

City Merchants High Yield Trust Limited

Half-Yearly Financial Report for the Six Months to 30 June 2016

KEY FACTS

City Merchants High Yield Trust Limited is a Jersey incorporated investment company listed on the London Stock Exchange. The Company commenced trading on 2 April 2012 as a successor company to City Merchants High Yield Trust plc.

Investment Objective

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

Investment Policy

The Company seeks to provide a high level of dividend income relative to prevailing interest rates mainly through investment in bonds and other fixed-interest securities. The Company also invests in equities and other equity-like investments consistent with the overall objective.

Performance Statistics

	FOR SIX MONTHS TO 30 JUN 2016	YEAR ENDED 31 DEC 2015
Total Return		
Net asset value	+2.2%	+2.7%
Share price*	+1.2%	+0.7%
Ongoing Charges	1.03%	1.01%
Dividend for the period/year	5p	10p

Period End Information

	AT 30 JUN 2016	AT 31 DEC 2015
Net asset value per share	177.35p	178.34p
Share price*	177.75p	180.75p
Premium	0.2%	1.4%
Gearing		
Gross gearing	nil	nil
Net cash	2.1%	7.0%

* Source: Thomson Reuters Datastream.

INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

Chairman's Statement

The Company has continued to provide shareholders with a positive return through the first half of 2016. In the six months to 30 June 2016, the net asset value (NAV) total return was +2.2% which compares with an average total return of +3.6% from the funds in the Investment Association Sterling Strategic Bond sector. In particular your portfolio managers took steps which successfully protected the NAV against the volatility in markets immediately following the UK's vote to reject membership of the European Union. The Manager's Investment Report provides some background on how this was achieved and how the portfolio is positioned. The NAV total return from 30 June 2016 to 15 August 2016, the latest practical date, is 6.4%.

The Company has sustained the level of income for shareholders despite the continued challenges of a low interest rate environment. The first and second interim dividends for this year of 2.5p each, remain in line with our target of matching last year's total dividends.

In the last annual report I remarked that demand for the Company's shares in 2015 had been strong and as a result the shares had traded at a small premium to NAV. In the six months to 30 June 2016 this has continued, with the Company issuing another 1,280,000 shares to satisfy demand. The average price of these issues was 175.32p per share. Altogether, this represents £2.25 million of capital raised in the first half of this year and has enhanced net assets by approximately £19,000, after costs. A further 1,993,745 shares have been issued to the date of this report.

This year the Company's half-year results have been published during the uncertain period of the aftermath of the unexpected decision by the UK to leave the European Union. The decision will have far-reaching consequences across Europe and the globe, and it is likely that it will further extend the prevailing low interest rate environment we are in. However, we are confident

in our portfolio managers' ability to continue to find income and take advantage of the opportunities that arise.

Finally, I am pleased to report that, as announced on 15 June 2016, Rhys Davies has been promoted to portfolio manager to co-manage the Company's portfolio alongside Paul Causer and Paul Read.

Clive Nicholson

Chairman

16 August 2016

Manager's Investment Report

Market Background

Despite a volatile backdrop, high yield bond markets delivered positive returns in the first half of 2016.

The year began with concerns over the European banking sector and ongoing weakness in commodity markets driving down sentiment. Parts of the financial sector came under significant pressure with negative sentiment also affecting high yield bonds and corporate hybrids. The market's appetite for risk increased from February amid anticipation of significant further monetary easing from the European Central Bank (ECB). The ECB's subsequent policy announcement exceeded expectations with a broad range of measures designed to stimulate the economy.

For bond markets, one of the ECB's most significant announcements was the Corporate Sector Purchase Programme (CSPP). This is an expansion of the ECB's quantitative easing programme, which will see the ECB buy corporate bonds. Anticipation of the programme, which did not begin until June, helped euro investment grade corporate bonds to rally strongly. In turn, high yield bonds also rallied as investors sought to maintain income.

Commodity markets strengthened over this period with Brent crude oil prices rising US\$12 over the six months to US\$49.6 a barrel by the end of June. This was particularly supportive for the US high yield market, which has a high concentration of energy related companies.

During May and June, the UK's impending referendum on membership of the European Union became an increasing source of volatility. The unexpected result was a source of weakness for corporate bond markets. However, in the immediate aftermath the move in prices was not as extreme as some had feared. Some of the biggest moves have been in the Gilt market with 10 year Gilt yields falling 56 basis points during June to 0.87%. This environment favoured higher quality corporate bonds with high yield bonds weakening slightly through June.

According to data from Merrill Lynch, the total return for European high yield bonds in the first half of 2016 was 3.7% (in sterling hedged terms). The aggregate yield to maturity for the sector fell 94bps from 5.93% to 4.99%. By comparison, sterling investment grade corporate bonds returned 7.3% and Gilts returned 12.0%.

So far this year, high yield issuance has been much lower than during 2015 with the uncertainty of January and February leading to very low levels of issuance in what are traditionally very busy months for companies to raise capital. To 30 June 2016 Barclays report that €25.6 billion was issued in European currencies, which is 47% lower than the same period in 2015.

Portfolio Strategy

The Company's NAV ended June 2016 at 177.35p, slightly below the NAV of 178.34p at the close of 2015. The Company paid a total dividend of 5p over the period. The NAV total return for the six months was 2.2%.

The portfolio holds a core of high yield corporate bonds, focused on seasoned issuers that we consider default-remote. In addition, we have significant exposure to areas of the market, which we believe offer relatively attractive yield. Approximately 25% of the portfolio is invested in bank capital, predominantly in the subordinated debt of large European banks. We took the opportunity of weakness in this sector earlier in the year to add some exposure to bonds we thought were attractively priced. In our view, the sector continues to pay a reasonable level of income for the risk. We also have around a 10% allocation to subordinated insurance bonds. Elsewhere we also have holdings in hybrid capital instruments, across sectors including telecoms and utilities. We believe the subordination risk of these more junior debt instruments is attractive in the context of the companies' relatively strong balance sheets.

In the lead up to the referendum, we took a number of measures to mitigate the negative effect a leave vote would have on risk markets. This included increasing our exposure to the US dollar, raising our allocation to cash and initiating a position in US Treasuries. We are pleased to report these measures proved effective and the Company has subsequently delivered strong returns.

Outlook

The UK's vote to reject membership of the European Union has raised a number of uncertainties. That said, the initial reaction to the referendum result was more moderate than might have been expected. However, the full impact of this event on our markets will only become clear over time, as we see the direction of the economic fundamentals and learn more about the future shape of relations between the UK, the European Union and the wider world. We remain cautious in our outlook and retain an overall defensive stance in the portfolio although we acknowledge the CSPP will continue to provide a strong technical support to markets. There are still pockets of value, particularly within the financial sector and corporate hybrids. In this low yield environment, we remain focused on seeking to deliver an attractive level of income.

Paul Read Paul Caser Rhys Davies

Portfolio Managers

16 August 2016

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Investment Objective – there is no guarantee that the Company's investment objective will be achieved or will provide the returns sought by the Company.
- Investment Risk – material changes affecting global capital markets may have a negative effect on the Company's business, financial condition and results of operations. The poor performance of any individual portfolio investment has a negative effect on the value of the portfolio and consequently the Net Asset Value (NAV) per share. A majority of the portfolio comprises high-yield fixed-interest securities – these are subject to credit, interest rate, liquidity and duration risks, and a significant proportion of these are non-investment grade securities.
- Foreign Exchange Risk – the movement of exchange rates may have unfavourable or favourable impact on returns as the majority of the assets are non-sterling.
- Derivatives – the Company may enter into derivative transactions for efficient portfolio management. Derivative instruments can be highly volatile and expose investors to a high risk of loss.
- Dividends – the ability of the Company to pay dividends is dependent on the level of income generated from the portfolio.
- Ordinary Shares and Discount – the shares may trade at a discount to NAV and shareholders may be unable to realise their investment through the secondary market at NAV. The existence of a liquid market in the shares cannot be guaranteed.
- Gearing of Returns through Borrowings – performance may be geared by means of the Company's credit facility. Whilst gearing will be used with the aim of enhancing returns on the portfolio when the value of the Company's assets is rising, it will have the opposite effect when the value is falling. There is no guarantee that any credit facility would be renewable at maturity on terms acceptable to the Company.
- Operational Risk, including Reliance on Third Party Providers – failure by any service provider to carry out its obligations in accordance with the terms of its appointment could have a materially detrimental impact on the effective operation of the Company and on the ability of the Company to pursue its investment policy successfully.
- Regulatory and Tax Related – whilst compliance with rules and regulations is closely monitored, breaches could affect returns to shareholders. Changes to regulation or to the Company's tax status or tax treatment might adversely affect the Company.

A detailed explanation of these principal risks and uncertainties can be found on pages 10 and 11 of the Company's 2015 annual financial report.

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

RELATED PARTIES

Note 22 of the 2015 annual financial report gives details of related party transactions. The basis of these has not changed for the six months being reported. The 2015 annual financial report is available on the Company's section of the Manager's website at www.invescoperpetual.co.uk/citymerchants.

GOING CONCERN

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

BOND RATING ANALYSIS (STANDARD AND POOR'S RATINGS)

The definitions of these ratings are set out on page 62 of the 2015 annual financial report.

RATING	30 JUN 2016		31 DEC 2015	
	% OF PORTFOLIO	CUMULATIVE TOTAL %	% OF PORTFOLIO	CUMULATIVE TOTAL %
Investment Grade:				
AA+	6.1	6.1	—	—
A–	0.7	6.8	1.7	1.7
BBB+	4.7	11.5	3.6	5.3
BBB	4.0	15.5	7.7	13.0
BBB–	4.5	20.0	3.2	16.2
Non-investment Grade:				
BB+	16.6	36.6	13.8	30.0
BB	4.3	40.9	4.0	34.0
BB–	9.9	50.8	13.4	47.4
B+	13.5	64.3	11.7	59.1
B	8.5	72.8	10.6	69.7
B–	4.6	77.4	3.5	73.2
CCC+	6.7	84.1	6.5	79.7
CCC	0.1	84.2	0.2	79.9
CCC–	—	84.2	0.1	80.0
NR* (including equity)	15.8	100.0	20.0	100.0
	100.0		100.0	

* NR: Not rated.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

The Directors confirm that to the best of their knowledge:

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

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

Signed on behalf of the Board of Directors.

Clive Nicholson

Chairman

16 August 2016

THIRTY LARGEST INVESTMENTS AT 30 JUNE 2016

ISSUER/ISSUE	MOODY/S&P RATING	INDUSTRY	COUNTRY OF INCORPORATION	MARKET VALUE £'000	% OF PORTFOLIO	ISSUER/ISSUE	MOODY/S&P RATING	INDUSTRY	COUNTRY OF INCORPORATION	MARKET VALUE £'000	% OF PORTFOLIO
US Treasury 2.5% 15 Feb 2046	Aaa/AA+	Government Bond	USA	9,351	6.08	Barclays 9.25% Perpetual	Ba1/BB+	Financials	UK	1,149	
Lloyds Banking Group – Lloyds Bank & LBG Capital						7% Perpetual	NR/B+			873	
7.875% Perpetual	NR/BB–	Financials	UK	3,689		8% Perpetual	NR/B+			272	
7% Var Perpetual	NR/BB–			2,878						2,294	1.49
				6,567	4.27	Constellium 8% 15 Jan 2023	Caa1/CCC+	Basic Materials	France	681	
Aviva						7% 15 Jan 2023 (SNR)	Caa1/CCC+			672	
6.125% Perpetual	Baa1/BBB	Financials	UK	3,640		4.625% 15 May 2021	Caa1/CCC+			459	
8.875% Preference	NR/NR			1,530		5.75% 15 May 2024	Caa1/CCC+			293	
				5,170	3.36	Citigroup Capital 6.829% FRN	Ba1/BB+	Financials	USA	2,097	1.36
Société Générale 8.875% FRN Perpetual	Ba2/BB+	Financials	France	4,383	2.84	28 Jun 2067					
Telefonica Europe						Koninklijke KPN 6.875% FRN	Ba2/BB	Telecommunications	Netherlands	2,064	1.34
6.75% Perpetual	Ba1/BB+	Telecommunications	Netherlands	2,130		14 Mar 2073					
5.875% Perpetual	Ba1/BB+			1,190		Iron Mountain 6.125% 15 Sep 2022	Ba3/BB–	Financials	USA	1,957	1.27
4.9% Cnv 25 Sep 2017	NR/BB+			677							
				3,997	2.60	REA Finance 8.75% 31 Aug 2020	NR/NR	Consumer Goods	Netherlands	1,930	1.25
Intesa Sanpaolo 8.375% FRN Perpetual	Ba3/B+	Financials	Italy	3,056							
7% Perpetual	Ba3/B+			841		Greenko 8% 01 Aug 2019	NR/B+	Utilities	Netherlands	1,870	1.22
				3,897	2.53	ECO-BAT Finance 7.75% 15 Feb 2017	B3/CCC+	Industrials	UK	1,843	1.20
Credit Agricole 7.589% FRN Perpetual	Ba2/BB+	Financials	France	2,309		BHP Billiton 6.75% FRN 19 Oct 2075	Baa2/BBB+	Basic Materials	Australia	964	
7.5% Var Perpetual	NR/NR			823		6.5% Var 22 Oct 2077	Baa2/BBB+			835	
8.125% FRN Perpetual	Ba2/BB+			537						1,799	1.17
				3,669	2.38	TMF 9.875% 01 Dec 2019	Caa1/CCC+	Financials	Netherlands	1,771	1.15
Standard Chartered 5.125% 06 Jun 2034	A3/BBB–	Financials	UK	1,670		Catlin Insurance 7.249% FRN Perpetual	NR/BBB+	Financials	USA	1,727	1.12
5.7% 26 Mar 2044	A3/BBB–			1,519							
				3,189	2.07	Santos Finance 8.25% FRN 22 Sep 2070	NR/BB+	Oil and Gas	Australia	1,684	1.10
General Motors Wts 10 Jul 2019	Equity	Consumer Goods	USA	3,145	2.04	Electricite De France 6% Perpetual	Baa2/BB+	Utilities	France	1,169	
						5.875% Perpetual	Baa2/BB+			506	
Twinkle Pizza 6.625% 01 Aug 2021	B2/B	Consumer Services	UK	1,778						1,675	1.09
8.625% 01 Aug 2022	Caa1/CCC+			1,069		Origin Energy 7.875% 16 Jun 2071	Ba2/BB	Utilities	Australia	1,630	1.06
				2,847	1.86	Thames Water 7.75% 01 Apr 2019	B1/NR	Financials	UK	1,106	
Balfour Beatty 10.75p Convertible Preference	NR/NR	Industrials	UK	2,651	1.72	5.875% 15 Jul 2022 (SNR)	B1/NR			503	
										1,609	1.05
Chemours 6.625% 15 May 2023 (SNR)	B1/B+	Industrials	USA	1,770		Other investments				86,349	56.12
6.125% 15 May 2023	B1/NR			533						67,503	43.88
7% 15 May 2025	B1/B+			154		Total investments				153,852	100.00
				2,457	1.60						
Premier Foods Finance 6.5% 15 Mar 2021 (SNR)	B2/B	Consumer Goods	UK	2,367	1.54						
Marfrig 8.375% 09 May 2018	B2/B+	Consumer Goods	Netherlands	1,630							
9.5% 04 May 2020 (SNR)	B2/B+			372							
6.875% 24 Jun 2019 (SNR)	B2/B+			302							
				2,304	1.50						
Enel 7.75% 10 Sep 2075	Ba1/BB+	Utilities	Italy	1,525							
6.625% Var 15 Sep 2076	Ba1/BB+			775							
				2,300	1.49						

CONDENSED STATEMENT OF CHANGES IN EQUITY

	STATED CAPITAL £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
FOR THE SIX MONTHS ENDED 30 JUNE 2016				
At 31 December 2015	138,323	12,802	2,851	153,976
Net proceeds from issue of new shares – note 6	2,233	—	—	2,233
Total comprehensive income for the period	—	(1,038)	4,560	3,522
Dividends paid – note 4	(17)	—	(4,323)	(4,340)
At 30 June 2016	140,539	11,764	3,088	155,391
FOR THE SIX MONTHS ENDED 30 JUNE 2015				
At 31 December 2014	128,209	17,610	2,392	148,211
Net proceeds from issue of new shares	6,070	—	—	6,070
Total comprehensive income for the period	—	13	4,217	4,230
Dividends paid – note 4	(25)	—	(4,059)	(4,084)
At 30 June 2015	134,254	17,623	2,550	154,427

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	FOR THE SIX MONTHS TO 30 JUN 2016			FOR THE SIX MONTHS TO 30 JUN 2015		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Profit/(loss) on investments held at fair value	—	5,377	5,377	—	(2,989)	(2,989)
Exchange differences	—	(252)	(252)	—	(343)	(343)
(Loss)/profit on derivative financial instruments						
– currency hedges	—	(5,953)	(5,953)	—	3,554	3,554
Income – note 5	5,242	—	5,242	4,875	—	4,875
Investment management fee – note 2	(374)	(202)	(576)	(376)	(202)	(578)
Other expenses	(212)	—	(212)	(199)	—	(199)
Profit/(loss) before finance costs and taxation	4,656	(1,030)	3,626	4,300	20	4,320
Finance costs	(14)	(8)	(22)	(14)	(7)	(21)
Profit/(loss) before taxation	4,642	(1,038)	3,604	4,286	13	4,299
Tax	(82)	—	(82)	(69)	—	(69)
Profit/(loss) after taxation	4,560	(1,038)	3,522	4,217	13	4,230
Return per ordinary share	5.2p	(1.2)p	4.0p	5.1p	0.0p	5.1p
Weighted average number of shares in issue			87,090,536			82,263,980

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

CONDENSED BALANCE SHEET

Registered in Jersey No. 109714

	AT 30 JUN 2016 £'000	AT 31 DEC 2015 £'000
Non-current assets		
Investments held at fair value through profit or loss	153,852	141,833
Current assets		
Other receivables – accrued income	3,032	2,936
Cash and cash equivalents	3,229	10,730
	6,261	13,666
Current liabilities		
Other payables	(382)	(432)
Amount due to brokers	(586)	—
Derivative financial instruments		
– unrealised loss on forward currency contracts	(3,754)	(1,091)
Net assets	155,391	153,976
Capital and reserves		
Stated capital – note 6	140,539	138,323
Capital reserve	11,764	12,802
Revenue reserve	3,088	2,851
Shareholders' funds	155,391	153,976
Net asset value per ordinary share	177.35p	178.34p
Number of shares in issue at the period end – note 6	87,617,459	86,337,459

CONDENSED STATEMENT OF CASH FLOW

	SIX MONTHS TO 30 JUN 2016 £'000	SIX MONTHS TO 30 JUN 2015 £'000
Cash flow from operating activities		
Profit before taxation	3,604	4,299
Tax	(82)	(69)
Adjustment for:		
Purchases of investments	(18,067)	(26,520)
Sales of investments	12,011	17,950
	(6,056)	(8,570)
(Profit)/loss on investments	(5,377)	2,989
Exchange differences	2	(51)
Net decrease/(increase) in derivative instruments – currency hedges	2,663	(699)
Finance costs	22	21
Operating cash flows before movements in working capital	(5,224)	(2,080)
(Increase)/decrease in receivables	(96)	235
Decrease in payables	(50)	(41)
Net cash flows from operating activities	(5,370)	(1,886)
Cash flow from financing activities		
Finance costs paid	(22)	(22)
Net proceeds from issue of shares	2,233	6,070
Equity dividends paid – note 4	(4,340)	(4,084)
Net cash flows from financing activities	(2,129)	1,964
Net (decrease)/increase in cash and cash equivalents	(7,499)	78
Exchange differences	(2)	51
Cash and cash equivalents at the beginning of the period	10,730	9,577
Cash and cash equivalents at the end of the period	3,229	9,706

NOTES TO THE INTERIM FINANCIAL RESULTS

1. Basis of Preparation

The condensed financial statements have been prepared using the same accounting policies as those adopted in the 2015 annual financial report. They have been prepared on an historical cost basis, except for the measurements at fair value of investments and derivatives, and in accordance with the applicable International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee as adopted by the European Union.

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

2. Management Fee

Investment management fees and finance costs are allocated 35% to capital and 65% to revenue. The management fee is payable quarterly in arrear and is equal to 0.1875% of the value of the Company's total assets under management less current liabilities at the end of each quarter. In addition, the Manager is paid a fixed administration fee of £25,000, based on £22,500 plus RPI per annum.

3. Taxation

The Company is subject to Jersey income tax at the rate of 0% (2015: 0%). The overseas tax charge consists of irrecoverable withholding tax.

4. Dividends Paid

SIX MONTHS TO 30 JUNE	2016		2015	
	PENCE	£'000	PENCE	£'000
Interim dividends in respect of				
previous period	2.5	2,158	2.5	2,020
First interim dividend	2.5	2,182	2.5	2,064
	5.0	4,340	5.0	4,084

Dividends paid in the period have been charged to revenue except for £17,000 (six months to 30 June 2015: £25,000) which was charged to stated capital. This amount is equivalent to the income accrued on the new shares issued in the period (see note 6).

A second interim dividend of 2.5p (2015: 2.5p) has been declared and will be paid on 22 August 2016 to ordinary shareholders on the register on 22 July 2016.

5. Income

SIX MONTHS TO 30 JUNE	2016 £'000	2015 £'000
Investment income – interest:		
– UK	1,856	1,701
– Overseas	3,086	2,948
Dividends:		
– UK	283	211
– Overseas	14	14
Deposit interest	3	1
	5,242	4,875

6. Stated Capital, including Movements

Allotted ordinary shares of no par value.

	SIX MONTHS TO 30 JUN 2016	YEAR TO 31 DEC 2015
Stated capital:		
Brought forward	£138,323,000	£128,209,000
Net issue proceeds	£2,233,000	£10,190,000
Dividend paid from stated capital	£(17,000)	£(76,000)
Carried forward	£140,539,000	£138,323,000
Number of ordinary shares:		
Brought forward	86,337,459	80,812,459
Issued in period	1,280,000	5,525,000
Carried forward	87,617,459	86,337,459
Per share:		
– average issue price	175.32p	186.60p

Of the net issue proceeds of £2,233,000, an aggregate amount of £17,000 represented the accrued income element of the net asset value attributed to the new shares.

Subsequent to the period end 1,993,745 shares have been issued at an average price of 183.30p.

7. Classification Under Fair Value Hierarchy

Note 19 of the 2015 annual financial report sets out the basis of classification.

There were no Level 3 holdings at any period end, and the total (not shown) is therefore the aggregate of Level 1 and Level 2.

	AT 30 JUN 2016		AT 31 DEC 2015	
	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 1 £'000	LEVEL 2 £'000
<i>Financial assets designated at fair value through profit or loss:</i>				
– Fixed interest securities ⁽¹⁾	—	142,369	—	124,977
– Convertibles	—	2,862	—	2,588
– Preference	2,825	—	2,930	—
– Convertible preference	2,651	—	6,866	—
– Warrants	3,145	—	4,472	—
Total for financial assets	8,621	145,231	14,268	127,565
<i>Financial liabilities designated at fair value through profit or loss:</i>				
– Derivative financial instruments: Currency hedges	—	3,754	—	1,091
Total for financial liabilities	—	3,754	—	1,091

(1) Fixed interest securities include both fixed and floating rate securities.

8. Status of Half-yearly Financial Report

The financial information contained in this half-yearly report which has not been audited by the Companies auditor and does not constitute statutory accounts as defined in Article 104 of Companies (Jersey) Law 1991. The financial information for the half year ended 30 June 2016 and the half year ended 30 June 2015 have not been audited. The figures and financial information for the year ended 31 December 2015 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year.

By order of the Board
R&H Fund Services (Jersey) Limited
 Company Secretary

16 August 2016

DIRECTORS, ADVISERS AND EXTERNAL SERVICE PROVIDERS

Directors

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

Manager

Invesco Fund Managers Limited
Perpetual Park, Perpetual Park Drive
Henley-on-Thames, Oxfordshire RG9 1HH
☎ 01491 417 000

Manager's Website

Information relating to the Company can be found on the Manager's website, at 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 interim report.

Company Secretary, Administrator and Registered Office

R&H Fund Services (Jersey) Limited
P.O. Box 83, Ordnance House
31 Pier Road, St. Helier
Jersey JE4 8PW

Company Secretarial Contact: Hilary Jones
☎ 01534 825 200

Registered in Jersey No: 109714

Invesco Perpetual Client Services

Invesco Perpetual has a Client Services Team available from 8.30am to 6pm, 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

Savings Scheme and ISA Administration

For queries relating to both the Invesco Perpetual Investment Trust Savings Scheme and ISA, contact:

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

Dividend Re-Investment Plan

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

Corporate Broker

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

Depository

BNY Mellon Trust & Depository (UK) Limited
160 Queen Victoria Street,
London EC4V 4LA

Registrar

Capita Registrars
12 Castle Street
St Helier
Jersey JE2 3RT

Shareholders who hold shares directly and not through a Savings Scheme or ISA and have queries relating to their shareholding should contact the Registrar's call centre on:

☎ 0871 664 0300

Calls cost 12p per minute plus your phone company's access charge.

☎ +44 371 664 0300 (from outside the UK).

Calls from outside the United Kingdom will be charged at the applicable international rate.

Lines are open 9.00 am to 5.30 pm Monday to Friday (excluding public holidays in England and Wales).

Shareholders holding shares directly can also access their holding details via Capita's website:

www.capitaassetservices.com or 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 on:

☎ 0371 664 0445

www.capitadeal.com

Calls are charged at the standard geographic rate and will vary by provider.

Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open 8.00am to 4.30pm Monday to Friday (excluding UK public holidays in England and Wales).

☎ +44 (0)20 3367 2699 (from outside the UK).

The Company's shares qualify to be considered as a mainstream product suitable for promotion to retail investors.



Invesco Fund Managers 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 Fund Managers Limited.