

Invesco Perpetual UK Smaller Companies Investment Trust plc

Half-Yearly Financial Report for the Six Months to 31 July 2019

KEY FACTS

Investment Objective and Policies of the Company

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

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

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

In normal circumstances, the dividend for the year is calculated to give a yield of 4% per annum based on the year end share price.

Full details of the Company's investment and dividend policies, as well as the Company's risk and investment limits, can be found in the annual financial report for the year ended 31 January 2019.

Financial Highlights

	AT 31 JUL 2019	AT 31 JAN 2019	% CHANGE
Period End Date			
Net asset value ⁽¹⁾ (NAV) per share	546.4p	481.8p	+13.4
Share price ⁽²⁾	511.0p	465.0p	+9.9
Discount ⁽¹⁾	(6.5)%	(3.5)%	
Gearing⁽³⁾:			
– gross gearing ⁽³⁾	nil	nil	
– net gearing ⁽⁴⁾	nil	nil	
– net cash ⁽⁵⁾	4.1%	6.6%	
Maximum authorised gearing ⁽¹⁾	8.4%	9.5%	

Total return (with income reinvested) for the six months ended 31 July 2019⁽²⁾:

NAV ⁽¹⁾⁽²⁾	+15.8%
Share price ⁽¹⁾⁽²⁾	+12.4%
Benchmark Index ⁽¹⁾⁽²⁾⁽⁶⁾	+3.6%
FTSE All-Share Index ⁽²⁾	+10.6%

Return and dividend per ordinary share SIX MONTHS ENDED

	31 JUL 2019	31 JUL 2018
Return⁽¹⁾:		
– revenue	5.30p	5.65p
– capital	70.58p	11.28p
– total	75.88p	16.93p
First interim dividend	3.75p	3.65p

Notes:

- (1) See Glossary of Terms and Alternative Performance Measures (APM) on pages 63 to 65 of the 2019 annual financial report for full details of the explanation and calculation of APMs.
- (2) Source: Refinitiv.
- (3) Gross gearing: borrowings ÷ shareholders' funds.
- (4) Net gearing: borrowings less cash ÷ shareholders' funds.
- (5) Net cash: net exposure to cash and cash equivalents ÷ shareholders' funds.
- (6) The Benchmark Index of the Company is the Numis Smaller Companies Index (excluding Investment Companies) with income reinvested.

CHAIRMAN'S STATEMENT INCORPORATING THE INTERIM MANAGEMENT REPORT

Chairman's Statement

Over the six months to 31 July 2019, on a total return basis, your Company's net asset value (NAV) returned +15.8% compared with +3.6% for its benchmark, the Numis Smaller Companies Index (excluding Investment Companies). Over the same period the wider UK stock market outperformed the small cap market. A detailed review of the investment portfolio and strategy for the period is set out in the Portfolio Manager's Report that follows.

The Company's share price rose from 465p to 511p during the same period, an increase of 9.9% (12.4% on total return basis), and the discount to NAV ended the period at 6.5%, having been 3.5% as at 31 January 2019. During the period under review the Company's share price traded within a range of 1.3% premium and 8.2% discount to NAV.

Since the Company's half-year end to 16 October 2019, the latest practical date before publication, the Company's NAV total return is –0.3%, the share price total return is +3.7%, whilst the benchmark total return is +0.8%. As at 16 October 2019, the discount was 2.8%, which is broadly similar to the last financial year end and continues to compare favourably with the UK Smaller Companies average of 7.0%.

Dividends

In accordance with the Company's dividend policy, on 16 July 2019 the Board declared a first interim dividend of 3.75p for the year ending 31 January 2020, payable on 2 September 2019 to shareholders on the register on 2 August 2019 (2019: 3.65p).

The expected timetable for the remaining dividend payments is: second and third interim dividends in December 2019 and March 2020 respectively, with the final dividend payable in June 2020 following its approval by shareholders at the Company's Annual General Meeting.

Board Succession

Ian Barby retired from the Board and as Chairman after the last Annual General Meeting on 6 June 2019. He leaves with our thanks for his leadership of the Company over the past 14 years.

During the year, the Nomination Committee carried out a review of the composition and skills of the Board and the Company's succession plan. Following this, the Board appointed Trust Associates, an external search consultant, to conduct the search for a new director and as a result, the Board appointed Graham Paterson as a non-executive director with effect from 15 October 2019. Graham is a chartered accountant with extensive experience in the fields of private equity and other early stage investment.

Richard Brooman, Chairman of the Audit Committee and the Company's Senior Independent Director, will retire following the Company's Annual General Meeting in 2020.

Outlook

As noted in the Portfolio Manager's Report and in previous statements, the outcome of Brexit negotiations and clarity around international trading relations continue to create uncertainty and risk of significant economic setback.

The Company's portfolio managers continue with their investment strategy to invest in good quality, growing and well managed companies and with the breadth and diversity of the smaller companies sector, they continue to find attractive investment opportunities. Your Board wholly supports the portfolio managers' approach to stock selection in this difficult political and economic environment.

Jane Lewis

Chairman

17 October 2019

Portfolio Manager's Report

Investment Review

The six months under review has provided another period of positive returns for equity investors, despite a widespread slowdown in economic growth. Smaller companies, as measured by the Numis Smaller Companies Index (excluding Investment Companies), saw gains of 3.6% on a total return basis. This performance lagged the wider UK equity market, with the FTSE All-Share Index increasing by 10.6% on a total return basis. Strong performances from large health care and consumer goods stocks helped to drive the outperformance of the wider market.

Portfolio Strategy and Review

Against this background, your Company saw an increase in its net asset value of 15.8% for the six months under review, in total return terms. The portfolio benefited from overweight positions in the media, technology and support services sectors, but was hurt by its exposure to the health care sector. Within the smaller company sector, the pub sector was helped by some takeover activity and defence stocks benefited from higher defence spending. The weakest area was consumer related stocks, such as retailers and leisure stocks, which suffered due to the outlook for consumer spending and increasing costs. The UK economy continues to be held back by Brexit uncertainty. The lack of clarity and increased import costs due to sterling weakness is suppressing discretionary expenditure and businesses are delaying major decisions until there is more certainty over future trading arrangements.

Contributors to performance

At the individual stock level, the best performers included: **Future (+106%)**, a publishing business which owns title such as TechRadar and What Hi-Fi, and is transitioning from printing magazines to a predominantly online business model. Management have significantly increased margins by generating new revenue streams via online advertising and e-commerce, augmented by earnings accretive acquisitions. **CVS (+129%)**, one of the laggards over the previous year, re-rated strongly as it began to recover from a period of weaker trading. Takeover activity has been strong in the veterinary services sector and CVS is potential takeover candidate. **Tarsus (+70%)**, an exhibition and trade show company, was taken over at an attractive premium. **4imprint (+46%)**, which sells promotional products in the US, saw a larger than expected uplift in trading from its decision to increase TV marketing spend to improve brand recognition. The company is now the market leader in the US but still has significant room to take market share.

Detractors from performance

Unfortunately, as is always the case when managing a portfolio, we had some disappointments. The most significant detractor to performance was **Staffline (-80%)**, which had to delay results after a whistle blower made allegations of accounting irregularities. This was proven to be false, but the disruption to trading, combined with a back payment issue related to working practices, meant that the business had to issue shares to strengthen the balance sheet. **Ted Baker (-47%)** experienced weaker trading as consumers reduced spending, and disruption to its concessions as department stores closed. **Consort Medical (-17%)** had a health and safety incident at one of its facilities. The resulting down-time led to a reduction in earnings estimates.

Portfolio Additions

It was a much quieter period for new holdings than is typically the case. We have continued to appraise a significant number of potential investments but have in most cases reached the conclusion that our existing holdings have a greater potential to generate shareholder returns. Stocks that we have introduced to the portfolio include **Loungers**, which we bought as an IPO. It is a café bar operator with the potential for a significant roll-out of new sites. The concept is very popular and its all day trading format produces an attractive return on capital. We also added health care product and adhesive manufacturer **Scapa** to the portfolio. It is a business we have followed for some time and the decline in the share price offered us with an interesting entry point. Within the oil & gas sector, we started a position in **Jadestone Energy** which has producing assets off the coast of Australia and growth potential in the Far East. The producing assets are very cash generative and management believe they can reinvest the cash in its development portfolio in order to increase the value of the business.

Major Portfolio Holdings

The five largest holdings in the portfolio at the end of the six months under review were: **Future**, described above, which is successfully transitioning from publishing magazines to running a diverse range of niche interest websites. The business aims to produce relevant, high quality content and monetise it via subscriptions, advertising and ecommerce. Management have been

successful in revitalising numerous brands, and the company has grown revenue and profit both organically and via acquisition. **4imprint** gathers orders through online and catalogue marketing, which are then routed to their suppliers who print and dispatch the products to customers. As a result of outsourcing manufacture, the business has a relatively low capital requirement and can focus on marketing and customer service. Continual reinvestment of revenue into marketing campaigns has enabled the business to generate an enviable long term growth record whilst maintaining margins. **Clinigen** is a health care business which is a world leader in the specialist distribution of drugs to geographies where they haven't been formally approved, experimental drugs to acutely ill patients and comparator drugs into medical trials. These activities give management insight into drugs that could potentially be used on a wider basis. This enables management to acquire the rights to compounds where they can increase profitability by achieving further approvals for new categories of patients. **RWS** is a language translation business with world leading positions in the translation of patents, scientific and technical texts. The specialist knowledge and requirement for precision in these kinds of areas allows the business to generate strong margins. Management have an excellent record of growing the business organically and via acquisition. **Johnson Service** is a linen hire business focused on workwear and the hospitality sector in the UK. It has a leading position in these markets giving it a scale advantage which it leverages via the acquisition and consolidation of smaller competitors.

Investment Strategy

Our investment strategy remains unchanged. The current portfolio comprises 71 stocks. Sector weightings are determined by the purchase or sale of individual companies at any given time, rather than by formal asset allocation. We continue to seek growing businesses, which have the potential to be significantly larger in the medium term. These tend to be companies that either have great products or services, that can enable them to take market share from their competitors, or companies that are exposed to higher growth niches within the UK economy or overseas. We prefer to invest in cash generative businesses that can fund their own expansion, although we are willing to back strong management teams by providing additional capital to invest for growth.

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

Outlook

At the time of writing, clarity around international trading relations looks no closer and most major economies are seeing slower growth or outright contraction. The trend for protectionist policies is unhelpful given the lengthy period of sub-par growth we've been experiencing since the financial crisis. However, we continue to hope that mutual economic self-interest will encourage a resolution to the current difficulties sooner rather than later. Although we believe the potential for a significant economic set-back has increased, it is more likely that the current situation will prove to be just a soft patch.

Whilst the outlook for profit growth has become more difficult, the resumption of monetary easing via lower interest rates and the potential for more creative forms of economic stimulus should continue to be supportive for equities. Bond yields are plumbing new depths, with investors showing appetite for negative yielding debt with durations as long as 30 years in some cases. Within in this context we believe that equities look very attractive.

In light of the uncertain backdrop, we continue to favour stocks with 'self-help' characteristics that enable them to grow independently of the economy. This can include the restructuring of underperforming businesses, sector consolidation, roll-out strategies or market share gains led by innovation. Equity valuations within the smaller companies sector are well below their 20 year average and we believe there is potential to make money even in this highly uncertain environment.

Jonathan Brown
Portfolio Manager

Robin West
Deputy Portfolio Manager

17 October 2019

PRINCIPAL RISKS AND UNCERTAINTIES

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

A detailed explanation of these principal risks and uncertainties can be found on pages 9 and 10 of the Company's 2019 annual financial report, which is available on the Company's section of the Manager's website at: www.invesco.co.uk/ipuksct

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

GOING CONCERN

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

RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE MANAGER

Note 21 of the 2019 annual report gives details of related party transactions and transactions with the Manager. This report is available on the Company's section of the Manager's website at www.invesco.co.uk/ipuksct.

DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Directors

Jane Lewis (Chairman of the Board and Nomination Committee, from 6 June 2019)
Richard Brooman (Deputy Chairman, Chairman of the Audit Committee and Senior Independent Director)
Christopher Fletcher (Chairman of the Management Engagement Committee)
Bridget Guerin
Graham Paterson (appointed 15 October 2019)
Ian Barby (retired 6 June 2019)

Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited

Registered Office

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

Company Number

Registered in England and Wales No. 02129187

Company Secretary and Correspondence Address

Invesco Asset Management Limited
43-45 Portman Square
London W1H 6LY
☎ 020 3753 1000

Company Secretarial contact: Kelly Nice and Nira Mistry

Invesco Client Services

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

Please note no investment advice can be given.

☎ 0800 085 8677

🌐 www.invesco.co.uk/investmenttrusts

Depository, Custodian and Banker

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

Independent Auditor

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

Registrar

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

If you hold your shares directly and not through a savings scheme or ISA and have queries relating to your shareholding you should contact the Registrar on: ☎ 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider.

Link Asset Services provides an on-line and telephone share dealing services to existing shareholders who are not seeking advice on buying or selling. This service is available at www.linksharedeal.com or ☎ 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider.

Calls from outside the UK will be charged at the applicable international rate. Lines are open 9.00am to 5.30pm Monday to Friday (excluding Bank Holidays in England and Wales).

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

Manager's Website

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

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

General Data Protection Regulation

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

Corporate Broker

JPMorgan Cazenove
25 Bank Street
London E14 5JP

THIRTY LARGEST HOLDINGS AT 31 JULY 2019

Ordinary shares unless stated otherwise

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
Future	Media	7,775	4.5
4imprint	Media	5,801	3.4
Clinigen ^{AIM}	Pharmaceuticals & Biotechnology	5,074	2.9
RWS ^{AIM}	Support Services	4,498	2.6
Johnson Service ^{AIM}	Support Services	4,397	2.6
CVS ^{AIM}	General Retailers	4,254	2.5
Aptitude Software	Software & Computer Services	4,062	2.4
Ultra Electronics	Aerospace & Defence	4,044	2.3
Tarsus	Media	4,019	2.3
James Fisher and Sons	Industrial Transportation	3,839	2.2
Keywords Studios ^{AIM}	Support Services	3,739	2.2
Restore ^{AIM}	Support Services	3,705	2.1
Sanne	Support Services	3,632	2.1
JTC	Financial Services	3,437	2.0
Equiniti	Support Services	3,434	2.0
Polypipe	Construction & Materials	3,373	2.0
Energiean Oil & Gas	Oil & Gas Producers	3,294	1.9
St. Modwen Properties	Real Estate Investment & Services	3,209	1.9
Hill & Smith	Industrial Engineering	3,153	1.8
Consort Medical	Health Care Equipment & Services	3,148	1.8
Coats	General Industrials	3,101	1.8
Arrow Global	Financial Services	3,091	1.8
Hilton Food	Food Producers	2,939	1.7
Robert Walters	Support Services	2,869	1.7
NCC	Software & Computer Services	2,747	1.6
JD Wetherspoon	Travel & Leisure	2,608	1.5
Brooks Macdonald ^{AIM}	Financial Services	2,604	1.5
Scapa ^{AIM}	Chemicals	2,585	1.5
Essentra	Support Services	2,577	1.5
CLS	Real Estate Investment & Services	2,566	1.5
Other Investments (41)		109,574	63.6
Total Investments (71)		172,187	100.0

^{AIM} Investments quoted on AIM.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS TO 31 JUL 2019			SIX MONTHS TO 31 JUL 2018		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Profit on investments held at fair value	—	23,749	23,749	—	4,582	4,582
Income – note 2	2,021	—	2,021	2,145	—	2,145
	2,021	23,749	25,770	2,145	4,582	6,727
Investment management fees – note 3	(98)	(556)	(654)	(86)	(486)	(572)
Performance fee – note 3	—	—	—	—	(385)	(385)
Other expenses	(182)	(3)	(185)	(202)	(1)	(203)
Profit before finance costs and taxation	1,741	23,190	24,931	1,857	3,710	5,567
Finance costs – note 3	(1)	(3)	(4)	(1)	(5)	(6)
Profit before taxation	1,740	23,187	24,927	1,856	3,705	5,561
Taxation – note 4	—	—	—	—	—	—
Profit after taxation	1,740	23,187	24,927	1,856	3,705	5,561
Return per ordinary share	5.30p	70.58p	75.88p	5.65p	11.28p	16.93p
Weighted average number of ordinary shares in issue	32,851,929			32,851,929		

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

CONDENSED BALANCE SHEET

Registered number 2129187

	AT 31 JUL 2019 £'000	AT 31 JAN 2019 £'000
Non-current assets		
Investments held at fair value through profit or loss	172,187	149,211
Current assets		
Amounts due from brokers	—	54
Prepayments and accrued income	205	384
Cash and cash equivalents	7,299	10,399
	7,504	10,837
Total assets	179,691	160,048
Current liabilities		
Amounts due to brokers	(3)	(695)
Performance fee accrued – note 3	—	(901)
Other accruals	(188)	(167)
	(191)	(1,763)
Net assets	179,500	158,285
Capital and reserves		
Share capital	10,642	10,642
Share premium	21,244	21,244
Capital redemption reserve	3,386	3,386
Capital reserve	142,488	121,880
Revenue reserve	1,740	1,133
Total shareholders' funds	179,500	158,285
Net asset value per ordinary share	546.4p	481.8p
Number of 20p ordinary shares in issue at the period end - note 6	32,851,929	32,851,929

CONDENSED STATEMENT OF CASH FLOW

	SIX MONTHS TO 31 JUL 2019 £'000	SIX MONTHS TO 31 JUL 2018 £'000
Cash flow from operating activities		
Profit before finance costs and taxation	24,931	5,567
Adjustments for:		
Purchases of investments	(20,405)	(15,137)
Sales of investments	20,540	20,398
	135	5,261
Profit on investments held at fair value	(23,749)	(4,582)
Decrease/(increase) in receivables	179	(30)
Decrease in payables	(881)	(1,429)
Net cash inflow from operating activities after taxation	615	4,787
Cash flow from financing activities		
Finance cost paid	(3)	(21)
Dividends paid – note 5	(3,712)	(4,501)
Net cash outflow from financing activities	(3,715)	(4,522)
Net (decrease)/increase in cash and cash equivalents	(3,100)	265
Cash and cash equivalents at the beginning of the period	10,399	5,500
Cash and cash equivalents at the end of the period	7,299	5,765
Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:		
Cash held at custodian	39	195
Short-Term Investment Company (Global Series) plc, money market fund	7,260	5,570
Cash and cash equivalents	7,299	5,765
Cash flow from operating activities includes:		
Dividends received	2,205	2,119

CONDENSED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
For the six months ended 31 July 2019						
At 31 January 2019	10,642	21,244	3,386	121,880	1,133	158,285
Total comprehensive income for the period	—	—	—	23,187	1,740	24,927
Dividends paid – note 5	—	—	—	(2,579)	(1,133)	(3,712)
At 31 July 2019	10,642	21,244	3,386	142,488	1,740	179,500
For the six months ended 31 July 2018						
At 31 January 2018	10,642	21,244	3,386	142,058	1,241	178,571
Total comprehensive income for the period	—	—	—	3,705	1,856	5,561
Dividends paid – note 5	—	—	—	(3,260)	(1,241)	(4,501)
At 31 July 2018	10,642	21,244	3,386	142,503	1,856	179,631

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

Accounting Standards and Policies

The condensed financial statements have been prepared using the same accounting policies as those adopted in the 2019 annual financial report. They have been prepared on an historical cost basis, in accordance with the applicable International Financial Reporting Standards (IFRS), as adopted by the European Union and, where possible, in accordance with the Statement of Recommended Practice for Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies in November 2014, as updated in February 2018.

2. Income

	31 JUL 2019	31 JUL 2018
SIX MONTHS ENDED	£'000	£'000
Income from listed investments:		
UK dividends	1,791	1,829
Overseas dividends	188	105
Special dividends	42	211
	2,021	2,145

3. Management and Performance Fees and Finance Costs

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

With effect from 1 February 2019, under an amended investment management agreement, a management fee of 0.75% (2018: 0.65%) per annum of gross funds under management is payable. The performance fee arrangement was removed with effect from 1 February 2019, resulting in no performance fee being payable for the current period (six months to 31 July 2018: £385,000; year to 31 January 2019: £116,000). As part of these arrangements, the Company has paid all performance fees accrued to 31 January 2019, amounting to £901,000.

4. Taxation and Investment Trust Status

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

5. Dividends paid on Ordinary Shares

SIX MONTHS ENDED	31 JUL 2019		31 JUL 2018	
	RATE	£'000	RATE	£'000
Third interim	3.65p	1,199	3.55p	1,166
Final	7.65p	2,513	10.15p	3,335
Total	11.30p	3,712	13.70p	4,501

The first interim dividend of 3.75p per ordinary share (2018: 3.65p) was paid on 2 September 2019 to shareholders on the register on 2 August 2019.

6. Share capital

	SIX MONTHS TO 31 JUL 2019	YEAR TO 31 JAN 2019
Share capital:		
Ordinary shares of 20p each (£'000)	6,570	6,570
Treasury shares of 20p each (£'000)	4,072	4,072
	10,642	10,642
Number of ordinary shares in issue:	32,851,929	32,851,929

7. Classification Under Fair Value Hierarchy

Note 17 of the 2019 annual financial report sets out the basis of classification.

As at 31 July 2019, the majority of the Company's portfolio was composed of quoted (Level 1) investments. The following unquoted (Level 3) investments were also held at the period end: Patisserie Holdings at £nil (31 January 2019: £nil) and Berry Starquest Limited (dormant subsidiary) valued at £100 (31 January 2019: £100).

8. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly financial report, which has not been reviewed or audited by an independent auditor, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half years ended 31 July 2018 and 31 July 2019 has not been audited. The figures and financial information for the year ended 31 January 2019 are extracted and abridged from the latest audited accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Independent Auditor's Report, which was unqualified.

By order of the Board
Invesco Asset Management Limited
 Company Secretary

17 October 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The Directors confirm that to the best of their knowledge:

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

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

Signed on behalf of the Board of Directors.

Jane Lewis
 Chairman

17 October 2019



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