Manchester and London Investment Trust Public Limited Company

HALF-YEARLY REPORT
FOR THE SIX MONTHS ENDED
31 JANUARY 2023

Contents

SUMMARY OF RESULTS

	At 31 January 2023	At 31 July 2022	Change
Net assets attributable to Shareholders (£'000)	**174,787**	198,546	(12.0) %
Net asset value ("NAV") per Ordinary Share (pence)	**434.04**	493.04	(12.0) %

	Six months to 31 January 2023
Total return to Shareholders*	(10.4)%
Benchmark - MSCI UK Investable Market Index (MXGBIM)*	4.7 %

* Total NAV return including dividends reinvested, as sourced from Bloomberg.

	Six months to 31 January 2023	Six months to 31 January 2022	Change
Interim dividend per Ordinary Share (pence)	7.00	7.00	0.0%
Special dividend per Ordinary Share (pence)	0.00	7.00	n/a

Dates for the interim dividend

Ex-dividend date	13 April 2023
Record date	14 April 2023
Payment date	4 May 2023

CHAIRMAN'S STATEMENT

Results for the half year ended 31 January 2023

The Technology sector has continued to suffer as central banks tightened policy in order to slow growth. The world has continued to splinter into Sino and US spheres with a corresponding re-gauging of supply chains, and fears grow that inflation has become entrenched at a rate well above the required Federal Reserve target rate of two per cent. Nonetheless, even during such a period, it is becoming ever more evident that corporate digitalisation and automation of the labour force command increasing significance and the Manager's three favourite secular growth themes of Cloud Computing, Artificial Intelligence and Semiconductor use gather further momentum. The portfolio has remained focused on larger capitalisation, liquid, listed stocks with profitable and cash generative business models that are aligned with some of these exciting forward-looking themes.

The Manager's Report sets out the performance of the portfolio and more detail on stock specific contributions to this performance.

The Board

There have been no changes to the Board during the period.

Exposure

The Company exited the period with a Portfolio Net Delta Adjusted Equity Exposure (including Options) of 98.9 per cent which effectively means the Company was fully invested.

Dividends

With these results, we have announced an ordinary interim dividend of 7.0 pence per Ordinary Share. This is the same level as the prior year (31 January 2022: 7.0 pence per Ordinary Share).

Discount & Share Buy-Backs

The Board monitors the discount at which the Company's shares trade in relation to the underlying NAV per Share. The discount has widened over the last year in line with similarly sector invested funds also listed on the London Stock Exchange. The Company does not have a target discount level at which it buys back shares and considers a range of factors before it does so, including the direction of recent market moves. Whilst the Company did not buy back any shares during the period, we were approached to buy stock off two materially sized holders during the period. Sadly, a suitable volume based transaction price could not be agreed in both instances.

It should be noted that the average discount for the Company for the last two years sits at ~15.6 per cent which, considering the free float of the Company is less than £100m, could be argued as in line with expectations (if not ideal).

Auditor

Deloitte LLP were re-appointed as the Company's auditor at the AGM held in November 2022.

Outlook

The principal risks and uncertainties faced by the Company for the remaining six months of the financial year, which could have a material impact on performance, remain consistent with those outlined in the Annual Report for the year ended 31 July 2022. A detailed explanation of the Company's principal risks and uncertainties, and how they are managed through mitigation and controls, can be found in the Annual Report for the year ended 31 July 2022. The Company has a risk management framework that provides a structured process for identifying, assessing and managing the risks associated with the Company's business. The investment portfolio is diversified by geography which reduces risk but is focused on the technology sector and has a high proportion of US Dollar investments.

The key variables for our second half performance are likely to be movements in the US sovereign yield curve and inflation expectations, the price of hydrocarbons and energy, how the Federal Reserve and other Central Banks respond to the aforementioned, whether there is any further material shakeout in certain crowded trades (such as unprofitable Technology stocks, cryptocurrencies), the performance of Microsoft Corporation, the pace of growth of our key three themes (as described above) and the regulation of technology companies globally.

We remain optimistic that our investment exposure, focused on software, digitalisation, cloud computing, data management, semiconductors and AI, offers longer-term pricing power to ward off inflationary threats and significant secular growth opportunities.

Please do not forget to consider the fund for this year's ISA allowance.

Daniel Wright
Chairman
21 March 2023

MANAGER'S REPORT

Portfolio management

During the half year under review, the NAV per Share total return was -10.4 per cent, compared to an increase in the benchmark of 4.7 per cent.

The NASDAQ-100 Technology Sector Index (“NDXT”), to which much of the portfolio is exposed, had a total return of -7.7 per cent in GBP. We underperformed against NDXT which was predominantly due to a -5.3 per cent attribution from Alphabet Inc. and a -3.1 per cent attribution from Amazon inc. Both of these holdings have been significantly reduced**.**

Large Capitalisation Technology stocks had a tough time during the period with each of the 4 largest Nasdaq constituents, being Apple Inc, Microsoft Corp, Alphabet Inc and Tesla Inc, declining by double digits in GBP. As a result, whilst we benefited from being **underweight Tesla and Apple**, our initial overweight positions in Microsoft Corp, Amazon Inc and Alphabet Inc were a significant headwind to portfolio performance.

The **total return of the portfolio by sector** holdings in local currency (excluding costs and foreign exchange) is shown below.

Total return of underlying sector holdings in local currency (excluding costs and foreign exchange)	**2023**
Information Technology	(1.9%)
Communication Services	(4.0%)
Consumer Discretionary	(3.0%)
Other investments (including funds, ETFs and hedges)	(0.2%)
Foreign Exchange, operating costs & financing	(1.3%)
Total NAV per Share return	(10.4%)

A more up to date analysis of our portfolio can be found in our Fund Factsheets:
https://mlcapman.com/manchester-london-investment-trust-plc/

The 1.2 per cent increase in the value of Sterling against the US Dollar over the period was a headwind for performance due to the significant level of US Dollar exposure in the portfolio. Overall, we estimate the decrease in portfolio performance from Foreign Exchange movements was roughly -1 per cent.

Information Technology

Material positive contributors to the portfolio’s performance from this sector were **ASML Holding NV** and **Nvidia Corp**. Material negative contributors were **Microsoft Corp, Paypal Holdings Inc** and **Adobe Inc.**

The portfolio’s delta-adjusted exposure to this sector at the period end was around **91.9 per cent** of net assets which is a material increase from 48.7 per cent when we reported last year’s Interims. This increase corresponds to our strategy of shifting from "Soft Technology" to "Hard Technology" as articulated in the last Annual Report and in the factsheets and newsletters since. It is worth noting that whilst this sector is by far our biggest in terms of exposure, it was not the biggest negative contributor to performance during the half-year, validating this shift. It can be reverse engineered that even using the starting weight of this segment of the portfolio the underlying price decline from this segment of the portfolio was ~4 per cent. Hence, it could be inferred that had the portfolio entered the period with the current weight invested in this sub sector, our pro-forma performance would have exceeded NDXT.

Outlook

We see the Cloud Computing market progressing through a short term optimisation and consolidation period which will slow growth. Longer term, we see impressive secular growth **with a doubling in the size of the market over the next decade** as "On Premise" can not compete with the enhanced security, lower costs and deeper functionality offered by the Cloud.

Short term, we see Bing making traction against Google. We have already detailed in a Newsletter that one potential outcome from the new Bing launch is: "MSFT start to gain traction with Search activity utilising Edge/Bing THEN it would be logical for them to apply pressure on GOOG with a view to making **Search zero margin** so they crush the "cash cow" that feeds GCP (GOOG's cloud platform) and hence MSFT becomes the clear No1 in AI. To do anything less would be negligent for Nadella (CEO of MSFT)." See our Newsletters for more details. Longer term, we see Artificial Intelligence being a material positive driver for the Cloud and Semiconductor market. It is easy to focus on the growth in GPUs from AI but please note networking, security and compute all benefit too. To be explicit, we are taking **the "picks and shovels" route to capture the gains from the growth of AI**.

The semiconductor market will be depressed during 2023 but, longer term, we see the secular growth in Electric Vehicles, Artificial Intelligence, Cloud Computing, IoT, Digitalisation and Automation driving **the semiconductor market to double over the next decade**.

High Impact Risk events

The Great Hack: We lose sleep imagining a cyber breach of one of the hyper-scalers causing a loss of faith in the industry and punitive regulation. In such an event, we would suggest a look to the counter-factual of whether the situation would have been even worse if the data had been stored "On Premises".

China Military: The potentially impending hot conflict in Taiwan initiated by China has been the primary subject of **Academy** this year (see https://mlcapman.com/academy/). A large proportion of our portfolio would suffer material falls in value should this event be the outturn which is why sharp-eyed Factsheet readers see we have intermittently hedged these positions with EWT US. Generally, the "cold war" developing between the US and China has multiple risks for Technology stocks (which is why we have been concerned about investing in AAPL for years) and a progression through further sanctions, closing of markets, IP theft etc. is likely to be a **strong headwind** for a number of our holdings. We are very keen on the Semi-Cap sector but their high exposure to China has always deterred us from owning more of these names.

China Technology: China is unlikely to accept the US desire to make it a number 2 player in High Technology and hence it may decide to invest huge amounts into R&D to break down some of the IP moats that the non-Chinese semiconductor, semi-cap and EDA software companies maintain, making competition much tougher in these markets.

Concentration Risk: Whilst the portfolio is now less concentrated in 3 holdings, it is more concentrated in the Information Technology sector. The fund has a high **Active Share Ratio** and it is very likely that our performance will vary markedly from all of the better known technology index performances.

Communication Services

Material positive contributors to the portfolio's performance from this sector were **Netflix Inc** and **Meta Platforms Inc** (latter was sold during the year). **Alphabet Inc** was the largest negative contributor to performance of all the stocks in the portfolio. We wrote a detailed article on the company which we published on LinkedIn which set out the ***Action Points*** we needed to see from the company to remain invested. Following no such actions from Alphabet, we cut the position significantly, entering the year with a roughly 25.5 per cent exposure to Alphabet and exiting with only 3.6 per cent.

The portfolio's delta-adjusted exposure to this sector at the period end was just **3.7 per cent** of net assets, materially down from 41.5 per cent last year.

Outlook

After years of stability, **Search & Digital Advertising have become disrupted markets** due to IDFA, TikTok and further new entrants such as Apple and Amazon, and AI. As Nadella said: "from now on the gross margin of Search is going to drop forever."

Streaming Media has always been a competitive market, but it seems to us that it will remain so until there is material consolidation which will take years. We may increase our exposure to this sector again after the afore-mentioned consolidation but after an opportune rebound in NFLX in 2023 we have reduced our holding.

We would also not be surprised if **Apple replace the underlying Search Engine behind Safari** from Google and start using their own model. Apple can clearly see a new market in Search is open for battle.

Consumer Discretionary

There were no positive contributors from this sector. **Amazon.com Inc** once again performed badly in the period and was the main driver of sector performance. Again, we wrote a detailed article on the company which we published on LinkedIn which set out the ***Action Points*** we needed to see from Amazon to remain invested. Following no such actions from Amazon, and as communicated in Factsheets and Newsletters over the period, we materially reduced the holding in Amazon from the 3rd largest in the portfolio at the beginning of the year to below the Top 15 at the period end.

Overall, the portfolio’s delta-adjusted exposure to the sector at the period end was just **1.5 per cent** of net assets, also materially down from 22.2 per cent last year.

Other investments including hedges

There were no contributors which had an attribution of -/+1% for the portfolio from these holdings.

The portfolio’s delta-adjusted exposure to equity investments in this sector at the period end was around 1.8 per cent of net assets, also a reduction from last year.

Current Investment Tactics

We use a Data Framework to select the universe from which we select stock candidates for the portfolio.

From this universe, we select stocks whilst keeping the below attributes in mind:

1. **Exposure to “Hard Technology”** (*high IP, mission critical, recurring, low churn*) rather than “Soft Technology” (*social media, easily created apps such as food delivery*);
2. The Management Teams of holdings need to be undertaking **realistic and pragmatic cost cutting;**
3. **Cash flow per Share and Earnings per Share** metrics are more important than Sales Growth;
4. Once Cash Flow is earned then it must be invested wisely in one of: **high ROIC investment, buy backs or dividends (or divestments);**
5. **Lowish exposure to a China/Taiwan “hot war”;** and
6. **Realistic Stock Based Compensation** schemes.

Economy & Market

The US economy remains robust which is unsurprising considering its make-up is driven by consumption and the latter has a high correlation to high employment and wage growth. Rates will have to be Higher for Longer and **Tech shares hate surprise increases in discount rates**. To be specific, our portfolio has a strong negative correlation to *surprise* increases in 10-year Treasury yields. We expect further worries about inflation and oil price shocks (China reopening, more Wars) over the next couple of years that will cause volatility in Technology shares. To be explicit, we **see a hard road ahead for equities and various parts of the economy which is why we have repositioned the portfolio into “Hard Tech” from “Soft Tech”**.

We have already discussed the concerns we have regarding the “cold war” with China not only escalating but turning “hot”. This is the key reason we divested of our holdings in the Chinese Technology market and we will not revisit such exposures until there is a clear change in direction by China that is credible and durable. To be clear, **should the relationship between China and the US improve markedly over the next few years then our current portfolio will underperform** general technology indices. However, we would guess we would be less concerned with that relative under-performance as **the absolute return from such an event could be very exciting.**

This period saw the Inflation Reduction Act and an increasing focus on investment into Clean Energy. We applaud this move. As we have detailed above, we are investing for this thematic (as we are also playing the increased Defence spend thematic) **through the growth in semiconductors supplied into these industries.**

General IT spending is likely to continue to remain sluggish through 2023 as companies focus on optimisation. All those head count losses throughout the industry punch a hole in SAAS Seat Revenue metrics. **Spending is still being prioritised into AI, Cloud, Digitalisation and Security and these are the areas we have refocused our new "Hard Technology" portfolio on.**

Please: Visit our website: https://mlcapman.com/about/
Follow our Tweets at: https://twitter.com/MLCapMan
Read our previous articles at: https://www.linkedin.com/company/m-&-l-capitalmanagement-ltd/

Long **the Future.**

M&L Capital Management Limited
@MLCapMan

21 March 2023

EQUITY EXPOSURES AND PORTFOLIO SECTOR ANALYSIS

Equity exposures (longs)

As at 31 January 2023

Company	**Sector***	**Exposure £'000**	**% of net assets**
Microsoft Corporation**	Information Technology	52,274	29.9
ASML Holding NV CFD **	Information Technology	19,091	10.9
Cadence Design Systems, Inc.**	Information Technology	14,485	8.3
Synopsys Inc**	Information Technology	13,754	7.9
Nvidia Corporation	Information Technology	11,486	6.6
Advanced Micro Devices, Inc	Information Technology	9,868	5.7
PayPal Holdings, Inc.	Information Technology	7,781	4.5
Adobe Systems Inc.**	Information Technology	7,313	4.2
Alphabet Inc.**	Communication Serv's	4,869	2.8
GoDaddy Inc.	Information Technology	4,732	2.7
ROBO Global Robotics & Automation	Fund	4,362	2.5
Intuit Inc.	Information Technology	4,276	2.4
Intuitive Surgical, Inc.	Healthcare	2,955	1.7
NXP Semiconductors N.V.	Information Technology	2,666	1.5
The Sage Group plc	Information Technology	2,563	1.5
Ansys, Inc.	Information Technology	2,467	1.4
Oracle Corporation	Information Technology	1,797	1.0
Apple Inc.	Information Technology	1,782	1.0
Amdocs Ltd	Information Technology	1,688	1.0
Analog Devices, Inc.	Information Technology	1,672	1.0
Gen Digital Inc.	Information Technology	1,645	0.9
London Stock Exchange Group plc**	Financials	1,629	0.9
Polar Capital Technology Trust plc	Fund	1,340	0.8
Match Group Inc	Communication Serv's	924	0.5
Arista Networks Inc	Information Technology	778	0.4
Total long equities exposure		178,361	102.0
Other net assets and liabilities		(3,410)	(2.0)
Net assets		**174,787**	**100.0**

* GICS – Global Industry Classification Standard.

** Including equity swap exposures.

Exposure is related to Delta Adjusted Exposure (Glossary).

INTERIM MANAGEMENT REPORT

The important events that have occurred during the period under review and the key factors influencing the financial statements are set out in the Chairman's Statement on page 3 and the Manager's Report on pages 5 to 9.

The principal risks facing the Company are substantially unchanged since the date of the latest Annual Report and Financial Statements and continue to be as set out in the Strategic Report and note 16 of that report. Risks faced by the Company include, but are not limited to, investment performance risk; key man risk and reputational risk; fund valuation risk; risk associated with engagement of third-party service providers; regulatory risk; fiduciary risk; fraud risk; market risk; interest rate risk; liquidity risk; currency rate risk; and credit and counterparty risk. Details of the Company's management of these risks are set out in the Annual Report and Financial Statements.

M&M Investment Company plc is the controlling shareholder of the Company. This company was controlled throughout the six months ended 31 January 2023, and continues to be controlled by Mark Sheppard, who forms part of the investment management team at M&L Capital Management Limited. Details of related party disclosures are set out in note 7 of this Report.

DIRECTORS' REPORT

Going Concern

As detailed in the notes to the financial statements and in the Annual Report for the year ended 31 July 2022, the Board continually monitors the financial position of the Company and has considered for the six months ended 31 January 2023 an assessment of the Company's ability to meet its liabilities as they fall due. The review also included consideration of the level of readily realisable investments and current cash and debt ratios of the Company and the ability to repay any outstanding prime broking facilities. In light of the results of these tests on the Company's cash balances and liquidity position, the Directors consider that the Company has adequate financial resources to enable it to continue in operational existence. Having carried out the assessment, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial results of the Company. The Directors have not identified any material uncertainties or events that might cast significant doubt upon the Company's ability to continue as a going concern. The assets of the Company comprise mainly of securities that are readily realisable and accordingly, the Company has adequate financial resources to meet its liabilities as and when they fall due and to continue in operational existence for the foreseeable future.

Related Party Transactions

In accordance with DTR 4.2.8R there have been no new related party transaction agreements during the six-month period to 31 January 2023 and therefore nothing to report on any material effect by such transactions on the financial position or performance of the Company during that period. There have therefore been no changes in any related party transaction agreements described in the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year or to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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; and gives a true and fair view of the assets, liabilities, financial position and return of the Company; and

- this Half-Yearly 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 described in the last Annual Report that could do so.

This Half-Yearly Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Daniel Wright
Chairman

21 March 2023

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2023

	(Unaudited) Six months ended 31 January 2023			(Unaudited) Six months ended 31 January 2022			(Audited) Year ended 31 July 2022		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains / (losses) on investments at fair value through profit or loss	**110**	**(20,870)**	**(20,760)**	134	(15,994)	(15,860)	275	(58,542)	(58,267)
Investment income	**232**	**-**	**232**	116	-	116	265	-	265
Interest income	**1,049**	**-**	**1,049**	-	-	-	-	-	-
Gross return	**1,391**	**(20,870)**	**(19,479)**	250	(15,994)	(15,744)	540	(58,542)	(58,002)
Expenses									
Management fee	**(250)**	**-**	**(250)**	(1,057)	-	(1,057)	(1,515)	-	(1,515)
Other operating expenses	**(245)**	**-**	**(245)**	(260)	-	(260)	(598)	-	(598)
Total expenses	**(495)**	**-**	**(495)**	(1,317)	-	(1,317)	(2,113)	-	(2,113)
Return before finance costs and taxation	**896**	**(20,870)**	**(19,974)**	(1,067)	(15,994)	(17,061)	(1,573)	(58,542)	(60,115)
Finance costs	**(15)**	**(922)**	**(937)**	(125)	(489)	(614)	(55)	(952)	(1,007)
Return on ordinary activities before tax	**881**	**(21,792)**	**(20,911)**	(1,192)	(16,483)	(17,675)	(1,628)	(59,494)	(61,122)
Taxation	**(29)**	**-**	**(29)**	(17)	-	(17)	(40)	-	(40)
Return on ordinary activities after tax	**852**	**(21,792)**	**(20,940)**	(1,209)	(16,483)	(17,692)	(1,668)	(59,494)	(61,162)
Return per Share: Basic and fully diluted (pence)	**2.12**	**(54.12)**	**(52.00)**	(2.99)	(40.79)	(43.78)	(4.13)	(147.49)	(151.62)

The total column of this statement represents the Condensed Statement of Comprehensive Income, prepared in accordance with international accounting standards in conformity with the requirements of UK IFRS the Companies Act 2006. The supplementary revenue and capital 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.
There is no other comprehensive income, and therefore the return for the period after tax is also the total comprehensive income.

The notes on pages 17 to 21 form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2023

For the six months from 1 August 2022 to 31 January 2023 (unaudited)	**Share capital £'000**	**Share premium £'000**	**Special reserve* £'000**	**Capital reserve* £'000**	**Retained earnings* £'000**	**Total £'000**
Balance at 1 August 2022	**10,132**	**25,888**	**98,780**	**63,746**	**-**	**198,546**
Ordinary shares bought back and held in treasury	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive (loss)/profit	**-**	-	**-**	**(21,792)**	**852**	**(20,940)**
Dividends paid	**-**	**-**	**(1,967)**	**-**	**(852)**	**(2,819)**
Balance at 31 January 2023	**10,132**	**25,888**	**96,813**	**41,954**	**-**	**174,787**

For the six months from 1 August 2021 to 31 January 2022 (unaudited)	Share capital £'000	Share premium £'000	Special reserve* £'000	Capital reserve* £'000	Retained earnings* £'000	Total £'000
Balance at 1 August 2021	10,132	25,888	107,188	123,240	3,238	269,686
Ordinary shares bought back and held in treasury	-	-	(1,379)	-	-	(1,379)
Total comprehensive loss	-	-	-	(16,483)	(1,209)	(17,692)
Dividends paid	-	-	(803)	-	(2,029)	(2,832)
Balance at 31 January 2022	10,132	25,888	105,006	106,757	-	247,783

For the year from 1 August 2021 to 31 July 2022 (audited)	Share capital £'000	Share premium £'000	Special reserve* £'000	Capital reserve* £'000	Retained earnings* £'000	Total £'000
Balance at 1 August 2021	10,132	25,888	107,188	123,240	3,238	269,686
Ordinary shares bought back and held in treasury	-	-	(1,509)	-	-	(1,509)
Total comprehensive loss	-	-	-	(59,494)	(1,668)	(61,162)
Dividends paid	-	-	(6,899)	-	(1,570)	(8,469)
Balance at 31 July 2022	10,132	25,888	98,780	63,746	-	198,546

* These reserves are distributable, excluding any unrealised capital reserve.

The notes on pages 17 to 21 form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 January 2023

	Notes	**(Unaudited) 31 January 2023 £'000**	(Unaudited) 31 January 2022 Restated* £'000	(Audited) 31 July 2022 £'000
Non-current assets				
Investments held at fair value through profit and loss		**124,849**	153,271	128,111
Current assets				
Unrealised derivative assets		**1,237**	7,318	2,548
Trade and other receivables		**237**	48	29
Cash and cash equivalents		**36,021**	49,283	48,840
Cash collateral receivable from brokers		**17,346**	60,806	36,394
		54,841	117,455	87,811
Creditors – amounts falling due within one year				
Unrealised derivative liabilities		**(3,840)**	(22,677)	(14,284)
Trade and other payables		**(1,063)**	(266)	(1,107)
Cash collateral payable to brokers		**-**	-	(1,985)
		(4,903)	(22,943)	(17,376)
Net current assets/(liabilities)		**49,938**	94,512	70,435
Net assets		**174,787**	247,783	198,546
Equity attributable to equity holders				
Ordinary Share capital		**10,132**	10,132	10,132
Share premium		**25,888**	25,888	25,888
Special reserves		**96,813**	105,006	98,780
Capital reserves		**41,954**	106,757	63,746
Retained earnings		**-**	-	-
Total equity Shareholders' funds		**174,787**	247,783	198,546
Net asset value per Ordinary Share – basic and diluted (pence)		**434.04**	614.92	493.04
Number of shares in issue excluding Treasury	**3**	**40,270,055**	40,295,055	40,270,055

* Please refer to note 1 restatement of 31 January 2022 for more details.

The notes on pages 17 to 21 form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2023

	Six months to 31 January 2023 (Unaudited) £'000	Six months to 31 January 2022 restated* (Unaudited) £'000	Year ended 31 July 2022 (Audited) £'000
Cash flow from operating activities			
Return on operating activities before tax	**(20,911)**	(17,675)	(61,122)
Interest expense	**937**	614	968
Losses on investments held at fair value through profit or loss	**22,776**	17,528	64,501
(Increase)/decrease in receivables	**(208)**	(11)	2
(Decrease)/increase in payables	**(16)**	(1)	(92)
Exchange gains on currency balances	**(1,902)**	(1,766)	(5,815)
Tax	**(29)**	(17)	(40)
Net cash generated/(used in) from operating activities	**647**	(1,328)	(1,598)
Cash flow from investing activities			
Purchase of investments	**(70,222)**	(28,157)	(86,419)
Sale of investments	**49,012**	29,708	105,030
Derivative instrument cashflows	**9,556**	15,104	(71)
Net cash (used)/generated in investing activities	**(11,654)**	16,655	18,540
Cash flow from financing activities			
Ordinary shares bought back and held in treasury	**-**	(1,379)	(1,509)
Equity dividends paid	**(2,819)**	(2,832)	(8,469)
Interest paid	**(895)**	(620)	(960)
Net cash (used)/generated in financing activities	**(3,714)**	(4,831)	(10,938)
Net (decrease)/ increase in cash and cash equivalents	**(14,721)**	10,496	6,004
Exchange gains on currency balances	**1,902**	1,766	5,815
Cash and cash equivalents at the beginning of the period	**48,840**	37,021	37,021
Cash and cash equivalents at the end of the period	**36,021**	49,283	48,840

* Please refer to note 1 restatement of 31 January 2022 for more details.

The notes on pages 17 to 21 form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Significant accounting policies

Basis of preparation

The condensed financial statements of the Company have been prepared in accordance with international accounting standards, International Accounting Standard 34 “Interim Financial Reporting”, in conformity with the requirements of the Companies Act 2006.

In the current period, the Company has applied amendments to IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements including updates relating to COVID-19. The adoption of these has not had any material impact on these financial statements and the accounting policies used by the Company followed in these half-year financial statements are consistent with the most recent Annual Report for the year ended 31 July 2022.

Going concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

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 business for the foreseeable future, being a period of at least 12 months from the date these financial statements were approved. In making the assessment, the Directors have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, the impact of COVID-19, the war in Ukraine, political and economic instability in the UK, supply shortages and inflationary pressures.

The Directors noted that the cash balance exceeds any short-term liabilities, the Company holds a portfolio of liquid listed investments and is able to meet the obligations of the Company as they fall due. The current cash enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed end fund, where assets are not required to be liquidated to meet day to day redemptions.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered severe but plausible downside scenarios. These tests were driven by the possible effects of continuation of the COVID–19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. The conclusion was that in a plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, and changes in expenses, the opinion of the Directors is that this should not be to a level which would threaten the Company’s ability to continue as a going concern.

The Directors also regularly assess the resilience of key third party service providers, most notably the Investment Manager and Fund Administrator. The Directors do not have any concerns about the financial viability of the Company’s third party service providers. 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.

Comparative information

The financial information contained in this Half-Yearly Report does not constitute statutory accounts as defined by the Companies Act 2006. The financial information for the periods ended 31 January 2023 and 31 January 2022 have not been audited or reviewed by the Company's Auditors.

The comparative figures for the year ended 31 July 2022 are an extract from the latest published audited statements and do not constitute the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's Auditor and delivered to the Registrar of Companies. The report of the Auditor was unqualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Restatement of 31 January 2022 Comparatives

Following the restatement detailed in the 31 July 2022 annual report (please see page 69 of the Annual Report for further details), the 31 January 2022 figures have been restated. The restatement reclassifies the presentation of current assets and liabilities within the Unrealised derivatives assets/liabilities and Cash and cash equivalents account lines. The restatement has no impact on the Company's net assets nor the Condensed Statement of Comprehensive Income. In addition, the Derivative instrument cashflows in the Condensed Statement of Cash Flow have also been restated.

2. Return per Ordinary Share

Returns per Ordinary 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 of share capital.

	Six months to 31 January 2023 (unaudited)		Six months to 31 January 2022 (unaudited)		Year ended 31 July 2022 (audited)	
	Net return £'000	**Per Share pence**	Net return £'000	Per Share Pence	Net Return £'000	Per Share Pence
Return on ordinary activities after tax						
Revenue	**852**	**2.12**	(1,209)	(2.99)	(1,668)	(4.13)
Capital	**(21,792)**	**(54.12)**	(16,483)	(40.79)	(59,494)	(147.49)
Total return on ordinary activities	**(20,940)**	**(52.00)**	(17,692)	(43.78)	(61,162)	(151.62)
Weighted average number of Ordinary Shares		**40,270,055**		40,405,648		40,338,477

3. Share capital

25p Ordinary Shares	**Six months to 31 January 2023 (unaudited) Number**	**£'000**	Six months to 31 January 2022 (unaudited) Number	£'000	Year ended 31 July 2022 (audited) Number	£'000
Opening Ordinary Shares in issue	**40,528,238**	**10,132**	40,528,238	10,132	40,528,238	10,132
Shares issued	-	-	-	-	-	-
Closing Ordinary Shares in issue	**40,528,238**	**10,132**	40,528,238	10,132	40,528,238	10,132
Treasury shares:						
Balance at beginning of the period/year	258,183		-		-	
Buyback of Ordinary shares into treasury	-		233,183		258,183	
Balance at end of period/year	258,183		233,183		258,183	
Total Ordinary Share capital excluding treasury shares	40,270,055		40,295,055		40,270,055	

The Company's Share capital comprises Ordinary Shares of 25p each with one vote per Share.

During the six months to 31 January 2023, the Company issued no Ordinary Shares (six months to 31 January 2022: nil; year ended 31 July 2022: nil), with net consideration of £nil (six months to 31 January 2022: £nil; year ended 31 July 2022: £nil).

The Company during the six months to 31 January 2023, bought back and placed in treasury nil Ordinary Shares with a nominal value of £nil for an aggregate consideration of £nil (six months to 31 January 2022: 233,183; year ended 31 July 2022: 258,183).

4. Dividends per Ordinary Share

The Board has declared an interim dividend of 7p per Ordinary Share (2022: interim dividend of 7p per Ordinary Share and special dividend of 7p per Ordinary Share) which will be paid on 4 May 2023 to Shareholders registered at the close of business on 14 April 2023 (ex-dividend 13 April 2023).

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 of £174,787,000 (31 January 2022: £247,783,000; 31 July 2022: £198,546,000) at the period end and 40,270,055 (31 January 2022: 40,295,055; 31 July 2022: 40,270,055) being the number of Ordinary Shares excluding Treasury Shares in issue at the period end.

6. Fair value hierarchy

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

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/liabilities at fair value through profit or loss at 31 January 2023

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments	**124,849**	**-**	**-**	**124,849**
Unrealised derivatives assets	**-**	**1,237**	**-**	**1,237**
Unrealised derivative liability	**-**	**(3,840)**	**-**	**(3,840)**
Total	**124,849**	**(2,603)**	**-**	**122,246**

Financial assets/liabilities at fair value through profit or loss at 31 January 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	153,271	-	-	153,271
Unrealised derivatives assets	-	7,318	-	7,318
Unrealised derivative liability	-	(22,677)	-	(22,677)
Total	153,271	(15,359)	-	137,912

Financial assets/liabilities at fair value through profit or loss at 31 July 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	128,111	-	-	128,111
Unrealised derivatives assets	-	2,548	-	2,548
Unrealised derivative liability	-	(14,284)	-	(14,284)
Total	128,111	(11,736)	-	116,375

7. Transactions with the Manager and related parties

M&L Capital Management Limited ("MLCM"), a company controlled by Mark Sheppard, acts as Manager to the Company. Mark Sheppard is also a director of M&M Investment Company plc ("MMIC") which is the controlling Shareholder of the Company.

During the six months to 31 January 2023, MMIC (including connected parties) purchased 10,274 Ordinary shares, with net consideration of £34,943.41. As at 31 January 2023, MMIC (including connected parties) was interested in a total of 22,897,479 Ordinary Shares of 25 pence each in the Company, representing 56.9% of the issued share capital.

Total fees charged by the Manager for the six months to 31 January 2023 were £250,000 (six months to 31 January 2022: £1,057,000; year ended 31 July 2022: £1,515,000), of which £42,000 was outstanding as at 31 January 2023 (31 January 2022: £163,000; 31 July 2022: £47,000).

The fees payable to Directors are set out in the 2022 Annual Report.

There were no other related party transactions in the period.

8. Post Statement of Financial Position event

There were no other significant events since the end of the reporting period.

9. Glossary

Reference should be made to the Glossary in our Annual Report for the year ended 31 July 2022 (pages 85 to 87) for a definition of key Terms and Alternative Performance Measures (such as NAV, NAV per Share and Total Return).

INVESTMENT OBJECTIVE

The investment objective of the Company is to achieve capital appreciation.

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 any of global equities and/or fixed interest securities and/or derivatives.

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.

The Company seeks investment exposure to companies whose shares are listed, quoted or admitted to trading. However, it may invest up to 10% of gross assets (at the time of investment) in the equities and/or fixed interest securities of companies whose shares are not listed, quoted or admitted to trading.

Risk diversification

The Company intends to maintain a diversified portfolio and it is expected that the portfolio will have between approximately 20 to 100 holdings. No single holding will represent more than 20% of gross assets at the time of investment. In addition, the Company's five largest holdings (by value) will not exceed (at the time of investment) more than 75% of gross assets.

Although there are no restrictions on the constituents of the Company's portfolio by geography, industry sector or asset class, it is intended that the Company will hold investments across a number of geographies and industry sectors. During periods in which changes in economic, political or market conditions or other factors so warrant, the 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.

The Company will not invest more than 15% of its total assets in other listed closed-ended investment funds. However, the Company may invest up to 50% of gross assets (at the time of investment) in an investment company subsidiary, subject always to the other restrictions set out in this investment policy and the Listing Rules.

Gearing

The Company may borrow to gear the Company's returns when the Manager believes it is in Shareholders' interests to do so. The Company's Articles of Association ("Articles") restrict the level of borrowings that the Company may incur up to a sum equal to two times the net asset value of the Company as shown by the then latest audited balance sheet of the Company.

The effect of gearing may be achieved without borrowing by investing in a range of different types of investments including derivatives. Save with the approval of Shareholders, the Company will not enter into any investments which have the effect of increasing the Company's net gearing beyond the limit on borrowings stated in the Articles.

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 Financial Conduct Authority ("FCA").

No material change will be made to the investment policy without 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 Manager by an announcement issued through a regulatory information service approved by the FCA.

Investment Strategy and Style

The fund's portfolio is constructed with flexibility but is more often than not focused on stock that exhibit the attributes of growth.

Target Benchmark

The Company was originally set up by Brian Sheppard as a vehicle for British retail investors to invest in with the hope that total returns would exceed the total returns on the UK equity market. Hence, the benchmark the Company uses to assess performance is one of the many available UK equity indices being the MSCI UK Investable Market Index (MXGBIM). The Company is not set on just using this index and currently uses this particular UK index amongst a number of highly correlated and hence substitutable UK Equity indices because at the current time it is viewed as the most cost advantageous. However, once the Company announces the use of an index, then this index will be used across all of the Company's documentation.

Investments for the portfolio are not selected from constituents of this index and hence the investment remit is in no way constrained by the index, although the Manager's management fee is varied depending on performance against the benchmark. It is suggested that Shareholders review the Company's Active Share Ratio that is on the fund factsheets as this illustrates to what degree the holdings in the portfolio vary from the underlying benchmark.

Environmental, Social, Community and Governance

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers.

In its oversight of the Manager and the Company's other service providers, the Board seeks assurances that they have regard to the benefits of diversity and promote these within their respective organisations. The Company has given discretionary voting powers to the Manager. The Manager votes against resolutions they consider may damage Shareholders' rights or economic interests and report their actions to the Board. The Company believes it is in the Shareholders' interests to consider environmental, social, community and governance factors when selecting and retaining investments and has asked the Manager to take these issues into account. The Manager does not exclude companies from their investment universe purely on the grounds of these factors but adopts a positive approach towards companies which promote these factors. The portfolio's Sustainalytic's Environmental Percentile was 85.8 per cent as at the Latest Factsheet date.

SHAREHOLDER INFORMATION

Investing in the Company

The Shares of the Company are listed on the Official List of the FCA 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.

Electronic communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's Annual Report, Half-Yearly Report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This reduces the cost to the Company as well as having an environmental benefit in the reduction of paper, printing, energy and water usage. If you have not already elected to receive electronic communications from the Company and now wish to do so, **visit www.signalshares.com. All you need to register is your investor code, which can be found on your Share certificate or your dividend confirmation statement.**

Alternatively, you can contact Link's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone: 0371 664 0300 (from overseas call +44 (0) 371 664 0300). Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

By email – shareholder.enquiries@linkgroup.co.uk

By post – Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Frequency of NAV publication

The Company's NAV is released to the London Stock Exchange on a weekly basis.

Sources of further information

Copies of the Company's Annual and Half-Yearly Reports, factsheets and further information on the Company can be obtained from its website: www.mlcapman.com/manchester-london-investment-trust-plc.

Key dates

Half-Yearly results announced	March
Interim dividend payment	May
Company's year end	31 July
Annual results announced	September
Annual General Meeting	November
Expected final dividend payment	November
Company's half-year end	31 January

CORPORATE INFORMATION

DIRECTORS AND ADVISERS

Directors
Daniel Wright (Chairman)
Brett Miller
Sir James Waterlow
Daren Morris

Auditor
Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2DB

Manager and Alternative Investment Fund Manager
M&L Capital Management Limited
12a Princes Gate Mews
London SW7 2PS
Tel: 0207 584 5733
ir@mlcapman.com
www.mlcapman.com

Administrator
Link Alternative Fund Administrators Limited
Broadwalk House
Southernhay West
Exeter EX1 1TS

Company Secretary
Link Company Matters Limited
Broadwalk House
Southernhay West
Exeter EX1 1TS

Registrar
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
Tel: 0871 664 0300
Email: shareholder.enquiries@linkgroup.co.uk

Depositary
Indos Financial Limited
The Scalpel
18th Floor
52 Lime Street
London EC3M 7AF

Bank
National Westminster Bank plc
11 Spring Gardens
Manchester M60 2DB

COMPANY DETAILS

Registered office
12a Princes Gate Mews
London SW7 2PS

Country of incorporation
Registered in England and Wales
Company Number: 01009550

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