Invesco Income Growth Trust plc

Annual Financial Report
Year Ended 31 March 2010

Invesco Income Growth Trust plc

Annual Financial Report 2010

Invesco Income Growth Trust plc is an investment trust whose investment objective is to provide shareholders with long-term capital growth and real long-term growth in dividends from a portfolio yielding more than the FTSE All-Share Index.

Highlights

+54.5%	Net asset value total return† (2009: –32.7%)
+52.3%	FTSE All-Share Index total return† (2009: –29.3%)
+2.3%	Dividend (2009: +4.8%)
+42.0%	Share price (2009: –38.4%)

† Source: Thomson Datastream

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

☎ 0800 085 8677

Website:- www.invescoperpetual.co.uk/investmenttrusts

Front Cover: close up of swirls caused by water through soft sandstone, Loch Ness.

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Investment Policy

The Company's investment objective is to provide shareholders with long-term capital growth and real long-term growth in dividends from a portfolio yielding more than the FTSE All-Share Index.

The Company will invest principally in UK equities and equity-related securities of UK companies selected from any market sector. In managing the Company's investment portfolio, the Manager will seek to achieve a total return over the long term in excess of the total return on the FTSE All-Share Index.

Full details of the Investment Policy can be found on page 10.

Share Capital

As at the year end, the Company's share capital consisted of 58,551,530 ordinary shares of 25p each. No shares were repurchased during the year and no shares were held in treasury at the year end.

Gearing

Gearing is provided by a bank overdraft facility of up to the lesser of £20 million and 25% of the net asset value of the Company.

ISA Eligibility

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

Glossary of Terms

There is a glossary of terms on page 49 which defines some of the more technical references used in the report.

The Company is a member of

aic

The Association of Investment Companies

FINANCIAL INFORMATION

Performance Statistics

Terms marked† are defined in the Glossary on page 49

	AT 31 MARCH 2010	AT 31 MARCH 2009	% CHANGE
Net asset value† per ordinary share:			
– per Balance Sheet	196.1p	138.9p	+41.2
– after deducting proposed dividends	196.1p	135.8p	+44.4
Mid-market price per ordinary share	174.0p	122.5p	+42.0
Discount† per ordinary share	11.3%	11.8%	
Gearing			
Actual gearing† – excluding effect of cash	112	118	
Effective gearing† – including effect of cash	110	116	

	YEAR ENDED 31 MARCH 2010	YEAR ENDED 31 MARCH 2009	% CHANGE
Total Return† *(includes net dividends reinvested)*			
Net asset value† per ordinary share	+54.5%	–32.7%	
FTSE All-Share Index	+52.3%	–29.3%	
Source: Thomson Datastream			
Revenue (including VAT recovery) and Dividends			
Net revenue after tax (£'000)	4,703	5,401	–12.9
Revenue return per ordinary share	8.0p	9.2p	–13.0
Dividends:			
– first interim	1.85p	1.85p	
– second interim	1.85p	1.85p	
– third interim	1.85p	1.85p	
– fourth interim (2009: final)	3.30p	3.10p	
	8.85p	8.65p	+2.3
Total Expense Ratio†	1.1%	1.1%	

CHAIRMAN'S STATEMENT

Investment Performance

During the year ended 31 March 2010, the total return (comprising the movement in the net asset value ('NAV') plus net dividends) from the Company was 54.5%, compared to a 52.3% return from the FTSE All-Share Index. After a difficult period for UK equities, the market rally was most welcome.

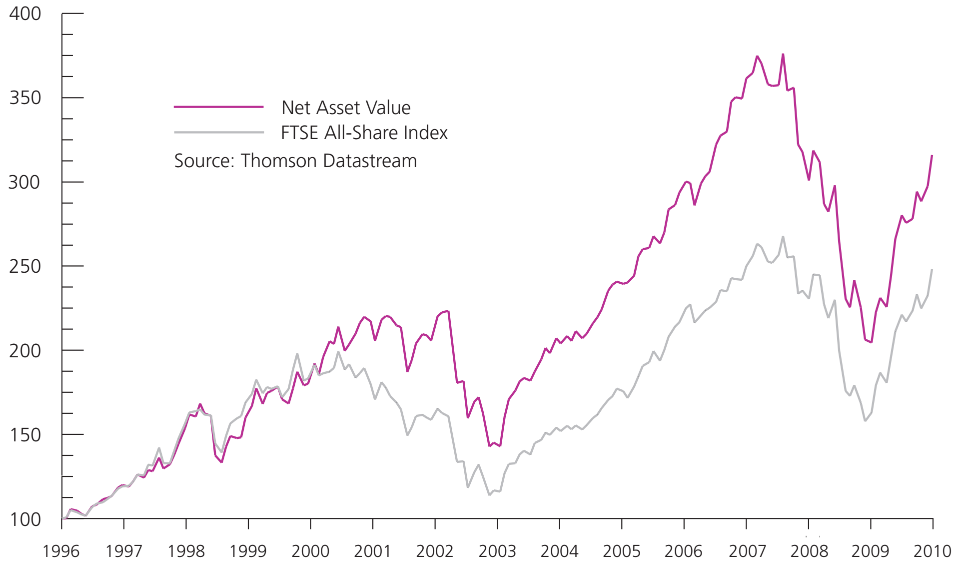
During the year under review, the mid-market price per share rose by 42% to 174p and the discount to NAV decreased from 11.8% to 11.3%.

The investment manager's report that follows gives a more detailed account of the year, together with a commentary on the investment and portfolio strategy.

Net Asset Value Performance – Total Return

From inception to 31 March 2010

Diluted NAV from inception in 1996 (including the conversion of the loan stock in the year to 31 March 2007) and the basic NAV thereafter is shown below.



Figures have been rebased to 100 at inception (27 March 1996)

Gearing

The Board continues to monitor the Company's level of gearing which, when prudently used, should enhance the returns to shareholders. As at 31 March 2010, the Company had actual gearing of 112 or 12%, provided by a bank overdraft of £14.3m.

VAT on Management Fees

As reported in the half-yearly financial report, following on from the refunds of VAT on management fees and interest reported in the Chairman's Statement contained within the 2009 annual financial report, the Board is pleased to report that the Company has now received all anticipated VAT refunds.

For the period under review, an additional amount of £115,000 together with interest of £11,000 has been credited to the Company. These amounts add £126,000 to the NAV, or 0.22p per share. Of this amount £68,000 is credited to revenue, which equates to 0.12p per share and is in line with the allocation of fees on which the payments of VAT were originally made.

Share Buy Backs

The Company's shares traded at both a discount and a premium during the year. The highest premium was 0.9% and the widest discount was 12.2%. No shares were repurchased during the year. The discount as at 7 June 2010 was 8%.

CHAIRMAN'S STATEMENT
(continued)

Revenue and Dividends

For the year ended 31 March 2010, four interim dividends were paid rather than three interims and a final. The first three interim dividends of 1.85p each were paid in October and December 2009, and March 2010. The fourth interim dividend of 3.3p was also paid in March 2010. This last dividend was paid, exceptionally, in March rather than July. In future, dividend payments will revert to the normal dividend schedule (three interims and a final). The total dividend paid for the year ended 31 March 2010 was 8.85p (2009: 8.65p), which represents an increase of 2.3% on the previous year.

The Company has built up significant revenue reserves in preparation for tougher times such as now. By carefully using these reserves, the Company should be able to fulfil its dividend growth objectives despite temporary pressure on the portfolio's income. This coming year, a small proportion of the reserves are expected to be used to contribute to the dividend payment to shareholders. This is not sustainable forever and the Board expects, that under current forecasts, the portfolio income gap will be eliminated over time.

Annual General Meeting ('AGM')

At the AGM there are four items of Special Business to be proposed:-

Share Issuance

1. Your Directors are asking for the usual authority to issue up to an aggregate nominal amount of £4,879,294 (a third of the Company's issued share capital as at 8 June 2010) 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 2011.

2. Your Directors are also asking for the usual authority to issue new ordinary shares for cash pursuant to a rights issue, or otherwise than in accordance with a rights issue of up to an aggregate nominal amount of £1,463,788 (10% of the Company's issued share capital as at 8 June 2010), of new ordinary shares disapplying pre-emption rights. This will allow shares to be issued to new shareholders without having to be offered to existing shareholders first, thus 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 2011.

Share Buy Backs

3. Your Directors are seeking to renew the authority to buy back up to 8,776,874 shares (14.99% of the Company's issued share capital as at 8 June 2010), subject to the restrictions referred to in the notice of the AGM. This authority will expire at the AGM in 2011. Your Directors are proposing that shares bought back by the Company either be cancelled or, alternatively, be held as treasury shares with a view to their resale, if appropriate, or later cancellation. Any resale of treasury shares will only take place on terms that are in the best interests of shareholders.

Notice Period for General Meetings

4. The EU Shareholder Rights Directive, which was implemented in October 2009 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, your Directors are proposing 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.

Your Directors have carefully considered all the resolutions proposed in the Notice of the AGM and, in their opinion, consider them all to be in the best interests of shareholders as a whole. Your Directors therefore recommend that shareholders vote in favour of each resolution. The AGM of the Company will be held at the offices of Invesco Asset Management Limited on 16 July 2010 at 12.00 noon. I do hope that as many shareholders as possible will attend. This will be an opportunity not only to meet the Directors but also to hear the views of Ciaran Mallon, who is the Investment Manager at Invesco Perpetual with the day-to-day responsibility for managing the Company's share portfolio.

John McLachlan
Chairman
8 June 2010

INVESTMENT MANAGER'S REPORT

Market Review and Portfolio Strategy

I am pleased to report that, for the year ended 31 March 2010, the Company's investment performance was good on both a relative and absolute basis. The net asset value ('NAV') rose by 54.5%, compared to a 52.3% gain in the benchmark FTSE All-Share Index (both figures include reinvested income). This is a remarkable gain in just 12 months, and comes after the market fell 45% from May 2008 to March 2009.

We started the financial year at the bottom of the deepest UK recession in post-war history and the prognosis for the immediate future of the UK economy looked bleak. Undoubtedly, the economic outlook improved as the year progressed, albeit with considerable help in the form of state and central bank support. The Bank of England's Monetary Policy Committee kept interest rates on hold at 0.5% throughout the year. Furthermore the authorities chose to inject a total of £200bn into the economy as part of its quantitative-easing programme. These supports have been maintained into 2010, illustrating that the recovery remains fragile.

One reason for the strong stock market rebound was the rapid recovery in company profits. During the early stages of the recovery, the market was less concerned about the quality of the earnings (derived predominantly from aggressive cost-cutting rather than top-line revenue growth), and more focused on the improving trend. More recently, as parts of the economy have returned to growth, the outlook for top-line growth has also improved. Sectors which benefited most from this market backdrop were those which suffered the sharpest falls in the downturn, and are seen as the prime beneficiaries of economic recovery. Industrial, financial, technology and commodity company shares have all outperformed while companies with stable, predictable earnings lagged the market.

My optimistic outlook for equity markets this time last year, at a point when valuations were extremely low and pessimism was high, meant that portfolio gearing was a relatively high 118 or 18%. Over the course of the year, in response to higher share price valuations and more optimistic investor sentiment, gearing fell to around 112 or 12%. This gearing, which weighed on performance in the prior financial year as markets fell, has assisted in the portfolio's outperformance as markets have rallied.

Broadly, performance was hindered by having no exposure to the mining sector which performed particularly strongly as the state-sponsored resilience of the Chinese economy prompted a surprisingly rapid recovery in commodity prices. Meanwhile, the portfolio's large exposure to the pharmaceutical, telecommunications and utilities sectors, which did not fully participate in the market rally, hindered returns. Positive contributions came from a variety of other sectors, however, with some very strong individual performances from companies such as Yell, ITV, Euromoney, GKN, Barclays and Legal & General, which recovered well from their very depressed levels.

As far as portfolio activity is concerned, I have added a little further diversification to the portfolio, partly to mitigate some risk, but also to take advantage of opportunities to invest in good quality businesses at cheap valuations. Within the general insurance sector, I have bought Admiral and added positions in Amlin, Beazley, Catlin and Hiscox (which are small individual holdings, but share so many of the same characteristics that I consider them as one). Other new additions included Drax and retailers Morrisons, DSG International and N Brown. Drax, which owns Western Europe's largest coal-fired power station, was bought after a meeting with the management, when the valuation looked attractive for what is a unique and high quality asset. The share price has been weak of late because of lower power prices and due to its usage of coal, which is more expensive than gas. It is also perceived by the market as a business without a future in a lower carbon world. However, I believe that the management are highly capable and are positioning the company well for the future. DSG International (which owns Currys and PC World) has turned its business around recently, while Morrisons has considerable scope for organic growth in the UK. N Brown sells clothing to larger people, often on credit. Market perception of credit-dependent businesses has meant a weak share price recently but I believe that this is an over-reaction and ignores how conservatively managed it is and the good growth prospects.

In terms of exited positions, life insurance company Just Retirement was taken over during the year – unfortunately at a price substantially below my assessment of fair value. This was because the majority shareholder had decided to sell out, and despite my intense lobbying of the management and advisers. I chose to sell Prudential as its deal to buy AIG's Asian business does not look likely to be rewarding for current shareholders in the long term.

INVESTMENT MANAGER'S REPORT
(*continued*)

Income

Dividends were reduced by some companies in the portfolio, and these have only partly been offset by good growth of dividends in some of the more defensive shares. Analysts now forecast that overall dividend payments in the stockmarket will rise this year. If this is the case, the Company's dividend income should also begin to recover from last year's level. The Company's revenue benefited from commission for sub-underwriting a number of rights issues. This amounted to £226,000, or about 4% of total revenue, and this level is unlikely to be repeated on this scale this year.

As explained in the Chairman's Statement, the Company is likely this coming year to pay a dividend exceeding its income, and it will be necessary to close this gap in future. This will be achieved by growing the dividend paid to shareholders by less than the growth in income produced by the portfolio.

Outlook

Despite the macroeconomic picture remaining clouded, I remain positive in my outlook for UK equities. Valuation for the overall market is moderate, with certain sectors and shares, such as pharmaceuticals, appearing particularly attractive. The past year demonstrates well that, on occasion, patience and a commitment to the long term is required to see undervalued shares perform well – ITV, Yell and GKN were amongst the best performers in the portfolio last year, but at times looked like they would never recover.

The future is not without risk, however. I have noted in the past my concerns about the mining sector (there are no mining shares in the portfolio) and similar patience will be required to demonstrate my growing conviction that we are seeing an investment bubble being inflated around everything China-related. If the global economic recovery continues to gain pace, and particularly if inflation begins to increase, then some retreat from the extreme monetary and fiscal stimulus currently in place is certain to happen. This may not be in the next 12 months but, when it does happen, it is likely to cause some disruption in the stockmarket.

While there are numerous factors that can influence equity markets in the short term, over a meaningful timeframe fundamentals are the key determinants of share prices. Therefore my focus remains on companies that are in my view well managed, with good earnings visibility and strong cash generation. I strongly believe in investing in companies which display the ability to create shareholder value over the long term, through a disciplined use of capital. I see these characteristics in a number of support services, tobacco, travel & leisure and utility companies, the portfolio's largest overweight sector positions. Given the current backdrop, the portfolio is well balanced with a good mix of quality defensive holdings where there is little risk to dividends, along with some elements of cyclicality positioned to benefit from any continued economic recovery.

Ciaran Mallon
Investment Manager
8 June 2010

INVESTMENTS IN ORDER OF VALUATION
AT 31 MARCH 2010

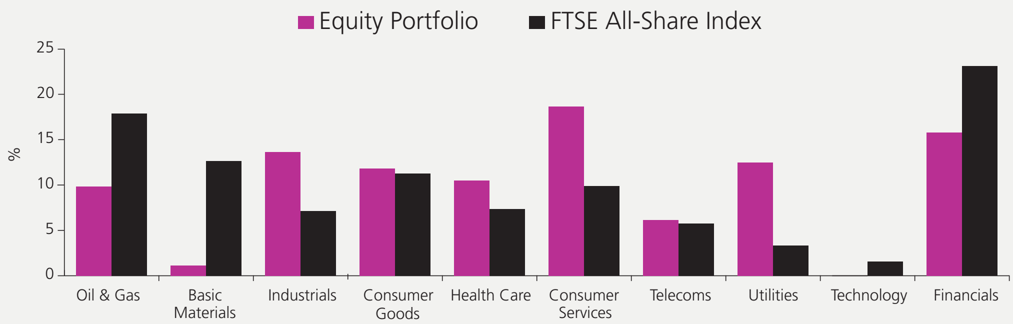
UK listed ordinary shares unless otherwise stated

HOLDINGS	COMPANY	ACTIVITY BY SECTOR	VALUE £'000	% OF PORTFOLIO
278,341	British American Tobacco	Tobacco	6,321	4.9
211,942	AstraZeneca	Pharmaceutical & Biotechnology	6,225	4.8
308,808	Imperial Tobacco	Tobacco	6,204	4.8
486,851	GlaxoSmithKline	Pharmaceuticals & Biotechnology	6,156	4.8
953,625	BP	Oil & Gas	5,944	4.6
3,300,028	Vodafone	Mobile Telecommunications	5,016	3.9
270,521	Royal Dutch Shell	Oil & Gas	4,910	3.8
685,969	HSBC	Banks	4,582	3.6
652,942	National Grid	Gas, Water & Multiutilities	4,185	3.3
863,439	Tesco	Food & Drug Retailers	3,758	2.9
Top Ten Holdings			53,301	41.4
297,350	Scottish & Southern Energy	Electricity	3,271	2.5
873,802	Barclays	Banks	3,148	2.5
2,289,771	BT	Fixed Line Telecommunications	2,837	2.2
676,800	Young & Co Brewery	Travel & Leisure	2,538	2.0
795,507	Centrica	Gas, Water & Multiutilities	2,336	1.8
328,692	Land Securities	Real Estate	2,227	1.7
203,336	Intercontinental Hotels	Travel & Leisure	2,098	1.6
486,323	Informa	Media	1,883	1.5
885,652	William Hill	Travel & Leisure	1,870	1.5
2,123,186	Legal & General	Life Insurance	1,868	1.5
Top Twenty Holdings			77,377	60.2
126,493	Whitbread	Travel & Leisure	1,862	1.5
218,068	AMEC	Oil & Gas	1,741	1.4
588,781	Balfour Beatty	Construction & Materials	1,719	1.3
635,257	G4S	Support Services	1,658	1.3
711,331	MITIE	Support Services	1,626	1.3
309,368	Compass	Support Services	1,626	1.3
726,108	Filtrona	Support Services	1,584	1.2
1,103,719	GKN	Automobiles & Parts	1,523	1.2
271,555	United Utilities	Gas, Water & Multiutilities	1,517	1.2
389,829	Aviva	Life Insurance	1,500	1.2
Top Thirty Holdings			93,733	73.1
287,693	Euromoney	Media	1,496	1.2
158,256	Croda International	Chemicals	1,480	1.2
280,228	Pennon	Gas, Water & Multiutilities	1,463	1.1
276,216	Reed Elsevier	Media	1,450	1.1
2,288,331	ITV	Media	1,390	1.1
367,448	BAE Systems	Aerospace & Defence	1,364	1.1
181,000	Bunzl	Support Services	1,304	1.0
3,123,114	Yell	Media	1,274	1.0
105,711	Severn Trent	Gas, Water & Multiutilities	1,262	1.0
162,044	Capita	Support Services	1,225	1.0
Top Forty Holdings			107,441	83.9

INVESTMENTS IN ORDER OF VALUATION
AT 31 MARCH 2010 (*continued*)

HOLDINGS	COMPANY	ACTIVITY BY SECTOR	VALUE £'000	% OF PORTFOLIO
140,589	Rensburg Sheppards	General Financial	1,203	0.9
3,393,036	DSG International	General Retailers	1,185	0.9
158,813	Arriva	Travel & Leisure	1,163	0.9
333,655	Nichols	Beverages	1,151	0.9
69,606	Wolseley	Support Services	1,107	0.9
165,665	Smith & Nephew	Health Care Equipment & Services	1,088	0.8
1,271,988	HMV	General Retailers	1,075	0.8
363,940	Morrison	Food and Drug Retailer	1,068	0.8
79,873	Admiral	Non-life Insurance	1,054	0.8
470,139	Brown	General Retailers	1,028	0.8
Top Fifty Holdings			118,563	92.4
271,176	Drax	Electricity	1,013	0.8
315,890	International Power	Electricity	1,007	0.8
379,345	Cobham	Aerospace & Defence	975	0.8
1,164,676	Resolution	Life Insurance	954	0.7
679,704	Rentokil Initial	Support Services	886	0.7
419,899	Xchanging	Support Services	813	0.6
261,450	Mouchel	Support Services	473	0.4
56,414	Amlin	Non-life Insurance	219	0.2
56,450	Catlin	Non-life Insurance	203	0.2
178,642	Beazley	Non-life Insurance	193	0.2
Top Sixty Holdings			125,299	97.8
56,847	Hiscox	Non-life Insurance	190	0.1
Total Ordinary Shares			125,489	97.9
1,027,000	Friends Provident Fltg Perpetual	Life Insurance	1,254	1.0
800,000	Barclays Bank Fltg 14% Perpetual	Banks	1,038	0.7
800,000	Aviva Fltg 5.902% Perpetual	Life Insurance	624	0.4
Total Fixed Income Securities			2,916	2.1
Total Value of Investments			128,405	100.0

ALLOCATION OF EQUITY PORTFOLIO AND INDEX BY SECTOR
At 31 March 2010



DIRECTORS

From left to right: Ciaran Mallon (Investment Manager), Hugh Twiss, Roger Walsom, John McLachlan, Jonathan Silver, Chris Hills, Karina Bryant (Company Secretary)

John McLachlan

Mr McLachlan was appointed to the Board on 12 February 1996 and as Chairman on 1 January 2002. He is currently a Non-Executive Director of Falcon Managers Limited, a trustee of GE Pension Plan and Chairman of House of Fraser Trustees Ltd. He was formerly Group Investment Director of United Assurance Group plc, Managing Director of United Friendly Asset Management Ltd, Vice-President of the National Association of Pension Funds and past Chairman of their Investment Committee.

Chris Hills

Mr Hills was appointed to the Board on 11 October 1999. He is currently Chief Investment Officer of Rensburg Sheppards Investment Management. He was formerly a Director of Baring Fund Management, where he ran a wide range of portfolios and was a senior member of the UK policy group.

Mr Hills is Chairman of the Management Engagement Committee.

Jonathan Silver

Mr Silver was appointed to the Board on 1 August 2007. He is Finance Director on the main Board of Laird plc, a position he has held since 1994. Prior to 1994, Mr Silver held various senior financial positions within Laird plc since he joined in 1986. He is a member of the Institute of Chartered Accountants of Scotland.

Mr Silver is Chairman of the Audit Committee.

Hugh Twiss

Mr Twiss was appointed to the Board on 23 November 2001. He is currently Chairman of Henderson High Income Trust plc, a trustee of a number of charities, a member of the Greenwich Hospital Advisory Panel and the Investment sub-committee of the Cancer Research UK Pension Scheme, as well as undertaking various consultancy work, including working with Trust Associates. He was formerly a Director of Fleming Investment Management for many years.

Mr Twiss is Chairman of the Nomination Committee.

Roger Walsom

Mr Walsom was appointed to the Board on 5 May 2006. He is currently a Non-Executive Director of St. James's Place plc and companies within the Miller insurance broking group at Lloyds. He is also a part-time consultant with Ashurst, the City law firm, where he was previously a partner for many years and had a wide-ranging corporate practice including advising a number of investment trusts and other funds. He was previously on the Board of the Pensions Regulator.

All Directors are independent and non-executive.
All Directors are members of the Audit, Management Engagement and Nomination Committees.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2010

Introduction and Content

The Directors have pleasure in presenting their Report for the year ended 31 March 2010, which incorporates the Business Review and Corporate Governance Statement.

Nature of the Company

The Company was incorporated and registered in England and Wales on 22 December 1995 as a public limited company under the Companies Act 2006 ('the Act'), registered number 3141073.

The Company is an investment company as defined by section 833 of the Act and operates as an investment trust within section 842 of the Income and Corporation Taxes Act 1988 ('s842 ICTA'). HM Revenue and Customs have 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 2009. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to maintain such approval, whether under s842 ICTA or subsequent legislation under s1158 of the Corporation Tax Act 2010.

Investment Policy

The Company's investment objective, investment policy and risk, investment approach and investment limits combine to form the 'Investment Policy' of the Company.

Investment Objective

The Company's investment objective is to provide shareholders with long-term capital growth and real long-term growth in dividends from a portfolio yielding more than the FTSE All-Share Index.

Investment Policy and Risk

The Company will invest principally in UK equities and equity-related securities of UK companies selected from any market sector. In managing the Company's investment portfolio, the Manager will seek to achieve a total return over the long term in excess of the total return on the FTSE All-Share Index.

At certain times a proportion of the portfolio may be invested in fixed interest securities, where the main criteria for inclusion will be capital certainty, good liquidity and high credit quality.

The Manager will manage the portfolio with the aim of reducing the stock-specific risk of individual securities through diversification across stock market sectors. In-depth, continual analysis of the fundamentals of investee companies enables the Manager to assess the financial risks associated with any particular stock.

Investment Approach

The Company's investment management approach is to exploit stock market inefficiencies. This is achieved by undertaking fundamental company analysis and by placing a strong emphasis on valuation. The approach is "bottom up", focusing on the fundamentals of a particular company, such as its business model, sales growth, pricing power, market position, margins, management strategy and financial characteristics. The Manager's macroeconomic views provide the context for such analysis. The company analysis is then combined with a rigorous valuation discipline, whereby the Manager uses a number of valuation techniques to assess how the company is being valued by the stockmarket. The output is then used to construct a portfolio with the aim of maximising exposure to the most attractively valued companies within the risk parameters and Investment Policy of the Company.

Investment Limits

The Board has prescribed limits on the Investment Policy, among which are the following:

- no more than 10% of gross assets will be held in a single investment;
- no more than 15% of gross assets will be held in other listed investment companies;
- no more than 5% of gross assets will be held in unquoted investments; and
- gearing may be used to raise equity exposure up to a maximum of 125% of net assets where it is appropriate

The Manager monitors the portfolio on an ongoing basis to ensure adherence to its Investment Policy.

Share Capital

Ordinary Shares

At the year end the Company's share capital consisted of 58,551,530 ordinary shares of 25p each.

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).

At a general meeting of the Company every 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 Companies Act 2006 (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 member 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 member 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.

The Directors may refuse to register any transfer of any ordinary share which is not a fully-paid share, although such discretion may not be exercised in a way which prevents dealings in the shares of the relevant class or classes from taking place on an open or proper basis. As at 31 March 2010, the Company's issued share capital did not include any ordinary shares that were not fully paid. The Directors may also refuse to register any transfer of an ordinary share in favour of more than four persons jointly.

The Company is not aware of any other restrictions on the transfer of shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws).

In certain circumstances, the Directors can require certain US holders of shares to transfer their shares compulsorily.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Ordinary Share Buy Backs

No shares were repurchased during the year and no shares were held in treasury at the year end.

Share Valuations

On 31 March 2010, the mid-market price and the net asset value ('NAV') per ordinary share were 174.0p and 196.1p respectively. The comparable figures for 31 March 2009 were 122.5p and 138.9p.

Key Performance Indicators

The Board reviews the performance of the Company 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 NAV and its performance relative to that of the FTSE All-Share Index, which is the Company's benchmark, as well as the FTSE All-Share 5% Capped Index, the FTSE 100 Index and the FTSE 350 High Yield Index.

The Board uses a number of indices in assessing the performance of the assets of the Company because, given the constraints and objectives set from time to time by the Board, no one available index can fully represent the performance that might reasonably be expected.

The NAV total return of the Company was 54.5% during the course of the year compared with total return of 52.3% for the FTSE All-Share Index, 53.9% for the FTSE All-Share Capped Index, 50.4% for the FTSE 100 Share Index and 42.1% for the FTSE 350 High Yield Index.

Dividend Policy

The Board aims to pay a sustainable level of base dividend that grows at least in line with the Company's investment objective to provide shareholders with real long-term growth in dividends. Dividend payments above the sustainable level may be paid on a case by case basis as special dividends. The size of any special dividends declared will be decided after considering the portfolio yield at the time, the size of any transfer to the revenue reserve in that year if only the sustainable dividend was paid and the size of the existing revenue reserve.

For the year ended 31 March 2010, four interim dividends have been paid instead of three interims and a final. The first three interim dividends for 1.85p (2009: 1.85p) each per ordinary share were paid on 2 October 2009, 30 December 2009 and 15 March 2010 respectively. The fourth interim dividend of 3.3p (2009: final dividend 3.1p) was paid on 31 March 2010. As a fourth interim dividend has been paid, the Board will not propose a final dividend for the year ended 31 March 2010 at the 2010 AGM. Therefore, the Directors have declared an aggregate dividend of 8.85p, an increase of 2.3% over the previous year. This sets the normal dividends at a level which the Directors consider, in present conditions, to be the base sustainable level.

Further information relating to the Company's dividend payments can be found in the Chairman's Statement on pages 3 and 4.

In managing the revenue generated by the Company, the Board reviews the income generated by the portfolio. It is anticipated that the yield premium of the portfolio to the yield on the FTSE All-Share Index will normally fall into the range of 10% to 30%.

Peer Group Performance

There are currently over 300 investment trusts in the UK of which 22 fall into the UK Growth and Income sector. This group, however, is quite diverse in its objectives 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 matches its objective and structure.

As at 31 March 2010, out of the 22 investment trusts then within the UK Growth and Income sector the Company was ranked 13th over one year and 11th and 6th over three and five years respectively, by NAV performance (source: J.P. Morgan Cazenove).

Premium/Discount

The Board monitors the premium/discount at which the Company's shares trade in relation to its assets and how this compares to other investment trusts in the peer group. During the year the Company's shares traded at both a discount and a premium. The highest premium was 0.9% and the widest discount was 12.2%. At the year end the discount was 11.3% (2009: 11.8%). As at 31 March 2010, the average discount of the 22 investment trusts in the UK Growth and Income sector was 6.9% (2009: 4.5%) (source: J.P. Morgan Cazenove).

The Board and Manager closely monitor movements in the Company's share price and dealings in the Company's shares. In order to avoid significant overhang or shortage of shares in the market, the Board asks shareholders to approve resolutions every year which allow for the repurchase of shares (for cancellation or to be held as treasury shares) and also their issuance. This may assist in the management of the discount. During the year, the Board have not utilised this authority.

The Company does not currently hold 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.

Total Expense Ratio ('TER')

The expenses of managing the Company are reviewed by the Board at every meeting. It is the aim of the Board to minimise the TER, which provides a guide to the effect on performance of all annual operating costs of the Company. The TER is calculated by dividing the total expenses (excluding interest and VAT recoverable on management fees) incurred, including those charged to capital, by average shareholders' funds during the year.

Expenses for the year, excluding any refunds of VAT on management fees, totalled £1,082,000 (2009: £1,096,000) and at the year end the TER was 1.1% (2009: 1.1%).

Current and Future Development

As part of the Company's overall strategy, the Company seeks 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. This would also act to reduce the TER. The Directors believe that increasing the assets of the Company in this way will make the Company's shares more attractive to investors and improve the liquidity of the shares.

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 5 and 6. Further details as to the risks affecting the Company are set out below under 'Principal Risks and Uncertainties'.

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 additionally as appropriate.

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 on an annual basis. The outcome of this review is commented upon on page 16.

Contractual arrangements also govern relationships with the Company Secretary and Administrator, Registrar, Banker and Custodian. These contracts are also reviewed 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 Company's website at www.invescoperpetual.co.uk/investmenttrusts, 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 the Investment Policy in the light of feedback from shareholders. The Board monitors and reviews shareholder communication 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:

- J.P.Morgan Securities Ltd as Corporate Broker;
- Grant Thornton UK LLP as Auditors;
- Norton Rose LLP as Corporate Lawyers;
- The Bank of New York Mellon as Banker and Custodian; and
- Capita Registrars as Registrars.

Further details of the advisers can be found on page 48.

Principal Risks and Uncertainties

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

Investment Policy

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 of the Company is pursued by the Manager.

Investment Process

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 should give the Manager a full understanding of the financial risks associated with any particular stock.

Market Movements and Portfolio Performance

As at 31 March 2010, all of the Company's investments were traded on the London Stock Exchange. The principal risk for investors in the Company is of a significant fall in the markets and/or a 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 investments are influenced by many factors including general world (and particularly the UK) economic conditions 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 stocks 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 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 investments 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 and Investment Manager's Report.

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 2010, an ordinary share of the Company traded at a discount of 10.7% (2009: 11.8%).

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, 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 quarterly dividends paid to ordinary shareholders may fluctuate.

Any change in the tax or accounting treatment of dividends or other investment income received by the Company may also affect the level of dividend paid on the ordinary shares in future years.

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, further reducing the total return on the ordinary shares.

Regulatory and Tax Related

The Company is subject to various laws and regulations by virtue of its status as a public limited company registered under the Companies Act 2006, its status as an investment trust, and its listing on the London Stock Exchange.

A breach of section 842 of the Income and Corporation Taxes Act 1988 ('s842 ICTA') 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 compliance with s842 ICTA and other financial regulatory requirements on a daily basis. All transactions, income and expenditure are reported to the Board. The Board regularly considers all perceived risks and the measures in place to control them. The Board ensures that satisfactory assurances are received from service providers. The Manager's Compliance and Internal Audit Officers produce reports regularly for review by the Company's Audit Committee.

Further details of the risk management policies and procedures as they relate to the financial assets and liabilities of the Company are detailed in note 18 of the financial statements.

Financial Position

Financial Instruments

The Company's use of financial instruments is disclosed in note 1(c) and note 18 to the financial statements.

Assets and Liabilities

At 31 March 2010, the Company's total net assets were £115m (2009: £81m). The portfolio consisted of equity investments, floating rate securities and cash.

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 sales of investments and the income from investments against which must be set the costs of borrowing and management expenses.

Gearing Policy

Gearing policy is under the control of the Board, which has currently established effective gearing parameters of between 100% to 125% of net assets. Gearing is provided by a bank overdraft of up to the lesser of £20m and 25% of the net assets of the Company.

Environmental Matters, Employees and Social and Community Issues

As an investment trust 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 these grounds alone.

At the AGM in 2007, the Directors received approval from shareholders to 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

Under a contract between the Company and the Manager, the Manager provides investment, administration and company secretarial services to the Company. This contract may be terminated on three months' notice and immediately in certain other circumstances.

The investment management fee is calculated and payable monthly in arrears based on the value of the funds under management before deducting borrowings, of 0.7% up to £100 million, 0.6% on the next £50 million, 0.55% on the next £50 million and if in excess of £200 million the fee will be reviewed. This fee is allocated 50% to capital and 50% to revenue (2009: same) in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company. Further details of this are given in note 3 to the financial statements.

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 Investment Policy as determined from time to time by the Board and approved by shareholders. The Manager has discretion to make purchases and sales, make and withdraw cash deposits, enter into underwriting commitments and exercise all rights over the investment portfolio. The Manager also advises on borrowings.

The Manager also 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 additionally maintains records of the Company's investment transactions, portfolio and all monetary transactions, from which the Manager prepares annual and half-yearly financial reports and interim management statements on behalf of the Company and various statistical reports and information throughout the year.

Assessment of the Manager

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

The Manager determines stock selection and asset allocation with a view to achieving the Company's investment objective and meeting shareholder expectations. The Board has formally reviewed the Manager's performance for the year ended 31 March 2010 and, taking into account the performance of the portfolio, the other services provided by the Manager and the risk and governance environment in which the Company operates, the Board considers that the continuation of the management contract is in the best interests of shareholders.

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 Auditors, 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 satisfactory reports on the Manager's internal operations from the Manager's Compliance and Internal Audit Officers.

The audit programme and timetable is drawn up and agreed with the Company's Auditors in advance of the 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 Auditors in their audit review to the Audit Committee. The audit review is considered by the Audit Committee and discussed with the Auditors and the Manager prior to approving and signing the financial statements.

The Audit Committee reviewed the financial statements for the year ended 31 March 2010 with the Manager and the Auditors at the conclusion of the audit process.

Details of the audit fee are shown in note 4 to the financial statements.

Substantial Holdings in the Company

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

	2010		2009	
	Holdings	%	Holdings	%
Rensburg Sheppards Investment Management	5,520,369	9.4	4,421,038	7.6
Brewin Dolphin	4,311,500	7.4	4,148,327	7.1
Adam & Co	3,332,852	5.7	3,824,079	6.5
Charles Stanley	2,993,851	1.2	2,810,435	4.8
CCLA Investment Management	2,409,000	4.1	2,400,000	4.1
Legal & General Investment Management	2,272,056	3.9	2,468,509	4.2
AXA Investment Managers	1,914,337	3.3	2,026,161	3.5

Registered Holdings in the Company

At 31 March 2010, the Register of Members contained 2,171 (2009: 2,199) registered shareholders.

Directors

The present members of the Board are listed on page 9.

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 powers of the Company which are not required to be exercised by the Company in general meeting.

Directors are appointed by ordinary resolution at a general meeting of shareholders. The Directors have the power to appoint a Director during the year but any person so appointed must stand for election by shareholders at the next AGM.

Having served on the Board for more than nine years and in accordance with the Board's tenure policy set out in the Company's Corporate Governance statement on pages 21 and 22, John McLachlan and Chris Hills will retire at this year's AGM and stand for re-election.

Directors' Interests

The beneficial interests of the Directors of the Company in the ordinary issued share capital are shown below:

	At 31 March 2010	At 31 March 2009
John McLachlan	6,000	6,000
Chris Hills	14,202	14,202
Jonathan Silver	6,000	6,000
Hugh Twiss	14,683	14,070
Roger Walsom	7,500	7,500

Save as aforesaid, no Director had any interest, beneficial or otherwise, in the securities of the Company during the year.

Since 31 March 2010, Hugh Twiss purchased 408 ordinary shares of 25p each. There were no other changes in the above interests between 31 March 2010 and 8 June 2010.

Disclosable Interests

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

Conflicts of Interest

The Companies Act 2006 ('the Act') sets out the Directors' general duties which largely codify the previous law but with some changes. Under the Act, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Act allows the Directors to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Act also allows the Articles of Association to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. The Articles of Association of the Company give the Directors authority to approve such situations and include other provisions to allow conflicts of interest to be dealt with in a similar way to the previous position.

There are safeguards which will apply when Directors decide whether to authorise a potential conflict of interest. First, only Directors who have no interest in the matter being considered will be 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 will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

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. Directors who have potential conflicts of interest will not take part in any discussions which relate to any of their potential conflicts.

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 the 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 bought 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.

REPORT OF THE DIRECTORS
(*continued*)

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

Individual Savings Account ('ISA')

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

Creditor Payment Policy

It is the Company's policy to obtain the best terms for all business and to abide by those agreed terms. It is the Company's policy to settle all investment transactions according to settlement periods operating for the relevant markets. The Company had no trade creditors at the year end (2008: £nil).

Auditors

The Audit Committee has considered the independence of the Auditors and the objectivity of the audit process and is satisfied that Grant Thornton UK LLP has fulfilled its obligations to shareholders as Independent Auditor to the Company.

Grant Thornton UK LLP, are willing to continue in office and a resolution, in accordance with section 489 of the Act, to reappoint them will be proposed at the forthcoming AGM. A separate resolution for the Directors to be authorised to set the Auditors' remuneration will also be proposed at the forthcoming AGM.

Disclosure to Auditors

The Directors who held office at the date of approval of the Report of the Directors' confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Act.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors took into account the Company's investment objective, its risk management policies, 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 and ongoing expenses.

AGM

Shareholders will find on pages 42 to 45 the Notice of the forthcoming AGM of the Company to be held on 16 July 2010 at 12 noon, an explanation of which can be found in the Chairman's statement on pages 3 and 4.

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 trust. The Company has therefore not reported further in respect of these provisions.

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

Independence

The Board is composed of five Directors, all of whom are non-executive and all of whom are considered wholly independent. The Directors have a range of business, financial and asset management skills and experiences relevant to the direction and control of the Company. Brief biographical details of members of the Board are shown on page 9.

Both John McLachlan and Chris Hills have served on the Board for more than nine years, the milestone beyond which a number of shareholders and commentators consider that lengthy service can compromise independence from the Manager. The Board, however, does not have a policy limiting the period of time a Director can serve on the Board as it does not believe that length of service necessarily compromises independence. The Board has considered the continued appointment of John McLachlan and Chris Hills and concluded that they continue to be effective, make a valuable contribution to the Board and show commitment to their respective roles. Notwithstanding their length of service, the Board considers that they both remain independent in character and judgement from the Company's Manager, a view which has been demonstrated by their actions on behalf of the Company and their other professional involvements. The AIC recommends that any director serving on a board for more than nine years should seek re-election annually. Both John McLachlan and Chris Hills will therefore seek re-election annually. They are also subject to an annual performance appraisal prior to each re-election.

Senior Independent Director

All Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's shareholders and that the best interests of the creditors and suppliers to the Company are properly considered. In view of this fact, the Board does not consider it appropriate to identify a senior independent director as recommended by the AIC Code. All the Directors are available to shareholders if they have concerns which contact through the normal channels of Chairman, Manager or Company Secretary has failed to resolve or for which such contact is inappropriate.

Chairman

The Chairman is John McLachlan, a non-executive 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. John McLachlan has been a member of the Board for over nine years and therefore seeks re-election annually.

Supply of Information

To enable the members of the Board to fulfil their roles, the Manager and Company Secretary ensure that Directors 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 five times each year and additional meetings are arranged as necessary. Regular contact is maintained between the Manager, the Company Secretary and the Board outside formal meetings.

Board meetings follow a formal agenda, which includes a review of the investment portfolio with reports 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.

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.

Board's 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 shareholders 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 detailing the responsibilities of 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 and is available for inspection at the AGM, at the Registered Office address of the Company and on the Company'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 a remuneration committee, having agreed that a separate remuneration committee is not appropriate for a company of this size and nature.

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

Management Engagement Committee

As the Board is considered small for the purposes of the AIC Code, all the Directors are members of the Management Engagement Committee under the chairmanship of Chris Hills. The Management Engagement Committee has written terms of reference, which are reviewed annually and clearly define its responsibilities and duties. They will be available for inspection at the AGM, can be inspected at the Registered Office of the Company and can be viewed on the Company's website.

The Management Engagement Committee meets at least once a year to review the performance of the Manager, the services provided by them and the Management Agreement with them. A formal assessment of the Manager's performance was undertaken, the results of which can be found on page 16.

The Management Engagement Committee has reviewed and accepted the Manager's "whistleblowing" policy under which staff of the Manager can, in confidence, raise concerns about possible improprieties or irregularities in matters affecting the Company.

A statement of IAML's responsibilities as Manager, Company Secretary and Administrator of the Company can be found on page 15.

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 Board meetings held during the year and the number of meetings attended by each Director or member of each Committee. In addition, Board members also attended a number of ad-hoc meetings as required between scheduled meetings.

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
John McLachlan	6	6	3	3	1	1	2	2
Chris Hills	6	6	3	3	1	1	2	2
Jonathan Silver	6	6	3	3	1	1	2	2
Hugh Twiss	6	6	3	3	1	1	2	2
Roger Walsom	6	6	3	3	1	1	2	2

Strategy Board Meeting

During the year, the Board held a specific strategy session separate from the normal agenda items. The Board discussed matters such as the appropriateness of the Company's Investment Policy, the continued suitability of the performance measures in place, shareholder communications and marketing strategies, Directors' remuneration, gearing and dividend policies and the changing corporate governance and regulatory environment in which the Company operates. The Board also reviewed the Company's corporate structure to ensure that it continued to be in line to achieve the Company's investment objective.

Appointment, Re-election, Tenure and the Nomination Committee

As the Board is considered small for the purposes of the AIC Code, all the Directors are members of the Nomination Committee under the chairmanship of Hugh Twiss. The main responsibilities of the Nomination Committee are to review the size, structure and skills of the Board and to make recommendations to the Board with regard to any changes considered necessary or new appointments. The Nomination Committee has written terms of reference, which are reviewed annually and clearly define its responsibilities and duties. No Director has a contract of employment with the Company.

The Board has formulated a formal, rigorous and transparent procedure for the selection and appointment of new Directors to the Board. The Nomination Committee carries out the procedure with a view to making recommendations to the Board.

To date, the Nomination Committee 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 of Association 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. No Director serves a term of more than three years before re-election. A Director's normal tenure of office will be for three terms of three years, except that the Board may determine otherwise if it is considered that the continued participation on the Board of an individual Director is in the best interests of the Company and its shareholders. If this is the case, then a long serving Director will stand for annual re-election at the Company's AGM. Due to their length of service, John McLachlan and Chris Hills will seek re-election annually. The Articles of Association provide that the Directors may, by notice in writing, remove any Director from the Board without notice or compensation.

John McLachlan and Chris Hills are standing for re-election at this year's AGM. The Board confirms (without the participation of those involved) that the performance of each of these Directors continues to be effective and demonstrates commitment to the respective roles and recommends to shareholders their support for resolutions 2 and 3 relating to the Directors seeking re-election.

Terms of reference of the Nomination Committee, Articles of Association of the Company and Directors' letters of appointment will be available at the AGM and can be inspected at the Registered Office of the Company. The terms of reference of the Nomination Committee and the Directors' letters of appointment can also be inspected on the Company's website.

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 26 and 27.

Board, Committee and Directors' Performance Appraisal

The Directors recognise the importance of the AIC Code particularly in terms of evaluating the performance of the Board as a whole, the respective Committees of the Board and individual Directors. Performance of the Board, Committees and Directors has been assessed during the year in terms of:

- attendance at Board and Committee Meetings, for which attendance has been excellent throughout the year;
- the independence of individual Directors;
- the ability of Directors to make an effective contribution to the Board and Committees due to the diversity of skills and experience each Director brings to meetings; and
- the Board's ability to challenge the Manager's recommendations, suggest areas of debate and fix timetables for debates on the future strategy of the Company.

The Directors have agreed that each year in which a Director stands for re-election, he will be subject to a full and rigorous review of his performance, whilst in the intervening years he will be subject to an abbreviated appraisal. John McLachlan and Chris Hills are therefore subject to a full and rigorous review of their performance and independence on an annual basis.

The Board used the findings and feedback from their previous comprehensive evaluation as the basis for a review and update of their performance this year. Hugh Twiss was responsible for the performance appraisal of the Chairman, taking into account the views of the other non-executive Directors.

The Directors concluded that the performance appraisal process had proved successful with the Board and Committees of the Board collectively scoring satisfactorily in all areas.

Accountability and Audit

The Directors' responsibilities for the Company's accounting records and financial statements are set out on page 25. The Report of the Independent Auditor appears on pages 28 and 29.

Audit Committee

As the Board is considered small for the purposes of the AIC Code, all the Directors are members of the Audit Committee under the chairmanship of Jonathan Silver. 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 annually and clearly define its responsibilities and duties. 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 Company'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 to shareholders and to review the Company's accounting policies. In addition, the Audit Committee reviews the Auditors' independence, objectivity and effectiveness and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements. At each meeting, representatives of the Manager's internal audit and compliance teams are present. Representatives of Grant Thornton UK LLP, the Company's Auditors, 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 done internally as part of the Board Committee and Directors' performance appraisal process, a report on which is shown above.

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' investments 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. This system can therefore 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 its review. There are no significant failings or weaknesses that have occurred during the year ended 31 March 2010 and up to the date of this annual financial report.

The Board meets regularly, at least five 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 company secretarial, custodial, investment management and accounting activities, and these are reviewed annually by the Board.

The control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to adhere to the Company's Investment Policy. The Directors consider that these procedures enable the Company 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.

Auditors' Non-Audit Services

The Company's Auditors, Grant Thornton UK LLP, provided non-audit services to the Company amounting to £4,000 (2009: £4,000) in relation to tax compliance services during the financial year ended 31 March 2010. The Directors do not consider that the provision of these services impaired the Auditors' independence during the financial year ended 31 March 2010.

Normally, it is the Company's policy not to seek substantial non-audit services from its Auditors. The scope for any non-audit services is reviewed by the Audit Committee and approved prior to the Auditors' engagement. In particular, the Audit Committee considers whether the skills and experience of the Auditors make them a suitable supplier of the non-audit service and whether there are any 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 Auditors.

Shareholder Relations

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, the daily calculation of the NAV of the Company's ordinary shares, which is published via the London Stock Exchange, a monthly factsheet and the Company's website. A presentation is made by the Manager following the 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.

REPORT OF THE DIRECTORS
(*continued*)

There is a regular dialogue between the Manager and individual major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help 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.

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 at least 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 or in writing to the Company Secretary at the address given on page 48. At other times the Company responds to queries from shareholders on a range of issues.

Shareholders can also visit the Company'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.

Institutional Voting

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

Electronic Publication of the Annual Financial Report

The annual financial report is published on www.invescoperpetual.co.uk/investmenttrusts which is the Company's website maintained by the Company's Manager. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditors accept 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.

By order of the Board

Invesco Asset Management Limited
Company Secretary
30 Finsbury Square
London EC2A 1AG
8 June 2010

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 United Kingdom 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility 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 requlations, 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 Auditors are 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 Auditors are aware of that information.

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

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit 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

John McLachlan
Chairman

8 June 2010

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 MARCH 2010

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').

Your Company's Auditors are required to audit certain of the disclosures provided in this Report. Where disclosures have been audited, they are indicated in this Report. The Auditors' opinion is included in their report on pages 28 and 29.

Remuneration Responsibilities

The Board has resolved that a remuneration committee is not appropriate for a company of this size and nature. Remuneration is therefore regarded as part of the Board's responsibilities to be addressed regularly. 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 Directors. It is intended that this policy will continue for the year ending 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 and the additional workload that each Director has and will continue to experience. They have concluded that the current level of Directors' remuneration continues to be appropriate for the time being.

Fees for the Directors are determined by the Board within the limits specified in the Company's Articles of Association. The maximum aggregate remuneration permitted by the Articles of Association is £175,000 per annum.

Directors' Service Contracts

All Directors have letters of appointment which are available for inspection at the AGM, on the Company's website and at the Registered Office of the Company. 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. The terms also provide that a Director may be removed from office without notice and that no compensation will be due on leaving office.

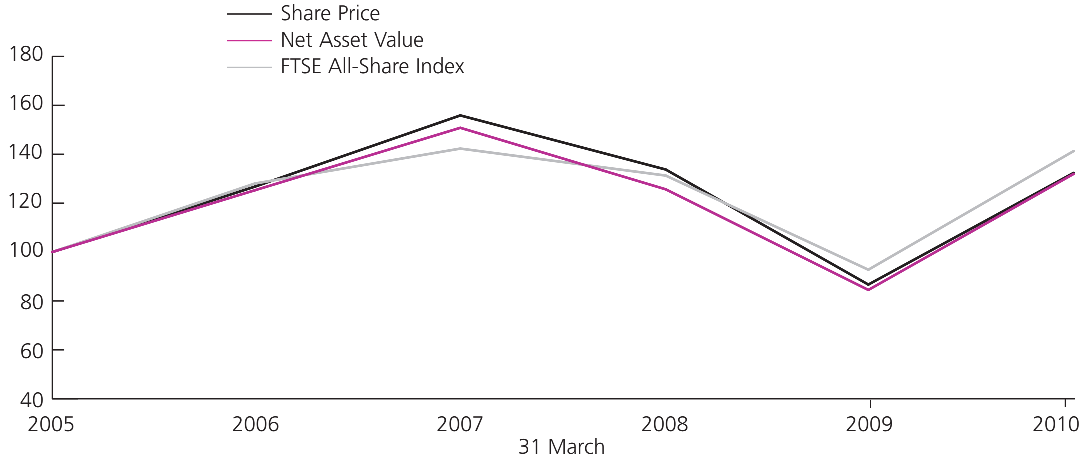
Since 1 April 2007, Directors' remuneration has been as follows:

– Chairman	£25,000 per annum;
– Chairman of Audit Committee	£21,000 per annum; and
– Other Directors	£18,000 per annum.

The Company's Performance

The following graph plots the total return of the share price and diluted net asset value to ordinary shareholders compared to the total return of the FTSE All-Share Index over five years to 31 March 2010. This Index is the benchmark adopted by the Company for performance measurement purposes. All figures are rebased to 100 at the start.

Five Year Graph



Directors' Emoluments for the Year (audited)

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

	2010 £	2009 £
John McLachlan (Chairman of the Board)	25,000	25,000
Jonathan Silver (Chairman of the Audit Committee)	21,000	20,000
Chris Hills	18,000	19,000
Hugh Twiss	18,000	18,000
Roger Walsom	18,000	18,000
Total	100,000	100,000

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 8 June 2010.

John McLachlan
Chairman

Signed on behalf of the Board of Directors

REPORT OF THE INDEPENDENT AUDITOR

To the Members of Invesco Income Growth Trust plc

We have audited the financial statements of Invesco Income Growth Trust plc for the year ended 31 March 2010 which comprise of the Income Statement, the Reconciliation in Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this Report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 25, 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 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

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 2010 and of its profit for the year then ended; and
- 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 Report of the Directors 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 18, in relation to going concern; and
- 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.

Julian Bartlett
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

8 June 2010

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2010 REVENUE £'000	2010 CAPITAL £'000	2010 TOTAL £'000	2009 REVENUE £'000	2009 CAPITAL £'000	2009 TOTAL £'000
Profit/(losses) on investments at fair value through profit or loss	9	—	36,247	36,247	—	(43,378)	(43,378)
Income	2	5,422	—	5,422	5,913	—	5,913
Investment management fee	3	(401)	(401)	(802)	(405)	(405)	(810)
VAT recoverable on management fees	3	57	58	115	367	481	848
Interest on VAT recoverable		11	—	11	140	—	140
Other expenses	4	(279)	(1)	(280)	(285)	(1)	(286)
Net return before finance costs and taxation		4,810	35,903	40,713	5,730	(43,303)	(37,573)
Finance costs	5	(107)	(107)	(214)	(329)	(329)	(658)
Return on ordinary activities before and after tax		4,703	35,796	40,499	5,401	(43,632)	(38,231)
Return per ordinary share							
Basic	7	8.0p	61.2p	69.2p	9.2p	(74.5)p	(65.3)p

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 MARCH

	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
FOR THE YEAR ENDED 31 MARCH 2009							
At 1 April 2008		14,638	40,021	2,310	62,484	5,099	124,552
Return for the year from income statement		—	—	—	(43,632)	5,401	(38,231)
Dividends paid	8	—	—	—	—	(5,006)	(5,006)
FOR THE YEAR ENDED 31 MARCH 2010							
At 31 March 2009		14,638	40,021	2,310	18,852	5,494	81,315
Return for the year from income statement		—	—	—	35,796	4,703	40,499
Dividends paid	8	—	—	—	—	(6,997)	(6,997)
At 31 March 2010		14,638	40,021	2,310	54,648	3,200	114,817

The accompanying notes are an integral part of these statements.

BALANCE SHEET

AS AT 31 MARCH

	NOTES	2010 £'000	2009 £'000
Fixed assets			
Investments at fair value	9	128,405	94,903
Current assets			
Debtors	10	1,034	2,032
Creditors: amounts falling due within one year	11	(14,622)	(15,620)
Net current liabilities		(13,588)	(13,588)
Total assets less current liabilities		114,817	81,315
Capital and reserves			
Called up share capital	12	14,638	14,638
Share premium	13	40,021	40,021
Capital redemption reserve	13	2,310	2,310
Capital reserve	13	54,648	18,852
Revenue reserve	13	3,200	5,494
Shareholders' funds		114,817	81,315
Net asset value per ordinary share			
Basic	14	196.1p	138.9p

These financial statements were approved and authorised for issue by the Board of Directors on 8 June 2010.

Signed on behalf of the Board of Directors

John McLachlan
Chairman

The accompanying notes are an integral part of this statement.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2010 £'000	2009 £'000
Cash flow from operating activities	15(a)	5,314	5,314
Servicing of finance	15(b)	(214)	(658)
Net financial investment	15(b)	2,260	(1,151)
Equity dividends paid	8	(6,997)	(5,006)
Cash inflow/(outflow) before management of liquid resources and financing		363	(1,501)
Financing		—	—
Increase/(decrease) in cash		363	(1,501)
Reconciliation of cash flow to movement in net debt			
Increase/(decrease) in cash		363	(1,501)
Change in net debt in the year		363	(1,501)
Net debt at beginning of year		(14,663)	(13,162)
Net debt at end of year	15(c)	(14,300)	(14,663)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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

(i) *Accounting Standards applied*

The financial statements have been prepared 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.

(ii) *Enhanced Disclosure*

Following amendments to FRS 29 "Financial Instruments: Disclosures" for reporting periods beginning on or after 1 January 2009, enhanced disclosures for financial instruments and liquidity risk are shown in note 18 and comprise a three level hierarchy for making fair value measurements. This has no effect on either the net assets or earnings of the Company.

(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 currency, 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.

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) Income

Interest income arising from fixed income securities and cash is recognised in the income statement using the effective interest method. 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.

(e) 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 50% to capital and 50% 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.

All other expenses are allocated to revenue in the income statement.

(f) Taxation

The liability to corporation tax is based on net revenue for the year excluding UK 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.

(g) 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

	2010 £'000	2009 £'000
Income from listed investments		
UK dividends	4,760	5,642
UK unfranked investment income	422	81
Scrip dividend	—	125
Overseas income	14	—
Other income		
Deposit interest	—	1
Underwriting commission	226	64
Total income	5,422	5,913

3. Investment management fee

	2010 REVENUE £'000	2010 CAPITAL £'000	2010 TOTAL £'000	2009 REVENUE £'000	2009 CAPITAL £'000	2009 TOTAL £'000
Investment management fee	401	401	802	405	405	810

The Manager, Invesco Asset Management Limited ('IAML') provides investment management, company secretarial and administrative services to the Company under an agreement dated 21 July 1999 and subsequently amended on 21 September 2009. Details of this are shown in the Report of the Directors. At 31 March 2010 £73,000 (2009: £55,000) was owed in respect of management fees.

An amount of £115,000 (2009: £848,000) has been recognised in these accounts in respect of VAT recovered on management fees. This has been credited £57,000 (2009: £367,000) to revenue and £58,000 (2009: £481,000) to capital, in the same proportion as originally charged to the income statement. In addition, £11,000 (2009: £140,000) of interest thereon has been credited to revenue.

4. Other expenses

	2010 REVENUE £'000	2010 CAPITAL £'000	2010 TOTAL £'000	2009 REVENUE £'000	2009 CAPITAL £'000	2009 TOTAL £'000
Directors' fees	100	—	100	100	—	100
Auditors' remuneration						
– for audit of the annual financial statements	21	—	21	19	—	19
– other services relating to taxation compliance and advice	4	—	4	4	—	4
Other expenses	154	1	155	162	1	163
	279	1	280	285	1	286

The maximum aggregate Directors' emoluments authorised by the Articles of Association are £175,000 per annum. The Director's Remuneration Report provides further information on Directors' fees.

Fees payable to the Company's Auditors are shown excluding VAT, which is included in other expenses.

5. Finance costs

	2010			2009		
	REVENUE	CAPITAL	TOTAL	REVENUE	CAPITAL	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Interest on overdraft	107	107	214	329	329	658

6. Tax on Ordinary Activities

The tax charge for the year is nil (2009: nil) as allowable expenses exceed taxable income:

	2010 £'000	2009 £'000
Total return on ordinary activities before taxation	40,499	(38,231)
UK Corporation Tax rate of 28% (2009: 28%)	11,340	(10,705)
Effects of:		
– non-taxable (gains)/losses on investments	(10,149)	12,146
– non-taxable UK dividends	(1,333)	(1,615)
– non-taxable overseas dividends	(4)	—
– expenses in excess of taxable income	146	174
Actual current tax amount	—	—

Factors that may affect future tax charges

After claiming relief against accrued income taxable on receipt, the Company has unrelieved excess expenses and loan relationship deficits of £16,462,000 (2009: £15,949,000). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset has not been recognised.

7. Return per ordinary share

The basic revenue, capital and total returns per ordinary share are based on each return on ordinary shares after tax and on 58,551,530 (2009: 58,551,530) ordinary shares, being the weighted average number of shares in issue during the year.

8. Dividends on ordinary shares

Dividends paid and recognised in year:

	2010		2009	
	PENCE	£'000	PENCE	£'000
Final paid in respect of previous year	3.10	1,815	3.00	1,757
First interim paid	1.85	1,083	1.85	1,083
Second interim paid	1.85	1,083	1.85	1,083
Third interim paid	1.85	1,083	1.85	1,083
Fourth interim paid	3.30	1,933	—	—
	11.95	6,997	8.55	5,006

Dividends payable in respect of the year:

	2010		2009	
	PENCE	£'000	PENCE	£'000
First interim paid	1.85	1,083	1.85	1,083
Second interim paid	1.85	1,083	1.85	1,083
Third interim paid	1.85	1,083	1.85	1,083
Fourth interim paid (2009: final proposed)	3.30	1,933	3.10	1,815
	8.85	5,182	8.65	5,064

As reported in the Chairman's Statement, four interim dividends were paid during the year (2009: three interims paid and final proposed).

9. Investments

	2010 £'000	2009 £'000
Investments listed on the London Stock Exchange	128,405	94,903
Opening valuation	94,903	136,546
Movements in year:		
Purchases at cost	16,036	14,463
Sales – proceeds	(18,781)	(12,728)
– net realised gains/(losses)	1,082	(11,968)
Movement in investment holding gains/(losses)	35,165	(31,410)
Closing valuation	128,405	94,903
Closing book cost	(105,562)	(107,225)
Closing investment holding gains/(losses)	22,843	(12,322)
Net realised gains/(losses) in year	1,082	(11,968)
Movement in investment holding gains/(losses)	35,165	(31,410)
Total gains/(losses) in year	36,247	(43,378)

The transaction costs included in gains on investments amount to £62,000 (2009: £62,000) on purchases and £30,000 (2009: £22,000) for sales.

Significant Interests

The Company owns 3.5% of the issued non-voting ordinary 50p share capital of Young & Co. Brewery, which is material in the context of the financial statements.

10. Debtors

	2010 £'000	2009 £'000
Amounts due from brokers	201	372
Prepayments and accrued income	833	1,660
	1,034	2,032

11. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts due to brokers	175	831
Bank overdraft	14,300	14,663
Accruals and deferred income	147	126
	14,622	15,620

12. Share capital

	2010 NUMBER	2010 £'000	2009 NUMBER	2009 £'000
Authorised:				
Ordinary shares of 25p each	120,000,000	30,000	120,000,000	30,000
Allotted, called-up and fully paid:				
Ordinary shares of 25p each	58,551,530	14,638	58,551,530	14,638

No shares were bought back and cancelled in the year and no shares were held in treasury at the year end.

13. Reserves

The share premium arose on the issue of new shares. The capital redemption reserve maintains the equity share capital of the Company and arose from the nominal value of shares bought back and cancelled. The share premium, capital redemption reserve and capital reserve are non-distributable. The revenue reserve is the only reserve that is distributable by way of dividend.

The capital reserve includes investment holding gains/(losses), being the difference between cost and market value. At the year end this was a gain of £22,843,000 (2009: loss £12,322,000).

14. Net asset value per ordinary share

The net asset value per ordinary share and the net asset values attributable at the year end were as follows:

	NET ASSET VALUE PER SHARE 2010 p	NET ASSETS ATTRIBUTABLE 2010 £'000	NET ASSET VALUE PER SHARE 2009 p	NET ASSETS ATTRIBUTABLE 2009 £'000
Ordinary shares				
– Basic	196.1	114,817	138.9	81,315

Net asset value per ordinary share is based on net assets at the year end and on 58,551,530 (2009: 58,551,530) ordinary shares, being the number of ordinary shares in issue at the year end.

15. Notes to the cash flow statement

(a) Reconciliation of operating profit to operating cash flows

	2010 £'000	2009 £'000
Total return before finance costs and taxation	40,713	(37,573)
Scrip dividend received as income	—	(125)
Adjustment for (gains)/losses on investments	(36,247)	43,378
Decrease/(increase) in debtors	827	(353)
Increase/(decrease) in creditors	21	(13)
Net cash inflow from operating activities	5,314	5,314

(b) Analysis of cash flow for headings netted in the cash flow statement

	2010 £'000	2009 £'000
Servicing of finance		
Interest paid on bank loans	(214)	(658)
	(214)	(658)
Net financial investment		
Purchase of investments*	(16,692)	(13,507)
Sale of investments	18,952	12,356
	2,260	(1,151)

* Includes scrip dividend received as income.

15. Notes to the cash flow statement
(continued)

(c) Analysis of changes in net debt

	1 APRIL 2009 £'000	CASH OUTFLOW £'000	31 MARCH 2010 £'000
Bank overdraft	(14,663)	363	(14,300)
Net debt	(14,663)	363	(14,300)

16. Contingencies, guarantees and financial commitments

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

17. 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 pages 10 to 24. There are no other related party transactions.

18. Financial Instruments

The Company's financial instruments comprise its investment portfolio (as shown on pages 7 and 8), borrowings, 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:

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 and management of borrowings 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 Policy (incorporating the Company's investment objective). 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.

NOTES TO THE FINANCIAL STATEMENTS
(*continued*)

Financial Instruments
(continued)

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 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 in the Board Responsibilities on page 20. No 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 does not apply to the Company for the two years under review as it invested in UK equities traded on the London Stock Exchange.

Interest rate risk

Interest rate movements may affect the level of interest payable on variable rate borrowings and the income receivable on cash deposits. When the Company has cash balances, they are held in variable rate bank accounts yielding rates of interest dependent on the base rate of the Custodian. The Company has an uncommitted bank overdraft facility based on the lower of 25% of the net asset value of the Company and £20 million; total indebtedness must not exceed 25% of net assets. The Company uses the facility when required at levels approved and monitored by the Board.

At the year end drawings on the Company's overdraft were £14,300,000 (2009: £14,663,000). At the maximum gearing of £20 million, the effect of a movement of +/- 1% in the interest rate would result in a decrease/increase to the Company's income statement of £200,000 (2009: £200,000).

The Company can invest in fixed income securities and at the year end the level of exposure was £2.9 million (2009: £2 million). Of this the Company had no fair value exposure to fixed interest securities (2009: £1.2 million) and cash flow exposure to floating interest rate assets was £2.9 million (2009: £0.8 million). The Directors estimate that a 1% change in interest rates applied to these balances would increase or decrease reported revenue profit before tax by £29,000 (2009: £8,000) and increase or decrease reported capital profit before tax by £44,000 (2009: £30,000).

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 possible.

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 Investment Policy and to review investment performance.

The Company's portfolio is the result of the Manager's investment process and as a result is not wholly correlated with the Company's benchmark or the market in which the Company invests. Therefore, 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 £12.8 million (2009: £9.5 million). If the value of the portfolio rose by 10%, the profit after tax would have increased by the £12.8 million (2009: £9.5 million).

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, an overdraft provides short-term funding flexibility.

Financial Instruments
(continued)

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 depositary, 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).

Fair Value – Hierarchy Disclosures

All of the Company's portfolio of equity investments are in the Level 1 category as defined in FRS 29 "Financial Instruments: Disclosures" which is applicable for reporting periods beginning on or after 1 January 2009. 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 of the equity investments are deemed to be Level 1. Due to less visibility on prices for the fixed interest investments, these are reported as Level 2; these represented 2.1% (2009: 2.2%) of the portfolio at the balance sheet date. There were no transfers between any levels during the year and no investments were held in Level 3.

Maturity Analysis of Contractual Liability Cash Flows

The financial liabilities of the Company are shown in note 11.The main liability is the bank overdraft which at the balance sheet date stood at £14.3 million, which is repayable on demand. No dividends were due for payment as the fourth interim was paid before the year end. Other liabilities comprise 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 and reserves comprises shareholders' funds which are managed on a basis consistent with its Investment Policy, as disclosed in the Report of the Directors on page 10. The principal risks and their management are disclosed above.

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 Invesco Income Growth 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 Invesco Income Growth Trust plc will be held at 30 Finsbury Square, London EC2A 1AG, on 16 July 2010 at 12 noon for the following purposes:

Ordinary Business

1. To receive and adopt the Report of the Directors and Financial Statements for the year ended 31 March 2010.
2. To re-elect John McLachlan a Director of the Company.
3. To re-elect Chris Hills a Director of the Company.
4. To receive and adopt the Directors' Remuneration Report.
5. To re-appoint the Auditors.
6. To authorise the Directors to determine the Auditors' remuneration.

Biographies of Directors seeking re-election are shown on page 9 of the Annual Financial Report.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolutions 8, 9 and 10 will be proposed as special resolutions:

7. 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 £4,879,294, 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.

8. 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 7 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 £1,463,788.

   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 of this power which would or might require equity securities to be allotted after such 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.

9. 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 25p each in the capital of the Company ('Shares')

PROVIDED ALWAYS THAT

(i) the maximum number of Shares hereby authorised to be purchased shall be 8,776,874;

(ii) the minimum price which may be paid for a Share shall be 25p;

(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 AGM of the Company in 2011 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.

10. THAT:-

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

Explanatory Note to Resolution 10

Notice period for general meetings

This resolution is required as the implementation of the EU Shareholder Rights Directive has 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. 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.

All resolutions under Special Business are explained further in the Chairman's Statement on pages 3 and 4 of the Annual Financial Report.

Dated this 8th June 2010
By order of the Board
Invesco Asset Management Limited
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING
(*continued*)

Notes:

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

   A member 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 member 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 member 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 Members at close of business on 14 July 2010 ('a member') is entitled to attend and vote at the Meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting. If the Meeting 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 Members 48 hours before the time fixed for the adjourned meeting.

4. The Register of Directors' Interests, the schedule of matters reserved for the Board, the terms of reference for 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 member 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 member as to the exercise of voting rights.

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

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

8. Any member 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 used 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 8 June 2010 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consists of 58,551,530 ordinary shares of 25p each carrying one vote each. Therefore, the total voting rights in the Company as at that date are 58,551,530.

11. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.invescoperpetual.co.uk/investmenttrusts.

12. Shareholders should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, 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 accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the AGM for the financial year beginning on 1 April 2009; or (ii) any circumstance connected with the Auditor of the Company appointed for the financial year beginning on 1 April 2009 ceasing to hold office since the previous meeting at which annual financial reports were laid in accordance with section 437 of the Companies Act 2006 (in each case) that the members propose to raise at the relevant AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, 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 Companies Act 2006 to publish on a website.

TEN YEAR HISTORICAL INFORMATION

YEAR	REVENUE					CAPITAL	
To 31 March	Income £'000	Net revenue available for ordinary shareholders £'000	Dividends on ordinary shares Cost £'000	Dividends on ordinary shares Rate p	Shareholders' funds £'000	Diluted net asset value per ordinary share p	Mid-market price per ordinary share p
2000	3,139	2,540	2,096	3.90	92,342	172.1[1]	140.0
2001	3,458	2,752	2,253	4.20	96,506	179.9	161.5
2002	3,569	2,907	2,414	4.50	100,701	187.7	184.0
2003	3,785	3,092	2,798	5.10[2]	65,971	117.9[3]	108.5
2004	3,779	3,083	2,685	4.80	90,912	162.5	144.0
2005	4,587	3,295[4]	3,245	5.80	108,768[4]	189.8[4]	167.0
2006	5,222	3,940	3,895	7.05[5]	135,441	229.5[6]	204.8
2007	5,789	4,598	4,483	7.75	158,078	262.8[7]	240.0
2008	6,128	4,855	4,831	8.25	124,552	212.7[8]	199.0
2009	5,913	5,401	5,064	8.65	81,315	138.9	122.5
2010	5,422	4,703	5,182	8.85	114,817	196.1	174.0

[1] During the year to 31 March 2000 200,000 ordinary shares were bought back leaving 53,652,830 ordinary shares in issue at the year end.

[2] Includes special dividend of 0.5p per share paid to reflect the income earned in the period up to the date of issue of 2,282,894 new shares following a reconstruction of Invesco Convertible Trust plc ('ICT'), whereby shareholders in ICT were offered, inter alia, the opportunity to re-invest in new ordinary shares or CULS issued by the Company.

[3] During the year to 31 March 2003 2,282,894 new ordinary shares were issued resulting in 55,935,724 ordinary shares being in issue.

[4] Restated following the adoption of new UK Accounting Standards effective for accounting periods commencing on or after 1 January 2005.

[5] Includes special dividend of 0.90p per share.

[6] During the year 492,000 ordinary shares were bought back leaving 55,443,724 ordinary shares in issue.

[7] As all the CULS were converted into ordinary shares in the year ended 31 March 2007, the diluted Net Asset Value ('NAV') is the same as the basic NAV from 2007 onwards. During the year 6,935,249 ordinary shares were bought back leaving 60,162,036 ordinary shares in issue.

[8] During the year 1,610,506 ordinary shares were bought back leaving 58,551,530 ordinary shares in issue.

SHAREHOLDER INFORMATION

The shares of Invesco Income Growth Trust plc are quoted on the London Stock Exchange. Purchases and sales can be arranged in a number of different ways. Here are some examples:

Stockbroker; Bank; Share Shop; on-line Dealing; and on-line and telephone dealing at Capita Registrars.

ISA Eligibility

The shares of Invesco Income Growth Trust plc are qualifying investments under applicable ISA regulations. From 6 April 2010, the ISA annual subscription limit is £10,200 for anyone eligible to invest in an ISA. Up to £5,100 of the new ISA annual investment allowance can be saved in a cash ISA with one provider. The remainder of the £10,200 can be invested in a stocks and shares ISA with either the same or another provider. Alternatively, the full £10,200 can be invested in a stocks and shares ISA with one provider.

Invesco Perpetual Investment Trust Savings Plan

Invesco Income Growth Trust plc is a member of the Invesco Perpetual Investment Trust Series 2: Savings Plan. Shares in the Company can be purchased and sold via this plan. The Savings Plan allows an investor to make monthly purchases from as little as £25 per month or through lump sum investments of £1,000 or above in the shares of Invesco Income Growth Trust plc in a straightforward and low cost way. For full details of the Invesco Perpetual investment schemes please contact Invesco Perpetual's Investor Services free on 0800 085 8677.

Share Price Listings

The price of your ordinary 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:

Invesco Perpetual Ordinary Shares

Reuters	IVI.L
Bloomberg	IVI.LN

Internet addresses

Invesco	www.invescoperpetual.co.uk/investmenttrusts
Trustnet	www.trustnet.com
Interactive Investor	www.iii.co.uk
Association of Investment Companies	www.aic.co.uk

NAV Publication

The NAV is published daily in the Financial Times and Daily Telegraph and is calculated as at the close of business each day and notified to the London Stock Exchange the next business day. It can also be found on the Company website.

Company Website

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

Financial Calendar

In addition, the Company publishes information according to the following calendar:

Announcements

Half-yearly results	November
Interim Management Statements	July/January
Annual results	June

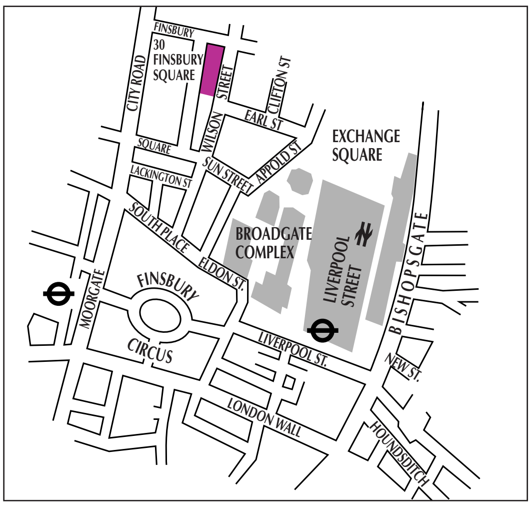
Ordinary Share Dividends – Normal Timetable

1st Interim payable	October
2nd Interim payable	December
3rd Interim payable	March
Final payable	July
AGM	July
Year End	31 March

Location of AGM

30 Finsbury Square, London EC2A 1AG
To be held at 12 noon on 16 July 2010

The investment manager, Ciaran Mallon, will be making a presentation about the Company after the AGM.



ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Investment Manager, Company Secretary and Registered Office

Invesco Income Growth Trust plc is managed by Invesco Asset Management Limited ('IAML'). Day-to-day investment management is the responsibility of Ciaran Mallon, who has been involved with management of the Company's investment portfolio since 2005 and is a member of the UK equity investment team.

Invesco Asset Management Limited
30 Finsbury Square
London EC2A 1AG
☎ 020 7065 4000
Company Secretarial contact: Karina Bryant

Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team available to you from 8.30 am to 6.00 pm every working day.
Please feel free to take advantage of their expertise.
☎ 0800 085 8677
www.invescoperpetual.co.uk/investmenttrusts

Registered in England and Wales

Number 3141073

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
North Yorkshire HD8 0LA

If you hold shares directly and not through a Savings Plan or ISA and have queries relating to your shareholding, you should contact the Registrars.
☎ 0871 664 0300.
Calls cost 10p per minute plus network extras.
Lines are open from 8.30 am to 5.30 pm every working day.

Shareholders holding shares directly can also access their holding details via Capita's website:
www.capitashareportal.com or
www.capitaregistrars.com
Capita Registrars provide an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at www.capitadeal.com
☎ 0871 664 0445
Calls cost 10p per minute plus network charges.
Lines are open from 8.00 am to 4.30 pm every working day.

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Custodian

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

Stockbrokers

J.P. Morgan Securities Ltd
10 Aldermanbury
London EC2V 7RF

Lawyers

Norton Rose LLP
3 More London Riverside
London SE1 2AQ

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 price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Gearing

The term applied to the effect of borrowings and prior charge share capital on assets that will increase the return on investment when the value of the Company's investments is rising but reduce the return when values are declining. A gearing level of 100 or 0% indicates there is no gearing.

Actual Gearing reflects the amount of loans already arranged and in use by the Company. This is the gearing figure published by the Association of Investment Companies. It is calculated by dividing the aggregate of shareholders' funds and all drawndown loans by shareholders' funds.

Effective Gearing reflects the amount of net loans, i.e. loans less cash and bond holdings, in use by the Company. It is calculated by taking the aggregate of net loans and shareholders' funds and dividing by shareholders' funds.

Market Capitalisation

For a company is calculated by multiplying the stockmarket price of an ordinary share by the number of ordinary shares in issue.

Net Asset Value ('NAV')

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

Diluted
Prior to the conversion of the Convertible Unsecured Loan Stock ('CULS') a diluted NAV was calculated by dividing the NAV, after adding back the CULS liability, by the number of shares that would be in issue if all the CULS were converted to ordinary shares. The diluted NAV is reported when the diluted NAV per ordinary share is greater than the basic NAV per ordinary share, when there would be no dilutive effect otherwise the basic NAV is reported.

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 (excluding interest and VAT recoverable on management fees) incurred, including those charged to capital, divided by average shareholders' funds during the year.

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 trusts 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 Invesco Income Growth 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 in excess of $456.9 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 30 April 2010*

SPECIALIST FUNDS MANAGED BY INVESCO PERPETUAL

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

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.

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.

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 Perpetual Select Trust plc – UK Equity Share 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 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 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.

City Merchants High Yield Trust plc
Aims to generate a high level of income from a variety of fixed income and/or equity instruments combined with a high degree of security. 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 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 zero shares. The Company has an initial life projected to end in 2011.

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 English and International Trust plc
Invests mainly in smaller companies quoted on the main London Stock Market and in stocks quoted on the Alternative Investment Market (AIM). It pursues a relatively risk-averse stock selection strategy holding a well-diversified portfolio and seeks to invest in companies offering particular value. The Company has adopted a flexible gearing policy and a quarterly redemption/creation mechanism.

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 absolute return of 3-month sterling LIBOR plus 5% 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.

Other

Invesco Perpetual AiM VCT plc
The Company was launched in August 2004. Its objective is to provide a tax-free dividend return to shareholders invested at launch primarily through the realisation of capital gains from a portfolio of investments in AIM Qualifying Companies while maintaining the capital value of shares.

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.

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