

EP Global

Opportunities Trust plc

Half-Yearly Report
30 June 2020



CORPORATE INFORMATION

Directors

Teddy Tulloch (Chairman)
David Hough
David Ross
Tom Walker

Company Secretary and Registered Office

Kenneth J Greig
27-31 Melville Street
Edinburgh
EH3 7JF

www.epgot.com

Alternative Investment Fund Manager

Edinburgh Partners AIFM Limited
27-31 Melville Street
Edinburgh
EH3 7JF

Investment Manager

Edinburgh Partners Limited
27-31 Melville Street
Edinburgh
EH3 7JF

Tel: 0131 270 3800

email: enquiries@edpam.com
www.edinburghpartners.com

Auditor

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

Registrar and Transfer Office

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Tel: 0370 889 4069

email: web.queries@computershare.co.uk
www.investorcentre.co.uk

Solicitor

Dickson Minto W.S.
16 Charlotte Square
Edinburgh
EH2 4DF

Depositary

Northern Trust Global Services SE
6 rue Lou Hemmer
Senningerberg
1748 Grand-Duché de Luxembourg

Custodian and Banker

The Northern Trust Company
50 Bank Street
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

FINANCIAL SUMMARY

	30 June 2020	31 December 2019	Change
Shareholders' funds	£117.6m	£132.0m	(10.9)%
Net asset value per share ("NAV")	294.4p	320.8p	(8.2)%
Share price	268.0p	310.0p	(13.5)%
Share price discount to NAV	9.0%	3.4%	

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% of the Company's total assets at the time of investment. No investment in the Company's portfolio may exceed 15% 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% 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% 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 2020, our NAV was 294.4p, a reduction of 8.2% from the 31 December 2019 NAV of 320.8p. The 2019 final dividend of 6.0p per share and special dividend of 1.5p per share, a total of 7.5p per share, were paid in May 2020 and this resulted in a total return for the six months of -5.8%.

The COVID-19 coronavirus pandemic had a dramatic impact on global equity markets. A precipitous decline in share prices in March 2020, as the full impact of the inevitable economic disruption was recognised by investors, resulted in large losses in the first three months of the year. This was partially reversed in the second quarter, as equity markets responded to the actions of central banks, who reduced interest rates and injected liquidity, and governments, who significantly boosted expenditure, to avoid an economic depression. For UK-based investors, returns from global equity markets were boosted by the weakness of sterling which declined by about 7% against other major currencies. The US stock market led the recovery from the end of March 2020 and, while the S&P Composite Index was down in dollar terms, over the six-month period, it achieved a positive total return of 3.9% when measured in sterling, because of the fall in sterling. By contrast, the FTSE All-Share Index, by far the worst major market, had a negative total return of 17.5%. The Company's relative investment performance benefitted from holding a high level of cash in the first quarter but this held back the recovery in the second quarter.

Share price

The share price at the end of June 2020 was 268.0p, a decrease of 13.5% on the year-end share price of 310.0p. At 30 June 2020, the Company's shares were trading at a discount of 9.0% to the NAV, compared to a 3.4% discount at the previous year end. The share price total return, including dividends reinvested, was -10.9%. The increase in the volatility in equity markets resulted in the discount being higher than normal. The Company continues to buy back its own shares to reduce the discount and in the first six months of 2020, we bought back 1,210,000 shares. The share buy backs made during the period represented 2.9% of the shares in circulation at the start of the period and were purchased at a total cost of £3.5 million. 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.

Revenue account

The Income Statement on page 12 shows revenue per share of 3.5p for the first six months of 2020, which was a 34.0% reduction on the 5.3p generated in the same period last year. The revenue per share for the full year in 2019 was 8.1p. The reduction in income resulted from the disposal of a number of higher yielding shares and dividend reductions from some holdings as a consequence of the COVID-19

CHAIRMAN’S STATEMENT – continued

pandemic. A number of these cuts occurred following directives from regulators, particularly the European Central Bank, that banks should retain sufficient capital during the pandemic.

As we have regularly stated in previous annual and half-yearly 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 and can result in volatility in our revenue per share from year to year. The reduction in income as detailed on page 2 will be taken into account in determining the level of any dividend for the full year.

COVID-19

The COVID-19 pandemic was the dominant feature in the period under review. The Directors have noted the operational risks that are posed to the Company and its service providers due to global and local movement restrictions imposed by governments worldwide. Where necessary, business continuity arrangements have been implemented by the Company’s service providers, principally a work at home strategy, and the Board has obtained assurances that they are continuing to operate effectively. As detailed on page 21, the Board is satisfied that there are no issues which trigger a need to re-examine the going concern assumption at this time.

Auditor

As detailed in the 2019 Annual Report, Ernst & Young LLP, the Auditor to the Company since its launch in 2003, ceased to hold office at the Annual General Meeting held on 22 April 2020. We thank Ernst & Young LLP for their services to the Company. At this year’s Annual General Meeting, Shareholders approved the appointment of Johnson Carmichael LLP as Auditor to the Company.

New Website and Factsheet

In the 2019 Annual Report, the Company updated Shareholders on progress on planned upgrades to the Company’s website and factsheet, projects forming part of the Board’s wider efforts to improve access to and clarity of Shareholder communications.

The Company is pleased to announce that it has launched its new website www.epgot.com incorporating both new features and additional functionality. A quarterly investment commentary is one of the new features included on the website.

The Company also announces that it has updated its monthly factsheet and this is now available on the website at www.epgot.com/shareholder-information/monthly-factsheets.

CHAIRMAN'S STATEMENT – continued

Outlook

There are clear signs of an economic recovery as the “lockdown”, imposed to limit the spread of the virus, is eased. It is difficult to gauge the strength of the recovery with unemployment likely to increase for a while and further corporate bankruptcies are seen as inevitable. It is expected that any faltering in the recovery will be met with further stimulative measures but governments have already significantly increased their budget deficits and their overall level of indebtedness potentially limiting their ability to respond. Further supportive action may extend the economic recovery which in turn could help maintain stock market valuations. However, further increases in debt levels also increase the level of risk for the future.

The economic recovery in some sectors may be relatively quick but others remain vulnerable to delays in the return to normality. It is the long-term damage to corporate as well as government finances that presents a significant risk to future economic stability. The outlook is further clouded by the increased tension between the US and China, and uncertainty with regards to the final agreement on trade or lack of one between the European Union and the UK. The low level of interest rates with negative rates in some countries does provide support for equity valuations but the debasing of currencies by excessive printing of money risks the eventual pickup in inflation. The strong run up in the gold price over the last year and the recent acceleration in the rate of increase is a warning that the risk to financial stability may be underestimated.

The higher level of cash balances has impacted recent short-term performance, particularly when equity markets have risen, as occurred in the second quarter of 2020. The Investment Manager believes this recent equity market rise has been due to investor sentiment and the actions of central banks rather than being sustainably driven by future profits growth. It continues to maintain its disciplined investment approach, with the current over-riding priority being one of capital preservation. We held 13.9% of our assets in cash at the end of June 2020 which will enable our Investment Manager to take advantage of investment opportunities that it anticipates will be forthcoming in the months ahead.

Teddy Tulloch

Chairman

19 August 2020

Past performance is not a guide to future performance.

INVESTMENT MANAGER'S REPORT

Economic and stock market review and investment performance

The Company's NAV total return was -5.8% during the six-month period to 30 June 2020. The COVID-19 pandemic is an unprecedented event that has resulted in significant economic disruption and there has been a severe impact on corporate profitability. The pandemic and its impact on slowing global economic growth is likely to increase trade protectionism, particularly between China and the US, which had already been evident prior to the onset of the pandemic. During the period, an oil output war between Russia and Saudi Arabia led to a substantial fall in the oil price and simultaneously, there was a slump in demand when the global economy effectively shut down.

In the early part of 2020, equity markets continued to rise and the US S&P Index reached an all-time high in February 2020. Once the impact of COVID-19 became apparent in early March 2020, bond and equity markets reacted with unprecedented volatility to the change in circumstances that paralysed the global economy. Equity markets more than reversed their previous gains, resulting in negative returns in the first quarter from global equity markets, although for sterling-based investors, this reduction was limited to an extent by the weakness of sterling.

Having taken an increasingly cautious view on the outlook for equity markets, there had been a build-up of cash balances. In the first two months of the period, these had increased from 8.5% of net assets to 18.1%. As a consequence of implementing both a defensive investment strategy and building up cash balances, the portfolio fell less than global equity markets in the first quarter of 2020. In the quarter equity markets saw substantial falls, subsequent to the World Health Organisation declaring the COVID-19 outbreak a pandemic on 11 March 2020. Equity markets have experienced increased volatility and uncertainty since the onset of the pandemic. There was a significant rise in equity markets in the second quarter as investors reacted positively to the actions of central banks, who reduced interest rates and boosted liquidity, and governments, who increased expenditure on a substantial scale. Against the backdrop of the defensive positioning of the portfolio and rising markets, portfolio performance lagged global equity markets in the second quarter, resulting in a negative return in the six-month period.

We have already seen many companies reduce or cancel dividends because of the pandemic. Several cancelled dividends resulted from directives from financial regulators who instructed banks to stop paying dividends and this impacted the dividend revenue generated from the portfolio in the period, as did the strategy of building up cash balances. The income from the portfolio can vary from year to year, depending on the stocks which we believe can provide a real long-term total return to Shareholders.

INVESTMENT MANAGER'S REPORT – continued

Portfolio activity

The most significant change in the period was an increase in cash balances from 8.5% of net assets at the start of the period to 13.9%, reflecting our ever-increasing caution over valuations. As stated on page 5, prior to the significant reduction in share prices that occurred in March 2020 as investors reacted to the potential impact of the COVID-19 pandemic, cash balances had risen to 18.1% of net assets at the end of February 2020. Geographically, the major change in exposure was a reduction in Europe ex UK equities from 36.4% of net assets to 29.6%. The portfolio continues to have a low exposure to US equities, as we consider their equity market valuations to be excessive compared to other global equity markets.

The two largest sector exposures in the portfolio remain the economically defensive areas of Health Care at 22.8% of net assets and Communication Services at 15.4%. Health Care stocks have continued to benefit the portfolio as market interest in the sector held up against the pandemic backdrop. During the period, we reduced our holdings in AstraZeneca, Novartis and Roche, the three largest stocks in the portfolio at 31 December 2019. In Communication Services, we added to the Company's holding in Telefonica. The most significant increase in sector exposure during the period was in Information Technology which increased from 4.1% of net assets to 11.1%. An addition was made to the two existing holdings – Samsung SDI, the battery company, which, following a strong share price performance, is now the largest holding in the portfolio, and to Nokia, which also performed well. After the market setback, we were able to purchase two new stocks – Samsung Electronics and Taiwan Semiconductor Manufacturing Company. In the Materials sector, we were able to purchase Antofagasta, the UK-listed copper manufacturer as the share price moved back into our price range.

The most substantial reduction in sector exposure was in Financials from 18.9% of net assets at the start of the period to 11.0%. In part it was due to disposals, including Bangkok Bank and Sumitomo Mitsui Financial, but also to the severe share price reaction as the economic implications of interest rate declines and reduced economic growth expectations associated with the COVID-19 pandemic were assessed by investors. Following a reassessment, we disposed of the European banks, BNP Paribas and BBVA. We purchased a new holding, Credicorp of Peru, and increased the position in ING. The exposure to the Energy sector reduced during the period from 11.4% of net assets to 5.3%. In the US, Apache was sold early in the period when the share price rose sharply on improved results. We also disposed of the holding in Royal Dutch Shell.

Our overall strategy, after share prices fell, was to use the opportunity to reshape the portfolio and buy stocks which we believe have the combination of strong balance sheets and better growth prospects and should improve the overall risk/reward structure of the portfolio.

INVESTMENT MANAGER'S REPORT – continued

As Investment Manager, we recognise the importance of engagement with portfolio companies, particularly in relation to environmental, socially responsible investment and corporate governance issues. During the period under review, we actively engaged with a number of portfolio companies including AstraZeneca, Bayer, Samsung Electronics, Sumitomo Mitsui Trust, Telefonica and Vodafone on these issues.

Outlook

Over the past year, the portfolio has been positioned in anticipation of a scenario where tight labour markets would cause bond yields to rise which would then, in turn, slow economic growth and reveal underlying debt issues in the global economy. The COVID-19 pandemic short-circuited this sequence and the decline in economic activity has been severe and almost unprecedented. We believe that because of the significant debt overhang, it will also be prolonged and do not believe that the current complacency in global credit markets will be sustained and that interest rates will start to rise.

Given the role of equity markets in anticipating future growth, the global economy and financial markets do not move in tandem. However, the combination of full valuations prior to the recent equity market rally and a poor economic outlook indicates that recent equity market strength is due more to positive investor sentiment than economic fundamentals. It has been boosted by the actions of central banks and governments, rather than being sustainably driven by future profits growth.

Prior to the onset of the COVID-19 pandemic, the portfolio was defensively positioned and with equity markets having risen to such high levels we were forced to allow cash levels to rise rather than over-paying for new purchases. We are concerned that, even though the factors leading to the long bull markets in equities and bonds have been removed, many stocks, particularly in the US, continue to have unattractive high valuations. We are highly sceptical of the sustainability of recent equity market moves and believe the correct approach is to remain with a defensively positioned portfolio. We anticipate that opportunities will occur to allow us to invest the cash balances that are currently held.

Dr Sandy Nairn

Investment Manager

19 August 2020

Past performance is not a guide to future performance.

PORTFOLIO OF INVESTMENTS

as at 30 June 2020

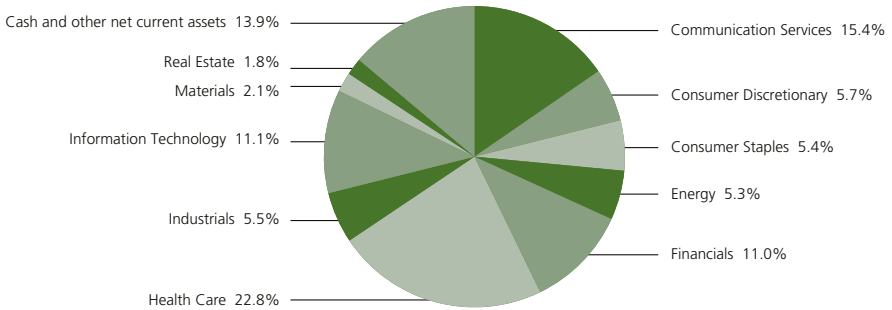
Company	Sector	Country	Valuation £'000	% of Net Assets
Equity investments				
Samsung SDI	Information Technology	South Korea	4,791	4.1
Sanofi	Health Care	France	4,281	3.6
Tesco	Consumer Staples	United Kingdom	4,015	3.4
Sony	Consumer Discretionary	Japan	3,970	3.4
Verizon Communications	Communication Services	United States	3,730	3.2
AstraZeneca	Health Care	United Kingdom	3,651	3.1
Vodafone	Communication Services	United Kingdom	3,594	3.1
Roche*	Health Care	Switzerland	3,503	3.0
Fresenius Medical Care	Health Care	Germany	3,462	2.9
Astellas Pharma	Health Care	Japan	3,218	2.7
ING	Financials	Netherlands	3,133	2.7
Novartis	Health Care	Switzerland	3,128	2.7
Nokia	Information Technology	Finland	3,034	2.6
Edinburgh Partners Emerging Opportunities Fund	Financials	Other	2,915	2.5
Comsys	Industrials	Japan	2,865	2.4
Shanghai Fosun Pharmaceutical H	Health Care	China	2,805	2.4
Orange	Communication Services	France	2,799	2.4
Bayer	Health Care	Germany	2,782	2.4
Panasonic	Consumer Discretionary	Japan	2,754	2.3
Singapore Telecommunications	Communication Services	Singapore	2,748	2.3
Sumitomo Mitsui Trust	Financials	Japan	2,627	2.2
Taiwan Semiconductor ADR	Information Technology	Taiwan	2,586	2.2
China Mobile	Communication Services	China	2,548	2.2
Samsung Electronics	Information Technology	South Korea	2,533	2.2
Antofagasta	Materials	United Kingdom	2,418	2.1
Japan Tobacco	Consumer Staples	Japan	2,396	2.0
Total	Energy	France	2,393	2.0
Daiwa House Industry	Real Estate	Japan	2,172	1.8
East Japan Railway	Industrials	Japan	2,157	1.8
Credicorp	Financials	Peru	2,132	1.8
Commerzbank	Financials	Germany	2,070	1.8
Telefonica	Communication Services	Spain	2,045	1.7
ENI	Energy	Italy	1,965	1.7
BP	Energy	United Kingdom	1,899	1.6
CK Hutchison	Industrials	Hong Kong	1,537	1.3
Tokyo Broadcasting System	Communication Services	Japan	499	0.4
Telefonica Rights	Communication Services	Spain	84	0.1
Total equity investments			101,239	86.1
Cash and other net current assets			16,350	13.9
Net assets			117,589	100.0

* The investment is in non-voting shares

DISTRIBUTION OF INVESTMENTS

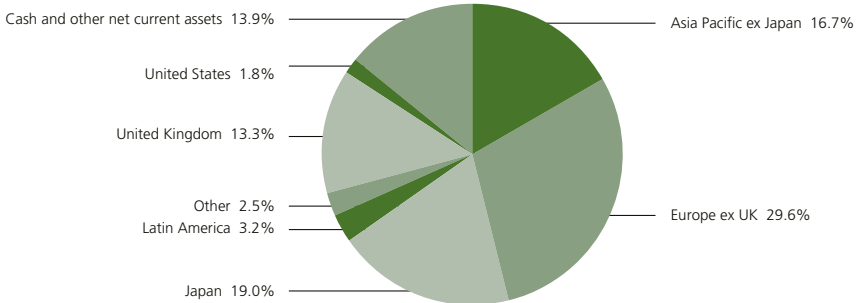
as at 30 June 2020 (% of net assets)

Sector distribution



The figures detailed in the sector distribution pie chart represent the Company's exposure to those sectors.

Geographical distribution



The figures detailed in the geographical distribution pie chart represent the Company's 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.

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 and Investment Manager's Report on pages 2 to 7. The principal factors that could impact the remaining six months of the financial year are also detailed in the Chairman's Statement and Investment Manager's Report.

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, price risk, foreign currency risk and regulatory risk. Other risks associated with investing in the Company include, but are not limited to, liquidity risk, credit risk, interest rate risk, gearing risk, operational risk and other financial risks. 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 2019.

The Board has reviewed the risks related to the COVID-19 pandemic and considers it to be an unprecedented event with an ongoing impact on the Company's principal risks. The COVID-19 pandemic is causing significant disruption to economies and equity markets worldwide. While equity markets have experienced increased volatility and uncertainty since the onset of the pandemic, the eventual impact on the global economy and markets will largely depend on the overall scale and duration of the outbreak. During this period, the Company may continue to hold higher than average cash balances until the Investment Manager can identify securities which it considers to be undervalued in order to take advantage of investment opportunities that may arise. The value of the investments and the dividends available for distribution to Shareholders may be impacted as a result of the short-term disruption and wider economic consequences of the COVID-19 pandemic. Any such impact on the value of investments will continue to be reflected in the NAV. The Directors have also noted the operational risks that are posed to the Company and its service providers due to global and local movement restrictions that have been enacted by governments worldwide. Where necessary, business continuity arrangements have been implemented by the Company's service providers and the Board has received assurances that the Company is continuing to operate effectively.

Other than the risks detailed above in relation to the COVID-19 pandemic, the Company's principal risks and uncertainties are unchanged since the date of the 2019 Annual 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 ("FRS") 104: "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and loss 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 and the above responsibility statement was signed on its behalf by:

Teddy Tulloch

Chairman

19 August 2020

INCOME STATEMENT

for the six months to 30 June 2020

		Six months to 30 June 2020		
	Note	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments at fair value through profit or loss	6	–	(10,746)	(10,746)
Foreign exchange gains/(loss) on capital items		–	1,438	1,438
Income	2	2,179	–	2,179
Management fee		(386)	–	(386)
Other expenses		(213)	–	(213)
Net return before finance costs and taxation		1,580	(9,308)	(7,728)
Finance costs				
Interest payable and related charges		(34)	–	(34)
Net return before taxation		1,546	(9,308)	(7,762)
Taxation	3	(122)	–	(122)
Net return after taxation		1,424	(9,308)	(7,884)
Return per share	5	pence 3.5	pence (23.0)	pence (19.5)

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 – continued

for the six months to 30 June 2020

Six months to 30 June 2019			Year to to 31 December 2019		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	6,583	6,583	–	4,737	4,737
–	121	121	–	(491)	(491)
3,087	–	3,087	5,032	–	5,032
(451)	–	(451)	(903)	–	(903)
(201)	–	(201)	(429)	–	(429)
<hr/>			<hr/>		
2,435	6,704	9,139	3,700	4,246	7,946
<hr/>			<hr/>		
–	–	–	(10)	–	(10)
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2,435	6,704	9,139	3,690	4,246	7,936
(193)	–	(193)	(310)	–	(310)
<hr/>			<hr/>		
2,242	6,704	8,946	3,380	4,246	7,626
<hr/>			<hr/>		
pence	pence	pence	pence	pence	pence
5.3	15.9	21.2	8.1	10.1	18.2
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BALANCE SHEET

as at 30 June 2020

	30 June 2020	30 June 2019	31 December 2019
Note	£'000	£'000	£'000
Fixed asset investments			
Investments at fair value through profit or loss	6 101,239	123,532	120,796
Current assets			
Debtors	683	854	607
Cash at bank and short-term deposits	16,076	11,063	10,911
	16,759	11,917	11,518
Current liabilities			
Creditors	409	132	305
	409	132	305
Net current assets	16,350	11,785	11,213
Net assets	117,589	135,317	132,009
Capital and reserves			
Called-up share capital	645	645	645
Share premium	1,597	1,597	1,597
Capital redemption reserve	14	14	14
Special reserve	42,454	47,953	45,965
Capital reserve	68,955	80,721	78,263
Revenue reserve	3,924	4,387	5,525
Total Shareholders' funds	117,589	135,317	132,009
Net asset value per share	7 294.4	pence 323.7	pence 320.8

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six months to 30 June 2020

	Share capital	Share premium	Capital redemption reserve	Special reserve	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Six months to							
30 June 2020							
At 31 December 2019	645	1,597	14	45,965	78,263	5,525	132,009
Net return after taxation	-	-	-	-	(9,308)	1,424	(7,884)
Dividends paid	-	-	-	-	-	(3,025)	(3,025)
Share purchases for treasury	-	-	-	(3,511)	-	-	(3,511)
At 30 June 2020	645	1,597	14	42,454	68,955	3,924	117,589
Six months to							
30 June 2019							
At 31 December 2018	645	1,597	14	50,662	74,017	4,864	131,799
Net return after taxation	-	-	-	-	6,704	2,242	8,946
Dividends paid	-	-	-	-	-	(2,719)	(2,719)
Share purchases for treasury	-	-	-	(2,709)	-	-	(2,709)
At 30 June 2019	645	1,597	14	47,953	80,721	4,387	135,317
Year ended							
31 December 2019							
At 31 December 2018	645	1,597	14	50,662	74,017	4,864	131,799
Net return after taxation	-	-	-	-	4,246	3,380	7,626
Dividends paid	-	-	-	-	-	(2,719)	(2,719)
Share purchases for treasury	-	-	-	(4,697)	-	-	(4,697)
At 31 December 2019	645	1,597	14	45,965	78,263	5,525	132,009

NOTES TO THE FINANCIAL STATEMENTS

for the six months to 30 June 2020

1 Accounting policies

Basis of accounting

The Company's Financial Statements for the six months to 30 June 2020 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 2019 and in accordance with FRS 104: "Interim Financial Reporting". The Company has elected to remove the Cash Flow Statement from the Half-Yearly Report, as permitted by FRS 102 section 7.1A.

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 2020	Six months to 30 June 2019	Year to 31 December 2019
	£'000	£'000	£'000
UK net dividend income	403	371	660
Overseas dividend income	1,730	2,678	4,298
	<hr/>	<hr/>	<hr/>
Income from investments	2,133	3,049	4,958
Bank interest	46	38	74
	<hr/>	<hr/>	<hr/>
Total income	2,179	3,087	5,032

3 Taxation	Six months to 30 June 2020	Six months to 30 June 2019	Year to 31 December 2019
	£'000	£'000	£'000
UK corporation tax	–	–	–
Overseas withholding tax	122	193	310
	<hr/>	<hr/>	<hr/>
	122	193	310

NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2020

4 Dividends	Six months to 30 June 2020	Six months to 30 June 2019	Year to 31 December 2019
	£'000	£'000	£'000
Declared and paid			
2019 final dividend of 6.0p per share paid in May 2020	2,420	–	–
2019 special dividend of 1.5p per share paid in May 2020	605	–	–
2018 final dividend of 5.5p per share paid in May 2019	–	2,301	2,301
2018 special dividend of 1.0p per share paid in May 2019	–	418	418
	<u>3,025</u>	<u>2,719</u>	<u>2,719</u>

5 Return per share	Six months to 30 June 2020		Six months to 30 June 2019		Year to 31 December 2019	
	Net	Per	Net	Per	Net	Per
	return	share	return	share	return	share
	£'000	pence	£'000	pence	£'000	pence
Revenue return after taxation	1,424	3.5	2,242	5.3	3,380	8.1
Capital return after taxation	(9,308)	(23.0)	6,704	15.9	4,246	10.1
Total return	<u>(7,884)</u>	<u>(19.5)</u>	<u>8,946</u>	<u>21.2</u>	<u>7,626</u>	<u>18.2</u>

The returns per share for the six months to 30 June 2020 are based on 40,474,787 shares (six months to 30 June 2019: 42,129,408 shares; year to 31 December 2019: 41,857,001 shares), being the weighted average number of shares, excluding shares held in treasury, in circulation during the period.

NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2020

6 Investments	30 June 2020	30 June 2019	31 December 2019
	£'000	£'000	£'000
Listed investments	101,239	123,532	120,796
	101,239	123,532	120,796
Analysis of investment portfolio movements	Six months to 30 June 2020	Six months to 30 June 2019	Year to 31 December 2019
	£'000	£'000	£'000
Opening bookcost	113,587	113,751	113,751
Opening investment holding gains	7,209	3,218	3,218
Opening valuation	120,796	116,969	116,969
Movements in the period:			
Purchases at cost	16,315	14,625	28,325
Sales – proceeds	(25,126)	(14,645)	(29,235)
– realised (losses)/gains on sales	(1,641)	2,577	746
Changes in fair value of investments	(9,105)	4,006	3,991
Closing valuation	101,239	123,532	120,796
Closing bookcost	103,135	116,308	113,587
Closing investment holding (losses)/gains	(1,896)	7,224	7,209
Closing valuation	101,239	123,532	120,796

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, Edinburgh Partners Opportunities Fund plc, listed on Euronext Dublin, which was valued at £2,915,000 at 30 June 2020. As at 31 March 2020, the most recent half-year end of the Edinburgh Partners Emerging Opportunities Fund, the aggregate amount of capital and reserves was US\$9,391,000. For the six months to 31 March 2020, the loss for the period after tax and distributions was US\$2,516,000.

NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2020

6 Investments – continued

Analysis of capital gains and losses	Six months to 30 June 2020 £'000	Six months to 30 June 2019 £'000	Year to 31 December 2019 £'000
Realised (losses)/gains on sales	(1,641)	2,577	746
Changes in fair value of investments	(9,105)	4,006	3,991
(Losses)/gains on investments	(10,746)	6,583	4,737

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 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- 2 Inputs other than quoted prices included within level 1 that are observable (developed using market data) for the asset or liability, either directly or indirectly.
- 3 Inputs are unobservable (for which market data is unavailable) for the asset or liability.

All of the Company's financial instruments fall into level 1.

The Company's previous investment in Edinburgh Partners Limited, the Company's Investment Manager, which was acquired by Franklin Resources Inc. in May 2018, fell into level 3. The final proceeds of £282,000 were received and accounted for in May 2020.

No unlisted investments were held during the six month period to 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2020

7 Net asset value per share and share capital

The NAV is based on net assets at 30 June 2020 of £117,589,000 (30 June 2019: £135,317,000; 31 December 2019: £132,009,000) and on 39,937,725 shares (30 June 2019: 41,807,725 shares; 31 December 2019: 41,147,725 shares), being the number of shares, excluding shares held in treasury, in circulation at the period end. NAVs calculated include current period revenue.

During the six month period to 30 June 2020, 1,210,000 shares were repurchased for treasury at a total cost of £3,511,000.

No shares were sold from treasury during the six months to 30 June 2020.

As a result of the transactions detailed above, there were 64,509,642 shares in issue as at 30 June 2020, of which 24,571,917 shares were held in treasury, resulting in there being 39,937,725 shares in circulation.

8 Related party transactions

There were no related party transactions during the period.

9 Financial information

The financial information for the six months to 30 June 2020 and for the six months to 30 June 2019 have 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 as defined in 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 2019; 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 2019 is an extract from that Annual Report and Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

for the six months to 30 June 2020

10 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.

11 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 and Investment Manager's Report on pages 2 to 7 and the Directors' Statement of Responsibilities in respect of the Financial Statements on page 11. The Company's principal risks are listed in the Directors' Statement of Principal Risks and Uncertainties on page 10.

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, having assessed the Company's principal risks and uncertainties, as well as considering the implications of the COVID-19 pandemic, and where appropriate, action taken by the Company's service providers, 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 Half-Yearly Financial Statements.

12 Post balance sheet events

Subsequent to the half-year end and up to 19 August 2020, the date of this report, the Company bought back 450,000 shares into treasury at a cost of £1,211,000.

SHAREHOLDER INFORMATION

Investing in the Company

The Company's shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker or financial adviser. The shares are eligible for inclusion in Individual Savings Accounts ("ISAs") and Self-Invested Personal Pensions ("SIPPs"). The Company's shares are available on various 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 and on the website of Edinburgh Partners at www.edinburghpartners.com.

Portfolio updates

The Company's portfolio holdings report, detailing a list of all investments, including sectoral and geographical analyses, is released on a monthly basis to the London Stock Exchange. It is also published on the Company's website at www.epgot.com and on the website of Edinburgh Partners at www.edinburghpartners.com.

Share price and sources of further information

The Company's share price is quoted daily in the Financial Times under "Investment Companies". Previous day closing price, daily NAV and other portfolio information is published on the Company's website at www.epgot.com and on the website of Edinburgh Partners at 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 and the AIC at www.theaic.co.uk.

Share register enquiries

The register for the 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. Changes of address can be made online by signing-in or registering at www.investorcentre.co.uk or by contacting the Registrar by telephone. Alternatively, you can notify changes in name and/or address in writing to the Registrar, supported by appropriate documentation, at the address shown on the inside front cover. You can check your shareholding and find practical help on transferring shares or updating your details at www.investorcentre.co.uk. Shareholders may choose to receive dividend payments directly into their bank accounts instead of by cheque. Shareholders wishing to do so should contact the Registrar.

Key dates

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

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 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 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 with company number 259207 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.

GLOSSARY OF INVESTMENT TRUST TECHNICAL TERMS

A glossary of investment trust technical terms is detailed in the 2019 Annual Report and Financial Statements on page 70.



Edinburgh Partners

www.edinburghpartners.com

27-31 Melville Street
Edinburgh EH3 7JF