

Perpetual Income and Growth Investment Trust plc

Half-Yearly Financial Report for the Six Months to 30 September 2018

Key Facts

Perpetual Income and Growth Investment Trust plc (the 'Company') is an investment trust company listed on The London Stock Exchange.

Investment Objective of the Company

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

Performance Statistics

	SIX MONTHS ENDED		AT	AT	%
	30 SEPTEMBER	30 SEPTEMBER			
	2018		2018		
Total return⁽¹⁾⁽²⁾ (dividends reinvested):					
Net asset value (NAV)					
– debt at market value		7.7%			
Share price		4.6%			
FTSE All-Share Index ⁽³⁾		8.3%			
Shareholders' funds					
Net assets (£'000) ⁽⁴⁾	970,812		923,929		+5.1
NAV per share					
– debt at market value	401.0p		380.1p		+5.5
Share price and discount					
Share price	351.5p		344.0p		+2.2
Discount to NAV					
– debt at market value	12.3%		9.5%		
Gearing:					
– gross gearing ⁽⁵⁾	13.1%		13.7%		
– net gearing ⁽⁶⁾	13.1%		13.7%		

(1) Source: Refinitiv (Thomson Reuters).

(2) The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (i.e. share price total return) or in the Company's assets (i.e. NAV total return).

(3) The Benchmark index.

(4) 620,000 shares bought back at an average price of 357.3p in the six months to 30 September 2018.

(5) Gross gearing: borrowings ÷ shareholders' funds.

(6) Net gearing: borrowings less cash and UK government bond holdings ÷ shareholders' funds.

	SIX MONTHS ENDED		
	30 SEPTEMBER	30 SEPTEMBER	%
	2018	2017	CHANGE
Revenue			
Basic revenue return per ordinary share			
– including special dividends	8.28p	8.70p	–4.8
– excluding special dividends	8.28p	8.08p	+2.5
Dividends – first interim	3.25p	3.15p	
– second interim	3.25p	3.15p	
– total	6.50p	6.30p	+3.2

Chairman's Statement

Performance

I am pleased to report that the net asset value (NAV) total return performance in the six months to 30 September 2018, with dividends reinvested, was a positive 7.7%, although this was slightly behind our benchmark FTSE All-Share Index's return of 8.3%. It is rather less pleasing that the share price total return was only 4.6% for the period, reflecting a widening of the discount at which the shares traded relative to the NAV, from 9.5% to 12.3% over the six months. The Board is concerned at the level of this discount and shareholders will have seen that we have instituted a share buyback programme to signal that concern, as well as enhancing the NAV per share. However, improved portfolio performance and consequent demand for the shares will be the main driver to reduce the discount level in the medium term.

The Board recognises that every fund manager has their ups and downs. We fully support the consistent investment approach of the portfolio manager, Mark Barnett, which he describes in his report along with details on the performance of the portfolio.

Dividend

The Directors are pleased to declare a second interim dividend of 3.25p per ordinary share in respect of the three months to 30 September 2018. This dividend will be paid on 28 December 2018 to shareholders on the register on 30 November 2018. The shares will be marked ex-dividend on 29 November 2018.

Your Board continues to recognise the importance of dividends to shareholders, particularly in the continuing low interest environment, and is determined to maintain its policy of real growth over the medium to longer term in ordinary dividends paid. In the past special dividends received by the Company have generally been passed on directly to shareholders during the year they are received. This had created volatility of total dividends paid to shareholders. In view of this and the decline in the level of special dividends received and recognised in revenue (for example there were none received in the current period and they represented under 5% of income received in the last two financial years), your Board is reconsidering the practice of automatically paying them out to shareholders when they are relatively small. Instead they would be used to enable ordinary dividends paid to shareholders to be smoothed year-on-year. Very large one-off special dividends would continue to be passed on to shareholders.

Richard Laing

Chairman

16 November 2018

Portfolio Manager's Report

Market Review

UK equity markets provided a positive return over the six-month period to 30 September 2018. Markets rallied strongly in April and May on the back of rising oil prices and sterling weakness against the US dollar, which boosted the returns of international earners within the FTSE 100 Index. Markets traded broadly sideways for the remainder of the period, before weakening at the beginning of September as a result of global trade tensions and ongoing Brexit uncertainty.

Expectations that the Bank of England's Monetary Policy Committee (MPC) would raise interest rates grew during the spring. At its August meeting, the MPC voted unanimously to increase the UK's base interest rate by 0.25% to 0.75%. The widely anticipated rise was an indication from the MPC that the underlying performance of the UK economy was better than expected. Additionally, the incremental increases over the last 12 months offers the MPC greater flexibility to pare back interest rates if deemed necessary following the final deal negotiated for the UK's exit from the European Union.

As a result of looming US sanctions against Iran, the oil price rose over the six-month period, reaching a three-year high of US\$82 per barrel in September. In contrast, sterling weakened materially to levels last seen in the fourth quarter of 2017, on increasing fears of a hard-Brexit and the European Union's rejection of the Government's Chequers plan.

Elsewhere, economic data released during the period showed that the sustained hot weather and growth in real incomes provided a boost to consumer spending. The UK government also authorised the largest public sector pay rise in more than a decade, lifting the 1% cap on pay increases for over a million public sector workers, including teachers, police and prison officers, as well as for NHS staff.

Portfolio Review

The Company's net asset value, including dividends reinvested, rose by 7.7% during the period under review, compared with a return of 8.3% (total return) by the FTSE All-Share Index.

Industrial sector holdings HomeServe, BCA Marketplace and Capita, provided the largest contributions to performance over the period. HomeServe released full year results in May, which saw record profits and a 25 per cent increase in the dividend, aided by growth in the US operation. Meanwhile the share price of BCA

Marketplace rose sharply in June, following an unsuccessful takeover proposal from private equity company Apax. Shares in Capita ended the period higher following the equity issue in May, with investors also encouraged by new contract wins.

Meanwhile, stock selection within the Financials sector also aided performance. Litigation financier Burford Capital provided a positive return over the period. The share price rose sharply in July as the company reported strong results for the first half of 2018. Results included a 61% increase in cash generation on the previous period and confirmation that 72% of the guided full year pre-tax-profit had already been generated. Also within the financial sector, Hiscox provided a positive contribution to returns. Meanwhile, the exclusion from the portfolio of mainstream banks provided a boost to relative returns, with this sector performing weakly over the period.

In the Utilities sector shares in Drax, which supplies 7% of the UK's power requirements, rose throughout the period, supported by rising wholesale power prices and performance improvements in the production of biomass electricity.

The portfolio's holdings in the Oil & Gas sector, namely BP and Royal Dutch Shell, performed strongly over the period. The oil majors rallied through April and May, then traded sideways for most of the period before a further rally in September, spurred on mostly by the rising oil price environment. BP was supported by the release of strong results for the first quarter of 2018, which included the continuation of its share buyback programme and an increased dividend. Whilst the portfolio has a significant weighting in the Oil & Gas sector, its relative underweight position versus the FTSE All-Share Index meant that the portfolio did not benefit from the full rise experienced by the market.

There were several holdings that did less well and detracted from returns over the six-month period. In the Consumer Services sector the portfolio's holdings in travel companies Thomas Cook and easyJet were in this category. Shares in Thomas Cook traded weakly throughout the period, suffering a sharp drop in September on the release of a profit warning. The update cited the impact of weaker trading in the tour operator's 'lates' market (last minute, high-margin holiday sales), after an unusually hot summer across Northern Europe. easyJet meanwhile traded well through the first three months of the period, before its shares weakened on fears of the impact of rising oil prices on profit margins.

The portfolio's holding in specialist Healthcare company BTG also provided a drag on performance. The shares fell on the release of year-end results during the second quarter, which revealed a pre-tax loss of £70 million on lower sales and slower than expected market development of PneumRx Coils - a treatment for severe emphysema. In June, investor confidence was further dented by news that the US Food & Drug Administration had voted against the approval of its Elevair drug.

British American Tobacco (BAT) has provided exceptional returns to the portfolio over a number of years. However, the shares have come under pressure in recent months, as the stock market has continued to focus on concerns over the outlook for next generation products and flavoured cigarettes. BAT strengthened in the first half of the period, before gains fell away on renewed negative momentum in the sector. BAT was further impacted by news that rival Philip Morris International (PMI) intends to sue for copyright infringement over BAT's flagship cigarette alternative Glo, compounded by a dimming of sentiment on concerns over the effects of BAT's competitive pricing of Glo in Japan. However, with the tobacco companies' focus on pricing power, cash conversion and product innovation they should continue to provide a reliable source of income, underpinning longer term returns to shareholders, while next generation products have the potential to deliver a significant new revenue stream. Furthermore, the steep decline in the valuation of this sector leaves the shares looking increasingly attractive as long-term investments.

Outlook

Over the course of 2018 the UK stock market has been range bound, effectively fluctuating within a 10% range. This pattern is likely to continue for the foreseeable future until the market has clarity over two key issues, namely the extent and duration of rising US interest rates and Brexit. The political uncertainty has been especially damaging and has resulted in a wide degree of polarisation within the market. Companies with substantial overseas revenues have benefitted from the devaluation of sterling and by contrast, UK domestic orientated stocks have generally performed poorly and remain undervalued relative to the broader market.

The extent of this relative cheapness is substantial and although the overall market is not expensive at present the most glaring opportunities rest within domestic sectors. Many are valued at multi-year lows both in absolute terms and relative to the wider market and are discounting a sharp deterioration in profits and a slowdown in the UK economy, both of which look overly pessimistic. Recently published economic indicators point to continued steady, if unspectacular, economic growth in the UK. The level of GDP growth can reasonably be expected to be higher over the remainder of the year, supported by robust employment growth and a recovery in real wages, which in turn should help to strengthen consumption growth. Given the forecast increase in government spending next year and the Treasury's flexibility to provide further injections after the Brexit date, it is reasonable to expect the UK economy to be more resilient than most forecasts assume.

The key investment themes that underpin the portfolio have remained consistent over the course of this year. The exposure to sterling revenues has been modestly increased as the drawn out Brussels negotiation has exacerbated a pessimistic consensus towards the UK. The exposure to stocks which offer an absolute return that is not correlated with regular business cycles has also been emphasised. These themes remain prominent in the portfolio, alongside a number of global industries namely Oil and Tobacco which remain attractively valued in a market driven by short-termism and an emphasis on new disruptive business models in all industries.

I seek to find quality businesses that can maintain and grow their dividend payments and which are trading on attractive valuations below our estimate of fair value. This valuation led approach underpins the portfolio's construction process and is crucial to securing long-term returns. The core principles of the strategy employed on the Company's portfolio are unchanged and are consistent with the strong long-term record. I am convinced that these principles will be the key to future long term sustainable returns for investors.

In recent weeks the return of more volatile markets has suggested a breakdown in momentum style investing which has been such a powerful characteristic of the multi-year bull market. It is to be hoped that this change will herald a return to valuation based investing with an emphasis on fundamental company analysis, which will support our investment strategy.

Mark Barnett

Portfolio Manager

16 November 2018

Related Parties Transactions

Under UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified the Directors as related parties. No other related parties have been identified. No transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Principal Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates. The principal risks and uncertainties identified in this review are summarised below:

- **Economic Risk** – Economic risk arises from uncertainty about the future prices of the Company's investments. Market fluctuations, both upward and downward, may arise from external factors which are outside the control of the Board and the Manager.
- **Investment Risk** – This is the stock specific risk that the stock selection process may not achieve the Company's published objectives. Poor performance of individual portfolio investments is mitigated by diversification and ongoing monitoring of investment guidelines.
- **Financial Risk** – The financial risks faced by the Company include market price risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk, which includes counterparty and custodial risk.
- **Gearing Risk** – The use of borrowings will amplify the effect on shareholders' funds of portfolio gains and losses.
- **Share Discount Risk** – The Company's shares may, at times, trade at a wide discount. The Board has put in place both share repurchase and issuance facilities to help the management of this risk.
- **Operational Risk** – A failure of the systems of financial and non-financial internal controls operated by the Company, the Manager and other external service providers could result in loss of assets and reputational damage as a result of fraud or material misstatement.
- **Regulatory Risk** – Loss of investment trust status for tax purposes could lead to the Company being subject to tax on the realised capital profits on the sale of its investments. A serious breach of regulatory rules could lead to suspension from the Official List, a fine or qualified audit report and reputational problems.
- **Other Risks** – The risk that the portfolio manager, Mark Barnett, may become incapacitated or otherwise be unavailable is mitigated by support available from his designated deputy for this portfolio, Martin Walker, and the wider Invesco UK Equities team.

A detailed explanation of these principal risks and uncertainties can be found on pages 12 to 14 of the 2018 annual financial report, which is available on the Company's section of the Manager's website at: www.invesco.co.uk/pigjt. In the view of the Board these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Going Concern

The condensed financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months after the approval of this half-yearly financial report. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses from its assets. The Directors also considered the revenue forecasts for the year and future dividend payments.

INVESTMENT PORTFOLIO STATEMENT AT 30 SEPTEMBER 2018

Ordinary shares listed in the UK unless otherwise stated

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO	ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
BP	Oil & Gas Producers	58,859	5.4	CLS	Real Estate Investment & Services	10,099	0.9
British American Tobacco	Tobacco	57,727	5.3	Chesnara	Life Insurance	9,985	0.9
Legal & General	Life Insurance	35,201	3.2	Hadrian's Wall Secured Investments	Equity Investment Instruments	8,539	
Royal Dutch Shell	Oil & Gas Producers			- C shares		1,000	0.9
- A shares		33,135	3.0	PureTech Health	Pharmaceuticals & Biotechnology	9,075	0.8
Imperial Brands	Tobacco	30,165	2.7	McBride	Household Goods & Home Construction	9,025	0.8
BAE Systems	Aerospace & Defence	28,707	2.6	SciFluor Life Sciences ^{UQ}	Pharmaceuticals & Biotechnology		
Hiscox	Non-life Insurance	28,394	2.6	- US Series A convertible preferred		8,963	0.8
Next	General Retailers	28,187	2.6				
Altria - US common stock	Tobacco	26,649	2.4	Top Fifty Holdings		1,011,440	92.0
Burford Capital ^{AIM}	Financial Services	25,608	2.3	TalkTalk Telecom	Fixed Line Telecommunications	8,245	0.8
				Secure Income REIT	Real Estate Investment Trusts	8,052	0.7
Top Ten Holdings		352,632	32.1	Eddie Stobart Logistics	Industrial Transportation	8,035	0.7
Aviva	Life Insurance	25,602	2.3	Amigo	Financial Services	7,763	0.7
Novartis	Pharmaceuticals & Biotechnology			Thomas Cook	Travel & Leisure	6,720	0.6
- Swiss common stock		25,526	2.3	Diurnal	Pharmaceuticals & Biotechnology	6,245	0.6
Roche	Pharmaceuticals & Biotechnology			Vectura	Pharmaceuticals & Biotechnology	6,025	0.6
- Swiss common stock		24,040	2.2	Marwyn Value Investors	Equity Investment Instruments	5,953	0.6
HomeServe	Support Services	24,017	2.2	Doric Nimrod Air Three	Equity Investment Instruments		
BT	Fixed Line Telecommunications	23,783	2.2	- preference shares		4,814	0.4
RELX	Media	22,609	2.0	Doric Nimrod Air Two	Equity Investment Instruments		
Tesco	Food & Drug Retailers	22,580	2.0	- preference shares		4,644	0.4
Derwent London	Real Estate Investment Trusts	21,972	2.0				
Rentokil Initial	Support Services	21,516	2.0	Top Sixty Holdings		1,077,936	98.1
NewRiver REIT	Real Estate Investment Trusts	20,917	1.9	Silence Therapeutics	Pharmaceuticals & Biotechnology	4,133	0.4
				Funding Circle SME	Equity Investment Instruments	4,113	0.4
Top Twenty Holdings		585,194	53.2	VPC Specialty Lending Investments	Financial Services	3,842	0.3
BCA Marketplace	Financial Services	20,768	1.9	Aquis Exchange	Financial Services	3,750	0.3
G4S	Support Services	19,420	1.8	Circassia Pharmaceuticals	Pharmaceuticals & Biotechnology	3,218	0.3
BTG	Pharmaceuticals & Biotechnology	19,334	1.8	infirst Healthcare ^{UQ}	Pharmaceuticals & Biotechnology		
Babcock International	Support Services	19,272	1.8	- Mar - preferred		273	
IP Group	Financial Services	19,118	1.7	- D shares		257	0.1
easyJet	Travel & Leisure	18,712	1.7	- Jan - preferred		63	
Provident Financial	Financial Services	18,469	1.7	Realm Therapeutics	Health Care Equipment & Services	550	0.1
Drax	Electricity	18,360	1.7	The Local Shopping REIT	Real Estate Investment Trusts	326	—
British Land	Real Estate Investment Trusts	18,018	1.6	Barclays Bank	Electricity		
Bunzl	Support Services	17,056	1.5	- Nuclear Power Notes 28 Feb 2019 ^{NR}		315	—
				Eurovestech ^{UQ}	Financial Services	146	—
Top Thirty Holdings		773,721	70.4				
Motif Bio	Pharmaceuticals & Biotechnology	10,889		Top Seventy Holdings		1,098,922	100.0
- ADR		4,508	1.5	HaloSource - Regulation S - common stock	Chemicals	81	—
- ADR - warrants 9 Nov 2021		652		Jaguar Health ^{UQ}	Pharmaceuticals & Biotechnology	59	—
Harworth	Real Estate Investment & Services	15,301	1.4	- US indemnity shares		42	—
Capita	Support Services	15,007	1.3	XTL Biopharmaceuticals	Pharmaceuticals & Biotechnology		
Beazley	Non-life Insurance	14,722	1.3	- ADR		31	—
Oxford Sciences	Financial Services			Lombard Medical	Health Care Equipment & Services		
Innovation ^{UQ}		13,875	1.3	- US common stock		16	—
KCOM	Fixed Line Telecommunications	13,812	1.3	Mirada	Media	1	—
Horizon Discovery	Pharmaceuticals & Biotechnology	13,488	1.2				
Secure Trust Bank	Banks	12,105	1.1	Total Investments (75)		1,099,152	100.0
Lancashire	Non-life Insurance	11,895	1.1				
A J Bell ^{UQ}	Financial Services	11,504	1.0				
Top Forty Holdings		911,479	82.9				
Plus500	Financial Services	11,371	1.0				
Urban Exposure	Financial Services	11,100	1.0				
P2P Global Investments	Equity Investment Instruments	10,552	1.0				
Real Estate Investors	Real Estate Investment Trusts	10,252	1.0				

AIM: Investments quoted on AIM
ADR: American Depositary Receipt
NR: non-rated (by both Moody's and S&P).
UQ: Unquoted

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2018			SIX MONTHS TO 30 SEPTEMBER 2017		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains/(losses) on investments at fair value	—	52,497	52,497	—	(10,859)	(10,859)
Foreign exchange losses	—	(7)	(7)	—	(233)	(233)
Income - note 2	21,881	577	22,458	22,886	11,577	34,463
	21,881	53,067	74,948	22,886	485	23,371
Investment management fee - note 3	(938)	(2,190)	(3,128)	(964)	(2,250)	(3,214)
Other expenses	(333)	—	(333)	(350)	(1)	(351)
Net return before finance costs and taxation	20,610	50,877	71,487	21,572	(1,766)	19,806
Finance costs - note 3	(538)	(1,255)	(1,793)	(511)	(1,192)	(1,703)
Return on ordinary activities before taxation	20,072	49,622	69,694	21,061	(2,958)	18,103
Tax on ordinary activities - note 4	(178)	—	(178)	(139)	—	(139)
Return on ordinary activities after taxation for the financial period	19,894	49,622	69,516	20,922	(2,958)	17,964
Return per ordinary share - Basic	8.28p	20.65p	28.93p	8.70p	(1.23)p	7.47p
Weighted average number of ordinary shares in issue during the period			240,326,771			240,432,350

The total column of this statement represents the Company's profit and loss account prepared in accordance with UK Accounting Standards. The return on ordinary activities after taxation is the total comprehensive income and therefore no additional statement of comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 03156676

	NOTES	AT 30 SEPTEMBER 2018 £'000	AT 31 MARCH 2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	1,099,152	1,048,211
Current assets			
Amounts due from brokers		—	5,525
Unclaimed dividends recoverable		23	—
Tax recoverable		1,195	1,093
Prepayments and accrued income		1,568	1,868
		2,786	8,486
Creditors: amounts falling due within one year			
Bank overdraft		(7,986)	(26,856)
Bank facility		(60,000)	(40,000)
Amounts due to brokers		(834)	(3,678)
Accruals		(2,759)	(2,708)
		(71,579)	(73,242)
Net current liabilities			
		(68,793)	(64,756)
Total assets less current liabilities			
		1,030,359	983,455
Creditors: amounts falling due after more than one year			
4.37% Senior Secured Notes due 8 May 2029		(59,547)	(59,526)
Net assets			
		970,812	923,929
Capital and reserves			
Share capital	7	24,043	24,043
Share premium		265,233	265,233
Capital reserve		650,228	602,836
Revenue reserve		31,308	31,817
Shareholders' funds			
		970,812	923,929
Net asset value per ordinary share			
Basic	5		
– debt at par		404.8p	384.3p
– debt at market value		401.0p	380.1p
Number of 10p ordinary shares in issue at the period end			
	7	239,812,350	240,432,350

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018					
At 31 March 2018	24,043	265,233	602,836	31,817	923,929
Net return on ordinary activities	—	—	49,622	19,894	69,516
Dividends paid - note 6	—	—	—	(20,403)	(20,403)
Shares bought back and held in treasury	—	—	(2,230)	—	(2,230)
At 30 September 2018	24,043	265,233	650,228	31,308	970,812
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017					
At 31 March 2017	24,043	265,233	692,295	31,394	1,012,965
Net return on ordinary activities	—	—	(2,958)	20,922	17,964
Dividends paid – note 6	—	—	—	(19,715)	(19,715)
At 30 September 2017	24,043	265,233	689,337	32,601	1,011,214

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting Policies

The condensed financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, FRS 104 *Interim Financial Reporting* and the Statement of Recommended Practice *Financial Statements of Investment Trust Companies and Venture Capital Trusts*, issued by the Association of Investment Companies in November 2014, as updated in February 2018. The financial statements are issued on a going concern basis.

The accounting policies applied to these condensed financial statements are consistent with those applied in the financial statements for the year ended 31 March 2018.

2. Income

	SIX MONTHS TO 30 SEPT 2018 £'000	SIX MONTHS TO 30 SEPT 2017 £'000
Income from investments		
UK dividends – ordinary	18,176	18,469
– special	—	1,490
Overseas dividends – ordinary	3,094	2,370
Unfranked investment income	516	478
Scrip dividends	95	—
	21,881	22,807
Other income		
Other	—	79
Total income	21,881	22,886

Special dividends of £577,000 have been recognised in capital (30 September 2017: £11,577,000).

3. Investment Management Fees and Finance Costs

The base management fee and finance costs are allocated 70% to capital and 30% to revenue. The base management fee is 0.6% on the first £900 million of assets under management and 0.4% thereafter.

4. Investment Trust Status and Tax

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust company. As such, no tax liability arises on capital gains. The tax charge represents withholding tax suffered on overseas income.

5. Net Asset Value

The following shows a reconciliation of NAV with debt at par to NAV with debt at market value. The difference in the NAVs arises solely from the valuation of the 4.37% Senior Secured Notes due 8 May 2029 (Notes). The number of ordinary shares at the period end was 239,812,350 (31 March 2018: 240,432,350).

	AT 30 SEPT 2018 NAV PER SHARE PENCE	AT 31 MAR 2018 NAV PER SHARE PENCE
NAV - debt at par	404.8	384.3
Notes		
– debt at par, after amortised costs	24.8	24.7
– debt at market value	(28.6)	(28.9)
NAV – debt at market value	401.0	380.1

The market value of the Notes used in the above reconciliation, which is based on a comparable quoted debt security, is:

	AT 30 SEPT 2018 £'000	AT 31 MAR 2017 £'000
Notes – debt at market value	68,508	69,572

6. Dividends per Ordinary Share

The first interim dividend of 3.25p was paid on 28 September 2018 to shareholders registered on 7 September 2018. The Directors have declared a second interim dividend of 3.25p payable on 28 December 2018 to shareholders registered on 30 November 2018.

	SIX MONTHS TO 30 SEPT 2018	SIX MONTHS TO 30 SEPT 2017
Interim dividends paid:		
Fourth (prior year)	4.45p	4.35p
First (current year)	3.25p	3.15p
Total interims paid	7.70p	7.50p
Special dividend (prior year)	0.80p	0.70p
Total	8.50p	8.20p
£'000 equivalent (excluding specials)	18,503	18,032
£'000 equivalent (including specials)	20,426	19,715
Return of unclaimed dividends from previous years	(23)	—
	20,403	19,715

7. Share capital

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

	AT 30 SEPT 2018	AT 31 MAR 2018
Share capital:		
Ordinary shares of 10p each (£'000)	23,981	24,043
Treasury shares of 10p each (£'000)	62	—
	24,043	24,043
Number of ordinary shares in issue:		
Brought forward	240,432,350	240,432,350
Shares bought back into treasury	(620,000)	—
	239,812,350	240,432,350

A further 200,000 shares have been bought back into treasury, at an average price of 345.49p, since 30 September 2018.

8. Fair Value Hierarchy Disclosures

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

	AT 30 SEPT 2018 £'000	AT 31 MAR 2018 £'000
Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.	1,064,029	1,014,173
Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.	—	37
Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.	35,123	34,001
Total	1,099,152	1,048,211

Barclays Bank - Nuclear Power Notes 28 February 2019, was transferred to Level 1 (31 March 2018: Level 2) during the period following increased market activity in this holding. The fair value of this holding at the period end was £315,000 (31 March 2018: £37,000).

The unquoted investment holdings of the portfolio make up the whole of Level 3.

9. Status of Half-Yearly Financial Report

The financial information contained within the financial statements in this half-yearly financial report, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2018 and 30 September 2017 has not been audited. The figures and financial information for the year ended 31 March 2018 are extracted and abridged from the latest audited accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Independent Auditor's report, which was unqualified and did not include a statement under section 498 of the Companies Act 2006.

By order of the Board
Invesco Asset Management Limited
Company Secretary

16 November 2018

DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Directors

Richard Laing, Chairman
Mike Balfour
Victoria Cochrane, Audit Committee Chairman
Alan Giles, Senior Independent Director
Bob Yerbury

Registered Office and Company Number

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH
Registered in England and Wales No: 3156676

Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited

Company Secretary

Invesco Asset Management Limited
Company Secretarial contact: Paul Griggs

Correspondence Address

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

Depositary, Custodian & Banker

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

Website

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

The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated into, nor do they form part of, this document.

DIRECTORS' RESPONSIBILITY STATEMENT

in respect of the preparation of the half-yearly financial report

The Directors are responsible for preparing the half-yearly financial report using accounting policies consistent with applicable law and UK Accounting Standards.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report have been prepared in accordance with the FRC's FRS 104 *Interim Financial Reporting*;
- the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules; and
- the interim management report includes a fair review of the information required on related party transactions.

The half-yearly financial report has not been audited or reviewed by the Company's auditor.

Signed on behalf of the Board of Directors.

Richard Laing
Chairman

16 November 2018

Invesco Client Services

The Invesco's Client Services Team is available from 8.30 am to 6 pm Monday to Friday (excluding UK Bank Holidays).
Please note no investment advice can be given.

☎ 0800 085 8677.

www.invesco.co.uk/investmenttrusts

Registrar

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

If you hold your shares direct and have queries relating to your shareholding, you should contact the Registrars on ☎ 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge.

From outside the UK: +44 371 664 0300. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 9 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

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

Link Asset Services provides on-line and telephone share dealing services to existing shareholders who are not seeking advice on buying or selling. These are available at www.linksharedeal.com or ☎ 0371 664 0445. Calls cost 12p per minute plus your phone company's access charge. From outside the UK: +44 371 664 0445. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 8.00 am to 4.30 pm, Monday to Friday (excluding Bank Holidays).

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

General Data Protection Regulation

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

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



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