
The Edinburgh Investment Trust plc

Half-Yearly Financial Report

Six Months to 30 September 2019



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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 2019 annual financial report), with the aim of spreading investment risk and generating a return for shareholders.

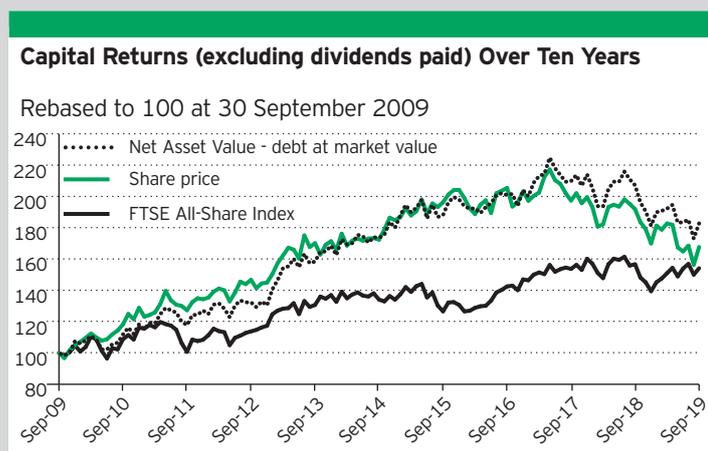
The Company uses borrowing to enhance returns to shareholders. This increases the risk to shareholders should the value of investments fall.

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.

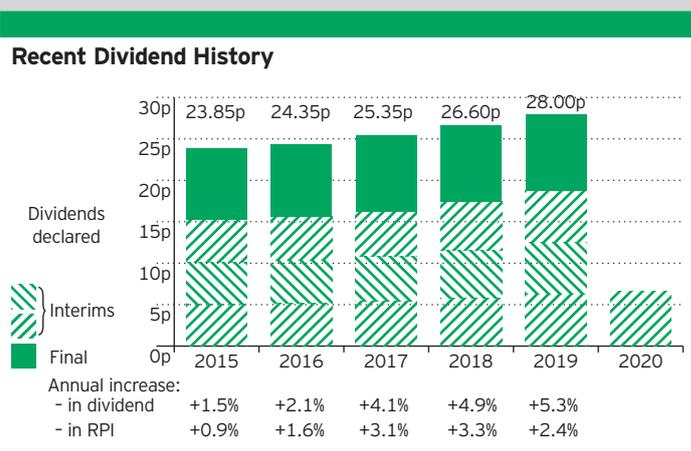
The Company's ordinary shares and debenture qualify to be considered as mainstream investment products suitable for promotion to retail investors. The Company's ordinary shares are eligible for investment in an ISA.

Performance Statistics

	Six months to 30 September 2019		
	% Change		
Total Return⁽¹⁾⁽³⁾ (all with dividends reinvested)			
Net asset value (NAV) ⁽²⁾ - debt at market value	-3.1		
Share price ⁽²⁾	-5.9		
FTSE All-Share Index	+4.6		
<i>The Company's benchmark is the FTSE All-Share Index.</i>			
	At 30 September 2019	At 31 March 2019	% Change
Capital Return			
Net asset value - debt at market value ⁽²⁾	660.16p	696.91p	-5.3
Share price ⁽¹⁾⁽²⁾	591.0p	644.0p	-8.2
FTSE All-Share Index ⁽¹⁾	4,061.74	3,978.28	+2.1
Discount⁽²⁾⁽³⁾ - debt at market value	(10.5)%	(7.6)%	
Gearing (debt at market value) ⁽²⁾⁽³⁾ - gross gearing	9.7%	11.0%	
- net gearing	5.0%	10.8%	
Retail Price Index⁽¹⁾ - annual change	2.4%	2.4%	
	2019	2018	% Change
Six months to 30 September			
Revenue Return			
Revenue return per ordinary share	17.2p	15.6p	+10.3
First interim dividend ⁽⁴⁾	6.40p	6.25p	+2.4



Source: Refinitiv.



Source: Refinitiv.

Notes:

1. Source: Invesco/Refinitiv.
2. Alternative Performance Measure (APM), see page 12 for the explanation and calculation of APMs. Further details are provided in the Glossary of Terms and Alternative Performance Measures in the 2019 annual financial report.
3. Key Performance Indicator.
4. Dividends declared in respect of the financial year.

Chairman's Statement

Dear Shareholder,

The Company achieved a net asset value (NAV) total return for the six months to 30 September 2019 of -3.1% (with debt at market value), falling behind that of the FTSE All-Share Index, the Company's benchmark, which returned +4.6%. This represents an underperformance of 7.7% against the benchmark and follows underperformance against the benchmark in each of the past three financial years. Indeed, over the last three years, the Company has delivered a NAV total return of +1.6%, against the total return of the FTSE All-Share Index of +21.7%.

The share price discount to NAV widened from 7.6% at the year end to 10.5% on 30 September 2019, reflecting a combination of general widening of discounts across the sector and discontent with the Company's performance. At 9 December 2019, the share price of 609.0p represented a 10.8% discount to the NAV of 682.6p. The share price total return (share price with dividends reinvested) for the period was -5.9%, with the Company's share price ending the period at 591.0p, a decrease of 8.2% from the 31 March 2019 year end share price of 644.0p.

During the period 10,721,561 shares were bought back and held in treasury at an average price of 564.81p per share, excluding costs. At the period end the share capital consisted of 184,760,173 shares in circulation and 10,906,561 shares held in treasury. Subsequent to the period end, 7,021,244 additional shares have been bought back into treasury.

Change of Investment Manager

This is another very disappointing set of results. Since 2018 your Board has worked hard to understand the causes of this underperformance, cognisant of the long-term investment objective of your Company and the recent trends in the UK equity market. Following a detailed assessment and careful consideration, including taking independent advice from Willis Towers Watson, a firm of investment consultants, and Investec Bank, our financial adviser, the Board has decided to replace Invesco as investment manager and has today announced that it has entered into heads of terms for the appointment of Majedie Asset Management ("Majedie") as the Company's new investment manager. The Company remains committed to its twin objectives of capital growth that exceeds the FTSE All-Share Index and dividend growth that at least matches the rate of inflation.

Majedie is an independent, active equity investment management firm with proven expertise in UK equities. Majedie takes a total return approach, where income is an important component rather than the primary driver of investment return, and therefore aligns with the Company's twin objectives. James de Uphaugh has a long-term track record, successfully co-managing Majedie's UK Equity strategy from launch. Majedie has recorded sub-portfolio total returns from 31 December 2006, since when James' sub-portfolio has outperformed the FTSE All-Share Index by 3.0% net per annum¹. The Company's portfolio will be closely aligned with this sub-portfolio, which has not previously been directly available to retail investors.

The Board is satisfied that the new investment management team, led by James, has the experience, resources and ability to manage the portfolio to achieve the Company's objectives.

Under the new arrangements, the investment management fees will reduce from the current annual rate of 0.55% of market capitalisation to a lower fee of 0.48% on the first £500 million of market capitalisation and 0.465% on amounts above £500 million. In addition, the Company will also benefit from a three month management fee-free period at the start of Majedie's management. The Board expects that the new manager will take up its role in Q1 2020. I will update you once the new Manager is in situ when you will then also hear from James de Uphaugh on his approach to managing the portfolio.

I would like to take this opportunity to thank Invesco, Mark Barnett and Kelly Nice in particular, for their services to the Company, Board and shareholders over the years.

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. During the period under review aggregate borrowings ranged between £100 million and £134 million, ending the period at £100 million - equivalent to gross gearing of 9.7% (net gearing of 5.0%) based on debt at market value.

Dividend

The Board has declared a first interim dividend of 6.40p (2018: 6.25p), an increase of 2.4%. This was paid on 29 November 2019 to shareholders on the register on 15 November 2019, with shares quoted ex-dividend on 14 November 2019.

Outlook

This has been a disappointing period for shareholders; I would like to thank all those who have written to me with their observations, comments and advice and also to thank all shareholders for the patience and loyalty they have shown the Company. I am confident that the new arrangements will position the Company favourably for the future.

Glen Suarez

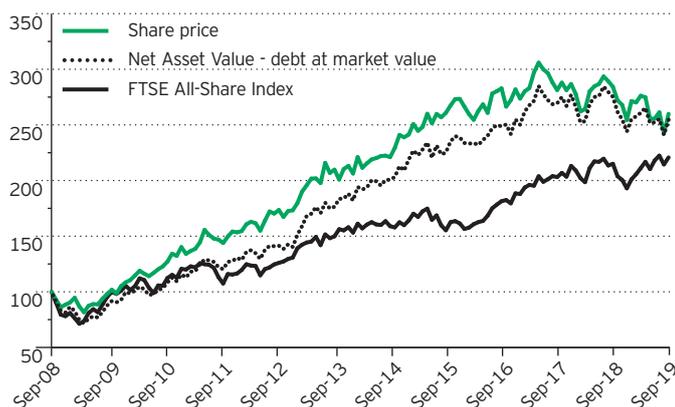
Chairman

10 December 2019

¹Since 31 December 2006, at inception of sub-portfolio total returns measurement. Source: Majedie/Factset. Data from James' sub-portfolio within the Majedie UK Equity strategy; to 30 November 2019, GBP, total return (with gross dividends reinvested). Since this return series is only available on a gross basis, a deduction has been made on an annual basis to provide an estimation for costs and charges using the proposed management fee rate, transaction costs and actual OEIC expenses.

Total Returns Since Appointment of Invesco on 15 September 2008

Figures rebased to 100 at 15 September 2008.



Source: Refinitiv.

Capital Returns (excluding dividends paid) to 30 September 2019

	6 mths	1 yr	3 yr	5 yr	10 yr
NAV (debt at market value) (%)	-5.3	-11.9	-9.0	5.2	81.5
Share price (%)	-8.2	-12.6	-18.4	-2.7	67.7
FTSE All-Share Index (%)	2.1	-1.6	8.2	14.9	54.2

Total Returns (with dividends reinvested) to 30 September 2019

	6 mths	1 yr	3 yr	5 yr	10 yr
NAV (debt at market value) (%)	-3.1	-8.2	1.6	25.9	175.6
Share Price (%)	-5.9	-8.5	-8.1	17.6	155.3
FTSE All-Share Index (%)	4.6	2.7	21.7	38.9	121.0

Source: Invesco/Refinitiv.

Portfolio Manager's Report

Market Review

The UK equity market provided a positive return in the six-month period to 30 September 2019. However, this headline return masks periods of underlying volatility. Global markets were driven by persistent concerns of a slowdown in economic growth and the fluctuation of US-Sino trade tensions. Meanwhile a trend noted in previous periods continued; internationally orientated sectors within the FTSE 100 continued to lead market performance.

The UK equity market rose during April, fuelled by signs of a recovery in global economic growth. However, a reignition of trade tensions caused a sharp fall at the beginning of May. This pattern repeated itself over the summer months, as the market rose strongly in June and July, before falling very sharply at the beginning of August. The inversion of the US and UK yield curves caused a particularly fevered debate given the historic correlation with economic recessions. The market recovered in September to end the period higher in aggregate.

Against this backdrop commodity prices proved volatile. Having bottomed at US\$50 per barrel at the end of 2018, the price of Brent crude oil continued its recovery in the second quarter, reaching US\$74 per barrel in April 2019. However, by August, global political uncertainty had seen gains pared, with the oil price breaching US\$56 per barrel. Conversely, sustained global economic uncertainty saw the price of gold rise strongly throughout the period, as investor demand grew for this safe haven asset.

Political uncertainty surrounding the new Prime Minister in the UK and negotiations for the exit from the EU dominated the domestic agenda. During the period sterling served as the bellwether for the perceived likelihood of a "no-deal" exit. The value of sterling versus international currencies remained weak, with the prorogation of Parliament in August pushing the pound to just US\$1.20.

Amid this persistent domestic uncertainty, the Bank of England's Monetary Policy Committee voted unanimously on four occasions to hold the UK base interest rate at 0.75%. Latterly, officials signalled the potential for a future interest rate cut following the UK's exit from the EU. Economic data released during the period showed a slowdown in economic growth during the first half of 2019, a result of weaker business investment and slowing global economic growth. Yet employment data remains robust, with the unemployment rate below 4% and more than 800,000 labour market vacancies.

Portfolio review

The Company's investments have continued to generate meaningful growth in income that has supported the growth in dividends. However, the capital returns have been disappointing as a consequence of the challenging backdrop facing UK domestically orientated companies, some particular stock specific challenges, and also the consequences of a large forced seller in the UK equity market. The Company's net asset value, including reinvested dividends, provided a return of -3.1% during the period under review, compared with a return of +4.6% (£ total return) by the FTSE All-Share Index.

The portfolio's core themes have remained consistent over the past six months. The tilt towards UK domestic companies has been maintained, as persistent negativity towards domestic sectors continues to present compelling opportunities. Exposure to selective global industries, namely oil & tobacco, remains prominent whilst a significant proportion of the portfolio is also invested in non-correlated financials. The low correlation of investments held by the Company with the FTSE All-Share Index affords two important benefits to the portfolio; business risk diversification and income diversification. This is especially important given the concentration of dividend income in the UK stock market.

The portfolio's exposure to UK domestic opportunities still supported positive absolute returns over the period. BCA Marketplace and KCOM were among the portfolio's top contributors, as both

companies received private equity bids during the period under review. KCOM's board of directors recommended a bid in April, but later abandoned it in favour of an enhanced all cash offer from a European infrastructure fund. Meanwhile, BCA Marketplace confirmed in June that it was in advanced discussions with a private equity firm, following an all cash offer for the company. Elsewhere within the portfolio's domestic theme, Next provided a positive contribution to performance. The company released a strong trading statement in July, which confirmed better-than-expected full price sales for the second quarter. Half-year results released in September confirmed double-digit growth in online sales, whilst management reaffirmed its full-year guidance.

The portfolio's absolute performance was also supported by its exposure to international growth opportunities. Stock selection within this theme proved decisive, as holdings in BAE Systems and HomeServe were amongst the portfolio's best performing stocks over the period. HomeServe released full year results in May, which were ahead of market expectations. The company delivered another year of strong organic revenue growth and confirmed a double digit increase in the annual dividend. Meanwhile, BAE Systems traded well over much of the period. The company released supportive half-year results in July that showed double-digit profit growth, fuelled by an increase in US defence spending.

Relative performance also benefitted from the portfolio's zero weighting in the metals & mining sector, which proved highly volatile amid geopolitical tensions. Conversely, the non-inclusion of several highly rated, internationally focussed FTSE 100 stocks proved to be a drag to relative performance.

Tobacco remains a prominent theme, with investments in Altria, British American Tobacco and Imperial Brands, which have delivered exceptional returns for shareholders over the long term. However, the sector continued to prove challenging for performance. Investor sentiment towards the tobacco sector was impacted by revived fears around regulation, whilst the release of underwhelming sales data for Imperial Brands' next generation technology reignited concerns around the outlook for future revenues. The portfolio's significant weighting in the sector proved challenging for relative performance, with the impact of negative returns from non-UK index stock Altria a significant detractor to relative returns. Despite these persistent concerns, the manager remains confident in the outlook for the sector, particularly given his view that the headwinds outlined are reflected in depressed valuations across the sector.

The portfolio's final theme proved the most substantive driver of weakness during the period. Burford Capital was the standout detractor to returns. Having been a strong contributor to fund performance over many years, Burford Capital provided the portfolio's largest negative return over the period. In August 2019, the litigation financier was the subject of a highly critical report from a US firm that specialises in publishing research for short-sellers. This caused a very material fall in the company's share price. Burford Capital robustly defended itself against the accusations and later announced a series of corporate governance enhancements. Whilst the share price recovered some losses during September, the value of this holding remained significantly lower at period end.

Elsewhere within the non-correlated financials holdings, Amigo also provided a negative contribution to returns. The share price was weak towards the end of the period, as concerns grew around the regulatory focus for the guarantor backed loan sector. The share price fell sharply at the end of August on the release of results for the first quarter, when the company cut its full year guidance and announced a change in lending strategy to prioritise new customer lending, over repeat customer lending. Despite these specific challenges, there were a number of holdings within this area that performed well over the period, notably Beazley and Hiscox.

It should also be noted that a small number of holdings saw persistently weak share prices in the absence of any meaningful company news. This cohort comprised a number of stocks in which there was a cross holding with a forced seller, which further compounded the already depressed market sentiment. Whilst this short-term share price disruption was not isolated to the portfolio of

Strategy

The Edinburgh Investment Trust plc, it has proven extremely frustrating. We maintain the view that the long-term outlook and inherent value of those companies impacted is unchanged.

Portfolio manager outlook

The performance of the UK stock market is likely to be determined by the same macroeconomic and political forces which have dominated sentiment for the past few years. The political uncertainty in many regions has been especially difficult to navigate recently and has been a major headwind to portfolio performance given the extreme polarisation of company valuations that has emerged. It has been commented here previously that this differential between highly rated global non-cyclical stocks and depressed domestic economically sensitive shares is substantial. This differential sits at a multi-year high and offers the most glaring opportunities within the UK stock market. The portfolio is positioned to take advantage of this perceived mispricing and retains large portfolio weightings in insurance, real estate, retail and support services.

The extent of this mispricing is perhaps most clearly highlighted by the spread between dividend yields and corporate bond yields over the past ten years. Over this period, dividend yields have remained broadly flat, whilst corporate bond yields have declined markedly. A 650bp shift in the yield differential over the period is notable and represents another strong endorsement of the attraction of equities to an asset neutral investor at the moment. It is also very likely a significant factor behind the strong re-emergence of merger and acquisition activity in recent months. The range and breadth of deals witnessed from industrial and especially financial buyers is clear evidence that there is value available in UK listed companies financed by accessing the debt markets at very attractive yields. The portfolio has been a beneficiary of two such deals (BCA Marketplace and KCOM) that have been announced since the year end and I am confident that there will be more to follow in the coming months.

There had, over the past six years, been a modest increase in the number of holdings in the portfolio. However, more recently this trend has started to reverse, accelerating in the period due to two factors: the extreme opportunities present within the market and the removal of three holdings due to completed acquisition activity. As a result of these changes the portfolio has become slightly more biased towards large companies although the themes expressed in the portfolio namely UK domestic value, selective international industries and non correlated financial companies has remained broadly similar to previously. The emphasis on cash generative businesses paying sustainable and growing dividends is resolutely unchanged.

In recent weeks sentiment within the market has been extremely volatile as perceptions around a political deal have shifted. This has resulted in a marked change in the composition of the stock and sector leadership, which has favoured the current positioning within the portfolio. A sense of relief and clarity regarding the outcome of the negotiations with Brussels is clearly a benefit to the performance of the UK stock market and especially this portfolio. The level of pessimism which is discounted in the valuations of many holdings is anticipated to result in material revaluation opportunities from current levels as and when the political fog clears.

Mark Barnett

Portfolio Manager

James Goldstone

Deputy Portfolio Manager

10 December 2019

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 2019 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 2019

UK listed ordinary shares unless otherwise stated.

Investment	Sector	Market value £'000	% of Portfolio
BP	Oil & Gas Producers	89,500	7.0
British American Tobacco	Tobacco	87,535	6.9
Legal & General	Life Insurance	57,957	4.6
Royal Dutch Shell - A shares	Oil & Gas Producers	56,864	4.5
Next	General Retailers	55,618	4.4
Tesco	Food & Drug Retailers	54,412	4.3
BAE Systems	Aerospace & Defence	48,747	3.8
Roche - Swiss Listed	Pharmaceuticals & Biotechnology	47,646	3.8
Derwent London	Real Estate Investment Trusts	45,026	3.5
Novartis - Swiss Listed	Pharmaceuticals & Biotechnology	41,176	3.2
Top Ten Holdings		584,481	46.0
British Land	Real Estate Investment Trusts	40,609	3.2
Altria - US Listed	Tobacco	39,708	3.1
Aviva	Life Insurance	39,182	3.1
HomeServe	Support Services	38,523	3.0
Imperial Brands	Tobacco	34,737	2.8
BT	Fixed Line Telecommunications	33,839	2.7
easyJet	Travel & Leisure	33,015	2.6
Capita	Support Services	32,784	2.6
G4S	Support Services	28,084	2.2
Burford Capital ^{AIM}	Financial Services	28,050	2.2
Top Twenty Holdings		933,012	73.5
Beazley	Non-life Insurance	27,498	2.2
Total - French Listed	Oil & Gas Producers	27,395	2.1
Hiscox	Non-life Insurance	25,790	2.0
Royal Bank of Scotland	Banks	25,166	2.0
Babcock International	Aerospace & Defence	24,325	1.9
Whitbread	Travel & Leisure	23,424	1.8
International Airlines Group	Travel & Leisure	22,920	1.8
CLS	Real Estate Investment & Services	19,982	1.6
Newriver REIT	Real Estate Investment Trusts	18,846	1.5
Novo-Nordisk - B Shares - Danish listed	Pharmaceuticals & Biotechnology	18,598	1.5
Top Thirty Holdings		1,166,956	91.9
Honeycomb Investment Trust	Equity Investment Instruments	18,280	1.4
Secure Income REIT ^{AIM}	Real Estate Investment Trusts	16,441	1.3
Plus500	Financial Services	14,100	1.1
Vectura	Pharmaceuticals & Biotechnology	12,438	1.0

Investments in Order of Valuation *continued*

Investment	Sector	Market value £'000	% of Portfolio
Zegona Communications	Non Equity Investment Instruments	10,111	0.8
TalkTalk Telecom	Fixed Line Telecommunications	9,747	0.8
Raven Property Group - <i>Ordinary</i> - <i>Preference</i>	Real Estate Investment & Services	4,339 3,699 8,038	0.6
SME Credit Realisation (<i>formerly Funding Circle SME</i>)	Equity Investment Instruments	5,910	0.5
Amigo	Financial Services	4,559	0.4
Hadrian's Wall Secured Investments	Equity Investment Instruments	1,815	0.1
Top Forty Holdings		1,268,395	99.9
Eddie Stobart Logistics ^{AIM} - <i>Suspended</i>	Industrial Transportation	966	0.1
Eurovestech ^{UO}	Financial Services	246	0.0
Total Holdings 42 (31 March 2019: 57)		1,269,607	100.0

^{AIM} Investments quoted on AIM

^{UO} Unquoted investment

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.

The half-yearly financial report has not been audited or reviewed by the Company's auditor.

Signed on behalf of the Board of Directors.

Glen Suarez
Chairman

10 December 2019

Condensed Income Statement

	Six Months To 30 September 2019 (Unaudited)			Six Months To 30 September 2018 (Unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value	-	(81,584)	(81,584)	-	90,325	90,325
Gains on foreign exchange	-	5	5	-	1	1
Income - note 2	36,568	590	37,158	33,821	1,002	34,823
	36,568	(80,989)	(44,421)	33,821	91,328	125,149
Investment management fee - note 3	(938)	(2,188)	(3,126)	(1,106)	(2,580)	(3,686)
Other expenses	(569)	-	(569)	(443)	-	(443)
Net return before finance costs and taxation	35,061	(83,177)	(48,116)	32,272	88,748	121,020
Finance costs - note 3	(1,255)	(2,931)	(4,186)	(1,329)	(3,102)	(4,431)
Return on ordinary activities before taxation	33,806	(86,108)	(52,302)	30,943	85,646	116,589
Taxation on ordinary activities - note 4	(630)	-	(630)	(358)	-	(358)
Return on ordinary activities after taxation for the financial period	33,176	(86,108)	(52,932)	30,585	85,646	116,231
Return per ordinary share - basic	17.2p	(44.6)p	(27.4)p	15.6p	43.8p	59.4p
Weighted average number of ordinary shares in issue during the period			193,015,167			195,557,086

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 other 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 2019 (Unaudited)						
At 31 March 2019	48,917	10,394	24,676	1,215,237	83,213	1,382,437
Return on ordinary activities	-	-	-	(86,108)	33,176	(52,932)
Dividends paid - note 5	-	-	-	-	(30,246)	(30,246)
Shares bought back and held in treasury	-	-	-	(60,980)	-	(60,980)
At 30 September 2019	48,917	10,394	24,676	1,068,149	86,143	1,238,279
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
Return on ordinary activities	-	-	-	85,646	30,585	116,231
Dividends paid - note 5	-	-	-	-	(29,200)	(29,200)
Shares bought back and held in treasury	-	-	-	(1,252)	-	(1,252)
At 30 September 2018	48,917	10,394	24,676	1,319,485	82,176	1,485,648

Condensed Balance Sheet

Registered number SC1836	At 30 September 2019 (Unaudited) £'000	At 31 March 2019 (Audited) £'000
Fixed assets		
Investments held at fair value through profit or loss	1,269,607	1,501,151
Current assets		
Amounts due from brokers	9,621	2,219
Tax recoverable	2,682	2,437
Prepayments and accrued income	2,268	4,331
Cash and cash equivalents	57,274	3,114
	71,845	12,101
Creditors: amounts falling due within one year		
Bank facility	-	(30,800)
Share buybacks awaiting settlement	(3,178)	-
Accruals	(746)	(894)
	(3,924)	(31,694)
Net current assets/(liabilities)	67,921	(19,593)
Total assets less current liabilities	1,337,528	1,481,558
Creditors: amounts falling due after more than one year		
7 ³ / ₄ % Debenture Stock 30 Sep 2022	(99,249)	(99,121)
Net assets	1,238,279	1,382,437
Capital and reserves		
Share capital - note 6	48,917	48,917
Share premium	10,394	10,394
Capital redemption reserve	24,676	24,676
Capital reserve	1,068,149	1,215,237
Revenue reserve	86,143	83,213
Shareholders' funds	1,238,279	1,382,437
Net asset value per ordinary share - note 7		
Basic - debt at par	669.80p	706.75p
- debt at market value	660.16p	696.91p
Number of 25p ordinary shares in issue at the period end - note 6	184,760,173	195,481,734

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 October 2019. 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 2019.

2. Income

	Six Months to 30 Sept 2019 (Unaudited) £'000	Six Months to 30 Sept 2018 (Unaudited) £'000
Income from listed investments:		
UK dividends - ordinary	28,209	27,809
- special	534	-
Overseas dividends - ordinary	6,195	4,703
- special	475	-
Unfranked investment income	1,154	1,307
Other income:		
Deposit interest	1	2
Total income	36,568	33,821

Special dividends of £590,000 were recognised in capital (2018: £1,002,000).

3. Management fee and finance costs

The management fee arrangements are as reported in the 2019 annual financial report, being a flat fee of 0.0458333% of the market capitalisation of the Company's ordinary shares at each month end and paid monthly in arrears (equivalent to an annual fee of 0.55%). 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 paid on Ordinary Shares

	Six Months to 30 Sept 2019 (Unaudited)		Six Months to 30 Sept 2018 (Unaudited)	
	Pence	£'000	Pence	£'000
Third interim	6.25	12,218	5.80	11,349
Final	9.25	18,028	9.20	18,001
	15.50	30,246	15.00	29,350
Return of unclaimed dividends from previous years		-		(150)
		30,246		29,200

The first interim dividend of 6.40p per ordinary share for the year ended 31 March 2020 (2019: 6.25p) has been paid on 29 November 2019 to shareholders on the register on 15 November 2019.

6. Share Capital, including Movements

	Six Months to 30 Sept 2019 (Unaudited)	Year to 31 Mar 2019 (Audited)
Share capital:		
Ordinary shares of 25p each	£46,190,044	£48,870,434
Treasury shares of 25p each	£2,726,640	£46,250
	£48,916,684	£48,916,684
Number of ordinary shares in issue:		
Brought forward	195,481,734	195,666,734
Shares bought back into treasury	(10,721,561)	(185,000)
Carried forward	184,760,173	195,481,734
Number of treasury shares held:		
Brought forward	185,000	-
Shares brought back in treasury	10,721,561	185,000
Carried forward	10,906,561	185,000
Total ordinary shares	195,666,734	195,666,734

Subsequent to the period end 7,021,244 ordinary shares were bought back to treasury at an average price of 595p.

7. 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 2019 (Unaudited) Pence per share	31 Mar 2019 (Audited) Pence per share
Shareholders' funds	670.21	707.20
Less: unamortised discount and expenses arising from debenture issue	(0.41)	(0.45)
NAV - debt at par	669.80	706.75
NAV - debt at par £'000	1,237,528	1,381,558

(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 2019 (Unaudited) Pence per share	31 Mar 2019 (Audited) Pence per share
NAV - debt at par	669.80	706.75
Debenture stock - debt at par	54.12	51.15
- debt at market value	(63.76)	(60.99)
NAV - debt at market value	660.16	696.91
NAV - debt at market value £'000	1,219,722	1,362,338
Debenture Stock at market value £'000	117,806	119,220

By order of the Board

Invesco Asset Management Limited

Company Secretary

10 December 2019

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 2019 (Unaudited) £'000	31 Mar 2019 (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	1,250,115	1,481,205
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	18,280	19,700
Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability	1,212	246
	1,269,607	1,501,151

The level 2 investment consists of one holding in Honeycomb Investment Trust of £18,280,000 (31 March 2019: £19,700,000) on the basis that, although it is listed and an unadjusted quoted price is available, its shares have low trading volumes.

The level 3 investments consist of two holdings, Eurovestech and Eddie Stobart Logistics (ESL) (31 March 2019: Eurovestech only). During the period, ESL was suspended from AIM and transferred from level 1 to level 3. Subsequent to the period end, the valuation for ESL as at 30 September 2019 has been adjusted to £966,000 (31 March 2019: £11,901,000).

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 1159 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 2019 and 30 September 2018 has not been audited. The figures and financial information for the year ended 31 March 2019 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.

Other Information for Shareholders

Directors, Advisers and Principal Service Providers

Directors

Glen Suarez, Chairman
Steve Baldwin
Victoria Hastings, Senior Independent Director
Gordon McQueen, Audit Committee Chairman
Elisabeth Stheeman (appointed 23 May 2019)
Maxwell Ward
Sir Nigel Wicks (retired 25 July 2019)

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

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Depository, Custodian and Banker

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

Corporate Broker

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

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

Investor Warning

The Company, Invesco and the Registrar would never contact members of the public to offer services or require any type of upfront payment. If you suspect you have been approached by fraudsters, please contact the FCA consumer helpline on 0800 111 6768 and Action Fraud on 0300 123 2040. Further details for reporting frauds, or attempted frauds, can be found on page 73 of the 2019 Annual Financial Report.

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:

☎ 0371 664 0300.

Calls are charged at the standard geographic rate and will vary by provider.

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 are charged at the standard geographic rate and will vary by provider.

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

Other Information for Shareholders

Alternative Performance Measures

Alternative Performance Measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. APMs used by the Company are fully disclosed in the annual financial report, and those that are used in this half year financial report are shown below.

Discount or Premium (APM)

Discount is a measure of the amount by which the mid-market price of an investment company share is lower than the underlying net asset value of that share. Conversely, premium is a measure of the amount by which the mid-market price of an investment company share is higher than the underlying net asset value of that share. In this half year financial report the discount is expressed as a percentage of the net asset value per share with debt at market value (see reconciliation of net asset value per share with debt at market value in note 7 on page 10) and is calculated according to the formula set out below. If the shares are trading at a premium the result of the below calculation will be positive and if they are trading at a discount it will be negative.

	Page	30 September 2019	31 March 2019
Share price	1 a	591.00p	644.00p
Net asset value per share - debt at market value (note 7(b))	1 b	660.16p	696.91p
Discount	c = (a-b)/b	(10.5)%	(7.6)%

Gearing

The gearing percentage reflects the amount of borrowings that a company has invested, with debt at market value. This figure indicates the extra amount by which net assets or shareholders' funds would move if a company's investments were to rise or fall. A positive percentage indicates the extent to which net assets are geared; a nil gearing percentage, or 'nil', shows a company is ungeared. A negative percentage indicates that a company is not fully invested.

There are several methods of calculating gearing and the following has been used in this report:

Gross Gearing (APM)

This reflects the amount of gross borrowings in use by a company and takes no account of any cash balances. It is based on gross borrowings as a percentage of net assets.

	Page	30 September 2019 £'000	31 March 2019 £'000
Bank facility	8	-	30,800
Debenture stock - debt at market value	10	117,806	119,220
Gross borrowings - debt at market value	a	117,806	150,020
Net asset value - debt at market value	10 b	1,219,722	1,362,338
Gross gearing	c = a/b	9.7%	11.0%

Net Gearing or Net Cash (APM)

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash and cash equivalents (incl. investments in money market funds). It is based on net borrowings as a percentage of net assets. Net cash reflects the net exposure to cash and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

	Page	30 September 2019 £'000	31 March 2019 £'000
Bank facility - debt at market value	8	-	30,800
Debenture stock - debt at market value	10	117,806	119,220
Less cash and cash equivalents	8	(57,274)	(3,114)
Net borrowings - debt at market value	a	60,532	146,906
Net asset value - debt at market value	10 b	1,219,722	1,362,338
Net gearing	c = a/b	5.0%	10.8%

Total Return

Total return is the theoretical return to shareholders that measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. In this half year financial report these return figures have been sourced from Invesco and Refinitiv who calculate returns on an industry comparative basis.

Net Asset Value Total Return (APM)

A Total return on net asset value per share, with debt at market value, assuming dividends paid by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Share Price Total Return (APM)

Total return to shareholders, on a mid-market price basis, assuming all dividends received were re-invested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend

Six months to 30 September 2019	Page	Net Asset value	Share Price
As at 30 September 2019	1	660.16p	591.00p
As at 31 March 2019	1	696.91p	644.00p
Change in period	a	-5.3%	-8.2%
Impact of dividend reinvestments ⁽¹⁾	b	2.2%	2.3%
Total return for the period	c = a+b	-3.1%	-5.9%

(1) Total dividends paid during the period of 15.50p reinvested at the NAV (debt at market value) or share price on the ex-dividend date. NAV or share price falls subsequent to the reinvestment date consequently further reduce the returns, vice versa if NAV or share price rises.

Benchmark

Total return on the benchmark is on a mid-market value basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.



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.