Perpetual Income and Growth Investment Trust plc

Annual Financial Report
Year Ended 31 March 2019

Investment Objective

Perpetual Income and Growth Investment Trust plc (the 'Company') is an investment trust whose investment objective is to provide shareholders with capital growth and real growth in dividends over the medium to longer term from a portfolio of securities listed mainly in the UK equity market.

Highlights

	2019	2018
Total return[(1)]:		
Net asset value (NAV) – debt at market value	–0.8%	–5.6%
Share price	–1.8%	–4.9%
FTSE All-Share Index	+6.4%	+1.2%
Dividend:		
– excluding special dividend	+4.3%	+4.1%
– including special dividend	–1.4%[(2)]	+4.6%

(1) Source: Refinitiv/Invesco.
(2) In view of a decline in special dividends received, no special dividend has been declared in 2019.

Nature of the Company

The Company is a public listed Investment Company whose shares are traded on the London Stock Exchange. The purpose and business of the Company consists of investing its funds, according to a specified investment objective and policy (set out on page 12), with the aim of spreading investment risk and generating a return for shareholders. The Company uses borrowing for additional investment with the aim of enhancing returns to shareholders.

Responsibility for the strategy and governance of the Company rests with the Board and committees, as set out on page 20. The Company has contracted with an external investment manager, Invesco Fund Managers Limited (the 'Manager'), to manage its investments and for the Company's general administration. Other administrative functions are contracted to external service providers. The Company has a Board of non-executive directors who oversee and monitor the activities of the Manager and other service providers on behalf of shareholders and ensure that the investment objective and policy are adhered to. The Company has no employees.

The Company's ordinary shares qualify to be considered as a mainstream investment product suitable for promotion to retail investors and are eligible for investment in an ISA.

CONTENTS

STRATEGY

GOVERNANCE

FINANCIAL

INFORMATION FOR SHAREHOLDERS

aic DIVIDEND HERO

If you have any queries about Perpetual Income and Growth Investment Trust plc, please contact the Invesco Client Services Team on:

☎ 0800 085 8677

www.invesco.co.uk/investmenttrusts

Front Cover: Slate, Metamorphic Rock, Slate Quarry.

The Company is a member of aic The Association of Investment Companies

FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

Total return[1][2] (all income reinvested)

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Net asset value (NAV) – debt at market value	–0.8%	2.7%	13.8%	200.8%
Share price	–1.8%	–2.7%	4.0%	183.4%
FTSE All-Share Index[3]	6.4%	31.3%	34.5%	186.8%

	YEAR ENDED 31 MARCH 2019	YEAR ENDED 31 MARCH 2018
Shareholders' funds		
Net assets (£'000)	881,546	923,929
NAV per ordinary share – debt at market value	363.2p	380.1p
Share price and discount		
Share price[2]	323.5p	344.0p
Discount[1] to NAV – debt at market value	(10.9)%	(9.5)%
Gearing (debt at market value)[1]		
Gross gearing	17.3%	14.9%
Net gearing	17.3%	14.9%
Return per ordinary share		
Revenue	14.60p	14.68p
Capital	(15.79)p	(37.21)p
Total	(1.19)p	(22.53)p
Dividend per ordinary share		
First interim	3.25p	3.15p
Second interim	3.25p	3.15p
Third interim	3.25p	3.15p
Fourth interim	4.75p	4.45p
Total interim dividends	14.50p	13.90p
Increase in total interim dividends	+4.3%	+4.1%
Special dividend[4]	—	0.80p
Total including special	14.50p	14.70p
(Decrease)/increase in dividend (including special)	–1.4%	+4.6%
Ongoing charges[1]	0.72%	0.70%

Note: (1) The term is defined in the Glossary of Terms and Alternative Performance Measures, including reconciliations, on pages 66 to 68. NAV with debt at market value is widely used by the investment company sector for the reporting of performance or premium, discount, gearing and ongoing charges.
(2) Source: Refinitiv/Invesco.
(3) The benchmark index of the Company.
(4) In view of a decline in special dividends received, no special dividend has been declared for the year ended 31 March 2019.

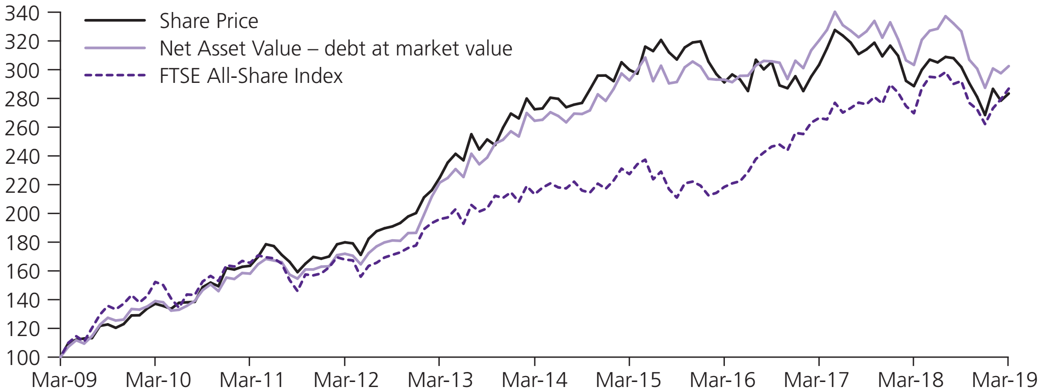
Historical Record – Last Ten Years

	PER ORDINARY SHARE					
TO 31 MARCH	REVENUE RETURN[1] p	DIVIDEND[2] p	SPECIAL DIVIDEND p	NET ASSET VALUE[3] p	SHARE PRICE p	TOTAL ASSETS LESS CURRENT LIABILITIES £'m
2010	9.47	8.80	–	230.9	217.9	517
2011	9.85	9.35	–	255.3	252.8	575
2012	10.86	10.40	–	266.8	267.7	610
2013	12.54	11.20	–	331.5	322.0	773
2014	13.79	11.80	1.90[4]	383.1	377.5	896
2015	14.34	12.30	1.90[4]	409.1	400.9	1,038
2016	15.12	12.80	2.10[4]	395.6	375.6	1,020
2017	14.65	13.35	0.70[4]	416.2	375.8	1,072
2018	14.68	13.90	0.80[4]	380.1	344.0	983
2019	**14.60**	**14.50**	**–** [5]	**363.2**	**323.5**	**941**

Notes: 1. Where dilution occurred from subscription shares in issue (up to 2013), the diluted figure is shown. Otherwise the basic figure is shown.
2. Excludes special dividends.
3. With debt at market value.
4. Special dividend arose from special dividends received in the year.
5. In view of a decline in special dividends received, no special dividend has been declared for the year.

Net Asset Value and Share Price Performance vs Index (Total Return)

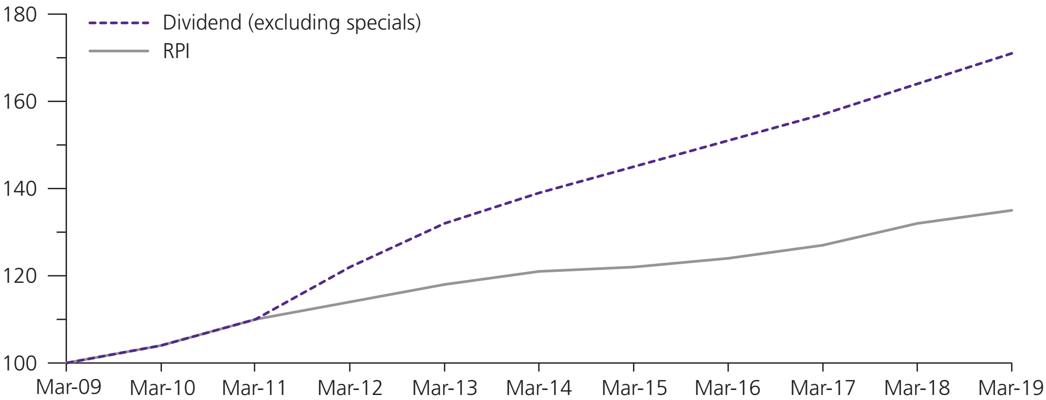
For the ten years to 31 March 2019 and figures rebased to 100 at 31 March 2009.



Source: Refinitiv.

Ten Year Dividends vs Retail Price Index (RPI)

Figures have been rebased to 100 at 31 March 2009.

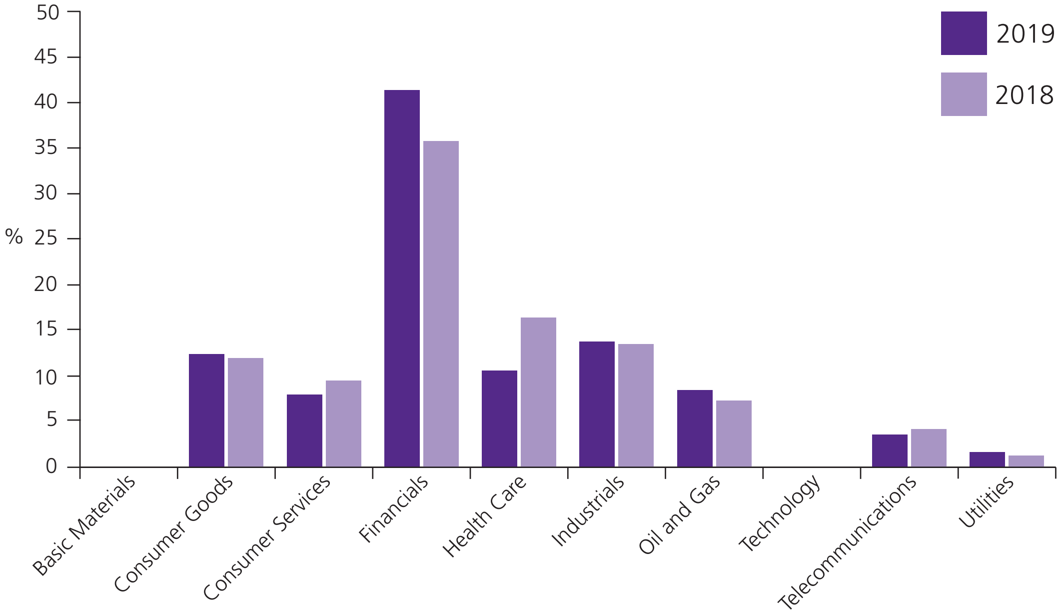


FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

continued

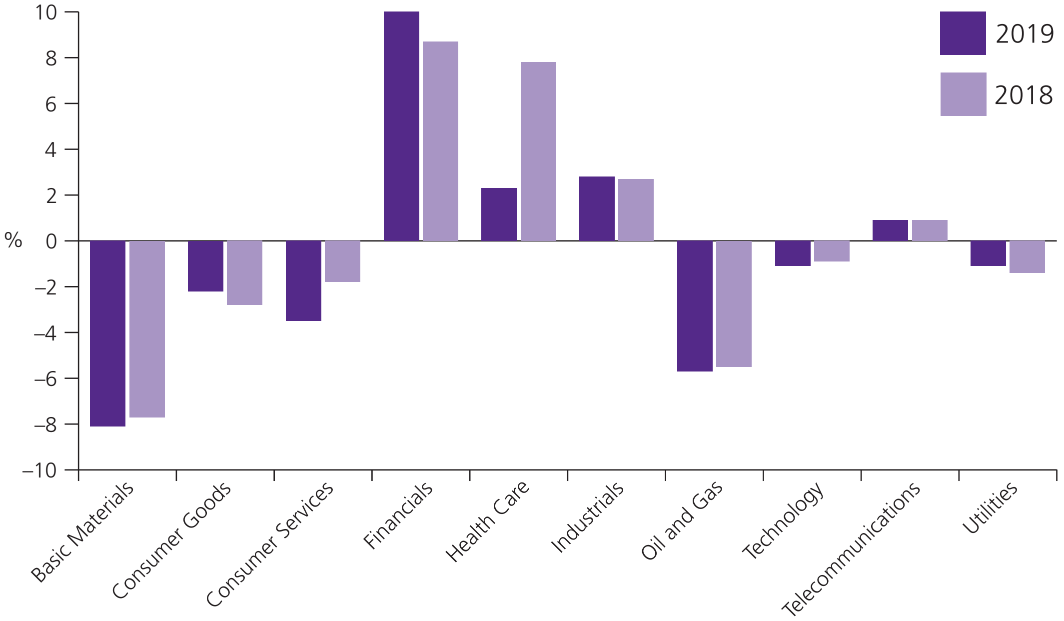
Allocation of Portfolio by Industry

As at 31 March



Portfolio Diversification from Benchmark by Industry

As at 31 March



Top and Bottom Investment Returns

For the year ended 31 March 2019

ISSUER	CAPITAL GAINS £'000	INCOME £'000	TOTAL £'000
Top Fifteen			
AJ Bell	13,775	537	14,312
BP	8,108	3,123	11,231
HomeServe	7,133	480	7,613
Novartis – *Swiss common stock*	6,429	726	7,155
Roche – *Swiss common stock*	6,103	693	6,796
Next	5,074	821	5,895
Rentokil Initial	5,593	298	5,891
AstraZeneca	5,441	238	5,679
Drax	5,007	615	5,622
BTG	4,952	—	4,952
BCA Marketplace	3,604	911	4,515
Burford Capital[AIM]	4,378	116	4,494
Legal & General	2,322	2,101	4,423
Imperial Brands	2,264	2,121	4,385
Royal Dutch Shell – *A shares*	2,250	1,631	3,881

ISSUER	CAPITAL LOSSES £'000	INCOME £'000	TOTAL £'000
Bottom Fifteen			
Motif Bio – *ordinary shares, ADR and warrants*	(12,060)	—	(12,060)
British American Tobacco	(14,298)	3,245	(11,053)
Thomas Cook	(10,421)	—	(10,421)
Diurnal[AIM]	(9,814)	—	(9,814)
Plus500	(8,230)	460	(7,770)
Provident Financial	(7,749)	—	(7,749)
SciFluor Life Sciences[UQ] – *US Series A convertible preferred*	(6,097)	—	(6,097)
easyJet	(6,816)	814	(6,002)
Silence Therapeutics[AIM]	(4,594)	—	(4,594)
G4S	(5,184)	778	(4,406)
Urban Exposure[AIM]	(4,133)	117	(4,016)
IP Group	(4,003)	—	(4,003)
Babcock International	(4,668)	793	(3,875)
Amigo	(3,508)	72	(3,436)
McBride	(3,704)	274	(3,430)

AIM: Investments quoted on AIM
ADR: American Depositary Receipt
UQ: Unquoted

CHAIRMAN'S STATEMENT

Performance

The Company's net asset value (NAV) total return for the year ended 31 March 2019 was –0.8%. This was another disappointing result and compares with the benchmark FTSE All-Share Index's total return for the year of +6.4%. The discount of the share price to the underlying net asset value also widened further during the year, from 9.5% to 10.9%, contributing to the share price total return being –1.8%.

This was the third year in succession that the Company has underperformed its benchmark and that has further impacted longer term performance. The five year total return on net assets is now +13.8%, compared with the benchmark return of +34.5%. The ten year NAV return, at +200.8%, is still ahead of the benchmark return of +186.8%, although the return based on the share price is slightly below at +183.4%. Notwithstanding the benchmark comparative, this is not an insubstantial return.

The shortfall in the year's return relative to the FTSE All-Share Index was once again due in part to issues affecting certain individual holdings, but the greater effect derived from the portfolio's exposure to UK domestic stocks in a year when the market's performance has come from stocks with international exposure. Your portfolio manager, Mark Barnett, provides further detail on the performance of the portfolio during the year and sets out his strategy and outlook for the coming year in his report on pages 8 to 11.

Your Board is concerned about the performance of the portfolio and continues to constructively challenge the portfolio manager on his strategy. Having considered the responses to this challenge, your Board continues to support Mark's consistent investment approach, which we believe will in due course provide strong returns to shareholders as the latent value of the portfolio is realised.

Whilst we have seen a fall in the NAV of the Company, dividend income received has held up well. This has enabled the Company to raise dividends paid by 4.3%, which is more than the rate of inflation, without having to dip into reserves and the Company is now recognised as a "dividend hero" by the AIC through having increased ordinary dividends each year for the last 20 years. More details on the dividend are set out below.

Discount and Share Buybacks

The Board monitors the price at which the Company's shares trade relative to their underlying net asset value. During the period under review the Company's shares have continued to trade at a discount level that is wider than its historical range. The Board consulted extensively with the Manager and the Company's corporate broker about this. We remain of the view that the discount is principally a product of the Company's relative performance against the wider market. However, given that share buy backs at a discount enhance net asset value per share for remaining holders, we instituted a share buy back programme during the year to signal the Board's concern and realise the discount on the shares bought back. We continue to monitor the discount level closely and remain of the belief that performance will drive demand for the shares and narrow the discount in due time.

Dividend

For the year ended 31 March 2019, three interim dividends of 3.25p each were paid to shareholders in September and December 2018, and March 2019. The Board has declared a fourth interim dividend of 4.75p per share for the year, to be paid on 28 June 2019 to shareholders on the register on 7 June 2019. This gives a total dividend for the year of 14.50p per share, representing an increase of 4.3% on the previous year, excluding special dividends paid, and a decrease of 1.4% if special dividends are included. In view of a decline in special dividends received, the Board decided not to declare a special dividend this year (2018: 0.80p per share). Notwithstanding the disappointing NAV annual performance, this extends again the Company's record of year-on-year ordinary dividend increases since 1999.

The Board

The Board has a formal succession plan in place and regularly reviews its composition to ensure its balance of skills, knowledge, experience, diversity and independence continues to be appropriate and conducive to the effective direction of the Company.

In accordance with its succession plan and following a search assisted by Sapphire Partners, an independent consultancy, the Board announced on 5 March 2019 the appointment of Georgina Field as a Director, with effect from 1 May 2019. Ms Field has deep marketing expertise in the financial sector that will be invaluable to the Company. The Board unanimously recommends that shareholders support her election at the forthcoming AGM. A biographical summary is included on page 19.

Annual General Meeting (AGM)

Information on all resolutions to be put to a shareholder vote at the AGM can be found in the Directors' Report on pages 31 and 32, and this year this includes notes on particular strengths that each Director brings to the Board, in accordance with the 2018 UK Corporate Governance Code.

Most of the resolutions are the same as last year, but an additional item this year is that shareholders are again being provided with an advisory vote on the dividend policy. This was last provided in 2017, when it was overwhelmingly supported by shareholders. The only change is clarification with respect to special dividends. The Directors have carefully considered all the resolutions proposed in the Notice of the AGM (as set out on pages 60 to 63) and, in their opinion, consider them all to be in the interests of shareholders as a whole. The Directors therefore recommend that shareholders vote in favour of each resolution.

I look forward to meeting with shareholders at the Company's AGM this year, which will be held at Invesco's West End office, 43-45 Portman Square, London W1H 6LY, at 11.00am on 16 July 2019. The Directors and the portfolio manager, Mark Barnett, will be available at the meeting to answer shareholders' questions.

Richard Laing
Chairman

29 May 2019

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

PORTFOLIO MANAGER'S REPORT

Market Review

The UK equity market provided a mid-single digit rise in the twelve months to 31 March 2019, a figure that masks periods of significant underlying volatility. The UK equity market rallied strongly in the second quarter of 2018, but, having peaked in May, the FTSE All-Share Index sold off sharply in the second half of 2018. The principal causes of this change were the outlook for US interest rates, heightened fears of a global economic slowdown and the escalation of US-Sino trade tensions. Against a backdrop of declining global equity markets, the UK equity market fell to an eighteen-month low in December 2018. However, a shift in the stance on interest rate policy from the US Federal Reserve and a cooling of the previously negative trade rhetoric between the US and China laid the foundations for a strong equity market rally during the first quarter of 2019. This resulted in a positive UK equity market return for the period under review.

Domestically, the question of the UK's exit from the European Union continued to dominate the agenda. The extended political uncertainty saw the value of Sterling fall materially through the year, reaching a twenty-month low of US$1.23 in December, as a vote of no confidence against Theresa May was called over the terms of the negotiated EU Withdrawal Agreement.

Against this challenging backdrop, the Bank of England's (BoE) Monetary Policy Committee voted to increase the UK's base interest rate by 0.25% at its August 2018 meeting, but kept rates on hold for the rest of the period as the political impasse continued. In February 2019, the BoE cut its UK growth forecast from 1.7% to 1.2% for the year. Despite this, economic data proved remarkably robust in 2018. We saw a return to real wage growth, whilst the number of people in work increased by 350,000, more than three times the increase in the size of the working age population.

Portfolio Review

The Company's net asset value, including reinvested dividends, delivered a return of –0.8% over the year under review, compared with one of +6.4% (total return) by the FTSE All-Share Index.

The portfolio's principal themes (see table below) have remained broadly consistent over the past year. The tilt towards UK domestic value opportunities has been emphasised, as persistent negativity towards domestic sectors has created further investment opportunities. Meanwhile exposure to more internationally orientated growth stocks has been modestly reduced. Exposure to the tobacco sector remains prominent, whilst a significant portion of the portfolio is invested in non-correlated financials, which offer diversified income generation potential. Outside of these core themes, the balance of the portfolio is invested in a number of diverse stock specific opportunities.

Key portfolio themes – major positions include:

UK DOMESTIC VALUE	INTERNATIONAL GROWTH OPPORTUNITIES	TOBACCO	NON-CORRELATED FINANCIALS
Legal & General	BP	British American Tobacco	Hiscox
Next	Royal Dutch Shell	Imperial Brands	Burford Capital
Derwent London	Novartis	Altria	AJ Bell
Tesco	Roche		Provident Financial
NewRiver REIT	HomeServe		Randall & Quilter
Aviva	BAE Systems		Beazley
BCA Marketplace	easyJet		Lancashire
BT	G4S		Plus500
British Land	BTG		Amigo
Drax			
34.3%*	28.4%*	11.2%*	22.9%*
3.2% is invested in other stock specific opportunities			

Source: Invesco, as at 31 March 2019.
*Total weight in the portfolio for each theme includes stocks not listed above.

The portfolio's exposure to UK domestic value opportunities provided a positive contribution to absolute performance over the period, as stock selection proved crucial across a range of sectors. Contributors included the portfolio's holding in Drax, which outperformed the sector over the year. Its share price traded well for the majority of 2018, supported by rising wholesale power prices and performance improvements in the production of biomass electricity, and rose sharply in October on news of a deal with Iberdrola to buy the Spanish energy firm's UK power generation plants. Full year results released in the first quarter of 2019 confirmed the completion of a £50 million share buyback programme and a 15% increase in the full-year dividend.

Other notable contributors included Next, which defied the well-publicised crises facing many high-street retailers to deliver full-year results in line with expectations. The 15% rise in online sales offset more challenging declines in in-store retail sales, emphasising that the company's multi-channel offering allows it to see the growth of online shopping as an opportunity, not a threat. Meanwhile the 4.5% increase in the annual dividend reaffirmed the company's focus on shareholder returns. Holdings in Tesco, Legal & General and BCA Marketplace further supported returns.

Despite these contributions, Sterling weakness and prolonged political uncertainty saw the internationally orientated companies of the FTSE All-Share Index outperform domestically orientated companies. Stock selection within the theme of international growth further contributed to the portfolio's relative underperformance over the year. The portfolio's zero weighting in the metals & mining sector provided a negative contribution to relative returns, as Rio Tinto and BHP Billiton performed strongly. Mining companies have historically paid dividends from current earnings, which are highly correlated to commodity prices. Given the consequential volatility underpinning earnings within the sector, alternative areas of the market are considered to be better-suited to the objectives of the portfolio.

Elsewhere, internationally orientated leisure companies faced some challenging trading conditions during the period. The portfolio's positions in Thomas Cook and easyJet suffered as a result of rising oil prices, an unusually hot summer across Northern Europe and the Brexit impasse, which impacted demand within the sector.

However, the portfolio has a significant weighting in the oil & gas sector, namely in BP and Royal Dutch Shell, which performed well over the period. BP provided the portfolio's second strongest contribution to absolute return, releasing better-than-expected results for 2018 in February. The sector's outlook depends on the ability of these companies to cover their cash flow and dividends. Unlike other commodity sectors, this is reliant on capital discipline within the sector, rather than price strength in the underlying commodity.

In absolute terms, the portfolio's performance was supported by a number of international health care stocks, as Roche, Novartis, BTG and AstraZeneca provided strong positive contributions. Roche and Novartis traded strongly over the period, whilst the share price of BTG rose sharply in November, as the company accepted an offer from US biopharmaceutical firm Boston Scientific. The decision to sell the AstraZeneca position mid-way through 2018 after strong performance proved untimely and, coupled with the non-inclusion of GlaxoSmithKline in the portfolio, affected returns relative to the Index.

Other notable contributors included HomeServe. The emergency home repairs and services provider released strong full-year results in May 2018, which included a 25% increase in the company's dividend following a year of record profit growth. The company's share price continued to trade positively, supported by a positive trading update in July 2018, analyst upgrades and an acquisition.

The portfolio maintains a prominent exposure to tobacco, with holdings in Altria, British American Tobacco (BAT) and Imperial Brands. Investments in the sector have delivered exceptional returns for shareholders over the long term, however performance in 2018 was broadly weak, as the market continued to weigh concerns around regulation and the outlook for next generation technologies. When the United States Food & Drug Administration (FDA) announced plans to pursue a ban on the sale of menthol products in November 2018, BAT was the most notably impacted of all the UK listed tobacco majors, due to its revenue exposure to menthol sales. However, the prospect of a total menthol ban remains doubtful, given the requirement to evidence "additional harm" versus non-menthol products. Furthermore, the real impact of a ban remains uncertain, as consumers may move to non-menthol tobacco alternatives. Meanwhile, the tobacco majors are at the forefront of

STRATEGIC REPORT
PORTFOLIO MANAGER'S REPORT continued

new technologies, with the resources to drive successful innovation in the sector. In 2019 the sector has received some relief, buoyed by the surprise resignation of the Head of the FDA and the release of strong full-year results from BAT, which included meaningful growth in the dividend.

A further important area of investment within the portfolio is non-correlated financials. This theme remains significant and achieves the twin objectives of diversification of risk and income. A number of investments within this theme provided very significant contributions to performance over the year. The stand-out return was provided by AJ Bell, which successfully completed its initial public offering (IPO) in December, listing for the first time on the London Stock Exchange. I was extremely supportive of the IPO, which saw significant gains realised for the portfolio. The holding continued to trade well throughout the first quarter of 2019, providing further positive returns for the portfolio.

Other notable contributors included litigation finance company Burford Capital, which continued to support portfolio returns after posting very strong half and full year results for 2018. In December, the company's share price was further supported by confirmation that it has secured an additional US$1.6 billion in new litigation investments, whilst full-year results released in March included a 14% increase in the full-year dividend, a consecutive year of double-digit growth. Marwyn Value Investors, Lancashire and Hiscox also provided a positive contribution to returns. Meanwhile the portfolio's significant underweight position in mainstream banks was a positive decision, as the sector underperformed the overall market.

Whilst overall stock selection within non-correlated financials supported performance over the year, some holdings provided negative returns. A recently initiated position in the financial trading platform Plus500 proved volatile. The company has met with challenges in clearly explaining to the market the short-term revenue volatility that can arise in trading of contracts-for-difference (derivative instruments). Meanwhile, Amigo performed poorly following its IPO last summer, as the market became concerned about increased regulatory scrutiny of guarantor-lending. Provident Financial also traded down over the period; a result of the slower than expected pace of profit recovery under the new management team.

The portfolio's performance was also impacted by isolated stock challenges during the year. Detractors included SciFluor, an unlisted drug discovery company that uses fluorine chemistry to develop new therapeutics. The value of this holding was written down ahead of the firm's next fundraising round to reflect potential delays in the Phase II trial of SciFluor's leading candidate. However, the most notable detractor was Motif Bio, a clinical stage biopharmaceutical company. Motif Bio develops new antibiotics, a sector supported by rising global resistance levels to existing antibiotics and global population growth. Motif Bio's leading antibiotic *iclaprim* had been widely expected to receive approval from the FDA in the first quarter of 2019. Approval in this key market is a crucial step in monetising the company's research, which in turn has the potential to unlock significant value in the company. However, in February the FDA declined to authorise *iclaprim*, citing the need for further investigation of the potential side effects. This outcome surprised the market, given the success of phase III clinical trials that were designed following consultation with the FDA, and prompted a very sharp fall in Motif Bio's share price. The company is meeting with the FDA with results of this discussion expected in June 2019. Whilst there is a reasonable prospect for a favourable outcome, on balance, risks associated with this binary outcome remain, and the portfolio's position has been reduced pending greater clarity.

In terms of portfolio activity during the period, new investments were made in Burford Capital, Randall & Quilter, Royal Bank of Scotland, Urban Exposure, Aquis Exchange, Cranswick, Draper Esprit, Whitbread and Amigo. The portfolio's investments in AstraZeneca, RELX and Macau Property Opportunities were sold.

Outlook

Patience is an essential characteristic of successful long-term investing. However, over the past twelve months this quality has been severely tested, as the UK stock market's sentiment has remained firmly rooted in momentum style investing, supporting an ever-increasing disparity between valuation and fundamentals. This trend has been exacerbated by exogenous economic and political factors –

primarily the sustainability of global economic growth and the protracted Brexit negotiations. As a result of these persistent uncertainties the market has focused on supporting premium valuations for growth or highly disruptive companies, which has not suited the core investment themes of this portfolio.

The valuation support for the UK stock market is strong in an historical context; a dividend yield of 4.4% for the current year is four times higher than the 10-year gilt yield. However, valuations remain polarised between a basket of multi-national companies, which command high valuations, and a basket of UK domestic equities, which are valued significantly lower. Given this wide valuation disparity, the portfolio has retained a large exposure to sterling revenues, which are undervalued due to the persistent caution towards the UK economy as evidenced by the weakness of the exchange rate.

The performance of the UK economy continues to confound most forecasts by recording steady growth. Over the course of 2019 the overall level of growth is expected to remain solid, supported by improvements in household cash flow and rising employment, which will benefit consumption activity and economic growth. Given that the outlook for the economy appears to be more resilient than currently implied by the currency or valuations of domestic sectors, it is anticipated that a level of clarity in domestic politics will see this material differential start to close.

The portfolio has also maintained exposure to a number of global industries, namely oil and tobacco, which despite yielding significantly higher than average dividends, remain attractively valued in a market that seeks out new disruptive business models within the context of perceived sunset industries. In many respects, the stock market's current sentiment towards these industries resembles behaviour that was seen during the last tech bubble. It would appear that the market is happy to discount a future decline in the cash flow from these businesses that is much more rapid than appears likely.

The portfolio's positioning has evolved over the past year, to take advantage of the best risk-adjusted opportunities at the most interesting valuations. The portfolio continues to offer a sustainable flow of diversified dividend income with strong cashflow cover and good growth. It is frustrating that the capital and income growth potential of the portfolio is not currently reflected in capital values, however it remains crucial that in such times of extreme momentum and somewhat irrational market pricing, the portfolio remains rooted in the fundamental investment process, which has worked over many stock market cycles.

Mark Barnett
Portfolio Manager
29 May 2019

STRATEGIC REPORT

BUSINESS REVIEW

Perpetual Income and Growth Investment Trust plc is an investment company and its investment objective is set out below. The strategy the Board follows to achieve that objective is to set investment policy and risk guidelines, together with investment limits, and to monitor how they are applied. These have been approved by shareholders and are set out below.

The business model the Company has adopted to achieve its investment objective has been to contract investment management and administration to appropriate external service providers, which are overseen by the Board. The principal service provider is Invesco Fund Managers Limited ('IFML' or the 'Manager'). Invesco Asset Management Limited, an associate company of IFML, manages the Company's investments and acts as company secretary under delegated authority from IFML. References to the Manager in this annual financial report should consequently be considered to include both entities.

The Manager provides company secretarial, marketing and general administration services including accounting and manages the portfolio in accordance with the Board's strategy. Mark Barnett is the portfolio manager responsible for the day-to-day management of the portfolio. His associate Martin Walker deputises in the event of Mr Barnett's absence.

In addition to the management and administrative functions of the Manager, the Company has contractual arrangements with Link Asset Services to act as registrar and The Bank of New York Mellon (International) Limited (BNYMIL) as depositary and custodian.

Investment Objective

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

Investment Policy

The Company invests mainly in UK equities and equity-related securities of UK-listed companies. The Manager seeks to identify and invest mainly in companies that offer a combination of good capital growth prospects with the ability to increase dividends over time. Market exposure may also be gained through the limited use of derivatives, the purpose of which would be to achieve changes to the portfolio's economic exposure. However, the Company will not enter into derivative transactions for speculative purposes.

The Manager manages the portfolio to reflect its convictions and best ideas. The Manager does not set out to manage the risk characteristics of the portfolio relative to the FTSE All-Share Index ('benchmark index') and the investment process may result in potentially very significant over or underweight positions in individual sectors versus the benchmark index. If a security is not considered to be a good investment, then the Company will not own it, irrespective of its weight in the benchmark index.

The Manager controls the stock-specific risk of individual securities by ensuring that the portfolio is always appropriately diversified. In-depth and continual analysis of the fundamentals of investee companies allows the Manager to assess the financial risks associated with any particular security.

The Directors believe that the use of borrowings can enhance returns to shareholders and the Company will use borrowings in pursuing its investment objective.

The Company may hedge exposure to changes in foreign currency rates in respect of its overseas investments, at the Manager's discretion.

Investment Limits

The Board has prescribed investment limits forming part of the Investment Policy, the most significant of which follow:

- not more than 12% of gross assets in any single investment;
- not more than 15% of gross assets in other listed investment companies;
- not more than 20% of gross assets in non-UK listed securities;
- not more than 10% of gross assets in fixed interest securities;
- not more than 4% of gross assets in unquoted securities;
- derivatives (including warrants) may be used for investment purposes to increase the Company's market exposure by up to 5% of gross assets. Derivatives may also be used to hedge the portfolio's market exposure; and
- borrowings may be used to raise exposure to securities up to a maximum of 25% of net assets where it is considered appropriate.

Each limit is measured at the time of investment or borrowing.

Borrowing

Borrowing policy is under the control of the Board. The Board has set a maximum borrowing limit of 25% of total net assets (measured at the time new borrowings are drawn). The use of borrowing for investment is not an expression of confidence in the performance of the overall UK stock market, but rather an endorsement of the potential for the securities selected for the portfolio. The Company currently has three sources for borrowing, being £60 million par value of fixed rate 15 year senior secured notes (Notes) with an interest rate of 4.37% and two facilities provided by The Bank of New York Mellon, being a £60 million uncommitted revolving credit facility and an £80 million uncommitted overdraft facility. Both the Board and the Manager are content that these arrangements offer a sufficiently flexible means of gearing. Further details are contained in notes 11 and 12 on page 52.

Performance

The Board reviews performance by reference to Key Performance Indicators (KPIs). The five main KPIs are as follows:

Asset Performance

On a total return basis, the Company's one, three, five and ten year record for its NAV and share price compared to the benchmark index is shown on page 2. For the year to 31 March 2019, the Company's NAV underperformed the benchmark index by 7.2%.

In reviewing the performance of the assets of the Company, the Board monitors the NAV performance in relation to the FTSE All-Share Index. However, the Manager's aim is to achieve absolute return through a genuinely active investment management approach. It is not the investment management team's philosophy to regard the FTSE All-Share Index as a benchmark for portfolio construction for the Company. This approach can therefore result in a portfolio that is from time to time substantially different from the FTSE All-Share Index.

Peer Group Performance

There were 23 investment trusts in the UK Equity Income sector at 31 March 2019. This sector, however, is quite diverse in its investment policies and structures. The Board monitors the performance of the Company in relation to both this sector as a whole and to those companies within it which the Board consider to be its peer group.

As at 31 March 2019, of those companies ranked within the UK Equity Income sector, the Company was ranked 20th over one year, and 23rd over three and five years by NAV performance (source: JP Morgan Cazenove).

Dividends and Dividend Policy

The Company's dividend policy is that the Directors shall seek to provide shareholders with real growth in ordinary dividends over the medium to longer term. In the event of there being a material amount of income that is non-recurring or special in nature additional special dividends may be declared, at the discretion of the Directors. The Directors aim to distribute, by way of dividend, substantially all of the Company's net income after expenses and taxation whilst also retaining a prudent level of reserves. Dividends are paid on a regular quarterly basis in September, December, March and June in respect of each accounting year. The timing of these regular quarterly payments means that shareholders do not have an opportunity to vote on a final dividend. Recognising the importance of shareholder engagement, and although not required by any regulation, shareholders were given an opportunity to vote on this policy at the 2017 AGM. The opportunity to vote for the policy is being provided again this year and an advisory resolution is included in the Notice of Meeting on page 60.

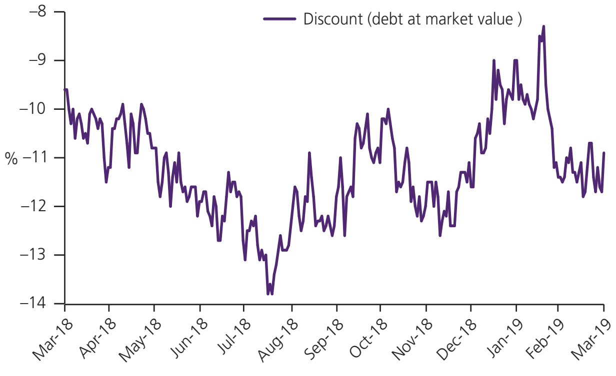
The Board has declared ordinary dividends of 14.50p per share in respect of the year under review, compared with 13.90p per share in respect of the prior year, an increase of 4.3%. As noted in the Chairman's Statement, in light of a decline in special dividends received, no special dividend has been declared for the year (2018: 0.80p). The Retail Price Index increased 2.4% in the year. The individual dividends declared for the year are shown on the next page, on page 2 and in note 8 to the financial statements.

The Manager aims to maximise total return from the portfolio. The Manager subscribes to the benefits of strong earnings growth and the importance of dividends to total return. However, whilst income is an important consideration, dividend yields do not constrain investment decisions.

STRATEGIC REPORT
BUSINESS REVIEW continued

Discount

The Board monitors the discount at which the Company's ordinary shares trade and how this compares to other investment trusts in the peer group. During the year the shares traded in the discount range of 8.3% to 13.8% and ended the year at a 10.9% discount. This is shown in the adjacent graph which plots the discount over the year. As at 31 March 2019, the weighted average discount of the 23 investment trusts in the UK Equity Income sector was 3.5% (2018: 3.4%) (source: JPMorgan Cazenove).



Source: Refinitiv.

The Board and the Manager closely monitor movements in the Company's share price and dealings in the Company's shares. In order to address any significant imbalance in the market, the Board asks shareholders to approve resolutions each year which allow for the repurchase of ordinary shares (for cancellation or to be held as treasury shares) and also their issuance. This may also assist in the management of the discount. During the year to 31 March 2019, 1,020,000 shares were bought back at an average price of 347.7p. Since the year end, 965,000 shares have been bought back at an average price of 329.0p. No shares were issued.

The shares bought back are being held in treasury. The Board intends to sell the shares held as treasury shares in due course, on terms that are in the best interests of shareholders as a whole.

Ongoing Charges

The expenses of managing the Company are reviewed by the Board at every meeting. The Board aims to minimise the ongoing charges figure which provides a guide to the effect on performance of all annual operating costs of the Company. The ongoing charges figure for the year was 0.72% (2018: 0.70%).

Results and Dividends

On 31 March 2019, the share price and the net asset value (debt at market value) per ordinary share were 323.5p and 363.2p respectively. The respective comparable figures at 31 March 2018 were 344.0p and 380.1p.

For the year ended 31 March 2019, three interim dividends of 3.25p each per share were paid on 28 September 2018, 28 December 2018 and 29 March 2019 respectively. A fourth interim dividend of 4.75p per share has been declared for payment on 28 June 2019 to shareholders on the register on 7 June, giving total interim dividends for the year of 14.50p (2018: 13.90p).

Financial Position and Borrowings

The Company's balance sheet on page 44 shows the assets and liabilities at the year end. Details of the £60 million senior secured notes are shown in note 12, and details of the Company's overdraft and revolving credit facilities are shown in note 11.

Outlook, including the Future of the Company

The main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Portfolio Manager's Report in this Strategic Report. Further details of the principal risks affecting the Company are set out under 'Principal Risks and Uncertainties' below.

Principal Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates and has carried out a robust assessment of the principal risks facing the Company. The following sets out a description of those risks and how they are being managed or mitigated.

Economic Risk

Economic risk arises from uncertainty about the future prices of the Company's investments. The majority of the Company's investments are listed on regulated stock exchanges and will be subject to market fluctuations, both upward and downward, arising from external factors including general economic conditions and government policies. Such factors are outside the control of the Board and the Manager and may give rise to high levels of volatility in the prices of the investments held.

Investment Risk

There can be no guarantee that the Company will meet its investment objectives. As set out in the Investment Policy on page 12 the Manager's style may result in the portfolio being significantly overweight or underweight positions in individual stocks or sectors compared to the Company's benchmark index. Consequently, the Company's performance may deviate significantly, possibly for extended periods, from that of the benchmark. In a similar way, the Manager manages other portfolios which, as a consequence of the high conviction style of investment management, may include many of the same stocks as the Company. This could significantly increase the liquidity and price risk of certain stocks under certain scenarios and market conditions.

The Board has established guidelines through which, amongst other things, it seeks to ensure that the portfolio of investments is appropriately diversified to mitigate poor performance of individual investments. The Board also challenges the Manager on strategy and monitors performance on behalf of shareholders.

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. Details of these risks and how they are managed are disclosed in note 16 to the financial statements on pages 54 to 57.

Gearing Risk

Whilst the use of borrowings by the Company should enhance total shareholder return when the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect when the underlying return is falling. Whilst the portfolio manager has discretion on when and how he should use borrowings to gear returns, the Board reviews regularly the level of gearing and the extent of available borrowings.

Share Discount Risk

The Company's shares may trade at a wide discount to their underlying net asset value. The Board and the Manager maintain an active dialogue on the market rating of the Company's shares and the Board has taken the powers, which it seeks to renew each year, for both share repurchase and issuance, which can help in its management.

Operational Risk

The Board regularly reviews the system of financial and non-financial internal controls operated by the Company, the Manager and other external service providers. These include controls designed to safeguard the Company's assets and to ensure that proper accounting records are maintained. Details of how the Board monitors the services provided by the Manager and other suppliers are explained further in the internal controls and risk management section in the audit committee report on pages 23 and 24. The depositary also monitors the Company's stock, cash, borrowings and investment restrictions throughout the year and issues an annual report to the Directors.

Regulatory Risk

The Company is subject to various laws and regulations by virtue of its status as a public limited company registered under Section 833 of the Companies Act 2006, its status as an investment trust, and its listing on the Official List of the UK Listing Authority.

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 other regulatory rules could lead to suspension from the Official List, a fine or qualified audit report. Other control failures, either by the Manager or any other of the Company's service providers, could result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations. The Manager reviews compliance with tax and other financial regulatory requirements on a daily basis and reports to the Board on a regular basis on all regulatory aspects.

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.

STRATEGIC REPORT
BUSINESS REVIEW continued

Viability Statement

The Directors' view of the Company's viability has not changed since last year. The Company, as an investment trust, is a collective investment vehicle designed and managed for the long term. The Company's investment objective is to provide shareholders with capital growth and real growth in dividends over the medium to longer term. The Directors take a long term view in their stewardship of the Company, as does the portfolio manager in his management of the portfolio. The Company is required by its Articles to have a continuation vote every five years, the next instance being in 2021. The Directors have had no indication that shareholders will not vote, again, for the continuation of the Company at that time. The Company typically holds shares for at least five years, and this period is substantially less than the outstanding term of the Company's Notes, which will require repayment in 2029. Consequently, the Directors consider that the appropriate term for the purpose of this viability statement is five years.

In their assessment of the Company's viability, the Directors considered the principal risks to which it is exposed, as set out on pages 14 and 15, together with mitigating factors. Their assessment also considered the following: the Company's investment objective and strategy; the investment capabilities of the portfolio manager; the business model of the Company, which has effectively been stress tested over the years through various difficult market cycles; the current outlook for the UK economy and equity markets; demand for the Company's shares and the discount at which they trade; the Company's borrowing structure; the liquidity of the portfolio; and the Company's future income and annual operating costs. Consideration of the borrowing structure included the amount the NAV could fall without triggering the repayment of the Notes and/or the bank overdraft and credit facility and the amount of debt cover – which at the year end was more than seven times the aggregate of these liabilities.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

Board Responsibilities

As set out in the Directors' Report on pages 25 and 26 the Directors have a statutory duty to promote the success of the Company, whilst also having regard to certain broader matters, including the need to engage with employees, suppliers, customers and others, and to have regard to their interests (s172 Companies Act 2006). However, the Company has no employees and no customers in the traditional sense. In accordance with the Company's nature as an investment trust the Board's principal concern has been, and continues to be, the interests of the Company's shareholders taken as a whole. The Board has a responsible governance culture and has due regard for broader matters so far as they apply. In particular, the Board engages with the Manager at every Board meeting, reviews its relationships with other service providers at least annually and monitors compliance with the Company's obligations to debt holders.

Board Diversity

The Board's policy on diversity is that the Board seeks to ensure that its structure, size and composition, including the balance of skills, knowledge, diversity (including gender) and experience of Directors, is sufficient for the effective direction and control of the Company. Although the Board had not set a specific target or quota in respect of this policy, it had aspired to meet the Hampton-Alexander review target of 33% female board representation and has now done so, with the appointment of Georgina Field. Following this appointment the Board comprises six non-executive directors, two of whom are women, which constitutes 33.3% female Board representation. Summary biographical details of the Directors are set out on page 19. The Company has no employees.

Social and Environmental Matters

As an investment company with no employees, property or activities outside investment, environmental policy has limited application. The Manager considers various factors when evaluating potential investments. While a company's policy towards the environment and social responsibility, including with regard to human rights, is considered as part of the overall assessment of risk and suitability for the portfolio, the Manager does not necessarily decide to make or not to make an investment on environmental and social grounds. The Manager applies the United Nations Principles for Responsible Investment.

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not within the scope of the Modern Slavery Act 2015.

This Strategic Report was approved by the Board of Directors on 29 May 2019

Invesco Asset Management Limited
Company Secretary

INVESTMENTS IN ORDER OF VALUATION

AT 31 MARCH 2019

Ordinary shares listed in the UK unless stated otherwise

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
British American Tobacco	Tobacco	55,859	5.5
BP	Oil & Gas Producers	55,773	5.5
Legal & General	Life Insurance	35,993	3.5
Next	General Retailers	31,657	3.1
Royal Dutch Shell – *A shares*	Oil & Gas Producers	30,325	3.0
Imperial Brands	Tobacco	29,639	2.9
Novartis – *Swiss common stock*	Pharmaceuticals & Biotechnology	28,508	2.8
Roche – *Swiss common stock*	Pharmaceuticals & Biotechnology	25,369	2.5
Altria – *US common stock*	Tobacco	25,181	2.5
Derwent London	Real Estate Investment Trusts	24,788	2.4
Top ten holdings		343,092	33.7
Tesco	Food & Drug Retailers	24,018	2.4
Hiscox	Non-life Insurance	23,518	2.3
NewRiver REIT	Real Estate Investment Trusts	22,330	2.2
Burford Capital[AIM]	Financial Services	22,180	2.2
HomeServe	Support Services	22,063	2.2
BAE Systems	Aerospace & Defence	21,979	2.2
Aviva	Life Insurance	21,565	2.1
BCA Marketplace	Support Services	20,056	2.0
BT	Fixed Line Telecommunications	19,341	1.9
AJ Bell	Financial Services	17,334	1.7
Top twenty holdings		557,476	54.9
British Land	Real Estate Investment Trusts	17,205	1.7
Drax	Electricity	16,914	1.7
Capita	Support Services	15,874	1.6
Provident Financial	Financial Services	15,650	1.5
easyJet	Travel & Leisure	15,511	1.5
Harworth	Real Estate Investment & Services	15,360	1.5
G4S	Support Services	14,718	1.5
BTG	Pharmaceuticals & Biotechnology	14,559	1.4
Oxford Sciences Innovation[UQ]	Financial Services	13,875	1.4
Randall & Quilter[AIM]	Non-life Insurance	13,333	1.3
Top thirty holdings		710,475	70.0
Beazley	Non-life Insurance	13,266	1.3
Babcock International	Aerospace & Defence	13,154	1.3
IP Group	Financial Services	13,114	1.3
Lancashire	Non-life Insurance	12,817	1.3
CLS	Real Estate Investment & Services	11,934	1.2
Chesnara	Life Insurance	11,608	1.1
P2P Global Investments	Equity Investment Instruments	10,957	1.1
Secure Trust Bank	Banks	10,848	1.1
Hadrian's Wall Secured Investments	Equity Investment Instruments	10,456	1.0
KCOM	Fixed Line Telecommunications	10,352	1.0
Top forty holdings		828,981	81.7

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
PureTech Health	Pharmaceuticals & Biotechnology	10,145	1.0
Royal Bank of Scotland	Banks	9,915	1.0
Rentokil Initial	Support Services	9,755	1.0
Urban Exposure[AIM]	Financial Services	9,666	1.0
Real Estate Investors[AIM]	Real Estate Investment Trusts	9,506	0.9
Cranswick	Food Producers	9,318	0.9
Secure Income REIT[AIM]	Real Estate Investment Trusts	9,299	0.9
Aquis Exchange[AIM]	Financial Services	9,296	0.9
Bunzl	Support Services	8,986	0.9
Draper Esprit[AIM]	Financial Services	8,985	0.9
Top fifty holdings		923,852	91.1
Horizon Discovery[AIM]	Pharmaceuticals & Biotechnology	8,561	0.8
Plus500	Financial Services	8,535	0.8
Whitbread	Travel & Leisure	8,500	0.8
Amigo	Financial Services	7,439	0.7
Eddie Stobart Logistics[AIM]	Industrial Transportation	7,409	0.7
TalkTalk Telecom	Fixed Line Telecommunications	7,368	0.7
Vectura	Pharmaceuticals & Biotechnology	6,519	0.6
McBride	Household Goods & Home Construction	6,365	0.6
Marwyn Value Investors	Equity Investment Instruments	5,261	0.5
Doric Nimrod Air Three – *preference shares*	Equity Investment Instruments	3,965	0.4
Top sixty holdings		993,774	97.7
Doric Nimrod Air Two – *preference shares*	Equity Investment Instruments	3,935	0.4
VPC Specialty Lending Investments	Financial Services	3,676	0.4
Funding Circle SME	Equity Investment Instruments	3,486	0.4
Thomas Cook	Travel & Leisure	3,290	0.3
SciFluor Life Sciences[UQ] – *US Series A convertible preferred*	Pharmaceuticals & Biotechnology	2,248	0.2
Motif Bio[AIM]	Pharmaceuticals & Biotechnology	848	
– *ADR*		931	0.2
– *ADR – warrants 9 Nov 2021*		51	
Silence Therapeutics[AIM]	Pharmaceuticals & Biotechnology	1,373	0.1
Diurnal[AIM]	Pharmaceuticals & Biotechnology	1,288	0.1
Circassia Pharmaceuticals[AIM]	Pharmaceuticals & Biotechnology	1,214	0.1
infirst Healthcare[UQ]	Pharmaceuticals & Biotechnology		
– *Mar – preferred*		273	
– *D shares*		257	0.1
– *Jan – preferred*		63	
Top seventy holdings		1,016,707	100.0
The Local Shopping REIT	Real Estate Investment Trusts	306	–
Eurovestech[UQ]	Financial Services	121	–
XTL Biopharmaceuticals	Pharmaceuticals & Biotechnology	33	–
Jaguar Health[UQ] – *US indemnity shares*	Pharmaceuticals & Biotechnology	10	–
Lombard Medical – *US common stock*	Health Care Equipment & Services	6	–
Mirada[AIM]	Media	1	–
Total Investments (76)		**1,017,184**	**100.0**

AIM: Investments quoted on AIM
ADR: American Depositary Receipt
UQ: Unquoted

DIRECTORS

Richard Laing * (Chairman of the Board and the Management Engagement Committee)
Richard Laing was appointed to the Board on 20 November 2012. He is Chairman of 3i Infrastructure plc and Miro Forestry Ltd, which operates in West Africa; non-executive director of JPMorgan Emerging Markets Investment Trust plc and Tritax Big Box REIT plc; and a trustee of Plan UK, the international children's charity. He was previously Chief Executive of CDC Group plc, formerly the Commonwealth Development Corporation, from 2004 to 2011, having joined the organisation in 2000 as Finance Director. Prior to CDC, he spent 15 years at De La Rue, latterly as the Group Finance Director. He previously worked in international agribusiness, at PricewaterhouseCoopers and Marks & Spencer. He has also held a number of non-executive positions across a range of sectors. He obtained an MA from Cambridge University in Engineering and is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA).

Alan Giles †* (Senior Independent Director)
Alan Giles was appointed to the Board on 6 November 2015. He is a non-executive director of Foxtons Group plc, Chairman of The Remuneration Consultants Group, Chairman of the Advisory Board at the Oxford Institute of Retail Management and an Associate Fellow at Saïd Business School, University of Oxford, as well as Honorary visiting professor at Cass Business School. He was Senior Independent Director and Chairman of the remuneration committee of Rentokil Initial plc until 10 May 2017, and Senior Independent Director and Chairman of the remuneration committee of the Competition and Markets Authority until 31 March 2019. He was formerly Chairman of Fat Face Group Limited, Chief Executive of HMV Group plc, Managing Director of Waterstones, and an executive director of WH Smith plc. He previously held non-executive directorships at The Office of Fair Trading, Somerfield plc and Wilson Bowden Plc.

Georgina Field †*
Georgina Field was appointed to the Board with effect from 1 May 2019. She is Chief Executive Officer and founder of White Marble Marketing Ltd, a marketing consultancy practice for the wealth and asset management industry. Past roles include Head of European Marketing at Aberdeen Asset Management and Marketing Director of Neptune Investment Management.

Victoria Cochrane †* (Chairman of the Audit Committee)
Victoria Cochrane was appointed to the Board on 28 October 2015. She is also a non-executive director of Euroclear Bank SA/NV, IntegraFin Holdings plc and of HM Courts & Tribunals Service. She is a former member of the Global Executive Board of Ernst & Young, where she was responsible for risk worldwide. She stood down from her executive career in 2013, having been a Partner in the firm for 20 years. Prior to the global role, she spent two years as a Member of the UK Executive, responsible for risk, and was Managing Partner for Risk and General Counsel before that. Victoria is a qualified solicitor and spent more than 10 years as a litigator.

Bob Yerbury
Bob Yerbury was appointed to the Board on 4 December 2008. His investment career spans over 40 years, having led the North American team at Invesco for 14 years, becoming Chief Investment Officer in 1997 and Chief Executive Officer in 2004. He handed over his CEO and CIO responsibilities in September 2008 and June 2010 respectively, continuing as a Senior Managing Director of Invesco Ltd until his retirement on 27 March 2013. He holds an MA in Mathematics from Cambridge University and qualified as an Actuary at Equity & Law Life Assurance Society. He is a Fellow of the Institute of Actuaries (FIA).

Mike Balfour †*
Mike Balfour was appointed to the Board on 2 January 2018. He is a non-executive director of Standard Life Investment Property Income Trust plc, Fidelity China Special Situations plc and Martin Currie Global Portfolio Trust plc. He also chairs the investment committee of TPT Retirement Solutions (previously The Pensions Trust) and sits on the trust's management board. He has over 30 years' experience in financial services. He was chief executive of Thomas Miller Investment Ltd until 2016 and prior senior appointments have included chief executive at Glasgow Investment Managers and chief investment officer at Edinburgh Fund Managers Limited. He is a member of the Institute of Chartered Accountants of Scotland.

All Directors are non-executive.

All Directors are considered by the Board to be independent.

†Member of the Audit Committee.

*Member of the Management Engagement Committee.

THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK

The Board and Committees

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that as an Investment Company it has no employees and outsources investment management to the Manager and administration to the Manager and other external service providers.

The Board

Six non-executive directors

Chairman – Richard Laing

Key objectives:

– to set strategy, values and standards;
– to provide leadership within a framework of prudent effective controls which enable risk to be assessed and managed; and
– to challenge constructively and scrutinise performance of all outsourced activities.

Management Engagement Committee

(page 26)

Chairman – Richard Laing

Other members:

– Mike Balfour
– Victoria Cochrane
– Georgina Field
– Alan Giles

Key objective:

– to review regularly the management contract and the performance of the Manager.

Audit Committee

(page 22)

Chairman – Victoria Cochrane

Other members:

– Mike Balfour
– Georgina Field
– Alan Giles

Key objectives:

– to oversee the control environment and financial reporting; and
– to review other service providers, including the auditor.

Nomination Committee Function

(page 26)

The Board as a whole performs this function

Key objectives:

– to review regularly the Board's structure and composition; and
– to make recommendations for any changes or new appointments.

Remuneration Committee Function

(page 26)

The Board as a whole performs this function

Key objective:

– to set the remuneration policy of the Company.

The Portfolio Manager

The portfolio manager, Mark Barnett, is based in Henley-on-Thames. Mark is Head of UK Equities and the team's most experienced fund manager, specialising in UK equity income investing. In this role, Mark is responsible for the management of a number of UK equity portfolios, which comprise both open and closed ended vehicles.

Mark joined Invesco in 1996 and has been the investment manager of Perpetual Income and Growth Investment Trust since 1999. Mark started his investment career in 1992 at Mercury Asset Management. He graduated in French and Politics from Reading University in 1992 and has passed the associated examinations of the Association for Investment Management and Research (AIMR (now CFA Institute)).

Martin Walker has been appointed deputy portfolio manager for this Company. He a member of Mark Barnett's UK Equities team and is responsible for the management of a number of UK equity portfolios. He began his investment career in 1997 after previous experience as an investment analyst with BWD Rensburg. Martin joined Invesco in 1999 and has managed UK equity portfolios since 2003. Martin holds a BA in Financial Economics from Liverpool University and has also attained the Securities Institute Diploma.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

The Board is committed to maintaining high standards of Corporate Governance and is accountable to shareholders for the governance of the Company's affairs.

The corporate governance codes pertinent to the Company during the year under review were the 2016 AIC Code of Corporate Governance (2016 AIC Code) and the 2016 UK Corporate Governance Code (2016 UK Code). The Association of Investment Companies (AIC) in 2019 and the Financial Reporting Council (FRC) in 2018 have, respectively, issued revisions of these codes, both of which apply for the Company's financial year beginning 1 April 2019. Where practical, the Board has adopted these later code versions early. Both versions of the AIC's code have been endorsed by the FRC and address all the principles set out in the applicable UK Corporate Governance Code version, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. Both versions of the AIC code are available from the Association of Investment Companies website (*www.theaic.co.uk*). Both versions of the UK code are available from the Financial Reporting Council website (*www.frc.org.uk*).

The Company has complied with the recommendations of the 2016 AIC Code and the relevant provisions of the 2016 UK Code, except the provisions relating to:

– the role of the chief executive;

– executive directors' remuneration; and

– the need for an internal audit function.

For reasons set out in the AIC Code the Board considers these provisions are not relevant to the position of Perpetual Income and Growth Investment Trust plc, being an externally managed investment company. All of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

Information on how the Company has applied the principles of the 2016 AIC Code, and consequently the 2016 UK Code follows:

The composition and operation of the Board and its committees are summarised on page 20, and page 22 in respect of the Audit Committee.

The Company's approach to internal control and risk management is summarised on pages 23 and 24.

The Board's diversity policy is set out on page 16.

The contractual arrangements with, and assessment of, the Manager are summarised on pages 28 and 29.

The Company's capital structure and voting rights are summarised on pages 30 and 31.

The most substantial shareholders in the Company are listed on page 31.

The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed on page 27.

There are no agreements between the Company and its Directors concerning compensation for loss of office.

Amendment of the Company's Articles of Association and powers to issue or buy back the Company's shares, which are sought annually, require shareholders' approval.

AUDIT COMMITTEE REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Audit Committee is chaired by Victoria Cochrane. Other members throughout the year were Mike Balfour and Alan Giles. Vivian Bazalgette was also member until his retirement from the Board in July 2018 and Georgina Field joined the Committee when her appointment as a Director became effective on 1 May 2019.

The Committee has written terms of reference which clearly define its responsibilities and duties. The terms of reference of the Audit Committee, including its role and authority, are compliant with the Association of Investment Companies Code of Corporate Governance.

Audit Committee Duties

The Committee's main duties include:

- review throughout the year of the Company's risk matrix and risk control summary and the effectiveness of internal control, together with consideration of the Manager's and external service providers' control reports and review of the depositary's annual report;
- consideration of the scope of work undertaken by the Manager's internal audit and compliance departments, and the results therefrom; also review of the effectiveness of the Manager's internal audit;
- review of the Manager's whistleblowing arrangements by which staff can, in confidence, raise concerns about possible improprieties or irregularities in relation to the Company;
- review of the half year results and the annual financial statements including: compliance with relevant statute and listing requirements; the appropriateness of accounting policies; any financial judgements and key assumptions; disclosures in relation to internal controls and risk management, going concern and the long-term viability of the Company; and advising the Board, at its request, on whether the annual report is fair, balanced and understandable;
- consideration of the nature and scope of the external audit, items for audit focus and discussion of the audit findings;
- consideration of the auditor's independence and objectivity and the effectiveness of the audit process; and
- making recommendations to the Board in respect of the auditor's appointment, reappointment and removal and agreeing the terms of their audit engagement, as well as any recommendation of non-audit services.

Representatives of the auditor attended a Committee meeting to present their audit plan, and another at which the draft annual financial report was reviewed. They were also given the opportunity to speak to Committee members without the presence of representatives of the Manager.

The Committee met three times in the year in the performance of its duties. It has direct access to the auditor and representatives of the Manager, including the Manager's Compliance and Internal Audit personnel, who attended two Committee meetings, one meeting being prior to approval and signature of the annual financial report. The Committee reviewed reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company and the systems of internal controls in place. The Committee also received briefings on cyber security. The Committee has direct access to the depositary which provided a report to the Committee at the meeting at which the year end accounts were discussed.

Accounting Matters and Significant Areas of Focus

For the year end, the accounting matters that were identified for specific consideration by the Committee follow:

SIGNIFICANT AREA	HOW ADDRESSED
Accuracy of the portfolio valuation, with emphasis on investments that are not listed, or are listed but not regularly traded.	Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors. Investments that are unlisted or not actively traded are valued using a variety of techniques to determine a fair value, as set out in the accounting polices, and all such valuations are reviewed by the Manager's pricing committee and the Committee.

SIGNIFICANT AREA	HOW ADDRESSED
Proof of existence of investments.	The Manager and the depositary confirmed that the accounting records correctly recorded all investee holdings and that these had been agreed to custodian records.
Recognition of income.	The recognition of income is undertaken in accordance with accounting policy note 1(g) on page 47. The Committee satisfied itself that adequate systems were in place for the complete and proper recording of income, including the analysis of special dividends received.

These matters were discussed with the Manager and the auditor in pre year end audit planning, and were satisfactorily addressed through consideration of reports provided by, and discussed with, the Manager and the auditor at the conclusion of the audit process.

The Audit Committee advised the Board that, following a thorough review of the 2019 annual financial report, the report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Review of the External Auditor, including Effectiveness and Non-Audit Services

This year's audit of the Company's annual financial report was the fourth performed by Ernst & Young LLP, and by Sarah Williams as the engagement partner, since they were appointed following a tender process in 2015.

The Committee evaluated the performance and effectiveness of the external auditor for the year under review. This included a review of the audit planning, execution and reporting, the quality of the audit work and the auditor's independence. All results were satisfactory.

The provision of non-audit services is considered by the Committee on a case-by-case basis, and consideration is given as to whether the skills and experience of the auditor make them a suitable supplier of such services and to ensure that there is no resultant threat to the objectivity and independence of the audit. Ernst & Young LLP did not provide any non-audit services to the Company during the year.

Audit Information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken steps that he or she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Internal Controls and Risk Management

The Committee has established an ongoing process for identifying, evaluating and managing the major risks faced by the Company and this forms the basis of the Board's robust assessment of the risks to which the Company is exposed. Risks are reviewed by means of the Company's risk matrix and its risk control summary (RCS) which sets out mitigating controls and the information flow to the Committee and Directors. The principal risks of the Company, as set out in the Strategic Report on pages 14 to 15 are mapped to the RCS for completeness. These risks encompass those arising in relation to the Company's operations that are, of necessity as an externally managed investment trust, contracted to external service providers. These external service providers comprise the Manager – to whom responsibility both for the Company's portfolio and for the provision of company secretarial and administrative services are delegated – accounts administrator, custodian, registrar and corporate broker.

Systems are in operation to safeguard the Company's assets, to maintain proper accounting records and to ensure that financial information is reliable. The Committee has received and considered, together with representatives of the Manager, reports by independent external accountants in relation to the operational systems of financial and non-financial internal controls of the Manager, accounts administrator, custodian and registrar and has concluded that they should operate effectively. On a

AUDIT COMMITTEE REPORT
continued

formal and regular basis the Committee reviews the performance of these service providers in relation to agreed service standards, and any issues and concerns are dealt with promptly and reported to the Board. The Committee also reviewed an annual report from the depositary which monitors the Company's investments, cash, borrowings and published investment limits throughout the year. None of these reviews identified any issues of significance during the year. Additionally, the depositary and the auditor have direct access to the Chairman or Audit Committee Chairman about any concerns; no issues arose in the year that caused the depositary to use this access.

Internal Audit

Due to the nature of the Company, being an externally managed investment company with no executive employees, and in view of the Manager having an internal audit function, the Company does not have its own internal audit function.

I will be present at the AGM and will be available at that meeting or thereafter to answer questions relating to the annual financial report. I look forward to seeing shareholders there.

Victoria Cochrane
Chairman of the Audit Committee

29 May 2019

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Business and Status
The Company was incorporated in England and Wales on 2 February 1996 as a public limited company, registered number 3156676. It is an investment company as defined by section 833 of the Companies Act 2006 and operates as an investment trust within the meaning of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. HM Revenue & Customs have approved the Company's status as an investment trust and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to maintain such approval.

Life of the Company
The Company's Articles of Association require that every five years the Directors will propose an ordinary resolution to approve the continuation of the Company as an investment trust. The next such resolution will be proposed at the 2021 AGM, the last having been passed in 2016.

Performance and Dividends
Details of the Company's performance and dividends are shown in the Strategic Report on page 13.

The Board
The Company has a Board of six non-executive Directors who oversee and monitor the activities of the Manager and other service providers on behalf of shareholders and ensure that the investment policy is adhered to. Details of the Board's responsibilities and the number of meetings it holds are set out on the following pages. Certain aspects of the Company's affairs are dealt with by the Directors sitting as the Audit Committee (see pages 22 to 24) and the Management Engagement Committee (see page 26).

Each committee has written terms of reference which are available for inspection at the registered office of the Company, at the Company's correspondence address (see page 65), on the Company's section of the Manager's website (*www.invesco.co.uk/pigit*) and will be available at the AGM.

The Board has resolved that a remuneration committee is not appropriate for a Board of this size and a company of this nature. Remuneration is therefore regarded as part of the Board's responsibilities. For information on the Directors' remuneration, please refer to the Directors' Remuneration Report on pages 33 and 34.

All of the Directors are considered by the Board to be independent. There are circumstances that may appear to impair this view in respect of Mr Yerbury, being that he has now served on the Board for more than nine years and he was a Senior Managing Director of Invesco Limited and a Director of Invesco Asset Management Limited until his retirement in 2013. However, the Board is satisfied that he remains independent in character and judgement from the Company's Manager, a view which has been demonstrated by his actions on behalf of the Company. The Directors have a range of investment, commercial and professional experience relevant to their positions as Directors as can be seen from the biographical details on page 19.

Chairman
The Chairman of the Board is Richard Laing, a non-executive and independent Director who has no conflicting relationships. He joined the board as a director in 2012, and became chairman on 11 July 2017.

Senior Independent Director
The Senior Independent Director (SID) is Alan Giles. The SID provides a sounding board for the Chairman, serves as an intermediary for the other Directors if necessary and provides a channel of communication for shareholders where contact through the Chairman or Company Secretary have failed to resolve the issue or where that channel of communication is inappropriate.

Board Responsibilities
The Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long-term, the need to foster the Company's business relationships with its Manager and advisers, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct and the need to act fairly as between stakeholders of the Company.

DIRECTORS' REPORT
continued

In order to promote the success of the Company, the Board directs and supervises its affairs within a framework of effective controls which enable risk to be assessed and managed. A formal schedule of matters reserved for the Board has been established. The schedule is reviewed annually to ensure compliance with the latest regulatory requirements, best practice and the AIC Code and is available for inspection at the registered office of the Company, at the Company's correspondence address (see page 65), on the Company's section of the Manager's website (*www.invesco.co.uk/pigit*) and will be available at the AGM.

The main responsibilities of the Board include: setting policies and standards, ensuring that the Company's obligations to shareholders and others are understood and complied with, approving accounting and dividend policies, managing the capital structure, setting long-term objectives and strategy, assessing risk, reviewing investment performance, approving loans and borrowing, approving recommendations presented by the Company's respective committees, mitigating risks and the ongoing assessment of the Manager. The Board also seeks to ensure that shareholders are provided with sufficient information in order to understand the risk/reward balance to which they are exposed by holding their shares, through the details given in the annual and half-yearly financial reports, fact sheets and regulatory information service announcements including daily NAV disclosures.

The Board is committed to the prevention of corruption in the conduct of the Company's affairs and, taking account of the nature of the Company's business and operations, has put in place procedures that the Board considers adequate to prevent persons associated with it from engaging in or accepting bribery for and on behalf of the Company. The Board has a zero tolerance approach towards the facilitation of tax evasion.

To enable the Directors of the Board to fulfil their roles, the Manager ensures that all Directors have timely access to all relevant management, financial and regulatory information.

There is an agreed procedure for the Directors, in the furtherance of their duties, to take legal advice at the Company's expense up to an initial cost of £10,000 having first consulted with the Chairman.

Remuneration

The Board as a whole operates as a Remuneration Committee, including determining the Company's remuneration policy. The Board takes into account all factors which are deemed necessary in order to ensure that members of the Board are provided with appropriate compensation and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. The remuneration of Directors is reviewed periodically and reported on in more detail in the Directors' Remuneration Report on pages 33 to 35.

Nomination

The Board as a whole operates as a Nomination Committee. This includes regularly reviewing the composition of the Board and its committees and evaluating whether they have the appropriate balance of skills, experience, independence, diversity and knowledge and identifying suitable candidates when required. The appointment, re-election and tenure of Directors is explained on page 27.

The Audit Committee

The composition and activities of the Audit Committee are summarised in the Audit Committee Report on pages 22 to 24, which is included in this Directors' Report by reference.

The Management Engagement Committee (MEC)

The MEC comprises Richard Laing, Mike Balfour, Victoria Cochrane, Georgina Field and Alan Giles, all of whom are considered to be independent Directors. The Chairman of the MEC is Richard Laing. The MEC has written terms of reference which clearly define its responsibilities and duties. The terms of reference are reviewed at least annually to ensure compliance with the latest regulatory requirements, best practice and the AIC Code.

The MEC meets at least annually to review the investment management agreement with the Company's Manager and to review the services provided by the Manager and Company Secretary. The MEC's assessment of the Manager can be found on page 29.

Appointment, Re-election and Tenure of Directors

The Directors are responsible for reviewing the size, structure and skills of the Board and for considering any necessary changes or new appointments. The Board has a formal, rigorous and transparent procedure for the selection and appointment of Directors. In this regard, the Board adheres to the diversity policy set out on page 16.

The Board also considers the ability of any new director to devote sufficient time to the Company to carry out his or her duties effectively.

The Board may consider using an executive search consultancy or open advertising when seeking new candidates for appointment, or they may alternatively decide that candidates found from sources within the Company and through its advisers are of a sufficiently high quality. In 2018 the Board engaged Sapphire Partners, an independent consultancy, to assist in the recruitment of a new director, culminating with the appointment of Georgina Field.

On being appointed to the Board, Directors are fully briefed as to their responsibilities and are continually updated throughout their term in office on industry and regulatory matters. The Manager and the Board have formulated a programme of induction training for newly appointed Directors. They have also put arrangements in place to address ongoing training requirements of Directors which include briefings from key members of the Manager's staff and which ensure that Directors can keep up to date with new legislation and changing risks.

No Director has a formal contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment which are available for inspection at the registered office of the Company, at the Company's correspondence address (see page 65), on the Company's section of the Manager's website (*www.invesco.co.uk/pigit*) and will be available at the AGM.

It is the Board's policy that all Directors, including the Chairman, shall normally have tenure limited to nine years from their first appointment to the Board, except that the Board may determine otherwise if it is considered that the continued participation on the Board of an individual Director, or the Chairman, is in the best interests of the Company and its shareholders. This is also subject to the Director's re-election by shareholders. In accordance with the UK Code of Corporate Governance, subject to any Directors not seeking to continue in office, all Directors will offer themselves for re-election annually at the AGM. The Board considers that this policy encourages its regular refreshment and is conducive to fostering diversity of its constituents.

The Board confirms that the performance of the Directors continues to be effective and each Director demonstrates commitment to the role. The Board therefore recommends that shareholders support resolutions 2 to 7 relating to the re-election of Directors. In particular, the Board confirms that, as set out on page 25, Bob Yerbury, who has served for more than nine years, continues to be independent of the Manager and, with his knowledge and experience, provides a valuable contribution to the Board. The Board recommends that shareholders vote in favour of his continuation in the role for another year. It is currently planned that Mr Yerbury will retire from the Board in 2020.

Board, Committees and Directors' Performance Appraisal

The Board, Committees and Directors undertake a formal performance evaluation process annually. The Board's policy is that, in accordance with the UK Code, this evaluation should be externally facilitated every third year and an externally facilitated evaluation was conducted by Lintstock Limited, an independent service provider, in 2018. During the year under review the Board conducted an internal review using questionnaires. The findings of the review confirmed the previous year's evaluation result, including independence from the Manager, that the Directors individually, the Board as a whole and its committees function efficiently, that the composition of the Board is appropriately aligned to the Company's activities and that the Directors are able to effectively discharge their responsibilities to the Company and its members.

Attendance at Board and Committee Meetings

The Board meets on a regular basis at least five times each year. The following table sets out the number of scheduled meetings held during the year and the number of meetings attended by each Director or member of each Committee. In addition, Directors also attended several ad-hoc meetings between scheduled meetings.

DIRECTORS' REPORT
continued

	BOARD MEETINGS	AUDIT COMMITTEE MEETINGS	MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS
Number of meetings:	5	3	1
Meetings attended:			
Richard Laing	5	3(1)	1
Mike Balfour	5	3	1
Vivian Bazalgette(2)	2	1	–
Victoria Cochrane	5	3	1
Alan Giles	5	3	1
Bob Yerbury	5	–	1(3)
Georgina Field(4)	–	–	–

(1) Mr Laing is not a member of the Audit Committee, but attended the meetings by invitation.
(2) Mr Bazalgette attended all meetings up to his retirement on 17 July 2018.
(3) Mr Yerbury is not a member of the Management Engagement Committee but attended by invitation.
(4) Ms Field has attended all meetings since her appointment became effective on 1 May 2019.

Corporate Governance

The Corporate Governance Statement set out on page 21 is included in this Directors' Report by reference.

Directors

Directors' Remuneration and Disclosable Interests

The Directors' Remuneration Report on pages 33 to 35 provides information on the remuneration and interests of the Directors.

No Director was a party to, or had interests in, any contract or arrangement with the Company during the year or at the year end other than in respect of indemnification and insurance as set out below.

Conflicts of Interest

A Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or has the potential to conflict, with the Company's interests.

The Articles of Association of the Company give the Directors authority to authorise potential conflicts of interest and there are safeguards in place which will apply when Directors decide whether to do so. First, only Directors who have no interest in the matter being considered are able to take the relevant decision, and second, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors can impose limits or conditions when giving authorisation if they think this is appropriate.

The Directors are obliged to declare any potential conflicts of interest to the Company and these are recorded in the Company's register of potential conflicts. This is reviewed regularly by the Board.

Directors' Indemnification and Insurance

The Company maintains a Directors' and Officers' liability insurance policy.

A Deed of Indemnity has been executed by the Company under the terms of which, to the extent permitted by law and the Company's Articles of Association, the Company will indemnify the Directors against liabilities incurred in connection with their office as Directors of the Company and fund reasonable expenditure incurred by them in defending proceedings brought against them in connection with their position as Directors of the Company. The indemnity does not apply in certain circumstances, including to the extent that the costs are recoverable under the Directors' and Officers' liability insurance policy maintained by the Company or from any other insurance maintained by the Director.

The Manager

Investment Management Agreement and Management Fees

The Company has appointed the Manager, Invesco Fund Managers Limited, to provide investment management and administration services under an Investment Management Agreement (IMA) dated 22 July 2014 and subsequently amended by means of supplemental agreements. The IMA is terminable by either party giving not less than six months' notice. It provides for the Manager to receive a quarterly management fee based on the Company's funds under management at each quarter end of 0.15% up to and including £900 million and 0.10% per quarter above that level.

The management fee for the year to 31 March 2019 was £6,009,000 (2018: £6,310,000).

The Manager's Responsibilities

The Manager is generally responsible for the day-to-day investment management activities of the Company, seeking and evaluating investment opportunities and analysing the results of investee companies. The Manager has full discretion to manage the assets of the Company in accordance with the Company's stated Investment Policy as determined from time to time by the Board and approved by shareholders. The Manager also advises on currency and borrowings.

The Manager provides full company secretarial and administration services ensuring that the Company complies with all legal, regulatory and corporate governance requirements and attending on the Directors at Board meetings and shareholders' meetings. The Manager also maintains records of the Company's investment transactions and portfolio and all monetary transactions, from which the Manager prepares annual and half-yearly financial statements on behalf of the Company and various statistical reports and information throughout the year.

Assessment of the Manager

The performance of the Manager in the roles of investment manager, company secretary and administrator is subject to continual review by the Board and an annual review of the management contract is undertaken by the Management Engagement Committee.

The Management Engagement Committee has conducted a formal review of the Manager, including the rationale for and execution of the investment strategy being followed, the other services provided and the risk and corporate governance environment in which the Company operates. Notwithstanding recent performance, the Board understands and supports the Manager's consistent approach to the investment process and the strategy being followed and considers that the continuation of the management contract is in the best interests of shareholders as a whole.

Company Secretary

The Board has direct access to the advice and services of the corporate company secretary, Invesco Asset Management Limited, which is responsible for ensuring that the Board and Committee procedures are followed, that applicable rules and regulations are complied with and for advising the Board through the Chairman on all governance matters. The company secretary is also responsible to the Board for ensuring timely delivery of information and reports, that the statutory obligations of the Company are met and acts as a contact for shareholders. The company secretary ensures that all non-spam correspondence addressed to the Company is reported to the Board and dealt with in a timely manner. The appointment and ongoing assessment and review of the company secretary are matters for the Board as a whole.

Stewardship

The Board considers that the Company has a responsibility as a shareholder towards ensuring that high standards of corporate governance are maintained in the companies in which it invests. To achieve this, the Board does not seek to intervene in daily management decisions, but aims to support high standards of governance and, where necessary, will take the initiative to ensure those standards are met. The principal means of putting shareholder responsibility into practice is through the exercise of voting rights. The Company's voting rights are exercised on an informed and independent basis.

The Company's stewardship functions have been delegated to the Manager. The Manager has adopted a clear and considered policy towards its responsibility as a shareholder on behalf of the Company. As part of this policy, the Manager takes steps to satisfy itself about the extent to which the companies in which it invests look after shareholders' value and comply with local recommendations and practices, such as the UK Corporate Governance Code. A copy of the Manager's Stewardship Policy, which is updated annually, can be found at *www.invesco.co.uk*.

Relations with Shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the annual and half-yearly financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its

DIRECTORS' REPORT
continued

results. This information is supplemented by the publication of monthly factsheets and the NAV of the Company's ordinary shares, which is published daily via the London Stock Exchange and on the Company's section of the Manager's website at *www.invesco.co.uk/pigit*.

A presentation is made by the Manager following the main business of the AGM each year. Shareholders have the opportunity to communicate directly with the Directors at the AGM. All shareholders are encouraged to attend the AGM.

It is the intention of the Board that the annual financial report and the notice of the AGM be issued to shareholders so as to provide twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so, either on the reverse of the proxy card, via the Manager's website (*www.invesco.co.uk/pigit*) or in writing to the Company Secretary at the address given on page 65. At other times the Company responds to queries from shareholders on a range of issues.

There is a clear channel of communication between the Board and the Company's shareholders via the Company Secretary. The Company Secretary has no express authority to respond to enquiries addressed to the Board and all such communication, other than junk mail, is redirected to the Chairman or SID as appropriate.

There is a regular dialogue with individual major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to develop a balanced understanding of their issues and concerns. General presentations to both institutional shareholders and analysts follow the publication of the annual financial results. All meetings between the Manager and major shareholders are reported to the Board.

Shareholders can visit the Company's section of the Manager's website (*www.invesco.co.uk/pigit*) in order to access copies of annual and half-yearly financial reports, pre-investment information, key information document (KID), shareholder circulars, factsheets, Stock Exchange announcements, schedule of matters reserved for the Board, terms of reference of Board Committees, Directors' letters of appointment, the Company's share price and any proxy voting results.

Disclosures Required by Listing Rule 9.8.4

The above rule requires listed companies to report certain information in a single identifiable section of their annual financial reports. None of the prescribed information is applicable to the Company in the year under review.

Going Concern

The 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 taken as 12 months after the signing of the balance sheet for the same reasons as set out in the Viability Statement on page 16. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments; the ability of the Company to meet all of its liabilities (including the £60 million senior secured notes, repayable in May 2029) and ongoing expenses from its assets; revenue forecasts; and future dividend payments.

Individual Savings Account (ISA)

The ordinary shares of the Company are qualifying investments under applicable ISA regulations.

Greenhouse Gas Emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Share Capital

Capital Structure

As at 31 March 2019, the Company's share capital comprised 240,432,350 ordinary shares of 10p each, of which 1,020,000 were held in treasury. Movements in share capital over the course of the year are set out in note 13 to the financial statements on page 53. Since the year end, 965,000 ordinary shares have been bought back, into treasury, at an average price of 329.0p.

Restrictions

There are no restrictions concerning the transfer of ordinary shares in the Company, no special rights with regard to control attached to said securities, no agreements between holders regarding their transfer known to the Company, no restrictions on the distribution of dividends and the repayment of capital, and no agreements to which the Company is a party that might affect its control following a successful takeover bid.

Voting

At a general meeting of the Company every ordinary shareholder present in person or by proxy has one vote on a show of hands and on a poll one vote for each ordinary share held. The notice of general meeting specifies deadlines for exercising voting rights.

Repurchase Powers

The power to repurchase up to 36,040,809 (14.99%) of shares in issue was granted at the last annual general meeting. Power to repurchase up to 35,020,809 shares remained unutilised at the year end. A resolution to renew this authority will be put to shareholders at the forthcoming annual general meeting.

Substantial Shareholders

The Company was aware of the following holdings of 3% and over of the Company's ordinary share capital:

	AS AT 30 APRIL 2019		AS AT 31 MARCH 2019		AS AT 31 MARCH 2018	
	HOLDING	%	HOLDING	%	HOLDING	%
The Share Centre	29,046,587	12.2	29,002,854	12.1	31,344,593	13.0
Hargreaves Lansdown	21,751,980	9.1	21,833,803	9.1	21,962,235	9.1
1607 Capital Partners	14,847,806	6.2	14,847,806	6.2	13,067,430	5.4
Rathbones	13,540,121	5.7	13,706,308	5.7	12,592,210	5.2
Brewin Dolphin	11,664,317	4.9	11,837,024	4.9	13,590,054	5.7
Charles Stanley	10,816,784	4.5	10,806,667	4.5	11,360,665	4.7
Alliance Trust Savings	9,957,151	4.2	9,991,376	4.2	10,447,804	4.4
Investec Wealth & Investment	7,386,521	3.1	7,557,013	3.2	8,917,988	3.7
Aberdeen Standard Investments	7,338,661	3.1	7,335,097	3.1	6,179,028	2.6

Annual General Meeting (AGM)

The following summarises the business of the forthcoming AGM of the Company, which is to be held at 43-45 Portman Square, London W1H 6LY at 11.00am on 16 July 2019. Refreshments will be provided. The Notice of the AGM and related notes can be found on pages 60 to 63.

Ordinary Business:

Resolution 1 is for members to receive this Annual Financial Report, including the financial statements and Auditor's Report.

Resolution 2 is to re-elect Mike Balfour as a Director of the Company. Mr Balfour brings to the Board his expertise and experience as an investment management professional and as a director of investment trusts, which continue to benefit the activities of the Board.

Resolution 3 is to re-elect Victoria Cochrane as a Director of the Company. Ms Cochrane is an able chair of the Audit Committee and her expertise in corporate governance and risk management is particularly valued by, and continues to benefit, the Board.

Resolution 4 is to re-elect Alan Giles as a Director of the Company. Mr Giles' extensive boardroom experience, in the retail and other commercial sectors, broadens the Board's overall expertise and continues to be beneficial.

Resolution 5 is to re-elect Richard Laing as a Director of the Company. Mr Laing's financial and investment background together with his experience as a chairman and director of investment companies is particularly valuable to the Board.

DIRECTORS' REPORT
continued

Resolution 6 is to re-elect Bob Yerbury as a Director of the Company. Mr Yerbury's analytical abilities and the oversight allowed by his experience as a manager of investment management professionals is of great benefit to the Board.

Resolution 7 is to elect Georgina Field as a Director of the Company. Ms Field's background and expertise in marketing within the financial sector will be a valuable attribute for the Board.

Resolution 8 is to approve the Company's dividend payment policy, which is set out on page 13. This resolution, which is advisory, is being proposed since shareholders would not otherwise have the opportunity to vote on dividends since all are declared as interim dividends in order for them to be paid according to the established quarterly timeframe.

Resolution 9 is to approve the Annual Statement and Report on Remuneration. It is mandatory for listed companies to put their Annual Statement and Report on Remuneration to an advisory shareholder vote. The Annual Statement and Report on Remuneration are set out on pages 33 to 35 of this Annual Financial Report.

Resolution 10 and 11 are to approve the re-appointment of Ernst & Young LLP as the Company's auditor and to authorise the Audit Committee to fix their remuneration.

Special Business:

Three resolutions are being proposed in relation to share issuance and buybacks, which are all to renew authorities previously granted. These will, if passed, expire at the AGM in 2020, or 15 months after the resolution is passed if that is earlier. The first of these will be proposed as an ordinary resolution, so will be passed if more than 50% of the votes cast are in favour. The other two will be proposed as special resolutions, which means at least 75% of the votes cast must be in favour for them to pass. These authorities provide the Board with flexibility to deal with share overhangs or shortages in the market.

Resolution 12 (ordinary) is to renew the Directors' authority to allot shares subject to pre-emption, which means that they must be first offered to all existing shareholders, such as by means of a rights issue, up to an aggregate nominal value of £2,384,473 (10% of the Company's issued share capital excluding shares held in treasury at 28 May 2019).

Resolution 13 (special) is to renew the Directors' authority to disapply pre-emption rights on shares issued for cash up to an aggregate nominal value of £2,384,473 (10% of the Company's issued share capital excluding shares held in treasury at 28 May 2019). This will allow shares to be issued to new shareholders without them first having to be offered to existing shareholders, thus broadening the shareholder base of the Company. This authority will not be exercised at a price below NAV so the interests of existing shareholders are not diluted.

Resolution 14 (special) is to renew the authority for the Company to purchase its own shares up to 14.99% of the Company's issued share capital excluding shares held in treasury as at the date of the AGM, subject to the restrictions referred to in the notice of the AGM (equivalent to 35,743,257 shares at 28 May 2019), either to be cancelled or, alternatively, to be held as treasury shares with a view to their resale, if appropriate, or later cancellation. Any resale of treasury shares will be on terms that are in the best interests of shareholders.

Resolution 15 (special) is to renew the Company's permission to hold general meetings (other than annual general meetings) on 14 days notice, which is the minimum notice period permitted by the Companies Act 2006. The EU Shareholder Rights Directive increases the minimum notice period to 21 days unless two conditions are met. The first condition is that the Company offers facilities for shareholders to vote by electronic means. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days, hence this resolution being proposed. It is intended that this flexibility will be used only where the Board believes it is in the interests of shareholders as a whole.

The Directors have carefully considered all resolutions proposed in the Notice of AGM (set out on pages 60 to 63) and, in their opinion, consider them to be in the best interests of shareholders as a whole.

The Directors therefore recommend that shareholders vote in favour of all the resolutions.

By order of the Board
Invesco Asset Management Limited
Company Secretary

29 May 2019

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Directors present this Remuneration Report which has been prepared under the requirements of Schedule 8 to the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013 and in accordance with the Listing Rules of the Financial Conduct Authority. An ordinary resolution for approval of the Annual Statement and Report on Remuneration (advisory) will be put to shareholders at the Annual General Meeting.

The Company's auditor is required to audit certain of the disclosures provided in this Report. Where disclosures have been audited, they are indicated in this Report. The independent auditor's opinion is included on pages 37 to 42.

Remuneration Responsibilities

The Board has resolved that a remuneration committee is not appropriate for a company of this nature with a Board of this size. Remuneration is therefore regarded as part of the Board's responsibilities to be addressed regularly. All Directors are non-executive and all participate in meetings of the Board at which Directors' remuneration is considered.

Directors' Remuneration Policy

The Directors' Remuneration Policy was last approved by shareholders at the AGM on 17 July 2018 and became effective on that date.

Fees for directors are determined by the Board within the limit stated in the Company's Articles of Association (Articles). The Articles limit the aggregate fees to £200,000 per annum, and any change to this limit would require shareholder approval by special resolution.

The Directors' Remuneration Policy is that the remuneration of Directors should be fair and reasonable in relation to that of other investment trusts and to the time commitment and responsibilities of Directors; and be sufficient to retain and motivate appointees, as well as ensure that candidates of a high calibre are recruited to the Board but not be more than necessary for the purpose. The remuneration of Directors must also take into consideration any committee memberships and chairmanship duties.

Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in the performance of their duties. Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors are not entitled to exit payments or any compensation for loss of office. Directors do not have service contracts. Directors are appointed under letters of appointment, copies of which are available for inspection at the registered office of the Company.

Notwithstanding the above, the Company's Articles also provide that additional discretionary payments can be made for services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director.

The level of Directors' remuneration is reviewed annually, although such review will not automatically result in any changes. Any Director undertaking more than one role will receive only the higher of the fees due for the roles they hold.

The Board may amend the remuneration paid to Directors within the parameters of the Directors' Remuneration Policy.

This Directors' Remuneration Policy will apply to any new Directors, who will be paid the appropriate fee based on the Directors' fees level in place at the date of appointment.

The Board consider, where raised, shareholders' views on directors' remuneration.

The Company has no employees and consequently has no policy on the remuneration of employees.

Annual Statement on Directors' Remuneration

During the year to 31 March 2019, the Directors were paid fees at the following rates: Chairman, £37,500; Audit Committee Chairman, £31,250; Senior Independent Director, £29,000; and the other Directors, £25,000. Directors' remuneration received in the current year and prior year are set out on page 34.

The Director's fees have not changed since 1 April 2014 and after a review during the year the Board concluded that the current level of remuneration continued to be appropriate. No external advice was commissioned. No discretionary payments were made in the year, or the previous year.

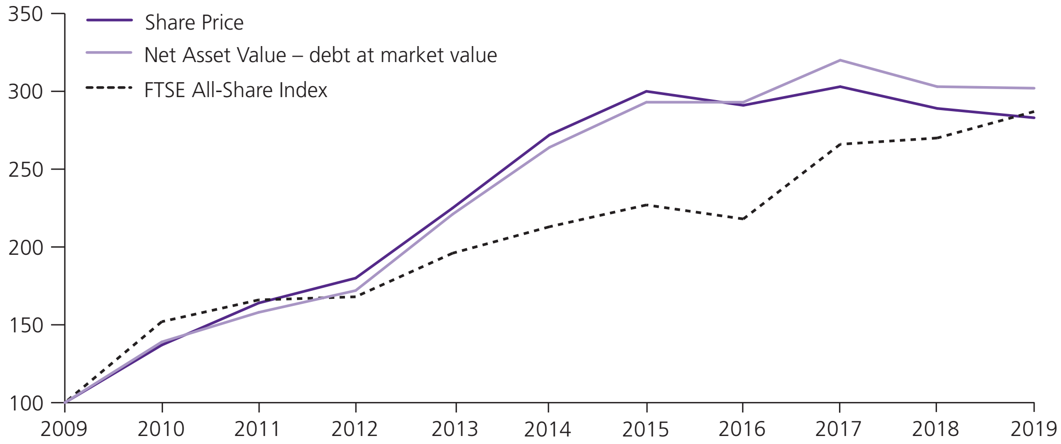
DIRECTORS' REMUNERATION REPORT
continued

Report on Remuneration for the Year Ended 31 March 2019

The Company's Performance

The graph below plots, in annual increments, the net asset value total return and share price total return to ordinary shareholders compared to the total return of the FTSE All-Share Index over the ten years to 31 March 2019. This index is the benchmark adopted by the Company for comparison purposes.

Figures have been rebased to 100 at 31 March 2009.



Single Total Figure of Remuneration for the year (Audited)

The single total figure of remuneration for each Director is detailed below, together with the prior year comparative:

	2019 FEES £	2019 TAXABLE BENEFITS[1] £	2019 TOTAL £	2018 FEES £	2018 TAXABLE BENEFITS[1] £	2018 TOTAL £
Richard Laing (appointed Chairman 11 July 2017)	37,500	600	38,100	35,800	485	36,285
Bill Alexander (retired 11 July 2017)	—	—	—	10,500	—	10,500
Vivian Bazalgette (retired 17 July 2018)	8,581	—	8,581	29,000	—	29,000
Victoria Cochrane (appointed Chairman of the Audit Committee 11 July 2017)	31,250	—	31,250	29,600	—	29,600
Alan Giles (appointed Senior Independent Director 17 July 2018)	27,827	—	27,827	25,000	—	25,000
Bob Yerbury	25,000	—	25,000	25,000	—	25,000
Mike Balfour (appointed 2 January 2018)	25,000	1,481	26,481	6,200	—	6,200
	155,158	2,081	157,239	161,100	485	161,585

(1) Taxable benefits relate to grossed up costs of travel.

Directors' Shareholdings and Share Interests (Audited)

The beneficial interests of the Directors in the share capital of the Company are set out below:

ORDINARY SHARES	2019 ORDINARY SHARES	2018 ORDINARY SHARES
Mike Balfour	20,000	20,000
Victoria Cochrane	10,000	10,000
Georgina Field	—	—
Alan Giles	10,000	10,000
Richard Laing	10,000	10,000
Bob Yerbury	10,000	10,000

Save as aforesaid, no Director had any interests, beneficial or otherwise, in the ordinary shares or debenture stock of the Company during the year. No changes to these holdings have been notified since the year end. No connected person interests have been notified.

Directors hold shares in the Company at their discretion. Share ownership is encouraged, but no guidelines have been set.

Relative Importance of Spend on Pay

The Company has no employees. The following table compares the remuneration paid to the non-executive Directors with aggregate distributions to shareholders in respect of the year to 31 March 2019 and the prior year:

	2019 £'000	2018 £'000	CHANGE £'000
Aggregate Directors' Remuneration	157	162	–5
Aggregate Shareholder Distributions	34,695	35,344	–649

Voting at Past Annual General Meetings

The resolutions put to shareholders on 17 July 2018 to approve the Annual Statement and Report on Directors' Remuneration and the Directors' remuneration policy were passed by show of hands. The proxy votes registered (including votes at the Chairman's discretion) were as follows:

	VOTES FOR	%	VOTES AGAINST	%	VOTES WITHHELD
Annual Statement and Report on Remuneration	79,101,236	99.7	241,687	0.3	69,746
Directors' Remuneration Policy	79,062,713	99.6	277,769	0.4	72,187

Approval

This Directors' Remuneration Report was approved by the Board of Directors on 29 May 2019.

Richard Laing
Chairman

Signed on behalf of the Board of Directors

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in respect of the preparation of the Annual Financial Report

The Directors are responsible for preparing the annual financial report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with UK Accounting Standards, including FRS 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*'.

Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, a Directors' Remuneration Report and a Corporate Governance Statement that comply with that law and those regulations.

The Directors of the Company each confirm to the best of their knowledge, that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and
- this annual financial report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the annual financial report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board of Directors

Richard Laing
Chairman
29 May 2019

Electronic Publication

The annual financial report is published on *www.invesco.co.uk/pigit* which is the Company's section of the Manager's website. The work carried out by the auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PERPETUAL INCOME AND GROWTH INVESTMENT TRUST PLC

Opinion

We have audited the financial statements of Perpetual Income and Growth Investment Trust PLC ('the Company') for the year ended 31 March 2019 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes to the Financial Statements 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 14 to 15 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 14 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 30 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 16 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

INDEPENDENT AUDITOR'S REPORT
continued

Overview of our audit approach

Key audit matters	• Incomplete and inaccurate revenue recognition, including classification of items as revenue or capital. • Incorrect valuation and or defective title of the investment portfolio.
Materiality	• Overall materiality of £8.8 million which represents 1% of net asset value.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk:
Incomplete and inaccurate revenue recognition, including classification of items as revenue or capital Income is received primarily in the form of dividends from the listed equity investments. Dividend income for the year totalled £39.1 million (2018: £39.3 million). The investment income earned by the Company during the year directly affects the Company's ability to pay a dividend to shareholders. There is therefore a risk of incomplete or inaccurate recognition of revenue. In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as "revenue" or "capital". Special dividends of £1.2 million were received (2018: £16.1 million), of this £0.6 million were treated as capital (2018: £14.1 million).	● Performed walkthrough procedures to gain an understanding of Invesco Fund Managers Limited's ('the Manager') and Bank of New York Mellon (International) Limited's ('the Administrator') processes and controls surrounding revenue recognition including the allocation of special dividends. ● Agreed 100% of dividends received and receivable from quoted investments per the income report to an independent source; for a sample of these items we recalculated the total consideration and verified the cash receipts to bank statements. ● Agreed a sample of dividends paid on investments held during the year from an independent source to the income report as a test of completeness. ● Agreed 100% of accrued dividends to an independent source to assess whether the dividend revenue was earned prior to 31 March 2019. ● Performed a review of the income report, dividend report and capital report. Assessed the completeness of special dividends through checking that items above our testing threshold are correctly recorded as special or otherwise. ● For the three special dividends we have validated the appropriateness of management's allocation between revenue and capital through reviewing announcements from the investee companies. ● Agreed the dividend rates for all special dividends received as per the underlying financial records to an independent source and agreed the consideration to bank statements as supporting documentation. ● Tested for the risk of management override through agreeing all manual journal entries posted to the income account to the income report and corroborating their business purpose and rationale.
Key observations communicated to the Audit Committee Based on the work performed we concluded that special dividends were correctly recorded with two special dividends (£0.6 million) being recorded as revenue and one special dividend (£0.6 million) being recorded as capital. We brought no matters to the attention of the audit committee.	

Risk	Our response to the risk:
Incorrect valuation and or defective title of the investment portfolio The investment portfolio totalled £1,017.2 million (2018: £1,048.2 million) of which £16.8 million was held in unlisted investments (2018: £34.0 million). All investments are held independently by the Custodian and reconciled by the Depositary (both The Bank of New York Mellon (International) Limited) to the Company's own records. Quoted investments are valued at bid price at the close of business on the relevant date on the exchange on which they are listed. Unquoted investments are valued at fair value by the Directors. The Company price unquoted investments in line with the International Private Equity and Venture Capital Guidelines. The incorrect valuation of the investment portfolio, including incorrect application of exchange rates, and the risk of misappropriation of assets or the assessment of stock liquidity, could have a significant impact on the financial statements.	**Quoted** ● Agreed 100% of quoted investment valuations to an independent pricing vendor. ● Reviewed the stale pricing report to identify illiquid or non-priced securities. Where securities were flagged as stale we challenged whether their price did indeed represent fair value. ● Obtained independent confirmation from the Custodian and Depositary of all investments held at the year-end. Agreed the confirmations to the Company's records. ● Agreed all of the foreign exchange rates used at the Balance Sheet date to convert the portfolio to Sterling to an independent source. **Unquoted** There was one investment that constituted £13.9 million of the £16.8 million unquoted investments balance. As such the focus of our audit testing on unquoted investments is on this investment. We performed the following procedures: ● Reviewed the Invesco Pricing Committee papers and corroborated the last traded price and NAV of the investee Company to supporting documentation. ● Discussed the valuation technique with the Manager and challenged whether this was appropriate. ● Confirmed that the investment valuation was performed in accordance with the Company's accounting policies as set out in the Company's financial statements.
Key observations communicated to the Audit Committee Based on the work performed we have no matters to report to the Audit committee.	

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £8.8 million (2018: £9.2 million), which is 1% (2018: 1%) of net assets. We believe that net assets is the most appropriate measure as it is the primary measure that investors use to assess the performance of the Company.

During the course of our audit, we reassessed initial materiality and made no changes to the basis of calculation from our original assessment at the planning stage.

INDEPENDENT AUDITOR'S REPORT

continued

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £6.6 million (2018: £6.9 million). We have set performance materiality at this percentage due to the absence significant errors noted in the current and prior year audits.

Given the importance of the distinction between revenue and capital for the Company we also apply a separate, lower performance materiality of £1.8 million (2018: £1.8 million) for the revenue column of the Income Statement being 5% of the revenue return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.4 million (2018: £0.5 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report as set out on pages 1 to 69 other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 36 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on page 22 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 21 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT
continued

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the AIC SORP and Section 1158 of the Corporation Tax Act 2010.
- We understood how Perpetual Income and Growth Investment Trust plc is complying with those frameworks through discussions with the Audit Committee and Company Secretary in combination with a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. Given the activities of the Company, we consider management override as being most likely to occur in the first key audit matter being the risk of Incomplete and inaccurate revenue recognition, including classification of items as revenue or capital. Our procedures stated above are designed to address this risk.
- Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.
- We have reviewed that the Company's control environment is adequate for the size and operating model of such a listed investment company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the Company on 8 March 2016 to audit the financial statements for the year ending 31 March 2016 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 31 March 2016 to 31 March 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Williams *(Senior statutory auditor)*
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

29 May 2019

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2019 REVENUE £'000	2019 CAPITAL £'000	2019 TOTAL £'000	2018 REVENUE £'000	2018 CAPITAL £'000	2018 TOTAL £'000
Losses on investments held at fair value	9	—	(31,748)	(31,748)	—	(96,578)	(96,578)
Foreign exchange losses		—	(2)	(2)	—	(240)	(240)
Income	2	39,222	577	39,799	39,420	14,126	53,546
Investment management fees	3	(1,803)	(4,206)	(6,009)	(1,893)	(4,417)	(6,310)
Other expenses	4	(629)	(1)	(630)	(699)	(1)	(700)
Net return before finance costs and taxation		36,790	(35,380)	1,410	36,828	(87,110)	(50,282)
Finance costs	5	(1,067)	(2,489)	(3,556)	(1,006)	(2,349)	(3,355)
Return on ordinary activities before taxation		35,723	(37,869)	(2,146)	35,822	(89,459)	(53,637)
Tax on ordinary activities	6	(697)	—	(697)	(535)	—	(535)
Return on ordinary activities after taxation for the financial year		35,026	(37,869)	(2,843)	35,287	(89,459)	(54,172)
Return per ordinary share:							
Basic	7	14.60p	(15.79)p	(1.19)p	14.68p	(37.21)p	(22.53)p

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 year.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
At 31 March 2017	24,043	265,233	692,295	31,394	1,012,965
Return on ordinary activities	—	—	(89,459)	35,287	(54,172)
Dividends paid – note 8	—	—	—	(34,864)	(34,864)
At 31 March 2018	24,043	265,233	602,836	31,817	923,929
Return on ordinary activities	—	—	(37,869)	35,026	(2,843)
Dividends paid – note 8	—	—	—	(35,968)	(35,968)
Shares bought back and held in treasury	—	—	(3,572)	—	(3,572)
At 31 March 2019	24,043	265,233	561,395	30,875	881,546

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH

	NOTES	2019 £'000	2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	1,017,184	1,048,211
Current assets			
Debtors	10	5,296	8,486
		5,296	8,486
Creditors: amounts falling due within one year			
Other payables	11	(2,661)	(6,386)
Bank overdraft	11	(33,704)	(26,856)
Bank loan	11	(45,000)	(40,000)
		(81,365)	(73,242)
Net current liabilities		(76,069)	(64,756)
Total assets less current liabilities		941,115	983,455
Creditors: amounts falling due after more than one year	12	(59,569)	(59,526)
Net assets		881,546	923,929
Capital and reserves			
Share capital	13	24,043	24,043
Share premium	14	265,233	265,233
Capital reserve	14	561,395	602,836
Revenue reserve	14	30,875	31,817
Shareholders' funds		881,546	923,929
Net asset value per ordinary share – basic			
– debt at par	15	368.2p	384.3p
– debt at market value	15	363.2p	380.1p

These financial statements were approved and authorised for issue by the Board of Directors on 29 May 2019.

Richard Laing
Chairman
Signed on behalf of the Board of Directors

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

Accounting policies describe the Company's approach to recognising and measuring transactions during the year and the position of the Company at the year end.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the year and the preceding year, unless otherwise stated.

(a) Basis of Preparation

Accounting Standards applied

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) and with 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.

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.

(b) Foreign Currency and Segmental Reporting

(i) *Functional and presentational currency*

The financial statements are presented in sterling, which is the Company's functional and presentational currency and the currency in which the Company's share capital and expenses, as well as the majority of its assets and liabilities, are denominated.

(ii) *Transactions and balances*

Transactions in foreign currencies, whether of a revenue or capital nature, are translated to sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities are translated to sterling at the rates of exchange ruling at the balance sheet date. Any gains or losses, whether realised or unrealised, are taken to the capital reserve or to the revenue reserve, depending on whether the gain or loss is of a capital or revenue nature. All gains and losses are recognised in the income statement.

(iii) *Segmental reporting*

The Directors are of the opinion that the Company is engaged in a single segment of business of investing in equity and debt securities, issued by companies quoted mainly on the UK or other regulated stock exchanges.

(c) Amounts recognised in Capital Reserves

The following are included in the income statement and recognised in capital: realised gains or losses on sales of investments; realised gains or losses on foreign currency and any forward currency contracts; management fees and finance costs allocated to capital; any other capital charges; and unrealised increases or decreases in the valuation of investments at the year end (including the related foreign exchange gains and losses).

(d) Financial Instruments

The Company has chosen to apply the provisions of Section 11 and 12 of FRS 102 in full in respect of the financial instruments.

(i) *Recognition of financial assets and financial liabilities*

The Company recognises financial assets and financial liabilities when the Company becomes a party to the contractual provisions of the instrument. The Company will offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Principal Accounting Policies (continued)

(d) Financial Instruments (continued)

(ii) *Derecognition of financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as an asset.

(iii) *Derecognition of financial liabilities*

The Company derecognises financial liabilities when its obligations are discharged, cancelled or expired.

(iv) *Trade date accounting*

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets.

(v) *Classification and measurement of financial assets and financial liabilities*

Financial assets

The Company's investments are classified as held at fair value through profit or loss.

Financial assets held at fair value through profit or loss are initially recognised at fair value, which is taken to be their cost, with transaction costs expensed in the income statement, and are subsequently valued at fair value.

Fair value for investments that are actively traded in organised financial markets is determined by reference to stock exchange quoted bid prices at the balance sheet date. For investments that are not actively traded or where active stock exchange quoted bid prices are not available, fair value is determined by reference to a variety of valuation techniques including broker quotes and price modelling. Where there is no active market, unlisted/illiquid investments are valued by the Directors at fair value based on recommendations from Invesco's Pricing Committee, which in turn is guided by the International Private Equity and Venture Capital Association Guidelines. The unlisted investment valuations are reviewed on a quarterly basis and at specific trigger events. These are evaluated using valuation techniques such as earnings multiples, recent arm's length transactions, net assets and milestones attained.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

(e) Cash and Cash Equivalents

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.

(f) Derivatives

Forward currency contracts may be entered into for hedging purposes and are valued at the appropriate forward exchange rate ruling at the balance sheet date. Profits or losses on the closure or revaluation of positions are recognised in the income statement and included in capital.

(g) Income

Dividend income arises from equity investments held and is recognised on the date investments are marked 'ex-dividend'. Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as income or capital in the income statement.

Deposit interest and underwriting commission receivable are taken into account on an accruals basis.

(h) Expenses and Finance Costs

Expenses are recognised on an accruals basis and finance costs are recognised using the effective interest method on financial liabilities held at amortised cost. Investment management fees and finance costs are recognised on an accruals basis and are charged 70% to capital and 30% to revenue. This is in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company. All other expenses are recognised in revenue.

(i) Taxation

The liability for corporation tax is based on net revenue for the year excluding non-taxable dividends. The tax charge is allocated between the revenue and capital account on the marginal basis whereby revenue expenses are matched first against taxable income in the revenue account.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred taxation assets are recognised where, in the opinion of the Directors, it is more likely than not that these amounts will be realised in future periods.

A deferred tax asset has not been recognised in respect of surplus management expenses and losses on loan relationships, as the Company is unlikely to have sufficient future taxable revenue to offset against these.

(j) Dividends

Dividends are not recognised in the financial statements unless there is an obligation to pay at the balance sheet date. Dividends are recognised in the year in which they are paid to shareholders.

2. Income

This note shows the income generated from the portfolio (investment assets) of the Company and income received from any other source.

	2019 £'000	2018 £'000
Income from investments		
UK dividends – ordinary	29,619	30,154
– special	576	1,959
Overseas dividends – ordinary	7,568	6,134
Scrip dividends	274	43
Unfranked investment income	1,038	975
	39,075	39,265
Other income		
Other	147	155
Total income	39,222	39,420

Special dividends of £577,000 have been recognised in capital (2018: £14,126,000).

NOTES TO THE FINANCIAL STATEMENTS
continued

3. Investment Management Fees

This note shows the fees due to the Manager which are calculated and paid quarterly.

	2019			2018		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Investment management fee	1,803	4,206	6,009	1,893	4,417	6,310

Details of the Investment Management Agreement can be found on pages 28 and 29. At 31 March 2019 £1,470,000 (2018: £1,500,000) was due for payment in respect of the investment management fee.

4. Other expenses

The other expenses of the Company are presented below; those paid to the Directors and the auditor are separately identified.

	2019			2018		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Directors' remuneration (i)	157	—	157	162	—	162
Fees payable to the Company's auditor for:						
– audit of the financial statements (ii)	28	—	28	27	—	27
Other expenses (iii)	444	1	445	510	1	511
	629	1	630	699	1	700

(i) Further information on Directors' remuneration is provided in the Directors' Remuneration Report.

(ii) Fees payable to the Company auditor are shown excluding VAT which is included in other expenses.

(iii) Included within other expenses is £15,000 (2018: £15,000) of employer's National Insurance paid on Directors' remuneration. As at 31 March 2019, the amounts outstanding on Directors' remuneration and employer's National Insurance was £22,000 (2018: £22,000). Other expenses charged to capital arise from custodian transaction charges.

5. Finance costs

Finance costs arise on any borrowing the Company has, being in this case the £60 million notes, overdraft and loan facility.

	2019			2018		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Interest payable on borrowings repayable as follows:						
Within 1 year, not by instalments:						
– bank overdraft	57	133	190	148	346	494
– loan	211	491	702	59	138	197
More than 1 year, not by instalments						
– Notes	799	1,865	2,664	799	1,865	2,664
	1,067	2,489	3,556	1,006	2,349	3,355

Loan notes are amortised on an effective interest basis.

6. Tax on ordinary activities

As an investment trust the Company pays no tax on capital gains. The Company also suffers no tax on income arising on UK and certain overseas dividends, mainly EU ones. As a result, the Company's tax charge arises solely from irrecoverable tax on overseas dividends. Lastly, this note clarifies the basis for the Company having no deferred tax asset or liability.

(a) Tax Charge

	2019			2018		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Overseas taxation	697	—	697	535	—	535

(b) Reconciliation of Tax Charge

	2019 £'000	2018 £'000
Return on ordinary activities before taxation	(2,146)	(53,637)
Theoretical tax at UK Corporation Tax rate of 19% (2018: 19%)	(408)	(10,191)
Effects of :		
– non-taxable investments losses	6,032	18,350
– non-taxable foreign exchange losses	—	46
– non-taxable UK dividends	(4,940)	(7,928)
– non-taxable UK special dividends	(219)	(372)
– non-taxable scrip dividends	(52)	(8)
– non-taxable overseas dividends	(1,334)	(1,166)
– accrued income taxable on receipt	(103)	(74)
– expenses in excess of taxable income	1,024	1,343
– irrecoverable overseas tax suffered	697	535
	697	535

(c) Factors That May Affect Future Tax Changes

The Company has excess management expenses and loan relationship deficits of £183,572,000 (2018: £178,726,000) that are available to offset future taxable revenue. A deferred tax asset, measured at the prospective rate of corporation tax of 17% of £31,207,000 (2018: 17%, £30,383,000) has not been recognised in respect of these expenses since they are recoverable only to the extent that the Company has sufficient future taxable revenue.

7. Return per Ordinary Share

Return per share is the amount of gain (or loss) generated for the financial year divided by the weighted average number of ordinary shares in issue.

	2019		2018	
	PENCE	£'000	PENCE	£'000
Returns after taxation:				
– revenue	14.60	35,026	14.68	35,287
– capital	(15.79)	(37,869)	(37.21)	(89,459)
– total	(1.19)	(2,843)	(22.53)	(54,172)

	2019 NUMBER	2018 NUMBER
Weighted average number of ordinary shares in issue during the year:	239,909,364	240,432,350

NOTES TO THE FINANCIAL STATEMENTS

continued

8. Dividends on Ordinary Shares

Dividends represent the return of income to shareholders. The Company pays four interim dividends a year.

Dividends on equity shares paid in the year:

	2019		2018	
	PENCE	£'000	PENCE	£'000
Fourth interim in respect of previous year	4.45	10,698	4.35	10,459
First interim paid	3.25	7,804	3.15	7,574
Second interim paid	3.25	7,784	3.15	7,574
Third interim paid	3.25	7,781	3.15	7,574
	14.20	34,067	13.80	33,181
Special dividend paid in respect of previous year	0.80	1,924	0.70	1,683
	15.00	35,991	14.50	34,864
Return of unclaimed dividends from previous years	—	(23)	—	—
	15.00	35,968	14.50	34,864

Dividends on equity shares payable in respect of the year:

	2019		2018	
	PENCE	£'000	PENCE	£'000
First interim paid September	3.25	7,804	3.15	7,574
Second interim paid December	3.25	7,784	3.15	7,574
Third interim paid March	3.25	7,781	3.15	7,574
Fourth interim payable June	4.75	11,326	4.45	10,698
Total interim dividends	14.50	34,695	13.90	33,420
Special dividend payable June	—	—	0.80	1,924
	14.50	34,695	14.70	35,344

9. Investments at Fair Value

The portfolio comprises investments which are listed, i.e. traded on a recognised stock exchange, and some unlisted investments.

Gains and losses are either:

- **realised, usually arising when investments are sold; or**
- **unrealised, being the difference from cost on those investments still held at the year end.**

(a) Investments

	2019 £'000	2018 £'000
Investments listed on a recognised stock exchange	1,000,337	1,014,210
Unlisted investments	16,847	34,001
Total investments	1,017,184	1,048,211
Opening valuation	1,048,211	1,164,903
Movements in year:		
Purchases at cost	184,242	181,963
Sales – proceeds	(183,521)	(202,077)
– net realised profits on sales	65,166	74,830
Movement in investment holding gains	(96,914)	(171,408)
Closing valuation	1,017,184	1,048,211
Closing book cost	(1,034,215)	(968,328)
Closing investment holding (losses)/gains	(17,031)	79,883
Net realised gains based on historical cost	65,166	74,830
Movement in investment holding gains	(96,914)	(171,408)
Losses on investments	(31,748)	(96,578)

(b) Transaction Costs

The transaction costs included in gains on investments consisted of £489,000 (2018: £757,000) on purchases and £252,000 (2018: £204,000) on sales.

(c) Significant holdings

At 31 March 2019 the Company had holdings of 3% or more of the number of shares in issue of the following investments:

NAME OF UNDERTAKING	COUNTRY OF INCORPORATION	INSTRUMENT	% HELD
Jaguar Health[UQ]	United States	'B' convertible preferred	21.7%
Jaguar Health[UQ]	United States	Indemnity shares	17.5%
Jaguar Health[UQ]	United States	'A' convertible preferred	10.9%
Real Estate Investors[AIM]	England and Wales	Ordinary shares	10.0%
Nimrod Sea Assets[UQ]	Guernsey	Ordinary shares	9.9%
Urban Exposure[AIM]	England and Wales	Ordinary shares	9.4%
SciFluor Life Sciences[UQ]	United States	'A' convertible preferred shares	9.3%
Diurnal[AIM]	England and Wales	Ordinary shares	9.1%
Hadrian's Wall Secured Investments	Guernsey	Ordinary shares	7.7%
Lombard Medical	Cayman Islands	US common stock	6.8%
Marwyn Value Investors	Cayman Islands	Ordinary shares	6.7%
infirst Healthcare[UQ]	England and Wales	'D' shares	6.7%
Aquis Exchange[AIM]	England and Wales	Ordinary shares	6.0%
Silence Therapeutics[AIM]	England and Wales	Ordinary shares	4.7%
Randall & Quilter[AIM]	Bermuda	Ordinary shares	4.3%
Secure Trust Bank	England and Wales	Ordinary shares	4.3%
Motif Bio[AIM]	England and Wales	Ordinary shares	3.8%
	England and Wales	American Depositary Receipt	3.8%
Horizon Discovery[AIM]	England and Wales	Ordinary shares	3.8%
Harworth	England and Wales	Ordinary shares	3.7%
McBride	England and Wales	Ordinary shares	3.5%
NewRiver REIT	England and Wales	Ordinary shares	3.1%

UQ: unquoted investment.
AIM: investments quoted on AIM.

NOTES TO THE FINANCIAL STATEMENTS
continued

10. Debtors

Debtors are amounts which are due to the Company, such as monies due from brokers for investments sold and income which has been earned (accrued) but not yet received.

	2019 £'000	2018 £'000
Amounts due from brokers	1,174	5,525
Tax recoverable	1,550	1,093
Prepayments and accrued income	2,572	1,868
	5,296	8,486

11. Creditors: amounts falling due within one year

Creditors are amounts which must be paid by the Company and are split between those due within 12 months of the balance sheet date (as shown in this note) and those due after that time (as shown in the next note).

	2019 £'000	2018 £'000
Amounts due to brokers	—	3,678
Accruals	2,661	2,708
Other payables	2,661	6,386
Bank overdraft	33,704	26,856
Bank loan	45,000	40,000
	81,365	73,242

The Company has an uncommitted bank overdraft facility of £80 million (2018: £80 million) and an uncommitted bank loan facility of £60 million (2018: £60 million) renewable on 20 November 2019, based in aggregate on the lower of 25% of net asset value of the Company and £140 million. Both are repayable on demand.

Interest is payable on both facilities at 0.7% over the Bank of England base rate. The covenants under both facilities require total assets to not fall below £620 million (2018: £620 million).

12. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
4.37% senior secured notes 2029	60,000	60,000
Unamortised issue costs	(431)	(474)
	59,569	59,526

The senior secured notes (Notes) of £60m were issued on 8 May 2014 and are secured by a floating charge over all the Company's assets and are redeemable at par on 8 May 2029.

The Notes have a fixed rate of 4.37% per annum payable biannually on 8 May and 8 November. Issue costs are amortised over the life of the Notes using the effective interest method.

The Notes are secured by a first floating charge over the Company's assets. Under the Notes Purchase Agreement, the net asset value (NAV) of the Company must not fall below £350 million and the Company must ensure that the ratio of gross borrowings (measured at par) to the NAV must not, at any time, exceed 50%.

13. Share Capital

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

	AT 31 MARCH 2019	AT AT 31 MARCH 2018
Share capital:		
Ordinary shares of 10p each (£'000)	23,941	24,043
Treasury shares of 10p each (£'000)	102	—
	24,043	24,043
Number of ordinary shares in issue:		
Brought forward	240,432,350	240,432,350
Shares bought back into treasury	(1,020,000)	—
Carried forward	239,412,350	240,432,350

During the year the Company bought back, into treasury, 1,020,000 ordinary shares at an average price of 347.7p.

A further 965,000 shares have been bought back into treasury, at an average price of 329.0p, since 31 March 2019.

The Directors' Report on pages 30 and 31 sets out the share capital structure, restrictions and voting rights.

14. Reserves

This note explains the different reserves attributable to shareholders. The aggregate of the reserves and share capital (see previous note) make up total shareholders' funds.

The share premium comprises the net proceeds received by the Company following the issue of shares, after deduction of the nominal amount of 10 pence and any applicable costs. The share premium is non-distributable.

Capital investment gains and losses are shown in note 9(a) and form part of the capital reserve. The revenue reserve shows the net revenue retained after payment of any dividends. The capital and revenue reserves are distributable by way of dividend.

15. Net Asset Value

The Company's total net assets (total assets less total liabilities) are often termed shareholders' funds and are converted into net asset value per ordinary share by dividing by the number of shares in issue.

The following table shows the shareholders' funds and net asset value (NAV) in pence per share, together with a reconciliation of the 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 loan notes 2029 (Notes).

The number of shares in issue at the year end is shown in note 13.

	2019 SHAREHOLDERS' FUNDS £'000	2019 NAV PER SHARE PENCE	2018 SHAREHOLDERS' FUNDS £'000	2018 NAV PER SHARE PENCE
NAV – debt at par	881,546	368.2	923,929	384.3
Notes – debt at par, after amortised costs (note 12)	59,569	24.9	59,526	24.7
– debt at market value (note 17)	(71,472)	(29.9)	(69,572)	(28.9)
NAV – debt at market value	869,643	363.2	913,883	380.1

Only the basic NAV is shown. There is no dilution in this or the previous year.

NOTES TO THE FINANCIAL STATEMENTS

continued

16. Risk Management and Financial Instruments

Financial instruments comprise the Company's investment portfolio, derivative financial instruments (if the Company had any), as well as any cash, borrowings, other receivables and other payables. This note sets out risks arising from these in terms of the Company's exposure and sensitivity, and any mitigation that the Manager or Board can take.

The Company's strategy for managing investment risk is determined with regard to the Company's Investment Policy, as shown on page 12. The management of market risk is part of the investment management process. The Company's portfolio is managed in accordance with the internal controls and risk management systems as described in the sections thereon in the Corporate Governance Statement (page 21) and in the Audit Committee Report (page 22). The overall disposition of the Company's assets is reviewed by the Board on a regular basis.

The Company's financial instruments comprise its investment portfolio (as shown on pages 17 and 18) cash, borrowings (including loan, overdraft and notes), debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. For the purpose of this note 'cash' should be taken to comprise cash and cash equivalents. The accounting policies in note 1 include criteria for the recognition and the basis of measurement applied for financial instruments. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The principal risks that an investment company faces in its portfolio management activities are set out below:

Market risk – arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk:

Currency risk – arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in foreign exchange rates;

Interest rate risk – arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates; and

Other price risk – arising from fluctuations in the fair value or future cash flows of a financial instrument for reasons other than changes in foreign exchange rates or market interest rates.

Liquidity risk – arising from any difficulty in meeting obligations associated with financial liabilities.

Credit risk – arising from financial loss for a company where the other party to a financial instrument fails to discharge an obligation.

Risk Management Policies and Procedures

The Directors have delegated to the Manager the responsibility for the day-to-day investment activities of the Company as more fully described in the Business Review.

As an investment trust the Company invests in equities and other investments for the long term so as to meet its investment objective and policies. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends. The risks applicable to the Company and the policies the Company used to manage these risks for the two years under review follow.

16.1 ***Market Risk***

The Company's Manager assesses the Company's direct exposure when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis. The Board meets at least quarterly to assess risk and review investment performance. No other derivative or hedging instruments are utilised to manage market risk. Gearing is used to enhance returns, but this also increases the Company's exposure to market risk and volatility.

16.1.1 *Currency risk*

The majority of the Company's assets, liabilities and income are denominated in sterling. There is some exposure to Euros, Swiss francs and US dollars.

Management of the currency risk

The Manager monitors the Company's direct exposure to foreign currencies on a daily basis and reports to the board on a regular basis.

Forward currency contracts can be used to reduce the Company's exposure to anticipated future changes in exchange rates which are used also to achieve the portfolio characteristics that assist the Company in meeting its investment objective and policies. All contracts are limited to currencies and amounts commensurate with the asset denominated in those currencies. During the year, no forward currency contracts were used by the Company (2018: none).

Income denominated in foreign currencies is converted to sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Currency exposure

The fair values of the Company's monetary items that have currency exposure at 31 March are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	31 MARCH 2019			31 MARCH 2018		
	EURO £'000	SWISS FRANC £'000	US DOLLAR £'000	EURO £'000	SWISS FRANC £'000	US DOLLAR £'000
Foreign currency exposure on net monetary items	145	1,405	814	56	1,037	207
Investments at fair value through profit or loss	—	53,877	28,460	—	43,222	35,887
Total net foreign currency	145	55,282	29,274	56	44,259	36,094

The above may not be representative of the exposure to risk during the year, because the levels of foreign currency exposure may change significantly throughout the year.

Currency sensitivity

The following table illustrates the sensitivity of the return after taxation for the year using exchange rates for sterling to Euros, Swiss francs and US dollars. It is based on the Company's monetary foreign currency financial instruments held at each balance sheet date and takes account of any forward foreign exchange contracts, if used, that offset the effects of changes in currency exchange rates.

The possible change in exchange rates of ±1.4% (2018: ±2.0%) for Euros, ±2.5% (2018: ±2.6%) for Swiss francs and ±2.8% (2018: ±3.4%) for US dollars has been determined based on market volatility in the year, using the standard deviation of sterling's fluctuation to the applicable foreign currency against the mean.

If sterling had strengthened, this would have had the following effect:

	31 MARCH 2019			31 MARCH 2018		
	EURO £'000	SWISS FRANC £'000	US DOLLAR £'000	EURO £'000	SWISS FRANC £'000	US DOLLAR £'000
Income statement – profit/(loss) after taxation						
Revenue return	(7)	(35)	(48)	(1)	(34)	(34)
Capital return	—	(1,347)	(797)	—	(1,124)	(1,220)
Total return after taxation for the year	(7)	(1,382)	(845)	(1)	(1,158)	(1,254)

If sterling had weakened to the same extent for the currencies above, the effect would have been the exact opposite.

In the opinion of the Directors, the above sensitivity analysis is not representative of the year as a whole, since the level of exposure may change frequently as part of the currency risk management process of the Company.

NOTES TO THE FINANCIAL STATEMENTS
continued

16. Risk Management and Financial Instruments (continued)

16.1 *Market Risk (continued)*

16.1.2 *Interest rate risk*

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings. When the Company has cash balances, they are held on variable rate bank accounts yielding rates of interest dependent on the base rate of the custodian. At the year end the Company had uncommitted bank facilities and senior secured loan notes, details of which are shown in notes 11 and 12. The Company uses the facilities when required at levels approved and monitored by the Board.

At the maximum overdraft and loan of £140 million, the effect of a ±1% in the interest rate would result in a decrease/increase to the Company's income statement of £1.4 million (2018: £1.4 million).

16.1.3 *Other price risk*

Other price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the equity investments, but it is the business of the Manager to manage the portfolio to achieve the best return for an acceptable level of risk.

Management of other price risk

The Directors manage the market price risks inherent in the investment portfolio by meeting regularly to monitor on a formal basis the Manager's compliance with the Company's stated objectives and policies and to review investment performance.

The Company's portfolio is the result of the Manager's investment process and as a result is not correlated with the Company's benchmark or the market in which the Company invests. The value of the portfolio will not move in line with the market but will move as a result of the performance of the company shares within the portfolio.

If the value of the portfolio rose or fell by 10% at the balance sheet date, the return after tax for the year would increase or decrease by £101.7 million (2018: £104.8 million) respectively.

16.2 *Liquidity risk*

Liquidity risk is minimised as the majority of the Company's investments are readily realisable securities which can be sold to meet funding commitments as necessary. In addition, the £140 million bank overdraft and loan facility provides for additional funding flexibility.

2019	LESS THAN THREE MONTHS £'000	THREE TO TWELVE MONTHS £'000	MORE THAN ONE YEAR £'000	TOTAL £'000
Bank overdraft	33,704	—	—	33,704
Bank loan	45,000	—	—	45,000
Notes	—	—	60,000	60,000
Interest on Notes	1,311	1,311	24,909	27,531
Accruals (excluding amount accrued on Notes)	1,627	—	—	1,627
	81,642	1,311	84,909	167,862

2018	LESS THAN THREE MONTHS £'000	THREE TO TWELVE MONTHS £'000	MORE THAN ONE YEAR £'000	TOTAL £'000
Bank overdraft	26,856	—	—	26,856
Bank loan	40,000	—	—	40,000
Notes	—	—	60,000	60,000
Interest on Notes	1,311	1,311	27,531	30,153
Accruals (excluding amount accrued on Notes)	1,674	—	—	1,674
Amount due to brokers	3,678	—	—	3,678
	73,519	1,311	87,531	162,361

16.3 ***Credit risk***

Encompasses the failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered. This risk is minimised by using only approved counterparties and transactions on a delivery versus payment basis. The Company's ability to operate in the short-term may be adversely affected if the Company's custodian suffers insolvency or other financial difficulties. However, with the support of the depositary's restitution obligation the risk of outright credit loss on the investment portfolio is remote. The Board reviews the custodian's annual controls report and the Manager's management of the relationship with the custodian. Cash balances are limited to a maximum of 1% of net assets with any one deposit taker, with only approved deposit takers being used. This limit is at the discretion of the Board and is reviewed on a regular basis. No cash was held at the year end (2018: £nil).

The maximum credit risk exposure arises from amounts due from brokers £1,174,000 (2018: £5,525,000) shown in note 10.

17. Fair Value

The values of the financial assets and financial liabilities are carried in the balance sheet at their fair value (investments), or the balance sheet amount is a reasonable approximation of fair value (amounts due from brokers, dividends receivable, accrued income, amounts due to brokers, accruals, cash and any drawings on the bank facilities) or at amortised cost (Notes).

Fair Value Hierarchy Disclosures

Nearly all of the Company's portfolio of investments are in the Level 1 category as defined in FRS 102, as amended for fair value hierarchy disclosures (March 2016). The three levels set out in this follow.

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities 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.

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The valuation techniques used by the Company are explained in the accounting policies note.

NOTES TO THE FINANCIAL STATEMENTS

continued

17. Fair Value (continued)

The investments in Level 3 are those shown as unquoted investments in the investment portfolio on pages 17 and 18 and are valued on the following basis as described in note 1(v):

Valuation techniques used for Level 3 investments

	2019 £'000	2018 £'000
Earnings multiples	—	9,776
Recent arm's length transactions	13,885	14,544
Net assets	121	159
Milestones or expected returns	2,841	9,522
	16,847	34,001

2019	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Financial assets designated at fair value through profit or loss:				
Quoted investments – equities	1,000,337	—	—	1,000,337
Unquoted investments	—	—	16,847	16,847
Total for financial assets	1,000,337	—	16,847	1,017,184

2018	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Financial assets designated at fair value through profit or loss:				
Quoted investments – equities	1,014,173	—	—	1,014,173
Other securities	—	37	—	37
Unquoted investments	—	—	34,001	34,001
Total for financial assets	1,014,173	37	34,001	1,048,211

During the year, the one level 2 investment in Barclays Bank – Nuclear Power Notes 28 February 2019 was redeemed (2018: £37,000).

The book cost and market value (fair value) of the senior secured loan notes based on a comparable quoted debt security at the balance sheet date is as follows:

	2019		2018	
	BOOK VALUE £'000	FAIR VALUE £'000	BOOK VALUE £'000	FAIR VALUE £'000
4.37% senior secured loan notes 2029	60,000	71,472	60,000	69,572
Discount on issue of Notes	(431)	—	(474)	—
	59,569	71,472	59,526	69,572

18. Capital Management

The Company's total capital employed at 31 March 2019 was £1,019,819,000 (2018: £1,050,311,000) comprising borrowings of £138,273,000 (2018: £126,382,000) and equity share capital and other reserves of £881,546,000 (2018: £923,929,000).

The Company's total capital employed is managed to achieve the Company's investment objective and policy as set out on page 12, including that borrowings may be used to raise equity exposure up to a maximum of 25% of net assets. At the balance sheet date, gross gearing was 17.3% (2018: 14.9%) and equalled net gearing. The Company's policies and processes for managing capital are unchanged from the preceding year.

The main risks to the Company's investments are shown in the Directors' Report under the 'Principal Risks and Uncertainties' section on pages 14 to 15. These also explain that the Company is able to gear and that gearing will amplify the effect on equity of changes in the value of the portfolio.

The Board can also manage the capital structure directly since it has taken the powers, which it is seeking to renew, to issue and buy back shares and it also determines dividend payments. The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by Section 1159 Corporation Tax Act 2010 and by the Companies Act 2006, respectively, and with respect to the availability of the bank facilities, by the terms imposed by the lender. The Board regularly monitors, and has complied with, the externally imposed capital requirements. This is unchanged from the prior year. Current year borrowings comprise drawings on uncommitted bank facilities and the principal outstanding on senior secured notes, details of which are given in notes 11 and 12.

19. Contingencies, Guarantees and Financial Commitments

Any liabilities the Company is committed to honour and which are dependent on future circumstances or events occurring would be disclosed in this note if any existed.

There were no other contingencies, guarantees or financial commitments outstanding at the balance sheet date.

20. Related Party Transactions and Transaction with the Manager

A related party is a company or individual who has direct or indirect control or who has significant influence over the Company and key management personnel (i.e. the Directors).

Under UK GAAP, the Company has identified the Directors as related parties. The Directors' remunerations and interests have been disclosed on pages 33 to 35 with additional disclosure in note 4. No other related parties have been identified.

Under UK GAAP, the Manager is not a related party. Details of the Manager's services and fees are disclosed in the Directors' Report on pages 28 and 29 and in note 3.

21. Post Balance Sheet Event

Any significant events that occurred after the balance sheet date but before the signing of the balance sheet will be shown here.

There are no significant post balance sheet events requiring disclosure.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Perpetual Income and Growth Investment Trust plc, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting (AGM) of Perpetual Income and Growth Investment Trust plc will be held at 43-45 Portman Square, London W1H 6LY at 11.00am on 16 July 2019 for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions all of which will be proposed as ordinary resolutions:

1. To receive the Annual Financial Report for the year ended 31 March 2019.
2. To re-elect Mike Balfour as a Director of the Company.
3. To re-elect Victoria Cochrane as a Director of the Company.
4. To re-elect Alan Giles as a Director of the Company.
5. To re-elect Richard Laing as a Director of the Company.
6. To re-elect Bob Yerbury as a Director of the Company.
7. To elect Georgina Field as a Director of the Company.
8. To approve the Company's dividend payment policy as set out on page 13 of this annual financial report.
9. To approve the Annual Statement and Report on Remuneration for the year ended 31 March 2019.
10. To re-appoint Ernst & Young LLP as auditor.
11. To authorise the Audit Committee to determine the auditor's remuneration.

Biographies of Directors seeking re-election are shown on page 13 of the annual financial report.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 12 will be proposed as an Ordinary Resolution and resolutions 13, 14 and 15 will be proposed as Special Resolutions:

12. THAT:

    the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 as amended from time to time prior to the date of the passing of this resolution (the 'Act') to exercise all powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount (within the meaning of Sections 551(3) and (6) of the Act) of £2,384,473, this being 10% of the Company's issued ordinary share capital excluding shares held in treasury as at 28 May 2019, such authority to expire at the conclusion of the next AGM of the Company or the date fifteen months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired.

13. THAT:

    the Directors be and they are hereby empowered, in accordance with Sections 570 and 573 of the Companies Act 2006 as amended from time to time prior to the date of the passing of this resolution (the 'Act') to allot equity securities for cash, either pursuant to the authority given by resolution 12 set out above or (if such allotment constitutes the sale of relevant shares which, immediately before the sale, were held by the Company as treasury shares) otherwise, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited:

    (a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of equity securities where the equity securities attributable respectively to the interests of all holders of securities of such class are either proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise); and

(b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £2,384,473, this being 10% of the Company's issued ordinary share capital excluding shares held in treasury as at 28 May 2019.

and this power shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this power shall allow the Company to make offers or agreements before the expiry as if the power conferred by this resolution had not expired; and so that words and expressions defined in or for the purposes of Part 17 of the Act shall bear the same meanings in this resolution.

14. THAT:

the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Companies Act 2006 as amended from time to time prior to the date of the passing of this resolution (the 'Act') to make market purchases (within the meaning of Section 693(4) of the Act) of its issued ordinary shares of 10p each in the capital of the Company ('Shares')

PROVIDED ALWAYS THAT:

(i) the maximum number of Shares hereby authorised to be purchased shall be 14.99% of the Company's issued ordinary shares excluding shares held in treasury on 16 July 2019, being the date of the AGM (equivalent to 35,743,257 shares at 28 May 2019);

(ii) the minimum price which may be paid for a Share shall be 10p;

(iii) the maximum price which may be paid for a Share must not be more than the higher of: (a) 5% above the average of the mid-market values of the Shares for the five business days before the purchase is made; and (b) the higher of the price of the last independent trade in the Shares and the highest then current independent bid for the Shares on the London Stock Exchange;

(iv) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);

(v) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution unless the authority is renewed at any other general meeting prior to such time;

(vi) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and

(vii) any shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of Sections 724 to 731 of the Act and any applicable regulations of the United Kingdom Listing Authority, be held (or otherwise dealt with in accordance with Section 727 or 729 of the Act) as treasury shares.

15. THAT:

the period of notice required for general meetings of the Company (other than AGMs) shall be not less than 14 clear days' notice.

The resolutions are explained further in the Directors' Report on pages 31 and 32.

Dated this 29th May 2019

By order of the Board

Invesco Asset Management Limited
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

continued

Notes:

1. A form of appointment of proxy accompanies this annual financial report.

   A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote in his stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a shareholder of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:

   - via Link Asset Services' website *www.signalshares.com*; or
   - in hard copy form by post, by courier or by hand to the Company's Registrars, Link Asset Services, The Registry, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   and in each case to be received by the Company not less than 48 hours before the time of the AGM.

   The appointment of a proxy (whether by completion of a form of appointment of proxy, or other instrument appointing a proxy or any CREST proxy instruction) does not prevent a shareholder from attending and voting at the AGM.

2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

3. A person entered on the Register of Shareholders on 14 July 2019 is entitled to attend and vote at the AGM pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Shareholders after such date shall be disregarded in determining the rights of any person to attend and/or vote at the AGM. If the AGM is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's Register of Shareholders 48 hours before the time fixed for the adjourned meeting.

4. The Register of Directors' Interests, the schedule of matters for the Board, the terms of reference of the Board committees and the letters of appointment for Directors will be available for inspection for at least 15 minutes prior to and during the Company's AGM.

5. A copy of the Company's Articles of Association is available for inspection at the Registered Office of the Company during normal business hours until the close of the AGM and will also be available at the AGM for at least 15 minutes prior to and during the meeting.

6. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the above rights of the shareholders in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

7. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
8. Any shareholder attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.
9. You may not use any electronic address (any address or number for the purposes of sending or receiving documents or information by electronic means) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
10. As at 28 May 2019 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital excluding shares held in treasury consists of 238,447,350 ordinary shares of 10p carrying one vote each. Therefore, the total voting rights in the Company as at that date are 238,447,350.
11. A copy of this notice (contained within the 2019 annual financial report), and other information required by Section 311A of the Companies Act 2006, can be found at *www.invesco.co.uk/pigit*.
12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006 (the 'Act'), the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's annual accounts and reports (including the Independent Auditor's Report and the conduct of the audit) that are to be laid before the AGM for the financial year beginning on 1 April 2018; or (ii) any circumstance connected with the auditor of the Company appointed for the financial year beginning on 1 April 2018 ceasing to hold office since the previous meeting at which annual financial reports were laid in accordance with Section 437 of the Act (in each case) that the shareholders propose to raise at the relevant AGM. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

SHAREHOLDER INFORMATION

Subscription Shares

Base cost for the calculation of taxation on capital gains

Trading in the subscription shares issued by the Company to qualifying shareholders commenced on 31 May 2005. Further to the details outlined in the prospectus, for the purposes of UK taxation, the issue of subscription shares is treated as a reorganisation of the Company's share capital. Whereas such reorganisations do not trigger a chargeable disposal for the purposes of capital gains, they do require shareholders to reallocate the base costs of their ordinary shares between ordinary shares and subscription shares acquired under the bonus issue.

At the close of business on 31 May 2005, the middle market prices of the Company's ordinary shares and subscription shares were as follows:

Ordinary Shares	190.25p
Subscription Shares	34.50p

Accordingly, an individual investor who, on 27 May 2005, held ten ordinary shares (or a multiple thereof) would have received a bonus issue of one subscription share (or the relevant multiple thereof) and would apportion the base cost of such holding 98.22% to the ten ordinary shares and 1.78% to the subscription shares.

If you need tax advice, you should contact a qualified tax professional.

The shares of Perpetual Income and Growth Investment Trust plc (the 'Company') are quoted on the London Stock Exchange.

Net Asset Value (NAV) Publication

The NAV of the Company is calculated by the Manager on a daily basis and is notified to the Stock Exchange on the following business day. It is published daily in the newspapers detailed below.

Share Price Listings

The price of your shares can be found in The Financial Times, Daily Telegraph and The Times.

In addition, share price information can be found on the London Stock Exchange website using the PLI ticker code, on the websites of most share dealing platforms, and on the Company's section of the Manager's website at www.invesco.co.uk/pigit

Manager's 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 annual financial report.

General Data Protection Regulation

All personal data held on shareholders is used for business purposes only and not for other purposes, such as marketing. The Company's privacy notice can be found at www.invesco.co.uk/pigit

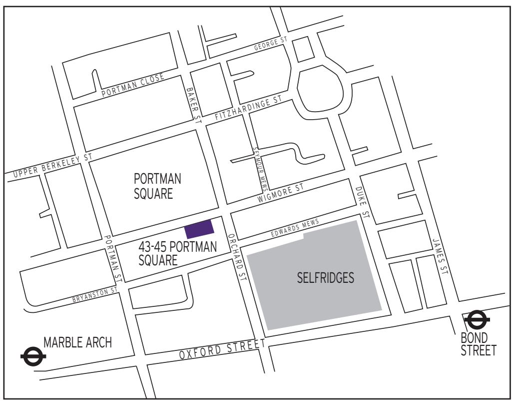
Financial Calendar

The Company publishes information according to the following calendar:

Announcements	
Annual Financial Report	June
Half-yearly Financial Report	November
Annual General Meeting	July
Year End	31 March
Ordinary Share Dividend Timetable	
1st interim payable	September
2nd interim payable	December
3rd interim payable	March
4th interim payable	June
Senior Secured Notes	
Interest payable on 4.37% Notes 2029	May/November

Location of Annual General Meeting (AGM)

The AGM will be held at 43-45 Portman Square, London W1H 6LY at 11.00am on 16 July 2019.



ADVISERS AND PRINCIPAL SERVICE PROVIDERS

All of the following were in place throughout the year.

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

Registered Office

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

Company Number

Registered in England and Wales
Number 3156676

Corporate Broker

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

Independent Auditor

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY

Depositary, Custodian & Banker

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

Invesco Client Services

Invesco has a Client Services Team available from 8.30am to 6.00pm Monday to Friday (excluding UK Bank Holidays).

Please feel free to take advantage of their expertise by ringing
☎ 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 Registrar on:
☎ 0871 664 0300.

Calls cost 12p per minute plus your phone company's access charge.

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

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

Link Asset Services provide an on-line and telephone share dealing service 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 cost 12p per minute plus your phone company's access charge.

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 8.00am to 4.30pm, Monday to Friday (excluding Bank Holidays).

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

The Association of Investment Companies

The Company is a member of the Association of Investment Companies.
Contact details are as follows:
☎ 020 7282 5555.
Email: enquires@theaic.co.uk
Website: www.theaic.co.uk

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measure (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 years ended 31 March 2018 and 2019.

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 most often referred to in this annual financial report is the FTSE All-Share Index.

Discount or 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 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 net asset value of that share. In this annual financial report the discount is expressed as a percentage of the net asset value per share with debt at market value (see reconciliation of net asset value per share with debt at market value in note 15 on page 53) 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.

	PAGE		2019	2018
Share price	2	a	323.5p	344.0p
Net asset value per share – debt at market value (note 15)	53	b	363.2p	380.1p
Discount		c = (a - b) / b	(10.9)%	(9.5)%

Gearing

The gearing percentage reflects the amount of borrowings that a company has invested and is indicative of 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.

There are several methods of calculating gearing and the following have 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 with debt at market value as shown below.

	PAGE		2019 £'000	2018 £'000
Bank overdraft	44		33,704	26,856
Bank loan facility	44		45,000	40,000
Senior Secured Notes – debt at market value (note 15)	53		71,472	69,572
Gross borrowings – debt at market value		a	150,176	136,428
Net asset value – debt at market value (note 15)	53	b	869,643	913,883
Gross gearing		c = a / b	17.3%	14.9%

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 with debt at market value. Net cash reflects the net exposure to cash and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

	PAGE		2019 £'000	2018 £'000
Bank overdraft	44		33,704	26,856
Bank loan facility	44		45,000	40,000
Senior Secured Notes – debt at market value (note 15)	53		71,472	69,572
Less: cash and cash equivalents			–	–
Net borrowings – debt at market value		a	150,176	136,428
Net asset value – debt at market value (note 15)	53	b	869,643	913,883
Net gearing		c = a / b	17.3%	14.9%

Leverage

Leverage, for the purposes of the Alternative Investment Fund Managers Directive (AIFMD), is not synonymous with gearing as defined above. In addition to borrowings, it encompasses anything that increases the Company's exposure, including foreign currency and exposure gained through derivatives. Leverage expresses the Company's exposure as a ratio of the Company's net asset value. Two methods of calculating such exposure are set out in the AIFMD, gross and commitment. Under the gross method, exposure represents the aggregate of all the Company's exposures other than cash balances held in base currency and without any offsetting. The commitment method takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure.

Market Capitalisation

Is calculated by multiplying the stock market price of an ordinary share by the number of ordinary shares in issue.

Net Asset Value

Also described as Shareholders' funds, the net asset value (NAV) is the value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The NAV per share is calculated by dividing the NAV by the number of ordinary shares in issue. For accounting purposes assets are valued at fair (usually market) value and liabilities are valued at their par (repayment) value. An alternative, the NAV – debt at market value, which is used in this annual financial report, values long term liabilities at their market, or a comparable equivalent, value.

Ongoing Charges (APM)

The ongoing administrative costs of operating the Company are encapsulated in the ongoing charges figure, which is calculated in accordance with guidance issued by the AIC. The calculation incorporates charges allocated to capital in the financial statements as well as those allocated to revenue, but excludes non-recurring costs, transaction costs of investments, finance costs, taxation, and the costs of buying back or issuing shares. The ongoing charges figure is the aggregate of these costs expressed as a percentage of the average net asset value (debt at market value) reported in the year.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

continued

	PAGE		2019 £'000	2018 £'000
Investment management fee	43		6,009	6,310
Other expenses	43		630	700
Less: costs in relation to custodian dealing charges and one off legal costs			(3)	(5)
Total expenses		a	6,636	7,005
Average daily net asset value		b	927,708	998,901
Ongoing charges %		c = a / b	0.72%	0.70%

Total Return

Total return is the theoretical return to shareholders combining the effect of any dividends paid being reinvested with the rise or fall in the share price or NAV. In this annual financial report these return figures have been sourced from Refinitiv and Invesco 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 re-invested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

2019	PAGE		NET ASSET VALUE(1)	SHARE PRICE
As at 31 March 2019 (note 15)	53		363.2p	323.5p
As at 31 March 2018 (note 15)	53		380.1p	344.0p
Change in year		a	–4.4%	–6.0%
Impact of dividend reinvestments(2)		b	3.6%	4.2%
Total return for the year		c = a + b	–0.8%	–1.8%

			NET ASSET VALUE(1)	SHARE PRICE
As at 31 March 2018 (note 15)	53		380.1p	344.0p
As at 31 March 2017			416.2p	375.8p
Change in year		a	–8.7%	–8.5%
Impact of dividend reinvestments(2)		b	3.1%	3.6%
Total return for the year		c = a + b	–5.6%	–4.9%

(1) Net Asset Value with debt at market value.

(2) Total dividends paid during the year of 15.00p (2018: 14.50p) reinvested at the NAV (debt at market value) 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.

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.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE DISCLOSURE

Alternative Investment Fund Manager (AIFM) and the Alternative Investment Fund Managers Directive (the AIFMD, the Directive)

The Company falls within the definition of an Alternative Investment Fund (AIF) under the Directive and, as such, is required to have (or be) an authorised AIFM. Invesco Fund Managers Limited (IFML) was authorised as an AIFM, and appointed by the Company as such, with effect from 22 July 2014.

Amongst other things, regulations implementing AIFMD require certain information to be provided to prospective investors. This information can be found in the Company's section of the Manager's website (www.invesco.co.uk/pigit) in a downloadable document entitled 'AIFMD Investor Information'. There have been no material changes to this information since 31 March 2018. Any information requiring immediate disclosure pursuant to the Directive will be disclosed through a primary information provider.

In addition, the Directive requires information in relation to the Company's leverage (both 'gross' and 'commitment' – see the Glossary of Terms and Alternative Performance Measures on page 67) and the remuneration of the Company's AIFM (IFML) to be made available to investors.

Accordingly:

- the leverage calculated for the Company at its year end was 116% for both gross and commitment (2018: both 113%). The limits the AIFM has set for the Company remain unchanged at 250% and 200%, respectively;
- the AIFM summary remuneration policy is available from corporate policies section of the Manager's website (www.invesco.co.uk) and from the Company's company secretary, on request (see contact details on page 65); and
- the AIFM remuneration paid for the year to 31 December 2018 is set out below.

AIFM Remuneration

The AIFM remuneration paid is based on the financial year of the AIFM, which is 31 December 2018.

The aggregate total remuneration of Invesco staff involved in AIF related activities of the Manager in respect of performance year (1 January 2018 to 31 December 2018) is £6.54 million (2017: £8.64 million) of which £3.84 million (2017: £4.71 million) is fixed remuneration and £2.70 million (2017: £3.93 million) is variable remuneration. The number of beneficiaries is 33 (2017: 35).

The Manager has identified individuals considered to have a material impact on the risk profile of the Manager or the AIF it manages ('Identified Staff'), who include board members of the Manager, senior management, heads of control functions, other risk takers and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers. Identified Staff of the Manager are employed by Invesco.

The aggregate total remuneration paid to the Identified Staff of the Manager for AIF related activities for the performance year (1 January 2018 to 31 December 2018) is £1.34 million (2017: £1.63 million) of which £0.31 million (2017: £0.41 million) is paid to Senior Management and £1.03 million (2017: £1.22 million) is paid to other Identified Staff. Please note that remuneration for AIFMD Identified Staff includes remuneration for staff employed by delegates (all delegates are employed by various entities of the Invesco Ltd. Group).

Invesco's summary remuneration policy is available from the corporate policies section of its website (www.invesco.co.uk). Paper copies of the full remuneration policy can be obtained for free from the registered office of the Manager, Invesco Fund Managers Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH, UK upon request.

Invesco

The Manager of Perpetual Income and Growth Investment Trust plc is Invesco Fund Managers Limited.

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

Invesco is one of the largest independent global investment management firms, with assets under management in excess of US$975 billion*.

Invesco aims to provide the highest returns available from markets, through active management, but in a controlled manner, conscious of the risks involved and within our clients' objectives.

* *Assets under management as at 30 April 2019.*

INVESTMENT COMPANIES MANAGED BY INVESCO

Investing for Income, Income Growth and Capital Growth (from equities and fixed interest securities)

City Merchants High Yield Trust Limited

A Jersey-incorporated closed-ended Company that aims to generate a high level of income from a variety of fixed income instruments. The Company may use repo financing or bank borrowings.

Invesco Income Growth Trust plc

Aims 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. The Company may use bank borrowings.

Invesco Enhanced Income Limited

A Jersey-incorporated closed-ended Company that aims to provide a high level of income, paid gross to UK investors, whilst seeking to maximise total return through investing, primarily in a diversified portfolio of high-yielding corporate and government bonds. The Company seeks to balance the attraction of high-yield securities with the need for protection of capital and to manage volatility. The Company uses repo financing to enhance returns.

Invesco Perpetual Select Trust plc – Managed Liquidity Portfolio

Aims to generate income from a variety of fixed income instruments combined with a high degree of security. Income will reduce during periods of very low interest rates.

Invesco Perpetual Select Trust plc – UK Equity Portfolio

Aims to generate long-term capital and income growth with real growth in dividends from investment, primarily in the UK equity market. The portfolio may use bank borrowings.

Keystone Investment Trust plc

Aims to provide shareholders with long-term growth of capital mainly from UK investments. The Company has two debenture stocks in issue.

Perpetual Income and Growth Investment Trust plc

Aims to generate capital growth and real growth in dividends over the medium to longer term from a portfolio of securities listed mainly in the UK equity market. The Company has secured loan stock in issue and, in addition, may use bank borrowings.

The Edinburgh Investment Trust plc

Invests primarily in UK securities with the long-term objective of achieving:

1. an increase of the Net Asset Value per share in excess of the growth in the FTSE All-Share Index; and
2. growth in dividends per share in excess of the rate of UK inflation.

The Company has a debenture stock in issue and, in addition, may use bank borrowings.

Investing in Smaller Companies

Invesco Perpetual UK Smaller Companies Investment Trust plc

Aims to achieve long-term total returns for the Company's shareholders primarily by investment in a broad cross-section of small to medium sized UK quoted companies. The Company may use bank borrowings.

Investing Internationally

Invesco Asia Trust plc

Aims to provide long-term capital growth by investing in a diversified portfolio of Asian and Australasian securities. The Company aims to achieve growth in its net asset value in excess of the MSCI AC Asia ex Japan Index, total return, in sterling terms. The Company may use bank borrowings.

Invesco Perpetual Select Trust plc – Global Equity Income Portfolio

Aims to provide an attractive and growing level of income return and capital appreciation over the long term, predominantly through investment in a diversified portfolio of equities worldwide. The portfolio may use bank borrowings.

Investing for Total Returns

Invesco Perpetual Select Trust plc – Balanced Risk Allocation Portfolio

Aims to provide shareholders with an attractive total return in differing economic and inflationary environments and with low correlation to equity and bond market indices by gaining exposure to three asset classes: debt securities, equities and commodities.

The portfolio is constructed so as to balance risk, is long-only, using transparently-priced exchange-traded futures contracts and other derivative instruments to gain such exposure and to provide leverage.

Investing in Multiple Asset Classes

Invesco Perpetual Select Trust plc

- UK Equity Portfolio
- Global Equity Income Portfolio
- Managed Liquidity Portfolio
- Balanced Risk Allocation Portfolio

A choice of four investment policies and objectives, each intended to generate attractive risk-adjusted returns from segregated portfolios, with the ability to switch between them, four times a year, free from capital gains tax liability. Dividends are paid quarterly, apart from Balanced Risk which will not normally pay dividends.

Please contact the Invesco Client Services Team on 0800 085 8677 if you would like more information about the investment trusts or other specialist funds listed above. Further details are also available on the following website: www.invesco.co.uk/investmenttrusts

Linkway Financial Printers
Typeset & Printed in London (UK) 17038