



Perpetual Income and Growth
Investment Trust plc

ANNUAL FINANCIAL REPORT
YEAR ENDED 31 MARCH 2011



If you have any queries about Perpetual Income and Growth Investment Trust plc, or any of the other specialist funds managed by Invesco Perpetual please contact Investor Services on

☎ 0800 085 8677

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Front Cover: Slate, Metamorphic Rock, Slate Quarry

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Investment Objective

Perpetual Income and Growth Investment Trust plc's ('the Company') investment objective is to generate capital growth with a higher than average income from investment mainly in the UK equity market. It is intended that the Company will provide real dividend growth over the medium term.

Full details of the Investment Policy (incorporating the investment objective) can be found on pages 15 and 16. The Board of Directors is proposing changes to the Investment Policy, an explanation for which can be found in the Chairman's Statement on page 6.

Share Capital and Gearing

At the year end, the Company's share capital consisted of 210,900,504 ordinary shares of 10p each and 17,478,825 subscription shares. During the year 203,607 ordinary shares were issued following the exercise of subscription shares and 645,880 ordinary shares were issued for cash. Since the year end, a further 250,000 ordinary shares were issued for cash. As a result, as at 10 June 2011, the issued share capital consisted of 211,150,504 ordinary shares.

Gearing is provided by a £30,000,000 6.125% Debenture 2014 and maximum bank borrowings of £75 million. Since the year end the maximum bank borrowings was increased to £100 million.

ISA Eligibility

The ordinary shares and subscription shares of the Company are eligible for investment via an ISA.

Glossary of Terms

There is a glossary of terms on page 61 which defines some of the more technical references used in this annual financial report.

The Company is a
member of

aic

The Association of
Investment Companies

FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

The Benchmark Index of the Company is the FTSE All-Share Index.

	AT 31 MARCH 2011	AT 31 MARCH 2010	% CHANGE
Total return (all income reinvested):			
Diluted net assets ⁽¹⁾⁽²⁾			+12.2
Benchmark ⁽¹⁾⁽²⁾			+8.7
Diluted net asset value per ordinary share⁽¹⁾:			
– after charging all dividends for the year (capital NAV)	252.8p	231.2p	+9.3
– as balance sheet	255.5p	231.2p	+10.5
Shareholders' funds (£'000)⁽¹⁾	545,341	487,727	+11.8
Mid-market price per:			
– ordinary share	252.8p	217.9p	+16.0
– subscription share	40.0p	31.5p	+27.0
Discount⁽¹⁾ per ordinary share	1.1%	5.8%	
Capital return			
Benchmark ⁽¹⁾⁽²⁾			+5.4
Return per ordinary share:			
Diluted revenue return	9.85p	9.47p	
Diluted capital return	22.95p	55.65p	
Diluted total return	32.80p	65.12p	
Dividend per ordinary share:			
First interim dividend	2.20p	3.40p	
Second interim dividend	2.20p	5.40p	
Third interim dividend	2.20p	—	
Fourth interim dividend	2.75p	—	
Total dividend	9.35p	8.80p	+6.3
Total Expense Ratio⁽¹⁾			
– excluding performance fee	1.0%	1.1%	
– including performance fee	1.0%	1.1%	
Gearing⁽¹⁾			
Gross gearing	19.0%	20.4%	
Net gearing	19.0%	20.4%	

Notes: 1 Defined in the Glossary of Terms.

2 Source: Thomson Reuters Datastream and Morningstar.

Historical Record – Last Ten Years

The table below has been restated for new UK accounting standards with effect from 2005 onwards.

TO 31 MARCH	ORDINARY SHARES		TOTAL ASSETS LESS CURRENT LIABILITIES £'m	NET ASSET VALUE PER ORDINARY SHARE ⁽²⁾ p	MID-MARKET PRICE PER ORDINARY SHARE p
	REVENUE RETURN ⁽³⁾ p	DIVIDEND p			
2002	4.70	4.85	337	173.6	157.3
2003	4.80	5.00	237	115.5	112.0
2004	4.90	5.25	348	174.8	163.0
2005	5.40	5.65	417	208.4	197.8
2006	5.60	6.00	536	262.9	234.3
2007	6.90	6.60	606	278.8	251.0
2008	8.00	7.80	532	242.2	222.5
2009	9.20	8.50 ⁽¹⁾	409	182.0	171.0
2010	9.47	8.80	517	231.2	217.9
2011	9.85	9.35	575	255.5	252.8

⁽¹⁾Excludes the special dividend of 0.84p per share.

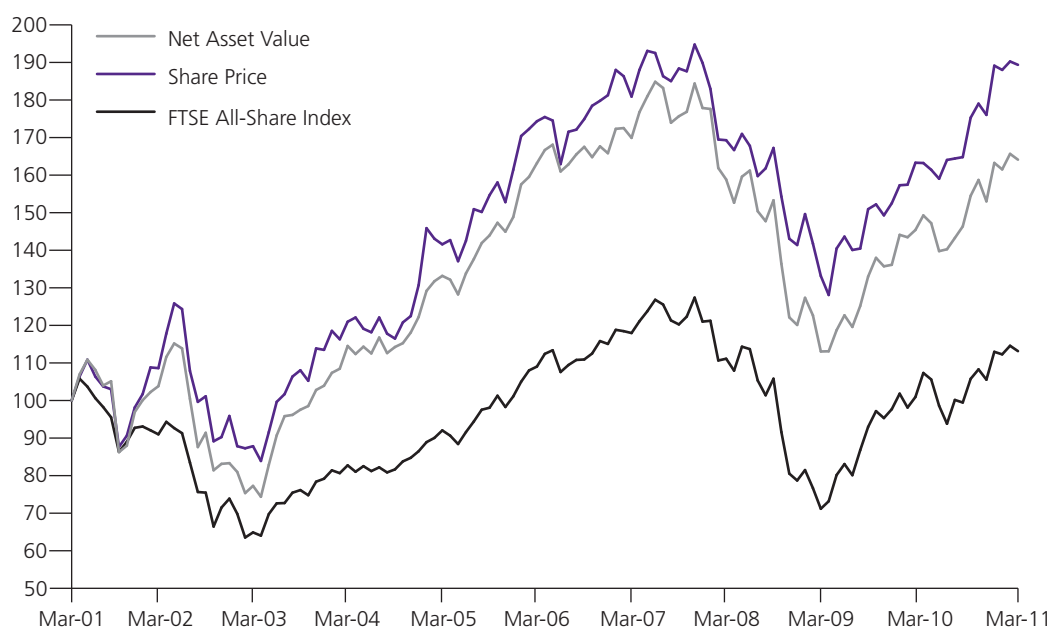
⁽²⁾NAV is diluted where the subscription shares are dilutive, otherwise basic NAV shown.

⁽³⁾When diluted, diluted return per ordinary share is shown.

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

From 31 March 2001 to 31 March 2011

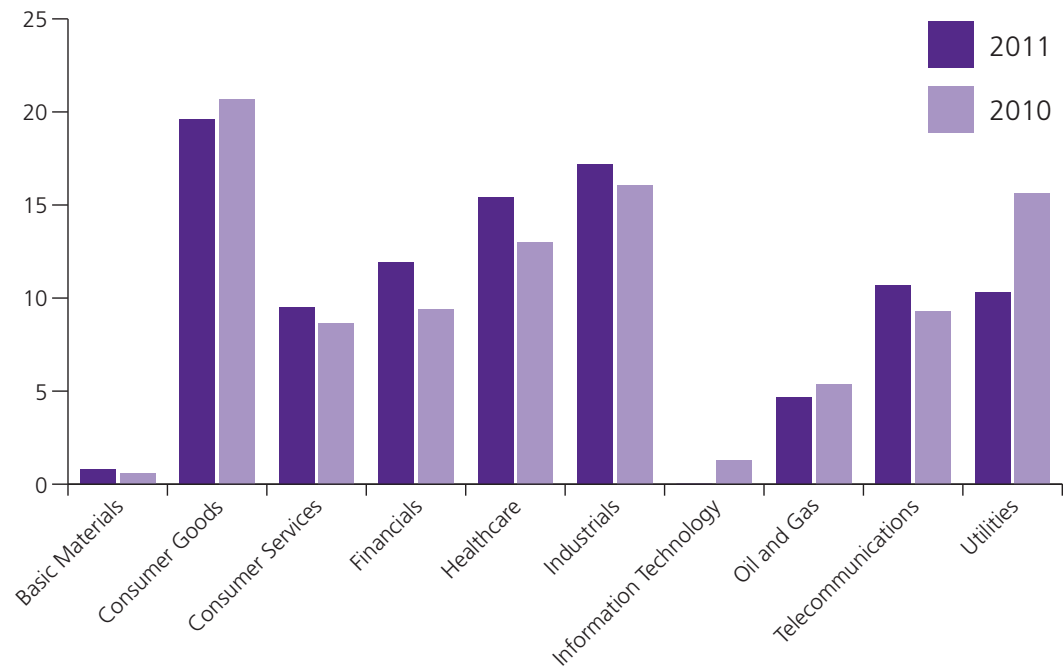
Figures have been rebased to 100 at 31 March 2001.



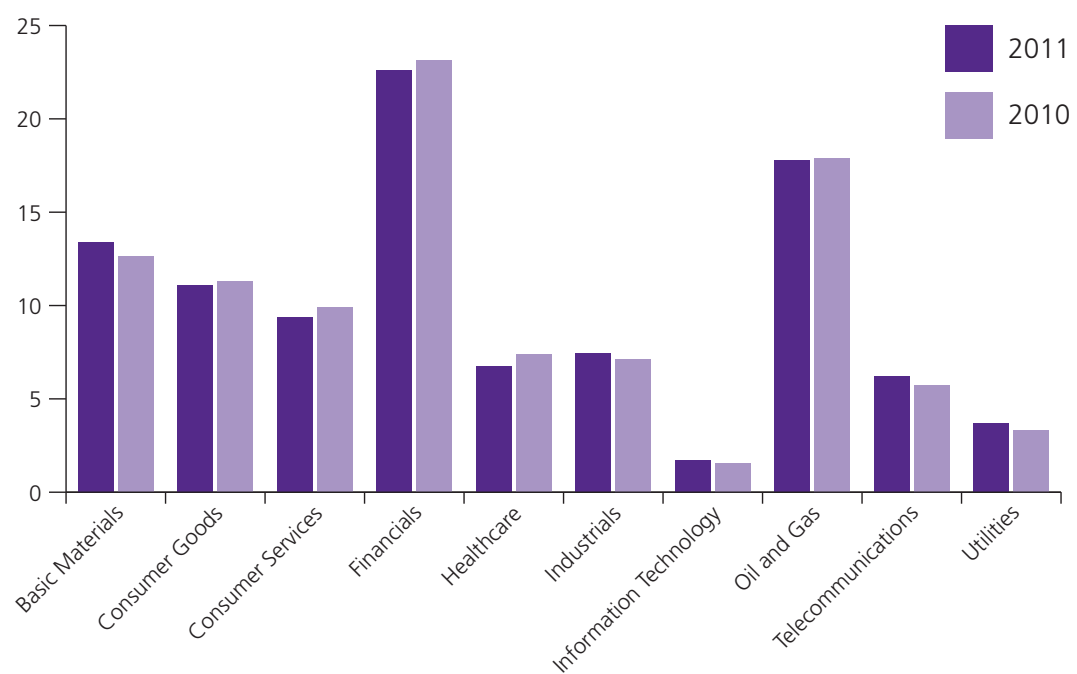
Sector Analysis

As at 31 March

Allocation of Portfolio by Sector



Allocation of Benchmark by Sector



CHAIRMAN'S STATEMENT

Performance

Over the 12 months from 1 April 2010 to 31 March 2011, the Company's shares produced a total return of 12.2% to shareholders, while the total return of the Company's benchmark for performance measuring purposes, the FTSE All-Share Index, was 8.7%. (All these figures are with income reinvested.) On 31 March 2011, the discount of the share price relative to net asset value (debt at par) was 1.1%. Further details can be found in the Investment Manager's Report, which can be found on page 7.

Dividend

For the year ended 31 March 2011, the Directors decided to declare dividends on a quarterly basis for the first time. Three interim dividends of 2.2p each were paid to shareholders in September and December 2010, and March 2011, and a fourth interim dividend of 2.75p will be paid on 30 June 2011. This gives a total dividend for the year of 9.35p, representing an increase of 6.25% on the previous year's two interim dividends totalling 8.8p. The Board's aim remains for the Company to maintain its policy of real dividend growth over the medium to longer term.

Gearing

Gross gearing of the Company was 19% at the year end (2010: 20.4%). The Board's policy is to allow gearing up to a level of 25%. During the year ended 31 March 2011, gearing was provided by maximum bank borrowings of £75 million. Since the year end the maximum limit on bank borrowings has been increased to £100 million, which will provide the Company with additional flexibility. Further information relating to the Company's gearing policy can be found on page 23.

Subscription Share Exercise

During the year under review, subscription shareholders had their fourth opportunity to exercise their right to subscribe for one ordinary share of the Company at a price of 218.94p. The subscription period ended on 31 August 2010. As a result, 203,607 shares were allotted on 13 September 2010. Subscription shareholders will have further opportunities to convert their holdings in each of the years 2011 to 2013.

Issued Share Capital

The Board was disappointed to announce in June 2010 that the proposed issue of B shares would not go ahead as planned. Accordingly, at the year end the issued share capital of the Company was 210,900,504 ordinary shares of 10p each and 17,478,825 subscription shares. During the year the rating of the Company's shares remained high and occasionally its shares traded at a premium to net asset value ('NAV'). At times, demand for shares exceeded supply and the Company responded to two requests for issues of new shares totalling 645,880. Since the year end, a further 250,000 ordinary shares were issued for cash. As a result, as at 10 June 2011, the issued share capital consisted of 211,150,504 ordinary shares.

Corporate Governance

The new UK Code of Corporate Governance, which succeeds the Combined Code, was published in June 2010 and applies to accounting periods beginning on or after 29 June 2010. In September 2010, The Financial Reporting Council endorsed the new AIC Code of Corporate Governance, which had been updated to reflect the changes made to the UK Code of Corporate Governance. Your Board intends to comply with the provisions of the new AIC Code of Corporate Governance with effect from 1 April 2011, save in respect of matters which will be explained within the 2012 annual financial report.

Annual General Meeting ('AGM')

At the AGM the following items of Special Business will be proposed:

Share Issuance

1. The Directors are seeking the usual authority to issue up to an aggregate nominal amount of £7,038,350 (a third of the Company's issued share capital as at 10 June 2011) in new ordinary shares. This will allow Directors to issue shares within the prescribed limits should any favourable opportunities arise to the advantage of shareholders. This authority will expire at the AGM in 2012.
2. The Directors are also seeking the usual authority to issue new ordinary shares pursuant to a rights issue or otherwise than in accordance with a rights issue of up to an aggregate nominal amount of £2,111,505 (10% of the Company's issued share capital as at 10 June 2011) of new ordinary

CHAIRMAN'S STATEMENT

continued

shares disapplying pre-emption rights. This will allow shares to be issued to new shareholders without their having to be offered to existing shareholders first, thus potentially broadening the shareholder base of the Company. This authority will not be exercised at a price below NAV so that the interests of existing shareholders are not diluted and will expire at the AGM in 2012.

Share Buy Backs and Treasury Shares

- Your Directors are seeking to renew the authority to buy back up to 31,651,461 shares (14.99% of the Company's issued share capital as at 10 June 2011), subject to the restrictions referred to in the Notice of Meeting of the AGM. This authority will expire at the AGM in 2012. Your Directors are proposing that shares repurchased by the Company be either cancelled or, alternatively, held as treasury shares with a view to their resale if appropriate or cancellation. The holding of treasury shares is restricted to 10% of the Company's issued share capital and any resale of them will only take place on terms that are in the best interests of shareholders.

Notice Period for General Meetings

- The EU Shareholder Rights Directive increased the notice period for general meetings of companies to 21 days unless certain conditions are met in which case it may be 14 days' notice. A shareholders' resolution is required to ensure that the Company's general meetings (other than AGMs) may be held on 14 days' notice.

Accordingly, Special Resolution 12 will propose that the period of notice for general meetings of the Company (other than AGMs) shall be not less than 14 clear days' notice. It is intended that this flexibility will be used only for non-routine business and where it is in the interests of shareholders as a whole.

Change in Investment Policy

- The Board is taking the opportunity to seek shareholder approval to update the Company's Investment Policy, which includes an amendment to allow an increase in the percentage of gross assets that the Manager is allowed to invest in non-UK securities, as referred to in the Manager's Report. The proposed new Investment Policy can be found in the Report of the Directors on pages 16 and 17.

Continuation of the Company

- The Board is obliged to offer shareholders an opportunity, every five years, to decide on whether the Company should continue in existence as an investment trust. The Board considers it to be best practice for all shareholders to have this periodical opportunity to express their views and as a result, Ordinary Resolution 14 asks you to vote on the Company's future.

By way of background, since launch in 1996 to 31 March 2011, the Company's net asset value (ex-income) has increased by 169.2%. Dividends, over the same period, have grown by 141.8% (source: Thomson Reuters Datastream). For the year ended 31 March 2011, the Company's shares traded at an average discount of 1.5% (source: JPMorgan Cazenove, par value, ex-income). The Directors believe, therefore, that the Company has been achieving its twin objectives of providing shareholders with growth in capital and dividends over the medium term and is well placed to continue to do so in the future.

The Directors have carefully considered all the resolutions proposed in the Notice of the AGM (shown on pages 56 to 58) and, in their opinion, the Directors 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 as they will be so doing with their own shares. The AGM of the Company will be held at The Lanesborough, Hyde Park Corner, London SW1X 7TA on 19 July 2011 at 11.30 am. I do hope that as many shareholders as possible are able to attend. This will be an opportunity not only to meet the Directors, but also to hear the views of Mark Barnett, who is the investment manager at Invesco Perpetual with the day-to-day responsibility for managing the Company's portfolio.

Bill Alexander

Chairman

10 June 2011

INVESTMENT MANAGER'S REPORT



After the strong performance of the previous 12 months, a rise of 8.7% in the UK equity market over the year to 31 March 2011 looks relatively pedestrian. The increase, however, was achieved against a backdrop of rising risk aversion, as concerns grew over both the pace of global growth and a spreading sovereign debt crisis. The year in many ways was notable for the volatility of indices. The BP oil spill in the Gulf of Mexico and consequent fall in its share price caused the FTSE100 Index to fall in the early months of the year. But, as corporate results continued to positively surprise investors it resulted in a strong rally in UK equities, particularly at the end of 2010. However, market sentiment continued to be over

shadowed by a variety of worries: Middle East politics, the Eurozone debt crisis and the aftermath of the Japanese earthquake. At the end of the period the price of gold hit an all time high and the price of oil was at a three year high.

Monetary stimulus on both sides of the Atlantic arguably played a large part in the rise of equity markets. UK interest rates remained at 0.5% for the duration of the year, although inflation stayed above the 2% target the government has set the Bank of England. Concerns grew that interest rates might be increased sooner rather than later, but these were assuaged by the minutes from the Bank of England's March meeting which showed no new support for an increase, despite the Bank warning that inflation was likely to remain above its target for the remainder of the year.

Portfolio Strategy and Review

The Company's net asset value, including reinvested dividends, rose by 12.2% during the 12 months to the end of March 2011, compared to a rise of 8.7% from the FTSE All-Share Index (total returns).

The performance of the Company benefited from its holdings in the telecommunications sector. The most significant contribution over the year came from the holding in BT Group, with the company confirming both its ability to produce double digit growth in earnings and an improving free cash flow outlook. Vodafone also provided a positive impact. The sale of non-core assets by Vodafone forced the market to re-appraise the value of its core business, while the price agreed by AT&T for T Mobile, which it purchased from Deutsche Telekom, highlighted the value inherent within the mobile telecoms sector.

The Company benefited from a strong performance from oil and gas business, BG Group. Good full year results were accompanied by news of further Brazilian oil discoveries while BG Group is a likely beneficiary of an increasingly positive outlook for gas demand. The tobacco sector also continued to generate positive returns for the Company, with the holdings in Reynolds American and British American Tobacco particularly benefiting performance.

The most negative impact on the Company's performance came from Yell Group, which continued to suffer as a result of the underperformance of its directory business and on continued speculation concerning its long-term future. The Manager remains cautiously optimistic as a result of the new strategy to migrate more of Yell's business online. Elsewhere in the Company, Rentokil Initial's share price struggled as investors focused on problems in its parcel division, City Link.

In terms of portfolio activity, a number of new holdings were introduced to the Company. These comprised both larger companies, including Ladbrokes, Roche, Serco, Daily Mail & General Trust and non-FTSE 100 companies, N. Brown, Chemring, Halosource and Homeserve.

The Company reduced its exposure to the utilities sector over the 12 months, disposing of holdings in National Grid and Northumbrian Water. The Manager is concerned that a more onerous UK regulatory outlook will hamper both of these companies' abilities to generate adequate returns on equity while also seeing more attractive investment opportunities elsewhere.

Outlook

It is likely that the performance of the UK stock market will be more volatile over the next few months as the second round of Quantitative Easing, by the US monetary authorities, is wound up. This stimulus has undoubtedly been a contributing factor behind the strong rise in the stock market since last summer. Notwithstanding this recent good performance, the market still offers some areas of good opportunity to the long term investor.

INVESTMENT MANAGER'S REPORT

continued

The companies that populate the top half of the list of investments in the portfolio are extremely attractively valued, many of them have dividend yields substantially above their corporate bond yields. These companies are among the cheapest stocks in the market but ironically are also among the least risky. This confluence of low risk and low valuation is very unusual and has encouraged a shift to a more concentrated portfolio. The Company is increasingly exposed to a collection of high quality, large cap, geographically diversified and extremely well capitalised businesses. The UK stockmarket offers investors a fairly good selection of these kinds of businesses, however the Manager believes that similar opportunities exist in other markets particularly within globalised industries. To this end the Board is seeking shareholder approval to increase the limit on non-UK companies to 20% of the portfolio, at the AGM.

The direction of the market over the near term may also become less certain as the outlook for corporate earnings is impacted by the persistently high oil price, the aftermath of the Japanese earthquake on the global supply chain and the economic effects of the sovereign debt problems in the Eurozone. The Manager is reassured by the knowledge that the fundamental qualities of the portfolio's holdings are strong, reliable businesses, managed in the interests of their shareholders. It is worth remembering that the most under-rated virtue of stock market investing is patience, and that the market rarely recognises under valuation in the timeframe originally envisaged. However, the majority of the portfolio is still being valued by the market at a significant discount to its intrinsic value. The quality of the investments is demonstrable and requires a degree of patience for the value to be realised.

Mark Barnett

Investment Manager

10 June 2011

INVESTMENTS IN ORDER OF VALUATION

AT 31 MARCH 2011

Ordinary shares listed in the UK unless stated otherwise

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Equity Investments			
Reynolds American (US common stock)	Tobacco	36,839	5.7
BG	Oil & Gas Producers	30,012	4.7
BT	Fixed Line Telecommunications	29,890	4.6
British American Tobacco	Tobacco	29,772	4.6
Vodafone	Mobile Telecommunications	29,760	4.6
GlaxoSmithKline	Pharmaceuticals & Biotechnology	28,066	4.3
Imperial Tobacco	Tobacco	27,048	4.2
AstraZeneca	Pharmaceuticals & Biotechnology	23,903	3.7
Capita	Support Services	19,266	3.0
Reckitt Benckiser	Household Goods & Home Construction	18,705	2.9
Top ten holdings		273,261	42.3
BAE Systems	Aerospace & Defence	18,488	2.9
Tesco	Food & Drug Retailers	18,222	2.8
Babcock International	Support Services	17,182	2.7
Centrica	Gas, Water & Multiutilities	16,936	2.6
Provident Financial	Financial Services	14,672	2.3
Compass	Travel & Leisure	14,483	2.2
Balfour Beatty	Construction & Materials	14,331	2.2
Hiscox	Non-life Insurance	13,612	2.1
Scottish & Southern Energy	Electricity	13,497	2.1
International Power	Gas, Water & Multiutilities	13,488	2.1
Top twenty holdings		428,172	66.3
BTG	Pharmaceuticals & Biotechnology	13,235	2.1
Pennon	Gas, Water & Multiutilities	11,751	1.8
Roche (Swiss stock)	Pharmaceuticals & Biotechnology	10,885	1.7
Napo Pharmaceuticals (US common stock) ⁽³⁾	Pharmaceuticals & Biotechnology	10,074	1.6
Chemring	Aerospace & Defence	9,859	1.5
Tate & Lyle	Food Producers	9,703	1.5
Homeserve	Support Services	9,466	1.5
Daily Mail	Media	9,141	1.4
KCOM	Fixed Line Telecommunications	9,137	1.4
Drax	Electricity	9,051	1.4
Top thirty holdings		530,474	82.2
Morrison (W) Supermarket	Food & Drug Retailers	8,805	1.4
Amlin	Non-life Insurance	8,424	1.3
Rentokil Initial	Support Services	8,075	1.3
Beazley	Non-life Insurance	7,869	1.2
Ladbroke's	Travel & Leisure	7,558	1.2
Bunzl	Support Services	7,387	1.1
Serco	Support Services	6,835	1.1
Lombard Medical Technologies	Healthcare Equipment & Services	6,319	1.0
Impax Asian Environmental Markets – ordinary & subscription shares	Equity Investment Instruments	5,646	0.9
Impax Environmental Markets	Equity Investment Instruments	5,053	0.8
Top forty holdings		602,445	93.5

INVESTMENTS IN ORDER OF VALUATION

continued

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO	
Equity Investments				
Altus Resources	Equity Investment Instruments	4,744	0.7	
Damille Investment	Equity Investment Instruments	3,670	0.6	
Trading Emissions	Financial Services	3,231	0.5	
Imperial Innovations – ordinary shares	Financial Services	1,667	0.5	
– preference shares ⁽³⁾		1,462		
Vectura	Pharmaceuticals & Biotechnology	2,791	0.4	
UK Coal	Mining	2,725	0.4	
Macau Property	Real Estate Investment & Services	2,596	0.4	
Altria (US common stock)	Tobacco	2,558	0.4	
Halosource	Chemicals	2,364	0.4	
Brown (N)	General Retailers	2,277	0.3	
Top fifty holdings		632,530	98.1	
Ecofin Water & Power – ordinary & subscription shares	Equity Investment Instruments	2,149	0.3	
Landkom International	Food Producers	1,735	0.3	
PuriCore	Healthcare Equipment & Services	934	0.1	
Yell	Media	867	0.1	
Fusion	Financial Services	799	0.1	
Xcounter	Healthcare Equipment & Services	798	0.1	
Helphire	Financial Services	556	0.1	
Renovo	Pharmaceuticals & Biotechnology	460	0.1	
Walton & Co ⁽³⁾	Banks	453	0.1	
XTL Biopharmaceutical (US ADR)	Pharmaceuticals & Biotechnology	229	—	
Top sixty holdings		641,510	99.4	
Biocompatibles – contingent value notes ⁽³⁾	Healthcare Equipment & Services	142	—	
Mirada	Media	24	—	
Total Equity Investments (62)		641,676	99.4	
Other Investments				
ISSUER AND ISSUE	MOODY/S&P RATING ⁽¹⁾	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Barclays Bank – Nuclear Power Notes 28 February 2019 ⁽²⁾	NR/NR	Electricity	1,678	0.3
PuriCore Convertible Notes 6% 31 December 2011 ⁽³⁾	NR/NR	Healthcare Equipment & Services	1,500	0.2
Ecofin Water & Power 6% 31 July 2016	NR/NR	Equity Investment Instruments	470	0.1
Total Other Investments (3)		3,648	0.6	
Total Investments (65)		645,324	100.0	

Notes: (1) NR is non-rated.

(2) Contingent Value Rights ('CVRs') referred to as Nuclear Power Notes ('NPNs') were offered by EDF as a partial alternative to its cash bid for British Energy ('BE'). The NPNs were issued by Barclays Bank. The CVRs participate in BE's existing business at the time of the takeover.

(3) Unquoted security.

TOP TEN INVESTMENTS

AT 31 MARCH 2011

All investments UK listed ordinary shares unless otherwise stated

COMPANY	2011		2010	
	MARKET VALUE £'000	% OF PORTFOLIO	MARKET VALUE £'000	% OF PORTFOLIO
Reynolds American (US common stock)	36,839	5.7	33,791	5.8
BG	30,012	4.7	27,443	4.7
BT	29,890	4.6	19,057	3.2
British American Tobacco	29,772	4.6	30,264	5.2
Vodafone	29,760	4.6	28,696	4.9
GlaxoSmithKline	28,066	4.3	25,694	4.4
Imperial Tobacco	27,048	4.2	30,123	5.1
AstraZeneca	23,903	3.7	27,456	4.7
Capita	19,266	3.0	18,318	3.1
Reckitt Benckiser	18,705	2.9	15,598	2.7
.....	273,261	42.3	256,440	43.8
Total of other investments	372,063	57.7	330,270	56.2
.....				
Total value of investments	645,324	100.0	586,710	100.0

DIRECTORS

Bill Alexander CBE †* (Chairman of the Main Board and of the Management Engagement Committee)

Bill Alexander was appointed to the Board on 28 March 2006 and as Chairman on 19 July 2007. He is currently Non-Executive Chairman of Wigborough Ltd and The Henley Festival Limited. He was previously Chairman of Xansa plc and Chief Executive of RWE Thames Water plc, and also held non-executive appointments at RMC plc, GB Airways Ltd and Laporte plc.

Sir Martyn Arbib

Sir Martyn was appointed to the Board on 6 February 1996. He was the founder and Chairman of Perpetual plc, which became part of The Invesco Group on 7 December 2000, and left the company in 2002.

Vivian Bazalgette †*

Vivian Bazalgette was appointed to the Board on 21 May 2007. He is a Non-Executive Director of Henderson High Income Investment Trust plc and Brunner Investment Trust plc. He is a member of the Investment Committee of St. James Place plc and an adviser to BAE Systems Pension Fund and to the Nuffield Foundation. He is currently a Trustee of The Dulwich Estate and a Governor of Dulwich College. He previously held the position of Chief Investment Officer of M&G between 1996 and 2000 and, following the takeover of M&G by Prudential, was Chief Investment Officer of Prudential from 2000 to 2002.

Antony Hardy †* (Chairman of the Audit Committee and Senior Independent Director)

Antony Hardy was appointed to the Board on 2 February 1996. He is Investment Adviser to Essex County Council Pension Fund and South Yorkshire Pension Fund. He is adviser to a number of endowed charities and trusts, a Director of Sableknight Limited and was previously Investment Manager of the Church Commissioners for England.

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 Perpetual 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. 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).

All Directors are non-executive.

All Directors are considered independent except for Bob Yerbury, who is employed by Invesco Perpetual.

†Member of the Audit Committee.

*Member of the Management Engagement Committee.

ADVISERS AND PRINCIPAL SERVICE PROVIDERS

With the exception of the Savings Scheme and ISA Administrator, all of the following were in place throughout the year.

Manager, Company Secretary and Registered Office

Perpetual Income and Growth Investment Trust plc is managed by Invesco Asset Management Limited. Day-to-day investment management is the responsibility of Mark Barnett who is a member of the UK equity investment team.

Invesco Asset Management Limited
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☎ 020 7065 4000
Company Secretarial contact: Karina Bryant

Company Number

Registered in England and Wales
Number 3156676

Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team, available from 8.30 am to 6 pm, Monday to Friday (excluding Bank Holidays). Please feel free to take advantage of their expertise.

☎ 0800 085 8677
www.invescoperpetual.co.uk/investmenttrusts

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

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

Calls cost 10p per minute plus network extras. Lines are open from 8.30 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

The Registrars provide on-line and telephone share dealing services to existing shareholders who are not seeking advice on buying or selling. This service is available at www.capitadeal.com or ☎ 0871 664 0454

Calls cost 10p per minute plus network extras. Lines are open from 8.00 am to 4.30 pm, Monday to Friday (excluding Bank Holidays).

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

Auditor

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Hill House
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London EC4A 3TR

Custodian

The Bank of New York Mellon
160 Queen Victoria Street
London EC4V 4LA

Corporate Brokers

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

Savings Scheme and ISA Administrator

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

Invesco Perpetual
Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HL
☎ 0800 085 8677

SHAREHOLDER INFORMATION

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

Savings Plan and ISA

The Company is a member of the Invesco Perpetual Investment Trust Savings Scheme and the Invesco Perpetual Investment Trust ISA. The Company's Ordinary and Subscription shares can be purchased and sold via these two schemes.

Invesco Perpetual Investment Trust Savings Scheme

The Invesco Perpetual Investment Trust Savings Scheme allows an investor to make monthly purchases from £20 per month or through lump sum investments of £500 or above in the shares of the Company in a straightforward and low cost way.

Invesco Perpetual Investment Trust ISA

The Invesco Perpetual Investment Trust ISA allows investments up to £10,680 in the shares of the Company in each tax year. Investors can also choose to make lump sum investments from £500, or regular investments from £20 per month.

For full details of these schemes please contact Invesco Perpetual's Investor Services team free on 0800 085 8677.

Share Price Listings

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

In addition, share price information can be found under the following:

Reuters

ordinary shares PLI.L
subscription shares PLIS.L

Bloomberg

ordinary shares PLI:LN
subscription shares PLIS:LN

Internet addresses

Trust Net www.trustnet.com
Interactive Investor www.iii.co.uk
Association of Investment Companies www.theaic.co.uk

NAV Publication

The NAV is published daily in The Daily Telegraph and The Financial Times and notified to the London Stock Exchange the next business day. All London Stock Exchange announcements appear on the Manager's website.

Manager's Website

The Manager's website can be located at www.invescoperpetual.co.uk/investmenttrusts

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.

Financial Calendar

The Company publishes information according to the following calendar:

Announcements

Annual Results	June
Half-yearly Results	November
Interim Management Statements	July/October

Annual General Meeting

July

Year End

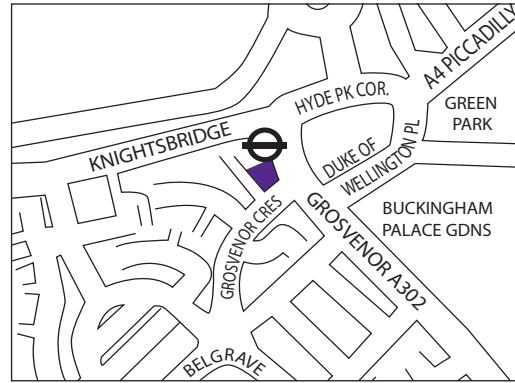
31 March

Ordinary Share Dividend Timetable

1st interim payable	September
2nd interim payable	December
3rd interim payable	March
4th interim payable	June

Location of AGM

The Lanesborough, Hyde Park Corner, London SW1X 7TA on 19 July 2011 at 11.30 am.



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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

Introduction and Content

The Directors have pleasure in presenting their Report for the year ended 31 March 2011, which incorporates the Business Review. It also includes the Corporate Governance Statement, which starts on page 27.

Nature of the Company

The Company was incorporated and registered in England and Wales on 2 February 1996 as a public limited company under the Companies Act 2006 (the 'Act') registered number 3156676.

The Company is an investment company as defined by Section 833 of the Act and operates as an investment trust within the meaning of Sections 1158-1165 of the Corporation Tax Act 2010 ("CTA"). HM Revenue & Customs has approved the Company's status as an investment trust, subject to there being no subsequent enquiry under Corporation Tax Self Assessment, in respect of the year ended 31 March 2010. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to maintain such approval.

Life the Company

The Company was required by its Articles of Association to include an ordinary resolution at the 2006 AGM to the effect that the Company continued as an investment trust for the period expiring at the end of the AGM held five years thereafter. As this ordinary resolution was passed, the next occasion on which the Company must propose a similar ordinary resolution will be at the 2011 AGM. Should this ordinary resolution fail, then the Directors shall, within four months of the AGM, convene an EGM at which the following resolutions shall be proposed:

- (a) a special resolution for the reconstruction of the Company and incorporating proposals for shareholders to elect either
 - (i) to continue their investment in a closed-ended company; or
 - (ii) to receive a cash alternative; and
- (b) if the special resolution referred to in (a) above shall not be passed, a special resolution requiring the Company to be wound up voluntarily.

Further details can be found in the Chairman's Statement on page 5.

Investment Policy

The Company's investment objective, investment policy and risk and investment limits combine to form the 'Investment Policy' of the Company. Proposed changes to the following Investment Policy can be found on page 16.

Investment Objective

The Company's investment objective is to generate capital growth with a higher than average income from investment mainly in the UK equity market. It is intended that the Company will provide real dividend growth over the medium term.

Investment Policy and Risk

The Company will invest mainly in above average yielding UK equities and equity-related securities of UK companies. However, a portion of the portfolio may be invested in equities with a lower initial yield which are considered to have good potential for income growth. At certain times, up to 10% of the gross assets may be invested in fixed interest securities, where the main criteria for inclusion will be capital certainty, good liquidity and high credit quality. In addition, up to 10% of gross assets may be invested in non-UK equities.

The Manager will construct a portfolio which reflects his 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. The size of weightings will reflect the Manager's view of the attractiveness of a security and the degree of conviction. 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.

REPORT OF THE DIRECTORS

continued

The Manager controls the stock-specific risk of individual securities by ensuring that the portfolio is always appropriately diversified across all market sectors. 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 (gearing) can enhance returns to shareholders and the Company will use borrowings in pursuing its investment objective.

Investment Limits

The Board has prescribed limits on the Investment Policy, the most significant of which are the following:

- the Company will not invest more than 12% of its gross assets in any single investment;
- the Company will not invest more than 15% of its gross assets in other listed investment companies;
- the Company will not invest more than 10% of its gross assets in non-UK equities;
- the Company will not invest more than 10% of its gross assets in fixed interest securities;
- the Company will not invest more than 5% of its gross assets in unquoted investments; and
- gearing may be used to raise equity exposure up to a maximum of 25% of net assets at the time of purchase where it is appropriate.

The Manager monitors the portfolio on a daily basis to ensure adherence to its Investment Policy.

Change in Investment Policy

As explained in the Chairman's Statement on page 6, the Board is seeking shareholder approval at the AGM to update the Company's Investment Policy. The proposed new Investment Policy is as follows:

Investment Policy

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 and fixed interest markets.

Investment Policy and Risk

The Company invests mainly in UK equities and equity-related securities of UK-listed companies. The Manager seeks to identify and invest in companies that offer a combination of good capital growth prospects with the ability to increase dividends over time. The Manager may also invest up to 10% of gross assets in fixed income securities and up to 20% of gross assets in non-UK listed securities.

The Manager manages a portfolio that reflects his 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. The size of weightings will reflect the Manager's view of the attractiveness of a security and the degree of conviction. 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.

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- the Company will not invest more than 10% of its gross assets in fixed interest securities;
- the Company will not invest more than 5% of its gross assets in unquoted investments; and
- gearing may be used to raise equity exposure up to a maximum of 25% of net assets at the time of purchase where it is appropriate.

All of the above investment limits are taken at the time of acquisition.

Share Capital

Ordinary Shares

At the year end the Company's share capital included 210,900,504 ordinary shares. During the year 203,607 ordinary shares were issued at 218.94p each following an exercise of subscription shares and 645,880 ordinary shares were issued for cash at an average price of 260.22p. After the year end a further 250,000 ordinary shares were issued on 8 June 2011, at a price of 271p. No shares were bought back during the year and no shares were held in treasury during the year or at the year end.

Rights Attaching to the Ordinary Shares

Under the Company's Articles of Association, any ordinary share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).

The profits of the Company available for distribution and resolved to be distributed, subject to the provisions of UK law, shall be distributed by way of dividends to the holders of the ordinary shares. On a return of capital on liquidation, the assets of the Company shall be applied, *pari passu* with any payment to the holders of the subscription shares, in repaying to the holders of both classes of shares a sum equal to the nominal capital paid up or credited as paid up on the shares held by them respectively. The remaining balance shall be distributed rateably among the holders of the ordinary shares (and B shares in the event they are issued) according to the number of shares held by them.

At a general meeting of the Company every ordinary shareholder 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 either by proxy or present in person in relation to resolutions to be passed at a general meeting.

If any shareholder has been duly served with a notice pursuant to Section 793 of the Act (which confers the power to require information with respect to interests in voting rights) and has failed in relation to any ordinary shares ('default shares') to give the Company the information thereby required within 14 days from the service of the notice, then unless the Directors otherwise determine, the shareholder shall not, for so long as the default continues, be entitled (in respect of the default shares) to attend or vote at any general meeting or on any poll. Where the default shares represent 0.25% or more in nominal value of the issued ordinary shares (excluding any treasury shares), the Directors may in their absolute discretion by notice to such shareholder direct any dividend or part thereof or other money which would otherwise be payable in respect of the default shares to be retained by the Company. When such money is finally paid to the shareholder, he shall not be entitled to receive interest or elect to receive shares in lieu of dividend.

Subscription Shares

At the year end the Company's share capital included 17,478,825 subscription shares. During the year 203,607 subscription shares were converted into ordinary shares.

Rights Attaching to the Subscription Shares

On 31 August (the 'subscription date') in each of the years 2006 to 2013, subscription shareholders have the right to convert all or any of their subscription shares into fully paid ordinary shares of 10p each on the basis of one ordinary share for every subscription share so converted at a price of 218.94p per share (being 110% of the net asset value of an ordinary share as at close of business on 26 May 2005). Not earlier than 56 days or later than 28 days before each subscription date, the Company will give notice in writing to subscription shareholders reminding them of their subscription rights and providing the appropriate information required for conversion.

REPORT OF THE DIRECTORS

continued

The holders of the subscription shares are not entitled to any right of participation in the profits of the Company. On a return of capital on liquidation or otherwise the assets of the Company shall be applied, *pari passu* with any payment to the holders of the ordinary shares, in repaying to the holders of the subscription shares a sum equal to the nominal capital paid up or credited as paid up on the subscription shares held by them respectively. The holders of the subscription shares are not entitled to any further right of participation in the assets of the Company.

Subscription shareholders have the right to receive notices of general meetings and to attend, speak and vote at a general meeting only if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the subscription shares and then only on such resolution. Wherever the holders of the subscription shares are entitled to vote at a general meeting, every subscription shareholder has one vote on a show of hands and on a poll one vote for each subscription share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

B Shares

An Extraordinary General Meeting of shareholders was held on 9 June 2010 at which new Articles of Association for the Company were adopted. These Articles of Association allow an issue of B shares to take place should conditions permit. The rights attaching to the B shares are therefore listed below. There were no B shares in issue during the year or as at 10 June 2011.

Rights Attaching to the B Shares

The B Shares are identical in all material respects to the Company's ordinary shares, save for the fact that holders of B Shares will not receive distributions from the Company by way of dividend; they will instead receive capital returns. A capital return will be made to the holder of a B Share at the same time as any dividend is paid to the holder of an ordinary share, and will be in an amount equal to any such dividend.

To the extent that any amount in the Capital Repayment Reserve is insufficient to match any dividend paid to ordinary shareholders, a dividend will be paid to B shareholders in an amount equal to any such shortfall following which the B shares will convert into ordinary shares. For certain shareholders, there will be tax and other advantages in receiving a capital return rather than a dividend. Capital returns will be paid to holders of B shares from the Capital Repayment Reserve which will be created from the proposed cancellation of the amount standing to the credit of the Company's share premium account which is referable to the issue. The B shares will convert into ordinary shares once the Capital Repayment Reserve has been fully paid out.

Restrictions on the Transfers of Ordinary, B and Subscription Shares

The Directors may refuse to register any transfer of any ordinary, B or subscription share which is not fully-paid, although such discretion may not be exercised in a way which prevents dealings in the ordinary, B or subscription classes of shares from taking place on an open or proper basis. As at 31 March 2011, the Company's issued share capital did not include any ordinary, B or subscription shares that were not fully paid.

There are restrictions on the transfer of B shares by shareholders located in the US, which make it more difficult for a US person to resell B shares in many instances.

The Directors may refuse to register any transfer of an ordinary, B or subscription share in favour of more than four persons jointly.

The Company is not aware of any other restrictions on the transfer of ordinary, B or subscription shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example, market abuse laws). In certain circumstances, the Directors can require certain US holders of shares to transfer their shares compulsorily.

Share Valuations

On 31 March 2011, the mid-market price and the diluted net asset value ('NAV') per ordinary share were 252.8p (2010: 217.9p) and 255.5p (2010: 231.2p) respectively.

Key Performance Indicators

The Board reviews performance by reference to a number of Key Performance Indicators which include the following:

- Relative Asset Performance
- Dividend Policy
- Peer Group Performance
- Premium/Discount
- Total Expense Ratio

Relative Asset Performance

In reviewing the performance of the assets of the Company, the Board monitors the diluted NAV 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 but has historically achieved significant outperformance of that index.

During the course of the year the NAV total return of the Company rose by 12.2% compared with a rise of 8.7% by the FTSE All-Share Index (total return).

Dividend Policy

It remains the Directors' intention to distribute by way of dividend substantially all of the Company's net income after expenses and taxation. With effect from 1 April 2010, the Directors decided to declare four dividends in respect of each financial year.

The Manager aims to maximise total return from the portfolio. The Manager believes in strong earnings growth and in the importance of dividends to total return. The portfolio will typically command a yield premium to the market. However, the pursuit of income is not a prime objective and dividend yields are not permitted to constrain investment decisions.

For the year ended 31 March 2011, three interim dividends of 2.2p each per share were paid on 27 September 2010, 30 December 2010 and 31 March 2011 respectively. A fourth interim dividend of 2.75p per share has been declared for payment on 30 June 2011, giving a total dividend paid for the year of 9.35p (2010: two interims dividends totalling 8.8p). This represented an increase of 6.25% on the previous year.

The Directors intend to maintain their existing policy of providing ordinary shareholders with real growth in dividends over the medium term and, it is anticipated that the historic rate of dividend growth will continue to be targeted.

Peer Group Performance

There are currently over 300 investment trusts in the UK of which 21 form the UK Income and Growth sector. This group, however, is quite diverse in its investment policies and structures. The Board monitors the performance of the Company in relation to both the sector as a whole and to those companies within it which the Board consider to be the peer group that most closely match its investment policy and structure.

As at 31 March 2011, out of the 21 investment trusts within the UK Income and Growth sector the Company was ranked number 6 over one year and number 4 and 3 over three and five years respectively by NAV performance (source: JPMorgan Cazenove).

Premium/Discount

The Board monitors the premium/discount at which the Company's ordinary shares trade in relation to the assets and how this compares to other investment trusts in the peer group. During the year the Company's ordinary shares traded at both a discount and a premium. The highest premium was 2.9% and the widest discount was 7.4%. At the year end the discount was 1.1% (2010: 5.8%). As at 31 March 2011, the average discount of the 21 investment trusts in the UK Income and Growth Sector was 4.2% (2010: 6.9%) (source: JPMorgan Cazenove).

REPORT OF THE DIRECTORS

continued

The Board and Manager closely monitor movements in the Company's ordinary share price and dealings in the Company's ordinary shares. In order to avoid significant overhang or shortage of ordinary shares in the market the Board asks shareholders to approve resolutions every year which allow for the repurchase of ordinary shares (for cancellation or to be held as treasury shares) and also their issuance. This may assist in the management of the diluted discount.

The Company does not currently hold any shares in treasury. However, should the Board consider it to be in shareholders' interests to do so, then it is the Board's policy to sell shares held as treasury shares on terms that are in the best interests of shareholders as a whole.

Total Expense Ratio ('TER')

The expenses of managing the Company are carefully monitored by the Board and the TER provides a guide to the effect on performance of the annual operating costs. The Board reviews expenditure using an annual budgetary process. The TER for the year was 1.0% (2010: 1.1%) based on management fees and other expenses of £5,267,000 (2010: £4,738,000).

Current and Future Development

As part of the Company's overall strategy, the Company will seek to manage its affairs so as to maximise returns for shareholders. One of the Board's longer-term objectives is to increase the size of the assets of the Company in a manner consistent with seeking to maximise returns for shareholders.

Details of the main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Investment Manager's Report on pages 7 and 8. Further details as to the risks affecting the Company are set out below under 'Principal Risks and Uncertainties' on pages 21 and 22.

Resources

The Company is an investment trust which outsources its management and administrative functions. As a result the Company has no employees. Through the contractual arrangements in place, a full range of services are available to it. The most significant contract is with the Manager, Invesco Asset Management Limited ('IAML'), to whom responsibility for the investment management of the portfolio is delegated. The Board reviews the performance of the Manager formally at every Board Meeting and when market conditions dictate.

The day-to-day responsibility for the investment management of the portfolio rests with the Manager. The Board has adopted guidelines within which the Manager is permitted wide discretion; decisions made outside these parameters are referred to the Board. The Board has the power to replace the Manager and reviews the contract formally every year. The outcome of this review is commented upon on page 24.

Other contractual arrangements govern relationships with the Company Secretary and Administrator, Corporate Broker, Registrar, Banker and Custodian. These contracts are also reviewed by the Board in relation to agreed service standards on a regular basis and more formally on an annual basis.

Shareholder Communication

Through the annual and half-yearly financial reports, interim management statements, monthly fact sheets, the Manager's website, the AGM and the publication of a daily NAV and other methods, the Board endeavours to ensure that shareholders understand the Company's Investment Policy and that the Board, both independently and through the Manager, reviews its Investment Policy in the light of feedback from shareholders. The Board monitors and reviews shareholder communications on a regular basis.

Advisers and Principal Service Providers

The Company's main supplier of services is the Manager who provides both investment management services and company secretarial and administrative support.

The Company has the following advisers:

- Capita Registrars as Registrar;
- The Bank of New York Mellon as Banker and Custodian;

- Deloitte LLP as Auditor; and
- Winterflood Investment Trusts as Corporate Broker.

Further details of the Company's advisers can be found on page 13.

Principal Risks and Uncertainties

The principal risk factors relating to the Company can be divided into various areas:

Investment Policy and Process

There is no guarantee that the Investment Policy adopted by the Company will provide the returns sought by the Company. The Board has established guidelines to ensure that the Investment Policy that is approved by shareholders is pursued by the Manager.

Risk management is an integral part of the investment management process. The Manager effectively controls risk by ensuring that the Company's portfolio is always appropriately diversified. In-depth and continual analysis of the fundamentals of all holdings gives the Manager a full understanding of all the financial risks associated with any particular security.

Market Movements and Portfolio Performance

The majority of the Company's investments are traded on the London Stock Exchange. The principal risk for investors in the Company is of a significant fall in the markets and/or prolonged period of decline in the markets relative to other forms of investment as well as bad performance of individual portfolio investments. The prices of these securities are influenced by many factors including the general health of the world (and particularly the UK) economy including: interest rates, inflation, government policies, industry conditions, political and diplomatic events, tax laws, environmental laws and by the demand from investors for income. The Manager strives to maximise the total return from the securities in which it invests, but these securities are influenced by market conditions and the Board acknowledges the external influences on portfolio performance. While the Board obviously cannot influence market movements, it is vigilant in monitoring and taking steps to mitigate the effects of falls in markets should they occur. The performance of the Manager is carefully monitored by the Board, and the continuation of the Manager's mandate is formally reviewed each year.

The Board and the Manager maintain an active dialogue with the aim of ensuring that the market rating of the Company's shares reflects the underlying NAV and that share repurchase and issuance facilities help the management of this process.

Past performance of the Company, and all of the securities managed by the Manager, are not necessarily indicative of future performance.

For a fuller discussion of the economic and market conditions facing the Company and the current and future performance of the portfolio of the Company, please see both the Chairman's Statement on pages 5 and 6 and the Investment Manager's Report on pages 7 and 8.

Ordinary Shares

The market value of an ordinary share, as well as being affected by its NAV, also takes into account its dividend yield and prevailing interest rates. As such, the market value of an ordinary share can fluctuate and may not always reflect its underlying NAV. The market price of an ordinary share may therefore trade at a discount to its NAV. As at 31 March 2011, an ordinary share of the Company traded at a discount of 1.1%. During the year, the Company's shares traded at an average discount of 1.5% (2010: 3.1%).

There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. Due to the potential difference between the mid-market price of the ordinary shares and the prices at which they are sold, there is no guarantee that their realisable value will reflect their market price.

While it is the intention of the Directors to pay dividends to ordinary shareholders quarterly each year, the ability to do so will depend upon the level of income received from securities and the timing of receipt of such income by the Company. Accordingly, the amount of the quarterly dividends paid to ordinary shareholders may fluctuate.

REPORT OF THE DIRECTORS

continued

Gearing

Whilst the use of borrowings by the Company should enhance the total return on the ordinary shares where the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling. As at 31 March 2011, gearing was provided by a bank overdraft of up to £75 million and the £30 million debenture. Since the year end, the Board have approved an increase in the bank overdraft of up to £100 million.

Regulatory

The Company is subject to various laws and regulations by virtue of its status as a public limited company registered under the Act, as an investment trust, and its listing on the London Stock Exchange.

A breach of Sections 1158-1165 CTA could lead to the Company being subject to capital gains tax on the sale of its investments. A serious breach of other regulatory rules may lead to suspension from the London Stock Exchange, a fine or a qualified Audit Report. Other control failures, either by the Manager or any other of the Company's service providers, may result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

The Manager reviews the level of compliance with Sections 1158-1165 CTA and other financial regulatory requirements on a daily basis. All transactions, income and expenditure are reported to the Board. The Board regularly considers all risks, the measures in place to control them and the possibility of any other risks that could arise. The Board ensures that satisfactory assurances are received from service providers. The Manager's Compliance and Internal Audit Officers produce regular reports for review by the Company's Audit Committee.

If, under UK law or accounting rules and standards applicable to the Company, there were to be a change to the basis on which dividends could be paid by companies, this could have a negative effect on the Company's ability to pay dividends and, accordingly, capital returns.

Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 19 to the financial statements.

Reliance on Third Party Service Providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is therefore reliant upon the performance of third party service providers for its executive function. In particular, the Manager performs services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its Investment Policy.

The Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Any damage to the reputation of the Manager could result in potential counterparties and third parties being unwilling to deal with the Manager and by extension the Company. This could have an adverse impact on the ability of the Company to successfully pursue its Investment Policy.

Financial Position

Assets and Liabilities

At 31 March 2011, the Company's net assets were £545 million (2010: £488 million). These comprised a portfolio of equity investments, non-equity investments, cash and other net current liabilities. The Company had a £75 million overdraft facility (increased to £100 million after the year end) of which £74.0 million (2010: £69.9 million) was drawn at the year end. The Company has additional long-term gearing provided by a £30 million 6.125% debenture with amortised cost at the year end of £29.8 million (2010: £29.8 million).

Due to the readily realisable nature of the Company's assets, cash flow does not have the same significance as for an industrial or commercial company. The Company's principal cash flows arise from the purchase and sale of investments and the income from investments against which must be set off the costs of borrowing and management expenses. During the year the Company received £445,777

from the issue of 203,607 ordinary shares following the exercise of the same number of subscription shares. The Company also received £1,680,704 from the issue of 645,880 new ordinary shares for cash.

Financial Instruments

The Company's use of financial instruments is disclosed in note 1(c) and note 19 to the financial statements.

Gearing Policy

Gearing policy is under the control of the Board. The maximum limit for gearing is 25% of total net assets (measured at the time new borrowings are incurred) for investment in companies where there are stock-specific opportunities. The gearing is not an expression of confidence in the performance of the overall UK stock market, but rather an endorsement of the potential for selected securities. In this respect both the Board and the Manager are content that the flexibility which the overdraft facility provides offers the most appropriate means of gearing, supplementing the longer-term gearing of the debenture stock.

£30,000,000 6.125% Debenture 2014

The debenture was issued in July 1999, is secured by a floating charge over all the Company's assets and has a fixed rate of 6.125%. It is redeemable in July 2014 and interest is payable on 8 January and 8 July.

Environmental Matters, Employees and Social and Community Issues

As an investment trust company with no employees, property or activities outside investment management, the disclosure of information about environmental matters, the Company's employees and social and community issues is not given.

The Manager considers various factors when evaluating potential investments. Some are financial ratios and measures, such as free cash flow, earnings per share and price to book value. Others are more subjective indicators which rely on first hand research; for example, quality of management, innovation and product strength. While a company's policy towards the environment and social responsibility is considered as part of the overall assessment of risk and the suitability of the company for the portfolio, the Manager does not necessarily preclude an investment being made on environmental and social grounds alone.

The Company may send or supply documents or information to shareholders in electronic form (e.g. by e-mail) or by means of a website. This delivers environmental benefits through the reduced use of paper and of the energy required for its production and distribution.

Investment Management Agreement

Invesco Asset Management Limited ('IAML') is appointed Manager, Administrator and Company Secretary under an agreement dated 20 February 1996 and subsequently amended on 27 December 2001. This agreement is terminable by either party giving not less than one year's notice. Under the agreement, the Manager receives a management fee of 0.1875% per quarter of the Company's funds under management.

A performance-related fee is payable to the Manager annually in arrears, if the Company's performance exceeds the FTSE All-Share Index, to the extent that it exceeds any brought forward underperformance. The performance-related fee is equal to 10% of the value of any outperformance, but may not exceed 0.75% of the value of the Company's net assets at the relevant performance fee calculation date (which is usually the Company's balance sheet date). Any such performance-related fee is based on the outperformance over the benchmark index after taking into account any previous underperformance.

Statement of 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.

REPORT OF THE DIRECTORS

continued

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 and interim management statements on behalf of the Company and various statistical reports and information throughout the year.

Assessment of the Investment Manager

A regular annual review of the management contract is undertaken by the Management Engagement Committee; however, the performance of the Manager in its role of Investment Manager, Company Secretary and Administrator is subject to continual review by the Board.

The investment objective of the Company is to generate capital growth with a higher than average income from investment mainly in the UK equity market. Overall, the investment process is aiming to achieve absolute return through a genuinely active fund management approach. As the Manager's philosophy does not seek to regard the FTSE All-Share Index as the benchmark for portfolio construction, the portfolio may look substantially different from this index. This may lead to periods of underperformance as well as periods of outperformance.

The Board has formally reviewed the Manager's performance and, taking into account the long-term performance of the portfolio, the other services provided by the Manager and the risk and corporate governance environment in which the Company operates, the Board considers that the continuation of the management contract is in the best interests of shareholders as a whole.

Report of the Audit Committee

The Audit Committee is responsible to the Board for reviewing each aspect of the financial reporting process: the systems of internal control and management of financial risks; the audit process; relationships with the Auditor the Company's processes for monitoring compliance with laws and regulations; its code of business conduct; and for making recommendations to the Board.

The Company's internal financial controls and risk management systems have been reviewed with the Manager against risk parameters approved by the Board. The Audit Committee has also received a satisfactory report on the Manager's internal operations from the Manager's Compliance and Internal Audit Officers.

The audit programme and timetable are agreed with the Auditor in advance of the Company's financial year end. At this stage, matters for audit focus are discussed and agreed. These matters are given particular attention during the audit process and among other matters they are reported on by the Auditor in their audit review to the Audit Committee. The audit review is considered by the Audit Committee and discussed with the Auditor and the Manager prior to approving and signing the financial statements.

The Audit Committee has reviewed the Financial Statements for the year ended 31 March 2011 with the Manager and the Auditor at the conclusion of the audit process.

Auditor

The Audit Committee has considered the independence of the Auditor and the objectivity of the audit process and is satisfied that Deloitte LLP have fulfilled their obligations to shareholders.

Deloitte LLP are willing to continue in office and a resolution, in accordance with Section 489 of the Act, to re-appoint them will be proposed at the forthcoming AGM. A separate resolution for the Directors to be authorised to set the Auditor's remuneration will also be proposed at the AGM.

Substantial Holdings in the Company

At 31 May 2011 the Company had been notified of the following holdings of 3% and over of the Company's ordinary share capital:

	HOLDINGS	%
Invesco Perpetual (non-discretionary savings scheme and ISAs)	61,413,404	29.1
Brewin Dolphin Stockbrokers	11,664,442	5.5
Rathbones	10,431,290	5.0
Hargreaves Lansdown Asset Management	10,101,539	4.8
Charles Stanley Stockbrokers	8,634,869	4.1
Legal & General Investment Management	7,461,021	3.5
Alliance Trust Savings	6,890,190	3.3
F&C Asset Management	6,785,739	3.2

Directors

The present members of the Board are listed on page 12, together with their biographies.

Subject to its Articles of Association and relevant statutory law and to such direction as may be given by the Company in general meeting by special resolution, the business of the Company shall be managed by the Directors, who may exercise all the powers of the Company which are not required to be exercised by the Company in general meeting.

Further details relating to the Directors' appointment, re-election and tenure can be found on page 28.

Directors' Interests

The interests of the Directors in the ordinary share capital of the Company at 31 March 2011 are set out below.

ORDINARY SHARES	2011		2010	
	ORDINARY SHARES	SUBSCRIPTION SHARES	ORDINARY SHARES	SUBSCRIPTION SHARES
Bill Alexander	10,000	—	10,000	—
Sir Martyn Arbib	12,000	1,000	12,000	1,000
Vivian Bazalgette	10,000	—	10,000	—
Antony Hardy	11,000	1,000	11,000	1,000
Bob Yerbury	10,000	—	10,000	—

There were no changes in the above interests between 31 March 2011 and 10 June 2011.

Disclosable Interests

No Director was a party to or had any interest in any contract or arrangement with the Company at any time during the year.

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 (the 'Articles') 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 secondly, 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.

REPORT OF THE DIRECTORS

continued

The Directors have declared any potential conflicts of interest to the Company. Any potential conflicts of interest are entered into the Company's register of potential conflicts, which is reviewed regularly by the Board. The register of potential conflicts of interest is kept at the Registered Office of the Company. The Directors will advise the Company Secretary as soon as they become aware of any potential conflicts of interest.

Deed of Indemnity

Under the terms of a Deed of Indemnity between the Directors and the Company, a Director may be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the discharge of his duties or the exercise of his powers or discretions as a Director of the Company. This includes any liability incurred by a Director in disputing, defending, investigating or providing evidence in connection with any actual or threatened or alleged claims, demands, investigations or proceedings whether civil or criminal, and any settlement thereof. A Director may also receive funding of any expenditure incurred in connection with any such liability. A Director will continue to be indemnified under the terms of the indemnity notwithstanding that he may have ceased to be a Director of the Company.

However, a Director will not be entitled to be indemnified for any liability to the Company, for fines payable to regulatory authorities, for defending any criminal proceedings in which he is convicted or in defending any civil proceedings brought by the Company in which judgment is given against him. The indemnity does not apply to the extent that a liability is recoverable from any insurers, if it is prohibited by the Act or otherwise prohibited by law, if it relates to tax payable on remuneration or other benefits received, or if a liability arises from an act or omission of the Director which is shown to have been in bad faith.

The Deed of Indemnity is available for inspection at the AGM and at the Registered Office at any time.

Directors' and Officers' Liability Insurance

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

Creditor Payment Policy

It is the Company's policy to obtain the best terms for all business including purchases of investments, and to abide by those agreed terms. There were no trade creditors at 31 March 2011 (2010: nil).

Going Concern

The financial statements have been prepared on a going concern basis. As previously explained, an ordinary resolution is proposed at this year's AGM to release the Directors from their obligation to convene a meeting in 2011 at which a special resolution for the reconstruction of the Company would be proposed. After making enquiries, the Directors have no reason to believe that such a resolution will not receive shareholder approval.

The Directors further 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. In reaching this conclusion, the Directors took into account the Company's investment objective, its risk management policies (see note 19 to the financial statements), the diversified portfolio of readily realisable securities which can be used to meet funding commitments, the overdraft which can be used for both long-term and short-term funding requirements, the liquidity of the investments which could be used to repay the overdraft in the event that the facility could not be renewed or replaced, and the ability of the Company to meet all of its liabilities, including the £30 million debenture, and ongoing expenses.

AGM

Shareholders will find on pages 56 to 58 the notice of the forthcoming AGM of the Company to be held on 19 July 2011 at 11.30 am, an explanation of which can be found in the Chairman's Statement on page 6.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Principles

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

In March 2009, the fourth edition of the AIC Code of Corporate Governance ('AIC Code') was published. The Financial Reporting Council have confirmed that AIC member companies who report against the AIC Code and who follow the AIC's Corporate Governance Guide for Investment Companies ('AIC Guide') would meet their obligations in relation to the Combined Code on Corporate Governance ('Combined Code') and paragraph 9.8.6 of the Listing Rules (relating to additional items to be included in the annual financial report). Copies of the AIC Code and AIC Guide can be found on the AIC's website at www.theaic.co.uk.

The purpose of the AIC Code is to provide boards with a framework of best practice for the governance of investment companies (including investment trusts). The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide provides confidence to shareholders, directors and regulators. The Company has complied with the recommendations of the AIC Code and the relevant provisions of section 1 of the Combined Code, save in respect of those matters explained below under the relevant sections.

The Combined Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the Company, which is an externally managed investment company.

During the year under review, the schedule of matters reserved for the Board and, where appropriate, the terms of reference of the Audit Committee, the Management Engagement Committee and the Nomination Committee were reviewed and updated to bring them in line with latest best practice and to ensure compliance with the AIC Code. The Company's corporate governance procedures are considered regularly by the Board and amended as necessary.

This statement describes how the principles of the AIC Code and Guide have been complied with in the affairs of the Company. Any reference to the AIC Code in this statement includes references to the AIC Guide.

Directors

The Directors believe that throughout the period under review they have complied with the provisions of the AIC Code and, therefore section 1 of the Combined Code, save in respect of those matters explained below under the relevant sections.

Independence

The Board comprises five non-executive Directors, four of whom are considered independent.

Sir Martyn Arbib was founder and chairman of Perpetual plc, which was acquired by Invesco Ltd in December 2000. The Manager, Invesco Asset Management Limited ('IAML'), is a subsidiary of Invesco Ltd. In accordance with the AIC Code, a 'recent employee' of the Manager, who is also a Director of the Company, should not be considered independent unless his employment ceased over five years ago. Sir Martyn's employment with Invesco Ltd ceased in 2002 and the Board are satisfied that he can be considered an independent Director.

Bob Yerbury is a Senior Managing Director of Invesco Ltd and a Director of IAML and, in accordance with the AIC Code, is therefore not considered independent.

The Board has considered the continued appointment of Sir Martyn Arbib and Antony Hardy in light of their having served on the Board for over nine years and has concluded that they continue, both collectively and individually, to be effective and make valuable contributions to the Board. Notwithstanding their length of service, the Board consider that they each remain independent, a view which has been demonstrated by their actions on behalf of the Company and their other professional involvements.

REPORT OF THE DIRECTORS

continued

Directors have a range of business, financial and asset management skills and experience relevant to the direction and control of the Company. Brief biographical details are shown on page 12.

Chairman

The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of the role.

The Chairman is Bill Alexander, a non-executive and independent Director who has no conflicting relationships. Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer. Due to the size of the Board, the Board has not appointed a deputy chairman.

Senior Independent Director

In his role as Senior Independent Director, Antony Hardy provides a sounding board for the Chairman and serves as an intermediary for the other Directors if necessary. He also provides a channel of communication for shareholders where contact through the Chairman or Company Secretary have failed to resolve or for which such contact is inappropriate.

Attendance at Board and Committee Meetings

All the Directors are considered to have an excellent attendance record at scheduled Board and Committee Meetings of the Company. 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 a number of ad-hoc meetings as required between scheduled meetings.

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		MANAGEMENT COMMITTEE MEETINGS	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Bill Alexander	5	5	2	2	1	1
Sir Martyn Arbib	5	5	2	n/a	1	n/a
Vivian Bazalgette	5	5	2	2	1	1
Antony Hardy	5	5	2	2	1	1
Bob Yerbury	5	4	2	n/a	1	n/a

Appointment, Re-election and Tenure of Directors

The Directors are responsible for reviewing the size, structure and skills of the Board and considering any necessary changes or new appointments. 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, can be found on the Manager's website and will be available at the AGM.

The Board has formulated a formal, rigorous and transparent procedure for the selection and appointment of new Directors to the Board. To date the Board has not used an executive search consultancy or open advertising when seeking new candidates for appointment as the Directors have considered that the candidates found from sources within the Company and through its advisers have been of a sufficiently high quality.

The Articles require that each Director shall retire at an AGM at least every three years after appointment or (as the case may be) last reappointment, and may offer themselves for re-election. The new AIC Code of Corporate Governance, which the Company intends to comply with for the financial year ending 31 March 2012, contains a provision that recommends that all the Directors of FTSE 350 companies offer themselves for re-election on an annual basis. The Board have decided to comply with this recommendation early and therefore all the Directors are standing for re-election at the Company's AGM.

The Board confirms that the performance of the Directors continues to be effective and demonstrates commitment to the role. The Board therefore recommends to shareholders their support for resolutions 2 through to 6 relating to the Directors seeking re-election.

The Articles will be available at the AGM and can be inspected at the Registered Office address of the Company.

Directors' Remuneration

The Board as a whole reviews Directors' remuneration on a regular basis. Details of the Company's policy on Directors' remuneration and of payments to Directors are given in the Directors' Remuneration Report on pages 34 and 35.

Board, Committee and Directors' Performance Appraisal

The Company has in place a system of performance evaluation which is undertaken by the Board annually. Since the year end, the Directors have undergone an appraisal process to evaluate the performance of the Board as a whole, of the respective Committees of the Board and of individual Directors. The results of the appraisal process were satisfactory and the Board confirms that the performance of the Directors continues to be effective and demonstrates commitment to the role and responsibilities.

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.

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 of matters is reviewed annually to ensure compliance with the latest regulatory requirements, best practice and the AIC Code. It is available at the AGM, at the Registered Office of the Company and on the Manager's website.

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 Board Committees; controlling 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 portfolio details given in the annual and half-yearly financial reports, interim management statements, fact sheets and daily NAV disclosures.

The Board as a whole undertakes periodically the responsibilities which would otherwise be assumed by remuneration and nomination committees, having agreed that separate remuneration and nomination committees are not appropriate for a company of this size and nature.

There is currently an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense up to an initial cost of £5,000, having first consulted with the Chairman.

Supply of Information

To enable the Directors to fulfil their roles, the Manager and Company Secretary ensure that they have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made. The Board meets on a regular basis at least four times each year and additional meetings are arranged as necessary. Regular contact is maintained between the Manager and Company Secretary and the Board between formal meetings.

Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Manager or Company Secretary on the current investment position and outlook; strategic direction, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance; and industry and other issues.

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.

REPORT OF THE DIRECTORS

continued

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Invesco Asset Management Limited, which is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for advising the Board through the Chairman on all governance matters. The appointment and ongoing assessment and review of the Company Secretary are matters for the Board as a whole.

The Company Secretary makes a significant contribution to the efficiency and effectiveness of the Board, and the smooth running of the Company. To fulfil the role, the Company Secretary keeps up-to-date with relevant legal, statutory and regulatory requirements and is also able to provide impartial advice and support to the Directors. The Company Secretary also acts as a primary point of contact for institutional and other shareholders, especially with regard to matters of corporate governance.

The Management Engagement Committee

The Management Engagement Committee comprises Antony Hardy, Bill Alexander and Vivian Bazalgette, all of whom are independent Directors. The Chairman of the Management Engagement Committee is Bill Alexander. The Management Engagement Committee has written terms of reference which clearly define its responsibilities and duties. The terms of reference are reviewed as and when appropriate to ensure compliance with the latest regulatory requirements, best practice and the AIC Code. They will be available for inspection at the AGM, the Registered Office of the Company and on the Managers's website.

The Management Engagement Committee meets annually to review the investment management agreement with the Company's Manager and to review the services provided by the Manager and Company Secretary. A statement of IAML's responsibilities as Manager, Administrator and Company Secretary of the Company and the assessment of the Manager and Company Secretary by the Management Engagement Committee can be found on pages 23 and 24.

Accountability and Audit

The Directors' responsibilities for the Company's accounting records and financial statements are set out on page 33. The Independent Auditor's Report appears on pages 36 and 37.

Audit Committee

The Audit Committee is composed of Antony Hardy, Bill Alexander and Vivian Bazalgette, all of whom are independent Directors. The Chairman of the Audit Committee is Antony Hardy. Audit Committee members consider that collectively they are appropriately experienced to fulfil the role required. The Audit Committee has written terms of reference which are reviewed as and when appropriate and clearly define its responsibilities. The terms of reference of the Audit Committee, including its role and authority, are available for inspection at the AGM, at the Registered Office of the Company and on the Manager's website.

The Audit Committee meets at least twice each year to review the internal financial and non-financial controls, to approve the contents of the draft annual and half-yearly financial reports and to review the Company's accounting policies. In addition, the Audit Committee reviews the Auditor's independence, objectivity and effectiveness, the quality of the services of all the service providers to the Company and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements. The Audit Committee considers the likelihood of a withdrawal of the Auditor from the market and noted that there are no contractual obligations to restrict the choice of external auditor. At each meeting, representatives of the Manager's Internal Audit and Compliance teams are present. Representatives of Deloitte LLP, the Company's Auditor, attend the Audit Committee meeting at which the draft annual financial report is reviewed.

The Chairman of the Audit Committee will be present at the AGM to deal with questions relating to this annual financial report.

The Audit Committee reviewed its effectiveness during the year. The review was carried out internally as part of the Board Committee and Directors' performance appraisal process a report on which can be found on page 29.

Internal Financial and Non-Financial Controls

The Directors acknowledge that they are responsible for ensuring that the Company maintains a sound system of internal control to safeguard shareholders' investment and the Company's assets.

The Board reviews, at least annually, the effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems. The Company's system of internal control is designed to manage rather than eliminate the risk of failure to adhere to the Company's Investment Policy, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from their review. There are no significant failings or weaknesses that have occurred throughout the year ended 31 March 2011 and up to the date of this annual financial report.

The Board meets regularly, at least four times a year, and reviews financial reports and performance against revenue forecasts, stock market indices and the Company's peer group. In addition, the Manager and Custodian maintain their own systems of internal controls and the Board and Audit Committee receive regular reports from the Internal Audit and Compliance teams of the Manager. Formal reports are also produced on the internal controls and procedures in place for custodial, company secretarial, investment management and accounting activities, and these are reviewed annually by the Board.

The Directors consider that the Company's procedures enable it to comply with the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the Combined Code'.

Internal Audit Function

The Directors have reviewed the need for the Company to establish an internal audit function but, in view of the extent of the Manager's executive responsibilities and, given that the Manager has an internal audit function, consider that such a function is not necessary for the Company.

Auditor's Non-audit Services

During the financial year ended 31 March 2011, the Company's Auditor, Deloitte LLP, provided non-audit services to the Company in relation to compliance with the covenants in the debenture trust deed, which amounted to £4,000 (2010: £4,000) excluding VAT, and for advice relating to the suspended B Share issue of £4,000 excluding VAT. The Directors do not consider that the provision of these services impaired the Auditor's independence.

It is the Company's policy not to seek substantial non-audit services from its Auditor. The scope for non-audit services is reviewed by the Audit Committee and approved prior to the Auditor's engagement. In particular, the Audit Committee considers whether the skills and experience of the Auditor make it a suitable supplier of the non-audit service and whether there are appropriate safeguards in place to ensure that there is no threat to objectivity and independence in the conduct of the audit resulting from the provision of such services by the Auditor.

Audit Engagement Partner

Deloitte LLP, as the Company's Auditor is responsible for establishing policies and procedures to monitor the length of time that the Company's audit engagement partner serves as a member of the Company's audit engagement team. Where the audit engagement partner has a long association with the Company's audit, Deloitte LLP will assess the threats to his/her objectivity and independence and apply safeguards to reduce the threats to an acceptable level. One of these safeguards relates to the rotation of the Company's audit engagement partner every five years. Any audit engagement partner who has acted for the Company for a period of five years, will not subsequently participate in the Company's audit engagement until a further period of five years has elapsed.

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 results. This information is supplemented by the publication of interim management statements, monthly factsheets and information on the daily calculation of the NAV of the Company's ordinary shares, which is published via the London Stock Exchange and the Manager's website.

REPORT OF THE DIRECTORS

continued

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 Board, Chairman of the Company and the Chairmen of the Committees of the Board 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 or in writing to the Company Secretary at the address given on page 13. At other times the Company responds to queries from shareholders on a range of issues.

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 institutional shareholders are reported to the Board.

Shareholders can visit the Manager's website in order to contact the Directors, Manager and Company Secretary, access copies of annual and half-yearly financial reports, interim management statements, shareholder circulars, Company 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.

Stewardship

The Board has delegated the Company's stewardship to the Manager. The Manager, Invesco Asset Management Limited, 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 Policy on Corporate Governance and stewardship can be found at www.invescoassetmanagement.co.uk.

The Manager has a responsibility to optimise returns to shareholders of the Company. As a core part of the investment process, the Manager endeavours to establish a dialogue with management to promote company decision making that is in the best interests of shareholders, and is in accordance with good corporate governance principles. The Manager believes that, being a major shareholder in a company is more than simply expecting to benefit in its future earnings streams, but is also about helping to provide the capital it needs to grow; being actively involved in its strategy; and helping to ensure that shareholder interests are always at the forefront of management's thoughts.

The Manager considers that shareholder activism is fundamental to good corporate governance. Although this does not entail intervening in daily management decisions, it does involve supporting general standards for corporate activity and, where necessary, taking the initiative to ensure those standards are met, with a view to protecting and enhancing value for the Company's shareholders. Engagement is proportionate and reflects the size of holdings, length of holding period and liquidity of the underlying company shares.

One important means of putting shareholder responsibility into practice is via the exercising of voting rights. In deciding whether to vote shares, the Manager will take into account such factors as the likely impact of voting on management activity, and where expressed, the preference of the Board of the Company. As a result of these two factors, the Manager will tend to vote on all shares held within the Company's portfolio. Voting rights will be exercised on an informed and independent basis, and will not simply be passed back to the company concerned for discretionary voting by the chairman.

By order of the Board

Invesco Asset Management Limited

Company Secretary

30 Finsbury Square
London EC2A 1AG

10 June 2011

DIRECTORS' RESPONSIBILITY STATEMENT

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 the law the Directors have elected to prepare financial statements in accordance with UK Generally Accepted Accounting Practice. 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; 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 ('CA 2006'). They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with provision s418 of CA 2006.

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

- the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the Company; 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.

Signed on behalf of the Board of Directors

Sir Martyn Arbib

Director

10 June 2011

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2011

The Board presents this Remuneration Report which has been prepared under the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. An Ordinary Resolution for the approval of this Report will be put to shareholders at the Annual General Meeting ('AGM').

The Company's Auditor is required to audit certain of the disclosures provided in this Remuneration Report. The Auditor's opinion is included in their report on pages 36 and 37.

Remuneration Responsibilities

The Board have resolved that a remuneration committee is not appropriate for a company of this size and nature. Remuneration responsibilities are part of the Board's responsibilities, to be addressed regularly by the Board as a whole.

All Directors are non-executive and all participate in meetings of the Board at which Directors' remuneration is considered. Individual Directors are not involved in discussions relating to their own remuneration. The Board seeks advice, *inter alia*, from the Company Secretary, Invesco Asset Management Limited, when considering the level of Directors' fees.

Policy on Directors' Remuneration

The Board's policy is that the remuneration of non-executive Directors should be fair and reasonable in relation to the time commitment and responsibilities of the Director. It is intended that this policy will continue for the year ended 31 March 2011 and subsequent years.

During the year, the Board has reviewed Directors' remuneration taking into consideration the increasing demands and accountability of the current corporate governance and regulatory environment. They concluded that the current level of Directors' remuneration continues to be appropriate for the time being. Since 1 April 2010, Directors' remuneration per annum has been as follows: £30,000 Chairman; £25,000 Audit Chairman; and £20,000 other Directors. Prior to this increase, the last Directors' remuneration increase was in July 2006.

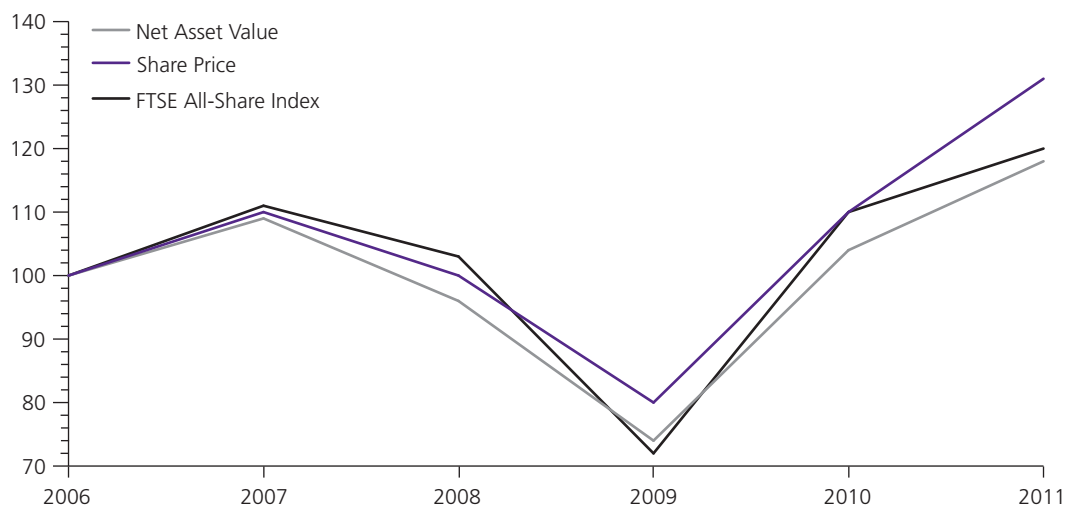
Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. As at 31 March 2011, the maximum dictated by the Company's Articles of Association was £200,000 in aggregate per annum. The Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits.

Directors' Service Contracts

All Directors have letters of appointment which are available for inspection at the Registered Office of the Company and on the Manager's website. Under the Articles of Association of the Company, the terms of the Directors' appointments provide that a Director shall retire and be subject to election at the first AGM after appointment and re-election at least every three years thereafter. In accordance with the 2010 AIC Code of Corporate Governance, with effect from the 2011 AGM, all the Directors will be subject to annual re-election. The terms also provide that a Director may be removed from office without notice and that no compensation will be due on leaving office.

The Company's Performance

The graph overleaf plots the total return net asset value and share price to ordinary shareholders compared to the total return of the FTSE All-Share Index over the five years to 31 March 2011. This index is the benchmark adopted by the Company for comparison purposes. Figures have been rebased to 100 at 31 March 2006.



Directors' Emoluments for the Year (Audited)

The Directors who served during the year received the following emoluments in the form of fees:

	2011 £	2010 £
Bill Alexander (Chairman of the Board)	30,000	25,000
Antony Hardy (Chairman of the Audit Committee, and from 8 July 2009, Senior Independent Director)	25,000	20,000
Sir Martyn Arbib	20,000	17,500
Vivian Bazalgette	20,000	17,500
Bob Yerbury	20,000	17,500
James D'Albiac (retired 8 July 2009)	—	4,759
Total	115,000	102,259

Bill Alexander's emoluments were paid to Marketing 101g Ltd and Bob Yerbury's emoluments were paid to Invesco Perpetual in respect of making available their services as Directors.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 10 June 2011.

Sir Martyn Arbib

Director

Signed on behalf of the Board of Directors

REPORT OF THE INDEPENDENT AUDITOR

to the shareholders of Perpetual Income and Growth Investment Trust plc

We have audited the financial statements of Perpetual Income and Growth Investment Trust plc for the year ended 31 March 2011 which comprise of the Income Statement, the Reconciliation in Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, Reconciliation of Net Cash Flow to Movement in Net Debt and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this Report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit 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.

Opinion 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; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

Under the Listing Rules, we are required to review:

- the Directors' Statement, set out on page 26, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Stuart McLaren

Senior Statutory Auditor

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

10 June 2011

Electronic Publication

The annual financial report is published on www.invesco-perpetual.co.uk/investmenttrusts which is 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.

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2011 REVENUE £'000	2011 CAPITAL £'000	2011 TOTAL £'000	2010 REVENUE £'000	2010 CAPITAL £'000	2010 TOTAL £'000
Gains on investments at fair value	9	—	54,819	54,819	—	121,236	121,236
Foreign exchange losses		—	(1,064)	(1,064)	—	(25)	(25)
Income	2	24,149	—	24,149	22,731	—	22,731
Investment management fees	3	(1,377)	(3,213)	(4,590)	(1,233)	(2,878)	(4,111)
VAT recoverable on management fees	3	—	—	—	101	190	291
Other expenses	4	(676)	(1)	(677)	(627)	—	(627)
Net return before finance costs and taxation		22,096	50,541	72,637	20,972	118,523	139,495
Finance costs	5	(853)	(1,989)	(2,842)	(804)	(1,877)	(2,681)
Return on ordinary activities before tax		21,243	48,552	69,795	20,168	116,646	136,814
Tax on ordinary activities	6	(421)	—	(421)	(332)	—	(332)
Return on ordinary activities after tax for the financial year		20,822	48,552	69,374	19,836	116,646	136,482
Return per ordinary share:							
Basic	7	9.90p	23.09p	32.99p	9.47p	55.65p	65.12p
Diluted	7	9.85p	22.95p	32.80p	9.47p	55.65p	65.12p

The total column of this statement represents the Company's profit and loss account, prepared in accordance with the accounting policies detailed in note 1 to the financial statements. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations and the Company has no other gains or losses therefore no statement of total recognised gains or losses is presented. No operations were acquired or discontinued in the year.

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
At 31 March 2009	20,840	182,794	152,607	23,015	379,256
Net return on ordinary activities	—	—	116,646	19,836	136,482
Dividends paid – note 8	—	—	—	(31,073)	(31,073)
Issue of new shares	161	2,816	—	—	2,977
Exercise of subscription shares	4	81	—	—	85
At 31 March 2010	21,005	185,691	269,253	11,778	487,727
Net return on ordinary activities	—	—	48,552	20,822	69,374
Dividends paid – note 8	—	—	—	(13,886)	(13,886)
Issue of new shares	65	1,616	—	—	1,681
Exercise of subscription shares	20	425	—	—	445
At 31 March 2011	21,090	187,732	317,805	18,714	545,341

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

BALANCE SHEET

AS AT 31 MARCH

	NOTES	2011 £'000	2010 £'000
Fixed assets			
Investments at fair value	9	645,324	586,710
Current assets			
Debtors	10	6,648	2,338
Creditors: amounts falling due within one year	11	(76,826)	(71,569)
Net current liabilities		(70,178)	(69,231)
Total assets less current liabilities		575,146	517,479
Creditors: amounts falling due after more than one year	12	(29,805)	(29,752)
Net assets		545,341	487,727
Capital and reserves			
Share capital	13	21,090	21,005
Share premium	14	187,732	185,691
Capital reserve	14	317,805	269,253
Revenue reserve	14	18,714	11,778
Shareholders' funds		545,341	487,727
Net asset value per ordinary share			
Basic	15	258.6p	232.2p
Diluted	15	255.5p	231.2p

These financial statements were approved and authorised for issue by the Board of Directors on 10 June 2011.

Sir Martyn Arbib

Director

Signed on behalf of the Board of Directors

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2011 £'000	2010 £'000
Net cash inflow from operating activities	16(a)	17,338	23,085
Servicing of finance	16(b)	(2,789)	(2,688)
Capital expenditure and financial investment	16(b)	(5,774)	(25,999)
Equity dividends paid	8	(13,886)	(31,073)
<hr/>			
Net cash outflow before management of liquid resources and financing		(5,111)	(36,675)
Financing	16(b)	2,126	3,062
<hr/>			
Decrease in cash		(2,985)	(33,613)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2011 £'000	2010 £'000
Decrease in cash in year		(2,985)	(33,613)
Exchange movements		(1,064)	(25)
Debenture stock non-cash movement		(53)	(48)
<hr/>			
Movement in net debt in the year		(4,102)	(33,686)
Net debt at beginning of year		(99,659)	(65,973)
<hr/>			
Net debt at end of year	16(c)	(103,761)	(99,659)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

1. Principal Accounting Policies

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 under the historical cost convention, modified to include the revaluation of certain fixed assets, in accordance with applicable United Kingdom Accounting Standards and with the Statement of Recommended Practice ('SORP') 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued by the Association of Investment Companies in January 2009. The financial statements are also prepared on a going concern basis. The disclosures on going concern in the Report of the Directors on page 26 form part of the financial statements.

(b) Foreign Currency

(i) *Functional and presentation currency*

The financial statements are presented in sterling, which is the Company's functional and presentation currency and the currency in which the Company's share capital and expenses, as well as 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 account, depending on whether the gain or loss is of a capital or revenue nature. All gains and losses are recognised in the income statement.

(c) 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.

(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, using valuation techniques such as earnings multiples, recent arm's length transactions and net assets.

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.

(d) Hedging and Derivatives

Forward currency contracts entered into for hedging purposes 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 included in capital reserves.

Futures contracts may be entered into for hedging purposes and any profits and losses on the closure or revaluation of positions are included in capital reserves.

Derivative instruments are valued at fair value in the balance sheet. Derivative instruments may be capital or revenue in nature and, accordingly, changes in their fair value are recognised in revenue or capital in the income statement as appropriate.

(e) Income

Dividend income arises from equity investments held and is recognised on the date investments are marked 'ex-dividend'. Deposit interest and underwriting commission receivable are taken into account on an accruals basis.

Interest income arising from fixed income securities and cash is recognised in the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(f) Expenses and Finance Costs

Expenses are recognised on an accruals basis and finance costs are recognised using the effective interest method in the income statement.

The investment management fee and finance costs are allocated 70% to capital and 30% to revenue. This is in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the portfolio.

The performance fee is allocated wholly to capital as it arises from capital returns on the portfolio.

Investment transaction costs are recognised in capital in the income statement. All other expenses are allocated to revenue in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Principal Accounting Policies (continued)

(g) Taxation

The liability for corporation tax is based on net revenue for the year excluding 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, losses on loan relationships and eligible unrelieved foreign tax, as the Company is unlikely to have sufficient future taxable revenue to offset against these.

(h) Dividends

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

2. Income

	2011 £'000	2010 £'000
Income from investments		
UK dividends	21,165	20,007
Overseas dividends	2,807	2,099
Unfranked investment income	94	211
Scrip dividends	83	323
	24,149	22,640
Other income		
Interest on VAT recoverable on management fees (note 3(iii))	—	(6)
Underwriting commission	—	97
	—	91
Total income	24,149	22,731

3. Investment Management Fees

	2011			2010		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Investment management fee (i)	1,377	3,213	4,590	1,233	2,878	4,111

- (i) Invesco Asset Management Limited ('IAML') provides investment management, company secretarial and administration services to the Company under an agreement dated 20 February 1996 and subsequently amended on 27 December 2001. Details of this are contained in the Report of the Directors. At 31 March 2011 £1,256,000 (2010: £1,104,000) was due for payment in respect of the investment management fee.
- (ii) A performance-related fee is payable annually in arrears to the Manager, if the Company's performance exceeds the FTSE All-Share Index, to the extent that it exceeds any brought forward underperformance. Although the Company's performance was in excess of the benchmark index no fee is due for the year ended 31 March 2011 due to previous underperformance (2010: no fee).

- (iii) No VAT was recognised in the year ended 31 March 2011. In the year ended 31 March 2010, £291,000 was recognised following refunds of VAT on management fees paid to IAML and a reversal of £6,000 interest; the latter arose as the estimated interest of £772,000 which was recognised in 2009 was slightly less than the final amount received of £766,000.

4. Expenses

	2011			2010		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Directors' fees	115	—	115	102	—	102
Fees payable to the Company's auditor for:						
– audit of the financial statements	24	—	24	24	—	24
– other services (non-audit)	8	—	8	4	—	4
Other expenses	433	1	434	388	—	388
Legal fees for collective legal action	—	—	—	109	—	109
Costs of Placing and Offer for B Shares	96	—	96	—	—	—
	676	1	677	627	—	627

Fees payable to the Company's Auditor are shown excluding VAT which is included in other expenses. Auditor's other non-audit services includes amounts of £4,000 (2010: £4,000) for debenture covenant compliance and £4,000 (2010: nil) for advice relating to the placing and offer for B Shares. Total costs for the placing and offer for B Shares were capped by the Board at £100,000.

Any expenses to capital arise from custodian transaction charges.

As explained in the 2010 annual financial report, the Company has engaged with other investment trusts in a collective legal action to seek to recover further amounts of VAT directly from HM Revenue & Customs.

5. Finance costs

	2011			2010		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Interest payable on borrowings repayable as follows:						
Bank overdraft repayable within 1 year, not by instalments	286	667	953	238	557	795
Debenture stock repayable within 5 years, not by instalments	567	1,322	1,889	566	1,320	1,886
	853	1,989	2,842	804	1,877	2,681

Debenture issue costs are amortised on an effective interest basis.

NOTES TO THE FINANCIAL STATEMENTS

continued

6. Taxation

(a) Current Tax Charge

	2011			2010		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Overseas taxation	421	—	421	332	—	332

(b) Reconciliation of Current Tax Charge

	2011 £'000	2010 £'000
Return on ordinary activities before taxation	69,795	136,814
Theoretical tax at UK Corporation Tax rate of 28% (2010: 28%)	19,542	38,308
Effects of:		
– non-taxable gains on investments	(15,349)	(33,946)
– non-taxable losses on foreign exchange losses	295	7
– non-taxable UK dividends	(5,926)	(5,602)
– non-taxable scrip dividends	(23)	—
– non-taxable overseas dividends	(786)	(591)
– disallowable expenses	8	—
– expenses in excess of taxable income	2,239	1,824
– irrecoverable overseas tax suffered	421	332
	421	332

(c) Factors That May Affect Future Tax Changes

The Company has excess management expenses and loan relationship deficits of £96,468,000 (2010: £88,474,000) that are available to offset future taxable revenue. A deferred tax asset, measured at the standard rate of corporation tax of 26% (2010: 28%), of £25,082,000 (2010: £24,773,000) 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

	2011 £'000	2010 £'000
Returns after tax:		
– revenue	20,822	19,836
– capital	48,552	116,646
– total	69,374	136,482
Weighted average number of ordinary shares in issue during the year:		
– basic	210,315,382	209,593,601
– diluted	211,498,088	n/a

The subscription shares are dilutive for the purposes of return per share when they result in the issue of ordinary shares. This occurs when the average market price of the ordinary shares during the year is greater than the exercise price of 218.94p. The average market price for the year ended 31 March 2011 was 234.74p and was dilutive (2010: 200.38p and not dilutive).

8. Dividends on Ordinary Shares

Dividends on equity shares paid in the year:

	2011		2010	
	PENCE	£'000	PENCE	£'000
Second interim in respect of previous year	—	—	5.20	10,837
Special in respect of previous year	—	—	0.84	1,751
First interim paid	2.20	4,620	3.40	7,142
Second interim paid	2.20	4,626	5.40	11,343
Third interim paid	2.20	4,640	—	—
	6.60	13,886	14.84	31,073

Dividends on equity shares payable in respect of the year:

	2011		2010	
	PENCE	£'000	PENCE	£'000
First interim paid	2.20	4,620	3.40	7,142
Second interim paid	2.20	4,626	5.40	11,343
Third interim paid	2.20	4,640	—	—
Fourth interim payable	2.75	5,800	—	—
	9.35	19,686	8.80	18,485

During the year, three interim dividends of 2.2p each per share were paid on 27 September 2010, 30 December 2010 and 31 March 2011 respectively. A fourth interim dividend of 2.75p per share was declared on 1 June 2011, for payment on 30 June 2011.

9. Investments at Fair Value

(a) Investments

	2011 £'000	2010 £'000
Investments listed on a recognised stock exchange	631,693	586,648
Unlisted investments	13,631	62
Total investments	645,324	586,710
Opening valuation	586,710	440,850
Movements in year:		
Purchases at cost	140,521	148,901
Sales – proceeds	(136,726)	(124,277)
– net realised profits/(losses) on sales	18,407	(11,375)
Movement in investment holding gains	36,412	132,611
Closing valuation	645,324	586,710
Closing book cost	(590,320)	(568,118)
Closing investment holding gains	55,004	18,592
Net realised gains/(losses) based on historical cost	18,407	(11,375)
Movement in investment holding gains	36,412	132,611
Gains on investments	54,819	121,236

(b) Transaction Costs

The transactions costs included in gains on investments consisted of £808,000 (2010: £800,000) on purchases and £139,000 (2010: £172,000) on sales.

NOTES TO THE FINANCIAL STATEMENTS

continued

10. Debtors

	2011 £'000	2010 £'000
Amounts due from brokers	3,052	—
Prepayments and accrued income	3,596	2,338
	6,648	2,338

11. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdraft	73,956	69,907
Amounts due to brokers	1,079	6
Accruals	1,791	1,656
	76,826	71,569

At the year end the Company has an uncommitted bank overdraft facility based on the lower of 25% of the net asset value of the Company and £75 million. The facility amount was increased to £100 million under a new 1 year facility dated 3 May 2011. There were no changes to the facility agreement.

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

	2011 £'000	2010 £'000
£30,000,000 6.125% Debenture 2014	29,805	29,752

The debenture was issued on 8 July 1999 and is secured by a floating charge over all the Company's assets. The debenture has a fixed rate of 6.125% per annum. Interest is payable on 8 January and 8 July.

13. Share Capital

(a) Authorised and Allotted

	2011		2010	
	NUMBER	£'000	NUMBER	£'000
Authorised:				
Ordinary shares of 10p each	300,000,000	30,000	300,000,000	30,000
Allotted, called-up and fully paid:				
Ordinary shares of 10p each	210,900,504	21,090	210,051,017	21,005

(b) Share Movements

	2011		2010	
	ORDINARY NUMBER	SUBSCRIPTION NUMBER	ORDINARY NUMBER	SUBSCRIPTION NUMBER
Number at start of year	210,051,017	17,682,432	208,404,620	17,720,924
Exercise of subscription shares	203,607	(203,607)	38,492	(38,492)
Issue of new shares	645,880	—	1,607,905	—
Number at end of year	210,900,504	17,478,825	210,051,017	17,682,432
	£'000		£'000	
Net proceeds from issue of shares	1,681		2,977	

Each subscription share of 0.001p carries the right to subscribe for one ordinary share at a price of 218.94p on 31 August in each of the years 2008 to 2013.

14. Reserves

The share premium arises on the issue of new shares. It, and the capital reserve, are non-distributable.

The capital reserve includes the investment holding gains/(losses), being the difference between cost and market value at the balance sheet date, totalling a gain of £55,004,000 (2010: £18,592,000). The capital reserve is non-distributable however, it can be used to fund share buy-backs.

The revenue reserve is the only reserve that is distributable by way of dividend.

15. Net Asset Value

	2011 £'000	2010 £'000
Shareholders' funds:		
– basic	545,341	487,727
– diluted	583,609	526,441
	NUMBER	NUMBER
Ordinary shares in issue at period end:		
– basic	210,900,504	210,051,017
– diluted	228,379,329	227,733,449
	PENCE	PENCE
Net Asset Value:		
– basic	258.6	232.2
– diluted	255.5	231.2

When the basic NAV is greater than the exercise price of 218.94p, the subscription shares are dilutive. However, subscription shareholders are not likely to exercise their option unless the market price is greater than the exercise price as this would dilute their holdings.

NOTES TO THE FINANCIAL STATEMENTS

continued

16. Notes to the Cash Flow Statement

(a) Reconciliation of Operating Profit to Operating Cash Flows

	2011 £'000	2010 £'000
Total income before finance costs and taxation	72,637	139,495
Gains on investments	(54,819)	(121,236)
Foreign exchange losses	1,064	25
(Increase)/decrease in debtors	(1,258)	5,694
Increase/(decrease) in creditors	135	(561)
Tax on overseas income	(421)	(332)
Net cash inflow from operating activities	17,338	23,085

(b) Analysis of Cash Flow for Headings Netted in the Cash Flow Statement

	2011 £'000	2010 £'000
Servicing of finance		
Interest paid on overdraft	(953)	(850)
Interest paid on debenture	(1,836)	(1,838)
Net cash outflow from servicing of finance	(2,789)	(2,688)
Capital expenditure and financial investment		
Purchase of investments	(139,448)	(152,260)
Sale of investments	133,674	126,261
Net cash outflow from capital expenditure and financial investments	(5,774)	(25,999)
Financing		
Issue of new shares	1,681	2,977
Exercise of subscription shares	445	85
Net cash inflow from financing	2,126	3,062

(c) Analysis of Net Debt

	1 APRIL 2010 £'000	CASH FLOW £'000	EXCHANGE MOVEMENTS £'000	DEBENTURE STOCK NON-CASH MOVEMENT £'000	31 MARCH 2011 £'000
Bank overdraft	(69,907)	(2,985)	(1,064)	—	(73,956)
Debt due within five years – debenture	(29,752)	—	—	(53)	(29,805)
Net debt	(99,659)	(2,985)	(1,064)	(53)	(103,761)

17. Contingencies, Guarantees and Financial Commitments

There were no contingencies, guarantees or financial commitments of the Company at the year end.

18. Related Party Transactions

Invesco Asset Management Limited ('IAML'), a wholly-owned subsidiary of Invesco Limited, acts as Manager, Company Secretary and Administrator to the Company. Details of IAML's services and fees are disclosed in the Report of the Directors. Full details of Directors' interests are set out in the Report of the Directors on page 25. There are no other related party transactions.

19. Financial Instruments

The Company's financial instruments comprise its investment portfolio (as shown on pages 9 and 10), cash, borrowings (including overdraft and debenture), debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. 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 Report of the Directors.

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.

Market Risk

The Company's Manager assesses the Company's 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, as disclosed on page 29. No other derivative or hedging instruments are utilised to manage market risk. Gearing is used to enhance returns, however, this will also increase the Company's exposure to market risk and volatility.

Currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

continued

19. Financial Instruments (continued)

Risk Management Policies and Procedures (continued)

Management of the currency risk

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

Forward currency contracts can be used to limit 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 exposure to those currencies.

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 2011		31 MARCH 2010	
	US DOLLAR £'000	SWISS FRANC £'000	US DOLLAR £'000	SWISS FRANC £'000
Forward currency sales	—	—	—	—
Foreign currency exposure on net monetary items	—	—	—	—
Investments at fair value through profit or loss that are equities	39,626	10,885	33,862	—
Total net foreign currency exposure	39,626	10,885	33,862	—

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 profit after taxation for the year using exchange rates for sterling to US dollars and Swiss francs. It is based on the Company's monetary foreign currency financial instruments held at each balance sheet date and takes account of forward foreign exchange contracts that offset the effects of changes in currency exchange rates.

The exchange rate of $\pm 3.2\%$ (2010: $\pm 3.9\%$) for US dollars and $\pm 4.0\%$ (2010: n/a) for Swiss francs 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 2011		31 MARCH 2010	
	US DOLLAR £'000	SWISS FRANC £'000	US DOLLAR £'000	SWISS FRANC £'000
Income statement – profit/(loss) after taxation				
Revenue return	(74)	(20)	(82)	—
Capital return	(1,254)	(436)	(1,321)	—
Total loss after taxation for the year	(1,328)	(456)	(1,403)	—

If sterling had weakened against the currencies shown, this would have had the following effect:

	31 MARCH 2011		31 MARCH 2010	
	US DOLLAR £'000	SWISS FRANC £'000	US DOLLAR £'000	SWISS FRANC £'000
Income statement – profit/(loss) after taxation				
Revenue return	74	20	82	—
Capital return	1,254	436	1,321	—
Total profit after taxation for the year	1,328	456	1,403	—

In the opinion of the Directors, the above sensitivity analyses are 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.

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 an uncommitted bank overdraft facility based on the lower of 25% of the net assets of the Company and £75 million. Subsequent to the year end the facility amount was increased to £100 million. The Company uses the facility when required at levels approved and monitored by the Board. The Company also has in issue a £30 million 6.125% Debenture 2014.

At the year end drawings on the Company's overdraft were £73,956,000 (2010: £69,907,000) and the debenture had an amortised cost of £29,805,000 (2010: £29,752,000). At the maximum overdraft of £75 million, the effect of a +/- 1% in the interest rate would result in a decrease/increase to the Company's income statement of £750,000; based on £100 million, the effect would be a decrease/increase of £1 million.

The Company can invest in fixed interest securities and at the year end the level of exposure was £470,000 (2010: £512,000) maturing after more than five years and £1,500,000 converting to equity within a year. Of this none (2010: £nil) was exposure to floating interest rates, giving cash flow interest rate risk, and £1,970,000 (2010: £512,000) was exposure to fixed interest rates, giving fair value interest rate risk. If interest rates were either to increase or decrease by 1%, there would be no effect on revenue as all was fixed; the estimated effect on capital profit after taxation is £110,000 (2010: £25,000), resulting in no impact on the net asset value.

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 that he can.

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 fell by 10% at the balance sheet date, the profit after tax for the year would decrease by £64.5 million (2010: £58.7 million). If the value of the portfolio rose by 10%, the profit after tax would increase by £64.5 million (2010: £58.7 million).

NOTES TO THE FINANCIAL STATEMENTS

continued

19. Financial Instruments (continued)

Risk Management Policies and Procedures (continued)

Liquidity risk

Is minimised as the majority of the Company's investments comprise a diversified portfolio of readily realisable securities which can be sold to meet funding commitments as necessary. In addition, the £75 million bank overdraft facility provides for additional funding flexibility, and this facility was increased to £100 million after the year end.

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. Investments may be adversely affected if the Company's custodian suffers insolvency or other financial difficulties. 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 £5 million with any one depository, with only approved depositories being used.

Fair Values of Financial Assets and Financial Liabilities

The fair values of the financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments), or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, due to brokers, accruals, cash at bank and overdraft). The fair value of the £30 million 6.125% Debenture 2014, based on the offer value at the balance sheet date, is £30,480,000 (2010: £30,480,000).

Fair Value of Hierarchy Disclosures

Nearly all of the Company's portfolio of investments are in the Level 1 category as defined in FRS 29 'Financial Instruments: Disclosures'. The three levels set out in FRS 29 follow.

- Level 1 – fair value based on quoted prices in active markets for identical assets.
- Level 2 – fair values based on valuation techniques using observable inputs other than quoted prices within Level 1.
- Level 3 – fair values based on valuation techniques using inputs that are not based on observable market data.

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. All but one of the quoted equity investments are deemed to be Level 1 and all quoted fixed income investments Level 2, together with the Company's holding of Barclays Bank Nuclear Power Notes. Level 3 investments at the year end comprise solely of unquoted securities.

2011	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Financial assets designated at fair value through profit or loss:				
Quoted investments:				
Debt securities	—	2,148	—	2,148
Equities	629,545	—	—	629,545
Unquoted investments	—	—	13,631	13,631
Total for financial assets	629,545	2,148	13,631	645,324
Financial liabilities:				
Bank overdraft	73,956	—	—	73,956
Debenture stock	—	29,805	—	29,805
Total for financial liabilities	73,956	29,805	—	103,761

2010	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Financial assets designated at fair value through profit or loss:				
Quoted investments:				
Debt securities	—	2,526	—	2,526
Equities	584,122	—	—	584,122
Unquoted investments	—	—	62	62
<hr/>				
Total for financial assets	584,122	2,526	62	586,710
<hr/>				
Financial liabilities:				
Bank overdraft	69,907	—	—	69,907
Debenture stock	—	29,752	—	29,752
<hr/>				
Total for financial liabilities	69,907	29,752	—	99,659

A reconciliation of the fair value of Level 3 is set out below.

	£'000
Opening fair value of Level 3	62
Transfers from Level 1	354
Investment purchases	2,600
Movement in holding gains on assets held at the year end	10,615
<hr/>	
Closing fair value of Level 3	13,631

Maturity Analysis of Contractual Liability Cash Flows

The financial liabilities of the Company are shown in notes 11 and 12. At the year end the main liabilities are the £30 million debenture and the bank overdraft of £74 million (2010: £69.9 million), the latter of which is repayable on demand. The £75 million overdraft facility was increased to £100 million on 3 May 2011 under a new one year facility agreement. The debenture is repayable in 2014, with interest payable on 31 January and 31 June each year. Other liabilities comprise any amounts due to brokers and accruals. All are paid under contractual terms. For amounts due to brokers, this is usually the purchase date of the investment plus three business days. For accruals, this is normally within 30 business days of invoice or, in the case of management fees, in accordance with the management agreement.

Capital Management

The Company does not have any externally imposed capital requirements. The Company's capital is as disclosed in the Balance Sheet and is managed on a basis consistent with its Investment Policy as disclosed in the Report of the Directors' on pages 15 and 16. The principal risks and their management are disclosed above.

20. Post Balance Sheet Event

Since the year end, the Company issued a further 250,000 ordinary shares of 10p each on 8 June 2011 at a price of 271p per ordinary share.

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 The Lanesborough, Hyde Park Corner, London SW1X 7TA on 19 July 2011 at 11.30 am for the following purposes:

Ordinary Business

1. To receive and adopt the Annual Accounts and Reports for the year ended 31 March 2011.
2. To re-elect Bill Alexander a Director of the Company.
3. To re-elect Vivian Bazalgette a Director of the Company.
4. To re-elect Sir Martyn Arbib a Director of the Company.
5. To re-elect Antony Hardy a Director of the Company.
6. To re-elect Bob Yerbury a Director of the Company.
7. To approve the Directors' Remuneration Report for the year ended 31 March 2011.
8. To re-appoint the Auditor and authorise the Directors to determine its remuneration.

Biographies of Directors seeking re-election are shown on page 12 of the annual financial report.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolutions 9, 13 and 14 will be proposed as Ordinary Resolutions and resolutions 10, 11 and 12 will be proposed as Special Resolutions:

9. 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 £7,038,350, 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.

10. 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 9 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 £2,111,505.

and this power shall 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 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.

11. THAT:

the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (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 31,651,461;
- (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 shall be an amount equal to 105% of the average of the middle market quotations for a Share taken from and calculated by reference to the London Stock Exchange Daily Official List for five business days immediately preceding the day on which the Share is purchased;
- (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; and
- (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.

12. THAT:

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

Explanatory Note to Resolution 12

Notice of period for general meetings

This resolution is required as the EU Shareholder Rights Directive requires that the notice period for general meetings of companies be 21 days unless certain conditions are met in which case it may be 14 days' notice. In particular, a shareholder resolution reducing the period of notice to not less than 14 days must have been passed at the immediately preceding AGM. It is intended that this flexibility will be used only for non-routine business and where it is in the interests of shareholders as a whole.

13. THAT:

the following be approved and adopted as the Company's Investment Policy:

Investment Policy

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 and fixed interest markets.

Investment Policy and Risk

The Company invests mainly in UK equities and equity-related securities of UK-listed companies. The manager seeks to identify and invest in companies that offer a combination of good capital growth prospects with the ability to increase dividends over time. The Manager may also invest up to 10% of gross assets in fixed income securities and up to 20% of gross assets in non-UK listed securities.

NOTICE OF ANNUAL GENERAL MEETING

continued

The Manager manages a portfolio that reflects his 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. The size of weightings will reflect the Manager's view of the attractiveness of a security and the degree of conviction. 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 (gearing) can enhance returns to shareholders and the Company will use borrowings in pursuing its investment objective.

Investment Limits

The Board has prescribed limits on the Investment Policy, the most significant of which are the following:

- the Company will not invest more than 12% of its gross assets in any single investment;
- the Company will not invest more than 15% of its gross assets in other listed investment companies;
- the Company will not invest more than 20% of its gross assets in non-UK listed securities;
- the Company will not invest more than 10% of its gross assets in fixed interest securities; and
- gearing may be used to raise equity exposure up to a maximum of 25% of net assets at the time of purchase where it is appropriate.

All of the above investment limits are taken at the time of acquisition.

14. THAT:

in accordance with Article 158 of the Articles of Association of the Company, the Directors of the Company be and they are hereby released from their obligation pursuant to such Article to convene an Extraordinary General Meeting of the Company to be held before 19 November 2011 at which a special resolution for the reconstruction of the Company be proposed. Such a reconstruction would offer shareholders to elect either to continue their investment in a closed-ended company or receive a cash alternative.

Dated this 10 June 2011

By order of the Board

Invesco Asset Management Limited

Company Secretary

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 Capita Registrar's website www.capitashareportal.com; or
 - in hard copy form by post, by courier or by hand to the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; 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 at close of business on 17 July 2011 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 time and 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.

NOTICE OF ANNUAL GENERAL MEETING

continued

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 10 June 2011 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consists of 211,150,504 ordinary shares of 10p each carrying one vote each. Therefore, the total voting rights in the Company as at that date are 211,150,504.
11. A copy of this notice (contained within the 2011 annual financial report), and other information required by Section 311A of the Companies Act 2006, can be found at www.invescopetual.co.uk/investmenttrusts.
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 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 2010; or (ii) any circumstance connected with the Auditor of the Company appointed for the financial year beginning on 1 April 2010 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.

GLOSSARY OF TERMS

Benchmark

A market index, which averages the performance of companies in any sector, giving a good indication of any rises or falls in the market. The benchmark used in these accounts is the FTSE All-Share Index.

Discount

The amount by which the mid-market share price of an investment trust is lower than the diluted net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Gearing

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

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

Gross Gearing

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 shareholders' funds.

Net Gearing

This reflects the amount of net borrowings invested, ie borrowings less cash and UK government bonds. It is based on net borrowings as a percentage of shareholders' funds.

Market Capitalisation

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

Net Asset Value

Basic Net Asset Value

Also described as Shareholders' funds, the net asset value is the value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value per share is calculated by dividing the net asset value by the number of ordinary shares in issue.

Diluted Net Asset Value

The diluted net asset value is the net asset value per share that would arise if the subscription shares were converted. It is calculated by dividing the net asset value by the number of shares that would be in issue if all the subscriptions shares were converted to ordinary shares. Where the diluted net asset value per ordinary share is greater than the basic net asset per ordinary share, there is no dilutive effect.

Shareholders' Funds

Also called equity Shareholders' funds. The amount due to the ordinary shareholders.

Total Net Assets

Total assets less current liabilities.

Total Expense Ratio

Total expenses incurred (excluding finance costs and VAT recoverable on management fees), including those charged to capital, divided by average Shareholders' funds during the year.

GLOSSARY OF TERMS

continued

Total Return

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Performance comparisons can then be made between companies with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares (ie share price total return) or in the Company's assets (ie NAV total return).



The Manager of Perpetual Income and Growth Investment Trust plc is Invesco Asset Management Limited.

Invesco Asset Management Limited is a wholly-owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Services Authority.

Invesco Perpetual is a business name of Invesco Asset Management Limited.

Invesco Ltd is one of the largest independent global investment management firms, with funds under management of \$661.4 billion.*

We aim 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.

* Funds under Management as at 31 May 2011

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

City Merchants High Yield Trust plc

Aims to generate a high level of income from a variety of fixed income instruments combined with a degree of security. The Company is geared by bank debt.

The Company's investment objective is to seek to obtain both high income and capital growth from investment predominantly in high-yielding fixed-interest securities.

The Company seeks to provide a high level of dividend income relative to prevailing interest rates through investment in fixed-interest securities, various equity-like securities within fixed-income markets and equity-linked securities such as convertible bonds and in direct equities that have a high income yield. It seeks also to enhance total returns through capital appreciation generated by investments which have equity-related characteristics.

Invesco Income Growth Trust plc

Aims to provide shareholders with a long-term growth in capital and real, long-term growth in dividends from an above-average yielding portfolio comprising mainly UK equities and equity-related securities. Seeks to achieve a total return in excess of the FTSE All-Share Index. The Company is geared by bank debt.

Invesco Leveraged High Yield Fund 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 is highly geared.

Invesco Perpetual Recovery Trust 2011 plc

A split-capital investment trust company with ordinary income shares, zero dividend preference shares and units (a combination of the two). Aims to meet the capital entitlements of the zero dividend preference shares and to maximise the capital and income returns of the ordinary income shares by investing primarily in equities but also debt securities which are considered to offer recovery prospects. Returns to ordinary income shareholders are geared by the prior charge of the ZDP shares. The Company has an initial life projected to end in 2011.

Invesco Perpetual Select Trust plc – Managed Liquidity Share Portfolio

Aims to generate a high level of income from a variety of fixed income instruments combined with a high degree of security.

Invesco Perpetual Select Trust plc – UK Equity Share Portfolio

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 is geared by bank debt.

Invesco Property Income Trust Limited

The Company is a closed-ended investment company with limited liability incorporated in Jersey. The objective is to provide ordinary shareholders with an attractive level of income together with the prospect of income and capital growth from investing in commercial properties in the UK and Continental Europe. The Company is geared by bank debt.

Keystone Investment Trust plc

Aims to provide shareholders with long-term growth of capital mainly from UK investments. The Company is geared by way of debenture stocks.

Perpetual Income and Growth Investment Trust plc

Aims to generate capital growth with a higher than average income from investment, primarily in the UK equity market. It is intended that the Company will provide shareholders with real dividend growth over the medium-term by investing mainly in above-average yielding equities. However, investments are also made in companies with lower initial yields which are considered to have good potential for income growth. The Company is geared by a debenture stock and bank debt.

The Edinburgh Investment Trust plc

Invests in UK securities with long term objective of achieving:

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

The portfolio is geared by way of two debenture stocks.

Investing in Smaller Companies

Invesco Perpetual UK Smaller Companies Investment Trust plc

Aims to achieve long-term total return for its shareholders via an investment vehicle which gives access to a broad cross-section of small to medium size UK-quoted companies. The Company may gear by bank debt.

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 Morgan Stanley Capital International (All Country) Asia Pacific (ex Japan) Index, measured in sterling. The Company is geared by bank debt.

Invesco Perpetual Select Trust plc – Global Equity Share Portfolio

Aims to produce long-term capital growth from a sensibly diversified portfolio of international equities (including the UK). The portfolio comprises the 'best ideas' of a number of Invesco Perpetual's investment managers. The portfolio is geared by bank debt.

Investing for Absolute Returns

Invesco Perpetual Select Trust plc – Hedge Fund Share Portfolio

Aims to achieve an absolute return of 3-month sterling LIBOR plus 6% per annum over a rolling 5-year period, coupled with low volatility. Capital preservation is a priority.

Investing in Multiple Asset Classes

Invesco Perpetual Select Trust plc

- UK Equity Share Portfolio
- Global Equity Share Portfolio
- Managed Liquidity Share Portfolio
- Hedge Fund Share Portfolio

A choice of asset classes within one investment trust with the freedom to switch between them, twice a year, free from capital gains tax liability.

Please contact our Investor 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.invescoperpetual.co.uk/investmenttrusts.