

Invesco Income Growth Trust plc

Half-Yearly Financial Report for the Six Months to 30 September 2015

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 page 11 of the Company's 2015 annual financial report.

Performance Statistics

SIX MONTHS TO 30 SEPTEMBER

	2015	2014	% CHANGE
Total Return <i>(includes net dividends reinvested)</i>			
Net asset value per ordinary share	-3.5%	+0.7%	
FTSE All-Share Index	-7.2%	+1.2%	
Share price	-5.0%	+0.5%	

Source: Invesco, Thomson Reuters Datastream

Revenue and Dividends

Net revenue after tax (£'000)	4,047	4,116	-1.7
Revenue return per ordinary share	6.91p	7.03p	-1.7
Dividends – first interim	2.15p	2.10p	
– second interim	2.15p	2.10p	

AT PERIOD END

	30 SEPTEMBER 2015	31 MARCH 2015	% CHANGE
Assets			
Net asset value per ordinary share:			
– per Balance Sheet	294.9p	309.2p	-4.6
– after deducting proposed dividends	292.7p	305.5p	-4.2
FTSE All-Share Index	3,336.9	3,664.6	-8.9
Share price	274.6p	292.8p	-6.2
Discount per ordinary share	6.9%	5.3%	

Gearing

Gross gearing ⁽¹⁾ – excluding the effect of cash	9.9%	8.3%	
Net gearing ⁽²⁾ – including the effect of cash	9.9%	8.3%	

Notes:

1. Gross gearing: borrowing divided by shareholders' funds.
2. Net gearing: borrowing less cash and cash equivalents divided by shareholders' funds.

CHAIRMAN'S STATEMENT

Performance

I said in my last annual report statement that I suspected the current year would be challenging and this has proved to be the case in the first half of this financial year. Like last year the period started on a positive note, but this reversed in the middle of the period and we have ended the six months with a negative return. Over the six months to 30 September 2015, the NAV total return (comprising the movement in the net asset value plus dividends) of the Company was -3.5%, which compares to a -7.2% total return by the FTSE All-Share Index. Looked at from the perspective of the share price, rather than the NAV, the return was -5.0% as the discount to NAV widened slightly.

In his Portfolio Manager's Report that follows, Ciaran Mallon provides commentary on the background to this recent performance, which should be seen in the context of the positive returns which we have enjoyed in recent years and the excellent longer term performance.

Revenue and Dividends

The net revenue return for the six months to 30 September 2015 was £4,047,000, just short of the £4,116,000 earned in the six months to 30 September 2014. The difference between the two periods is accounted for by the higher level of one-off special dividends allocated to revenue in the first half of last year (£193,000 compared with £95,000 this year).

The Board is pleased to declare a second interim dividend of 2.15p per share in respect of the year ending 31 March 2016. This dividend will be paid on 31 December 2015 to shareholders registered on 4 December 2015. Together with the first interim dividend, this makes a total of 4.3p for the first half of the current financial year compared with 4.2p last year and is consistent with our objective of growing the dividend at above the rate of inflation.

Outlook

I see no immediate prospect that Ciaran is going to find his job any less challenging in the months ahead. Markets are likely to continue to be volatile as uncertainties remain about China, the world economy, interest rates and geopolitical threats. Although some dividend levels are also coming under pressure with a number of large high yielding companies having limited dividend cover, I remain confident in the abilities of Ciaran to find attractive opportunities for our portfolio, particularly with his focus on investing in companies with strong fundamentals that pay good levels of dividend and where these dividends look safer than the broader market, so helping him to meet our longer term investment objectives. Although in the shorter term, positive returns may continue to be harder to achieve, there is reason to believe that returns over the longer term will remain positive.

Hugh Twiss MBE

Chairman

26 November 2015

PORTFOLIO MANAGER'S REPORT

Portfolio Strategy and Review

After a strong start to 2015, the UK equity market became increasingly volatile over the six month period under review. Fears of a Greek exit from the euro, a slowing Chinese economy and the prospect of monetary tightening in the US dented market sentiment, overshadowing the unexpected outright Conservative victory in the UK General Election. Falling oil and commodity prices and concerns over the impact of the Chinese slowdown on other emerging markets offset broadly positive news on the UK economy and the FTSE All-Share Index delivered a return of -7.2% over the period.

The Company's net asset value, including reinvested dividends, delivered a return of -3.5% during the period under review, outperforming its benchmark FTSE All-Share Index.

There were positive performances from a range of the portfolio's holdings. Veterinary services company CVS continues to expand rapidly and profitably through acquiring businesses in the highly fragmented and fast growing veterinary market. The increased prevalence of pet insurance, which drives demand for higher cost services, as well as the

company's online animal pharmacy, labs and crematoria businesses, should further underpin high levels of growth in the medium term.

Soft drinks business Nichols has benefited from focusing on its core Vimto brand, which offers growth potential both in the UK and in targeted overseas markets. Young & Co's Brewery has delivered impressive like for like sales growth in a declining beer market as it benefits from the sale of its London brewery and its focus on the acquisition and roll out of premium pubs.

The defensive nature of the tobacco sector has stood it in good stead in a low growth environment. Imperial Tobacco benefited particularly during the period from the acquisition of certain US brands and production facilities from the merged Lorillard and Reynolds American tobacco businesses – a deal which will be strongly earnings enhancing for Imperial and underpin its dividend growth potential.

The portfolio's performance benefited from its zero weighting in the mining sector, which was negatively impacted by the fall in commodities prices.

The oil & gas sector also performed poorly over the period, impacted by an oil price falling to under \$50 a barrel. The portfolio is underweight in this major sector relative to its benchmark index, but does have holdings in BP and Royal Dutch Shell, which saw their share prices decline over the period. Both companies are undergoing major cost cutting and cut backs in production, in an industry where costs had risen along with oil prices. These two companies benefit from strong balance sheets and have a shareholder focused dividend policy.

The holding in G4S fell over the period, despite good results and management delivering on their turnaround plans. We believe the valuation looks attractive and have added to the portfolio's holding.

The holding in Drax continued to underperform. Falling power prices have impacted negatively on the company's profitability, but more significant were the cuts announced in the July budget to the climate change exemption tax. This represents disappointing news for Drax, but we feel share price reaction has been unduly negative for a company which provides over 7% of the UK's electricity requirements.

In terms of portfolio activity, Friends Life was taken over by Aviva in an all share offer and the holding in Aviva has been retained. The holding in Ultra Electronics was sold after a poor trading update which led to a reassessment of the company's prospects.

Outlook

Notwithstanding its recent volatility, the UK stock market has risen strongly over the last six years. There remain headwinds to withstand, including the risk that China's slowdown worsens and spreads further to other emerging markets, while it remains to be seen how stock markets react when the long awaited rise in US interest rate finally occurs, but valuations suggest that the long term outlook for returns from investing in the stock market are still attractive. I believe it is sensible to remain conservative in my investment approach and seek to invest in companies whose prospects are not dependent on an improving economic outlook. In particular, I remain confident in the long term return potential of the holdings in my portfolio.

Ciaran Mallon

Investment Manager

Related Parties Transactions

Under United Kingdom 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 during the period. 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 principal risk factors 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.

A detailed explanation of these principal risks and uncertainties can be found on pages 13 to 15 of the 2015 annual financial report, which is available on the Company's section of the Manager's website at: www.invescopetual.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

This half-yearly financial report has been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months after approval of the financial statements. In reaching this conclusion, 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, including bank overdraft and ongoing expenses from its assets. The Directors also considered the revenue forecasts for the forthcoming year and future dividend payments in concluding that the going concern basis is appropriate.

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 FRS104 *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 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

26 November 2015

TWENTY FIVE LARGEST HOLDINGS AT 30 SEPTEMBER 2015

Ordinary shares unless stated otherwise

COMPANY	ACTIVITY BY SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Imperial Tobacco	Tobacco	9,735	5.1
British American Tobacco	Tobacco	7,590	4.0
AstraZeneca	Pharmaceuticals & Biotechnology	6,898	3.6
National Grid	Gas, Water & Multiutilities	6,668	3.5
Pennon	Gas, Water & Multiutilities	6,107	3.2
Next	General Retailers	6,032	3.2
Severn Trent	Gas, Water & Multiutilities	5,727	3.0
Young & Co.'s Brewery – Non-Voting	Travel & Leisure	5,390	2.8
Legal & General	Life Insurance	5,102	2.7
HSBC	Banks	4,770	2.5
United Utilities	Gas, Water & Multiutilities	4,720	2.5
RELX (formerly Reed Elsevier)	Media	4,609	2.4
Croda International	Chemicals	4,525	2.4
Wolseley	Support Services	4,506	2.4
Aviva	Life Insurance	4,502	2.4
Nichols	Beverages	4,460	2.4
SSE	Electricity	4,445	2.3
Jupiter Fund Management	Financial Services	4,396	2.3
Pearson	Media	4,393	2.3
Capita	Support Services	4,384	2.3
Whitbread	Travel & Leisure	4,353	2.3
BP	Oil & Gas Producers	4,292	2.3
Bunzl	Support Services	4,106	2.2
CVS	General Retailers	4,029	2.1
Informa	Media	3,980	2.1
		129,719	68.3
Other investments		60,142	31.7
Total investments		189,861	100.0

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2015			SIX MONTHS TO 30 SEPTEMBER 2014		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Losses on investments at fair value	–	(9,909)	(9,909)	–	(2,850)	(2,850)
Income – note 2	4,538	–	4,538	4,614	241	4,855
	4,538	(9,909)	(5,371)	4,614	(2,609)	2,005
Investment management fee – note 3	(270)	(270)	(540)	(301)	(301)	(602)
Other expenses	(173)	–	(173)	(151)	–	(151)
Net return before finance costs and taxation	4,095	(10,179)	(6,084)	4,162	(2,910)	1,252
Finance costs	(48)	(48)	(96)	(46)	(46)	(92)
Return on ordinary activity before and after taxation for the financial period	4,047	(10,227)	(6,180)	4,116	(2,956)	1,160
Return per ordinary share – Basic	6.91p	(17.46)p	(10.55)p	7.03p	(5.05)p	1.98p
Number of ordinary shares in issue			58,551,530			58,551,530

The total column of this statement represents the Company's profit and loss account. 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 and the Company has no other gains or losses and therefore no statement of total recognised gains or losses is presented. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 3141073

	AT 30 SEPTEMBER 2015 £'000	AT 31 MARCH 2015 £'000
Fixed assets		
Investments held at fair value	189,861	194,683
Current assets		
Amounts due from brokers	–	395
Prepayments and accrued income	490	1,085
	490	1,480
Creditors: amounts falling due within one year		
Bank overdraft	(17,152)	(14,938)
Amounts due to brokers	(385)	–
Accruals	(157)	(192)
	(17,694)	(15,130)
Net current liabilities	(17,204)	(13,650)
Net assets	172,657	181,033
Capital and reserves		
Share capital	14,638	14,638
Share premium	40,021	40,021
Capital redemption reserve	2,310	2,310
Capital reserve	108,515	118,742
Revenue reserve	7,173	5,322
Shareholders' funds	172,657	181,033
Net asset value per ordinary share – Basic	294.9p	309.2p
Number of 25p ordinary shares in issue at the period end	58,551,530	58,551,530

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	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 2015						
At 31 March 2015	14,638	40,021	2,310	118,742	5,322	181,033
Net return on ordinary activities	–	–	–	(10,227)	4,047	(6,180)
Dividends paid – note 5	–	–	–	–	(2,196)	(2,196)
At 30 September 2015	14,638	40,021	2,310	108,515	7,173	172,657
For the six months ended 30 September 2014						
At 31 March 2014	14,638	40,021	2,310	107,798	4,763	169,530
Net return on ordinary activities	–	–	–	(2,956)	4,116	1,160
Dividends paid – note 5	–	–	–	–	(2,137)	(2,137)
At 30 September 2014	14,638	40,021	2,310	104,842	6,742	168,553

Notes to Condensed Financial Statements

1. Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) 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. Accordingly, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* applies for the year ending 31 March 2016 and these financial statements. In addition, FRS 104 *Interim Financial Reporting*, issued by the Financial Reporting Council in March 2015 has been applied for the first time. The financial statements are issued on a going concern basis.

As a result of the first time adoption of FRS 102 and the revised SORP, comparative disclosures have been revised where appropriate. The net return attributable to ordinary shareholders and shareholders' funds remain unchanged. As an investment fund the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all investments are highly liquid and are carried at market value, and where a statement of changes in equity is provided.

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 31 March 2015, with the following revision:

Cash and cash equivalents may comprise cash (including short term deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value) as well as cash equivalents, including money market funds. Investments are regarded as cash equivalents if they meet all of the following criteria: highly liquid investments held in the Company's base currency that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond.

No other accounting policies have changed as a result of the application of FRS 102 and the revised SORP.

2. Income

	SIX MONTHS TO 30 SEPT 2015 £'000	SIX MONTHS TO 30 SEPT 2014 £'000
Income from listed investments:		
UK dividends	4,313	4,175
UK unfranked investment income	130	216
Special dividends	95	193
	4,538	4,584
Other income:		
Underwriting commission	–	30
	4,538	4,614
Special dividends recognised in capital	–	241

3. Investment Management Fees and Finance Costs

The investment management fee was revised with effect from 1 April 2015 and is calculated and payable monthly in arrear based on market capitalisation, at 0.65% up to £150 million and 0.55% thereafter. Previously the fee was calculated on the value of funds under management before deducting borrowing and with three tiers: 0.7% up to £100 million, 0.6% on the next £50 million and 0.55% thereafter. Investment management fees and finance costs are allocated 50% to capital and 50% to revenue.

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

5. Dividends

The first interim dividend of 2.15p was paid to shareholders on 30 October 2015. The second interim dividend of 2.15p for the year ending 31 March 2016 will be paid on 31 December 2015.

	SIX MONTHS TO 30 SEPT 2015 (pence)	SIX MONTHS TO 30 SEPT 2014 (pence)
Dividends paid		
Final (previous year)	3.75	3.65
First interim (current year)	2.15	2.10
Total	5.90	5.75

6. Classification Under Fair Value Hierarchy

The fair value hierarchy analysis for investments held at fair value at the period end is as follows:

	At 30 SEPT 2015 £'000	At 30 MAR 2015 £'000
Level A: Quoted prices for identical instruments in active markets		
– quoted equity investments	188,191	191,476
Level C: Valuation techniques using non-observable market data		
– fixed income investments	1,670	3,207
	189,861	194,683

7. 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 2015 and 30 September 2014 has not been audited. The figures and financial information for the year ended 31 March 2015 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included 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

26 November 2015

Directors, Advisers and Principal Service Providers

Directors

Hugh Twiss MBE, Chairman
Davina Curling
Chris Hills
Jonathan Silver, Audit Committee Chairman
Roger Walsom

All the Directors are members of the Audit, Nomination and Management Engagement Committees.

Registered Office and Company Number

Registered in England and Wales No. 314073

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

Manager

Invesco Fund Managers Limited

Company Secretary

Invesco Asset Management Limited
Company Secretarial Contact: Paul Griggs

Correspondence Address

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125 London Wall
London EC2Y 5AS
☎ 0203 753 1000

Depository

BNY Mellon Trust & Depository (UK) Limited
160 Queen Victoria Street
London EC4V 4LA

Website

Information relating to the Company can be found on the Company's section of the Manager's website at www.invescoperpetual.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.

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

Registrars

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

If you hold shares directly and not through a Savings Plan or ISA and have queries relating to your shareholding, you should contact the registrars on ☎ 0871 664 0300.

Calls cost 12p per minute plus your phone company's access charge. From outside the UK: +44 (0) 208 639 3399. Calls from outside the UK will be charged at the applicable international rate.

Lines open from 9 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

Shareholders can also access their holding details via Capita's website at www.capitashareportal.com

The registrar provides a telephone and on-line share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at www.capitadeal.com or ☎ 0371 664 0445.

Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate.

Lines are open from 8 am to 4.30 pm, Monday to Friday (excluding public holidays in England and Wales).

Invesco Perpetual Client Services

The Invesco Perpetual Client Services Team is available from 8.30 am to 6.00 pm, Monday to Friday (excluding UK Bank Holidays). Current valuations, statements and literature can be obtained, however, no investment advice can be given. ☎ 0800 085 8677.

🌐 www.invescoperpetual.co.uk/investmenttrusts

Savings Scheme and ISA Administration

For queries relating to both the Invesco Perpetual Investment Trust Savings Scheme and ISA contact:

Invesco Perpetual
P.O. Box 11150
Chelmsford
CM99 2DL
☎ 0800 085 8677



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