

Investment objective

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

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

Further details of the investment trust's Investment Policy and Risk and Investment Limits can be found in the Report of the Directors contained within the investment trust's Annual Financial Report.

Key facts

Ticker	EDIN/LON
Total Assets	£1,436.3m
Ordinary Shares:	
Share Price	610.0p
Capital NAV (debt at par)	619.2p
Cum-Income NAV (debt at par)	626.5p
Capital NAV (debt at fair)	603.8p
Cum-Income NAV (debt at fair)	611.2p
Discount to Cum-Income NAV (debt at par)	2.6%
Discount to Cum-Income NAV (debt at fair)	0.2%
Total Dividend	23.5p
Dividend Yield	3.9%
Gearing ²	17.7%
Ongoing Charges	0.60% (31 July 2014)

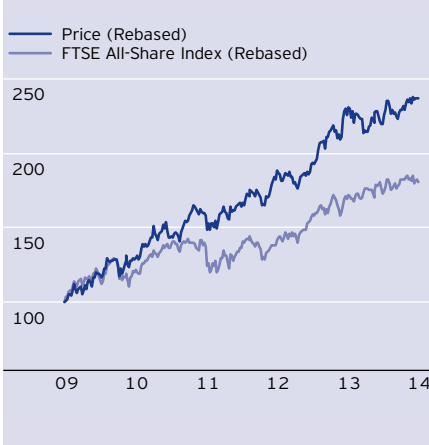
² Gearing reflects the amount of net borrowings invested, ie borrowings less cash and investments in money market funds. It is based on net borrowings as a percentage of shareholders' funds.

The Company may borrow money to provide gearing to the equity portion upto 25% of net assets.

Financial calendar

Year End	31 March
Annual Financial Report published	June
Half-Yearly Financial Report published	November
Interim Management Statements	January and July
Ordinary Share Dividends:	
Final Paid	July
Interims Paid	November, February and May
7.75% Debenture Stock 2022 Interest Paid	31 March and 30 September
Annual General Meeting	18 July 2014

Ordinary share price 5-year performance¹



Industry breakdown

	%
Consumer Goods	21.9
Health Care	19.8
Financials	19.6
Industrials	17.4
Utilities	6.5
Consumer Services	6.2
Telecommunications	5.8
Oil & Gas	2.8

Ordinary share price & NAV cumulative performance¹

	% growth				
	6 months	1 Year	3 Years	5 Years	10 Years
Share Price	7.6	2.8	50.1	136.7	233.5
Net Asset Value	7.6	7.3	48.5	123.3	160.3
FTSE All-Share Index	4.5	5.6	31.7	80.7	131.7

Rolling 12-month NAV performance¹

	% growth				
	30.6.09 30.6.10	30.6.10 30.6.11	30.6.11 30.6.12	30.6.12 30.6.13	30.6.13 30.6.14
Net Asset Value	24.9	27.7	7.7	21.5	15.7

Updated on a quarterly basis.

Standardised rolling 12-month performance

	% growth				
	30.6.09 30.6.10	30.6.10 30.6.11	30.6.11 30.6.12	30.6.12 30.6.13	30.6.13 30.6.14
Ordinary Share Price	31.7	29.1	8.6	20.6	11.4

Updated on a quarterly basis.

Past performance is not a guide to future returns.

Top 10 holdings

	% portfolio
British American Tobacco	5.3
AstraZeneca	5.0
Imperial Tobacco	4.9
Roche - Swiss common stock	4.9
BT Group	4.7
Reynolds American - US common stock	4.3
BAE Systems	4.2
GlaxoSmithKline	4.1
Reckitt Benckiser	3.6
Rolls-Royce	3.0
Total	44.0

Breakdown by portfolio

	% portfolio
FTSE 100	58.3
FTSE 250	21.2
International Equities	13.7
FTSE Small Cap	5.5
Other Small Cap & Inv Companies	1.3
Total	100.0

Ordinary share price performance figures have been calculated using daily closing prices, on a sterling basis to 31 July 2014, except where otherwise stated, with dividends reinvested. Ordinary share NAV performance figures have been calculated using daily NAV, on a sterling basis to 31 July 2014 with dividends reinvested. The NAV used excludes current period revenue and values debt at par. Graph figures are at the end of the relevant month unless otherwise stated. Standardised past performance figures are to 30 June 2014. Source: Morningstar

¹ All performance figures should be viewed in conjunction with the standardised rolling 12-month performance table.

Source: Invesco Perpetual unless otherwise stated.

The Edinburgh Investment Trust plc

As at 31 July 2014

Manager's report

Market and economic review

Year to date the FTSE All Share index remains broadly unchanged, falling by 0.3% in July. Whilst instability across Middle East is attracting ever more international attention, UK stock market volatility has remained low, arguably reflecting the lack of attractively valued alternative asset classes, and pitifully low deposit rates.

Among the key contributors to performance were Capita and Drax Group. In its half year results, Capita announced a 10% increase in interim dividend and some contract wins. Drax's share price, having been hurt by the removal of a government subsidy earlier in the year, bounced on news that the government has been instructed to reconsider its decision. The share price of Glaxo fell on the back of downbeat half year results, which revealed increased competition in the US respiratory market. Nonetheless the company announced a 6% increase in quarterly dividend and the shares currently trade on a net dividend yield of over 5% (Source: Bloomberg).

Portfolio review

Although equity valuations have moved higher over the last year, within the UK company universe there has been a wide divergence of performance both at the company level and at the share price level, such that the fund manager continues to identify pockets of value. Moreover, he sees potential for Mergers and Acquisitions (M&A) activity to accelerate. Year-to-date such activity has been prevalent in the tobacco and healthcare sectors, both sectors which are well represented in the portfolio. With or without the benefit of further M&A activity, long term returns will ultimately be driven by the ability of underlying portfolio companies to grow their earnings and dividends in what remains a competitive landscape. It is precisely such companies, with resilient earnings growth potential, that the fund manager continues to target.

Investment trust history and structure

Invesco Perpetual was appointed to the role of manager and company secretary with effect from 15 September 2008.

The current number of ordinary shares in issue is 195,116,734.

The investment trust is authorised to buy back up to 14.99% of its ordinary shares for cancellation.

The Directors also obtained shareholder approval to authorise the allotment of up to 10% of the Company's issued share capital.

These authorities are renewed yearly to assist in discount control management. The current authorities were approved by shareholders at the 18 July 2014 AGM.

The investment trust has the following prior charges in issue:

- £100 million 7.75% debenture stock 2022

£100 million 364 day credit facility with Bank of New York Mellon

Shares in the investment trust are listed on the London Stock Exchange.

The investment trust is managed by Mark Barnett.

Important information

Issued on behalf of the board of the Edinburgh Investment Trust plc by Invesco Fund Managers Limited.

The value of investments and any income will fluctuate (this may partly be as a result of exchange rate fluctuations) and investors may not get back the full amount invested.

The investment trust may invest in derivatives. This means that the net asset value of the investment trust may, at times, be highly volatile. The use of derivative instruments involves certain risks (including market or communication breakdown, counterparty failure and credit risk) and there is no assurance that the objectives for the use of such instruments will be achieved.

The investment trust may use borrowings to invest in the market. The use of borrowings may enhance total return when the value of the investment trust's assets is rising, but it will have the opposite effect when asset values fall. The use of borrowings may increase the volatility of the share price and the net asset value per share. In certain circumstances, the investment trust may be required to repay borrowings and this could adversely affect income and capital returns.

When making an investment in an investment trust you are buying shares in a company that is listed on a stock exchange. The price of the shares will be determined by supply and demand. Consequently, the share price of an investment trust may be higher or lower than the underlying net asset value of the investments in its portfolio and there can be no certainty that there will be liquidity in the shares.

Where securities are mentioned in this document they do not necessarily represent a specific portfolio holding and do not constitute a recommendation to purchase or sell.

Where Invesco Perpetual has expressed views and opinions, these may change.

Telephone calls may be recorded.

For more information on our products, please refer to the Investment Trust ISA and Savings Scheme Key Features and Terms & Conditions and the latest Annual or Half-Yearly Financial Reports. This information is available using the contact details shown.

Further information

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Invesco Perpetual is a business name of Invesco Fund Managers Limited and Invesco Asset Management Limited
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