

## EP Global Opportunities Trust plc

Interim Report 30 June 2007





## FINANCIAL SUMMARY

	30 June 2007	31 December 2006	change
Shareholders' funds	<b>£60,221,000</b>	£58,765,000	2.5%
Net asset value per Ordinary Share ("NAV")	<b>178.0p</b>	172.8p	3.0%
Mid-market price per Ordinary Share	<b>169.0p</b>	170.0p	(0.6)%
Discount to NAV	<b>5.1%</b>	1.6%	

## INVESTMENT OBJECTIVE & POLICY

The Company's objective is to provide shareholders with an attractive real long-term total return by investing globally in undervalued securities. The portfolio is managed without reference to the composition of any stockmarket index.

The Company invests in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world, predominantly in quoted equities. The Company may also invest in unquoted securities, in other listed investment companies (including investment trusts) and in debt instruments, cash or short-term deposits where the Investment Manager believes it is appropriate in the prevailing market or economic conditions.

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

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

## **CHAIRMAN'S STATEMENT**

### **Investment Performance**

The net asset value per share at the end of June 2007 was 178.0p. This is 3.0 per cent above the level at the end of December 2006. It is encouraging to report a further gain in the net asset value, even if it is only a small one, after three years of excellent performance since the Trust was launched in December 2003.

The share price declined fractionally over the same period, by 0.6 per cent to 169p. The discount to net asset value widened from 1.6 per cent at the end of 2006 to 5.1 per cent at mid 2007. During the six month period, we bought in 173,000 shares, as part of our policy to limit the development of any discount. We will continue to buy in shares when there is an imbalance of sellers over buyers. In July we repurchased a further 463,902 shares.

Despite the increase in net assets, this is the first six month period that investment performance has lagged that of the FTSE All-World Index, which had a capital return of 6.2 per cent over the period. The UK FTSE All-Share Index gained 5.7 per cent. While the Board takes note of the performance of your Trust compared to that of stock market indices, and in particular to that of the FTSE All-World Index because of the Trust's global mandate, it is an important part of the philosophy of the Trust not to have a benchmark. The investment policy of our investment manager, Edinburgh Partners, is based on value, on seeking out undervalued shares. It is the Board's view that the best long term investment return will be achieved by a strict adherence to this policy. By not having a benchmark, our investment manager is not under pressure to follow market trends that at times result in individual sectors or geographical regions becoming highly fashionable and as a consequence becoming significantly overvalued. As a result, there will inevitably be periods when the Trust's performance will lag that of the stock market indices.

For some time, we have been witnessing the steady development of a more narrowly focused stock market with the increasingly fashionable areas being the Asian markets (with the exception of Japan) and resource based companies. The shares of smaller companies have also enjoyed a prolonged period of strong relative price performance and are increasingly looking overvalued, particularly when compared to many of the larger companies. It is amongst the larger companies in the developed world that our investment manager is still finding shares at attractive valuations. As a result, the Trust's portfolio is almost exclusively invested in these larger companies.

## **Option in Edinburgh Partners**

Once again we have re-valued the option held over shares in Edinburgh Partners. We have increased the value from £800,000 at the end of 2006 to £900,000. In valuing the option we have in the past projected a rapid rate of growth for Edinburgh Partners. However, the company has consistently outperformed our aggressive forecasts for the level of funds under management and now manages over £2.7 billion. While the company has been fortunate to benefit from three and a half years of strong stock markets since its foundation, the good investment performance achieved by your Trust (which was Edinburgh Partners' first client) has also no doubt been a significant factor in the success of attracting new clients. We are still very positive on the potential for Edinburgh Partners but, because of the size of funds now under management, in valuing the option we are taking a more conservative view of the potential rate of growth.

## **Revenue Account**

The revenue account shows a healthy increase over the same period last year, with earnings per share increasing from 1.70p to 1.91p per share. In previous years, the bulk of the revenue has been received in the first six months of the year. This is when the majority of UK dividend income is paid. Earnings for the full year 2006 were 2.06p per share.

The rapid growth in earnings per share over the last couple of years has been primarily due to the changes made in the portfolio. As our investment manager has increasingly found better value in larger companies and those with greater yield, so the Trust's revenue has grown. Should the area of relative value change and lower yielding companies show better value, we would not hesitate to reduce our own dividend rather than allow income considerations to dictate investment policy.

## **Outlook**

There are numerous reasons to be cautious about share prices. Rising interest rates have historically been the prime cause for bull markets to end and interest rates have now been rising for some time. Inflationary pressures, particularly in the UK, have been on the increase and threaten to cause interest rates to go even higher. The weak dollar is a concern, as are the well publicised problems in the secondary mortgage market in the US. However, the shares of larger companies, especially in the US, are not overpriced. This should limit the risk to the major market indices and to our portfolio, even if the excesses in other areas lead to greater turbulence in those areas. So despite the worries, as was the case this time last year, patience is likely to be rewarded.

## **Teddy Tulloch**

Chairman

10 August 2007

## INCOME STATEMENT (UNAUDITED)

for the 6 months to 30 June 2007

	6 months to 30 June 2007		
	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	1,709	1,709
Income	1,161	–	1,161
Investment management fee	(212)	–	(212)
Other expenses	(140)	–	(140)
<b>Net return before taxation</b>	<b>809</b>	<b>1,709</b>	<b>2,518</b>
Taxation	(160)	–	(160)
<b>Net return after taxation</b>	<b>649</b>	<b>1,709</b>	<b>2,358</b>
	pence	pence	pence
<b>Return per Ordinary Share*</b>	<b>1.91</b>	<b>5.03</b>	<b>6.94</b>

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

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

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

\* The return per Ordinary Share for the six months to 30 June 2007 is based on the net revenue return after taxation of £649,000 and the net capital return after taxation of £1,709,000, both on 33,960,910 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period (excluding treasury shares).

6 months to 30 June 2006			Year to 31 December 2006		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	534	534	–	5,200	5,200
1,043	–	1,043	1,517	–	1,517
(202)	–	(202)	(413)	–	(413)
(128)	–	(128)	(253)	–	(253)
713	534	1,247	851	5,200	6,051
(139)	–	(139)	(154)	–	(154)
574	534	1,108	697	5,200	5,897
pence	pence	pence	pence	pence	pence
1.70	1.58	3.28	2.06	15.36	17.42

\* The return per Ordinary Share for the six months to 30 June 2006 is based on the net revenue return after taxation of £574,000 and the net capital return after taxation of £534,000, both on 33,747,811 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period.

The return per Ordinary Share for the year ended 31 December 2006 is based on the net revenue return after taxation of £697,000 and the net capital return after taxation of £5,200,000, both on 33,850,326 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

## BALANCE SHEET (UNAUDITED)

as at 30 June 2007

	30 June 2007 £'000	30 June 2006 £'000	31 December 2006 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	<b>58,433</b>	51,757	57,574
<b>Current assets</b>			
Debtors	<b>210</b>	151	139
Cash at bank and short-term deposits	<b>3,032</b>	2,039	1,275
	<b>3,242</b>	2,190	1,414
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	<b>1,454</b>	210	223
<b>Net current assets</b>	<b>1,788</b>	1,980	1,191
<b>Total net assets</b>	<b>60,221</b>	53,737	58,765
<b>Capital and reserves</b>			
Called-up share capital	<b>340</b>	338	340
Capital redemption reserve	<b>1</b>	1	1
Share premium account	<b>17,991</b>	17,754	17,991
Special reserve	<b>20,506</b>	20,506	20,506
Capital reserve – realised	<b>17,278</b>	8,887	13,598
– unrealised	<b>3,619</b>	5,635	5,590
Revenue reserve	<b>776</b>	616	739
Own shares held in treasury	<b>(290)</b>	–	–
<b>Total shareholders' funds</b>	<b>60,221</b>	53,737	58,765
	pence	pence	pence
<b>Net asset value per Ordinary Share including current period revenue (note 3)</b>	<b>178.0</b>	158.8	172.8

## STATEMENT OF CASH FLOW (UNAUDITED)

for the 6 months to 30 June 2007

	6 months to 30 June 2007 £'000	6 months to 30 June 2006 £'000	Year to 31 December 2006 £'000
<b>Operating activities</b>			
Investment income received	924	869	1,308
Bank deposit interest received	–	24	32
Investment management fee paid	(215)	(185)	(387)
Secretarial fees paid	(32)	(32)	(63)
Other cash payments	(135)	(94)	(182)
<b>Net cash inflow from operating activities</b>	<b>542</b>	<b>582</b>	<b>708</b>
<b>Investing activities</b>			
Purchases of investments	(16,401)	(15,025)	(30,717)
Sales of investments	18,664	13,635	28,306
Exchange gains/(losses) on settlement	39	(20)	(27)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>2,302</b>	<b>(1,410)</b>	<b>(2,438)</b>
<b>Net cash inflow/(outflow) before equity dividends paid and financing</b>	<b>2,844</b>	<b>(828)</b>	<b>(1,730)</b>
<b>Equity dividends paid</b>	<b>(612)</b>	<b>(271)</b>	<b>(271)</b>
<b>Financing</b>			
Proceeds of share issues net of issue expenses	–	659	892
Own shares purchased and held in treasury	(290)	–	–
<b>Net cash (outflow)/inflow from financing</b>	<b>(290)</b>	<b>659</b>	<b>892</b>
<b>Increase/(decrease) in cash</b>	<b>1,942</b>	<b>(440)</b>	<b>(1,109)</b>

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

for the 6 months to 30 June 2007

	6 months to 30 June 2007 £'000	6 months to 30 June 2006 £'000	Year to 31 December 2006 £'000
Opening shareholders' funds	58,765	52,241	52,241
Net return after taxation for the period	2,358	1,108	5,897
Dividends paid	(612)	(271)	(271)
Shares issued	–	4	6
Premium on issues of shares	–	655	894
Share issue costs	–	–	(2)
Cost of own shares bought into treasury	(290)	–	–
<b>Closing shareholders' funds</b>	<b>60,221</b>	<b>53,737</b>	<b>58,765</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Financial information

The unaudited interim financial information does not constitute statutory accounts. This information has been prepared on the basis of the accounting policies used in the statutory accounts of the Company for the year ended 31 December 2006. The statutory accounts for the year ended 31 December 2006 received an unqualified audit opinion.

### 2. Status of Company

It is the intention of the Directors to conduct the affairs of the Company so that they satisfy the conditions for approval as an investment trust company set out in Section 842 of the Income and Corporation Taxes Act 1988.

### 3. Net asset value per Ordinary Share

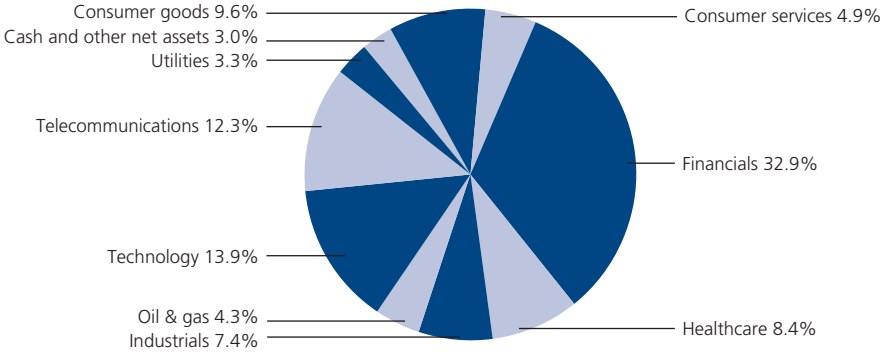
The net asset value per Ordinary Share is based on total net assets at 30 June 2007 of £60,221,000 (30 June 2006: £53,737,000, 31 December 2006: £58,765,000) and on 33,825,180 Ordinary Shares (30 June 2006: 33,848,180, 31 December 2006: 33,998,180) being the issued share capital (excluding 173,000 Ordinary Shares (30 June 2006: 0, 31 December 2006: 0) held in treasury) at that date. Net asset values calculated include current period revenue.

# DISTRIBUTION OF INVESTMENTS

as at 30 June 2007 (% of total net assets)

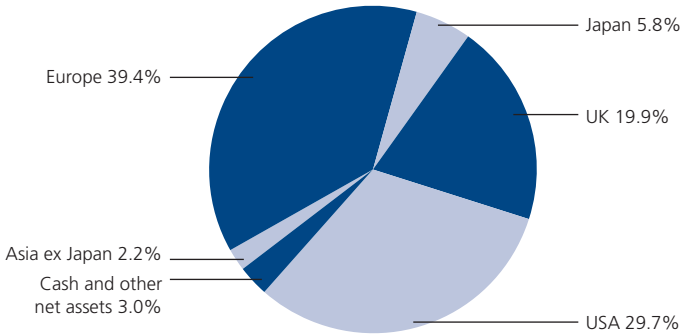
## Sector distribution

as at 30 June 2007



## Geographical distribution

as at 30 June 2007



## 20 LARGEST INVESTMENTS

as at 30 June 2007

Company	Sector	Country	Valuation £'000	% of total net assets
Vodafone	Mobile Telecommunications	United Kingdom	2,819	4.7
Dell	Technology & Hardware Equipment	United States	2,474	4.1
Royal Bank of Scotland	Banks	United Kingdom	2,317	3.8
E.ON	Utilities	Germany	2,002	3.3
SABMiller	Beverages	United Kingdom	1,734	2.9
Telefonica	Fixed Line Telecommunications	Spain	1,725	2.9
Bunge	Food Producers	United States	1,681	2.8
Intel	Technology & Hardware Equipment	United States	1,632	2.7
KON-KPN	Fixed Line Telecommunications	Netherlands	1,583	2.6
TomTom	Technology & Hardware Equipment	Netherlands	1,582	2.6
Deutsche Post	Industrial Transportation	Germany	1,558	2.6
General Electric	General Industrials	United States	1,524	2.5
Lagardere	Media	France	1,518	2.5
American International	Non Life Insurance	United States	1,483	2.5
Symantec	Software & Computer Services	United States	1,479	2.5
Swiss Life	Life Insurance	Switzerland	1,475	2.5
Lloyds TSB	Banks	United Kingdom	1,462	2.4
ABN AMRO	Banks	Netherlands	1,421	2.4
Intesa Sanpaola	Banks	Italy	1,418	2.4
Yamaha Motor	Automobiles & Parts	Japan	1,412	2.3
<b>Total – Top 20 Investments</b>			<b><u>34,299</u></b>	<b><u>57.0</u></b>

## SHAREHOLDER INFORMATION

### Investing in the Company

The Company's Ordinary Shares are traded on the London Stock Exchange. You can buy or sell shares through your stockbroker, bank or other professional investment adviser. Shares in the Company may also be bought and held in an ISA, PEP or Share Plan through the Edinburgh Partners Investment Trust Savings Scheme. Further information is available on the Company's website: [www.epgot.com](http://www.epgot.com) or on the Edinburgh Partners' website: [www.edinburghpartners.com](http://www.edinburghpartners.com) or by telephone on 0845 850 0181.

### Frequency of net asset value ("NAV") publication

The Company's unaudited Ordinary Share net asset value (capital only) is released weekly to the London Stock Exchange and published on the Company's website: [www.epgot.com](http://www.epgot.com), or the Edinburgh Partners' website: [www.edinburghpartners.com](http://www.edinburghpartners.com).

### Share price and sources of other information

The Company's Ordinary Share price is quoted daily in the Financial Times under 'Investment Companies'. Previous day closing price, weekly net asset value and other portfolio information is published on the Company's website: [www.epgot.com](http://www.epgot.com), or on Edinburgh Partners' website: [www.edinburghpartners.com](http://www.edinburghpartners.com). Other useful information on investment trusts, such as prices, net asset values and company announcements, can be found on the websites of the London Stock Exchange: [www.londonstockexchange.com](http://www.londonstockexchange.com) and the Association of Investment Companies ("AIC"): [www.theaic.co.uk](http://www.theaic.co.uk).

### Share register enquiries

The register for the Ordinary Shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0870 889 4069 or email [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk). Changes of name and/or address must be notified in writing to the Registrar, at the address shown on the inside back cover.

### Key dates

Company's year end	31 December
Annual results announced	February
Annual General Meeting	April
Annual dividend paid	May
Company's half-year	30 June
Interim results announced	August

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

## RISK FACTORS

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

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

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

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

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

## **DIRECTORS AND ADVISERS**

<b>Directors (all non-executive)</b>	Teddy Tulloch (Chairman) Richard Burns David Hough Ian McBean
<b>Secretary and Registered Office</b>	Kenneth J Greig 12 Charlotte Square Edinburgh EH2 4DJ
<b>Investment Manager</b>	Edinburgh Partners Limited 12 Charlotte Square Edinburgh EH2 4DJ
<b>Auditors</b>	Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ
<b>Registrar and Transfer Office</b>	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
<b>Marketing Adviser</b>	G&N Collective Funds Services Limited 14 Alva Street Edinburgh EH2 4QG
<b>Solicitor and Sponsor</b>	Dickson Minto W.S. 16 Charlotte Square Edinburgh EH2 4DF
<b>Bankers and Custodian</b>	The Bank of New York Europe Limited One Canada Square Canary Wharf London E14 5AL

*Registered in Scotland No. 259207*

*An investment company as defined under Section 266 of the  
Companies Act 1985*

