

# Keystone Investment Trust plc

Half-Yearly Financial Report for the Six Months to 31 March 2013

## KEY FACTS

Keystone Investment Trust plc is an investment trust company listed on the London Stock Exchange. The Company is managed by Invesco Asset Management Limited.

### Objective of the Company

The objective of Keystone Investment Trust plc is to provide shareholders with long-term growth of capital, mainly from UK investments.

Full details of the Company's investment policy, risk and limits can be found in the annual financial report for the year ended 30 September 2012.

### Performance Statistics

**Total Return** (capital growth with income reinvested)

Net asset value (NAV) per share:

	SIX MONTHS ENDED 31 MAR 2013 %	SIX MONTHS ENDED 31 MAR 2012 %	YEAR ENDED 30 SEPT 2012 %
– debt at par	+21.3	+10.8	+15.8
– debt at fair value	+22.5	+10.7	+14.0
Share price (mid-market)	+16.2	+10.8	+21.0
FTSE All-Share Index	+14.5	+15.0	+17.2

Source: Thomson Reuters Datastream

### Capital Return

NAV per share:

– debt at par	+17.9	+7.3	+11.3
– debt at fair value	+18.8	+7.1	+9.5
Share price	+13.5	+7.9	+16.1
FTSE All-Share Index	+12.7	+13.1	+13.0

Discount/(premium) of share price to net asset value per share:

– debt at par	7.2	7.1	3.6
– debt at fair value	3.9	4.4	(0.6)

Gearing – gross

– net

	SIX MONTHS ENDED 31 MAR 2013	SIX MONTHS ENDED 31 MAR 2012	% CHANGE
Gearing – gross	14.7	18.1	17.4
Gearing – net	8.5	8.5	8.5

### Revenue

Revenue return per ordinary share  
Interim dividend per ordinary share

Revenue return per ordinary share	26.6p	21.4p	24.3
Interim dividend per ordinary share	18.0p	18.0p	—

## INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

### Chairman's Statement

#### Performance

The Company's shares gave a total return of 16.2% to shareholders over the six months from 30 September 2012 to 31 March 2013. From the perspective of the underlying net asset value (NAV) per ordinary share, the total return was 21.3%. These compare with a total return by the Company's benchmark for performance measuring purposes, the FTSE All-Share Index, of 14.5% (all these figures are with income reinvested). On 31 March 2013, the discount of the share price relative to NAV (debt at par) was 7.2% and relative to NAV (debt at fair value) was 3.9%. As I mentioned in the annual financial report, at the beginning of the period the share price was at a premium to NAV (debt at fair value) and we took the opportunity to issue 75,000 shares in October to meet demand.

1 January 2013 represented the 10th anniversary of Mark Barnett taking over the management of the Company's portfolio. Over the 10 years, a

period during which the market was subject to a number of substantial setbacks and recoveries, the Company's NAV total return was 218.3% compared with 131.7% for the benchmark FTSE All-Share Index. The share price total return was 291.2% (all 10-year figures sourced from Thomson Reuters Datastream). It is an excellent result and one which Mark has produced with great care, attention to detail and a sound knowledge of every business in which he invests. I would like to record how thankful we are, on behalf of all shareholders, for the performance he has produced for us and we hope that such outstanding results will continue to be produced for shareholders in the future.

### Gearing and Investment Guidelines

Equity exposure ranged from approximately 106% to 110% of net assets in the period and stood at 108.5% at 31 March 2013 (108.5% at 30 September 2012). During the period the gearing limits set by the Board were unchanged, requiring that the Manager must make no net purchases if equity exposure was more than 110% of net assets, and must make sales if (as a result of market movements) equity exposure rose to more than 115% of net assets.

### Dividend

The Board has declared an interim dividend of 18p per ordinary share which will be paid on 28 June 2013 to shareholders on the register on 31 May 2013. The shares will be marked ex-dividend on 29 May 2013.

**Beatrice Hollond**

Chairman

14 May 2013

### Manager's Report

#### Market Review

Fuelled by on-going monetary stimulus, UK equities have continued to perform strongly into 2013 – both the FTSE 100 and the FTSE All-Share indices have delivered 10 consecutive months of positive returns following Mario Draghi's statement that he would do "whatever it takes" to save the euro. The market hit a five year high towards the end of the period, largely prepared to ignore the inconclusive result of the Italian elections, the Cypriot banking rescue, on-going profit forecast downgrades and further disappointing news on the UK economy. The latter saw further downgrades to 2013 GDP forecasts in the Chancellor's budget.

#### Portfolio Strategy & Review

The portfolio's performance over the six months exceeded that of the benchmark FTSE All-Share Index and benefited from strong performances from a broad spread of the portfolio's investments. Amongst these, the most significant individual positive impact came from the holding in Thomas Cook. The stock market has become persuaded in the scope for new management to turn around this previously ailing business, which retains a strong brand and market position, customer loyalty and pan European distribution.

The portfolio's holdings in Roche and Novartis provided a strongly positive impact on performance. This came partly on the back of the strength of the Swiss franc against sterling and an improved stock market appreciation of the sector's strengths, but also as Roche, in particular, continues to lead the industry in terms of drug discovery and innovation.

Results from BT Group underlined why this company is expected to continue to deliver good profit and dividend growth. While headline profits were slightly ahead of expectations, the stock market focused on the announcement of a new group-wide restructuring programme. The current management team has very effectively reduced the cost-base in recent years and the latest announcement opens a path for the next wave of efficiencies.

The Reckitt Benckiser share price benefited from a strong operational performance and news that it had outbid Bayer to purchase Schiff

Nutrition, a deal which gives it access to the fast growing vitamins and nutrition supplements market. Reckitt Benckiser has an excellent track record of creating value through acquisitions and this is a highly fragmented but well regulated market, with scope for growth in both emerging and developed markets.

The portfolio's performance also benefited, relative to the FTSE All-Share Index, from its zero weighting in the mining sector. This is a sector which has performed well in previous market rallies, but has underperformed during this one as a combination of falling metal prices and rising production costs has led to sharp downgrades to profit forecasts across the sector.

There were relatively few detractors from performance. BG Group's shares fell sharply on the news last October that it had reduced production growth forecasts. The holding in the company has subsequently been disposed of. There was also disappointing news from Chemring. Carlyle called off its discussions about a possible takeover of the company and Chemring issued a significant profit warning and a decline in its order book. However, with a new management team now in place, long-term value should now be realised from the high quality businesses within the company.

Vodafone reduced its forecasts for revenue growth on the back of on-going weakness in its core southern European markets and announced a share buy-back rather than the hoped for passing-on of its dividend from Verizon as a special dividend. The company's ability to generate pricing power from data services is not assured while the cash flow cover of the dividend has fallen to uncomfortably low levels. Hence the Company's holding in the shares has been sold.

In terms of portfolio activity, as outlined above, the holdings in BG Group and Vodafone were disposed of along with the investments in Filtrona, Wm Morrison, Regus and Tate & Lyle. New investments were made in Legal & General, London Stock Exchange, Rolls-Royce and Sherborne Investors.

#### Outlook

The continued strong performance of the UK stock market has created a sense of optimism towards an imminent economic recovery and a growing belief in a multi-year equity bull market. However, this market rise has been notable for several important characteristics, namely significant increases in monetary stimulus and liquidity along with steadily declining profit expectations. The market's rise is not underpinned by fundamental corporate profit growth and hence the multiple of earnings that buyers have been prepared to pay has risen over the past year. The historic price to earnings multiple for the UK market is now in line with the average of the past 40 years, signifying that the market, on average, is fairly valued.

However, a scenario in which rising prices driven by quantitative easing accompanied by weaker fundamentals as a result of lower profit forecasts should prompt a pause for thought, if not concern. Given this combination, and in the absence of improving fundamentals, the market may struggle to see further significant gains. Concerns remain about the challenging macro-economic outlook and ability for companies to grow revenues consistently and the portfolio strategy therefore remains largely unchanged from the recent past. The strong preference is for companies that have proven ability to grow revenues, profits and free cash flow in this low growth world, coupled with management teams that are fully cognisant of the need to deliver sustainable long term dividend growth. It is this type of investment opportunity that forms the majority of the portfolio and will continue to offer the best combination to deliver good risk adjusted returns over the long term.

**Mark Barnett**

Fund Manager

14 May 2013

#### Related Parties and Transactions with the Manager

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

#### Principal Risks and Uncertainties

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

- Investment Objective – the Company may not achieve its published objective.
- Market Risk – a fall in the stock market as a whole will affect the performance of the portfolio and individual investments.
- Investment Risk – the active fund management approach employed can result in a portfolio that looks and behaves differently to the benchmark index.
- Foreign Exchange Risk – the Company has some non-sterling denominated investments and is therefore subject to foreign exchange risk.
- Shares – share price is affected by market sentiment, supply and demand, and dividends declared as well as portfolio performance.
- Bond Holdings – fixed interest securities are subject to credit, liquidity, duration and interest rate risks.
- Gearing – borrowing will amplify the effect on shareholders' funds of portfolio gains and losses.
- Regulatory – whilst compliance with rules and regulations is closely monitored, breaches could affect returns to shareholders.
- Reliance on Third Party Service Providers – failure by any service provider to carry out its obligations to the Company could have a materially detrimental impact on the operations of the Company and affect the ability of the Company to successfully pursue its investment policy.

A detailed explanation of these principal risks and uncertainties can be found on pages 17 and 18 of the 2012 annual financial report, which is available on the Manager's website.

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

#### Going Concern

This half-yearly financial report has been prepared on a going concern basis. The Directors consider this 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, being taken as 12 months after the date of this report. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities, including the debentures, and ongoing expenses. The Directors also considered the revenue forecasts for the year and future dividend payments in concluding on the going concern basis.

#### 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 this half-yearly financial report have been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Report';
- 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 auditors.

Signed on behalf of the Board of Directors.

**Beatrice Hollond**

Chairman

14 May 2013

## INVESTMENTS BY SECTOR AT 31 MARCH 2013

UK listed ordinary shares unless otherwise stated

SECTOR/COMPANY	MARKET VALUE £'000	% OF PORTFOLIO
<b>Basic Materials</b>		
HaloSource I	430	0.2
Coalfield Resources (formerly UK Coal)	72	—
	502	0.2
<b>Consumer Goods</b>		
Imperial Tobacco	11,190	4.8
British American Tobacco	11,189	4.8
Reynolds American – US Common Stock	10,810	4.6
Reckitt Benckiser	6,768	2.9
	39,957	17.1
<b>Consumer Services</b>		
Thomas Cook	6,930	3.0
Reed Elsevier	4,882	2.1
Compass	4,547	1.9
Carnival	4,280	1.8
Ladbroke's	4,200	1.8
Brown (N)	3,241	1.4
Hibu	15	—
Mirada	3	—
	28,098	12.0
<b>Financials</b>		
Hiscox	5,863	2.5
Provident Financial	5,100	2.2
Amlin	4,710	2.0
Beazley	4,701	2.0
Legal & General	3,802	1.6
A J Bell – Unquoted	3,600	1.5
Workspace	3,209	1.4
London Stock Exchange	2,595	1.1
Lancashire	2,247	1.0
Doric Nimrod Air Two – Preference Shares	1,586	0.7
Fusion IP	1,451	0.6
Sherborne Investors Guernsey B – A Shares	1,372	0.6
Imperial Innovations	1,351	0.6
Damille Investments II	1,290	0.5
Macau Property Opportunities Fund	580	0.2
Altus Resource Capital	484	0.2
Damille Investments	352	0.2
Impax Asian Environmental Markets – Subscription Shares	10	—
	44,303	18.9

SECTOR/COMPANY	MARKET VALUE £'000	% OF PORTFOLIO
<b>Healthcare</b>		
AstraZeneca	11,653	5.0
Roche – Swiss Common Stock	10,569	4.5
Novartis – Swiss Common Stock	10,392	4.5
GlaxoSmithKline	9,406	4.0
BTG	3,659	1.6
Napo Pharmaceuticals – Unquoted	2,870	1.2
Lombard Medical Technologies	2,391	1.0
Vectura	1,224	0.5
PuriCore	1,170	0.5
XCounter – Swedish Common Stock	347	0.2
XTL Biopharmaceuticals – ADR	108	—
	53,789	23.0
<b>Industrials</b>		
BAE Systems	8,186	3.5
Capita	5,740	2.5
Babcock International	4,402	1.9
Rentokil Initial	3,836	1.6
Serco	3,456	1.5
Rolls-Royce	2,276	1.0
HomeServe	1,707	0.7
Chemring	1,283	0.5
Nexxon – B Shares – Unquoted	497	—
– Preference C Shares – Unquoted	400	0.4
– Ordinary Shares – Unquoted	4	—
	31,787	13.6
<b>Telecommunications</b>		
BT	13,835	5.9
TalkTalk Telecom	4,403	1.9
KCOM	4,253	1.8
	22,491	9.6
<b>Utilities</b>		
Drax	4,644	2.0
Centrica	4,206	1.8
SSE	3,774	1.6
Barclays Bank – Nuclear Power Notes 28 Feb 2019	416	0.2
	13,040	5.6
<b>Total Investments</b>	<b>233,967</b>	<b>100.0</b>

## CONDENSED INCOME STATEMENT

NOTE	SIX MONTHS TO 31 MARCH 2013			SIX MONTHS TO 31 MARCH 2012			YEAR ENDED 30 SEPTEMBER 2012	
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000	TOTAL £'000	
Gains on investments	—	35,273	35,273	—	14,429	14,429	21,056	
Gains on certificates of deposit	—	—	—	—	9	9	11	
Foreign exchange (losses)/gains	2	(30)	(30)	—	82	82	84	
Income:								
UK dividends	3,007	—	3,007	2,798	—	2,798	6,792	
Overseas dividends	1,338	—	1,338	644	—	644	982	
UK unfranked investment – interest	—	—	—	89	—	89	128	
Scrip dividends	6	—	6	9	—	9	23	
Deposit interest	1	—	1	6	—	6	8	
Investment management and performance fees	3	(188)	(1,056)	(155)	(676)	(831)	(1,606)	
Other expenses	(159)	—	(159)	(158)	—	(158)	(316)	
<b>Net return before finance costs and taxation</b>	<b>4,005</b>	<b>34,375</b>	<b>38,380</b>	<b>3,233</b>	<b>13,844</b>	<b>17,077</b>	<b>27,162</b>	
Finance costs								
Interest payable	(274)	(822)	(1,096)	(274)	(821)	(1,095)	(2,191)	
Loss on debenture stock buy back	4	(6)	(6)	—	—	—	—	
Distributions in respect of non-equity shares	(6)	—	(6)	(6)	—	(6)	(12)	
<b>Return on ordinary activities before taxation</b>	<b>3,725</b>	<b>33,547</b>	<b>37,272</b>	<b>2,953</b>	<b>13,023</b>	<b>15,976</b>	<b>24,959</b>	
Tax on ordinary activities	5	(149)	(149)	(96)	—	(96)	(138)	
<b>Return on ordinary activities after taxation</b>	<b>3,576</b>	<b>33,547</b>	<b>37,123</b>	<b>2,857</b>	<b>13,023</b>	<b>15,880</b>	<b>24,821</b>	
<b>Return per ordinary share</b>								
Basic	6	26.6p	249.6p	276.2p	21.4p	97.4p	118.8p	185.7p

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 presented for information purposes 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 and therefore no statement of total recognised gains or losses is presented. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET				
Registered number 538179				
NOTE	AT 31 MARCH 2013 £'000	AT 31 MARCH 2012 £'000	AT 30 SEPTEMBER 2012 £'000	
<b>Fixed assets</b>				
Investments held at fair value through profit or loss	233,967	192,485	199,259	
<b>Current assets</b>				
Certificates of deposit	—	13,998	—	
Amounts due from brokers	1,545	10	130	
Prepayments and accrued income	1,263	887	732	
Overseas withholding tax recoverable	332	112	123	
Cash and cash funds	13,472	2,288	15,934	
	16,612	17,295	16,919	
<b>Creditors: amounts falling due within one year</b>				
Amounts due to brokers	(367)	(320)	—	
Unrealised loss on forward currency contracts	2	(4)	(3)	
Accruals and deferred income	(1,168)	(1,107)	(1,155)	
	(1,535)	(1,431)	(1,158)	
<b>Net current assets</b>	15,077	15,864	15,761	
<b>Total assets less current liabilities</b>	249,044	208,349	215,020	
<b>Creditors: amounts falling due after more than one year</b>				
Debenture stock	4	(31,626)	(31,645)	
Cumulative preference shares	(250)	(250)	(250)	
Provision	3	(349)	(322)	
<b>Net assets</b>	216,819	176,256	182,803	
<b>Capital and reserves</b>				
Called up share capital	6,722	6,685	6,685	
Share premium	2,214	1,258	1,258	
Capital redemption reserve	466	466	466	
Capital reserve	199,435	160,656	165,888	
Revenue reserve	7,982	7,191	8,506	
<b>Shareholders' funds</b>	216,819	176,256	182,803	
<b>Net asset value per share</b>				
Basic	7	1612.8p	1318.4p	1367.4p

CONDENSED CASH FLOW STATEMENT			
	SIX MONTHS TO 31 MARCH 2013 £'000	SIX MONTHS TO 31 MARCH 2012 £'000	YEAR TO 30 SEPTEMBER 2012 £'000
<b>Total return before finance costs and taxation</b>	38,380	17,077	27,162
Adjustment for gains on investments and certificates of deposit	(35,273)	(14,438)	(21,067)
Cash (outflow)/inflow from forward currency contracts	(3)	87	86
Scrip dividends	(16)	(9)	(23)
(Increase)/decrease in debtors	(740)	(131)	13
Increase in creditors and provisions	40	228	388
Tax on overseas dividends	(149)	(96)	(138)
<b>Cash inflow from operating activities</b>	2,239	2,718	6,421
<b>Servicing of finance</b>	(1,090)	(1,090)	(2,180)
<b>Capital expenditure and financial investment</b>			
Purchases of investments and certificates of deposit	(25,979)	(70,086)	(123,333)
Proceeds from sale of investments and certificates of deposit	25,512	71,182	137,856
Equity dividend paid - note 9	(4,100)	(3,877)	(6,271)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>	(3,418)	(1,153)	12,493
Management of liquid resources	1,670	—	(15,000)
<b>Financing</b>			
Buy back of debenture stock	(37)	—	—
Net proceeds from shares issued	993	—	—
<b>Decrease in cash in the period</b>	(792)	(1,153)	(2,507)
Cashflow from movement in liquid resources	(1,670)	—	15,000
Debenture stock non-cash movement	(12)	(11)	(23)
<b>Movement in net debt in the period</b>	(2,474)	(1,164)	12,470
Net debt at beginning of period	(15,961)	(28,431)	(28,431)
Reduction in debenture stock liability	31	—	—
<b>Net debt at period end</b>	(18,404)	(29,595)	(15,961)
<b>Analysis of changes in net debt</b>			
Brought forward:			
Cash and cash funds	15,934	3,441	3,441
Debenture stock	(31,645)	(31,622)	(31,622)
Cumulative preference shares	(250)	(250)	(250)
<b>Net debt brought forward</b>	(15,961)	(28,431)	(28,431)
Movements in the period:			
Cash (outflow)/inflow from cash funds and short term deposits	(2,462)	(1,153)	12,493
Reduction in debenture stock liability	31	—	—
Debenture stock non-cash movement	(12)	(11)	(23)
<b>Net debt at period end</b>	(18,404)	(29,595)	(15,961)

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS							
	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000	
<b>For the six months ended 31 March 2013</b>							
At 30 September 2012	6,685	1,258	466	165,888	8,506	182,803	
Dividends paid – note 9	—	—	—	—	(4,100)	(4,100)	
Issue of ordinary shares – note 8	37	956	—	—	—	993	
Net return on ordinary activities	—	—	—	33,547	3,576	37,123	
<b>At 31 March 2013</b>	6,722	2,214	466	199,435	7,982	216,819	
<b>For the six months ended 31 March 2012</b>							
At 30 September 2011	6,685	1,258	466	147,633	8,211	164,253	
Dividends paid – note 9	—	—	—	—	(3,877)	(3,877)	
Net return on ordinary activities	—	—	—	13,023	2,857	15,880	
<b>At 31 March 2012</b>	6,685	1,258	466	160,656	7,191	176,256	
<b>For the year ended 30 September 2012</b>							
At 30 September 2011	6,685	1,258	466	147,633	8,211	164,253	
Dividends paid – note 9	—	—	—	—	(6,271)	(6,271)	
Net return on ordinary activities	—	—	—	18,255	6,566	24,821	
<b>At 30 September 2012</b>	6,685	1,258	466	165,888	8,506	182,803	

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. Accounting Policies

The condensed financial statements have been prepared using the same accounting policies as those adopted in the annual financial report for the year ended 30 September 2012.

### 2. Forward Currency Contracts

The equity portfolio includes £32,226,000 (31 March 2012: £19,111,000; 30 September 2012: £24,943,000) of equities denominated in currencies other than pounds sterling. In order to manage the currency risk, the Manager has hedged part of the currency exposure into sterling through the use of forward foreign exchange contracts. These foreign exchange contracts are designated as fair value hedges through profit or loss.

### 3. Base Management Fee, Finance Costs and Performance Fee

The base management fee and finance costs are allocated 75% to capital and 25% to revenue. The base management fee rate is 0.2% of the ten day average mid-market capital of the Company at each quarter end date.

Up to 31 December 2012, a performance-related fee was due after the end of the calendar year if the Company's annualised total return over the previous three years was greater than the annualised return of the FTSE All-Share (Total Return) Index over the same period, plus 2%. For the accounting year to 30 September 2013, the period element of the performance fee has been revised so that current and future performance fee calculation periods are coterminous with the Company's September year end. As a consequence, for this year only, the performance fee is based on a shorter period of two years and nine months to 30 September 2013 with a pro-rated fee for the period 1 January to 30 September 2013. Thereafter the performance fee will revert to a three year calculation period, on the historical basis, but to 30 September each year.

	SIX MONTHS TO 31 MAR 2013 £'000	SIX MONTHS TO 31 MAR 2012 £'000	YEAR TO 30 SEPT 2012 £'000
Provision brought forward	322	—	—
Fee earned/paid	(277)	—	—
Charge for the period	304	210	322
Provision carried forward	349	210	322

### 4. Debenture Stock

The Company's structured debt at the period end is as follows:

	31 MAR 2013 £'000	31 MAR 2012 £'000	30 SEPT 2012 £'000
7.75% debenture stock 2020	7,000	7,000	7,000
6.5% debenture stock 2023	24,968	25,000	25,000
Total	31,968	32,000	32,000
Discount and issue expenses on debenture stock	(342)	(367)	(355)
	31,626	31,633	31,645

On 8 February 2013, £31,700 of 6.5% Debenture Stock 2023 was repurchased and cancelled for £38,000 including accrued interest.

### 5. Tax

The tax effect of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period.

### 6. Basis of Returns

	SIX MONTHS TO 31 MAR 2013	SIX MONTHS TO 31 MAR 2012	YEAR TO 30 SEPT 2012
Returns after tax:			
Revenue	£3,576,000	£2,857,000	£6,566,000
Capital	£33,547,000	£13,023,000	£18,255,000
Total	£37,123,000	£15,880,000	£24,821,000
Weighted average number of ordinary shares in issue during the period	13,441,739	13,368,799	13,368,799

### 7. Basis of Net Asset Value per Ordinary Share

	AT 31 MAR 2013	AT 31 MAR 2012	AT 30 SEPT 2012
Shareholders' funds	£216,819,000	£176,256,000	£182,803,000
Ordinary shares in issue at period end	13,443,799	13,368,799	13,368,799

### 8. Movements in Called up Share Capital

	SIX MONTHS TO 31 MAR 2013 £'000	SIX MONTHS TO 31 MAR 2012 £'000	YEAR TO 30 SEPT 2012 £'000
Number of ordinary 50p shares:			
Brought forward	13,368,799	13,368,799	13,368,799
Issued in period	75,000	—	—
In issue at period end	13,443,799	13,368,799	13,368,799

The average share price of shares issued in the six months to 31 March 2013 was 1341.67p.

### 9. Dividends Paid

	SIX MONTHS TO 31 MAR 2013 £'000	SIX MONTHS TO 31 MAR 2012 £'000	YEAR TO 30 SEPT 2012 £'000
Second interim 30.5p (2012 final: 29p)	4,100	3,877	3,877
Interim 18p	—	—	2,406
Return of unclaimed dividends from previous years	—	—	(12)
Total paid	4,100	3,877	6,271

The interim dividend of 18p will be paid on 28 June 2013 to shareholders on the register on 31 May 2013. Last year the interim dividend of 18p was paid on 29 June 2012 to shareholders on the register on 1 June 2012.

### 10. Investment Trust Status

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 within the meaning of section 1159 of the Corporation Tax Act 2010.

### 11. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly financial report, which has not been reviewed or audited by the independent auditors, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half-years ended 31 March 2012 and 31 March 2013 has not been audited. The figures and financial information for the year ended 30 September 2012 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 Report of the Independent Auditors, 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

14 May 2013



## DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION

### Directors

Beatrice Hollond (Chairman)  
Ian Armfield (appointed 1 November 2012)  
William Kendall  
Peter Readman  
John Wood

### Managers, Company Secretary and Registered Office

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

Company Secretarial contact: Paul Griggs

### Company Number

Registered in England and Wales No. 538179

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

If you hold your shares direct and not through a savings scheme or ISA and have queries relating to your shareholding you should contact the Registrars' call centre on:

☎ 0871 664 0300

Calls cost 10p per minute plus network extras. Lines are open Monday to Friday 9am to 5.30pm (excluding Bank Holidays). From outside the UK: +44 20 8639 3399.

Shareholders can also access their holding details via Capita's websites  
🌐 [www.capitaregistrars.com](http://www.capitaregistrars.com) or 🌐 [www.capitashareportal.com](http://www.capitashareportal.com)

The Registrars provide 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

🌐 [www.capitadeal.com](http://www.capitadeal.com)

Calls cost up to 10p per minute plus network extras. Lines are open Monday to Friday 9am to 4.30pm (excluding Bank Holidays). From outside the UK: +44 20 3367 2691.

### Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team available from 8.30am to 6pm Monday to Friday (excluding Bank Holidays) to help you on:

☎ 0800 085 8677

🌐 [www.invescoperpetual.co.uk/investmenttrusts](http://www.invescoperpetual.co.uk/investmenttrusts)

### Savings Scheme and ISA Administrators

For both the Invesco Perpetual Investment Trust Savings Scheme and ISA:

Invesco Perpetual  
P.O. Box 11150  
Chelmsford  
CM99 2DL  
☎ 0800 085 8677

### Manager's Website

Information relating to the Company can be found on the Manager's website, at [www.invescoperpetual.co.uk/investmenttrusts](http://www.invescoperpetual.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 half-yearly report.

## FINANCIAL CALENDAR 2013

### Announcements

Half-yearly Financial Report	May
Annual Financial Report	November
Interim Management Statements	January and July

### Ordinary Share Dividends

Interim paid	June
Final payable	December

### Annual General Meeting

January 2014

### Year end

30 September



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

Linkway Financial Printers – Typeset & Printed in London (UK) 16182