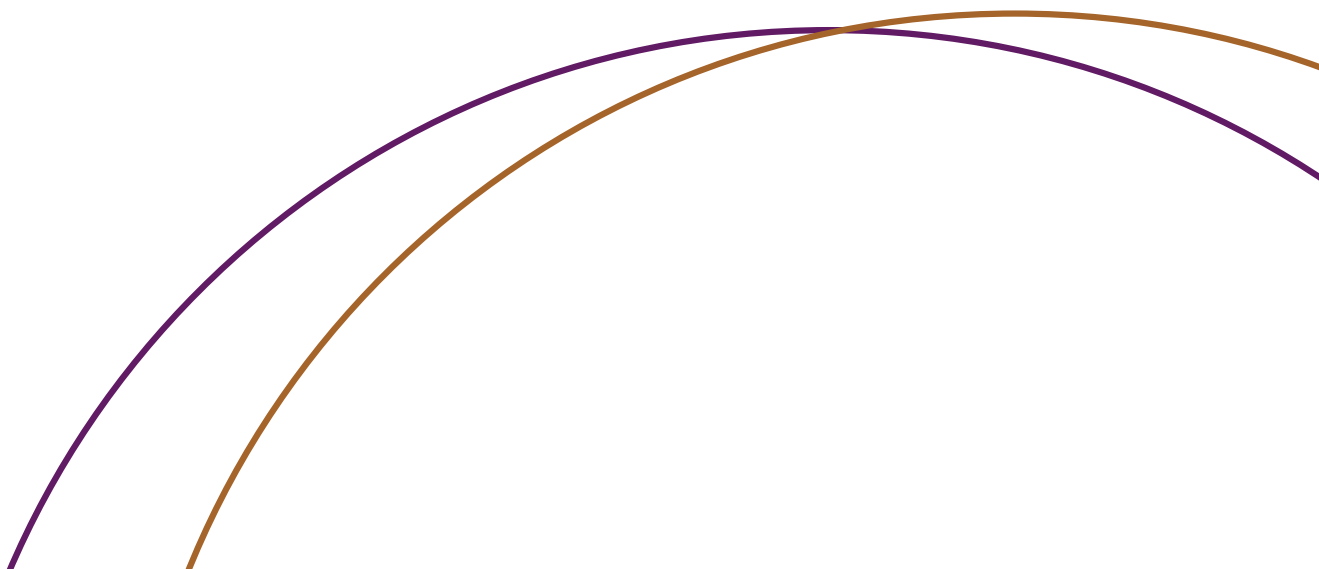


INTERIM REPORT 2018

Interim Report for the six months
ended 30 June 2018



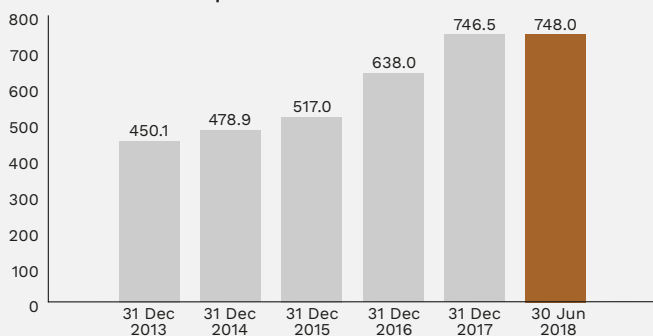
Alliance Trust is an investment trust with a unique global equity portfolio providing access to an alliance of 'best-in-class'* equity managers and their best high-conviction ideas, all at a competitive cost.

*As rated by Willis Towers Watson.

FINANCIAL HIGHLIGHTS

SHARE PRICE (PENCE)

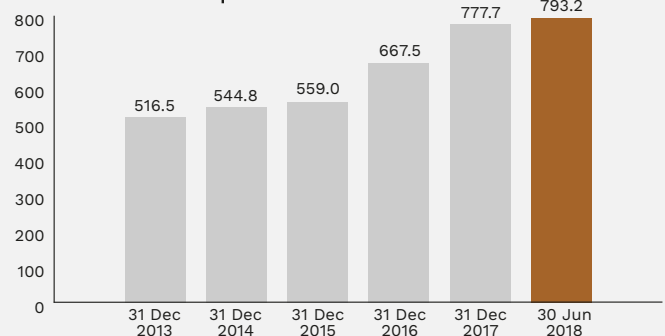
748.0p ↑ 0.2%



Source: FactSet.

NET ASSET VALUE (PENCE)^{1*}

793.2p ↑ 2.0%



Source: FactSet and WTW.

*Including income and with debt at fair value.

¹UK GAAP Measure.

CHAIRMAN'S STATEMENT

I am pleased to report the steady progress of our new investment approach. For the first six months of 2018, the Trust's Total Shareholder Return (TSR)*, Net Asset Value (NAV) Total Return* and equity portfolio return* were 1.1%, 2.9% and 2.9% respectively, compared to our benchmark the MSCI All Country World Index (ACWI) which returned 2.3% over the same period. The NAV outperformance was driven by returns from the global equity portfolio constructed by Willis Towers Watson (WTW).

Since WTW's appointment in April last year the equity portfolio has delivered a return of 12.9% and the Trust a NAV Total Return of 12.3%, compared to the MSCI ACWI's of 10.1% over the same period.

DIVERSIFIED HIGH CONVICTION APPROACH

We are encouraged by WTW's "all-weather" approach to investing in global equities, which is designed to outperform regardless of the dominant drivers of returns in any given period. Tried and tested over a number of years in the institutional market, it has stood up well to a variety of market conditions. The Board is confident that it will deliver Alliance Trust's long-term goal of achieving consistent outperformance at a competitive cost, while maintaining our progressive dividend policy.

A number of academic studies have shown that active equity managers add most value through their high conviction positions. Yet, the performance of such portfolios can also be highly volatile. WTW has mitigated this by diversifying risk across several managers with different styles, and this has delivered low volatility over the period since WTW's appointment.

As previously announced we are reviewing the wording of our Investment Objective so that it better reflects our new investment approach. The revised wording will be proposed for shareholder approval at our next Annual General Meeting (AGM).

DISCOUNT CONTROL

The discount has remained within a relatively narrow range, despite a significant reduction in share buyback activity. We have purchased just over 7.6m shares since January at a cost of £55m. Since the AGM in April there have been few buybacks and the discount has remained in the 4.7% to 6.8% range suggesting that supply and demand have achieved a level of equilibrium. We will, however, continue to monitor the discount closely and, as before, will consider buying back more shares if the discount shows signs of widening noticeably.

CONTROLLING EXPENSES

While maintaining our commitment to keep our Ongoing Charges Ratio* below 0.65% at the Trust's current size, ongoing administrative expenses have risen in the first half of the year by £0.9m. The higher ongoing costs reflect the new investment and administration arrangements that have been in place for the full six months this year and an increase in marketing spend.

IMPROVING SHAREHOLDER COMMUNICATION

As part of our ongoing plans to improve shareholder communication we are planning to provide shareholders with an opportunity to meet a number of our managers in London in October. We are also organising professional investor

roadshows around the regions and providing content on our website, which was awarded Best Website for an Individual Investment Company in this year's Association of Investment Companies (AIC) Shareholder Communication Awards. We are also proud to have received the award for Best Factsheet.

DISPOSAL OF NON-CORE ASSETS

We sold the shares we received from Liontrust Asset Management Plc (Liontrust) in January and redeemed our holdings in three Liontrust funds in April. The sale of one of our private equity investments was agreed just after the period end and progress is being made on the sale of other private equity investments. We are continuing to consider the sale of our Mineral Rights. In April we received a further 1,015,198 Liontrust shares as part of the consideration for the sale of Alliance Trust Investments. These shares are subject to a 12 month lock up.

INVESTMENT IN SUBSIDIARY COMPANY

Over the period Alliance Trust Savings (ATS) has delivered an improvement in both customer service and operational performance. We have received a number of expressions of interest in ATS and are currently considering whether a change of ownership would be in the interests of Alliance Trust shareholders and ATS' customers and staff. Discussions with interested parties, each of whom envisage maintaining or growing ATS' presence in Dundee, are at an early stage and there can be no certainty that the Board of Alliance Trust will decide to sell ATS.

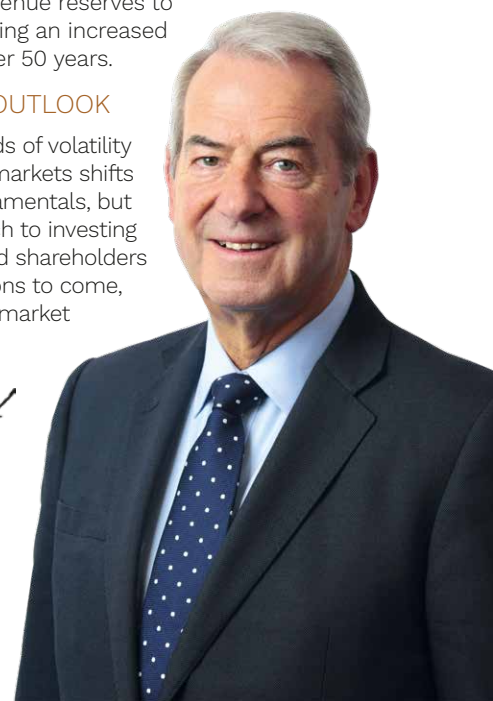
PROGRESSIVE DIVIDEND POLICY

The Board has declared a second interim dividend for the year ending 31 December 2018 of 3.389p per ordinary share payable on 1 October 2018 to shareholders on the register on 7 September 2018; the ex-dividend date is 6 September 2018. This is a 3% increase on last year. Although the equity managers do not explicitly target higher yielding investments, they are expected to generate sufficient income through the cycle to allow us to pay an increasing dividend. In the short term there is likely to be a shortfall in income generated from the portfolio and the Board will therefore use the Trust's healthy revenue reserves to build on our record of paying an increased dividend every year for over 50 years.

UNCERTAIN MARKET OUTLOOK

There will always be periods of volatility when the focus of equity markets shifts away from company fundamentals, but we believe WTW's approach to investing is robust. This should stand shareholders in good stead for generations to come, irrespective of short-term market conditions.

Lord Smith of Kelvin
Chairman



*Alternative Performance Measure (refer to Glossary on page 24).

RESULTS FOR 6 MONTHS TO 30 JUNE 2018

COMPANY PERFORMANCE

	30 June 2018	31 December 2017	30 June 2017
Share price	748.0p	746.5p	700.0p
Net Asset Value (NAV) per share*	793.2p	777.7p	742.2p
Discount to NAV	5.7%	4.0%	5.7%
Average Discount to NAV**	5.8%	5.4%	5.1%

Source: WTW and Morningstar.

*Balance sheet value calculated with debt at fair value.

**Six months to 30 June and 12 months to 31 December.

PORTFOLIO PERFORMANCE (6 MONTHS TO 30 JUNE 2018)

Contribution Analysis (%)	Total Return	Average Weight	Contribution to Total Return
Equity Portfolio (excluding Effect of Gearing)			2.7
Effect of Gearing*			0.1
Equity Portfolio including Effect of Gearing	2.9	96	2.8
FX Contracts and Index Futures			N/A
Non-Core Investments			-0.1
Investment Portfolio Total			2.7
Subsidiaries			0.0
Cash and Accruals			0.4
Share Buybacks			0.1
Total Administration Costs			-0.3
NAV including Income Total Return			2.9
Effect of Discount			-1.8
Total Shareholder Return (TSR)			1.1
MSCI ACWI Total Return			2.3

Source: WTW, Bank of New York Mellon (International) Ltd, Morningstar, BNY Mellon Fund Performance & Risk Analytics Europe Limited and MSCI Inc.

*Gearing effect is attributed assuming that all borrowing is invested in the equity portfolio and is net of the cost of borrowing to achieve the gearing.

SHAREHOLDER RETURN

As at 30 June 2018	6 months	1 year	3 years	5 years
TSR	1.1%	8.8%	64.6%	96.2%
NAV Total Return*	2.9%	8.7%	54.1%	77.6%
MSCI ACWI	2.3%	9.5%	53.3%	85.0%

Source: Morningstar and MSCI Inc.

*NAV Total Return is based on NAV including income with debt at fair value, and after all manager fees (including WTW's fees) and allows for any tax reclaims when they are achieved.

ADMINISTRATION EXPENSES

	6 months to 30 June 2018	Year to 31 December 2017	6 months to 30 June 2017
Total Administrative Expenses	£9.6m	£17.4m	£8.4m
Less Non-recurring Expenses	£(1.4)m*	£(1.3)m	£(1.1)m
Ongoing Administrative Expenses	£8.2m	£16.1m	£7.3m

Source: WTW.

*These expenses relate mainly to the disposal of non-core private equity assets, property related costs and non-recurring professional fees.

INVESTMENT APPROACH

INVESTMENT OBJECTIVE

Alliance Trust is an investment company with investment trust status. The Company's objective is to be a core investment for investors seeking increasing value over the long term. The Company has no fixed asset allocation benchmark and it invests in a wide range of asset classes throughout the world to achieve its objective. The Company's focus is to generate a real return for shareholders over the medium to long term by a combination of capital growth and a rising dividend.









We invest primarily in global equities. We have appointed WTW as our investment manager to manage our portfolio and it in turn has selected eight different, but complementary, equity managers.

Each of these equity managers, drawn from WTW's pool of top-rated stock pickers from around the world, is tasked with managing a highly concentrated selection of stocks. On their own, such a concentrated number of stocks would be expected to outperform the market but be highly volatile. However, when blended together by WTW, they should deliver smoother returns. The equity portfolio target is to outperform the MSCI ACWI by 2% per year after costs over rolling three-year periods.

Most of the managers are only available to UK investors through the Trust, and none offer the same dedicated high conviction approach to their other retail clients. Given their long-standing relationship with WTW, who has worked with them on similar strategies for institutional investors for a number of years, the equity managers provide their services at a competitive fee level. This has enabled the Trust to keep costs down. We are targeting a maximum Ongoing Charges Ratio of 0.65% at the current size of the Trust.

As part of its remit, WTW's investment strategy is expected, in time, to generate sufficient income to support our progressive dividend policy which has made us one of only four FTSE All-Share Index companies with a record of increasing its ordinary dividend for over 50 years.

EIGHT OF THE BEST STOCK PICKERS* FROM ACROSS THE WORLD

Manager	% of equity portfolio	Investment Approach
	10%	Its process is to look five to ten years ahead and find stocks across the cap spectrum. Valuation-orientated buyers of leading businesses around the world. The approach is long term and contrarian .
	12%	Long-term approach seeking companies that have high-quality business models, exhibit financial strength, and strong management with a track record of shareholder alignment and allocating capital in a value-accretive manner . The team operates a strict value discipline.
	15% [†]	Looks for high-quality and sustainable businesses , whose underlying strength should outweigh their macro environment and where each company's strength can only truly be understood through bottom-up analysis.
	9%	Our manager is well known in the market as a long-standing practitioner of contrarian value investing. This seeks businesses that are out of favour and under-valued, but have prominent franchises and sound balance sheets .
	15%	Value matters most to Lyrical and the team also maintains a strict discipline around investing in quality companies, seeking businesses that it believes will generate attractive returns on their invested capital, are resilient with reasonable debt levels, positive growth, attractive margins, competent management, and the flexibility to react to all phases of the business cycle .
	9%	River and Mercantile has put in place a process that helps identify value at different stages of a company's lifecycle and to give signals as to when that value might be unlocked. It has shown particular strength in smaller companies and in classic 'Recovery' situations.
	15%	SGA seeks to identify only those very few truly differentiated global businesses that possess strong pricing power , offer recurring revenue generation and benefit from attractive, long runways of growth.
	15%	The investment process utilises a proprietary Real Return Approach, employed with an absolute return mindset, dispensing with any reference to indices. Veritas uses a number of methods including themes to help identify industries and companies that are well positioned to benefit medium-term growth , regardless of where they are located.

To read more about our equity managers' views please visit: <https://www.alliancetrust.co.uk> *As rated by WTW. [†]Manages both a global equity and an emerging markets equity portfolio.

"JUPITER" and  are the trade marks of Jupiter Investment Management Group Ltd and registered in the UK and as Community Trade Marks and elsewhere.

INVESTMENT MANAGER'S REPORT

WTW'S REPORT FOR 1 JANUARY TO 30 JUNE 2018

MARKET REVIEW

Global equity markets have experienced an eventful 2018 so far. Most major market indices posted positive returns in January, continuing the momentum of 2017. However, in February volatility returned to markets as better-than-expected US wage growth sparked inflation fears, triggering a sell-off in US and global equities. In March, the US administration's announcement of tariffs on steel and aluminium imports from China prompted threats of retaliatory tariffs that led to increasing fears of a global trade war, resulting in a further deterioration in valuation of global equity markets. The moves resulted in equity markets witnessing a correction by the end of the first quarter.

The second quarter started with equity markets posting positive returns encouraged by higher than expected earnings. However, global equity markets were volatile as geopolitical risks continued to dominate headlines throughout April. In May, US stocks led global equity markets despite persistent fears of a trade war, with the MSCI US index outperforming the global index by approximately 2.3% in sterling terms. The Federal Reserve increased interest rates for the second time this year in June, putting increasing pressure on emerging market countries with large current account deficits.

From a sector perspective, technology stocks continued their run of healthy returns, with US tech companies in particular generating significant positive contributions to global equity returns over the period.

INVESTMENT PERFORMANCE

Over the six month period to 30 June 2018, the Trust's equity portfolio returned 2.9% gross of fees, outperforming the MSCI All Country World Index (ACWI) which returned 2.3% over the same period.

The portfolio started the year strongly and outperformed the market in January due to the underweight position in America. During the months of February and March, our balanced exposure across styles, factors and geographies resulted in the portfolio performing similarly to the benchmark through the broadly based market correction. The portfolio underperformed the MSCI ACWI during April and May, but finished the quarter just slightly under the benchmark after strong performance in June. The portfolio's outperformance since the start of the year can mainly be attributed to the portfolio's underweight in Japan and the individual managers' stock selection skills.

Since our appointment on 1 April 2017, the Trust's equity portfolio has returned 12.9% gross of fees – outperforming the MSCI ACWI by 2.8%. It is pleasing to see that the majority of outperformance since our appointment and implementation of the new investment approach can be attributed to stock selection. Our approach to portfolio construction has allowed performance to be driven by the

equity managers' stock-picking capabilities and not swayed by any individual style factor or regional/industry bets.

While the intention is that each of the Trust's underlying equity managers will outperform the benchmark in the long term, in the shorter term, we would not expect all of the managers to outperform at the same time. Indeed such an outcome would raise questions around whether there is indeed a style bias in the overall portfolio, which we are looking to avoid.

In any short time period we would view the majority of the equity managers outperforming as a good result, particularly if the magnitude of the outperformers' relative performance is larger than the magnitude of the underperformers' relative performance.

Since inception of the new mandate on 1 April 2017 to end June 2018 this is exactly what we have seen, with six of the nine portfolios outperforming and with some having exceptional outperformance, way in excess of the underperformance seen from just three of the portfolios.

We have made the conscious decision not to publicise short-term returns of each of the underlying equity managers. We believe that this is a real strength and differentiator of the Trust, encouraging the managers to run their tailored Alliance Trust portfolios with a long-term outlook, focusing on the risk of permanent loss of capital in each of their holdings rather than risk relative to the benchmark or peers. WTW is responsible for managing the risk of the total portfolio (both relative to the benchmark and in absolute terms) through the choice of managers and their corresponding weights in the overall portfolio.

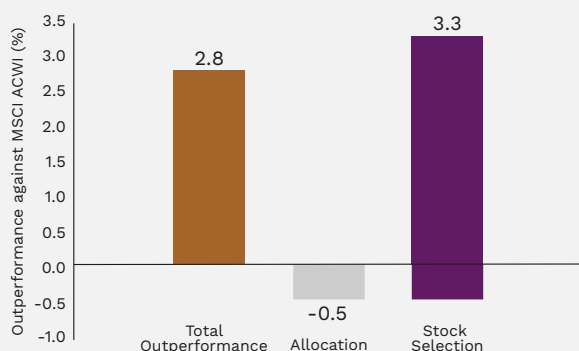
It is also worth noting that the relative performance of each of the tailored 20 stock portfolios is, unlike the combined portfolio, very volatile. Therefore, short-term performance of these is far less meaningful than would typically be the case in other more traditional multi-manager approaches where each manager typically manages its portfolio similarly to how they run their other mainstream accounts.

Transparency is really important to us for a number of reasons, but particularly to ensure shareholders understand the key features of the Trust. Our approach to ensuring this has been to make each of the underlying managers available to investors by video and in person, as well as giving a line by line stock listing of the total portfolio and attribution analysis on a regular basis.

Going forward, we expect the increased levels of volatility and dispersion that we have witnessed over the recent months to persist, providing opportunities for active stock pickers like the managers within the Trust. There were no changes to the manager line-up or target allocations since the start of the year.

STOCK SELECTION IS THE BIGGEST DRIVER OF RETURNS

EQUITY PORTFOLIO PERFORMANCE ATTRIBUTION SINCE 1 APRIL 2017



Source: MSCI and The Bank of New York Mellon (International) Ltd.

Our portfolio comprises the stock picks of eight equity managers. Each of the equity managers has a unique asset management and stock selection style; below two of the equity managers talk about one of their high-conviction stock picks.



HCA Healthcare

HCA is the largest public hospital company in the US, providing about 5% of all healthcare services in the country. This is a highly stable and growing business. Most HCA facilities are in fast-growing urban environments, where average population growth is about 50% faster than the national average. These attractive demographics combined with an ageing population lead to consistent volume gains at HCA facilities. High levels of utilization lead to impressive returns on invested capital. Because of the mission-critical nature of HCA's business, these strong returns are experienced in both good and bad times.

With more than 1,500 outpatient facilities to complement its 179 hospitals, HCA is much more than a simple hospital company. In fact, in each of its core markets HCA has garnered nearly 25% of the share of total healthcare services, which helps the company negotiate favourable rates with insurers. In aggregate, reliable pricing and volume gains have allowed the company to post strong, positive same-facility revenue growth in each year going back nearly two decades, including through two recessions.

Positive gains recently in HCA shares have merely kept pace with strong earnings per share growth, and the stock remains cheap. Considerable uncertainty exists on the future of the Affordable Care Act (ACA) and healthcare regulations in general. However, HCA derives a small amount of earnings from patients receiving healthcare via the ACA. More importantly, HCA benefits from providing an essential service at scale. Healthcare regulations change frequently, but high-quality hospital assets have not only survived but thrived through these periods of change historically.



Ericsson

Ericsson is the global leader in the provision of network equipment and associated software for the mobile telephone industry. The company has had a very difficult few years having signed poor contracts and diversified into unrelated areas. These poor contracts resulted in too big a transfer of risk from the customers to the company and resulted in losses. The unrelated areas (media, IT services) are being restructured, closed or sold. The culmination of this poor financial performance led to a change in the Chief Executive and Chairman of the company together with a new strategy that focuses on their core strength in the network business. The company has net cash on the balance sheet and a low valuation reflecting past disappointments. We believe that this new strategy will be more rewarding for shareholders.

EQUITY PORTFOLIO LISTING

We list here all of the stocks selected by our equity managers. Other than the emerging markets portfolio each manager is restricted to a maximum of 20 stocks in which it has the highest conviction. This leads to our total portfolio of almost 200 high conviction stocks.

HOLDINGS AS AT 30 JUNE 2018

Stock	Sector	Country of listing	% of quoted equities	Value £m
Alphabet	Information Technology	United States	2.4	64.4
Charter Communications	Consumer Discretionary	United States	1.7	45.1
Microsoft	Information Technology	United States	1.6	42.9
Amazon	Consumer Discretionary	United States	1.6	42.7
UnitedHealth Group	Health Care	United States	1.5	41.0
salesforce.com	Information Technology	United States	1.5	40.6
Facebook	Information Technology	United States	1.4	38.4
Western Union	Information Technology	United States	1.3	36.3
Sap Se - ADR	Information Technology	Germany	1.2	33.6
Oracle	Information Technology	United States	1.2	31.4
Hdfc Bank	Financials	India	1.1	30.2
AiA	Financials	Hong Kong	1.1	29.3
Infosys - ADR & Ordinary	Information Technology	India	1.1	29.3
Baidu - ADR	Information Technology	China	1.1	28.5
Ryanair	Industrials	Ireland	1.0	27.7
Page Group	Industrials	United Kingdom	1.0	27.4
Anthem	Health Care	United States	1.0	27.3
HCA Healthcare	Health Care	United States	1.0	26.6
Reckitt Benckiser	Consumer Staples	United Kingdom	1.0	25.8
Suncor Energy	Energy	Canada	1.0	25.7
Equinix	Real Estate	United States	0.9	25.2
Visa	Information Technology	United States	0.9	25.2
EOG Resources	Energy	United States	0.9	25.2
Unilever	Consumer Staples	United Kingdom	0.9	25.0
Fleetcor Technology	Information Technology	United States	0.9	24.3
Regeneron Pharmaceuticals	Health Care	United States	0.9	23.9
Celanese	Materials	United States	0.9	23.6
Novo-Nordisk	Health Care	Denmark	0.9	23.6
Luxottica Group	Consumer Discretionary	Italy	0.9	23.4
Mastercard	Information Technology	United States	0.9	23.3
Tencent	Information Technology	China	0.9	23.3
Aercap	Industrials	Ireland	0.9	23.3
Aflac	Financials	United States	0.9	23.1
Autodesk Inc	Information Technology	United States	0.8	22.8
IHS Markit	Industrials	United Kingdom	0.8	22.5
Cigna	Health Care	United States	0.8	22.2
Scout24	Information Technology	Germany	0.8	22.1
Schlumberger	Energy	United States	0.8	21.9
Pearson	Consumer Discretionary	United Kingdom	0.8	21.9
American Express	Financials	United States	0.8	21.7
CVS Caremark	Health Care	United States	0.8	21.6
Broadcom	Information Technology	United States	0.8	21.5
Booz Allen Hamilton	Information Technology	United States	0.8	21.2
TP ICAP	Financials	United Kingdom	0.8	21.1
Ameriprise Financial	Financials	United States	0.8	20.9
Yum	Consumer Discretionary	United States	0.8	20.9
Applus Services	Industrials	Spain	0.8	20.7
GlaxoSmithKline ADR	Health Care	United Kingdom	0.8	20.4
Danone	Consumer Staples	France	0.7	19.9

HOLDINGS AS AT 30 JUNE 2018

Stock	Sector	Country of listing	% of quoted equities	Value £m
Corning	Information Technology	United States	0.7	19.8
Western Digital	Information Technology	United States	0.7	19.7
Ericsson	Information Technology	Sweden	0.7	19.7
Qurate Retail	Consumer Discretionary	United States	0.7	19.3
Edenred	Industrials	France	0.7	19.1
Ambev	Consumer Staples	Brazil	0.7	19.0
Airbus	Industrials	France	0.7	19.0
Barrick Gold	Materials	Canada	0.7	19.0
Allergan	Health Care	United States	0.7	18.8
Santen Pharmaceutical	Health Care	Japan	0.7	18.6
Schneider Electric	Industrials	France	0.7	18.5
Fomento Econ Mexicano	Consumer Staples	Mexico	0.7	18.4
Lincoln National	Financials	United States	0.7	18.2
BP	Energy	United Kingdom	0.7	17.9
Omnicom Cap Inc	Consumer Discretionary	United States	0.7	17.9
Koninklijke Philips Electronics	Health Care	Netherlands	0.7	17.9
Commscope Hldg	Information Technology	United States	0.6	17.5
Safran	Industrials	France	0.6	17.5
Intercontinental Exchange	Financials	United States	0.6	17.4
Nestle	Consumer Staples	Switzerland	0.6	17.0
Samsung Electronics	Information Technology	South Korea	0.6	17.0
AIB Group	Financials	Ireland	0.6	16.9
Whirlpool	Consumer Discretionary	United States	0.6	16.8
Qualcomm	Information Technology	United States	0.6	16.8
Nielsen	Industrials	United States	0.6	16.7
Heidelbergcement	Materials	Germany	0.6	16.7
Henry Schein	Health Care	United States	0.6	16.6
Flex	Information Technology	United States	0.6	16.6
Hain Celestial	Consumer Staples	United States	0.6	16.4
Cie De St-Gobin	Industrials	France	0.6	16.4
L'Oreal	Consumer Staples	France	0.6	16.1
Centrica	Utilities	United Kingdom	0.6	15.9
Johnson	Industrials	United States	0.6	15.9
Diageo	Consumer Staples	United Kingdom	0.6	15.7
Sumitomo Mitsui Financial	Financials	Japan	0.6	15.5
Deutsche Boerse	Financials	Germany	0.6	15.5
Adobe Systems	Information Technology	United States	0.6	15.2
Raph Lauren	Consumer Discretionary	United States	0.6	15.2
Adient Plc	Consumer Discretionary	Ireland	0.6	15.2
Macquarie	Financials	Australia	0.6	15.1
Rolls Royce	Industrials	United Kingdom	0.6	15.1
Citigroup	Financials	United States	0.5	14.9
ALS	Industrials	Australia	0.5	14.7
Glanbia	Consumer Staples	Ireland	0.5	14.7
Nvidia	Information Technology	United States	0.5	14.6
Standard Chartered	Financials	United Kingdom	0.5	14.3
Barclays	Financials	United Kingdom	0.5	14.2
Tesco	Consumer Staples	United Kingdom	0.5	14.1
Capgemini	Information Technology	France	0.5	13.9
Carnival Corporation	Consumer Discretionary	United States	0.5	13.9
Prada	Consumer Discretionary	Italy	0.5	13.6
Anima Holding	Financials	Italy	0.5	13.4
BorgWarner	Consumer Discretionary	United States	0.5	13.4

EQUITY PORTFOLIO LISTING

CONTINUED

HOLDINGS AS AT 30 JUNE 2018

Stock	Sector	Country of listing	% of quoted equities	Value £m
Lloyds Banking	Financials	United Kingdom	0.5	13.1
Bank Of America	Financials	United States	0.5	13.0
Comcast	Consumer Discretionary	United States	0.5	13.0
Goodyear Tire & Rubber	Consumer Discretionary	United States	0.5	12.9
Naspers	Consumer Discretionary	South Africa	0.5	12.8
Banco Santander-MX	Financials	Mexico	0.5	12.6
Sapiem	Energy	Italy	0.5	12.4
Air Liquide	Materials	France	0.5	12.2
H&R Block	Consumer Discretionary	United States	0.4	12.1
ICICI Bank	Financials	India	0.4	12.0
MercadoLibre	Information Technology	Argentina	0.4	11.8
Anglo American	Materials	United Kingdom	0.4	11.4
Nintendo	Information Technology	Japan	0.4	11.1
Solocal	Consumer Discretionary	France	0.4	10.7
Veeco	Information Technology	United States	0.4	10.7
Marks & Spencer	Consumer Discretionary	United Kingdom	0.4	10.6
Daikin Industries	Industrials	Japan	0.4	10.6
TS Tech	Consumer Discretionary	Japan	0.4	10.4
Malaysia Airports	Industrials	Malaysia	0.4	10.4
Lvmh Moet Hennessy	Consumer Discretionary	France	0.4	10.3
Sanofi	Health Care	France	0.4	10.2
Harley Davidson	Consumer Discretionary	United States	0.4	10.2
Exxon Mobil	Energy	United States	0.4	10.0
Dollar General	Consumer Discretionary	United States	0.4	10.0
Tingyi Holding	Consumer Staples	China	0.4	9.7
Oc Oerlikon	Industrials	Switzerland	0.4	9.6
Sonic Healthcare	Health Care	Australia	0.3	9.4
Grupo Televisa Sab	Consumer Discretionary	Mexico	0.3	9.0
Philip Morris International	Consumer Staples	United States	0.3	8.7
Inovalon	Health Care	United States	0.3	8.7
Check Point	Information Technology	Israel	0.3	8.2
BHP Billiton	Materials	Australia	0.3	8.2
London Stock Exchange	Financials	United Kingdom	0.3	7.7
DSM	Materials	Netherlands	0.3	7.7
Zynga	Information Technology	United States	0.3	7.6
J P Morgan Chase	Financials	United States	0.3	7.6
Myob	Information Technology	Australia	0.3	7.2
Sankyo	Consumer Discretionary	Japan	0.3	7.2
Housing Development Finance	Financials	India	0.2	6.7
Alibaba	Information Technology	China	0.2	5.3
Aryzta	Consumer Staples	Switzerland	0.2	5.2
Gafisa	Consumer Discretionary	Brazil	0.2	4.7
Heineken	Consumer Staples	Netherlands	0.2	4.4
Bank Central Asia	Financials	Indonesia	0.2	4.4
Taiwan Semiconductor Manufacturing	Information Technology	Taiwan	0.1	4.3
Ping An Insurance	Financials	China	0.1	4.0
CP All	Consumer Staples	Thailand	0.1	3.0
China Gas Holdings	Utilities	Hong Kong	0.1	2.9
Coca-Cola HBC	Consumer Staples	Switzerland	0.1	2.7
SK Hynix Inc	Information Technology	South Korea	0.1	2.6
China Construction Bank	Financials	China	0.1	2.6
Industrial & Commercial Bank of China	Financials	China	0.1	2.3
Wynn Resorts	Consumer Discretionary	United States	0.1	2.3

HOLDINGS AS AT 30 JUNE 2018

Stock	Sector	Country of listing	% of quoted equities	Value £m
ASML Holding	Information Technology	Netherlands	0.1	2.3
Reliance Industries	Energy	India	0.1	2.2
Wynn Macau	Consumer Discretionary	Hong Kong	0.1	2.0
New Oriental Education ADR	Consumer Discretionary	China	0.1	1.8
Kotak Mahindra Bank	Financials	India	0.1	1.8
Kering	Consumer Discretionary	France	0.1	1.8
Galaxy Entertainment	Consumer Discretionary	Hong Kong	0.1	1.7
China Resources	Utilities	Hong Kong	0.0	1.4
Noah	Financials	China	0.0	1.3
51Job ADR	Industrials	China	0.0	1.3
SK Telecom	Telecommunication Services	South Korea	0.0	1.3
Interglobe Aviation	Industrials	India	0.0	1.3
Sarana Menara	Telecommunication Services	Indonesia	0.0	1.2
Samsung Fire & Mar	Financials	South Korea	0.0	1.2
Bangkok Dusit	Health Care	Thailand	0.0	1.1
Kasikornbank	Financials	Thailand	0.0	1.1
LG Household & Healthcare	Consumer Staples	South Korea	0.0	1.1
Bank Rakyat	Financials	Indonesia	0.0	1.1
Iqiyi Inc	Information Technology	China	0.0	0.9
Bajaj Finance	Financials	India	0.0	0.7
Autohome Inc ADR	Information Technology	China	0.0	0.6
IHH Healthcare	Health Care	Malaysia	0.0	0.6
Power Grid	Utilities	India	0.0	0.5
ZTO Express	Industrials	China	0.0	0.5
Bangkok Dusit Medi	Health Care	Thailand	0.0	0.4
			100%	2,706.7

Source: Willis Towers Watson and The Bank of New York Mellon (International) Ltd.

A full portfolio listing, similar to that displayed above, is available on a monthly basis on our website at www.alliancetrust.co.uk

INVESTMENT PORTFOLIO

EQUITY PORTFOLIO AS AT 30 JUNE 2018

Investment	Region	% of Investment Portfolio	Value £m
Equities	Global	95.2	2,706.7
			Total value 2,706.7

INVESTMENT IN OPERATING SUBSIDIARY COMPANY AS AT 30 JUNE 2018

Investment	Region	% of Investment Portfolio	Value £m
Alliance Trust Savings	United Kingdom	1.3	38.0
			Total value 38.0

NON-CORE INVESTMENTS AS AT 30 JUNE 2018

Investment	Region	% of Investment Portfolio	Value £m
Private Equity	United Kingdom/Europe	2.7	76.9
Mineral Rights	North America	0.5	14.8
Liontrust Asset Management	United Kingdom	0.2	6.4
Other assets	United Kingdom	0.0	0.2
			Total value 98.3

TOTAL INVESTMENTS AS AT 30 JUNE 2018

Investment	% of Investment Portfolio	Value £m
Equities	95.2	2,706.7
Investment in operating subsidiary company	1.3	38.0
Non-core investments	3.5	98.3
		Total value 2,843.0

Source: WTW and The Bank of New York Mellon (International) Ltd.
The Total Investments above does not include the value of the Trust's Head Office in Dundee (valued at £4.94m) unchanged from 31 December 2017.

INVESTMENT IN OPERATING SUBSIDIARY COMPANY

ALLIANCE TRUST SAVINGS

In the first six months of 2018 Alliance Trust Savings generated a profit of £23,000 (compared to a £1.5m loss over the same period in 2017) with improved financial performance through higher revenues and controlling costs.

Alliance Trust Savings has been concentrating on improving customer service and has been shortlisted for two Investment Life & Pension Moneyfacts Awards for 2018.

During the period, Alliance Trust Savings has seen:

- Continued growth of total assets under administration, now over £16bn, an increase of 2.5% since December 2017
- A small decrease in the number of customer accounts falling to 110,402 from 113,317.

The fair value of Alliance Trust Savings remains at £38m as stated in our Annual Report.

KEY PERFORMANCE INDICATORS

	30 June 2018	31 December 2017
Fair value	£38.0m	£38.0m
Assets under administration	£16.2bn	£15.8bn
Customer accounts	110,402	113,317

	Six months to 30 June 2018	Six months to 30 June 2017
Number of trades	361,763	387,475

	Six months to 30 June 2018 (£m)	Six months to 30 June 2017 (£m)
Income	14.8	13.3
Administrative Expenses	(13.8)	(13.4)
Depreciation and Amortisation	(1.0)	(1.4)
Operating (Loss)/Profit before tax	0.0	(1.5)

OTHER INFORMATION

RISKS AND UNCERTAINTIES

In order to achieve its investment objectives the Trust invests in quoted securities and in its subsidiary business. It also has non-core investments in other asset classes. Its principal risks and uncertainties are therefore:

- Market and Prudential – Investment, Credit and Counterparty, Financial and Prudential Reporting and Liquidity
- Operational – Cyber-attack and Outsourcing
- Corporate Governance
- Investment Trust Status – Loss of tax status
- Strategic – Performance impacted by external factors
- Reputational
- Regulatory Non-Compliance

These risks, and the way in which they are managed, are described in more detail within the Risk section on pages 22 to 25 of the Annual Report for the year ended 31 December 2017, which is available on the Trust's website at www.alliancetrust.co.uk.

The Board has considered the impact of Brexit and believes that while this may lead to an element of market volatility, the global nature of the investments of the Trust are such that neither of these factors are specifically believed to increase the risk of investment underperformance over the long term.

RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the six months ended 30 June 2018 which have a material effect on the results or the financial position of the Trust.

BUYBACKS

The availability of the share buyback programme has continued throughout the period. Share buybacks reduced in number and scale during the second quarter of 2018.

GOING CONCERN STATEMENT

The factors impacting on Going Concern are set out in detail on page 40 of the Annual Report for the year ended 31 December 2017.

As at 30 June 2018 there have been no significant changes to these factors. The Directors, who have reviewed budgets, forecasts and sensitivities, consider that the Trust has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the Directors believe it is appropriate to continue to adopt the going concern basis for preparing the financial statements.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU;
- The interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure 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 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 entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board



Lord Smith of Kelvin
Chairman
25 July 2018

Financial Statements

Income statement (unaudited)

For the period ended 30 June 2018

£000		6 months to 30 June 2018			6 months to 30 June 2017			Year to 31 December 2017 (audited)		
		Note	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital
Revenue										
Income	3	31,488	-	31,488	37,473	-	37,473	60,525	-	60,525
Profit on fair value designated investments		-	55,402	55,402	-	298,595	298,595	-	432,187	432,187
Profit/(loss) on fair value of debt		-	2,510	2,510	-	(2,000)	(2,000)	-	(2,160)	(2,160)
Total Revenue		31,488	57,912	89,400	37,473	296,595	334,068	60,525	430,027	490,552
Investment management fees		(1,295)	(3,896)	(5,191)	(1,555)	(3,336)	(4,891)	(3,307)	(6,786)	(10,093)
Administrative expenses		(2,973)	(1,491)	(4,464)	(2,638)	(889)	(3,527)	(5,496)	(1,843)	(7,339)
Finance costs	4	(775)	(2,302)	(3,077)	(1,009)	(2,024)	(3,033)	(2,094)	(4,096)	(6,190)
Gain on other assets held at fair value		-	-	-	-	-	-	-	1,450	1,450
Foreign exchange (losses)/gains		-	(2,603)	(2,603)	-	6,807	6,807	-	4,556	4,556
Profit before tax		26,445	47,620	74,065	32,271	297,153	329,424	49,628	423,308	472,936
Tax	5	(2,621)	-	(2,621)	(2,850)	-	(2,850)	(1,170)	41	(1,129)
Profit for the period/year		23,824	47,620	71,444	29,421	297,153	326,574	48,458	423,349	471,807

All profit for the period/year is attributable to equity holders.

Earnings per share attributable to equity holders

Basic (p per share)	7	6.99	13.97	20.96	7.78	78.54	86.32	12.86	112.35	125.21
Diluted (p per share)	7	6.98	13.95	20.93	7.77	78.43	86.20	12.84	112.14	124.98

Statement of comprehensive income (unaudited)

£000	Note	6 months to 30 June 2018			6 months to 30 June 2017			Year to 31 December 2017 (audited)		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Profit for the period/year		23,824	47,620	71,444	29,421	297,153	326,574	48,458	423,349	471,807
Items that will not be reclassified subsequently to profit or loss:										
Defined benefit plan net actuarial (loss) and expenses/gain	8	-	(38)	(38)	-	(46)	(46)	-	313	313
Retirement benefit obligations deferred tax		-	6	6	-	-	-	-	(53)	(53)
Other comprehensive loss		-	(32)	(32)	-	(46)	(46)	-	260	260
Total comprehensive income for the period/year		23,824	47,588	71,412	29,421	297,107	326,528	48,458	423,609	472,067

All total comprehensive income for the period/year is attributable to equity holders.

Statement of changes in equity (unaudited)

For the period ended 30 June 2018

£000	6 months to 30 June 2018	6 months to 30 June 2017	Year to 31 December 2017 (audited)
Called up share capital			
At 1 January	8,691	12,319	12,319
Own shares purchased and cancelled in the period/year	(190)	(3,493)	(3,628)
At 30 June / 31 December	8,501	8,826	8,691
Capital reserve			
At 1 January	1,923,439	2,508,359	2,508,359
Profit for the period/year	47,620	297,153	423,349
Defined benefit plan actuarial (loss)/gain	(32)	(46)	260
Own shares purchased and cancelled in the period/year	(54,891)	(969,102)	(1,008,529)
At 30 June / 31 December	1,916,136	1,836,364	1,923,439
Merger reserve			
At 1 January, 30 June and 31 December	645,335	645,335	645,335
Capital redemption reserve			
At 1 January	10,307	6,679	6,679
Own shares purchased and cancelled in the period/year	190	3,493	3,628
At 30 June / 31 December	10,497	10,172	10,307
Revenue reserve			
At 1 January	111,861	111,450	111,450
Profit for the period/year	23,824	29,421	48,458
Dividends	(22,761)	(25,176)	(48,113)
Unclaimed dividends returned	6	66	66
At 30 June / 31 December	112,930	115,761	111,861
Total equity			
At 1 January	2,699,633	3,284,142	3,284,142
At 30 June / 31 December	2,693,399	2,616,458	2,699,633

Balance sheet (unaudited)

As at 30 June 2018

£000	Note	30 June 2018	30 June 2017	31 December 2017 (audited)
Non-current assets				
Investments held at fair value	10	2,843,016	2,763,573	2,836,875
Property, plant and equipment		4,935	4,500	4,935
Pension scheme surplus	8	-	38	38
Deferred tax asset		-	72	6
		2,847,951	2,768,183	2,841,854
Current assets				
Outstanding settlements and other receivables		11,157	17,191	31,607
Cash and cash equivalents		92,488	103,134	105,808
		103,645	120,325	137,415
Total assets		2,951,596	2,888,508	2,979,269
Current liabilities				
Outstanding settlements and other payables		(12,747)	(20,109)	(25,670)
Bank loans	13	(127,000)	(131,000)	(133,000)
		(139,747)	(151,109)	(158,670)
Total assets less current liabilities		2,811,849	2,737,399	2,820,599
Non-current liabilities				
Unsecured fixed rate loan notes	13	(118,450)	(120,800)	(120,960)
Deferred tax liability		-	(72)	(6)
Amounts payable under long term Investment Incentive Plan		-	(69)	-
		(118,450)	(120,941)	(120,966)
Net assets		2,693,399	2,616,458	2,699,633
Equity				
Share capital	14	8,501	8,826	8,691
Capital reserve		1,916,136	1,836,364	1,923,439
Merger reserve		645,335	645,335	645,335
Capital redemption reserve		10,497	10,172	10,307
Revenue reserve		112,930	115,761	111,861
Total Equity		2,693,399	2,616,458	2,699,633

All net assets are attributable to the equity holders.

Net asset value per ordinary share attributable to equity holders

Basic (£)	9	£7.93	£7.42	£7.78
Diluted (£)	9	£7.92	£7.41	£7.77

Cash flow statement (unaudited)

For the period ended 30 June 2018

£000	6 months to 30 June 2018	6 months to 30 June 2017	Year to 31 December 2017 (audited)
Cash flows from operating activities			
Profit before tax	74,065	329,424	472,936
Adjustments for:			
Gains on investments	(55,402)	(298,595)	(432,187)
(Gain)/loss on fair value of debt	(2,510)	2,000	2,160
Foreign exchange losses/(gains)	2,603	(6,807)	(4,556)
Gain on other assets held at fair value	-	-	(1,450)
Finance costs	3,077	3,033	6,190
Movement in pension scheme loss/(surplus)	6	(1)	305
Operating cash flows before movements in working capital	21,839	29,054	43,398
Decrease in receivables	668	278	3,273
Increase/(decrease) in payables	1,708	(4,650)	(6,318)
Net cash inflow from operating activities before income tax	24,215	24,682	40,353
Taxes paid	(2,855)	(2,933)	(1,433)
Net cash inflow from operating activities	21,360	21,749	38,920
Cash flows from investing activities			
Proceeds on disposal at fair value of investments through profit and loss	960,072	5,948,159	4,384,770
Purchase of investments at fair value through profit and loss	(905,330)	(4,936,674)	(3,322,009)
Disposal of tangible assets	-	24	25
Net cash inflow from investing activities	54,742	1,011,509	1,062,786
Cash flows from financing activities			
Dividends paid - Equity	(22,761)	(25,176)	(48,113)
Unclaimed dividends returned	6	66	66
Purchase of own shares	(54,891)	(969,102)	(1,008,529)
Bank loans and unsecured fixed rate loan notes raised	-	11,000	13,000
Repayment of borrowing	(6,000)	-	-
Finance costs paid	(3,173)	(3,149)	(6,308)
Net cash outflow from financing activities	(86,819)	(986,361)	(1,049,884)
Net (decrease)/increase in cash and cash equivalents	(10,717)	46,897	51,822
Cash and cash equivalents at beginning of period/year	105,808	49,430	49,430
Effect of foreign exchange rate changes	(2,603)	6,807	4,556
Cash and cash equivalents at the end of period/year	92,488	103,134	105,808

Notes to the financial statements

1 General Information

The information contained in this report for the period ended 30 June 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2017 has been delivered to the Registrar of Companies. The auditor's report on those financial statements was prepared under s495 and s496 of the Companies Act 2006. The report was not qualified, did not contain an emphasis of matter paragraph and did not contain statements under section 498(2) or (3) of the Companies Act.

The interim results are unaudited. They should not be taken as a guide to the full year.

2 Accounting Policies

Basis of preparation

The annual financial statements were prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the EU. The condensed set of financial statements included in this half yearly financial report have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU.

Going concern

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Segmental reporting

The Company has identified a single operating segment, the investment trust, which aims to maximise shareholders returns. As such no segmental information has been included in these financial statements.

Application of accounting policies

The same accounting policies, presentations and methods of computation are followed in these financial statements as were applied in the Company's last annual audited financial statements with the exception of those noted below.

Adoption of new accounting standards

IFRS 15 Revenue from Contracts with Customers

In the current financial year the Company has adopted IFRS 15. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Given the nature of the income streams of the Company, there is no material impact to the current measurement and disclosure of revenue.

IFRS 9 Financial Instruments

In the current financial year the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and general hedge accounting. The Company measures all balance sheet items at fair value, there are no impaired assets and, does not enter into general hedge accounting. There is no material impact on the Company in relation to the adoption of this standard.

Group Consolidation

The Company qualifies as an investment entity under IFRS 10 meeting all the key characteristics and as a result recognises its subsidiaries as investments at fair value through the income statement, as they do not provide services that relate directly to the investment activities of the Company or they are themselves regarded as an investment entity.

Notes to the financial statements

3 Income

£000	6 months to 30 June 2018	6 months to 30 June 2017	Year to 31 December 2017
Deposit interest	(4)	20	20
Dividend income	29,943	35,664	56,984
Mineral rights income	1,097	1,453	2,803
Property rental income	382	335	570
Recharged costs	70	1	148
Total income	31,488	37,473	60,525

4 Finance Costs

£000	6 months to 30 June 2018			6 months to 30 June 2017			Year to 31 December 2017		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Bank loans and unsecured fixed rate loan notes	775	2,302	3,077	1,009	2,024	3,033	2,094	4,096	6,190

Finance costs include interest of £2.2m (£2.2m at 30 June 2017 and £4.3m at 31 December 2017) on the £100m 4.28% unsecured fixed rate loan notes which were drawn down in July 2014 for 15 years.

5 Taxation

UK corporation tax for the period to 30 June 2018 is calculated at the average rate of 19% (19.3% for the period to 30 June 2017) of the estimated assessable profits for the period. A reduction in the main rate of UK corporation tax to 19% was substantively enacted in April 2017. Taxation for overseas jurisdictions is calculated at the rates prevailing in the respective jurisdictions, such taxation mainly comprises withholding taxes levied on the investment returns generated on foreign investments such as overseas dividend income.

6 Dividends paid

£000	6 months to 30 June 2018	6 months to 30 June 2017	Year to 31 December 2017
Fourth interim dividend for the year ended 31 December 2016 of 3.274p per share	-	13,505	13,505
First interim dividend for the year ended 31 December 2017 of 3.290p per share	-	11,671	11,671
Second interim dividend for the year ended 31 December 2017 of 3.290p per share	-	-	11,507
Third interim dividend for the year ended 31 December 2017 of 3.290p per share	-	-	11,430
Fourth interim dividend for the year ended 31 December 2017 of 3.290p per share	11,245	-	-
First interim dividend for the year ended 31 December 2018 of 3.389p per share	11,516	-	-
	22,761	25,176	48,113

7 Earnings Per Share

£000	6 months to 30 June 2018			6 months to 30 June 2017			Year to 31 December 2017		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Ordinary shares									
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders	23,824	47,620	71,444	29,421	297,153	326,574	48,458	423,349	471,807
Number of shares									
Weighted average number of ordinary shares for the purposes of basic earnings per share		340,879,652			378,350,366			376,802,754	
Weighted average number of ordinary shares for the purposes of diluted earnings per share		341,303,463			378,870,625			377,500,816	

The calculation of the basic and diluted earnings per share is based on the following data:

The diluted figure is the weighted average of the entire number of shares in issue.

Notes to the financial statements

7 Earnings Per Share

The basic weighted average number of ordinary shares is arrived at by excluding 407,316 (456,886 at 30 June 2017 and at 31 December 2017) ordinary shares held by the Trustee of the Employee Benefit Trust.

IAS 33.41 requires that shares should only be treated as dilutive if they decrease earnings per share or increase the loss per share. The earnings per share figures on the income statement reflect this.

8 Pension Schemes

In the period the Company sponsored three pension arrangements.

The Alliance Trust Companies' Pension Fund (the Scheme) was a funded defined benefit pension scheme. On 25 June 2018, following completion of a buyout and the issuance by Legal & General and other insurers of individual annuities to all members in respect of their entitlement to benefits from the Scheme, the Trustees of the Scheme terminated the Scheme and it is now wound up.

The Company has a NEST pension scheme to comply with the requirements of auto-enrolment. All eligible employees have opted out of this scheme and it has no members.

Employees are entitled to receive contributions into their own Self Invested Personal Pension ('SIPP') provided by ATS.

9 Net Asset Value Per Ordinary Share

The calculation of the net asset value per ordinary share is based on the following:

	30 June 2018	30 June 2017	31 December 2017
Equity shareholder funds (£000)	2,693,399	2,616,458	2,699,633
Number of shares at period end - Basic	339,574,639	352,542,360	347,135,270
Number of shares at period end - Diluted	339,981,955	352,999,246	347,592,156

The number of ordinary shares has been reduced by 407,316 (456,886 at 30 June 2017 and at 31 December 2017) ordinary shares held by the Trustee of the Employee Benefit Trust in order to arrive at the basic figures above.

10 Hierarchical valuation of financial instruments

Accounting Standards recognise a hierarchy of fair value measurements, for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1	Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange.
Level 2	Quoted prices for similar assets or liabilities or other directly or indirectly observable inputs which exist for the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data. The value is the Director's best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. Included within this category are direct or pooled private equity investments and mineral rights.

The following table analyses the fair value measurements for the Company's assets and liabilities measured by the level in the fair value hierarchy in which the fair value measurement is categorised at 30 June 2018. All fair value measurements disclosed are recurring fair value measurements.

Company valuation hierarchy fair value through income statement

£000	As at 30 June 2018			Total
	Level 1	Level 2	Level 3	
Listed investments	2,713,143	-	-	2,713,143
Foreign exchange contracts	-	1	-	1
Unlisted investments				
Private Equity	-	-	76,879	76,879
Alliance Trust Savings	-	-	38,000	38,000
Mineral rights	-	-	14,803	14,803
Other	-	-	190	190
	2,713,143	1	129,872	2,843,016

Notes to the financial statements

10 Hierarchical valuation of financial instruments

£000	As at 30 June 2017			
	Level 1	Level 2	Level 3	Total
Listed investments	2,590,883	-	-	2,590,883
Foreign exchange contracts	-	(1)	-	(1)
Unlisted investments				
Private Equity	-	-	96,959	96,959
Alliance Trust Savings	-	-	61,500	61,500
Mineral rights	-	-	14,109	14,109
Other	-	-	123	123
	2,590,883	(1)	172,691	2,763,573

£000	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Listed investments	2,676,179	26,100	-	2,702,279
Foreign exchange contracts	-	(2)	-	(2)
Unlisted investments				
Private Equity	-	-	81,185	81,185
Alliance Trust Savings	-	-	38,000	38,000
Mineral rights	-	-	15,297	15,297
Other	-	-	116	116
	2,676,179	26,098	134,598	2,836,875

There have been no transfers during the year between Levels 1, 2 and 3.

Fair Value Assets in Level 1

The quoted market price used for financial investments held by the Company is the current bid price. These investments are included within Level 1 and comprise of equities bonds and exchange-traded derivatives. This includes Liontrust Asset Management PLC shares, shown as part of the non-core holdings on page 12.

Fair Value Assets in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and with minimal reliance on entity specific estimates.

Fair Value Assets in Level 3

From 1 April 2017 Level 3 assets, excluding the valuation of Alliance Trust Savings (ATS), are reviewed on an ongoing basis by the Valuation Committee of Towers Watson Investment Management (TWIM) who are assigned responsibility for valuation by the Board of the Company. Prior to this date, valuation responsibility was assigned to the Valuation Committee of the Company. The valuation of ATS is reviewed on an ongoing basis by the Directors. The TWIM Valuation Committee considers the appropriateness of the valuation models, inputs, using the various valuation methods in accordance with the Company's valuation policy, and will determine the appropriateness of any valuation of the underlying assets.

The following table shows the reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy.

£000	June 18	June 17	December 17
Balance at 1 January	134,598	217,275	217,275
Net (loss)/gain from financial instruments at fair value through profit or loss	(1,697)	9,390	(16,668)
Purchases at cost	2,946	1,823	3,913
Sales proceeds	(10,991)	(49,948)	(68,759)
Realised (gain)/loss on sale	5,016	(5,849)	(1,163)
Balance at 30 June / 31 December	129,872	172,691	134,598

Investments in subsidiary companies (Level 3) are valued in the Company's accounts at £83.4m (£124.9m at 30 June 2017 and £88.0m at 31 December 2017).

The Directors assessed the fair value of ATS and determined there have been no material changes to the business and no changes in conditions to necessitate a change to the fair valuation of ATS as at 30 June 2018. The fair value of ATS is reviewed on an ongoing basis by the Directors.

Mineral rights are carried at fair value and are valued in the Company's accounts at £14.8m (£14.1m at 30 June 2017, £15.3m at 31 December 2017) being the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the Oklahoma Tax Commission and for non-producing properties, the Lierle US Price Report.

Notes to the financial statements

10 Hierarchical valuation of financial instruments

The table below details how an increase or decrease in the input variables would impact the valuation disclosed for the relevant Level 3 assets.

£000	Fair Value			Input	Input	Change in
Investment	at June 18	Valuation Method	Unobservable inputs	Input	sensitivity +/-	valuation +/-
Alliance Trust Savings	38,000	Discounted cash flow	Cost of equity	12.5%	0.5	(2,500)/(3,500)
			Long-term growth rate	2.0%	1.0	2,000/(1,000)
			Long-term PBT margin	0.0%	1.0	3,000/(2,000)
Mineral rights	14,803	Oklahoma Tax Commission multiples and Lierle US Price report (for non producing properties)	Revenue multiple - gas	7	1	766/(766)
			Revenue multiple - oil	4	1	553/553)
			Revenue multiple - products/condensate	4	1	375/375)
			Average bonus multiple non producing	1	0.5	1,360/(1,360)

The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result. For mineral rights, an increase in the revenue multiple and average bonus multiple would lead to an increase in the estimated value.

Private equity investments, both fund-of-fund and direct, included under Level 3, are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines issued in December 2015. Unlisted investments in private equity are stated at the valuation as determined by the TWIM Valuation Committee based on information provided by the General Partner. The General Partner's policy in valuing unlisted investments is to carry them at fair value. The General Partner will generally rely on the fund's investment manager's fair value at the last reported period, rolled forward for any cashflows. However, if the General Partner does not feel the manager is reflecting a fair value they will select a valuation methodology that is most appropriate for the particular investments in that fund and generate a fair value. In those circumstances the General Partner believes the most appropriate methodologies to use to value the underlying investments in the portfolio are: price of a recent investment, multiples, net assets, and industry valuation benchmarks.

An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (for example, when an entity uses prices from prior transactions or third-party pricing information without adjustment). TWIM receives information from the General Partner on the underlying investments which is subsequently reviewed by the TWIM Valuation Committee. Where the TWIM Valuation Committee does not feel that the valuation is appropriate, a recommendation of the appropriate fair value will be made to the Board of the Company.

No interrelationships between unobservable inputs used in the above valuations of Level 3 investments have been identified.

11 Financial Commitments

As at 30 June 2018 the Company had financial commitments, which have not been accrued, totalling £19.2m (£26.0m at 30 June 2017 and £22.8m at 31 December 2017). These amounts were in respect of uncalled subscriptions in investments structured as limited partnerships all of which relates to investments in our private equity portfolio. This is the maximum amount that the Company may be required to invest. These limited partnership commitments, which can include callable distributions received, may be called at any time up to an agreed contractual date. The Company may choose not to fulfil individual commitments but may suffer a penalty should it do so, the terms of which vary between investments.

The Company has provided letters of comfort in connection with banking facilities made available to one of its subsidiaries. The Company provided a letter of support to AT2006 Limited confirming ongoing support for at least 12 months from the date the annual financial statements were signed, to make sufficient funds available if needed to enable them to continue trading, meet commitments and not to seek repayment of any amounts outstanding.

The Company provides ongoing regulatory support for ATS in the context of its role as a consolidated bank holding company when required.

12 Share Based Payments

The Company operates three share based payment schemes. Full details of these schemes (Long Term Incentive Plan (LTIP), Deferred Bonus and All Employee Share Ownership Plan (AESOP) are disclosed in the December 2017 Annual Report and financial statements and the basis of measuring fair value is consistent with that disclosed therein.

Details of the historic LTIP awards are disclosed in the 2017 Annual Report. The Company continues to operate the 2015 LTIP under which awards which will vest in 2020. In the period ended 30 June 2018 no new awards were made and no Company shares were purchased (nil at 30 June 2017 and 31 December 2017). There was no charge to the Company income statement during the period in respect of LTIP awards (nil at 30 June 2017 and at 31 December 2017).

Notes to the financial statements

13 Bank loans and unsecured fixed rate loan notes

£000	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017
Bank loans repayable within one year	127,000	131,000	133,000
Analysis of borrowings by currency:			
Bank loans - Sterling	127,000	131,000	133,000
The weighted average % interest rates payable:			
Bank loans	1.23%	0.97%	1.20%
The Directors' estimate of the fair value of the borrowings:			
Bank loans	127,000	131,000	133,000
Unsecured fixed rate loan notes	118,450	120,800	120,960

£100m of unsecured fixed rate loan notes were drawn down in July 2014, over 15 years at 4.28%. The basis of the fair value estimate is disclosed in the Annual Report.

The total weighted average % interest rates payable:	2.57%	2.40%	2.53%
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14 Share Capital

£000	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017
Allotted, called up and fully paid:			
339,981,955 (352,999,246 at 30 June 2017 and 347,592,156 at 31 December 2017) ordinary shares of 2.5p each	8,501	8,826	8,691

Share Buybacks

£000	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017
Ordinary shares of 2.5p each			
Opening share capital	8,691	12,319	12,319
Share buybacks	(190)	(3,493)	(3,628)
Closing share capital	8,501	8,826	8,691

15 Contingent assets

The sale of Alliance Trust Investments to Liontrust Asset Management Plc (Liontrust) included £3 million in cash as contingent consideration, dependent on the future level of assets under management payable two years after completion. The inflow of these funds to the Company is considered probable but not virtually certain and as such is being disclosed as a contingent asset.

GLOSSARY: PERFORMANCE MEASURES AND OTHER TERMS

Throughout this document we use a number of terms to describe performance. Where not described in detail elsewhere we set out here what these terms mean. Many of the Alternative Performance Measures we use are commonplace for describing the performance of investment trusts however they are not derived from the Financial Statements. We believe the use of such Alternative Performance Measures is consistent with the financial reporting framework adopted by the Trust and is to aid the shareholders understanding of the investment performance of the Trust.

Equity Portfolio Return is a measure of the performance of the Trust's equity portfolio over a specified period. It combines any appreciation in the value of the equity portfolio and dividends paid. The comparator used for equity portfolio return is the MSCI ACWI total return. The equity portfolio return was 2.9% over the half year to 30 June 2018 gross of manager fees. On page 4 we provide an analysis of the investment portfolio and equity portfolio return.

Gearing At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

MSCI means MSCI Inc which provides information relating to the benchmark, the MSCI All Country World Index, against which the performance target for the equity portfolio has been set. MSCI's disclaimer regarding the information provided by it can be found on our website.

Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue and is stated on a cum-income basis. The Trust's balance sheet net asset value as at 30 June 2018 is £2.693bn divided by the 339,574,639 shares in issue on that date giving a NAV per share of 793.2p.

NAV Total Return is a measure of the performance of the Trust's net asset value over a specified period. It combines any appreciation in the net asset value and dividends paid. The comparator used for NAV total return is the MSCI ACWI total return, as a NAV total return for that index is not available. It is based on NAV including income with debt at fair value, and after all manager fees (including WTW's fees) and allows for any tax reclaims when they are achieved.

The NAV per share at 31 December 2017 was 777.7p and 793.2p at 30 June 2018 increasing 2.0% over the six month period. The NAV total return for the period was 2.9% and the effect of reinvesting the dividends was therefore 0.9%.

Ongoing Charges represent the total ongoing costs and are calculated in accordance with the guidelines issued by the Association of Investment Companies (AIC). This is only calculated on the year end figures and more detailed information of how it was calculated for the year ended 31 December 2017 can be found on page 20 of the Annual Report and Accounts.

Ongoing Charge Ratio (OCR) The total ongoing expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value). This is only calculated on the year end figures and more detailed information of how it was calculated for the year ended 31 December 2017 can be found on page 20 of the Annual Report and Accounts.

Total Assets represents total net assets less current liabilities, before deduction of all borrowings.

Total Shareholder Return (TSR) is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend. The comparator used for total shareholder return is the MSCI ACWI total return. This measure shows the actual return received by a shareholder from their investment. The Trust's share price as at 31 December 2017 was 746.5p and 748.0p at 30 June 2018, increasing 0.2% over the six month period. The total shareholder return for the six month period was 1.1% and the effect of reinvesting the dividends was therefore 0.9%.

USEFUL INFORMATION

PERFORMANCE

Our website www.alliancetrust.co.uk contains the most recent information on our investment performance in our monthly factsheet as well as a daily update on our share price and Net Asset Value.

SHARE INVESTMENT

Alliance Trust PLC invests primarily in equities and aims to generate capital growth and a rising dividend from its portfolio of investments.

Alliance Trust currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

The shares in Alliance Trust may also be suitable for institutional investors who seek a combination of capital and income return. Private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested.

Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

HOW TO INVEST

One of the most convenient ways to invest in Alliance Trust is through one of the savings plans run by Alliance Trust Savings Limited who can be contacted online at: www.alliancetrustsavings.co.uk/apply/ or by calling Alliance Trust Savings on 01382 573737. Annual account charges and certain transaction costs will apply according to the type of plan.

Our shares can also be purchased through most online share dealing platforms that offer investment trusts or through your bank or stockbroker.

DIVIDENDS

Proposed dividend payment dates for the financial year to 31 December 2018 are on or around:

1 October 2018
31 December 2018
1 April 2019

SHAREHOLDER FORUMS

After the Trust's Annual General Meeting which was held in Dundee in April, shareholders had the opportunity to meet two of the equity managers who outlined their investment philosophies and processes, illustrated with specific stock examples. We intend to hold a similar forum after our 2019 AGM.

We also plan to hold a shareholder forum in London in October 2018, providing shareholders with the opportunity to meet a selection of Alliance Trust's equity managers. Shareholders will be able to hear from them directly about their investment approach and how they create their portfolios of best ideas. The event will be held at the offices of our investment manager, Willis Towers Watson, 51 Lime Street, London EC3M 7DQ on the afternoon of 23 October 2018. Full details, including the names of the managers attending and how shareholders can gain admission, will be published on our website (www.alliancetrust.co.uk) as soon as they are confirmed.

REGISTRARS

Our Registrars are:

Computershare Investor Services PLC, PO Box 82,
The Pavilions, Bridgwater Road, Bristol BS99 7NH.

Telephone: 0370 889 3187

Change of address notifications and registration enquiries for shareholdings registered in your own name should be sent to the Company's registrars at the above address. You should also contact the registrars if you would like the dividends on shares registered in your own name to be sent to your bank or building society account. You may check your holdings and view other information about Alliance Trust shares registered in your own name at www.computershare.com.

CONTACT US

If you have any questions about the Company or wish to subscribe to our monthly factsheet or newsletter, please contact us:

By phone: 01382 321010

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By post: 8 West Marketgait, Dundee DD1 1QN

By our website: www.alliancetrust.co.uk/contact



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