



**Manchester & London
Investment Trust
Public Limited Company**

HALF YEAR REPORT
FOR THE SIX MONTHS ENDED
31 JANUARY 2017

Contents

Summary of Results	2
Chairman's Statement	3
Investment Manager's Report	4
Portfolio Report Equity Exposures (Longs)	6
Interim Management Report.....	7
Condensed Statement of Comprehensive Income	8
Condensed Statement of Changes in Equity	9
Condensed Statement of Financial Position.....	10
Condensed Statement of Cash Flows	11
Notes to the Condensed Financial Statements	12
Investment Objective.....	16
Investment Policy.....	16
Shareholder information	18
Corporate Information.....	19

Summary of Results

	At 31 January 2017	At 31 July 2016	Change
Net assets attributable to Equity Shareholders (£'000)	78,580	75,546	4.0%
Net asset value per ordinary share (pence)	364.90	350.80p	4.0%

	Increase
Total return to shareholders	7.1%
Benchmark - Dow Jones UK Total Stock Market Total Return	7.0%

	At 31 January 2017	At 31 January 2016	Change
Interim ordinary dividend per ordinary share (p)	1.82	0.40	
First special dividend per ordinary share (p)	1.18	0.46	
Second special dividend per ordinary share (p)	-	2.10	
Total dividends per ordinary share (p)	3.00	2.96	1.4%

Ex-dividend date	13 April 2017
Record date	18 April 2017
Payment date	2 May 2017

Chairman's Statement

Results for the half year ended 31 January 2017

During the half year under review the total return to shareholders was 7.1%, against an increase in the benchmark of 7.0%.

Whilst the Investment Manager's underlying model of buying quality global blue chip stocks remains unchanged, the additional emphasis that has been put on buying business models that are aligned with key forward looking trends continues to have worked during the first 6 months of the year. The Investment Manager's Report sets out the reasons for this performance.

Dividends

As explained in the Strategic Report of the Annual Report & Financial Statements Year Ended 31 July 2016 (the "Annual Report 2016"), we have split the dividend payments in order to better reflect the sources of the Company's income. Recurring income from dividends on underlying holdings has been paid out as ordinary dividends, whilst non-recurring (other Investment) income has been paid out as special dividends.

With these results we have announced an ordinary dividend of 1.82p and a first special dividend of 1.18p. The aggregate of all these is 3.00p per share compared to 2.96p in the same period last year. This is an increase of 1.4%.

Outlook

Global events, both political and economic, continue to produce uncertainty and volatility in equity markets worldwide. Within this challenging environment our performance in the first half of the year has been satisfactory. The board has confidence that our Investment Manager's stated investment strategy gives every opportunity for this to continue in the remainder of the year.

Mr P H A Stanley
Chairman
4 April 2017.

Investment Manager's Report

Introduction

It has been an interesting six month period with our benchmark returning 7.0% on the Trumpflation story (the inflation that might appear during Donald Trump's U.S. Presidential administration). Trumpflation has been good for cyclicals and as one strategist put it: "if you were underweight in Shell and BP you were in trouble" unless, of course, you were in banks or financials or materials. We had no holdings in any of these sectors. The worst performing areas were healthcare and "bond proxies." We held over 40% of our portfolio in these areas. Therefore, it is with great relief that we can report we outperformed our benchmark by 0.1% over the period.

Contribution to performance (based on Total Return of holdings - including derivatives - in local currency)

Technology Investments	6.7%
Consumer Goods Investments	(0.3)%
Healthcare & Pharmaceuticals Investments	(0.8)%
Other Investments	<u>0.1%</u>
Underlying Portfolio Local Currency Return	<u>5.7%</u>
FX & Costs	<u>1.4%</u>
Total Portfolio Base Currency Return	<u>7.1%</u>

Technology Investments

Although the election of Donald Trump was not particularly helpful for the sector, Technology was still the key driver of portfolio performance during the period.

NVidia Corp, which is emerging as a key player in artificial intelligence (due to the advantages of using GPU technology for machine learning), was a particularly strong performer, contributing around 1% to underlying portfolio performance (in local currency).

Our largest four core tech holdings also continued to perform well, with Microsoft contributing 1%, Amazon.com Inc. contributing 0.8%, Facebook Inc. 0.4% and Alphabet Inc. 0.3%. Apple Inc. benefited from a better than expected iPhone 7 launch (also helped by Samsung's battery issues) and contributed 0.7% to portfolio performance. Other notable positive contributors included: Polar Capital Technology Trust Plc 0.7%, Scottish Mortgage Investment Trust Plc 0.5%, Syngenta AG 0.4%, Yahoo! Inc. 0.3% and PayPal Holdings Inc. 0.2%.

Consumer Goods Investments

As mentioned in the introduction, "bond proxies" were generally poor performers during the period. So it was of no surprise that performance from our consumer investments was lacklustre.

Although a number of holdings saw declining share prices, we significantly mitigated the decline through call selling – delta hedging our positions. Our overall option overlay strategy improved the sector's performance by more than 0.6%.

Even net of option hedges, Heineken NV was still a key drag on performance, reducing local currency performance by 0.8%.

One of the few positive performers in the sector was Pernod Ricard SA, which contributed 0.2%.

Healthcare & Pharmaceuticals Investments

Healthcare was also an overall drag on performance in spite of our hedging efforts.

Key negative performers in the sector were GlaxoSmithKline Plc and Shire Plc which both contributed (0.3)% and Allergan Plc and AstraZeneca Plc both contributing (0.2)%.

The only notable positive contributors were Spire Healthcare Group Plc (acquired by Mediclinic), which contributed 0.2% and Zoetis which also contributed 0.2%.

Although we are concerned by some of the sector trends – such as increasing scrutiny on pricing, it is still a sector that generates good top line growth, has good Return on Invested Capital (“ROIC”) and is reasonably inexpensive.

Brexit

There is no change to our view on the impact of Brexit as referenced in our Annual Report 2016.

Investment Manager

M & L Capital Management Limited

Portfolio Report Equity Exposures (Longs)

As at 31 January 2017

Company	Sector	Value £'000	% of Net Assets
Investments			
Amazon.com, Inc.	Technology	7,894	10.05
Facebook Inc.	Technology	6,117	7.78
Microsoft Corporation	Technology	6,100	7.76
AlphaBet Inc.	Technology	5,782	7.36
Polar Capital Technology Trust plc	Technology	3,323	4.23
Apple Inc.	Technology	3,299	4.20
GlaxoSmithKline plc *	Healthcare & Pharmaceuticals	2,975	3.79
Scottish Mortgage Investment Trust plc	Technology	2,889	3.68
Yahoo! Inc. *	Technology	2,872	3.66
Heineken NV	Consumer Goods	2,617	3.33
Smith & Nephew plc *	Healthcare & Pharmaceuticals	2,603	3.31
Worldwide Healthcare Trust plc	Healthcare & Pharmaceuticals	2,466	3.14
Shire plc *	Healthcare & Pharmaceuticals	2,365	3.01
Beiersdorf AG *	Healthcare & Pharmaceuticals	2,252	2.87
salesforce.com, inc.	Technology	2,075	2.64
Pernod Ricard SA *	Consumer Goods	2,020	2.57
Davide Campari Milano SPA *	Consumer Goods	1,993	2.54
Unilever plc *	Consumer Goods	1,856	2.36
Zoetis Inc.	Healthcare & Pharmaceuticals	1,600	2.04
NVidia Corporation	Technology	1,553	1.98
Paypal Holdings Inc.	Technology	1,502	1.91
Roche Holding *	Healthcare & Pharmaceuticals	1,389	1.77
AstraZeneca Plc *	Healthcare & Pharmaceuticals	1,384	1.76
Syngenta AG *	Agrobusiness	1,353	1.72
The SME Loan Fund plc *	Investment Trust	1,302	1.66
Adobe systems Inc.	Technology	982	1.25
Priceline Group Inc.	Technology	883	1.12
Tencent Holdings Ltd *	Technology	806	1.03
		74,252	94.52
Balance held in 16 other positions		7,568	9.61
Total equities exposure		81,820	104.13
Other net assets		(3,240)	(4.13)
Net assets		78,580	100.00

(*including equity swap exposures.)

Interim Management Report

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal risks and uncertainties for the remaining six months of the financial year are set out in the Chairman's Statement on page 3 and the Investment Manager's Report on pages 4 and 5.

The principal risks facing the Company are substantially unchanged since the date of the Annual Report 2016 and continue to be as set out in that report. Risks faced by the Company include, but are not limited to, investment and strategy, market, market price volatility, currency, liquidity risk, credit and counterparty risk. Details of the Company's management of these risks and exposure to them are set out in the Annual Report 2016.

The holding company and ultimate controlling shareholder throughout the period and the previous year was M&M Investment Company plc, a company incorporated in England and Wales. This company was controlled throughout the year by Mr M Sheppard and his immediate family. There are no other significant changes to the related party disclosures set out in the Annual Report 2016.

Responsibility Statement

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union; and gives a true and fair view of the assets, liabilities and financial position of the Company; and
- this Half-Year Financial Report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions that could do so.

This Half-Year Financial Report was approved by the Board of Directors on 4 April 2017 and the above responsibility statement was signed on its behalf by David Harris, Chairman.

Mr D Harris
Chairman of Audit Committee

Condensed Statement of Comprehensive Income

For the six months ended 31 January 2017

	(Unaudited) Six months ended 31 January 2017			(Unaudited) Six months ended 31 January 2016			(Audited) Year ended 31 July 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value	-	5,094	5,094	-	2,030	2,030	-	10,712	10,712
Dividend and debt	466	-	466	301	-	301	897	-	897
Investment income									
Other investment income	255	-	255	362	-	362	2,808	-	2,808
Gross income	721	5,094	5,815	663	2,030	2,693	3,705	10,712	14,417
Expenses									
Management fee	(188)	-	(188)	(159)	-	(159)	(334)	-	(334)
Transaction costs	(93)	-	(93)	(143)	-	(143)	(223)	-	(223)
Other expenses	(186)	(79)	(265)	(135)	-	(135)	(224)	-	(224)
Total expenses	(467)	(79)	(546)	(437)	-	(437)	(781)	-	(781)
Profit/(loss) before finance costs and taxation	254	5,015	5,269	226	2,030	2,256	2,924	10,712	13,636
Finance costs	(30)	(45)	(75)	(40)	(73)	(113)	(35)	(177)	(212)
Profit/(loss) before tax	224	4,970	5,194	186	1,957	2,143	2,889	10,535	13,424
Taxation	-	-	-	-	-	-	-	-	-
Profit/(loss) attributable to equity shareholders	224	4,970	5,194	186	1,957	2,143	2,889	10,535	13,424
Earnings/(loss) per share (p)	1.04	23.08	24.12	0.87	9.10	9.97	13.45	49.05	62.50

The total column of this statement represents the Condensed Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue and capital return columns are both prepared under the statement of recommended practice published by the Association of Investment Companies ("AIC SORP").

All items in the above statement are derived from continuing operations. No operations were acquired or discontinued during the period.

The notes on pages 12 to 15 form part of these financial statements.

Condensed Statement of Changes in Equity

For the six months ended 31 January 2017

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Capital Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 August 2016	5,614	35,317	(79)	7,179	27,515	75,546
Total comprehensive income	-	-	79	4,970	224	5,273
Equity dividends paid	-	-	-	-	(2,239)	(2,239)
Balance at 31 January 2017	5,614	35,317	-	12,149	25,500	78,580

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Capital Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 August 2015	5,614	35,132	(79)	19,933	2,474	63,074
Total comprehensive income	-	-	-	1,957	186	2,143
Buybacks of ordinary shares	-	-	-	(121)	-	(121)
Equity dividends paid	-	-	-	-	(419)	(419)
Balance at 31 January 2016	5,614	35,132	(79)	21,769	2,241	64,677

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Capital Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 August 2015	5,614	35,295	(79)	(3,436)	25,680	63,074
Total comprehensive income	-	-	-	10,535	2,889	13,424
Buybacks of ordinary shares	-	-	-	(134)	-	(134)
Sale of ordinary shares	-	22	-	214	-	236
Equity dividends paid	-	-	-	-	(1,054)	(1,054)
Balance at 31 July 2016	5,614	35,317	(79)	7,179	27,515	75,546

The notes on pages 12 to 15 form part of these financial statements.

Condensed Statement of Financial Position

As at 31 January 2017

	(Unaudited) 31 January 2017 £'000	(Unaudited) 31 January 2016 £'000	(Audited) 31 July 2016 £'000
Non-current assets			
Investments held at fair value through profit and loss	55,396	36,242	38,999
	55,396	36,242	38,999
Current assets			
Unrealised derivative financial assets	1,381	1,887	3,269
Trade and other receivables	380	50	22
Cash and cash equivalents	23,163	29,439	35,252
	24,924	31,376	38,543
Gross assets	80,320	67,618	77,542
Current liabilities			
Unrealised derivative liabilities	(1,516)	(2,717)	(1,746)
Trade and other payables	(224)	(224)	(250)
	(1,740)	(2,941)	(1,996)
Net assets	78,580	64,677	75,546
Equity attributable to equity holders			
Ordinary share capital	5,614	5,614	5,614
Share premium	35,317	35,132	35,317
Capital reserves	12,149	21,769	7,179
Goodwill reserve	-	(79)	(79)
Retained earnings	25,500	2,241	27,515
Total equity shareholders' funds	78,580	64,677	75,546
Net asset value per share (p)	364.90	301.50	350.80

The notes on pages 12 to 15 form part of these financial statements.

Condensed Statement of Cash Flows

For the six months ended 31 January 2017

	(Unaudited) 31 January 2017 £'000	(Unaudited) 31 January 2016 £'000	(Audited) 31 July 2016 £'000
Cash flow from operating activities			
Profit before tax	5,194	2,143	13,424
Interest paid	75	56	383
(Gains)/losses on investments	(5,057)	1,158	(7,941)
(Increase)/decrease in receivables	(358)	(26)	2
(Decrease)/increase in payables	(40)	24	50
Decrease/(increase) in derivative financial instruments	1,657	1,771	(546)
Non cash movement	79	-	-
Net cash generated from operating activities	1,550	5,126	5,372
Cash flow from investing activities			
Purchase of investments	(19,101)	(27,363)	(39,450)
Sale of investments	7,761	18,039	36,432
Net cash (used in)/generated from investing activities	(11,340)	(9,324)	(3,018)
Cash flow from financing activities			
Equity dividends paid	(2,239)	(419)	(1,054)
Resale of ordinary shares	-	-	236
Buybacks of ordinary shares	-	(121)	(134)
Interest paid	(60)	(56)	(383)
Net cash used in financing activities	(2,299)	(596)	(1,335)
Net (decrease)/increase in cash and cash equivalents	(12,089)	(4,794)	1,019
Cash and cash equivalents at the beginning of the period	35,252	34,233	34,233
Cash and cash equivalents at the end of the period	23,163	29,439	35,252

The notes on pages 12 to 15 form part of these financial statements.

Notes to the Condensed Financial Statements

1. Significant accounting policies

Basis of preparation

The condensed financial statements, which comprise the unaudited results of the Company, have been prepared in accordance with IFRS, as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared in accordance with the AIC SORP, except to any extent where it is not consistent with the requirements of IFRS. The accounting policies are as set out in the Annual Report for the year ended 31 July 2016.

The functional currency of the Company is Pounds Sterling because this is the currency of the primary economic environment in which the Company operates. The condensed financial statements are presented in pounds sterling rounded to the nearest thousands, except where otherwise indicated.

The half-year financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The financial information contained in this half-year financial report does not constitute statutory accounts as defined by the Companies Act 2006. The financial information for the periods ended 31 January 2017 and 31 January 2016 have not been audited or reviewed by the Company's Auditors. The figures and financial information for the year ended 31 July 2016 are an extract from the latest published audited statements and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include a report of the Auditor, which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis and on the basis that approval as an investment trust will continue to be met.

2. Return per share

Returns per share are based on the weighted average number of shares in issue during the period. Normal and diluted return per share are the same as there are no dilutive elements on share capital.

	6 months to 31 January 2017 (unaudited)		6 months to 31 January 2016 (unaudited)		Year ended 31 July 2016 (audited)	
	Net return £'000	Per share Pence	Net return £'000	Per share pence	Net return £.000	Per share pence
Return on total comprehensive income						
Revenue	224	1.04	186	0.87	2,889	13.45
Capital	4,970	23.08	1,957	9.10	10,535	49.05
Total comprehensive income	5,194	24.12	2,143	9.97	13,424	62.50
Weighted average number of ordinary shares	21,534,420		21,396,920		21,477,042	

3. Issued ordinary share capital

	6 months to 31 January 2017 (unaudited)	6 months to 31 January 2016 (unaudited)	Year ended 31 July 2016 (audited)			
	Number	£'000	Number	£'000	Number	£'000
25p shares in issue	22,457,042	5,614	22,457,042	5,614	22,457,042	5,614
Shares held in treasury	(922,622)		(1,007,622)		(922,622)	
Shares in circulation	21,534,420		22,457,000		21,534,420	

The Company's share capital comprises Ordinary shares of 25p each with one vote per share. No shares were bought back, cancelled or resold in the six month period to 31 January 2017 (six months to 31 January 2016: 51,500 shares bought back for treasury at a cost of £121,000 and no shares resold; year ended 31 July 2016: 51,500 Ordinary Shares bought back for treasury at a total cost of £134,000 and 85,000 shares resold from treasury for a gross consideration of £236,000).

4. Dividends per ordinary share

The Board declared an interim dividend of 1.82p (2016: 0.40p) per ordinary share and a special dividend of 1.18p (2016: First 0.46p, second 2.10p) to shareholders registered at the close of business on 18 April 2017.

This dividend has not been included as a liability in these financial statements.

5. Net asset value per ordinary share

Net asset value per ordinary share is based on net assets at the period end and 21,534,420 (31 July 2016: 21,534,420 and 31 January 2016: 22,457,000) ordinary shares in issue at the period end excluding shares held in treasury.

6. Fair value hierarchy

Financial assets and liabilities of the Company are carried in the Balance Sheet at their fair value or approximation of fair value. The fair value is the amount at which the asset could be sold in an ordinary transaction between market participants, at the measurement date, other than a forced or liquidation sale. The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

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, unadjusted in active markets for identical assets and liabilities.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The tables below set out fair value measurement of financial instruments, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets at fair value through profit or loss at 31 January 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	55,160	-	-	55,160
Debentures	-	236	-	236
Derivatives – assets	-	1,381	-	1,381
Total	55,160	1,617	-	56,777

Financial assets at fair value through profit or loss at 31 January 2016

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	35,996	-	-	35,996
Debentures	-	246	-	246
Derivatives – assets	-	1,887	-	1,887
	35,996	2,133	-	38,129

Financial assets at fair value through profit or loss at 31 July 2016

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	38,753	-	-	38,753
Debentures	-	246	-	246
Derivatives – assets	-	3,269	-	3,269
	38,753	3,515	-	42,268

There have been no transfers during the period between level 1 and 2 fair value measurements and no transfers into or out of level 3 fair value measurement.

Financial liabilities at amortised cost at 31 January 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivatives – Liabilities	-	1,516	-	1,516

Financial liabilities at amortised cost at 31 January 2016

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivatives – Liabilities	-	2,717	-	2,717

Financial liabilities at amortised cost at 31 January 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivatives – Liabilities	-	1,746	-	1,746

7. Transactions with the Manager and related parties

M & L Capital Management Limited ('MLCM'), a company controlled by Mr. M. Sheppard, acts as Investment Manager to the Company. Details of the fee arrangements are given in the Annual Report. Mr. M. Sheppard is also a director of M&M Investment Company Plc which is the holding company of Manchester and London Investment Trust public limited company.

Midas Investment Management Limited ("Midas"), a company also controlled by Mr. M Sheppard also provides services as detailed below.

The management fee charged by MLCM is payable quarterly in arrears and is equal to 0.5% of the Net Asset Value of the Company on an annualised basis.

Investment management fees are charged to revenue set out in the Statement of Comprehensive Income.

Fees charged by Midas include a monthly financial advisory fee and commissions on the purchase and sale of investments and the provision of the ISA & Savings schemes.

Monthly company secretarial and office administration costs incurred by the holding company, M&M Investment Company Plc, on behalf of the Company were also recharged to the Company in the period.

The fees payable to Directors are set out in the Annual Report.

There are no other related party transactions.

Investment Objective

The investment objective of the Company is to achieve capital appreciation together with a reasonable level of income.

Investment Policy

Asset allocation

The Company's investment objective is sought to be achieved through a policy of actively investing in a diversified portfolio, comprising UK and overseas equities and fixed interest securities. The Company seeks to invest in companies whose shares are admitted to trading on a regulated market. However, it may invest in a small number of equities and fixed interest securities of companies whose capital is not admitted to trading on a regulated market. Investment in overseas equities is utilised by the Company to increase the risk diversification of the Company's portfolio and to reduce dependence on the UK economy in addressing the growth and income elements of the Company's investment objective.

The Company may invest in derivatives, money market instruments, currency instruments, contracts for differences ("CFDs"), futures, forwards and options for the purposes of (i) holding investments and (ii) hedging positions against movements in, for example, equity markets, currencies and interest rates.

There are no maximum exposure limits to any one particular classification of equity or fixed interest security. The Company's investments are not limited to any one industry sector and its current investment portfolio is spread across a range of sectors. The Company has no specific criteria regarding market capitalisation or credit ratings in respect of investee companies.

Risk diversification

The Company intends to maintain a relatively focused portfolio, seeking capital growth by investing in approximately 20 to 40 securities. The Company will not invest more than 15% of the gross assets of the Company at the time of investment in any one security.

The Company intends to be fully invested whenever possible. However, during periods in which changes in economic conditions or other factors so warrant, the Investment Manager may reduce the Company's exposure to one or more asset classes and increase the Company's position in cash and/or money market instruments.

Details of the Company's management of these risks and exposure to them are set out in the Annual Report 2016.

Gearing

The Company may borrow to gear the Company's returns when the Investment Manager believes it is in shareholders' interests to do so. The Company's investment policy and the Articles permit the Company to incur borrowing up to a sum equal to two times the adjusted total of capital and reserves. Any change to the Company's borrowing policy will only be made with the approval of shareholders by special resolution.

The effect of gearing may be achieved without borrowing by investing in a range of different types of investments including derivatives. The Company will not enter into any investments which have the effect of increasing the Company's net gearing beyond the above limit.

Investment Policy (Continued)

General

In addition to the above, the Company will observe the investment restrictions imposed from time to time by the Listing Rules which are applicable to investment companies with shares listed on the Official List of the UKLA under Chapter 15.

In accordance with the Listing Rules, the Company will manage and invest its assets in accordance with the Company's investment policy. Any material changes in the principal investment policies and restrictions (as set out above) of the Company will only be made with the approval of shareholders by ordinary resolution.

In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the remedial actions to be taken by the Board and the Investment Manager by an announcement issued through a Regulatory Information Service approved by the FCA.

Benchmark Index

Performance is measured against the Dow Jones U.K. Total Stock Market Total Return Index (GBP).

Shareholder information

The price and net asset value are also published in the Investment Companies Sector of The Financial Times.

ISA and Savings Schemes - cost efficient ways to invest in the Company.

The shares of Manchester & London Investment Trust public limited company ("MLIT" or the "Company") are listed on the Official List and traded on the London Stock Exchange. Private investors can buy or sell shares by placing an order either directly with a stockbroker or through an Independent Financial Adviser. Alternatively, investments can be made through the Company's Share Savings Plan or the MLIT Individual Savings Account ("ISA").

1. The MLIT Investment Plan

MLIT operates a zero-charge Savings Plan and all cash (whether from subscriptions or dividends) is reinvested in the Company's shares. Investors have the option of making a lump sum payment to the Plan or regular payments on a monthly or quarterly basis, whichever is preferred. The Plan can be held jointly or set up for the benefit of children and there is no upper limit on the amount which can be invested.

2. The MLIT ISA

Like the Savings Plan, the MLIT zero-charge ISA consists solely of MLIT shares and all cash (whether from subscriptions or dividends) is reinvested in the Company's shares. There are no commissions or annual administration charges on the ISA. Subscriptions may be made either by lump sum or by monthly payments. The current lump sum minimum payment is £2,000 with a maximum subscription per year of £15,240.

3. The transfer of other ISAs into the MLIT ISA

Equity ISAs and cash ISAs which are currently held by other managers may be transferred into an MLIT ISA free of charge. The costs of selling the existing holdings and purchasing the MLIT shares will also be free of charge.

Disposal of other shareholdings

MLIT offers a facility whereby holders may sell any of their existing shares without incurring any commission costs as long as the full proceeds are reinvested into MLIT shares. The purchase of the MLIT shares will also be undertaken free of commission.

Please contact Midas Investment Management Limited on **0161 228 1709** should you require further details on these savings plans and for the full terms and conditions.

Shareholder Benefits

All shareholders with 2,500 shares (excluding the officers of the Company) are eligible to participate in a draw undertaken by the Directors before the Annual General Meeting in respect of The All England Lawn Tennis Ground plc Debentures listed below. Once a party's holding exceeds 2,500 shares, the probability of success in this draw may increase for every additional share held. The investment policy of the Company may result in some, or all, of the Debentures being sold in which event the benefit would cease.

Centre Court

The Company owns two Debentures normally entitling it to two Centre Court seats (together with two badges admitting entry to the Debenture Holders' Lounge) for the thirteen days play of the Championships. There are normally thirteen draws, each draw entitling the successful shareholder to one pair of adjacent seats for one day's play.

Corporate Information

Directors

P H A Stanley (Chairman)
D Harris
B Miller

Administrator

Capita Sinclair Henderson Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Secretary

Capita Company Secretarial Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Registered Office

2nd Floor
Arthur House
Chorlton Street
Manchester
M1 3FH
Tel: 0161 228 1709
Fax: 0161 228 2510

Registrar

Computershare Investor Services plc
PO Box 82
The Pavillions
Bridgwater Road
Bristol
BS99 7NH
Tel: 0870 702 0003
Fax: 0870 703 6114

Registered in England & Wales

Company Number 01009550

Bankers

National Westminster Bank plc
11 Spring Gardens
Manchester
M60 2DB

Company website

www.mlcapman.com/manchester-london-investment-trust-plc/

Investment Manager

M & L Capital Management Limited
Basement Office
21 Brompton Square
London
SW3 2AD
Tel: 0207 584 5733
Fax: 0207 589 3923

Independent Auditors

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB

Website and Price Information

The Company has a dedicated website which may be found at www.mlcapman.com/manchester-london-investment-trust-plc/. The website has been designed to be utilised as the Company's primary method of electronic communication with shareholders and contains copies of the Report and Accounts, other documents published by the Company and announcements made by the Company to the market.

The Company releases its Net Asset Value to the London Stock Exchange on a weekly basis. Share price information may also be found in the Financial Times.

Should shareholders wish to receive our Monthly Factsheets directly please provide your email address to the Investment Manager.

Copies of the Half-Year Financial Report for the six months ended 31 January 2017 will be available from the Company's registered office at 2nd Floor, Arthur House, Chorlton Street, Manchester, M1 3FH, as well as on the Company's website at www.mlcapman.com/manchester-london-investment-trust-plc/.