Perpetual Income and Growth Investment Trust plc

Annual Financial Report
Year Ended 31 March 2020

Investment Objective

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

Highlights

	2020	2019
Total return[(1)]:		
Net asset value - debt at market value	–29.9%	–0.8%
Share price	–35.5%	–1.8%
FTSE All-Share Index	–18.5%	+6.4%
Dividend growth	+3.4%	+4.3%

(1) Source: Refinitiv.

Nature of the Company

The Company is a public listed Investment Company whose shares are traded on the London Stock Exchange. The business of the Company consists of investing its funds, according to a specified investment objective and policy (set out on page 10), with the aim of spreading investment risk and generating a return for shareholders. The Company uses borrowing for additional investment with the aim of enhancing returns to shareholders.

Responsibility for the strategy and governance of the Company rests with the Board and committees, as set out on page 21. The Company has contracted with an external investment manager, currently Invesco Fund Managers Limited (the 'Manager'), to manage its investments and for the Company's general administration. Other administrative functions are contracted to external service providers. The Company has a Board of non-executive directors who oversee and monitor the activities of the Manager and other service providers on behalf of shareholders and ensure that the investment objective and policy are adhered to. The Company has no employees.

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

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aic DIVIDEND HERO

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

☎ 0800 085 8677

www.invesco.co.uk/investmenttrusts

Front Cover: Slate, Metamorphic Rock, Slate Quarry.

The Company is a member of aic The Association of Investment Companies www.theaic.co.uk

FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

Total return[1][2] (all with dividends reinvested)

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Net asset value (NAV) – debt at market value	–29.9%	–33.8%	–27.5%	52.6%
Share price	–35.5%	–39.8%	–39.1%	33.3%
FTSE All-Share Index[3]	–18.5%	–12.2%	2.9%	53.6%

	YEAR ENDED 31 MARCH 2020	YEAR ENDED 31 MARCH 2019
Shareholders' funds		
Net assets (£'000)	544,972	881,546
NAV per ordinary share – debt at market value	246.7p	363.2p
Share price and discount		
Share price[1][2]	198.6p	323.5p
Discount[1] to NAV – debt at market value	(19.5)%	(10.9)%
Gearing (debt at market value)[1]		
Gross gearing	19.5%	17.3%
Net gearing	19.5%	17.3%
Return per ordinary share		
Revenue	15.95p	14.60p
Capital	(115.68)p	(15.79)p
Total	(99.73)p	(1.19)p
Dividend per ordinary share		
First interim	3.40p	3.25p
Second interim	3.40p	3.25p
Third interim	3.40p	3.25p
Fourth interim	4.80p	4.75p
Total dividends	15.00p	14.50p
Increase in total dividends	+3.4%	+4.3%[4]
Ongoing charges ratio[1]	0.73%	0.72%

Note: (1) See Glossary of Terms and Alternative Performance Measures (APM) on pages 69 to 71 of the financial report for full details of the explanation and calculation of APMs.
(2) Source: Refinitiv.
(3) The benchmark index of the Company.
(4) No special dividends have been declared for the current or previous year. However, a special dividend was paid in respect of the year ended 31 March 2018 to pass on special dividends received. The increase in total dividends shown for 2019 does not take that special dividend into account. Taking the 2018 special dividend into account, there was a reduction in aggregate dividends of 1.4% in 2019.

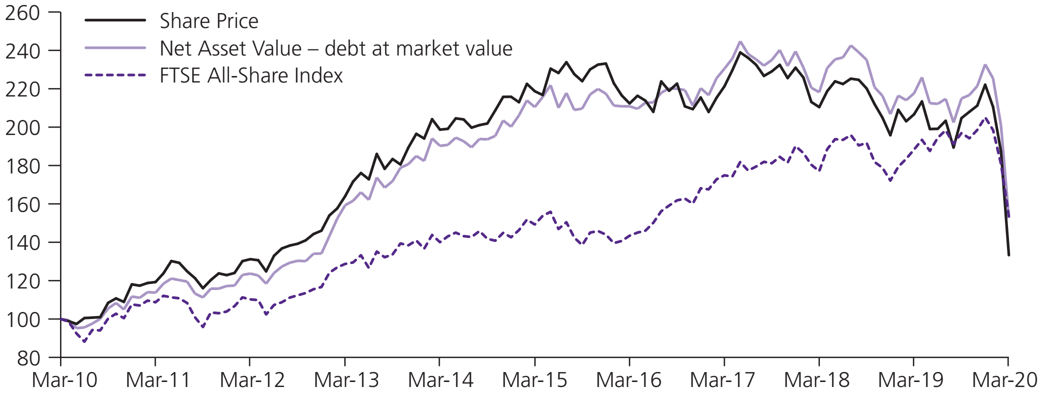
Historical Record – Last Ten Years

	PER ORDINARY SHARE					
TO 31 MARCH	REVENUE RETURN[(1)] p	DIVIDEND[(2)] p	SPECIAL DIVIDEND p	NET ASSET VALUE[(3)] p	SHARE PRICE p	TOTAL ASSETS LESS CURRENT LIABILITIES £'m
2011	9.85	9.35	–	255.3	252.8	575
2012	10.86	10.40	–	266.8	267.7	610
2013	12.54	11.20	–	331.5	322.0	773
2014	13.79	11.80	1.90[(4)]	383.1	377.5	896
2015	14.34	12.30	1.90[(4)]	409.1	400.9	1,038
2016	15.12	12.80	2.10[(4)]	395.6	375.6	1,020
2017	14.65	13.35	0.70[(4)]	416.2	375.8	1,072
2018	14.68	13.90	0.80[(4)]	380.1	344.0	983
2019	14.60	14.50	–[(5)]	363.2	323.5	941
2020	**15.95**	**15.00**	–[(5)]	**246.7**	**198.6**	**605**

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

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

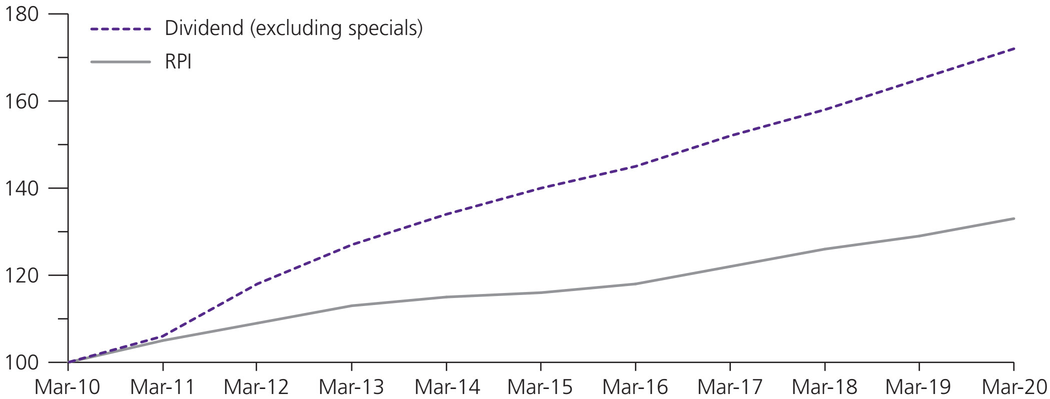
For the ten years to 31 March 2020 and figures rebased to 100 at 31 March 2010.



Source: Refinitiv.

Ten Year Dividends vs Retail Price Index (RPI)

Figures have been rebased to 100 at 31 March 2010.



FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

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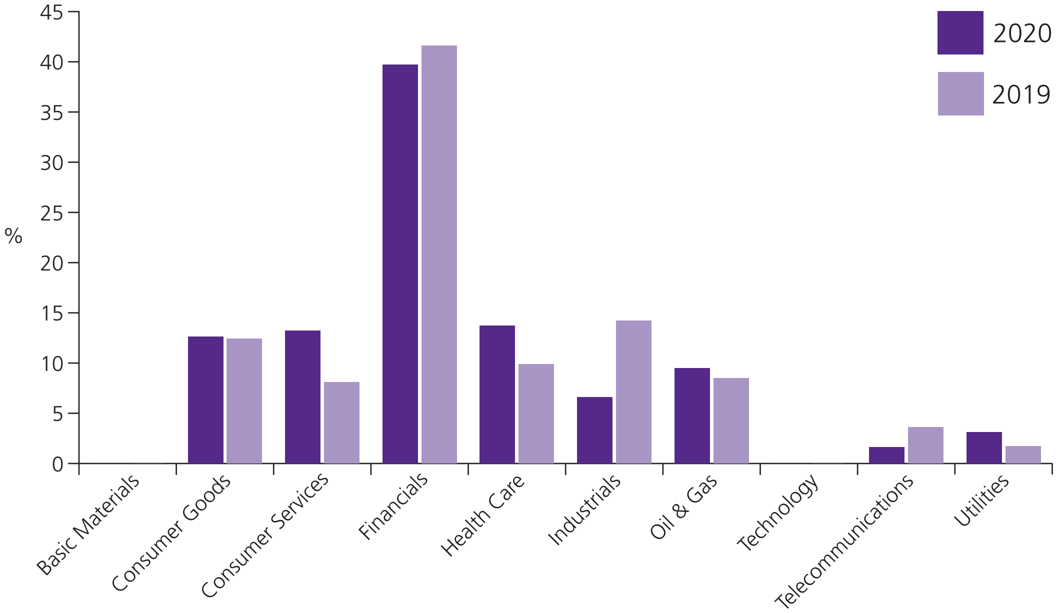
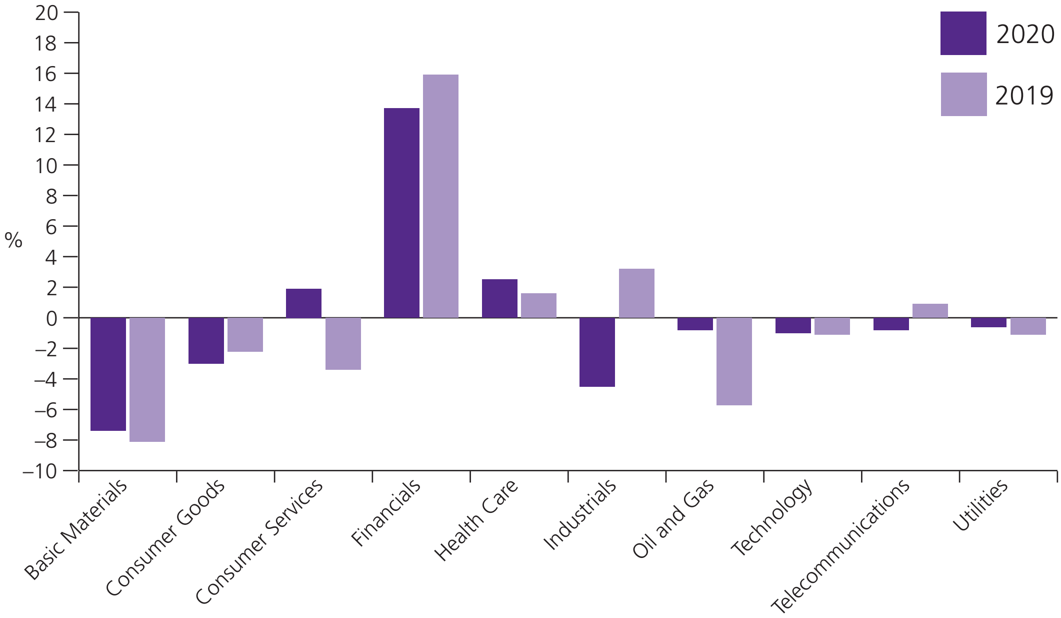
Allocation of Portfolio by Industry

As at 31 March



Portfolio Diversification from Benchmark by Industry

As at 31 March



Top and Bottom Investment Returns

For the year ended 31 March 2020

ISSUER	CAPITAL GAINS £'000	INCOME £'000	TOTAL £'000
Top Fifteen Contributors			
KCOM	6,466	—	6,466
Roche – *Swiss Listed*	5,591	772	6,363
PureTech Health	4,838	—	4,838
BCA Marketplace	4,559	—	4,559
Cranswick	3,819	258	4,077
BAE Systems	1,773	1,020	2,793
Novo-Nordisk – *B Shares*	1,982	171	2,153
Vectura	2,111	—	2,111
infirst Healthcare	2,091	—	2,091
Alcon	1,851	—	1,851
Derwent London	1,130	534	1,664
Plus500	994	400	1,394
HomeServe	943	439	1,382
Rentokil Initial	736	64	800
Horizon Discovery[AIM]	711	—	711

ISSUER	CAPITAL LOSSES £'000	INCOME £'000	TOTAL £'000
Bottom Fifteen Contributors			
Burford Capital[AIM]	(19,566)	138	(19,428)
BP	(21,156)	3,201	(17,955)
NewRiver REIT	(15,494)	1,952	(13,542)
Capita	(11,461)	—	(11,461)
Royal Dutch Shell – *A Shares*	(12,704)	1,666	(11,038)
Drax	(10,190)	660	(9,530)
Provident Financial	(9,175)	623	(8,552)
Imperial Brands	(9,180)	780	(8,400)
BT	(9,582)	1,461	(8,121)
Royal Bank of Scotland	(8,444)	432	(8,012)
Legal & General	(9,920)	2,175	(7,745)
Eddie Stobart Logistics[AIM]	(8,057)	360	(7,697)
British Land	(8,172)	790	(7,382)
easyJet	(7,329)	614	(6,715)
IAG	(6,914)	691	(6,223)

AIM: Investments quoted on AIM.

CHAIRMAN'S STATEMENT

The Company's net asset value (NAV) total return for the year ended 31 March 2020 was –29.9%, compared with the benchmark FTSE All-Share Index's total return for the year of –18.5%. The discount of the share price to the underlying NAV also widened further during the year, from 10.9% at the start of the year to 19.5% on 31 March 2020. Since then the discount has narrowed and currently stands at 16.3%. This widening of the discount contributed to the share price total return being –35.5%. These figures have been significantly amplified by the extreme market turmoil in March caused by the Covid-19 pandemic, but the continued underperformance of the portfolio was evident before this. In particular, the value-based investment strategy employed by the Manager suggested that the portfolio should benefit significantly from a 'Brexit bounce'. However, early indications that this might transpire proved to be short-lived. More detail is provided in the Manager's report, starting on page 8.

Shareholders will understandably be extremely concerned and disappointed by these poor results, which follow on from previous years' underperformance. The Company's Board of Directors, almost all of whom are shareholders themselves, share these concerns. Our patience ran out and on 6 April 2020 the Company served Invesco Fund Managers Limited with protective notice of termination of the investment management contract, following this extended period of underperformance of the Company's benchmark. This decision was not taken lightly, particularly given the current market environment, but the Board had previously made it clear that it was concerned with the Company's poor performance and this continued for the most recent financial year, which ended on 31 March 2020.

We have started the search for a new investment manager with the credentials and capacity to deliver capital growth and real growth in dividends over the medium to longer term from mainly UK equities. The Board has engaged Winterflood Securities Limited, the Company's broker and financial adviser, to coordinate the search process alongside Mercer, a leading global consultancy firm. The process is well underway and, although it is somewhat hampered by the current restrictions, we nevertheless expect to announce the new investment manager during the summer months. Meanwhile there has been a change in the investment team at Invesco and the Board has set specific controls around the portfolio over the interim period.

Discount and Share Buybacks

The Board monitors the price at which the Company's shares trade relative to their underlying net asset value. During the period under review the Company's shares have continued to trade at a discount level that is considerably wider than its historical range. The Board remains of the view that the discount is principally a product of the Company's relative performance against the wider market. However, shareholders will recall that, given that share buy backs at a discount enhance net asset value per share for remaining holders, we instituted a share buy back programme last year to signal the Board's concern and realise the discount on the shares bought back. Buybacks continued during the year under review and to date almost 11% of the shares in issue have been bought back since the programme was initiated, realising an average discount of 12% on those shares. We continue to monitor the discount level closely and remain of the belief that it is primarily performance that will drive demand for the shares and narrow the discount.

Dividend

Notwithstanding the disappointing NAV performance, the income stream remained strong during the year. For the year ended 31 March 2020, three interim dividends of 3.4p each were paid to shareholders in September and December 2019, and March 2020. The Board has declared a fourth interim dividend of 4.8p per share for the year, to be paid on 30 June 2020 to shareholders on the register on 5 June 2020. This gives a total dividend for the year of 15.0p per share, representing an increase of 3.4% on the previous year. This extends again the Company's record of year-on-year ordinary dividend increases since 1999 and its continued status as an AIC "Dividend Hero".

Forecasting dividend receipts for the current financial year is challenging as the underlying investee companies adapt to the consequences on their businesses following Covid-19. In addition, once appointed, the new investment manager is likely to make a number of portfolio changes. Therefore the Board is not in a position to set a target for dividends to be paid by the Company in the next financial year. The Board is mindful, however, that the Company has significant accumulated reserves and would be prepared to pay dividends from those reserves if it felt it appropriate to do so.

The Board

The Board has a formal succession plan in place and regularly reviews its composition to ensure its balance of skills, knowledge, experience, diversity and independence continues to be appropriate and conducive to the effective direction of the Company. In accordance with the succession plan in place last year, Bob Yerbury was due to retire from the Board at the conclusion of the forthcoming AGM. However, given his deep experience in fund management, I have asked him, with the Board's consent, to remain on the Board during the process of finding a new manager, which he has agreed to do. The current intention is that he will then retire on 31 December 2020. The Board intends to appoint another Director in due course, to bring the number of Board members back to six.

Annual General Meeting (AGM)

Summary information on all resolutions to be put to a shareholder vote at the AGM can be found in the Directors' Report on page 32. The Directors have carefully considered all the resolutions proposed in the Notice of the AGM (as set out on pages 63 to 66) and, in their opinion, consider them all to be in the interests of shareholders as a whole. The Directors therefore recommend that shareholders vote in favour of each resolution.

In expectation that Covid-19 related restrictions will continue to be in place on 21 July 2020, when the AGM is due to be held, it will be a closed meeting in accordance with current practice and official guidance. Accordingly, shareholders, their proxies or their corporate representatives will not be able to attend. It is recommended that shareholders exercise their votes by means of registering them with the Company's Registrars ahead of the meeting, online or by completing paper proxy forms, and appoint the Chairman of the meeting as their proxy. If you have questions, on the business of the meeting or otherwise, please address them to the Company Secretary, by email to investmenttrusts@invesco.com or, in hard copy, to 43-45 Portman Square, London W1H 6LY.

The Board will communicate with shareholders when a new investment manager is appointed and in due course provide an opportunity for the new manager to present to shareholders.

Richard Laing
Chairman

1 June 2020

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

PORTFOLIO MANAGER'S REPORT

Market Review

It has been a volatile twelve months for the UK equity market, dominated by concerns affecting the outlook for global economic growth, the protracted Brexit negotiations and a General Election, but then overwhelmed in the final two months of the financial year by the impact of the Covid-19 pandemic. US-China trade relations, Brexit, and domestic politics were known uncertainties in 2019, but 2020 so far has delivered the market shock that no one could have foreseen. The UK equity market fell by over 25% in the quarter to 31 March 2020, posting its biggest quarterly drop for more than three decades as the global economic costs of the Covid-19 pandemic continued to mount. Between 23 January 2020, the date that the World Health Organisation first met in Geneva to discuss the gathering crisis, and the low point on 23 March, the FTSE All-Share Index fell by 34.1%. Extreme levels of volatility were witnessed with large swings in prices on an intraday basis.

The challenges faced in financial markets in recent weeks are like nothing that any of us have ever seen before. Whilst one can try running playbooks learned from previous recessions and from previous market collapses, nothing comes close. Looking at the final 27 trading days to 31 March 2020, against statistical data covering more than 35 years, there were 7 separate days where volatility was greater than 4 standard deviations (for reference: a 4 standard deviation event is normally only expected once in 43 years).

Prior to the pandemic, there had been clear grounds for greater optimism signalled by a marked shift in 'soft' economic data. The Lloyds Business Barometer and the Deloitte UK CFO Survey, for example, both showed a rapid rise in business confidence. The uncertainty that had lingered over the UK since the 2016 EU referendum looked to be lifting. There were encouraging signs about the direction of the UK economy and strong grounds for optimism. Employment growth in the UK looked set to remain firm, real wages were set to increase further, growth in government spending had picked up and investment spending was likely to strengthen. On this basis, overall rates of economic growth were expected to accelerate throughout the year.

As the scale of the pandemic unfolded, however, governments around the world restricted movement of people, which brought immediate severe disruption to economic activity. In order to mitigate the effects of the short-term disruption on the longer-term outlook, governments launched unprecedented stimulus measures, while central banks cut interest rates to support economic activity in the coming months.

The strength and depth of the measures announced in the UK by the Chancellor and the Bank of England should provide material support to employment, income and bank lending to the real economy, that will be of great benefit in enabling many businesses to navigate through to the recovery phase. In the shorter term, however, there is considerable uncertainty, which has been reflected in equity markets.

Portfolio Review

The first half of the year under review saw the portfolio's investment style severely tested against a challenging backdrop. The portfolio's holdings were tilted towards domestic stocks and Brexit uncertainty continued to weigh on UK domestic equity valuations. The political uncertainty had been especially damaging and had resulted in a wide degree of polarisation within the market. Companies with substantial overseas revenues benefitted from the depreciation of sterling and, by contrast, UK domestic-facing stocks generally performed poorly and remained undervalued relative to the broader market. As a result, the portfolio underperformed against the FTSE All-Share Index in the six month period to 30 September 2019.

However, there was a significant uptick in sentiment from October through to January driven by an improving and more stable political outlook in the UK and supported by a clear inflection in soft economic indicators. Sterling rose sharply mid-October on news that Prime Minister Boris Johnson had negotiated a revised Withdrawal Agreement with the European Union. The equity market took comfort from the decreased likelihood of a no-deal exit on 31 October before rallying sharply on news of a Conservative majority government mid-December, which boosted the prospect of an end to the political impasse and a period of stability. Sterling remained relatively robust over this period, reflected in the stocks which supported positive returns. Share price strength came from stocks within the portfolio's UK Domestic Value theme, such as Legal & General, Next, Countryside, and Derwent London, balanced by International Growth Opportunities (easyJet, International Consolidated Airlines

(IAG), Roche and HomeServe). There was a significant improvement in overall portfolio returns compared to the first half of the year, and in the period from 1 October 2019 to 31 January 2020 the portfolio was ahead of the FTSE All-Share Index, recovering a substantial portion of the performance lost in the first half.

However, portfolio returns in February and March were overwhelmed as Covid-19 panic led shares lower on fears that the virus could pose a serious challenge to economic growth. The market sell off was widespread but there was a disproportionate impact on UK domestic stocks consistent with the value of sterling falling materially. As such, companies within the UK Domestic Value theme, which are more heavily exposed to sterling weakness, tended to underperform. IAG and easyJet also saw significant share price falls. The spread of Covid-19 and the measures to contain it have had a significant impact on the share price of fashion retailers and the tourism and leisure industry (which includes air travel).

We are greatly saddened that unprecedented market conditions in the final two months of the year had such a negative effect on absolute and relative performance, that was amplified by portfolio gearing. As a result, instead of being able to report at least an improving trend in performance in a more stabilised and growing domestic UK economy, we report a year in which the portfolio has lagged the wider stock market at a time of fear. We remain, however, firmly of the view that it is at such a time of unprecedented uncertainty and volatility, that the consistently applied investment philosophy that is at the very core of our approach, which emphasises cash flows and long-term fundamental value, is likely to be increasingly relevant.

Outlook

In more recent weeks, it has become increasingly apparent that Covid-19 will have a significant and widespread impact on global as well as UK economic growth. The scale of disruption and the duration remain subject to great uncertainty. The restrictions put in place in recent weeks to limit the spread of Covid-19 will naturally have a large impact on a wide range of economic indicators. With around half of UK private sector output currently subject to severe disruption, and the exit path out of lockdown yet to be determined, the range of possible outcomes for economic activity over the balance of 2020 is much wider than normal.

As part of its ongoing efforts to mitigate against the impact of the Covid-19 outbreak, the UK government has announced substantial measures to support corporate and household cash flow in the coming months. Separately, the Bank of England lowered interest rates further, to 0.1%, and announced large scale asset purchases. The strength and depth of the UK's economic policy response offers us some reassurance.

Company earnings estimates have been revised down significantly in recent weeks, but have yet to fully reflect the impact of the weakening in economic activity that is likely to materialise in the second quarter. As the effects of the virus start to fade, the measures implemented by the Government and the Bank of England will, in our view, encourage the stabilisation of economic activity in the second half of 2020 and the resumption of economic growth in 2021.

We are disappointed with the outcome of the Board's decision in respect of our role as portfolio manager. We understand the performance pressures that exist in today's market, but since the half year results we have embraced the Board's views on performance with improved results in the latter part of 2019, consistent with the principled valuation-based approach we have always taken. We are disappointed that we were unable to build on this, given the recent extreme volatility in financial markets.

These are extraordinary times as we are all aware, and in our opinion requires the experience and expertise of portfolio managers who have weathered severe cyclical shocks.

Martin Walker
Portfolio Manager
1 June 2020

STRATEGIC REPORT

BUSINESS REVIEW

Purpose, Business Model and Strategy

Perpetual Income and Growth Investment Trust plc is an investment trust company and its investment objective is set out below. The Company's purpose is to provide a tax efficient pooling of capital allowing investors a diversified exposure to equities. The strategy the Board follows to achieve the investment objective is to set investment policy and risk guidelines, together with investment limits, and to monitor how they are applied. These have been approved by shareholders and are set out below.

The business model the Company has adopted to achieve its investment objective has been to contract investment management and administration to appropriate external service providers. The Board has oversight of the Company's service providers, and monitors them on a formal and regular basis. The Board has a collegiate culture and pursues its fiduciary responsibilities with independence, integrity and diligence, taking advice and outside views as appropriate and constructively challenging and interacting with service providers, including the Manager.

The principal service provider at present is Invesco Fund Managers Limited ('IFML' or the 'Manager'). Invesco Asset Management Limited, an associate company of IFML, currently manages the Company's investments and acts as company secretary under delegated authority from IFML. References to the Manager in this annual financial report should consequently be considered to include both entities. However, shareholders should note that the Board announced on 6 April 2020 that it had served protective notice of termination of the management agreement and is currently engaged in a search for a replacement investment manager.

The Manager provides company secretarial, marketing and general administration services including accounting and manages the portfolio in accordance with the Board's strategy. Mark Barnett was the portfolio manager responsible for the day-to-day management of the portfolio during the course of the year under review and for the previous nineteen years. Mark left Invesco on 15 May 2020. Martin Walker, who was Mark's appointed deputy for this portfolio, has taken over day-to-day management until the transition to a new investment manager. The Manager has delegated portfolio valuation, fund accounting and administrative services to The Bank of New York Mellon, London Branch.

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

Investment Objective

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

Investment Policy

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

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

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

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

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

Investment Limits

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

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

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

Borrowing

Borrowing policy is under the control of the Board. The Board has set a maximum borrowing limit of 25% of total net assets (measured at the time new borrowings are drawn). The Company currently has three sources for borrowing, being £60 million nominal of 4.37% Senior Secured Notes 2029 (Notes) and two facilities provided by The Bank of New York Mellon, being a £40 million uncommitted revolving credit facility and an £60 million uncommitted overdraft facility. These latter two facilities were both reduced to these levels with effect from 16 March 2020, from £60 million and £80 million, respectively. The reduction was at the instigation of the Board and the Manager in light of market turmoil in reaction to the Covid-19 pandemic and the applicable covenants were reduced commensurately. These now require that total assets not fall below £460 million.

Performance

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

Asset Performance

The Company's year end net asset values (with debt at market value) and share prices for the last ten years are shown on page 3.

On a total return basis, the Company's one, three, five and ten year record for its NAV and share price performance compared to the benchmark index is shown on page 2. For the year to 31 March 2020, the Company's NAV underperformed the benchmark index by 11.4%.

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

Peer Group Performance

There were 23 investment trusts in the UK Equity Income sector at 31 March 2020. This sector, however, is quite diverse in its investment policies and structures. The Board monitors the performance of the Company in relation to both this sector as a whole and to those companies within it which the Board consider to be its peer group.

As at 31 March 2020, of those companies in the UK Equity Income sector, the Company was ranked 19th over one year, 21st over three years and 22nd over five years by NAV performance (source: JP Morgan Cazenove).

Dividends and Dividend Policy

The Company's dividend policy is that the Directors shall seek to provide shareholders with real growth in ordinary dividends over the medium to longer term. In the event of there being a material amount of income that is non-recurring or special in nature additional special dividends may be declared, at the discretion of the Directors. The Directors aim to distribute, by way of dividend, substantially all of the Company's net income after expenses and taxation whilst also retaining a prudent level of reserves.

STRATEGIC REPORT
BUSINESS REVIEW continued

Dividends are paid on a regular quarterly basis in September, December, March and June in respect of each accounting year. The timing of these regular quarterly payments means that shareholders do not have an opportunity to vote on a final dividend. Recognising this, shareholders were given the opportunity to vote on an advisory resolution to approve the dividend policy at the 2019 AGM, which was passed. The policy has not changed since last year, but an advisory resolution is again included in the Notice of Meeting for this year's AGM on page 63.

For the year ended 31 March 2020, three interim dividends of 3.4p each per share were paid on 30 September 2019, 30 December 2019 and 30 March 2020 respectively. A fourth interim dividend of 4.8p per share has been declared for payment on 30 June 2020 to shareholders on the register on 5 June 2020, bringing total dividends for the year to 15.0p. This represents an increase of 3.4% from the prior year's total of 14.5p and compares with an increase in the Retail Price Index for the same period of 2.6%.

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

Discount

The Board monitors the discount at which the Company's ordinary shares trade and how this compares to other investment trusts in the peer group. During the year, up to mid-March 2020, before the severe market disruption from Covid-19, the shares traded in the discount range of 9% to 15%. During the latter part of March the discount widened to over 20% and ended the year at a 19.5% discount. This is shown in the adjacent graph which plots the discount over the year. As at 31 March 2020, the weighted average discount of the 23 investment trusts in the UK Equity Income sector was 3.0% (2019: 3.5%) (source: JPMorgan Cazenove).

Source: Refinitiv.

The Board and the Manager closely monitor movements in the Company's share price and dealings in the Company's shares. In order to address any significant imbalance in the market, the Board asks shareholders to approve resolutions each year which allow for the repurchase of ordinary shares (for cancellation or to be held as treasury shares) and also their issuance. This may also assist in the management of the discount. During the year to 31 March 2020, 24,614,463 shares were bought back at an average price of 310.71p. No shares have been bought back since the year end. No shares were issued.

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

Ongoing Charges

The expenses of managing the Company are reviewed by the Board at every meeting. The Board aims to minimise the ongoing charges figure which provides a guide to the effect on performance of all annual operating costs of the Company. The ongoing charges figure for the year was 0.73% (2019: 0.72%).

Financial Position and Borrowings

The Company's balance sheet on page 46 shows the assets and liabilities at the year end. Details of the £60 million senior secured notes are shown in note 12, and details of the Company's overdraft and revolving credit facilities are shown in note 11.

Outlook, including the Future of the Company

The main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Chairman's Statement and the Portfolio Manager's Report in this Strategic Report. Chief amongst these are the uncertainties arising from the impact of the Covid-19 pandemic and the Board's decision to change investment manager. As explained in the Portfolio Manager's Report, Covid-19 will have a significant and widespread impact on global as well as UK economic growth. Whilst the support promised from government and the Bank of England should help to mitigate the impact on equity values, it is apparent that income will be severely affected, for the coming year at least. The prospective change of investment manager brings further uncertainty as to the way in which the portfolio will be managed, but the Board is seeking an outcome that will be positive for shareholders. Further details of the principal risks affecting the Company are set out under 'Principal Risks and Uncertainties' below.

Principal Risks and Uncertainties

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

Economic Risk

Economic risk arises from uncertainty about the future prices of the Company's investments. The majority of the Company's investments are listed on regulated stock exchanges and will be subject to market fluctuations, both upward and downward, arising from external factors including general economic conditions and government policies. Such factors are outside the control of the Board and the Manager and may give rise to high levels of volatility in the prices of the investments held. The extreme volatility experienced in March 2020 from the market reaction to the Covid-19 virus exemplifies this risk, which has had a marked effect on both the valuation of the Company's portfolio of investments and the discount to net asset value at which the Company's shares trade.

Investment Risk

There can be no guarantee that the Company will meet its investment objectives. As set out in the Investment Policy on page 10 the Manager's style may result in the portfolio being significantly overweight or underweight positions in individual stocks or sectors compared to the Company's benchmark index. Consequently, the Company's performance may deviate significantly, possibly for extended periods, from that of the benchmark. In a similar way, the Manager manages other portfolios which, as a consequence of the high conviction style of investment management, may include many of the same stocks as the Company. This could significantly increase risks to the liquidity and price of certain stocks under certain scenarios and market conditions, although in the last year initiatives have been taken to reduce this risk.

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

Financial Risk

The financial risks faced by the Company include market price risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk, which includes counterparty and custodial risk. Details of these risks and how they are managed are disclosed in note 16 to the financial statements on pages 56 to 60.

Gearing Risk

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

Share Discount Risk

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

Operational Risk

The Board regularly reviews the system of financial and non-financial internal controls operated by the Company, the Manager and other external service providers. These include controls designed to safeguard the Company's assets and to ensure that proper accounting records are maintained. Details of how the Board monitors the services provided by the Manager and other suppliers are explained further in the internal controls and risk management section in the audit committee report on pages 24 and 25. The depositary also monitors the Company's stock, cash, borrowings and investment restrictions throughout the year and issues an annual report to the Directors.

As the spread of Covid-19 continues, the Directors are monitoring the situation closely, together with the Manager and third-party service providers. A range of actions have been implemented to ensure that the Company and its service providers are able to continue to operate as normal, even in the event of

STRATEGIC REPORT
BUSINESS REVIEW continued

prolonged disruption. The Manager's business continuity plans are reviewed on an ongoing basis and the Directors are satisfied that the Manager has in place robust plans and infrastructure to minimise the impact on its operations so that the Company can continue to trade, meet regulatory obligations, report and meet shareholder requirements.

The Manager has mandated work from home arrangements and implemented split team working for those whose work is deemed necessary to be carried out on business premises. Any meetings are being held virtually or via conference calls.

The Company's other service providers have similar working arrangements in place.

Regulatory Risk

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

Loss of investment trust status for tax purposes could lead to the Company being subject to tax on the realised capital profits on the sale of its investments. A serious breach of other regulatory rules could lead to suspension from the Official List, a fine or qualified audit report. Other control failures, either by the Manager or any other of the Company's service providers, could result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations. The Manager reviews compliance with tax and other financial regulatory requirements on a daily basis and reports to the Board on a regular basis on all regulatory aspects.

Viability Statement

The Company, as an investment trust, is a collective investment vehicle designed and managed for the long term. The Company's investment objective is to provide shareholders with capital growth and real growth in dividends over the medium to longer term. The Directors take a long term view in their stewardship of the Company and the current investment manager has also had a long term horizon in the management of the portfolio. The Board has served protective notice of termination on the current investment manager and is currently engaged in a search for a replacement. In its announcement of this action the Board said it was searching for a potential new manager with the credentials and capacity to deliver capital growth and real growth in dividends over the medium to longer term from UK equities, consistent with the Company's objective.

In concluding on an appropriate period of assessment for the Company's future viability it was also necessary to consider the outstanding term of the Company's Notes, which will require repayment in 2029, and that the Company is required by its Articles to have a continuation vote every five years, the next instance being in 2021.

In view of all of the foregoing, although subject to shareholders voting in favour of continuation in 2021, the Directors consider that the appropriate term for the purpose of this viability statement is five years.

In their assessment of the Company's viability, the Directors considered the principal risks to which it is exposed, as set out on pages 13 and 14, together with mitigating factors. Their assessment also considered the following: the Company's investment objective and strategy, together with the business model of the Company – these have been stress tested over the years through various difficult market cycles, and especially so during the Covid-19 disruption this year; the current outlook for the UK economy and equity markets – the economic outlook in the wake of Covid-19 is not good, with economic growth likely to be significantly affected, but the promised support from government and the Bank of England should be supportive for equities; demand for the Company's shares and the discount at which they trade, both of which are principally dependent on performance; the Company's borrowing structure; the liquidity of the portfolio; and the Company's future income and annual operating costs. In the short term it appears that the availability of income will be sorely tested, with a large number of companies suspending or substantially reducing dividends. However, the Company's operating costs are modest. Consideration of the borrowing structure included the amount the NAV could fall without triggering the repayment of the Notes and/or breaching the covenants of the bank overdraft and credit facility, and the amount of debt cover. The Company was able to renegotiate the bank overdraft and credit facility to insure against potential pressure on those covenants. The low point in the Company's net asset value during the worst of the Covid-19 market disruption was on 23 March 2020 and at that point there was some £110 million of headroom above the Notes' minimum net asset value covenant of £350 million. At the year end the aggregate of all drawn borrowings was covered more than six times by the Company's net assets.

As at the date of this report it is not possible to predict whether an outcome of the search for a new investment manager might be a corporate event, such as a merger, or whether shareholders will support the newly appointed investment manager and vote for continuation in 2021, except to the extent that, in seeking to act in the best interests of shareholders, the Board aims to select an investment manager that will merit such support. Although not a material concern, the Board also notes that the custody service and borrowing facilities from The Bank of New York Mellon are contingent on their approval of the investment manager appointed. In the unlikely event that this was not given, there is a high likelihood that any new investment manager appointed will have a comparable relationship with another provider or that it will otherwise be possible to make alternative arrangements.

Notwithstanding the Company's continuing viability from a financial perspective, there is material uncertainty over the outcome of the prospective change of investment manager and whether the continuation vote in 2021 will be passed, which may cast significant doubt on the likelihood of the Company continuing as a going concern. Despite this material uncertainty the financial statements have been prepared on a going concern basis and, subject to that uncertainty, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

Board's Duty to Promote the Success of the Company

The Directors have a fiduciary duty to act, in good faith, for the benefit of shareholders taken as a whole. Section 172 of the Companies Act 2006 codifies this duty and also widens the responsibility to incorporate the consideration of wider relationships that are necessary for the Company's sustainability. Using the terminology of the Act, the Directors have a duty to promote the success of the Company, whilst also having regard to certain broader matters, including the need to engage with employees, suppliers, customers and others, and to have regard to their interests. The summary of the Board's responsibilities on pages 26 and 27 reflects these requirements.

In fulfilling these duties, and in accordance with the Company's nature as an investment company with no employees and no customers in the traditional sense, the Board's principal concern has been, and continues to be, the interests of the Company's shareholders taken as a whole. Notwithstanding this, the Board has a responsible governance culture and also has due regard for broader matters so far as they apply. In particular, the Board engages with the Manager at every Board meeting, reviews the Company's relationships with the other service providers, such as the registrar, depositary and custodian, at least annually and monitors compliance with the Company's obligations to debt holders. As announced on 6 April 2020, and set out in the assessment of the Manager on page 30, the Board has taken the decision that, following poor investment performance in recent years, it would be in the best interest of shareholders if the Board sought a different investment manager. The Board continues to be content with the services provided by the other service providers.

Environment, Social and Governance considerations are dealt with in a separate section of this Strategic Report on page 16.

Shareholder relations are given a high priority by the Board. 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 monthly factsheets and the NAV of the Company's ordinary shares, which is published daily via the London Stock Exchange and on the Company's section of the current Manager's website at www.invesco.co.uk/pigit.

Shareholders normally have the opportunity to communicate directly with the Directors at the AGM, although it may not be possible this year because of the Covid-19 virus situation.

It is the intention of the Board that the annual financial report and the notice of the AGM be issued to shareholders so as to provide twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so, either on the reverse of the proxy card, via the current Manager's website (www.invesco.co.uk/pigit) or in writing to the Company Secretary at the address given on page 68. At other times the Company responds to queries from shareholders on a range of issues.

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

There is a regular dialogue with individual major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to develop a balanced understanding of their issues and concerns. The Chairman has held meetings with a number of the largest shareholders in the past year.

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

Board Diversity

The Board's policy on diversity is that the Board seeks to ensure that its structure, size and composition, including the balance of skills, knowledge, diversity (including gender) and experience of Directors, is sufficient for the effective direction and control of the Company. Although the Board had not set a specific target or quota in respect of this policy, it had aspired to meet the Hampton-Alexander review target of 33% female board representation and currently does so. The Board comprises six non-executive directors, two of whom are women, which constitutes 33.3% female Board representation. Summary biographical details of the Directors are set out on pages 19 and 20. The Company has no employees.

Environment, Social and Governance (ESG) Matters

As an investment company with no employees, property or activities outside investment, environmental policy has limited application. A greenhouse gas emissions statement is included in the Directors' Report on page 31. In relation to the portfolio, the Company has, for the time being, delegated the management of the Company's investments to the current Manager, who has an ESG Guiding Framework which sets out a number of principles that are intended to be considered in the context of its responsibility to manage investments in the financial interests of shareholders.

The Manager is committed to being a responsible investor and applies, and is a signatory to, the United Nations Principles for Responsible Investment, which demonstrates its extensive efforts in terms of ESG integration, active ownership, investor collaboration and transparency. The Manager is also a signatory to the FRC Stewardship Code 2012, which seeks to improve the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The Henley investment team incorporates ESG considerations in its investment process as part of the evaluation of new opportunities, with identified ESG concerns feeding into the final investment decision and assessment of relative value. The portfolio managers make their own conclusions about the ESG characteristics of each investment held and about the overall ESG characteristics of the portfolio, although third party ESG ratings may inform their view. Additionally, the Manager's ESG team provides formalised ESG portfolio monitoring. This is a rigorous semi-annual process where the portfolio is reviewed from an ESG perspective.

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

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

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

This Strategic Report was approved by the Board of Directors on 1 June 2020.

Invesco Asset Management Limited
Company Secretary

INVESTMENTS IN ORDER OF VALUATION

AT 31 MARCH 2020

Ordinary shares listed in the UK unless stated otherwise

ISSUER	SECTOR	AT MARKET VALUE £'000	% OF PORTFOLIO
British American Tobacco	Tobacco	41,962	6.6
BP	Oil & Gas Producers	32,247	5.1
Roche – *Swiss Listed*	Pharmaceuticals & Biotechnology	26,530	4.2
Tesco	Food & Drug Retailers	25,357	4.0
Legal & General	Life Insurance	22,805	3.6
Novartis – *Swiss Listed*	Pharmaceuticals & Biotechnology	21,512	3.4
Derwent London	Real Estate Investment Trusts	20,808	3.3
BAE Systems	Aerospace & Defence	19,410	3.1
Next	General Retailers	18,104	2.9
Randall & Quilter[AIM]	Non-life Insurance	16,084	2.5
Top Ten Holdings		**244,819**	**38.7**
HomeServe	General Retailers	15,543	2.5
Novo-Nordisk – *B Shares*	Pharmaceuticals & Biotechnology	15,344	2.4
Royal Dutch Shell	Oil & Gas Producers		
– *B shares*		11,085	2.4
– *A shares*		4,106	
PureTech Health	Pharmaceuticals & Biotechnology	14,983	2.4
Altria – *US Listed*	Tobacco	14,355	2.3
Cranswick	Food Producers	13,115	2.1
Aviva	Life Insurance	12,948	2.0
AJ Bell	Financial Services	12,614	2.0
Total – *French Listed*	Oil & Gas Producers	12,410	2.0
Lancashire	Non-life Insurance	11,637	1.8
Top Twenty Holdings		**382,959**	**60.6**
Harworth	Real Estate Investment & Services	11,433	1.8
British Land	Real Estate Investment Trusts	10,498	1.7
BT	Fixed Line Telecommunications	10,391	1.6
SSE	Electricity	10,159	1.6
Whitbread	Travel & Leisure	10,016	1.6
Chesnara	Life Insurance	9,668	1.5
Babcock International	Aerospace & Defence	9,403	1.5
Beazley	Non-life Insurance	9,274	1.5
Hiscox	Non-life Insurance	9,226	1.5
Pollen Street Secured Lending	Equity Investment Instruments	9,217	1.4
Top Thirty Holdings		**482,244**	**76.3**
CLS	Real Estate Investment & Services	9,122	1.4
easyJet	Travel & Leisure	7,797	1.2
Burford Capital[AIM]	Financial Services	7,696	1.2
Vectura	Pharmaceuticals & Biotechnology	7,661	1.2
Royal Bank of Scotland	Banks	7,465	1.2
Secure Trust Bank	Banks	7,179	1.1
Drax	Electricity	7,023	1.1
G4S	Support Services	6,989	1.1
Provident Financial	Financial Services	6,852	1.1
Draper Esprit[AIM]	Financial Services	6,571	1.1
Top Forty Holdings		**556,599**	**88.0**

INVESTMENTS IN ORDER OF VALUATION continued

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Countryside	Household Goods & Home Construction	6,482	1.0
IAG	Travel & Leisure	6,173	1.0
Secure Income REIT[AIM]	Real Estate Investment Trusts	6,170	1.0
Real Estate Investors[AIM]	Real Estate Investment Trusts	6,039	0.9
Oxford Sciences Innovation[UQ]	Financial Services	5,664	0.9
Aquis Exchange[AIM]	Financial Services	5,632	0.9
IP Group	Financial Services	5,268	0.8
NewRiver REIT	Real Estate Investment Trusts	4,778	0.8
Urban Exposure[AIM]	Financial Services	4,343	0.7
Capita	Support Services	4,185	0.7
Top Fifty Holdings		**611,333**	**96.7**
Land Securities	Real Estate Investment Trusts	3,796	0.6
HWSI Realisation (formerly 'Hadrian's Wall Secured Investments')	Equity Investment Instruments	3,337	0.5
McBride	Household Goods & Home Construction	3,311	0.5
Marwyn Value Investors	Equity Investment Instruments	3,242	0.5
National Grid	Gas, Water & Multiutilities	2,470	0.4
Doric Nimrod Air Three – *preference shares*	Equity Investment Instruments	1,511	0.3
Doric Nimrod Air Two – *preference shares*	Equity Investment Instruments	1,290	0.2
Eddie Stobart Logistics[AIM]	Industrial Transportation	1,104	0.2
infirst Healthcare[UQ]	Pharmaceuticals & Biotechnology		
– *US Preferred shares*		439	
– *UK D shares*		—	0.1
– *UK D1 shares*		—	
Flarin[UQ] – *B shares*	Pharmaceuticals & Biotechnology	142	—
Top Sixty Holdings		**631,975**	**100.0**
SciFluor Life Sciences[UQ] – *US Series A convertible preferred*	Pharmaceuticals & Biotechnology	94	—
Eurovestech[UQ]	Financial Services	38	—
Lombard Medical – *US Listed*	Health Care Equipment & Services	3	—
Jaguar Health[UQ]	Pharmaceuticals & Biotechnology		
– *US indemnity shares*		1	
– *US convertible preferred A shares*		—	—
– *US convertible preferred B shares*		—	
Total Holdings 64 (2019: 76)		**632,111**	**100.0**

AIM: Investments quoted on AIM (8.5%).
UQ: Unquoted (1.0%).

DIRECTORS

Richard Laing * (Chairman of the Board and the Management Engagement Committee)

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

Mr Laing's financial and investment background together with his experience as a chairman and director of investment companies is particularly valuable to the Board.

Victoria Cochrane †* (Chairman of the Audit Committee)

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

Ms Cochrane is an able chair of the Audit Committee and her expertise in corporate governance and risk management is particularly valued by, and continues to benefit, the Board.

Alan Giles †* (Senior Independent Director)

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

Mr Giles' extensive boardroom experience, in the retail and other commercial sectors, broadens the Board's overall expertise and continues to be beneficial.

DIRECTORS
continued

Georgina Field †*

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

Ms Field's background and expertise in marketing within the financial sector is a valuable attribute for the Board.

Bob Yerbury

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

Mr Yerbury's analytical abilities and the oversight allowed by his experience as a manager of investment management professionals is of great benefit to the Board. Mr Yerbury will retire from the Board at the end of 2020.

Mike Balfour †*

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

Mr Balfour brings to the Board his expertise and experience as an investment management professional and as a director of investment trusts, which continue to benefit the activities of the Board.

All Directors are non-executive.

All Directors are considered by the Board to be independent.

†Member of the Audit Committee.

*Member of the Management Engagement Committee.

THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK

The Board and Committees

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

The Board

Six non-executive directors

Chairman – Richard Laing

Key objectives:

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

Management Engagement Committee

(page 27)

Chairman – Richard Laing

Other members:

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

Key objective:

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

Audit Committee

(page 23)

Chairman – Victoria Cochrane

Other members:

- Mike Balfour
- Georgina Field
- Alan Giles

Key objectives:

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

Nomination Committee Function

(page 27)

The Board as a whole performs this function

Key objectives:

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

Remuneration Committee Function

(page 27)

The Board as a whole performs this function

Key objective:

- to set the remuneration policy of the Company.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

The Directors have considered the principles and recommendations of the latest AIC Code of Corporate Governance (AIC Code). The AIC Code addresses all the principles set out in the UK Corporate Governance Code (UK Code), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The AIC code is available from the Association of Investment Companies website (*www.theaic.co.uk*). The UK code is available from the Financial Reporting Council website (*www.frc.org.uk*).

The Company has complied with the recommendations of the 2019 AIC Code and the relevant provisions of the 2018 UK Code, except the provisions relating to:

– the role of the chief executive;

– executive directors' remuneration; and

– the need for an internal audit function.

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

Information on how the Company has applied the principles of the 2019 AIC Code, and consequently the 2018 UK Code follows:

The composition and operation of the Board and its committees are summarised on page 26, and page 23 in respect of the Audit Committee.

The Company's approach to internal control and risk management is summarised on pages 24 and 25.

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

The contractual arrangements with, and assessment of, the Manager are summarised on pages 29 and 30.

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

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

The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed on pages 27 and 28.

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

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

AUDIT COMMITTEE REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Audit Committee is chaired by Victoria Cochrane. Other members throughout the year were Mike Balfour and Alan Giles. Georgina Field joined the Committee when her appointment as a Director became effective on 1 May 2019.

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

Audit Committee Duties

The Committee's main duties include:

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

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

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

Accounting Matters and Significant Areas of Focus

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

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

AUDIT COMMITTEE REPORT
continued

SIGNIFICANT AREA	HOW ADDRESSED
Proof of existence of investments.	The Manager and the depositary confirmed that the accounting records correctly recorded all investee holdings and that these had been agreed to custodian records.
Recognition of income.	The recognition of income is undertaken in accordance with accounting policy note 1(g) on page 50. The Committee satisfied itself that adequate systems were in place for the complete and proper recording of income, including the analysis of special dividends received.

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

The Audit Committee advised the Board that, following a thorough review of the 2020 annual financial report, the report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

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

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

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

Audit Information

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

Internal Controls and Risk Management

The Committee has established an ongoing process for identifying, evaluating and managing the major risks faced by the Company, including emerging risks, and this forms the basis of the Board's robust assessment of the risks to which the Company is exposed. Risks are reviewed by means of the Company's risk matrix and its risk control summary (RCS) which sets out mitigating controls and the information flow to the Committee and Directors. The principal risks of the Company, as set out in the Strategic Report on pages 13 and 14 are mapped to the RCS for completeness. These risks encompass those arising in relation to the Company's operations that are, of necessity as an externally managed investment trust, contracted to external service providers. These external service providers comprise the Manager – to whom responsibility both for the Company's portfolio and for the provision of company secretarial and administrative services are delegated – accounts administrator, custodian, registrar and corporate broker.

Systems are in operation to safeguard the Company's assets, to maintain proper accounting records and to ensure that financial information is reliable. The Committee has received and considered, together with representatives of the Manager, reports by independent external accountants in relation to the operational systems of financial and non-financial internal controls of the Manager, accounts administrator, custodian and registrar and has concluded that they should operate effectively. On a formal and regular basis the Committee reviews the performance of these service providers in relation to agreed service standards, and any issues and concerns are dealt with promptly and reported to the Board. The Committee also reviewed an annual report from the depositary which monitors the Company's investments, cash, borrowings and published investment limits throughout the year. None of these reviews identified any issues of significance during the year. Additionally, the depositary and the auditor have direct access to the Chairman or Audit Committee Chairman about any concerns; no issues arose in the year that caused the depositary to use this access.

Internal Audit

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

Victoria Cochrane
Chairman of the Audit Committee

1 June 2020

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Business and Status

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

Life of the Company

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

Performance and Dividends

Details of the Company's performance and dividends are shown in the Strategic Report on pages 11 and 12.

The Board

The Company has a Board of six non-executive Directors who oversee and monitor the activities of the Manager and other service providers on behalf of shareholders and ensure that the investment policy is adhered to. Details of the Board's responsibilities and the number of meetings it holds are set out on the following pages. Certain aspects of the Company's affairs are dealt with by the Directors sitting as the Audit Committee (see pages 23 to 25) and the Management Engagement Committee (see page 27).

Each committee has written terms of reference which are available for inspection at the registered office of the Company, at the Company's correspondence address (see page 68), on the Company's section of the current Manager's website (*www.invesco.co.uk/pigit*).

The Board has resolved that a remuneration committee is not appropriate for a Board of this size and a company of this nature. Remuneration is therefore regarded as part of the Board's responsibilities. For information on the Directors' remuneration, please refer to the Directors' Remuneration Report on pages 33 to 35.

All of the Directors are considered by the Board to be independent. There are circumstances that may appear to impair this view in respect of Mr Yerbury, being that he has served on the Board for more than nine years and he was a Senior Managing Director of Invesco Limited and a Director of Invesco Asset Management Limited until his retirement in 2013. However, the Board is satisfied that he remains independent in character and judgement from the Company's Manager, a view which has been demonstrated by his actions on behalf of the Company. Indeed, given his deep experience in fund management, he has been invited to remain on the Board beyond the AGM, when he was previously due to retire, to assist in the process of finding a new investment manager. The current intention is that he will then retire on 31 December 2020. The Directors have a range of investment, commercial and professional experience relevant to their positions as Directors as can be seen from the biographical details on pages 19 and 20.

Chairman

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

Senior Independent Director

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

Board Responsibilities

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

In order to promote the success of the Company, the Board directs and supervises its affairs within a framework of effective controls which enable risk to be assessed and managed. A formal schedule of matters reserved for the Board has been established. The schedule is reviewed annually to ensure compliance with the latest regulatory requirements, best practice and the AIC Code and is available for inspection at the registered office of the Company, at the Company's correspondence address (see page 68) and on the Company's section of the current Manager's website (*www.invesco.co.uk/pigit*).

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

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

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

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

Remuneration

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

Nomination

The Board as a whole operates as a Nomination Committee. This includes regularly reviewing the composition of the Board and its committees, evaluating whether they have the appropriate balance of skills, experience, independence, diversity and knowledge, and identifying suitable candidates when required. The appointment, re-election and tenure of Directors is explained on pages 27 and 28.

The Audit Committee

The composition and activities of the Audit Committee are summarised in the Audit Committee Report on pages 23 to 25, which is included in this Directors' Report by reference.

The Management Engagement Committee (MEC)

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

The MEC meets at least annually to review the investment management agreement with the Company's Manager and to review the services provided by the Manager and Company Secretary. The MEC's assessment of the Manager can be found on page 30.

Appointment, Re-election and Tenure of Directors

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

DIRECTORS' REPORT

continued

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

The Board may consider using an executive search consultancy or open advertising when seeking new candidates for appointment, or they may alternatively decide that candidates found from sources within the Company and through its advisers are of a sufficiently high quality. In 2018 the Board engaged Sapphire Partners, an independent consultancy, to assist in the recruitment of a new director, culminating with the appointment of Georgina Field, who joined the Board on 1 May 2019.

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. Newly appointed Directors receive induction training. The Directors take responsibility for their own training needs while in office, but also receive briefings from key members of the Manager's staff in order that Directors can keep up to date with new legislation and changing risks.

No Director has a formal contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment which are available for inspection at the registered office of the Company, at the Company's correspondence address (see page 68) and on the Company's section of the Manager's website (*www.invesco.co.uk/pigit*).

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

The Board confirms that the performance of the Directors continues to be effective and each Director demonstrates commitment to the role. The Board therefore recommends that shareholders support resolutions 2 to 7 relating to the re-election of Directors.

Board, Committees and Directors' Performance Appraisal

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

Attendance at Board and Committee Meetings

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

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

(1) Mr Laing is not a member of the Audit Committee, but attended the meetings by invitation.
(2) Mr Yerbury is not a member of the Management Engagement Committee but attended by invitation.

Corporate Governance

The Corporate Governance Statement set out on page 22 is included in this Directors' Report by reference.

Directors

Directors' Remuneration and Disclosable Interests

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

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

Conflicts of Interest

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

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

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

Directors' Indemnification and Insurance

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

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

The Manager

Investment Management Agreement and Management Fees

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

The Board announced on 6 April 2020 that it had served Invesco Fund Managers Limited with protective notice of termination.

The management fee for the year to 31 March 2020 was £5,207,000 (2019: £6,009,000).

The Manager's Responsibilities

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

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

DIRECTORS' REPORT
continued

Assessment of the Manager

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

The Management Engagement Committee has conducted a formal review of the Manager, including the rationale for and execution of the investment strategy being followed, the other services provided and the risk and corporate governance environment in which the Company operates. As announced on 6 April 2020 the Board has served Invesco Fund Managers Limited with protective notice of termination, following an extended period of underperformance of the Company's benchmark. The Board considers that a change of investment manager would be in the best interests of shareholders taken as a whole and has engaged Mercer, a leading global consultancy firm, to lead the search for a replacement investment manager, alongside Winterflood Securities Limited, the Company's broker and financial adviser. In all other respects the Manager's performance has been satisfactory.

Company Secretary

The Board has direct access to the advice and services of the corporate company secretary, Invesco Asset Management Limited, which is responsible for ensuring that the Board and Committee procedures are followed, that applicable rules and regulations are complied with and for advising the Board through the Chairman on all governance matters. The company secretary is also responsible to the Board for ensuring timely delivery of information and reports, that the statutory obligations of the Company are met and acts as a contact for shareholders. The company secretary ensures that all correspondence addressed to the Company, other than junk mail, is reported to the Board and dealt with in a timely manner. The appointment and ongoing assessment and review of the company secretary are matters for the Board as a whole. The corporate company secretary is currently provided by the Manager under the terms of the investment management agreement referred to above. Consequently, the appointment of Invesco Asset Management Ltd in that role will end concurrently with the current investment managers' services.

Disclosures Required by Listing Rule 9.8.4

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

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence, meeting its obligations as and when they fall due, for the foreseeable future, being taken as twelve months after the signing of the balance sheet. This conclusion is consistent with the longer term Viability Statement on pages 14 and 15.

In considering this, the Directors took into account the diversified portfolio of investments, which they believe to be sufficiently liquid to be used to meet funding commitments; the value of these assets, which significantly exceeds all balance sheet liabilities; the ability of the Company to meet all of its liabilities (including the £60 million senior secured notes, repayable in May 2029) and ongoing expenses as they fall due; the financial covenants attached to the borrowings, which were not breached during the worst of the market disruption in March 2020; and revenue forecasts. The Directors also took into consideration the uncertain economic outlook in the wake of the Covid-19 virus pandemic, the prospective change of investment manager and the continuation vote due to be decided by shareholders in 2021. As explained in the Viability Statement, notwithstanding the Company's continuing viability from a financial perspective, there is material uncertainty over the outcome of the latter two of these, which may cast significant doubt as to the likelihood of the Company continuing as a going concern. Whilst recognising this uncertainty, the Directors consider it appropriate for the financial statements to be prepared on a going concern basis.

As discussed in Principal Risks and Uncertainties, the Company's operations and those of its core service providers have been unaffected by the restrictions imposed in the UK as a result of the Covid-19 pandemic.

Individual Savings Account (ISA)

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

Greenhouse Gas Emissions

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

Share Capital

Capital Structure

As at 31 March 2020, the Company's share capital comprised 240,432,350 ordinary shares of 10p each, of which 25,634,463 were held in treasury and 214,797,887 were in circulation. Movements in share capital over the course of the year are set out in note 13 to the financial statements on pages 55 and 56. There have been no changes since the year end.

Restrictions

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

Voting

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

Repurchase Powers

The power to repurchase up to 35,135,617 (14.99%) of shares in issue was granted at the last annual general meeting. Power to repurchase up to 15,539,793 shares remained unutilised at the year end. A resolution to renew this authority will be put to shareholders at the forthcoming annual general meeting.

Substantial Shareholders

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

	AS AT 25 MAY 2020		AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	HOLDING	%	HOLDING	%	HOLDING	%
The Share Centre	27,462,345	12.8	27,159,915	12.6	29,002,854	12.1
Hargreaves Lansdown	20,625,612	9.6	20,479,093	9.5	21,833,803	9.1
1607 Capital Partners	17,176,922	8.0	15,793,406	7.3	14,847,806	6.2
City of London Investment Management	13,073,940	6.1	12,552,665	5.8	5,111,265	2.1
Brewin Dolphin	11,669,866	5.4	12,915,835	6.0	17,167,237	7.1
Interactive Investor	11,121,036	5.2	10,966,592	5.1	3,579,622	1.5
Rathbones	10,142,702	4.7	11,216,892	5.2	17,673,482	7.3
Charles Stanley	9,182,249	4.3	8,792,221	4.1	10,806,667	4.5
Wells Capital Management	6,462,975	3.0	5,856,581	2.7	4,677,589	1.9

Annual General Meeting (AGM)

The following summarises the business of the forthcoming AGM of the Company, which is to be held on 21 July 2020. Please note that due to Covid-19 this will be a closed meeting and shareholders, their proxies or their corporate representatives will not be able to attend. It is recommended that shareholders exercise their votes by means of registering them with the Company's Registrars ahead of the meeting, online or by completing paper proxy forms, and appoint the Chairman of the meeting as their proxy. Any questions on the business of the meeting should be addressed to the Company Secretary, by email to investmenttrusts@invesco.com or, in hard copy, to 43-45 Portman Square, London W1H 6LY. The Notice of the AGM and related notes can be found on pages 63 to 66.

DIRECTORS' REPORT
continued

Ordinary Business:

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

Resolutions 2 to 7 are to re-elect each of the current Directors. The Directors' biographies are set out on pages 19 and 20.

Resolution 8 is to approve the Company's dividend payment policy, which is set out on pages 11 and 12. This resolution, which is advisory, is being proposed since shareholders would not otherwise have the opportunity to vote on dividends since all are declared as interim dividends in order for them to be paid according to the established quarterly timeframe.

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

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

Special Business:

Three resolutions are being proposed in relation to share issuance and buybacks, which are all to renew authorities previously granted. These will, if passed, expire at the AGM in 2021, or 15 months after the resolution is passed if that is earlier. The first of these will be proposed as an ordinary resolution, so will be passed if more than 50% of the votes cast are in favour. The other two will be proposed as special resolutions, which means at least 75% of the votes cast must be in favour for them to pass. These authorities provide the Board with flexibility to deal with share overhangs or shortages in the market.

Resolution 12 (ordinary) is to renew the Directors' authority to allot shares subject to pre-emption, which means that they must be first offered to all existing shareholders, such as by means of a rights issue, up to an aggregate nominal value of £2,147,978 (10% of the Company's issued share capital excluding shares held in treasury at 31 May 2020).

Resolution 13 (special) is to renew the Directors' authority to disapply pre-emption rights on shares issued for cash up to an aggregate nominal value of £2,147,978 (10% of the Company's issued share capital excluding shares held in treasury at 31 May 2020). This will allow shares to be issued to new shareholders without them first having to be offered to existing shareholders, thus broadening the shareholder base of the Company. This authority will not be exercised at a price below NAV so the interests of existing shareholders are not diluted.

Resolution 14 (special) is to renew the authority for the Company to purchase its own shares up to 14.99% of the Company's issued share capital excluding shares held in treasury as at the date of the AGM, subject to the restrictions referred to in the notice of the AGM (equivalent to 32,198,203 shares at 31 May 2020), either to be cancelled or, alternatively, to be held as treasury shares with a view to their resale, if appropriate, or later cancellation. Any resale of treasury shares will be on terms that are in the best interests of shareholders.

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

The Directors have carefully considered all resolutions proposed in the Notice of AGM (set out on pages 63 to 66) and, in their opinion, consider them to be in the best interests of shareholders as a whole.

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

By order of the Board
Invesco Asset Management Limited
Company Secretary

1 June 2020

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

The Company's auditor is required to audit certain of the disclosures provided in this Report. Where disclosures have been audited, they are indicated in this Report. The independent auditor's opinion is included on pages 37 to 44.

Remuneration Responsibilities

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

Directors' Remuneration Policy

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

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

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

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

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

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

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

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

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

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

Annual Statement on Directors' Remuneration

During the year to 31 March 2020, the Directors were paid fees at the following rates: Chairman, £37,500; Audit Committee Chairman, £31,250; Senior Independent Director, £29,000; and the other Directors, £25,000. Directors' remuneration received in the current year and prior year are set out on page 34.

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

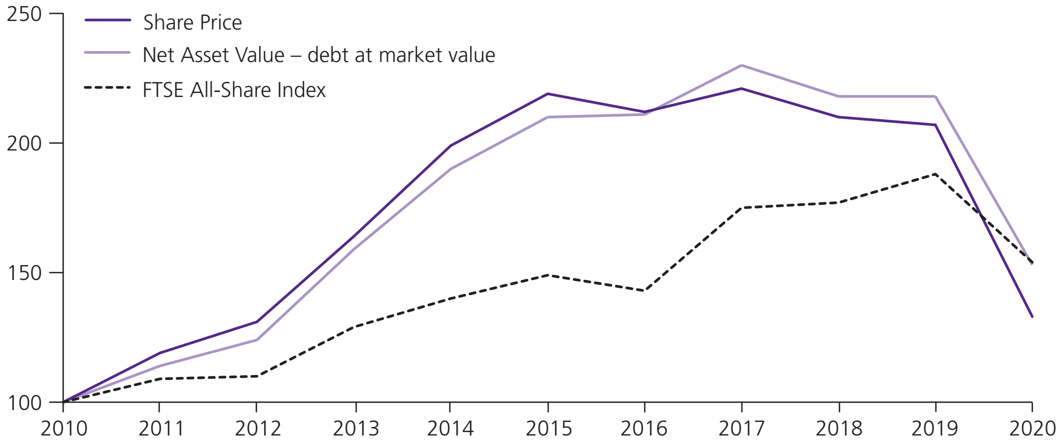
DIRECTORS' REMUNERATION REPORT
continued

Report on Remuneration for the Year Ended 31 March 2020

The Company's Performance

The graph below plots, in annual increments, the net asset value total return and share price total return to ordinary shareholders compared to the total return of the FTSE All-Share Index over the ten years to 31 March 2020. This index is the benchmark adopted by the Company for comparison purposes.

Figures have been rebased to 100 at 31 March 2010.



Single Total Figure of Remuneration for the year (Audited)

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

	2020 FEES £	2020 TAXABLE BENEFITS(1) £	2020 TOTAL £	2019 FEES £	2019 TAXABLE BENEFITS(1) £	2019 TOTAL £
Richard Laing	37,500	1,164	38,664	37,500	600	38,100
Victoria Cochrane	31,250	—	31,250	31,250	—	31,250
Alan Giles	29,000	—	29,000	27,827	—	27,827
Bob Yerbury	25,000	—	25,000	25,000	—	25,000
Mike Balfour	25,000	3,768	28,768	25,000	1,481	26,481
Georgina Field(2)	22,917	—	22,917	—	—	—
Vivian Bazalgette(3)	—	—	—	8,581	—	8,581
	170,667	4,932	175,599	155,158	2,081	157,239

(1) Taxable benefits relate to the grossed up costs of travel.
(2) Appointed 1 May 2019.
(3) Resigned 17 July 2018.

Directors' Shareholdings and Share Interests (Audited)

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

ORDINARY SHARES	2020 ORDINARY SHARES	2019 ORDINARY SHARES
Mike Balfour	20,000	20,000
Victoria Cochrane	10,000	10,000
Georgina Field	—	—
Alan Giles	10,000	10,000
Richard Laing	10,000	10,000
Bob Yerbury	10,000	10,000

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

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

Relative Importance of Spend on Pay

The Company has no employees. The following table compares the remuneration paid to the non-executive Directors with aggregate distributions to shareholders in respect of the year to 31 March 2020 and the prior year:

	2020 £'000	2019 £'000	CHANGE £'000
Aggregate Directors' Remuneration	176	157	+19
Aggregate Shareholder Distributions			
– Dividends paid	32,820	34,674	–1,854
– Shares bought back	77,014	3,572	+73,442
– Total	109,834	38,246	+71,588

Voting at Past Annual General Meetings

A resolution to approve the Annual Statement and Report on Directors' Remuneration included in the last annual financial report was passed on a poll at the AGM held on 16 July 2019. A resolution to approve the Directors' remuneration policy was passed by show of hands at the AGM held on 17 July 2018. The poll result in 2019 in respect of the former and the proxy votes registered (including votes at the Chairman's discretion) in 2018 in respect of the latter were as follows:

	VOTES FOR	%	VOTES AGAINST	%	VOTES WITHHELD
Annual Statement and Report on Remuneration	93,019,961	99.7	300,533	0.3	56,600
Directors' Remuneration Policy	79,062,713	99.6	277,769	0.4	72,187

Approval

This Directors' Remuneration Report was approved by the Board of Directors on 1 June 2020.

Richard Laing
Chairman

Signed on behalf of the Board of Directors

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

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

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

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

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

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

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

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

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

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

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

Signed on behalf of the Board of Directors

Richard Laing
Chairman
1 June 2020

Electronic Publication

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PERPETUAL INCOME AND GROWTH INVESTMENT TRUST PLC

Opinion

We have audited the financial statements of Perpetual Income and Growth Investment Trust plc for the year ended 31 March 2020 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Material Uncertainty related to Going Concern

We draw attention to Note 1(a) in the financial statements, which indicates that the ability of the Company to continue as a going concern is subject to a number of material uncertainties.

On 6 April 2020, the Board served protective notice of termination to the Manager. The search for a new investment manager is ongoing at the date of this audit opinion. This has given rise to the following material uncertainties:

1. An outcome of the search for a new investment manager might be a corporate event, such as a merger. There is therefore a risk that the Company will be wound up within the next twelve months.
2. The Company is required to hold a continuation vote every five years with the next vote due at or before the 2021 Annual General Meeting. Without knowing who the new manager will be the Directors are unable to assess whether their investment proposition will allow the continuation vote to pass. If the continuation vote does not pass by ordinary consent the Company would be wound up.

Our opinion is not modified in respect of these matters.

We describe below how our audit responded to the risk relating to going concern:

- We have ensured that notice of termination was provided to the Manager through reviewing the signed protective notice of termination issued and the related terms and conditions around the succession.
- We obtained and reviewed minutes of Board meetings covering the search for a new investment manager. We challenged the Directors on the impact that this had on the basis of preparation of the financial statements.
- We reviewed whether the Annual Financial Report transparently presented the progress and associated risks with replacing the manager.

INDEPENDENT AUDITOR'S REPORT

continued

We draw attention to the viability statement in the Annual Financial Report on pages 14 and 15, which indicates that it is not possible to predict the outcome of the prospective change in investment manager or whether shareholders will pass the continuation vote in 2021. The Directors consider that these are material uncertainties in respect of going concern and may cast significant doubt over the future viability of the Company in its current legal form should the search for a successor manager result in a corporate event or if the continuation vote to be held in 2021 does not pass. Our opinion is not modified in respect of this matter.

Conclusions relating to principal risks, going concern and viability statement

Aside from the impact of the matters disclosed in the material uncertainty related to going concern section, we have nothing to report in respect of the following information in the Annual Financial Report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Financial Report set out on pages 13 and 14 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 13 in the Annual Financial Report that they have carried out a robust assessment of the emerging and principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 48 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on pages 14 and 15 in the Annual Financial Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Incomplete and inaccurate revenue recognition, including classification of special dividends as Revenue or Capital in the Statement of Comprehensive Income. • Incorrect valuation and or defective title of the investment portfolio. • Impact of Covid-19.
Materiality	• Overall materiality of £5.4 million which represents 1% of net assets.

Key audit matters

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

<table>
<tr><th>Risk</th><th>Our response to the risk:</th></tr>
<tr><td>

Incomplete and inaccurate revenue recognition, including classification of special dividends as Revenue or Capital in the Statement of Comprehensive Income

In the year under review there were £0.6 million (2019: £0.6 million) special dividends recorded as Revenue and £0.9 million (2019: £0.6 million) special dividends recorded as Capital.

Income is received primarily in the form of dividends from the listed equity investments.

Dividend income for the year totalled £41.4 million (2019: £39.7 million) inclusive of special dividends charged to Revenue.

The investment income earned by the Company during the year directly affects the Company's ability to pay a dividend to shareholders. There is therefore a risk of incomplete or inaccurate recognition of revenue.

In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as "Revenue" or "Capital".

</td><td>

- We performed walkthrough procedures to gain an understanding of Invesco Fund Managers Limited's ('the Manager') and Bank of New York Mellon (International) Limited's ('the Administrator') processes and controls surrounding revenue recognition including the allocation of special dividends.
- We agreed a sample of dividends paid on investments held during the year per an independent source to the income report.
- We agreed 100% of dividends received and receivable from investments per the income report to the corresponding announcement made by the investee company. We recalculated the total consideration and verified the cash receipts to bank statements.
- We agreed 100% of accrued dividend rates to an external source, recalculated the dividend amount receivable and agreed cash received to post period end bank statements.
- We reviewed the calculation of withholding tax incurred on income received from foreign jurisdictions and checked that the correct rates have been applied.
- For all four special dividends, we recalculated and assessed the appropriateness of the allocation between Revenue and Capital through reviewing the substance of the payment through analysing how these proceeds had been earned by the investee company.
- We performed a review of the income and capital reports to identify special dividends above our testing threshold that had been received or accrued during the period. Within the income report we checked, for key items and a representative sample, whether they were identified as 'special' per a third-party source and for the capital report we searched for disposals with a book cost of nil as a test of completeness.
- We agreed the dividend rates for all special dividends received as per the underlying financial records to an independent source and agreed the consideration net of withholding taxes to bank statements as supporting documentation.
- We tested for the risk of management override through agreeing all manual journal entries posted to the income account to the income report and corroborating their business purpose and rationale.

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Key observations communicated to the Audit Committee

Based on the work performed we had no matters to report to the Audit Committee.

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</table>

INDEPENDENT AUDITOR'S REPORT

continued

Risk	Our response to the risk:
Incorrect valuation and or defective title of the investment portfolio The investment portfolio totalled £632.1 million (2019: £1,017.2 million) of which £6.4 million was held in unlisted investments (2019: £16.8 million). The investment portfolio management is sub-delegated to Invesco Asset Management Limited, an associate company of the Manager. The Company's investment portfolio consists mainly of listed equity investments which are held at fair value in line with the Company's accounting policy. All investments are held independently by the Custodian and are reconciled by the Depositary (both 'The Bank of New York Mellon (International) Limited') to the Company's own records. Quoted investments are valued at bid price at the close of business on the relevant date on the exchange on which they are listed. Unquoted investments are valued at fair value by the Directors. The Company price unquoted investments in line with the International Private Equity and Venture Capital Guidelines. The incorrect valuation of the investment portfolio, including incorrect application of exchange rates, and the risk of misappropriation of assets or the assessment of stock liquidity, could have a significant impact on the financial statements.	● We obtained confirmation from the Custodian and Depositary of all investments held at the year-end and agreed those to the Company's records. Quoted ● We obtained an understanding of the Administrator's process surrounding quoted investments by reviewing their internal control reports and by performing our walkthrough procedures. ● We agreed 100% of quoted investment valuations and exchange rates to an independent pricing vendor. ● We reviewed pricing exception and stale pricing reports to identify illiquid or non-priced securities to determine if their price represents fair value. Where securities were flagged as stale we challenged whether their price indeed represents fair value. The only non priced securities represented level 3 investments. Unquoted ● We obtained an understanding of the Administrator's process surrounding unquoted investments by reviewing their internal control reports and by performing our walkthrough procedures. ● We agreed the valuations to supporting documents, including recent transaction data, financial performance data from the portfolio Company's management, independent third-party valuation reports and Invesco Unquoted Pricing Committee minutes. ● For investments above our testing threshold we discussed with management the pricing methodology applied and assessed whether it was appropriate, in particular challenging the judgments made in forming the valuation. ● We confirmed that the unquoted valuations were performed in accordance with the Company's accounting policies as set out in the Company's financial statements.
Key observations communicated to the Audit Committee Based on the work performed we had no matters to report to the Audit Committee.	

Risk	Our response to the risk:
Impact of Covid-19 The recent outbreak of a novel and highly contagious form of coronavirus ("Covid-19"), which the World Health Organization has declared to constitute a pandemic, has adversely impacted global commercial activity and contributed to significant declines in global equity and debt markets. It is uncertain how long this volatility will continue. As Covid-19 continues to spread, the potential impact, including a global, regional or other economic recession, is increasingly uncertain and difficult to assess. The outbreak and the resulting financial and economic market uncertainty described above could have a significant adverse impact on the operations and financial outlook of the Company such as its ability to meet its financial covenants, which potentially could also lead to the improper application of the directors' going concern assumption.	• We discussed with the Directors whether they had assessed the impact, caused by Covid-19, on the going concern and viability of the Company, and reviewed the assessment that they had prepared challenging the assumptions and judgments that have been made. We reviewed that the assessment and outcome was disclosed in the Annual Financial Report and financial statements of the Company. • We reviewed and challenged the inputs and assumptions to the Company's going concern assessment which included revenue forecasts and, as a result of the impact of Covid-19, various stress testing scenarios in order to determine whether the Company remains able to meet its financial obligations as they fall due and comply with its financial covenants for the foreseeable future.
Key observations communicated to the Audit Committee Based on the work performed we had no matters to report to the Audit Committee.	

The first two key audit matters are consistent with the prior year. The final key audit matter has been included during the current year audit.

An overview of the scope of our audit

Tailoring the scope

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

As a result of Covid-19, the year-end audit fieldwork was executed remotely. All audit evidence was received electronically and there were no on-site visits. All meetings with the Manager and the Directors were conducted virtually and all audit queries were discussed over video conferencing. The audit team encountered no difficulties in connecting virtually with the Manager or the Directors and were able to execute the year-end audit fieldwork effectively.

Our application of materiality

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

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures. We determined materiality for the Company to be £5.4 million (2019: £8.8 million), which is 1% of net assets. We believe that net assets is the most appropriate measure as it is the primary measure that investors use to assess the performance of the Company.

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

INDEPENDENT AUDITOR'S REPORT

continued

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% of our planning materiality, namely £4.1 million (2019: £6.6 million). We have set performance materiality at this percentage due to the absence of significant errors noted in the current year audit and based on our assessment of the control framework at the Company.

Given the importance of the distinction between Revenue and Capital for the Company we also apply a separate, lower performance materiality of £1.9 million (2019: £1.8 million) for the Revenue column of the Income Statement being 5% of the Revenue return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial. We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3 million (2019: £0.4 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the Annual Financial Report, set out on pages 1 to 72, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

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

- **Fair, balanced and understandable set out on page 36** – the statement given by the Directors that they consider the Annual Financial Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 23** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 22** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT
continued

Our approach was as follows:

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

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

Other matters we are required to address

- We were appointed by the company on 8 March 2016 to audit the financial statements for the year ending 31 March 2016 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 31 March 2016 to 31 March 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

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

1 June 2020

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2020 REVENUE £'000	2020 CAPITAL £'000	2020 TOTAL £'000	2019 REVENUE £'000	2019 CAPITAL £'000	2019 TOTAL £'000
Losses on investments held at fair value	9	—	(256,418)	(256,418)	—	(31,748)	(31,748)
Losses on foreign exchange		—	(110)	(110)	—	(2)	(2)
Income	2	40,465	888	41,353	39,222	577	39,799
Investment management fee	3	(1,562)	(3,645)	(5,207)	(1,803)	(4,206)	(6,009)
Other expenses	4	(613)	(3)	(616)	(629)	(1)	(630)
Net return before finance costs and taxation		38,290	(259,288)	(220,998)	36,790	(35,380)	1,410
Finance costs	5	(1,103)	(2,572)	(3,675)	(1,067)	(2,489)	(3,556)
Return on ordinary activities before taxation		37,187	(261,860)	(224,673)	35,723	(37,869)	(2,146)
Tax on ordinary activities	6	(1,072)	—	(1,072)	(697)	—	(697)
Return on ordinary activities after taxation for the financial year		36,115	(261,860)	(225,745)	35,026	(37,869)	(2,843)
Return per ordinary share:							
Basic	7	15.95p	(115.68)p	(99.73)p	14.60p	(15.79)p	(1.19)p

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
At 31 March 2018	24,043	265,233	602,836	31,817	923,929
Return on ordinary activities	—	—	(37,869)	35,026	(2,843)
Dividends paid – note 8	—	—	—	(35,968)	(35,968)
Shares bought back and held in treasury – note 13	—	—	(3,572)	—	(3,572)
At 31 March 2019	24,043	265,233	561,395	30,875	881,546
Return on ordinary activities	—	—	(261,860)	36,115	(225,745)
Dividends paid – note 8	—	—	—	(33,815)	(33,815)
Shares bought back and held in treasury – note 13	—	—	(77,014)	—	(77,014)
At 31 March 2020	24,043	265,233	222,521	33,175	544,972

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

BALANCE SHEET

AS AT 31 MARCH

	NOTES	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	632,111	1,017,184
Current assets			
Debtors	10	12,273	5,296
		12,273	5,296
Creditors: amounts falling due within one year			
Other payables	11	(11,397)	(2,661)
Bank overdraft	11	(20,903)	(33,704)
Bank loan	11	(7,500)	(45,000)
		(39,800)	(81,365)
Net current liabilities		(27,527)	(76,069)
Total assets less current liabilities		604,584	941,115
Creditors: amounts falling due after more than one year	12	(59,612)	(59,569)
Net assets		544,972	881,546
Capital and reserves			
Share capital	13	24,043	24,043
Share premium	14	265,233	265,233
Capital reserve	14	222,521	561,395
Revenue reserve	14	33,175	30,875
Shareholders' funds		544,972	881,546
Net asset value per ordinary share – basic			
– debt at par	15	253.7p	368.2p
– debt at market value	15	246.7p	363.2p

These financial statements were approved and authorised for issue by the Board of Directors on 1 June 2020.

Richard Laing
Chairman
Signed on behalf of the Board of Directors

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2020 £'000	2019 £'000
Cash flow from operating activities			
Net return before finance costs and taxation		(220,998)	1,410
Tax on overseas income	6	(1,072)	(697)
Adjustments for:			
Purchase of investments		(147,522)	(187,646)
Sale of investments		278,472	187,872
		130,950	226
Scrip dividends		(207)	(274)
Losses on investments held at fair value		256,418	31,748
Decrease/(increase) in debtors		173	(1,161)
Decrease in creditors		(495)	(41)
Net cash inflow from operating activities		164,769	31,211
Cash flow from financing activities			
Net (repayment)/drawdown of bank loan and bank overdraft		(50,301)	11,848
Interest paid on overdraft		(415)	(190)
Interest paid on bank loan		(602)	(707)
Interest paid on senior loan notes		(2,622)	(2,622)
Shares bought back and held in treasury		(77,014)	(3,572)
Dividends paid	8	(33,815)	(35,968)
Net cash outflow from financing activities		(164,769)	(31,211)
Net increase/(decrease) in cash and cash equivalents		—	—
Cash and cash equivalents at start of the year		—	—
Cash and cash equivalents at the end of the year		—	—
Cash flow from operating activities includes:			
Dividends received		40,133	37,483
Interest received		1	—

	OVERDRAFT	BANK LOAN	SENIOR LOAN NOTES
Changes in liabilities arising from financing activities:			
Opening balance as at 31 March 2019	33,704	45,000	59,569
(Decrease)/increase in the liabilities in the year	(12,801)	(37,500)	43
Closing balance as at 31 March 2020	20,903	7,500	59,612

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

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

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

(a) Basis of Preparation

Accounting Standards applied

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) and with the Statement of Recommended Practice *Financial Statements of Investment Trust Companies and Venture Capital Trusts*, issued by the Association of Investment Companies in October 2019 (SORP).

The financial statements have been prepared on a going concern basis. As at the date of this report and following protective notice of termination being given to the Manager on 6 April 2020, it is not possible to predict whether the outcome of the search for a new investment manager might be a corporate event, such as a merger, or whether shareholders will support the newly appointed investment manager and vote for continuation in 2021. There is therefore a material uncertainty over the outcome of the prospective change of investment manager and whether the continuation vote in 2021 will be passed. The Directors recognise that this may cast significant doubt on the likelihood of the Company continuing as a going concern. Despite this material uncertainty the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due on the grounds that the Company's investment portfolio (including cash) is sufficiently liquid and significantly exceeds all balance sheet liabilities and there are no unrecorded commitments or contingencies. As such, the Directors believe the Company has sufficient liquidity to meet its liabilities for the next twelve months and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future. Further information is given in the Viability Statement on pages 14 and 15 and the Going Concern Statement on page 30.

The revised SORP issued in October 2019 is applicable for accounting periods beginning on or after 1 January 2019. As a result, the presentation of gains and losses arising from disposals of investments and gains and losses on revaluation of investments have now been combined, as shown in note 9 with no impact to the net asset value or profit/(loss) reported for both the current or prior year. No other accounting policies or disclosures have changed as a result of the revised SORP.

The Company has opted to include a Cash Flow Statement for the current and prior year to make the financial statements more relevant to the users.

(b) Foreign Currency and Segmental Reporting

(i) *Functional and presentational currency*

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

(ii) *Transactions and balances*

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

(iii) *Segmental reporting*

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

(c) Amounts recognised in Capital Reserves

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

(d) Financial Instruments

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

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

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

(ii) *Derecognition of financial assets*

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

(iii) *Derecognition of financial liabilities*

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

(iv) *Trade date accounting*

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

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

Financial assets

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

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

Fair value for investments that are actively traded in organised financial markets is determined by reference to stock exchange quoted bid prices at the balance sheet date. For investments that are not actively traded or where active stock exchange quoted bid prices are not available, fair value is determined by reference to a variety of valuation techniques including broker quotes and price modelling. Where there is no active market, unlisted/illiquid investments were valued by the Directors at fair value taking into consideration the recommendations from Invesco's Unquoted Pricing Committee (UPC), which in turn is guided by the International Private Equity and Venture Capital Association Guidelines. The UPC approve the recommendation of independent pricing team responsible for valuation of the unquoted equity instruments. Unquoted equity investments are stratified according to their risk profile and valuations may be performed internally or outsourced to third party valuation experts. Where a third party valuation expert is used, the Company, through its Manager, uses Duff & Phelps as its third-party valuation provider. Valuations reports from Duff & Phelps are reviewed and included as an input in the final determination of valuation assessment. The unlisted investment valuations were reviewed on a quarterly basis and at specific trigger events. These are evaluated using valuation techniques such as earnings multiples, net assets and milestones attained.

Financial liabilities

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

(e) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Principal Accounting Policies (continued)

(f) Derivatives

Forward currency contracts may be entered into for hedging purposes and are valued at the appropriate forward exchange rate ruling at the balance sheet date. Profits or losses on the closure or revaluation of positions are recognised in the income statement and included in capital. No forward currency contracts were entered into during the year (2019: none).

(g) Income

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

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

(h) Expenses and Finance Costs

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

(i) Taxation

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

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

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

(j) Dividends

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

2. Income

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

	2020 £'000	2019 £'000
Income from investments		
UK dividends	28,350	29,619
UK special dividends	320	576
UK unfranked investment income	911	1,038
Overseas dividends	10,254	7,568
Overseas special dividends	284	—
Scrip dividends	207	274
	40,326	39,075
Other income		
Deposit interest	1	—
Other	138	147
	139	147
Total income	40,465	39,222

Special dividends of £888,000 were recognised in capital during the year (2019: £577,000).

3. Investment Management Fees

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

	2020			2019		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Investment management fee	1,562	3,645	5,207	1,803	4,206	6,009

Details of the Investment Management Agreement can be found on page 29.

At 31 March 2020, £950,000 (2019: £1,470,000) was accrued in respect of the investment management fee.

4. Other expenses

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

	2020			2019		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Directors' remuneration (i)	176	—	176	157	—	157
Auditors' fees (ii):						
– for audit of the Company's annual financial statements	40	—	40	28	—	28
Other expenses (iii)	397	3	400	444	1	445
	613	3	616	629	1	630

(i) The Directors' Remuneration Report provides further information on Directors' fees.

(ii) Auditor's fees include expenses but excludes VAT. The VAT is included in other expenses.

(iii) Other expenses include:
- £16,000 (2019: £15,000) of employer's National Insurance payable on Directors' remuneration. As at 31 March 2020, the amounts outstanding on Directors' remuneration and employer's National Insurance was £17,000 (2019: £22,000); and
- custodian transaction charges of £3,000 (2019: £1,000). These are charged to capital.

5. Finance costs

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

	2020			2019		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Interest payable on borrowings repayable not by instalment:						
Within 1 year:						
Interest on loan facility	179	417	596	211	491	702
Overdraft interest	125	290	415	57	133	190
More than 1 year:						
Notes	799	1,865	2,664	799	1,865	2,664
	1,103	2,572	3,675	1,067	2,489	3,556

Loan notes are amortised on an effective interest basis.

NOTES TO THE FINANCIAL STATEMENTS

continued

6. Tax on ordinary activities

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

(a) Tax Charge

	2020 £'000	2019 £'000
Overseas taxation	1,072	697

(b) Reconciliation of Tax Charge

	2020 £'000	2019 £'000
Return on ordinary activities before taxation	(224,673)	(2,146)
Theoretical tax at the current UK Corporation Tax rate of 19% (2019: 19%)	(42,688)	(408)
Effects of:		
– Non-taxable UK dividends	(4,617)	(4,940)
– Non-taxable UK special dividends	(230)	(219)
– Non taxable scrip dividends	(39)	(52)
– Non-taxable overseas dividends	(1,926)	(1,334)
– Non-taxable overseas special dividends	(54)	—
– Non-taxable loss on investments	48,720	6,032
– Non-taxable gains on foreign exchange	(1)	—
– Excess of allowable expenses over taxable income	835	1,024
– Accrued income taxable on receipt	—	(103)
– Overseas taxation	1,072	697
Tax charge for the year	1,072	697

(c) Factors that may affect future tax changes

The Company has cumulative excess management expenses of £183,123,000 (2019: £183,572,000) that are available to offset future taxable revenue.

A deferred tax asset of £34,793,000 (2019: £31,207,000) at 19% (2019: 17%) has not been recognised in respect of these expenses since tax is recoverable only to the extent that the Company has sufficient future taxable revenue. On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

7. Return per Ordinary Share

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

	2020		2019	
	PENCE	£'000	PENCE	£'000
Returns after taxation:				
– revenue	15.95	36,115	14.60	35,026
– capital	(115.68)	(261,860)	(15.79)	(37,869)
– total	(99.73)	(225,745)	(1.19)	(2,843)
		NUMBER		NUMBER
Weighted average number of ordinary shares in issue during the year:		226,364,671		239,909,364

8. Dividends on Ordinary Shares

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

Dividends paid and recognised in the year:

	2020		2019	
	PENCE	£'000	PENCE	£'000
Fourth interim in respect of previous year	4.75	11,305	4.45	10,698
First interim paid	3.40	7,752	3.25	7,804
Second interim paid	3.40	7,452	3.25	7,784
Third interim paid	3.40	7,306	3.25	7,781
	14.95	33,815	14.20	34,067
Special dividend paid in respect of previous year	—	—	0.80	1,924
	14.95	33,815	15.00	35,991
Return of unclaimed dividends from previous years	—	—	—	(23)
	14.95	33,815	15.00	35,968

Dividends payable in respect of the year:

	2020		2019	
	PENCE	£'000	PENCE	£'000
First interim paid September	3.40	7,752	3.25	7,804
Second interim paid December	3.40	7,452	3.25	7,784
Third interim paid March	3.40	7,306	3.25	7,781
Fourth interim payable June	4.80	10,310	4.75	11,305
	15.00	32,820	14.50	34,674

9. Investments Held at Fair Value Through Profit and Loss

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

Gains and losses are either:

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

(a) Investments

	2020 £'000	2019 £'000
Investments listed on a recognised investment exchange	625,733	1,000,337
Unlisted or not regularly traded investments at Directors' valuation	6,378	16,847
	632,111	1,017,184
Opening book cost	1,034,215	968,328
Opening investment holding gains	(17,031)	79,883
Opening valuation	1,017,184	1,048,211
Movements in year:		
Purchases at cost	156,967	184,242
Sales – proceeds	(285,622)	(183,521)
Losses on investments in the year	(256,418)	(31,748)*
Closing valuation	632,111	1,017,184
Closing book cost	881,977	1,034,215
Closing investment holding losses	(249,866)	(17,031)
Closing valuation	632,111	1,017,184

NOTES TO THE FINANCIAL STATEMENTS

continued

9. Investments Held at Fair Value Through Profit and Loss (continued)

(a) Investments (continued)

The Company received £285,622,000 (2019: £183,521,000) from investments sold in the year. The book cost of these investments when they were purchased was £309,204,000 (2019: £118,355,000) realising a loss of £23,582,000 (2019: profit of £65,166,000). These investments have been revalued over time and until they were sold any unrealised profits/losses were included in the fair value of the investments.

* In accordance with the revised SORP issued in October 2019 (see Note 1(a)). The loss on investments figure of £31,748,000 for the year ended 31 March 2019 is as follows:

	2019 £'000
Net realised profit on sales	65,166
Investment holding loss in the year	(96,914)
Loss on investments	(31,748)

(b) Transaction Costs

The transaction costs included in losses on investments amount to £530,000 (2019: £489,000) on purchases and £177,000 (2019: £252,000) for sales.

(c) Significant holdings

At 31 March 2020 the Company had holdings of 3% or more of the number of shares in issue of the following investments:

NAME OF UNDERTAKING	COUNTRY OF INCORPORATION	INSTRUMENT	% HELD
Jaguar Health[UQ]	United States	'B' convertible preferred	21.6%
infirst Healthcare[UQ]	England and Wales	US preferred shares	16.9%
Flarin[UQ]	England and Wales	'B' shares	13.0%
Jaguar Health[UQ]	United States	'A' convertible preferred	10.1%
SciFluor Life Sciences[UQ]	United States	'A' convertible preferred shares	9.3%
Real Estate Investors[AIM]	England and Wales	Ordinary shares	9.0%
Urban Exposure[AIM]	England and Wales	Ordinary shares	8.1%
infirst Healthcare[UQ]	England and Wales	'D' shares	7.5%
Marwyn Value Investors	Cayman Islands	Ordinary shares	7.3%
Lombard Medical	Cayman Islands	US common stock	6.8%
Aquis Exchange[AIM]	England and Wales	Ordinary shares	6.7%
Randall & Quilter[AIM]	Bermuda	Ordinary shares	5.3%
HWSI Realisation (formerly 'Hadrian's Wall Secured Investments')	Guernsey	Ordinary shares	5.2%
Eurovestech[UQ]	England and Wales	Ordinary shares	4.5%
Secure Trust Bank	England and Wales	Ordinary shares	4.3%
Jaguar Health[UQ]	United States	Indemnity shares	4.2%
Harworth	England and Wales	Ordinary shares	3.5%
McBride	England and Wales	Ordinary shares	3.3%

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

10. Debtors

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

	2020 £'000	2019 £'000
Amounts due from brokers	8,324	1,174
Overseas withholding tax recoverable	2,189	1,550
Prepayments and accrued income	1,760	2,572
	12,273	5,296

11. Creditors: amounts falling due within one year

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

	2020 £'000	2019 £'000
Amounts due to brokers	9,238	—
Accruals	2,159	2,661
Other payables	11,397	2,661
Bank overdraft	20,903	33,704
Bank loan	7,500	45,000
	39,800	81,365

The Company has an uncommitted bank overdraft facility of £60 million (2019: £80 million) and an uncommitted bank loan facility of £40 million (2019: £60 million) renewable on 27 November 2020, limited in aggregate to the lower of 25% of net asset value of the Company or £100 million. Both are repayable on demand.

Interest is payable on both facilities at a margin over the Bank of England base rate. The covenants under both facilities require total assets to not fall below £460 million (2019: £620 million).

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

	2020 £'000	2019 £'000
Debenture Stock:		
4.37% senior secured notes 2029	60,000	60,000
Unamortised issue costs	(388)	(431)
	59,612	59,569

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

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

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

13. Share Capital

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

	AT 31 MARCH 2020	AT 31 MARCH 2019
Share capital:		
Ordinary shares of 10p each (£'000)	21,480	23,941
Treasury shares of 10p each (£'000)	2,563	102
	24,043	24,043
Number of ordinary shares in issue, excluding shares held in treasury:		
Brought forward	239,412,350	240,432,350
Shares bought back and held in treasury	(24,614,463)	(1,020,000)
Carried forward	214,797,887	239,412,350

NOTES TO THE FINANCIAL STATEMENTS

continued

13. Share Capital (continued)

During the year the Company bought back, into treasury, 24,614,463 (2019: 1,020,000) ordinary shares at an average price of 310.7p (2019: 347.7p). No shares have been bought back since the year end.

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

14. Reserves

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

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

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

15. Net Asset Value

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

The following table shows the shareholders' funds and net asset value (NAV) in pence per share, together with a reconciliation of the NAV with debt at par to NAV with debt at market value. The difference in the NAVs arises solely from the valuation of the 4.37% senior secured loan notes 2029 (Notes).

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

	2020 SHAREHOLDERS' FUNDS £'000	2020 NAV PER SHARE PENCE	2019 SHAREHOLDERS' FUNDS £'000	2019 NAV PER SHARE PENCE
NAV – debt at par	544,972	253.7	881,546	368.2
Add back: debt at par, after amortised costs (note 12)	59,612	27.8	59,569	24.9
Deduct: debt at market value (note 17)	(74,706)	(34.8)	(71,472)	(29.9)
NAV – debt at market value	529,878	246.7	869,643	363.2

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

16. Risk Management and Financial Instruments

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

The Company's strategy for managing investment risk is determined with regard to the Company's Investment Policy, as shown on page 10. The management of market risk is part of the investment management process. The Company's portfolio is managed in accordance with the internal controls and risk management systems as described in the sections thereon in the Corporate Governance Statement (page 22) and in the Audit Committee Report (page 23). The overall disposition of the Company's assets is reviewed by the Board on a regular basis.

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

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

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

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

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

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

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

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

Risk Management Policies and Procedures

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

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

16.1 ***Market Risk***

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

16.1.1 *Currency risk*

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

Management of the currency risk

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

Forward currency contracts can be used to reduce the Company's exposure to anticipated future changes in exchange rates which are used also to achieve the portfolio characteristics that assist the Company in meeting its investment objective and policies. All contracts are limited to currencies and amounts commensurate with the asset denominated in those currencies. During the year, no forward currency contracts were used by the Company (2019: none).

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

NOTES TO THE FINANCIAL STATEMENTS
continued

16. Risk Management and Financial Instruments (continued)

16.1 ***Market Risk*** *(continued)*

16.1.1 ***Currency risk*** *(continued)*

Currency exposure

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

31 MARCH 2020	DANISH KRONA £'000	EURO £'000	SWISS FRANC £'000	US DOLLAR £'000
Foreign currency exposure on net monetary items	171	565	1,839	742
Investments at fair value through profit or loss	15,344	12,410	48,042	14,453
Total net foreign currency	15,515	12,975	49,881	15,195

31 MARCH 2019	DANISH KRONA £'000	EURO £'000	SWISS FRANC £'000	US DOLLAR £'000
Foreign currency exposure on net monetary items	—	145	1,405	814
Investments at fair value through profit or loss	—	—	53,877	28,460
Total net foreign currency	—	145	55,282	29,274

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

Currency sensitivity

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

The possible change in exchange rates of ±2.8% (2019: N/A) for Danish krona, ±2.7% (2019: ±1.4%) for Euros, ±3.3% (2019: ±2.5%) for Swiss francs and ±2.8% (2019: ±2.8%) for US dollars has been determined based on market volatility in the year, using the standard deviation of sterling's fluctuation to the applicable foreign currency against the mean.

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

2020	DANISH KRONA £'000	EURO £'000	SWISS FRANC £'000	US DOLLAR £'000
Income statement profit/(loss) after taxation				
Revenue return	(5)	(84)	(50)	(51)
Capital return	(434)	(335)	(1,585)	(411)
Total Return after taxation for the year	(439)	(419)	(1,635)	(462)

2019	DANISH KRONA £'000	EURO £'000	SWISS FRANC £'000	US DOLLAR £'000
Income statement profit/(loss) after taxation				
Revenue return	—	(7)	(35)	(48)
Capital return	—	—	(1,347)	(797)
Total Return after taxation for the year	—	(7)	(1,382)	(845)

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

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

16.1.2 ***Interest rate risk***

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

At the maximum overdraft and loan of £100 million (2019: £140 million), the effect of a ±1% in the interest rate would result in a decrease/increase to the Company's income statement of £1.0 million (2019: £1.4 million).

16.1.3 ***Other price risk***

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

Management of other price risk

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

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

If the value of the portfolio rose or fell by 10% at the balance sheet date, the return after tax for the year would increase or decrease by £63.2 million (2019: £101.7 million) respectively.

16.2 ***Liquidity risk***

Liquidity risk is minimised as the majority of the Company's investments are readily realisable securities which can be sold to meet funding commitments as necessary. In addition, the £100 million bank overdraft and loan facility provides for additional funding flexibility.

NOTES TO THE FINANCIAL STATEMENTS

continued

16. Risk Management and Financial Instruments (continued)

16.2 ***Liquidity risk*** *(continued)*

2020	LESS THAN THREE MONTHS £'000	THREE TO TWELVE MONTHS £'000	MORE THAN ONE YEAR £'000	TOTAL £'000
Bank overdraft	20,903	—	—	20,903
Bank loan	7,500	—	—	7,500
Notes	—	—	60,000	60,000
Interest on Notes	1,311	1,311	22,287	24,909
Amount due to brokers	9,238	—	—	9,238
Accruals (excluding amount accrued on Notes)	1,125	—	—	1,125
	40,077	1,311	82,287	123,675

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

16.3 ***Credit risk***

Encompasses the failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered. This risk is minimised by using only approved counterparties and transactions on a delivery versus payment basis. The Company's ability to operate in the short-term may be adversely affected if the Company's custodian suffers insolvency or other financial difficulties. However, with the support of the depositary's restitution obligation the risk of outright credit loss on the investment portfolio is remote. The Board reviews the custodian's annual controls report and the Manager's management of the relationship with the custodian. Cash balances are limited to a maximum of 1% of net assets with any one deposit taker, with only approved deposit takers being used. This limit is at the discretion of the Board and is reviewed on a regular basis. No cash was held at the year end (2019: £nil).

The maximum credit risk exposure arises from amounts due from brokers £8,324,000 (2019: £1,174,000) shown in note 10.

17. Fair Value

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

Fair Value Hierarchy Disclosures

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

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

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

The Directors have valued Oxford Sciences Innovation, the Company's largest unquoted holding, on the basis of its latest available net asset value, discounted for uncertainty as to the values of its underlying investments because of Covid-19. All of the Company's other unquoted investments were marked down by 60% on 31 March 2020 to reflect market conditions because of Covid-19 and the announcement by Invesco that it was seeking to exit from exposure to unquoted securities. Prior to the adjustment, the unquoted portfolio was reviewed and valued in accordance with the valuation policy as described in note 1(v).

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

Valuation techniques used for Level 3 investments

	2020 £'000	2019 £'000
Net assets	5,702	14,006
Milestones or expected returns	676	2,841
	6,378	16,847

2020	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Financial assets designated at fair value through profit or loss:				
Quoted investments – Equities	625,733	—	—	625,733
Unquoted investments	—	—	6,378	6,378
Total for financial assets	625,733	—	6,378	632,111

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

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

	2020		2019	
	BOOK VALUE £'000	FAIR VALUE £'000	BOOK VALUE £'000	FAIR VALUE £'000
4.37% senior secured loan notes 2029	60,000	74,706	60,000	71,472
Discount on issue of Notes	(388)	—	(431)	—
	59,612	74,706	59,569	71,472

NOTES TO THE FINANCIAL STATEMENTS

continued

18. Capital Management

The Company's total capital employed at 31 March 2020 was £632,987,000 (2019: £1,019,819,000) comprising borrowings of £88,015,000 (2019: £138,273,000) and equity share capital and other reserves of £544,972,000 (2019: £881,546,000).

The Company's total capital employed is managed to achieve the Company's investment objective and policy as set out on page 10, including that borrowings may be used to raise equity exposure up to a maximum of 25% of net assets. At the balance sheet date, gross gearing was 19.5% (2019: 17.3%) and equalled net gearing. The Company's policies and processes for managing capital are unchanged from the preceding year.

The main risks to the Company's investments are shown in the Directors' Report under the 'Principal Risks and Uncertainties' section on pages 13 and 14. These also explain that the Company is able to gear and that gearing will amplify the effect on equity of changes in the value of the portfolio.

The Board can also manage the capital structure directly since it has taken the powers, which it is seeking to renew, to issue and buy back shares and it also determines dividend payments. The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by Section 1158 Corporation Tax Act 2010 and by the Companies Act 2006, respectively, and with respect to the availability of the bank facilities, by the terms imposed by the lender. The Board regularly monitors, and has complied with, the externally imposed capital requirements. During the year, the Company reduced the overdraft and loan facilities as detailed in note 11. There was no change to the 4.37% senior secured notes 2029 as detailed in note 12. Current year borrowings comprise drawings on uncommitted bank facilities and the principal outstanding on senior secured notes, details of which are given in notes 11 and 12.

19. Contingencies, Guarantees and Financial Commitments

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

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

20. Related Party Transactions and Transaction with the Manager

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

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

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

21. Post Balance Sheet Event

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

The Board announced on 6 April 2020 that it had served Invesco Fund Managers Limited with protective notice of termination. The ongoing process to appoint a successor manager is causing the Directors to state that there is a material uncertainty as to going concern in relation to the outcome, as stated in Note 1(a). Further, the economic outlook following from Covid-19 and its impact on the Company's investment portfolio continues to be uncertain. As at close of business on 29 May 2020, the Company's NAV, share price and discount were 255.6p, 214.0p and 16.3% respectively. There are no other significant post balance sheet events requiring disclosure.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting (AGM) of Perpetual Income and Growth Investment Trust plc will be held at 43-45 Portman Square, London W1H 6LY at 11am on 21 July 2020 for the following purposes.

Please note that access to this meeting will be restricted. Please refer to Note 1 to this Notice of Annual General Meeting.

Ordinary Business

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

1. To receive the Annual Financial Report for the year ended 31 March 2020.
2. To re-elect Mike Balfour as a Director of the Company.
3. To re-elect Victoria Cochrane as a Director of the Company.
4. To re-elect Georgina Field as a Director of the Company.
5. To re-elect Alan Giles as a Director of the Company.
6. To re-elect Richard Laing as a Director of the Company.
7. To re-elect Bob Yerbury as a Director of the Company.
8. To approve the Company's dividend payment policy as set out on pages 11 and 12 of this annual financial report.
9. To approve the Annual Statement and Report on Remuneration for the year ended 31 March 2020.
10. To re-appoint Ernst & Young LLP as auditor.
11. To authorise the Audit Committee to determine the auditor's remuneration.

Biographies of Directors seeking re-election are shown on pages 19 and 20 of the annual financial report.

Special Business

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

12. THAT:

    the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 as amended from time to time prior to the date of the passing of this resolution (the 'Act') to exercise all powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount (within the meaning of Sections 551(3) and (6) of the Act) of £2,147,978, this being 10% of the Company's issued ordinary share capital excluding shares held in treasury as at 31 May 2020, such authority to expire at the conclusion of the next AGM of the Company or the date fifteen months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired.

13. THAT:

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

    (a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of equity securities where the equity securities attributable respectively to

NOTICE OF ANNUAL GENERAL MEETING

continued

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

(b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £2,147,978, this being 10% of the Company's issued ordinary share capital excluding shares held in treasury as at 31 May 2020.

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

14. THAT:

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

PROVIDED ALWAYS THAT:

(i) the maximum number of Shares hereby authorised to be purchased shall be 14.99% of the Company's issued ordinary shares excluding shares held in treasury on 21 July 2020, being the date of the AGM (equivalent to 32,198,203 shares at 31 May 2020);

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

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

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

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

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

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

15. THAT:

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

The resolutions are explained further in the Directors' Report on page 32.

Dated this 1st June 2020

By order of the Board

Invesco Asset Management Limited
Company Secretary

Notes:

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

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

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

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

   The appointment of a proxy (whether by completion of a form of appointment of proxy, or other instrument appointing a proxy or any CREST proxy instruction) does not prevent a shareholder from attending and voting at the AGM. **However, due to Covid-19 this AGM will be held as a closed meeting and it will not be possible to admit shareholders, their proxies or their corporate representatives. Accordingly, it is recommended that shareholders exercise their votes by means of registering them with the Company's Registrars ahead of the meeting and appoint the Chairman of the meeting as their proxy**.

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

3. A person entered on the Register of Shareholders on 19 July 2020 is entitled to attend and vote at the AGM pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Shareholders after such date shall be disregarded in determining the rights of any person to attend and/or vote at the AGM. If the AGM is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's Register of Shareholders 48 hours before the time fixed for the adjourned meeting.

4. The Register of Directors' Interests, the schedule of matters for the Board, the terms of reference of the Board committees and the letters of appointment for Directors will be provided for inspection upon request to the Company Secretary.

5. A copy of the Company's Articles of Association will be provided for inspection upon request to the Company Secretary.

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

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

NOTICE OF ANNUAL GENERAL MEETING

continued

7. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
8. Any shareholder attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.
9. You may not use any electronic address (any address or number for the purposes of sending or receiving documents or information by electronic means) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
10. As at 31 May 2020 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital excluding shares held in treasury consists of 214,797,887 ordinary shares of 10p carrying one vote each. Therefore, the total voting rights in the Company as at that date are 214,797,887.
11. A copy of this notice (contained within the 2020 annual financial report), and other information required by Section 311A of the Companies Act 2006, can be found at *www.invesco.co.uk/pigit*.
12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006 (the 'Act'), the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's annual accounts and reports (including the Independent Auditor's Report and the conduct of the audit) that are to be laid before the AGM for the financial year beginning on 1 April 2019; or (ii) any circumstance connected with the auditor of the Company appointed for the financial year beginning on 1 April 2019 ceasing to hold office since the previous meeting at which annual financial reports were laid in accordance with Section 437 of the Act (in each case) that the shareholders propose to raise at the relevant AGM. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

SHAREHOLDER INFORMATION

Subscription Shares

Base cost for the calculation of taxation on capital gains

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

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

Ordinary Shares	190.25p
Subscription Shares	34.50p

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

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

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

Net Asset Value (NAV) Publication

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

Share Price Listings

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

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

Manager's Website

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

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

General Data Protection Regulation

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

Financial Calendar

The Company publishes information according to the following calendar:

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

ADVISERS AND PRINCIPAL SERVICE PROVIDERS

All of the following were in place throughout the year.

Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited.

Company Secretary

Invesco Asset Management Limited.
Company Secretarial contact: Paul Griggs

Correspondence Address

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

Registered Office

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

Company Number

Registered in England and Wales
Number 3156676

Corporate Broker

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

Independent Auditor

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

Depositary, Custodian & Banker

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

Invesco Client Services

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

Please feel free to take advantage of their expertise by ringing
☎ 0800 085 8677
www.invesco.co.uk/investmenttrusts

Registrar

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

If your shares are registered in your own name rather than being held through a dealing platform and have queries relating to your shareholding, you should contact the Registrar on:
☎ 0371 664 0300 from the UK, or
☎ +44 371 664 0300 from overseas.

Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9.00am to 5.30pm, Monday to Friday (excluding Bank Holidays).

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

Link Asset Services provide an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at www.linksharedeal.com or
☎ 0371 664 0445.

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

From outside the UK: +44 371 664 0445. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 8.00am to 4.30pm, Monday to Friday (excluding Bank Holidays).

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

The Association of Investment Companies

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

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The calculations shown in the corresponding tables are for the years ended 31 March 2019 and 2020. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability.

Benchmark (or Benchmark Index)

A standard against which performance can be measured, usually an index that averages the performance of companies in a stock market or a segment of the market. The benchmark most often referred to in this annual financial report is the FTSE All-Share Index.

Premium/(Discount) (APM)

Discount is a measure of the amount by which the mid-market price of an investment company share is lower than the underlying net asset value (NAV) of that share. Conversely, Premium is a measure of the amount by which the mid-market price of an investment company share is higher than the underlying net asset value of that share. In this annual financial report the discount is expressed as a percentage of the net asset value per share and is calculated according to the formula set out below. If the shares are trading at a premium the result of the below calculation will be positive and if they are trading at a discount it will be negative.

	PAGE		2020	2019
Share price	2	a	198.6p	323.5p
Net asset value per share – debt at market value (note 15)	56	b	246.7p	363.2p
Discount		c = (a - b) / b	(19.5)%	(10.9)%

Gearing

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

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

Gross Gearing (APM)

This reflects the amount of gross borrowings in use by a company and takes no account of any cash balances. It is based on gross borrowings as a percentage of net assets with debt at market value as shown below.

	PAGE		2020 £'000	2019 £'000
Bank overdraft	46		20,903	33,704
Bank loan	46		7,500	45,000
Senior Secured Notes – debt at market value (note 15)	56		74,706	71,472
Gross borrowings		a	103,109	150,176
Net asset value – debt at market value (note 15)	56	b	529,878	869,643
Gross gearing		c = a / b	19.5%	17.3%

Net Gearing or Net Cash (APM)

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

continued

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash and cash equivalents (incl. investments in money market funds). It is based on net borrowings as a percentage of net assets with debt at market value. Net cash reflects the net exposure to cash and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

	PAGE		2020 £'000	2019 £'000
Bank overdraft	46		20,903	33,704
Bank loan	46		7,500	45,000
Senior Secured Notes – debt at market value (note 15)	56		74,706	71,472
Less: cash and cash equivalents			—	—
Net borrowings – debt at market value		a	103,109	150,176
Net asset value – debt at market value (note 15)	56	b	529,878	869,643
Net gearing		c = a / b	19.5%	17.3%

Leverage

Leverage, for the purposes of the Alternative Investment Fund Managers Directive (AIFMD), is not synonymous with gearing as defined above. In addition to borrowings, it encompasses anything that increases the Company's exposure, including foreign currency and exposure gained through derivatives. Leverage expresses the Company's exposure as a ratio of the Company's net asset value. Accordingly, if a Company's exposure was equal to its net assets it would have leverage of 100%. Two methods of calculating such exposure are set out in the AIFMD, gross and commitment. Under the gross method, exposure represents the aggregate of all the Company's exposures other than cash balances held in base currency and without any offsetting. The commitment method takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure. The Company's leverage, under both gross and commitment methods, is shown on page 72.

Net Asset Value

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 ordinary share is calculated by dividing the net assets by the number of ordinary shares in issue. For accounting purposes assets are valued at fair (usually market) value and liabilities are valued at par (their repayment – often nominal – value). An alternative, the NAV – debt at market value, which is used in this annual financial report, values long term liabilities at their market, or a comparable equivalent, value.

Ongoing Charges Ratio (APM)

The annualised ongoing charge incorporates charges allocated to capital in the financial statements as well as those allocated to revenue, but excludes non-recurring costs, transaction costs of investments, finance costs, taxation, and the costs of buying back or issuing shares. The ongoing charges are the aggregate of these costs expressed as a percentage of the daily average net asset value (debt at market value) reported in the year.

	PAGE		2020 £'000	2019 £'000
Investment management fee	45		5,207	6,009
Other expenses	45		616	630
Less: costs in relation to custody dealing charges and one off legal costs			(3)	(3)
Total recurring expenses		a	5,820	6,636
Average daily net assets		b	797,842	927,708
Ongoing charges ratio %		c = a / b	0.73%	0.72%

Return

The return generated in a period from the investments.

Capital Return

Reflects the return on NAV, excluding any dividends reinvested.

Total Return

Total return is the theoretical return to shareholders that measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. In this annual financial report these return figures have been sourced from Refinitiv who calculate returns on an industry comparative basis.

Net Asset Value Total Return (APM)

Total return on net asset value per share, with debt at market value, assuming dividends paid by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Share Price Total Return (APM)

Total return to shareholders, on a mid-market price basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

2020	PAGE		NET ASSET VALUE(1)	SHARE PRICE
As at 31 March 2020 (note 15)	56		246.7p	198.6p
As at 31 March 2019 (note 15)	56		363.2p	323.5p
Change in year		a	–32.1%	–38.6%
Impact of dividend reinvestments	see (2) below	b	2.2%	3.1%
Total return for the year		c = a + b	–29.9%	–35.5%

2019	PAGE		NET ASSET VALUE(1)	SHARE PRICE
As at 31 March 2019	56		363.2p	323.5p
As at 31 March 2018			380.1p	344.0p
Change in year		a	–4.4%	–6.0%
Impact of dividend reinvestments	see (2) below	b	3.6%	4.2%
Total return for the year		c = a + b	–0.8%	–1.8%

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

(2) Total dividends paid during the year of 14.95p (2019: 15.00p) reinvested at the NAV (debt at market value) or share price on the ex-dividend date. NAV or share price falls subsequent to the reinvestment date consequently further reduce the returns, vice versa if the NAV or share price rises.

Benchmark Total Return

Total return on the benchmark is on a mid-market value basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE DISCLOSURE

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

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

Amongst other things, regulations implementing AIFMD require certain information to be provided to prospective investors. This information can be found in the Company's section of the Manager's website (www.invesco.co.uk/pigit) in a downloadable document entitled 'AIFMD Investor Information'. The only material change to this information since 31 March 2019 has been to note the announcement on 6 April 2020 that the Board has served Invesco Fund Managers Ltd with protective notice of termination. Any information requiring immediate disclosure pursuant to the Directive will be disclosed through a primary information provider.

In addition, the Directive requires information in relation to the Company's leverage (both 'gross' and 'commitment' – see the Glossary of Terms and Alternative Performance Measures on page 70) and the remuneration of the Company's AIFM (IFML) to be made available to investors.

Accordingly:

– the leverage calculated for the Company at its year end was 116% for both gross and commitment (2019: both 116%). The limits the AIFM has set for the Company remain unchanged at 250% and 200%, respectively;

– the AIFM summary remuneration policy is available from corporate policies section of the Manager's website (www.invesco.co.uk) and from the Company's company secretary, on request (see contact details on page 68); and

– the AIFM remuneration paid for the year to 31 December 2019 is set out below.

AIFM Remuneration

The AIFM remuneration paid is based on the financial year of the AIFM, which is 31 December 2019.

The aggregate total remuneration of Invesco staff involved in AIF related activities of the Manager in respect of performance year (1 January 2019 to 31 December 2019) is £7.73 million (2018: £6.54 million) of which £4.57 million (2018: £3.84 million) is fixed remuneration and £3.16 million (2018: £2.70 million) is variable remuneration. The number of beneficiaries is 36 (2018: 33).

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

The aggregate total remuneration paid to the Identified Staff of the Manager for AIF related activities for the performance year (1 January 2019 to 31 December 2019) is £0.97 million (2018: £1.34 million) of which £0.22 million (2018: £0.31 million) is paid to Senior Management and £0.75 million (2018: £1.03 million) is paid to other Identified Staff. Please note that remuneration for AIFMD Identified Staff includes remuneration for staff employed by delegates (all delegates are employed by various entities of the Invesco Ltd. Group).

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

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