



## **EP Global Opportunities Trust plc**

Half-Yearly Report

30 June 2016



**Edinburgh Partners**



## FINANCIAL SUMMARY

	30 June 2016	31 December 2015	Change
Shareholders' funds	<b>£123,214,000</b>	£118,357,000	4.1%
Net asset value per ordinary share ("NAV")	<b>253.2p</b>	239.8p	5.6%
Share price per ordinary share	<b>244.0p</b>	234.5p	4.1%
Share price discount to NAV	<b>3.6%</b>	2.2%	

*Past performance is not a guide to future performance.*

### OBJECTIVE

The investment objective of the Company is to provide Shareholders with an attractive real long-term total return by investing globally in undervalued securities. The portfolio is managed without reference to the composition of any stock market index.

### INVESTMENT POLICY

The Company invests in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world, predominantly in quoted equities. The Company may also invest in unquoted securities, which are not anticipated to exceed 10 per cent of the Company's total assets at the time of investment (excluding shares held in Edinburgh Partners Limited). No investment in the Company's portfolio may exceed 15 per cent of the Company's total assets at the time of investment.

The Company has the ability to invest in other investment companies or funds but will invest no more than 15 per cent of its gross assets in other listed investment companies (including investment trusts).

The Company may also invest a substantial portion of its assets in debt instruments, cash or cash equivalents when the Investment Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities for the portfolio or to maintain liquidity. In addition, the Company may purchase derivatives for the purposes of efficient portfolio management.

It is intended that, from time to time, when deemed appropriate, the Company will borrow for investment purposes up to the equivalent of 25 per cent of its total assets. By contrast, the Company's portfolio may from time to time have substantial holdings of debt instruments, cash or short-term deposits.

The investment objective and policy are intended to distinguish the Company from other investment vehicles which have relatively narrow investment objectives and which are thus constrained in their decision making and asset allocation. The objective and policy allow the Company to be constrained in its investment selection only by valuation and to be pragmatic in portfolio construction by only investing in securities which the Investment Manager considers to be undervalued on an absolute basis.

## CHAIRMAN'S STATEMENT

### Results

At 30 June 2016 our NAV was 253.2p, an increase of 5.6 per cent from the 31 December 2015 NAV of 239.8p. The 2015 annual dividend of 3.1p per share was paid in March 2016, providing a total return for the six months of 7.0 per cent. This compares with a total return from the FTSE All-World Index over the same period of 12.0 per cent, while the FTSE All-Share Index total return was 4.3 per cent.

The share price at the end of June 2016 was 244.0p, which was 4.1 per cent above the year-end share price of 234.5p. At 30 June 2016, the Company's shares were trading at a discount of 3.6 per cent to the NAV, compared to a 2.2 per cent discount at the year-end. It is our stated policy to buy back shares with the objective of maintaining the share price at close to the NAV. In the first six months of 2016, we bought back 690,000 shares at a total cost of £1.55 million at small discounts to the NAV. Shares bought back have not been cancelled, but instead are held in treasury with the intention of re-issuing them when demand warrants doing so.

At the Annual General Meeting held in April 2016, Shareholders again approved a resolution permitting the Company to sell shares from treasury at a small discount to the NAV, with tight restrictions on any potential dilution to the NAV. While no shares were sold from treasury during the first six months of 2016, we will be prepared to do so if we consider it is in the best interests of Shareholders. During 2015, we sold 2,035,000 shares from treasury and bought back 215,000 shares.

### Revenue account

The Income Statement on pages 8 and 9 shows revenue per share of 4.1p for the first six months of 2016. This compares to 2.4p over the same period last year and 3.1p for the full year 2015. While the increase in income resulted from a combination of factors, including portfolio changes made in the second half of 2015 and dividend increases on the shares we hold, a significant factor was special dividends from portfolio companies. These special dividends are unlikely to be repeated next year and therefore the level of income this year is not expected to be maintained in 2017, even though next year's income may benefit from the recent decline in the value of sterling. Foreign currency dividends from our overseas holdings will convert into a larger amount of sterling if the pound does not recover from the sharp fall it suffered in June 2016.

As we have stated in previous reports, the decision on which shares we own is driven by our Investment Manager's well defined investment philosophy of focusing on value regardless of the dividend yield of the shares. While this does result in volatility in our annual revenue per share, we believe it will produce a better total return over the longer term.

## **CHAIRMAN'S STATEMENT – continued**

### **Stock market and investment performance**

It was a volatile six month period for global equity markets, with the most significant movements occurring at the start and the end of the period. At the start of the period, there were renewed concerns over Chinese growth and this negatively impacted equity markets, in particular those with an exposure to the Asia Pacific region. Investors focused on companies with the lowest perceived earnings risk and their outperformance was fuelled not by the earnings they were achieving, but by their valuation levels returning to historic relative peaks.

In terms of the Company's investment portfolio, this adversely affected the financial sector, with the share prices of European and Japanese banks seeing significant falls. While the move by their respective central banks to negative interest rates will affect short-term profitability, the most severe impact was on investor sentiment. In contrast, other banking stocks in geographic areas where this policy has not been implemented performed well, such as Bank Mandiri in Indonesia and Bangkok Bank in Thailand.

After the sharp falls seen in prior years, the Brent oil price rose from \$36 to \$50 per barrel during the period, although it has fallen back since the end of June. Following the takeover of BG by Royal Dutch Shell, we retained the majority of our combined holding and, at 4.4 per cent of net assets, this is now our largest investment. Our oil and gas sector holdings, including Apache and BP, performed well during the period. In the health care sector, stocks suffered collateral damage from some of the revelations relating to drug pricing in the US. We believe that stocks such as Novartis, AstraZeneca and Roche remain attractively priced, supported by strong balance sheets and dividend yields, and we added to these holdings during the period.

Towards the end of the half year on 23 June, the UK voted to leave the European Union ("EU") and this had an immediate impact on global equity markets, particularly financial sector stocks, and on currency markets. There were also political repercussions, with David Cameron resigning as prime minister following the vote and being replaced by Theresa May in July. The timing and the terms of withdrawal from the EU and its overall economic consequences remain unclear, thus increasing investor uncertainty. The attempted coup in Turkey and the recent terrorist atrocities in many countries including France, Germany and the US have further increased investor concerns.

For sterling-based investors, the overall returns achieved from global equity markets during the period were positively affected by currency movements, principally as a consequence of the weakness in sterling that occurred in June following the UK referendum vote. In the six month period under review, sterling weakened by 9 per cent against the US\$, 11 per cent against the euro and by an even more significant 23 per cent against the Japanese yen. As a result, in a number of equity markets, primarily in Europe and Japan, negative returns in local equity markets turned into positive returns when converted into sterling.

## **CHAIRMAN'S STATEMENT – continued**

Our Investment Manager considered that the move in the Japanese yen relative to sterling was excessive, so just before the end of the period the Company entered into a foreign currency forward contract to hedge the equivalent of £27 million of the Japanese yen exposure back to sterling. In August, we hedged an additional £4.5 million of our exposure. This effectively hedged 95 per cent of the yen value of our Japanese shares. Following the volatility in equity markets during the period, cash and other net assets were reduced from 9.7 per cent at the end of 2015 to 2.6 per cent at 30 June 2016.

### **Outlook**

The moderate growth in many of the world's major economies along with minimal rates of inflation has resulted in interest rates being held at historically low levels for a number of years. In Continental Europe and Japan, central banks are continuing to buy back aggressively their government bonds. While the US Federal Reserve had indicated that they would start to raise short-term interest rates, this has now been put on hold and there is unlikely to be an increase before the presidential election in November 2016. In the UK, the Bank of England reduced the bank base rate to a historic low of 0.25 per cent in August and announced a programme to buy £60 billion of UK government bonds.

Equities generally look much better value than bonds, but many share valuations are becoming increasingly expensive in absolute terms relative to historical levels. This is particularly true in the US where the S&P Composite Index has recently moved to a new all-time high despite the lack of growth in corporate earnings. As a consequence, we have invested less in US equities than might be expected for a global investment trust.

Although over the past year we have reduced our exposure to the Japanese market, we continue to remain positive about the potential for a valuation improvement in the share prices of the Japanese stocks we hold within the portfolio. The health of the Chinese economy remains a key issue for equity investors, given its very significant contribution to global economic growth. However, we consider that a number of the concerns have been overstated and there is the potential for an improvement in corporate profitability which could have a positive impact on stocks in the Asia Pacific region.

Our concerns over valuation levels in some equity markets are tempered by the continued policy of monetary stimulus that is being applied around the globe as governments attempt to stimulate economic growth and resist deflationary forces. Such a policy seems likely to continue for some time. We will continue to avoid those areas where valuations look excessive and believe that our long-term value based approach is the most sensible way to balance the risk-reward potential in equity markets.

### **Teddy Tulloch**

Chairman

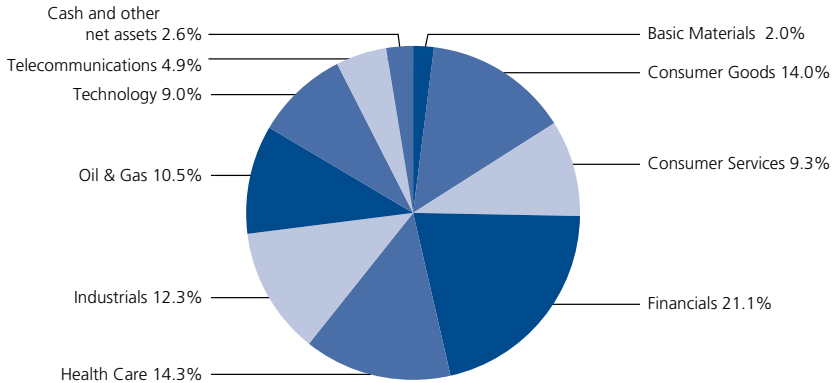
26 August 2016

*Past performance is not a guide to future performance.*

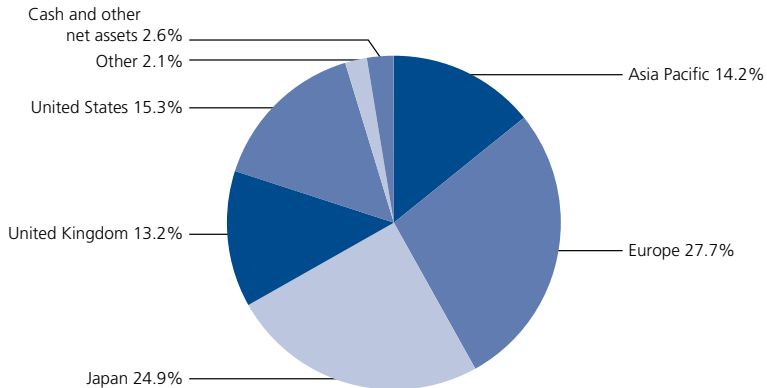
## DISTRIBUTION OF INVESTMENTS

as at 30 June 2016 (% of net assets)

### Sector distribution



### Geographical distribution



The figures detailed in the geographical distribution pie chart represent the Company's equity exposure to these countries or regional areas.

The geographical distribution is based on each investment's principal stock exchange listing, except in instances where this would not give a proper indication of where its activities predominate.

## PORTFOLIO OF INVESTMENTS

as at 30 June 2016

Company	Sector	Country	Valuation £'000	% of Net Assets
<b>Equity investments</b>				
Royal Dutch Shell A	Oil & Gas	Netherlands	5,431	4.4
Novartis	Health Care	Switzerland	4,160	3.4
Japan Tobacco	Consumer Goods	Japan	4,096	3.3
AstraZeneca	Health Care	United Kingdom	4,021	3.3
Apache	Oil & Gas	United States	3,897	3.2
Roche*	Health Care	Switzerland	3,887	3.2
BP	Oil & Gas	United Kingdom	3,622	2.9
NTT	Telecommunications	Japan	3,622	2.9
PostNL	Industrials	Netherlands	3,598	2.9
Panasonic	Consumer Goods	Japan	3,560	2.9
Sumitomo Mitsui Trust	Financials	Japan	3,311	2.7
Sanofi	Health Care	France	3,230	2.6
Ubisoft Entertainment	Consumer Goods	France	3,207	2.6
Bank Mandiri	Financials	Indonesia	3,183	2.6
Galaxy Entertainment	Consumer Services	Hong Kong	3,176	2.6
Mitsubishi	Industrials	Japan	3,175	2.6
East Japan Railway	Consumer Services	Japan	3,122	2.5
PerkinElmer	Industrials	United States	2,996	2.4
Qualcomm	Technology	United States	2,954	2.4
Swire Pacific A	Industrials	Hong Kong	2,930	2.4
Nokia	Technology	Finland	2,883	2.3
Bangkok Bank**	Financials	Thailand	2,850	2.3
SK Hynix	Technology	South Korea	2,840	2.3
Commerzbank	Financials	Germany	2,793	2.3
Sumitomo Mitsui Financial	Financials	Japan	2,759	2.2
Edinburgh Partners Emerging Opportunities Fund	Financials	Other	2,615	2.1
HSBC	Financials	United Kingdom	2,614	2.1
Tesco	Consumer Services	United Kingdom	2,586	2.1
Takashimaya	Consumer Services	Japan	2,516	2.1
Nomura	Financials	Japan	2,479	2.0
Bayer	Basic Materials	Germany	2,472	2.0
Vodafone	Telecommunications	United Kingdom	2,469	2.0
Alphabet A&C***	Technology	United States	2,436	2.0
CK Hutchison	Industrials	Hong Kong	2,417	2.0
BNP Paribas	Financials	France	2,402	2.0
Whirlpool	Consumer Goods	United States	2,303	1.9
Celegene	Health Care	United States	2,200	1.8
Toyota	Consumer Goods	Japan	2,126	1.7
Harman	Consumer Goods	United States	2,014	1.6
Edinburgh Partners	Financials – unlisted	United Kingdom	1,025	0.8
<b>Total – 40 equity investments</b>			<b>119,977</b>	<b>97.4</b>
<b>Cash and other net assets</b>			<b>3,237</b>	<b>2.6</b>
<b>Net assets</b>			<b>123,214</b>	<b>100.0</b>

\* The investment is in non-voting shares.

\*\* The investment is in non-voting depositary receipts.

\*\*\* The investment has restricted voting rights.

The geographical distribution is based on each investment's principal stock exchange listing, except in instances where this would not give a proper indication of where its activities predominate.



## **DIRECTORS' STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES**

The important events that have occurred during the period under review and the key factors influencing the Financial Statements are set out in the Chairman's Statement on pages 2 to 4. The principal factors that could impact the remaining six months of the financial year are also detailed in the Chairman's Statement.

The Board considers that the following are the principal risks associated with investing in the Company: investment and strategy risk, key manager risk, discount volatility risk, market risk, foreign currency risk and regulatory risk. Other risks associated with investing in the Company are liquidity risk, credit risk, interest rate risk, gearing risk, market abuse risk, operational risk and financial risk. These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and uncertainties" within the Strategic Report in the Company's Annual Report and Financial Statements for the year ended 31 December 2015. The Company's principal risks and uncertainties are unchanged since the date of that report.

## **DIRECTORS' STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors confirm that to the best of their knowledge:

- The condensed set of Financial Statements, prepared in accordance with Financial Reporting Standard 104: "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- This Half-Yearly Report includes a fair review of the information required by:
  - (a) 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

This Half-Yearly Report was approved by the Board of Directors on 26 August 2016 and the above responsibility statement was signed on its behalf by Teddy Tulloch, Chairman.

## INCOME STATEMENT (UNAUDITED)

for the six months to 30 June 2016

		Six months to 30 June 2016		
	Note	Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value through profit or loss	6	–	5,343	5,343
Foreign exchange gains on capital items		–	640	640
Foreign currency forward contract loss	7	–	(72)	(72)
Income	2	2,756	–	2,756
Management fee		(403)	–	(403)
Other expenses		(184)	–	(184)
<b>Net return before finance costs and taxation</b>		<b>2,169</b>	<b>5,911</b>	<b>8,080</b>
<b>Finance costs</b>				
Interest payable and other charges		–	–	–
<b>Net return before taxation</b>		<b>2,169</b>	<b>5,911</b>	<b>8,080</b>
Taxation	3	(149)	–	(149)
<b>Net return after taxation</b>		<b>2,020</b>	<b>5,911</b>	<b>7,931</b>
		pence	pence	pence
<b>Return per ordinary share</b>	5	<b>4.1</b>	<b>12.1</b>	<b>16.2</b>

All revenue and capital items in the above statement derive from continuing operations.

The total column of this statement is the profit and loss account of the Company. The revenue and capital columns are prepared in accordance with guidance issued by the Association of Investment Companies ("AIC").

A separate Statement of Comprehensive Income has not been prepared as all gains and losses are included in the Income Statement.

## INCOME STATEMENT (UNAUDITED) – continued

for the six months to 30 June 2016

Revenue £'000	Six months to 30 June 2015		Total £'000	Year to to 31 December 2015 (audited)		
	Capital £'000			Revenue £'000	Capital £'000	Total £'000
–	3,273		3,273	–	978	978
–	269		269	–	767	767
–	–		–	–	–	–
1,910	–		1,910	2,960	–	2,960
(444)	–		(444)	(867)	–	(867)
(183)	–		(183)	(366)	–	(366)
<hr/>				<hr/>		<hr/>
1,283	3,542		4,825	1,727	1,745	3,472
<hr/>				<hr/>		<hr/>
–	–		–	–	–	–
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1,283	3,542		4,825	1,727	1,745	3,472
(123)	–		(123)	(199)	–	(199)
<hr/>				<hr/>		<hr/>
1,160	3,542		4,702	1,528	1,745	3,273
<hr/>				<hr/>		<hr/>
pence	pence		pence	pence	pence	pence
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2.4	7.3		9.7	3.1	3.6	6.7

## BALANCE SHEET (UNAUDITED)

as at 30 June 2016

	Note	30 June 2016 £'000	30 June 2015 £'000	31 December 2015 (audited) £'000
<b>Fixed asset investments</b>				
Investments at fair value through profit or loss	6	<b>119,977</b>	111,173	106,889
<b>Current assets</b>				
Debtors		<b>479</b>	268	181
Cash at bank and short-term deposits		<b>5,623</b>	7,935	11,947
		<b>6,102</b>	8,203	12,128
<b>Creditors: amounts falling due within one year</b>				
Foreign currency forward contract	7	<b>72</b>	–	–
Creditors		<b>2,793</b>	164	660
		<b>2,865</b>	164	660
<b>Net current assets</b>		<b>3,237</b>	8,039	11,468
<b>Net assets</b>		<b>123,214</b>	119,212	118,357
<b>Capital and reserves</b>				
Called-up share capital		<b>645</b>	645	645
Share premium		<b>1,597</b>	1,286	1,597
Capital redemption reserve		<b>14</b>	14	14
Special reserve		<b>68,695</b>	69,982	70,245
Capital reserve		<b>48,637</b>	44,523	42,726
Revenue reserve		<b>3,626</b>	2,762	3,130
<b>Total Shareholders' funds</b>		<b>123,214</b>	119,212	118,357
		pence	pence	pence
<b>Net asset value per ordinary share</b>	8	<b>253.2</b>	242.7	239.8

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)

for the six months to 30 June 2016

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Six months to 30 June 2016</b>							
At 31 December 2015	645	1,597	14	70,245	42,726	3,130	118,357
Net return after taxation	–	–	–	–	5,911	2,020	7,931
Dividends paid	–	–	–	–	–	(1,524)	(1,524)
Share purchases for treasury	–	–	–	(1,550)	–	–	(1,550)
Share sales from treasury	–	–	–	–	–	–	–
<b>At 30 June 2016</b>	<b>645</b>	<b>1,597</b>	<b>14</b>	<b>68,695</b>	<b>48,637</b>	<b>3,626</b>	<b>123,214</b>
<b>Six months to 30 June 2015</b>							
At 31 December 2014	645	–	14	67,309	40,981	3,194	112,143
Net return after taxation	–	–	–	–	3,542	1,160	4,702
Dividends paid	–	–	–	–	–	(1,592)	(1,592)
Share purchases for treasury	–	–	–	–	–	–	–
Share sales from treasury	–	1,286	–	2,673	–	–	3,959
<b>At 30 June 2015</b>	<b>645</b>	<b>1,286</b>	<b>14</b>	<b>69,982</b>	<b>44,523</b>	<b>2,762</b>	<b>119,212</b>
<b>Year ended 31 December 2015 (audited)</b>							
At 31 December 2014	645	–	14	67,309	40,981	3,194	112,143
Net return after taxation	–	–	–	–	1,745	1,528	3,273
Dividends paid	–	–	–	–	–	(1,592)	(1,592)
Share purchases for treasury	–	–	–	(496)	–	–	(496)
Share sales from treasury	–	1,597	–	3,432	–	–	5,029
<b>At 31 December 2015</b>	<b>645</b>	<b>1,597</b>	<b>14</b>	<b>70,245</b>	<b>42,726</b>	<b>3,130</b>	<b>118,357</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the six months to 30 June 2016

### 1 Accounting policies

#### Basis of accounting

The Company's Financial Statements for the six months to 30 June 2016 have been prepared on the basis of the accounting policies set out in the Annual Report and Financial Statements of the Company for the year ended 31 December 2015 and in accordance with Financial Reporting Standard ("FRS") 104: "Interim Financial Reporting". The Company has early adopted the amendments to FRS 102: "The Financial Reporting Standard applicable in the UK and Republic of Ireland" section 34, in relation to fair value hierarchy levels, issued on 8 March 2016. The Company has elected to remove the Cash Flow Statement from the Half-Yearly Report, as permitted by FRS 102.

#### Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in listed companies.

### 2 Income

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
<b>Income from investments</b>			
UK net dividend income	<b>1,056</b>	567	840
Overseas dividend income	<b>1,700</b>	1,343	2,120
	<b>2,756</b>	1,910	2,960

### 3 Taxation

The taxation charge for the six months to 30 June 2016 is £149,000 (six months to 30 June 2015: £123,000; year to 31 December 2015: £199,000).

The taxation charge comprises a corporation tax charge for the six months to 30 June 2016 of £nil (six months to 30 June 2015: £nil; year to 31 December 2015: £nil) and irrecoverable withholding tax suffered of £149,000 (six months to 30 June 2015: £123,000; year to 31 December 2015: £199,000).

## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2016

### 4 Dividends

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
<b>Declared and paid</b>			
2015 interim dividend of 3.1p per ordinary share paid in March 2016	<b>(1,524)</b>	–	–
2014 final dividend of 3.3p per ordinary share paid in May 2015	–	(1,592)	(1,592)
	<b><u>(1,524)</u></b>	<u>(1,592)</u>	<u>(1,592)</u>

### 5 Return per ordinary share

	Six months to 30 June 2016		Six months to 30 June 2015		Year to 31 December 2015	
	Net return £'000	Per share pence	Net return £'000	Per share pence	Net return £'000	Per share pence
Revenue return after taxation	<b>2,020</b>	<b>4.1</b>	1,160	2.4	1,528	3.1
Capital return after taxation	<b>5,911</b>	<b>12.1</b>	3,542	7.3	1,745	3.6
Total return	<b><u>7,931</u></b>	<b><u>16.2</u></b>	<u>4,702</u>	<u>9.7</u>	<u>3,273</u>	<u>6.7</u>

The returns per share for the six months to 30 June 2016 are based on 49,084,047 shares (six months to 30 June 2015: 48,543,361 shares; year to 31 December 2015: 49,008,643 shares), being the weighted average number of ordinary shares, excluding shares held in treasury, in circulation during the period.

## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2016

### 6 Investments

	Unlisted £'000	Listed £'000	30 June 2016 Total £'000	30 June 2015 Total £'000	31 December 2015 Total £'000
Opening book cost	214	102,104	102,318	97,501	97,501
Opening investment holding gains	1,236	3,335	4,571	6,867	6,867
Opening valuation	1,450	105,439	106,889	104,368	104,368
Movements in the period:					
Purchases at cost	–	19,122	19,122	25,449	45,683
Sales – proceeds	–	(11,377)	(11,377)	(21,917)	(44,140)
– realised gains on sales	–	2,167	2,167	2,327	3,274
Increase/(decrease) in investment holding gains	(425)	3,601	3,176	946	(2,296)
Closing valuation	1,025	118,952	119,977	111,173	106,889
Closing book cost	214	112,016	112,230	103,360	102,318
Closing investment holding gains	811	6,936	7,747	7,813	4,571
Closing valuation	1,025	118,952	119,977	111,173	106,889

The unlisted investment above is 71,294 (30 June 2015: 71,294; 31 December 2015: 71,294) shares in Edinburgh Partners Limited, which falls into level 3 of the fair value hierarchy. In March 2016, following the payment of a special dividend, the valuation of the holding was reduced from £1,450,000 to £1,025,000.

Within the listed investments detailed above, there is included the Company's investment in the Edinburgh Partners Emerging Opportunities Fund, a sub-fund of an Irish domiciled open-ended investment company listed on the Dublin Stock Exchange, which was valued at £2,615,000 at 30 June 2016. As at 31 March 2016, the most recent half-year end of the Edinburgh Partners Emerging Opportunities Fund, the aggregate amount of capital and reserves was US\$7,852,000. For the six months to 31 March 2016, the profit for the period after tax and distributions was US\$358,000.



## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2016

### 6 Investments – continued

Analysis of capital gains and losses			30 June	30 June	31 December
	Unlisted	Listed	2016	2015	2015
	£'000	£'000	Total	Total	Total
			£'000	£'000	£'000
Realised gains on sales	–	<b>2,167</b>	<b>2,167</b>	2,327	3,274
Changes in fair value of investments	<b>(425)</b>	<b>3,601</b>	<b>3,176</b>	946	(2,296)
Gains/(losses) on investments	<b>(425)</b>	<b>5,768</b>	<b>5,343</b>	3,273	978

#### Fair value hierarchy

In accordance with FRS 102 and FRS 104, the Company must disclose the fair value hierarchy of financial instruments.

The different levels of the fair value hierarchy are as follows:

- 1 Quoted price for an identical asset in an active market.
- 2 The price of a recent transaction for an identical asset, as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.
- 3 A valuation technique:
  - a) using observable market data; or
  - b) using non-observable market data.

All of the Company's financial instruments fall into level 1, except its foreign currency forward contract detailed in note 7, which falls into level 3 and is measured at fair value through profit or loss, and its investment in Edinburgh Partners Limited which falls into level 3 and is fair valued using an unquoted price that is derived from inputs that are not based on observable market data by using recognised valuation methodologies, in accordance with IPEVC Valuation Guidelines. A reconciliation of the fair value movements of level 3 investments is shown above and on page 14.

## NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2016

### 7 Foreign currency forward contract

	30 June 2016 Total £'000	30 June 2015 Total £'000	31 December 2015 Total £'000
<b>Financial liabilities at fair value through profit or loss</b>			
Level 1	–	–	–
Level 2	–	–	–
Level 3	<b>(72)</b>	–	–
	<b>(72)</b>	–	–

In relation to its investments in Japanese equities, on 28 June 2016, the Company entered into a foreign currency forward contract to hedge the equivalent of £27,000,000 of its Japanese yen exposure back to sterling. As at 30 June 2016, the unrealised exchange loss, which represents the change in fair value, of the foreign currency forward contract was £72,000.

### 8 Net asset value per ordinary share and share capital

The net asset value per ordinary share is based on net assets at 30 June 2016 of £123,214,000 (30 June 2015: £119,212,000; 31 December 2015: £118,357,000) and on 48,657,725 ordinary shares (30 June 2015: 49,112,725; 31 December 2015: 49,347,725), being the number of ordinary shares, excluding shares held in treasury, in circulation at the period end. Net asset values calculated include current period revenue.

During the six-month period to 30 June 2016, 690,000 ordinary shares were purchased for treasury at a total cost of £1,550,000.

No ordinary shares were sold from treasury during the six months to 30 June 2016.

As a result of the transactions detailed above, there were 64,509,642 ordinary shares in issue as at 30 June 2016, of which 15,851,917 ordinary shares were held in treasury, resulting in there being 48,657,725 ordinary shares in circulation.

### 9 Related party transactions

There were no related party transactions during the period.

## **NOTES TO THE FINANCIAL STATEMENTS – continued**

for the six months to 30 June 2016

### **10 Financial information**

The financial information for the six months to 30 June 2016 and for the six months to 30 June 2015 has not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews. The financial information contained in this report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The latest published audited Financial Statements which have been delivered to the Registrar of Companies are the Annual Report and Financial Statements for the year ended 31 December 2015; the report of the independent Auditor thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The information for the year ended 31 December 2015 is an extract from that Annual Report and Financial Statements.

### **11 Status of the Company**

It is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as an investment trust company as set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

### **12 Going concern**

The Company's business activities, together with factors likely to affect its future development and financial performance, are set out in the Chairman's Statement on pages 2 to 4 and the Directors' Statement of Responsibilities in respect of the Financial Statements on page 7. The Company's principal risks are listed in the Directors' Statement of Principal Risks and Uncertainties on page 7.

The Company's assets consist principally of a diversified portfolio of listed global equity shares, which in most circumstances are realisable within a short period of time and exceed its current liabilities by a significant amount. The Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date this Half-Yearly Report is approved. For this reason, they have adopted the going concern basis in preparing the Financial Statements.

## **NOTES TO THE FINANCIAL STATEMENTS – continued**

for the six months to 30 June 2016

### **13 Post balance sheet events**

#### **Foreign currency forward contract**

Further to the foreign currency hedging referred to in note 7, on 1 August 2016 the Company hedged the equivalent of an additional £4,500,000 of its Japanese yen exposure back to sterling.

#### **Share capital**

The following transactions in the Company's ordinary shares have taken place between 30 June 2016 and the date of this report:

A total of 320,000 ordinary shares were purchased for treasury at a total cost of £821,000. As a result, there were 64,509,642 ordinary shares in issue as at the date of this report, of which 16,171,917 were held in treasury, resulting in there being 48,337,725 ordinary shares in circulation.

## SHAREHOLDER INFORMATION

### Investing in the Company

The Company's ordinary shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker or financial adviser. The ordinary shares are eligible for inclusion in ISAs and SIPPs. These are available through Alliance Trust Savings, who also offer the opportunity to invest in the Company through a dealing account. The Company's shares are also available on other share trading platforms.

### Frequency of NAV publication

The Company's NAV is released daily to the London Stock Exchange and published on the Company's website at [www.epgot.com](http://www.epgot.com) and on Edinburgh Partners' website at [www.edinburghpartners.com](http://www.edinburghpartners.com).

### Portfolio updates

The Company releases details of its portfolio on a monthly basis to the London Stock Exchange and these may be viewed on the Company's website at [www.epgot.com](http://www.epgot.com) and on Edinburgh Partners' website at [www.edinburghpartners.com](http://www.edinburghpartners.com).

### Share price and sources of other information

The Company's ordinary share price is quoted daily in the Financial Times and the Daily Telegraph under "Investment Companies". Previous day closing price, daily NAV and other portfolio information is published on the Company's website at [www.epgot.com](http://www.epgot.com) and on Edinburgh Partners' website at [www.edinburghpartners.com](http://www.edinburghpartners.com). Other useful information on investment trusts, such as prices, NAVs and company announcements, can be found on the websites of the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com), and the AIC at [www.theaic.co.uk](http://www.theaic.co.uk).

### Share register enquiries

The register for the ordinary shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0370 889 4069 or email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk). Changes of name and/or address must be notified in writing to the Registrar, at the address shown on the inside back cover. You can check your shareholding and find practical help on transferring shares or updating your details at [www.investorcentre.co.uk](http://www.investorcentre.co.uk).

### Key dates

Company's year end	31 December
Annual results announced	March
Annual General Meeting	April
Dividend paid	May
Company's half-year end	30 June
Half-yearly results announced	August

## SHAREHOLDER INFORMATION – continued

### Risk factors

This document is not a recommendation, offer or invitation to buy, sell or hold shares of the Company. If you wish to deal in the shares of the Company, you may wish to contact an authorised professional investment adviser.

An investment in the Company should be regarded as long term and is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment.

The market value of, and the income derived from, the ordinary shares can fluctuate. The Company's share price may go down as well as up. Past performance is not a guide to future performance. There is no guarantee that the market price of the ordinary shares will fully reflect their underlying NAV. Fluctuations in exchange rates will affect the value of overseas investments (and any income received) held by the Company. Investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be met. The levels of, and reliefs from, taxation may change.

This Half-Yearly Report contains "forward-looking statements" with respect to the Company's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events that are beyond the Company's control. As a result, the Company's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. The Company undertakes no obligation to update the forward-looking statements contained within this Half-Yearly Report or any other forward-looking statements it makes.

The Company is a public company. It is registered in Scotland and its shares are traded on the London Stock Exchange. The Company is not regulated or authorised by the Financial Conduct Authority.

The Directors of the Company, the directors of Edinburgh Partners AIFM Limited and the directors and employees of Edinburgh Partners Limited may (subject to applicable laws and regulations) hold shares in the Company and may buy, sell or offer to deal in the Company's shares from time to time.

## **CORPORATE INFORMATION**

### **Directors**

Teddy Tulloch (Chairman)  
David Hough  
David Ross  
Giles Weaver

### **Company Secretary and Registered Office**

Kenneth J Greig  
27-31 Melville Street  
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EH3 7JF

Company website: [www.epgot.com](http://www.epgot.com)

### **Alternative Investment Fund Manager**

Edinburgh Partners AIFM Limited  
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Edinburgh  
EH3 7JF

### **Investment Manager**

Edinburgh Partners Limited  
27-31 Melville Street  
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EH3 7JF

Tel: 0131 270 3800

email: [enquiries@edpam.com](mailto:enquiries@edpam.com)  
[www.edinburghpartners.com](http://www.edinburghpartners.com)

### **Auditor**

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### **Registrar and Transfer Office**

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### **Solicitor and Sponsor**

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### **Depositary**

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London  
E14 5NT

### **Custodian and Banker**

The Northern Trust Company  
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Canary Wharf  
London  
E14 5NT

*Registered in Scotland No. 259207*

*An investment company as defined under Section 833 of the Companies Act 2006*

*The Company is a member of the Association of Investment Companies*

