

Perpetual Income and Growth Investment Trust plc

Half-Yearly Financial Report for the Six Months to 30 September 2019

Key Facts

Perpetual Income and Growth Investment Trust plc (the 'Company') is an investment trust company listed on The London Stock Exchange.

Investment Objective of the Company

The Company's investment objective is to provide shareholders with capital growth and real growth in dividends over the medium to long term from a portfolio of securities listed mainly in the UK equity market.

Performance Statistics

	SIX MONTHS ENDED 30 SEPTEMBER 2019		
Total Return⁽¹⁾⁽²⁾⁽³⁾ (all dividends reinvested):			
Net asset value (NAV) – debt at market value		(1.2)%	
Share price		(1.0)%	
FTSE All-Share Index ⁽⁴⁾		4.6%	
	SIX MONTHS ENDED		
	30 SEPTEMBER 2019	30 SEPTEMBER 2018	% CHANGE
Revenue			
Basic revenue return per ordinary share			
– including special dividends	9.65p	8.28p	+16.5
– excluding special dividends	9.39p	8.28p	+13.4
Dividends – first interim	3.40p	3.25p	
– second interim	3.40p	3.25p	
– total	6.80p	6.50p	+4.6
	AT 30 SEPTEMBER 2019	AT 31 MARCH 2019	% CHANGE
Shareholders' funds			
Net assets (£'000) ⁽⁵⁾	805,430	881,546	(8.6)
NAV per share – debt at market value	351.9p	363.2p	(3.1)
Share price and discount			
Share price ⁽¹⁾	312.0p	323.5p	(3.6)
Discount to NAV ⁽⁶⁾ – debt at market value	(11.3)%	(10.9)%	
Gearing (debt at market value):			
– gross gearing ⁽⁷⁾	18.7%	17.3%	
– net gearing ⁽⁸⁾	18.7%	17.3%	

(1) Source: Refinitiv.

(2) See Glossary of Terms and Alternative Performance Measures (APM) on pages 66 to 68 of the 2019 annual financial report for the explanation and calculation of APMs.

(3) The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (i.e. share price total return) or in the Company's assets (i.e. NAV total return).

(4) The Benchmark index of the Company.

(5) Includes 14,741,342 shares bought back at an average price of 304.9p.

(6) Discount to NAV – debt at market value: (share price less NAV per share with debt at market value) ÷ NAV per share with debt at market value.

(7) Gross gearing: borrowings ÷ shareholders' funds.

(8) Net gearing: borrowing less cash ÷ shareholders' funds.

Chairman's Statement

Performance

I am disappointed to report that the net asset value (NAV) total return performance in the six months to 30 September 2019, with dividends reinvested, was –1.2%, compared with +4.6% for our benchmark FTSE All-Share Index. The share price total return was –1.0% for the period. In contrast to the NAV and share price performance, revenue has remained strong.

The portfolio experienced mixed results. The pall over UK focused stocks from the uncertainty around Brexit continued, and the period also saw other setbacks including a short seller attack on Burford Capital and negative market sentiment towards tobacco stocks. In contrast, a number of other holdings, including in particular some focused around UK domestic opportunities, did well. Further details can be found in the Manager's Report.

The Board is very sensitive to shareholder concerns about the continued weak results. We engage regularly with the portfolio manager, Mark Barnett, who continues to apply his consistent valuation based investment approach. We have also had a number of discussions with Invesco management about the continuing poor performance and about processes around individual portfolio managers. We note the recent appointment of a new Chief Investment Officer, Stephanie Butcher, and have met with her to discuss new initiatives to be put in place with the aim to improve portfolio performance. We will be closely monitoring progress.

Share price discount

The share price discount to NAV ranged between 10.5% and 15.0% during the period. We have ramped up the programme of share buybacks, instituted last year. Through these we are seeking to stabilise the discount, to provide liquidity to take out overhangs in the market and to accrue value to remaining shareholders through realising the discount on the shares bought back. During the period the Company bought back 14.7 million shares at an average discount to NAV of 12.5%. However, reiterating my previous statements, improved portfolio performance and consequent demand for the shares will be the main driver to reduce the discount level.

Dividend

The Directors are pleased to have declared a second interim dividend of 3.4p per ordinary share in respect of the three months to 30 September 2019. This dividend will be paid on 30 December 2019 to shareholders on the register on 29 November 2019. The shares will be marked ex-dividend on 28 November 2019.

Richard Laing

Chairman

20 November 2019

Portfolio Manager's Report

Market Review

The UK equity market posted a positive return over the six-month period to 30 September 2019. However, as has tended to be the case in recent reporting periods, this headline return masks periods of underlying volatility. Global markets were driven by persistent concerns of a slowdown in economic growth and the fluctuation of US-Sino trade tensions. Meanwhile a trend noted in previous periods continued; internationally orientated sectors within the FTSE 100 continued to lead market performance.

Political uncertainty surrounding negotiations for the exit from the European Union (EU) dominated the domestic agenda. During the period sterling served as the bellwether for the perceived likelihood of a "no-deal" exit. The value of sterling versus international currencies remained weak, with the prorogation of Parliament in August pushing the pound to just US\$1.20.

Amid this persistent domestic uncertainty, the Bank of England's Monetary Policy Committee voted unanimously on four occasions to hold the UK base interest rate at 0.75%. Latterly, officials signalled the potential for a future interest rate cut following the UK's exit from the EU. Economic data released during the period, showed a slowdown in economic growth during the first half of 2019, a result of weaker business investment and slowing global economic growth. The UK economy expanded in the third quarter, avoiding recession. Employment data remained robust, with the unemployment rate below 4% and more than 800,000 labour market vacancies.

Portfolio Review

The Company's investments have continued to generate meaningful growth in income that has supported the growth in dividends. However, the capital returns have been disappointing as a consequence of the challenging backdrop facing UK domestically orientated companies, some particular stock specific challenges, and also the consequences of a large forced seller in the UK equity market. The Company's net asset value, including reinvested dividends, provided a total return of –1.2% over the period under review, compared with a total return of +4.6% by the FTSE All-Share Index.

The portfolio's core themes of UK domestic value, international growth opportunities, tobacco and non-correlated financials have remained consistent over the past six months. The tilt towards UK domestic companies has been maintained, as persistent negativity towards domestic sectors continues to present compelling opportunities. Exposure to

selective global industries, namely oil and tobacco, remains prominent whilst a significant proportion of the portfolio is also invested in non-correlated financials. The low correlation of investments held by the Company with the FTSE All-Share Index affords two important benefits to the portfolio; business risk diversification and income diversification. This is especially important given the concentration of dividend income in the UK stock market.

The portfolio's UK domestic opportunities theme continued to provide some positive returns over the period. BCA Marketplace, KCOM and Next were the standout contributors within this theme. Both KCOM and BCA Marketplace received private equity bids during the period. KCOM's Board of Directors recommended a bid in April, but later abandoned it in favour of an enhanced all cash offer from a European infrastructure fund. Meanwhile, BCA Marketplace confirmed in June that it was in advanced discussions with a private equity firm, following an all cash offer for the company. Elsewhere within the portfolio's domestic theme, Next released a strong trading statement in July, which confirmed better-than-expected full price sales for the second quarter. Half-year results released in September confirmed double-digit growth in online sales, whilst management reaffirmed its full year guidance.

The portfolio's absolute performance was also supported by its exposure to international growth opportunities. Stock selection within this theme proved decisive, as holdings in BAE Systems and HomeServe were amongst the portfolio's best performing stocks over the period. HomeServe released full year results in May, which were ahead of market expectations. The company delivered another year of strong organic revenue growth and confirmed a double digit increase in the annual dividend. Meanwhile, BAE Systems traded well over much of the period. The company released supportive half-year results in July that showed double digit profit growth, fuelled by an increase in US defence spending.

Relative performance also benefitted from the portfolio's zero weighting in the metals & mining sector, which proved highly volatile amid geopolitical tensions. Conversely, the non-inclusion of several highly rated, internationally focussed FTSE 100 stocks proved to be a drag on relative performance.

Tobacco remains a prominent theme, with investments in Altria, British American Tobacco and Imperial Brands. These holdings have previously delivered exceptional returns for shareholders, however more recent performance has continued to prove challenging. Investor sentiment towards the tobacco sector was affected by revived fears around regulation, whilst the release of underwhelming sales data for Imperial Brands' next generation technology reignited concerns around the outlook for future revenues. The portfolio's significant weighting in the sector adversely affected relative performance, with negative returns from non-UK index stock Altria being a significant detractor. Despite these persistent concerns, the outlook for the sector remains positive, particularly as the headwinds outlined are reflected in depressed valuations across the sector.

The portfolio's final theme proved the most substantial driver of weakness during the period. Having been a strong contributor to fund performance over many years, Burford Capital provided the portfolio's largest negative return over the period. In August 2019, the litigation financier was the subject of a highly critical report from a US firm that specialises in publishing research for short-sellers. This caused a very material fall in the company's share price. Burford Capital robustly defended itself against the accusations and later announced a series of corporate governance enhancements. Whilst the share price recovered some losses during September, the value of this holding still remained significantly lower at period end.

Elsewhere within the non-correlated financials holdings, Amigo also provided a negative contribution to returns, as concerns grew around the regulatory focus for the guarantor backed loan sector. The share price fell sharply at the end of August on the release of results for the first quarter, when the company cut its full year guidance and announced a change in lending strategy, to prioritise new customer lending over repeat customer lending. Despite these specific challenges, there were a number of holdings in this area that performed well over the period. Most notable was AJ Bell, which has traded very well following the initial public offering (IPO) in December 2018. In April, the company released a strong trading update for the second quarter, which supported positive momentum in the shares. AJ Bell has been a very successful holding for the Company. Initially held as a private, unquoted company, we were extremely supportive of the IPO, which saw significant gains realised for the portfolio.

Other notable contributors within the wider portfolio included PureTech Health. The company's share price performed very well over the period, supported by positive developments from a number of the firm's underlying companies. News that PureTech Health is exploring a listing on the US Nasdaq exchange was also well received by the market.

A final comment on performance drivers is that a small number of portfolio holdings experienced notably weak price performance due to challenges facing other shareholders rather than issues with the businesses themselves. While this short-term share price disruption was not isolated to this portfolio, it has been a source of some frustration. We maintain the view that the long-term outlook and inherent value of those companies impacted are unchanged.

Portfolio Manager Outlook

The performance of the UK stock market is likely to be determined by the same macroeconomic and political forces that have dominated sentiment for the past few years. The political uncertainty in many regions has been especially difficult to navigate recently and has been a major headwind to portfolio performance given the extreme polarisation of company valuations that has emerged. I have commented previously that this differential between highly rated global non-cyclical stocks and depressed domestic economically sensitive shares is substantial. This differential sits at a multi-year high and offers the most glaring opportunities within the UK stock market. The portfolio is positioned to take advantage of this perceived mispricing and retains large portfolio weightings in insurance, real estate, retail and support services.

The extent of this mispricing is perhaps most clearly highlighted by the spread between dividend yields and corporate bond yields over the past ten years. Over this period,

dividend yields have remained broadly flat, whilst corporate bond yields have declined markedly. A 650bp (6.5%) shift in the yield differential over the period is notable and represents another strong endorsement of the attraction of equities to an asset neutral investor at the moment. It is also very likely a significant factor behind the strong re-emergence of merger and acquisition activity in recent months. The range and breadth of deals witnessed from industrial and especially financial buyers is clear evidence that there is value available in UK listed companies that can be exploited with finance from accessing the debt markets at very attractive yields. The portfolio has been a beneficiary of two such deals (BCA Marketplace and KCOM) that have been announced since the year end.

In recent weeks sentiment within the market has been extremely volatile as perceptions around a political deal have shifted. This has resulted in a marked change in the composition of the stock and sector leadership, which has favoured the current positioning within the portfolio. Clarity regarding the outcome of the negotiations with Brussels would clearly benefit the performance of the UK stock market and especially this portfolio. The level of pessimism which is discounted in the valuations of many holdings is anticipated to result in material revaluation opportunities from current levels as and when the political fog clears.

Mark Barnett

Portfolio Manager

20 November 2019

Related Parties Transactions

Under UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified the Directors as related parties. No other related parties have been identified. No transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Principal Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates, including consideration of emerging risks. The principal risks and uncertainties identified in this review are summarised below:

- **Economic Risk** – Economic risk arises from uncertainty about the future prices of the Company's investments. Market fluctuations, both upward and downward, may arise from external factors which are outside the control of the Board and the Manager.
- **Investment Risk** – This is the stock specific risk that the stock selection process may not achieve the Company's published objectives. Poor performance of individual portfolio investments is mitigated by diversification and ongoing monitoring of investment guidelines.
- **Financial Risk** – The financial risks faced by the Company include market price risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk, which includes counterparty and custodial risk.
- **Gearing Risk** – The use of borrowings will amplify the effect on shareholders' funds of portfolio gains and losses.
- **Share Discount Risk** – The Company's shares may, at times, trade at a wide discount. The Board has put in place a share repurchase programme to help the management of this risk.
- **Operational Risk** – A failure of the systems of financial and non-financial internal controls operated by the Company, the Manager and other external service providers could result in loss of assets and reputational damage as a result of fraud or material misstatement.
- **Regulatory Risk** – Loss of investment trust status for tax purposes could lead to the Company being subject to tax on the realised capital profits on the sale of its investments. A serious breach of regulatory rules could lead to suspension from the Official List, a fine or qualified audit report and reputational problems.
- **Other Risks** – The risk that the portfolio manager, Mark Barnett, may become incapacitated or otherwise be unavailable is mitigated by support available from his designated deputy for this portfolio, Martin Walker, and the wider Invesco UK Equities team.

A detailed explanation of these principal risks and uncertainties can be found on pages 14 to 15 of the 2019 annual financial report, which is available on the Company's section of the Manager's website at: www.invesco.co.uk/pigit. In the view of the Board these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Going Concern

The condensed financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months after the approval of this half-yearly financial report. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses from its assets. The Directors also considered the revenue forecasts for the year and future dividend payments.

INVESTMENT PORTFOLIO STATEMENT AT 30 SEPTEMBER 2019

Ordinary shares listed in the UK unless otherwise stated

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO	ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
British American Tobacco	Tobacco	52,246	5.6	Chesnara	Life Insurance	9,269	1.0
BP	Oil & Gas Producers	50,267	5.3	Aquis Exchange ^{AIM}	Financial Services	8,720	0.9
Next	General Retailers	34,269	3.6	Plus500	Financial Services	8,538	0.9
Legal & General	Life Insurance	30,935	3.3	Hadrian's Wall			
Royal Dutch Shell				Secured Investments	Equity Investment Instruments	8,343	0.9
– A shares	Oil & Gas Producers	29,251	3.1	Top Fifty Investments		885,598	94.3
Tesco	Food & Drug Retailers	28,639	3.0	Vectura	Pharmaceuticals & Biotechnology	7,584	0.8
Derwent London	Real Estate Investment Trusts	27,217	2.9	Eddie Stobart Logistics ^{AIM}			
Roche – Swiss Listed	Pharmaceuticals & Biotechnology	25,891	2.8	– suspended (see note 7)	Industrial Transportation	6,355	0.7
BAE Systems	Aerospace & Defence	25,351	2.7	TalkTalk Telecom	Fixed Line Telecommunications	6,087	0.6
Novartis – Swiss Listed	Pharmaceuticals & Biotechnology	24,096	2.6	Marwyn Value Investors	Equity Investment Instruments	5,768	0.6
Top Ten Investments		328,162	34.9	Horizon Discovery ^{AIM}	Pharmaceuticals & Biotechnology	4,240	0.4
HomeServe	Support Services	23,236	2.5	Doric Nimrod Air Three			
Aviva	Life Insurance	20,386	2.2	– preference shares	Equity Investment Instruments	4,036	0.4
Randall & Quilter ^{AIM}	Non-life Insurance	19,514	2.1	VPC Specialty Lending			
British Land	Real Estate Investment Trusts	19,319	2.0	Investments	Financial Services	3,925	0.4
Capita	Support Services	19,168	2.0	Doric Nimrod Air Two			
Imperial Brands	Tobacco	18,685	2.0	– preference shares	Equity Investment Instruments	3,848	0.4
Altria – US Listed	Tobacco	18,621	2.0	SME Credit Realisation (formerly Funding Circle SME)			
AJ Bell	Financial Services	17,808	1.9	McBride	Equity Investment Instruments	3,364	0.4
NewRiver REIT	Real Estate Investment Trusts	17,766	1.9		Household Goods & Home Construction	3,318	0.4
BT	Fixed Line Telecommunications	16,656	1.8	Top Sixty Investments		934,123	99.4
Top Twenty Investments		519,321	55.3	Amigo	Financial Services	3,284	0.4
easyJet	Travel & Leisure	16,620	1.8	Circassia			
Total – French Listed	Oil & Gas Producers	15,985	1.7	Pharmaceuticals ^{AIM}	Pharmaceuticals & Biotechnology	723	0.1
PureTech Health	Pharmaceuticals & Biotechnology	15,670	1.7	infirst Healthcare ^{UQ}	Pharmaceuticals & Biotechnology		
Beazley	Non-life Insurance	15,654	1.6	– Mar – preferred		273	
Hiscox	Non-life Insurance	15,055	1.6	– D shares		257	
G4S	Support Services	14,820	1.6	– Jan – preferred		63	
Babcock International	Aerospace & Defence	14,492	1.5	Motif Bio			
Lancashire	Non-life Insurance	14,110	1.5	– ADR	Pharmaceuticals & Biotechnology	149	
IAG	Travel & Leisure	14,094	1.5	– AIM listed shares		105	
Harworth	Real Estate Investment & Services	14,071	1.5	– ADR – Warrants 9 Nov 2021		20	
Top Thirty Investments		669,892	71.3	SciFluor Life Sciences ^{UQ}			
Provident Financial	Financial Services	13,996	1.5	– US Series A convertible preferred	Pharmaceuticals & Biotechnology	239	—
Oxford Sciences				Countryside	Household Goods & Home Construction	144	—
Innovation ^{UQ}	Financial Services	13,875	1.5	Eurovestech ^{UQ}	Financial Services	121	—
Cranswick	Food Producers	13,587	1.5	XTL Biopharmaceuticals			
Royal Bank of Scotland	Banks	13,346	1.4	– ADR	Pharmaceuticals & Biotechnology	23	—
Drax	Electricity	12,031	1.3	Lombard Medical			
Burford Capital ^{AIM}	Financial Services	11,841	1.3	– US Listed	Health Care Equipment & Services	6	—
CLS	Real Estate Investment & Services	11,569	1.2	Mirada ^{AIM}	Media	1	—
Urban Exposure ^{AIM}	Financial Services	10,679	1.1	Top Seventy Investments		939,531	100.0
Pollen Street				Jaguar Health ^{UQ}			
Secured Lending (formerly P2P Global Investments)	Equity Investment Instruments	10,669	1.1	– US indemnity shares	Pharmaceuticals & Biotechnology	1	—
Novo-Nordisk – B Shares	Pharmaceuticals & Biotechnology	10,399	1.1	Total Investments 71 (2018: 75)		939,532	100.0
Top Forty Investments		791,884	84.3				
Whitbread	Travel & Leisure	10,347	1.1				
Secure Income REIT ^{AIM}	Real Estate Investment Trusts	9,938	1.1				
Secure Trust Bank	Banks	9,891	1.1				
Real Estate Investors	Real Estate Investment Trusts	9,693	1.0				
IP Group	Financial Services	9,514	1.0				
Draper Esprit ^{AIM}	Financial Services	9,461	1.0				

AIM: Investments quoted on AIM (8.7%)

UQ: Unquoted (1.6%)

ADR: American Depositary Receipts (0.0%)

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2019			SIX MONTHS TO 30 SEPTEMBER 2018		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
(Losses)/gains on investments held at fair value	—	(31,464)	(31,464)	—	52,497	52,497
Gains/(losses) on foreign exchange	—	1	1	—	(7)	(7)
Income – note 2	24,699	354	25,053	21,881	577	22,458
	24,699	(31,109)	(6,410)	21,881	53,067	74,948
Investment management fee – note 3	(849)	(1,982)	(2,831)	(938)	(2,190)	(3,128)
Other expenses	(296)	—	(296)	(333)	—	(333)
Net return before finance costs and taxation	23,554	(33,091)	(9,537)	20,610	50,877	71,487
Finance costs – note 3	(572)	(1,334)	(1,906)	(538)	(1,255)	(1,793)
Return on ordinary activities before taxation	22,982	(34,425)	(11,443)	20,072	49,622	69,694
Tax on ordinary activities – note 4	(352)	—	(352)	(178)	—	(178)
Return on ordinary activities after taxation for the financial period	22,630	(34,425)	(11,795)	19,894	49,622	69,516
Return per ordinary share – Basic	9.65p	(14.68)p	(5.03)p	8.28p	20.65p	28.93p
Weighted average number of ordinary shares in issue		234,593,254			240,326,771	

The total column of this statement represents the Company's profit and loss account, prepared in accordance with UK Accounting Standards. The return on ordinary activities after taxation is the total comprehensive income and therefore no additional statement of other comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 3156676

	NOTES	AT 30 SEPTEMBER 2019 £'000	AT 31 MARCH 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	7	939,532	1,017,184
Current assets			
Amounts due from brokers		—	1,174
Tax recoverable		1,700	1,550
Prepayments and accrued income		2,261	2,572
		3,961	5,296
Creditors: amounts falling due within one year			
Bank loan		(40,000)	(45,000)
Amounts due to brokers		(2,050)	—
Bank overdraft		(33,094)	(33,704)
Share buybacks awaiting settlement		(727)	—
Accruals		(2,602)	(2,661)
		(78,473)	(81,365)
Net current liabilities		(74,512)	(76,069)
Total assets less current liabilities		865,020	941,115
Creditors: amounts falling due after more than one year			
4.37% Senior Secured Notes due 8 May 2029		(59,590)	(59,569)
Net assets		805,430	881,546
Capital and reserves			
Share capital	6	24,043	24,043
Share premium		265,233	265,233
Capital reserve		481,706	561,395
Revenue reserve		34,448	30,875
Shareholders' funds		805,430	881,546
Net asset value per ordinary share	8		
Basic			
– debt at par value		358.5p	368.2p
– debt at market value		351.9p	363.2p
Number of 10p ordinary shares in issue at the period end	6	224,671,008	239,412,350

CONDENSED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019					
At 31 March 2019	24,043	265,233	561,395	30,875	881,546
Return on ordinary activities	—	—	(34,425)	22,630	(11,795)
Dividends paid - note 5	—	—	—	(19,057)	(19,057)
Shares bought back and held in treasury	—	—	(45,264)	—	(45,264)
At 30 September 2019	24,043	265,233	481,706	34,448	805,430
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018					
At 31 March 2018	24,043	265,233	602,836	31,817	923,929
Return on ordinary activities	—	—	49,622	19,894	69,516
Dividends paid - note 5	—	—	—	(20,403)	(20,403)
Shares bought back and held in treasury	—	—	(2,230)	—	(2,230)
At 30 September 2018	24,043	265,233	650,228	31,308	970,812

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting Policies

The condensed financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, FRS 104 *Interim Financial Reporting and the Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts*, issued by the Association of Investment Companies in November 2014, as updated in February 2018. The financial statements are issued on a going concern basis.

The accounting policies applied to these condensed financial statements are consistent with those applied in the financial statements for the year ended 31 March 2019.

2. Income

	SIX MONTHS TO 30 SEPT 2019 £'000	SIX MONTHS TO 30 SEPT 2018 £'000
Income from investments		
UK dividends – ordinary	18,879	18,146
– special	320	—
Overseas dividends – ordinary	4,519	3,094
– special	284	—
Unfranked investment income	528	516
Scrip dividends	96	95
	24,626	21,851
Other income		
Other	73	30
Total income	24,699	21,881

Special dividends of £354,000 have been recognised in capital (30 September 2018: £577,000).

3. Investment Management Fees and Finance Costs

The base management fee and finance costs are allocated 70% to capital and 30% to revenue. The base management fee is 0.6% on the first £900 million of assets under management and 0.4% thereafter.

4. Investment Trust Status and Tax

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust company. As such, no tax liability arises on capital gains. The tax charge represents withholding tax suffered on overseas income.

5. Dividends paid on Ordinary Shares

SIX MONTHS ENDED	30 SEPT 2019		30 SEPT 2018	
	PENCE	£'000	PENCE	£'000
Fourth (prior year)	4.75	11,305	4.45	10,699
First (current year)	3.40	7,752	3.25	7,804
Total (excluding special dividends)	8.15	19,057	7.70	18,503
Special dividend (prior year)	—	—	0.8	1,923
Total (including special dividends)	8.15	19,057	8.50	20,426
Return of unclaimed dividends from previous years	—	—	—	(23)
Total paid	8.15	19,057	8.50	20,403

The first interim dividend of 3.40p was paid on 30 September 2019 to shareholders registered on 6 September 2019. The Directors have declared a second interim dividend of 3.40p payable on 30 December 2019 to shareholders registered on 29 November 2019.

6. Share Capital, including Movements

Share capital represents the total number of shares in issue, including treasury shares.

	AT 30 SEPT 2019	AT 31 MAR 2019
Share capital:		
Ordinary shares of 10p each (£'000)	22,467	23,941
Treasury shares of 10p each (£'000)	1,576	102
	24,043	24,043
Brought forward	239,412,350	240,432,350
Shares bought back into treasury	(14,741,342)	(1,020,000)
Carried forward	224,671,008	239,412,350

Subsequent to the period end 4,776,670 ordinary shares were bought back into treasury at an average price of 312.66p.

7. Fair Value Hierarchy Disclosures

FRS 102 sets out three fair value levels. These are:

Level 1 – The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.

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

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value hierarchy analysis for investments and related forward currency contracts held at fair value at the period end is as follows:

	AT 30 SEPT 2019 £'000	AT 31 MAR 2019 £'000
Financial assets designated at fair value through profit or loss:		
Level 1	918,348	1,000,337
Level 3	21,184	16,847
Total for financial assets	939,532	1,017,184

The unquoted investment holdings of the portfolio make up the whole of Level 3 with the exception of Eddie Stobart Logistics which was suspended from AIM and therefore categorised as Level 3. The holding was valued at the period end at £6,355,000 (31 March 2019: £7,409,000 and shown in Level 1) and its value has fallen further since the period end.

8. Net Asset Value

The following shows a reconciliation of NAV with debt at par to NAV with debt at market value. The difference in the NAVs arises solely from the valuation of the 4.37% senior secured notes 2029. The number of shares at the period end was 224,671,008 (31 March 2019: 239,412,350).

	AT 30 SEPT 2019 NAV PER SHARE PENCE	AT 31 MAR 2019 NAV PER SHARE PENCE
NAV – debt at par	358.5	368.2
Notes		
– debt at par, after amortised costs	26.5	24.9
– debt at market value	(33.1)	(29.9)
NAV – debt at market value	351.9	363.2

The market value of the Notes used in the above reconciliation, which is based on a comparable quoted debt security, is:

	AT 30 SEPT 2019 £'000	AT 31 MAR 2019 £'000
Notes – debt at market value	74,454	71,472

9. Status of Half-Yearly Financial Report

The financial information contained within the financial statements in this half-yearly financial report, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2019 and 30 September 2018 has not been audited. The figures and financial information for the year ended 31 March 2019 are extracted and abridged from the latest audited accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Independent Auditor's report, which was unqualified and did not include a statement under section 498 of the Companies Act 2006.

By order of the Board

Invesco Asset Management Limited

Company Secretary

20 November 2019

DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Directors

Richard Laing, Chairman
Mike Balfour
Victoria Cochrane, Audit Committee Chairman
Alan Giles, Senior Independent Director
Bob Yerbury
Georgina Field (appointed 1 May 2019)

Registered Office and Company Number

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH
Registered in England and Wales No: 3156676

Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited

Company Secretary

Invesco Asset Management Limited
Company Secretarial contact: Paul Griggs

Correspondence Address

43-45 Portman Square
London W1H 6LY
☎ 020 3753 1000
Email: investmenttrusts@invesco.com

Depositary, Custodian & Banker

Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

Corporate Broker

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Website

Information relating to the Company can be found on the Company's section of the Manager's website at www.invesco.co.uk/pigit
The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated into, nor do they form part of, this document.

Invesco Client Services

The Invesco's Client Services Team is available from 8.30 am to 6 pm Monday to Friday (excluding UK Bank Holidays).
Please note no investment advice can be given.
☎ 0800 085 8677.
www.invesco.co.uk/investmenttrusts

Registrar

Link Asset Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

If you hold your shares direct and have queries relating to your shareholding, you should contact the Registrars on ☎ 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider.

From outside the UK: +44 371 664 0300. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 9.00 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

Shareholders can also access their holding details via Link's website www.signalshares.com

Link Asset Services provides on-line and telephone share dealing services to existing shareholders who are not seeking advice on buying or selling. These are available at www.linksharedeal.com or ☎ 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. From outside the UK: +44 371 664 0445. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 8.00 am to 4.30 pm, Monday to Friday (excluding UK Bank Holidays).

Link Asset Services is the business name of Link Market Services Limited.

General Data Protection Regulation

The Company's privacy notice can be found at www.invesco.co.uk/pigit

DIRECTORS' RESPONSIBILITY STATEMENT

in respect of the preparation of the half-yearly financial report

The Directors are responsible for preparing the half-yearly financial report using accounting policies consistent with applicable law and UK Accounting Standards.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with the FRC's FRS 104 *Interim Financial Reporting*;
- the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules; and
- the interim management report includes a fair review of the information required on related party transactions.

The half-yearly financial report has not been audited or reviewed by the Company's auditor.

Signed on behalf of the Board of Directors.

Richard Laing
Chairman

20 November 2019

The Company's ordinary shares qualify to be considered as a mainstream investment product suitable for promotion to retail investors.



Invesco Fund Managers Limited and
Invesco Asset Management Limited are authorised
and regulated by the Financial Conduct Authority