

## 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	£1,455.9m
Ordinary Shares:	
Share Price	607.5p
Capital NAV (debt at par)	631.9p
Cum-Income NAV (debt at par)	644.7p
Capital NAV (debt at fair)	614.8p
Cum-Income NAV (debt at fair)	627.7p
Discount to Cum-Income NAV (debt at par)	5.8%
Discount to Cum-Income NAV (debt at fair)	3.2%
Total Dividend	23.5p
Dividend Yield	3.9%
Gearing <sup>2</sup>	15.7%
Ongoing Charges	0.59% (30 September 2014)

<sup>2</sup> Gearing reflects the amount of net borrowings invested, i.e. 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	July

## Ordinary share price 5-year performance<sup>1</sup>



## Industry breakdown

Industry	%
Consumer Goods	22.4
Financials	20.3
Health Care	19.9
Industrials	16.5
Utilities	6.4
Consumer Services	6.3
Telecommunications	5.6
Oil & Gas	2.6

## Ordinary share price & NAV cumulative performance<sup>1</sup>

	% growth				
	6 months	1 Year	3 Years	5 Years	10 Years
Share Price	4.6	5.4	53.7	117.1	205.0
Net Asset Value	4.2	11.8	59.8	104.2	155.9
FTSE All-Share Index	1.2	6.1	47.9	59.1	120.2

## Rolling 12-month NAV performance<sup>1</sup>

	% growth				
	30.9.09 30.9.10	30.9.10 30.9.11	30.9.11 30.9.12	30.9.12 30.9.13	30.9.13 30.9.14
Net Asset Value	15.8	10.4	17.0	22.1	11.8

Updated on a quarterly basis.

## Standardised rolling 12-month performance

	% growth				
	30.9.09 30.9.10	30.9.10 30.9.11	30.9.11 30.9.12	30.9.12 30.9.13	30.9.13 30.9.14
Ordinary Share Price	24.8	13.2	20.6	20.9	5.4

Updated on a quarterly basis.  
Past performance is not a guide to future returns.

## Top 10 holdings

Company	% portfolio
British American Tobacco	5.1
Roche - Swiss common stock	5.1
AstraZeneca	5.0
Imperial Tobacco	4.8
Reynolds American - US common stock	4.7
BT Group	4.6
BAE Systems	4.4
GlaxoSmithKline	3.4
Reckitt Benckiser	3.3
Altria - US common stock	2.9
<b>Total</b>	<b>43.3</b>

## Breakdown by portfolio

Portfolio	% portfolio
FTSE 100	56.9
FTSE 250	20.8
International Equities	14.7
FTSE Small Cap	6.9
Cash/Cash Equivalent	0.6
Other Small Cap & Inv Companies	0.1
<b>Total</b>	<b>100.0</b>

Ordinary share price performance figures have been calculated using daily closing prices, on a sterling basis to 30 September 2014, except where otherwise stated, with dividends reinvested. Ordinary share NAV performance figures have been calculated using daily NAV, on a sterling basis to 30 September 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 September 2014. Source: Morningstar

<sup>1</sup> 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 30 September 2014

### Manager's report

#### Market and economic review

With the Scottish independence vote now behind us, UK investors appear to be focusing on other areas of potential concern, not least a rising UK government budget deficit, a weakening European economy, uncertainty surrounding a potential change of government next year, not to mention geopolitical issues in the Middle East. During September, the FTSE All-Share index fell back 2.8% (£), the second biggest monthly fall this year and leaving the index broadly flat year-to-date. Altria Group, the US tobacco holding company that owns a stake in SABMiller, saw its share price rise by over 10%, when the latter became the subject of takeover speculation, and on dollar strength. BAE Systems' share price also gained reflecting rising global geopolitical uncertainty. Detractors to performance included BP which saw its share price fall after a legal set-back relating to its Macondo oil spill liabilities and Glaxo SmithKline whose share price retreated in the absence of positive news-flow.

#### Portfolio review

In the absence of a sharp increase in company profits and dividend growth, we see the broader market as being fairly valued in absolute terms. That said, relative to cash and bonds, we believe, UK equities continue to offer attractive value. Our focus remains on what we perceive as quality companies with disciplined management, high barriers to entry and strong profit growth visibility. Year to date, dividend growth for many of the companies held in our portfolio has been encouraging, and ultimately over the long term, it is growth in cash-flow and dividends which will drive equity performance. We expect the global competitive environment to remain tough over the next few years, principally as a result of low levels of economic growth and therefore revenue growth. Higher quality companies should be able to translate this more modest revenue into good profit growth through improving efficiency.

### Investment trust history and structure

The Company has recently appointed Invesco Fund Managers Limited ('the Manager') as its Alternative Investment Fund Manager. The Manager is an associated company of Invesco Asset Management Limited ('IAML'), the Company's previous investment manager, which will continue to act as portfolio manager under delegated authority from the Manager and as company secretary and administrator. No changes are proposed to the way the Company's assets are invested as a result of the implementation of Alternative Investment Fund Managers Directive.

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

#### Broker Services

Telephone 0800 028 2121  
adviserenquiry@invescopetual.co.uk

#### Investor Services

Telephone 0800 085 8677  
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[www.invescopetual.co.uk/investmenttrusts](http://www.invescopetual.co.uk/investmenttrusts)

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