

CAPITAL GEARING TRUST P.L.C.

Half-Year Financial Report

For the six months ended 5 October 2019

Company Summary

■ The Company

Capital Gearing Trust P.I.c. ("the Company") is an investment trust with shares listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange.

■ Investment objectives

The Company's dual objectives are to preserve shareholders' real wealth and to achieve absolute total return over the medium to longer term.

■ Capital structure and voting rights

The share capital comprises Ordinary shares of 25 pence each. As at 5 October 2019, 10,241,019 shares were in issue (5 October 2018: 6,571,764, 5 April 2019: 7,886,589). Each Ordinary share has one vote.

■ Discount/Premium Management Policy

The Company will purchase or issue shares to ensure, in normal market conditions, that the shares trade consistently close to their underlying Net Asset Value per share.

■ Dividends

The Company pays an annual dividend but focuses on total return rather than any net income level.

■ Management and Administration

Investment management is carried out by CG Asset Management ("CGAM") for an

annual fee of 0.6% of net assets up to £120m, 0.45% on net assets above £120m to £500m and 0.30% thereafter. Company secretarial, administrative and accounting services are provided by PATAAC. Custodial services are carried out by The Northern Trust Company.

■ Alternative Investment Fund Management Directive ("AIFMD")

The Company is an Alternative Investment Fund as defined by the AIFMD and CG Asset Management is the Company's Alternative Investment Fund Manager.

■ ISA

The Company manages its affairs so as to be a fully qualifying investment trust under the individual savings account (ISA) rules.

■ Non-Mainstream Pooled Investment Rules

The Company's shares are 'excluded securities' for the purposes of the rules relating to non-mainstream pooled investments. This means they can be recommended by independent financial advisors to their ordinary retail clients, subject to normal suitability requirements.

■ Financial Calendar (guide)

Annual Results	May/June
Annual General Meeting	July
Dividend Payment Date	July
Half-Year Report	November



The Association of
Investment Companies

The Company is a member of the Association of Investment Companies.

Information disclaimer

This report is produced for members of the Company with the purpose of providing them with information relating to the Company and its financial results for the period under review. This report contains subjective opinion, analysis and forward looking statements which by their very nature involve uncertainty. Events beyond the control of the Directors and the Company may affect actual future results which may therefore differ from those indicated within this historical report. Market and currency fluctuations may occur which may in turn have an impact on the value of the Company's underlying investments in the future. Past performance is no guarantee of future performance. Investments are not guaranteed and you may not get back the amount you originally invested. Neither the Directors nor the Company take responsibility for matters outside of their control.

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Financial Information and Performance

Performance Highlights

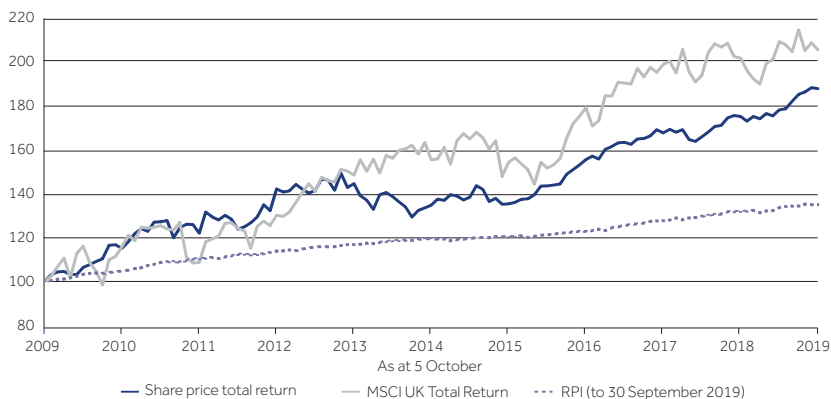
	5 October 2019	5 April 2019
Share Price (pence)	4,360.0	4,170.0
NAV per Share (pence)	4,268.3	4,082.0
Premium to NAV	2.1%	2.2%
Market Capitalisation (€m)	446.5	328.9
Shareholders' Funds (€m)	437.1	321.9
Shares in issue	10,241,019	7,886,589
MSCI UK Index	15,779.9	16,062.4
UK Retail Price Index (at 30 September)	291.0	285.1

Total Returns for periods to 5 October 2019

	6 months	1 Year	3 Years	5 Years	10 Years
Share Price	5.4%	7.2%	20.7%	39.4%	87.5%
NAV per Share	6.0%	8.5%	18.9%	39.3%	92.0%
MSCI UK Index	(1.8)%	1.9%	14.7%	32.2%	105.1%
Inflation (RPI) (to 30 September 2019)	2.1%	2.4%	9.9%	13.0%	35.2%
Share Price rel. to MSCI UK	7.3%	5.2%	5.2%	5.4%	(8.6)%
Share Price Relative to RPI	3.2%	4.7%	9.8%	23.4%	38.7%

Share price total return performance 2009 to 2019

Based on mid-market prices, the graph below illustrates the total return to investors in the Company over the past 10 years, compared with the total return on the MSCI UK Index*. Each measure is rebased to 100 in 2009.



*Source: CG Asset Management Ltd

Interim Management Report

Chairman's Overview

At the half year to 5 October 2019, the net asset value per share was 4,268p compared to 4,082p as at 5 April 2019, and 3,968p a year previously. This represents a total return of 5.4% over the past six months and 7.2% over twelve. Whilst the Company does not have a formal benchmark, this performance compares with a decrease of 1.8% in the MSCI UK Index over the past six months and an increase of 1.9% in the past year. Performance in the half-year benefited from a 6% weakening of sterling relative to the dollar. Some 46% of portfolio assets are currently held in non-sterling assets.

Operation of the Company's discount control policy has resulted in further steady share issuance and at a higher level than in previous reported periods; all issues were made at a sufficient premium to net asset value to more than cover associated regulatory and administrative costs and provide a modest accretion in net asset value per share. We issued 2,354,430 shares for net proceeds of £100,479,000 during the half-year. The Company's issued share capital has increased by 30% over the half-year and is 56% higher than a year ago. The improved marketability in the Company's shares has widened the equity base and extended the shareholder list. In particular, the Company's emphasis on capital preservation has been finding growing favour with several of the larger wealth managers. The Company's aim is not to grow its issued share capital per se but to meet its investment objectives whilst providing liquidity in the secondary market around net asset value. This has resulted in net share issuance but equally could result in share buyback if shareholders wanted to realise their holdings and there were insufficient demand in the secondary market at around the prevailing net asset value.

At the half-year end, total net assets stood at £437m, as compared to £261m a year earlier. This growth in the Company's asset base continues to reduce the ongoing charges ratio of the Company, which is now under 0.7% per annum. Issuance at a premium continues to have a beneficial impact on net asset value per share.

Investment Review

The portfolio performed well during the period due to a very supportive market backdrop. Falling bond yields, (mostly) rising equity markets, strength in gold and sterling weakness allowed all areas of the portfolio to contribute.

The performance of the risk asset portfolio was comfortably ahead of comparator indices such as the MSCI UK and the Investment Trust Index. This was pleasing given the period included one of the most significant setbacks in many years in our risk asset portfolio. German residential property has been a significant portfolio theme and positive contributor over the last 3 years. At the start of the calendar year a basket of German residential securities made up c.6% of the

Interim Management Report (continued)

total portfolio. We started to reduce the position in the spring due to concerns around the rising politicisation of rents; with hindsight we should have reduced further. In June, a draft law was proposed by the Berlin state government to introduce a 5 year freeze on rental increases. As a result of this process three holdings with significant Berlin exposure, Deutsche Wohnen SE, Ado Properties SA and Phoenix Spree plc fell by more than 20%. Fortunately, the majority of our exposure was to property outside Berlin and, after some recovery later in the period, the aggregate German residential holdings were only down c.1%. We continue to believe these assets offer attractive long term return potential but the risks have clearly risen and so the position has been resized to c.2%.

The stand-out performers were the c.2% holdings in a range of Swedish commercial property companies, including Castellum AB and Kungsliden AB. These collectively rose c.20% in the half-year and over 30% in the last 12 months. The c.2% holding in Investor AB, a broadly diversified Swedish holding company also performed strongly. We initiated all these Swedish holdings within the last two years after a period of marked Krona weakness. These companies hold a selection of high quality property and corporate assets denominated in a currency that seems to us to be significantly undervalued. Notwithstanding these attractions, their performance has been so strong that we will keep them all under careful review.

The large portfolio of US Index linked bonds (c.25% of the portfolio) delivered returns in excess of 10%. This was a combination of currency gains and falling yields; the former driven by Brexit concerns and the latter by actual and anticipated interest rate cuts. This asset class will continue to play a central role in portfolio construction but in the short term it seems unlikely to repeat such marked gains.

The corporate bond and preference share holdings delivered consistent low risk returns. One position matured profitably in the period, Ranger Direct Lending zero dividend preference share ("ZDP"). Due to the extremely aggressive approach taken by the board of Ranger Direct Lending plc ("RDL") during a proposed restructuring, CGAM co-lead a ZDP coalition and engaged legal advisors to robustly represent our position. This resulted in a profitable exit, including RDL meeting all our legal costs.

Significant additional purchases were made in the bonds of Burford Capital Ltd. This is a large vehicle that finances litigation and was the subject of a high profile short selling report issued by the Muddy Waters research team in August. The publication of this report led to a marked sell-off in both the equity and bonds. In our assessment the former was justified but the price fall in the bonds was far greater than warranted by the analysis presented. We used the opportunity to increase our position at levels we considered very attractive.

Interim Management Report (continued)

The Company continues to hold in excess of 35% of the portfolio in cash, treasury bills and short dated high quality sterling debt. In relative terms these holdings were a drag, at a time of strong gains elsewhere in the portfolio. However we value the stability and optionality of this "dry powder" highly. We look forward to a time when either the equity market or the bond market offers materially better value, and will deploy this dry powder when this emerges.

AIFM Status

The Company's assets under management now exceed 500m euros, the threshold at which AIFM regulations require that CG Asset Management, the Company's Alternative Investment Manager, must become a "full scope AIFM". The relevant application to the FCA has been made, a depositary has been selected, and we anticipate that the enhanced status will be granted shortly. Although, as explained in the Annual Report, this move would allow the Company to gear its balance sheet, the Board has no present intention of borrowing capital.

Board Changes

In the Annual Report, the Chairman's statement heralded the plans for board succession during the current financial year, when George Prescott will step down early next year and I will retire at the AGM in July 2020. The Board conducted a full appraisal process to identify any potential gaps in experience or skills that these retirements might cause, and with the help of our advisors we have engaged in a wide-ranging search and recruitment process extending over the past six months.

The outcome is that I am pleased to report the appointment of Paul Yates as a non-executive director with effect from 2 December 2019. Paul has had a senior career in the investment management industry, principally with UBS, and more recently he has served on the boards of a number of prominent investment trusts. He is currently a director of Witan Investment Trust plc, Fidelity European Values plc and Merchants Trust plc. Paul's experience and skill-set complements those of existing board members. This appointment will temporarily enlarge the Board to six members. However, with the aforementioned retirements in the first half of 2020, the Board will revert to a smaller, tight group of directors, a style of governance that has proved both efficient and cost-effective for Capital Gearing Trust in the past.

Finally, on the subject of board changes, I would like to express the Board's thanks to George Prescott for his service since he was appointed in 2010 and particularly for his assiduous work as audit chair during a period of significant growth for the Company.

Interim Management Report (continued)

Conclusions

The portfolio remains defensive, and in the short term the ambition is principally to preserve the value of investors' capital after fees, taxes and inflation. If this objective can be achieved during a period of anticipated market weakness, then the Company will be well positioned to revert to an increased exposure to risk assets and to deliver stronger gains in the future.

I am also pleased with the progress thus far on implementation of the board succession plan and the continued operation of the discount/premium control policy, which is providing good liquidity in the secondary market and has led to a substantial reduction in our ongoing charges ratio.

For and on behalf of the Board

Graham Meek

Chairman

7 November 2019

Distribution of Investment Funds

at 5 October 2019

Distribution of investment assets of £439,865,000 at 5 October 2019

	Currency Exposure						Total
	Sterling	US Dollar	Euro	Swedish Krona	Japanese Yen	Other	
Index-Linked Government Bonds	8.0	24.4	–	1.1	–	–	33.5
Conventional Government Bonds	16.4	–	–	–	–	–	16.4
Preference Shares/ Corporate Debt	11.2	1.5	0.9	–	–	0.8	14.4
Funds/Equities	14.7	3.3	2.8	3.6	3.1	4.4	31.9
Cash	2.2	0.1	0.4	0.1	–	–	2.8
Gold	1.0	–	–	–	–	–	1.0
Total	53.5	29.3	4.1	4.8	3.1	5.2	100.0

Distribution of investment assets of £323,306,000 at 5 April 2019

	Currency Exposure						Total
	Sterling	US Dollar	Euro	Swedish Krona	Japanese Yen	Other	
Index-Linked Government Bonds	8.5	24.3	–	0.2	–	–	33.0
Conventional Government Bonds	10.3	–	–	–	–	–	10.3
Preference Shares/ Corporate Debt	14.3	1.5	0.9	–	–	0.9	17.6
Funds/Equities	13.8	3.2	7.5	3.9	2.2	4.6	35.2
Cash	2.7	0.1	–	0.1	–	–	2.9
Gold	1.0	–	–	–	–	–	1.0
Total	50.6	29.1	8.4	4.2	2.2	5.5	100.0

Investments of the Company

at 5 October 2019

The top 10 investments in each asset category are listed below. The full portfolio listing of the Company as at 5 October 2019 is published on the Company's website www.capitalgearingtrust.com.

	£'000	% of investment assets
Top 10 Index-Linked Government Bonds		
UK Treasury 0.125% 2019	25,581	5.8
USA Treasury 2.0% 2026	10,169	2.3
USA Treasury 2.375% 2025	6,486	1.5
USA Treasury 3.875% 2029	5,999	1.4
USA Treasury 1.75% 2028	5,638	1.3
USA Treasury 0.125% 2022	5,470	1.2
USA Treasury 0.125% 2025	5,318	1.2
USA Treasury 0.75% 2045	5,214	1.2
USA Treasury 1.375% 2044	4,916	1.1
UK Treasury 0.125% 2024	4,822	1.1
	79,613	18.1
Top 10 Conventional Government Bonds		
UK Treasury 27/01/2020	19,460	4.4
UK Treasury 07/10/2019	5,000	1.1
UK Treasury 16/12/2019	4,993	1.1
UK Treasury 16/03/2020	4,983	1.1
UK Treasury 02/03/2020	3,988	0.9
UK Treasury 09/03/2020	3,987	0.9
UK Treasury 30/03/2020	3,986	0.9
UK Treasury 02/12/2019	2,497	0.6
UK Treasury 06/01/2020	2,495	0.6
UK Treasury 13/01/2020	2,495	0.6
	53,884	12.2

Investments of the Company (continued)

at 5 October 2019

	£'000	% of investment assets
Top 10 Preference Shares/Corporate Debt		
Pershing Square 5.5% 2022 (<i>corporate debt</i>)	4,854	1.1
NB Private Equity 2022 (<i>zero dividend preference share</i>)	3,500	0.8
JZ Capital Partners 6.0% Convertible Unsecured Loan Stock 2021 (<i>corporate debt</i>)	2,576	0.6
JZ Capital Partners 2022 (<i>zero dividend preference share</i>)	2,465	0.6
Tesco Personal Finance 1.0% 2019 (<i>corporate debt</i>)	2,391	0.5
Utilico Investments 2020 (<i>zero dividend preference share</i>)	2,191	0.5
E.ON 6% 2019 (<i>corporate debt</i>)	2,006	0.5
Northern Powergrid (Yorkshire) 9.25% 2020 (<i>corporate debt</i>)	1,877	0.4
National Grid 1.25% 2021 (<i>corporate debt</i>)	1,860	0.4
Unite Group 6.125% 2020 (<i>corporate debt</i>)	1,853	0.4
	25,573	5.8
Top 10 Funds/Equities		
iShares Core FTSE 100 ETF	17,039	3.9
Vanguard FTSE Japan UCITS ETF	11,591	2.6
Grainger	8,712	2.0
Investor	7,612	1.7
North Atlantic Smaller Companies	7,550	1.7
Vanguard S&P 500 UCITS ETF	6,335	1.5
Vonovia	5,209	1.2
Castellum	4,840	1.1
Empiric Student Property	3,575	0.8
Civitas Social Housing	3,529	0.8
	75,992	17.3
Gold		
iShares Physical Gold ETC	4,383	1.0
Other investments	188,199	42.8
Cash	12,221	2.8
Total investment assets	439,865	100.0

Income Statement (unaudited)

for the six months ended 5 October 2019

	Revenue £'000	Capital £'000	(unaudited) 6 months ended 5 October 2019 Total £'000
Net gains on investments	–	15,078	15,078
Exchange gains	–	53	53
Investment income (note 2)	3,802	–	3,802
Gross return	3,802	15,131	18,933
Investment management fee	(397)	(595)	(992)
Other expenses	(241)	–	(241)
Net return on ordinary activities before tax	3,164	14,536	17,700
Tax on ordinary activities	(225)	197	(28)
Net return attributable to equity shareholders	2,939	14,733	17,672
Return per Ordinary Share (note 3)	33.11p	166.00p	199.11p

The total column of this statement represents the Income Statement of the Company. The Revenue return and Capital return columns are supplementary to this and are prepared under guidance issued by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

There are no gains or losses other than those recognised in the Income Statement.

		(unaudited) 6 months ended 5 October 2018 Total £'000			(audited) Year ended 5 April 2019 Total £'000
Revenue £'000	Capital £'000		Revenue £'000	Capital £'000	
–	8,806	8,806	–	14,991	14,991
–	12	12	–	10	10
2,279	–	2,279	4,671	–	4,671
2,279	8,818	11,097	4,671	15,001	19,672
(261)	(391)	(652)	(568)	(852)	(1,420)
(197)	–	(197)	(419)	–	(419)
1,821	8,427	10,248	3,684	14,149	17,833
(99)	87	(12)	(292)	267	(25)
1,722	8,514	10,236	3,392	14,416	17,808
28.16p	139.23p	167.39p	51.12p	217.28p	268.40p

Statement of Changes in Equity (unaudited)

for the six months ended 5 October 2019

	Called-up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Total £'000
Balance at 6 April 2019	1,972	203,043	16	112,450	4,447	321,928
Net return attributable to equity shareholders and total comprehensive income for the period	–	–	–	14,733	2,939	17,672
New shares issued (note 6)	588	99,891	–	–	–	100,479
Dividends paid (note 4)	–	–	–	–	(2,964)	(2,964)
Total transactions with owners recognised directly in equity	588	99,891	–	–	(2,964)	97,515
Balance at 5 October 2019	2,560	302,934	16	127,183	4,422	437,115

for the six months ended 5 October 2018

	Called-up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Total £'000
Balance at 6 April 2018	1,441	117,389	16	98,034	2,674	219,554
Net return attributable to equity shareholders and total comprehensive income for the period	–	–	–	8,514	1,722	10,236
New shares issued (note 6)	202	32,408	–	–	–	32,610
Dividends paid (note 4)	–	–	–	–	(1,619)	(1,619)
Total transactions with owners recognised directly in equity	202	32,408	–	–	(1,619)	30,991
Balance at 5 October 2018	1,643	149,797	16	106,548	2,777	260,781

* The Capital reserve balance at 5 October 2019 includes unrealised gains on fixed asset investments of £29,946,000 (5 October 2018 – gains of £15,033,000 and 6 April 2019 – gains of £19,360,000).

Statement of Financial Position (unaudited)

at 5 October 2019

	(unaudited) 5 October 2019 £'000	(unaudited) 5 October 2018 £'000	(audited) 5 April 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	427,644	250,462	313,871
Current assets			
Debtors	2,430	3,350	2,901
Cash at bank and in hand	12,221	12,820	9,435
	14,651	16,170	12,336
Creditors: amounts falling due within one year	(5,180)	(5,851)	(4,279)
Net current assets	9,471	10,319	8,057
Total assets less current liabilities	437,115	260,781	321,928
Capital and reserves			
Called-up share capital	2,560	1,643	1,972
Share premium account	302,934	149,797	203,043
Capital redemption reserve	16	16	16
Capital reserve	127,183	106,548	112,450
Revenue reserve	4,422	2,777	4,447
Total equity shareholders' funds	437,115	260,781	321,928
Net asset value per Ordinary Share	4,268.3p	3,968.2p	4,082.0p

The Half-Year Financial Report for the six months ended 5 October 2019 was approved by the Board of Directors on 7 November 2019 and signed on its behalf by:

Graham Meek

Chairman

7 November 2019

Cash Flow Statement (unaudited)

for the six months ended 5 October 2019

	(unaudited) 6 months ended 5 October 2019 £'000	(unaudited) 6 months ended 5 October 2018 £'000	(audited) Year ended 5 April 2019 £'000
Net cash outflow from operations before dividends & interest (note 5)	(1,125)	(821)	(1,652)
Dividends received	2,335	1,483	2,683
Interest received	1,367	1,132	1,905
Net cash inflow from operating activities	2,577	1,794	2,936
Payments to acquire investments	(198,864)	(86,646)	(204,843)
Receipts from sale of investments	101,541	53,946	114,338
Net cash outflow from investing activities	(97,323)	(32,700)	(90,505)
Equity dividends paid	(2,964)	(1,619)	(1,619)
Issue of Ordinary Shares	100,496	32,578	85,856
Net cash inflow from financing activities	97,532	30,959	84,237
Increase/(decrease) in cash and cash equivalents	2,786	53	(3,332)
Cash and cash equivalents at start of period	9,435	12,767	12,767
Cash and cash equivalents at end of period	12,221	12,820	9,435
Increase/(decrease) in cash and cash equivalents	2,786	53	(3,332)
Cash and cash equivalents consist of cash at bank, and in hand	12,221	12,820	9,435

Notes to the Financial Statements

1 Basis of preparation

The condensed Financial Statements for the six months to 5 October 2019 comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and the Cash Flow Statement, together with the notes set out below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting', the AIC's Statement of Recommended Practice issued in October 2019 ("SORP"), UK Generally Accepted Accounting Principles ("UK GAAP") and using the same accounting policies as set out in the Company's Annual Report and Accounts at 5 April 2019.

Fair Value

Under FRS 102 and FRS 104, investments have been classified using the following fair value hierarchy:

Level 1: valued using unadjusted quoted prices in active markets for identical assets.

Level 2: valued using observable inputs other than quoted prices included within Level 1.

Level 3: valued using inputs that are unobservable.

All of the Company's investments fall into Level 1 for the periods reported.

2 Investment income

	(unaudited) 6 months ended 5 October 2019 £'000	(unaudited) 6 months ended 5 October 2018 £'000	(audited) Year ended 5 April 2019 £'000
Income from investments			
Income from UK bonds	670	385	892
Income from UK equity and non-equity investments	1,496	980	1,846
Income from overseas bonds	736	435	1,050
Income from overseas equity and non-equity investments	900	479	883
Total income	3,802	2,279	4,671

3 Return per Ordinary Share

The calculation of return per Ordinary Share is based on results after tax divided by the weighted average number of shares in issue during the period of 8,875,187 (5 October 2018: 6,115,181, 5 April 2019: 6,634,778).

The revenue, capital and total return per Ordinary Share is shown in the Income Statement.

Notes to the Financial Statements (continued)

4 Dividends paid

	(unaudited) 6 months ended 5 October 2019 £'000	(unaudited) 6 months ended 5 October 2018 £'000	(audited) Year ended 5 April 2019 £'000
2018 Dividend paid 20 July 2018 (27.0p per share)*	–	1,619	1,619
2019 Dividend paid 19 July 2019 (35.0p per share)*	2,964	–	–

* The dividend of 35.0p per share (2018: 27.0p per share) paid in respect of the year ended 5 April 2019 comprised an increase in annual dividend to 23.0p per share (2018: 21.0p per share) plus a special dividend of 12.0p per share (2018: 6.0p per share).

5 Reconciliation of net return on ordinary activities before taxation to net cash outflow from operations before dividends and interest

	(unaudited) 6 months ended 5 October 2019 £'000	(unaudited) 6 months ended 5 October 2018 £'000	(audited) Year ended 5 April 2019 £'000
Net return on ordinary activities before taxation	17,700	10,248	17,833
Less capital return on ordinary activities before taxation	(14,536)	(8,427)	(14,149)
Decrease in prepayments and accrued income	–	4	5
Increase in accruals and deferred income	66	12	176
Management fees charged to capital	(595)	(391)	(852)
Overseas withholding tax	(28)	6	(1)
Decrease/(increase) in recoverable UK taxation	17	(6)	(3)
Dividends received	(2,396)	(1,459)	(2,729)
Interest received	(1,406)	(820)	(1,942)
Gains on foreign currency transactions	53	12	10
Net cash outflow from operations before dividends and interest	(1,125)	(821)	(1,652)

Notes to the Financial Statements (continued)

6 Ordinary Shares

During the period the Company issued 2,354,430 new Ordinary Shares of 25p each for proceeds totalling £100,479,000 (period to 5 October 2018: 808,845 new Ordinary Shares of 25p each issued for proceeds totalling £32,610,000, year to 5 April 2019: 2,123,670 new Ordinary Shares of 25p each issued for proceeds totalling £86,185,000).

During the period the Company did not repurchase any Ordinary Shares (periods to 5 October 2018 and 5 April 2019: nil). At 5 October 2019 no Ordinary Shares were held in treasury (5 October 2018 and 5 April 2019: nil).

At 5 October 2019, there were 10,241,019 Ordinary Shares in issue (5 October 2018: 6,571,764, 5 April 2019: 7,886,589).

7 General information

The financial information contained in this Half-Year Financial Report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the half-years ended 5 October 2018 and 5 October 2019 have not been audited. The abridged financial information for the year ended 5 April 2019 has been extracted from the Company's statutory accounts for that year, which have been filed with the Registrar of Companies. The report of the Auditors on those accounts was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006.

Required Disclosures

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company were explained in detail within the Annual Report issued in May 2019. There remain uncertainties for the UK economy and financial markets particularly arising from general political uncertainty in the UK and the continued negotiation and implementation of Brexit. The directors are not aware of any new risks or uncertainties for the Company and its investors both for the period under review and moving forward.

Related Party Transactions

Details of related party transactions are contained in the Annual Report issued in May 2019. There have been no material changes in the nature and type of the related party transactions as stated within the Annual Report.

Going Concern

The Company's investment objective and business activities, together with the main trends and factors likely to affect its development and performance are continuously monitored by the Board. The directors believe that the Company is well placed to manage its business risks and having reassessed the principal risks consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

Statement of Directors' Responsibilities

Each director confirms that, to the best of their knowledge:

- (a) The condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);
- (b) The Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months of the financial year and description of principal risks and uncertainties for the remaining six months of the financial year); and
- (c) The Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board

Graham Meek

Chairman

7 November 2019

Shareholder Information

Financial Reporting

Copies of the Company's annual and half-year reports may be obtained from the Company Secretary and electronic copies can be accessed on the Company's website. See page 20 for contact details.

Contacting the Board

Any shareholders wishing to communicate directly with the Board should do so via the Company Secretary. See page 20 for contact details.

Capital Gains Tax

As at 31 March 1982 the adjusted value for capital gains tax purposes of the 25p Ordinary shares was 21.25p

Frequency of NAV Publication

Daily

How to Invest

Via your bank, stockbroker or other financial adviser

Share Identification Codes

SEDOL:	0173861
ISIN:	GB0001738615
BLOOMBERG:	CGT:LN
FT:	CGT:LSE

Substantial Shareholdings

The Disclosure and Transparency Rules require shareholders of the Company to simultaneously to inform the Company and the Financial Conduct Authority (the "FCA") of changes to major holdings in the Company's shares within two trading days of the change

For further information, please visit the FCA's website:

<https://www.fca.org.uk/markets/ukla/regulatory-disclosures/submit-investor-notification>

Beware of Share Fraud

Shareholders may receive unsolicited phone calls or correspondence concerning investment matters that imply a connection to the Company. These are typically from overseas 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares.

Shareholders may also be advised that there is an imminent offer for the Company, and the caller may offer to buy shares at significantly above the market price if an administration fee is paid. This is known as 'boiler room fraud'.

You can find more information about investment scams at the Financial Conduct Authority (FCA) website: www.fca.org.uk/consumer/protect-yourself-scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

Corporate Information

Directors

Mr E G Meek, Chairman
Mr G A Prescott
Mr R Archibald
Mr A R Laing
Miss J G K Matterson

Company Secretary and Administrator

PATAC Limited
21 Walker Street, Edinburgh EH3 7HX
E-mail:
company.secretary@capitalgearingtrust.com
Telephone: 0131 538 1400

Registered Office

c/o PricewaterhouseCoopers LLP, Waterfront
Plaza, 8 Laganbank Road, Belfast BT1 3LR
Company number: NI005574

Company Website

www.capitalgearingtrust.com

AIC

Association of Investment Companies
www.theaic.co.uk

Investment Manager

CG Asset Management Limited
25 Moorgate, London EC2R 6AY

Registrar

Computershare Investor Services plc
The Pavilions, Bridgewater Road,
Bristol BS13 8AE
Telephone: 0370 873 5864

Custodian and Banker

The Northern Trust Company
50 Bank Street, Canary Wharf,
London E14 5NT

Corporate Stockbroker

JP Morgan Cazenove
25 Bank Street, Canary Wharf,
London E14 5JP

Independent Auditors

PricewaterhouseCoopers LLP
Waterfront Plaza, 8 Laganbank Road,
Belfast BT1 3LR

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