executive Officer

- During the first half of 2015, the Company's Net Asset Value ('NAV') total return was +5.5% compared with a benchmark return of +3.6% for the same period – a relative outperformance of 1.9%.
- The share price total return was +5.8%, with the shares maintaining a premium to NAV.
- A second interim quarterly dividend of 3.85p per ordinary share will be paid in September. Total dividends paid in respect of the period are 7.7p per ordinary share (2014: 7.2p).

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## Market background

2015 has been more eventful in economic and political terms than is suggested by the relatively small overall moves in global equity markets during the first half of the year. Buoyed by hopes of improving economic growth, markets showed strong gains during the first quarter, which were eroded in the second, as nerves were frayed by a renewed crisis over Greece's membership of the Euro currency area, by a sharp fall in the Chinese stock market and by the increased possibility that the US Federal Reserve would soon start raising interest rates (for the first time since 2006).

The year began with investors evaluating the impact of the halving of the oil price in late 2014. This fall led directly to lower inflation world-wide and to increased hopes that economic growth would be boosted in oil-consuming countries as the energy savings flowed through. In the event, growth was slow to pick up, partly for winter weather-related reasons in the US (similar to early 2014) and partly because the countries and companies hit by the fall in the oil price cut spending more rapidly than the beneficiaries spent the money they were saving on energy bills. This lull in growth appeared to be picking up by mid-year, with firmer than expected growth in developed economies (including Europe) outweighing relative weakness in China and other emerging economies.

A period of several months of falling retail prices helped fuel a rally in bond markets in early 2015, with yields reaching all-time lows and, in a number of economies, turning negative. The idea of lending your money to governments and having to pay them interest for the privilege began to lose any appeal as oil prices rallied off the lows and inflation rates bottomed out. Although bond yields remain very low by historic standards, volatility in bond markets has increased, which is thought-provoking for those accustomed to viewing bonds as a relatively safe part of investment portfolios.

As the half year ended, the possibility of Greece being forced to leave the Euro currency area prompted a rise in risk aversion, ensuring that equity markets finished June on a low note, despite the consensus amongst investors that Greece's economy was too small to have major effects elsewhere. Concern that one exit would cause other dominoes to fall was less acute than in the earlier Euro crisis of 2011-12, owing to a stronger European bank sector, the measures taken by other economies to stabilise their finances, the European Central Bank's range of measures to address financial market disruption and an improving growth backdrop across much of Europe.

## Investment performance

The NAV total return (taking debt at market value) was +5.5%, which was 1.9% ahead of our equity benchmark's +3.6% return. The NAV total return (taking debt at par value) was 4.9%. The premium to NAV (taking debt at market value) was +0.8% at the end of June (end December: 0.6%), resulting in a share price total return of +5.8%.

8 of Witan's 11 external managers, together with the directly held portfolio, outperformed their respective benchmarks, while 3 underperformed during the period.

## Portfolio changes

There were no changes to the appointed managers during the period, although allocations to Matthews in the Far East and Marathon in Europe were increased using available cash resources.

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# Interim Management Report continued

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Within the UK, some exposure was switched to managers with more stock picking exposure to mid cap and smaller companies. Within the direct holdings, the remaining holding in Electra Private Equity convertibles was sold into strength, while £21m was invested in the Apax Global Alpha private equity fund which listed on the London market in June. Advantage was taken of the (unwelcome) wider discount and lower price to add more cheaply to the existing position in BlackRock World Mining Trust.

After a period of significant relative strength in the Japanese market, the Polar Japan Growth OEIC holding and the position in Nikkei 225 index futures were both sold in the first quarter. Following the surprise Conservative win in the UK general election, a position of 1.5% was established in FTSE 100 futures, anticipating a more favourable policy environment for UK growth in coming years. This proved to be correct in relative terms but not yet in absolute terms, as the UK market's subsequent outperformance was insufficient to outweigh the general fall in markets during May and June.

## Gearing

In April, the Company issued £21m of 20 year and £54m of 30 year fixed-interest debt at yields of 3.29% and 3.47% respectively. In the short term, the funds have been predominantly used to repay the Company's short-term borrowings of £55m but the issues also took account of the repayment of the Company's 8.5% Debenture stock due in October 2016. In the meanwhile, the size of the Company's short-term facility has been reduced from £70m to £25m, to reduce commitment costs. At the end of June, the drawn balance on this facility was nil.

The borrowing yields Witan secured are the lowest rates achieved in the sector for borrowing at such long maturities for many decades, if not in living memory. The Board believes that fixing borrowing costs at such low rates will benefit future shareholder returns. Following the issues, the Company has £185m of fixed-rate borrowings, which will reduce to £140m when the Debenture is repaid. The average interest rate paid on the Company's fixed-rate borrowings has declined from 7% (prior to the issue) to 5.6% and will fall further to 4.6% following repayment of the Debenture in 2016.

Taking account of cash balances and the face value of equity index futures, at the end of June gearing was 9.6%, slightly lower than the 2014 year-end figure of 10.1%.

## Expenses

The ongoing charges figure ('OCF') for the six months was 0.40%, up from 0.38% for the first half of 2014. Including performance fees, the OCF was 0.48% for the first half of 2015, compared with 0.37% for the same period in 2014. These figures apply for the first half and are not annualised. The OCF for the whole of 2014 was 0.74% excluding performance fees and 0.96% including performance fees.

Within other operating expenses, there was a rise of £0.3m in payroll costs compared with the first half of 2014, owing to a strengthening of the Company's investment, operations and marketing resources. General expenses rose by £0.2m in the first half of the year. This was as a result of costs linked to value creation for shareholders (listing fees for the new Block listing facility and fees for advice on European tax reclaims) and depositary fees connected with the

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implementation of the Alternative Investment Fund Managers Directive ('AIFMD') in July 2014. These increases were partly offset by lower consultancy and legal fees.

Base management fees paid to external delegated managers were 18% higher than those in the first half of 2014, owing to increases in the assets under management in the managers' portfolios. There was a £1.2m accrual for performance fees due to the external delegated managers, compared with a reduction in accruals of £0.02m in the 2014 half year report. This reflects a stronger overall performance during the period by managers with performance-related fees.

### **Investment income**

Gross revenue was 23% higher than in the first half of 2014, reflecting changes in holdings as well as underlying changes in portfolio dividends. The figures benefited from higher company pay-outs and from a weaker level of sterling than a year ago compared with the dollar, offset partly by strength relative to the euro. Expenses charged to revenue increased by 17%, due to higher market levels feeding through to investment management fees paid to external delegated managers, as well as a rise in regulatory costs following the introduction of the AIFMD mid-way through 2014. As a result of these factors, the Company's revenue earnings per share were 23% higher compared with the first half of 2014, at 10.91p.

### **Dividend**

The Board's policy is that the first three interim dividends of the current financial year (paid in June, September and December) will, in the absence of unforeseen circumstances, be paid at the rate of one quarter of the total payment in respect of the previous year.

Accordingly, a second interim dividend of 3.85p per ordinary share, being one quarter of the total dividend paid in respect of 2014 (15.40p), will be paid on 18 September 2015 to shareholders on the register on 21 August 2015. This follows the first interim dividend of 3.85p per ordinary share paid on 18 June 2015.

The fourth payment (in March 2016) will be a balancing amount, reflecting the difference between the three quarterly dividends already paid and the payment decided for the full year. The full year's dividend is intended to be consistent with the Company's policy to increase the total annual dividend in real terms, ahead of inflation.

The Company has increased its dividend every year since 1974 (a 40 year record of increases), recognising the importance for its investors of a reliable and growing income.

### **The discount, share buybacks and issuance**

Over the past year the rating at which Witan's shares have traded in the market has improved further, with a discount of 1.5% (taking debt at market value) in June 2014 moving to a premium of 0.8% at the end of June 2015. The shares have traded at a premium for much of 2015, which enabled the Company to issue 4.5m new shares during the period at a premium to NAV to meet investor demand in the market. This is beneficial to shareholders in several ways. The issuance itself is modestly accretive to NAV (+£0.3m in the first half of 2015), being made at a premium to NAV. The increased market liquidity is particularly helpful to investors contemplating more substantial investments and the increased size of the Company enables its fixed costs to be

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# Interim Management Report continued

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spread over a wider base. Whilst delivery of sound investment performance remains the principal focus of the Board, it has also always paid attention to discount-related issues. In the 15 years prior to 2013 the Company bought back a total of over 49% of the initial shares, so it is a positive contrast to have been able to expand the number of shares this year by 2.4% following the rerating of the Company's shares seen since 2012.

As stated in the half year report a year ago, the Company is pleased to have met its longstanding target of achieving a discount below 10% and clearly it is in shareholders' interests for Witan's shares to continue to be highly rated in the market. With this in mind, although no new discount target is set, the Company will, as in the past, be prepared to buy back shares taking account of prevailing market conditions, the level of the discount and the impact on the NAV per share. Similarly, where it is in shareholders' interests, the Company may issue shares at a premium to NAV.

## Outlook

The developed world entered the second half of the year with economic growth improving and becoming more synchronised after the contrasting fortunes seen in recent years. The US and UK economies are growing at rates that have brought forward expectations that current near-zero interest rates will soon start to rise, although the authorities have been careful to reassure that the pace of tightening will be gradual. Within Europe, growth is unevenly distributed but, with the clear exception of Greece, generally at a faster pace than 2014.

The main areas of concern centre on emerging economies. China's economy has been slowing for some years, amid concerns that a period of excessive property and infrastructure investment had left its banks exposed to bad debts. This year has also seen the puffing up and bursting of a domestic stock market bubble, which risks undermining confidence in China's nascent financial markets. The jury is out on whether the authorities will be able to steer the economy towards a soft landing. Some other emerging economies have been hit by the weakness in oil and other commodity prices, as well as worries that they will suffer capital outflows if the US Federal Reserve tightens liquidity.

Despite the adjustment pains in some emerging economies and in parts of Europe, there appear to be more economic tailwinds than headwinds. Corporate earnings are improving, the effect of low oil prices should support consumer demand in oil-importing countries and liquidity trends remain positive, with central banks in Europe, Japan and a number of Asian economies easing policy, while rate increases in the US, and possibly the UK, seem likely to be very gradual. An environment of moderate economic growth and subdued inflation should favour equity investment, although there are few windfalls after the gains seen in recent years. This argues for selectivity, both in the markets and individual stocks invested in and in avoiding pockets of speculative excess, such as have occurred in government bond markets in early 2015 and more recently in the Chinese domestic market.

For and on behalf of the Board  
Harry Henderson  
Chairman

Andrew Bell  
Chief Executive Officer

11 August 2015

# Portfolio Information

## as at 30 June 2015

Company	£'m	% of portfolio
London Stock Exchange	25.1	1.52
Diageo	23.4	1.42
BlackRock World Mining	23.3	1.41
Comcast	22.4	1.36
Princess Private Equity	22.4	1.35
Apax Global Alpha	22.3	1.35
Unilever	21.4	1.29
Schroders	21.4	1.29
BT	20.7	1.25
Daily Mail & General	20.7	1.25
Reed Elsevier	19.9	1.20
Lloyds Banking	19.5	1.18
Sage	18.1	1.09
Pearson	17.2	1.04
NB Distressed Debt Inv. Fund	16.4	0.99
JP Morgan Chase	14.8	0.90
Goldman Sachs	14.7	0.89
BP	14.1	0.85
Deutsche Annington Immobilie	13.6	0.82
Aberforth Geared Income	13.5	0.81
Walt Disney	13.5	0.81
Capita	13.1	0.79
Microsoft	13.1	0.79
Oracle	13.1	0.79
Rathbone Brothers	12.6	0.76
<b>Top 25</b>	<b>450.3</b>	<b>27.20</b>

Company	£'m	% of portfolio
Roche Holdings	12.3	0.75
Visa	11.9	0.72
Edinburgh Dragon 3.5% Conv.	11.7	0.71
Burberry	11.6	0.70
Barclays	11.3	0.68
Vodafone	10.4	0.63
Delta Air Lines	10.2	0.62
Hargreaves Lansdown	10.1	0.61
Qualcomm	10.1	0.61
SVG Capital	10.0	0.61
Royal Dutch Shell	10.0	0.60
Time Warner Cable	9.9	0.60
Taiwan Semiconductor Mfg.	9.8	0.59
GlaxoSmithKline	9.6	0.58
Imperial Tobacco	9.5	0.57
Nike	9.4	0.57
Wells Fargo	9.4	0.57
Baxter	9.1	0.55
Reckitt Benckiser	8.9	0.54
Int'l Consolidated Airlines	8.9	0.54
UnitedHealth	8.7	0.53
Micro Focus	8.6	0.52
Accenture	8.3	0.50
American Express	8.3	0.50
Safran	8.1	0.49
<b>Top 50</b>	<b>696.4</b>	<b>42.09</b>

The top ten holdings represent 13.5% of the total portfolio (31 December 2014: 14.2%).

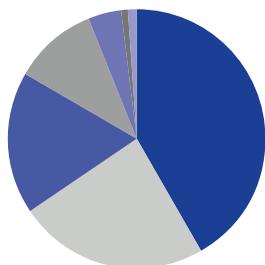
The full portfolio is not listed because it contains over 400 companies. The above listing is of the largest individual equity investments and as such excludes a collective investment used to invest in Emerging Markets (which is valued at £50.8m) and an exchange traded FTSE All-World fund (which is valued at £27.2m). It also excludes the face value of the UK equity index future position (£24.7m).

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# Portfolio Information continued

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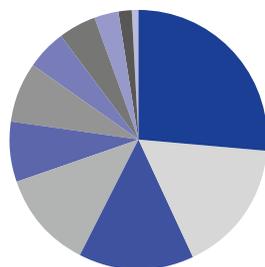
## Portfolio by geographical classification as at 30 June 2015



- United Kingdom – 41.7%\*
- North America – 24.1%
- Continental Europe – 17.6%
- Asia Pacific (ex Japan) – 10.5%
- Japan – 4.4%
- Latin America – 0.6%
- Other – 1.1%

\*underlying exposure 42.5% including index futures investment

## Sector breakdown of the portfolio as at 30 June 2015



- Financials – 26.6%
- Consumer Services – 16.6%
- Industrials – 14.4%
- Consumer Goods – 12.3%
- Technology – 7.5%
- Health Care – 7.4%
- Open-ended Funds – 5.1%
- Telecommunications – 4.6%
- Oil & Gas – 3.0%
- Basic Materials – 1.7%
- Utilities – 0.8%

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# Regulatory Disclosures

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## Going concern

The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

## Related party transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or performance of the Company during the period. Details of any past related party transactions are contained in the Company's Annual Report for the year ended 31 December 2014.

## Principal risks and uncertainties

The principal risks and uncertainties associated with the Company's business can be divided into various areas:

- a fall in equity prices
- the application of investment strategy: country, currency, industrial sector, stock selection, choice of investment manager
- the appropriateness of the corporate objective and strategy
- operational and regulatory risks.

Information on these risks is given in the Strategic Report and in the Notes to the Financial Statements in the Company's Annual Report for the year ended 31 December 2014.

In the view of the Board these principal risks and uncertainties are 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:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34;
- (b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- (c) the Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board

Harry Henderson  
Chairman

11 August 2015

# Investment Managers

## Assets under management and investment performance as at 30 June 2015

Investment Manager	Appointment date	% of Witan's funds under management at 30.06.15 <sup>(1)</sup>	Performance in the half year (%)	Benchmark performance in the half year (%)	Performance since appointment (%) <sup>(2)</sup>	Benchmark performance since appointment (%) <sup>(2)</sup>
Artemis Investment Management	06.05.08	10.3	4.1	3.0	11.1	5.4
Heronbridge	17.06.13	6.7	9.0	3.0	13.0	6.7
Lindsell Train	01.09.10	10.6	6.9	3.0	18.9	9.7
Lansdowne Partners	14.12.12	10.1	5.1	(0.5)	27.2	11.5
MFS International	30.09.04	8.2	2.3	2.2	12.1	9.2
Pzena	02.12.13	9.2	2.1	2.2	7.4	9.2
Tweedy, Browne	02.12.13	3.0	1.5	2.2	6.7	9.2
Veritas Asset Management	11.11.10	12.1	4.2	2.1	12.5	9.5
Marathon Asset Management	23.07.10	7.7	6.4	3.4	10.7	8.1
Matthews International Capital Management	20.02.13	11.1	10.4	6.6	7.8	5.1
Trilogy Global Advisors	09.12.10	3.0	(3.9)	2.2	(3.8)	(0.2)
Witan Direct Holdings	19.03.10	8.0	4.4	3.6	8.9	7.7

(1) Percentage of Witan assets managed, excluding central cash balances.

(2) Percentages are annualised where the appointment date was before 2014.

Source: The WM Company.

# Investment Managers

## Mandates as at 30 June 2015

Equity mandate	Investment manager	Benchmark (total return)	Investment style
UK	Artemis Investment Management LLP	FTSE All-Share	Recovery/special situations
UK	Heronbridge Investment Management LLP	FTSE All-Share	Intrinsic value growth
UK	Lindsell Train Limited	FTSE All-Share	Long-term growth from undervalued brands
Global	Lansdowne Partners (UK) LLP	DJ Global Titans	Concentrated, benchmark-independent investment in developed markets
Global	MFS International (UK) Limited	FTSE All-World	Growth at an attractive price
Global	Pzena Investment Management, LLC	FTSE All-World	Systematic value
Global	Tweedy, Browne Company LLC	FTSE All-World	Fundamental value
Global	Veritas Asset Management LLP	FTSE All-World	Fundamental value, real return objective
Pan-European	Marathon Asset Management LLP	FTSE All-World Developed Europe	Capital cycles
Asia Pacific (including Japan)	Matthews International Capital Management LLC	MSCI Asia Pacific Free	Quality companies with dividend growth
Emerging Markets	Trilogy Global Advisors, LP	MSCI Emerging Markets	Fundamental, growth orientated
Directly-held investments	Witan's AIFM and Executive team	Witan's combined equity benchmark	Collective funds invested in mispriced or specialist assets, recovery situations

# Consolidated Statement of Comprehensive Income

## for the half year ended 30 June 2015

	Note	(Unaudited) Half year ended 30 June 2015		Total £'000
		Revenue return £'000	Capital return £'000	
Investment income		26,561	–	26,561
Other income		728	–	728
Gains on investments held at fair value through profit or loss	2	–	56,029	56,029
<b>Total income</b>		<b>27,289</b>	<b>56,029</b>	<b>83,318</b>
<b>Expenses</b>				
Management and performance fees		(860)	(3,790)	(4,650)
Other expenses		(3,107)	(51)	(3,158)
<b>Profit before finance costs and taxation</b>		<b>23,322</b>	<b>52,188</b>	<b>75,510</b>
Finance costs		(1,137)	(3,286)	(4,423)
<b>Profit/(loss) before taxation</b>		<b>22,185</b>	<b>48,902</b>	<b>71,087</b>
Taxation		(1,197)	–	(1,197)
<b>Return attributable to equity shareholders</b>		<b>20,988</b>	<b>48,902</b>	<b>69,890</b>
<b>Earnings/(loss) per ordinary share</b>	3	<b>10.91p</b>	<b>25.42p</b>	<b>36.33p</b>

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with IFRSs as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Group does not have any other comprehensive income and hence the total profit, as disclosed above, is the same as the Group's total comprehensive income.

All income is attributable to the equity holders of Witan Investment Trust plc, the parent company. There are no minority interests.

(Unaudited) Half year ended 30 June 2014			(Audited) Year ended 31 December 2014		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
21,423	–	21,423	38,297	–	38,297
742	–	742	1,440	–	1,440
–	5,096	5,096	–	79,073	79,073
22,165	5,096	27,261	39,737	79,073	118,810
(731)	(2,171)	(2,902)	(1,541)	(7,623)	(9,164)
(2,671)	(51)	(2,722)	(4,798)	(101)	(4,899)
18,763	2,874	21,637	33,398	71,349	104,747
(1,045)	(3,009)	(4,054)	(2,115)	(6,095)	(8,210)
17,718	(135)	17,583	31,283	65,254	96,537
(968)	–	(968)	(1,218)	–	(1,218)
16,750	(135)	16,615	30,065	65,254	95,319
8.85p	(0.07p)	8.78p	15.88p	34.47p	50.35p

# Consolidated Statement of Changes in Equity

## for the half year ended 30 June 2015

	Note	(Unaudited) Half year ended 30 June 2015					Revenue reserve £'000	Total £'000
		Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000			
At 31 December 2014		47,390	18,106	46,498	1,274,185	55,068	1,441,247	
Total comprehensive income:								
Profit for the period		–	–	–	48,902	20,988	69,890	
Transactions with owners, recorded directly to equity:								
Ordinary dividends paid		–	–	–	–	(16,176)	(16,176)	
Issue of ordinary shares	5	1,124	35,890	–	–	–	37,014	
At 30 June 2015		48,514	53,996	46,498	1,323,087	59,880	1,531,975	

	Note	(Unaudited) Half year ended 30 June 2014					Revenue reserve £'000	Total £'000
		Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000			
At 31 December 2013		47,328	16,237	46,498	1,208,931	53,950	1,372,944	
Total comprehensive income:								
(Loss)/profit for the period		–	–	–	(135)	16,750	16,615	
Transactions with owners, recorded directly to equity:								
Ordinary dividends paid		–	–	–	–	(15,334)	(15,334)	
Buybacks of ordinary shares	5	–	–	–	(69)	–	(69)	
At 30 June 2014		47,328	16,237	46,498	1,208,727	55,366	1,374,156	

	Note	(Audited) Year ended 31 December 2014					Revenue reserve £'000	Total £'000
		Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000			
At 31 December 2013		47,328	16,237	46,498	1,208,931	53,950	1,372,944	
Total comprehensive income:								
Profit for the year		–	–	–	65,254	30,065	95,319	
Transactions with owners, recorded directly to equity:								
Ordinary dividends paid		–	–	–	–	(28,947)	(28,947)	
Buybacks of ordinary shares	5	–	–	–	(363)	–	(363)	
Issue of ordinary shares	5	62	1,869	–	363	–	2,294	
At 31 December 2014		47,390	18,106	46,498	1,274,185	55,068	1,441,247	

# Consolidated Balance Sheet

## as at 30 June 2015

	Notes	(Unaudited) 30 June 2015 £'000	(Unaudited) 30 June 2014 £'000	(Audited) 31 December 2014 £'000
<b>Non current assets</b>				
Investments at fair value through profit or loss		1,654,063	1,455,689	1,552,278
<b>Current assets</b>				
Other receivables		9,971	8,234	6,931
Cash and cash equivalents		67,544	58,437	46,554
		77,515	66,671	53,485
<b>Total assets</b>		<b>1,731,578</b>	1,522,360	1,605,763
<b>Current liabilities</b>				
Other payables		(14,643)	(10,800)	(9,088)
Bank loans		–	(27,000)	(45,000)
		(14,643)	(37,800)	(54,088)
<b>Total assets less current liabilities</b>		<b>1,716,935</b>	1,484,560	1,551,675
<b>Non current liabilities</b>				
At amortised cost:				
8.5 per cent. Debenture Stock 2016		(44,580)	(44,583)	(44,581)
6.125 per cent. Secured Bonds due 2025		(63,327)	(63,266)	(63,292)
3.29 per cent. Secured Notes due 2035		(20,860)	–	–
3.47 per cent. Secured Notes due 2045		(53,638)	–	–
3.4 per cent. cumulative preference shares of £1		(2,055)	(2,055)	(2,055)
2.7 per cent. cumulative preference shares of £1		(500)	(500)	(500)
		(184,960)	(110,404)	(110,428)
<b>Net assets</b>		<b>1,531,975</b>	1,374,156	1,441,247
<b>Equity attributable to equity holders</b>				
Ordinary share capital	5	48,514	47,328	47,390
Share premium account		53,996	16,237	18,106
Capital redemption reserve		46,498	46,498	46,498
Retained earnings:				
Other capital reserves		1,323,087	1,208,727	1,274,185
Revenue reserve		59,880	55,366	55,068
<b>Total equity</b>		<b>1,531,975</b>	1,374,156	1,441,247
<b>Net asset value per ordinary share</b>	6	<b>789.45p</b>	725.91p	760.31p

# Consolidated Cash Flow Statement

## for the half year ended 30 June 2015

	(Unaudited) Half year ended 30 June 2015 £'000	(Unaudited) Half year ended 30 June 2014 £'000	(Audited) Year ended 31 December 2014 £'000
<b>Operating activities</b>			
Profit before taxation	71,087	17,583	96,537
Interest paid	4,423	4,054	8,210
Gains on investments held at fair value through profit or loss	(56,029)	(5,096)	(79,073)
Net purchases of investments held at fair value through profit or loss	(43,973)	(11,392)	(38,165)
(Increase)/decrease in other receivables	(2,974)	95	(302)
Increase/(decrease) in other payables	859	(38)	956
Scrip dividends included in investment income	(617)	(595)	(1,200)
Net gains from futures contracts	1,470	275	6,413
<b>Net cash (outflow)/inflow from operating activities before interest and taxation</b>	<b>(25,754)</b>	4,886	(6,624)
Interest paid	(4,157)	(4,023)	(8,149)
Tax on overseas income	(1,395)	(1,176)	(1,962)
Recovery of prior years' withholding tax	103	–	581
<b>Net cash outflow from operating activities</b>	<b>(31,203)</b>	(313)	(16,154)
<b>Financing activities</b>			
Equity dividends paid	(16,176)	(15,334)	(28,947)
Issue of secured notes net of issue expenses	74,496	–	–
Buybacks of ordinary shares	–	(69)	(363)
Issue proceeds of ordinary shares	38,943	–	365
(Repayment)/drawdown of bank loans	(45,000)	17,000	35,000
<b>Net cash inflow from financing</b>	<b>52,263</b>	1,597	6,055
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>21,060</b>	1,284	(10,099)
Cash and cash equivalents at the start of the period	46,554	57,532	57,532
Effect of foreign exchange rate changes	(70)	(379)	(879)
<b>Cash and cash equivalents at the end of the period</b>	<b>67,544</b>	58,437	46,554

# Notes to the Financial Statements

## for the half year ended 30 June 2015

### 1 Basis of preparation

The condensed set of financial statements for the half year ended 30 June 2015 has been prepared on the basis of the accounting policies set out in the consolidated financial statements for the year ended 31 December 2014.

### 2 Transaction costs

The gains on investments held at fair value through profit or loss include purchase transaction costs of £652,000 (half year ended 30 June 2014: £502,000; year ended 31 December 2014: £607,000) and sale transaction costs of £234,000 (half year ended 30 June 2014: £212,000; year ended 31 December 2014: £304,000). The purchase transaction costs comprise mainly stamp duty and commissions. The sale transaction costs comprise mainly commissions.

### 3 Earnings/(loss) per ordinary share

The earnings per ordinary share figure is based on the net profit for the half year of £69,890,000 (half year ended 30 June 2014: £16,615,000; year ended 31 December 2014: £95,319,000) and on 192,359,094 ordinary shares (half year ended 30 June 2014: 189,304,589; year ended 31 December 2014: 189,302,044) being the weighted average number of ordinary shares in issue during the period.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	(Unaudited) Half year ended 30 June 2015 £'000	(Unaudited) Half year ended 30 June 2014 £'000	(Audited) Year ended 31 December 2014 £'000
Net revenue profit	20,988	16,750	30,065
Net capital profit/(loss)	48,902	(135)	65,254
Net total profit	69,890	16,615	95,319

Weighted average number of ordinary shares in issue during the period

192,359,094	189,304,589	189,302,044
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	Pence	Pence	Pence
Revenue earnings per ordinary share	10.91	8.85	15.88
Capital earnings/(loss) per ordinary share	25.42	(0.07)	34.47
Total earnings per ordinary share	36.33	8.78	50.35

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# Notes to the Financial Statements continued

## for the half year ended 30 June 2015

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### 4 Interim dividend

The Directors have declared a second interim dividend of 3.85p per ordinary share (2014: 3.60p), payable on 18 September 2015 to shareholders registered on 21 August 2015. The shares will be quoted ex-dividend on 20 August 2015. A first interim dividend of 3.85p (2014: 3.60p) was paid on 18 June 2015.

### 5 Ordinary share capital

At 30 June 2015 there were 194,056,000 ordinary shares in issue (30 June 2014: 189,301,000; 31 December 2014: 189,561,000) and nil shares held in treasury (30 June 2014: 10,000; 31 December 2014: nil). During the half year ended 30 June 2015 the Company issued 4,495,000 of its own ordinary shares (half year ended 30 June: 10,000 bought back and held in treasury; year ended 31 December 2014: 51,000 bought back, held in treasury and subsequently reissued, and 250,000 issued). The proceeds of the share issues were £37,014,000 (half year ended 30 June 2014: cost of buybacks £69,000; year ended 31 December 2014: cost of buybacks £363,000 and proceeds of £2,294,000).

### 6 Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the equity shareholders of £1,531,975,000 (30 June 2014: £1,374,156,000; 31 December 2014: £1,441,247,000) and on 194,056,000 ordinary shares (30 June 2014: 189,301,000; 31 December 2014: 189,561,000), being the number of ordinary shares in issue at the period end.

### 7 Subsidiary undertaking

The Company has an investment in the issued ordinary share capital of its wholly owned subsidiary undertaking, Witan Investment Services Limited, which is registered in England and Wales, operates in the United Kingdom and is regulated by the Financial Conduct Authority.

### 8 Financial instruments

#### Carrying amount versus fair values

At the period end, the carrying value of financial assets and financial liabilities approximates their fair value with the exception of the non current liabilities as detailed below:

	Fair value £'000	Carrying amount £'000
Financial liabilities measured at amortised cost:		
Non current liabilities		
Preference shares	1,389	2,555
Debenture stock	48,118	44,580
Secured bonds	79,059	63,327
Fixed rate loan notes	70,429	74,498
	<b>198,995</b>	<b>184,960</b>

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## Financial instruments carried at fair value

### Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Financial assets and financial liabilities at fair value through profit or loss at 30 June 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments including derivatives:				
Equity securities designated at fair value through profit or loss	1,569,591	–	–	1,569,591
Investments in other funds	–	84,472	–	84,472
Derivatives (nominal exposure of £24,677,000)	(748)	–	–	(748)
<b>Total financial assets and liabilities carried at fair value</b>	<b>1,568,843</b>	<b>84,472</b>	<b>–</b>	<b>1,653,315</b>

There were no level 3 investments during the 6 months to 30 June 2015.

There have been no transfers between levels of the fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

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: Valued using quoted prices in active markets for identical assets.

Level 2: Valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.

Included in Level 2 are investments in Trilogy Emerging Markets Fund, Polar Capital Insurance Fund and iShares MSCI Fund.

Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies in the year end accounts.

# Notes to the Financial Statements continued

## for the half year ended 30 June 2015

### 9 Segment reporting

As detailed in the Company's Annual Report for the year ended 31 December 2014, geographical segments are considered to be the Group's primary reporting segment and business segments the secondary reporting segment. The Group has two business segments: (i) its activity as an investment trust, which is the business of the parent company, and recorded in the accounts of that company; and (ii) the provision of alternative investment fund manager, executive and marketing management services and the management of savings schemes, which is the business of the subsidiary, Witan Investment Services Limited, and recorded in the accounts of that company. The investment trust is managed by reference to a geographical benchmark, as detailed on page 2; the geographical allocation of the portfolio, as 30 June 2015, is set out on page 10. The schedule on page 12 summarises the assets under management and investment performance relating to each investment manager. This information is updated and reviewed regularly for internal management purposes and is essential for assessing the structure of the overall portfolio and the performance of each investment manager.

	Half year ended 30 June 2015		Half year ended 30 June 2014		Year ended 31 December 2014	
	Investment trust £'000	Management services £'000	Investment trust £'000	Management services £'000	Investment trust £'000	Management services £'000
Revenue	26,711*	578	21,587*	578	38,635*	1,102
Carrying amount of assets	1,530,670	1,305	1,373,073	1,083	1,440,053	1,194

\*The investment and other income of the parent company.

### 10 Half year accounts

The condensed set of financial statements, forming the half year accounts, has been neither audited nor reviewed by the Company's auditors.

### 11 Comparative information

The financial information contained in this half year financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 June 2015 and 30 June 2014 has neither been audited nor reviewed by the auditors.

The figures and financial information for the year ended 31 December 2014 are extracted from the latest published audited financial statements of the Company and do not constitute the statutory accounts for that year. The audited financial statements for the year ended 31 December 2014 have been filed with the Registrar of Companies. The report of the independent auditors on those accounts contained no qualification or statement under section 498(2) or section 498(3) of the Companies Act 2006.

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# Witan Wisdom and Jump

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## How to invest

There is a variety of ways to invest in Witan Investment Trust plc. Naturally, Witan's shares can be traded through any UK stockbroker, as well as a growing number of online platforms that offer investment trusts, including Hargreaves Lansdown, Halifax Share Dealing and Barclays Stockbrokers. Advisers who wish to purchase Witan for their clients can also do so via online platforms, including Ascentric, Alliance Trust Savings, Nucleus, Raymond James, Seven IM and Transact. Witan is also available for investment through the two savings schemes managed by Witan Investment Services – Witan Wisdom and Jump Savings.

## Witan Wisdom

Shareholders who hold their investment via Witan Wisdom are charged a flat annual fee of £30 +VAT\* for both the Witan Wisdom Share Plan and ISA. There is no charge other than government stamp duty, for regular savings or dividend reinvestment. Lump sum dealing is charged at a flat rate of £15, plus government stamp duty.

Witan Wisdom offers two different savings wrappers:

**The Witan Wisdom ISA** is a stocks and shares ISA that enables investors to buy Witan shares within a tax efficient wrapper. Investors have an annual ISA allowance of up to £15,240 in the 2015/16 tax year. The minimum lump sum investment with Witan Wisdom ISA is £2,000, with the regular savings minimum being £100 per month. Investors can also transfer existing ISAs to Witan Wisdom while retaining their tax efficient wrapper during and after transfer.

**The Witan Wisdom Share Plan** is our straightforward, low-cost savings scheme. The minimum lump sum investment is £1,000, and the minimum regular contribution is £50 per month or quarter. There is no maximum. Accounts can also be held jointly, or designated to a child.

## Jump Savings for children

Jump gives parents, grandparents and other adults the chance to invest in Witan on behalf of a child. This flexible savings plan has a minimum lump sum investment set at £250 and regular contributions can be made from £50 per month or quarter. Jump is available in three different wrappers:

**Junior ISA** – Is a tax efficient wrapper available to children born before 1 September 2002 or after 3 January 2012, or those who did not qualify for a Child Trust Fund. The account can only be opened by the parent though others can add to it. It currently has an annual subscription limit of £4,080 for the 2015/16 tax year. You can open a Jump Junior ISA with a minimum lump sum investment of £250 or £50 per month or quarter.

**Jump Child Trust Fund** – Like the Junior ISA, the Child Trust Fund (CTF) is a tax efficient savings vehicle with a current annual limit of £4,080 each year (measured by the child's birthday). Each child born in the UK from 1 September 2002 up to and including 2 January 2012 was eligible for a CTF. You can transfer existing CTFs to a Jump CTF or directly to a Jump Junior ISA, subject to a minimum transfer value of £1,000 in both cases.

**Jump Savings Plan** – the Jump Savings Plan offers greater flexibility than the Junior ISA or Child Trust Fund in terms of the limits, access and control of the investment. It can also be opened by grandparents, relatives and other family friends. You can open a Jump Savings Plan with a lump sum investment of £250 or £50 per month or quarter.

(n.b. With a flat rate annual fee of £31.60\*\* +VAT for Jump, the cost is high for the minimum subscription level. Investors should consider if this is suitable for them if they do not plan to add to the account.)

Brochures and applications for all of our products are available by calling 0800 082 81 80 or online via [www.witan.com](http://www.witan.com). If you would prefer to write to request further information, the address details can be found on the inside back cover.

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\* increases in line with inflation (UK Consumer Price Index) every 3 years compounded. In accordance with this policy, there will be an adjustment in line with inflation applied to the Annual Management Fee with effect from 6 April 2017.

\*\* increases in line with inflation (UK Consumer Price Index) every 3 years compounded. In accordance with this policy, there will be an adjustment in line with inflation applied to the Annual Management Fee with effect from 6 April 2018.

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Witan Investment Trust plc is an equity investment. Investors are reminded that past performance is not a guide to future performance and the value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Please note that tax assumptions may change if the law changes, and the value of tax relief (if any) will depend upon your individual circumstances. Investors should consult their own tax advisers in order to understand any applicable tax consequences. Issued and approved by Witan Investment Services Limited. Witan Investment Services Limited of 14 Queen Anne's Gate, London SW1H 9AA is registered in England and Wales number 5272533. Witan Investment Services Limited provides investment products and services and is authorised and regulated by the Financial Conduct Authority. We may record telephone calls for our mutual protection and to improve customer service.

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# Our relationship with the RHS

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Witan Investment Trust has enjoyed a fruitful relationship with the Royal Horticultural Society ('RHS') for more than 18 years. Over this time Witan has helped the RHS to redevelop a number of new gardens at RHS Garden Wisley including the Walled Garden West, the Herb Garden and the Bowes-Lyon Rose Garden. In June 2015, Witan sponsored the Preview Evening Fireworks and the Growth Bandstand at the RHS Hampton Court Flower Show and, in Spring 2017, the Global Growth Vegetable Garden is scheduled to open at RHS Garden Hyde Hall, with the support of Witan Investment Trust.

Witan shareholders who hold their shares through Witan Wisdom or Jump Savings, or on the main register, are eligible to apply for a ballot for a ticket that will allow free entry for two adults to any one of the four RHS gardens in the UK.

**If you would like to request a ticket then please phone us on 0800 082 8180 or email us at [wisdom@ifdsgroup.co.uk](mailto:wisdom@ifdsgroup.co.uk).**

## **Warning to Shareholders**

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers of shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

Shareholders who suspect they may have been approached by fraudsters should advise the Financial Conduct Authority ('FCA') using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams) or call the FCA Consumer Helpline on 0800 111 6768. You may also wish to call either the Company Secretary or the Registrar at the numbers provided on the inside back cover.

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# Directors and other information

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## Directors

H M Henderson (Chairman) <sup>(a), (c), (d)</sup>

A L C Bell (Chief Executive Officer) <sup>(d)</sup>

J E B Bevan <sup>(a)</sup>

R W Boyle <sup>(a), (b), (d)</sup>

M C Claydon <sup>(a), (b), (c), (d)</sup>

S E G A Neubert <sup>(a), (d)</sup>

R J Oldfield <sup>(a), (c)</sup>

A Watson (Senior Independent Director) <sup>(a), (b), (d)</sup>

(a) Independent non-executive directors.

(b) Members of the Audit Committee which is chaired by Mr Boyle.

(c) Members of the Remuneration and Nomination Committee which is chaired by Mrs Claydon.

(d) Director of Witan Investment Services Limited.

## Company Secretary

Frostrow Capital LLP

25 Southampton Buildings

London WC2A 1AL

Telephone: 020 3008 4910

## Registered Office

14 Queen Anne's Gate

London SW1H 9AA

Telephone: 020 7227 9770

## Registered Number

Registered as an investment company in England and Wales, Number 101625.

## Registrar

Computershare Investor Services PLC

The Pavilions

Bridgwater Road

Bristol BS99 6ZZ

Telephone: 0370 707 1408\*

\* Calls cost about 2 pence per minute from a BT line plus any network extras; calls from other providers, or from mobile phones, may cost more.

## Payment of Dividends

Dividends can be paid directly to a shareholder's bank account by means of BACS. Mandate forms for this purpose are available on request from the Registrar (at the address above). Alternatively, shareholders can write to the Registrar to give their instructions: these must include bank account

number, the bank account title and the sort code of the bank to which payments are to be made.

## Other Points of Contact

If you have any questions or need more information concerning Witan, you may contact us in the following ways:

*Freephone:*

0800 082 8180

*Website:*

[www.witan.com](http://www.witan.com)

*E-mail:*

[wisdom@ifdsgroup.co.uk](mailto:wisdom@ifdsgroup.co.uk)

*Post:*

For Witan Wisdom and Jump Savings queries:

Witan Wisdom

PO Box 10550

Chelmsford

CM99 2BA

## Note to those who access this document by electronic means

The financial report for the half year ended 30 June 2015 has been approved by the Board of Witan Investment Trust plc and circulated to the Company's shareholders in hard copy format. It is also made available in electronic format for the convenience of readers. However, the Board cannot accept responsibility for guaranteeing the integrity of the document in electronic format. Printed copies are available from the Company's Registered Office in London.

Readers should note that legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.



The Company is also member of

**aic**

The Association of  
Investment Companies



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