

Invesco Perpetual UK Smaller Companies Investment Trust plc

Half-Yearly Financial Report for the Six Months to 31 July 2018

KEY FACTS

Investment Objective and Policies of the Company

The Company is an investment trust whose investment objective is to achieve long-term total return for shareholders primarily by investment in a broad cross-section of small to medium sized UK quoted companies.

The portfolio primarily comprises shares traded on the London Stock Exchange and on AIM.

The Company's dividend policy is to distribute all available revenue earned by the portfolio in the form of dividends and the Board has approved the use of capital reserves to enhance dividend payments.

Full details of the Company's investment and dividend policies, as well as the Company's risk and investment limits, can be found in the annual financial report for the year ended 31 January 2018.

Financial Highlights

The Benchmark Index of the Company is the *Numis Smaller Companies Index (excluding Investment Companies)* with income reinvested.

Period End Date	AT 31 JUL 2018	AT 31 JAN 2018	% CHANGE
Net asset value (NAV) per share	546.8p	543.6p	+0.6
Share price ⁽¹⁾	528.0p	520.0p	+1.5
Discount	3.4%	4.3%	

Gearing and Net Cash:

– gross gearing ⁽²⁾	nil	nil
– net gearing ⁽³⁾	nil	nil
– net cash ⁽⁴⁾	3.2%	3.1%
Maximum authorised gearing ⁽⁵⁾	8.4%	8.4%

Total return (with income reinvested) for the six months ended 31 July 2018⁽¹⁾:

Net asset value per share ⁽⁵⁾	+3.2%
Share price ⁽⁵⁾	+4.3%
Benchmark Index	+2.3%
FTSE All-Share Index	+5.0%

Return and dividend per ordinary share

	SIX MONTHS ENDED	
	31 JUL 2018	31 JUL 2017 (RESTATED) ⁽⁶⁾
Return:		
– revenue	5.65p	4.35p
– capital	11.28p	59.83p
– total	16.93p	64.18p
First interim dividend	3.65p	3.55p

Notes:

- (1) Source: Refinitiv (Thomson Reuters).
- (2) Gross gearing: borrowings ÷ shareholders' funds.
- (3) Net gearing: borrowings less cash and cash equivalents ÷ shareholders' funds.
- (4) Net cash: net exposure to cash and cash equivalents ÷ shareholders' funds.
- (5) Defined in the Glossary of Terms and Alternative Performance Measures on pages 63 and 64 of the 2018 annual financial report.
- (6) Restated for tender offer costs reclassified to capital reserve, see note 1(b) to the Condensed Financial Statements.

CHAIRMAN'S STATEMENT INCORPORATING THE INTERIM MANAGEMENT REPORT

Chairman's Statement

Over the six months to 31 July 2018, on a total return basis, your Company's net asset value (NAV) increased by 3.2% compared with 2.3% for its benchmark, the Numis Smaller Companies Index (excluding Investment Companies). Over the same period the wider UK stock market outperformed the small cap market, with the FTSE All-Share Index achieving a higher return of 5.0%. A detailed review of the investment portfolio and strategy for the period is set out in the Portfolio Manager's Report that follows.

The Company's share price rose from 520p to 528p during the same period, an increase of 1.5% (4.3% on total return basis), and the discount to NAV ended the period at 3.4%, having been 4.3% at the January 2018 year end.

Since the Company's half-year end, the smaller companies sector and the wider UK stock market have performed poorly with recent sharp falls and this has adversely impacted the Company's performance. Over the period since 1 February 2018 to 23 October 2018, the latest practical date before publication, the Company's NAV total return is –7.5%, the share price total return is –7.5%, whilst the benchmark total return is –7.4%. As at 23 October 2018, the discount was 4.5%, which is broadly similar to the last financial year end and continues to compare favourably with the UK Smaller Companies average of 11.5%.

Dividends

In accordance with the Company's dividend policy, on 20 July 2018 the Board declared a first interim dividend of 3.65p for the year ending 31 January 2019, payable on 3 September 2018 to shareholders on the register on 3 August 2018 (2018: 3.55p).

The expected timetable for the remaining dividend payments is: second and third interim dividends in December 2018 and March 2019 respectively, with the final dividend payable in June 2019 following its approval by shareholders at the Company's Annual General Meeting.

Outlook

As noted in the Portfolio Manager's Report, the outcome of Brexit negotiations and impact of US trade policy with the rest of the world create an uncertain outlook and the potential for economic and market disruption. The Company's portfolio managers continue with their investment strategy to invest in good quality, growing and well managed companies and with the breadth and diversity of the smaller companies sector they continue to find attractive investment opportunities. Your Board wholly supports the portfolio managers' approach to stock selection in this difficult political and economic environment.

Ian Barby

Chairman

25 October 2018

Portfolio Manager's Report

Investment Review

The six months under review has provided another period of positive returns for equity investors, despite increasing tensions around global trade. Smaller companies, as measured by the Numis Smaller Companies Index (excluding Investment Companies), saw gains of 2.3% on a total return basis. This performance lagged the wider UK equity market, with the FTSE All-Share Index increasing by 5.0% on a total return basis. The stronger oil price was the main contributor to this, with some of the larger constituents of the FTSE All-Share, such as BP and Royal Dutch Shell, performing well.

Portfolio Strategy and Review

Against this background, your Company saw an increase in its net asset value of 3.2% for the six months under review, in total return terms. The portfolio benefited from overweight positions in the industrial and technology sectors, but was hurt by its exposure to the financial sector. Within the smaller company sector, oil stocks benefited from a higher oil price but UK consumer related stocks, such as retailers and leisure stocks, remained out of favour. The UK economy continues to be held back by Brexit uncertainty. Sterling weakness continues to suppress consumer discretionary expenditure and businesses are delaying major decisions until there is a clearer picture of future trading arrangements.

At the individual stock level, the best performers included: **Softcat** (+54%), which is a software and hardware re-selling business. The company has benefited from increased cyber security spending and growth in e-commerce activity amongst its SME customer base. **Faroe Petroleum** (+34%) benefited from the higher oil price and some speculation that the company could be a takeover target. Animal drug business, **Dechra Pharmaceuticals** (+24%) continued to perform well, with recent acquisitions adding to its impressive level of organic growth. Although we still like the company, its recent strong run has provided us with the opportunity to take some profit. **Premier Oil** (+54%) was another beneficiary of a rising oil price, but it also increased production as it brought a new field on stream. Disappointments in the period included **Arrow Global** (-37%), which specialises in debt recovery. The stock fell out of favour with some investors who questioned its ability to acquire further books of business at attractive prices. Whilst the cost of acquisition has increased over the last couple of years, the returns the company can achieve remain attractive, so we have maintained our holding. Financial outsourcing business **Equiniti** (-20%) suffered due to accusations of aggressive accounting. Following meetings with both executive and non-executive management, we are comfortable that nothing improper has occurred and believe that the business still has significant growth opportunities.

New holdings added to the portfolio over the period include **AJ Bell**, an unquoted stock which we acquired from a forced seller at a very attractive price. It offers an online platform which enables investors to manage their portfolios, often via tax efficient wrappers such as personal pension schemes. The company has an excellent growth record, enjoys a high level of recurring revenue and is scheduled to list in the autumn. We have revisited **Alfa Financial Software**, which we owned briefly after its listing before taking a profit. The business is the clear global leader in providing asset leasing software to industrial and financial businesses. The stock declined 70% from its high after delays to new contracts, which prompted us to meet with management and visit their premises before buying a modest position. There is a risk of further disappointment, but we could potentially use a further fall in the shares to build a full position. We also participated in a number of initial public offerings including **Amigo Loans**, which has a dominant position in the guarantor loans market; **JTC**, which is a financial administration business based in Jersey; **Nucleus Financial**, which is a similar business to AJ Bell; and **Energiean** which is an oil and gas business that has raised funds to develop a discovery in the Mediterranean.

The major holdings in the portfolio currently include **Clinigen**, which is a world leading specialist distributor of pharmaceuticals for use on an unlicensed and pre-approved basis. It also acquires the rights to drugs where there is potential to grow sales by extending usage of the product through further regulatory approvals. The business has a good record of growing profits and has plenty of future potential. Also within the healthcare sector we continue to own **Consort Medical**, which manufactures medical devices. The company has developed a novel auto-injector which is perfectly suited to administering the new generation of "biologic" drugs, which are more viscous than traditional medicines. The product, which is currently being

trialled by a major pharmaceutical business, could be a substantial driver of growth. Within the highly diverse industrial sector we have retained a significant position in **Coats**, which is a global leader in the supply of thread to the clothing industry, but is also developing a range of high tech fibres which are used in high performance application in the automotive and telecoms sectors; **Robert Walters**, a recruitment company with offices around the world; and **RWS**, which is a world leader in language translation and intellectual property services.

Our investment strategy remains unchanged. The current portfolio comprises of around 80 stocks, with the sector weightings being determined by where we are finding attractive companies at a given time, rather than by allocating assets according to a "top down" view of the economy. We continue to seek growing business, which have the potential to be significantly larger in the medium term. These tend to be companies that either have great products or services, that can enable them to take market share from their competitors, or companies that are exposed to higher growth niches within the UK economy or overseas. We prefer to invest in cash generative businesses that can fund their own expansion, although we are willing to back strong management teams by providing additional capital to invest for growth.

Our analysis remains focused on the sustainability of returns and profit margins, which are vital for the long term success of a company. We continue to look for businesses with "pricing power" by assessing positioning within supply chains and having a clear understanding of how work is won and priced. It is also important to determine which businesses possess unique capabilities, in the form of intellectual property, specialist know-how or a scale advantage in their chosen market. We conduct around 350 company meetings and site visits a year, and these areas are a particular focus for us on such occasions.

Outlook

The biggest potential risk to the global economy emanates from the mistaken belief that economic prosperity can be enhanced by rejecting free trade. This has strong parallels with the policies enacted during the great depression of the 1930's (e.g. the Smoot-Hawley Tariff Act). The policies seem to garner support from electorates, as they are seen as simple solutions to complex problems but history shows that, whilst the impact can be positive initially, ultimately it is destructive to economic activity and prosperity. Whilst we remain hopeful of a reasonable outcome to the Brexit negotiations and that the US will de-escalate its trade war with the rest of the world, the potential for economic and market disruption looms large. With many markets close to all-time highs, there appears to be a degree of complacency amongst investors about the current predicament.

In light of this uncertainty, we favour stocks with "self-help" characteristics that enable them to grow independently of the economy. This can include the restructuring of underperforming businesses, sector consolidation, roll-out strategies or market share gains led by innovation. Fortunately, the breadth and diversity of the smaller companies sector enables us to find a steady stream of such investments. Therefore, despite the uncertain outlook, we remain hopeful of achieving an acceptable return for our shareholders.

Jonathan Brown
Portfolio Manager

Robin West
Deputy Portfolio Manager

25 October 2018

PRINCIPAL RISKS AND UNCERTAINTIES

- Market (Economic) Risk – factors such as general fluctuations in stock markets, interest rates and exchange rates may give rise to high levels of volatility in the share prices of investee companies, as well as affecting the Company's own share price and discount to NAV.
- Investment Risk – the Company invests in small and medium-sized companies traded on the London Stock Exchange or on AIM. By their nature these are generally considered riskier than their larger counterparts and their share prices can be more volatile, with lower liquidity. There can be no guarantee that the Company will achieve its published investment objective.
- Shareholders' Risk – The value of an investment in the Company may go down as well as up and an investor may not get back the amount invested.
- Borrowings – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings (or gearing) will magnify any loss. If the borrowing facility could not be renewed, the Company might have to sell investments to repay any borrowings it has.
- Reliance on the Manager and other Third Party Providers – failure by any third party provider to carry out its obligations to the Company could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy.
- Regulatory Risk – the Company is subject to various laws and regulations by virtue of its status as an investment trust. Control failures by any of the third party providers may result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

A detailed explanation of these principal risks and uncertainties can be found on pages 9 and 10 of the Company's 2018 annual financial report, which is available on the Company's section of the Manager's website at: www.invesco.co.uk/ipukscit

In the view of the Board, these principal risks and uncertainties are as much applicable to the remaining six months of the financial year as they were to the six months under review.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis, as the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet funding commitments, and the ability of the Company to meet all of its liabilities, including any bank overdraft, and ongoing expenses.

RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE MANAGER

Note 21 of the 2018 annual report gives details of related party transactions and transactions with the Manager. This report is available on the Company's section of the Manager's website at www.invesco.co.uk/ipukscit.

DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Directors

Ian Barby (Chairman of the Board and Nomination Committee)
Richard Brooman (Deputy Chairman, Chairman of the Audit Committee and Senior Independent Director)
Christopher Fletcher
Bridget Guerin – appointed 8 May 2018
Jane Lewis (Chairman of the Management Engagement Committee)

Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited

Registered Office

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

Company Number

Registered in England and Wales No. 02129187

Company Secretary and Correspondence Address

Invesco Asset Management Limited
6th Floor, 125 London Wall
London EC2Y 5AS
☎ 020 3753 1000

Company Secretarial contact: Kelly Nice

Invesco Client Services

Invesco's Client Services Team is available from 8.30 am to 6.00pm Monday to Friday (excluding UK bank holidays).

Please note no investment advice can be given.

☎ 0800 085 8677

🌐 www.invesco.co.uk/investmenttrusts

Depository

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

Independent Auditor

Grant Thornton UK LLP
30 Finsbury Square, London EC2P 2YU

Registrar

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

If you hold shares directly, have a query relating to your shares and you hold the shares in your own name, you should contact the registrar on:

☎ 0871 664 0300

Calls cost 12p per minute plus network extras.

☎ +44 371 664 0300 (from outside the UK).

Lines are open Monday to Friday 9.00am to 5.30pm (excluding UK bank holidays).

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

The registrar provides an online and telephone share dealing service for existing shareholders who are not seeking advice on buying or selling. The website is: www.linksharedeal.com or ☎ 0371 664 0445

Calls are charged at the standard geographic rate and will vary by provider.

☎ +44 371 664 0300 (from outside the UK). Lines are open Monday to Friday 8.00am to 4.30pm (excluding UK bank holidays).

Manager's Website

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

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

General Data Protection Regulation

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

THIRTY LARGEST HOLDINGS AT 31 JULY 2018

Ordinary shares unless stated otherwise

ISSUER	ACTIVITY BY SECTOR	MARKET	% OF PORTFOLIO
		VALUE £'000	
Coats	General Industrials	4,325	2.5
Clinigen ^{AIM}	Pharmaceuticals & Biotechnology	4,288	2.5
Consort Medical	Health Care Equipment & Services	4,009	2.3
Robert Walters	Support Services	4,009	2.3
4imprint	Media	3,976	2.3
RWS ^{AIM}	Support Services	3,762	2.2
Ultra Electronics	Aerospace & Defence	3,546	2.0
Sanne	Support Services	3,490	2.0
Safestore	Real Estate Investment Trusts	3,464	2.0
Johnson Service ^{AIM}	Support Services	3,410	1.9
Future	Media	3,340	1.9
Fisher (James) & Sons	Industrial Transportation	3,280	1.9
Vp	Support Services	3,254	1.9
Equiniti	Support Services	3,209	1.8
Faroe Petroleum ^{AIM}	Oil & Gas Producers	3,169	1.8
Euromoney Institutional Investor	Media	3,075	1.7
CVS ^{AIM}	General Retailers	3,056	1.7
St. Modwen Properties	Real Estate Investment & Services	2,957	1.7
Polypipe	Construction & Materials	2,932	1.7
Hill & Smith	Industrial Engineering	2,889	1.7
M&C Saatchi ^{AIM}	Media	2,857	1.6
Hilton Food	Food Producers	2,841	1.6
JTC	Financial Services	2,622	1.5
Keywords Studios ^{AIM}	Support Services	2,603	1.5
Tarsus	Media	2,545	1.5
Savills	Real Estate Investment & Services	2,530	1.4
Staffline ^{AIM}	Support Services	2,487	1.4
FDM	Software & Computer Services	2,437	1.4
Microgen	Software & Computer Services	2,431	1.4
Softcat	Software & Computer Services	2,416	1.3
Other Investments (51)		95,209	54.4
Total Investments (81)		174,937	100.0

^{AIM} Investments quoted on AIM.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS TO 31 JUL 2018			SIX MONTHS TO 31 JUL 2017		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL (RESTATED)* £'000	TOTAL (RESTATED)* £'000
Profits on investments held at fair value	—	4,582	4,582	—	33,370	33,370
Exchange differences	—	—	—	—	(9)	(9)
Income – note 2	2,145	—	2,145	2,577	—	2,577
	2,145	4,582	6,727	2,577	33,361	35,938
Investment management fee – note 3	(86)	(486)	(572)	(128)	(727)	(855)
Performance fee – note 3	—	(385)	(385)	—	(1,127)	(1,127)
Other expenses	(202)	(1)	(203)	(159)	(2)	(161)
Profit before finance costs and taxation	1,857	3,710	5,567	2,290	31,505	33,795
Finance costs – note 3	(1)	(5)	(6)	(1)	(5)	(6)
Profit before taxation	1,856	3,705	5,561	2,289	31,500	33,789
Taxation – note 4	—	—	—	—	—	—
Profit after taxation	1,856	3,705	5,561	2,289	31,500	33,789
Return per ordinary share – basic	5.65p	11.28p	16.93p	4.35p	59.83p	64.18p
Weighted average number of ordinary shares in issue	32,851,929			52,646,732		

*See note 1(b) to the Condensed Financial Statements.

The total column of this statement represents the Company's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The profit after taxation is the total comprehensive income. The supplementary revenue and capital columns are both prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 2129187

	AT 31 JUL 2018 £'000	AT 31 JAN 2018 £'000
Non-current assets		
Investments at fair value through profit or loss	174,937	176,074
Current assets		
Amounts due from brokers	—	34
Prepayments and accrued income	264	234
Cash and cash equivalents	5,765	5,500
	6,029	5,768
Total assets	180,966	181,842
Current liabilities		
Amounts due to brokers	—	(492)
Performance fee accrued - note 3	—	(1,811)
Other accruals	(165)	(183)
	(165)	(2,486)
Total assets less current liabilities	180,801	179,356
Provision for performance fee - note 3	(1,170)	(785)
Net assets	179,631	178,571
Capital and reserves		
Share capital	10,642	10,642
Share premium	21,244	21,244
Capital redemption reserve	3,386	3,386
Capital reserve	142,503	142,058
Revenue reserve	1,856	1,241
Shareholders' funds	179,631	178,571
Net asset value per ordinary share	546.8p	543.6p
Number of 20p ordinary shares in issue at the period end - note 7	32,851,929	32,851,929

CONDENSED STATEMENT OF CASH FLOW

	SIX MONTHS TO 31 JUL 2018 £'000	SIX MONTHS TO 31 JUL 2017 (RESTATED)* £'000
Cash flow from operating activities		
Profit before finance costs and taxation	5,567	33,795
Adjustments for:		
Purchases of investments	(15,137)	(39,871)
Sales of investments	20,398	140,828
	5,261	100,957
Profit on investments at fair value	(4,582)	(33,370)
(Increase)/decrease in receivables	(30)	46
(Decrease)/increase in payables	(1,429)	906
Net cash inflow from operating activities	4,787	102,334
Cash flow from financing activities		
Finance cost paid	(21)	(6)
Share buy back costs from tender offer	—	(100,139)
Equity dividends paid – note 5	(4,501)	(5,427)
Net cash outflow from financing activities	(4,522)	(105,572)
Net increase/(decrease) in cash and cash equivalents	265	(3,238)
Cash and cash equivalents at the at the start of the period	5,500	7,408
Cash and cash equivalents at the end of the period	5,765	4,170
Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:		
Cash held at custodian	195	1,140
Short-Term Investment Company (Global Series) plc, money market fund	5,570	3,030
Cash and cash equivalents	5,765	4,170
Cash flow from operating activities includes:		
Dividends received	2,119	2,607
Interest received	—	8

CONDENSED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
For the six months ended 31 July 2018						
At 31 January 2018	10,642	21,244	3,386	142,058	1,241	178,571
Total comprehensive income for the period	—	—	—	3,705	1,856	5,561
Dividends paid – note 5	—	—	—	(3,260)	(1,241)	(4,501)
At 31 July 2018	10,642	21,244	3,386	142,503	1,856	179,631
For the six months ended 31 July 2017						
At 31 January 2017	10,642	21,244	3,386	206,079	252	241,603
Total comprehensive income for the period (restated)*	—	—	—	31,500	2,289	33,789
Tendered shares bought back and held in treasury (restated)*	—	—	—	(100,139)	—	(100,139)
Dividends paid – note 5	—	—	—	(5,175)	(252)	(5,427)
At 31 July 2017	10,642	21,244	3,386	132,265	2,289	169,826

*See note 1(b) to the Condensed Financial Statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1(a) Basis of Preparation

Accounting Standards and Policies

The condensed financial statements have been prepared using the same accounting policies as those adopted in the 2018 annual financial report. They have been prepared on an historical cost basis, in accordance with the applicable International Financial Reporting Standards (IFRS), as adopted by the European Union and, where possible, in accordance with the Statement of Recommended Practice for Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies in November 2014, as updated in February 2018.

(b) Restatement of 31 July 2017 comparative amounts

Comparative amounts at 31 July 2017, have been restated to reflect the reclassification of £493,000 or 0.93p per share of tender offer costs, previously accounted for in the Condensed Statement of Comprehensive Income (capital), to the Condensed Statement of Changes in Equity (capital reserve). The effect is an increase in the capital profit after tax and return per share from £31,007,000 (58.90p) to £31,500,000 (59.83p); and the total profit after tax and return per share from £33,296,000 (63.25p) to £33,789,000 (64.18p) as shown in the Condensed Statement of Comprehensive Income.

The effect of the above restatement on the Condensed Statement of Changes in Equity is an increase in total comprehensive income for the period from £33,296,000 to £33,789,000 and an increase in the cost of tendered shares bought back and held in treasury from £99,646,000 to £100,139,000 with no impact on the total amount of capital reserve or net assets as reported in the Balance Sheet as at 31 July 2017.

2. Income

	31 JUL 2018 £'000	31 JUL 2017 £'000
SIX MONTHS ENDED		
Income from listed investments:		
UK dividends	1,695	2,173
UK unfranked investment income	134	161
Overseas dividends	105	173
Special dividends	211	62
	2,145	2,569
Other income:		
Deposit interest	—	8
	2,145	2,577

3. Management and Performance Fees and Finance Costs

Investment management fee and finance costs are allocated 15% to revenue and 85% to capital.

Performance fees are charged wholly to capital. An amount of £385,000 has been provided for the six months to 31 July 2018 (six months to 31 July 2017: £1,127,000; year to 31 January 2018: £2,596,000). The performance fee payable in any year is capped at 1% of average funds under management, with any excess (subject to a total performance fee cap of 2%) carried forward. The excess brought forward from the year ended 31 January 2018 of £785,000 is included in the balance sheet, and the NAV, as a provision for performance fee.

4. Taxation and Investment Trust Status

No tax liability arises on capital gains because the Company has been accepted by HMRC as an approved investment trust and it is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions for this approval.

5. Dividends paid on Ordinary Shares

	31 JULY 2018		31 JULY 2017	
SIX MONTHS ENDED	RATE	£'000	RATE	£'000
Third interim	3.55p	1,166	3.45p	1,836
Final	10.15p	3,335	6.75p	3,591
Total	13.70p	4,501	10.20p	5,427

The first interim dividend of 3.65p per ordinary share for the year ended 31 January 2019 (2018: 3.55p) was paid on 3 September 2018 to shareholders on the register on 3 August 2018.

6. Tender Offer

No shares were repurchased during the six month period ended 31 July 2018. For the period ended 31 July 2017, as a result of the tender offer, a total of 20,357,155 shares were repurchased and held in treasury by the Company on 27 July 2017 at a tender offer price of 487.05p. In addition, fixed costs and stamp duty of £988,000 were also incurred on completion of the tender offer.

7. Share capital movements

	SIX MONTHS TO 31 JUL 2018	SIX MONTHS TO 31 JUL 2017
Share capital:		
Ordinary shares of 20p each (£'000)	6,571	6,571
Treasury shares of 20p each (£'000)	4,071	4,071
	10,642	10,642
Number of ordinary shares in issue:		
Brought forward	32,851,929	53,209,084
Tendered shares bought back into treasury	—	(20,357,155)
	32,851,929	32,851,929

8. Classification Under Fair Value Hierarchy

Note 17 of the 2018 annual financial report sets out the basis of classification.

As at 31 July 2018, the majority of the Company's portfolio was composed of quoted (Level 1) investments. The following unquoted (Level 3) investments were also held at the period end: AJ Bell valued at £1,721,000 (31 January 2018: not held) and Berry Starquest Limited (dormant subsidiary) valued at £100 (31 January 2018: £100).

9. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly financial report, which has not been reviewed or audited by an independent auditor, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half years ended 31 July 2017 and 31 July 2018 has not been audited. The figures and financial information for the year ended 31 January 2018 are extracted and abridged from the latest audited accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Independent Auditor's Report, which was unqualified.

By order of the Board
Invesco Asset Management Limited
 Company Secretary

25 October 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report have been prepared in accordance with the International Accounting Standards 34 'Interim Financial Reporting';
- the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UKLA's Disclosure Guidance and Transparency Rules; and
- the interim management report includes a fair review of the information required on related party transactions.

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

Signed on behalf of the Board of Directors.

Ian Barby
 Chairman

25 October 2018



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