

NEW STAR INVESTMENT TRUST PLC

INTERIM REPORT

for the six months ended 31st December 2020

NEW STAR INVESTMENT TRUST PLC

INVESTMENT OBJECTIVE

The Company's objective is
to achieve long-term capital growth.

REGISTERED OFFICE

1 Knightsbridge Green, London SW1X 7QA

Company Number: 03969011

COMPANY INFORMATION

DIRECTORS

G Howard-Spink (*Chairman*)
J L Duffield (*Deputy Chairman*)
D J Gamble

INVESTMENT MANAGER

Brompton Asset Management LLP
1 Knightsbridge Green, London SW1X 7QA
(*Authorised and regulated by the Financial Conduct Authority*)

SECRETARY AND ADMINISTRATOR

Maitland Administration Services Limited
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Telephone: 01245 398950 Facsimile: 01245 398951

SOLICITORS

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place, 78 Cannon Street, London EC4N 6AF

AUDITORS

Ernst & Young LLP
Atria One, 144 Morrison Street, Edinburgh EH3 8EX

CUSTODIAN

Brown Brothers Harriman & Co
Park House, 16-18 Finsbury Circus, London EC2M 7EB

REGISTRARS

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone: 0371 384 2549
Website: www.shareview.co.uk

WEBSITE

www.nsitplc.com

The Company's shares are traded on the London Stock Exchange and their prices are shown in the Financial Times under "Investment Companies".

FINANCIAL HIGHLIGHTS

	31st December 2020	30th June 2020	% Change
PERFORMANCE			
Net assets (£'000)	122,813	113,885	7.8
Net asset value per Ordinary share	172.92p	160.35p	7.8
Mid-market price per Ordinary share	122.00p	106.00p	15.1
Discount of price to net asset value	29.4%	33.9%	n/a
	Six months ended 31st December 2020	Six months ended 31st December 2019	
Total Return*	8.71%	4.02%	n/a
IA Mixed Investment 40-85% Shares (total return)	10.00%	4.41%	n/a
MSCI AC World Index (total return, sterling adjusted)	12.32%	4.89%	n/a
MSCI UK Index (total return)	5.48%	3.03%	n/a
	Six months ended 31st December 2020	Six months ended 31st December 2019	
REVENUE			
Return (£'000)	279		792
Return per Ordinary share	0.39p		1.11p
Proposed dividend per Ordinary share	–		–
Dividend paid per Ordinary share	1.40p		1.40p
TOTAL RETURN			
Return (£'000)	9,922		4,582
Net assets (dividend added back)	8.7%		4.0%
Net assets	7.8%		3.1%

* The total return figure for the Group represents the revenue and capital return shown in the consolidated statement of comprehensive income plus dividends paid.

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CHAIRMAN'S STATEMENT

Performance

Your Company generated a positive total return of 8.71% over the six months to 31st December 2020, taking the net asset value (NAV) per ordinary share to 172.92p. By comparison, the Investment Association's Mixed Investment 40-85% Shares Index rose 10.00%. The MSCI AC World Total Return Index rose 12.32% in sterling while the MSCI UK Total Return Index rose 5.48%. Over the six months, UK government bonds declined 0.82%. Further information is provided in the investment manager's report.

Your Company made a revenue profit for the six months of £279,000 (2019: £792,000).

Gearing and dividends

Your Company has no borrowings. It ended the period under review with cash representing 9.51% of its NAV and is likely to maintain a significant cash position. Your Company has small retained revenue reserves and your Directors do not intend to pay an interim dividend (2019: nil). Your Company paid a dividend of 1.4p per share (2019: 1.4p) in November 2020 in respect of the previous financial year. The level of future dividends may, in the short term, be adversely affected by Covid-19-related dividend cuts.

Discount

During the period under review, your Company's shares continued to trade at a significant discount to their NAV. The Board keeps this issue under review.

Outlook

Accommodative monetary and fiscal policies, the roll-out of Covid-19 vaccination programmes and mild inflation should underpin equities in early 2021, particularly lowly-valued cyclical stocks. Geographically, the UK stockmarket appeared attractive in the early spring of 2021 because of its heavy weightings in cyclical sectors as did the stockmarkets of Asia excluding Japan and the emerging markets, where public sector debt levels were low and where companies were trading on low valuations. Long-dated government bonds appeared vulnerable at a time of rising inflation expectations but gold equities may benefit from the current environment in which inflation is higher than official interest rates.

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CHAIRMAN'S STATEMENT

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Net asset value

Your Company's unaudited NAV per share at 28th February 2021 was 170.52p.

Geoffrey Howard-Spink
Chairman
18th March 2021

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INVESTMENT MANAGER'S REPORT

Market review

Global equities rose 12.32% in sterling terms over the six months to 31st December 2020 as monetary and fiscal stimulus proved supportive and global Covid-19 vaccine rollout programmes began, increasing expectations of an early return to economic normality. Global bonds gained 6.03% in local currencies but fell 4.15% in sterling because of foreign exchange movements.

In the autumn of 2020, increasingly stringent lockdown measures were introduced in America and Europe to combat a second wave of the pandemic. Central banks responded with more stimulus to cushion the impact on businesses and households. The Federal Reserve shifted its inflation target from the fixed 2% rate it adopted after the credit crisis to an average of 2%, implying inflation will be allowed to exceed 2% for some time to compensate for more than a decade of persistently below-target inflation. The Bank of England announced £150 billion of additional quantitative easing in November while the European Central Bank announced an additional €500 billion of asset purchases in December. In the US, a further large-scale fiscal stimulus is on the way, with the new president, Joe Biden, unveiling a \$1.9 trillion rescue plan in addition to the \$900 billion relief package enacted in December.

Sterling strengthened as December's European Union-UK trade agreement averted a hard Brexit. Sterling gained 10.63%, 5.87% and 1.55% respectively against the dollar, yen and euro. UK stocks underperformed, rising 5.48%, but UK smaller companies, typically more sensitive to domestic trends, gained 27.56%. UK government bonds fell 0.82% but sterling corporate investment-grade and high-yield bonds gained 5.57% and 9.29% respectively as default fears receded and income-seeking investors bought corporate bonds in the wake of equity dividend cuts.

US stocks rose 22.16% in dollars but only 10.42% in sterling. Investors welcomed the initial outcome to November's elections. These gave the Democrats the presidency and control of the House of Representatives but not the Senate, initially forestalling investor fears of higher taxation and increased regulation. Run-off elections in January, however, gave the Democrats Senate control.

Asia was largely spared a second wave of Covid-19 infections, allowing China to ease restrictions. Dollar-weakness and stronger industrial commodity prices contributed to outperformance by equities in Asia excluding Japan and emerging markets, which gained

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18.84% and 18.77% respectively in sterling. Strong global demand for Chinese products, particularly electronic goods, contributed to a record \$78 billion trade surplus.

Inflation data were stronger than anticipated, particularly in the US and UK, despite unemployment rising significantly above pre-pandemic levels. In the US, the five-year breakeven inflation rate, which measures medium-term inflation expectations, rose and implied that inflation would exceed 2%. In early 2021, commentators were divided on the long-term inflationary consequences of the exceptional monetary and fiscal easing in response to the pandemic. It is likely, however, that higher commodity prices, pent-up consumer demand and disrupted supply chains will foster inflation in the short term.

Portfolio review

Your Company's total return over the period under review was 8.71%. By comparison, the Investment Association (AI) Mixed Investment 40-85% Shares sector, a peer group of funds with a multi-asset approach to investing and a typical investment in global equities in the 40-85% range, rose 10.00%. The MSCI AC World Total Return Index rose 12.32% in sterling while the MSCI UK Total Return Index rose 5.48%. Your Company benefited from its allocations to UK smaller stocks and emerging market equities but its allocations to dollar cash and gold equities hurt performance. Income from investments fell over the period as dividends were cut, cancelled and deferred. This will affect the revenue available to pay a dividend unless retained reserves are utilised.

Your Company's investment in dollar cash and the allocation to gold equities within the BlackRock Gold & General portfolio were hurt by currency movements over the period as extraordinary monetary and fiscal stimulus weakened the dollar and hopes of a Brexit deal buoyed the pound. Gold and gold equities rose 3.26% and 0.91% respectively in dollars but fell 6.66% and 8.78% respectively in sterling because of currency movements. Dollar cash and gold equities provide diversification, however, and may offer some capital protection should equity markets in general fall.

Your Company benefited from its relatively-low allocation to US equities, which underperformed global equities, gaining 10.42% in sterling. US technology stocks, however, gained 14.45%, contributing to the 19.13% gain by Polar Capital Technology. FundsSmith Equity gained only 9.99%, however, despite its heavy technology weighting.

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INVESTMENT MANAGER'S REPORT

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Good news on vaccines benefited your Company's allocation in cyclical stocks as investors looked beyond the American and European pandemic lockdowns and anticipated the reopening of economies. Aberforth Split Level Income was the best-performing holding over the period, gaining 50.64%. Its manager invests in UK smaller companies and follows a value-oriented investment style, which had been out of favour in an environment of ultra-low interest rates and below-target inflation. The addition of leverage from zero-dividend preference shares amplified the sensitivity to domestic economic trends, contributing to outperformance.

Chelverton UK Equity Income, which focuses on smaller stocks, rose 22.80% but lagged the gain for UK smaller companies. MI Brompton UK Recovery and Man GLG Income gained 18.09% and 12.39% respectively, outperforming UK equities because of their bias towards small and medium-sized companies. Trojan Income lagged, rising only 2.24% because of its relatively-high holdings in larger companies and defensive sectors such as consumer staples. The allocation to UK equities reduced in July when the investment in the SPDR FTSE UK All Share exchange-traded fund, which was bought following the stockmarket falls precipitated by the first lockdown in March 2020, was sold.

Amongst your Company's emerging market investments, JP Morgan Emerging Markets Income did best, rising 34.79%. The investment benefited from its holdings in China and Taiwan and in the technology sector, with Taiwan Semiconductor and Samsung Electronics amongst the largest investments. Liontrust Asia Income marginally underperformed, however, gaining 17.79%.

Stewart Investors India Subcontinent rose 27.86%, outperforming the 26.08% gain for Indian equities in sterling as the country's economy recovered from nationwide lockdown earlier in the year. The prime minister, Narendra Modi, introduced structural reforms in agriculture and labour markets and the ease of doing business in India improved according to a World Bank study. Your Company's allocation to emerging markets increased through purchases of Matthews Asia ex Japan Dividend and Vietnam Enterprise Investment Trust while the global equity allocation fell as a result of the sale of Artemis Global Income.

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All the EF Brompton Multi Manager OEIC funds outperformed their IA benchmarks. Your Company's allocation to more conservative strategies hurt performance in a rising equity market but may prove defensive should markets fall.

There were no significant adjustments to the valuations of the unquoted stocks. Your Company's largest unquoted holding, Embark, continued to integrate its recent acquisitions.

Outlook

At the period end, the outlook for equities appeared positive because monetary and fiscal policies are likely to remain accommodative for some time and equities may perform well in an environment of mild inflation. Strong performance from cyclical companies, which were typically on low valuations compared to some growth companies, may persist as vaccine rollout programmes allow economies to reopen. The UK stockmarket may benefit from this trend because of its relatively-high weighting in cyclical sectors such as energy, financials, industrials and mining while smaller companies may benefit from reviving domestic demand and increasing takeover activity.

Equities in Asia excluding Japan and emerging markets appeared particularly attractive because they were trading on lower valuations while public sector debt levels were lower than in many developed economies. Dollar weakness and stronger oil and commodity prices would also prove tailwinds for these markets.

Your Company ended the period under review with no direct investments in longer-dated bonds, which may fall should inflation expectations rise whereas gold equities may provide diversification and perform well at times such as the present time when inflation is higher than interest rates. Investments in dollar cash and lower risk multi-asset funds also provide diversification and, potentially, a measure of capital protection.

Brompton Asset Management LLP
18th March 2021

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DIRECTORS' REPORT

Performance

In the six months to 31st December 2020 the total return per Ordinary share was 8.7% (2019: 4.0%) and the NAV per ordinary share increased to 172.92p, whilst the share price increased by 15.1% to 122.00p. This compares to an increase of 10.0% in the IA Mixed Investment 40-85% Shares Index.

Investment objective

The Company's investment objective is to achieve long-term capital growth.

Investment policy

The Company's investment policy is to allocate assets to global investment opportunities through investment in equity, bond, commodity, real estate, currency and other markets. The Company's assets may have significant weightings to any one asset class or market, including cash.

The Company will invest in pooled investment vehicles, exchange traded funds, futures, options, limited partnerships and direct investments in relevant markets. The Company may invest up to 15% of its net assets in direct investments in relevant markets.

The Company will not follow any index with reference to asset classes, countries, sectors or stocks. Aggregate asset class exposure to any one of the United States, the United Kingdom, Europe ex UK, Asia ex Japan, Japan or Emerging Markets and to any individual industry sector will be limited to 50% of the Company's net assets, such values being assessed at the time of investment and for funds by reference to their published investment policy or, where appropriate, their underlying investment exposure.

The Company may invest up to 20% of its net asset value in unlisted securities (excluding unquoted pooled investment vehicles) such values being assessed at the time of investment.

The Company will not invest more than 15% of its net assets in any single investment, such values being assessed at the time of investment.

Derivative instruments and forward foreign exchange contracts may be used for the purposes of efficient portfolio management and currency hedging. Derivatives may also be used outside of efficient portfolio management to meet the Company's investment objective.

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The Company may take outright short positions in relation to up to 30% of its net assets, with a limit on short sales of individual stocks of up to 5% of its net assets, such values being assessed at the time of investment. The Company may borrow up to 30% of net assets for short-term funding or long-term investment purposes. No more than 10%, in aggregate, of the value of the Company's total assets may be invested in other closed-ended investment funds except where such funds have themselves published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds.

Share capital

The Company's share capital comprises 305,000,000 Ordinary shares of 1p each, of which 71,023,695 (2019: 71,023,695) have been issued and fully paid. No Ordinary shares are held in treasury, and none were bought back or issued during the six months to 31st December 2020.

Principal risks and uncertainties

The principal risks identified by the Board, and the steps the Board takes to mitigate them, are discussed below. The audit committee reviews existing and emerging risks on a six monthly basis. The Board has closely monitored the societal, economic and market focused implications of the events of the last 12 months to consider emerging risks.

Investment strategy: Inappropriate long-term strategy, asset allocation and fund selection could lead to underperformance. The Board discusses investment performance at each of its meetings and the Directors receive reports detailing asset allocation, investment selection and performance.

Business conditions and general economy: The Company's future performance is heavily dependent on the performance of different equity and currency markets. The Board cannot mitigate the risks arising from adverse market movements. However, diversification within the portfolio will reduce the impact. Further information is given in portfolio risks below.

Macro-economic event risk: The Covid pandemic has been felt globally in 2020. The scale and potential adverse impact of a macro-economic event, such as the Covid pandemic, has highlighted the possibility of a number of identified risks such as market risk, currency risk, investment liquidity risk and operational risk having an adverse impact at the same time. The risk may impact on: the value of the Company's investment portfolio, its liquidity,

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meaning investments cannot be realised quickly, or the Company's ability to operate if the Company's suppliers face financial or operational difficulties. The Directors closely monitor these areas and currently maintain a significant cash balance.

Portfolio risks – market price, foreign currency and interest rate risks: The largest investments are listed on page 17. Investment returns will be influenced by interest rates, inflation, investor sentiment, availability/cost of credit and general economic and market conditions in the UK and globally. A significant proportion of the portfolio is in investments denominated in foreign currencies and movements in exchange rates could significantly affect their sterling value. The Investment Manager takes all these factors into account when making investment decisions but the Company does not normally hedge against foreign currency movements. The Board's policy is to hold a spread of investments in order to reduce the impact of the risks arising from the above factors by investing in a spread of asset classes and geographic regions.

Net asset value discount: The discount in the price at which the Company's shares trade to net asset value means that shareholders cannot realise the real underlying value of their investment. Over the last few years the Company's share price has been at a significant discount to the Company's net asset value. The Directors review regularly the level of discount, however given the investor base of the Company, the Board is very restricted in its ability to influence the discount to net asset value.

Investment Manager: The quality of the team employed by the Investment Manager is an important factor in delivering good performance and the loss of key staff could adversely affect returns. A representative of the Investment Manager attends each Board meeting and the Board is informed if any major changes to the investment team employed by the Investment Manager are proposed. The Investment Manager regularly informs the Board of developments and any key implications for either the Investment Strategy or the investment portfolio.

Tax and regulatory risks: A breach of The Investment Trust (Approved Company) (Tax) Regulations 2011 (the 'Regulations') could lead to capital gains realised within the portfolio becoming subject to UK capital gains tax. A breach of the FCA Listing Rules could result in suspension of the Company's shares, while a breach of company law could lead to criminal

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proceedings, financial and/or reputational damage. The Board employs Brompton Asset Management LLP as Investment Manager, and Maitland Administration Services Limited as Secretary and Administrator, to help manage the Company's legal and regulatory obligations.

Operational: Disruption to, or failure of, the Investment Manager's or Administrator's accounting, dealing or payment systems, or the Custodian's records, could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service. The Board monitors its service providers, with an emphasis on their business interruption procedures.

The Directors confirm that they have carried out an assessment of the risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity.

Investment management arrangements and related party transactions

In common with most investment trusts the Company does not have any executive directors or employees. The day-to-day management and administration of the Company, including investment management, accounting and company secretarial matters, and custodian arrangements are delegated to specialist third party service providers.

Details of related party transactions are contained in the Annual Report. There have been no unusual material transactions with related parties during the period which have had a significant impact on the performance of the Company.

Going concern and viability

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities that are readily realisable or cash and it has no significant liabilities. Investment income exceeds annual expenditure and current liquid net assets cover current annual expenses for many years. Accordingly, the Company is of the opinion that it has adequate financial resources to continue in operational existence for the foreseeable future which is considered to be in excess of five years. Five years is considered a reasonable time for investors when making

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their investment decisions. In reaching this view the Directors reviewed the anticipated level of annual expenditure against the cash and liquid assets within the portfolio. The Directors have also considered the risks the Company faces.

Auditors

The half year financial report has been reviewed, but not audited, by Ernst & Young LLP pursuant to the Auditing Practices Board guidance on the Review of Interim Financial Information.

Responsibility statement

The Directors named on page 2 confirm that to the best of their knowledge:

As disclosed in note 1, the annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The Chairman's statement, Directors' report or the Investment Manager's report include a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements;

The Chairman's statement, Directors' report or the Investment Manager's report include a fair review of the potential risks and uncertainties for the remaining six months of the year;

The Director's report and note 8 to the half year financial report include a fair review of the information concerning transactions with the investment manager and changes since the last annual report.

By order of the Board

INDEPENDENT REVIEW REPORT TO NEW STAR INVESTMENT TRUST PLC

Introduction

We have been engaged by New Star Investment Trust plc ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31st December 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, and the related explanatory notes 1 to 8 that have been reviewed. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

INDEPENDENT REVIEW REPORT TO NEW STAR INVESTMENT TRUST PLC

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Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31st December 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Ernst & Young LLP
Edinburgh
19th March 2021

SCHEDULE OF TOP TWENTY INVESTMENTS

at 31st December 2020

Holding	Investment Type	Bid-market value £'000	% of Net Assets
Fundsmith Equity Fund	Investment Fund	9,416	7.67
Polar Capital Global Technology	Investment Fund	8,793	7.16
Embark Group	Unquoted Investment	6,990	5.69
TM Crux European Special Situations Fund	Investment Fund	5,477	4.46
Matthews Asia Ex Japan Fund	Investment Fund	5,449	4.44
BlackRock Gold & General Fund	Investment Fund	4,741	3.86
EF Brompton Global Conservative Fund	Investment Fund	4,622	3.76
BlackRock Continental European Income Fund	Investment Fund	4,306	3.50
Aquilus Inflection Fund	Investment Fund	4,103	3.34
Baillie Gifford Global Income Growth	Investment Fund	3,731	3.04
MI Chelverton UK Equity Income Fund	Investment Fund	3,636	2.96
Lindsell Train Japanese Equity Fund	Investment Fund	3,483	2.83
EF Brompton Global Equity Fund	Investment Fund	3,405	2.77
EF Brompton Global Opportunities Fund	Investment Fund	3,309	2.69
Aberforth Split Level Income Trust	Investment Company	3,301	2.69
First State Indian Subcontinent Fund	Investment Fund	3,127	2.55
EF Brompton Global Growth Fund	Investment Fund	3,103	2.53
Liontrust Asia Income Fund	Investment Fund	2,990	2.43
MI Brompton UK Recovery Unit Trust	Investment Fund	2,736	2.23
EF Brompton Global Balanced Fund	Investment Fund	2,551	2.08
		<hr/>	<hr/>
		89,269	72.68
Balance held in 21 investments		<hr/>	<hr/>
		21,992	17.91
Total investments (excluding cash)		<hr/>	<hr/>
		111,261	90.59
Net current assets (including cash)		<hr/>	<hr/>
		11,552	9.41
Net Assets		<hr/>	<hr/>
		122,813	100.00

The investment portfolio, excluding cash, can be further analysed as follows:

	£'000
Investment funds	94,239
Unquoted investments	8,779
Investment companies and exchange traded funds	6,561
Other quoted investments	1,682
	<hr/>
	111,261
	<hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31st December 2020
(unaudited)

		Six months ended 31st December 2020 (unaudited)		
	Notes	Revenue Return £'000	Capital Return £'000	Total Return £'000
INCOME				
Investment income		795	–	795
Other operating income		3	–	3
Total income	2	<u>798</u>	<u>–</u>	<u>798</u>
GAINS AND LOSSES ON INVESTMENTS				
Gains on investments at fair value				
through profit or loss	5	–	10,677	10,677
Other exchange gains		–	(1,035)	(1,035)
Trail rebates		–	1	1
		<u>798</u>	<u>9,643</u>	<u>10,441</u>
EXPENSES				
Management fees	3	(370)	–	(370)
Other expenses		(149)	–	(149)
		<u>(519)</u>	<u>–</u>	<u>(519)</u>
PROFIT BEFORE TAX		279	9,643	9,922
Tax		–	–	–
PROFIT FOR THE PERIOD		<u>279</u>	<u>9,643</u>	<u>9,922</u>
EARNINGS PER SHARE				
Ordinary shares (pence)	4	<u>0.39p</u>	<u>13.58p</u>	<u>13.97p</u>

The total return column of this statement represents the Group's profit and loss account, prepared in accordance with IFRS. The supplementary Revenue Return and Capital Return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

All income is attributable to the equity holders of the parent company. There are no minority interests.

The notes on pages 23 to 28 form an integral part of these accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31st December 2019 and the year ended 30th June 2020

	Notes	Six months ended 31st December 2019 <i>(unaudited)</i>			Year ended 30th June 2020 <i>(audited)</i>		
		Revenue Return £'000	Capital Return £'000	Total Return £'000	Revenue Return £'000	Capital Return £'000	Total Return £'000
INCOME							
Investment income		1,127	–	1,127	2,169	–	2,169
Other operating income		167	–	167	250	–	250
Total income	2	1,294	–	1,294	2,419	–	2,419
GAINS AND LOSSES ON INVESTMENTS							
Gains/(losses) on investments at fair value through profit or loss	5	–	5,023	5,023	–	(212)	(212)
Other exchange (losses)/gains		–	(612)	(612)	–	414	414
Trail rebates		–	2	2	–	4	4
		<u>1,294</u>	<u>4,413</u>	<u>5,707</u>	<u>2,419</u>	<u>206</u>	<u>2,625</u>
EXPENSES							
Management and performance fees	3	(364)	(623)	(987)	(697)	(623)	(1,320)
Other expenses		(138)	–	(138)	(397)	–	(397)
		<u>(502)</u>	<u>(623)</u>	<u>(1,125)</u>	<u>(1,094)</u>	<u>(623)</u>	<u>(1,717)</u>
PROFIT/(LOSS) BEFORE TAX		792	3,790	4,582	1,325	(417)	908
Tax		–	–	–	–	–	–
PROFIT FOR THE PERIOD		<u>792</u>	<u>3,790</u>	<u>4,582</u>	<u>1,325</u>	<u>(417)</u>	<u>908</u>
EARNINGS PER SHARE							
Ordinary shares (pence)	4	<u>1.11p</u>	<u>5.34p</u>	<u>6.45p</u>	<u>1.87p</u>	<u>(0.59)p</u>	<u>1.28p</u>

The total return column of this statement represents the Group's profit and loss account, prepared in accordance with IFRS. The supplementary Revenue Return and Capital Return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the periods.

All income is attributable to the equity holders of the parent company. There are no minority interests.

The notes on pages 23 to 28 form an integral part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31st December 2020
(unaudited)

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total £'000
AT 30TH JUNE 2020	710	21,573	56,908	34,694	113,885
Total comprehensive income for the period	-	-	-	9,922	9,922
Dividend paid	-	-	-	(994)	(994)
AT 31ST DECEMBER 2020	<u>710</u>	<u>21,573</u>	<u>56,908</u>	<u>43,622</u>	<u>122,813</u>

Included within retained earnings were £1,298,000 of Company reserves available for distribution.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31st December 2019
(unaudited)

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total £'000
AT 30TH JUNE 2019	710	21,573	56,908	34,780	113,971
Total comprehensive income for the period	-	-	-	4,582	4,582
Dividend paid	-	-	-	(994)	(994)
AT 31ST DECEMBER 2019	<u>710</u>	<u>21,573</u>	<u>56,908</u>	<u>38,368</u>	<u>117,559</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2020
(audited)

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total £'000
AT 30TH JUNE 2019	710	21,573	56,908	34,780	113,971
Total comprehensive income for the year	-	-	-	908	908
Dividend paid	-	-	-	(994)	(994)
AT 30TH JUNE 2020	<u>710</u>	<u>21,573</u>	<u>56,908</u>	<u>34,694</u>	<u>113,885</u>

The notes on pages 23 to 28 form an integral part of these accounts.

NEW STAR INVESTMENT TRUST PLC

CONSOLIDATED BALANCE SHEET

at 31st December 2020

		31st December 2020 <i>(unaudited)</i> £'000	31st December 2019 <i>(unaudited)</i> £'000	30th June 2020 <i>(audited)</i> £'000
	<i>Notes</i>			
NON-CURRENT ASSETS				
Investments at fair value through profit or loss	5	<u>111,261</u>	<u>101,518</u>	<u>103,015</u>
CURRENT ASSETS				
Other receivables		101	100	137
Cash and cash equivalents		<u>11,682</u>	<u>16,786</u>	<u>10,962</u>
		<u>11,783</u>	<u>16,886</u>	<u>11,099</u>
TOTAL ASSETS		123,044	118,404	114,114
CURRENT LIABILITIES				
Other payables		<u>(231)</u>	<u>(845)</u>	<u>(229)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>122,813</u>	<u>117,559</u>	<u>113,885</u>
NET ASSETS		<u>122,813</u>	<u>117,559</u>	<u>113,885</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS				
Called-up share capital		710	710	710
Share premium		21,573	21,573	21,573
Special reserve		56,908	56,908	56,908
Retained earnings	6	<u>43,622</u>	<u>38,368</u>	<u>34,694</u>
TOTAL EQUITY		<u>122,813</u>	<u>117,559</u>	<u>113,885</u>
NET ASSET VALUE PER ORDINARY SHARE (PENCE)	7	<u>172.92p</u>	<u>165.52p</u>	<u>160.35p</u>

The interim report was approved and authorised for issue by the Board on 18th March 2021.

The notes on pages 23 to 28 form an integral part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 31st December 2020

	Six months ended 31st December 2020 <i>(unaudited)</i> £'000	Six months ended 31st December 2019 <i>(unaudited)</i> £'000	Year ended 30th June 2020 <i>(audited)</i> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	318	501	382
INVESTING ACTIVITIES			
Purchase of investments	(6,500)	(2,722)	(12,725)
Sale of investments	8,931	8	3,280
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	2,431	(2,714)	(9,445)
FINANCING			
Equity dividend paid	(994)	(994)	(994)
NET CASH INFLOW/(OUTFLOW) AFTER FINANCING	1,755	(3,207)	(10,057)
INCREASE/(DECREASE) IN CASH	1,755	(3,207)	(10,057)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(Decrease) in cash resulting from cash flows	1,755	(3,207)	(10,057)
Exchange movements	(1,035)	(612)	414
Movement in net funds	720	(3,819)	(9,643)
Net funds at start of period/year	10,962	20,605	20,605
NET FUNDS AT END OF PERIOD/YEAR	11,682	16,786	10,962
RECONCILIATION OF PROFIT BEFORE FINANCE COSTS AND TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Profit before finance costs and taxation*	9,922	4,582	908
(Gains)/Losses on investments	(10,677)	(5,022)	212
Exchange differences	1,035	612	(414)
Management fee rebates	(1)	(2)	(4)
Revenue profit before finance costs and taxation	279	170	702
Decrease in debtors	36	120	81
Increase/(Decrease) in creditors	2	209	(407)
Taxation	-	-	2
Management fee rebates	1	2	4
NET CASH INFLOW FROM OPERATING ACTIVITIES	318	501	382

The notes on pages 23 to 28 form an integral part of these accounts.

* Includes dividends received in cash of £693,000 (30th June 2020: £1,977,000) (2019: £1,013,000), accumulation income of £173,000 (30th June 2020: £245,000) (2019: £225,000) and interest income of £3,000 (30th June 2020: £250,000) (2019: £167,000).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*for the six months ended 31st December 2020***1. Accounting policies**

The condensed consolidated interim financial statements comprise the unaudited results of the Company and its subsidiary, JIT Securities Limited (together “the Group”), for the six months to 31st December 2020. The comparative information for the six months to 31st December 2019 and the year to 30th June 2020 are a condensed set of accounts and do not constitute statutory accounts under the Companies Act 2006. Full statutory accounts for the year to 30th June 2020 included an unqualified audit report, did not contain any statements under section 498 of the Companies Act 2006, and have been filed with the Registrar of Companies.

The half year financial statements have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’, and are presented in pounds sterling, as this is the Group’s functional currency.

The same accounting policies have been followed in the interim financial statements as applied to the accounts for the year ended 30th June 2020, which were prepared in accordance with IFRSs.

No segmental reporting is provided as the Group is engaged in a single segment.

2. Total income

	Six months ended 31st December 2020 £’000	Six months ended 31st December 2019 £’000	Year ended 30th June 2020 £’000
Income from Investments			
UK net dividend income	677	1,045	1,844
Unfranked investment income	118	82	325
	<u>795</u>	<u>1,127</u>	<u>2,169</u>
Other Income			
Bank interest receivable	3	167	250
Loan interest income	–	–	–
	<u>3</u>	<u>167</u>	<u>250</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*continued***2. Total income** *continued*

	Six months ended 31st December 2020 £'000	Six months ended 31st December 2019 £'000	Year ended 30th June 2020 £'000
Total income comprises			
Dividends	795	1,127	2,169
Other income	3	167	250
	<u>798</u>	<u>1,294</u>	<u>2,419</u>

3. Management fees

	Six months ended 31st December 2020 £'000	Six months ended 31st December 2019 £'000	Year ended 30th June 2020 £'000
Investment management fee	370	364	697
Performance fee	–	623	623
	<u>370</u>	<u>986</u>	<u>1,320</u>

The Investment Manager receives a management fee, payable quarterly in arrears, equivalent to an annual 0.75 per cent of total assets after the deduction of the value of any investments managed by the Investment Manager or its associates (as defined in the investment management agreement).

The Company agreed with the Investment Manager that the performance fee was not appropriate in a low interest rate environment. Accordingly the performance fee agreement ceased with effect from 1st January 2020.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*continued***4. Return per Ordinary share**

	Six months ended 31st December 2020 £'000	Six months ended 31st December 2019 £'000	Year ended 30th June 2020 £'000
Revenue return	279	792	1,325
Capital return	9,643	3,790	(417)
Total return	<u>9,922</u>	<u>4,582</u>	<u>908</u>
Weighted average number of Ordinary shares	71,023,695	71,023,695	71,023,695
Revenue return per Ordinary share	0.39p	1.11p	1.87p
Capital return per Ordinary share	<u>13.58p</u>	<u>5.34p</u>	<u>(0.59)p</u>
Total return per Ordinary share	<u>13.97p</u>	<u>6.45p</u>	<u>1.28p</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*continued***5. Investments at fair value through profit and loss**

GROUP AND COMPANY	At	At	At
	31st December 2020 £'000	31st December 2019 £'000	30th June 2020 £'000
	<u>111,261</u>	<u>101,518</u>	<u>103,015</u>
ANALYSIS OF INVESTMENT PORTFOLIO			
Six months ended 31st December 2020			
	Quoted* (level 1 and 2) £'000	Unquoted** (level 3) £'000	Total £'000
Opening book cost	67,731	8,448	76,179
Opening investment holding gains/(losses)	<u>26,816</u>	<u>20</u>	<u>26,836</u>
Opening valuation	94,547	8,468	103,015
Movement in period:			
Purchase at cost	6,033	467	6,500
Sales			
– Proceeds	(8,931)	–	(8,931)
– Realised gains on sales	745	–	745
Movement in investment holding gains/(losses)	<u>10,088</u>	<u>(156)</u>	<u>9,932</u>
Closing valuation at 31 December 2020	<u>102,482</u>	<u>8,779</u>	<u>111,261</u>
Closing book cost	<u>65,577</u>	<u>8,915</u>	<u>74,492</u>
Closing investment holding gains/(losses)	<u>36,905</u>	<u>(136)</u>	<u>36,769</u>
Closing valuation	<u>102,482</u>	<u>8,779</u>	<u>111,261</u>

* Quoted investments include unit trust and OEIC funds which are valued at quoted prices. Included within Quoted Investments is one monthly valued investment fund of £4,103,000 (30th June 2020: £4,076,000) (2019: £3,721,000).

** The Unquoted investments, representing just over 7% of the Company's NAV, have been valued in accordance with IPEVC valuation guidelines. The largest Unquoted investment amounting to £6,990,000 (30th June 2020: £6,990,000) (2019: £3,990,000) was valued at the latest transaction price. The second largest investment has been valued based on cost and is in its development phase. A 10% increase or decrease in the earnings of the two largest investments would not have a material impact on the valuation of those investments. Neither investment has reached their maturity and are not valued on the basis of their current earnings.

There were no reclassifications for assets between Level 1, 2 and 3.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

*continued***5. Investments at fair value through profit and loss** *continued*

	Six months ended 31st December 2020 £'000	Six months ended 31st December 2019 £'000	Year ended 30th June 2020 £'000
ANALYSIS OF CAPITAL GAINS AND LOSSES			
Realised gains on sales of investments	745	8	(2,086)
Increase in investment holding gains/(losses)	<u>9,932</u>	<u>5,014</u>	<u>1,874</u>
	<u>10,677</u>	<u>5,022</u>	<u>(212)</u>

6. Retained earnings

	At 31st December 2020 £'000	At 31st December 2019 £'000	At 30th June 2020 £'000
Capital reserve – realised	5,395	6,769	5,686
Capital reserve – revaluation	36,770	29,959	26,836
Revenue reserve	<u>1,457</u>	<u>1,640</u>	<u>2,172</u>
	<u>43,662</u>	<u>38,368</u>	<u>34,694</u>

7. Net asset value per Ordinary share

	31st December 2020 £'000	31st December 2019 £'000	30th June 2020 £'000
Net assets attributable to Ordinary shareholders	<u>122,813</u>	<u>117,559</u>	<u>113,885</u>
Ordinary shares in issue at end of period	<u>71,023,695</u>	<u>71,023,695</u>	<u>71,023,695</u>
Net asset value per Ordinary share	<u>172.92p</u>	<u>165.52p</u>	<u>160.35p</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

continued

8. Transactions with the Investment Manager

During the period there have been no new related party transactions that have affected the financial position or performance of the Group.

Since 1st January 2010 Brompton has acted as Investment Manager to the Company. This relationship is governed by an agreement dated 17th May 2018.

Mr Duffield is the senior partner of Brompton Asset Management Group LLP the ultimate parent of Brompton. Mr Duffield owns a majority (59.14%) of the shares in the Company.

Mr Gamble has an immaterial holding in Brompton Asset Management Group Limited LLP.

The total investment management fee payable to Brompton for the half year ended 31st December 2020 was £370,000 (30th June 2020: £697,000) (2019: £364,000) and at the half year £190,000 (30th June 2020: £177,000) (2019: £177,000) was accrued. No performance fee was payable in respect of the six months ended 31st December 2020 (30th June 2020: £623,000) (2019: £623,000). The existing performance fee arrangements ceased with effect from 1st January 2020.

The Group's investments include seven funds managed by Brompton or its associates valued at £21,998,000 (30th June 2020: £19,712,000) (2019: £19,680,000). No investment management fees were payable directly by the Company in respect of these investments.

