



The Edinburgh Investment Trust plc
HALF-YEARLY FINANCIAL REPORT
SIX MONTHS TO 30 SEPTEMBER 2016



Contents

- 01 Financial Information and Performance Statistics
- 02 Interim Management Report
- 08 Directors' Responsibility Statement
- 10 Investments in Order of Valuation
- 12 Condensed Financial Statements
- 19 Independent Review Report
- 20 Directors, Manager and Administration

If you have any queries about The Edinburgh Investment Trust plc or any of the other specialist funds managed by Invesco Perpetual, please contact the Invesco Perpetual Client Services Team on:

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Front Cover: Obsidian, volcanic, extrusive igneous rocks.

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FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

The Edinburgh Investment Trust plc (the 'Company') is a UK investment trust listed on the London Stock Exchange.

Investment Objective of the Company

The Company invests primarily in UK securities with the long term objective of achieving:

1. an increase of the Net Asset Value per share in excess of the growth in the FTSE All-Share Index; and
2. growth in dividends per share in excess of the rate of UK inflation.

Performance Statistics

FOR THE SIX MONTHS TO 30 SEPTEMBER

Total Return (capital growth with income reinvested)

	2016 % CHANGE
Net asset value (NAV) total return ⁽¹⁾	
– debt at par	+6.8
– debt at market value	+6.6
Share price total return ⁽¹⁾	+11.1
FTSE All-Share Index total return ⁽¹⁾	+12.9

Capital Return

	AT 30 SEPTEMBER 2016	AT 31 MARCH 2016	% CHANGE
NAV			
– debt at par	742.25p	710.74p	+4.4
– debt at market value	725.36p	695.30p	+4.3
Share price ⁽¹⁾	724.00p	665.00p	+8.9
FTSE All-Share Index ⁽¹⁾	3,755.34	3,395.19	+10.6
Discount			
– debt at par	2.5%	6.4%	
– debt at market value	0.2%	4.4%	
Gearing (at par):			
– gross gearing ⁽²⁾	15.3%	12.9%	
– net gearing ⁽³⁾	15.0%	12.8%	
Annual change in Retail Price Index ⁽¹⁾	2.0%	1.6%	

FOR THE SIX MONTHS TO 30 SEPTEMBER

Revenue Return

	2016	2015	% CHANGE
Revenue return per share	13.9p	13.9p	+0.0
First interim dividend ⁽⁴⁾	5.4p	5.2p	+3.8

Notes: 1. Source: Thomson Reuters Datastream.

2. Gross gearing: borrowings (at par) ÷ shareholders' funds.

3. Net gearing: borrowings (at par) less cash and cash equivalents ÷ shareholders' funds.

4. Dividends declared in respect of the financial year.

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

Dear Shareholder,

These six month results are reported against a backdrop of the EU referendum and the (then) upcoming US presidential election. The consequences, whether favourable or unfavourable, are likely to dominate the political and economic landscape for some years to come.

The UK equity market, after an initial fall following the surprise referendum result, rallied strongly and both the FTSE 100 index (benefiting from weak sterling) and the more domestically oriented FTSE 250 index recovered strongly to reach all time highs. Good index returns, however, mask some radical disparities in sector performance and our portfolio, whilst recording positive returns, lagged the benchmark index due in large part to strong performance in some stocks and sectors we do not hold. Further details and commentary are contained in the Manager's Report which follows.

Our portfolio manager Mark Barnett, with an unchanged strategy, continues to focus on long term performance. I am pleased to report that James Goldstone, who has been working in the Manager's UK equity team for the last four years, has been appointed deputy manager of the Company's portfolio to work alongside Mark.

Performance

The Company produced a positive net asset value (NAV) total return for the six months to 30 September 2016 of 6.8% (debt at par) and 6.6% (debt at market), compared to a return of 12.9% by the FTSE All-Share Index, the Company's benchmark. The share price total return (share price with dividends reinvested) for the period was 11.1%, with the Company's share price ending the period at 724.0p, an increase of 8.9% from the year end share price of 665.0p.

The demand for shares in the market resulted in the discount (with NAV at par) of the Company narrowing from 6.4% at the year end to 2.5% on 30 September 2016. With debt at market value, the shares at this time were trading at a discount of 0.2% (31 March 2016: 4.4%). At 21 November 2016, the latest practical date prior to signing this report, the share price of 699.5p was at a 0.4% discount to the NAV (debt at market value) of 702.3p and a 2.6% discount to the NAV (debt at par) of 717.9p.

The portfolio continues to be concentrated in a relatively small number of sectors and its overweight or underweight positions in various sectors can be material drivers of the Company's relative investment performance.

Dividend

As in previous years, the Board continues the exercise to rebalance the interim and final dividends, whilst simultaneously aiming to at least maintain the final dividend.

Consequently, the Board has declared a first interim dividend of 5.4p (2015: 5.2p), an increase of 3.8%. This will be paid on 30 November 2016 to shareholders on the register on 18 November 2016, with shares quoted ex-dividend on 17 November 2016.

The Board, and the portfolio managers, remain cognisant of the Company's objective to grow the dividend payable to shareholders by more than the rate of UK inflation over the long term.

By this time last year, the Company had earned over £3 million of special dividends which contributed substantially to total dividend income for the six months of £30.3 million. Special dividends by their nature are not recurring, so it should be no surprise that none were earned in the six months being reported. However, partly countering this, dividend income in aggregate benefited from the fall in sterling. I am pleased to report that the portfolio has generated over £30.7 million of dividend income with the result that revenue return per share for the period matches that of the comparable six months to September 2015 of 13.9p.

Borrowings and Gearing

The Company has in place a mixture of fixed and floating rate debt. The former is the Company's £100 million 7¾% debenture which matures in 2022 and the latter a £150 million, 364 day bank credit facility. By this means, Mark has the ability to vary the gearing level of the portfolio depending on his view of the market. During the period under review aggregate borrowings ranged between £180 million and £228 million, and ended the period at £222.8 million – equivalent to gross gearing of 15.3% (debt at par).

Outlook

The fallout from both the EU referendum result and the US election makes it more difficult than usual to predict future economic and market trends with any confidence. One can comfortably justify caution in relation to UK equities on valuation grounds, albeit that yields are likely to continue to provide support while bonds look even more expensive. The Board remains confident that Mark's high conviction approach to investment, driven by careful stock selection, is right for such uncertain times. The approach will inevitably lead to portfolio performance that will diverge from that of the index and, as we have seen this half year, may result in periods of underperformance, especially in sharply rising markets. However, the focus as in the past remains on adding significant value over the long term.

Jim Pettigrew

Chairman

23 November 2016

MANAGER'S REPORT

Market Review

After a volatile start to 2016, the UK stock market rose strongly over the six month period to 30 September 2016. This was driven initially by rising commodity prices and "dovish" central bank monetary policy and then, following the Brexit referendum, by the sharp fall in sterling. There was significant divergence in sector performance during the period, with share price falls after the referendum seen most acutely in certain domestically focused sectors whereas the share prices of companies with US dollar denominated earnings rose strongly in anticipation of upgrades to forecast earnings. The resources sectors (oil and mining) performed notably well over the period, as crude oil continued to rise from its February price lows, recently on news that OPEC members had proposed production cuts, and the continued rally in commodity prices buoyed global mining companies.

Alongside the Brexit effect, the UK stock market's attention remained focused on the timing of the next increase in US interest rates, which was generally perceived as being postponed until December.

Sector volatility moderated towards the period end, with the share prices of domestically focused companies showing some recovery. The Bank of England's 0.25% cut in interest rates met expectations, but the broader language around monetary stimulus went further than many in the market had anticipated. Economic data provided some more encouraging signs for the UK economy: September's Purchasing Manager's Index indicated confidence in British business, with rises in services output and new business following August's declines.

Portfolio Strategy and Review

The Company's net asset value, including reinvested dividends, rose by 6.8% (debt at par) and 6.6% (debt at market value) during the period under review, compared with a rise of 12.9% by the FTSE All-Share Index.

Against a strong market backdrop, the Company delivered a positive return, but failed to match the rise of the benchmark index. The Company's performance was held back by its zero weighting in the mining sector and the absence of a holding in HSBC and Royal Dutch Shell. These share prices rose strongly, benefiting from weakened sterling (which declined by 8.8% against the US dollar over the period) and, in the case of Royal Dutch Shell, from the recovering oil price. The zero weighting in UK domestic banks was, however, beneficial to portfolio performance.

The holdings in the tobacco sector again delivered a positive contribution to performance, helped by their international exposure, but also from continued positive news flow. British American Tobacco is seeing the benefits of its focus on key brands – its Global Drive Brands posted a 10.5% volume increase in its Q2 earnings report. Imperial Brands' half year results confirmed a 10% interim dividend increase as it reaps further benefits from last year's acquisition in the US of brands (including Winston) and manufacturing facilities.

AstraZeneca, another US dollar beneficiary, announced plans to file its injectable asthma treatment drug with US and European regulators later this year, after favourable trial results. The failure of Bristol-Myers' lung cancer study was also seen as positive for AstraZeneca's combination therapy cancer drugs.

Other significant positive contributions to portfolio performance came from the holdings in BP, Burford Capital, Compass, HomeServe and Rentokil Initial.

The portfolio's holdings in domestic sectors, notably those particularly exposed to the fall in sterling and perceived challenges to the UK economy, performed poorly in the aftermath of the referendum. The stock market was also inclined to de-rate companies which warned of lower profits – delivering a “double-whammy” impact on the share price via a fall in both earnings forecast and P/E ratios.

Notable amongst these was the holding in Capita, which fell sharply in value as it downgraded full-year earnings forecasts, blaming a slow-down in specific trading businesses, one-off costs and problems with a major contract with TFL – along with delayed client decision-making since the EU referendum.

The holdings in the travel sector – easyJet and Thomas Cook – warned of the negative impact of weaker sterling and were additionally impacted over the period by concerns over terrorist activity and by air traffic control strikes. There was some respite for Thomas Cook shareholders towards period end as the company confirmed full year profit guidance. The benefits of the measures the company has taken over the past two years are offsetting a challenging trading environment.

Other domestically focused holdings to deliver negative share price performance included Derwent London, N Brown, GAME Digital, BT and TalkTalk Telecom.

The share price of Circassia Pharmaceuticals fell sharply on news that its cat allergy drug had failed to meet the primary end point of Phase III trials. While this was very disappointing and surprising news – the drug had performed well in Phase II trials – it is noteworthy that Circassia Pharmaceuticals retains significant cash on its balance sheet and that, over the past year, the company has also made significant diversification into respiratory drugs, devices and technologies.

In terms of portfolio activity during the period, new investments were made in Next, Secure Trust Bank and Hadrians Wall Secured Investments. The remaining holding in Reckitt Benckiser was sold.

Outlook

It is likely that the near term outlook for the UK equity market will continue to be dictated by the movement of global bond prices and the sterling/US dollar exchange rate. These asset markets have exerted a major influence on UK equities over the course of 2016. The strong performance of the bond market, not always associated with a rising equity market, and the perceived benefit from the drop in sterling have been the driving forces behind the ongoing re-rating of UK equities to reach a current PE valuation of 17.5x forecast 2016 EPS. This valuation looks full, particularly relative to the disappointing overall level of underlying profit growth recorded this year (excluding the impact of sterling and the commodity bounce back). It is highly unlikely that the re-rating of UK equities will continue unchecked against a backdrop of higher valuations and ongoing pressure on corporate profitability. It is noticeable how the rate of profit warnings across the market has increased in the past few weeks. In addition, the recent reversal of bond markets has put pressure on valuations in certain sectors.

There are several challenges which may force a reassessment of the current valuations that are being applied to the UK equity market. The first is the lack of overall profit growth, which, absent a significant devaluation in sterling, would have seen another year of no growth in 2016. The underlying earnings outlook for next year looks similarly muted. Second, a more difficult near-term UK economic picture is likely to emerge. The reappearance of inflation – largely as a result of the movement in sterling – will pressurise consumer budgets and hinder overall levels of economic growth. This factor, coupled with the ongoing uncertainty over the political path to Brexit, may put a brake on UK employment levels and investment intentions, further moderating activity in the domestic economy. To some extent, this has been priced into equities, as the performance disparity between global and domestic companies since the referendum has been significant. Nevertheless, the backdrop to corporate profitability is unlikely to ease over the coming year as pricing power remains elusive.

The political backdrop has the potential to deliver more surprises over the coming year, a third factor likely to continue to exert major influence on both corporate behaviour and stock market performance. The election of Donald Trump as the next US president has already set off widespread expectations of fiscal reflation with knock-on effects in certain stock market sectors. The domestic political scene is currently overshadowed by the new government's evolving political agenda, while internationally, there are a series of important elections on the horizon; the potential for a sudden policy shift or unexpected election results is significant.

Finally, a shift in the value of global bonds also has the potential to de-stabilise the outlook for UK equities. This could emanate from US policy tightening or simply a realisation that the extreme low yields reached over the summer months across the world no longer represent a realistic view of the medium term outlook for inflation and interest rates. Indeed, at the time of writing, we are witnessing a meaningful shift upwards in 10 year bond yields.

Navigating any of these obstacles, either individually or in combination, will continue to be challenging. The most important discipline is to remain vigilant about valuation. Notwithstanding the elevated level of stock market valuation, there are bottom-up opportunities for the long-term investor, which have started to emerge as a result of the substantial sector rotations that have occurred since the June referendum. Where new bottom-up opportunities arise, the emphasis will continue to be on companies that can demonstrate a sustainable top line growth and translate that into profit, free cash flow and dividends without excessive financial leverage.

Mark Barnett
Portfolio Manager

23 November 2016

James Goldstone
Deputy Portfolio Manager

Total Returns to 30 September 2016

	6 MONTHS	1 YEAR	2 YEARS	3 YEARS	5 YEARS	10 YEARS
NAV (debt at par) (%)	6.8	10.5	23.7	39.7	99.6	118.7
NAV (debt at market value) (%)	6.6	10.7	24.3	41.5	108.9	131.5
Share Price (%)	11.1	8.5	28.0	34.8	96.6	160.7
FTSE All-Share Index (%)	12.9	16.8	14.1	21.1	68.9	75.6

Source: Thomson Reuters Datastream.

Principal Risks and Uncertainties

The principal risk factors relating to the Company can be summarised as follows:

- **Market Risk** – a fall in the stock market as a whole will affect the performance of the portfolio, as well as the performance of individual portfolio investments; it also includes interest rate and currency risks; market risk may be impacted by increased volatility during the period of uncertainty following the EU referendum;
- **Investment Performance Risk** – this is the stock specific risk that the stock selection process may not achieve the Company's published objectives;
- **Gearing and Borrowing Risk** – in addition to the debenture in issue, the Company may also borrow money for investment purposes. If the investments fall in value, the gearing will have an adverse impact on performance. If the borrowing facility could not be renewed, the Company might have to sell investments to repay this;
- **Income/Dividend Risk** – investment income may fail to reach the level required to meet the Company's income objective;
- **Share Price Risk** – the Company's prospects and NAV may not be fully reflected in the share price;
- **Control Systems Risk** – the Board relies on the effectiveness of the Manager's control systems which include control activities in fund management operations, financial controls, meeting regulatory requirements and managing relations with third parties;
- **Reliance on Manager and other Third Party Providers Risk** – the Company has no employees, so is reliant upon the performance of third party service providers for it to function, particularly the Manager, depository, custodian and registrar; and
- **Other Risks** – the Company may be affected by other risks such as business, cyber security, strategic, policy and political risks, as well as regulatory risks (such as an adverse change in the tax treatment of investment companies) and the perceived impact of the Manager ceasing to be involved with the Company.

A detailed explanation of these principal risks and uncertainties can be found on pages 9 to 12 of the 2016 annual financial report, which is available on the Company's section of the Manager's website at www.invesco-perpetual.co.uk/edinburgh.

In the view of the Board, these principal risks and uncertainties are substantially unchanged from the previous year end and are as much applicable to the remaining six months of the financial year, as they were to the six months under review. The risk associated with failure of the custodian is mitigated by the appointment of the

depository. The depository is ultimately responsible for safekeeping of the Company's custodial assets and is strictly liable for the recovery of these in the event of loss.

As highlighted in the annual financial report, the Manager's style may result in a concentrated portfolio. In addition, the Manager manages other portfolios holding many of the same stocks as the Company which reflects the Manager's high conviction style of investment management. This could potentially increase liquidity risk under certain scenarios and market conditions.

Going Concern

These financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months after the date of approval of these half year financial statements. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments, and the ability of the Company to meet all its liabilities and ongoing expenses from its assets and revenue.

Related Party Transactions

Under UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified the Directors as related parties. No other related parties have been identified. No transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Directors' Responsibility Statement

IN RESPECT OF THE PREPARATION OF THE HALF-YEARLY FINANCIAL REPORT

The Directors are responsible for preparing the half-yearly financial report using accounting policies consistent with applicable law and UK Accounting Standards.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with the FRS 104 *Interim Financial Reporting*; and
- the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rules (DTR):
 - (a) DTR 4.2.7R, 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, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors.

Jim Pettigrew

Chairman

23 November 2016

INVESTMENTS IN ORDER OF VALUATION

AT 30 SEPTEMBER 2016

UK listed and ordinary shares unless stated otherwise.

^{AIM} Investments quoted on AIM.

INVESTMENT	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Reynolds American – <i>US common stock</i>	Tobacco	92,479	5.5
British American Tobacco	Tobacco	92,003	5.5
AstraZeneca	Pharmaceuticals & Biotechnology	78,520	4.7
Imperial Brands	Tobacco	78,059	4.7
BP	Oil & Gas Producers	74,426	4.5
Provident Financial	Financial Services	62,753	3.8
BT	Fixed Line Telecommunications	61,602	3.7
BAE Systems	Aerospace & Defence	59,876	3.6
Roche – <i>Swiss common stock</i>	Pharmaceuticals & Biotechnology	58,489	3.5
Altria – <i>US common stock</i>	Tobacco	57,774	3.5
Ten Top Holdings		715,981	43.0
Legal & General	Life Insurance	47,539	2.8
RELX	Media	43,322	2.6
London Stock Exchange	Financial Services	41,206	2.5
Babcock International	Support Services	41,054	2.5
Compass	Travel & Leisure	39,861	2.4
Rentokil Initial	Support Services	38,088	2.3
Centrica	Gas, Water & Multiutilities	37,377	2.2
Hiscox	Non-life Insurance	37,324	2.2
BTG	Pharmaceuticals & Biotechnology	36,190	2.2
SSE	Electricity	35,383	2.1
Twenty Top Holdings		1,113,325	66.8
Novartis – <i>Swiss common stock</i>	Pharmaceuticals & Biotechnology	35,328	2.1
NewRiver REIT	Real Estate Investment Trusts	35,145	2.1
Shaftesbury	Real Estate Investment Trusts	30,225	1.8
Capita	Support Services	27,587	1.7
Smith & Nephew	Health Care Equipment & Services	25,697	1.6
Beazley	Non-life Insurance	25,560	1.5
Drax	Electricity	25,330	1.5
G4S	Support Services	25,140	1.5
BCA Marketplace	Financial Services	23,299	1.4
Derwent London	Real Estate Investment Trusts	22,109	1.3
Thirty Top Holdings		1,388,745	83.3

INVESTMENT	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Next	General Retailers	21,508	1.3
easyJet	Travel & Leisure	21,091	1.3
Lancashire	Non-life Insurance	19,787	1.2
HomeServe	Support Services	19,483	1.2
Burford Capital ^{AIM}	Financial Services	17,588	1.1
TalkTalk Telecom	Fixed Line Telecommunications	17,416	1.0
KCOM	Fixed Line Telecommunications	17,309	1.0
IP Group	Financial Services	14,161	0.8
P2P Global Investments	Equity Investment Instruments	13,435	0.8
CLS	Real Estate Investment & Services	12,165	0.7
Forty Top Holdings		1,562,688	93.7
Thomas Cook	Travel & Leisure	12,091	0.7
Redde ^{AIM}	Financial Services	11,914	0.7
Zegona Communications	Non-Equity Investment Instruments	10,482	0.6
Secure Trust Bank ^{AIM}	Banks	10,279	0.6
Vectura	Pharmaceuticals & Biotechnology	9,982	0.6
Raven Russia – <i>Ordinary</i> – <i>Preference</i>	Real Estate Investment & Services	5,364 3,813 9,177	0.6
N Brown	General Retailers	7,516	0.5
Honeycomb Investment Trust	Equity Investment Instruments	6,750	0.4
GAME Digital	General Retailers	6,333	0.4
VPC Specialty Lending Investments	Financial Services	6,147	0.4
Fifty Top Holdings		1,653,359	99.2
Circassia Pharmaceuticals	Pharmaceuticals & Biotechnology	5,089	0.3
Hadrians Wall Secured Investments	Equity Investment Instruments	4,201	0.3
Funding Circle SME	Equity Investment Instruments	3,359	0.2
Eurovestech – <i>Unquoted</i>	Financial Services	396	—
Melrose Industries	Construction & Materials	273	—
Proximagen – <i>Rights 12 Sept</i> <i>2017 – Unquoted</i>	Pharmaceuticals & Biotechnology	173	—
Barclays Bank – <i>Nuclear Power</i> <i>Notes 28 Feb 2019</i>	Non-Equity Investment Instruments	34	—
Total Holdings (57)		1,666,884	100.0

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2016 (UNAUDITED)		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains on investments	—	66,948	66,948
Foreign exchange losses	—	(68)	(68)
Income – note 2	30,681	546	31,227
	30,681	67,426	98,107
Investment management fee – note 3	(1,130)	(2,638)	(3,768)
Other expenses	(447)	(1)	(448)
Net return before finance costs and taxation	29,104	64,787	93,891
Finance costs – note 3	(1,389)	(3,242)	(4,631)
Return on ordinary activities before taxation	27,715	61,545	89,260
Tax on ordinary activities – note 4	(433)	—	(433)
Return on ordinary activities after taxation for the financial period	27,282	61,545	88,827
Return per ordinary share – basic	13.9p	31.5p	45.4p
Number of ordinary shares in issue during the period			195,666,734

The total column of this statement represents the Company's profit and loss account, prepared in accordance with UK Accounting Standards. The return on ordinary activities after taxation is the total comprehensive income and therefore no additional statement of comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

	SIX MONTHS TO 30 SEPTEMBER 2015 (UNAUDITED)		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Losses on investments	—	(10,081)	(10,081)
Foreign exchange losses	—	(28)	(28)
Income – note 2	30,317	—	30,317
	30,317	(10,109)	20,208
Investment management fee – note 3	(1,099)	(2,565)	(3,664)
Other expenses	(424)	(1)	(425)
Net return before finance costs and taxation	28,794	(12,675)	16,119
Finance costs – note 3	(1,315)	(3,068)	(4,383)
Return on ordinary activities before taxation	27,479	(15,743)	11,736
Tax on ordinary activities – note 4	(360)	—	(360)
Return on ordinary activities after taxation for the financial period	27,119	(15,743)	11,376
Return per ordinary share – basic	13.9p	(8.1)p	5.8p
Number of ordinary shares in issue during the period			195,116,734

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
FOR THE SIX MONTHS ENDED						
30 SEPTEMBER 2016						
(UNAUDITED)						
At 31 March 2016	48,917	10,394	24,676	1,239,847	68,483	1,392,317
Dividends paid – note 5	—	—	—	—	(27,296)	(27,296)
Net return on ordinary activities	—	—	—	61,545	27,282	88,827
At 30 September 2016	48,917	10,394	24,676	1,301,392	68,469	1,453,848
FOR THE SIX MONTHS ENDED						
30 SEPTEMBER 2015						
(UNAUDITED)						
At 31 March 2015	48,779	6,639	24,676	1,232,291	63,566	1,375,951
Dividends paid – note 5	—	—	—	—	(26,829)	(26,829)
Net return on ordinary activities	—	—	—	(15,743)	27,119	11,376
At 30 September 2015	48,779	6,639	24,676	1,216,548	63,856	1,360,498

CONDENSED BALANCE SHEET

Registered number SC1836

	AT 30 SEPTEMBER 2016 (UNAUDITED) £'000	AT 31 MARCH 2016 (AUDITED) £'000
Fixed assets		
Investments held at fair value through profit or loss	1,666,884	1,563,534
Current assets		
Amounts due from brokers	1,387	—
Prepayments and accrued income	2,272	4,491
Tax recoverable	1,484	1,581
Cash and cash equivalents	4,142	1,981
	9,285	8,053
Creditors: amounts falling due within one year		
Amounts due to brokers	(120)	(24)
Bank facility	(122,800)	(80,000)
Accruals	(907)	(878)
	(123,827)	(80,902)
Net current liabilities	(114,542)	(72,849)
Total assets less current liabilities	1,552,342	1,490,685
Creditors: amounts falling due after more than one year		
7¾% Debenture Stock 30 Sep 2022	(98,494)	(98,368)
Net assets	1,453,848	1,392,317
Capital and reserves		
Share capital	48,917	48,917
Share premium	10,394	10,394
Capital redemption reserve	24,676	24,676
Capital reserve	1,301,392	1,239,847
Revenue reserve	68,469	68,483
Shareholders' funds	1,453,848	1,392,317
Net asset value per ordinary share		
Basic – note 6	742.25p	710.74p

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies

The condensed financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, FRS 104 *Interim Financial Reporting* and the Statement of Recommended Practice *Financial Statements of Investment Trust Companies and Venture Capital Trusts*, issued by the Association of Investment Companies in November 2014. The financial statements are issued on a going concern basis.

In March 2016, the Financial Reporting Council published amendments to FRS 102 – *Fair value hierarchy disclosures*. These amendments become effective for accounting periods beginning on or after 1 January 2017. The Company has chosen to early adopt these amendments. There are no accounting policy or disclosure changes as a result of this adoption.

The accounting policies applied to these condensed financial statements are consistent with those applied in the financial statements for the year ended 31 March 2016.

2. Income

	SIX MONTHS TO 30 SEPT 2016 (UNAUDITED) £'000	SIX MONTHS TO 30 SEPT 2015 (UNAUDITED) £'000
Income from listed investments		
UK dividends – ordinary	26,392	22,398
– special	—	3,175
Overseas dividends – ordinary	3,718	3,188
Scrip dividends	—	1,257
Unfranked investment income	567	138
Income from money market funds	3	4
	30,680	30,160
Other income		
Deposit interest	1	2
Underwriting commission	—	155
Total income	30,681	30,317

Special dividends of £546,000 were recognised in capital (2015: £nil).

3. Management fee and finance costs

The management fee arrangements are as reported in the 2016 annual financial report, being a flat fee of 0.0458333% of the market capitalisation of the Company's ordinary shares at each month end. This equates to 0.55% per annum. The management fee and finance costs are allocated 30% to revenue and 70% to capital.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

CONTINUED

4. Tax

Owing to the Company's status as an investment company no tax liability arises on capital gains. The tax charge represents withholding tax suffered on overseas income.

A deferred tax asset is not recognised in respect of surplus management expenses since the Directors believe that there will be no taxable profits in the future against which these can be offset.

5. Dividends

	SIX MONTHS TO 30 SEPT 2016 (UNAUDITED)		SIX MONTHS TO 30 SEPT 2015 (UNAUDITED)	
	PENCE	£'000	PENCE	£'000
Dividends paid:				
Third interim	5.20	10,175	5.15	10,049
Final	8.75	17,121	8.60	16,780
	13.95	27,296	13.75	26,829

A first interim dividend of 5.4p (2015: 5.2p) for the year ended 31 March 2017, will be paid on 30 November 2016.

6. Net asset value (NAV) per ordinary share

(a) Debt at par

The shareholders' funds in the balance sheet are accounted for in accordance with accounting standards, however, this does not reflect the rights of shareholders on a return of assets under the Articles of Association. These rights are reflected in the net assets with debt at par and the corresponding NAV per share.

	30 SEPT 2016 (UNAUDITED) PENCE PER SHARE	31 MAR 2016 (AUDITED) PENCE PER SHARE
Shareholders' funds	743.02	711.58
Less: unamortised discount and expenses arising from debenture issue	(0.77)	(0.84)
NAV – debt at par	742.25	710.74

(b) Debt at market value

	30 SEPT 2016 (UNAUDITED) PENCE PER SHARE	31 MAR 2016 (AUDITED) PENCE PER SHARE
NAV – debt at par	742.25	710.74
Debenture debt at par	51.11	51.11
Debenture debt at market value	(68.00)	(66.55)
NAV – debt at market value	725.36	695.30

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

CONTINUED

7. Classification Under Fair Value Hierarchy

The fair value hierarchy analysis for investments held at fair value at the period end is as follows:

	30 SEPT 2016 (UNAUDITED) £'000	31 MAR 2016 (AUDITED) £'000
Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date	1,666,281	1,562,779
Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly	34	120
Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability	569	635
	1,666,884	1,563,534

Level 3 investments comprise the two unquoted investments held by the Company.

8. Share capital

	30 SEPT 2016 (UNAUDITED)	31 MAR 2016 (AUDITED)
Allotted, called-up and fully paid		
Number of ordinary shares of 25p each	195,666,734	195,666,734

As reported in the 2016 annual financial report, in December 2015 the Company issued 550,000 ordinary shares. No shares have been issued or bought back since this time.

- It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.
- The financial information contained within the financial statements in this half-yearly financial report has not been audited by the Company's Auditor and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the 'Act').

The figures and financial information for the year ended 31 March 2016 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

By order of the Board
Invesco Asset Management Limited
 Company Secretary
 23 November 2016

INDEPENDENT REVIEW REPORT

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 which comprises the condensed income statement, the condensed reconciliation of movements in shareholders' funds, the condensed balance sheet and the related explanatory notes. 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 the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules (the 'DTR') of the UK's Financial Conduct Authority (the 'UK FCA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

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 DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with FRS 104 *Interim Financial Reporting*.

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.

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 UK. 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 Ireland) 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 30 September 2016 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting* and the DTR of the UK FCA.

Catherine Burnet

for and on behalf of KPMG LLP
Chartered Accountants
London

23 November 2016

DIRECTORS, MANAGER AND ADMINISTRATION

Directors

Jim Pettigrew, Chairman
 Victoria Hastings
 Gordon McQueen, Audit Committee Chairman
 Glen Suarez
 Maxwell Ward
 Sir Nigel Wicks, Senior Independent Director

Registered Office

Quartermile One, 15 Lauriston Place
 Edinburgh EH3 9EP

Registered in Scotland: No. SC1836

Manager

Invesco Fund Managers Limited
 Perpetual Park, Perpetual Park Drive
 Henley-on-Thames, Oxfordshire RG9 1HH

Company Secretary

Invesco Asset Management Limited
 6th Floor, 125 London Wall
 London EC2Y 5AS

Company Secretarial contact: Kelly Nice

☎ 020 3753 1000

Invesco Perpetual Client Services

The Invesco Perpetual Client Services Team, is available to assist you from 8.30 am to 6 pm Monday to Friday (excluding UK Bank Holidays). Current valuations, statements and literature can be obtained, however, no investment advice can be given.

☎ 0800 085 8677

www.invescoperpetual.co.uk/investmenttrusts

Savings Scheme and ISA Administration

For queries relating to both the Invesco Perpetual Investment Trust Savings Scheme and ISA, contact:

Invesco Perpetual, P.O. Box 11150
 Chelmsford CM99 2DL

☎ 0800 085 8677

Website

Information relating to the Company can be found on the Company's section of the Manager's website at www.invescoperpetual.co.uk/edinburgh. The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated into, nor do they form part of, this document.

Depository

BNY Mellon Trust & Depository (UK) Limited
 160 Queen Victoria Street
 London EC4V 4LA

Registrar

Capita Asset Services
 The Registry, 34 Beckenham Road
 Beckenham, Kent BR3 4TU

If you hold shares direct and not through a Savings Scheme or ISA and have queries relating to your shareholding you should contact the registrar on:

☎ 0871 664 0300.

Calls cost 12p per minute plus your phone company's access charge. From outside the UK: +44 371 664 0300; calls from outside the UK will be charged at the applicable international rate. Lines are open Monday to Friday from 9 am to 5.30 pm (excluding Bank Holidays).

Shareholders can also access their holding details via Capita's website:

www.capitashareportal.com.

The registrar provides on-line and telephone share dealing services to existing shareholders who are not seeking advice on buying or selling. These are available at www.capitadeal.com or ☎ 0371 664 0445.

Calls cost 12p per minute plus your phone company's access charge. From outside the UK: +44 371 664 0300; calls from outside the UK will be charged at the applicable international rate. Lines are open from 8 am to 4.30 pm Monday to Friday (excluding Bank Holidays).

The Company's ordinary shares and debentures qualify to be considered as mainstream investment products suitable for promotion to retail investors.

Specialist Funds managed by Invesco Perpetual

Investing for Income, Income Growth and Capital Growth (from equities and fixed interest securities)

– from equities

The Edinburgh Investment Trust plc
Invesco Income Growth Trust plc
Invesco Perpetual Select Trust plc – UK Equity Share Portfolio
Keystone Investment Trust plc
Perpetual Income and Growth Investment Trust plc

– from fixed interest securities

City Merchants High Yield Trust Limited
Invesco Perpetual Enhanced Income Limited
Invesco Perpetual Select Trust plc – Managed Liquidity Share Portfolio

Investing in Smaller Companies

Invesco Perpetual UK Smaller Companies Investment Trust plc

Investing Internationally

Invesco Asia Trust plc
Invesco Perpetual Select Trust plc – Global Equity Income Share Portfolio

Investing for Total Returns

Invesco Perpetual Select Trust plc – Balanced Risk Share Portfolio

Investing in Multiple Asset Classes

Invesco Perpetual Select Trust plc – see above for various investment classes

Please contact Invesco Perpetual's Client Services Team on 0800 085 8677 if you would like more information about the investment trusts or other specialist funds listed above. Further details are also available on the following website: www.invescoperpetual.co.uk/investmenttrusts



Invesco Fund Managers Limited

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Invesco Fund Managers Limited
and Invesco Asset Management Limited
are authorised and regulated
by the
Financial Conduct Authority