



## **EP Global Opportunities Trust plc**

Half-Yearly Report

30 June 2015



**Edinburgh Partners**



## FINANCIAL SUMMARY

	30 June 2015	31 December 2014	Change
Shareholders' funds	<b>£119,212,000</b>	£112,143,000	6.3%
Net asset value per ordinary share ("NAV")	<b>242.7p</b>	236.0p	2.8%
Share price per ordinary share	<b>243.0p</b>	234.6p	3.6%
Share price premium/(discount) to NAV	<b>0.1%</b>	(0.6)%	

*Past performance is not a guide to future performance.*

### OBJECTIVE

The investment objective of the Company is to provide Shareholders with an attractive real long-term total return by investing globally in undervalued securities. The portfolio is managed without reference to the composition of any stock market index.

### INVESTMENT POLICY

The Company invests in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world, predominantly in quoted equities. The Company may also invest in unquoted securities, which are not anticipated to exceed 10 per cent of the Company's total assets at the time of investment (excluding shares held in Edinburgh Partners Limited). No investment in the Company's portfolio may exceed 15 per cent of the Company's total assets at the time of investment.

The Company has the ability to invest in other investment companies or funds but will invest no more than 15 per cent of its gross assets in other listed investment companies (including investment trusts).

The Company may also invest a substantial portion of its assets in debt instruments, cash or cash equivalents when the Investment Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities for the portfolio or to maintain liquidity. In addition, the Company may purchase derivatives for the purposes of efficient portfolio management.

It is intended that, from time to time, when deemed appropriate, the Company will borrow for investment purposes up to the equivalent of 25 per cent of its total assets. By contrast, the Company's portfolio may from time to time have substantial holdings of debt instruments, cash or short-term deposits.

The investment objective and policy are intended to distinguish the Company from other investment vehicles which have relatively narrow investment objectives and which are thus constrained in their decision making and asset allocation. The objective and policy allow the Company to be constrained in its investment selection only by valuation and to be pragmatic in portfolio construction by only investing in securities which the Investment Manager considers to be undervalued on an absolute basis.

## **CHAIRMAN'S STATEMENT**

### **Results**

At 30 June 2015, our NAV was 242.7p, an increase of 2.8 per cent from the 31 December 2014 NAV of 236.0p. The 2014 annual dividend of 3.3p per share was paid in May 2015, making the NAV total return for the six months 4.2 per cent. This compares with a total return from the FTSE All-World Index over the same period of 2.2 per cent, while the FTSE All-Share Index total return was 3.0 per cent.

The share price at the end of June 2015 was 243.0p, which was 3.6 per cent above the year end share price of 234.6p. At 30 June 2015, the Company's shares were trading at a premium of 0.1 per cent to NAV, compared to a 0.6 per cent discount at the year end. It is our policy to buy back shares when necessary with the objective of maintaining the share price at close to the NAV. In the first six months of this year no shares were bought back, as the share price fluctuated between a small discount and a small premium. Shares bought back in previous years have not been cancelled, but instead have been held in treasury with the intention of re-issuing them when demand for our shares warrants it.

At the Annual General Meeting held in April 2015, Shareholders again approved a resolution permitting the Company to issue shares from treasury at a small discount to the NAV with tight restrictions on any potential dilution to the NAV. During the six months to 30 June 2015, a total of 1,585,000 shares have been sold from treasury for a value of approximately £4 million.

### **Stock market and investment performance**

Equity markets started the year on a firm note and by April 2015 the Japanese, Continental European and Asia Pacific ex Japan indices had all risen by over 10 per cent. The UK and US markets were less buoyant, but had still made single digit gains. Markets then levelled off; however, the Greek crisis began to take its toll on sentiment towards European equities, as concerns grew that Greece might default on its debt and possibly even leave the euro. By the end of June 2015, European stock markets had given back part of their earlier gains and this, combined with a weak euro, which fell by 9.5 per cent against sterling during the period under review, resulted in the FTSE All-World Europe ex UK Index producing a sterling total return for the six months of a modest 4.6 per cent.

## CHAIRMAN'S STATEMENT – continued

Shares in Asia had a similar rollercoaster ride, with events in China having a significant effect on the whole region. Chinese equities were in a multi-year bear market until the middle of last year as they worked off the excessive over valuation resulting from the stock market boom in 2006 and 2007. As the government took measures to stimulate the Chinese economy, equities moved dramatically higher. The Shanghai A Share Index rose by 60 per cent from the end of 2014 to a peak in early June 2015. Action to halt the speculation in equities finally burst the bubble and shares fell back sharply. Concerns over the Chinese economy and the volatile equity market had a negative effect on other regional Asian markets and, by the end of June, the sterling total return for the FTSE All-World Asia Pacific ex Japan Index had been reduced to just 2.6 per cent.

The Japanese stock market held up much better than other markets and was by far the best performing major equity market in the first half of 2015. Government policy to support the stock market combined with the central bank buying back Japanese government bonds, the policy known as quantitative easing, continued to support equity prices. Despite the yen weakening slightly versus sterling, the Japanese Topix Index produced a 13.6 per cent total return in sterling terms.

The US Standard & Poors 500 Index lagged other equity markets. The threat of the US Federal Reserve starting to raise interest rates and a relatively expensively valued market resulted in a subdued market performance. Early gains were surrendered and the Index was virtually unchanged over the six month period with a total return in sterling of only 0.4 per cent.

Our own performance benefited from the emphasis on Japan and Continental Europe and a low level of investment in the USA. At the end of last year, 56.2 per cent of our net assets were invested in Japan and Continental Europe and only 10.3 per cent was invested in US shares. While profit taking in Japan resulted in £6 million of sales, the money raised was reinvested in Japanese equities. Despite the strong relative performance of the Japanese market, it continues to be our most favoured equity market and at the end of June 2015, it represented 35.1 per cent of Shareholders' funds. During the six months, we reduced the investment in Europe by a net £4.6 million, while adding £3.4 million to the UK and £4.4 million to the USA. The overall investment emphasis has therefore not changed significantly since the end of 2014.

## **CHAIRMAN'S STATEMENT – continued**

### **Revenue account**

The income statement on pages 8 and 9 shows revenue per share of 2.4p for the first six months of 2015. This compares to 2.5p over the same period last year. Dividends paid by the companies we invest in have continued to grow, but the income we receive does fluctuate as the investments are changed and as exchange rates vary. The majority of our holdings are in overseas companies, making our income quite susceptible to changes in the value of sterling.

The decision on which shares we own is driven by our Investment Manager's well defined investment philosophy of focusing on value regardless of the dividend yield of the shares. While this does result in volatility in our annual revenue per share, we believe it will produce a better total return over the longer term.

### **Outlook**

Equity markets continue to be underpinned by moderate growth in the world economy and low levels of inflation. This has permitted interest rates to be held at very low levels for a prolonged period of time. The central banks in the UK and USA have been warning for some time that they expect to start raising short-term interest rates in the not too distant future. Interest rates are likely to be raised very gradually, as there will be a great desire not to tip their economies back into recession. Meanwhile, in most other countries, central banks are still pursuing very stimulative policies. The Japanese and Continental European central banks are aggressively buying back their government bonds. This helps to underpin the equity markets in both areas.

Equity valuations are expensive but, in general, not yet at levels where cash is uniformly a better option. Being expensive, they are vulnerable to negative events such as the Greek crisis and events in China. The Greek government has agreed terms for further financial support from the rest of Europe, which again kicks the can down the road. The Chinese government has taken direct action to support share prices and avoid the short-term collapse in Chinese shares developing into a financial panic.

While the upside may be limited by valuation levels, we continue to believe that there is good value in many Japanese companies and, to a lesser extent, in Europe. This is where our investment emphasis remains.

### **Teddy Tulloch**

Chairman

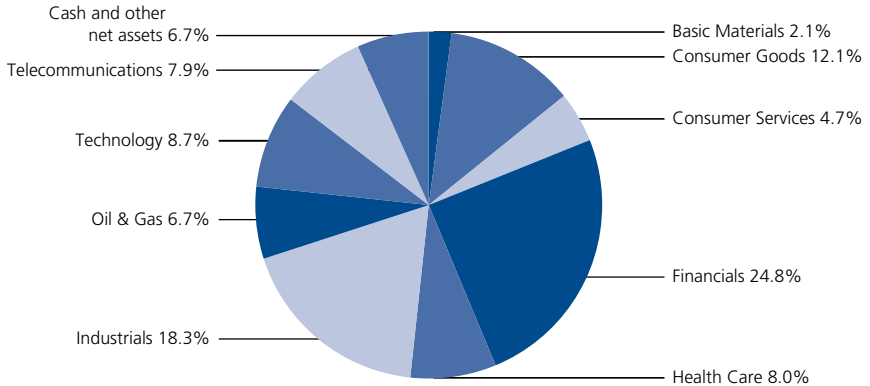
14 August 2015

*Past performance is not a guide to future performance.*

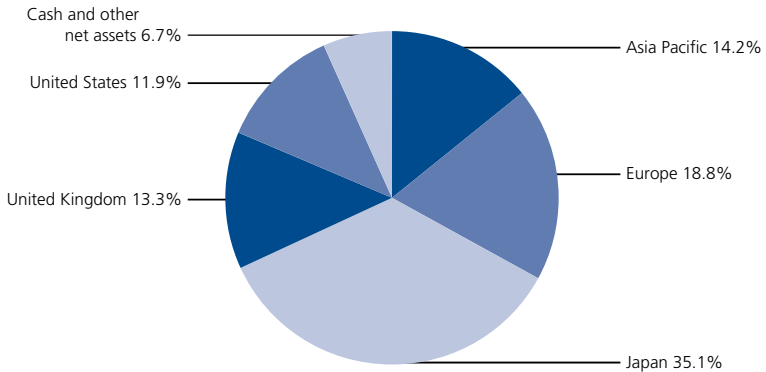
## DISTRIBUTION OF INVESTMENTS

as at 30 June 2015 (% of net assets)

### Sector distribution



### Geographical distribution



The figures detailed in the geographical distribution pie chart represent the Company's equity exposure to these countries or regional areas.

The geographical distribution is based on each investment's principal stock exchange listing, except in instances where this would not give a proper indication of where its activities predominate.

## PORTFOLIO OF INVESTMENTS

as at 30 June 2015

Company	Sector	Country	Valuation £'000	% of Net Assets
<b>Equity investments</b>				
Sumitomo Mitsui Trust	Financials	Japan	3,847	3.2
Novartis	Health Care	Switzerland	3,777	3.2
East Japan Railway	Consumer Services	Japan	3,668	3.1
Panasonic	Consumer Goods	Japan	3,643	3.1
Japan Tobacco	Consumer Goods	Japan	3,538	3.0
Swire Pacific A	Industrials	Hong Kong	3,503	2.9
Mitsubishi	Industrials	Japan	3,405	2.9
Sumitomo Mitsui Financial	Financials	Japan	3,359	2.8
Nomura	Financials	Japan	3,348	2.8
PostNL	Industrials	Netherlands	3,321	2.8
Toyota	Consumer Goods	Japan	3,277	2.8
KDDI	Telecommunications	Japan	3,241	2.7
DBS	Financials	Singapore	3,174	2.7
NTT	Telecommunications	Japan	3,140	2.6
Vodafone	Telecommunications	United Kingdom	3,062	2.6
BG	Oil & Gas	United Kingdom	3,038	2.5
AstraZeneca	Health Care	United Kingdom	2,877	2.4
BP	Oil & Gas	United Kingdom	2,851	2.4
Commerzbank	Financials	Germany	2,847	2.4
Roche *	Health Care	Switzerland	2,833	2.4
BNP Paribas	Financials	France	2,793	2.3
Screen	Technology	Japan	2,740	2.3
Google A & C **	Technology	United States	2,675	2.2
Microsoft	Technology	United States	2,663	2.2
HSBC	Financials	United Kingdom	2,610	2.2
Toshiba	Industrials	Japan	2,564	2.2
Bank Mandiri	Financials	Indonesia	2,527	2.1
PerkinElmer	Industrials	United States	2,524	2.1
Bangkok Bank ***	Financials	Thailand	2,494	2.1
Bayer	Basic Materials	Germany	2,442	2.1
Qualcomm	Technology	United States	2,384	2.0
Terex	Industrials	United States	2,190	1.8
CK Hutchison	Industrials	Hong Kong	2,187	1.8
Royal Dutch Shell A	Oil & Gas	Netherlands	2,156	1.8
ABB	Industrials	Switzerland	2,151	1.8
Whirlpool	Consumer Goods	United States	1,923	1.6
Misawa Homes	Consumer Goods	Japan	1,864	1.6
Galaxy Entertainment	Consumer Services	Hong Kong	1,857	1.6
Edinburgh Partners	Financials – unlisted	United Kingdom	1,450	1.2
Cheung Kong Property	Financials	Hong Kong	1,230	1.0
<b>Total equity investments</b>			<b>111,173</b>	<b>93.3</b>
<b>Cash and other net assets</b>			<b>8,039</b>	<b>6.7</b>
<b>Net assets</b>			<b>119,212</b>	<b>100.0</b>

\* The investment is in non-voting shares.

\*\* The investment has restricted voting rights.

\*\*\* The investment is in non-voting depositary receipts.

The geographical distribution is based on each investment's principal stock exchange listing, except in instances where this would not give a proper indication of where its activities predominate.



## **DIRECTORS' STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES**

The important events that have occurred during the period under review and the key factors influencing the Financial Statements are set out in the Chairman's Statement on pages 2 to 4. The principal factors that could impact the remaining six months of the financial year are also detailed in the Chairman's Statement. Additional risk factors are set out on page 20.

The Directors consider that the principal risks facing the Company are substantially unchanged since the date of the Annual Report for the year ended 31 December 2014. These risks, and the way in which they are managed, continue to be as set out in that report on pages 53 to 56.

Risks faced by the Company include, but are not limited to, investment and strategy risk, discount volatility risk, market risk, liquidity risk, credit risk, interest rate risk, foreign currency risk, gearing risk, regulatory risk, operational risk and financial risk.

## **DIRECTORS' STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors confirm that to the best of their knowledge:

- The condensed set of Financial Statements, prepared in accordance with FRS 104 "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- This Half-Yearly Report includes a fair review of the information required by:
  - (a) 4.2.7R of the Disclosure and Transparency Rules, 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) 4.2.8R of the Disclosure and Transparency Rules, 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.

This Half-Yearly Report was approved by the Board of Directors on 14 August 2015 and the above responsibility statement was signed on its behalf by Teddy Tulloch, Chairman.

## INCOME STATEMENT (UNAUDITED)

for the six months to 30 June 2015

		Six months to 30 June 2015		
	Note	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value through profit or loss	6	–	3,273	3,273
Foreign exchange gains/(losses) on capital items		–	269	269
Income	2	1,910	–	1,910
Management fee		(444)	–	(444)
Other expenses		(183)	–	(183)
<b>Net return before finance costs and taxation</b>		<b>1,283</b>	<b>3,542</b>	<b>4,825</b>
<b>Finance costs</b>				
Interest payable and other charges		–	–	–
<b>Net return before taxation</b>		<b>1,283</b>	<b>3,542</b>	<b>4,825</b>
Taxation	3	(123)	–	(123)
<b>Net return after taxation</b>		<b>1,160</b>	<b>3,542</b>	<b>4,702</b>
		pence	pence	pence
<b>Return per ordinary share</b>	5	<b>2.4</b>	<b>7.3</b>	<b>9.7</b>

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

The total column of this statement is the profit and loss account of the Company. The revenue and capital return columns are prepared in accordance with guidance issued by the Association of Investment Companies ("AIC").

A separate Statement of Total Recognised Gains and Losses has not been prepared as all such gains and losses are included in the Income Statement.

## INCOME STATEMENT (UNAUDITED) – continued

for the six months to 30 June 2015

Six months to 30 June 2014			Year to to 31 December 2014		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(454)	(454)	–	429	429
–	(151)	(151)	–	176	176
1,972	–	1,972	3,227	–	3,227
(398)	–	(398)	(803)	–	(803)
(203)	–	(203)	(393)	–	(393)
1,371	(605)	766	2,031	605	2,636
(35)	–	(35)	(35)	–	(35)
1,336	(605)	731	1,996	605	2,601
(129)	–	(129)	(222)	–	(222)
1,207	(605)	602	1,774	605	2,379
pence	pence	pence	pence	pence	pence
2.5	(1.3)	1.2	3.7	1.3	5.0

## BALANCE SHEET (UNAUDITED)

as at 30 June 2015

	30 June 2015	30 June 2014	31 December 2014
Note	£'000	£'000	£'000
<b>Fixed asset investments</b>			
Investments at fair value through profit or loss	6 <b>111,173</b>	109,286	104,368
<b>Current assets</b>			
Debtors	<b>268</b>	4,712	200
Cash at bank and short-term deposits	<b>7,935</b>	1,482	7,820
	<b>8,203</b>	6,194	8,020
<b>Creditors: amounts falling due within one year</b>			
Creditors	<b>164</b>	323	245
Loans	–	3,710	–
	<b>164</b>	4,033	245
<b>Net current assets</b>	<b>8,039</b>	2,161	7,775
<b>Net assets</b>	<b>119,212</b>	111,447	112,143
<b>Capital and reserves</b>			
Called-up share capital	<b>645</b>	645	645
Share premium	<b>1,286</b>	–	–
Capital redemption reserve	<b>14</b>	14	14
Special reserve	<b>69,982</b>	68,390	67,309
Capital reserve	<b>44,523</b>	39,771	40,981
Revenue reserve	<b>2,762</b>	2,627	3,194
<b>Total Shareholders' funds</b>	<b>119,212</b>	111,447	112,143
<b>Net asset value per ordinary share</b>	7 <b>242.7</b>	232.2	236.0
	pence	pence	pence

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)

for the six months to 30 June 2015

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Six months to 30 June 2015</b>							
At 31 December 2014	645	–	14	67,309	40,981	3,194	112,143
Net return							
after taxation	–	–	–	–	3,542	1,160	4,702
Dividends paid	–	–	–	–	–	(1,592)	(1,592)
Share sales							
from treasury	–	1,286	–	2,673	–	–	3,959
<b>At 30 June 2015</b>	<b>645</b>	<b>1,286</b>	<b>14</b>	<b>69,982</b>	<b>44,523</b>	<b>2,762</b>	<b>119,212</b>
<b>Six months to 30 June 2014</b>							
At 31 December 2013	645	–	14	68,829	40,376	2,716	112,580
Net return							
after taxation	–	–	–	–	(605)	1,207	602
Dividends paid	–	–	–	–	–	(1,296)	(1,296)
Share purchases							
for treasury	–	–	–	(439)	–	–	(439)
At 30 June 2014	645	–	14	68,390	39,771	2,627	111,447
<b>Year ended 31 December 2014</b>							
At 31 December 2013	645	–	14	68,829	40,376	2,716	112,580
Net return							
after taxation	–	–	–	–	605	1,774	2,379
Dividends paid	–	–	–	–	–	(1,296)	(1,296)
Share purchases							
for treasury	–	–	–	(1,520)	–	–	(1,520)
At 31 December 2014	645	–	14	67,309	40,981	3,194	112,143

## CASH FLOW STATEMENT (UNAUDITED)

for the six months to 30 June 2015

	Six months to 30 June 2015	Six months to 30 June 2014	Year to 31 December 2014
Note	£'000	£'000	£'000
<b>Operating activities</b>			
Investment income received	1,886	1,896	3,167
Management fees paid	(504)	(400)	(868)
Administration fees paid	(73)	(61)	(133)
Other expenses paid	(138)	(155)	(271)
Taxation paid	(160)	(154)	(250)
	<u>1,011</u>	<u>1,126</u>	<u>1,645</u>
<b>Net cash inflow from operating activities</b>			
8	<u>1,011</u>	<u>1,126</u>	<u>1,645</u>
<b>Investing activities</b>			
Purchases of investments	(25,449)	(28,903)	(32,275)
Sales of investments	21,917	30,077	43,747
Exchange gains/(losses) on settlement	28	(3)	(42)
	<u>(3,504)</u>	<u>1,171</u>	<u>11,430</u>
<b>Net cash (outflow)/inflow from investing activities</b>			
<b>Net cash (outflow)/inflow before financing activities</b>			
	<u>(2,493)</u>	<u>2,297</u>	<u>13,075</u>
<b>Financing activities</b>			
Shares sold from treasury	3,959	–	–
Shares purchased for treasury	–	(439)	(1,520)
Interest paid	–	(36)	(45)
Equity dividend paid	(1,592)	(1,296)	(1,296)
4	<u>(1,592)</u>	<u>(1,296)</u>	<u>(1,296)</u>
<b>Net cash inflow/(outflow) from financing activities</b>			
	<u>2,367</u>	<u>(1,771)</u>	<u>(2,861)</u>
<b>(Decrease)/increase in cash</b>			
9	<u>(126)</u>	<u>526</u>	<u>10,214</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

for the six months to 30 June 2015

### **1 Accounting policies**

#### **a) Statement of compliance**

The Company's Financial Statements for the six months to 30 June 2015 have been prepared on the basis of the accounting policies set out in the Annual Report and Financial Statements of the Company for the year ended 31 December 2014.

The Company has also adopted FRS 104, which applies to interim periods commencing on or after 1 January 2015. The transition to FRS 104 has had no impact on the previous reported financial position and financial performance.

#### **b) Financial information**

The financial information contained in this report does not constitute full statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months to 30 June 2015 and 30 June 2014 has not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews. The information for the year ended 31 December 2014 has been extracted from the latest published audited Annual Report and Financial Statements, which have been filed with the Registrar of Companies. The report of the Auditor on those Financial Statements contained no qualification or statement under Sections 498(2) or (3) of the Companies Act 2006.

#### **c) Going concern**

The Company has considerable financial resources and as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half-Yearly Report.

#### **d) Segmental reporting**

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in listed companies.

## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2015

<b>2 Income</b>	<b>Six months to 30 June 2015</b>	Six months to 30 June 2014	Year to 31 December 2014
	£'000	£'000	£'000
<b>Income from investments</b>			
UK net dividend income	<b>567</b>	494	859
Overseas dividend income	<b>1,343</b>	1,478	2,368
	<b>1,910</b>	1,972	3,227
<b>Income comprises</b>			
Dividends	<b>1,910</b>	1,972	3,227

### 3 Taxation

The taxation charge for the six months to 30 June 2015 is £123,000 (six months to 30 June 2014: £129,000; year to 31 December 2014: £222,000).

The taxation charge comprises a corporation tax charge for the six months to 30 June 2015 of £nil (six months to 30 June 2014: £nil; year to 31 December 2014: £nil) and irrecoverable withholding tax suffered of £123,000 (six months to 30 June 2014: £129,000; year to 31 December 2014: £222,000).

<b>4 Dividends</b>	<b>Six months to 30 June 2015</b>	Six months to 30 June 2014	Year to 31 December 2014
	£'000	£'000	£'000
<b>Declared and paid</b>			
2014 final dividend of 3.3p per ordinary share paid in May 2015	<b>(1,592)</b>	–	–
2013 final dividend of 2.7p per ordinary share paid in May 2014	–	(1,296)	(1,296)
	<b>(1,592)</b>	(1,296)	(1,296)



## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2015

5 Return per ordinary share	Six months to 30 June 2015		Six months to 30 June 2014		Year to 31 December 2014	
	Net return £'000	Per share pence	Net return £'000	Per share pence	Net return £'000	Per share pence
Revenue return after taxation	<b>1,160</b>	<b>2.4</b>	1,207	2.5	1,774	3.7
Capital return after taxation	<b>3,542</b>	<b>7.3</b>	(605)	(1.3)	605	1.3
Total return	<b>4,702</b>	<b>9.7</b>	602	1.2	2,379	5.0

The returns per share for the six months to 30 June 2015 are based on 48,543,361 shares (six months to 30 June 2014: 48,098,138 shares; year to 31 December 2014: 47,899,423 shares), being the weighted average number of ordinary shares, excluding shares held in treasury, in circulation during the period.

## 6 Investment

	Unlisted £'000	Listed £'000	30 June 2015 Total £'000	30 June 2014 Total £'000	31 December 2014 Total £'000
Opening bookcost	<b>214</b>	<b>97,287</b>	<b>97,501</b>	101,850	101,850
Opening investment holding gains	<b>1,236</b>	<b>5,631</b>	<b>6,867</b>	13,593	13,593
Opening valuation	<b>1,450</b>	<b>102,918</b>	<b>104,368</b>	115,443	115,443
Movements in the period:					
Purchases at cost	–	<b>25,449</b>	<b>25,449</b>	28,871	32,243
Sales – proceeds	–	<b>(21,917)</b>	<b>(21,917)</b>	(34,574)	(43,747)
– realised gains on sales	–	<b>2,327</b>	<b>2,327</b>	6,312	7,155
Increase/(decrease) in investment holding gains	–	<b>946</b>	<b>946</b>	(6,766)	(6,726)
Closing valuation	<b>1,450</b>	<b>109,723</b>	<b>111,173</b>	109,286	104,368
Closing bookcost	<b>214</b>	<b>103,146</b>	<b>103,360</b>	102,459	97,501
Closing investment holding gains	<b>1,236</b>	<b>6,577</b>	<b>7,813</b>	6,827	6,867
Closing valuation	<b>1,450</b>	<b>109,723</b>	<b>111,173</b>	109,286	104,368

The unlisted investment above is 71,294 (30 June 2014: 71,294, 31 December 2014: 71,294) shares in Edinburgh Partners Limited.

## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2015

### 6 Investment – continued

#### Analysis of capital gains and losses

			<b>30 June 2015</b>	30 June 2014	31 December 2014
	<b>Unlisted</b>	<b>Listed</b>	<b>Total</b>	Total	Total
	£'000	£'000	£'000	£'000	£'000
Realised gains on sales	–	<b>2,327</b>	<b>2,327</b>	6,312	7,155
Increase/(decrease) in investment holding gains	–	<b>946</b>	<b>946</b>	(6,766)	(6,726)
Gains/(losses) on investments	–	<b>3,273</b>	<b>3,273</b>	(454)	429

#### Fair value hierarchy

In accordance with FRS 102 and FRS 104, the Company must disclose the fair value hierarchy of financial instruments.

The different levels of the fair value hierarchy are as follows:

- a) Quoted price for an identical asset in an active market.
- b) The price of a recent transaction for an identical asset, as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.
- c) A valuation technique:
  - 1) using observable market data; or
  - 2) using non-observable market data.

All of the Company's financial instruments fall into level a, except its investment in Edinburgh Partners Limited which falls into level c and is fair valued using an unquoted price that is derived from inputs that are not based on observable market data by using recognised valuation methodologies, in accordance with IPEVC Valuation Guidelines. A reconciliation of the fair value movements of level c investments is shown on page 15.

## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2015

### 7 Net asset value per ordinary share and share capital

The net asset value per ordinary share is based on net assets at 30 June 2015 of £119,212,000 (30 June 2014: £111,447,000; 31 December 2014: £112,143,000) and on 49,112,725 ordinary shares (30 June 2014: 48,002,725; 31 December 2014: 47,527,725), being the number of ordinary shares, excluding shares held in treasury, in circulation at the period end. Net asset values calculated include current period revenue.

During the six month period to 30 June 2015, 1,585,000 ordinary shares were issued from treasury for a total consideration of £3,959,000.

No ordinary shares were repurchased for treasury during the six months to 30 June 2015.

As a result of the transactions detailed above, there were 64,509,642 ordinary shares in issue as at 30 June 2015, of which 15,396,917 ordinary shares were held in treasury, resulting in there being 49,112,725 ordinary shares in circulation.

### 8 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	Six months to 30 June 2015 £'000	Six months to 30 June 2014 £'000	Year to 31 December 2014 £'000
Net return before finance costs and taxation	<b>4,825</b>	766	2,636
Net (gains)/losses on capital items	<b>(3,542)</b>	605	(605)
Decrease in creditors	<b>(81)</b>	(15)	(85)
Increase in debtors and accrued income	<b>(68)</b>	(101)	(79)
Taxation	<b>(123)</b>	(129)	(222)
Net cash inflow from operating activities	<b>1,011</b>	1,126	1,645

## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2015

### 9 Reconciliation of net cash flow to movement in net cash/(debt)

	Six months to 30 June 2015 £'000	Six months to 30 June 2014 £'000	Year to 31 December 2014 £'000
(Decrease)/increase in cash	<b>(126)</b>	526	10,214
Realised exchange gains/(losses)	<b>241</b>	(142)	218
	<b>115</b>	384	10,432
Net cash/(debt) at start of period	<b>7,820</b>	(2,612)	(2,612)
Net cash/(debt) at end of period	<b>7,935</b>	(2,228)	7,820

### 10 Post balance sheet events

The following transactions in the Company's ordinary shares have taken place between 30 June 2015 and the date of this report:

A total of 300,000 ordinary shares were issued from treasury raising proceeds of £732,000. As a result, there were 64,509,642 ordinary shares in issue as at the date of this report, of which 15,096,917 were held in treasury, resulting in there being 49,412,725 ordinary shares in circulation.

### 11 Related party transactions

There were no related party transactions during the period. Under the AIC Statement of Recommended Practice issued in November 2014 relating to the Financial Statements of Investment Trust Companies and Venture Capital Trusts, an investment manager is not considered to be a related party of the Company.

## SHAREHOLDER INFORMATION

### Investing in the Company

The Company's ordinary shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker or financial adviser. The ordinary shares are eligible for inclusion in ISAs, Junior ISAs and SIPPs. These are available through Alliance Trust Savings, who also offer the opportunity to invest in the Company through a dealing account. The Company's shares are also available on other share trading platforms.

### Frequency of NAV publication

The Company's NAV is released daily to the London Stock Exchange and published on the Company's website at [www.epgot.com](http://www.epgot.com) and on [Edinburgh Partners' website at www.edinburghpartners.com](http://www.edinburghpartners.com).

### Share price and sources of other information

The Company's ordinary share price is quoted daily in the Financial Times and the Daily Telegraph under "Investment Companies". Previous day closing price, daily NAV and other portfolio information is published on the Company's website at [www.epgot.com](http://www.epgot.com) and on [Edinburgh Partners' website at www.edinburghpartners.com](http://www.edinburghpartners.com). Other useful information on investment trusts, such as prices, NAVs and company announcements, can be found on the websites of the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com), and the AIC at [www.theaic.co.uk](http://www.theaic.co.uk).

### Share register enquiries

The register for the ordinary shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0870 889 4069 or email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk). Changes of name and/or address must be notified in writing to the Registrar, at the address shown on the inside back cover. You can check your shareholding and find practical help on transferring shares or updating your details at [www.investorcentre.co.uk](http://www.investorcentre.co.uk).

### Key dates

Company's year end	31 December
Annual results announced	March
Annual General Meeting	April
Dividend paid	May
Company's half-year end	30 June
Half-yearly results announced	August

### Portfolio updates

The Company releases details of its portfolio on a monthly basis to the London Stock Exchange and these may be viewed on the Company's website at [www.epgot.com](http://www.epgot.com) and on [Edinburgh Partners' website at www.edinburghpartners.com](http://www.edinburghpartners.com).

## SHAREHOLDER INFORMATION – continued

### Risk factors

This document is not a recommendation, offer or invitation to buy, sell or hold shares of the Company. If you wish to deal in the shares of the Company, you may wish to contact an authorised professional investment adviser.

An investment in the Company should be regarded as long term and is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment.

The market value of, and the income derived from, the ordinary shares can fluctuate. The Company's share price may go down as well as up. Past performance is not a guide to future performance. There is no guarantee that the market price of the ordinary shares will fully reflect their underlying NAV. Fluctuations in exchange rates will affect the value of overseas investments (and any income received) held by the Company. Investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be met. The levels of, and reliefs from, taxation may change.

This Half-Yearly Report contains "forward-looking statements" with respect to the Company's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events that are beyond the Company's control. As a result, the Company's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. The Company undertakes no obligation to update the forward-looking statements contained within this Half-Yearly Report or any other forward-looking statements it makes.

The Company is a public company. It is registered in Scotland and its shares are traded on the London Stock Exchange. The Company is not regulated or authorised by the Financial Conduct Authority.

The Directors of the Company, the directors of Edinburgh Partners AIFM Limited and the directors and employees of Edinburgh Partners Limited may (subject to applicable laws and regulations) hold shares in the Company and may buy, sell or offer to deal in the Company's shares from time to time.

## **DIRECTORS AND ADVISERS**

### **Directors**

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David Hough  
David Ross  
Giles Weaver

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*Registered in Scotland No. 259207*

*An investment company as defined under Section 833 of the Companies Act 2006*

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

