Invesco Perpetual Select Trust plc

Half-Yearly Financial Report

Six Months Ended 30 November 2015

The Company in Brief

Nature of the Company

Invesco Perpetual Select Trust plc (the 'Company') is a public listed Investment Company which is intended as a long-term investment vehicle for investors and has an indefinite life.

The Company provides shareholders with a choice of investment policies and objectives, each intended to generate attractive risk-adjusted returns from segregated portfolios.

The Company's share capital comprises the following four classes of Shares each of which has its own separate Portfolio of assets and liabilities:

• UK Equity	www.invescoperpetual.co.uk/selectuk
• Global Equity Income	www.invescoperpetual.co.uk/selectglobal
• Balanced Risk	www.invescoperpetual.co.uk/selectbr
• Managed Liquidity	www.invescoperpetual.co.uk/selectml

Investment Policy

The Company's Investment Policy, which includes the investment objectives, policies and risks, and investment limits for the Company and the separate Portfolios, is disclosed in full on pages 26 to 29 of the 2015 annual financial report, which is available to view at or download from each of the above websites. Within this report, the investment objective of each Portfolio is shown at the start of the applicable Portfolio Manager's Report

Share Class Conversion

The Company enables shareholders to alter their asset allocation to reflect their view of prevailing markets through the opportunity to convert between share classes every three months on or around 1 February, 1 May, 1 August and 1 November each year. Notice from a shareholder to convert any class of Share on any conversion date will be accepted up to ten days prior to the relevant conversion date. Forms for conversion are available at each of the above websites and from the Company Secretary.

Conversion from one class of Shares into another will be on the basis of a ratio derived from the prevailing underlying net asset value of each class of relevant Share, calculated shortly before the date of conversion.

The Directors have been advised that conversion of one class of Share into another will not be treated as a disposal for the purposes of UK Capital Gains Tax.

The Company's four share classes all qualify to be considered as mainstream investment products suitable for promotion to retail investors.

If you have any queries about Invesco Perpetual Select Trust plc
or any of the other specialist funds managed by Invesco Perpetual,
you can contact the Invesco Perpetual Client Services team on

☎ 0800 085 8677
www.invescoperpetual.co.uk/investmenttrusts

Cover: Close up of Mica Crystals

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The Company is a member of

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FINANCIAL PERFORMANCE

CUMULATIVE TOTAL RETURNS TO 30 NOVEMBER 2015

UK Equity Portfolio

	SIX MONTHS	ONE YEAR	THREE YEARS	FIVE YEARS
Net Asset Value	0.2%	10.3%	70.7%	126.1%
Share Price	0.5%	11.1%	72.6%	135.2%
FTSE All-Share Index	–6.4%	0.6%	26.2%	45.2%

Global Equity Income Portfolio

The name and objective of this Portfolio were changed with effect from 30 November 2011.

	SIX MONTHS	ONE YEAR	THREE YEARS	SINCE 30 NOV 2011	FIVE YEARS
Net Asset Value	–2.6%	4.4%	47.6%	67.1%	61.3%
Share Price	–2.1%	7.8%	58.9%	85.9%	69.6%
MSCI World Index (£)	–2.7%	3.3%	45.5%	62.2%	63.0%

Balanced Risk Portfolio

The name and objective of this Portfolio were changed with effect from 8 February 2012. The five year figures below are presented for consistency. The strategy followed since 8 February 2012 is substantially different to the strategy in place prior to that date.

	SIX MONTHS	ONE YEAR	THREE YEARS	SINCE 8 FEB 2012	FIVE YEARS
Net Asset Value	–5.8%	–3.4%	6.2%	12.6%	3.4%
Share Price	–3.9%	0.9%	14.7%	28.6%	13.3%
3 month LIBOR +5% pa	2.8%	5.6%	16.6%	21.5%	28.5%

Managed Liquidity Portfolio

	SIX MONTHS	ONE YEAR	THREE YEARS	FIVE YEARS
Net Asset Value	–0.1%	–0.3%	0.2%	2.0%
Share Price	0.6%	0.9%	3.0%	4.1%

Source: Thomson Reuters Datastream.

PERIOD END NET ASSET VALUE, SHARE PRICE AND DISCOUNT

SHARE CLASS	NET ASSET VALUE (PENCE)	SHARE PRICE (PENCE)	DISCOUNT/ (PREMIUM)
UK Equity	170.6	171.0	(0.2)%
Global Equity Income	158.5	160.5	(1.2)%
Balanced Risk	116.5	117.0	(0.4)%
Managed Liquidity	103.2	102.5	0.7%

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Investment Objective and Policy

The Company's investment objective is to provide shareholders with a choice of investment strategies and policies, each intended to generate attractive risk-adjusted returns.

The Company's share capital comprises four share classes: UK Equity Shares, Global Equity Income Shares, Balanced Risk Shares and Managed Liquidity Shares, each of which has its own separate portfolio of assets and attributable liabilities.

The Company enables shareholders to alter their asset allocation to reflect their view of prevailing market conditions. Shareholders have the opportunity every three months to convert between share classes free of capital gains tax.

Performance

In NAV terms, with dividends reinvested, the UK Equity Portfolio returned +0.2% over the six months to the end of November 2015 compared with its benchmark, the FTSE All-Share Index's total return of –6.4%. The share price total return was +0.5%.

The Global Equity Income Portfolio returned –2.6% in NAV terms, compared with its benchmark, the MSCI World Index's total return over the period of –2.7%. The share price total return was –2.1%.

The Balanced Risk Portfolio returned –5.8% in NAV terms compared with its benchmark of 3 month LIBOR plus 5% p.a. which had a total return of +2.8%. The share price total return was –3.9%.

The Company's Managed Liquidity Shares, whose objective is derived from cash returns, returned –0.1% based on the NAV and +0.6% based on the share price.

The two equity-based share classes performed well over the period, especially the UK class, as they largely managed to avoid the pitfalls of commodity companies and much of the banking sector. The requirement in the stated investment policy for investment in commodities as part of the risk balance led to disappointing performance by the Balanced Risk share class. The drag on performance that this caused was severe even though mitigated by tactical asset allocation and was not helped by dull equity and bond markets. The Managed Liquidity share class remains a prisoner of the Bank of England's interest rate policy.

My observations in my chairman's statement in the annual financial report on the risks from Greece and China proved prophetic, but they were not the only headwinds. The period was dominated by considerations of deflation characterised by falling commodity prices, especially for energy and by weakening corporate profits. The developments in the Chinese economy were central to this as it continued to shift towards a higher proportion of consumption and services within GDP. The excess capacity which this revealed led to very sharp falls in demand for raw materials and large increases in exports of many manufactured products in an effort to maintain activity and therefore employment. This pattern somewhat masked the continued growth of most developed economies and caused a lot of pressure on many competing companies and also on emerging economies.

Bond markets showed a flight to quality as top quality government bonds continued to offer meagre returns, often negative in real terms while credit spreads widened for many companies, especially in the energy sector, as prospects weakened.

Equity markets were dominated by the need to avoid the deflationary blast. Smaller, more domestically oriented companies, performed well worldwide as did the leaders in innovation. The other source of performance was the competitive shelter of devaluation, notably in Japan but also to some extent in Continental Europe.

It was a depressing period politically dominated by tragedy in the Arab world and its international repercussions. The rest of the world also watched nervously as the US Presidential campaign began, given the inexperience and relatively extreme statements of some of the potential candidates.

Dividends

Shareholders will be aware that we have implemented the new dividend policy that was set out in the annual financial report, and announced previously, and have accordingly declared equal first, second and third quarterly dividends for the current year for both of the equity share classes.

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

continued

For the Global Equity Income Shares each of these dividends was 1.4p, making a total of 4.2p declared to date. We intend to pay annual dividends for the Global Equity Income shares of at least 6p, which will be partly paid from capital.

For the UK Equity Shares each of these dividends was 1.2p, making a total of 3.6p declared to date. The Board intends at least to maintain last year's dividend level of 6.15p for the full financial year. This represents a change from what I said in the annual financial report when I anticipated a pay-out at the level of the net income generated. The level of non-recurring special dividends received this financial year may fall below the level received last year and as a consequence achieving our target may require a contribution from capital, in the same manner as with the Global Equity Income Shares.

It continues to be the case that in order to maximise the capital return on the Balanced Risk Shares, the Directors only intend to declare dividends on the Balanced Risk Shares to the extent required, having taken into account the dividends paid on the other Share classes, to maintain the Company's status as an investment trust. None have been declared to date.

In consequence of the continued very low interest rates prevailing, the cumulative retained net revenue of the Managed Liquidity Portfolio continues to be minimal and the Directors have not declared any dividends on the Managed Liquidity Shares since 18 April 2012.

Discount, Share Buy Backs and Share Issues

The Company has continued to operate a strict discount control policy for all four share classes. During the six months to 30 November 2015, the Company did not find it necessary to buy back any shares in connection with operating this policy, or otherwise. Indeed, the equity share classes traded at premia to net asset value for much of the period and we were able to sell shares from treasury at a modest premium. In the period under review 550,000 UK Equity Shares and 550,000 Global Equity Income Shares were sold and a further 570,000 Global Equity Income Shares were sold from treasury in December. However, with the market subsequently softening we have bought back into treasury 90,000 Balanced Risk shares and 150,000 Managed Liquidity shares in January 2016.

Outlook

We continue to live in an economic world in which monetary policy is extremely loose and fiscal policy is generally tight to the extent that one has to wonder whether the balance is ideal. It certainly feels rather strange to see generally weak infrastructure and renewable energy investment at a time when real yields on 50-year government debt are often negative. It is, as usual, difficult to predict how and when more conventional relationships will reappear, particularly because the lags in monetary policy are both long and variable. Deflation has helped developed world consumers at a time of low wage increases and devaluation has supported employment in a number of emerging economies. The most plausible outcome still seems likely to be a continuation of rather slow growth without much inflation but with continued pressure on profits. I thought we were already close to a bottom in commodity prices six months ago and was wrong. However, we continue to see capacity being removed and prices should gradually stabilise.

The political outlook is immediately most uncertain in Europe though the US Presidential campaign will loom larger as the year progresses. Britain will probably have a referendum on its EU membership this year. If there were to be a building expectation of a vote to leave, markets, especially in the UK, might well become unsettled particularly against the background of a very large current account deficit. The EU is also facing a number of problems whose resolution is very unclear. The most pervasive is the surprisingly belated arrival in government of a number of populist parties of both left and right whose policies are unlikely to yield the results desired by their supporters. The scope for discord, against a background, especially in the Middle East, which requires collaborative action is considerable.

At the start of 2016 both equity and bond markets, especially in the major developed markets, looked quite expensive against a background of pressure on profits. Since then the MSCI World Index has fallen by 4.7% and the FTSE-All Share by 4.5% and credit spreads for investment grade credit have widened by 27 basis points. The underlying cause remains the fear of deflation, expressed most visibly in the collapse of the oil price to just over US$30 per barrel. The falls in equity markets have begun to expose value in some markets and individual shares and we have considerable confidence, based on their past record, in the ability of our portfolio managers to exploit these developments and to find companies that can grow and deliver free cash flow and dividends. So long as they can do that, the outlook for our equity share classes is not as gloomy as some of my commentary.

The Balanced Risk share class has struggled due to the constraints of its mandate though its performance is not in fact very different from many 'Absolute Return' funds. It is cold comfort to suggest that with many commodities' prices close to their marginal costs of production that any drag to investment performance from commodities is unlikely to be as severe as in the recent past even if sustained recovery is slow. The portfolio managers have shown considerable ability to add value through tactical allocation and we believe that they are well placed to continue to do so.

One trend that seems likely to continue in the UK is the growth of unadvised investing. This has produced a welcome flow of investors into our equity classes which has enabled the Company easily to sustain its discount control policy while issuing shares and also seeing some sales by the original investors. As share prices rise over time we further believe that the Company's structure, which enables shareholders to switch between share classes on a quarterly basis without cost or crystallising capital gains tax, is an attractive feature for private investors.

Patrick Gifford
Chairman

28 January 2016

Related Party Transactions

Under United Kingdom 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 during the period. No transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Principal Risks and Uncertainties

Explanations of the Company's principal risks and uncertainties are set out on pages 33 to 35 of the 2015 annual financial report, which is available on the Manager's website.

These are summarised as follows:

- Investment Policy – the investment policies may not achieve the published investment objectives;
- Risks Applicable to the Company's shares – the prices of shares in the Company may not appreciate and the level of dividends may fluctuate;
- Compulsory Conversion of a Class of Shares – if ownership of a class of shares becomes too concentrated the Directors may serve notice on holders of the affected class requiring them to convert to another class;
- Liability of a Portfolio for the Liabilities of Another Portfolio – in the event that any Portfolio was unable to meet its liabilities, the shortfall would become a liability of the other Portfolios;
- Market Movements and Portfolio Performance – falls in stock markets will affect the performance of the individual Portfolios and securities held within the Portfolios;
- Gearing – borrowing will amplify the effect on shareholders' funds of gains and losses on the underlying securities;
- Hedging – where hedging is used there is a risk that the hedge will not be effective;
- Regulatory and Tax Related – whilst compliance with rules and regulations is closely monitored, breaches could affect returns to shareholders;
- Additional Risks Applicable to Balanced Risk Shares – the use of financial derivative instruments, in particular futures, forms part of the investment policy and strategy of the Balanced Risk Portfolio. The degree of leverage inherent in futures trading potentially means that a relatively small price movement in a futures contract may result in an immediate and substantial loss to the Portfolio;
- Additional Risks Applicable to Managed Liquidity Shares – the Shares are not designed to replicate a bank or building society deposit or money market fund; and
- Reliance on Third Party Service Providers – the Company has no employees, so is reliant upon the performance of third party service providers, particularly the Manager, for it to function.

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

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

continued

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate as the Company has adequate resources to continue in operational existence for the foreseeable future being 12 months after approval of the financial statements. In reaching this conclusion, the Directors took into account the value of net assets; the Company's Investment Policy; its risk management policies; the diversified portfolio of readily realisable securities which can be used to meet funding commitments; the credit facility and the overdraft which can be used for short-term funding requirements; the liquidity of the investments which could be used to repay the credit facility in the event that the facility could not be renewed or replaced; its revenue; and the ability of the Company in the light of these factors to meet all its liabilities and ongoing expenses.

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 contained within the half-yearly financial report have been prepared in accordance with the FRC's FRS 104 *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.

Patrick Gifford
Chairman

28 January 2016

UK EQUITY SHARE PORTFOLIO PERFORMANCE RECORD

Total Return

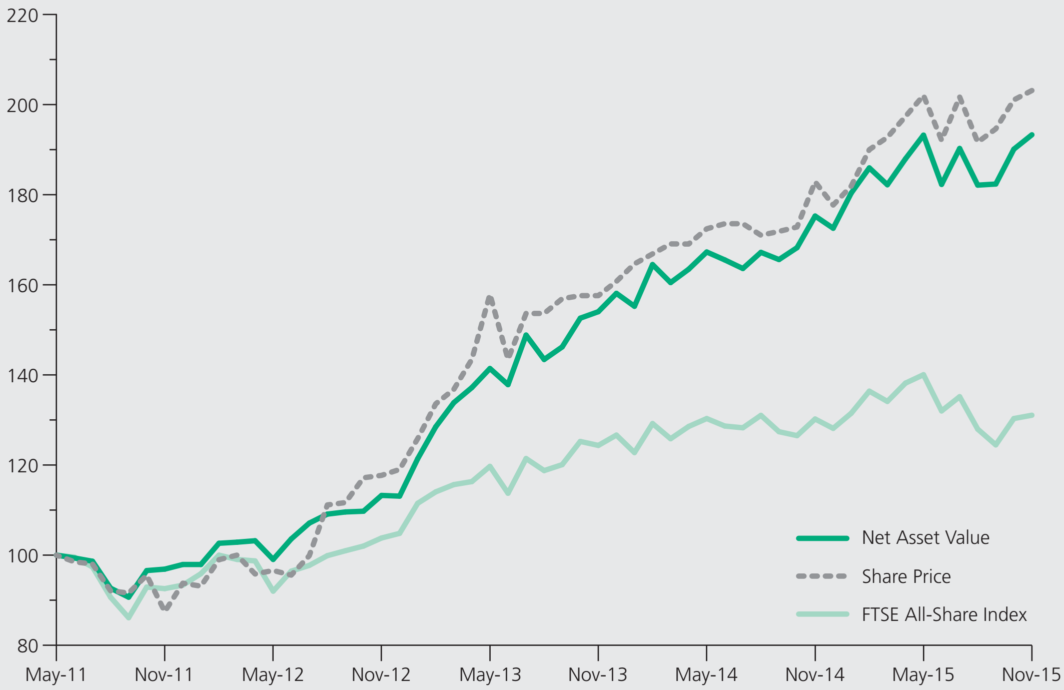
	SIX MONTHS TO 30 NOV 2015	YEAR TO 31 MAY 2015	YEAR TO 31 MAY 2014	YEAR TO 31 MAY 2013	YEAR TO 31 MAY 2012
Net Asset Value	0.2%	15.3%	18.3%	42.8%	–1.0%
Share Price	0.5%	17.2%	9.2%	63.5%	–3.4%
FTSE All-Share Index	–6.4%	7.5%	8.9%	30.1%	–8.0%

Source: Thomson Reuters Datastream.

Revenue return per share	2.43p	6.38p	5.40p	5.48p	4.22p
Dividends paid	2.40p	6.15p	5.30p	5.55p	4.25p

Total Return Graph

Rebased to 100 at 31 May 2011



UK EQUITY SHARE PORTFOLIO MANAGER'S REPORT

Investment Objective

The investment objective of the UK Equity Portfolio is to provide shareholders with an attractive real long-term total return by investing primarily in UK quoted equities.

Market and Economic Review

After a strong start to 2015, the UK equity market became increasingly volatile over the six month period under review. Fears of a Greek exit from the euro, a slowing Chinese economy and the prospect of monetary tightening in the US dented market sentiment. Falling oil and commodity prices, concerns over the impact of the Chinese slowdown on other emerging markets and market nerves ahead of the US Federal Reserve's decision on interest rates outweighed broadly positive news on the UK economy. The FTSE All-Share index delivered a return of –6.4% over the period. However, this return masked significant disparity of performance at the individual stock level. Small and medium sized companies performed substantially better in aggregate than large caps – due to a higher proportion of domestically focused companies in the former and the significant weighting towards resource industries in the latter. This was exemplified in the returns from the FTSE Small Cap (ex Investment Companies) and FTSE 250 indices which returned –2.2% and –2.9% respectively, versus the FTSE 100 Index, which fell by 7.3% (all on a total return basis).

Portfolio Performance

On a total return basis, the UK Equity Portfolio's net asset value, including re-invested dividends, rose by 0.2% during the six months to the end of November 2015, compared to a fall of 6.4% in the FTSE All-Share index.

Portfolio Strategy and Review

The key contributors to the Portfolio's outperformance were tobacco companies, in particular the holding in Reynolds American. Over the six months to 30 November 2015, Reynolds American saw its share price rise by over 25% (sterling; total return) after the company's proposed acquisition of US tobacco company Lorillard met with final approval from the US Federal Trade Commission. This saw Reynolds acquire Newport, a dominant menthol cigarette brand in the US, which strengthened its market position there. Dividend growth and profit margins remain healthy across the tobacco majors, in spite of the continuing volume decline in global cigarette sales, as product innovation, tobacco quality improvements and cost rationalisation have helped enhance pricing power in many territories.

Also contributing strongly to performance were some of the Portfolio's investments in the financial services sector, including Provident Financial. A long-term holding in the Portfolio, Provident Financial specialises in the non-standard lending market and has two main lending divisions – Vanquis, a non-standard credit card business, and CCD, its consumer credit division, primarily made up of the home collected credit business. The latter has improved profitability in recent years by being more stringent on credit quality and through technology-derived efficiency gains. The company has expanded into complementary areas of credit, both organically through the creation of Satsuma Loans, its online short-term loan business, and by acquisition, with the purchase of Moneybarn, a company specialising in car finance. Provident Financial has been quick to adapt its business model to advances in technology and changes in customer borrowing habits. Profit margins are high and stable, while default rates remain low and within our expected range.

Amlin, a Lloyds insurance market investment vehicle held in the Portfolio, received a takeover approach from Japanese company Mitsui, resulting in a significant uplift to its share price. We were fully supportive of this acquisition proposal as the price paid reflected a full valuation for the business. The share price of Beazley, also in the non-life insurance sector, also rose strongly during the period on the back of positive half-year results and amid growing takeover speculation.

Weighing on performance were the holdings in Rolls-Royce, BP and Thomas Cook. Rolls-Royce continued to disappoint in share price performance terms. The appointment of Warren East as chief executive in July saw him make a further downward revision of the expected full-year pre-tax profits and cancel the share buyback. Headwinds for its marine business, a slowing production line for the Airbus A330 and lower than expected demand for engines to power business jets, alongside deteriorating macro-economic conditions, resulted in a further profit-warning in October. Having reduced the holding in the company at the start of the year, the remainder of the holding was sold, reflecting the deteriorating profit outlook.

A decline in global energy prices was in part responsible for a fall in the share price of BP. The company has stated its intention to maintain its dividend at current oil prices and with its latest quarterly results has given further details around its substantial cost reduction and capital efficiency agenda. The planning assumption, as enunciated by chief executive, Bob Dudley, is that oil prices will stay 'lower for longer'.

Thomas Cook saw sales revenue impacted and sentiment dented by the terrorist attack in Tunisia. Profits were also affected by foreign exchange headwinds. However, more recently the company has reported improving demand for holidays in Northern Europe and the UK, with conditions in Continental Europe remaining 'challenging'. Thomas Cook continues to develop its strategic partnership with Chinese operator Fosun, where it has made progress on a number of new initiatives.

In terms of portfolio activity during the period, the holdings in GlaxoSmithKline, Rolls-Royce, Ladbrokes and Workspace were sold. New investments were made in BCA Marketplace, Zegona Communication, P2P Global Investments, Circassia Pharmaceuticals and VPC Speciality Lending Investments.

The Portfolio continues to have no exposure to banks or mining companies, in part due to continuing uncertainty on the future direction of dividends as a result of regulatory restrictions in the case of banks, and uncertainty over future commodity prices in the case of mining companies, but most importantly due to finding more attractive investment opportunities elsewhere. The absence of holdings in these sectors helped drive the Portfolio's outperformance of its benchmark over the period.

Outlook

The near term outlook for the UK stock market appears subdued. A number of important external factors have converged over the last few months making it unlikely that we will witness a repeat of the benign conditions in the equity market seen over the last few years.

The market outlook is challenged by a number of factors. First, the last five years' return of the FTSE All-Share index has been very positive set against a longer term context. Second, the valuation of the market no longer represents a cheap asset class – the strong re-rating of equities in recent years has run its course. Third, the underlying level of aggregate earnings growth in the market remains too weak to justify further increases in the level of the Index. Fourth, the declining growth rate of the Chinese economy has revealed the full extent of the forces of disinflation and how widely the impact of these forces is felt around the world. This will clearly have an effect on the ability of companies to increase prices, the willingness of companies to invest in new capacity, and ultimately the capacity for economies to grow sustainably into the future.

These factors have combined to make the UK stock market a more volatile place to invest. However this is also an environment which favours active portfolio management. In the near term the outlook may indeed remain challenging as profit warnings and dividend cuts become a recurring feature of the landscape. The successful manager will need to tread carefully in this environment in order to avoid these pitfalls. This is a time to be highly selective in portfolio construction – the onus rests even more on prudence and capital preservation. Overall, returns from the markets are likely to be more modest in the foreseeable future, and income is likely to comprise a higher proportion of total return than in the recent past. The Portfolio is well positioned for this environment.

Mark Barnett
Portfolio Manager

28 January 2016

UK EQUITY SHARE PORTFOLIO
LIST OF INVESTMENTS

AT 30 NOVEMBER 2015

Ordinary shares listed in the UK unless stated otherwise

COMPANY	SECTOR†	MARKET VALUE £'000	% OF PORTFOLIO
Reynolds American – *US common stock*	Tobacco	4,177	5.4
British American Tobacco	Tobacco	3,668	4.7
BT Group	Fixed Line Telecommunications	3,470	4.5
Imperial Tobacco	Tobacco	3,453	4.5
AstraZeneca	Pharmaceuticals & Biotechnology	3,009	3.9
BAE Systems	Aerospace & Defence	2,759	3.6
Roche – *Swiss common stock*	Pharmaceuticals & Biotechnology	2,495	3.2
Provident Financial	Financial Services	2,495	3.2
BP	Oil & Gas Producers	2,439	3.2
Beazley	Non-life Insurance	2,087	2.7
Legal & General	Life Insurance	1,976	2.6
Amlin	Non-life Insurance	1,899	2.5
Capita	Support Services	1,826	2.4
London Stock Exchange	Financial Services	1,758	2.3
Rentokil Initial	Support Services	1,716	2.2
RELX (formerly Reed Elsevier)	Media	1,688	2.2
Babcock International	Support Services	1,679	2.2
Bunzl	Support Services	1,629	2.1
Compass	Travel & Leisure	1,613	2.1
Hiscox	Non-life Insurance	1,516	2.0
BTG	Pharmaceuticals & Biotechnology	1,472	1.9
NewRiver Retail	Real Estate Investment Trusts	1,463	1.9
SSE	Electricity	1,429	1.8
Derwent London	Real Estate Investment Trusts	1,382	1.8
Shaftesbury	Real Estate Investment Trusts	1,371	1.8
Thomas Cook	Travel & Leisure	1,349	1.7
Centrica	Gas, Water & Multiutilities	1,223	1.6
Novartis – *Swiss common stock*	Pharmaceuticals & Biotechnology	1,175	1.5
G4S	Support Services	1,128	1.5
KCOM	Fixed Line Telecommunications	1,115	1.4
Reckitt Benckiser	Household Goods & Home Construction	1,047	1.4
GAME Digital	General Retailers	1,032	1.3
Lancashire	Non-life Insurance	949	1.2
easyJet	Travel & Leisure	946	1.2
Smith & Nephew	Health Care Equipment & Services	876	1.1
Circassia Pharmaceuticals	Pharmaceuticals & Biotechnology	871	1.1
TalkTalk Telecom	Fixed Line Telecommunications	844	1.1
HomeServe	Support Services	789	1.0
N Brown	General Retailers	752	1.0
A J Bell – *Unquoted*	Financial Services	750	1.0
Harworth	Real Estate Investment & Services	725	0.9
P2P Global Investments	Equity Investment Instruments	713	0.9
Drax	Electricity	701	0.9
Vectura	Pharmaceuticals & Biotechnology	687	0.9
CLS	Real Estate Investment & Services	676	0.9
Altria – *US common stock*	Tobacco	645	0.8
Zegona Communications	Nonequity Investment Instruments	635	0.8
Sherborne Investors Guernsey B – *A shares*	Financial Services	627	0.8
BCA Marketplace	Financial Services	592	0.8
Macau Property Opportunities Fund	Real Estate Investment & Services	431	0.6
Doric Nimrod Air Two – *Preference shares*	Equity Investment Instruments	325	0.4
Doric Nimrod Air Three – *Preference shares*	Equity Investment Instruments	318	0.4
VPC Specialty Lending Investments – *C shares*	Financial Services	301	0.4
Nimrod Sea Assets	Equity Investment Instruments	273	0.4
Funding Circle SME	Equity Investment Instruments	130	0.1
PuriCore	Health Care Equipment & Services	107	0.1
Barclays Bank – *Nuclear Power Notes 28 Feb 2019*	Electricity	42	0.1
HaloSource	Chemicals	19	–
Rolls-Royce – *C shares*	Aerospace & Defence	12	–
		77,274	100.0

†FTSE Industry Classification Benchmark.

UK EQUITY SHARE PORTFOLIO INCOME STATEMENT

	SIX MONTHS ENDED 30 NOVEMBER 2015			SIX MONTHS ENDED 30 NOVEMBER 2014		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
(Losses)/gains on investments	–	(172)	(172)	–	2,476	2,476
Foreign exchange gains	–	5	5	–	–	–
Income	1,166	–	1,166	1,137	–	1,137
Management fee – note 2	(65)	(152)	(217)	(61)	(142)	(203)
Performance fee – note 2	–	(574)	(574)	–	(331)	(331)
Other expenses	(99)	–	(99)	(93)	–	(93)
Net return before finance costs and taxation	1,002	(893)	109	983	2,003	2,986
Finance costs	(21)	(49)	(70)	(19)	(46)	(65)
Return on ordinary activities before tax	981	(942)	39	964	1,957	2,921
Tax on ordinary activities	(11)	–	(11)	(10)	–	(10)
Return on ordinary activities after tax for the financial period	970	(942)	28	954	1,957	2,911
Basic return per ordinary share – note 4	2.43p	(2.36)p	0.07p	2.41p	4.95p	7.36p

SUMMARY OF NET ASSETS

	AT 30 NOVEMBER 2015 £'000	AT 31 MAY 2015 £'000
Fixed assets	77,274	78,083
Current assets	312	692
Creditors falling due within one year, excluding borrowings	(1,634)	(1,536)
Bank loan	(7,650)	(8,400)
Net assets	68,302	68,839
Net asset value per ordinary share – note 5	170.6p	173.0p
Gearing:		
– gross	11.2%	12.2%
– net	11.1%	11.8%

GLOBAL EQUITY INCOME SHARE PORTFOLIO PERFORMANCE RECORD

The name, objective and benchmark of this Portfolio were changed with effect from 30 November 2011.

Total Return

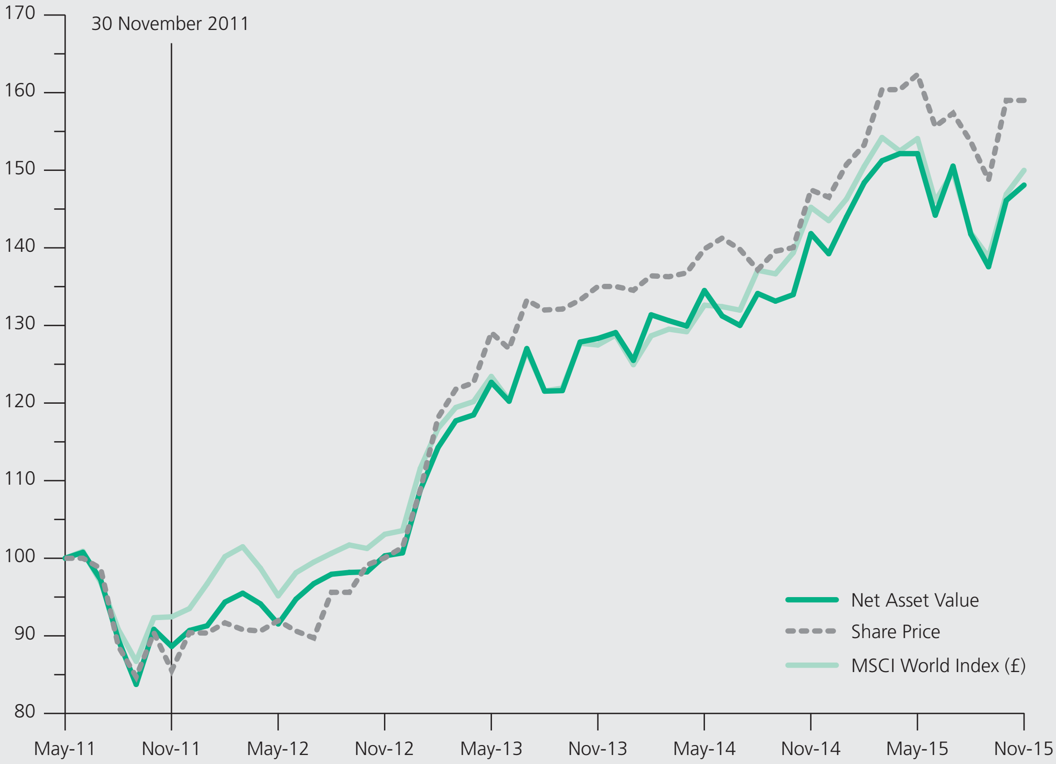
	SIX MONTHS TO 30 NOV 2015	YEAR TO 31 MAY 2015	YEAR TO 31 MAY 2014	YEAR TO 31 MAY 2013	YEAR TO 31 MAY 2012
Net Asset Value	–2.6%	13.1%	9.6%	33.9%	–8.6%
Share Price	–2.1%	16.1%	8.3%	40.4%	–8.0%
MSCI World Index (£)	–2.7%	16.2%	7.4%	29.7%	–4.8%

Source: Thomson Reuters Datastream.

Revenue return per share	1.88p	4.68p	4.22p	3.28p	2.69p
Dividends paid	2.80p	4.60p	3.55p	3.40p	2.50p

Total Return Graph

Rebased to 100 at 31 May 2011



GLOBAL EQUITY INCOME SHARE PORTFOLIO MANAGER'S REPORT

Investment Objective

The investment objective of the Global Equity Income Portfolio is to provide an attractive and growing level of income return and capital appreciation over the long term, predominantly through investment in a diversified portfolio of equities worldwide.

Market and Economic Review

For much of the period under review global equity markets remained unsettled with heightened financial volatility, renewed pressure on commodity prices and concerns over global economic growth. A lack of clarity, particularly around interest rates, dominated. The major debate in financial markets over the past six months was around US monetary policy – when would the US Federal Reserve start raising interest rates and at what pace will they proceed to normalise monetary policy from that point? Confidence in the prospects for global economic growth was shaken in the wake of the rebalancing of the Chinese economy. Elsewhere, Europe continued on its path of recovery. While growth in developed economies has been reasonable, it is disappointing by historical standards. However, the outlook for emerging markets, and for Latin America in particular, has remained the most challenging. Commodity weakness continued to weigh on the region.

Portfolio Performance

On a total return basis, the Global Equity Income Portfolio's net asset value returned –2.6% over the six months to the end of November 2015, compared to a return of –2.7% in the MSCI World Index (£, net of withholding tax).

Portfolio Strategy and Review

The Portfolio outperformed the benchmark MSCI World index during the six months largely due to stock picking within the US, which was strong. However, its underweight position in the US, which outperformed the broader benchmark index as US economic momentum appeared to gain traction, was a limiting factor. Elsewhere, Europe, the UK and Asia Pacific ex-Japan were all weak markets. Most notably, European equity markets fell when Greece introduced capital controls and closed its banks before defaulting on its International Monetary Fund loan repayment in June. Uncertainty about the fate of Greece was replaced by China-driven volatility in August. China's move to devalue its currency saw global equity markets sell off, giving rise to concern that China's economy was in worse shape than people thought. The UK and Japan were also impacted by these global events as well as falling commodity and energy prices. Although stock selection was strong in the UK, Europe and Asia Pacific ex-Japan, the Portfolio's overweight exposure to these markets was a drag on performance.

At the sector level, stock picking was particularly strong within telecoms (BT Group), materials (DS Smith) and consumer-related areas (Yue Yuen Industrial, RELX, British American Tobacco, Kellogg, Philip Morris International and Booker). With the exception of materials, all of these areas performed well at the broader market level, and the Portfolio's overweight exposure to telecoms was helpful, as was its underweight exposure to materials which struggled in the light of falling commodity prices. China has been a big importer of capital goods and commodities and the slowdown has hurt commodity producers. Weak areas of performance for the Portfolio included industrials, which, in common with materials stocks, were negatively impacted by the fall in commodity prices, and financials, which though they look set to benefit from the US eventually raising interest rates have been subject to market volatility.

Amid a strong appetite for dividend-paying stocks, the de-rating of more economically-sensitive areas of the market provided a number of attractively-valued opportunities, in our view, within financials and other out-of-favour sectors. Together with the strong performance of defensive or so called bond proxy stocks, this led us to reduce the Portfolio's overweight exposure to health care and other stable, defensive areas of the market.

Outlook

Against a backdrop of low economic growth globally and in the face of global economic headwinds, the European economic recovery continues to gain ground. We believe that a number of European companies offer compelling valuation opportunities and should benefit from the combined tailwinds of a weaker euro, lower oil price and loose monetary policy. Our strategy remains constant, to invest in high quality companies at attractive valuations, particularly targeting companies that offer attractive yields and sustainable income as well as capital upside.

Nick Mustoe
Portfolio Manager

28 January 2016

GLOBAL EQUITY INCOME SHARE PORTFOLIO LIST OF INVESTMENTS

AT 30 NOVEMBER 2015

Ordinary shares unless stated otherwise

COMPANY	INDUSTRY GROUP†	COUNTRY†	MARKET VALUE £'000	% OF PORTFOLIO
BT Group	Telecommunication Services	UK	2,136	3.8
Legal & General	Insurance	UK	1,854	3.3
Novartis	Pharmaceuticals Biotechnology & Life Sciences	Switzerland	1,799	3.2
British American Tobacco	Food Beverage & Tobacco	UK	1,783	3.2
Microsoft	Software & Services	US	1,692	3.0
Amgen	Pharmaceuticals Biotechnology & Life Sciences	US	1,521	2.7
Philip Morris International	Food Beverage & Tobacco	US	1,472	2.6
Airbus	Capital Goods	France	1,453	2.6
BP	Energy	UK	1,439	2.6
PNC Financial Services	Banks	US	1,428	2.6
JPMorgan Chase	Diversified Financials	US	1,420	2.6
Roche	Pharmaceuticals Biotechnology & Life Sciences	Switzerland	1,397	2.5
RELX (formerly Reed Elsevier)	Media	Netherlands	1,392	2.5
Intesa Sanpaolo	Banks	Italy	1,371	2.5
Chevron	Energy	US	1,332	2.4
ING	Banks	Netherlands	1,307	2.3
United Technologies	Capital Goods	US	1,276	2.3
Nielsen	Commercial & Professional Services	US	1,246	2.2
RTL	Media	Luxembourg	1,245	2.2
Allianz	Insurance	Germany	1,229	2.2
Pfizer	Pharmaceuticals Biotechnology & Life Sciences	US	1,219	2.2
Statoil	Energy	Norway	1,193	2.1
Total	Energy	France	1,180	2.1
Orange	Telecommunication Services	France	1,145	2.1
HSBC	Banks	UK	1,077	1.9
UBS	Diversified Financials	Switzerland	1,069	1.9
Deutsche Post	Transportation	Germany	1,051	1.9
Deutsche Boerse	Diversified Financials	Germany	1,038	1.9
Nordea	Banks	Sweden	1,016	1.8
American Express	Diversified Financials	US	980	1.8
Aon – *A Shares*	Insurance	US	955	1.7
Taiwan Semiconductor Manufacturing	Semiconductors & Semiconductor Equipment	Taiwan	934	1.7
Hiscox	Insurance	UK	915	1.6
Centrica	Utilities	UK	878	1.6
CK Hutchison	Capital Goods	Hong Kong	877	1.5
Booker	Food & Staples Retailing	UK	862	1.5
Royal Dutch Shell – *A Shares*	Energy	Netherlands	853	1.5
Honda Motor	Automobiles & Components	Japan	848	1.5
DS Smith	Materials	UK	830	1.5
Adecco	Commercial & Professional Services	Switzerland	798	1.4
United Parcel Service – *B Shares*	Transportation	US	767	1.4
Amcor	Materials	Australia	726	1.3
Las Vegas Sands	Consumer Services	US	672	1.2
Yue Yuen Industrial	Consumer Durables & Apparel	Hong Kong	649	1.1
Kellogg	Food Beverage & Tobacco	US	629	1.1
Telekomunikasi Indonesia	Telecommunication Services	Indonesia	606	1.1
Baxalta	Pharmaceuticals, Biotechnology & Life Sciences	US	573	1.0
Cheung Kong Property	Real Estate	Hong Kong	538	1.0
Standard Chartered	Banks	UK	510	1.0
– *Rights 11 Dec 2015*			24	
Canon	Technology Hardware & Equipment	Japan	525	1.0
Denbury Resources	Energy	US	183	0.3
Rolls-Royce – *C Shares*	Capital Goods	UK	8	–
			55,920	100.0

†MSCI and Standard & Poor's Global Industry Classification Standard.

GLOBAL EQUITY INCOME SHARE PORTFOLIO INCOME STATEMENT

	SIX MONTHS ENDED 30 NOVEMBER 2015			SIX MONTHS ENDED 30 NOVEMBER 2014		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
(Losses)/gains on investments	–	(1,814)	(1,814)	–	1,896	1,896
Foreign exchange losses	–	(1)	(1)	–	–	–
Income	785	–	785	658	–	658
Management fees – note 2	(49)	(114)	(163)	(47)	(109)	(156)
Other expenses	(72)	–	(72)	(71)	(1)	(72)
Net return before finance costs and taxation	664	(1,929)	(1,265)	540	1,786	2,326
Finance costs	(12)	(29)	(41)	(12)	(28)	(40)
Return on ordinary activities before tax	652	(1,958)	(1,306)	528	1,758	2,286
Tax on ordinary activities	(56)	–	(56)	(42)	–	(42)
Return on ordinary activities after tax for the financial period	596	(1,958)	(1,362)	486	1,758	2,244
Basic return per ordinary share – note 4	1.88p	(6.17)p	(4.29)p	1.55p	5.60p	7.15p

SUMMARY OF NET ASSETS

	AT 30 NOVEMBER 2015 £'000	AT 31 MAY 2015 £'000
Fixed assets	55,920	57,895
Current assets	493	579
Creditors falling due within one year, excluding borrowings	(120)	(126)
Bank loan	(4,900)	(6,100)
Net assets	51,393	52,248
Net asset value per ordinary share – note 5	158.5p	165.7p
Gearing:		
– gross	9.5%	11.7%
– net	9.0%	11.1%

BALANCED RISK SHARE PORTFOLIO PERFORMANCE RECORD

The name and objective of this Portfolio were changed with effect from on 8 February 2012.

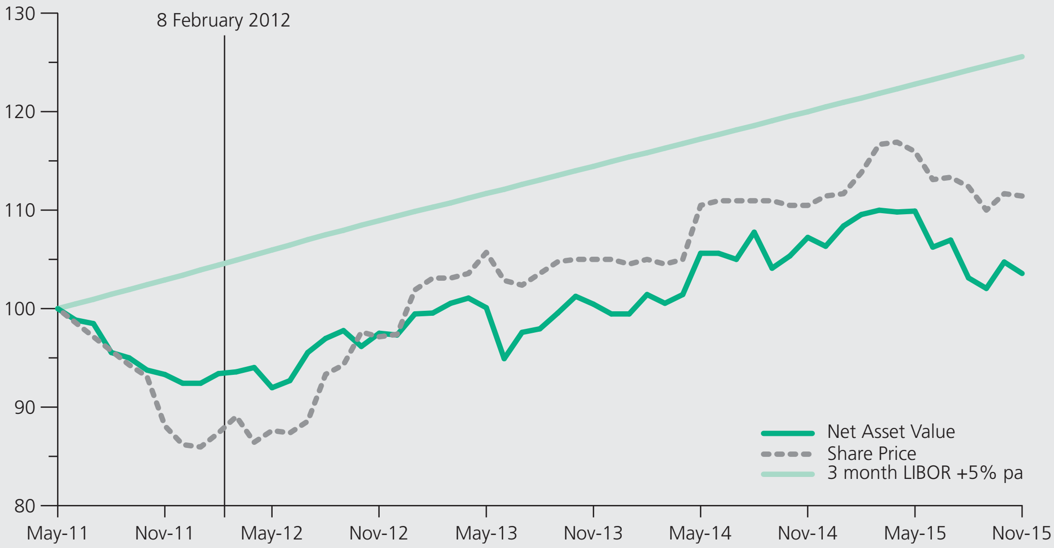
Total Return

	SIX MONTHS TO 30 NOVEMBER 2015	YEAR TO 31 MAY 2015	YEAR TO 31 MAY 2014	YEAR TO 31 MAY 2013	YEAR TO 31 MAY 2012
Net Asset Value	–5.8%	4.1%	5.5%	8.8%	–8.0%
Share Price	–3.9%	5.0%	4.5%	20.7%	–12.4%
3 month LIBOR +5% pa	2.8%	5.6%	5.5%	5.7%	5.9%

Source: Thomson Reuters Datastream.

Total Return Graph

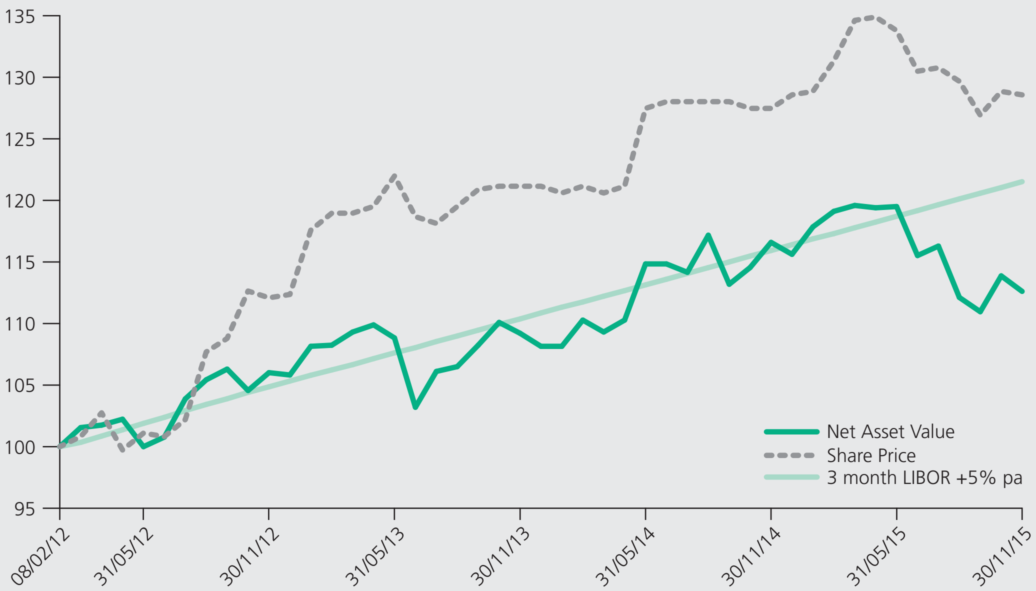
Rebased to 100 at 31 May 2011



Total Return – since change of objective (8 February 2012)

	8 FEBRUARY 2012 TO 30 NOVEMBER 2015
Net Asset Value	12.6%
Share Price	28.6%
3 month LIBOR +5% pa	21.5%

Graph figures rebased to 100 at 8 February 2012



BALANCED RISK SHARE PORTFOLIO MANAGER'S REPORT

Investment Objective

The investment objective of the Balanced Risk Portfolio is to provide shareholders with an attractive total return in differing economic and inflationary environments, and with low correlation to equity and bond market indices by gaining exposure to three asset classes: debt securities, equities and commodities.

Market and Economic Review

Equities started the period off on a negative note, troubled by the resurgent Greek financial crisis and a bear market in local Chinese equity prices. Global equity markets then experienced a challenging third quarter as disappointing economic data across developed economies and China suggested a more difficult environment ahead for share prices. However, equity prices rebounded strongly in October, when most developed markets managed gains of 5 to 10% for the month, and further gains were posted in November.

Bond markets also started the period in negative territory as high quality government bonds suffered price declines in June on receding deflationary fears and signs that the European Central Bank's (ECB) quantitive easing (QE) programme was working. They rallied in the third quarter as investors sought a safe haven from the return of volatility in equities and commodities, combined with interest rate normalisation temporarily being put on hold and expectations for lacklustre growth. However, the asset class was then generally weak in October and November due to the renewed high potential for an increase in the US' Federal Funds rate.

Commodities ended June in positive territory, capping three quarters of losses, but commodity prices in aggregate then fell again in the third quarter, with the Bloomberg Commodity Index recording its worst quarterly loss since the depths of the recession in 2008. Broad commodity benchmarks continued their decline through October and November as they continued to be weighed down by US dollar strength, excess supplies and concerns over weakening demand.

Portfolio Performance

The Balanced Risk Shares Portfolio underperformed the benchmark. The Portfolio return for the six months was –5.8%, compared with the benchmark, 3 month LIBOR plus 5%, return of 2.8%.

Portfolio Strategy and Review

The strategic equity exposure hurt performance in June as most markets declined in response to the renewal of the Greek financial crisis and the threat of default on its debt obligations. Equities continued to be weak through the third quarter of the calendar year due to several factors including the surprise Chinese Yuan devaluation, disappointing GDP data from Europe and Canada, weak manufacturing purchasing managers' index (PMI) data from a host of countries and confusion about likely policy direction from the US Federal Reserve (FED). The asset class was back up in October as developed markets experienced a strong rebound from the lows set during the turbulence of the third quarter. The driving force behind the gains had less to do with economic data, which continued to be tepid, than the actions and expectations from central banks. Equities also had a positive impact on performance in November with five of the six markets used within the strategy posting gains. Among the key contributors for the month were European equities, which rallied on expectations of an expansion in the ECB's QE programme and a weakening euro. Tactical positioning in equities through the reporting period had a slightly negative impact on results.

Bonds detracted from results at the beginning of the period as fears of an increase in US policy rates and a reduction in the deflation premium within the European markets pushed yields substantially higher. Bond performance rebounded in the third quarter of the calendar year with all bond markets in which the strategy invests posting gains. Nervous investors sought a safe haven from the continuing decline in commodity prices and the renewed volatility in equity prices. During the quarter, indicators of economic activity and inflation came in weak across key geographies, which enhanced the appeal for bonds and allayed concerns of sustained rate hikes across major markets. Bond markets saw yields push higher over the month of October in Australia, Canada, the UK and the US as risk appetite shifted in favour of equities on the strong rebound in share prices. The asset class ended November largely flat. Tactical positioning within fixed income over the reporting period contributed slightly to results.

Commodity performance was positive in June, but declined over the third quarter. Energy suffered the steepest price declines, as US stockpiles remained well above the five-year seasonal average and a

BALANCED RISK SHARE PORTFOLIO MANAGER'S REPORT

continued

weakening Chinese economy and the prospective return of Iranian barrels added to fear of a global oil glut. Our exposure to commodities helped results in October. On an absolute basis, agriculture was the primary contributor due to gains in sugar and cotton. However, the asset class detracted from results in November as energy prices collapsed, led by declines in Brent and WTI oil prices. Oil prices continued to fall due to the strong dollar and perceived supply glut. The IEA (International Energy Agency) announced that commercial oil inventories hit record highs in September while adding that demand is likely to fall in 2016. Throughout the reporting period, our tactical underweights to the asset class was the top contributor to results.

Outlook

2015 proved to be a difficult year to make money across multiple asset classes. Global stock indices were slightly negative over the year, government bond markets posted tepid to slightly negative returns and commodities were routed. Unlike in previous years, where global central bank accommodation helped to propel prices of almost all developed market equity indexes, we now live in a bifurcated world where Japan and Europe continue to try to jump start their economies through continued monetary policy actions while the US has embarked on a path of slow and steady tightening. Given the tone of economic data releases in the US, which have been less than robust, time will tell whether the decision to raise rates in December was the right call, or the beginning of a policy mistake. Our tactical positioning continues to overweight all bond markets except Australia, which has shifted to neutral, resulting in a slightly elevated targeted risk contribution from the fixed income segment. Equities remains overweight, but on a reduced basis in Europe, Japan and the US. Positioning in commodities remains defensive across all four complexes with the overall exposure remaining close to the minimum permitted.

Scott Wolle
Portfolio Manager

28 January 2016

TARGET ANNUALISED RISK

The targeted annualised risk (volatility of monthly returns) for the portfolio at 30 November 2015 is analysed as follows:

ASSET CLASS	RISK	CONTRIBUTION
Bonds	3.9%	43.4%
Equities	3.5%	39.6%
Commodities	1.5%	17.0%
	8.9%	100.0%

Derivative instruments held in the Balanced Risk Share Portfolio are shown on the next page. At the period end all derivative instruments held in this Portfolio were exchange traded future contracts. Holdings in futures contracts that are not exchange traded are permitted as explained in the investment policy which is disclosed in full on page 28 of the 2015 annual financial report.

BALANCED RISK SHARE PORTFOLIO LIST OF INVESTMENTS

AT 30 NOVEMBER 2015

	YIELD %	MARKET VALUE £'000	% OF NET ASSETS
Short Term Investments			
UK Treasury Bill 9 May 2016	0.529	2,993	34.3
UK Treasury Bill 29 Feb 2016	0.450	2,497	28.7
Short-Term Investment Company (Global Series)	0.505	2,490	28.6
Total Short Term Investments		7,980	91.6
Hedge Funds[1]		17	0.2
Total Fixed Asset Investments		7,997	91.8

[1]The hedge fund investments are residual holdings of the previous investment strategy, which are in process of disposal and/or liquidation.

LIST OF DERIVATIVE INSTRUMENTS

AT 30 NOVEMBER 2015

	NOTIONAL EXPOSURE £'000	NOTIONAL EXPOSURE AS % OF NET ASSETS
Government Bonds		
UK	1,766	20.3
Canada	1,663	19.1
Germany	1,445	16.6
Australia	1,342	15.4
Japan	1,041	11.9
US	922	10.6
Total Bond Futures	8,179	93.9
Equities		
Hong Kong	658	7.5
Europe	615	7.0
Japan	597	6.9
UK	572	6.6
US small cap	484	5.6
US large cap	399	4.6
Total Equity Futures	3,325	38.2
Commodities		
Agriculture		
Sugar	165	1.9
Soybean meal	152	1.8
Soybean	148	1.7
Cotton	106	1.2
Corn	38	0.4
Soybean oil	36	0.4
Wheat	33	0.4
Coffee	29	0.3
Precious Metals		
Gold	353	4.1
Silver	187	2.1
Industrial Metals		
Copper	229	2.6
Aluminium	170	2.0
Energy		
Gasoline	113	1.3
Brent crude	62	0.7
WTI crude	61	0.7
Total Commodities Futures	1,882	21.6
Total Derivative Instruments	13,386	153.7

BALANCED RISK SHARE PORTFOLIO INCOME STATEMENT

	SIX MONTHS ENDED 30 NOVEMBER 2015			SIX MONTHS ENDED 30 NOVEMBER 2014		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains on investments	–	1	1	–	2	2
Gains/(losses) on derivative instruments	39	(512)	(473)	54	149	203
Foreign exchange gains	–	1	1	–	14	14
Income	20	–	20	17	–	17
Management fees – note 2	(10)	(22)	(32)	(10)	(24)	(34)
Other expenses	(19)	–	(19)	(22)	–	(22)
Return on ordinary activities before finance costs	30	(532)	(502)	39	141	180
Finance costs	–	–	–	–	–	–
Return on ordinary activities before tax	30	(532)	(502)	39	141	180
Tax on ordinary activities	–	–	–	–	–	–
Return on ordinary activities after tax for the financial period	30	(532)	(502)	39	141	180
Basic return per ordinary share – note 4	0.40p	(7.05)p	(6.65)p	0.51p	1.82p	2.33p

SUMMARY OF NET ASSETS

	AT 30 NOVEMBER 2015 £'000	AT 31 MAY 2015 £'000
Fixed assets	7,997	8,411
Derivative assets held at fair value through profit or loss	234	159
Current assets	606	3,328
Derivative liabilities held at fair value through profit or loss	(97)	(125)
Other creditors excluding borrowings	(32)	(2,519)
Net assets	8,708	9,254
Net asset value per ordinary share – note 5	116.5p	123.2p
Exposure	153.7%	131.8%

MANAGED LIQUIDITY SHARE PORTFOLIO PERFORMANCE RECORD

Total Return

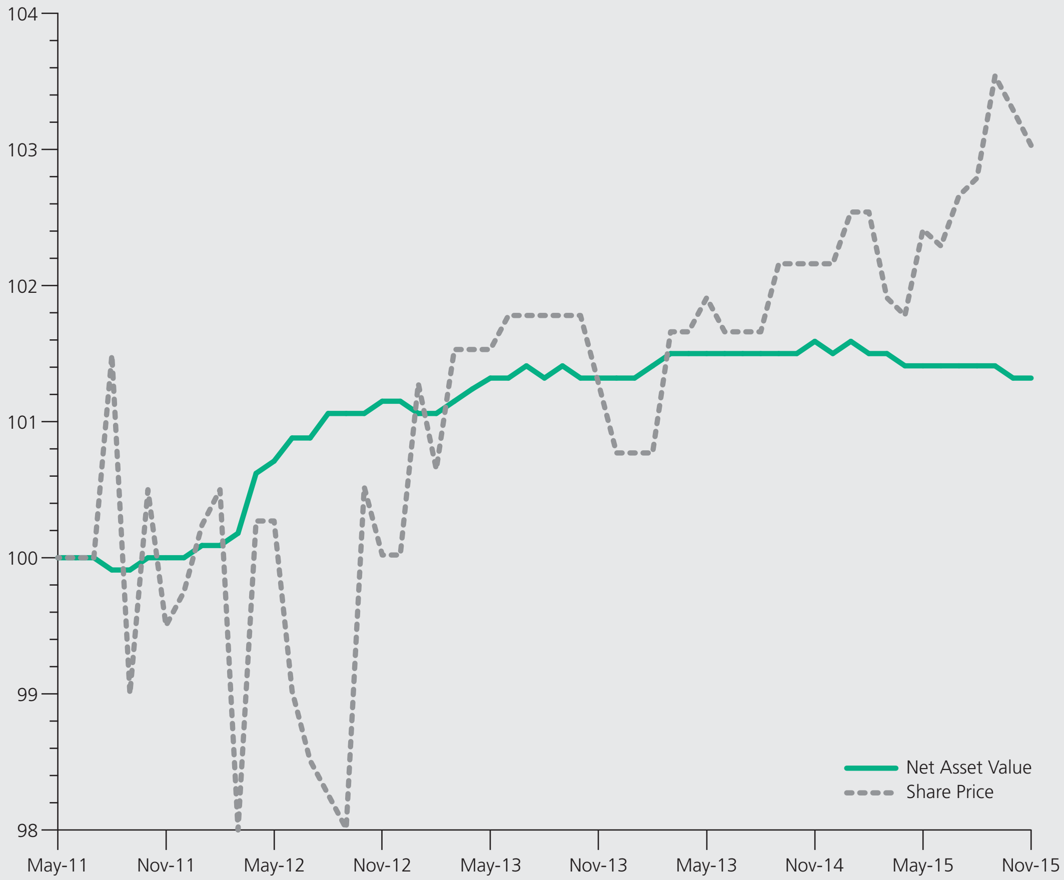
	SIX MONTHS TO 30 NOV 2015	YEAR TO 31 MAY 2015	YEAR TO 31 MAY 2014	YEAR TO 31 MAY 2013	YEAR TO 31 MAY 2012
Net Asset Value	–0.1%	–0.1%	0.2%	0.5%	0.8%
Share Price	0.6%	0.5%	0.4%	1.3%	0.3%

Source: Thomson Reuters Datastream.

Revenue return per share	(0.08)p	(0.12)p	0.02p	0.10p	0.33p
Dividend	nil	nil	nil	nil	0.50p

Total Return Graph

Rebased to 100 at 31 May 2011



MANAGED LIQUIDITY SHARE PORTFOLIO MANAGER'S REPORT

Investment Objective

The investment objective of the Managed Liquidity Share Portfolio is to produce an appropriate level of income return combined with a high degree of security.

Market and Economic Review

The Bank of England (BoE) kept interest rates at the record low level of 0.5% for the entire six month period. Much of the price movement of bond and money market instruments over the six months was focused on the expected timing of the first hike in UK interest rates.

Through to mid-September market expectations were high that the BoE was on course to begin increasing UK interest rates potentially as early as spring 2016. As a result short term interest rates, such as 3 month LIBOR (the interest rate at which the largest banks lend to each other) increased for much of this time. However, a surprise decision by the US Federal Reserve not to begin increasing US interest rates in September owing to concerns about the global economy also saw expectations about the timing of a UK hike start to be pushed out. The collapse in commodity prices since the summer saw the BoE lower its expectations for UK inflation. This in turn helped to push out the expectations of the first UK interest rate hike to 2017. Short term interest rates fell with the 3 month LIBOR rate falling back toward its level at the start of the period.

UK Consumer Price Index inflation remained very low, ranging between –0.1% and +0.1%. In its latest inflation report the BoE stated that it expected inflation to remain below 1% until the second half of 2016 before moving back to the 2% target in the second half of 2017.

Longer dated gilt yields were slightly higher over the period. The 10 year Gilt yield increased from 1.81% at 31 May 2015 to 1.83% at 30 November while the 2 year rose from 0.51% to 0.60%. According to data from Merrill Lynch, Gilts had a total return for the period of 1.2% (sterling total return.)

Portfolio Performance

The Managed Liquidity Portfolio's net asset value total return over the six months to the end of November 2015 was –0.1%.

Portfolio Strategy and Review

Our investment strategy is achieved by investing in the Invesco Perpetual Money Fund and Short-Term Investments Company (Global Series), each of which invests in a diversified portfolio of high quality sterling denominated short-term money market instruments.

In terms of strategy, the Invesco Perpetual Money Fund has some some positions in government, quasi-government and corporate bonds. In order to limit the exposure to interest rate risk and credit risk (the likelihood of an issuer defaulting), these bonds are both short dated and of high quality. The portfolio also holds some floating rate notes, debt instruments which have interest rates reset at regular intervals.

The Short-Term Investments Company (Global Series) portfolio is managed in a modified barbell structure, investing in repurchase agreements, time deposits, commercial paper, certificates of deposit, medium-term notes and floating rate notes, rated A–1/P–1 or better.

Outlook

Looking ahead, the market now has only very modest expectations of tightening UK interest rates. Any change in UK interest rates will be dependent on the underlying economic data. We continue to believe that any adjustment in the UK bank rate will be gradual and to a lower level than in previous cycles.

Stuart Edwards
Portfolio Manager

28 January 2016

MANAGED LIQUIDITY SHARE PORTFOLIO LIST OF INVESTMENTS

	AT 30 NOVEMBER 2015 MARKET VALUE £'000	AT 31 MAY 2015 MARKET VALUE £'000
Invesco Perpetual Money Fund†	4,886	4,880
Short-Term Investments Company (Global Series)	580	580
	5,466	5,460

†At the period end the Managed Liquidity Share Portfolio held 8.24% (May 2015: 8.52%) of the assets under management in the Invesco Perpetual Money Fund.

MANAGED LIQUIDITY SHARE PORTFOLIO INCOME STATEMENT

	SIX MONTHS ENDED 30 NOVEMBER 2015			SIX MONTHS ENDED 30 NOVEMBER 2014		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains on investments	–	2	2	–	–	–
Income	6	–	6	8	–	8
Management fees – note 2	–	–	–	(1)	–	(1)
Other expenses	(10)	–	(10)	(11)	–	(11)
Return on ordinary activities before tax for the financial period	(4)	2	(2)	(4)	–	(4)
Tax on ordinary activities	–	–	–	–	–	–
Return on ordinary activities after tax for the financial period	(4)	2	(2)	(4)	–	(4)
Basic return per ordinary share – note 4	(0.08)p	0.04p	(0.04)p	(0.07)p	–	(0.07)p

SUMMARY OF NET ASSETS

	AT 30 NOVEMBER 2015 £'000	AT 31 MAY 2015 £'000
Fixed assets	5,466	5,460
Current assets	90	68
Creditors falling due within one year, excluding borrowings	(156)	(156)
Net assets	5,400	5,372
Net asset value per ordinary share – note 5	103.2p	103.2p

CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 NOVEMBER

	2015 REVENUE £'000	2015 CAPITAL £'000	2015 TOTAL £'000	2014 REVENUE £'000	2014 CAPITAL £'000	2014 TOTAL £'000
(Losses)/gains on investments	–	(1,983)	(1,983)	–	4,374	4,374
Gains/(losses) on derivative instruments	39	(512)	(473)	54	149	203
Foreign exchange gains	–	5	5	–	14	14
Income	1,977	–	1,977	1,820	–	1,820
Management fees – note 2	(124)	(288)	(412)	(119)	(275)	(394)
Performance fees – note 2	–	(574)	(574)	–	(331)	(331)
Other expenses	(200)	–	(200)	(197)	(1)	(198)
Net return before finance costs and taxation	1,692	(3,352)	(1,660)	1,558	3,930	5,488
Finance costs	(33)	(78)	(111)	(31)	(74)	(105)
Return on ordinary activities before tax	1,659	(3,430)	(1,771)	1,527	3,856	5,383
Tax on ordinary activities	(67)	–	(67)	(52)	–	(52)
Return on ordinary activities after tax for the financial period	1,592	(3,430)	(1,838)	1,475	3,856	5,331
Basic return per ordinary share – note 4						
UK Equity Share Portfolio	2.43p	(2.36)p	0.07p	2.41p	4.95p	7.36p
Global Equity Income Share Portfolio	1.88p	(6.17)p	(4.29)p	1.55p	5.60p	7.15p
Balanced Risk Share Portfolio	0.40p	(7.05)p	(6.65)p	0.51p	1.82p	2.33p
Managed Liquidity Share Portfolio	(0.08)p	0.04p	(0.04)p	(0.07)p	–	(0.07)p

The total column of this statement represents the Company's profit and loss account, prepared in accordance with UK Accounting Standards. The supplementary revenue and capital columns are prepared 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. Therefore no statement of recognised gains or losses is presented. No operations were acquired or discontinued in the period. Income Statements for the different Share classes are shown on pages 11, 15, 20 and 23 for the UK Equity, Global Equity Income, Balanced Risk and Managed Liquidity Share Portfolios respectively.

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE SIX MONTHS ENDED 30 NOVEMBER

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	SPECIAL RESERVE £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
At 31 May 2015	1,059	1,290	83,157	343	49,326	538	135,713
Cancellation of deferred shares	–	–	(1)	1	–	–	–
Net proceeds from shares issued from treasury	–	–	1,775	–	–	–	1,775
Net return on ordinary activities	–	–	–	–	(3,430)	1,592	(1,838)
Dividends – note 9	–	–	–	–	–	(1,847)	(1,847)
At 30 November 2015	1,059	1,290	84,931	344	45,896	283	133,803
At 31 May 2014	1,062	1,290	83,467	340	37,598	372	124,129
Shares bought back and held in treasury	–	–	(309)	–	–	–	(309)
Net return on ordinary activities	–	–	–	–	3,856	1,475	5,331
Dividends – note 9	–	–	–	–	–	(1,663)	(1,663)
At 30 November 2014	1,062	1,290	83,158	340	41,454	184	127,488

CONDENSED BALANCE SHEET

AS AT 30 NOVEMBER 2015

REGISTERED NUMBER 5916642

	UK EQUITY £'000	GLOBAL EQUITY INCOME £'000	BALANCED RISK £'000	MANAGED LIQUIDITY £'000	TOTAL £'000
Fixed assets					
Investments held at fair value through profit or loss	77,274	55,920	7,997	5,466	146,657
Current assets					
Derivative assets held at fair value through profit or loss	–	–	234	–	234
Debtors	258	195	338	46	837
Cash and cash equivalents	54	298	268	44	664
	312	493	840	90	1,735
Creditors: amounts falling due within one year					
Derivative liabilities held at fair value through profit or loss	–	–	(97)	–	(97)
Other creditors	(9,284)	(5,020)	(32)	(156)	(14,492)
Net current (liabilities)/assets	(8,972)	(4,527)	711	(66)	(12,854)
Net assets	68,302	51,393	8,708	5,400	133,803
Shareholders' funds					
Share capital	460	364	116	119	1,059
Share premium	–	–	1,290	–	1,290
Special reserve	41,746	32,726	5,593	4,866	84,931
Capital redemption reserve	73	78	23	170	344
Capital reserve	25,762	18,084	1,808	242	45,896
Revenue reserve	261	141	(122)	3	283
Shareholders' funds	68,302	51,393	8,708	5,400	133,803
Net asset value per ordinary share					
Basic – note 5	170.6p	158.5p	116.5p	103.2p	

CONDENSED BALANCE SHEET

AS AT 31 MAY 2015

	UK EQUITY £'000	GLOBAL EQUITY INCOME £'000	BALANCED RISK £'000	MANAGED LIQUIDITY £'000	TOTAL £'000
Fixed assets					
Investments held at fair value through profit or loss	78,083	57,895	8,411	5,460	149,849
Current assets					
Derivative assets held at fair value through profit or loss	–	–	159	–	159
Debtors	424	277	2,940	49	3,690
Cash and cash equivalents	268	302	388	19	977
	692	579	3,487	68	4,826
Creditors: amounts falling due within one year					
Derivative liabilities held at fair value through profit or loss	–	–	(125)	–	(125)
Other creditors	(9,936)	(6,226)	(2,519)	(156)	(18,837)
Net current (liabilities)/assets	(9,244)	(5,647)	843	(88)	(14,136)
Net assets	68,839	52,248	9,254	5,372	135,713
Shareholders' funds					
Share capital	463	360	117	119	1,059
Share premium	–	–	1,290	–	1,290
Special reserve	41,349	31,335	5,636	4,837	83,157
Capital redemption reserve	73	78	23	169	343
Capital reserves	26,704	20,042	2,340	240	49,326
Revenue reserve	250	433	(152)	7	538
Shareholders' funds	68,839	52,248	9,254	5,372	135,713
Net asset value per ordinary share					
Basic – note 5	173.0p	165.7p	123.2p	103.2p	

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) and with the Statement of Recommended Practice *Financial Statements of Investment Trust Companies and Venture Capital Trusts*, issued by the Association of Investment Companies in November 2014. Accordingly, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* applies for the year ending 31 May 2016 and these financial statements. In addition, FRS 104 *Interim Financial Reporting*, issued by the Financial Reporting Council in March 2015 has been applied for the first time. The financial statements are issued on a going concern basis.

As a result of the first time adoption of FRS 102 and the revised SORP, comparative figures and presentation have been revised where required. The net return attributable to ordinary shareholders and shareholders' funds remain unchanged. As an investment fund the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all investments are highly liquid and are carried at market value, and where a statement of changes in equity is provided.

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 31 May 2015, with the following revision:

> Cash and cash equivalents may comprise cash (including short term deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value) as well as cash equivalents, including money market funds. Investments can be regarded as cash equivalents if they meet all of the following criteria: highly liquid investments held in the Company's base currency that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond.

In these financial statements, cash and cash equivalents do not contain money market fund holdings of the Balanced Risk and Managed Liquidity Portfolios as these are held as investments. In addition, any cash collateral pledged for futures contracts has a risk of significant change in value and accordingly is disclosed as a debtor, not cash.

No other accounting policies have changed as a result of the application of FRS 102 and the revised SORP.

2. Management Fees

The Manager is entitled to a basic fee which is calculated and payable quarterly. The fee is based on the net assets of each Portfolio, at the following percentages:

– 0.65% per annum in the case of the UK Equity and Global Equity Income Portfolios;
– 0.75% per annum for the Balanced Risk Portfolio; and
– 0.25% per annum for the Managed Liquidity Portfolio.

The Manager is also entitled to receive performance fees in respect of the UK Equity and Global Equity Income Portfolios of 12.5% of the increase in net assets per relevant Share in excess of a hurdle of the relevant benchmark plus 1% per annum. The amount of the performance fee that can be earned in any one year is limited to 0.65% of the net assets of the relevant Portfolio and payment is subject to a high water mark. Any underperformance of the benchmark, or performance above the cap, is carried forward to subsequent periods.

The UK Equity Portfolio earned a performance fee of £574,000 in the period (six months ended 30 November 2014: £331,000) which is charged wholly to capital.

No performance fee was earned by the Global Equity Portfolio during the six months (30 November 2015: £nil). Any underperformance must be fully set off by overperformance before any performance fee can be paid. As at the last year end, the underperformance carried forward was £476,000.

The management fees and finance costs are charged to the applicable Portfolio as follows, in accordance with the Board's expected split of long-term income and capital returns:

PORTFOLIO	REVENUE RESERVE	CAPITAL RESERVE
UK Equity	30%	70%
Global Equity Income	30%	70%
Balanced Risk	30%	70%
Managed Liquidity	100%	–

Any entitlement to the investment performance fee which is attributable to the UK Equity or Global Equity Income Portfolio is allocated 100% to capital as it is directly attributable to the capital performance of the investments in those Portfolios.

3. Tax expense represents the sums of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the period.

   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. Any company so approved is not liable for taxation on capital gains.

4. Basic Return per Ordinary Share

Basic revenue, capital and total return per ordinary share is based on each of the returns on ordinary activities after taxation as shown by the income statement for the applicable Share class and on the following number of shares being the weighted average number of shares in issue throughout the period for each applicable Share class:

	WEIGHTED AVERAGE NUMBER OF SHARES	
SHARE	SIX MONTHS ENDED 30 NOVEMBER 2015	SIX MONTHS ENDED 30 NOVEMBER 2014
UK Equity	39,919,191	39,543,866
Global Equity Income	31,765,942	31,405,689
Balanced Risk	7,545,881	7,736,808
Managed Liquidity	5,214,241	5,701,014

5. Net Asset Values per Ordinary Share

The net asset values per ordinary share were based on the following Shareholders' funds and shares (excluding treasury shares) in issue at the period end:

	AT 30 NOVEMBER 2015 £'000	AT 31 MAY 2015 £'000
PORTFOLIO SHAREHOLDERS' FUNDS		
UK Equity	68,302	68,839
Global Equity Income	51,393	52,248
Balanced Risk	8,708	9,254
Managed Liquidity	5,400	5,372
PORTFOLIO SHARES IN ISSUE AT PERIOD END		
UK Equity	40,026,974	39,792,932
Global Equity Income	32,425,312	31,530,677
Balanced Risk	7,472,273	7,510,317
Managed Liquidity	5,234,956	5,205,260

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

continued

6. Classification under Fair Value Hierarchy

The fair value hierarchy analysis for investments held at fair value at the period end is as follows:

	UK EQUITY £'000	GLOBAL EQUITY INCOME £'000	BALANCED RISK £'000	MANAGED LIQUIDITY £'000
AT 30 NOVEMBER 2015				
Financial assets designated at fair value through profit or loss:				
Quoted prices for identical instruments in active markets (i)	76,482	55,920	5,490	–
Valuation techniques using observable data (ii)	42	–	2,724	5,466
Valuation techniques using non-observable data (iii)	750	–	17	–
At 30 November 2015	77,274	55,920	8,231	5,466
Financial liabilities:				
Valuation techniques using observable data – Derivative instruments	–	–	97	–
At 30 November 2015	77,274	55,920	8,328	5,466
AT 31 MAY 2015				
Financial assets designated at fair value through profit or loss:				
Quoted prices for identical instruments in active markets (i)	77,305	57,895	5,488	–
Valuation techniques using observable data (ii)	48	–	3,059	5,460
Valuation techniques using non-observable data (iii)	730	–	23	–
At 31 May 2015	78,083	57,895	8,570	5,460
Financial liabilities:				
Valuation techniques using observable data – Derivative instruments	–	–	125	–
At 31 May 2015	–	–	125	–

(i) This is the majority of the Company's investments and comprises all quoted investments and Treasury bills.

(ii) This comprises the UK Equity Portfolio's holdings of Barclays Bank Nuclear Power Notes, liquidity funds held in the Balanced Risk and Managed Liquidity Portfolios, and any derivative instruments.

(iii) This includes the remaining hedge fund investments of the Balanced Risk Portfolio, and the UK Equity Portfolio's holding of the unquoted stock AJ Bell.

7. Movements in Share Capital and Share Class Conversion

IN THE SIX MONTHS ENDED 30 NOVEMBER 2015

	UK EQUITY	GLOBAL EQUITY INCOME	BALANCED RISK	MANAGED LIQUIDITY
Ordinary 1p shares (number)				
At 31 May 2015	39,792,932	31,530,677	7,510,317	5,205,260
Shares issued from treasury	550,000	550,000	–	–
Arising on share conversion:				
– August 2015	(124,327)	62,069	82,805	9,249
– November 2015	(191,631)	282,566	(120,849)	20,447
At 30 November 2015	40,026,974	32,425,312	7,472,273	5,234,956

	UK EQUITY	GLOBAL EQUITY INCOME	BALANCED RISK	MANAGED LIQUIDITY
Treasury Shares (number)				
At 31 May 2015	6,523,000	4,538,000	4,150,000	6,687,785
Shares issued from treasury	(550,000)	(550,000)	–	–
At 30 November 2015	5,973,000	3,988,000	4,150,000	6,687,785
Total shares in issue at 30 November 2015	45,999,974	36,413,312	11,622,273	11,922,741
Average issue price	167.2p	157.2p	–	–

As part of the conversion process 134,679 deferred shares of 1p each were created. All deferred shares are cancelled before each period end and so no deferred shares are in issue at the start or end of a period.

Subsequent to the period end the Company bought back into treasury 90,000 Balanced Risk shares at 109.9p and 150,000 Managed Liquidity shares at 101.1p

8. Share Prices

	UK EQUITY	GLOBAL EQUITY INCOME	BALANCED RISK	MANAGED LIQUIDITY
30 November 2014	159.8p	153.5p	116.0p	101.6p
31 May 2015	172.5p	166.8p	121.8p	101.9p
30 November 2015	171.0p	160.5p	117.0p	102.5p

9. Dividends on Ordinary Shares

The first and second interim dividends were paid on 14 August 2015 and 13 November 2015 respectively:

PORTFOLIO	NUMBER OF SHARES	DIVIDEND RATE	TOTAL £'000
UK Equity			
First interim	39,792,732	1.20p	478
Second interim	40,118,405	1.20p	481
		2.40p	959
Global Equity Income			
First interim	31,530,677	1.40p	441
Second interim	31,892,746	1.40p	447
		2.80p	888

Dividends paid for the six months to 30 November 2015 totalled £1,847,000 (six months to 30 November 2014: £1,663,000).

10. The financial information contained in this half-yearly financial report, which has not been reviewed or audited by the independent auditor, 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 November 2015 and 30 November 2014 has not been audited. The figures and financial information for the year ended 31 May 2015 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include the Independent Auditor's Report, which was unqualified and did not include a statement under section 498 of the Companies Act 2006.

By order of the Board
Invesco Asset Management Limited
Company Secretary

28 January 2016

DIRECTORS, MANAGER AND ADMINISTRATION

Directors

Patrick Gifford (Chairman of the Board and Nomination Committee)
Sir Michael Bunbury (Chairman of the Audit and Management Engagement Committees)
Alan Clifton (Senior Independent Director)
David Rosier
Victoria Muir (appointed 1 July 2015)

All the Directors are, in the opinion of the Board, independent of the management company and all Directors are members of the Audit, Management Engagement and Nomination Committees.

Registered Office and Company Number

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH

Registered in England and Wales No. 5916642

Manager

Invesco Fund Managers Limited

Company Secretary

Invesco Asset Management Limited
Company Secretarial contact: Paul Griggs

Correspondence Address

6th Floor
125 London Wall
London EC2Y 5AS
☎ 020 3753 1000

Depositary

BNY Mellon Trust Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Registrar

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

If you hold shares directly on the register of members and not through a savings scheme or ISA and have any queries relating to your shareholding you should contact the registrar on: ☎ 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. From outside the UK: +44 (0)208 639 3399. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 9 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

Shareholders holding shares directly can also access their holding details via Capita's website www.capitashareportal.com.

The registrar 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.capitadeal.com or ☎ 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open 8 am to 4.30 pm, Monday to Friday (excluding public holidays in England and Wales).

Invesco Perpetual Client Services

The Invesco Perpetual Client Services Team is available from 8.30 am to 6 pm Monday to Friday (excluding Bank Holidays). Current valuations, statements and literature can be obtained, however, no investment advice can be given.
☎ 0800 085 8677
www.invescoperpetual.co.uk/investmenttrusts

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Invesco Perpetual

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH