



Alliance Trust PLC

Results for six months ended 30 June 2019

Fully focussed global equity investment trust

Financial highlights

	As at / 6 months to 30 June 2019	As at / 12 months to 31 Dec 2018	As at / 6 months to 30 June 2018
Share price	796.0p	688.0p	748.0p
NAV per share	836.8p	723.6p	793.2p
Total shareholder return	16.8%	-6.1%	1.1%
Total dividend	6.980p	13.55p	6.778p

Encouraging performance in H1 2019

- Total Shareholder Return (TSR) of 16.8%, Net Asset Value (NAV) Total Return of 16.7% and Equity Portfolio Total Return of 16.3%* compared with the MSCI ACWI Total Return of 16.7%
- Since Willis Towers Watson's (WTW) appointment as investment manager in April 2017, TSR has been 21.1%, NAV Total Return 20.5% and the Equity Portfolio Total Return 22.2%* compared to the MSCI ACWI's 21.5% and 18.6% for the peer group median** over the same period
- Interim dividend of 3.490p, an increase of 3% year on year and over 50 years of successive dividend growth
- Discount to NAV averaged 5.1% over the period (H1 2018: 5.8%)
- Investment portfolio now comprises 99.5% global equities following completion of the sale of Alliance Trust Savings

*before fees

** Morningstar universe of 306 UK retail global equity funds (open-ended and closed-ended)

Lord Smith of Kelvin, Chairman of Alliance Trust PLC, commented:

"I am pleased to report an encouraging period of strong absolute returns to shareholders. Global equity markets rebounded strongly in the first half and we delivered a Total Shareholder Return of 16.8% against the 16.7% return of our benchmark index. Since we appointed WTW, our Equity Portfolio Total Return has been 22.2%*, outperforming the benchmark, which returned 21.5%. We have also outperformed many of our peers in a challenging period for active managers.

With the sale of Alliance Trust Savings having closed in June, we have completed the simplification of the Trust as approved by our shareholders just over two years ago following the strategic review. We now have less than £14m invested outside of global equities and we expect this to be realised by the end of the year.

I am also pleased that we have declared a 3% year-on-year increase in our interim dividend, continuing our long record of rising dividends.

We started 2019 expecting there to be increasingly difficult global economic conditions and continued political uncertainty, and this has proved to be the case. The first half brought significant volatility in the equity market which may well continue. We believe that our diversified, best ideas investment approach means that the Trust is well positioned to take advantage of volatile markets, as all our stock pickers have extensive experience of a wide variety of market environments over many years, including both bull and bear markets. We are confident in their abilities to identify the winners and we believe they will deliver attractive investment performance over the long-term.”

-ENDS-

About Alliance Trust PLC

Alliance Trust aims to deliver long-term capital growth and rising income from investing in global equities at a competitive cost. We blend the top stock selections of some of the world’s best active managers, as rated by Willis Towers Watson, into a single diversified portfolio designed to outperform the market while carefully managing risk and volatility.

<https://www.alliancetrust.co.uk>

For more information, please contact:

Mark Atkinson
Head of Marketing and Investor
Relations
Alliance Trust PLC
Tel: 07918 724303

Fiona Harris
Sarah Gibbons-Cook

Quill PR
Tel: 020 7466 5050 / AllianceTrust@quillpr.com

Alliance Trust PLC Interim Report 2019

Alliance Trust aims to deliver long-term capital growth and rising income from investing in global equities at a competitive cost. We blend the top stock selections of some of the world’s best active managers* into a single diversified portfolio designed to outperform the market.

*As rated by Willis Towers Watson (WTW).

OUR PERFORMANCE IN 2019

SHARE PRICE (PENCE)		NET ASSET VALUE (PENCE)*	
30 June 2019	796.0	30 June 2019	836.8
31 December 2018	688.0	31 December 2018	723.6
31 December 2017	746.5	31 December 2017	777.7
31 December 2016	638.0	31 December 2016	667.5
31 December 2015	517.0	31 December 2015	559.0
31 December 2014	478.9	31 December 2014	544.8
Source: FactSet.		Source: FactSet and WTW. Net Asset Value includes income and with debt at fair value.	
<p>Why we measure this: This is a simple means of identifying the change in the value of the Trust.</p> <p>How have we performed: The share price rose 15.7% during the first six months of 2019 from 688.0p at 31 December 2018 to 796.0p as at 30 June 2019. Our discount remained steady, averaging 5.1% over the six month period.</p>		<p>Why we measure this: This shows the performance of all of our investments</p> <p>How have we performed: Our NAV per share rose 15.6% during the six months to 30 June 2019 to 836.8p from 723.6p at 31 December 2018, driven predominantly by a rise in equity markets. The MSCI ACWI rose 16.7% over the same period.</p>	

* UK GAAP Measure.

CHAIRMAN'S STATEMENT

INVESTMENT PERFORMANCE

Global equity markets rebounded strongly in the first half of 2019. For the first six months the Trust's Total Shareholder Return (TSR)*, NAV Total Return* and Equity Portfolio Total Return* were 16.8%, 16.7% and 16.3% respectively, compared to our benchmark, the MSCI All Country World Index (ACWI) which returned 16.7% over the same period. Since Willis Towers Watson's (WTW) appointment in April 2017, the TSR was 21.1%, NAV Total Return was 20.5% and the Equity Portfolio Total Return was 22.2% before fees, outperforming the Trust's benchmark, which returned 21.5%.

* Alternative Performance Measure (refer to Glossary)

DISCOUNT

Our discount remained steady and over the six month period it averaged 5.1% and varied between 4.0% and 6.1%. During the period we repurchased and cancelled only 3.6m shares reflecting the reduction in demand for our buyback programme. We will continue to operate the programme to support the management of our discount.

ALLIANCE TRUST SAVINGS (ATS)

The sale of ATS, to Interactive Investor, completed on 28 June. As previously announced, the total consideration payable for the business was £40m including office premises, subject to post completion adjustments. The net proceeds after costs associated with the disposal of £34.2m will be reinvested in the Trust's global equity portfolio.

I would like to take this opportunity to thank all the hard-working staff at ATS for their efforts over the years to build the business.

SIMPLIFICATION OF THE TRUST

In 2017, our shareholders approved the Board's plan to change our investment approach and to simplify the Trust. We have now completed our transformation into a fully focussed global equity trust.

The sale of ATS, combined with the ongoing reduction in our mineral rights through a structured sale process, means that 99.5% of the Trust's assets will be invested in the equity portfolio. Our remaining non-core investments, now valued at under £14m, should be realised before the year end.

As our portfolio is much simpler, comprising almost entirely equities, there will no longer be a need to report both the NAV Total Return and the Equity Portfolio Total Return as they will be virtually identical. We will now focus on the NAV Total Return as our key measure of investment performance. We recognise that over historic periods that return will have been impacted by ATS and our non-core investments. We continue to target 2% outperformance against our benchmark, after costs, over a rolling three year period and we remain confident that our investment approach will deliver good long-term returns, exceeding our benchmark. In the future, rather than refer to the Gross Dividend Reinvested variant of the MSCI ACWI, we will refer to the Net Dividend Reinvested variant as our benchmark. As this variant of the index includes the effects of foreign withholding tax on dividends paid, it more accurately reflects the return that a shareholder could expect to actually receive.

RESPONSIBLE INVESTMENT

We recognise the increased focus on stewardship within the UK investment sector and have strengthened our commitment to responsible investment through the appointment of Hermes Equity Ownership Services (HEOS), to provide a new engagement overlay service. HEOS is a leading stewardship provider which works with companies around the world to address the key risks and challenges they face, including, environmental, social, governance, strategy, risk and communication matters. All of the Trust's stock pickers have been vetted by WTW for their approach to stewardship and responsible investment, and HEOS will provide an additional layer of expertise.

DIVERSITY

Our shareholders at our Annual General Meeting in April approved an increase in the total ordinary remuneration that is allowed to be paid to our Directors. This additional flexibility has enabled the Board to take a decision to increase both the size of the Board and its gender diversity. We hope to announce the appointment of an additional, female, Director before the end of the year.

DIRECTORS' REMUNERATION

As announced in our Annual Report, from 1 July the fees paid to our Chairman, Deputy Chairman, Senior Independent Director and Chairman of the Remuneration Committee will be reduced, in aggregate, by 16.8% or £67,500. This reflects the significant simplifications that have taken place in the Trust.

CONTINUED COMMITMENT TO DUNDEE

Following the sale of ATS and our office premises, the Trust is remaining headquartered in Dundee. We have taken a lease of a smaller office there in which the Executive function will be based and where we will hold Board meetings.

CONTROL OF COSTS

We continue to keep a close eye on the expenses we incur in running the Trust and we have managed to maintain them at around the same level as last year. Where possible, we will seek savings to reflect the simplification of the Trust.

CORPORATE BROKERS

On 24 June we announced the appointment of Investec Bank plc as our sole broker. This appointment followed the decision by our former brokers to cease providing this service and the move of our existing brokerage team to Investec. We will consider later in the year whether we wish to carry out a tender exercise for the role.

APPROVAL OF DIVIDEND POLICY

Like a number of other investment trusts we pay four interim dividends a year and do not seek approval from our shareholders of a final dividend. We believe that this meets the needs of our shareholders. However, at our next Annual General Meeting we will ask our shareholders to approve our dividend policy.

DIVIDEND DECLARATION

The Board has declared a second interim dividend for the year ending 31 December 2019 of 3.49p per ordinary share payable on 30 September 2019 to shareholders on the register on 6 September 2019; the ex-dividend date is 5 September 2019. This is a 3% increase on last year.

Lord Smith of Kelvin
Chairman

RESULTS FOR 6 MONTHS TO 30 JUNE 2019

COMPANY PERFORMANCE

	30 June 2019	31 December 2018	30 June 2018
Share price	796.0p	688.0p	748.0p
Net Asset Value (NAV) per share*	836.8p	723.6p	793.2p
Discount to NAV	4.9%	4.9%	5.7%
Average Discount to NAV**	5.1%	6.0%	5.8%

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 2019)

Contribution Analysis (%)	Contribution to Total Return	
Equity Portfolio	16.3%	This is the Equity Portfolio Total Return and is before managers' fees and includes the effect of the managers' cash holdings
Effect of Weighting and Cost of Gearing	0.9%	This is the impact of having more than 100% of the assets in the equity portfolio on average over the year and the cost of gearing
Non-core Investments	0.1%	Includes private equity and mineral rights and shows that they had a marginally positive impact on the Trust's return in the period
Subsidiaries	0.0%	Alliance Trust Savings had a neutral impact on the contribution to the Trust's Total Shareholder Return
Cash and Accruals	-0.4%	This entry includes cash as well as accruals for Trust expenses, but does not include cash held by the stock pickers which has not been invested – this is captured in the Equity Portfolio Total Return
Share Buybacks	0.1%	The impact of share buybacks was positive, boosting the Total Shareholder Return
Total Expenses	-0.3%	Costs including manager fees reduced performance
NAV Total Return	16.7%	This is the total return of the Trust based on its NAV
Effect of Discount	0.1%	This is the impact on the Total Shareholder Return due to the discount changing during the period
Total Shareholder Return	16.8%	This is the total return that our shareholders received through share price movement and dividend reinvestment
MSCI ACWI Total Return	16.7%	This is the return that the benchmark index achieved through share price movement and dividend reinvestment

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

SHAREHOLDER RETURN

As at 30 June 2019	6 months	1 year	3 years	5 years
Total Shareholder Return	16.8%	8.4%	60.9%	99.0%
NAV Total Return*	16.7%	7.3%	49.3%	80.4%
MSCI ACWI	16.7%	10.3%	48.5%	86.1%

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 2019	Year to 31 December 2018	6 months to 30 June 2018
Investment Management Fees	£5.5m	£10.8m	£5.2m
Ongoing Administrative Expenses	£2.9m	£5.8m	£3.0m
Total Ongoing Expenses	£8.4m	£16.6m	£8.2m
Non-recurring Costs	£0.4m	£0.8m	£1.4m
Total Expenses	£8.8m	£17.4m	£9.6m

Source: WTW.

INVESTMENT APPROACH

INVESTMENT OBJECTIVE AND POLICY

The Trust's objective is to be a core investment for investors that delivers a real return over the long term through a combination of capital growth and a rising dividend. The Trust invests primarily in global equities across a wide range of different sectors and industries to achieve its objective.

The Trust, through its investment manager, appoints a number of stock pickers with different styles and approaches each of which will select and invest in stocks for the Trust's single investment portfolio; it will achieve an appropriate spread of risk by holding a diversified portfolio in which no single investment may exceed 10% of the Trust's total assets at the time of investment.

Where market conditions permit, the Trust will use gearing of not more than 30% of its net assets at any given time. The Trust can use derivative instruments to hedge, enhance and protect positions, including currency exposures. While the primary focus of the Trust is investment in global equities, the Trust may also invest from time to time in fixed interest securities, convertible securities and other assets.

The above investment objective and policy was approved by shareholders at the Annual General Meeting held on 25 April 2019.

HOW WE MANAGE THE PORTFOLIO

We have appointed Willis Towers Watson¹ (WTW) (NASDAQ: WLTW), a leading investment group with roots dating back to 1828, as our investment manager, and it in turn has appointed a number of managers to pick and invest in stocks for the Trust's portfolio. The managers' mandate is to pick and invest in stocks while WTW manages the overall portfolio and is responsible for balancing risk at the stock, sector and geographical level.

With \$122bn² of assets under management and \$2.6trn³ under advice, WTW's size and global presence brings investors in the Trust advantages that many other investment managers cannot offer.

With a research and portfolio management team of some 120 (39 in equities alone), WTW's primary goal is to identify managers who will deliver long-term value for their clients net of fees. WTW leveraged its scale and industry leading position to design a portfolio that met the specific needs of the Trust while at the same time negotiating highly competitive fees.

Although WTW has been successfully running similar strategies for institutional investors for some time, the portfolio built for the Trust is unique for an investment trust. While it is not uncommon to bring existing funds together in a multi-manager structure, the Trust's portfolio is different, in that it comprises the highest conviction stocks of eight best-in-class⁴ managers in a single, bespoke portfolio. Most of the eight are not otherwise accessible by UK retail investors.

Between them, the managers cover a range of stock-picking styles which reduces the risk that is often faced by investors selecting a single, star manager or one particular style that can move in and out of favour. We believe this approach of using several complementary stock pickers investing with high-conviction increases the chances of outperformance.

HOW THE STOCK PICKERS ARE SELECTED

WTW has drawn on its in-depth knowledge of over 1,500 equity managers and 16,850 equity investment products to select the most appropriate stock pickers. WTW's quantitative analysis and assessment of qualitative factors are fundamental to its selection process, and includes consideration of i) investment professionals, ii) approach/insight generation, iii) portfolio management, iv) firm and team stability, v) opportunity set, vi) alignment and vii) environmental, social and governance beliefs. We discuss our approach to stewardship and responsible ownership on page 36 of the Annual Report and Accounts.

WTW's considerable global buying power enabled it to negotiate highly competitive fee levels with the eight managers. As a result, the Trust's investors can now gain exposure to a combination of some of the world's best-in-class⁴ managers for less than what many 'off-the-shelf' funds charge.

HOW THE STOCK PICKERS ARE MANAGED

Performance of the Trust's overall portfolio is managed by WTW's investment committee. This committee is responsible for driving outperformance of the portfolio, monitoring and overseeing stock picker performance, reviewing portfolio blending and risk balancing, implementing any hedging and gearing - as well as tight cost management. This process is supported by stock level data feeds and monitoring, a breadth of analytics tools, and regular meetings with the stock pickers.

The investment committee is chaired by Craig Baker, Global Chief Investment Officer at WTW. The other members of the committee are Co-portfolio managers, David Shapiro and Mark Davis together with Stuart Gray, Senior Equity Manager Researcher. Collectively the team has over 75 years of investment experience. The team is supported by about 120 research and portfolio management professionals around the world.

David Shapiro has recently indicated his desire to retire from full-time portfolio management. David feels it is the right time for him to do this now that the Trust's investment approach is well established and he will leave WTW at the end of September 2019.

Stuart Gray will assume David's role as Co-portfolio manager alongside Mark Davis. Stuart was previously a member of the Equity Portfolio Management Group at WTW and member of the investment committees for their equity funds. He joined WTW in 2003 and has spent most of his career researching equity managers around the world.

WTW'S EQUITY RESEARCH PROCESS

WTW focuses on qualitative factors supported by data analytics.

IDEA GENERATION	DUE DILIGENCE	INVESTMENT DECISION
16,850 universe	3,900 researched	210 top rating*
Universe of equity products Multiple research team inputs Desk-based research	On-site meetings/engagement Follow-up research and contact Operation due diligence approval	Devil's advocate Final skill thesis
20 top-rated equity managers running highly-concentrated products. Of these, 8 pick stocks for the Trust.		

Process recognised by asset managers with WTW voted by asset managers as having the highest Quality of Research**

Notes: Figures included above are approximated and rounded.

Sourced from WTW as at 31 December 2018.

*As rated by WTW. **Portfolio Institutional Consultants Survey 2016.

¹ The Alliance Trust Board has appointed Towers Watson Investment Management (Ireland) Limited (TWIMI) as the Trust's Alternative Investment Fund Manager (AIFM). The AIFM has delegated the management of the Trust's portfolio to Towers

Watson Investment Management Limited (TWIM). Both TWIMI and TWIM are members of the Willis Towers Watson group of companies.² As at 30 June 2018.³ As at 30 June 2017.⁴ As rated by WTW.

INVESTMENT MANAGER'S REPORT

MARKET BACKDROP

Global equity markets experienced very strong growth over the last six months with the MSCI ACWI rising 16.7%. The US and China trade dispute continued to dominate headlines but didn't materially impact returns over the period. The evolution of this dispute generated a number of short-term market fluctuations during the first half of the year, particularly evident in May following a breakdown in trade discussions. It also impacted across emerging markets, where Chinese and Mexican equities led the sell-off that saw emerging markets equities underperform developed markets over the period.

The threat of a 'no-deal' Brexit didn't have a material impact on global market returns; as the 29 March deadline loomed, the UK was granted an extension to the end of October 2019.

From a country perspective, markets experienced a continuation of the themes experienced in 2018 with US markets leading the major regions in terms of returns, mostly led by mega cap technology companies. The strong performance of the Information Technology sector led global markets, generating over 25% in the first half of 2019. Companies such as Microsoft, Apple and Mastercard all benefitted from tremendously strong price performance over the period.

INVESTMENT PERFORMANCE

The absolute return of the Trust's equity portfolio benefitted from the global outlook of the stock pickers. The ability to take advantage of the broadest investment opportunities has been key in delivering strong returns to shareholders.

The Trust's equity portfolio is designed to outperform the market over the long term regardless of the market conditions. However, in any short-term period, performance will be influenced by a range of factors. In the last six months a key factor has been the very strong performance of the US market relative to other regions. The Trust holds nearly half of its assets in the US and, as a result, the 18.9% return from this region was the main driver of the strong absolute return. However, as the Trust was slightly underweight versus the benchmark this acted as a drag on relative performance against the MSCI ACWI over this period. In addition, as our managers retain small amounts of cash to be able to react to stock opportunities swiftly when they arise, the strongly rising market meant that this cash acted as a slight drag on returns.

In a market now full of 'macro noise', our stock pickers continue to find good investment opportunities in businesses that should be able to materially outperform in the long-run. However, in the current environment, those stock pickers that could best be described as 'value' orientated, have been having a very difficult time and the spread of returns between 'value' and 'growth' has been increasing in the last 18 months.

Whilst undoubtedly there are some companies suffering from structural shifts in the market place that are not expected to recover, our preferred value orientated managers are focussed on companies that can, and are, delivering in terms of underlying business results but are not being recognised at present by market pricing.

The table below shows the relationship between the momentum in company earnings and the change in the price of the companies over 2017 and 2018. We note that while in 2017, stocks with a positive trend in earnings were generally rewarded by the market with positive price momentum, in 2018 this was not the case. Instead, 2018 saw stocks with negative or neutral earnings better rewarded than those with a positive earnings change, and this trend has continued into 2019. This has had a negative impact on the return profiles of some of our value-based managers; however, we believe that in the long run, fundamentals, such as earnings growth, are likely to come back into focus.

RELATIONSHIP BETWEEN COMPANY SHARE PRICE AND COMPANY EARNINGS

Year	Direction of Change	Earnings Change	Price Change
2017	Positive	63%	67%
	Negative or Neutral	37%	33%
2018	Positive	70%	22%
	Negative or Neutral	30%	78%

Source: WTW.

OUTPERFORMING THE TRUST'S PEERS

Since our appointment on 1 April 2017, the Trust's equity portfolio has returned 22.2% before fees – outperforming the MSCI ACWI return of 21.5%. It is pleasing to note that the Trust has outperformed the Peer Group Median since the adoption of the Trust's current investment strategy.

PERFORMANCE FROM 1 APRIL 2017 – 30 JUNE 2019 (%)

Measure	%
Total Shareholder Return	21.1
MSCI ACWI GDR*	21.5
MSCI ACWI NDR**	20.0
Peer Group Median	18.6

Source: Morningstar. All figures are measured since 1 April 2017, gross of fees. The Peer Group is the Morningstar universe of 306 UK global equity funds (open ended and closed ended).

* MSCI ACWI Gross Dividend Reinvested.

** MSCI ACWI Net Dividend Reinvested.

THE IMPACT OF STOCK SELECTION

Stock selection in Asia-Pacific and emerging markets regions and in the financials sector have been the most significant positive drivers of performance relative to the MSCI ACWI since the start of the year. Amongst the most additive of the Trust's holdings were Indian banking and financial services company HDFC Bank and Chinese private education provider New Oriental Education.

Health insurer Cigna and media conglomerate Qurate Retail Group, both US firms, were amongst the most significant detractors to the performance of the Trust's equity portfolio over the period. Despite short-term price volatility and recent falls in value, the Trust's managers continue to hold a long-term view and maintain conviction that these companies will deliver significant positive returns over the longer-term.

The Trust's stock pickers continue to focus on maximizing long-term returns. They continued to discover new opportunities across their investment universe and to add to the Trust's equity portfolio. Positions have been taken up in global advertising house Interpublic Group, American computing organisation ServiceNow and Japanese electronics manufacturer, Murata Manufacturing, underlining the diversity and global reach of the Trust's equity portfolio.

Over the past six months, we see that the most significant detractor has been an underweight to the US. US equity markets have performed very positively throughout the period, outperforming UK and European markets by 7.8% and 4.4% respectively, returning 17.6%. Furthermore, some of our US focussed managers seek out companies with long-term fundamental value. This style has not been rewarded over the last six months, despite in many cases the underlying companies showing positive earnings and business progress.

RESPONSIBLE INVESTMENT

The Board has delegated stewardship activities, which it believes is an integral part of investment, to WTW. We are strong supporters of active engagement with investee companies as we believe this will have a far greater impact on issues affecting the environment and society than exclusion.

We expect each of the managers that we have appointed to undertake effective engagement and voting. However, we recognise managers have limited resources to engage with investee companies and so we have appointed Hermes Equity Ownership Services (HEOS), to enhance the stewardship applied to the Trust's portfolio. HEOS is a leading stewardship provider which works with companies across the world to address the key risks and challenges they face. One of HEOS's top priority engagement themes is climate change. This is well-exemplified by their efforts as part of the Climate Action 100+ initiative where they are the lead or co-lead on 27 of the targeted companies. The appointment of HEOS will add a further layer of expertise and oversight, helping to enhance the way in which the stock pickers engage with companies on issues of governance and shareholder value and in the long-term interests of the Trust's shareholders. We will provide more information on HEOS's engagement and voting activity in the Trust's Annual Report.

STOCK PICKER CHANGES

Over the 27 months since WTW's appointment, there have been no changes to the stock picker line-up or significant reallocations of capital between them. At the outset, we expected that there would likely be a 10-15% manager turnover, which for a portfolio of six to twelve managers implies, on average, one manager change per year because something fundamental may have changed. The low turnover is a testament to the conviction we continue to hold in the portfolio's managers through changing market environments. If we were to implement changes, we are more likely to increase the number of managers in the line-up, given we think a portfolio of between eight to ten managers is the most likely scenario.

GEARING

We have maintained a gross level of gearing for the Trust of around 8% throughout the first half of the year. This was towards the lower end of the range set by the Board and reflects our cautious outlook. In late March 2019, when equity valuations were back at pre-October 2018 levels, we reduced the Trust's gearing to 7.5%. Following significant market volatility during May, when equity markets fell nearly 6%, we increased the Trust's gearing back to around 8% at the end of May and finished the period with a gearing level of 7.5%.

CURRENT POSITIONING AND OUTLOOK

Our outlook for the rest of 2019 is set against a backdrop of increasingly difficult global economic conditions and political uncertainty. This uncertainty will, we believe, likely result in increased volatility in global equity markets in the coming years. This is an environment that, with a long-term investment horizon, can present good opportunities for talented stock pickers. This is particularly the case where investments are made through a concentrated, best ideas mandate. The Trust's stock pickers are well placed to take advantage of future volatility by identifying companies where their share value does not have regard for their true intrinsic worth.

Because economic policy and political uncertainty are elevated globally, it is increasingly difficult to predict economic outcomes. We expect growth in the major economies to steadily slow. This may be temporarily eased through further Central Bank support. However, we expect liquidity to fall and volatility to rise.

The Trust's portfolio is broadly diversified by stock, sector and country; it is a truly global portfolio. The portfolio is at present overweight the UK and Europe at the expense of the US, which reflects where the stock pickers are currently finding the most compelling opportunities. The portfolio continues to show a level of absolute volatility that is similar to that of the benchmark index (10.8% per annum compared to the 10.5% per annum for the MSCI ACWI over the period since the adoption of the new approach to 30 June 2019), and this evidences the benefits of how the Trust's portfolio is managed. Despite this low level of volatility against the benchmark, the portfolio retains a very high level of active share (81% as at 30 June 2019) consistent with our expectations for this strategy and illustrating the potential for outperformance from the Trust.

INVESTMENT PORTFOLIO

EQUITY HOLDINGS AS AT 30 JUNE 2019

Investment	Region	% of Investment Portfolio	Value £m
Equities	Global	99.5	2,866.1
		Total Value	2,866.1

A list of all our equity investments can be found on pages 22 to 24 of the Interim Report and can also be found on our website www.alliancetrust.co.uk

NON-CORE INVESTMENTS AS AT 30 JUNE 2019

Investment	Region	% of Investment Portfolio	Value £m
Private Equity	United Kingdom/Europe	0.4	9.8
Mineral Rights	North America	0.1	3.9
Other Assets	United Kingdom	0.0	0.2
		Total Value	13.9

TOTAL INVESTMENTS AS AT 30 JUNE 2019

Investment	% of Investment Portfolio	Value £m
Equities	99.5	2,866.1
Non-core investments	0.5	13.9
		Total Value
		2,880.0

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

OTHER INFORMATION

RISKS AND UNCERTAINTIES

In order to achieve its investment objective the Trust invests in quoted equities. It also has non-core investments in other asset classes which are being realised. 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
- Environmental, social and governance (ESG) factors and technological change
- Regulatory Non-Compliance

These risks, and the way in which they are managed, are described in more detail within the Risk Management section on pages 32 to 34 of the Annual Report for the year ended 31 December 2018, which is available on the Trust's website at www.alliancetrust.co.uk

Difficult global economic conditions and political uncertainty, including Brexit, continued in the first half of 2019. The Board has considered the impact of Brexit and expects active management of the concentrated best ideas approach employed by the Trust will be able to take advantage of any volatility as it creates opportunities. The Board believes that our globally diversified portfolio will be able to provide a less volatile and, hopefully, a more rewarding investment. From an operational perspective the Board, after the end of the period, agreed to appoint Towers Watson Investment Management Limited as its Alternative Investment Fund Manager (AIFM). This will remove any future issues that could arise from the previous AIFM being based in Ireland.

RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the six months ended 30 June 2019 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. We purchased 3,616,287 shares in the six month period ended 30 June 2019.

GOING CONCERN STATEMENT

The factors impacting on Going Concern are set out in detail on page 50 of the Annual Report for the year ended 31 December 2018.

As at 30 June 2019 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
24 July 2019

Financial Statements

Financial statements

Income statement (unaudited) for the period ended 30 June 2019

£000	Note	6 months to 30 June 2019			6 months to 30 June 2018			Year to 31 December 2018 (audited)		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Revenue										
Income	3	36,571	-	36,571	31,488	-	31,488	55,145	-	55,145
Profit/(loss) on fair value designated investments		-	387,125	387,125	-	55,402	55,402	-	(162,664)	(162,664)
(Loss)/profit on fair value of debt		-	(10,477)	(10,477)	-	2,510	2,510	-	(361)	(361)
Total Revenue		36,571	376,648	413,219	31,488	57,912	89,400	55,145	(163,025)	(107,880)
Investment management fees		(1,378)	(4,135)	(5,513)	(1,295)	(3,896)	(5,191)	(2,713)	(8,139)	(10,852)
Administrative expenses		(2,802)	(483)	(3,285)	(2,973)	(1,491)	(4,464)	(5,466)	(1,076)	(6,542)
Finance costs	4	(879)	(2,637)	(3,516)	(775)	(2,302)	(3,077)	(1,618)	(4,817)	(6,435)
Loss on other assets held at fair value		-	(56)	(56)	-	-	-	-	(2,180)	(2,180)
Foreign exchange losses		-	(1,381)	(1,381)	-	(2,603)	(2,603)	-	(2,722)	(2,722)
Profit/(loss) before tax		31,512	367,956	399,468	26,445	47,620	74,065	45,348	(181,959)	(136,611)
Tax	5	(1,657)	-	(1,657)	(2,621)	-	(2,621)	(3,986)	-	(3,986)
Profit/(loss) for the period/year		29,855	367,956	397,811	23,824	47,620	71,444	41,362	(181,959)	(140,597)

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

Earnings per share attributable to equity holders

Basic (p per share)	7	9.03	111.30	120.33	6.99	13.97	20.96	12.18	(53.60)	(41.42)
Diluted (p per share)	7	9.02	111.18	120.20	6.98	13.95	20.93	12.17	(53.53)	(41.36)

Statement of comprehensive income (unaudited)

£000	Note	6 months to 30 June 2019			6 months to 30 June 2018			Year to 31 December 2018 (audited)		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Profit/(loss) for the period/year		29,855	367,956	397,811	23,824	47,620	71,444	41,362	(181,959)	(140,597)
Items that will not be reclassified subsequently to profit or loss:										
Defined benefit plan net actuarial loss and expenses	8	-	-	-	-	(38)	(38)	-	(38)	(38)
Retirement benefit obligations deferred tax		-	-	-	-	6	6	-	6	6
Other comprehensive loss		-	-	-	-	(32)	(32)	-	(32)	(32)
Total comprehensive income/(loss) for the period/year		29,855	367,956	397,811	23,824	47,588	71,412	41,362	(181,991)	(140,629)

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 2019

£000		6 months to	6 months to	Year to
		30 June 2019	30 June 2018	31 December 2018 (audited)
Called up share capital				
	At 1 January	8,342	8,691	8,691
	Own shares purchased and cancelled in the period/year	(90)	(190)	(349)
	At 30 June / 31 December	8,252	8,501	8,342

Capital reserve				
At 1 January		1,923,439	1,923,439	
Profit/(loss) for the period/year	1,639,172	47,620	(181,959)	
Defined benefit plan actuarial loss	367,956	(32)	(32)	
Own shares purchased and cancelled in the period/year	(27,427)	(54,891)	(102,276)	
At 30 June / 31 December	1,979,701	1,916,136	1,639,172	
Merger reserve				
At 1 January, 30 June and 31 December	645,335	645,335	645,335	
Capital redemption reserve				
At 1 January	10,656	10,307	10,307	
Own shares purchased and cancelled in the period/year	90	190	349	
At 30 June / 31 December	10,746	10,497	10,656	
Revenue reserve				
At 1 January balance previously reported	107,684	111,861	111,861	
Profit for the period/year	29,855	23,824	41,362	
Dividends	(22,777)	(22,761)	(45,545)	
Unclaimed dividends returned	-	6	6	
At 30 June / 31 December	114,762	112,930	107,684	
Total equity				
At 1 January	2,411,189	2,699,633	2,699,633	
At 30 June / 31 December	2,758,796	2,693,399	2,411,189	
Balance sheet (unaudited) as at 30 June 2019				
£000	Note	30 June 2019	30 June 2018	31 December 2018 (audited)
Non-current assets				
Investments held at fair value	10	2,880,009	2,843,016	2,580,765
Office premises freehold / heritable property		-	4,935	-
Right of use asset		881	-	-
		2,880,890	2,847,951	2,580,765
Current assets				
Outstanding settlements and other receivables		54,278	11,157	13,574
Cash and cash equivalents		86,036	92,488	81,168
Assets classified as held for sale		-	-	2,755
		140,314	103,645	97,497
Total assets		3,021,204	2,951,596	2,678,262
Current liabilities				
Outstanding settlements and other payables		(15,494)	(8,756)	(14,761)
Tax payable		(3,991)	(3,991)	(3,991)
Bank loans	13	(50,000)	(127,000)	(67,000)
Lease liability		(251)	-	-
		(69,736)	(139,747)	(85,752)

Total assets less current liabilities		2,951,468	2,811,849	2,592,510
Non-current liabilities				
Unsecured fixed rate loan notes	13	(191,798)	(118,450)	(181,321)
Lease liability		(874)	-	-
		(192,672)	(118,450)	(181,321)
Net assets		2,758,796	2,693,399	2,411,189
Equity				
Share capital	14	8,252	8,501	8,342
Capital reserve		1,979,701	1,916,136	1,639,172
Merger reserve		645,335	645,335	645,335
Capital redemption reserve		10,746	10,497	10,656
Revenue reserve		114,762	112,930	107,684
Total Equity		2,758,796	2,693,399	2,411,189

All net assets are attributable to the equity holders.

Net asset value per ordinary share attributable to equity holders

Basic (£)	9	£8.37	£7.93	£7.24
Diluted (£)	9	£8.36	£7.92	£7.23

Cash flow statement (unaudited) for the period ended 30 June 2019

£000	6 months to 30 June 2019	6 months to 30 June 2018	Year to 31 December 2018 (audited)
Cash flows from operating activities			
Profit/(loss) before tax	399,468	74,065	(136,611)
Adjustments for:			
(Losses)/gains on investments	(387,125)	(55,402)	162,664
Loss/(gain) on fair value of debt	10,477	(2,510)	361
Foreign exchange losses	1,381	2,603	2,722
Depreciation	93	-	-
Loss on other assets held at fair value	56	-	2,180
Finance costs	3,516	3,077	6,435
Movement in pension scheme loss	-	6	6
Operating cash flows before movements in working capital	27,866	21,839	37,757
Decrease/(increase) in receivables	4,998	668	(2,288)
Increase in payables	307	1,708	5,848
Net cash inflow from operating activities before income tax	33,171	24,215	41,317
Taxes paid	(1,600)	(2,855)	(5,220)
Net cash inflow from operating activities	31,571	21,360	36,097
Cash flows from investing activities			
Proceeds on disposal at fair value of investments through profit and loss	726,586	960,072	1,849,279
Purchase of investments at fair value through profit and loss	(683,800)	(905,330)	(1,747,167)
Disposal of assets held for sale	2,699	-	-
Net cash inflow from investing activities	45,485	54,742	102,112

Cash flows from financing activities			
Dividends paid – equity	(22,777)	(22,761)	(45,545)
Unclaimed dividends returned	-	6	6
Purchase of own shares	(27,427)	(54,891)	(102,276)
Bank loans and unsecured fixed rate loan notes raised	-	-	60,000
Repayment of borrowing	(17,000)	(6,000)	(66,000)
Finance costs paid	(3,603)	(3,173)	(6,312)
Net cash outflow from financing activities	(70,807)	(86,819)	(160,127)
Net increase/(decrease) in cash and cash equivalents	6,249	(10,717)	(21,918)
Cash and cash equivalents at beginning of period/year	81,168	105,808	105,808
Effect of foreign exchange rate changes	(1,381)	(2,603)	(2,722)
Cash and cash equivalents at the end of period/year	86,036	92,488	81,168

Notes to the financial statements

1 General Information

The information contained in this report for the period ended 30 June 2019 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 2018 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

In the current financial year the Company has applied IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. It removes the distinction between operating and finance leases and requires the recognition of a right of use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. The requirements for lessor accounting have remained largely unchanged.

The Company has applied IFRS 16 using the modified retrospective basis with the cumulative effect of initially applying the standard recognised on a catch up basis.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

Impact on Lessee Accounting

Following the transition there was no impact to equity. A right of use asset of £0.9m and a lease liability of £1.2m was created. The incremental rate of borrowing applied to lease liabilities is 3.06%. The Company has also made use of the transition rules in the standard to adjust the value of the right of use asset by £0.3m for the value of onerous leases.

3 Income

£'000	6 months to 30 June 2019	6 months to 30 June 2018	Year to 31 December 2018
Deposit interest	257	(4)	344
Dividend income	35,423	29,943	51,803
Mineral rights income	797	1,097	2,144
Property rental income	62	382	785
Other income	32	70	69
Total income	36,571	31,488	55,145

4 Finance Costs

£000	6 months to 30 June 2019			6 months to 30 June 2018			Year to 31 December 2018		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Bank loans and unsecured fixed rate loan notes	879	2,637	3,516	775	2,302	3,077	1,618	4,817	6,435

Finance costs include interest of £2.2m (£2.2m at 30 June 2018 and £4.3m at 31 December 2018) on the £100m 4.28% unsecured fixed rate loan notes issued in July 2014 for 15 years and interest of £0.8m (£0.2m at 31 December 2018) on the three tranches of unsecured fixed rate loan notes, each of £20m, with respective interest rates of 2.657%, 2.936% and 2.897% issued in November 2018 for 15, 25 and 35 years.

5 Taxation

UK corporation tax for the period to 30 June 2019 is calculated at the average rate of 19% (19% for the period to 30 June 2018) of the estimated assessable profits for the period. 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 2019	6 months to 30 June 2018	Year to 31 December 2018
2017 fourth interim dividend of 3.290p per share	-	11,245	11,245
2018 first interim dividend of 3.389p per share	-	11,516	11,516
2018 second interim dividend of 3.389p per share	-	-	11,441
2018 third interim dividend of 3.389p per share	-	-	11,343
2018 fourth interim dividend of 3.389p per share	11,260	-	-
2019 first interim dividend of 3.490p per share	11,517	-	-
	22,777	22,761	45,545

7 Earnings Per Share

£000	6 months to 30 June 2019			6 months to 30 June 2018			Year to 31 December 2018		
	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	29,855	367,956	397,811	23,824	47,620	71,444	41,362	(181,959)	(140,597)

Number of shares

Weighted average number of ordinary shares for the purposes of:

Basic earnings per share	330,591,813	340,879,652	339,480,982
Diluted earnings per share	330,946,254	341,303,463	339,904,794

7 Earnings Per Share

The calculation of the diluted earnings per share is based on the weighted average of the entire number of shares in issue.

The calculation of the basic earnings per share is based on the weighted average number of ordinary shares arrived at by excluding 334,182 (407,316 at 30 June 2018 and at 31 December 2018) 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.

In 2019, shares held by the EBT were sold to fund the payment of cash bonuses to members of the executive function.

8 Pension Schemes

In the period the Company sponsored two pension arrangements.

The pension arrangements offered by the Trust are (i) membership of a pension plan through the National Employment Savings Trust, this was set up for the purposes of auto-enrolment and has no members and (ii) contributions by the Trust to personal SIPPs operated by individual members and currently administered by Alliance Trust Savings.

There is no defined benefit pension scheme. The scheme previously sponsored by the Company was wound up in June 2018.

9 Net Asset Value Per Ordinary Share

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

	30 June 2019	30 June 2018	31 December 2018
Equity shareholder funds (£000)	2,758,796	2,693,399	2,411,189
Number of shares at period end – Basic	329,675,551	339,574,639	333,218,704
Number of shares at period end – Diluted	330,009,733	339,981,955	333,626,020

The number of ordinary shares has been reduced by 334,182 (407,316 at 30 June 2018 and at 31 December 2018) 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 2019. All fair value measurements disclosed are recurring fair value measurements.

Company valuation hierarchy fair value through income statement

£000	As at 30 June 2019			Total
	Level 1	Level 2	Level 3	
Listed investments	2,866,095	-	-	2,866,095
Unlisted investments				
Private Equity	-	-	9,822	9,822
Mineral rights	-	-	3,891	3,891
Other	-	-	201	201
	2,866,095	-	13,914	2,880,009

10 Hierarchical valuation of financial instruments

£000	As at 30 June 2018			
	Level 1	Level 2	Level 3	Total
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

£000	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Listed investments	2,520,432	-	-	2,520,432
Foreign exchange contracts	-	-	-	-
Unlisted investments				
Private Equity	-	-	14,595	14,595
Alliance Trust Savings	-	-	32,650	32,650
Mineral rights	-	-	12,881	12,881
Other	-	-	207	207
	2,520,432	-	60,333	2,580,765

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.

Fair Value Assets in Level 2

There are no assets in this category as at 30 June 2019.

Fair Value Assets in Level 3

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. 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.

As reported on page 3 of the Interim Report the Company completed the sale of Alliance Trust Savings, and the Dundee office building, to Interactive Investor on 28 June.

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 19	June 18	December 18
Balance at 1 January	60,333	134,598	134,598
Net gain/(loss) from financial instruments at fair value through profit or loss	58,085	(1,697)	(14,101)
Purchases at cost	12,790	2,946	3,236
Sales proceeds	(53,338)	(10,991)	(73,441)
Realised (loss)/gain on sale	(63,956)	5,016	10,041
Balance at 30 June / 31 December	13,914	129,872	60,333

Investments in subsidiary companies (Level 3), including private equity related subsidiaries, are valued in the Company's accounts at £0.6m (£83.4m at 30 June 2018 and £38.1m at 31 December 2018).

Mineral rights are carried at fair value and are valued in the Company's accounts at £3.9m (£14.8m at 30 June 2018, £12.9m at 31 December 2018) being the Directors' estimate of their fair value, using a combination of agreed sale values and the guidelines and methodologies on valuation published by the Oklahoma Tax Commission and for non-producing properties, the Lierle US Price Report. The fair value of the mineral rights has continued to be reviewed through the sale process.

10 Hierarchical valuation of financial instruments

Private equity investments included under Level 3, are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines issued in December 2018. 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 it 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, an adjustment will be made

Unsecured fixed rate loan notes are recognised at fair value.

The Company refines and modifies its valuation techniques as markets develop. While the Company believes its valuation techniques to be appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of fair value at the balance sheet date.

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

11 Financial Commitments

As at 30 June 2019 the Company had financial commitments, which have not been accrued, totalling £1.7m (£19.2m at 30 June 2018 and £1.7m at 31 December 2018). 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. The recallable distribution relating to FF&P Investors of £1.4m should cease once the partnership is wound up. We expect this to happen within the next 12 months.

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 ongoing regulatory support provided by the Company for ATS in the context of its role as a consolidated bank holding company has now ceased following the completion of the sale of ATS.

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 2018 Annual Report and financial statements and the basis of measuring fair value is consistent with that disclosed therein. Following the sale of ATS the AESOP is being terminated and all shares held will be disbursed to members of the plan in accordance with its rules.

Details of the historic LTIP awards are disclosed in the 2018 Annual Report. The Company continues to operate the 2015 LTIP under which awards which will vest in 2020. In the period ended 30 June 2019 no new awards were made and no Company shares were purchased (nil at 30 June 2018 and 31 December 2018). There was no charge to the Company income statement during the period in respect of LTIP awards (nil at 30 June 2018 and at 31 December 2018).

13 Bank loans and unsecured fixed rate loan notes

£000	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
Bank loans repayable within one year	50,000	127,000	67,000
Analysis of borrowings by currency:			
Bank loans – Sterling	50,000	127,000	67,000
The weighted average % interest rates payable:			
Bank loans	1.33%	1.23%	1.44%
The Directors' estimate of the fair value of the borrowings:			
Bank loans	50,000	127,000	67,000

13 Bank loans and unsecured fixed rate loan notes
Unsecured fixed rate loan notes

£000	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
4.28 per cent. Unsecured fixed rate loan notes due 2029	123,970	118,450	119,390
2.657 per cent. Unsecured fixed rate loan notes due 2033	21,802	-	20,439
2.936 per cent. Unsecured fixed rate loan notes due 2043.	22,664	-	20,607
2.897 per cent. Unsecured fixed rate loan notes due 2053	23,362	-	20,885
	191,798	118,450	181,321

£100m of unsecured fixed rate loan notes were drawn down in July 2014, over 15 years at 4.28%.

On 28 November 2018 the Company issued £60m fixed rate unsecured privately placed notes each of £20m and with maturities of 15, 25 and 35 years and coupons for each respective tranches of 2.657%, 2.936% and 2.897%.

The basis of the fair value estimate for the issued notes is disclosed in the Annual Report. The fair value of unsecured debt is sourced from a specialist external vendor.

The total weighted average % interest rates payable: 3.16% 2.57% 3.06%

14 Share Capital

£000	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
Allotted, called up and fully paid: 330,009,733 (339,981,955 at 30 June 2018 and 333,626,020 at 31 December 2018) ordinary shares of 2.5p each	8,252	8,501	8,342

Share Buybacks

£000	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
Ordinary shares of 2.5p each			
Opening share capital	8,342	8,691	8,691
Share buybacks	(90)	(190)	(349)
Closing share capital	8,252	8,501	8,342

EQUITY PORTFOLIO LISTING

EQUITY HOLDINGS AS AT 30 JUNE 2019

Stock	Sector	Country of Listing	% of quoted equities	Value £m
Alphabet Inc.	Communication Services	United States	3.1	88.1
Microsoft	Information Technology	United States	2.8	81.3
HDFC Bank Ltd.	Financials	India	1.9	55.8
Unilever	Consumer Staples	United Kingdom	1.6	47.1
Oracle	Information Technology	United States	1.4	39.6
HCA Healthcare	Health Care	United States	1.4	39.5
Abbot Laboratories	Health Care	United States	1.3	37.1
Salesforce.com	Information Technology	United States	1.3	36.4
Ryanair	Industrials	Ireland	1.2	35.8
UnitedHealth Group	Health Care	United States	1.2	34.1
Facebook Inc.	Communication Services	United States	1.1	31.0
Broadcom Inc.	Information Technology	United States	1.0	29.9
Charter Communications	Communication Services	United States	1.0	29.6

Philip Morris International	Consumer Staples	United States	1.0	29.5
Crown Holdings Inc.	Materials	United States	1.0	29.1
Intercontinental Exchange	Financials	United States	1.0	28.4
AIA Group Ltd.	Financials	Hong Kong	1.0	28.4
Microchip Technology Inc.	Information Technology	United States	1.0	28.2
Celanese	Materials	United States	0.9	27.0
Aercap	Industrials	Ireland	0.9	26.5
Ameriprise Financial Inc.	Financials	United States	0.9	25.9
Reckitt Benckiser	Consumer Staples	United Kingdom	0.9	25.7
United Rentals Inc.	Industrials	United States	0.9	25.0
Cigna	Health Care	United States	0.8	24.3
IHS Markit Ltd.	Industrials	United Kingdom	0.8	23.5
Suncor Energy	Energy	Canada	0.8	23.4
Danone	Consumer Staples	France	0.8	22.9
Capgemini	Information Technology	France	0.8	22.9
Sap Se - ADR	Information Technology	Germany	0.8	22.8
Lincoln Financial Group	Financials	United States	0.8	22.7
New Oriental	Consumer Discretionary	China	0.8	22.7
Inditex	Consumer Discretionary	Spain	0.8	22.7
Melrose Industries plc	Industrials	United Kingdom	0.8	22.5
Alibaba	Consumer Discretionary	China	0.8	22.5
EOG Resources Inc.	Energy	United States	0.8	22.4
Visa Inc.	Information Technology	United States	0.8	22.3
Yum!	Consumer Discretionary	United States	0.8	22.2
Mastercard	Information Technology	United States	0.8	22.0
HeidelbergCement	Materials	Germany	0.8	22.0
Hanesbrands Inc.	Consumer Discretionary	United States	0.8	21.9
The Interpublic Group of Companies	Communication Services	United States	0.8	21.9
WPP	Communication Services	United Kingdom	0.8	21.8
Equinix Inc.	Real Estate	United States	0.8	21.7
Santen Pharmaceutical	Health Care	Japan	0.8	21.7
Autodesk Inc.	Information Technology	United States	0.8	21.6
Amazon.com Inc.	Consumer Discretionary	United States	0.8	21.5
GlaxoSmithKline ADR	Health Care	United Kingdom	0.7	21.5
Essilor International	Consumer Discretionary	France	0.7	21.3
Western Union	Information Technology	United States	0.7	21.1
Barrick Gold	Materials	Canada	0.7	21.1
Schneider Electric	Industrials	France	0.7	20.9
Novo Nordisk	Health Care	Denmark	0.7	20.7
BorgWarner Inc.	Consumer Discretionary	United States	0.7	20.7
Prada	Consumer Discretionary	Italy	0.7	20.6
Whirlpool	Consumer Discretionary	United States	0.7	20.5
AIB Group	Financials	Ireland	0.7	20.4
Standard Chartered plc	Financials	United Kingdom	0.7	20.3
PageGroup	Industrials	United Kingdom	0.7	20.3
Baidu Inc.	Communication Services	China	0.7	20.2
Booz Allen Hamilton Inc.	Information Technology	United States	0.7	20.0
GrandVision	Consumer Discretionary	Netherlands	0.7	20.0
Ambev	Consumer Staples	Brazil	0.7	20.0
CVS Health	Health Care	United States	0.7	19.6
Sulzer Ltd.	Industrials	Switzerland	0.7	19.6
DKSH Holding AG	Industrials	Switzerland	0.7	19.2

Saint-Gobain	Industrials	France	0.7	19.0
Alliance Data Systems	Information Technology	United States	0.7	18.9
Citigroup Inc.	Financials	United States	0.6	18.6
Naspers	Consumer Discretionary	South Africa	0.6	18.2
Safran S.A.	Industrials	France	0.6	18.0
FEMSA	Consumer Staples	Mexico	0.6	17.9
Applus Services	Industrials	Spain	0.6	17.8
BP	Energy	United Kingdom	0.6	17.6
H&R Block Inc.	Consumer Discretionary	United States	0.6	17.5
OC Oerlikon	Industrials	Switzerland	0.6	17.4
Pearson plc	Communication Services	United Kingdom	0.6	17.4
Volkswagen	Consumer Discretionary	Germany	0.6	17.2
Roche	Health Care	Switzerland	0.6	17.2
Murta Manufacturing Co. Ltd.	Information Technology	Japan	0.6	17.1
Glanbia plc	Consumer Staples	Ireland	0.6	15.8
Western Digital	Information Technology	United States	0.6	15.8
Diageo plc	Consumer Staples	United Kingdom	0.5	15.7
AstraZeneca plc	Health Care	United Kingdom	0.5	15.7
Proctor & Gamble	Consumer Staples	United States	0.5	15.3
Ralph Lauren	Consumer Discretionary	United States	0.5	15.2
Sumitomo Mitsui Financial Group	Financials	Japan	0.5	15.2
Lloyds Banking Group	Financials	United Kingdom	0.5	15.0
TP ICAP	Financials	United Kingdom	0.5	15.0
Anglo American plc	Materials	United Kingdom	0.5	15.0
Deutsche Boerse AG	Financials	Germany	0.5	14.8
Flex Ltd.	Information Technology	United States	0.5	14.8
Rolls Royce plc	Industrials	United Kingdom	0.5	14.7
Harley-Davidson	Consumer Discretionary	United States	0.5	14.6
Airbus	Industrials	France	0.5	14.5
L'Oreal	Consumer Staples	France	0.5	14.2
Nielsen	Industrials	United States	0.5	14.1
Daikin Industries Ltd.	Industrials	Japan	0.5	13.8
American Express	Financials	United States	0.5	13.8
Qurate Retail Group	Consumer Discretionary	United States	0.5	13.7
Dollar General	Consumer Discretionary	United States	0.5	13.6
Imperial Brands	Consumer Staples	United Kingdom	0.5	12.9
Nintendo Co. Ltd.	Communication Services	Japan	0.5	12.9
Anima Holding S.p.A.	Financials	Italy	0.4	12.9
Air Liquide S.A.	Materials	France	0.4	12.8
Tingyi Holding Corp.	Consumer Staples	China	0.4	12.8
Ericsson	Information Technology	Sweden	0.4	12.7
Hain Celestial	Consumer Staples	United States	0.4	12.5
Sapiem S.p.A.	Energy	Italy	0.4	12.4
Canadian Pacific Railway	Industrials	Canada	0.4	12.3
ICICI Bank	Financials	India	0.4	12.3
Santander Mexico	Financials	Mexico	0.4	12.3
Bayer AG	Health Care	Germany	0.4	12.3
Sonic Healthcare	Health Care	Australia	0.4	12.2
S&P Global	Financials	United States	0.4	12.2
Commscope Holdings Co. Inc.	Information Technology	United States	0.4	12.2
Smiths Group Plc	Materials	United Kingdom	0.4	12.0
Barclays	Financials	United Kingdom	0.4	12.0
Auto Data Processing Inc.	Information Technology	United States	0.4	11.9

Nestle S.A.	Consumer Staples	Switzerland	0.4	11.9
Comcast	Communication Services	United States	0.4	11.8
Workday Inc.	Information Technology	United States	0.4	11.5
Novartis	Health Care	Switzerland	0.4	11.5
Tesco plc	Consumer Staples	United Kingdom	0.4	11.3
Adient Plc	Consumer Discretionary	Ireland	0.4	11.3
Goodyear Tire & Rubber	Consumer Discretionary	United States	0.4	11.2
McKesson	Health Care	United States	0.4	10.9
Makita	Industrials	Japan	0.4	10.7
TS Tech Co. Ltd.	Consumer Discretionary	Japan	0.4	10.7
Eni S.p.A.	Energy	Italy	0.4	10.5
Inovalon	Health Care	United States	0.4	10.5
CGGVeritas	Energy	France	0.4	10.4
Adobe Inc.	Information Technology	United States	0.3	9.7
Marks & Spencer	Consumer Discretionary	United Kingdom	0.3	9.6
CMS Energy	Utilities	United States	0.3	9.4
Housing Development Finance Corp. Ltd.	Financials	India	0.3	9.1
The Cooper Co. Inc.	Health Care	United States	0.3	7.7
Solocal	Communication Services	France	0.3	7.7
Kato Sangyo Co Ltd	Consumer Staples	Japan	0.2	7.1
Bank Central Asia	Financials	Indonesia	0.2	6.1
Veeco Instruments Inc.	Information Technology	United States	0.2	5.9
Nippon TV	Communication Services	Japan	0.2	5.8
Reliance Industries Ltd.	Energy	India	0.2	4.7
Capita plc	Industrials	United Kingdom	0.2	4.5
Link REIT	Real Estate	Hong Kong	0.2	4.5
Infosys Ltd. ADR	Information Technology	India	0.1	3.8
Tata Consultancy Services Ltd.	Information Technology	India	0.1	3.5
Bank Rakyat	Financials	Indonesia	0.1	3.5
China Tower	Communication Services	Hong Kong	0.1	3.2
Guangdong Investment Ltd.	Utilities	Hong Kong	0.1	3.1
MTR Corp. Ltd.	Industrials	Hong Kong	0.1	3.1
CK Infrastructure Holdings	Utilities	Hong Kong	0.1	3.0
CP All	Consumer Staples	Thailand	0.1	3.0
Coca-Cola HBC	Consumer Staples	Switzerland	0.1	3.0
Heineken	Consumer Staples	Netherlands	0.1	3.0
IMCD Group	Industrials	Netherlands	0.1	2.8
Kotak Mahindra Bank	Financials	India	0.1	2.7
Sberbank	Financials	Russia	0.1	2.6
Samsung Fire & Marine Insurance	Financials	South Korea	0.1	2.5
CLP Holdings Ltd.	Utilities	Hong Kong	0.1	2.5
Infosys Ltd.	Information Technology	India	0.1	2.4
Bangkok Dusit Medical Services	Health Care	Thailand	0.1	2.2
Electricity Generating Public Co. Ltd.	Utilities	Thailand	0.1	2.2
Ascendas REIT	Real Estate	Singapore	0.1	2.0
LUKoil	Energy	Russia	0.1	1.9
Yandex Search	Communication Services	Russia	0.1	1.9
Macquarie Korea	Financials	South Korea	0.1	1.8
Polyus Gold	Materials	Russia	0.1	1.8
Singapore Exchange	Financials	Singapore	0.1	1.7

United Breweries Ltd	Consumer Staples	India	0.1	1.6
Bajaj Finance	Financials	India	0.0	1.4
Tencent	Communication Services	China	0.0	1.3
ThaiBev	Consumer Staples	Thailand	0.0	1.3
Coca-Cola	Consumer Staples	United States	0.0	1.3
IHH Healthcare Berhad	Health Care	Malaysia	0.0	1.3
ISA CTEEP	Utilities	Brazil	0.0	1.3
Equatorial Energia	Utilities	Brazil	0.0	1.2
WalMart Mexico	Consumer Staples	Mexico	0.0	1.1
Sarana Menara Nusantara	Communication Services	Indonesia	0.0	1.0
TSMC	Information Technology	Taiwan	0.0	1.0
Bajaj Finserv Ltd	Financials	India	0.0	1.0
TAESA	Utilities	Brazil	0.0	0.9
China Resources	Utilities	Hong Kong	0.0	0.8
Kingdee	Information Technology	China	0.0	0.7
Ping An Insurance	Financials	China	0.0	0.7
Hong Kong Exchanges and Clearing Ltd.	Financials	Hong Kong	0.0	0.7
Airports of Thailand	Industrials	Thailand	0.0	0.7
Chailease Holding Co.	Financials	Taiwan	0.0	0.6
Universal Robina	Consumer Staples	Philippines	0.0	0.6
Rolls Royce Holdings	Industrials	United Kingdom	0.0	0.1

Source: WTW 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. Where the percentage of the portfolio is shown as 0.0% this is due to the small size of the holding and rounding the percentage downwards. Holdings may be selected by more than one stock picker.

GLOSSARY: PERFORMANCE MEASURES AND OTHER TERMS

Throughout this document a number of terms are used to describe performance. Where not described in detail elsewhere set out here is what these terms mean.

Equity Portfolio Total 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 Total Return is the MSCI ACWI total return. The Equity Portfolio Total Return was 16.3% over the six months to end 30 June 2019 before managers' fees and including the effect of managers' cash holdings. On page 5 of the Interim Report, an analysis of the investment portfolio and equity portfolio return is provided.

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.

Gearing (Gross) = Total Gearing is a measure of the Trust's financial leverage. It is calculated by dividing the Trust's total borrowings (unless otherwise indicated these are valued at par) by its Net Asset Value. The Gross Gearing calculation includes any cash or non-equity holdings.

Gearing (Net) is a measure of the Trust's financial leverage and calculated by dividing the Trust's net borrowings (i.e. total borrowings minus cash) by its Net Asset Value. Unless otherwise indicated borrowings are valued at par.

Leverage For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, 'leverage' is a term used to describe any method by which the Company increases its exposure, whether through borrowing (gearing) or through leverage embedded in derivative positions, or by any other means. As required by AIFMD, leverage is calculated using two methods: the 'gross' method which gives the overall total exposure, and the 'commitment' method which takes into account hedging and netting offsetting positions. As the leverage calculation includes exposure created by the Company's investments, it is only described as 'leveraged' if its overall exposure is greater than its net asset value. This is shown as a leverage ratio of greater than 100%.

MSCI means MSCI Inc which provides information relating to the benchmark, the MSCI All Country World Index (MSCI ACWI), against which the performance target for the equity portfolio has been set.

MSCI All Country World Index (MSCI ACWI) is a market capitalisation weighted index designed to provide a broad measure of equity-market performance throughout the world. It is comprised of stocks from both developed and emerging markets. This measures performance in sterling. Until 30 June 2019 the variant of the MSCI ACWI referred to was the Gross Dividend Reinvested variant. This assumes that as much as possible of a company's dividend distributions are reinvested back into the index. The reinvested amount is equal to the total dividend amount distributed to persons residing in the country of the dividend paying company, excluding any tax credits. From 1 July 2019 we will be referring to the Net Dividend Reinvested variant of the MSCI ACWI as our benchmark index. This variant more accurately reflects the return that a shareholder could expect to actually receive because it includes the effects of foreign withholding tax on dividend payments. MSCI's disclaimer regarding the information provided by it can be found on our website.

NAV Total Return is a measure of the performance of the Trust's Net Asset Value (NAV) over a specified time period. It combines any appreciation in the NAV and dividends paid. The comparator used for NAV Total Return is the MSCI ACWI total return.

After fees NAV Total Return including income with debt at Fair Value was 16.7% for the six month period to 30 June 2019.

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 NAV as at 30 June 2019 is £2.8bn divided by 330,009,733 ordinary shares in issue on that date, giving a NAV per share of 836.8p. This includes income and with debt at fair value.

Non-core Assets or Non-core Investments are the assets the Trust holds aside from the global equity portfolio. These include mineral rights and a number of private equity holdings. During 2018, the Trust successfully sold a significant part of the legacy non-core assets portfolio. This process continued in the first half of 2019 and we expect the remaining non-core assets to be sold or be wound down in 2019 as part of the Trust's strategy to simplify and focus on the global equity portfolio.

Ongoing Charges represent the total ongoing costs and are calculated in accordance with the guidelines issued by the Association of Investment Companies (AIC). More detailed information can be found on page 29 of the Annual Report and Accounts.

Ongoing Charge Ratio (OCR) The total expenses (excluding borrowing costs) incurred by the Trust as a percentage of the average NAV (with debt at fair value). A fuller explanation and the method of calculation can be found on page 29 of the Annual Report and Accounts.

Peer Group Median is the median of the Morningstar universe of 306 UK retail global equity funds (open ended and closed ended).

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

Total Expense Ratio (TER) is a measure of the total costs associated with managing and operating of the Trust. These costs consist primarily of management fees and additional expenses, such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the Trust is divided by the Trust's total assets to arrive at a percentage amount, which represents the TER. The TER over the six month period to 30 June 2019 was 0.68%.

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 the TSR is the MSCI ACWI total return. This measure shows the actual return received by a shareholder from their investment.

The TSR for the six month period to 30 June 2019 was 16.8%.

The Interim Report will be available on the Company's website www.alliancetrust.co.uk later today.