

# The North American Income Trust plc

Half-yearly Report and Accounts

31 July 2013



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## Objective

The objective of the Company is to provide investors with above average dividend income and long term capital growth through active management of a portfolio consisting predominantly of S&P 500 US equities.

## Highlights and Financial Calendar

	31 July 2013	31 January 2013	% change
Net asset value per Ordinary share	<b>882.4p</b>	769.0p	+14.7
Share price per Ordinary share (mid)	<b>882.0p</b>	738.0p	+19.5
Premium/(discount) to net asset value	<b>+0.0%</b>	(4.0%)	
Revenue return per Ordinary share	<b>16.6p</b>	6.7p	+147.8
Interim dividends	<b>11.00p<sup>A</sup></b>	6.50p <sup>B</sup>	+69.2

<sup>A</sup> Includes a first interim dividend of 5.50p paid on 2 August 2013 and a second interim dividend of 5.50p payable on 1 November 2013.

<sup>B</sup> Interim dividend for the six months ended 31 July 2012.

## Performance – Total Return

	Six months ended 31 July 2013	Year ended 31 January 2013
Net asset value per Ordinary share	<b>+17.3%</b>	+11.6%
Share price per Ordinary share	<b>+22.2%</b>	+13.6%
S&P 500 Index (in sterling terms)	<b>+18.9%</b>	+16.2%

## Financial Calendar

18 September 2013	Announcement of Half-Yearly Financial Report
September 2013	Half-Yearly report posted to shareholders
2 November 2013	Second quarterly dividend payable for the year ending 31 January 2014
February 2014	Third quarterly dividend payable for the year ending 31 January 2014
March 2014	Announcement of Annual Financial Report
April 2014	Annual Report posted to shareholders
May 2014	Annual General Meeting
June 2014	Final Ordinary dividend payable for the year ending 31 January 2014

# Interim Board Report

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## Portfolio

During the six-month period ended 31 July 2013, the Company's net asset value per share rose by 17.3% on a total return basis, whilst the S&P 500 Index produced a total return of 18.9%, both in sterling terms. Although a healthy absolute return, performance compared to the Index was diluted in part by the lower returns of corporate bonds and the weaker performance of higher yielding stocks in the second half of the period. The Company's share price rose by 19.5% from 738.0p to 882.0p. The Company ended the reporting period with its share price in line with its net asset value, compared with a 4.0% discount to net asset value at the end of the previous fiscal year on 31 January 2013. No shares were bought back in the period.

As of 31 July 2013, the portfolio consisted of 41 equity holdings and 17 corporate bonds; the latter represented approximately 9.6% of total assets. Further details of the portfolio are shown on pages 5-6.

## Issue of New Shares

At the Annual General Meeting held in May shareholders renewed the annual authority to issue up to 10% of the Company's issued share capital for cash at a premium to the prevailing net asset value at the time of each issue. During the six month period the Company issued 1,385,000 new Ordinary shares raising an additional £12.3 million of new capital and representing 4.4% of the Ordinary shares in issue at the start of the year. To avoid diluting the asset value of existing shareholders new shares are only issued at a premium to net asset value.

## Dividend

Compared to the six-month period ended 31 July 2012, the revenue return per Ordinary share has risen by 149% from 6.66p to 16.57p. This is due to the new focus on higher-yielding stocks, a small number of bonds, dividend increases from our holdings and premia received from traded options (see note 2 of the accounts).

The Directors have recommended a second quarterly dividend of 5.50p per share, which will take the total dividends for the first half of the fiscal year to 11.00p (2012 – 6.5p). The second quarterly dividend is payable on 1 November 2013 to shareholders on the register on 4 October 2013. Following the move to quarterly dividend payments, pay dates are in August, November, February and May each year.

## Gearing

The Company has a three year £30 million revolving bank facility in place until October 2015. The facility is repayable with no penalty, providing finance at a margin of 1.5% over

Libor. At the period end \$24 million (£15.8 million) of the facility was drawn down.

## Market Review

North American equity markets performed strongly in the first three months of the reporting period until encountering a period of volatility in the late spring of 2013, before regaining strength in June and July. The broader-market S&P 500 Index rose 18.9% (in sterling terms) for the period led by strong gains in the healthcare, consumer discretionary and financials sectors. Most surprising was that materials companies were the weakest performers returning 9.5%. This is indicative of lowered growth expectations, primarily in Asia, and specifically the changing priorities of investment and capital expenditures in China.

The defining moment of the period – if not the last 12 months – would seem to have been US Federal Reserve Chairman Ben Bernanke's decision to put "policy normalisation" at the forefront of investors' minds. Conscious of retaining flexibility whilst maintaining clear intent, Bernanke has done little to discourage the notion that "tapering" (reducing bond purchases) will commence in September or shortly thereafter. Ten-year Treasury yields bottomed early in May at 1.6% and rose by over 100 basis points (bps) to finish July at 2.6%. This level of yield retracement is consistent with academic literature that suggests that QE lowered bond yields by 100-120 bps. Against this backdrop, our Manager has reduced holdings in consumer staples, pharmaceutical and REIT companies and increased holdings in industrials and materials companies. In addition, holdings in investment grade bonds and high yield bonds were reduced as was the interest rate sensitivity of those that remained.

## Marketing

The Board continues to market the company through the Investment Manager's initiative which provides a series of savings schemes through which savers can invest in the Company in a low cost and convenient manner (see page 15).

Up-to-date information about the company, including monthly factsheets, interviews with the Manager and the latest net asset value and price of the Ordinary shares may be found on the Company's website at [www.northamericanincome.co.uk](http://www.northamericanincome.co.uk)

## Annual General Meeting ("AGM")

The Company's AGM was held in Edinburgh on 22 May 2013 at which all resolutions were passed by shareholders.

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## Alternative Investment Fund Managers (AIFM) Directive

Although the legislation for the above Directive came into force in July 2013, there is a 12 month transitional period meaning that investment companies will have until July 2014 to complete the process of compliance and authorisation with the regulator. The Board continues to review the impact, including costs, of the Directive upon the Company but has agreed, in principle, to appoint a subsidiary of Aberdeen Asset Management PLC as the Company's AIFM.

## Outlook

Uncertainties to the corporate outlook will gather pace in September when Congress will again need to raise the federal debt ceiling. Although this year's budget deficit has materially narrowed in the last six months, the perennial problem of how best to slow the growth of total government debt remains as unclear as ever. Aside from the rhetoric of hope from all sides, we seem to be no closer to a longer-term solution. An unfortunate consequence of the improving economy may be that politicians lose their sense of urgency and desire to act. For this reason, and despite many of the economic and corporate improvements which we have witnessed since 2008, fundamental economic repair remains work in progress.

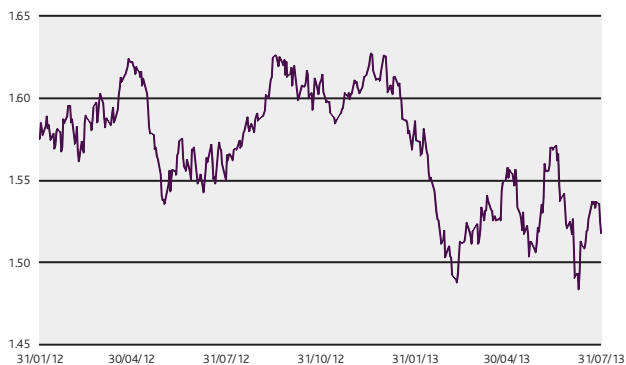
Most importantly for investors in the Company, US corporate performance remains healthy and North American companies are generating record levels of profitability. The more than doubling of the S&P 500 Index since the lows of March 2009 has been well founded. Looking across the Company's investments, there is a belief that CEOs and board directors are showing admirable capital discipline and are balancing investors' desire to see excess capital returned to shareholders with investment in capital projects. As both domestic and international uncertainty wanes, we feel our holdings are likely to increase their capital expenditures. Conversations with certain companies suggest that an increase in industrial and manufacturing-related spending is in the early stages and that a long-awaited upturn in enterprise information technology spending is edging closer. Despite recent increases, the outlook for sustainable dividend increases across our equity holdings remains promising. Earnings growth potential and growing cash flows lie at the heart of this assessment. This may well coincide with the emergence of growing confidence in financial markets.

James Ferguson  
Chairman

17 September 2013

## Currency Graph (Exchange rate US\$ to £)

From 31 January 2012 to 31 July 2013



# Interim Board Report continued

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## Risks and Uncertainties

The Board has identified a number of key risks that affect its business. The principal risks are as follows:

### Ordinary shares

The market price and the realisable value of the Ordinary shares, as well as being affected by their underlying net asset value, also take into account supply and demand for the Ordinary shares, market conditions and general investor sentiment. As such, the market value of the Ordinary shares may fluctuate and vary considerably from the net asset value of the Ordinary shares and investors may not be able to realise the value of their original investment. There is no certainty that the Board's discount management policy will achieve its objective.

### Dividends

The Company will only pay dividends on the Ordinary shares to the extent that it has profits (current year or brought forward) available for that purpose. The ability of the Company to pay any dividends in respect of the Ordinary shares and any future dividend growth will depend primarily on the level of income received from its investments. The Company's income is derived primarily from equity dividends and corporate bond interest income and the amounts received in any year is liable to fluctuation. Accordingly, the amount of the dividends paid to shareholders may also fluctuate.

### Borrowings

Whilst the use of borrowings should enhance the total return on the Ordinary shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is less than the cost of borrowing, further reducing the total return on the Ordinary shares.

### Market Risks

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. Market risk comprises three elements, interest rate risk, currency risk and equity price risk. Further details of these risks are disclosed in note 17 to the financial statements for the year ended 31 January 2013.

### Regulatory Risk

The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as the tax legislation for investment trust companies, the UK Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit Committee monitors the Company's compliance with regulations.

## Taxation

Any change in the Company's tax status or in taxation legislation (including the tax treatment of dividends or other investment income received by the Company) could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders.

## Going Concern

The Company's assets primarily consist of a diverse portfolio of listed securities in most circumstances, are realisable within a short timescale. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Directors' Responsibility Statement

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of interim financial statements has been prepared in accordance with Statement *Half Yearly Financial Reports* issued by the UK Accounting Standards Board; and
- the Interim Board Report (constituting the interim management statement) includes a fair review of the information required by rules 4.2.7R of the Disclosure 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 for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last annual report that could so do).

The Half Yearly Financial Report for the six months to 31 July 2013 comprises the Interim Board Report, the Directors' Responsibility Statement and the condensed set of financial statements.

For and on behalf of the Board of The North American Income Trust plc

James Ferguson  
Chairman  
17 September 2013

# Investment Portfolio - Equities

As at 31 July 2013

Company	Industry classification	Valuation £'000	Total portfolio %
Microsoft	Systems Software	10,849	3.7
Pepsico	Beverages	10,219	3.5
ConocoPhillips	Oil, Gas & Consumable Fuels	9,626	3.3
Republic Services	Commercial Services & Supplies	9,506	3.3
Paychex	IT Services	8,978	3.1
Johnson & Johnson	Pharmaceuticals	8,634	3.0
Chevron	Oil, Gas & Consumable Fuels	8,554	3.0
Nucor	Metals & Mining	8,477	2.9
Baxter International	Healthcare Equipment & Supplies	8,439	2.9
Philip Morris	Tobacco	8,371	2.9
<b>Ten largest equity investments</b>		<b>91,653</b>	<b>31.6</b>
CMS Energy	Multi-Utilities	8,302	2.9
Royal Bank of Canada	Commercial Banks	8,217	2.8
Kraft Foods	Food Products	8,131	2.8
Intel	Semiconductors & Semiconductor Equipment	7,749	2.7
Pfizer	Pharmaceuticals	7,712	2.7
Lockheed Martin	Aerospace & Defense	7,680	2.6
Cisco Systems	Telecommunications Equipment	7,403	2.6
Verizon Communications	Diversified Telecommunication Services	7,343	2.5
Telus	Diversified Telecommunication Services	7,229	2.5
Aflac	Insurance	6,829	2.3
<b>Twenty largest equity investments</b>		<b>168,248</b>	<b>58.0</b>
Dow Chemical	Chemicals	6,398	2.2
TransCanada	Oil, Gas & Consumable Fuels	6,191	2.1
Digital Realty Trust	Real Estate Investment Trusts	5,817	2.0
Staples	Specialty Retail	5,803	2.0
Emerson Electric	Electrical Equipment	5,667	2.0
Colgate-Palmolive	Household Products	5,356	1.8
Kellogg	Food Products	5,299	1.8
CME Group	Investment Services	5,130	1.8
Molson Coors Brewing	Beverages	5,119	1.8
Sysco	Food & Staples Retailing	5,069	1.7
<b>Thirty largest equity investments</b>		<b>224,097</b>	<b>77.2</b>
Mattel	Leisure Equipment & Products	4,879	1.7
Potash Corp Of Saskatchewan	Chemicals	4,782	1.6
Blackrock	Capital Markets	4,352	1.5
Exxon Mobil	Oil, Gas & Consumable Fuels	4,267	1.5
Praxair	Chemicals	4,209	1.4
Healthcare Realty Trust	Real Estate Investment Trusts	3,373	1.2
Genuine Parts	Distributors	3,245	1.1
Southern Company	Electric Utilities	2,895	1.0
Freeport-McMoRan Copper & Gold	Metals & Mining	2,776	1.0
Procter & Gamble	Household Products	2,641	0.9
<b>Total equity investments</b>		<b>261,516</b>	<b>90.1</b>

## Investment Portfolio – Fixed Interest

As at 31 July 2013

Company	Industry classification	Valuation £'000	Total portfolio %
General Electric Capital 7.125% 15/12/49 Perp Pref	Diversified Financial Services	2,620	0.9
HSBC Finance 6.676% 15/01/21	Consumer Finance	2,614	0.9
Qwest Corp 7.25% 15/10/35	Telephone Communications	2,503	0.9
First Data 7.375% 15/06/19	IT Services	2,418	0.8
Seagate HDD Cayman 7% 01/11/21	Computer & Office Equipment	2,223	0.8
Blackstone Holdings Finance 5.875% 15/03/21	Capital Markets	2,182	0.7
Bombardier 7.75% 15/03/20	Aerospace & Defense	1,934	0.7
Windstream 7.75% 01/10/21	Diversified Telecommunication Services	1,835	0.6
Cincinnati Bell 8.375% 15/10/20	Diversified Telecommunication Services	1,757	0.6
International Lease Finance Corp 6.25% 15/05/19	Diversified Financial Services	1,678	0.6
<b>Ten largest fixed interest investments</b>		<b>21,764</b>	<b>7.5</b>
Hilcorp Energy 8% 15/02/20	Oil, Gas & Consumable Fuels	1,652	0.6
Alpha Natural Resources 6.25% 01/06/21	Oil, Gas & Consumable Fuels	1,441	0.5
Taseko Mines 7.75% 15/04/19	Metals & Mining	1,138	0.4
Post Holdings 7.375% 15/02/22	Food Products	817	0.3
Tenneco 6.875% 15/12/20	Auto Components	716	0.2
Genon Energy 9.875% 15/10/20	Independent Power Producers & Energy Traders	596	0.2
Entergy Louisiana 6.3% 01/09/35	Electric Utilities	560	0.2
<b>Total fixed interest investments</b>		<b>28,684</b>	<b>9.9</b>
<b>Total investments</b>		<b>290,200</b>	<b>100.0</b>

## Geographical Analysis

As at 31 July 2013

Country	Equities %	Bonds %	Total %
Canada	9.0	1.1	10.1
USA	81.1	8.8	89.9
	<b>90.1</b>	<b>9.9</b>	<b>100.0</b>



## Income Statement

	Six months ended 31 July 2013 (unaudited)			Six months ended 31 July 2012 (unaudited)			Year ended 31 January 2013 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	35,193	35,193	–	11,964	11,964	–	20,480	20,480
Net currency losses	–	(159)	(159)	–	(58)	(58)	–	(171)	(171)
Income (note 2)	6,926	–	6,926	3,080	–	3,080	8,338	–	8,338
Investment management fee	(331)	(772)	(1,103)	(232)	(190)	(422)	(515)	(851)	(1,366)
Administrative expenses (note 3)	(321)	–	(321)	(354)	(254)	(608)	(605)	(254)	(859)
<b>Net return before finance costs and taxation</b>	<b>6,274</b>	<b>34,262</b>	<b>40,536</b>	<b>2,494</b>	<b>11,462</b>	<b>13,956</b>	<b>7,218</b>	<b>19,204</b>	<b>26,422</b>
Finance costs	(47)	(110)	(157)	–	–	–	(32)	(74)	(106)
<b>Return on ordinary activities before taxation</b>	<b>6,227</b>	<b>34,152</b>	<b>40,379</b>	<b>2,494</b>	<b>11,462</b>	<b>13,956</b>	<b>7,186</b>	<b>19,130</b>	<b>26,316</b>
Taxation (note 4)	(941)	303	(638)	(399)	–	(399)	(978)	–	(978)
<b>Return on ordinary activities after taxation</b>	<b>5,286</b>	<b>34,455</b>	<b>39,741</b>	<b>2,095</b>	<b>11,462</b>	<b>13,557</b>	<b>6,208</b>	<b>19,130</b>	<b>25,338</b>
<b>Return per share (pence) (note 6)</b>	<b>16.57</b>	<b>108.02</b>	<b>124.59</b>	<b>6.66</b>	<b>36.41</b>	<b>43.07</b>	<b>19.72</b>	<b>60.77</b>	<b>80.49</b>

The total column of this statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

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

No operations were acquired or discontinued in the period.

## Balance Sheet

	Notes	As at 31 July 2013 (unaudited) £'000	As at 31 July 2012 (unaudited) £'000	As at 31 January 2013 (audited) £'000
<b>Non-current assets</b>				
Investments at fair value through profit or loss		290,200	228,308	248,001
<b>Current assets</b>				
Debtors and prepayments		2,849	2,131	843
Cash and short term deposits		12,659	4,175	9,238
		15,508	6,306	10,081
<b>Creditors: amounts falling due within one year</b>				
Bank loan		(15,831)	–	(15,138)
Other payables		(737)	(2,279)	(875)
		(16,568)	(2,279)	(16,013)
<b>Net current (liabilities)/assets</b>		<b>(1,060)</b>	<b>4,027</b>	<b>(5,932)</b>
<b>Net assets</b>		<b>289,140</b>	<b>232,335</b>	<b>242,069</b>
<b>Capital and reserves</b>				
Called-up share capital		8,192	7,870	7,870
Share premium account		43,736	32,643	32,643
Capital redemption reserve		14,225	14,225	14,225
Capital reserve	8	215,899	173,776	181,444
Revenue reserve		7,088	3,821	5,887
<b>Equity shareholders' funds</b>		<b>289,140</b>	<b>232,335</b>	<b>242,069</b>
<b>Net asset value per share (pence)</b>	9	<b>882.37</b>	<b>738.07</b>	<b>769.00</b>

## Reconciliation of Movements in Shareholders' Funds

### Six months ended 31 July 2013 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2013	7,870	32,643	14,225	181,444	5,887	242,069
Return on ordinary activities after taxation	–	–	–	34,455	5,286	39,741
Issue of Ordinary shares	322	11,093	–	–	–	11,415
Dividends paid (note 5)	–	–	–	–	(4,085)	(4,085)
<b>Balance at 31 July 2013</b>	<b>8,192</b>	<b>43,736</b>	<b>14,225</b>	<b>215,899</b>	<b>7,088</b>	<b>289,140</b>

### Six months ended 31 July 2012 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2012	7,870	32,643	14,225	162,314	3,357	220,409
Return on ordinary activities after taxation	–	–	–	11,462	2,095	13,557
Dividends paid (note 5)	–	–	–	–	(1,631)	(1,631)
<b>Balance at 31 July 2012</b>	<b>7,870</b>	<b>32,643</b>	<b>14,225</b>	<b>173,776</b>	<b>3,821</b>	<b>232,335</b>

### Year ended 31 January 2013 (audited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2012	7,870	32,643	14,225	162,314	3,357	220,409
Return on ordinary activities after taxation	–	–	–	19,130	6,208	25,338
Dividends paid (note 5)	–	–	–	–	(3,678)	(3,678)
<b>Balance at 31 January 2013</b>	<b>7,870</b>	<b>32,643</b>	<b>14,225</b>	<b>181,444</b>	<b>5,887</b>	<b>242,069</b>

# Cash Flow Statement

	Six months ended 31 July 2013 (unaudited) £'000	Six months ended 31 July 2012 (unaudited) £'000	Year ended 31 January 2013 (audited) £'000
<b>Net return on ordinary activities before taxation</b>	40,536	13,956	26,422
Adjustment for:			
Gains on investments	(35,193)	(11,964)	(20,480)
Foreign exchange losses	159	58	171
Amortisation of fixed income book cost	37	8	37
Increase in accrued income	(255)	(716)	(619)
Increase in other debtors	(1,793)	(51)	(5)
(Decrease)/increase in other creditors	(138)	253	672
<b>Net cash inflow from operating activities</b>	<b>3,353</b>	<b>1,544</b>	<b>6,198</b>
<b>Servicing of finance</b>			
Interest paid	(157)	–	(102)
<b>Taxation</b>			
Overseas withholding tax paid	(596)	(366)	(957)
<b>Net tax paid</b>	<b>(596)</b>	<b>(366)</b>	<b>(957)</b>
<b>Financial investment</b>			
Purchases of investments	(52,797)	(213,081)	(269,518)
Sales of investments	45,754	215,365	259,926
<b>Net cash (outflow)/inflow from financial investment</b>	<b>(7,043)</b>	<b>2,284</b>	<b>(9,592)</b>
<b>Equity dividends paid</b>	<b>(4,085)</b>	<b>(1,631)</b>	<b>(3,678)</b>
<b>Net cash (outflow)/inflow before financing</b>	<b>(8,528)</b>	<b>1,831</b>	<b>(8,131)</b>
<b>Financing</b>			
Issue of Ordinary shares	11,415	–	–
Drawdown of bank loan	–	–	15,138
<b>Net cash inflow from financing</b>	<b>11,415</b>	<b>–</b>	<b>15,138</b>
<b>Increase in cash</b>	<b>2,887</b>	<b>1,831</b>	<b>7,007</b>
<b>Analysis of changes in cash during the period</b>			
Opening net (debt)/funds	(5,900)	2,402	2,402
Increase in cash as above	2,887	1,831	7,007
Foreign exchange movements	(159)	(58)	(171)
Drawdown of bank loan	–	–	(15,138)
<b>Closing net (debt)/funds</b>	<b>(3,172)</b>	<b>4,175</b>	<b>(5,900)</b>

# Notes to the Accounts

## 1. Accounting policies

### (a) Basis of accounting

The accounts have been prepared in accordance with applicable UK Accounting Standards, with pronouncements on half yearly reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The financial statements and the net asset value per share figures have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

All expenses are charged to revenue except those where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. Accordingly, the investment management fee will be allocated 30% to revenue and 70% to capital, in order to reflect the Board's expected long-term view of the nature of investment returns of the Company. The half yearly financial statements have been prepared using the same accounting policies applied for the year ended 31 January 2013.

### (b) Dividends payable

Interim and final dividends are recognised in the period in which they are paid.

	Six months ended 31 July 2013 £'000	Six months ended 31 July 2012 £'000	Year ended 31 January 2013 £'000
<b>2. Income</b>			
<b>Income from overseas listed investments</b>			
Dividends	4,433	2,793	6,749
Interest income from investments	868	287	1,178
	5,301	3,080	7,927
<b>Other income from investment activity</b>			
Traded option premiums	1,622	–	410
Deposit interest	3	–	1
	1,625	–	411
<b>Total income</b>	<b>6,926</b>	<b>3,080</b>	<b>8,338</b>

## Notes to the Accounts continued

	Six months ended 31 July 2013 (unaudited) £'000	Six months ended 31 July 2012 (unaudited) £'000	Year ended 31 January 2013 (audited) £'000
<b>3. Administration expenses</b>			
Directors' fees	27	27	54
Secretarial and administration fees	50	17	67
Marketing contribution	85	37	106
Auditor's remuneration	9	8	15
Custodian charges	16	48	64
Registrar's fees	29	33	44
Professional fees	31	105	156
Other	74	79	99
	<b>321</b>	<b>354</b>	<b>605</b>

During the six months period ended 31 July 2012 expenses of £359,000 (year ended 31 January 2013 – £359,000) were incurred in relation to the reorganisation of the Company, of which 70% (£254,000) were allocated to capital in line with current policy on the charging of management fee and finance costs to capital. There were no such costs allocated to capital in the current period.

#### 4. Taxation

The taxation expense reflected in the Income Statement is based on the estimated annual tax rate expected for the full financial year. The estimated annual corporation tax rate used for the year to 31 January 2014 is an effective rate of 23.17%. This is above the current corporation tax rate of 23% as, prior to 1 April 2013, the prevailing corporation tax rate was 24%.

	Six months ended 31 July 2013 £'000	Six months ended 31 July 2012 £'000	Year ended 31 January 2013 £'000
<b>5. Dividends</b>			
Interim dividend for 2013 – 6.50p	–	–	2,046
Final dividend for 2013 – 13.00p (2012 – 5.20p)	4,092	1,637	1,637
Refund of overfunding of dividend May 2012	(3)	–	–
Unclaimed dividends from previous years	(4)	(6)	(5)
	<b>4,085</b>	<b>1,631</b>	<b>3,678</b>

A final dividend of 13.00p for the year ended 31 January 2013 was paid to shareholders on 24 May 2013.

The Company has commenced paying four interim dividends per year. The first interim dividend of 5.50p (2012 – n/a) for the year ending 31 January 2014 was paid on 2 August 2013 to shareholders on the register at 5 July 2013. The ex-dividend date was 3 July 2013. A second interim dividend of 5.50p (2012 – n/a) for the year ending 31 January 2014 will be paid on 1 November 2013 to shareholders on the register at 4 October 2013. The ex-dividend date is 2 October 2013. In accordance with UK GAAP neither of these interim dividends is recognised in these financial statements.

	Six months ended 31 July 2013 £'000	Six months ended 31 July 2012 £'000	Year ended 31 January 2013 £'000
<b>6. Return per Ordinary share</b>			
Based on the following figures:			
Revenue return	5,286	2,095	6,208
Capital return	34,455	11,462	19,130
<b>Total return</b>	<b>39,741</b>	<b>13,557</b>	<b>25,338</b>
Weighted average number of shares in issue	<b>31,898,085</b>	<b>31,478,582</b>	<b>31,478,582</b>
	P	P	P
Revenue return per Ordinary share	16.57	6.66	19.72
Capital return per Ordinary share	108.02	36.41	60.77
<b>Total return per Ordinary share</b>	<b>124.59</b>	<b>43.07</b>	<b>80.49</b>

**7. Transaction costs**

During the six months ended 31 July 2013 expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	Six months ended 31 July 2013 £'000	Six months ended 31 July 2012 £'000	Year ended 31 January 2013 £'000
Purchases	56	32	69
Sales	67	35	71
	<b>123</b>	<b>67</b>	<b>140</b>

**8. Capital reserve**

The capital reserve reflected in the Balance Sheet at 31 July 2013 includes gains of £60,268,000 (31 July 2012 – £31,391,000; 31 January 2013 – £36,295,000) which relate to the revaluation of investments held at the reporting date.

	As at 31 July 2013	As at 31 July 2012	As at 31 January 2013
<b>9. Net asset value per Ordinary share</b>			
Net assets attributable (£'000)	289,140	232,335	242,069
Number of Ordinary shares in issue	32,768,582	31,478,582	31,478,582
Net asset value per Ordinary share (p)	882.37	738.07	769.00

## Notes to the Accounts continued

	At 1 Feb 2013	Cashflow	Exchange	At 31 July 2013
	£'000	£'000	movements	£'000
			£'000	
<b>10. Analysis of changes in net debt</b>				
Cash and short term deposits	9,238	2,887	534	12,659
Bank loan	(15,138)	–	(693)	(15,831)
	<b>(5,900)</b>	<b>2,887</b>	<b>(159)</b>	<b>(3,172)</b>

### 11. Subsequent events

A further 140,000 Ordinary shares have been issued by the Company subsequent to the reporting period end at a total consideration received, including transaction costs, of £1,190,000. Following the share issue there were 32,908,582 Ordinary shares in issue.

### 12. Half-Yearly Financial Report

The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 31 July 2013 and 31 July 2012 has not been audited.

The information for the year ended 31 January 2013 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

13. This Half-Yearly Financial Report was approved by the Board on 17 September 2013.



# How to Invest in The North American Income Trust plc

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## Direct

Investors can buy and sell shares in The North American Income Trust plc directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan, Investment Trust ISA and Investment Trust Pension.

The Company's shares are designed for private investors in the UK (including retail investors), professional-advised private clients and institutional investors who seek income and capital growth from investment in North American markets and who understand and are willing to accept the risks of exposure to equities and bonds. Private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

## Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("AAM") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including The North American Income Trust plc. Anyone can invest in the Children's Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

## Aberdeen's Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in The North American Income Trust plc can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all

investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

## Stocks and Shares ISA

An investment of up to £11,520 in The North American Income Trust plc can be made in the tax year 2013/2014.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

## ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested in The North American Income Trust plc while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

## Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs and PEPs, may be changed by future legislation.

## Trust Information

If investors would like details of The North American Income Trust plc or information on the Children's Plan, Share Plan, ISA or ISA Transfers please telephone 0500 00 00 40 or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB or e-mail at [inv.trusts@aberdeen-asset.com](mailto:inv.trusts@aberdeen-asset.com). Details are also available on [www.invtrusts.co.uk](http://www.invtrusts.co.uk)

## How to Invest in The North American Income Trust plc continued

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### Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times.

For internet users, detailed data on The North American Income Trust, including price, performance information and a monthly fact sheet is available from the Trust's website ([www.northamericanincome.co.uk](http://www.northamericanincome.co.uk)) and the TrustNet website ([www.trustnet.co.uk](http://www.trustnet.co.uk)). Alternatively you can call 0500 00 00 40 for trust information.

### Investor Warning

Aberdeen is aware that some investors have received telephone calls from people purporting to work for Aberdeen, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain

personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact Aberdeen's investor services centre using the details provided.

*The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.*

# Corporate Information

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## Directors

James Ferguson, Chairman  
Guy Crawford  
Archie Hunter

## Manager

Aberdeen Asset Managers Limited  
Website: [www.aberdeen-asset.com](http://www.aberdeen-asset.com)

## Secretary and Registered Office

Aberdeen Asset Management PLC  
40 Princes Street  
Edinburgh EH2 2BY  
Telephone: 0131 528 4000

## Company Registration Number

SC005218

## Registrars

Computershare Investor Services PLC  
The Pavilions  
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Bristol BS99 7NH  
Telephone: 0870 889 4084  
Website: [www-uk.computershare.com/investor/contactus](http://www-uk.computershare.com/investor/contactus)

## Website

[www.northamericanincome.co.uk](http://www.northamericanincome.co.uk)



