
The Edinburgh Investment Trust plc

Half-Yearly Financial Report

Six Months to 30 September 2018



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Investment Objective

The Edinburgh Investment Trust plc is an investment trust whose investment objective is to invest 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.

The Company will generally invest in companies quoted on a recognised stock exchange in the UK. The Company may also invest up to 20% of the portfolio in securities listed on stock exchanges outside the UK. The portfolio is selected on the basis of assessment of fundamental value of individual securities and is not structured on the basis of industry weightings.

Nature of the Company

The Company is a public listed Investment Company whose shares are traded on the London Stock Exchange. The business of the Company consists of investing the pooled funds of its shareholders, according to a specified investment objective and policy (set out on page 12 of the Company's 2018 annual financial report), with the aim of spreading investment risk and generating a return for shareholders.

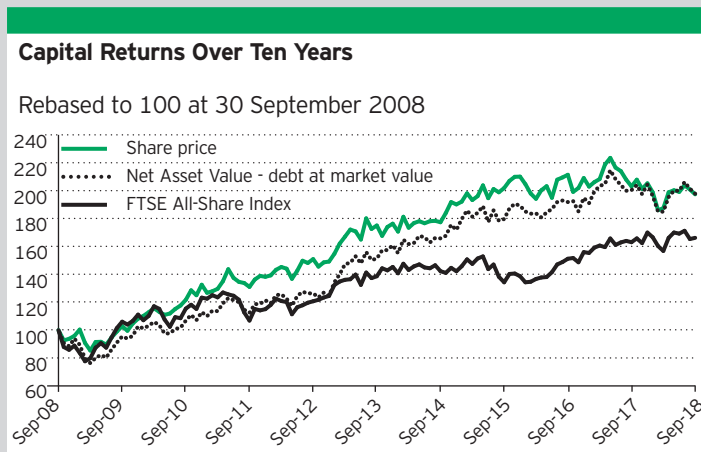
The Company uses borrowing to enhance returns to shareholders. This increases the risk to shareholders should the value of investments fall.

The Company has contracted with an external investment manager, Invesco Fund Managers Limited (the 'Manager'), to manage its investments and to provide the Company's general administration. Other administrative functions are contracted to other external service providers. The Company has a Board of non-executive directors who oversee and monitor the activities of the Manager and other service providers on behalf of shareholders and ensure that the investment objective and policy is adhered to. The Company has no employees.

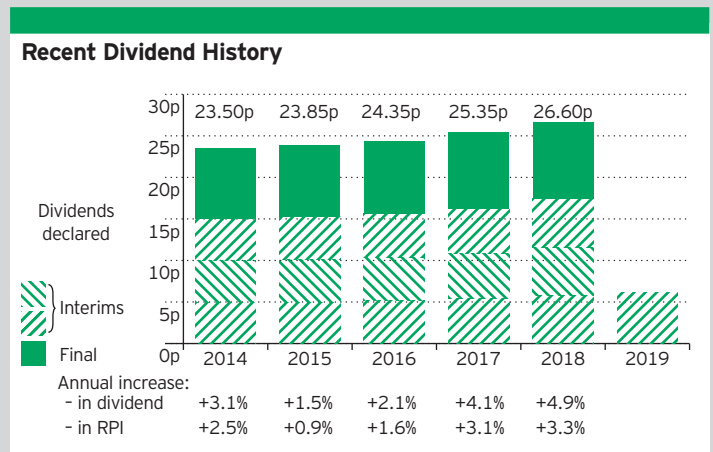
The Company's ordinary shares and debenture qualify to be considered as mainstream investment products suitable for promotion to retail investors. The Company's ordinary shares are eligible for investment in an ISA.

Performance Statistics

	Six months to 30 September 2018 % Change		
Total Return⁽¹⁾⁽²⁾ (all with income reinvested)			
Net asset value (NAV) - debt at market value	+8.7		
Share price	+7.6		
FTSE All-Share Index	+8.3		
The Company's benchmark is the FTSE All-Share Index.			
	At 30 September 2018	At 31 March 2018	% Change
Capital Return⁽²⁾			
Net asset value - debt at market value	749.12p	703.34p	+6.5
Share price ⁽¹⁾	676.0p	642.0p	+5.3
FTSE All-Share Index ⁽¹⁾	4,127.91	3,894.17	+6.0
Discount² - debt at market value	9.8%	8.7%	
Gearing (debt at market value) - gross gearing ⁽³⁾	11.1%	12.1%	
- net gearing ⁽⁴⁾	10.1%	11.8%	
Retail Price Index⁽¹⁾ - annual change	3.3%	3.3%	
	2018	2017	% Change
Six months to 30 September			
Revenue Return			
Revenue return per ordinary share	15.6p	16.9p	-7.7
First interim dividend ⁽⁵⁾	6.25p	5.8p	+7.8



Source: Refinitiv (Thomson Reuters).



Source: Refinitiv (Thomson Reuters).

Notes:

1. Source: Refinitiv (Thomson Reuters).
2. Defined in the Glossary of Terms and Alternative Performance Measures on page 75 of the 2018 annual financial report.
3. Gross gearing: borrowings ÷ NAV (both with debt at market value).
4. Net gearing: borrowings less cash and cash equivalents ÷ NAV (both with debt at market value).
5. Dividends declared in respect of the financial year.

Chairman's Statement

Dear Shareholder,

These six month results are reported against the continued backdrop of uncertainties arising from Brexit negotiations and global trade tensions.

Our portfolio manager Mark Barnett, with an unchanged strategy, continues to focus on the long term fundamentals of the companies he invests in. His Portfolio Manager's Report gives an overall market review, together with a review of major portfolio changes during the six months.

Performance

The Company produced a positive net asset value (NAV) total return for the six months to 30 September 2018 of 8.7% (with debt at market value). This was marginally ahead of that of the FTSE All-Share Index, the Company's benchmark, which returned 8.3%. The share price total return (share price with dividends reinvested) for the period was 7.6%, with the Company's share price ending the period at 676.0p, an increase of 5.3% from the year end share price of 642.0p.

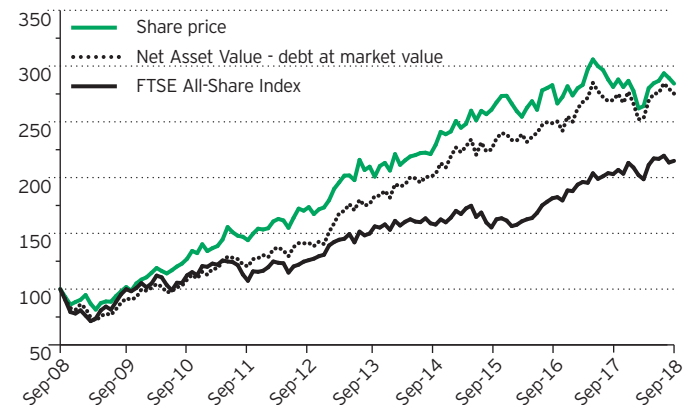
The discount of the NAV to the share price widened from 8.7% at the year end to 9.8% on 30 September 2018, reflecting a general widening of discounts across the sector in the period. At 16 November 2018, the share price of 628p was at a 8.1% discount to the NAV of 683.1p (the latest practical date prior to signing this report).

During the period 185,000 shares were bought back and held in treasury at an average price of 675.48p per share, excluding costs. At the period end the share capital consisted of 195,481,734 shares in circulation and 185,000 shares held in treasury. Subsequent to the period end, no shares have been bought back.

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

Total Returns Since Appointment of Invesco Perpetual on 15 September 2008

Figures rebased to 100 at 15 September 2008.



Source: Refinitiv (Thomson Reuters).

Dividend

As in previous years, the Board continues its aim to rebalance the interim and final dividends towards the interims, whilst simultaneously aiming to at least maintain the final dividend. Consequently, the Board has declared a first interim dividend of 6.25p (2017: 5.8p), an increase of 7.8%. This will be paid on 30 November 2018 to shareholders on the register on 16 November 2018, with shares quoted ex-dividend on 15 November 2018.

The Board is committed to grow the dividend payable to shareholders by at least the rate of inflation.

Borrowings

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 £139.6 million and £177.6 million, and ended the period at £142.6 million - equivalent to gross gearing of 11.1%.

Outlook

The portfolio is based on a number of key pillars: exposure to tobacco, which Mark believes continues to offer value even in an environment of rising interest rates, the UK Domestic sector, which has been de-rated significantly since the Brexit vote and where there is potential for recovery, non-correlated financials and a set of attractive large caps. Together the portfolio offers a degree of resilience in the face of uncertainties underpinned by dividend growth.

The Board remains confident that Mark's high conviction approach to investment, driven by fundamental careful stock selection, remains an appropriate approach for such uncertain times. This approach will inevitably lead to periods in which portfolio performance diverges from that of the benchmark FTSE All-Share Index and therefore may result in periods of underperformance.

Glen Suarez

Chairman

20 November 2018

Total Returns to 30 September 2018

	6 mths	1 yr	2 yr	3 yr	5 yr	10 yr
NAV (debt at market value) (%)	8.7	2.2	10.7	22.3	56.0	202.9
Share Price (%)	7.6	1.1	0.5	9.0	35.5	206.1
FTSE All-Share Index (%)	8.3	5.9	18.5	38.4	43.5	138.5

Source: Refinitiv (Thomson Reuters).

Portfolio Manager's Report

Market Review

UK equity markets provided a positive return over the six month period to 30 September 2018. Markets rallied strongly in April and May on the back of rising oil prices and sterling weakness against the US dollar, which boosted the returns of international earners within the FTSE 100 Index. Markets traded broadly sideways for the remainder of the period, before weakening at the beginning of September as a result of global trade tensions and a peak in the ongoing Brexit uncertainty.

Expectations that the Bank of England's Monetary Policy Committee (MPC) would raise interest rates grew during spring. At its August meeting, the MPC voted unanimously to increase the UK's base interest rate by 0.25% to 0.75%. The widely anticipated rise was an indication from the MPC that the underlying performance of the UK economy was better than expected. The increases over the past twelve months offer the MPC greater flexibility to pare back interest rates if deemed necessary, following the final deal negotiated for the UK's exit from the European Union.

As a result of looming US sanctions against Iran, the oil price rose during the six month period under review reaching a three-year high of US\$82 per barrel in September. In contrast, sterling weakened materially to levels last seen in the fourth quarter of 2017 on increasing fears of a hard-Brexit and the European Union's rejection of the Government's Chequers plan.

Elsewhere, economic data released during the period showed that the sustained hot weather and growth in real incomes provided a boost to consumer spending. The UK government also permitted the largest public sector pay rise in more than a decade, lifting the 1% cap on pay increases for over a million public sector workers, including teachers, police and prison officers, as well as for NHS staff.

Portfolio Strategy and Review

The Company's net asset value, including reinvested dividends, rose by 8.7% during the period under review, compared with a return of 8.3% (total return) by the FTSE All-Share Index.

The portfolio's holdings in the industrials sector provided the largest contribution to performance. BAE Systems, HomeServe, BCA Marketplace and Capita all provided a notable positive return over the period. The share price of BAE Systems made strong gains during the first half of the period. The company was supported by news of new contract wins, notably a £20 billion contract to provide the Australian government with a fleet of warships. Shares in Capita ended the period higher following an equity issue in May, with the share price also encouraged by new contract wins. HomeServe released full year results in May, which saw record profits and a 25% increase in the dividend, aided by growth in its US operation. Meanwhile the share price of BCA Marketplace rose sharply in June, following an unsuccessful takeover bid from private equity company Apax.

The portfolio's performance was also aided by its holdings in the oil & gas sector, namely BP and Royal Dutch Shell. The oil majors rallied through April and May, then trading sideways for most of the period before a further rally in September, largely supported by the rising oil price. Shares in BP, the largest single contributor to performance, were further assisted by the release of strong results for the first quarter of 2018, which included the continuation of its share buyback programme and an unchanged dividend. Whilst the portfolio has a significant weighting in the oil & gas sector, its underweight position versus the FTSE All-Share Index meant that the portfolio suffered relative underperformance.

Meanwhile, stock selection within the financial sector was a positive contributor to performance. Litigation financier Burford Capital provided a positive return over the period. Shares rose sharply in July as the company reported strong results for the first half of 2018. Results included a 61% increase in cash generation on the previous period and confirmation that 72% of the guided full year

pre-tax-profit had already been generated. Also within the financial sector, Legal & General and Hiscox provided a positive contribution to returns. Meanwhile, the exclusion of mainstream banks provided a boost to relative returns, with this sector performing weakly over the period.

Other notable contributors to performance included Drax and AstraZeneca. Shares in Drax rose throughout the period, supported by rising wholesale power prices and performance improvements in the production of biomass electricity, whilst AstraZeneca released half-year results that beat analysts' estimates, citing revenue and profit at the upper-end of previous guidance. Shares also responded warmly to news that the company had been granted permission to import and distribute olaparib tablets, used to treat ovarian and breast cancer. The active use of the Company's gearing facility also helped to support the portfolio's positive return over the six month period.

Conversely, there were a number of holdings that detracted from returns over the six month period. British American Tobacco (BAT) has provided exceptional returns to the portfolio over a number of years. However, the shares have come under notable pressure in recent months, as the stock market has continued to focus on concerns over the outlook for next generation products. BAT provided positive returns in the first half of the period, before gains fell away on renewed negative momentum in the sector. BAT was also impacted by news that rival Philip Morris International (PMI) intends to sue for copyright infringement over BAT's flagship cigarette alternative Glo. Sentiment was further dimmed by concerns over the effects of BAT's competitive pricing of Glo in Japan. The portfolio manager's view remains that the tobacco companies' focus on pricing power, cash conversion and product innovation should continue to provide a reliable source of income, underpinning longer term returns to shareholders, while next generation products have the potential to deliver a significant new revenue stream. Furthermore, the steep decline in the valuation of this sector leaves the shares looking, increasingly, attractive long-term investments.

Elsewhere the portfolio's holdings in Thomas Cook and easyJet also provided a negative return. Shares in Thomas Cook traded weakly throughout the period, suffering a sharp drop in September on the release of a profit warning. The update cited the impact of weaker trading in the tour operator's 'lates' market (last minute, high-margin holiday sales), after an unusually hot summer across Northern Europe. easyJet meanwhile traded well through the first three months of the period under review, before the shares weakened on fears of the impact of rising oil prices on profit margins.

Provident Financial, noted in the last update as the largest negative contributor to returns, also provided a negative return in the six months to the end of September. Shares in the lender traded with some volatility during the period, ending September lower despite reporting results for the first half of the year that showed the recovery plan was underway. The firm was impacted by negative sentiment towards sub-prime credit providers following the collapse of payday lender Wonga.

The portfolio's holding in BTG was another drag on performance. Shares in the healthcare company fell on the release of year end results during the second quarter, which revealed a pre-tax loss of £70 million on lower sales and slower than expected market development of PneumRx Coils - a treatment for severe emphysema. In June, investor confidence was further dented by news that the US Food & Drug Administration had voted against the approval of its Elevair drug.

Changes made within the portfolio during the period have modestly increased exposure to sterling revenues, through additions to BT, Tesco, Capita and Eddie Stobart Logistics. Funding for these increased positions has been achieved by realising gains in more internationally exposed names: from disposal of AstraZeneca, and from reductions in BAE Systems, HomeServe, Rentokil and easyJet. The exposure to stocks which offer an absolute return that is not correlated with regular business cycles has also been emphasised, with additions to Amigo loans and initiation of a position in Plus500.

Portfolio manager's outlook

Over the course of 2018 the UK stockmarket has been range bound, effectively fluctuating within a 10% range. This pattern is likely to continue for the foreseeable future until the market has clarity over two key issues, namely the extent and duration of rising US interest rates and the Brexit negotiations. The political uncertainty has been especially damaging and has resulted in a wide degree of polarisation within the market. Companies with substantial overseas revenues have benefitted from the devaluation of sterling and by contrast, UK domestic facing stocks have generally performed poorly and remain undervalued relative to the broader market.

The extent of this relative cheapness is substantial and although the overall market is not expensive at present the most glaring opportunities rest within domestic sectors. Many are valued at multi-year lows both in absolute terms and relative to the wider market and share prices are discounting a sharp deterioration in profits and a slowdown in the UK economy, both of which look overly pessimistic. Recently published economic indicators point to continued steady, if unspectacular, economic growth in the UK. The level of GDP growth can reasonably be expected to be higher over the remainder of the year supported by robust employment growth and a recovery in real wages, which in turn should help to strengthen consumption growth. Given the forecast increase in government spending next year and the Treasury's flexibility to provide further injections after the Brexit date, it is reasonable to expect the UK economy to be more resilient than most forecasts assume.

The key investment themes which underpin the portfolio have remained consistent over the course of this calendar year. The exposure to sterling revenues has been modestly increased as uncertainties surrounding Brexit have exacerbated a pessimistic consensus towards the UK. The exposure to stocks which offer an absolute return that is not correlated with regular business cycles has also been emphasised. These themes remain prominent in the portfolio, alongside a number of global industries namely in the oil and tobacco sector which remain attractively valued in a market driven by short-termism and an emphasis on new disruptive business models in all industries.

In recent weeks the return of more volatile markets has suggested a breakdown in momentum style investing which has been such a powerful characteristic of the multi-year bull market. It is to be hoped that this change will herald a return to valuation based investing with an emphasis on fundamental company analysis. The core principles of the strategy employed on this Company are unchanged and are consistent with the strong long term record. I remain convinced that these principles will be the key to future long term sustainable return for investors.

Mark Barnett

Portfolio Manager

James Goldstone

Deputy Portfolio Manager

20 November 2018

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 arising from the Brexit negotiations;
- **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, depositary, 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 14 to 16 of the 2018 annual financial report, which is available on the Company's section of the Manager's website at www.invesco.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.

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.

Investments in Order of Valuation at 30 September 2018

UK listed ordinary shares unless otherwise stated.

Investment	Sector	Market value £'000	% of Portfolio
BP	Oil & Gas Producers	102,293	6.3
British American Tobacco	Tobacco	92,541	5.7
Burford Capital ^{AIM}	Financial Services	71,166	4.4
Legal & General	Life Insurance	59,471	3.7
Royal Dutch Shell - A shares	Oil & Gas Producers	56,782	3.5
Altria - US common stock	Tobacco	55,468	3.5
Hiscox	Non-life Insurance	53,367	3.3
Imperial Brands	Tobacco	51,381	3.2
BAE Systems	Aerospace & Defence	48,007	3.0
Next	General Retailers	45,151	2.8
Ten Top Holdings		635,627	39.4
Aviva	Life Insurance	44,644	2.8
RELX	Media	42,231	2.6
Roche - Swiss common stock	Pharmaceuticals & Biotechnology	40,349	2.5
BT	Fixed Line Telecommunications	39,706	2.5
Novartis - Swiss common stock	Pharmaceuticals & Biotechnology	38,644	2.4
Derwent London	Real Estate Investment Trusts	38,145	2.4
HomeServe	Support Services	37,424	2.3
Tesco	Food & Drug Retailers	37,346	2.3
Rentokil Initial	Support Services	34,672	2.2
NewRiver REIT	Real Estate Investment Trusts	34,641	2.1
Twenty Top Holdings		1,023,429	63.5
easyJet	Travel & Leisure	33,756	2.1
BCA Marketplace	Financial Services	33,471	2.0
G4S	Support Services	32,253	2.0
Provident Financial	Financial Services	31,738	2.0
Babcock International	Support Services	31,574	2.0
BTG	Pharmaceuticals & Biotechnology	31,505	2.0
Drax	Electricity	30,904	1.9
British Land	Real Estate Investment Trusts	30,261	1.9
Capita	Support Services	25,008	1.5
Beazley	Non-life Insurance	24,558	1.5
Thirty Top Holdings		1,328,457	82.4

Investments in Order of Valuation *continued*

Investment	Sector	Market value £'000	% of Portfolio
Honeycomb Investment Trust	Equity Investment Instruments	20,055	1.2
Lancashire	Non-life Insurance	19,741	1.2
Plus500	Financial Services	18,003	1.1
CLS	Real Estate Investment & Services	17,035	1.1
Assura	Real Estate Investment Trusts	16,021	1.0
IP Group	Financial Services	15,935	1.0
Redde ^{AIM}	Financial Services	15,542	1.0
Secure Trust Bank	Banks	15,122	0.9
KCOM	Fixed Line Telecommunications	13,997	0.9
P2P Global Investments	Equity Investment Instruments	13,643	0.8
Forty Top Holdings		1,493,551	92.6
Secure Income REIT ^{AIM}	Real Estate Investment Trusts	12,986	0.8
TalkTalk Telecom	Fixed Line Telecommunications	12,981	0.8
Amigo	Financial Services	12,964	0.8
Eddie Stobart Logistics ^{AIM}	Industrial Transportation	12,898	0.8
Raven Property (formerly Raven Russia) - <i>Ordinary</i>	Real Estate Investment & Services	5,472	
- <i>Preference</i>		3,813	
		9,285	0.6
Vectura	Pharmaceuticals & Biotechnology	9,230	0.6
Thomas Cook	Travel & Leisure	9,229	0.6
Urban Exposure ^{AIM}	Financial Services	8,241	0.5
Zegona Communications	Non-Equity Investment Instruments	6,925	0.4
Funding Circle SME	Equity Investment Instruments	6,561	0.4
Fifty Top Holdings		1,594,851	98.9
VPC Specialty Lending Investments	Financial Services	6,427	0.4
Hadrian's Wall Secured Investments - <i>Ordinary</i>	Equity Investment Instruments	5,407	
- <i>C shares</i>		1,002	
		6,409	0.4
Circassia Pharmaceuticals	Pharmaceuticals & Biotechnology	3,725	0.2
Barclays Bank - <i>Nuclear Power Notes</i>			
28 Feb 2019 ^{NR}	Electricity	804	0.1
Eurovestech ^{UO}	Financial Services	297	0.0
Total Holdings (55)		1,612,513	100.0

^{AIM} Investments quoted on AIM

^{UO} Unquoted investment

^{NR} Non-rated (by both Moody's and S&P)

Governance

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. The Directors also considered the revenue forecasts for the forthcoming year and future dividend payments in concluding that the going concern basis is appropriate.

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.

Glen Suarez
Chairman

20 November 2018

Independent Review Report

Conclusion

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 2018 which comprises the Condensed Income Statement, the Condensed Statement of Changes in Equity, the Condensed Balance Sheet and the related explanatory notes.

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 2018 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting* and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

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 Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report 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.

The purpose of our review work and to whom we owe our responsibilities

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 DTR of 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.

Catherine Burnet

for and on behalf of KPMG LLP
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

20 November 2018

Condensed Income Statement

	Six Months To 30 September 2018 (Unaudited)			Six Months To 30 September 2017 (Unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value	-	90,325	90,325	-	(19,668)	(19,668)
Foreign exchange gains/(losses)	-	1	1	-	(401)	(401)
Income - note 2	33,821	1,002	34,823	36,422	492	36,914
	33,821	91,328	125,149	36,422	(19,577)	16,845
Investment management fee - note 3	(1,106)	(2,580)	(3,686)	(1,183)	(2,760)	(3,943)
Other expenses	(443)	-	(443)	(456)	(1)	(457)
Net return before finance costs and taxation	32,272	88,748	121,020	34,783	(22,338)	12,445
Finance costs - note 3	(1,329)	(3,102)	(4,431)	(1,365)	(3,186)	(4,551)
Return on ordinary activities before taxation	30,943	85,646	116,589	33,418	(25,524)	7,894
Tax on ordinary activities - note 4	(358)	-	(358)	(368)	-	(368)
Return on ordinary activities after taxation for the financial period	30,585	85,646	116,231	33,050	(25,524)	7,526
Return per ordinary share - basic	15.6p	43.8p	59.4p	16.9p	(13.1)p	3.8p
Weighted average number of ordinary shares in issue during the period			195,557,086			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 of the Company. No operations were acquired or discontinued in the period.

Condensed Statement of Changes in Equity

	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 2018 (Unaudited)						
At 31 March 2018	48,917	10,394	24,676	1,235,091	80,791	1,399,869
Shares bought back and held in treasury	-	-	-	(1,252)	-	(1,252)
Dividends paid - note 5	-	-	-	-	(29,200)	(29,200)
Net return on ordinary activities	-	-	-	85,646	30,585	116,231
At 30 September 2018	48,917	10,394	24,676	1,319,485	82,176	1,485,648
For the six months ended 30 September 2017 (Unaudited)						
At 31 March 2017	48,917	10,394	24,676	1,376,475	74,719	1,535,181
Dividends paid - note 5	-	-	-	-	(28,470)	(28,470)
Net return on ordinary activities	-	-	-	(25,524)	33,050	7,526
At 30 September 2017	48,917	10,394	24,676	1,350,951	79,299	1,514,237

Condensed Balance Sheet

Registered number SC1836	At 30 September 2018 (Unaudited) £'000	At 31 March 2018 (Audited) £'000
Fixed assets		
Investments held at fair value through profit or loss	1,612,513	1,535,929
Current assets		
Amounts due from brokers	-	1,301
Prepayments and accrued income	2,405	3,371
Unclaimed dividends recoverable	150	-
Tax recoverable	1,865	1,700
Cash and cash equivalents	15,511	4,320
	19,931	10,692
Creditors: amounts falling due within one year		
Bank facility	(42,600)	(43,900)
Amounts due to brokers	(3,806)	(3,131)
Share buybacks awaiting settlement	(508)	-
Accruals	(886)	(851)
	(47,800)	(47,882)
Net current liabilities	(27,869)	(37,190)
Total assets less current liabilities	1,584,644	1,498,739
Creditors: amounts falling due after more than one year		
7 ³ / ₄ % Debenture Stock 30 Sep 2022	(98,996)	(98,870)
Net assets	1,485,648	1,399,869
Capital and reserves		
Share capital - note 7	48,917	48,917
Share premium	10,394	10,394
Capital redemption reserve	24,676	24,676
Capital reserve	1,319,485	1,235,091
Revenue reserve	82,176	80,791
Shareholders' funds	1,485,648	1,399,869
Net asset value per ordinary share - note 6		
Basic - debt at par	759.48p	714.85p
- debt at market value	749.12p	703.34p
Number of 25p ordinary shares in issue at the period end	195,481,734	195,666,734

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, as updated in February 2018. The financial statements are issued on a going concern basis.

The accounting policies applied to these condensed financial statements are consistent with those applied in the financial statements for the year ended 31 March 2018.

2. Income

	Six Months to 30 Sept 2018 (Unaudited) £'000	Six Months to 30 Sept 2017 (Unaudited) £'000
Income from listed investments:		
UK dividends - ordinary	27,809	28,529
- special	-	2,545
Overseas dividends - ordinary	4,700	4,210
Unfranked investment income	1,307	1,132
Income from money market funds	3	3
	33,819	36,419
Other income:		
Deposit interest	2	3
Total income	33,821	36,422

Special dividends of £1,002,000 were recognised in capital (2017: £492,000).

3. Management fee and finance costs

The management fee arrangements are as reported in the 2018 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.

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 2018 (Unaudited)		Six Months to 30 Sept 2017 (Unaudited)	
	Pence	£'000	Pence	£'000
Dividends paid:				
Third interim	5.80	11,349	5.40	10,566
Final	9.20	18,001	9.15	17,904
	15.00	29,350	14.55	28,470
Return of unclaimed dividends				
from previous years		(150)		-
		29,200		28,470

A first interim dividend of 6.25p (2018: 5.80p) for the year ended 31 March 2019, will be paid on 30 November 2018.

6. Net asset value (NAV) per ordinary share

(a) NAV - 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 2018 (Unaudited) Pence per share	31 Mar 2018 (Audited) Pence per share
Shareholders' funds	759.99	715.43
Less: unamortised discount and expenses		
arising from debenture issue	(0.51)	(0.58)
NAV - debt at par	759.48	714.85

(b) NAV - debt at market value

The market value of the debenture stock is determined by reference to the daily closing price, and is subject to review against various data providers to ensure consistency between data providers and against the reference gilt.

	30 Sept 2018 (Unaudited) Pence per share	31 Mar 2018 (Audited) Pence per share
NAV - debt at par	759.48	714.85
Debenture stock - debt at par	51.16	51.11
- debt at market value	(61.52)	(62.62)
NAV - debt at market value	749.12	703.34

7. Share Capital Movements

	Six Months to 30 Sept 2018 (Unaudited)	Six Months to 30 Sep 2017 (Unaudited)
Share capital:		
Ordinary shares of 25p each	£48,870,434	£48,916,684
Treasury shares of 25p each	£46,250	-
	£48,916,684	£48,916,684
Number of ordinary shares in issue:		
Brought forward	195,666,734	195,666,734
Shares bought back into treasury	(185,000)	-
	195,481,734	195,666,734

8. 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 2018 (Unaudited) £'000	31 Mar 2018 (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	1,612,216	1,535,513
Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly	-	94
Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability	297	322
	1,612,513	1,535,929

Barclays Bank - Nuclear Power Notes 28 Feb 2019, which was shown in Level 2 as at 31 March 2018 (£94,000), is included in Level 1 as at 30 September 2018 (£804,000) due to increased levels of market activity.

The Level 3 investment consists of one holding in Eurovestech (31

9. Investment Trust Status

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.

10. Status of Half-Yearly Financial Report

The financial information contained within the financial statements in this half-yearly financial report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2018 and 30 September 2017 has not been audited. The figures and financial information for the year ended 31 March 2018 are extracted and abridged from the latest audited 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 section 498 of the Companies Act 2006.

By order of the Board

Invesco Asset Management Limited

Company Secretary

20 November 2018

Other Information for Shareholders **Directors, Advisers and Principal Service Providers**

Directors

Glen Suarez, Chairman
Steve Baldwin, (appointed 10 September 2018)
Victoria Hastings
Gordon McQueen, Audit Committee Chairman
Maxwell Ward
Sir Nigel Wicks, Senior Independent Director

Registered Office

Quatermile One
15 Lauriston Place
Edinburgh
EH3 9EP

Company Number

Registered in Scotland.
Number: SC1836

Alternative Investment Manager (Manager)

Invesco Fund Managers Limited

Company Secretary

Invesco Asset Management Limited
Company Secretarial Contact: Kelly Nice

Correspondence Address

43-45 Portman Square
London
W1H 6LY
☎ 020 3753 1000

Invesco Client Services

The Invesco Client Services Team is available from 8.30 am to 6.00 pm, Monday to Friday (excluding Bank Holidays). Please note no investment advice can be given.

☎ 0800 085 8677
www.invesco.co.uk/investmenttrusts

General Data Protection Regulation

The Company's privacy notice can be found at www.invesco.co.uk/edinburgh

Independent Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Depository and Custodian

The Bank of New York Mellon
(International) Limited
1 Canada Square
London
E14 5AL

Banker

The Bank of New York Mellon
160 Queen Victoria Street
London
EC4V 4LA

Corporate Broker

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

The Association of Investment Companies

The Company is a member of the Association of Investment Companies. Contact details are as follows:

☎ 020 7282 5555

Email: enquiries@theaic.co.uk
Website: www.theaic.co.uk

Lawyer

Dentons (UK) LLP
Quatermile One
15 Lauriston Place
Edinburgh
EH3 9EP

Registrar

Link Asset Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

If you hold your shares direct and not through a Savings Scheme or ISA and have queries relating to your shareholding, you should contact the Registrars 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 United Kingdom will be charged at the applicable international rate. Lines are open from 9.00 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

Shareholders can also access their holding details via Link's website: www.signalshares.com.

Link Asset Services provides an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at www.linksharedeal.com or ☎ 0371 664 0445.

Calls cost 12p per minute plus your phone company's access charge.

From outside the UK: +44 371 664 0445. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 8.00 am to 4.30 pm, Monday to Friday (excluding Bank Holidays).

Link Asset Services is the business name of Link Market Services Limited.



Invesco Fund Managers Limited is a wholly-owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Conduct Authority



www.invesco.co.uk/investmenttrusts

Invesco Client Services Team
Freephone 0800 085 8677

Telephone lines are open Monday to Friday 8.30am - 6.00pm.

Telephone calls may be recorded and monitored for security and training purposes.