

# Perpetual Income and Growth Investment Trust plc

Half-Yearly Financial Report for the Six Months to 30 September 2015

## KEY FACTS

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

## Investment Objective of the Company

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

Full details of the Company's Investment Policy and Investment Limits can be found on pages 10 and 11 of the Company's 2015 annual financial report.

## Performance Statistics

The Benchmark index of the Company is the FTSE All-Share Index.

	SIX MONTHS ENDED 30 SEPTEMBER 2015	AT 30 SEPTEMBER 2015	AT 31 MARCH 2015	% CHANGE
Total return <sup>(1)(2)</sup> (all income reinvested):				
Net asset value				
– debt at market value		–0.2%		
– debt at par		–0.4%		
Share price		+2.4%		
Benchmark		–7.2%		
Shareholders' funds (£'000)	964,123	978,427		–1.5
Net asset value per ordinary share	402.5p	413.1p		–2.6
Share price	402.0p	400.9p		+0.3
Discount to NAV	0.1%	3.0%		
Capital return – Benchmark <sup>(1)</sup>				–8.9
Gearing:				
– gross gearing <sup>(3)</sup>	17.9%	15.3%		
– net gearing <sup>(4)</sup>	17.9%	15.3%		

(1) Source: Thomson Reuters Datastream.

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

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

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

	SIX MONTHS ENDED		
	30 SEPTEMBER 2015	30 SEPTEMBER 2014	% CHANGE
Revenue			
Basic revenue return per share	8.06p	7.26p	+11.0
Dividends – first interim	2.90p	2.80p	
– second interim	2.90p	2.80p	
– total	5.80p	5.60p	+3.6

## INTERIM MANAGEMENT REPORT INCORPORATING THE CHAIRMAN'S STATEMENT

### Chairman's Statement

#### Performance

I am pleased to report to shareholders that your Portfolio Manager, Mark Barnett, has continued to generate performance ahead of the benchmark from the Company's portfolio during the six-month period to 30 September 2015. Over this period your Company's total return was –0.2%, outperforming the FTSE All-Share Index which returned –7.2%. The share price per ordinary share increased by 0.3%, rising from 400.9p to 402.0p per share, with the discount to NAV per ordinary share narrowing from 3.0% to 0.1% over the same period.

As you will read in Mark Barnett's report which follows, markets were particularly volatile during the period. However, whilst he believes the prospects for the UK stock market to be subdued in the short term, this is an environment that favours active portfolio management rather than closet index-tracking in order to ensure that the all-important objective of dividend growth is not achieved at the expense of capital growth; being invested in the right sectors and stocks remains as critical as ever.

## Dividend

The Directors are pleased to declare a second interim dividend of 2.9p per ordinary share in respect of the three months to 30 September 2015. This dividend will be paid on 23 December 2015 to shareholders on the register on 4 December 2015. The shares will go ex-dividend on 3 December 2015.

Your Board continues to recognise the importance of dividends to shareholders, particularly in the present low interest environment, and is determined to maintain its policy of real dividend growth over the medium to longer term.

## Auditor Rotation

Deloitte UK LLP, in its various forms, has been the Company's statutory auditor since the Company's inception. Having due regard for the new audit regulations and evolving best practice on auditor rotation, the Audit Committee undertook an audit tender process. This resulted in the Board inviting Ernst & Young LLP to become the Company's auditor for the year ending 31 March 2016. I would like to take this opportunity to thank Deloitte for their services to the Company over many years and for their expertise and advice.

## The Board

Two members of your Board retired during the period under review. Sir Martyn Arbib and Antony Hardy had both served on the Board since its inception in 1996. During this time, their experience and in-depth knowledge of the investment industry have been integral to the long-term success of the Company and shareholders have always been uppermost in their minds. On behalf of the Board, I would like to place on record my sincere appreciation of their stewardship of the Company over their long period of diligent service and of their significant contribution to its success. We wish them both well in the future.

Following a thorough search and selection process undertaken over several months, the Board has appointed two new directors: Victoria Cochrane brings with her a wealth of relevant financial sector experience and risk management expertise and Alan Giles has extensive commercial and retail experience. I take this opportunity to welcome them both. These new appointments further strengthen the Board, ensuring that it maintains an appropriate balance of skills, knowledge, broad expertise and, importantly for an investment trust, independence.

## Bill Alexander

Chairman

24 November 2015

## Portfolio Manager's Report

### Market Review

After a strong start to 2015, the UK equity market became increasingly volatile over the six month period under review. Fears of a Greek exit from the euro, a slowing Chinese economy and the prospect of monetary tightening in the US dented market sentiment, overshadowing the unexpected outright Conservative victory in the UK General Election. Falling oil and commodity prices and concerns over the impact of the Chinese slowdown on other emerging markets offset broadly positive news on the UK economy and the FTSE All-Share Index delivered a return of –7.2% over the period. However, this return masked significant disparity of performance at the individual stock level. Small and medium sized companies performed substantially better in aggregate than large caps – due to a higher proportion of domestically focused companies in the former and the significant weighting towards resource industries in the latter. This was exemplified in the returns from the FTSE Small Cap (ex Investment Companies) and FTSE 250 indices which returned +3.7% and –0.8% respectively, versus the FTSE 100 Index, which fell by 8.7% (all on a total return basis).

### Portfolio Strategy & Review

The Company's net asset value, including reinvested dividends, fell by 0.2% (debt at market value) and by 0.4% (debt at par) during the period under review, compared with a fall of 7.2% (total return) from the FTSE All-Share Index.

The key contributors to the Company's outperformance were tobacco companies, in particular the holdings in Reynolds American and Imperial Tobacco. Over the six months to 30 September 2015, Reynolds American saw its share price rise by over 25% (sterling; total return) after the company's proposed acquisition of US tobacco company Lorillard met with final approval from the US Federal Trade Commission. This saw Reynolds acquire Newport, a dominant menthol cigarette brand in the US, which strengthened its market position there. Meanwhile, Imperial Tobacco, as part of the deal, acquired some US brands from Reynolds (including premium brand Winston) as well as Lorillard's US based salesforce. Dividend growth and profit margins remain healthy across the tobacco majors, in spite of the continuing volume decline in global cigarette sales, as product innovation, tobacco quality improvements and cost rationalisation have helped enhance pricing power in many territories.

Also contributing strongly to performance were some of the portfolio's investments in the financial services sector, including Provident Financial. A long-term holding in the portfolio, Provident Financial specialises in the non-standard lending market and has two main lending divisions – Vanquis, a non-standard credit card business, and CCD, its consumer credit division, primarily made up of the home collected credit business. The latter has improved profitability in recent years by being more stringent on credit quality

and through technology-derived efficiency gains. The company has expanded into complementary areas of credit, both organically through the creation of Satsuma Loans, its online short-term loan business, and by acquisition, with the purchase of Moneybarn, a company specialising in car finance. Provident Financial has been quick to adapt its business model to advances in technology and changes in customer borrowing habits. Profit margins are high and stable, while default rates remain low and within the management team's expected range.

The Company's holding in Amlin, a Lloyds insurance market investment vehicle, received a takeover approach from Japanese company Mitsui towards the period end, resulting in a significant uplift to its share price. We were fully supportive of this acquisition proposal as the price paid reflected a full valuation for the business. The share prices of Beazley and Hiscox, also in the non-life insurance sector, both rose during the period on the back of positive half-year results and amid growing takeover speculation.

The portfolio continues to have no exposure to banks or mining companies, due mainly to uncertainty on the future direction of dividends as a result of regulatory restrictions in the case of banks, and uncertainty over future commodity prices in the case of mining companies. The absence of holdings in these sectors helped drive the fund's outperformance of its benchmark over the period.

Weighing on performance were the holdings in Rolls-Royce, BP and Thomas Cook. Rolls-Royce continued to disappoint in share price performance terms. The appointment of Warren East as chief executive in July saw him make a further downward revision of the expected full-year pre-tax profits and cancel the share buyback. Headwinds for its marine business, a slowing production line for the Airbus A330 and lower than expected demand for engines to power business jets have depressed short term profit expectations. However, Mr East was keen to emphasise his belief in the long term prospects for the business as a whole, citing "exceptional technology and outstanding long-term prospects".

A decline in global energy prices was in part responsible for a fall in the share price of BP. The company has stated its intention to maintain its dividend at current oil prices and with its latest quarterly results has given further details around the substantial cost reduction and capital efficiency agenda. The planning assumption, as enunciated by chief executive, Bob Dudley, is that oil prices will stay 'lower for longer'.

Thomas Cook saw sales revenue impacted and sentiment dented by the terrorist attack in Tunisia. Profits were also affected by foreign exchange headwinds. However, more recently the company has reported improving demand for holidays in Northern Europe and the UK, with conditions in Continental Europe remaining 'challenging'. Thomas Cook continues to develop its strategic partnership with Chinese operator Fosun, where it has made progress on a number of new initiatives.

In terms of portfolio activity during the period, the holding in GlaxoSmithKline was sold while exposure to Rolls-Royce was reduced. New investments were made in easyJet, BCA Marketplace, Silence Therapeutics, Motif Bio and VPC Speciality Lending Investments. In addition, the portfolio's exposure to unquoted investments increased over the period following the investment in three new companies, namely SciFluor Life Sciences, infirst Healthcare and Oxford Sciences Innovation. SciFluor is a co-investment with Allied Minds, focused around a fluorine based drug discovery and development platform, with two lead compounds targeting epilepsy and age related macular degeneration. infirst Healthcare is a consumer health commercialisation company, with interests in paediatric cough and reformulated ibuprofen. Oxford Sciences Innovation is a new co-investment partner with a 15 year deal across all scientific departments at Oxford University to invest in and commercialise intellectual property.

## Outlook

The near term outlook for the UK stock market appears subdued. A number of important external factors have converged over the last few months to mean that it is unlikely that we will witness a repeat of the benign conditions in the equity market seen over the last few years.

The market outlook is challenged by a number of factors. First, the last five years' return of the FTSE All-Share Index has been very positive set against a longer term context. Second, the valuation of the market no longer represents a cheap asset class – the strong re-rating of equities in recent years has run its course. Third, the underlying level of aggregate earnings growth in the market remains too weak to justify further increases in the level of the Index. Fourth, the declining growth rate of the Chinese economy has revealed the full extent of the forces of disinflation and how widespread their impact is felt around the world. This will clearly have an effect on the ability of companies to increase prices, the willingness of companies to invest in new capacity, and ultimately the capacity for economies to grow sustainably into the future.

These factors have combined to make the UK stock market a more volatile place to invest. However this is also an environment which favours active portfolio management. In the near term the outlook may indeed be more challenging as profit warnings and dividend cuts become a recurring feature of the landscape. The successful manager will need to tread carefully in this environment in order to avoid these pitfalls. This is a time to be highly selective in portfolio construction – the onus rests even more on prudence and capital preservation. Overall, returns from the markets are likely to be more modest in the foreseeable future, and income is likely to comprise a higher proportion of total return than in the recent past. The portfolio is well positioned for this environment.

**Mark Barnett**  
Portfolio Manager

24 November 2015

## Related Parties Transactions

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

## Principal Risks and Uncertainties

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

- Economic Risk – Economic risk arises from uncertainty about the future prices of the Company's investments. Market fluctuations, both upward and downward, may arise from external factors which are outside the control of the Board and the Manager.
- Investment Risk – This is the stock specific risk that the stock selection process may not achieve the Company's published objectives. Poor performance of individual portfolio investments is mitigated by diversification and ongoing monitoring of investment guidelines.
- Financial Risk – The financial risks faced by the Company include market price risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk, which includes counterparty and custodial risk.
- Gearing Risk – The use of borrowings will amplify the effect of shareholders' funds of portfolio gains and losses.
- Investment Objective – There can be no guarantee that the Company will meet its investment objective.
- Share Discount Risk – The Company's shares may, at times, trade at a wide discount. The Board has put in place both share repurchase and issuance facilities to help the management of this risk.
- Operational Risk – A failure of the systems of financial and non-financial internal controls operated by the Company, the Manager and other external service providers could result in loss of assets and reputational damage as a result of fraud or material misstatement.
- Regulatory Risk – Loss of investment trust status for tax purposes could lead to the Company being subject to tax on the realised capital profits on the sale of its investments. A serious breach of regulatory rules could lead to suspension from the Official List, a fine or qualified audit report and reputational problems.

A detailed explanation of these principal risks and uncertainties can be found on pages 12 to 14 of the 2015 annual financial report, which is available on the Company's section of the Manager's website at: [www.invescoperpetual.co.uk/pigit](http://www.invescoperpetual.co.uk/pigit). In the view of the Board these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

## Going Concern

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

The Directors confirm that to the best of their knowledge:

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

**Bill Alexander**  
Chairman

24 November 2015

## INVESTMENT PORTFOLIO STATEMENT AT 30 SEPTEMBER 2015

UK ordinary shares unless stated otherwise

UQ: Unquoted

ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO	ISSUER	SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
<b>Equity investments</b>				Smith & Nephew	Health Care Equipment & Services	11,256	1.0
Reynolds American – US common stock	Tobacco	61,803	5.4	HomeServe	Support Services	11,177	1.0
Imperial Tobacco	Tobacco	50,728	4.4	IP Group	Financial Services	11,156	1.0
British American Tobacco	Tobacco	50,708	4.4	P2P Global Investments	Equity Investment Instruments	10,739	0.9
BT Group	Fixed Line Telecommunications	40,868	3.6	Vectura	Pharmaceuticals & Biotechnology	10,302	0.9
AstraZeneca	Pharmaceuticals & Biotechnology	40,785	3.5	N Brown	General Retailers	10,162	0.9
Roche – Swiss common stock	Pharmaceuticals & Biotechnology	34,177	3.0	Oxford Sciences Innovation <sup>UQ</sup>	Financial Services	10,000	0.9
BAE Systems	Aerospace & Defence	34,063	3.0	Drax	Electricity	9,578	0.8
Provident Financial	Financial Services	32,102	2.8	CLS	Real Estate Investment & Services	9,290	0.8
BP	Oil & Gas Producers	29,209	2.5	Sherborne Investors	Financial Services	8,533	0.7
Capita	Support Services	27,519	2.4	Guernsey B – A Shares			
Top Ten Holdings		401,962	35.0	Top Fifty Holdings		1,052,581	91.8
Amlin	Non-life Insurance	26,375	2.3	Motif Bio	Pharmaceuticals & Biotechnology	8,475	0.7
Beazley	Non-life Insurance	24,878	2.2	infirst Healthcare <sup>UQ</sup> – D Shares	Pharmaceuticals & Biotechnology	7,920	0.7
Legal & General	Life Insurance	24,115	2.1	SciFluor Life Sciences <sup>UQ</sup> – US Series A convertible preferred	Pharmaceuticals & Biotechnology	7,741	0.7
RELX (formerly Reed Elsevier)	Media	23,729	2.1	Silence Therapeutics	Pharmaceuticals & Biotechnology	7,617	0.7
Derwent London	Real Estate Investment Trusts	23,221	2.0	BCA Marketplace	Financial Services	7,536	0.6
London Stock Exchange	Financial Services	22,597	2.0	Macau Property	Real Estate Investment & Services	6,706	0.6
Bunzl	Support Services	21,371	1.9	Opportunities Fund			
BTG	Pharmaceuticals & Biotechnology	21,072	1.8	MayAir	Industrial Engineering	5,322	0.5
Babcock International	Support Services	20,833	1.8	Ladbrokes	Travel & Leisure	5,304	0.5
NewRiver Retail	Real Estate Investment Trusts	20,243	1.8	Napo Pharmaceuticals <sup>UQ</sup> – US common stock	Pharmaceuticals & Biotechnology	5,141	0.4
Top Twenty Holdings		630,396	55.0	Nimrod Sea Assets	Equity Investment Instruments	5,116	0.4
Rentokil Initial	Support Services	20,153	1.8	Top Sixty Holdings		1,119,459	97.6
Shaftesbury	Real Estate Investment Trusts	20,115	1.8	Doric Nimrod Air Three – Preference Shares	Equity Investment Instruments	4,885	0.4
Hiscox	Non-life Insurance	19,965	1.7	VPC Specialty Lending Investments – C Shares	Financial Services	4,800	0.4
Compass	Travel & Leisure	19,839	1.7	Doric Nimrod Air Two – Preference Shares	Equity Investment Instruments	4,773	0.4
SSE	Electricity	19,441	1.7	Horizon Discovery	Pharmaceuticals & Biotechnology	4,619	0.4
Thomas Cook	Travel & Leisure	18,344	1.6	Lombard Medical – US common stock	Health Care Equipment & Services	4,450	0.4
Centrica	Gas, Water & Multiutilities	17,241	1.5	Damille Investments II	Equity Investment Instruments	2,889	0.2
Novartis – Swiss common stock	Pharmaceuticals & Biotechnology	16,743	1.5	PuriCore	Health Care Equipment & Services	1,604	0.1
Reckitt Benckiser	Household Goods & Home Construction	16,114	1.4	HaloSource	Chemicals	920	0.1
G4S	Support Services	15,144	1.3	XTL Biopharmaceuticals – ADR	Pharmaceuticals & Biotechnology	93	—
Top Thirty Holdings		813,495	71.0	Mirada	Media	8	—
KCOM	Fixed Line Telecommunications	14,643	1.3	<b>Total Equity Investments (70)</b>		1,148,500	100.0
TalkTalk Telecom	Fixed Line Telecommunications	14,462	1.3	<b>Other investments</b>			
GAME Digital	General Retailers	14,211	1.2	ISSUER AND ISSUE	SECTOR (MOODY'S&P RATING)		
Imperial Innovations	Financial Services	13,902	1.2	Barclays Bank – Nuclear Power Notes	Electricity (Non-rated)	470	—
Rolls-Royce	Aerospace & Defence	13,785	1.2	28 Feb 2019			
Circassia Pharmaceuticals	Pharmaceuticals & Biotechnology	13,668	1.2	<b>Total Investments (71)</b>		1,148,970	100.0
Lancashire	Non-life Insurance	13,616	1.2				
Harworth	Real Estate Investment & Services	13,158	1.1				
Workspace	Real Estate Investment Trusts	13,057	1.1				
easyJet	Travel & Leisure	12,391	1.1				
Top Forty Holdings		950,388	82.9				

## CONDENSED INCOME STATEMENT

	REVENUE £'000	SIX MONTHS TO 30 SEPTEMBER 2015 CAPITAL £'000	TOTAL £'000	REVENUE £'000	SIX MONTHS TO 30 SEPTEMBER 2014 CAPITAL £'000	TOTAL £'000
(Losses)/gains on investments at fair value	—	(14,610)	(14,610)	—	7,699	7,699
Foreign exchange gains	—	35	35	—	17	17
Income – note 2	21,137	—	21,137	18,797	—	18,797
	21,137	(14,575)	6,562	18,797	7,716	26,513
Investment management fee – note 3	(833)	(1,944)	(2,777)	(774)	(1,805)	(2,579)
Performance fee – note 3	—	(5,713)	(5,713)	—	(996)	(996)
Other expenses	(408)	(1)	(409)	(327)	(1)	(328)
<b>Net return before finance costs and taxation</b>	19,896	(22,233)	(2,337)	17,696	4,914	22,610
Finance costs – note 3	(595)	(1,388)	(1,983)	(592)	(1,381)	(1,973)
<b>Return on ordinary activities before taxation</b>	19,301	(23,621)	(4,320)	17,104	3,533	20,637
Tax on ordinary activities – note 4	(145)	—	(145)	(134)	—	(134)
<b>Return on ordinary activities after taxation for the financial period</b>	19,156	(23,621)	(4,465)	16,970	3,533	20,503
<b>Return per ordinary share – Basic</b>	8.06p	(9.94p)	(1.88p)	7.26p	1.51p	8.77p
<b>Weighted average number of ordinary shares in issue</b>		237,530,795			233,816,175	

The total column of this statement represents the Company's profit and loss account, prepared in accordance with UK Accounting Standards. 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, therefore no statement of total recognised gains or loss is presented. No operations were acquired or discontinued in the period.

## CONDENSED BALANCE SHEET

Registered number 3156676

	AT 30 SEPTEMBER 2015 £'000	AT 31 MARCH 2015 £'000
<b>Fixed assets</b>		
Investments at fair value	1,148,970	1,128,511
<b>Current assets</b>		
Amount due from brokers	1	1,125
Proceeds from issue of new shares	949	—
Tax recoverable	465	1,130
Prepayments and accrued income	1,381	5,161
	2,796	7,416
<b>Creditors: amounts falling due within one year</b>		
Bank overdraft	(113,256)	(90,221)
Amounts due to brokers	(6,642)	—
Accruals and deferred income	(2,613)	(2,599)
Performance fee accrued – note 3	—	(5,282)
	(122,511)	(98,102)
<b>Net current liabilities</b>	(119,715)	(90,686)
<b>Total assets less current liabilities</b>	1,029,255	1,037,825
<b>Creditors: amounts falling due after more than one year</b>		
4.37% Loan notes 8 May 2029	(59,419)	(59,398)
<b>Provision for performance fee – note 3</b>	(5,713)	—
<b>Net assets</b>	964,123	978,427
<b>Capital and reserves</b>		
Share capital – note 6	23,956	23,687
Share premium	261,737	251,166
Capital reserve	648,725	672,346
Revenue reserve	29,705	31,228
<b>Shareholders' funds</b>	964,123	978,427
<b>Net asset value per ordinary share – Basic</b>	402.5p	413.1p
<b>Number of 10p ordinary shares in issue at the period end – note 6</b>	239,559,217	236,874,251

## CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
<b>FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015</b>					
At 31 March 2015	23,687	251,166	672,346	31,228	978,427
Net return on ordinary activities	—	—	(23,621)	19,156	(4,465)
Dividends paid – note 7	—	—	—	(20,679)	(20,679)
Net proceeds from issue of new shares	269	10,571	—	—	10,840
At 30 September 2015	23,956	261,737	648,725	29,705	964,123
<b>FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014</b>					
At 31 March 2014	23,382	239,613	602,899	30,396	896,290
Net return on ordinary activities	—	—	3,533	16,970	20,503
Dividends paid – note 7	—	—	—	(19,641)	(19,641)
At 30 September 2014	23,382	239,613	606,432	27,725	897,152

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) and with the Statement of Recommended Practice *Financial Statements of Investment Trust Companies and Venture Capital Trusts*, issued by the Association of Investment Companies in November 2014. Accordingly, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* applies for the year ending 31 March 2016 and these financial statements. In addition, FRS 104 *Interim Financial Reporting*, issued by the Financial Reporting Council in March 2015 has been applied for the first time. The financial statements are issued on a going concern basis.

As a result of the first time adoption of FRS 102 and the revised SORP, comparative figures and presentation have been revised where required. The net return attributable to ordinary shareholders and shareholders' funds remain unchanged. As an investment fund the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all investments are highly liquid and are carried at market value, and where a statement of changes in equity is provided.

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 31 March 2015, with the following revision:

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

No other accounting policies have changed as a result of the application of FRS 102 and the revised SORP.

### 2. Income

	SIX MONTHS TO 30 SEPT 2015 £'000	SIX MONTHS TO 30 SEPT 2014 £'000
<b>Income from investments</b>		
UK – dividends	15,790	15,547
– special dividends	2,251	1,119
Overseas – dividends	1,987	1,851
– special dividends	—	—
Unfranked investment income	235	—
Scrip dividends	826	280
	21,089	18,797
<b>Other income</b>		
Underwriting commission	48	—
	21,137	18,797

### 3. Investment Management Fees and Finance Costs

The base management fee and finance costs are allocated 70% to capital and 30% to revenue. The management fee arrangements were amended with effect from 1 April 2014, as reported in the 2015 annual financial report. The base fee is 0.6% pa on the first £500 million of assets under management and 0.4% thereafter.

A provision for a performance-related fee is recognised if the Company's performance exceeds the FTSE All-Share Index and is wholly allocated to capital. A performance fee of £5,713,000 has been provided for the six months under review (30 September 2014: £996,000). A performance fee of £5,282,000 was accrued and later paid for the year ended 31 March 2015.

### 4. Investment Trust Status and Tax

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

### 5. Classification Under Fair Value Hierarchy

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

	AT 30 SEPT 2015 £'000	AT 31 MAR 2015 £'000
Quoted prices for identical instruments in active markets	1,117,698	1,120,064
Valuation techniques using observable data – Barclays Nuclear Power Notes	470	537
Valuation techniques using non-observable data – unquoted securities	30,802	7,910
	1,148,970	1,128,511

### 6. Share Capital

#### Ordinary shares of 10p each

	SIX MONTHS TO 30 SEPT 2015	YEAR TO 31 MAR 2015
<b>Number of ordinary shares:</b>		
Brought forward	236,874,251	233,816,175
Ordinary shares issued for cash	2,684,966	3,058,076
	239,559,217	236,874,251

### 7. Dividends per Ordinary Share

The first interim dividend of 2.9p was paid on 30 September 2015 to shareholders registered on 4 September 2015. The Directors have declared a second interim dividend of 2.9p payable on 23 December 2015 to shareholders registered on 4 December 2015.

	SIX MONTHS TO 30 SEPT 2015	SIX MONTHS TO 30 SEPT 2014
<b>Interim dividends paid:</b>		
Fourth (prior year)	3.9p	3.7p
First (current year)	2.9p	2.8p
	6.8p	6.5p
Total	6.8p	6.5p
Special dividend (prior year)	1.9p	1.9p
	8.7p	8.4p
	16,179	15,198
<b>£'000 equivalent</b> (excluding special)	16,179	15,198
	20,679	19,641
<b>£'000 equivalent</b> (including special)	20,679	19,641

### 8. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly report, which has not been audited or reviewed by the independent auditors, does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2015 and 30 September 2014 has not been audited. The figures and financial information for the year ended 31 March 2015 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditor, which was unqualified and did not include a statement under section 498 of the Companies Act 2006.

By order of the Board  
**Invesco Asset Management Limited**  
 Company Secretary

24 November 2015

## DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

### Directors

Bill Alexander, Chairman  
Sir Martyn Arbib (retired 1 October 2015)  
Vivian Bazalgette, Senior Independent Director  
Victoria Cochrane (appointed 28 October 2015)  
Alan Giles (appointed 6 November 2015)  
Antony Hardy (retired 10 July 2015)  
Richard Laing, Audit Committee Chairman  
Bob Yerbury

### Registered Office and Company Number

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

### Manager

Invesco Fund Managers Limited

### Company Secretary

Invesco Asset Management Limited  
Company Secretarial contact: Kelly Nice and Kevin Mayger

### Correspondence Address

6th Floor  
125 London Wall  
London EC2Y 5AS  
☎ 020 3753 1000

### Depository

BNY Mellon Trust & Depository (UK) Limited  
160 Queen Victoria Street  
London EC4V 4LA

### Website

Information relating to the Company can be found on the Company's section of the Manager's website at [www.invescoperpetual.co.uk/pigit](http://www.invescoperpetual.co.uk/pigit).

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

### Registrars

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

If you hold shares directly rather than through an ISA or Savings Scheme, and have queries relating to your shareholding you should contact the registrars on ☎ 0871 664 0300.

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

From outside the UK: +44 (0)208 639 3399. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 9 am to 5.30 pm, Monday to Friday (excluding Bank Holidays).

Shareholders holding shares directly can also access their holding details via Capita's website [www.capitashareportal.com](http://www.capitashareportal.com)

The registrars provide 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.capitadeal.com](http://www.capitadeal.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 from 8.00 am to 4.30 pm, Monday to Friday (excluding public holidays in England and Wales).

### Invesco Perpetual Client Services

The Invesco Perpetual Client Services Team is available from 8.30 am to 6 pm Monday to Friday (excluding UK Bank Holidays).

☎ 0800 085 8677.

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

Current valuations, statements and literature can be obtained, however, no investment advice can be given.

### Scheme and ISA Administration

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

Invesco Perpetual  
PO Box 11150  
Chelmsford  
CM99 2DL  
☎ 0800 085 8677

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



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