

The North American Income Trust plc

Half Yearly Report
for the six months ended 31 July 2016



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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.

Reference Indices

S&P 500 (in sterling terms); Russell 1000 Value (in sterling terms)

Management

The Company’s alternative investment fund manager is Aberdeen Fund Managers Limited (“AFML” or “the Manager”) (authorised and regulated by the Financial Conduct Authority). The Company’s portfolio is managed on a day-to-day basis by Aberdeen Asset Managers Inc. (“AAMI” or “the Investment Manager”) by way of a delegation agreement in place between AFML and AAMI.

Highlights and Financial Calendar

	31 July 2016	31 January 2016	% change
Net asset value per Ordinary share	1175.3p	935.6p	+25.6
Share price per Ordinary share (mid)	1070.0p	815.0p	+31.3
Discount to net asset value	9.0%	12.9%	
Revenue return per Ordinary share ^A	18.0p	17.3p	+4.0
Interim dividends	14.0p ^B	13.0p ^C	+7.7

^A Comparison uses the six months ended 31 July 2015.

^B Includes a first interim dividend of 7.0p paid on 5 August 2016 and a second interim dividend of 7.0p payable on 31 October 2016.

^C Interim dividend for the six months ended 31 July 2015.

	6 months ended 31 July 2016	Year ended 31 July 2016	3 Years ended 31 July 2016	31 May 2012 ^A to 31 July 2016
Total return*	(%)	(%)	(% pa)	(% pa)
Net asset value per Ordinary share	28.0	37.4	13.8	16.2
Share price per Ordinary share	34.1	38.4	10.6	16.1
S&P 500 Index (in sterling terms)	21.0	24.1	16.2	19.5
Russell 1000 Value Index	23.2	23.9	13.9	19.2

*Capital return plus dividends reinvested

^ADate of investment mandate change.

Financial Calendar

3 October 2016	Announcement of Half-Yearly Financial Report
October 2016	Half-Yearly report posted to shareholders
31 October 2016	Second quarterly dividend payable for the year ending 31 January 2017
February 2017	Third quarterly dividend payable for the year ending 31 January 2017
March 2017	Announcement of Annual Financial Report
April 2017	Annual Report posted to shareholders
June 2017	Annual General Meeting
June 2017	Final Ordinary dividend payable for the year ending 31 January 2017

Interim Board Report – Chairman’s Statement

Performance

Over the six month period to 31 July 2016 the Company’s net asset value per share rose by 28.0% on a total return basis, in sterling terms, outperforming both its reference indices, the S&P 500 and the Russell 1000 Value, which provided total returns of 21.0% and 23.2% respectively in sterling terms.

The Company’s performance over one year has been particularly strong, outperforming both the S&P 500 and Russell 1000 Value by 13.3% and 13.5% respectively, and it is the best performing investment trust in its sector.

Dividend

The Directors have declared a second quarterly dividend of 7.0p per share, which will take the total dividends for the first half of the fiscal year to 14.0p (2015 – 13.0p), a 7.7% increase. The second quarterly dividend is payable on 31 October 2016 to shareholders on the register on 14 October 2016.

The Trust’s dividend yield, using the share price of 1,070.0p at the end of the reporting period on 31 July 2016, was 3.2% compared to a 2.0% yield from the S&P 500 Index and a 2.6% yield from the Russell 1000 Value.

Portfolio

As of 31 July 2016, the Trust had 45 equity holdings and 11 other holdings, including corporate bonds – the latter represented approximately 4.1% of total assets and provided 6.1% of the portfolio’s total income earned compared to 7.3% for the 2016 fiscal year.

Most of the Trust’s equity holdings continued their established record of dividend growth with almost half of the holdings announcing dividend increases over the six month period. Those who announced dividend increases grew their dividends at an average of 8%. However, Potash Corp of Saskatchewan and ConocoPhillips announced reductions to their dividends over the period, amid the prolonged slump in global oil and commodities prices. The Manager believes that each of them has made the right decision in reducing their respective payouts to support their respective businesses and balance sheets.

Total revenue from the equity holdings in the portfolio was £5.0 million over the six month period to 31 July 2016, representing a decrease of roughly £340,000 compared to the same period last year as we switched some overvalued stocks into better value companies that have scope for increasing dividends.

During the six month period ended 31 July 2016, the Company received premiums totalling £1.3 million (full year

2016 - £2.8 million) in exchange for entering into listed stock option transactions. This option income, the generation of which remains consistent with the Manager’s company-focused investment process, represents 18.8% of total income (full year 2016 – 18.8%). Bond coupons and option premiums will remain secondary sources of income for us in the belief that dividends must remain the overwhelming source of income available for distribution. Further details of the portfolio are shown on pages 5 and 6.

The Company’s share price rose by 31.3% to 1,070.0p and ended the reporting period at a 9.0% discount to total net asset value, compared with a 12.9% discount at the financial year end. We continue to work with the Manager in both promoting the Company to a wider audience and providing liquidity to the market through the use of share buybacks. During the six-month review period, 1.2 million shares were repurchased at a cost of £10.7 million. Since the end of the interim report period, a further 81,380 shares have been repurchased at a cost of £876,000 and the discount stood at 6.1% at 29 September 2016. We seek to manage the level of discount at which the shares trade and will exercise discretion to repurchase shares.

Gearing

We continued to make use of our capacity to gear through the \$71.0 million facility with State Street. £30.0 million of this was fixed in July 2014 (equivalent to \$51.0 million at that time) for three years at an all-in rate of 2.18% and was fully drawn down. The remaining balance of the facility of \$20.0 million is uncommitted, repayable with no penalty and provides finance at a margin of 0.9% over Libor. Half of the uncommitted facility (approximately £7.5 million) remained drawn down at the period end. With the strengthening of the US dollar against the sterling over the course of the review period, the Company’s gearing increased to £46.0 million at 31 July 2016 (31 January 2016 - £43.0 million), with net gearing of 10.6%.

Market & Economic Review

North American equity markets weathered several periods of volatility as investors waited for firmer guidance on monetary policy from the US Federal Reserve (Fed) and, later in the period, the UK’s unexpected referendum result to leave the European Union (“Brexit”).

After increasing the federal funds rate by 25 basis points to a range of 0.25% to 0.50% in mid-December 2015, the Fed left it unchanged following its first five monetary policy meetings of 2016. However, US payroll growth for June and July exceeded consensus expectations, and housing starts climbed 4.8% month-over-month in June, buoyed by historically low mortgage rates. Notwithstanding increased speculation that the Fed might see sufficient impetus for a

rate increase following its September meeting, caution prevailed as inflation was below the Fed's 2% target.

The result of the Brexit vote had an impact on global stock markets in late June with investors turning to safe-haven assets such as US Treasuries and other global government securities. The downturn was fleeting, however, as equities rebounded sharply at the end of the month and into July. The turmoil in the financial markets had a negative impact on oil prices, which reversed the upward trend that had started in mid-February. Sterling fell to a 30-year low against the US dollar and declined nearly 7% over the six-month review period.

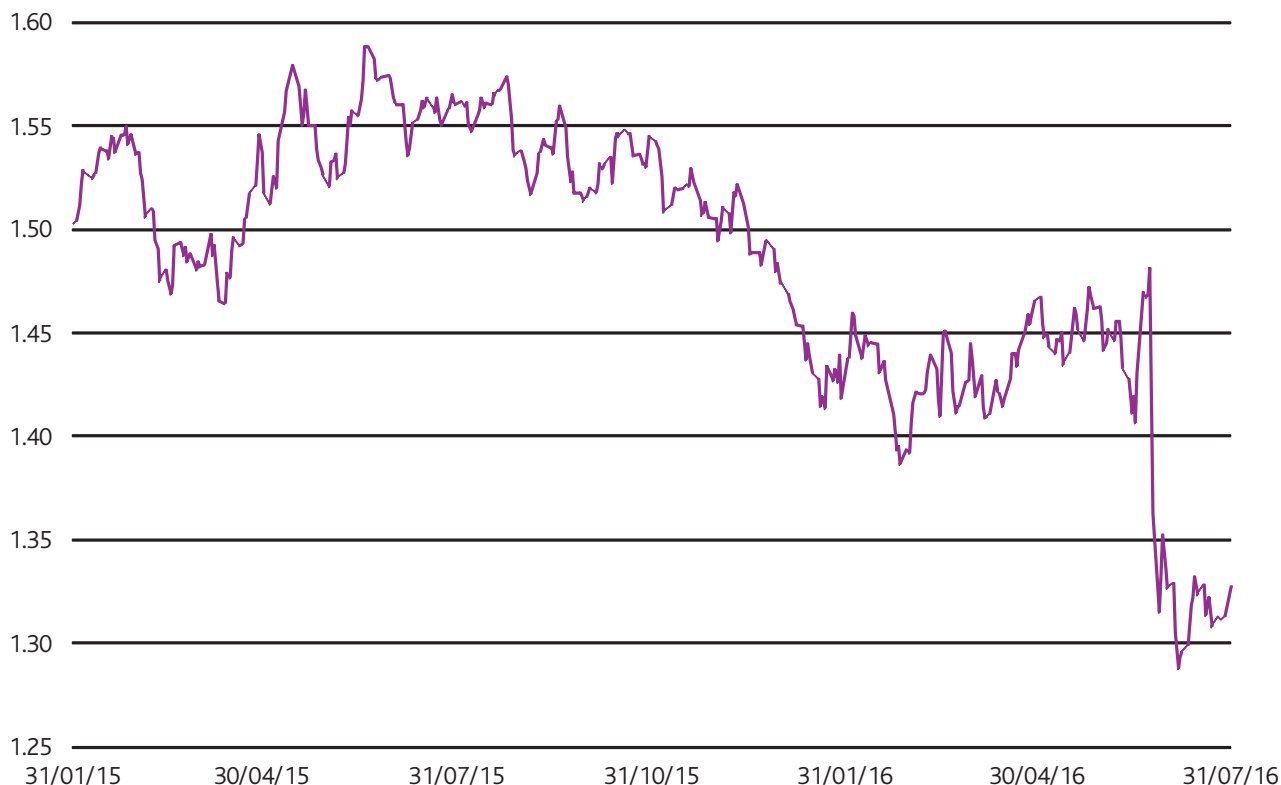
Outlook

We are pleased with the progress of both the capital and the revenue accounts, which year-to-date have achieved successful execution of the Trust's dual aim of income and capital preservation in real terms. At this stage, 2016 has supported our Manager's judgement at the beginning of the year that the outsized dividend growth which we had

expected to see coming out of the recession would in future moderate and follow earnings growth. This has been the case with US companies overall, and to a lesser degree, with our investments. We remain optimistic that our holdings will continue to invest sensibly for the longer term without expanding their balance sheets unnecessarily by borrowing to pay dividends. We expect the best companies to continue to generate healthy levels of free cash flow, despite an environment where it is more difficult to achieve expansion of margins after many years of delivering consistent improvements to profitability. Our Manager continues to focus on investing in those companies which have a disciplined and balanced capital allocation policy and good prospects for sustainable dividend growth.

James Ferguson
Chairman
30 September 2016

Currency Graph (Exchange rate US\$ to £)



Interim Board Report – Other

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has identified the principal risks and uncertainties facing the Company together with a description of the mitigating actions it has taken. They can be summarised under the following headings:

- Market Risk
- Gearing Risk
- Discount Volatility
- Income and Dividend Risk
- Regulatory Risk
- Derivatives

Details of these risks are provided in detail on pages 7 to 8 of the 2016 Annual Report. The principal risks have not changed nor are they expected to change in the second half of the financial year ended 31 January 2017.

There are a large number of international political and economic uncertainties which could have an impact on the performance of US markets.

Going Concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014, the Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. The Company's assets consist entirely of equity shares in companies which are, in most circumstances, realisable within a short timescale.

The Company has a bank credit facility in place which is available until July 2017. The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Half-Yearly Report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. The Board considers that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

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 Financial Statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);
- the Half-Yearly Board Report includes a fair review of the information required by rule 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 and uncertainties for the remaining six months of the financial year); and
- the Half-Yearly Board Report includes a fair review of the information required by 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 do so).

The Half-Yearly Financial Report for the six months ended 31 July 2016 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

30 September 2016

Investment Portfolio - Equities

As at 31 July 2016

Company	Industry classification	Valuation £'000	Total portfolio %
Wells Fargo	Banks	14,452	3.9
Pfizer	Pharmaceuticals	13,893	3.8
Dow Chemical	Chemicals	13,744	3.8
CME Group	Diversified Financial Services	13,091	3.6
Microsoft	Software	12,807	3.5
Molson Coors Brewing	Beverages	11,926	3.2
Chevron	Oil, Gas & Consumable Fuels	11,578	3.2
Rockwell Automation	Electrical Equipment	10,771	2.9
Verizon Communications	Diversified Telecommunication Services	10,433	2.8
Johnson & Johnson	Pharmaceuticals	10,375	2.8
Ten largest equity investments		123,070	33.5
Intel	Semiconductors & Semiconductor Equipment	9,190	2.5
Pepsico	Beverages	9,024	2.4
TransCanada	Oil, Gas & Consumable Fuels	8,742	2.4
Philip Morris	Tobacco	8,684	2.4
Ventas	Real Estate Investment Trusts (REITs)	8,031	2.2
Sonoco Products	Containers & Packaging	7,672	2.1
BB&T	Banks	7,637	2.1
Telus	Diversified Telecommunication Services	7,570	2.0
Cisco Systems	Communications Equipment	7,473	2.0
Texas Instruments	Semiconductors & Semiconductor Equipment	7,355	2.0
Twenty largest equity investments		204,448	55.6
WEC Energy	Multi-Utilities	7,333	2.0
Target	Multiline Retail	7,092	1.9
Potash Corporation Of Saskatchewan	Chemicals	7,050	1.9
Union Pacific	Road & Rail	7,008	1.9
Regions Financial	Banks	6,907	1.9
Blackrock	Capital Markets	6,896	1.9
CMS Energy	Multi-Utilities	6,806	1.9
Paychex	IT Services	6,697	1.8
Abbott Laboratories	Pharmaceuticals	6,067	1.6
Nucor	Metals & Mining	6,060	1.6
Thirty largest equity investments		272,364	74.0
Sysco	Food & Staples Retailing	5,851	1.6
Republic Services	Commercial Services & Supplies	5,791	1.6
Schlumberger	Oil Equipment, Services & Distribution	5,761	1.6
Royal Bank Of Canada	Banks	5,746	1.6
Meredith	Media	5,745	1.6
Lockheed Martin	Aerospace & Defence	5,711	1.5
Coach	Personal Goods	5,682	1.5
ConocoPhillips	Oil, Gas & Consumable Fuels	5,534	1.5
Digital Realty Trust	Real Estate Investment Trusts (REITs)	5,507	1.5
Procter & Gamble	Household Products	5,480	1.5
Forty largest equity investments		329,172	89.5
Canadian Western Bank	Banks	5,387	1.5
Glacier Bancorp	Banks	5,193	1.4
Tiffany	Specialty Retail	4,860	1.3
Staples	Specialty Retail	4,548	1.2
Genuine Parts	Distributors	3,850	1.1
Total equity investments		353,010	96.0

Investment Portfolio – Other Investments

As at 31 July 2016

Company	Industry classification	Valuation £'000	Total portfolio %
Qwest 7.25% 15/10/35	Telecommunications	2,837	0.8
HSBC Finance 6.676% 15/01/21	Diversified Financial Services	2,311	0.6
International Lease Finance Corp 6.25% 15/05/19	Diversified Financial Services	1,986	0.5
Western Digital Corp 7.375% 01/04/23	Technology	1,644	0.4
HCA 5.875% 15/02/26	Healthcare Services	1,212	0.3
First Data 6.75% 01/11/20	Software	1,179	0.3
Cincinnati Bell 8.375% 15/10/20	Telecommunications	982	0.3
Post Holdings 7.375% 15/02/22	Food	928	0.3
Corrections Corp of America 4.625% 01/05/23	Real Estate Investment Trusts (REITs)	768	0.2
Nationstar 6.5% 01/06/22	Diversified Financial Services	636	0.2
Transdigm 6.5% 15/07/24	Industrials	334	0.1
Total fixed interest investments		14,817	4.0
Total investments		367,827	100.0

Geographical Analysis

As at 31 July 2016

Country	Equities %	Bonds %	Total %
Canada	9.4	–	9.4
USA	86.6	4.0	90.6
	96.0	4.0	100.0

Condensed Statement of Comprehensive Income (unaudited)

	Six months ended 31 July 2016			Six months ended 31 July 2015		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gains /(losses) on investments	–	72,343	72,343	–	(15,993)	(15,993)
Exchange (losses)/gains	–	(2,297)	(2,297)	–	1,121	1,121
Income (note 2)	7,076	–	7,076	7,416	–	7,416
Investment management fee	(377)	(880)	(1,257)	(348)	(813)	(1,161)
Administrative expenses (note 3)	(376)	–	(376)	(358)	–	(358)
Net return before finance costs and taxation	6,323	69,166	75,489	6,710	(15,685)	(8,975)
Finance costs	(141)	(330)	(471)	(125)	(292)	(417)
Return on ordinary activities before taxation	6,182	68,836	75,018	6,585	(15,977)	(9,392)
Taxation (note 4)	(936)	190	(746)	(1,023)	223	(800)
Return on ordinary activities after taxation	5,246	69,026	74,272	5,562	(15,754)	(10,192)
Return per share (pence) (note 6)	17.97	236.49	254.46	17.33	(49.09)	(31.76)

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations.

Condensed Statement of Financial Position (unaudited)

	Notes	As at 31 July 2016 £'000	As at 31 January 2016 £'000
Non-current assets			
Investments at fair value through profit or loss		367,827	312,983
Current assets			
Debtors and prepayments		10,255	743
Cash and short-term deposits		11,795	11,685
		22,050	12,428
Creditors: amounts falling due within one year			
Bank loans		(45,978)	(7,050)
Traded options		(73)	(66)
Other creditors		(5,476)	(1,666)
		(51,454)	(8,782)
Net current (liabilities)/assets		(29,477)	3,646
Total assets less current liabilities		338,350	316,629
Creditors: amounts falling due after more than one year			
Bank loan		–	(35,985)
Net assets		338,350	280,644
Capital and reserves			
Called-up share capital		7,197	7,499
Share premium account		48,467	48,467
Capital redemption reserve		15,363	15,061
Capital reserve	8	257,226	198,866
Revenue reserve		10,097	10,751
Equity shareholders' funds		338,350	280,644
Net asset value per share (pence)	9	1,175.27	935.55

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 July 2016

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2016	7,499	48,467	15,061	198,866	10,751	280,644
Buyback of Ordinary shares	(302)	–	302	(10,666)	–	(10,666)
Return on ordinary activities after taxation	–	–	–	69,026	5,246	74,272
Dividends paid (note 5)	–	–	–	–	(5,900)	(5,900)
Balance at 31 July 2016	7,197	48,467	15,363	257,226	10,097	338,350

Six months ended 31 July 2015

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2015	8,235	48,467	14,325	228,822	9,424	309,273
Buyback of Ordinary shares	(373)	–	373	(12,763)	–	(12,763)
Return on ordinary activities after taxation	–	–	–	(15,754)	5,562	(10,192)
Dividends paid (note 5)	–	–	–	–	(7,878)	(7,878)
Balance at 31 July 2015	7,862	48,467	14,698	200,305	7,108	278,440

Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 July 2016 £'000	Six months ended 31 July 2015 £'000
Operating activities		
Net return on ordinary activities before finance costs and taxation	75,489	(8,975)
Adjustments for:		
Net (gains)/losses on investments	(72,343)	15,993
Realised (gains)/losses on foreign exchange transactions	(645)	406
Decrease/(increase) in dividend income	9	(43)
(Increase)/decrease in fixed interest income	(52)	10
Increase in other debtors	(5)	(23)
Increase in other creditors	38	887
Tax on overseas income	(746)	(938)
Amortisation of fixed income book cost	26	11
Net cash flow from operating activities	1,771	7,328
Investing activities		
Purchases of investments	(59,656)	(48,379)
Sales of investments	71,441	74,933
Net cash flow from investing activities	11,785	26,554
Financing activities		
Interest paid	(468)	(605)
Equity dividends paid	(5,900)	(7,878)
Buyback of Ordinary shares	(10,666)	(12,763)
Net cash used in financing activities	(17,034)	(21,246)
(Decrease)/increase in cash and cash equivalents	(3,478)	12,636
Analysis of changes in cash and cash equivalents during the period		
Opening balance	11,685	9,231
Effect of exchange rate fluctuations on cash held	3,588	(1,932)
(Decrease)/increase in cash as above	(3,478)	12,636
Closing balance	11,795	19,935

Notes to the Financial Statements

1. Accounting policies

(a) Basis of accounting

The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The half-yearly financial statements have been prepared using the same accounting policies applied as the preceding annual accounts. The Company has early adopted Amendments to FRS 102 – Fair Value Hierarchy Disclosures, issued by the Financial Reporting Council in March 2016.

	Six months ended 31 July 2016 £'000	Six months ended 31 July 2015 £'000
2. Income		
Income from overseas listed investments		
Dividend income	5,014	5,359
REIT income	297	287
Interest income from investments	428	485
	5,739	6,131
Other income from investment activity		
Traded option premiums	1,329	1,285
Deposit interest	8	–
	1,337	1,285
Total income	7,076	7,416

	Six months ended 31 July 2016 £'000	Six months ended 31 July 2015 £'000
3. Administration expenses		
Directors' fees	40	38
Secretarial and administration fees	53	52
Promotional activities	106	106
Auditor's remuneration:		
• Fees payable to the Company's auditor for the audit of the annual accounts	9	8
Custodian charges	11	13
Registrar's fees	31	28
Professional fees	37	36
Depository charges	20	19
Other	69	58
	376	358

Notes to the Financial Statements *continued*

4. Taxation

The taxation expense reflected in the Condensed Statement of Comprehensive Income is based on the estimated annual tax rate expected for the full financial year. The annual corporation tax rate used for the year to 31 January 2017 is a rate of 20%.

Detailed below is an analysis of the tax charge for each period.

Taxation	Six months ended 31 July 2016			Six months ended 31 July 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	190	(190)	–	223	(223)	–
Overseas tax suffered	746	–	746	800	–	800
Total tax charge for the period	936	(190)	746	1,023	(223)	800

5. Dividends	Six months ended	Six months ended
	31 July 2016 £'000	31 July 2015 £'000
3rd interim dividend for 2016 – 7.0p (2015 – 6.5p)	2,111	2,141
Final dividend for 2016 – 13.0p (2015 – 11.5p)	3,789	3,679
1st interim dividend for 2016 – 6.5p	–	2,058
	5,900	7,878

The Company pays four dividends per year. The first interim dividend of 7.0p (2016 – 6.5p) for the year ending 31 January 2017 was paid on 5 August 2016 to shareholders on the register at 15 July 2016, with an ex-dividend date of 14 July 2016. A second interim dividend of 7.0p (2016 – 6.5p) for the year ending 31 January 2017, will be paid on 31 October 2016 to shareholders on the register at 14 October 2016. The ex-dividend date is 13 October 2016.

6. Return per Ordinary share	Six months ended	Six months ended
	31 July 2016 £'000	31 July 2015 £'000
Based on the following figures:		
Revenue return	5,246	5,562
Capital return	69,026	(15,754)
Total return	74,272	(10,192)
Weighted average number of shares in issue	29,187,655	32,095,089
	P	P
Revenue return per Ordinary share	17.97	17.33
Capital return per Ordinary share	236.49	(49.09)
Total return per Ordinary share	254.46	(31.76)

7. Transaction costs

During the six months ended 31 July 2016 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/(losses) on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 July 2016 £'000	Six months ended 31 July 2015 £'000
Purchases	76	63
Sales	86	116
	162	179

8. Capital reserve

The capital reserve reflected in the Condensed Statement of Financial Position at 31 July 2016 includes gains of £111,078,000 (31 January 2016 – £50,718,000) which relate to the revaluation of investments held at the reporting date.

	As at 31 July 2016	As at 31 January 2016
9. Net asset value per Ordinary share		
Net assets attributable (£'000)	338,350	280,644
Number of Ordinary shares in issue	28,789,134	29,997,734
Net asset value per Ordinary share (p)	1,175.27	935.55

10. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company has early adopted Amendments to FRS102 – Fair value hierarchy disclosures issued by the Financial Reporting Council in March 2016. This has not resulted in any reclassifications in levelling and the prior year comparative has been disclosed under the new hierarchy. The fair value hierarchy shall have the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

Notes to the Financial Statements *continued*

As at 31 July 2016	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	353,010	–	–	353,010
Quoted bonds	b)	–	14,817	–	14,817
Total		353,010	14,817	–	367,827
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(73)	–	(73)
Net fair value		353,010	14,744	–	367,754

As at 31 January 2016	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	298,353	–	–	298,353
Quoted bonds	b)	–	14,630	–	14,630
Total		298,353	14,630	–	312,983
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(66)	–	(66)
Net fair value		298,353	14,564	–	312,917

a) Quoted equities

The fair value of the Company's investments in quoted equities and preference shares has been determined by reference to their quoted bid prices at the reporting date. Quoted equities and preference shares included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) Quoted bonds

The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Quoted bonds included in Fair Value Level 2 are not actively traded on recognised stock exchanges.

c) Derivatives

The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis and has been included in Fair Value Level 2.

11. Transactions with the Manager

The Company has agreements with Aberdeen Fund Managers Limited ("AFML" or the "Manager") for the provision of investment management, secretarial, accounting and administration and promotional activity services.

The management fee is payable quarterly in arrears based on an annual amount of 0.8% of the value of net assets. The investment management fee is chargeable 30% to revenue and 70% to capital. During the period £1,257,000 (31 July 2015 – £1,161,000) of investment management fees were payable to the Manager, with a balance of £680,000 (31 July 2015 – £561,000) being due to AFML at the period end.

The secretarial fee of £105,000 per annum is chargeable 100% to revenue and is payable monthly in arrears. During the period £53,000 (31 July 2015 – £52,000) of secretarial fees were payable to the Manager, with a balance of £9,000 (31 July

2015 – £17,000) being due to AFML at the period end.

The promotional activities fee is based on a current annual amount of £213,000, payable quarterly in arrears. During the period £106,000 (31 July 2015 – £106,000) of fees were payable, with a balance of £18,000 (31 July 2015 – £71,000) being due to AFML at the period end.

12. Segmental information

The Company is engaged in a single segment of business, which is to invest in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

13. Subsequent events

A further 83,380 Ordinary shares have been bought back and cancelled by the Company subsequent to the reporting period end for a total consideration of £876,000. Following the buyback of shares there were 28,707,754 Ordinary shares in issue.

14. 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 2016 and 31 July 2015 has not been audited.

The information for the year ended 31 January 2016 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 of the Companies Act 2006.

15. This Half-Yearly Financial Report was approved by the Board on 30 September 2016.

Investor Information

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. Many have online facilities. Alternatively, for Retail clients, shares may be bought directly through Aberdeen's Investment Plan for Children, Investment Trust Share Plan and Investment Trust ISA.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of north american companies by investment in a relatively risk averse investment trust and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a 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.

The Company currently conducts its affairs so that the shares issued by The North American Income Trust plc can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPs) and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the FCA's restrictions which apply to NMPs because they are shares in an investment trust.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("Aberdeen") 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 (subject to eligibility criteria as stated within terms and conditions). 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 purchases. 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 Aberdeen in writing at any time.

Aberdeen Investment Trust Share Plan

Aberdeen 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 purchases. 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 Aberdeen in writing at any time.

Aberdeen Investment Trust ISA

Aberdeen offers a stocks and shares ISA which allows an investment of up to £15,240 in the tax year 2016/17.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, 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.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in Aberdeen's Investment Trust Share Plan, Investment Plan for Children and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

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 investment trust of £250.

Dividend Tax Allowance

From 6 April 2016 dividend tax credits will be replaced by an annual £5,000 tax-free allowance on dividend income. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of

dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

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 may be changed by future legislation.

Trust Information

If investors would like details of The North American Income Trust plc or information on Aberdeen's Children's Plan, Share Plan, ISA or ISA transfers please contact:

Aberdeen Investment Trust
PO Box 11020
Chelmsford
Essex CM99 2DB
Telephone: 0500 00 00 40
E-mail: inv.trusts@aberdeen-asset.com

Details are also available on www.invtrusts.co.uk

Terms and Conditions for Aberdeen managed savings products can also be found under the Literature section of the website www.invtrusts.co.uk.

Literature Request Service

For literature and application forms for Aberdeen's investment trust products, please contact:

Telephone: 0500 00 40 00
Email: aam@lit-request.com

Registrar

If you have an administrative query which relates to a direct shareholding, please contact the Company's Registrar, as follows:

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

Telephone: 0870 889 4084
Website: www.computershare.co.uk
Email: www-uk.computershare.com/investor/contactus

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) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

Online Dealing Providers

Investor Information

There are a number of other ways in which you can buy and hold shares in this investment trust.

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest
Alliance Trust Savings
Barclays Stockbrokers
Charles Stanley Direct
Halifax Share Dealing
Hargreave Hale
Hargreaves Lansdown
Idealing
Interactive Investor
Selftrade
The Share Centre
Stocktrade
TD Direct

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your

Investor Information continued

investments. To find a private client stockbroker visit the Wealth Management Association at www.thewma.co.uk

Financial Advisers

To find an adviser who recommends on investment trusts, visit www.unbiased.co.uk

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Telephone: 0800 111 6768

Website: www.fca.org.uk/firms/systems-reporting/register/search

Email: register@fca.org.uk

Investor Warning: Be alert to share fraud and boiler room scams

Aberdeen has been contacted by investors informing that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Asset Management or for third party firms. Aberdeen has also been notified of emails claiming that certain investment companies under its management have issued claims in the courts against individuals. These may be scams which attempt to gain investors' personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from them is required to release the supposed payment for their shares.

These callers/senders do not work for Aberdeen and any third party making such offers/claims has no link with Aberdeen. Aberdeen Asset Management does not 'cold-call' investors in this way. If you 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 on the 'Contact Us' page.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams:

<http://www.fca.org.uk/consumers/scams>

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Corporate Information

Directors

James Ferguson, Chairman
Guy Crawford
Archie Hunter
Lady Susan Rice

Manager, Secretary and Registered Office

Alternative Investment Fund Manager*

Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH
(Registered in England and Wales with Company Registration Number: 00740118)
(*appointed as required by EU Directive 2011/61/EU)

Investment Manager

Aberdeen Asset Managers Limited

Secretary and Registered Office

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

Pre-investment Disclosure Document (PIDD)

The Alternative Investment Fund Managers Directive ("AIFMD") requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of The North American Income Trust plc ("the Company"), to make available to investors certain information prior to such investors' investment in the Company. The AIFMD is intended to offer

Company Registration Number

SC005218

Depositary

BNP Paribas Securities Services, London Branch

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 7NH
Telephone: 0870 889 4084
Website: www-uk.computershare.com/investor/contactus

Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN): XYAARK.99999.SL.826

Website

www.northamericanincome.co.uk

increased protection to investors in investment products that do not fall under the existing European Union regime for regulation of investment products known as the UCITS regime.

The Company's PIDD is available for viewing on the Company's website.

