

City Merchants High Yield Trust Limited

Half-Yearly Financial Report for the Six Months to 30 June 2013

KEY FACTS

City Merchants High Yield Trust Limited is a Jersey incorporated investment company listed on the London Stock Exchange. The Company was incorporated on 19 December 2011 and commenced trading on 2 April 2012 following the scheme of reconstruction and voluntary winding up of City Merchants High Yield Trust plc (CMHYT plc) on 30 March 2012, as detailed in the prospectus dated 23 February 2012.

Objective of the Company

The Company's investment objective is to seek to obtain both high income and capital growth from investment, predominantly in high-yielding fixed-interest securities.

The Company seeks to provide a high level of dividend income relative to prevailing interest rates through investment in fixed-interest securities, various equity-like securities within fixed-income markets and equity-linked securities such as convertible bonds and in direct equities that have a high income yield. It also seeks to enhance total returns through capital appreciation generated by investments which have equity-related characteristics.

Share Capital and Structure

As at 30 June 2013, the Company's stated share capital consisted of 72,786,327 ordinary shares of no par value.

Gearing is provided by a one-year multicurrency revolving credit facility of £20 million. At 30 June 2013, the Company was not geared.

Performance Statistics

The performance statistics for the year to 31 December 2012 combine the performance of CMHYT plc from 1 January to 30 March 2012 which is unaudited and the performance of this (its successor) company, from then until 31 December 2012.

	FOR SIX MONTHS TO 30 JUN 2013	FOR YEAR TO 31 DEC 2012
Total Return		
Total Return NAV % in period	5.4%	24.5%
FTSE All-Share Index*	8.5%	12.3%
FTSE Government Securities – All Stocks Index*	-3.1%	2.7%
Capital Return		
Net asset value per share	2.5%	17.7%
FTSE All-Share Index*	6.3%	8.2%
FTSE Government Securities – All Stocks Index*	-4.8%	-0.9%
Movement in mid-market price per share	-0.9%	11.9%
Dividend for the period	5p	10p

* Source: Thomson Reuters Datastream.

Period End Information

	AT 30 JUN 2013	AT 31 DEC 2012	% CHANGE
Net asset value per share	175.60p	171.29p	+2.5
Mid-market price per share	163.00p	164.50p	-0.9
Discount per share	7.2%	4.0%	
Gearing			
Gross gearing	nil	nil	
Net cash	3.6%	4.1%	

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

Chairman's Statement

I am pleased to report that the Company has continued to operate satisfactorily through the first half of 2013.

In the six months to 30 June 2013, the total NAV return was +5.4% which compares favourably with the average return of -0.35% from the funds in the Investment Management Association Sterling Strategic Bond sector.

The Manager's Investment Report, which follows, provides some background on how this was achieved and how the portfolio is positioned.

I commented in the last annual report on the level of discount between the Company's share price and the NAV. The volatility in the market has continued and this has caused the discount to reach disappointing levels at times. The Board continues to keep the discount under review.

The Company continues to produce an attractive level of income for shareholders and the first and second quarterly interim dividends for this year, each of 2.5p, are in line with our target of matching last year's total dividends of 10p.

The Board believes the portfolio remains well-positioned to continue to provide opportunities for modest growth while producing an attractive level of income for shareholders.

Clive Nicholson

Chairman

20 August 2013

Manager's Investment Report

Market Background

The first half of 2013 has been positive for high yield bonds, although returns have been more modest than in 2012 and have been driven by income more than capital return. An environment of low core government and investment grade yields has continued to drive demand for the asset class and extended its strong recent performance relative to the wider bond market. However, high yield has not been immune to the influence of higher core yields as markets have adapted to changing expectations for US monetary policy. Returns towards the end of this period were relatively weak and the market was negatively affected by an increase in investor risk-aversion.

In public comments in May and June, Federal Reserve (Fed) Chairman Bernanke indicated that the Fed is considering when to begin tapering its level of asset purchases (quantitative easing (QE)). If the economy performs in line with the Fed's forecasts, the answer could be "later this year". Any process to end QE would be gradual and open to reassessment, and the Fed interest rate is set to remain at its current low level for several quarters. However, the market has taken this guidance as a hawkish change and Treasury, Gilt and Bund yields have all moved significantly higher from near-record low levels reached in early May. Economic data over recent weeks has been analysed in the context of whether it exceeds or falls short of Fed expectations. US economic indicators have been broadly positive. Non-farm payrolls rose by 195,000 in June, with the data for some earlier months being revised higher. Due to an increase in entrants to the workforce, the unemployment rate remains at 7.6%, unchanged from March, but it is expected to fall in coming months. The Fed has suggested that an unemployment rate of 7% could prompt the end of QE.

With the focus on the Fed, the markets paid relatively little attention to the Bank of England (BoE) and the European Central Bank's (ECB) recent meetings. But both have taken a step towards offering forward guidance on interest rates, with the ECB expecting no rises for "an extended period" and the BoE saying that recent market rate rises were "not warranted by . . . the domestic economy". Economic indicators for Europe continue to predict only modest, if not negative, growth.

According to data from Merrill Lynch, the total return for European high yield bonds in the first half of 2013 was 7.2% (in sterling terms). Part of this rise reflects sterling weakness relative to the euro. In local currency terms, the return was 2.2%. The aggregate yield for the sector rose 19bps to 5.96%. By comparison, sterling investment grade bonds returned -1.2% and Gilts returned -3.3%. Within investment grade, financials outperformed, returning -0.2% compared to -1.8% for non-financials. Sterling Tier 1 subordinated bank debt had a positive return of 2.3%.

Appetite for high yield credit risk has been bolstered by an ongoing low level of defaults. According to Moody's, the trailing 12-month default rate for European speculative grade bonds was 3.4% at the end of the second quarter, down from 3.6% at the same point in 2012. Partly this low rate reflects the relatively easy terms on which corporations have been able to finance themselves or refinance existing debt. Issuance has been high, with Barclays estimating a total of £40.2 billion in European high yield across currencies in the first half of 2013, up 64% on the same point last year. Unlike the investment grade market, there has been only a low level of redemptions offsetting this supply.

Portfolio Strategy

The NAV of the Company ended June 2013 at 175.60p, up from 171.29p at the close of 2012. The Company paid a total dividend of 5p over the period. The total return NAV % for the period was +5.4%.

The main themes of the portfolio have remained in place over this period. The portfolio is positioned relatively defensively. The Company's cash position is 3.6% and the borrowing facility is currently undrawn. The portfolio has only a small exposure to the lower credit quality categories, with less than 3% in CCC+ and CCC. We hold a core of high yield corporate bonds which is dominated by seasoned issuers that we believe are default-remote. A little over 20% of the portfolio is invested in banks, predominantly the subordinated debt of large, systemically important European and US names. The prices of many of these bonds have risen significantly over the last year but we believe that this is largely justified by the fall in risk as banks have bolstered their capital structures and the banking system has received further support. We think they still offer value. We feel that subordination risk is also being relatively well-rewarded in other sectors. We hold approximately 20% of the portfolio in hybrid instruments, diversified across insurance, telecom, utilities and resources names. Many of these instruments are issued by investment grade names. We also hold 10% of the portfolio in convertible bonds. We think these offer attractive income as well as giving the portfolio some sensitivity to the equity market.

Outlook

Our view coming into this year was that the high yield bond market was relatively fully-valued, following the strong market rally of 2011-12. Notwithstanding the recent weakness we have seen in the market, we consider that valuations remain high. Some new issues in recent months have come to the market with very low coupons by historic standards. There is also evidence of higher leverage amongst issuers and of a greater proportion of issuance being for purposes that are not supportive of creditors, such as dividend payments and corporate transactions. However, the ongoing low level of default reflects the market's relatively robust corporate fundamentals. We may see attractive buying opportunities if the market suffers further volatility.

As is clear from central bank guidance, interest rates are unlikely to rise significantly for several quarters to come. This puts a continuing premium on the levels of income that high yield bonds, and portfolios like ours, can produce.

Invesco Asset Management Limited

Manager

Paul Read Paul Causer

Portfolio Managers

20 August 2013

Related Parties and Transactions with the Manager

Invesco Asset Management Limited (IAML), a wholly-owned subsidiary of Invesco Limited, acts as Manager to the Company. Details of IAML's services and fee arrangements are disclosed in the 2012 annual financial report, which is available on the Manager's website at www.invescooperpetual.co.uk/investmenttrusts.

Principal Risks and Uncertainties

The principal risk factors relating to the Company can be summarised as follows:

- Investment Objective – the success of the Company depends on the Investment Manager's ability to achieve the Company's investment objective. There is no guarantee that the Company's investment objective will be achieved or will provide the returns sought by the Company.
- Market Risk – global markets have been experiencing volatility, disruption and instability. Material changes affecting global capital markets may have a negative effect on the Company's business, financial condition and results of operations.
- Investment Risk – the poor performance of any individual portfolio investment has a negative effect on the value of the portfolio and consequently the Net Asset Value (NAV) per share.
- High-Yield Fixed-Interest Securities – these are subject to credit, interest rate, liquidity and duration risks, and the majority of the portfolio consists of non-investment grade securities.

- Foreign Exchange Risk – the movement of exchange rates may have unfavourable or favourable impact on returns as the majority of the assets are non-sterling.
- Gearing – performance maybe geared by means of a bank credit facility. Whilst gearing will be used with the aim of enhancing returns on the portfolio when the value of the Company's assets is rising, it will have the opposite effect when the value is falling. There is no guarantee that any credit facility would be renewable at maturity on terms acceptable to the Company.
- Derivatives – the Company may enter into derivative transactions for efficient portfolio management. Derivative instruments can be highly volatile and expose investors to a high risk of loss.
- Dividends – the ability of the Company to pay dividends quarterly is dependent on the level and timing of receipt of income on its investments.
- Regulatory and Tax Related – whilst compliance with rules and regulations is closely monitored, breaches could affect returns to shareholders. Changes to regulation or to the Company's tax status or tax treatment might adversely affect the Company.
- Resources: Reliance on Third Party Providers – failure by any service provider to carry out its obligations in accordance with the terms of its appointment could have a materially detrimental impact on the effective operation of the Company and on the ability of the Company to pursue its investment policy successfully.
- Ordinary Shares – the shares may trade at a discount to NAV and shareholders may be unable to realise their investments through the secondary market at NAV. The existence of a liquid market in the shares cannot be guaranteed.

In the view of the Board, these principal risks and uncertainties are applicable to the remaining six months of the financial period as they were to the period under review.

Going Concern

The financial statements are prepared on a going concern basis. The Directors consider that going concern is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors have taken into account the Company's investment objective, its risk management policies, the diversified nature of its investment portfolio, the borrowing facility which can be used to meet short-term funding requirements, the liquidity of most of its investments which could be used to repay any borrowings in the event that the facility could not be renewed or replaced and the ability of the Company to meet all of its liabilities and ongoing expenses.

BOND RATING ANALYSIS

Standard and Poor's Ratings, investments grade is BBB- and above

The definitions of these ratings are set out on page 18 of the 2012 annual financial report.

RATING	30 JUN 2013		31 DEC 2012	
	% OF CUMULATIVE PORTFOLIO	TOTAL %	% OF CUMULATIVE PORTFOLIO	TOTAL %
Investment Grade:				
A-	1.9	1.9	3.0	3.0
BBB+	5.7	7.6	3.9	6.9
BBB	8.0	15.6	7.7	14.6
BBB-	8.0	23.6	9.3	23.9
Non-investment Grade:				
BB+	9.3	32.9	5.7	29.6
BB	9.5	42.4	12.7	42.3
BB-	6.4	48.8	10.5	52.8
B+	10.3	59.1	11.4	64.2
B	7.6	66.7	4.0	68.2
B-	3.5	70.2	3.3	71.5
CCC+	1.5	71.7	1.5	73.0
CCC	1.0	72.7	0.8	73.8
NR (including equity and warrant)	27.3	100.0	26.2	100.0
	100.0		100.0	

THIRTY LARGEST INVESTMENTS AT 30 JUNE 2013

ISSUER/ISSUE	MOODY/S&P RATING	SECTOR	COUNTRY OF INCORPORATION	MARKET VALUE £'000	% OF PORTFOLIO	ISSUER/ISSUE	MOODY/S&P RATING	SECTOR	COUNTRY OF INCORPORATION	MARKET VALUE £'000	% OF PORTFOLIO
LBG Capital		Financials	UK			Barclays		Financials	UK		
7.975% 15 Sep 2024	B1/BB			3,777		9.25% Perpetual	Ba1/BBB			1,061	
6.385% 12 May 2020	Ba3/BB+			1,267		6.625% 30 Mar 2022	Baa3/BBB+			960	
9% 15 Dec 2019	Ba3/BB+			1,075						2,021	1.66
6.439% 23 May 2020	B1/BB			847							
16.125% 10 Dec 2024	Ba3/BB+			142		Citigroup		Financials	USA		
				7,108	5.84	6.829% FRN 28 Jun 2067	Ba2/BB			1,937	
						US common stock	Equity			63	
										2,000	1.64
General Motors		Consumer Goods	USA			Enterprise Inns		Consumer Goods	UK		
Wts 10 Jul 2019	Equity			4,910		6.5% 06 Dec 2018 (SNR)	NR/BB-			1,954	1.61
Wts 10 Jul 2016	Equity			492		Santos Finance		Oil and Gas	Australia		
				5,402	4.44	8.25% FRN 22 Sep 2070	NR/BBB			1,946	1.60
						Obrascon Huarte Lain		Industrials	Spain		
Aviva		Financials	UK			8.75% 15 Mar 2018	Ba2/NR			1,838	1.51
6.125% Perpetual	Baa1/BBB			3,453		Origin Energy		Oil and Gas	Australia		
8.875% Preference	NR/NR			1,300		7.875% 16 Jun 2071	Ba1/BB+			1,767	1.45
				4,753	3.91	RWE		Utilities	Germany		
Société Générale		Financials	France			4.625% FRN Perpetual	Baa3/BBB-			1,748	1.44
8.875% FRN Perpetual	Ba2/BBB-			4,159	3.42	Equiniti Newco 2		Support Services	UK		
Premier Farnell		Industrials	UK			7.125% 15 Dec 2018	B3/NR			1,154	
89.2p Convertible Preference	NR/NR			4,011	3.30	FRN 15 Dec 2018	B3/NR			550	
										1,704	1.40
Intesa Sanpaolo		Financials	Italy			Iron Mountain		Support Services	USA		
8.375% FRN Perpetual	Ba2/BB+			2,778	2.28	6.75% 15 Oct 2018	B1/B+			1,520	1.25
Abengoa		Industrials	Spain			AXA		Financials	France		
6.25% Cnv 17 Jan 2019	NR/NR			862		5.25% FRN 16 Apr 2040	A3/BBB			873	
8.5% 31 Mar 2016	B2/B			849		6.379% FRN Perpetual	Baa1/BBB-			640	
6.875% Cnv 24 Jul 2014	NR/NR			598						1,513	1.24
4.5% Cnv 03 Feb 2017	NR/NR			309		Standard Life		Financials	UK		
				2,618	2.15	6.75% Perpetual	A3/A-			1,057	
Credit Agricole		Financials	France			5.5% 04 Dec 2042	Baa2/BBB			347	
7.589% FRN Perpetual	Ba2/BBB-			2,066						1,404	1.15
8.125% FRN Perpetual	Ba2/BBB-			505		Campofrio Food		Consumer Goods	Spain		
				2,571	2.11	8.25% 31 Oct 2016	B1/B+			1,344	1.10
Unitymedia Kabel		Consumer Services	Germany			UniCredit International Bank		Financials	Luxembourg		
9.625% 01 Dec 2019	B3/B-			1,879		8.125% FRN Perpetual	Ba2/BB+			865	
5.625% 15 Apr 2023	Ba3/B+			659		8.5925% FRN Perpetual	Ba2/BB+			476	
				2,538	2.09					1,341	1.10
Balfour Beatty		Industrials	UK			Wind Acquisition Finance		Consumer Services	Luxembourg		
10.75p Convertible Preference	NR/NR			2,139	1.76	7.375% 15 Feb 2018	Ba3/BB-			668	
Catlin Insurance		Financials	USA			11.75% 15 Jul 2017	B3/B			666	
7.249% FRN Perpetual	NR/BBB+			2,118	1.74					1,334	1.10
CEMEX		Consumer Goods	Mexico			US Treasury		Government	USA		
4.875% Cnv 15 Mar 2015	NR/NR			1,508		0% 01 Aug 2013	NR/NR			1,315	1.08
9.25% 12 May 2020	NR/B		Spain	599		Suez Environnement		Utilities	France		
				2,107	1.73	4.82% FRN Perpetual	Baa2/NR			1,311	1.08
REA Finance		Consumer Goods	Netherlands							72,490	59.57
9.5% 31 Dec 2017	NR/NR			2,080	1.71					49,195	40.43
SSE		Utilities	UK								
5.453% Perpetual	Baa2/BBB			2,048	1.68						
						Total investments				121,685	100.00

CONDENSED STATEMENT OF CHANGES IN EQUITY

Trading commenced on 2 April 2012

	STATED CAPITAL £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
FOR THE SIX MONTHS ENDED 30 JUNE 2013				
At 31 December 2012	113,410	9,336	1,929	124,675
Total comprehensive income for the period	—	2,970	3,807	6,777
Dividends paid – note 4	—	—	(3,640)	(3,640)
At 30 June 2013	113,410	12,306	2,096	127,812
FOR THE PERIOD 19 DECEMBER 2011 TO 30 JUNE 2012				
At 19 December 2011	—	—	—	—
Issue of new shares	113,930	—	—	113,930
Issue costs	(520)	—	—	(520)
Total comprehensive income for the period	—	(4,868)	2,073	(2,795)
At 30 June 2012	113,410	(4,868)	2,073	110,615
FOR THE PERIOD 19 DECEMBER 2011 TO 31 DECEMBER 2012				
At 19 December 2011	—	—	—	—
Issue of new shares	113,930	—	—	113,930
Issue costs	(520)	—	—	(520)
Total comprehensive income for the period	—	9,336	5,640	14,976
Dividends paid – note 4	—	—	(3,711)	(3,711)
At 31 December 2012	113,410	9,336	1,929	124,675

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Trading commenced on 2 April 2012

	FOR THE SIX MONTHS TO 30 JUN 2013			FOR THE PERIOD 19 DEC 2011 TO 30 JUN 2012			FOR THE PERIOD 19 DEC 2011 TO 31 DEC 2012	
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000	TOTAL £'000	TOTAL £'000
Profit/(loss) on investments at fair value	—	5,034	5,034	—	(6,069)	(6,069)		8,370
Exchange differences	—	(51)	(51)	—	5	5		123
(Loss)/profit on derivative financial instruments – currency hedges	—	(1,835)	(1,835)	—	1,274	1,274		1,088
Income								
UK dividends	301	—	301	291	—	291		453
UK investment income – interest	1,508	—	1,508	767	—	767		2,286
Overseas investment income – interest	2,525	—	2,525	1,255	—	1,255		3,669
Overseas dividends	4	—	4	—	—	—		2
Deposit interest	1	—	1	4	—	4		12
	4,339	3,148	7,487	2,317	(4,790)	(2,473)		16,003
Investment management fee – note 2	(312)	(168)	(480)	(138)	(75)	(213)		(666)
Other expenses	(172)	(1)	(173)	(97)	(1)	(98)		(286)
Profit/(loss) before finance costs and taxation	3,855	2,979	6,834	2,082	(4,866)	(2,784)		15,051
Finance costs	(16)	(9)	(25)	(5)	(2)	(7)		(33)
Profit/(loss) before tax	3,839	2,970	6,809	2,077	(4,868)	(2,791)		15,018
Taxation	(32)	—	(32)	(4)	—	(4)		(42)
Profit/(loss) after tax	3,807	2,970	6,777	2,073	(4,868)	(2,795)		14,976
Return per ordinary share – note 5	5.2p	4.1p	9.3p	2.9p	(6.7)p	(3.8)p		20.6p

The total column of this statement represents the Company's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards. The supplementary revenue and capital columns are presented for information 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 and the Company has no other gains or losses. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered in Jersey No. 109714

	AT 30 JUN 2013 £'000	AT 30 JUN 2012 £'000	AT 31 DEC 2012 £'000
Non-current assets			
Investments held at fair value through profit or loss	121,685	102,934	117,527
Current assets			
Other receivables	2,292	2,442	2,407
Amounts due from brokers	—	32	—
Cash and cash equivalents	4,625	5,612	5,094
	6,917	8,086	7,501
Total assets	128,602	111,020	125,028
Current liabilities			
Other payables	(329)	(346)	(343)
Amount due to brokers	(300)	—	—
Derivative financial instruments – unrealised loss on forward currency contract	(161)	(59)	(10)
	(790)	(405)	(353)
Net assets	127,812	110,615	124,675
Capital and reserves			
Stated capital – note 7	113,410	113,410	113,410
Capital reserve	12,306	(4,868)	9,336
Revenue reserve	2,096	2,073	1,929
Shareholders' funds	127,812	110,615	124,675
Net asset value per ordinary share – note 6	175.60p	151.97p	171.29p

CONDENSED STATEMENT OF CASH FLOW

Trading commenced on 2 April 2012

	SIX MONTHS TO 30 JUN 2013 £'000	19 DEC 2011 TO 30 JUN 2012 £'000	19 DEC 2011 TO 31 DEC 2012 £'000
Cash flow from operating activities			
Profit/(loss) before tax	6,809	(2,791)	15,018
Taxation	(32)	(4)	(42)
Adjustment for:			
Purchases of investments	(21,302)	(4,768)	(18,171)
Sales of investments	22,478	5,261	18,542
	1,176	493	371
(Profit)/losses on investments	(5,034)	6,069	(8,370)
Exchange differences	51	(5)	(123)
Loss on derivative financial instruments – currency hedges	151	59	10
Finance costs	25	7	33
Operating cash flows before movements in working capital	3,146	3,828	6,897
Decrease in receivables	115	381	416
(Decrease)/increase in payables	(14)	263	336
Net cash flows from operating activities before and after tax	3,247	4,472	7,649
Cash flow from financing activities			
Costs paid in formation of new company	—	(444)	(520)
Cash and assets received from City Merchants High Yield Trust plc	—	1,579	1,579
Finance costs paid	(25)	—	(26)
Equity dividends paid – note 4	(3,640)	—	(3,711)
Net cash flows from financing activities	(3,665)	1,135	(2,678)
Net (decrease)/increase in cash and cash equivalents	(418)	5,607	4,971
Exchange difference	(51)	5	123
Cash and cash equivalents at the beginning of the period	5,094	—	—
Cash and cash equivalents at the end of the period	4,625	5,612	5,094

NOTES TO THE INTERIM FINANCIAL RESULTS

1. Basis of Preparation

(a) Accounting Standards Applied

The condensed financial statements have been prepared using the same accounting policies as those adopted in the 2012 annual financial report. They have been prepared on an historical cost basis, except for the measurements at fair value of investments and derivatives, and in accordance with the applicable International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee as adopted by the European Union.

Where presentational guidance set out in the Statement of Recommended Practice (SORP): Financial Statements of Investment Trust Companies and Venture Capital Trusts' is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Financial Results Basis

The financial results on pages 3 and 4 of this half-yearly financial report are the financial results of the successor Jersey company only, including all related income, expense and cash flows. Income, expenses and cash flows of the predecessor company, City Merchants High Yield Trust plc, are not included in the results for the periods 19 December 2011 to 30 June 2012 and 19 December 2011 to 31 December 2012.

2. Management Fees

Investment management fees and finance costs are allocated 35% to capital and 65% to revenue. The management fee is payable quarterly in arrears and is equal to 0.1875% of the value of the Company's total assets under management less current liabilities at the end of each relevant quarter, plus a fixed amount of £22,500 per annum.

3. Taxation

The Company is subject to Jersey income tax at the rate of 0% (2012: 0%). The overseas tax charge consists of irrecoverable withholding tax.

4. Dividends Paid

	SIX MONTHS TO 30 JUN 2013		FOR THE PERIOD 19 DEC 2011 TO 30 JUN 2012		FOR THE PERIOD 19 DEC 2011 TO 31 DEC 2012	
	PENCE	£'000	PENCE	£'000	PENCE	£'000
Interim in respect of previous period	2.5	1,820	n/a	n/a	n/a	n/a
First interim	2.5	1,820	—	—	2.6	1,891
Second interim	—	—	—	—	2.5	1,820
	5.0	3,640	—	—	5.1	3,711
Special dividend paid by City Merchants High Yield Trust plc	—	—	2.4	1,747	2.4	1,747
	5.0	3,640	2.4	1,747	7.5	5,458

A second interim dividend of 2.5p (2012: 2.5p) has been declared and will be paid 23 August 2013 to ordinary shareholders on the register on 26 July 2013.

5. Basis of Returns

	SIX MONTHS TO 30 JUN 2013	FOR THE PERIOD 19 DEC 2011 TO 30 JUN 2012	FOR THE PERIOD 19 DEC 2011 TO 31 DEC 2012
Profit/(loss) after tax:			
Revenue	£3,807,000	£2,073,000	£5,640,000
Capital	£2,970,000	(£4,868,000)	£9,336,000
Total	£6,777,000	(£2,795,000)	£14,976,000
Number of shares in issue during the period	72,786,327	72,786,327	72,786,327

6. Basis of Net Asset Value per Ordinary Share

	AT 30 JUN 2013	AT 30 JUN 2012	AT 31 DEC 2012
Shareholders' funds	£127,812,000	£110,615,000	£124,675,000
Number of shares in issue at the period end	72,786,327	72,786,327	72,786,327

7. Stated Capital

	AT 30 JUN 2013	AT 30 JUN 2012	AT 31 DEC 2012
Stated capital	£113,410,000	£113,410,000	£113,410,000
Allotted ordinary shares of no par value	72,786,327	72,786,327	72,786,327

8. Status of Half-yearly Financial Report

The financial information contained in this half-yearly report, which has not been reviewed or audited, does not constitute statutory accounts as defined in Article 104 of Companies (Jersey) Law 1991. The financial information for the period 19 December 2011 to 30 June 2012 and the half year ended 30 June 2013 have not been audited. The figures and financial information for the period 19 December 2011 to 31 December 2012 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year.

By order of the Board
Invesco Asset Management Limited
Company Secretary

20 August 2013

DIRECTORS' RESPONSIBILITY STATEMENT

in respect of the preparation of the half-yearly financial report.

The Directors are responsible for preparing the financial report, using accounting policies consistent with applicable law and International Financial Reporting Standards.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report have been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting';
- the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the FCA's Disclosure and Transparency Rules; and
- the interim management report includes a fair review of the information required on related party transactions.

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

Signed on behalf of the Board of Directors.

Clive Nicholson
Chairman

20 August 2013

DIRECTORS AND ADVISERS

Directors

Clive A. H. Nicholson (Chairman)
Philip Taylor (Audit Committee Chairman)
Philip Austin
John Boothman
Winifred Robbins

Investment Manager

Invesco Asset Management Limited
30 Finsbury Square
London EC2A 1AG
☎ 020 7065 4000

Manager's Website

Information relating to the Company can be found on the Manager's website, at www.invescoassetmanagement.co.uk/investmenttrusts.

The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated into, nor do they form part of, this interim report.

Company Secretary, Administrator and Registered Office

R&H Fund Services (Jersey) Limited
P.O. Box 83
Ordnance House
31 Pier Road
St. Helier
Jersey JE4 8PW
Company Secretarial Contact: Hilary Jones
☎ 01534 825323
Registered in Jersey No: 109714

Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team available from 8.30am to 6pm, Monday to Friday (excluding bank holidays) on:
☎ 0800 085 8677
🌐 www.invescoassetmanagement.co.uk/investmenttrusts

Savings Scheme and ISA Administrators

For both the Invesco Perpetual Investment Trust Savings Scheme and ISA, contact:
Invesco Perpetual
P.O. Box 11150
Chelmsford
CM99 2DL
☎ 0800 085 8677

Registrar

Capita Registrars (Jersey) Limited
12 Castle Street
St Helier
Jersey JE2 3RT

Shareholders who hold shares direct and not through a savings scheme or ISA and have queries relating to their shareholding should contact the registrar on:

☎ 0871 664 0300 (from outside the UK +44 20 8639 3399)

Calls cost 10p per minute plus network extras. Lines are open Monday to Friday 9.00am to 5.30pm (excluding bank holidays).

Shareholders can also access their holding details via Capita's websites
🌐 www.capitaregistrars.com or 🌐 www.capitashareportal.com

The registrar provides an online and telephone share dealing service for existing shareholders who are not seeking advice on buying or selling. This service is available at:

☎ 0871 664 0364 (from outside the UK +44 20 3367 2691)

🌐 www.capitadeal.com

Calls cost up to 10p per minute plus network extras. Lines are open Monday to Friday 8am to 4.30pm (excluding bank holidays).

Dividend Re-Investment Plan

Capita Registrars manage a Dividend Re-Investment Plan for the Company. Shareholders wishing to re-invest their dividends should contact the registrar at the above address.

Corporate Broker

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA



Invesco Asset Management Limited
30 Finsbury Square
London EC2A 1AG
☎ 020 7065 4000

Invesco Asset Management Limited is a wholly owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Conduct Authority

Invesco Perpetual is a business name of Invesco Asset Management Limited