



---

Invesco Income Growth Trust plc

**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED 31 MARCH 2013**

---

The Board believes that investors will be attracted by the prospect of income and capital growth superior to that of the UK stock market and by dividends paid quarterly that, over time, grow at above the rate of inflation.

## 2013 Highlights

+23.7%	Net asset value total return <sup>†</sup> (2012: +11.3%)
+16.8%	FTSE All-Share Index total return <sup>†</sup> (2012: +1.4%)
+3.8%	Dividend (2012: +2.2%)
+19.7%	Share price total return <sup>†</sup> (2012: +17.0%)

<sup>†</sup> Source: Thomson Reuters Datastream

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

☎ 0800 085 8677

🌐 Website:- [www.invescoperpetual.co.uk/investmenttrusts](http://www.invescoperpetual.co.uk/investmenttrusts)

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

## Contents

02	Financial Information
03	Ten Year Historical Information
05	Chairman's Statement
07	Portfolio Manager's Report
09	Investments in Order of Valuation
11	Top Ten Holdings
11	Allocation of Equity Portfolio and Index by Sector
12	Directors
13	Report of the Directors (including Corporate Governance Statement)
26	Directors' Responsibility Statement
27	Directors' Remuneration Report
29	Report of the Independent Auditor
31	Income Statement
31	Reconciliation of Movements in Shareholders' Funds
32	Balance Sheet
33	Cash Flow Statement
33	Reconciliation of Cash Flow to Movement in Net Debt
34	Notes to the Financial Statements
43	Notice of Annual General Meeting
47	Shareholder Information
48	Advisers and Principal Service Providers
49	Glossary of Terms

## Investment Objective

The Company's investment objective is to produce income and capital growth superior to that of the UK stock market and dividends paid quarterly that, over time, grow at above the rate of inflation.

## Principal Investment Aims

The Company aims to:

- have a portfolio, principally of quoted UK equities, yielding more than the FTSE All-Share Index in order to generate sufficient income;
- provide shareholders with dividend growth in excess of inflation over the longer term;
- achieve capital growth in excess of the FTSE All-Share Index over the longer term;
- reduce risk by diversifying investments across a wide range of companies and sectors; and
- enhance returns by utilising gearing, when appropriate.

## Manager's Investment Approach

The Manager aims to exploit stock market inefficiencies. A strong emphasis is placed on:

- Analysis – focusing on the fundamentals of a company; its business model, sales growth, pricing power, market position, profit margins, financial characteristics and management strategy, including dividend outlook;
- Valuation – to ensure a stock offers an appropriate investment opportunity at its current share price.

## Gearing

Gearing is provided by a bank overdraft facility and will never exceed 25% of the net asset value of the Company.

## ISA Eligibility

The ordinary shares of the Company are eligible for investment in an ISA.

The Company is a member of

**aic**

The Association of  
Investment Companies

## FINANCIAL INFORMATION

## Performance Statistics

Terms marked† are defined in the Glossary on page 49

	AT 31 MARCH 2013	AT 31 MARCH 2012	% CHANGE
Net asset value† per ordinary share:			
– per Balance Sheet	263.0p	221.7p	+18.6
– after deducting proposed dividends	259.5p	218.4p	+18.8
Mid-market price per ordinary share	245.50p	213.75p	+14.9
Discount† per ordinary share	6.7%	3.6%	
<b>Gearing</b>			
Gross gearing† – excluding the effect of cash	8.6%	7.4%	
Net gearing† – including the effect of cash	8.6%	7.4%	
<b>Total Return†</b> <i>(includes net dividends reinvested)</i>			
Net asset value† per ordinary share	+23.7%	+11.3%	
FTSE All-Share Index	+16.8%	+1.4%	
Mid-market price per ordinary share	+19.7%	+17.0%	
Source: Thomson Reuters Datastream			
<b>Revenue and Dividends</b>			
Net revenue after tax (£'000)	5,545	5,510	+0.6
Revenue return per ordinary share	9.47p	9.41p	+0.6
Dividends:			
– first interim	2.00p	1.95p	
– second interim	2.00p	1.95p	
– third interim	2.00p	1.95p	
– final	3.55p	3.35p	
	9.55p	9.20p	+3.8
Retail Price Index	3.3%	3.6%	
Ongoing charges ratio†	0.95%	0.99%	

## TEN YEAR HISTORICAL INFORMATION

YEAR	REVENUE				CAPITAL		
	To 31 March	Income £'000	Net revenue available for ordinary shareholders £'000	Dividends on ordinary shares Cost      Rate £'000      p	Shareholders' funds £'000	Diluted net asset value per ordinary share p	Mid-market price per ordinary share p
2004		3,779	3,083	2,685      4.80	90,912	162.5	144.0
2005		4,587	3,295 <sup>(1)</sup>	3,245      5.80	108,768 <sup>(1)</sup>	189.8 <sup>(1)</sup>	167.0
2006		5,222	3,940	3,895      7.05 <sup>(2)</sup>	135,441	229.5 <sup>(3)</sup>	204.8
2007		5,789	4,598	4,483      7.75	158,078	262.8 <sup>(4)</sup>	240.0
2008		6,128	4,855	4,831      8.25	124,552	212.7 <sup>(5)</sup>	199.0
2009		5,913	5,401	5,064      8.65	81,315	138.9	122.5
2010		5,422	4,703	5,182      8.85	114,817	196.1	174.0
2011		5,346	4,538	5,269      9.00	121,767	208.0	191.3
2012		6,369	5,510	5,387      9.20	129,831	221.7	213.8
<b>2013</b>		<b>6,447</b>	<b>5,545</b>	<b>5,592      9.55</b>	<b>153,971</b>	<b>263.0</b>	<b>245.5</b>

<sup>(1)</sup> Restated following the adoption of new UK Accounting Standards effective for accounting periods commencing on or after 1 January 2005.

<sup>(2)</sup> Includes special dividend of 0.9p per share.

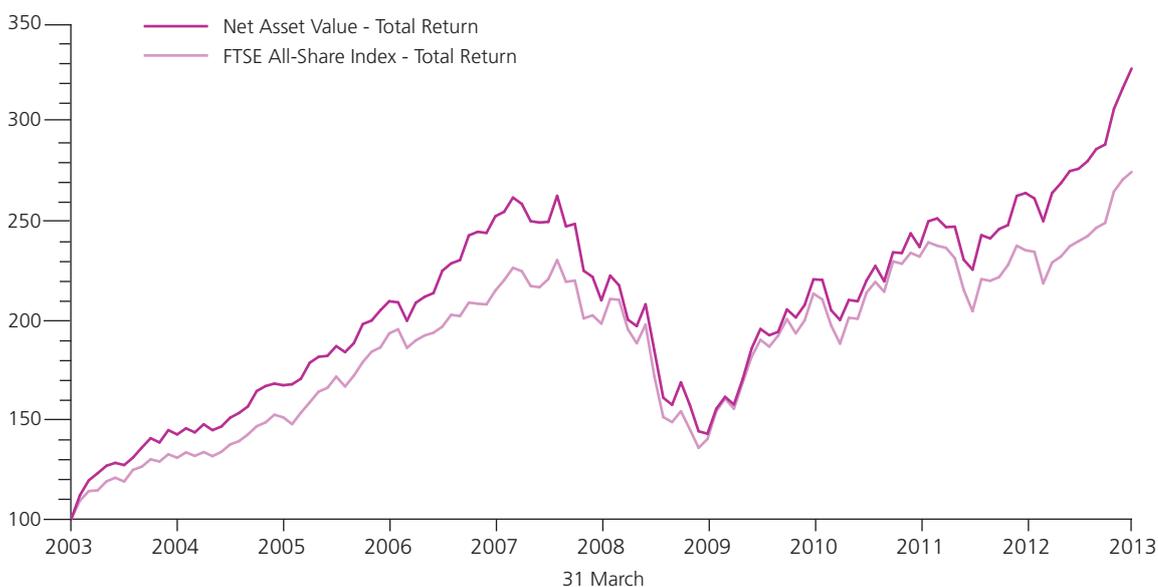
<sup>(3)</sup> During the year 492,000 ordinary shares were bought back leaving 55,443,724 ordinary shares in issue.

<sup>(4)</sup> All the CULS were converted into ordinary shares in the year ended 31 March 2007. Thereafter the diluted Net Asset Value (NAV) is the same as the basic NAV. During the year 6,935,249 ordinary shares were bought back leaving 60,162,036 ordinary shares in issue.

<sup>(5)</sup> During the year 1,610,506 ordinary shares were bought back leaving 58,551,530 ordinary shares in issue.

### Ten Year Total Return

Rebased to 100 at 31 March 2003



## Net Asset Value, Share Price and FTSE All-Share Total Return Performance

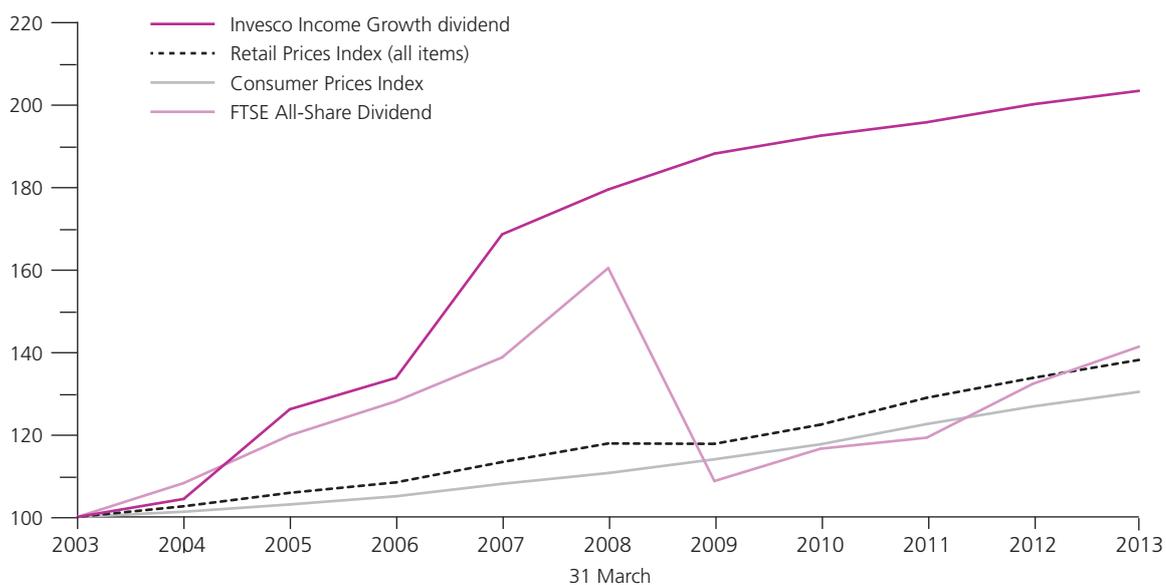
Total Returns to 31 March 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	3yr	5yr	10yr
NAV per ordinary share %	42.8	17.4	25.3	20.4	-16.8	-32.0	54.5	7.4	11.5	23.7	48.1	55.6	227.5
Share Price %	37.9	19.8	26.7	19.4	-11.6	-35.2	52.7	13.3	17.0	19.7	58.7	57.0	246.8
FTSE All-Share %	31.0	15.6	28.0	11.1	-7.7	-29.3	52.3	8.7	1.4	16.8	28.7	38.5	175.3

Source: Thomson Reuters Datastream.

## Ten Year Company Dividend, FTSE All-Share Dividend, RPI and CPI Growth

Rebased to 100 at 31 March 2003



## CHAIRMAN'S STATEMENT



### Performance

In my interim statement I admitted to being relieved that I was able to report a modest positive result for the first six months of the year, but that I was cautiously optimistic about the outcome for the full year. However, I was too cautious and against the consensus view at the time, the market was strong in the second half with your Company's performance even stronger – indeed a performance more like the Tango than my earlier reference to the Two-Step country & western dance! It is, therefore, very pleasing to be able to report that the total return on our net asset value was +23.7% which significantly outperformed our benchmark's equivalent return of +16.8%. Our share price's total return was lower at +19.7% as a result of the discount to net asset value (NAV) widening out to 6.7% at the end of the year. Nonetheless, our NAV total return has now very encouragingly outperformed our benchmark over one, three, five and ten years as can be seen on page 4. The Portfolio Manager, who should be congratulated, provides details in his report as to how this performance was achieved, but we undoubtedly benefitted from not only being primarily invested in the correct parts of the market, but also from our utilisation of gearing which at the year end was slightly lower (8.6% gross gearing) than the level reported at the interim point. However, we expect gearing to contribute to shareholder returns and to ensure that our Manager has sufficient flexibility to take advantage of attractive opportunities as they arise, we recently negotiated an increase in our borrowing facility from £20 million to £25 million, on unchanged terms.

### Revenue and Dividends

During the year, earnings per share increased to 9.5p per share from 9.4p. Although the rate of increase for the full year was not quite as good as that reported at the interim stage and largely reflects the absence of a number of special dividends which had been paid in the same period last year, we are determined to meet our long term dividend growth objective. We are, therefore, pleased to recommend a final dividend of 3.55p per share, which together with aggregate interim dividends paid of 6p, gives a total dividend per share for the year of 9.55p (2012: 9.2p), an increase of 3.8%. This exceeds the annualised inflation rate for the year to end March of 3.3% (as measured by the RPI Index) and is consistent with our objective of growing the dividend at above the rate of inflation. If approved by shareholders, the final dividend will be paid on 19 July 2013 to shareholders on the register on 28 June 2013.

### Investment Policy

The tenet of the Company's Investment Policy has been in place for many years and, whilst the Board has no intention of changing it, they felt that in the wake of the Retail Distribution Review it would be helpful to reword it in hopefully clearer language that all shareholders would more easily understand and also would better distinguish the Company from its peers. The new wording can be seen on page 13.

Whilst we do not believe this requires shareholder approval since the change is not material, the Board thought it would be appropriate to do so and a resolution has been included in the Notice of Meeting for the forthcoming Annual General Meeting.

### Outlook

After the strong recovery in the UK stock market which we have enjoyed since the lows of 2009, albeit with a fair amount of volatility on the way, it is perhaps natural to voice some caution, particularly since economic growth in the UK and in so many other important economies remains anaemic and policy makers appear to be struggling to find solutions. However, one consequence is likely to be that interest rates will remain at their current low levels for some time to come, so that the equity markets are one of the few to offer any prospect of a reasonable yield. Although, equity valuations are not as low as they were, neither are they too high, so investors, especially those seeking income, are likely to continue to be attracted to equities, particularly on any weakness. However, returns like we have seen in recent years may be harder to achieve, although we can be confident that our Manager will be working hard to find attractive opportunities for our portfolio in order to continue to meet our longer term investment objectives.

## CHAIRMAN'S STATEMENT

*(continued)*

### Annual General Meeting (AGM)

The Notice of the AGM of the Company, which is to be held on Friday, 12 July 2013 is on pages 43 to 46 and a summary of the resolutions is set out in the Report of the Directors on pages 24 and 25. Whilst I urge all shareholders to vote in favour of these resolutions by returning their completed voting papers or voting on-line, I do hope that as many shareholders as possible will attend the AGM in person and have the opportunity of hearing from our Manager about the portfolio and his views on the outlook, as well as meeting myself and my fellow directors.

After a year in the chair I am now better able to appreciate all the work and the important contribution of my predecessor, John McLachlan, to the success of the Company and I would like to take this opportunity to thank him on behalf of all shareholders.

**Hugh Twiss**

*Chairman*

11 June 2013

## PORTFOLIO MANAGER'S REPORT



### Portfolio Strategy and Review

At the start of the period under review, concerns over the outlook for global economic growth and the on-going Eurozone crisis dominated market sentiment. However, following the statement by Mario Draghi, President of the European Central Bank, that he would do "whatever it takes" to save the euro UK equities shrugged off those concerns. Fuelled by ever increasing amounts of monetary stimulus, both the FTSE 100 and FTSE All-Share indices delivered consecutive positive returns over the following 10 months – the first time this had happened in over 50 years. This occurred despite some very mixed news from the global economy, further bail-outs of Eurozone banking systems, profit downgrades from companies and further reductions in forecasts for UK economic growth.

The FTSE All-Share Index delivered a total return of 16.8% over the 12 months. The positioning of the Company's portfolio, with a focus on strongly placed companies able to withstand a challenging economic environment, saw it again outperform its benchmark. The total return on the Company's net asset value, including reinvested dividends, was 23.7% over the period.

The portfolio's performance benefited from its zero weighting in the mining sector, which has sharply underperformed the latest stock market rise, as well as strong performances from a broad spread of the portfolio's investments. Amongst these, the most significant individual positive impact came from HSBC. The portfolio has a major investment in this company, albeit one which is underweight relative to its index positioning, which delivered strongly positive returns over the 12 months. Within a sector that faces some major challenges, HSBC stands out as a quality investment, with a strong global franchise, business model and balance sheet.

The portfolio is heavily exposed to the pharmaceutical sector and this too provided a positive impact on performance. The holding in AstraZeneca, which had delivered a relatively disappointing performance the previous year, contributed strongly as the appointment of a new chief executive, Pascal Soriot, and his subsequent outline of a strategy to return the company to growth, has been very well received.

The holdings in two clothing retail companies – Next and Brown (N) – delivered very strong share price performances. Trading in the retail sector remains challenging, with the seemingly inexorable rise of sales via the internet putting pressure on the traditional high street but, despite the wettest summer for over 100 years, both companies delivered revenue growth above expectations, with internet sales a particularly strong feature.

The holding in Whitbread posted a strong performance over the period, with Costa Coffee continuing its expansion and Premier Inns gaining market share. Nichols, the maker of fruit-based soft drink Vimto, also saw its shares post excellent gains. The company confirmed its ability to provide organic growth – both in the UK, as it expands from its northern regional base, and overseas.

There were relatively few detractors from performance. Shares in Imperial Tobacco fell following confirmation of tough trading conditions in southern Europe and growing concerns that the UK may follow Australia in introducing plain packaging for cigarettes. I believe that the low valuation of the shares of Imperial Tobacco compared with its peers more than discounts these concerns and that the companies held in the tobacco sector represent exactly the sort of quality stocks that can deliver attractive profit and dividend growth through a low growth environment.

The holding in Barclays ordinary shares had a negative impact on performance over the period. In the aftermath of the 2008 banking crisis, these shares fell heavily, to a level at which I believed they were undervalued. They subsequently showed some recovery, but with newsflow over the year highlighting the scale of the challenges still facing the company, I decided to dispose of the holding, although a Barclays preference share is still held.

As far as other portfolio activity is concerned, I have continued to seek to further improve the quality of the holdings and also to seek out strongly positioned companies whose shares have not fully participated in the recent stock market rise. New investments were made in Senior, Spectris and Synergy Health.

## PORTFOLIO MANAGER'S REPORT

*(continued)*

### Outlook

The stock market's rise in the past year, fuelled by monetary stimulus and central bank policy initiatives, has occurred despite reductions in the forecasts of company earnings for the current financial year and beyond. Equity valuations are therefore no longer as cheap as they were a year ago. I also expect concerns about the Eurozone debt crisis and the outlook for the global economy to remain a feature of the market, as the developed world continues to grapple with the aftermath of the 2008 banking crisis, and that stock market volatility may rise from currently low levels.

However, within the market as a whole, there is still a subset of stocks that look attractively valued, particularly for investors seeking income. My investment strategy of the past three years remains intact – I am seeking companies with strong fundamentals, with sensible management whose interests are aligned with shareholders and with a low risk balance sheet. Despite the stock market's recent rise, the shares of many of these strongly placed companies continue to look attractive, and I am confident about the outlook for long-term returns from the portfolio.

**Ciaran Mallon**

*Portfolio Manager*

11 June 2013

## INVESTMENTS IN ORDER OF VALUATION AT 31 MARCH 2013

UK listed ordinary shares unless otherwise stated

HOLDINGS	COMPANY	ACTIVITY BY SECTOR	VALUE £'000	% OF PORTFOLIO
460,851	GlaxoSmithKline	Pharmaceuticals & Biotechnology	7,090	4.3
198,341	British American Tobacco	Tobacco	6,995	4.2
956,462	HSBC	Banks	6,719	4.0
195,942	AstraZeneca	Pharmaceuticals & Biotechnology	6,461	3.9
1,284,917	BP	Oil & Gas	5,909	3.6
245,808	Imperial Tobacco	Tobacco	5,649	3.4
1,739,688	BT	Fixed Line Telecommunications	4,836	2.9
2,175,028	Vodafone	Mobile Telecommunications	4,059	2.4
185,141	Royal Dutch Shell B Shares	Oil & Gas	4,045	2.4
247,350	SSE	Electricity	3,671	2.2
<b>Top ten holdings</b>			<b>55,434</b>	<b>33.3</b>
995,507	Centrica	Gas, Water & Multiutilities	3,660	2.2
626,800	Young & Co.'s Brewery	Travel & Leisure	3,573	2.1
2,042,158	Legal & General	Life Insurance	3,525	2.1
863,439	Tesco	Food & Drug Retailers	3,294	2.0
74,026	Next	General Retailers	3,230	1.9
327,693	Euromoney Institutional Investor	Media	3,154	1.9
114,035	Croda International	Chemicals	3,126	1.9
1,145,864	Resolution	Life Insurance	3,121	1.9
261,874	Pearson	Media	3,098	1.9
368,692	Land Securities	Real Estate Investment Trusts	3,056	1.8
<b>Top twenty holdings</b>			<b>88,271</b>	<b>53.0</b>
386,858	Reed Elsevier	Media	3,019	1.8
732,046	Brown (N)	General Retailers	2,987	1.8
397,259	Filtrona	Support Services	2,888	1.7
138,113	InterContinental Hotels	Travel & Leisure	2,772	1.7
995,979	Wm Morrison Supermarkets	Food & Drug Retailers	2,751	1.7
311,876	Wood	Oil & Gas	2,701	1.6
309,296	Compass	Travel & Leisure	2,600	1.6
490,221	Informa	Media	2,581	1.6
100,493	Whitbread	Travel & Leisure	2,580	1.6
1,139,422	Ladbrokes	Travel & Leisure	2,573	1.5
<b>Top thirty holdings</b>			<b>115,723</b>	<b>69.6</b>

## INVESTMENTS IN ORDER OF VALUATION

AT 31 MARCH 2013 (continued)

HOLDINGS	COMPANY	ACTIVITY BY SECTOR	VALUE £'000	% OF PORTFOLIO
78,666	Wolseley	Support Services	2,572	1.5
224,576	Experian	Support Services	2,560	1.5
755,229	Jupiter Fund Management	Financial Services	2,471	1.5
196,132	Smiths	General Industrials	2,463	1.5
926,478	GKN	Automobiles & Parts	2,448	1.5
230,929	AMEC	Oil & Gas	2,439	1.5
275,675	Nichols	Beverages	2,425	1.5
316,645	Smith & Nephew	Health Care Equipment & Services	2,405	1.4
308,356	National Grid	Gas, Water & Multiutilities	2,359	1.4
799,988	G4S	Support Services	2,330	1.4
<b>Top forty holdings</b>			<b>140,195</b>	<b>84.3</b>
364,260	Drax	Electricity	2,227	1.3
246,813	Capita	Support Services	2,219	1.3
345,228	Pennon	Gas, Water & Multiutilities	2,149	1.3
166,000	Bunzl	Support Services	2,148	1.3
122,206	Severn Trent	Gas, Water & Multiutilities	2,091	1.3
290,873	United Utilities	Gas, Water & Multiutilities	2,061	1.2
686,331	MITIE	Support Services	1,924	1.2
71,431	Spectris	Electronic & Electrical Equipment	1,754	1.1
99,886	Ultra Electronic	Aerospace & Defence	1,715	1.0
708,726	Senior	Aerospace & Defence	1,689	1.0
<b>Top fifty holdings</b>			<b>160,172</b>	<b>96.3</b>
164,197	Synergy Health	Health Care Equipment & Services	1,663	1.0
233,737	Domino Printing Services	Electronic & Electrical Equipment	1,491	0.9
<b>Total ordinary shares</b>			<b>163,326</b>	<b>98.2</b>
1,300,000	Barclays Bank 14% Perpetual	Banks	1,745	1.0
1,027,000	Friends Life 12% 21 May 2021	Life Insurance	1,359	0.8
<b>Total fixed income investments</b>			<b>3,104</b>	<b>1.8</b>
<b>Total value of investments</b>			<b>166,430</b>	<b>100.0</b>

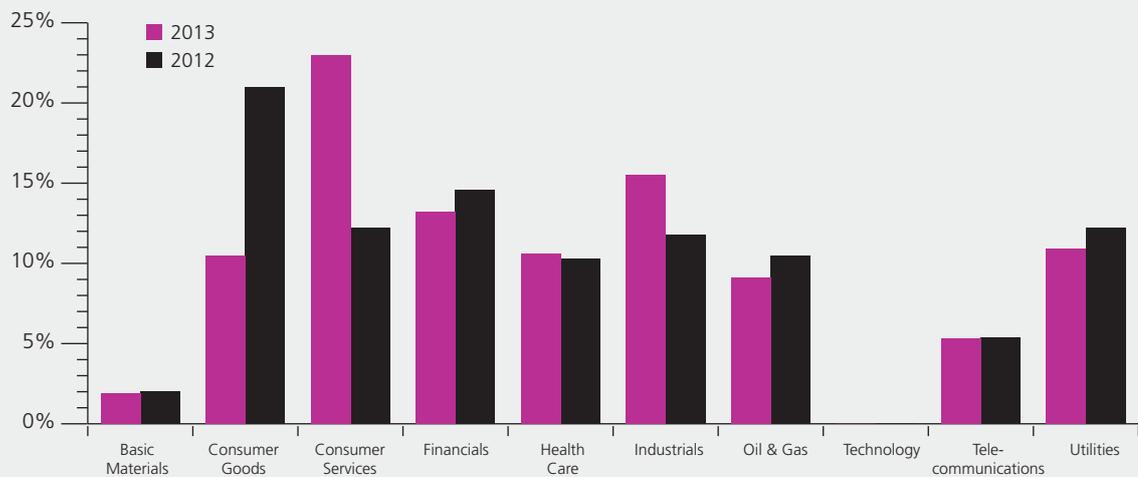
## TOP TEN HOLDINGS AT 31 MARCH

All investments are UK listed ordinary shares unless otherwise stated.

COMPANY	2013		2012	
	MARKET VALUE £'000	% OF PORTFOLIO	MARKET VALUE £'000	% OF PORTFOLIO
GlaxoSmithKline	7,090	4.3	6,433	4.6
British American Tobacco	6,995	4.2	6,406	4.6
HSBC	6,719	4.0	5,306	3.9
AstraZeneca	6,461	3.9	5,862	4.2
BP	5,909	3.6	5,943	4.3
Imperial Tobacco	5,649	3.4	6,992	5.0
BT	4,836	2.9	2,691	1.9
Vodafone	4,059	2.4	4,865	3.5
Royal Dutch Shell B Shares	4,045	2.4	4,072	3.0
SSE	3,671	2.2	2,623	1.9
<b>Total</b>	<b>55,434</b>	<b>33.3</b>	<b>51,193</b>	<b>36.9</b>
<b>Total of other investments</b>	<b>110,996</b>	<b>66.7</b>	<b>87,510</b>	<b>63.1</b>
<b>Total value of investments</b>	<b>166,430</b>	<b>100.0</b>	<b>138,703</b>	<b>100.0</b>

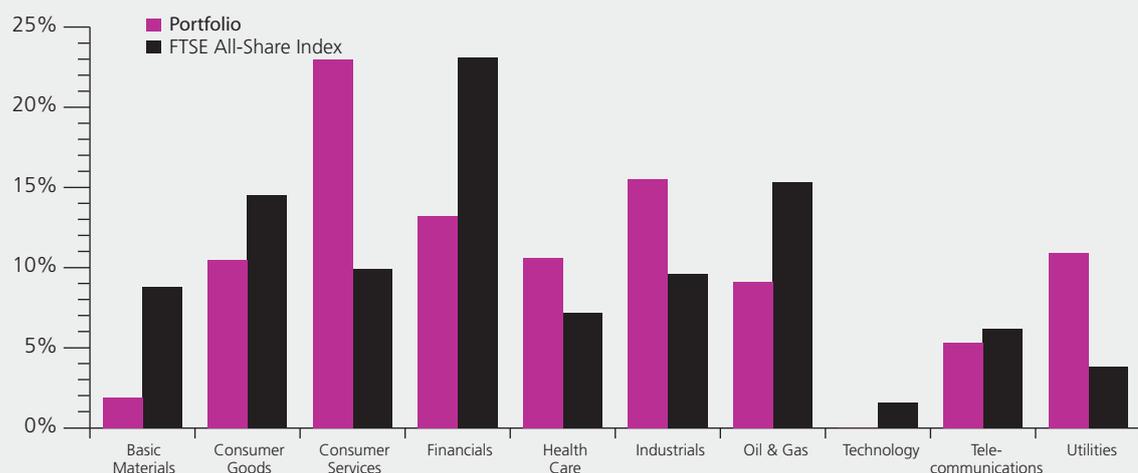
### Analysis of Portfolio by Industry

At 31 March 2012 and 2013



### Comparison of Portfolio to FTSE All-Share Index by Industry

At 31 March 2013



## DIRECTORS

**Hugh Twiss**

Mr Twiss was appointed to the Board on 23 November 2001. He became Chairman of the Company on 13 July 2012 and also chairs The Nomination Committee. He is currently Chairman of Henderson High Income Trust plc, a trustee of The Royal Navy and Royal Marines Charity, as well as

undertaking various consultancy work, including working with Trust Associates. He was formerly a Director of Fleming Investment Management for many years.

**Jonathan Silver**

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

is a member of the Institute of Chartered Accountants of Scotland.

**Davina Curling**

Ms Curling was appointed to the Board on 1 March 2011. She is a Non-Executive Director of BlackRock Greater Europe Investment Trust plc and has over 20 years experience of investment management, most recently as Managing Director and Head of Pan European Equities at Russell Investments.

Prior to this she was Head of European Equities at F&C, ISIS, Royal & SunAlliance IM and Nikko Capital Management (UK). Ms Curling started her career at Kleinwort Benson in 1987.

**Roger Walsom**

Mr Walsom was appointed to the Board on 5 May 2006. He is currently Chairman of a company related to Ashurst, the City law firm, where he was previously a partner for many years and had a wide-ranging corporate practice including advising a number of investment trusts and other funds. He was

previously a Non-Executive Director of the Pensions Regulator, St. James's Place plc and the Miller insurance broking group at Lloyds.

**Chris Hills**

Mr Hills was appointed to the Board on 11 October 1999 and is Chairman of the Management Engagement Committee. He is currently Chief Investment Officer of Investec Wealth & Investment Limited. He was formerly a Director of Baring Fund Management, where he ran a wide range of portfolios and was

a senior member of the UK policy group. He is also a Non-Executive Director of Henderson Opportunities Trust plc.

All Directors are independent and non-executive.

All Directors are members of the Audit, Management Engagement and Nomination Committees.

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

The Directors have pleasure in presenting their Report for the year ended 31 March 2013, incorporating the Business Review and Corporate Governance Statement.

### Business Review

#### Business and Status

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

The Company is an investment company as defined by section 833 of the Act and operates as an investment trust within the meaning of the Corporation Tax Act 2010 (CTA) and the Investment Trusts (Approved Company)(Tax) Regulations 2011. HM Revenue and Customs has approved the Company's status as an investment trust in respect of the year ended 31 March 2012, subject to there being no subsequent enquiry under Corporation Tax Self Assessment. Approval under the new investment trust tax regulations, which apply to the Company from 1 April 2012, was granted on 22 August 2012. In the opinion of the Directors, the Company has continued to conduct its affairs so as to enable it to maintain such approval.

#### Investment Policy

Whilst the Board has been and continues to be satisfied with the substance of the Company's Investment Policy, it was felt in the wake of the Retail Distribution Review that it would be helpful to recast the wording in order to make it more easily understandable and better distinguish the Company from its peers. Accordingly, the following wording differs from that used in last year's annual financial report, although the substance is intended to be the same. The changes are subject to the approval of shareholders at the forthcoming Annual General Meeting. Should such approval not be forthcoming the Investment Policy will remain as published in the 2012 annual financial report, which is available at [www.invescoperpetual.co.uk/investmenttrusts](http://www.invescoperpetual.co.uk/investmenttrusts).

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

#### *Investment Objective*

The Company's investment objective is to produce income and capital growth superior to that of the UK stock market and dividends paid quarterly that, over time, grow at above the rate of inflation.

#### *Principal Investment Aims*

The Company aims to:

- have a portfolio yielding more than the FTSE All-Share Index in order to generate sufficient income;
- provide shareholders with dividend growth in excess of inflation over the longer term;
- achieve capital growth in excess of the FTSE All-Share Index over the longer term;
- reduce risk by diversifying investments across a wide range of companies and sectors; and
- enhance returns by utilising gearing, when appropriate.

#### *Investment Policy and Risk*

The Company invests principally in quoted UK equities and equity-related securities of UK companies selected from any market sector.

At certain times some exposure to fixed interest securities may be considered desirable by the Manager whereby the main criteria for inclusion will be income, liquidity and credit quality.

The Company utilises borrowings when appropriate in order to seek to enhance its returns but the associated risks will be mitigated by limiting the maximum amount of gearing that can be utilised and by investing predominantly in liquid investments so that any gearing can be managed in a timely way.

One of this Company's principal characteristics is that it diversifies its investments across a wide range of companies and sectors, so minimising the risks associated with having too much invested in one stock or sector. The Manager's aim is to have a broad cross-section of the best-performing stocks that he can find consistent with this characteristic.

#### *Investment Limits*

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

- no more than 10% of gross assets will be held in a single investment;
- no more than 15% of gross assets will be held in other listed investment companies;
- no more than 5% of gross assets will be held in unquoted investments; and

## REPORT OF THE DIRECTORS

(continued)

- gearing may be used to raise market exposure up to a maximum of 25% of net assets.

### Performance

#### Key Performance Indicators

The Board and Manager work closely together to achieve the Company's investment objective. To help shareholders understand how this is achieved and monitored, the following key performance indicators are used:

- the income available to be paid as dividends compared to Retail Price Inflation (RPI);
- the net asset value performance;
- the Company's total return performance compared to inflation, its benchmark & its peer group;
- the premium or discount to net asset value at which the Company's shares trade; and
- ongoing charges (the total cost to shareholders incurred by the Company).

#### Dividends

The Board aims to pay a sustainable level of base dividend that grows at least in line with the Company's investment objective to provide shareholders with real long-term growth in dividends. Additional dividend payments above the sustainable level may be paid on a case by case basis as special dividends.

For the year ended 31 March 2013, three interim dividends were paid and shareholder approval is being sought at this year's AGM to pay a final dividend of 3.55p (2012: 3.35p) per share. The first three interim dividends of 2p (2012: 1.95p) each per share were paid on 31 October 2012, 31 December 2012 and 15 March 2013. If approved by shareholders, the final dividend of 3.55p will be paid to shareholders on 19 July 2013. Therefore, the Directors have declared aggregate dividends of 9.55p, an increase of 3.8% over the previous year. Further details on the dividend payment history can be found on page 3.

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

#### Asset Performance

On 31 March 2013, the mid-market price and the net asset value (NAV) per share were 245.5p and 263.0p respectively. The comparable figures for 31 March 2012 were 213.75p and 221.7p.

In reviewing the performance of the Company the Board monitors the NAV and its performance relative, principally, to that of the FTSE All-Share Index, which is the Company's benchmark, but also against other indices. The NAV total return of the Company for the year was 23.7% compared with a total return of 16.8% for the FTSE All-Share Index, 17.1% for the FTSE All-Share 5% Capped Index, 15.4% for the FTSE 100 Share Index and 17.4% for the FTSE 350 High Yield Index.

#### Peer Group Performance

There were 21 investment trusts in the AIC UK Growth and Income sector at 31 March 2013. This group, however, is quite diverse in its objectives and structures. The Board monitors the performance of the Company in relation to both the sector as a whole and to those companies within it which the Board consider to be the peer group that most closely matches its objective and structure.

As at 31 March 2013, out of the investment trusts ranked within the AIC UK Growth and Income sector, the Company was ranked 8<sup>th</sup> over one year, 8<sup>th</sup> over three years and 7<sup>th</sup> over five years by NAV performance (source: JPMorgan Cazenove).

#### Premium/Discount

The Board monitors the premium/discount at which the Company's shares trade in relation to its assets and how this compares to other investment trusts in the peer group. During the year the Company's shares traded at a discount between 0.7% and 7.3%. At the year end the discount was 6.7% (2012: 3.6%). As at 31 March 2013, the average discount of the investment trusts in the AIC UK Growth and Income sector was 1.8% (2012: 2.4%) (source: JPMorgan Cazenove).

The Board and Manager closely monitor movements in the Company's share price and dealings in the Company's shares. In order to avoid significant overhang or shortage of shares in the market, the Board asks shareholders to approve resolutions every year which allow for the repurchase of shares (for cancellation or to

be held as treasury shares) and also their issuance. This may assist in the management of the discount. This authority was not utilised in the year.

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

#### *Ongoing Charges Ratio*

The expenses of managing the Company are reviewed by the Board at every meeting. The Board aims to minimise the ongoing charges ratio, which provides a guide to the effect on performance of all annual operating costs of the Company. The ongoing charges ratio is calculated by dividing the annualised ongoing charges, including those charged to capital, by average undiluted net asset value during the year.

Ongoing charges for the year totalled £1,293,000 (2012: £1,226,000) and at the year end the ongoing charges ratio was 0.95% (2012: 0.99%)

#### **Financial Position**

At 31 March 2013, the Company's total net assets were £154 million (2012: £130 million). The portfolio consisted of equity investments, fixed rate securities and cash.

Due to the readily realisable nature of the Company's assets, cash flow does not have the same significance as for an industrial or commercial company. The Company's principal cash flows arise from the purchase and sales of investments and the income from investments against which must be set the costs of borrowing and management expenses. The Company's use of financial instruments is disclosed in note 1(c) and note 18 to the financial statements.

The Company has a one-year uncommitted overdraft facility with The Bank of New York Mellon of up to the lesser of £25 million and 25% of the adjusted net asset value of the Company. The facility was increased from £20 million to the current level shortly before the year end and is due for renewal on 21 September 2013. As at 31 March 2013, drawings on the facility were £13.3 million (2012: £9.6 million). The rate of interest applicable to drawings under the facility was 1% per annum over the Bank of England's Base Rate.

#### **Future Trends**

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

#### **Principal Risks and Uncertainties**

##### *Investment Objective*

There can be no guarantee that the Company will meet its investment objective.

##### *Market Risk*

As at 31 March 2013, all of the Company's investments were traded on the London Stock Exchange. The prices of securities and the income derived from them are influenced by many factors such as general economic conditions, interest rates, inflation, political events and government policies, as well as by supply and demand reflecting investor sentiment. In addition, there continues to be a risk that European policy makers fail to implement an effective and lasting solution to the Eurozone crisis. Such factors are outside the control of the Board and Manager and may give rise to high levels of volatility in the prices of investments held by the Company.

##### *Investment Risk*

Any poor performance of individual investments is mitigated by the diversification of the portfolio and the continual analysis of all holdings by the portfolio manager. The Board has established guidelines to ensure that the Investment Policy of the Company is pursued by the portfolio manager.

A fuller discussion of the economic and market conditions facing the Company and the current and future performance of the portfolio of the Company are included in the Portfolio Manager's Report on pages 7 and 8. Past performance of the Company is not necessarily indicative of future performance.

## REPORT OF THE DIRECTORS

*(continued)*

### *Shares*

The market value of the shares in the Company may not reflect their underlying net asset value (NAV) and they may trade at a discount to it. The Board and the Manager monitor the market rating of the Company's shares and both share repurchase and issuance powers that can be used to help in its management are in place and are intended to be renewed at the AGM. As at 31 March 2013 shares in the Company traded at a discount of 6.7% (2012: 3.6%).

The value of an investment in the Company and the income derived from that investment may go down as well as up and an investor may not get back the amount invested.

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

### *Gearing*

Whilst the use of borrowings by the Company should enhance the total return on the shares where the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the shares.

### *Regulatory*

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 Act, its status as an investment trust, and its listing on the Official List of the UK Listing Authority.

Loss of investment trust status 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 a 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 Alternative Investment Fund Managers Directive will impose obligations on the Company and the Manager which may have significant consequences for the Company and may increase its compliance and regulatory costs. Failure to meet these obligations may impair the Manager's ability to manage the investments of the Company, which may materially adversely affect the Company's ability to implement its investment strategy and achieve its investment objective.

The Manager reviews compliance with tax and other financial regulatory requirements on a daily basis. All transactions, income and expenditure are reported to the Board. The Board regularly considers all perceived risks and the measures in place to control them. The Board ensures that satisfactory assurances are received from service providers. The Manager's Compliance and Internal Audit Officers produce reports regularly for review by the Company's Audit Committee.

### *Reliance on Third Party Service Providers*

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

The Manager may be exposed to reputational risks, in particular, the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Any damage to the reputation of the Manager could result in potential counterparties and third parties being unwilling to deal with the Manager and by extension the Company.

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

## Corporate Governance Statement

### Principles and Compliance

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 Board of Invesco Income Growth Trust plc has considered the principles and recommendations of the 2010 AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The Company has complied with the recommendations of the AIC Code and the provisions of the UK Corporate Governance Code, except the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function; and
- nomination of a senior independent director (explained further below).

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of Invesco Income Growth Trust plc, being an externally managed investment company and, in relation to the third, in view of the Manager having an internal audit function.

### The Board

The Board comprises five Directors, all of whom are non-executive and all of whom are considered wholly independent. The Directors have a range of business, financial and asset management skills and experience relevant to the direction and control of the Company. Brief biographical details of members of the Board are shown on page 12.

### Chairman

The Chairman of the Board is Hugh Twiss, a non-executive Director who has no conflicting relationships. Mr Twiss succeeded Mr McLachlan as Chairman when he retired on 13 July 2012.

### Senior Independent Director

The Board does not consider it necessary to identify a senior independent director. All the Directors are available to shareholders if they have concerns which contact through the normal channels of Chairman, Manager or Company Secretary has failed to resolve or for which such contact is inappropriate.

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

## REPORT OF THE DIRECTORS

(continued)

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 bribery for and on behalf of the Company.

### Supply of Information

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

The Board meets on a regular basis six times each year, including once to specifically review strategy issues, and additional meetings are arranged as necessary. Regular contact is maintained between the Manager, the Company Secretary and the Board outside formal meetings. Board meetings follow a formal agenda, which includes a review of the investment portfolio with reports from the Manager on the current investment position and outlook, strategic direction, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance and industry and other issues.

On being appointed to the Board, Directors are fully briefed as to their responsibilities and are continually updated throughout their term in office on industry and regulatory matters. The Manager and the Board have formulated a programme of induction training for newly appointed Directors. They have also put arrangements in place to address ongoing training requirements of Directors, which include briefings from key members of the Manager's staff and which ensure that Directors can keep up to date with new legislation and changing risks.

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

### Board, Committee and Directors' Performance Appraisal

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

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

The Board conducted its performance evaluation through discussions between the Directors and between each Director and the Chairman. The review concluded that the Board and its Committees collectively, and the Directors individually, including the Chairman, continue to be effective and that the Directors demonstrate commitment to the role.

### Attendance at Board and Committee Meetings

All the Directors are considered to have a good attendance record at Board and Committee meetings of the Company. The number of scheduled meetings held during the year to 31 March 2013 and the attendance of individual Directors are shown in the table below:

	SCHEDULED BOARD MEETINGS	AUDIT COMMITTEE MEETINGS	MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS	NOMINATION COMMITTEE MEETINGS
Number of Meetings	6	3	1	1
Davina Curling	6	3	1	1
Chris Hills	5	3	1	1
Jonathan Silver	6	3	1	1
Hugh Twiss	6	3	1	1
Roger Walsom	6	3	1	1

In addition to the above, occasional meetings of sub-committees of the Board were held to deal with ad hoc items.

### **Appointment, Re-election and Tenure of Directors**

New Directors are appointed by the Board, following recommendation by the Nomination Committee, and then subject to election by shareholders at the first Annual General Meeting following their appointment. No Director has a contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment, copies of which are on the Manager's website.

The Company's Articles of Association (Articles) require that each Director shall retire at an AGM at least every three years after appointment or (as the case may be) last reappointment, and may offer themselves for re-election. A Director's normal tenure of office will be for three terms of three years, except that the Board may determine otherwise if it is considered that the continued participation on the Board of an individual Director is in the best interests of the Company and its shareholders. Such long serving Directors will stand for re-election annually. Due to their length of service, Hugh Twiss and Chris Hills will accordingly seek re-election at this year's AGM.

The Board confirms that the performance of each of the two Directors standing for re-election at this year's AGM continues to be effective and to demonstrate commitment to their respective roles and recommends that shareholders vote in favour of the resolutions, numbered 5 and 6, for their re-election. Notwithstanding their length of service, the Board considers that both Hugh Twiss and Chris Hills remain independent in character and judgement from the Company's Manager, a view which has been demonstrated by their actions on behalf of the Company.

### **Directors' Remuneration**

The Board as a whole reviews Directors' remuneration, having agreed that a separate remuneration committee is not appropriate for a company of this size and nature. Details of the Company's policy on Directors' remuneration and of payments to Directors are given in the Directors' Remuneration Report on pages 27 and 28.

### **Conflicts of Interest**

A Director must avoid a situation where he or she has an interest that conflicts with the Company's interests. The Articles of the Company give the Directors authority to authorise potential conflicts of interest and there are safeguards that apply when they 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 are able to impose limits or conditions when giving authorisation if they think this is appropriate.

The Directors have declared any potential conflicts of interest to the Company. These are entered into the Company's register of potential conflicts, which is reviewed regularly by the Board. The Directors are obliged to advise the Company Secretary and/or Chairman as soon as they become aware of any potential conflicts of interest.

### **Nomination Committee**

The Nomination Committee comprises all of the Directors and is chaired by Hugh Twiss. The main responsibilities of the Nomination Committee are to review the size, structure, diversity and skills of the Board and to make recommendations to the Board with regard to any changes considered necessary or new appointments.

The Nomination Committee has written terms of reference, which are reviewed as and when appropriate and clearly define its responsibilities and duties.

The terms of reference of the Nomination Committee are available for inspection at the Registered Office of the Company, can be found on the Manager's website and will be available at the AGM.

The Board has formulated a formal, rigorous and transparent procedure for the selection and appointment of new Directors to the Board. The Nomination Committee carries out the procedure with a view to making recommendations to the Board and may appoint an external search consultancy to identify potential candidates.

The succession of the Chairman from within the Board followed the expansion of the Board in 2011, with the assistance of an external consultant, in anticipation of Mr McLachlan's retirement. In view of this earlier exercise the succession was agreed without reference to an external consultancy or advertising.

## REPORT OF THE DIRECTORS

(continued)

### Directors' Interests

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

	31 MAY 2013	31 MARCH 2013	31 MARCH 2012
Hugh Twiss	16,880	16,880	16,241
Davina Curling	3,000	3,000	–
Chris Hills	14,202	14,202	14,202
Jonathan Silver	6,000	6,000	6,000
Roger Walsom	7,500	7,500	7,500

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

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

### Directors' Indemnification and Insurance

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

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

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

### Internal Controls and Risk Management

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

The Board reviews, at least annually, the effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems. The Company's system of internal control is designed to manage rather than eliminate the risk of failure to adhere to the Company's Investment Policy. This system can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from its review. No significant failings or weaknesses occurred during the year ended 31 March 2013 or up to the date of this annual financial report.

At its regular meetings the Board reviews financial reports and performance against revenue forecasts, stock market indices and the Company's peer group. In addition, the Manager and Custodian maintain their own systems of internal controls and the Board and Audit Committee receive regular reports from the internal audit and compliance teams of the Manager. Formal reports are also produced on the internal controls and procedures in place for company secretarial, custodial, investment management and accounting activities, and these are reviewed annually by the Board.

### Audit Committee

As the Board is considered small for the purposes of the AIC Code, all the Directors are members of the Audit Committee under the chairmanship of Jonathan Silver. Audit Committee members consider that collectively they are appropriately experienced to fulfil the role required. The Audit Committee has written terms of reference which are reviewed as and when appropriate and clearly define its responsibilities and duties. These terms are available for inspection at the AGM, at the Registered Office of the Company and on the Manager's website.

The Audit Committee is responsible to the Board for reviewing each aspect of the financial reporting process, the systems of internal control and the management of financial risks, the audit process, relationships with external auditors, the Company's processes for monitoring compliance with laws and regulations and for making recommendations to the Board. It is also responsible for making recommendations to the Board in respect of the appointment, re-appointment and removal of auditors.

The Audit Committee meets at least twice each year to review the internal financial and non-financial controls, to approve the contents of the draft annual and half-yearly financial reports and to review the Company's accounting policies. In addition, the Audit Committee reviews the Auditor's independence, objectivity and effectiveness and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements. Representatives of the Manager's internal audit and compliance teams attend at least two meetings each year. Representatives of Grant Thornton UK LLP, the Company's Auditor, attend the Audit Committee meeting at which the draft annual financial report is reviewed.

The Committee has reviewed the recent changes to the UK Corporate Governance and AIC Codes including the provision for FTSE 350 companies to put the external audit contract out to tender at least every ten years. As a non-FTSE 350 company and following the satisfactory outcome to the Committee's regular review of auditor effectiveness, performance and independence, the Committee has concluded that it does not need to initiate a re-tendering process at this time, but will continue to keep the situation under review. The Committee has accordingly recommended to the Board the inclusion of a resolution proposing the re-appointment of Grant Thornton UK LLP at the forthcoming AGM.

#### **Auditor**

The Audit Committee has considered the independence of the auditor and the objectivity of the audit process and is satisfied that Grant Thornton UK LLP has fulfilled its obligations to shareholders as independent auditor to the Company. Non-audit fees payable to Grant Thornton UK LLP for the year to 31 March 2013 of £6,000 (2012: £6,000) in relation to tax compliance services are not considered to impair this independence.

Grant Thornton UK LLP is willing to continue in office as the Company's auditor and a resolution will be proposed at the forthcoming AGM, in accordance with section 489 of the Act, for their reappointment and for the Directors to be authorised to set their remuneration.

#### **Going Concern**

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors took into account the 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 bank overdraft, and ongoing expenses from its assets. The Directors also considered the revenue forecasts for the forthcoming year and future dividend payments in concluding that the going concern basis is appropriate.

#### **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, who reports back to the Board. The Manager has adopted a clear and considered policy towards its responsibility on behalf of the Company. As part of this policy, the Manager takes steps to satisfy itself about the extent to which the companies in which it invests look after shareholders' value and comply with local recommendations and practices, such as the UK Corporate Governance Code. A copy of the Manager's Policy on Corporate Governance and stewardship can be found at [www.invescopertual.co.uk](http://www.invescopertual.co.uk).

#### **Investment Management Agreement**

Invesco Asset Management Limited (the Manager) provides investment, administration and company secretarial services to the Company under the terms of an agreement which may be terminated on twelve months' written notice. The notice period can be reduced to 3 months in certain circumstances or termination can be immediate in the event of a serious breach, insolvency or change of control of the Manager.

## REPORT OF THE DIRECTORS

(continued)

The investment management fee is calculated and payable monthly in arrears based on the value of the funds under management before deducting borrowings, of 0.7% up to £100 million, 0.6% on the next £50 million, 0.55% on the next £50 million and if in excess of £200 million the fee will be reviewed. Further details are given in note 3 to the financial statements. This fee is allocated 50% to capital and 50% to revenue (2012: same) in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company.

### **The Manager's Responsibilities**

The Manager is responsible for the day to day investment management activities of the Company, seeking and evaluating investment opportunities and analysing the results of investee companies. The Manager has full discretion to manage the assets of the Company in accordance with the Company's Investment Policy, as determined from time to time by the Board and approved by shareholders, with a view to achieving the Company's investment objective and meeting shareholder expectations. The Manager has discretion to make purchases and sales, make and withdraw cash deposits, enter into underwriting commitments and exercise all rights over the investment portfolio. The Manager also advises on borrowings.

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

### **Assessment of the Manager**

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

The Board has formally reviewed the Manager's performance for the year ended 31 March 2013 and, taking into account the performance of the portfolio, the other services provided by the Manager and the risk and governance environment in which the Company operates, the Board considers that the continuation of the management contract is in the best interests of shareholders.

### **Management Engagement Committee**

All of the Directors are members of the Management Engagement Committee, which is chaired by Chris Hills. The Committee has written terms of reference, which are reviewed as and when appropriate and clearly define its responsibilities and duties. They will be available for inspection at the AGM, can be inspected at the Registered Office of the Company and can be viewed on the Manager's website.

The Committee meets at least once a year to review the performance of the Manager, the services provided and the Management Agreement.

### **Company Secretary**

The Board has direct access to the advice and services of the Company Secretary which is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. Additionally, the Company Secretary is responsible for advising the Board through the Chairman on all governance matters.

### **Social and Environmental Matters**

As an investment trust company with no employees, property or activities outside investment, environmental policy has limited application.

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

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

### Creditor Payment Policy

It is the Company's policy to obtain the best terms for all business and to abide by those agreed terms. It is the Company's policy to settle all investment transactions according to settlement periods operating for the relevant markets. The Company had no trade creditors at the year end (2012: £nil).

### Capital Structure

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

### Rights Attaching to the Shares

At a general meeting of the Company every shareholder has one vote on a show of hands and on a poll one vote for each share held.

On a winding up or return of capital the assets of the Company shall be distributed rateably among shareholders according to the number of shares held.

### Restrictions on Shares

The Directors may restrict voting powers and dividends where shareholders fail to provide information with respect to interests in voting rights when so requested, may refuse to register any transfer of a share in favour of more than four persons jointly and can require certain US holders of shares to transfer their shares compulsorily.

Save for the foregoing there are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

### Substantial Holdings in the Company

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

	AT 31 MAY 2013		AT 31 MARCH 2013		AT 31 MARCH 2012	
	HOLDINGS	%	HOLDINGS	%	HOLDINGS	%
Charles Stanley	5,047,197	8.6	4,988,278	8.5	4,595,745	7.9
Investec Wealth & Investment	4,941,383	8.4	4,953,963	8.5	6,211,234	10.6
Brewin Dolphin	4,309,328	7.4	4,233,599	7.2	4,371,350	7.5
EFG Harris Allday	2,667,165	4.6	2,634,575	4.5	2,887,740	4.9
Alliance Trust Savings	2,206,855	3.8	2,179,349	3.7	1,946,611	3.3
Legal & General Investment Management	1,959,937	3.4	1,907,817	3.3	2,090,605	3.6
AXA Framlington Investment Managers	1,939,554	3.4	1,935,338	3.3	1,931,513	3.3
London & St Lawrence Investment Company	1,800,000	3.1	1,800,000	3.1	1,550,000	2.7

### Shareholder Relations

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the annual and half-yearly financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by the publication of interim management statements, the daily calculation of the NAV of the Company's shares, which is published via the London Stock Exchange, factsheets and the Manager's website. A presentation is made by the Manager following the main business of the AGM each year and shareholders have the opportunity to communicate directly with the Directors. All shareholders are encouraged to attend the AGM. It is the intention of the Board that the annual financial report and the notice of the AGM be published at least twenty working days before the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so, either on the reverse of the proxy card, via the Manager's website or in writing to the Company Secretary at the address given on page 48.

## REPORT OF THE DIRECTORS

(continued)

Shareholders can also visit the Manager's website in order to contact the Directors, Manager and Company Secretary, access copies of annual and half-yearly financial reports, interim management statements, shareholder circulars, Company factsheets, Stock Exchange announcements, schedule of matters reserved for the Board, terms of reference of Board Committees, Directors' letters of appointment, the Company's share price and any proxy voting results. 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.

There is a regular dialogue between the Manager and individual major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help develop a balanced understanding of their issues and concerns. General presentations to institutional shareholders and analysts take place throughout the year. All meetings between the Manager and institutional shareholders are reported to the Board.

### **Business of the Annual General Meeting (AGM)**

The following summarises the business of the forthcoming AGM of the Company, which is to be held on 12 July 2013 at 11.30 am. The Notice of the AGM and related notes can be found on pages 43 to 46.

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

**Resolution 2** is to approve the Directors' Remuneration Report. It is mandatory for listed companies to put their report on Directors' remuneration to an advisory shareholder vote. The Report on Directors' Remuneration is set out on pages 27 and 28 of this Annual Financial Report.

**Resolution 3** is to declare a final dividend, as recommended on page 5.

**Resolution 4** is to approve the new Investment Policy wording set out on pages 13 and 14, as explained in the Chairman's Statement on page 5.

**Resolutions 5 and 6** are to re-appoint Directors. Biographical details of the Directors seeking re-appointment, Hugh Twiss and Chris Hills, are set out on page 12. The Board has confirmed that Mr Twiss and Mr Hills continue to perform effectively and demonstrate independence and commitment to their roles.

**Resolution 7** is to re-appoint the Auditor and to authorise the Directors to determine the Auditor's remuneration. Grant Thornton LLP have expressed their willingness to continue to hold office until the conclusion of the next annual general meeting of the Company.

**Resolution 8** is to renew the Directors' authority to allot shares. Your Directors are asking for authority to allot new ordinary shares up to an aggregate nominal value of £4,879,294 (one third of the Company's issued share capital at 10 June 2013). This will allow Directors to issue shares within the prescribed limits should opportunities to do so arise that they consider would be in shareholders' interests. This authority will expire at the AGM in 2014.

**Resolution 9** is to renew the authority to disapply pre-emption rights. Your Directors are asking for authority to issue new ordinary shares for cash up to an aggregate nominal value of £1,463,788 (10% of the Company's issued share capital as at 10 June 2013), disapplying pre-emption rights. 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 and will expire at the AGM in 2014.

**Resolution 10** is to renew the authority for the Company to purchase its own shares. Your Directors are seeking authority for the purchase of up to 8,776,874 shares (14.99% of the Company's issued share capital as at 10 June 2013), subject to the restrictions referred to in the notice of the AGM. This authority will expire at the AGM in 2014. Your Directors are proposing that shares bought back by the Company either be cancelled or, alternatively, be held as treasury shares with a view to their resale, if appropriate, or later cancellation. Any resale of treasury shares will only take place on terms that are in the best interests of shareholders.

**Resolution 11** is to permit the Company 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.

By order of the Board

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

11 June 2013

## DIRECTORS' RESPONSIBILITY STATEMENT

### in respect of the preparation of the Annual Financial Report

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

In so far as each of the Directors is aware:

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

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

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

Signed on behalf of the Board of Directors

**Hugh Twiss**

*Chairman*

11 June 2013

## DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2013

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

Your Company's 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 Auditor's opinion is included in their report on pages 29 and 30.

### Remuneration Responsibilities

The Board has resolved that a remuneration committee is not appropriate for a company of this size and nature. Remuneration is therefore regarded as part of the Board's responsibilities to be addressed regularly.

### Policy on Directors' Remuneration

The Board's policy is that the remuneration of non-executive Directors should be fair and reasonable in relation to the time commitment and responsibilities of the Directors. It is intended that this policy will continue for the year ending 31 March 2014 and subsequent years.

The Directors' remuneration throughout the year was as follows:

Chairman £27,000; Audit Committee Chairman £23,000; other Directors £20,000.

Subsequent to the year end the Board resolved to increase the Directors' fees with effect from 1 June 2013 to: Chairman £30,450; Audit Committee Chairman £24,150; other Directors £21,000.

Fees for the Directors are determined by the Board within the limits specified in the Company's Articles of Association. The maximum aggregate remuneration currently permitted by the Articles of Association is £225,000 per annum.

### Directors' Service Contracts

All Directors have letters of appointment which are available for inspection at the AGM, on the Manager's website and at the Registered Office of the Company. Under the Articles of Association of the Company, the terms of the Directors' appointments provide that a Director shall retire and be subject to election at the first AGM after appointment and re-election at least every three years thereafter.

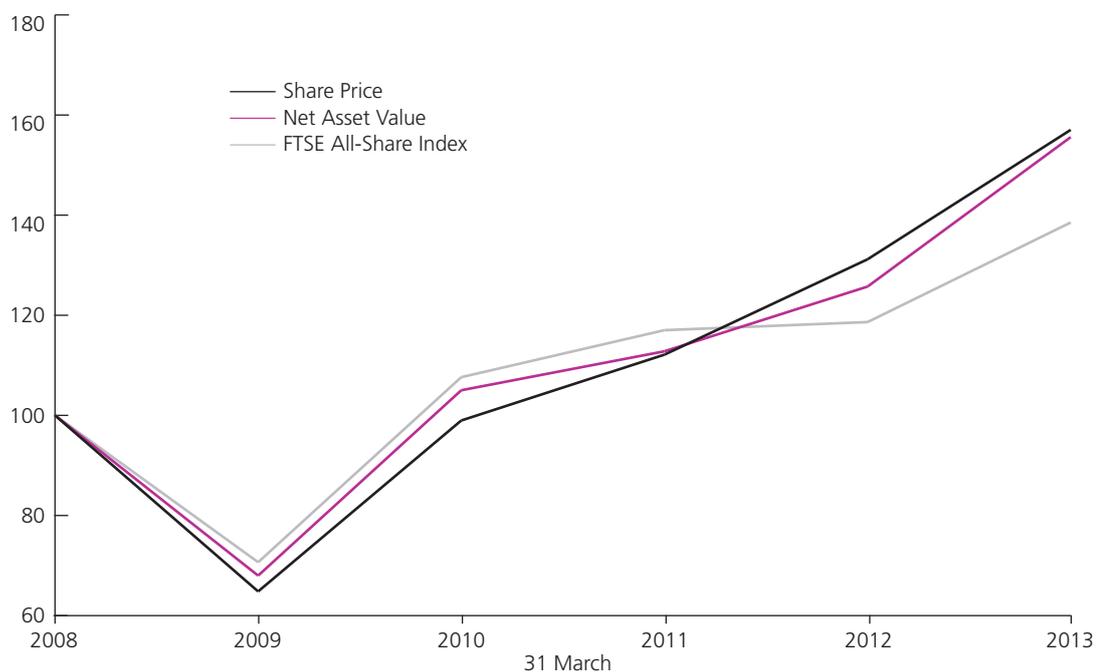
### The Company's Performance

The graph overleaf plots the total return of the share price and diluted net asset value to ordinary shareholders compared to the total return of the FTSE All-Share Index over the five years to 31 March 2013. This Index is the benchmark adopted by the Company for performance measurement purposes. All figures are rebased to 100 at the start.

## DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2013

(continued)

**Five Year Total Return Graph**



### Directors' Emoluments for the Year (audited)

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

	2013 £	2012 £
Hugh Twiss (Chairman of the Board, from 13 July 2012)	25,063	20,000
John McLachlan (retired as Chairman on 13 July 2012)	7,712	27,000
Jonathan Silver (Chairman of the Audit Committee)	23,000	23,000
Davina Curling	20,000	20,000
Chris Hills	20,000	20,000
Roger Walsom	20,000	20,000
<b>Total</b>	<b>115,775</b>	<b>130,000</b>

### Approval

The Directors' Remuneration Report was approved by the Board of Directors on 11 June 2013.

#### **Hugh Twiss**

*Chairman*

Signed on behalf of the Board of Directors

## REPORT OF THE INDEPENDENT AUDITOR

### To the Shareholders of Invesco Income Growth Trust plc

We have audited the financial statements of Invesco Income Growth Trust plc for the year ended 31 March 2013 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, Reconciliation of Cash Flow to Movement in Net Debt and the related notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's 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 shareholders as a body, for our audit work, for this Report, or for the opinions we have formed.

#### Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### Opinion on Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

REPORT OF THE INDEPENDENT AUDITOR  
To the Shareholders of Invesco Income Growth Trust plc  
(continued)

Under the Listing Rules, we are required to review:

- the Directors' statement, set out on page 21, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code 2010 specified for our review; and
- certain elements of the report to Shareholders by the Board on directors' remuneration.

**Julian Bartlett**

*Senior Statutory Auditor*

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

11 June 2013

## INCOME STATEMENT

### FOR THE YEAR ENDED 31 MARCH

	NOTES	REVENUE £'000	2013 CAPITAL £'000	TOTAL £'000	REVENUE £'000	2012 CAPITAL £'000	TOTAL £'000
Profits on investments at fair value through profit or loss	9	—	24,403	24,403	—	8,408	8,408
Income	2	6,447	283	6,730	6,369	23	6,392
Investment management fee	3	(504)	(504)	(1,008)	(460)	(460)	(920)
Other expenses	4	(285)	—	(285)	(305)	(1)	(306)
<b>Net return before finance costs and taxation</b>							
		5,658	24,182	29,840	5,604	7,970	13,574
Finance costs	5	(113)	(113)	(226)	(94)	(94)	(188)
<b>Return on ordinary activities before and after tax</b>							
		5,545	24,069	29,614	5,510	7,876	13,386
<b>Return per ordinary share</b>							
Basic	7	9.5p	41.1 p	50.6 p	9.4p	13.5p	22.9p

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

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

### FOR THE YEAR ENDED 31 MARCH

	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
At 31 March 2011		14,638	40,021	2,310	60,396	4,402	121,767
Net return on ordinary activities		—	—	—	7,876	5,510	13,386
Dividends paid	8	—	—	—	—	(5,322)	(5,322)
At 31 March 2012		14,638	40,021	2,310	68,272	4,590	129,831
Net return on ordinary activities		—	—	—	24,069	5,545	29,614
Dividends paid	8	—	—	—	—	(5,474)	(5,474)
<b>At 31 March 2013</b>		<b>14,638</b>	<b>40,021</b>	<b>2,310</b>	<b>92,341</b>	<b>4,661</b>	<b>153,971</b>

The accompanying notes are an integral part of these statements.

## BALANCE SHEET

AS AT 31 MARCH

	NOTES	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Investments at fair value	9	166,430	138,703
<b>Current assets</b>			
Debtors	10	991	916
<b>Creditors: amounts falling due within one year</b>	11	(13,450)	(9,788)
<b>Net current liabilities</b>		(12,459)	(8,872)
<b>Total assets less current liabilities</b>		153,971	129,831
<b>Capital and reserves</b>			
Called up share capital	12	14,638	14,638
Share premium	13	40,021	40,021
Capital redemption reserve	13	2,310	2,310
Capital reserve	13	92,341	68,272
Revenue reserve	13	4,661	4,590
<b>Shareholders' funds</b>		153,971	129,831
<b>Net asset value per ordinary share</b>			
Basic	14	263.0p	221.7p

These financial statements were approved and authorised for issue by the Board of Directors on 11 June 2013.

Signed on behalf of the Board of Directors

**Hugh Twiss**  
Chairman

*The accompanying notes are an integral part of this statement.*

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2013 £'000	2012 £'000
Cash flow from operating activities	15(a)	5,373	5,087
Servicing of finance	15(b)	(226)	(188)
Net financial investment	15(b)	(3,324)	3,378
Equity dividends paid	8	(5,474)	(5,322)
(Decrease)/increase in cash		(3,651)	2,955

## RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT

FOR THE YEAR ENDED 31 MARCH

	NOTES	2013 £'000	2012 £'000
(Decrease)/increase in cash		(3,651)	2,955
Change in net debt in the year		(3,651)	2,955
Net debt at the beginning of the year		(9,623)	(12,578)
Net debt at the end of the year	15(c)	(13,274)	(9,623)

*The accompanying notes are an integral part of this statement.*

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Principal Accounting Policies

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

#### (a) Basis of Preparation

##### *Accounting Standards applied*

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and with the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued by the Association of Investment Companies in January 2009.

#### (b) Foreign Currency

##### (i) *Functional and presentation currency*

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

##### (ii) *Transactions and balances*

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

#### (c) Financial Instruments

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

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

##### (ii) *Derecognition of financial assets*

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

##### (iii) *Derecognition of financial liabilities*

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

##### (iv) *Trade date accounting*

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

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

###### **Financial assets**

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

Fair value for investments that are actively traded in organised financial markets, is determined by reference to stock exchange quoted bid prices at the balance sheet date. For investments that are not actively traded or where active stock exchange quoted bid prices are not available, fair value is determined by reference to a variety of valuation techniques including broker quotes and price modelling.

**Financial liabilities**

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

**(d) Income**

Interest income arising from fixed income securities and cash is recognised in the income statement using the effective interest method. Dividend income arises from equity investments held and is recognised on the date investments are marked 'ex-dividend'. Deposit interest and underwriting commission receivable are taken into account on an accruals basis.

**(e) Expenses and Finance Costs**

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

The investment management fee and finance costs are allocated 50% to capital and 50% to revenue. This is in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the portfolio.

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

**(f) Taxation**

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

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

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

**(g) Dividends**

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

**2. Income**

	2013 £'000	2012 £'000
<b>Income from listed investments</b>		
UK dividends	5,937	5,924
UK unfranked investment income	480	445
<b>Other income</b>		
Underwriting commission	30	—
<b>Total income</b>	<b>6,447</b>	<b>6,369</b>

Dividend income includes special dividends of £67,000 (2012: £165,000) recognised in revenue. Special dividends of £283,000 (2012: £23,000) have been recognised in capital.

## NOTES TO THE FINANCIAL STATEMENTS

(continued)

### 3. Investment Management Fee

	2013			2012		
	REVENUE	CAPITAL	TOTAL	REVENUE	CAPITAL	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fee	504	504	1,008	460	460	920

The Manager, Invesco Asset Management Limited ('IAML') provides investment management, company secretarial and administrative services to the Company under an agreement dated 21 July 1999 and subsequently amended on 21 September 2009. Details of this are shown in the Report of the Directors. At 31 March 2013, £92,000 (2012: £78,000) was owed in respect of management fees.

### 4. Other Expenses

	2013			2012		
	REVENUE	CAPITAL	TOTAL	REVENUE	CAPITAL	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Directors' fees	116	—	116	130	—	130
Auditor's remuneration						
– for audit of the annual financial statements	22	—	22	21	—	21
– other services relating to taxation compliance and advice	6	—	6	6	—	6
Other expenses	141	—	141	148	1	149
	285	—	285	305	1	306

The maximum aggregate Directors' emoluments authorised by the Articles of Association are £225,000 (2012: £175,000) per annum. The Director's Remuneration Report provides further information on Directors' fees. Included within other expenses is £10,000 (2012: £12,000) of employers national insurance payable on Directors' fees. As at 31 March 2013, the amounts outstanding on Directors' fees and employers national insurance was £14,000 (2012: £16,000).

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

Any expenses to capital arise from custodian transaction charges.

### 5. Finance Costs

	2013			2012		
	REVENUE	CAPITAL	TOTAL	REVENUE	CAPITAL	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Interest on overdraft	113	113	226	94	94	188

## 6. Tax on Ordinary Activities

The tax charge for the year is nil (2012: nil) as allowable expenses exceed taxable income:

	2013 £'000	2012 £'000
Total return on ordinary activities before taxation	29,614	13,386
UK Corporation Tax rate of 24% (2012:26%)	7,107	3,480
Effects of:		
– non-taxable gains on investments	(5,857)	(2,186)
– non-taxable UK dividends	(1,493)	(1,546)
– disallowed expenses	—	2
– expenses in excess of taxable income	243	250
Actual current tax amount	—	—

### Factors that may affect future tax charges

The Company has cumulative surplus management expenses and losses on loan relationships of £19,009,000 (2012: £17,999,000) that are available to offset future taxable revenue. A deferred tax asset of £4,372,000 (2012: £4,320,000), measured at the standard corporation tax rate of 23% (2012: 24%), has not been recognised in respect of these expenses since the Directors believe that there will be no taxable profits in the future against which the deferred tax assets can be offset.

## 7. Return per Ordinary Share

The basic revenue, capital and total returns per ordinary share are based on each return on ordinary shares after tax and on 58,551,530 (2012: 58,551,530) ordinary shares, being the weighted average number of shares in issue during the year.

## 8. Dividends on Ordinary Shares

Dividends paid and recognised in the year:

	2013		2012	
	PENCE	£'000	PENCE	£'000
Final paid in respect of previous year	3.35	1,961	3.30	1,932
First interim paid	2.00	1,171	1.95	1,142
Second interim paid	2.00	1,171	1.95	1,142
Third interim paid	2.00	1,171	1.95	1,142
Return of unclaimed dividends from previous years	—	—	—	(36)
	9.35	5,474	9.15	5,322

Dividends payable in respect of the year:

	2013		2012	
	PENCE	£'000	PENCE	£'000
First interim paid	2.00	1,171	1.95	1,142
Second interim paid	2.00	1,171	1.95	1,142
Third interim paid	2.00	1,171	1.95	1,142
Proposed final	3.55	2,079	3.35	1,961
	9.55	5,592	9.20	5,387

As reported in the Chairman's Statement, three interim dividends were paid during the year and the proposed 2013 final dividend is subject to approval by shareholders at the AGM.

## NOTES TO THE FINANCIAL STATEMENTS

(continued)

### 9. Investments

	2013 £'000	2012 £'000
Investments listed on a recognised Stock Exchange	166,430	138,703
Opening valuation	138,703	133,238
Movements in year:		
Purchases at cost	22,404	25,492
Sales – proceeds	(19,080)	(28,435)
– net realised gains	2,269	4,389
Movement in investment holding gains	22,134	4,019
Closing valuation	166,430	138,703
Closing book cost	(110,636)	(105,043)
Closing investment holding gains	55,794	33,660
Net realised gains in year	2,269	4,389
Movement in investment holding gains	22,134	4,019
Total gains in year	24,403	8,408

The transaction costs included in gains on investments amount to £136,000 (2012: £160,000) on purchases and £29,000 (2012: £50,000) for sales.

#### Significant Interests

The Company owns 3.3% of the issued non-voting ordinary 50p share capital of Young & Co. Brewery.

### 10. Debtors

	2013 £'000	2012 £'000
Prepayments and accrued income	991	916

### 11. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Bank overdraft	13,274	9,623
Accruals	176	165
	13,450	9,788

During the year, the Company had an uncommitted bank overdraft facility based on the lower of 25% of net asset value and £20 million.

Shortly before the year end, this was increased to £25 million with all other terms of the facility unchanged.

### 12. Share Capital

	2013		2012	
	NUMBER	£'000	NUMBER	£'000
Allotted, called-up and fully paid:				
Ordinary shares of 25p each	58,551,530	14,638	58,551,530	14,638

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

### 13. Reserves

The share premium arose on the issue of new shares. The capital redemption reserve maintains the equity share capital of the Company and arose from the nominal value of shares bought back and cancelled. The share premium and capital redemption reserve are currently non-distributable.

The revenue and capital reserves are distributable by way of dividend. Reducing the current revenue reserves by the proposed final dividend of £2,079,000 (at 3.55p per share) gives revenue reserves available for future distributions of £2,582,000.

The capital reserve includes investment holding gains, being the difference between cost and market value. At the year end this was a gain of £55,794,000 (2012: 33,660,000).

### 14. Net Asset Value per Ordinary Share

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

	2013		2012	
	NET ASSET VALUE PER SHARE PENCE	NET ASSETS ATTRIBUTABLE £'000	NET ASSET VALUE PER SHARE PENCE	NET ASSETS ATTRIBUTABLE £'000
Ordinary shares – Basic	263.0	153,971	221.7	129,831

Net asset value per ordinary share is based on net assets at the year end and on 58,551,530 (2012: 58,551,830) ordinary shares, being the number of ordinary shares in issue at the year end.

### 15. Notes to the Cash Flow Statement

#### (a) Reconciliation of operating profit to operating cash flows

	2013 £'000	2012 £'000
Total return before finance costs and taxation	29,840	13,574
Adjustment for gains on investments	(24,403)	(8,408)
Increase in debtors	(75)	(99)
Increase in creditors	11	20
Net cash inflow from operating activities	5,373	5,087

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

	2013 £'000	2012 £'000
<b>Servicing of finance</b>		
Interest paid on bank loans	(226)	(188)
	(226)	(188)
<b>Net financial investment</b>		
Purchase of investments	(22,404)	(25,492)
Sale of investments	19,080	28,870
	(3,324)	3,378

#### (c) Analysis of changes in net debt

	1 APRIL 2012 £'000	CASH OUTFLOW £'000	31 MARCH 2013 £'000
Net debt – bank overdraft	(9,623)	(3,651)	(13,274)

### 16. Contingencies, Guarantees and Financial Commitments

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

## NOTES TO THE FINANCIAL STATEMENTS

(continued)

### 17. Related party transactions and transactions with the Manager

Invesco Asset Management Limited ('IAML'), a wholly owned subsidiary of Invesco Limited, acts as Manager, Company Secretary and Administrator to the Company. Details of IAML's services and fees are disclosed in the Report of the Directors.

Fees paid to Directors are disclosed in the Directors Remuneration Report on page 28, with additional disclosure in note 4. Full details of Directors' interests are set out in the Report of the Directors on page 20.

### 18. Risk Management, Financial Assets and Liabilities

The Company's financial instruments comprise its investment portfolio (as shown on pages 9 and 10), borrowings, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The accounting policies in note 1 include criteria for the recognition and the basis of measurement applied for financial instruments. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

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

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

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

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

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

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

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

#### Risk Management Policies and Procedures

The Directors have delegated to the Manager the responsibility for day-to-day investment activities and the management of borrowings of the Company as more fully described in the Report of the Directors.

As an investment trust the Company invests in equities and other investments for the long-term according to its Investment Policy so as to fulfil its investment objective. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends.

The risks applicable to the Company and the policies the Company used to manage these risks for the two years under review follow.

#### Market Risk

The Manager assesses the Company's exposure when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis. The Board meets at least quarterly to assess risk and review investment performance, as disclosed in the Board Responsibilities on page 17. No 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.

**Currency risk** is not significant for the two years under review as the Company invests in UK equities traded on the London Stock Exchange. During the year, the Company also received non-sterling dividends, which represented 7.5% of total investment income.

**Interest rate risk**

Interest rate movements may affect the level of interest payable on variable rate borrowings and the income receivable on cash deposits. When the Company has cash balances, they are held in variable rate bank accounts yielding rates of interest dependent on the base rate of the Custodian. For most of the year, the Company had an uncommitted bank overdraft facility of £20 million subject to a maximum of 25% of the net asset value of the Company. Shortly before the year end, the facility was increased from £20 million to £25 million. The Company uses the facility when required at levels approved and monitored by the Board.

At the year end drawings on the Company's overdraft were £13,274,000 (2012: £9,623,000). At the maximum gearing of £25 million, the effect of a movement of +/- 1% in the interest rate would result in a decrease/increase to the Company's income statement of £250,000 (2012: £200,000).

The Company can invest in fixed income securities and at the year end the level of exposure was £3.1 million (2012: £3.3 million). The Directors estimate that a 1% change in interest rates applied to this balance would have no impact on reported revenue profit before tax but would increase or decrease reported capital profit before tax by £142,000 (2012: £158,000). The Company had no cash flow exposure to floating interest rate assets.

**Other price risk**

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

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

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

If the value of the portfolio rose or fell by 10% at the balance sheet date, the profit after tax for the year would increase or decrease by £16.6 million (2012: £13.9 million) respectively.

**Liquidity risk** is minimised as the majority of the Company's investments constitute a diversified portfolio of readily realisable securities which can be sold to meet funding commitments as necessary. In addition, an overdraft provides short-term funding flexibility.

**Liquidity risk exposure**

The contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, are as follows:

	2013		2012	
	THREE MONTHS OR LESS £'000	TOTAL £'000	THREE MONTHS OR LESS £'000	TOTAL £'000
Bank overdraft	13,274	13,274	9,623	9,623
Accruals	176	176	165	165
	13,450	13,450	9,788	9,788

## NOTES TO THE FINANCIAL STATEMENTS

(continued)

### Financial Instruments

(continued)

**Credit risk** encompasses the failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered. This risk is minimised by using only approved counterparties. Investments may be adversely affected if the Company's custodian suffers insolvency or other financial difficulties. The Board reviews the custodian's annual controls report and the Manager's management of the relationship with the custodian. Cash balances are limited to a maximum of £5 million with any one depository, with only approved depositories being used.

### Fair Values of Financial Assets and Financial Liabilities

The fair values of the financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments), or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, due to brokers, accruals, cash at bank and overdraft).

### Fair Value – Hierarchy Disclosures

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

Level 1 – fair value based on quoted prices in active markets for identical assets.

Level 2 – fair values based on valuation techniques using observable inputs other than quoted prices within Level 1.

Level 3 – fair values based on valuation techniques using inputs that are not based on observable market data.

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

The valuation techniques used by the Company are explained in the accounting policies note. All of the equity investments are deemed to be Level 1. Due to less visibility on prices for the fixed income investments, these are reported as Level 2; these represented 1.8% (2012: 2.4%) of the portfolio at the balance sheet date. There were no transfers between any levels during the year and no investments were held in Level 3.

### Capital Management

The Company's total capital employed at 31 March 2013 was £167,245,000 (2012: £139,454,000) comprising borrowings of £13,274,000 (2012: £9,623,000) and equity share capital and other reserves of £153,971,000 (2012: £129,831,000).

The Company's total capital employed is managed to achieve the Company's investment objective as set out on pages 13 and 14, including that borrowings may be used to provide gearing of the equity portfolio up to a maximum of £25 million or 25% of net asset value. Borrowings comprise of a bank overdraft. Details are given in note 11 and net gearing was 8.6% (2012: 7.4%) at the balance sheet date. The Company's policies and processes for managing capital were unchanged throughout the year and the preceding year.

The main risks to the Company's investments are shown in the Report of the Directors under the 'Principal Risks and Uncertainties' section on pages 15 and 16. 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 under the Corporation Tax Act 2010 and under the Companies Act 2006, respectively, and with respect to the availability of the overdraft facility, by the terms imposed by the custodian. The Board regularly monitors, and the Company has complied with, the externally imposed capital requirements. This is unchanged from the prior year.

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

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting (AGM) of Invesco Income Growth Trust plc will be held at 30 Finsbury Square, London EC2A 1AG, on 12 July 2013 at 11.30 am for the following purposes:

### Ordinary Business

1. To receive the Report of the Directors and Financial Statements for the year ended 31 March 2013, together with the Report of the Auditors.
2. To approve the Directors' Remuneration Report.
3. To declare a final dividend as recommended.
4. To approve the revised Investment Policy wording set out on pages 13 and 14 of the annual financial report.
5. To re-elect Hugh Twiss a Director of the Company.
6. To re-elect Chris Hills a Director of the Company.
7. To re-appoint the Auditor and to authorise the Directors to determine the Auditor's remuneration.

Biographies of Directors are shown on page 12 of the annual financial report.

### Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 8 will be proposed as an ordinary resolution and resolutions 9, 10 and 11 will be proposed as special resolutions:

8. THAT:-

the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 as amended from time to time prior to the date of the passing of this resolution ('the Act') to exercise all powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the Act) of £4,879,294, such authority to expire at the conclusion of the next AGM of the Company or the date fifteen months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired.

9. 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 8 set out above or (if such allotment constitutes the sale of relevant shares which, immediately before the sale, were held by the Company as treasury shares) otherwise, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of equity securities where the equity securities attributable respectively to the interests of all holders of securities of such class are either proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise); and
- (b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £1,463,788

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

## NOTICE OF ANNUAL GENERAL MEETING

(continued)

10. THAT:-

the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with section 701 of the Companies Act 2006 ('the Act') to make market purchases (within the meaning of section 693(4) of the Act) of its issued ordinary shares of 25p each in the capital of the Company ('Shares')

PROVIDED ALWAYS THAT

- (i) the maximum number of Shares hereby authorised to be purchased shall be 8,776,874;
- (ii) the minimum price which may be paid for a Share shall be 25p;
- (iii) the maximum price which may be paid for a Share shall be an amount equal to 105% of the average of the middle market quotations for a Share taken from and calculated by reference to the London Stock Exchange Daily Official List for five business days immediately preceding the day on which the Share is purchased;
- (iv) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);
- (v) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution unless the authority is renewed at any other general meeting prior to such time; and
- (vi) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

11. THAT:-

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

The resolutions are explained further in the Report of the Directors on pages 24 and 25 of the annual financial report.

Dated this 11<sup>th</sup> June 2013  
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 or her stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a shareholder of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:
  - via Capita Registrar's website [www.capitashareportal.com](http://www.capitashareportal.com); or
  - in hard copy form by post, by courier or by hand to the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

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

The appointment of a proxy (whether by completion of a form of appointment of proxy, or other instrument appointing a proxy or any CREST proxy instruction) does not prevent a shareholder from attending and voting at the AGM.
2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
3. A person entered on the Register of Shareholders at close of business on 10 July 2013 is entitled to attend and vote at the AGM pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Shareholders after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the AGM. If the AGM is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's Register of Shareholders 48 hours before the time fixed for the adjourned meeting.
4. The Register of Directors' Interests, the schedule of matters reserved for the Board, the terms of reference for the Board Committees, and the letters of appointment for Directors will be available for inspection for at least 15 minutes prior to and during the Company's AGM.
5. The Company's Articles of Association are available for inspection at the Registered Office of the Company during normal business hours and will also be available at the AGM for at least 15 minutes prior to and during the meeting.
6. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the shareholder as to the exercise of voting rights.  
The statement of the above rights of the shareholders in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.
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 used for the purposes of sending or receiving documents or information by electronic means) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
10. As at 10 June 2013 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consists of 58,551,530 ordinary shares of 25p each carrying one vote each. Therefore, the total voting rights in the Company as at that date are 58,551,530.
11. A copy of this notice (contained within the 2013 annual financial report) and other information required by section 311A of the Companies Act 2006, can be found at [www.invescopetual.co.uk/investmenttrusts](http://www.invescopetual.co.uk/investmenttrusts).

## NOTICE OF ANNUAL GENERAL MEETING

*(continued)*

12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006 (the 'Act'), the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's annual accounts and reports (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM for the financial year beginning on 1 April 2012; or (ii) any circumstance connected with the Auditor of the Company appointed for the financial year beginning on 1 April 2012 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

The shares of Invesco Income Growth Trust plc (the Company) are quoted on the London Stock Exchange.

### Savings Plan and ISA

The Company is a member of the Invesco Perpetual Investment Trust Savings Scheme and the Invesco Perpetual Investment Trust ISA. Shares in the Company can be purchased and sold via these two schemes.

### Invesco Perpetual Investment Trust Savings Scheme

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

### Invesco Perpetual Investment Trust ISA

The Invesco Perpetual Investment Trust ISA allows investments up to £11,520 in shares of the Company in the 2013/14 tax year. Investors can also choose to make lump sum investments from £500, or regular investments from as little as £20 per month.

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

### Share Price Listings

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

In addition, share price information can be found using the IVI ticker.

### NAV Publication

The net asset value (NAV) of the Company is calculated by the Manager on a daily basis and is notified to the Stock Exchange on the next business day. It is published daily in the newspapers detailed under Share Price Listings.

### Manager's Website

Information relating to the Company can be found on the Manager's website, [www.invesco-perpetual.co.uk/investmenttrusts](http://www.invesco-perpetual.co.uk/investmenttrusts)

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

### Financial Calendar

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

#### Announcements

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

#### Ordinary Share Dividends

1st Interim payable	October
2nd Interim payable	December
3rd Interim payable	March
Final payable	July

**AGM** July

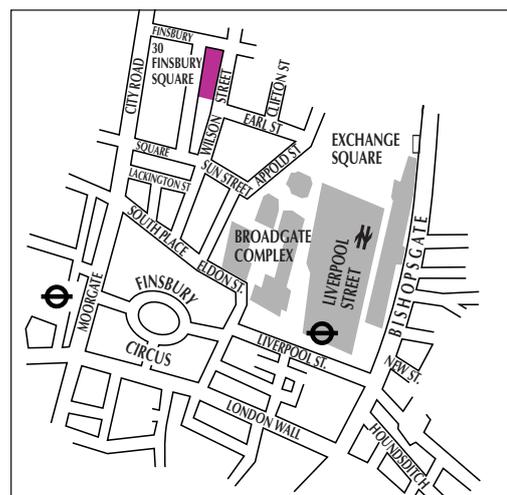
**Year End** 31 March

### Location of AGM

30 Finsbury Square, London EC2A 1AG

To be held at 11.30 am on 12 July 2013

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



## ADVISERS AND PRINCIPAL SERVICE PROVIDERS

### Manager, Company Secretary and Registered Office

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

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

### Company Number

Registered in England and Wales Number 3141073

### Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team available to you from 8.30 am to 6.00 pm, Monday to Friday (excluding Bank Holidays). Please feel free to take advantage of their expertise.

☎ 0800 085 8677  
[www.invescoperpetual.co.uk/investmenttrusts](http://www.invescoperpetual.co.uk/investmenttrusts)

### Registrars

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

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

☎ 0871 664 0300.

Calls cost 10p per minute plus network charges.  
From outside the UK: +44 20 8639 3399.

Lines are open from 9.00 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

Shareholders can also access their holding details via Capita's websites: [www.capitashareportal.com](http://www.capitashareportal.com) or [www.capitaregistrars.com](http://www.capitaregistrars.com)

Capita Registrars provide an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at [www.capitadeal.com](http://www.capitadeal.com) or

☎ 0871 664 0364

Calls cost 10p per minute plus network charges.  
From outside the UK: +44 20 3367 2691.

Lines are open from 8 am to 4.30 pm, Monday to Friday (excluding Bank Holidays).

### Auditor

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

### Banker and Custodian

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

### Corporate Broker

JP Morgan Cazenove  
25 Bank Street  
Canary Wharf  
London E14 5JP

### Savings Scheme and ISA Administration

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

Invesco Perpetual  
P.O. Box 11150  
Chelmsford  
CM99 2DL  
☎ 0800 085 8677

### 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: [enquiries@theaic.co.uk](mailto:enquiries@theaic.co.uk)  
Website: [www.theaic.co.uk](http://www.theaic.co.uk)

## GLOSSARY OF TERMS

### Benchmark

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

### Discount

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

### Gearing

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

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

#### Gross Gearing

This reflects the amount of gross borrowings in use by a company and takes no account of any cash balances. It is based on gross borrowings as a percentage of shareholders' funds.

#### Net Gearing

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

### Market Capitalisation

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

### Net Asset Value (NAV)

#### Basic

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

#### Diluted

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

### Net Cash

This reflects the Company's net exposure to cash and cash equivalents expressed as a percentage of shareholders' funds after any offset against its gearing.

### Ongoing Charges Ratio

The annualised ongoing charges, including those charged to capital but excluding interest, incurred by the Company, expressed as a percentage of the average undiluted net asset value (at fair value) reported in the period.

### Shareholders' Funds

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

### Total Net Assets

Total assets less current liabilities

### Total Return

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



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

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

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

Invesco is one of the largest independent global investment management firms, with funds under management in excess of \$748.5 billion.\*

We aim to provide the highest returns available from markets, through active management, but in a controlled manner, conscious of the risks involved and within our clients' objectives.

*\*Funds under management as at 30 April 2013*

## SPECIALIST FUNDS MANAGED BY INVESCO PERPETUAL

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

#### City Merchants High Yield Trust Limited

A Jersey incorporated closed-ended Company that aims to generate a high level of income from a variety of fixed income instruments. The Company is geared by bank debt.

#### Invesco Income Growth Trust plc

Aims to produce income and capital growth superior to that of the UK stock market and dividends paid quarterly that, over time, grow at above the rate of inflation. The Company is geared by bank debt.

#### Invesco Leveraged High Yield Fund Limited

A Jersey-incorporated closed-ended Company that aims to provide a high level of income, paid gross to UK investors, whilst seeking to maximise total return through investing, primarily in a diversified portfolio of high-yielding corporate and government bonds. The Company seeks to balance the attraction of high-yield securities with the need for protection of capital and to manage volatility. The Company is highly geared.

#### Invesco Perpetual Select Trust plc – Managed Liquidity Portfolio

Aims to generate income from a variety of fixed income instruments combined with a high degree of security. Income will reduce during periods of very low interest rates.

#### Invesco Perpetual Select Trust plc – UK Equity Portfolio

Aims to generate long-term capital and income growth with real growth in dividends from investment, primarily in the UK equity market. The portfolio is geared by bank debt.

#### Invesco Property Income Trust Limited

The Company is a closed-ended investment company with limited liability incorporated in Jersey. The objective is to repay its bank borrowings and other liabilities on or before 28 September 2014 and, having met these obligations, to provide a return for shareholders. The Company holds a diversified portfolio of European commercial properties and is geared by bank debt.

#### Keystone Investment Trust plc

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

#### Perpetual Income and Growth Investment Trust plc

Aims to 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 and fixed interest markets. The Company is geared by a debenture stock and bank debt.

#### The Edinburgh Investment Trust plc

Invests primarily in UK securities with the long-term objective of achieving:

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

The Company is geared by two debenture stocks.

### Investing in Smaller Companies

#### Invesco Perpetual UK Smaller Companies Investment Trust plc

Aims to achieve long-term total returns for the Company's shareholders from investment in a broad cross-section of small to medium size UK-quoted companies. The Company may gear by bank debt.

### Investing Internationally

#### Invesco Asia Trust plc

Aims to provide long-term capital growth by investing in a diversified portfolio of Asian and Australasian securities. The Company aims to achieve growth in its net asset value in excess of the Morgan Stanley Capital International All Countries Asia Pacific (ex Japan) Index, measured in sterling. The Company is geared by bank debt.

#### Invesco Perpetual Select Trust plc – Global Equity Income Portfolio

Aims to provide an attractive and growing level of income return and capital appreciation over the long term, predominantly through investment in a diversified portfolio of equities worldwide. The portfolio may be geared by bank debt.

### Investing for Total Returns

#### Invesco Perpetual Select Trust plc – Balanced Risk Portfolio

Aims to provide shareholders with an attractive total return in differing economic and inflationary environments and with low correlation to equity and bond market indices by gaining exposure to three asset classes: debt securities, equities and commodities.

The portfolio is constructed so as to balance risk, is long-only, using mainly transparently-priced exchange-traded futures contracts and other derivative instruments to gain such exposure and to provide gearing.

### Investing in Multiple Asset Classes

#### Invesco Perpetual Select Trust plc

- UK Equity Portfolio
- Global Equity Income Portfolio
- Managed Liquidity Portfolio
- Balanced Risk Portfolio

A choice of four investment policies and objectives, each intended to generate attractive risk-adjusted returns from segregated portfolios, with the ability to switch between them, four times a year, free from capital gains tax liability. Dividends paid quarterly, apart from Balanced Risk which aims for total return.

Please contact our Investor Services Team on 0800 085 8677 if you would like more information about the investment trusts or other specialist funds listed above. Further details are also available on the following website: [www.invescoperpetual.co.uk/investmenttrusts](http://www.invescoperpetual.co.uk/investmenttrusts).