

# Edinburgh New Income Trust PLC



## Investment objective

To provide Ordinary Shareholders with an attractive level of income, together with the potential for capital and income growth. To provide ZDP Shareholders with a predetermined capital entitlement on 31 May 2011 of 141.85p.

## Benchmark

The Trust does not have a benchmark, but the portfolio is largely drawn from from large, mid and SmallCap components of the FTSE All-Share Index.

The Trust's investment policy allows the investment manager to invest a proportion of the assets in fixed income securities (or 'bonds').

## Cumulative performance (%)

	Value at 30/04/11	1 month	3 months	6 months	1 year	3 years	5 years
<b>Share Price</b>							
Ordinary Income	63.0p	5.4	5.4	7.1	25.5	(0.4)	(12.5)
Share Price ZDP	140.1p	0.4	0.8	1.2	4.2	16.3	31.0
NAV Ordinary Income <sup>A</sup>	66.9p	4.5	7.6	12.1	24.0	(8.8)	(15.9)
NAV ZDP	141.2p	0.5	1.4	2.9	6.0	19.1	33.8
FTSE All-Share		3.1	4.7	9.1	13.7	13.6	22.4

## Discrete performance (%)

Year ending:	30/04/11	30/04/10	30/04/09	30/04/08	30/04/07
<b>Share Price Ordinary Income</b>	25.5	58.9	(50.0)	(28.1)	22.0
Share Price ZDP	4.2	5.3	6.0	4.3	7.9
NAV Ordinary Income <sup>A</sup>	24.0	78.6	(58.8)	(25.0)	22.9
NAV ZDP	6.0	6.0	6.0	6.0	6.0
FTSE All-Share	13.7	36.6	(26.9)	(4.3)	12.7

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at par. At launch on 1 June 2005 the Ordinary Shares were issued at 100.0p and ZDP Shares were issued at 100.0p. Source: Aberdeen Asset Managers Limited, Factset and Morningstar.

<sup>A</sup> Excluding current year revenue.

Past performance is not a guide to future performance. The value of shares may go down as well as up and an investor may not get back the amount invested.

## Fund managers' report

On 28th April the Directors issued a circular regarding the recommended proposals for the reconstruction and winding up of the Company. Further details are available from the Company's website [www.edinburghnewincome.co.uk](http://www.edinburghnewincome.co.uk)

The FTSE All-Share Index rose by 3.1% in April on a total return basis. Generally positive macroeconomic data combined with company results and updates that were mostly ahead of expectations buoyed sentiment. The more defensive areas of the market, for example, pharmaceuticals and utilities outperformed while more cyclical areas such as construction and mining were weak. The FTSE 100 Index underperformed both the FTSE SmallCap and 250 Indices over the month.

Domestic economic data remained mixed. Initial estimates for first quarter GDP suggest that the UK economy grew by 0.5% helped by robust manufacturing output. Inflation unexpectedly fell to 4.0% in March from 4.4% in February mainly due to the effects of lower food prices. Interest rates were maintained at 0.5% with the MPC meeting minutes adopting a relatively dovish tone. There appears to be an increasing dichotomy in economic activity. On the one hand, construction and manufacturing PMI data remains strong. However, on the other hand, the consumer appears to be weakening with concerns over public sector job cuts, rising taxes, lower social security payments and rising costs leading to a further decline in consumer confidence during the month.

With the proposed wind up of the Trust approaching we started to reduce the holdings in the portfolio investing part of the proceeds in UK treasury bills.

We take comfort that equity market valuations are neither expensive relatively, nor absolutely, but on a fundamental basis we still believe that the path to sustainable economic growth remains challenging and the outlook opaque. Many risks still exist; geopolitical concerns, European sovereign debt concerns, and fiscal consolidation needs to be handled carefully. It seems likely that markets will remain volatile as investors over-react to both good and bad news.

The risks outlined overleaf relating to gearing, split capital trusts and high income are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

## Ten largest equity holdings

	%
Royal Dutch Shell 'B'	4.3
Vodafone	3.3
Centrica	3.2
GlaxoSmithKline	3.1
HSBC	3.0
Provident Financial	2.3
National Grid	2.3
BP	2.2
Unilever	2.2
Tesco	1.8
<b>Total</b>	<b>27.7</b>
<b>Total number of investments</b>	<b>22</b>

## Sector allocation

	%
Oil & Gas	8.2
Financials	6.3
Consumer Services	5.6
Utilities	5.5
Consumer Goods	3.7
Telecommunication Services	3.3
Health Care	3.1
Fixed Interest	1.3
Technology	1.1
Industrials	1.1
Cash	60.8
<b>Total</b>	<b>100.0</b>

## Further information

Private investors 0500 00 00 40  
 Institutional investors Ian Massie  
 +44 (0)131 528 4000  
 Website [www.edinburghnewincome.co.uk](http://www.edinburghnewincome.co.uk)

Receive the factsheet of your choice by email as soon as they are available by registering at [www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail)

All sources (unless indicated): Aberdeen Asset Managers Limited 30 April 2011.

## Edinburgh New Income Trust PLC

## Analytics as at 30 April 2011

## Ordinary income shares (%)

All assets/divis grown	(2.5)	0.0	2.5	5.0	7.5	10.0
Redemption Yield (%)	-	-	-	-	-	-
Terminal Gross Assets (m)	13.1	13.2	13.2	13.3	13.4	13.5
TAV per Share	63.7	64.1	64.6	65.0	65.4	65.8
Equity only/divis grown	(2.5)	0.0	2.5	5.0	7.5	10.0
Redemption Yield (%)	-	-	-	-	-	-
Terminal Gross Assets (m)	13.1	13.2	13.2	13.3	13.3	13.4
TAV per Share	63.8	64.1	64.4	64.8	65.1	65.4

	All assets grown	Equity only grown
Hurdle rate W/O	(98.2)	(99.8)
Hurdle rate S/P	14.2	20.6

## Zero Dividend Preference Shares 2011 (%)

	All assets grown	Equity only grown	Debt cover	Share cover
Hurdle rate W/O	-	-	1.59	1.56
Hurdle rate S/P	-	-		
Hurdle rate R/P	-	-		

Source: Morningstar

## Glossary of terms

**All assets grown**

The assumed annualised growth rates where all components of the assets are grown at the same rate.

**Equity only grown**

The assumed annualised growth rates where only the equity components of the assets are grown at the same rate. Cash and fixed interest are held as constants.

**All shareholders funds**

The total return on the summed net assets, i.e. all assets less prior charges.

**Redemption yield (%)**

The estimated net redemption yields, for assumed annualised growth rates of the gross assets and dividends, after accounting for a 1% windup cost, and interest and management charges accrued to capital over the remaining life.

**Hurdle rate W/O**

The annualised growth rate of the gross assets required to cover fully all prior charges ranking before the income share.

**Hurdle rate S/P**

The annualised growth rate of total assets required to pay the current price.

## Important information

**Risk factors you should consider prior to investing:**

- In common with most investment companies, investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV.
- The Trust is a split capital investment trust. Split capital investment trusts have more than one class of share. Typically, the capital structure will comprise of ordinary shares offering a high level of income, and Zero Dividend Preference (ZDP) shares offering a pre-determined capital payment at a later date, provided there is sufficient capital available. The ZDP shares act as gearing. Some trusts will also have gearing in the form of a bank loan. ZDP shareholders should note that if a trust does not have sufficient assets, after the repayment of its bank loan, to cover the full cost of the ZDP repayments, they will not receive the full amount of the pre-determined return. Ordinary shareholders should note that after the repayment of the bank loan and the redemption of the ZDP shares, the value of assets attributed to ordinary shareholders may be less than their original investment. Depending on the performance of the trust, there is, in any case, a risk that ZDP shareholders will receive less than their original investment and that the level of assets attributed to ordinary shareholders could be less than their original investment and in certain cases, could be zero.
- In order to maintain the high level of dividend paid by the Trust some of the assets selected for the underlying portfolio may be liable to diminish in capital value over time.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- Exposure to a single country market increases potential volatility.
- There is no guarantee that the market price of shares in the Trust will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments, the value of investment trust shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

**Other Important Information:**

Issued by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Services Authority in the United Kingdom. Registered Office: 10 Queen's Terrace, Aberdeen AB10 1YG. Registered in Scotland No. 108419. The Trust is managed by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Services Authority in the United Kingdom. Aberdeen Asset Managers Limited is a member of the Aberdeen Asset Management group of companies. An investment trust should be considered only as part of a balanced portfolio. Under no circumstances should this information be considered as an offer or solicitation to deal in investments.

## Key information

<b>Calendar</b>	
Year end	31 May
Accounts published	July
AGM	October
Established	2005
<b>Fund managers</b>	James Laing Charles Luke
<b>Total expense ratio</b>	1.2%
<b>Premium/(Discount)<sup>b</sup></b>	(5.8)%
<sup>b</sup> Based on Ordinary share price	
<b>Annual management fee</b>	0.65%
<b>ZDPs wind up date</b>	May 2011
<b>Yield</b>	9.5%
<b>Capital structure</b>	
Ordinary shares	20,519,056
ZDP shares	15,166,618
<b>Group capital structure</b>	£m %
Ordinary shareholder funds	13.5 38.7
ZDP shareholder funds	21.4 61.3
Net assets	34.9 100.0
<b>Trading details</b>	
Bloomberg/Epic/Reuters code	ENI
Stockbroker	WINS Investment Trusts
Market makers	JPMS, WINS