

The North American Income Trust plc

Half Yearly Report
for the six months ended 31 July 2017

An investment trust investing for above-average dividend income and long term capital growth, mainly from a concentrated portfolio of US equities



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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

Russell 1000 Value (in sterling terms); S&P 500 (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 2017	31 January 2017	% change
Net asset value per Ordinary share	1308.3p	1323.5p	-1.1
Share price per Ordinary share (mid)	1180.0p	1232.0p	-4.2
Discount to net asset value	9.8%	6.9%	
Revenue return per Ordinary share ^A	20.7p	18.0p	+15.0
Interim dividends	15.0p ^B	14.0p ^C	+7.1

^A Comparison uses the six months ended 31 July 2016.

^B Includes a first interim dividend of 7.5p paid on 4 August 2017 and a second interim dividend of 7.5p payable on 31 October 2017.

^C Interim dividend for the six months ended 31 July 2016.

	6 months ended 31 July 2017	Year ended 31 July 2017	3 Years ended 31 July 2017	31 May 2012 ^B to 31 July 2017
Total return ^A	%	%	% pa	% pa
Net asset value per Ordinary share	0.6	14.5	18.8	15.9
Share price per Ordinary share	-2.4	13.8	17.5	15.6
S&P 500 Index (in sterling terms)	4.5	16.9	20.4	19.0
Russell 1000 Value Index	0.5	14.6	17.8	18.3

^A Capital return plus dividends reinvested

^B Date of investment mandate change.

Financial Calendar

27 September 2017	Announcement of Half-Yearly Financial Report
October 2017	Half-Yearly report posted to shareholders
31 October 2017	Second quarterly dividend payable for the year ending 31 January 2018
February 2018	Third quarterly dividend payable for the year ending 31 January 2018
March 2018	Announcement of Annual Financial Report
April 2018	Annual Report posted to shareholders
June 2018	Annual General Meeting
June 2018	Final Ordinary dividend payable for the year ending 31 January 2018

Interim Board Report – Chairman’s Statement

Performance

Over the six months to 31 July 2017, the Company’s net asset value per share was up by 0.6% on a total return basis in sterling terms. This was slightly ahead of the Russell 1000 Value index return of 0.5% but behind the S&P 500 index return of 4.5%.

Dividend

The revenue return per Ordinary share increased by 15% to 20.7p for the six month period. The Board has declared a second quarterly dividend of 7.5p per share, which will mean total dividends for the first half of the fiscal year will be 15.0p (2016 – 14.0p), a 7.1% increase following last year’s increase of 9.1%. The second quarterly dividend is payable on 31 October 2017 to shareholders on the register on 13 October 2017.

The Company’s dividend yield, using the share price of 1,180.0p at the end of the reporting period on 31 July 2017, was 3.1% compared to yields from the Russell 1000 Value and S&P 500 Indices of 2.4% and 2.0% respectively.

Portfolio

As of 31 July 2017, the portfolio had holdings in 45 equities and 8 corporate bonds; the latter representing approximately 2.9% of total assets and providing 4.7% of the portfolio’s total income compared to 5.8% for the 2017 fiscal year. During the half year, the Company received premiums totalling £1.1 million (2016 - £1.3 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 14.3% of total income for the half year (full year 2017 – 19.2%).

Total revenue from equity holdings in the portfolio over the six month period was £6.1 million (2016 - £5.0 million). The Trust’s equity holdings continued their established record of dividend growth and approximately half of the holdings raised their dividends over the past six months, with an average increase of around 8%. Bond coupons and option premiums will remain secondary sources of income in the belief that dividends must remain the overwhelming source of income that is available for distribution. Further details of the portfolio are shown on pages 5 to 6.

The Company’s share price fell by 4.2% from 1,232.0p at 31 January 2017 to 1,180.0p at 31 July 2017 and ended the half year at a 9.8% discount to total net asset value. The Board continues to work with the Manager in both promoting the Company’s benefits to a wider audience and providing liquidity to the market through the use of share buybacks. During the six-month period, 152,500 shares were repurchased at a cost of £1.8 million. Since the end of the

period, a further 33,000 shares have been repurchased at a cost of £390,000. The Board aims to try to manage the level of discount at which the shares trade and exercises its discretion to repurchase shares. As at 26 September 2017 the discount stood at 8.6%.

Gearing

The Company continues to make use of an investment trust company’s ability to gear. On 17 July 2017 the Company converted its fully drawn \$51.045m fixed term loan with State Street to a revolving loan facility. This remains with State Street and will expire on 31 December 2017. The facility is repayable with no penalty and provides finance at a margin of 0.9% over Libor. The remaining \$20m revolving loan facility was allowed to expire in July. Net gearing at 31 July 2017 stood at 7.8%, which includes the offset of cash held used as collateral against open option positions.

Market & Economic Review

Major North American equity market indices recorded positive returns over the six-month period ended 31 July 2017. Nine of the eleven sectors within the S&P 500 Index posted gains over the period. The strongest performers included the information technology, healthcare and utilities sectors. Conversely, the energy and telecommunication services sectors recorded negative returns and significantly underperformed the overall market for the period.

The US Federal Reserve (Fed) raised its benchmark interest rate with two increases of 0.25% in March and June 2017. Following its meeting in late July, the Fed commented that it plans to begin implementing its balance sheet normalisation programme “relatively soon, provided that the economy evolves broadly as anticipated...” US economic data reports released over the six month period were generally positive..

Board Composition

In the 2017 Annual Report, we reported that the Board was in the process of establishing a succession plan. I am pleased to report the appointment of Charles Park as an independent non-executive Director with effect from 13 June 2017. Charles has over 25 years’ investment management experience, with particular expertise on US markets.

Investment Manager

The recent merger between the Company’s Manager, Aberdeen Asset Management PLC, and Standard Life plc has produced the new investment arm which is Aberdeen Standard Investments. The new Group’s investment approach will remain team-based with a strong emphasis on the fundamentals of individual companies. Co-managers Ralph Bassett and Fran Radano will maintain this investment process. The Board will continue to monitor closely any

impact of this merger on the Company to ensure that satisfactory arrangements are in place for its effective management and successful performance.

Outlook

GDP growth of 2.6% was recorded for the second quarter of 2017, which was much improved relative to the revised 1.4% growth in the first quarter and was consistent with our Manager's outlook for improvement throughout this year. Growth was supported by an increase in consumer spending, whilst business investment also had a positive impact. Achievement of the 4% growth target of the Trump administration seems unlikely in the medium-term, particularly given the continued political stalemate, which reduces the likelihood of policy initiatives being implemented.

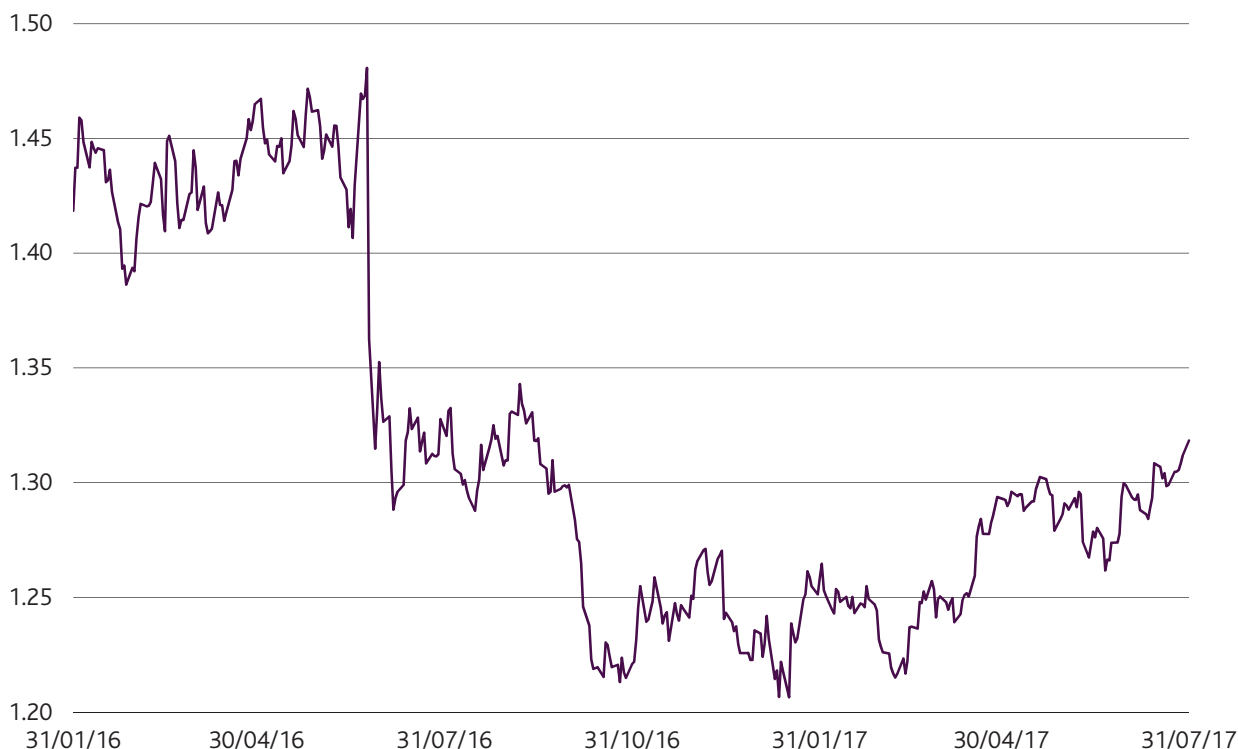
Our Manager however, at present believes that corporate fundamentals continue to improve steadily. Valuations remain above long-term averages; this is supported by the continued environment of low interest rates. Companies will need to show an acceleration in earnings and cash flow

growth for share prices to appreciate further. Earnings growth is also now increasingly reliant on economic growth, given that it has become more difficult to expand profit margins as wage and input inflation both increase.

There has been a wide divergence in returns between various investment styles and sectors, with high growth companies in technology and healthcare having outperformed materially over the past year. Many cash generative companies which pay dividends have been out of favour but this sector of the market is becoming more attractive because the risk of higher interest rates has been discounted. We therefore believe that this sector is attracting more interest and our Manager feels we are well positioned for the future. The longer term prospects for underlying dividend growth in our companies provides strong support for future growth in the Company's dividends.

James Ferguson
Chairman
26 September 2017

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 2017 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 2018.

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 December 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 2017 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

26 September 2017

Investment Portfolio – Equities

As at 31 July 2017

Company	Industry classification	Valuation £'000	Total portfolio %
Dow Chemical	Chemicals	16,567	4.2
BB&T	Banks	16,511	4.1
Pfizer	Pharmaceuticals	16,349	4.1
Chevron	Oil, Gas & Consumable Fuels	14,908	3.7
CME Group	Capital Markets	13,951	3.5
Molson Coors Brewing	Beverages	12,824	3.2
Regions Financial	Banks	12,736	3.2
Procter & Gamble	Household Products	12,056	3.0
Telus	Diversified Telecommunication Services	10,925	2.7
TransCanada	Oil, Gas & Consumable Fuels	10,625	2.7
Ten largest equity investments		137,452	34.4
Cisco Systems	Communications Equipment	10,139	2.5
Glacier Bancorp	Banks	9,933	2.5
Microsoft	Software	9,926	2.5
Coach	Textiles, Apparel & Luxury Goods	9,475	2.4
Intel	Semiconductors & Semiconductor Equipment	9,417	2.4
Philip Morris	Tobacco	9,295	2.3
ConocoPhillips	Oil, Gas & Consumable Fuels	8,948	2.2
Pepsico	Beverages	8,845	2.2
Abbott Laboratories	Health Care Equipment & Supplies	8,580	2.2
Canadian Western Bank	Banks	8,492	2.1
Twenty largest equity investments		230,502	57.7
Royal Bank Of Canada	Banks	8,462	2.1
Potash Corporation Of Saskatchewan	Chemicals	8,147	2.0
Meredith	Media	8,117	2.0
Gilead Sciences	Biotechnology	8,080	2.0
Texas Instruments	Semiconductors & Semiconductor Equipment	8,025	2.0
Ventas	Equity Real Estate Investment	7,663	1.9
Johnson & Johnson	Pharmaceuticals	7,550	1.9
American International	Insurance	7,447	1.9
Genuine Parts	Distributors	7,086	1.8
Union Pacific	Road & Rail	7,029	1.8
Thirty largest equity investments		308,108	77.1
Sonoco Products	Containers & Packaging	6,435	1.6
Verizon Communications	Diversified Telecommunication Services	6,241	1.6
WEC Energy	Multi-Utilities	5,732	1.4
Paychex	IT Services	5,705	1.4
CMS Energy	Multi-Utilities	5,612	1.4
Lockheed Martin	Aerospace & Defence	5,540	1.4
Nucor	Metals & Mining	5,468	1.4
Praxair	Chemicals	5,430	1.4
Digital Realty Trust	Equity Real Estate Investment	5,249	1.3
Schlumberger	Energy Equipment & Services	5,203	1.3
Forty largest equity investments		364,723	91.3
Staples	Specialty Retail	5,004	1.2
Target	Multiline Retail	4,943	1.2
Helmerich & Payne	Energy Equipment & Services	4,800	1.2
Provident Financial Services	Thriffs & Mortgage Finance	4,226	1.1
Blackrock	Capital Markets	4,044	1.0
Total equity investments		387,740	97.0

Investment Portfolio – Other Investments

Company	Industry classification	Valuation £'000	Total portfolio %
Qwest 7.25% 15/10/35	Diversified Telecommunications	2,801	0.7
HSBC Finance 6.676% 15/01/21	Banks	2,325	0.6
International Lease Finance Corp 6.25% 15/05/19	Trading Companies & Distributors	1,953	0.5
Western Digital Corp 7.375% 01/04/23	Technology Hardware, Storage & Peripherals	1,669	0.4
HCA 5.875% 15/02/26	Health Care Providers & Services	1,243	0.3
First Data 6.75% 01/11/20	IT Services	902	0.2
Nationstar 6.5% 01/06/22	Thriffs & Mortgage Finance	779	0.2
Prestige Brands 6.375% 01/02/24	Pharmaceuticals	172	0.1
Total fixed interest investments		11,844	3.0
Total investments		399,584	100.0

Geographical Analysis

As at 31 July 2017

Country	Equities %	Bonds %	Total %
Canada	11.7	–	11.7
USA	85.3	3.0	88.3
	97.0	3.0	100.0

Condensed Statement of Comprehensive Income (unaudited)

	Notes	Six months ended 31 July 2017			Six months ended 31 July 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments		–	(4,034)	(4,034)	–	72,343	72,343
Exchange gains/(losses)		–	1,109	1,109	–	(2,297)	(2,297)
Income	2	7,941	–	7,941	7,076	–	7,076
Investment management fee		(442)	(1,030)	(1,472)	(377)	(880)	(1,257)
Administrative expenses	3	(377)	–	(377)	(376)	–	(376)
Net return before finance costs and taxation		7,122	(3,955)	3,167	6,323	69,166	75,489
Finance costs		(144)	(334)	(478)	(141)	(330)	(471)
Return on ordinary activities before taxation		6,978	(4,289)	2,689	6,182	68,836	75,018
Taxation	4	(1,072)	168	(904)	(936)	190	(746)
Return on ordinary activities after taxation		5,906	(4,121)	1,785	5,246	69,026	74,272
Return per share (pence)	6	20.67	(14.42)	6.25	17.97	236.49	254.46

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 2017 £'000	As at 31 January 2017 £'000
Non-current assets			
Investments at fair value through profit or loss		399,584	410,344
Current assets			
Debtors and prepayments		782	3,940
Cash and short-term deposits		12,156	12,609
		12,938	16,549
Creditors: amounts falling due within one year			
Bank loans		(38,719)	(40,573)
Traded options		(105)	(30)
Other creditors		(943)	(7,189)
		(39,767)	(47,792)
Net current liabilities		(26,829)	(31,243)
Net assets		372,755	379,101
Capital and reserves			
Called-up share capital		7,123	7,161
Share premium account		48,467	48,467
Capital redemption reserve		15,437	15,399
Capital reserve	8	289,752	295,709
Revenue reserve		11,976	12,365
Equity shareholders' funds		372,755	379,101
Net asset value per share (pence)	9	1,308.26	1,323.45

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 July 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2017	7,161	48,467	15,399	295,709	12,365	379,101
Buyback of Ordinary shares	(38)	–	38	(1,836)	–	(1,836)
Return on ordinary activities after taxation	–	–	–	(4,121)	5,906	1,785
Dividends paid (note 5)	–	–	–	–	(6,295)	(6,295)
Balance at 31 July 2017	7,123	48,467	15,437	289,752	11,976	372,755

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

Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 July 2017 £'000	Six months ended 31 July 2016 £'000
Operating activities		
Net return on ordinary activities before finance costs and taxation	3,167	75,489
<i>Adjustments for:</i>		
Net losses/(gains) on investments	4,034	(72,343)
Realised losses/(gains) on foreign exchange transactions	744	(645)
(Increase)/decrease in dividend income receivable	(133)	9
Decrease/(increase) in fixed interest income receivable	32	(52)
Increase in other debtors	(131)	(5)
Increase in other creditors	216	38
Tax on overseas income	(902)	(746)
Amortisation of fixed income book cost	15	26
Net cash flow from operating activities	7,042	1,771
Investing activities		
Purchases of investments	(60,016)	(59,656)
Sales of investments	63,724	71,441
Net cash flow from investing activities	3,708	11,785
Financing activities		
Interest paid	(473)	(468)
Equity dividends paid	(6,295)	(5,900)
Buyback of Ordinary shares	(1,836)	(10,666)
Net cash used in financing activities	(8,604)	(17,034)
Increase/(decrease) in cash	2,146	(3,478)
Analysis of changes in cash and cash equivalents during the period		
Opening balance	12,609	11,685
Effect of exchange rate fluctuations on cash held	(2,599)	3,588
Increase/(decrease) in cash as above	2,146	(3,478)
Closing balance	12,156	11,795

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

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 financial statements.

	Six months ended 31 July 2017 £'000	Six months ended 31 July 2016 £'000
2. Income		
Income from overseas listed investments		
Dividend income	6,100	5,014
REIT income	302	297
Interest income from investments	372	428
	6,774	5,739
Other income from investment activity		
Traded option premiums	1,138	1,329
Deposit interest	29	8
	1,167	1,337
Total income	7,941	7,076

	Six months ended 31 July 2017 £'000	Six months ended 31 July 2016 £'000
3. Administration expenses		
Directors' fees	47	40
Secretarial and administration fees	54	53
Promotional activities	106	106
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the annual accounts	9	9
Custodian charges	14	11
Registrar's fees	33	31
Professional fees	31	37
Depository charges	24	20
Other	59	69
	377	376

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 estimated annual corporation tax rate used for the year to 31 January 2018 is a rate of 19.17%. This is above the current tax rate of 19% because prior to 1 April 2017 the prevailing corporation tax rate was 20%.

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

Taxation	Six months ended 31 July 2017			Six months ended 31 July 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	168	(168)	–	190	(190)	–
Overseas tax suffered	904	–	904	746	–	746
Total tax charge for the period	1,072	(168)	904	936	(190)	746

5. Dividends

	Six months ended 31 July 2017 £'000	Six months ended 31 July 2016 £'000
3rd interim dividend for 2017 – 7.5p (2016 – 7.0p)	2,149	2,111
Final dividend for 2017 – 14.5p (2016 – 13.0p)	4,146	3,789
	6,295	5,900

The Company pays four dividends per year. The first interim dividend of 7.5p (2017 – 7.0p) for the year ending 31 January 2018 was paid on 4 August 2017 to shareholders on the register at 14 July 2017, with an ex-dividend date of 13 July 2017. A second interim dividend of 7.5p (2017 – 7.0p) for the year ending 31 January 2018, will be paid on 31 October 2017 to shareholders on the register at 13 October 2017. The ex-dividend date is 12 October 2017.

6. Return per Ordinary share

	Six months ended 31 July 2017 £'000	Six months ended 31 July 2016 £'000
Based on the following figures:		
Revenue return	5,906	5,246
Capital return	(4,121)	69,026
Total return	1,785	74,272
Weighted average number of shares in issue	28,582,134	29,187,655
	p	p
Revenue return per Ordinary share	20.67	17.97
Capital return per Ordinary share	(14.42)	236.49
Total return per Ordinary share	6.25	254.46

7. Transaction costs

During the six months ended 31 July 2017 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 (losses)/gains on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 July 2017 £'000	Six months ended 31 July 2016 £'000
Purchases	28	76
Sales	61	86
	89	162

8. Capital reserve

The capital reserve reflected in the Condensed Statement of Financial Position at 31 July 2017 includes gains of £104,299,000 (31 January 2017 – £132,009,000) which relate to the revaluation of investments held at the reporting date.

	As at 31 July 2017	As at 31 January 2017
9. Net asset value per Ordinary share		
Net assets attributable (£'000)	372,755	379,101
Number of Ordinary shares in issue	28,492,504	28,645,004
Net asset value per Ordinary share (p)	1,308.26	1,323.45

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 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 2017	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	387,740	–	–	387,740
Quoted bonds	b)	–	11,844	–	11,844
Total		387,740	11,844	–	399,584
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(105)	–	(105)
Net fair value		387,740	11,739	–	399,479

As at 31 January 2017	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	396,609	–	–	396,609
Quoted bonds	b)	–	13,735	–	13,735
Total		396,609	13,735	–	410,344
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(30)	–	(30)
Net fair value		396,609	13,705	–	410,314

a) Quoted equities

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

c) Derivatives

The Company's investment in over the counter options at 31 July 2017 and 31 January 2017 have been fair valued using a marked-to-market model and has been classed as 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 £1,472,000 (31 July 2016 – £1,257,000) of investment management fees were payable to the Manager, with a balance of £752,000 (31 July 2016 – £680,000) being due to AFML at the period end.

The secretarial fee of £108,000 per annum is chargeable 100% to revenue and is payable monthly in arrears. During the period £54,000 (31 July 2016 – £53,000) of secretarial fees were payable to the Manager, with a balance of £18,000 (31

July 2016 – £9,000) 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 2016 – £106,000) of fees were payable, with a balance of £18,000 (31 July 2016 – £18,000) 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 33,000 Ordinary shares have been bought back and cancelled by the Company subsequent to the reporting period end for a total consideration of £387,552. Following the buyback of shares there were 28,459,504 Ordinary shares in issue.

14. Half-Yearly Financial Report

The financial information in this Report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 31 January 2017 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the Company's auditor was unqualified and contained no statement under Section 498 (2), (3) or (4) of the Companies Act 2006. The condensed interim financial statements have been prepared using the same accounting policies as contained within the preceding annual financial statements.

The financial information for the six months ended 31 July 2017 and 31 July 2016 has not been audited or reviewed by the Company's auditor.

15. This Half-Yearly Financial Report was approved by the Board on 26 September 2017.

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 £20,000 in the tax year 2017/18.

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

Dividend tax credits were replaced in April 2016 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 Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB
Telephone: 0808 500 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: 0808 500 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: 0370 889 4084
Website: www.computershare.com
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 FE TrustNet website (www.trustnet.com). Alternatively you can call 0808 500 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 Personal Investment Management & Financial Advice Association at www.pimfa.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
Charles Park
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

Company Registration Number

SC005218

Depository

BNP Paribas Securities Services, London Branch

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 7NH
Telephone: 0370 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

Legal Entity Identifier (LEI):

5493007GCUW7G2BKY360

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 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.



