

Invesco Income Growth Trust plc

Half-Yearly Financial Report for the Six Months to 30 September 2020



Key Facts

Invesco Income Growth Trust plc is an investment trust company listed on the London Stock Exchange.

Investment Objective

The Company's investment objective is to produce income and capital growth superior to that of the UK stock market and dividends paid quarterly that, over time, grow above the rate of inflation.

Principal Investment Aims

The Company aims to:

- have a portfolio yielding more than the FTSE All-Share Index in order to generate sufficient income;
- provide shareholders with dividend growth in excess of inflation over the longer term;
- achieve capital growth in excess of the FTSE All-Share Index over the longer term;
- reduce risk by diversifying investments across a wide range of companies and sectors; and
- enhance returns by utilising borrowings, when appropriate.

The Company invests principally in quoted UK equities and equity-related securities of UK companies selected from any market sector.

Full details of the Company's Investment Policy (incorporating the Company's investment objective) can be found on pages 13 and 14 of the Company's 2020 annual financial report.

Performance Statistics

	Six months to 30 September 2020	Six months to 30 September 2019	% Change
Total Return⁽¹⁾⁽²⁾⁽³⁾ (includes net dividends reinvested)			
Net asset value (NAV) per ordinary share	+6.6%	+6.4%	
FTSE All-Share Index ⁽⁴⁾	+7.0%	+4.6%	
Share price	+4.6%	+6.0%	

Revenue and Dividends⁽³⁾

Net revenue after tax (£'000)	2,513	4,416	-43.1
Revenue return per ordinary share	4.29p	7.54p	-43.1
Dividends – first interim	2.50p	2.50p	-
– second interim	2.50p	2.50p	-

	At Period End 30 September 2020	At Year End 31 March 2020	
NAV per ordinary share	260.78p	248.22p	+5.1
FTSE All-Share Index ⁽¹⁾⁽⁴⁾	3,282.25	3,107.42	+5.6
Share price ⁽¹⁾	223.00p	217.00p	+2.8
Discount ⁽²⁾⁽³⁾ per ordinary share	(14.5)%	(12.6)%	

Gearing

Gross gearing ⁽²⁾ – excluding the effect of cash	5.3%	4.3%
Net gearing ⁽²⁾ – including the effect of cash	5.3%	4.3%

(1) Source: Refinitiv.

(2) Alternative Performance Measures (APM). See page 7 for the explanation and calculation of APMs. Further details are provided in the Glossary of Terms and Alternative Performance Measures in the Company's 2020 annual financial report.

(3) Key Performance Indicator.

(4) The benchmark index of the Company.

Chairman's Statement

Performance

After the dramatic fall in stock markets as the Covid-19 crisis escalated prior to the start of this half year, the six months of this period have appeared relatively calm with the UK stockmarket moving broadly sideways and trading in a narrow range, but that understates how challenging it has been as an investor. So it is pleasing to be able to report a positive total return on our net asset value (NAV) over the half year to 30 September 2020 of +6.6%, although this was slightly behind our benchmark, the FTSE All-Share Index, which returned +7.0%. This was, however, not matched by the share price total return which was only 4.6%, as the discount to NAV at which the shares traded remained stubbornly wide at 14.5% at the period end, despite the

Company repurchasing some shares for cancellation. Whilst disappointing, this is not entirely surprising considering the UK economic background and the many dividend cuts which did not enthuse investors, particularly for companies like ours. In his Portfolio Manager's Report that follows, Ciaran Mallon provides commentary on the background to the portfolio's performance over the period.

Revenue and Dividends

Since the last year end the number of companies cancelling or suspending their dividends increased substantially and, as a result, we saw a 43.1% reduction compared to last year in our net revenue after tax to only £2,513,000 for the six months to 30 September 2020. However, we recognise how important the dividends which we pay are to our shareholders, so again we have utilised the revenue reserves which we had previously been building up for such occasions, and have recently declared a second interim dividend of 2.50p per share in respect of the year ending 31 March 2021. This dividend will be paid on 29 December 2020 to shareholders on the register on 4 December 2020. Together with the first interim dividend, this makes a total of 5.00p for the first half of the current financial year and maintains the same level paid last year. However, there are some signs that the situation is improving with some suspended dividends being reinstated, so we will continue to monitor this as the year progresses and take one step at a time. Notwithstanding this, it is our current intention to at least maintain the level of the next interim dividend due to be declared in January.

Merger Announcement

Shareholders voted very clearly for the continuation of the Company, with its existing investment objectives and manager, at our recent AGM, but it was also clear from feedback that there was a strong desire to see the persistently wide discount reduced, a goal which the Board very much shared. So the proposed merger with Invesco Perpetual Select Trust plc which we recently announced, addresses this key challenge in providing continuity of investment objective and manager whilst reducing the persistently wide discount in a way that does not undermine the financial stability of the Company, as well as providing some cash for those shareholders who desire it. A circular providing fuller details will be issued in due course and shareholders will be asked to vote on the proposal in the new year with completion taking place shortly afterwards. The Board believes that this merger is in shareholders' best interests and will be recommending that they vote in favour.

Board

In my last statement, I indicated that I and Jonathan Silver would be retiring by the end of the year, but as we have been closely involved in the discussions which have led to the merger announcement, my colleagues decided that it would be appropriate that we should remain in post until the transaction has been completed.

Outlook

As I write this report, we have just had the Chancellor's Autumn Statement and we are tentatively waiting for the outcome of the Brexit negotiations. Neither encourages much optimism for the immediate economic outlook, although this is partly offset by the exciting news of the new Covid-19 vaccines which has seen the stock market react positively and are due to be introduced before the end of 2020. This suggests a rather uncertain outlook. However, most of the pessimism is probably already priced into the UK stock market which is looking relatively cheap compared to other major stock markets, particularly the US market. So, with little prospect of a rise in interest rates any time soon and value stocks at last showing signs of outperforming growth stocks, I believe that the UK stock market is due for a continued recovery that under Ciaran's management our portfolio is well placed to take full advantage of. As a shareholder I am excited about the outlook of the merged company, since I believe that it will give a new lease of life to the shares, no longer weighed down with the yoke of the discount and, as they say, "a change is as good as a rest". I am confident that the excellent long term performance of the portfolio will reassert itself and so I will go happily into my dotage, confident that the merged company will provide me with the returns that I will need in order to enjoy it to the full.

Hugh Twiss MBE

Chairman

2 December 2020

Portfolio Manager's Report

Market Review

The UK equity market provided a positive return of 7.0% in the six-month period to 30 September 2020 as measured by the Company's benchmark the FTSE All-Share Index. However, it has been a volatile six months for the UK equity market, dominated by concerns around the disruption to economic activity as a result of the measures put in place to contain the spread of Covid-19. Following a period of extreme weakness in the first quarter, we witnessed a recovery in the UK equity market in the three months to the end of June as it delivered its biggest quarterly rise in a decade. Investors bet on a rapid rebound from the Covid-19 crisis amid the continued loosening of pandemic-related restrictions and a massive wave of support from governments and central banks around the world. Share prices had been buoyed by the prospect of the UK and other economies steadily reopening, despite concerns about a potential second wave of infections and news that the UK economy shrank in April at its fastest pace on record as the lockdown came into full effect.

However, after experiencing an improvement in sentiment at the start of the holiday season, and trading sideways for much of the summer, the UK equity market ended the third quarter in negative territory reflecting news flow around the pandemic. A steep rise in confirmed cases of Covid-19 led to a second lockdown and concerns about a stalling economic recovery ahead of the next round of Brexit negotiations also impacted sentiment. Volatility remained at elevated levels, though it had reduced from the extremes of March and April. It is likely to remain high until the outcome of the Brexit negotiations become clearer, the impact and longevity of a second wave of the virus is better understood and pending further action by governments and central banks both in the UK and around the world.

Portfolio Review

The Company's net asset value, including reinvested dividends, delivered a return of +6.6% during the period under review, marginally underperforming the benchmark, the FTSE All-Share Index, which delivered a total return of +7.0% over the same period.

Plumbing and heating product supply company Ferguson had very strong performance over the six-month period. The company had suspended its interim dividend during the spring along with a planned share buyback in the face of pandemic uncertainty. However, more recently better than expected trading has compensated and the company has said that it is reinstating dividend payments.

Speciality chemicals company Croda International, which operates in sectors such as personal care, life sciences, performance technologies, and industrial chemicals also had a strong six-month period for its shares. The company found that lockdown had varying degrees of impact across its separate divisions, which ultimately led to a drop in earnings to the end of June. Strength in the life sciences division was very encouraging through strong demand for speciality excipients and vaccine adjuvants which are high value niches. Overall considering the current environment the company's financial performance has been resilient, and this, combined with an increased appreciation of its renewable sourcing credentials, has led to a strong share price performance.

Trealt, which manufactures specialist additives and fragrances for food, drink and consumer products fared well throughout the pandemic, although some weakness was experienced in the third quarter as lockdown reduced demand for beverages. The company maintained its dividend policy in the summer paying shareholders a third of the previous year's total dividend.

The Experian share price has been a strong performer despite income falling slightly in the second quarter. The company has a resilient and cash generative model with a diverse base of drivers of growth within the business; this should stand it in good stead for any continued disruption in the coming months.

In retailing, the share price of clothing retailer Next gained on the strength of its differentiated distribution model coming to the fore as consumption picked up. Next's online business including click and collect did particularly well as it returned to full capacity. CVS, which is involved in veterinary services, performed well in the portfolio after updating the market on trading in July.

Bunzl has multiple divisions to its business which have had varying degrees of impact from the crisis. The food service and retail sectors were badly affected as offices, conferences and canteens were closed. The company cancelled the dividend earlier in the year as a precautionary measure, but first half performance announced in June was strong and encouraging and the company reinstated the dividend in August.

The share price of Drax performed well over the period despite some Covid-19 related issues in the first half of the year. The dividend policy is to pay a 'sustainable and growing dividend' and I believe the company will be able to achieve this despite the impact of the virus.

The portfolio's underweight to banks (particularly HSBC which accounts for over half of the UK banking sector) and oil & gas producers was helpful for the portfolio as both sectors came under pressure. Bank share prices are beleaguered as their dividends were halted by the Prudential Regulation Authority and as a result of falling bond yields. Similarly, the portfolio underweight to the oil majors BP and Royal Dutch Shell was helpful to the portfolio as both cut their dividends early into the crisis and the share prices fell on market pessimism that oil demand, and prices, could take a long time to recover.

In contrast weaker performance was seen from leisure sector holdings Whitbread and Young & Co's Brewery. Both businesses saw their sites close over lockdown. Whitbread furloughed staff as its hotels in the UK and Germany were closed, as were its pubs and restaurants. The final dividend was cut and the company announced a rights issue in June in order to accelerate its growth ambitions and replace lost income. The longer-term prospects for the business look very encouraging and the company is taking advantage of the current environment to accelerate its expansion in Germany. Young & Co's Brewery also closed their pubs and furloughed the majority of their workers. The company has accessed the Covid Corporate Financing Facility and decided not to pay its final dividend. The company raised funds in June to bolster the balance sheet and invest in its existing pub estate through refurbishments and opportunistic acquisitions.

The utility holdings are a large overweight position in the portfolio, and whilst Drax, which I mentioned earlier, performed well over the six-month period, in contrast Pennon, SSE and National Grid were slightly weaker. In fact the share prices were virtually unchanged over the period but this belies the volatility that they experienced and the fact that their share prices have been incredibly strong relative to the FTSE All-Share Index over the last twelve months.

Underperformance relative to the benchmark also came from stocks not held in the portfolio including AstraZeneca, Reckitt Benckiser and Unilever. Health care and consumer staples are areas of the market deemed to be more resilient in more volatile market conditions and have been favoured by investors during the pandemic. Similarly, the portfolio holds no mining stocks and this was a headwind to performance as the major miners fared well over the period.

Strategy and Outlook

It has become apparent that Covid-19 will have significant economic consequences that will extend beyond the short term. The restrictions put in place to further limit the spread of Covid-19 will naturally have a large impact. The range of possible outcomes for economic activity over the balance of 2020 and into 2021 is much wider than normal.

As part of its ongoing efforts to mitigate against the impact of the Covid-19 outbreak, the UK government has put in place a series of substantial measures to support corporate and household cash flow. The strength and depth of the response offers us some reassurance, but the size of the borrowing is astounding and the implications for future generations are very disconcerting.

Company earnings estimates have been revised down significantly since the start of the pandemic. However, in the climate of uncertainty visibility remains very low, and guidance by companies has been in large part withdrawn. Dividend growth from the portfolio is still currently difficult to predict as so much depends on the length of the disruption. We have though seen the reinstatement of dividends from Bunzl, Aviva and Nichols. Whilst the Company's receipt of dividends is uncertain at present, the Company can continue to pay dividends, given its structure as an investment trust, from revenue reserves and capital reserves.

I continue to believe that it is sensible to remain conservative in my investment approach. I continue to seek to achieve both capital and income growth from the portfolio, with a balance between the current level of income and future income growth. Gearing over the period has remained relatively stable between 3 and 6 percent. It is currently towards the upper end of this range and as always, I remain ready to adjust should my observations of various factors indicate more or less favourable market conditions.

It remains my goal to invest in companies whose prospects are not wholly dependent on a particular economic outcome but are supported by self-help or industry specific dynamics. In this environment, where visibility of the future is so unknown, I believe this is the best approach to take.

Overall, while I am cautiously optimistic in my outlook for the UK market, I remain confident in the long-term return potential of the holdings in the portfolio. I continue to believe that the portfolio is as well positioned as it can be to meet its performance objectives in the current market conditions.

Ciaran Mallon
Investment Manager

2 December 2020

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 and Covid-19. The principal risks and uncertainties relating to the Company can be summarised as:

- Investment objective - there can be no guarantee that the Company will meet its investment objective;
- Market risk - market prices of securities are influenced by many factors outside the control of the Board and Manager, such as general economic conditions, politics and investor sentiment;
- Investment risk - there is a risk of poor performance of individual investments. This is mitigated by diversification and monitoring of investment guidelines;
- Shares - the market value of the shares in the Company may not reflect their underlying net asset value;
- Gearing Arising from Borrowings - borrowing will amplify the effect on shareholders' funds of portfolio gains and losses;
- Regulatory - whilst compliance with rules and regulations is closely monitored, breaches could affect returns to shareholders; and
- Reliance on Third Party Service Providers - the Company has no employees, so is reliant upon the performance of third party service providers, particularly the Manager, for it to function.
- Pandemic Risk - restrictions to movement of people and disruption to business operations are impacting portfolio company valuations and returns that could impact operational resilience of service providers. As the uncertainty of Covid-19 remains, the Directors continue to monitor the situation closely, together with the Manager and other service providers. A range of actions has been implemented to ensure that the Company and its service providers are able to continue to operate as normal, even in the event of prolonged disruption.

A detailed explanation of these principal risks and uncertainties can be found on pages 15 to 17 of the Company's 2020 annual financial report, which is available on the Company's section of the Manager's website at: www.invesco.co.uk/incomegrowth.

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 Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months after approval of these financial statements. As discussed in Principal Risks and Uncertainties, the Company's operations and those of its core service providers have adapted successfully to the restrictions imposed in the UK as a result of the Covid-19 pandemic.

However, the Directors announced on 1 December 2020 proposals for a combination with Invesco Perpetual Select Trust plc ("IPST"), to be effected by way of a scheme of reconstruction of the Company. If the scheme is approved, the Company would be placed in liquidation and its assets transferred to IPST or realised for cash and paid to shareholders in proportions determined by elections under the scheme. Notwithstanding: a) the Directors' assessment of the Company's financial resources and operational resilience described above; and b) the fact that the proposed scheme is subject to material conditions which may not be satisfied, the announcement of the proposed scheme, which the Directors expect to recommend shareholders to approve, means that it is not appropriate for the company to prepare its financial statements on a going concern basis.

Accordingly, this half yearly report has been prepared on a basis other than that of a going concern. No changes have been required to the Company's accounting policies as a result of the change in basis of presentation, which requires assets and liabilities to be carried at their net realisable values and, where material, provision to be made for closure costs.

Twenty Five Largest Holdings at 30 September 2020

UK Listed ordinary shares unless otherwise stated			
Company	Sector	Market Value £'000	% Of Portfolio
Ferguson	Support Services	10,802	6.7
Experian	Support Services	10,683	6.7
GlaxoSmithKline	Pharmaceuticals & Biotechnology	8,559	5.3
Penron	Gas, Water & Multiutilities	8,174	5.1
Croda International	Chemicals	7,925	4.9
RELX	Media	7,379	4.6
British American Tobacco	Tobacco	6,675	4.2
Bunzl	General Industrials	6,186	3.9
National Grid	Gas, Water & Multiutilities	5,845	3.6
Severn Trent	Gas, Water & Multiutilities	5,703	3.6
Next	General Retailers	5,171	3.2
Smith & Nephew	Health Care Equipment & Services	5,078	3.2
SSE	Electricity	4,484	2.8
Young & Co's Brewery - Non-Voting ^{AIM}	Travel & Leisure	4,287	2.7
Whitbread	Travel & Leisure	3,869	2.4
Compass	Travel & Leisure	3,576	2.2
Euromoney Institutional Investor	Media	3,505	2.2
Nichols ^{AIM}	Beverages	3,459	2.2
HSBC	Banks	3,448	2.1
BP	Oil & Gas Producers	3,272	2.0
Informa	Media	3,205	2.0
Vodafone	Mobile Telecommunications	3,056	1.9
Tesco	Food & Drug Retailers	3,055	1.9
Royal Dutch Shell - B Shares	Oil & Gas Producers	3,033	1.9
JTC	Financial Services	2,759	1.7
		133,188	83.0
Other Investments (14)		27,254	17.0
Total Holdings (39)		160,442	100.0

^{AIM} Investments quoted on AIM.

Condensed Income Statement

	Six Months To 30 September 2020			Six Months To 30 September 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value	-	7,484	7,484	-	7,342	7,342
Losses on foreign exchange	-	(4)	(4)	-	(6)	(6)
Income - note 2	2,930	-	2,930	4,854	76	4,930
	2,930	7,480	10,410	4,854	7,412	12,266
Investment management fee - note 3	(201)	(201)	(402)	(234)	(234)	(468)
Other expenses	(198)	-	(198)	(183)	-	(183)
Net return before finance costs and taxation	2,531	7,279	9,810	4,437	7,178	11,615
Finance costs - note 3	(18)	(18)	(36)	(21)	(21)	(42)
Return on ordinary activities before and after taxation for the financial period	2,513	7,261	9,774	4,416	7,157	11,573
Return on ordinary activities per ordinary share - basic	4.29p	12.40p	16.69p	7.54p	12.23p	19.77p
Weighted average number of ordinary shares in issue during the period			58,550,437			58,551,530

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 3141073		
	At 30 September 2020 £'000	At 31 March 2020 £'000
Fixed assets		
Investments held at fair value through profit or loss	160,442	151,280
Current assets		
Prepayments and accrued income	243	493
	243	493
Creditors: amounts falling due within one year		
Bank overdraft	(8,101)	(6,276)
Accruals	(156)	(158)
	(8,257)	(6,434)
Net current liabilities	(8,014)	(5,941)
Net assets	152,428	145,339
Capital and reserves		
Share capital	14,613	14,638
Share premium	40,021	40,021
Capital redemption reserve	2,335	2,310
Capital reserve	88,335	81,299
Revenue reserve	7,124	7,071
Shareholders' funds	152,428	145,339
Net asset value per ordinary share - Basic	260.78p	248.22p
Number of 25p ordinary shares in issue at the period end	58,451,307	58,551,530

Condensed Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
For the six months ended 30 September 2020						
At 31 March 2020	14,638	40,021	2,310	81,299	7,071	145,339
Return on ordinary activities	-	-	-	7,261	2,513	9,774
Dividends paid - note 5	-	-	-	-	(2,460)	(2,460)
Ordinary shares purchased for cancellation	(25)	-	25	(225)	-	(225)
At 30 September 2020	14,613	40,021	2,335	88,335	7,124	152,428
For the six months ended 30 September 2019						
At 31 March 2019	14,638	40,021	2,310	117,821	7,438	182,228
Return on ordinary activities	-	-	-	7,157	4,416	11,573
Dividends paid - note 5	-	-	-	-	(2,460)	(2,460)
At 30 September 2019	14,638	40,021	2,310	124,978	9,394	191,341

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 October 2019. The financial statements are prepared on a basis other than that of a going concern as detailed under Going Concern on page 2.

The accounting policies applied to these condensed financial statements are consistent with those applied in the financial statements for the year ended 31 March 2020.

2. Income

	Six Months to 30 Sept 2020 £'000	Six Months to 30 Sept 2019 £'000
Income from investments		
UK dividends - ordinary	2,930	4,603
- special	-	215
UK unfranked investment income	-	36
	2,930	4,854
No special dividends have been recognised in capital during the period (2020: £76,000).		

3. Management Fees and Finance Costs

Investment management fees and finance costs are allocated 50% to capital and 50% to revenue. The investment management fee is calculated and payable monthly in arrears based on market capitalisation. The management fee is 0.60% for the first £150 million of market capitalisation and 0.50% thereafter.

4. Taxation and Investment Trust Status

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. In addition, no taxable profits arise as expenses exceed taxable income.

5. Dividends paid on Ordinary Shares

The first interim dividend for the year ending 31 March 2021 of 2.50p was paid on 23 October 2020 to shareholders on the register on 2 October 2020. The shares were marked ex dividend on 1 October 2020. The second interim dividend of 2.50p for the year ending 31 March 2021 will be paid on 29 December 2020.

	Six Months to 30 Sept 2020		Six Months to 30 Sept 2019	
	Pence	£'000	Pence	£'000
Final paid (previous year)	4.20	2,460	4.20	2,460
First interim payable (current year)	2.50	1,461	2.50	1,464

6. Share Capital, including Movements

Ordinary shares of 25p each

	Six Months to 30 Sept 2020	Year to 31 Mar 2020
Share capital:		
Brought forward	£14,638,000	£14,638,000
Shares bought back and cancelled	£(25,000)	-
Carried forward	£14,613,000	£14,638,000
Number of ordinary shares in issue:		
Brought forward	58,551,530	58,551,530
Shares bought back and cancelled	(100,223)	-
Carried forward	58,451,307	58,551,530

Subsequent to the period end 98,341 ordinary shares were bought back and cancelled at an average price of 224p.

7. Classification Under Fair Value Hierarchy

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 held at fair value at the period end is as follows:

	At 30 Sept 2020 £'000	At 31 Mar 2020 £'000
Level 1	160,442	151,280
	160,442	151,280

As at 30 September 2020 and 31 March 2020, all of the Company's portfolio was composed of quoted (Level 1) investments. There were no Level 2 or Level 3 securities.

8. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly 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 2020 and 30 September 2019 has not been audited. The figures and financial information for the year ended 31 March 2020 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 in the Report of the Independent Auditor, 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

2 December 2020

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 have 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.

Hugh Twiss MBE

Chairman

2 December 2020

Alternative Performance Measures (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The calculations shown in the corresponding tables are for the six months ended 30 September 2020, the six months ended 30 September 2019 and the year ended 31 March 2020. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability.

Benchmark (or Benchmark Index)

A standard against which performance can be measured, usually an index that averages the performance of companies in a stock market or a segment of the market. The benchmark used in these accounts is the FTSE All-Share Index.

(Discount)/Premium (APM)

Discount is a measure of the amount by which the mid-market price of an investment company share is lower than the underlying net asset value (NAV) of that share. Conversely, Premium is a measure of the amount by which the mid-market price of an investment company share is higher than the underlying NAV of that share. In this half-yearly financial report the discount is expressed as a percentage of the NAV per share and is calculated according to the formula set out below. If the shares are trading at a premium the result of the below calculation will be positive and if they are trading at a discount it will be negative.

		30 Sept 2020	31 Mar 2020
Share price	a	223.00p	217.00p
Net asset value per share	b	260.78p	248.22p
Discount	c = (a-b)/b	(14.5)%	(12.6)%

Gearing

The gearing percentage reflects the amount of borrowings that a company has invested. This figure indicates the extra amount by which net assets, or shareholders' funds, would move if the value of a company's investments were to rise or fall. A positive percentage indicates the extent to which net assets are geared; a nil gearing percentage, or 'nil', shows a company is ungeared. A negative percentage indicates that a company is not fully invested and is holding net cash as described below.

There are several methods of calculating gearing and the following has been used in this report:

Gross Gearing (APM)

This reflects the amount of gross borrowings in use by a company and takes no account of any cash balances. It is based on gross borrowings as a percentage of net assets.

		30 Sept 2020 £'000	31 Mar 2020 £'000
Bank overdraft		8,101	6,276
Gross borrowings	a	8,101	6,276
Net asset value	b	152,428	145,339
Gross gearing	c = a/b	5.3%	4.3%

Net Gearing or Net Cash (APM)

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash and cash equivalents (incl. investments in money market funds). It is based on net borrowings as a percentage of net assets. Net cash reflects the net exposure to cash and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

		30 Sept 2020 £'000	31 Mar 2020 £'000
Bank overdraft		8,101	6,276
Less: cash and cash equivalents		-	-
Net borrowings	a	8,101	6,276
Net asset value	b	152,428	145,339
Net gearing	c = a/b	5.3%	4.3%

Net Asset Value (NAV)

Also described as shareholders' funds, the NAV is the value of total assets less liabilities. The NAV per ordinary share is calculated by dividing the net assets by the number of ordinary shares in issue. NAV with debt at market value is the net asset value after taking account of any long-term borrowings at their market (fair) value. As the Company's borrowing is a bank overdraft, the NAV per the balance sheet is the same as the NAV with debt at market value.

Return

The return generated in a period from the investments, including the increase and decrease in the value of investments over time and the income received.

Capital Return

Reflects the return on NAV, excluding any dividends reinvested.

Total Return

Total return is the theoretical return to shareholders that measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. In this half-yearly financial report these return figures have been sourced from Refinitiv who calculate returns on an industry comparative basis.

Net Asset Value Total Return (APM)

Total return on net asset value per share, with debt at market value, assuming dividends paid by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Share Price Total Return (APM)

Total return to shareholders, on a mid-market price basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

SIX MONTHS ENDED 30 SEPT 2020	Net Asset Value	Share Price
As at 30 Sept 2020	260.78p	223.00p
As at 31 Mar 2020	248.22p	217.00p
Change in period	a	5.1%
Impact of dividend reinvestments ⁽¹⁾	b	1.5%
Total return for the period	c = a+b	6.6%

SIX MONTHS ENDED 30 SEPT 2019	Net Asset Value	Share Price
As at 30 Sept 2019	324.29p ⁽²⁾	271.00p
As at 31 Mar 2019	311.23p	262.00p
Change in period	a	4.2%
Impact of dividend reinvestments ⁽¹⁾	b	2.2%
Total return for the period	c = a+b	6.4%

(1) Total dividends paid during the six months to 30 September 2020 of 4.20p (30 September 2019: 4.20p) reinvested at the NAV or share price on the ex-dividend date. NAV or share price falls subsequent to the reinvestment date consequently further reduce the returns, vice versa if the NAV or share price rises.

(2) The Net Asset Value Total Return as at 30 September 2019 above has been calculated based on the NAV per share after deducting the proposed first interim dividend of 2.50p and not the NAV per share as disclosed on the Company's balance sheet. This is due to accounting standards requiring that dividends be reflected in the accounts only when they become a legally binding liability, which in practice translates into being the date interim dividends are paid to shareholders. Accordingly, as the first interim dividend for 2019 was marked ex dividend ('ex div') on 19 September 2019 and was reflected in the Company's share price as at 30 September 2019, the Net Asset Value Total Return also needs to be calculated using a 324.29p ex div NAV.

Benchmark

Total return on the benchmark is on a mid-market value basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

Other Information for Shareholders

Directors, Advisers and Principal Service Providers

Directors

Hugh Twiss MBE, Chairman
Davina Curling, Senior Independent Director
Mark Dampier
Jonathan Silver, Audit Committee Chairman
Roger Walsom, Nomination Committee Chairman
Tim Woodhead

Registered Office and Company Number

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH

Registered in England and Wales No: 3141073

Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited

Company Secretary

Invesco Asset Management Limited
Company Secretarial contact: Shilla Pindoria

Correspondence Address

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

Website

Information relating to the Company can be found on the Company's section of the Manager's website at www.invesco.co.uk/incomegrowth.

The content 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.

General Data Protection Regulation

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

Investor Warning

The Company, Invesco and the Registrar would never contact members of the public to offer services, or require any type of upfront payment. If you suspect you have been approached by fraudsters, please contact the FCA Consumer Helpline on 0800 111 6768 and Action Fraud on 0300 123 2040. Further details for reporting frauds, or attempted frauds, can be found on page 72 of the Company's 2020 annual report.

Depository, Custodian and Banker

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

Registrar

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

If you hold your shares direct and not through a Savings Scheme or ISA 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.

Shareholders holding shares directly can also access their holding details via Link's website at 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. This service is available at www.linksharedeal.com or ☎ 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Lines are open from 9.00 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

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

Invesco Client Services

Invesco's Client Services Team is available from 8.30 am to 6.00 pm Monday to Friday (excluding UK Bank Holidays). Please note no investment advice can be given.

☎ 0800 085 8677

🌐 www.invesco.co.uk/investmenttrusts

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



The Association of Investment Companies recognises those investment companies that have increased their dividends each year for 20 years or more, which includes this Company, as "dividend heroes".



Invesco Fund Managers Limited is a wholly-owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Conduct Authority.