

Invesco Perpetual UK Smaller Companies Investment Trust plc

Half-Yearly Financial Report for the Six Months to 31 July 2015

KEY FACTS

Invesco Perpetual UK Smaller Companies Investment Trust plc (the Company) is an investment trust, quoted on the London Stock Exchange, which invests predominantly in the shares of small to medium sized UK quoted companies.

Investment Objective and Policy 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.

Full details of the Company's investment policy and risk and investment limits can be found in the annual financial report for the year ended 31 January 2015.

Financial Highlights

	AT 31 JUL 2015	AT 31 JAN 2015	% CHANGE
Net asset value per share	409.3p	370.1p	+10.6%
Shareholders' funds (£'000)	217,770	196,914	+10.6%
Share price	385.0p	328.3p	+17.3%
Discount	5.9%	11.3%	

Total return (with income reinvested) for the six months ended 31 July 2015:

Net asset value*	+14.3%
Benchmark Index*	+12.9%
FTSE All-Share Index*	+2.8%

Capital return:

Net asset value*	+10.6%
Benchmark Index*	+11.0%
FTSE All-Share Index*	+0.9%

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

*Source: Thomson Reuters Datastream/Invesco

SIX MONTHS ENDED	31 JUL 2015	31 JAN 2014
Return per share:		
– revenue	5.8p	3.6p
– capital	45.5p	(10.4)p
– total	51.3p	(6.8)p
First interim dividend ^f	3.40p	1.60p

^fAs explained in detail in the Chairman's Statement, the Company has changed its dividend policy to increase materially dividends payable and to pay dividends quarterly (previously semi-annually).

PERIOD END DATE	31 JUL 2015	31 JAN 2015
Gearing:		
– gross gearing ⁽¹⁾	nil	nil
– net gearing ⁽²⁾	nil	nil
– net cash ⁽³⁾	1.1%	4.1%
Maximum permissible gearing ⁽⁴⁾	9.2%	10.2%

Notes:

- (1) Gross gearing: borrowings ÷ shareholders' funds.
- (2) Net gearing: borrowings less cash ÷ shareholders' funds.
- (3) Net cash: net exposure to cash and cash equivalents ÷ shareholders' funds.
- (4) Maximum permissible gearing: maximum permissible borrowings as laid down in the investment policy and covenants under the borrowing facility ÷ shareholders' funds.

CHAIRMAN'S STATEMENT INCORPORATING THE INTERIM MANAGEMENT REPORT

Chairman's Statement

Performance

Over the six months to 31 July 2015, your Company delivered a net asset value (NAV) return, on a total return basis, of 14.3% outperforming its benchmark, the Numis Smaller Companies Index (ex Investment Companies), which returned 12.9%. Although a modest outperformance of the Company's benchmark in absolute terms, the portfolio has once again performed well in comparison to the wider UK stock market, with the FTSE All-Share Index returning only 2.8% over the same period.

Share Price and Discount

The Company's share price increased from 328.3p to 385.0p during the period under review, an increase of 17.3%. I am especially pleased to report this increase given that it reflects a substantial narrowing of the discount which decreased from 11.3% as at 31 January 2015 to 5.9% at the period end. The Board continues to monitor the discount level closely, and did not deem it necessary to buy back any shares during the period. At the latest practical date the discount was 5.6%.

Changes to the Dividend Policy

As announced in March of this year, the Board took the decision to implement a material increase in the dividend paid to shareholders and this was reflected in the final dividend of 12.15p, giving a total dividend of 13.75p for the year ended 31 January 2015 (2014: 6.5p). It was also confirmed that the Company would move to the payment of quarterly dividends, comprising three equal interim dividends followed by a final dividend, and would target an initial yield of approximately 4% per annum (based on the then prevailing share price of 344p). Dividends are to be funded by the distribution of available income each year and the balance from previously realised capital reserves. It is at present anticipated that the Company will distribute as income circa 1.5% of net assets for the year ending 31 January 2016.

One of the objectives of this action by your Board is to encourage a permanent narrowing of the discount to NAV at which the Company's shares trade, which has been the case to date.

As I stated in my annual Chairman's Statement, the changes to the Company's dividend policy will not affect the Board's commitment to shareholders for a vote on various options for the Company's future in 2017.

Interim Dividend

In accordance with the Company's new dividend policy, on 28 July 2015 the Board declared a first interim dividend of 3.4p. This first interim dividend for the year ending 31 January 2016 was paid on 11 September 2015, to shareholders on the register on 7 August 2015. The expected timetable for the remaining dividend payments is: second and third interim dividends in December 2015 and March 2016 respectively, with the final dividend payable in June 2016 following its approval by shareholders at the Company's Annual General Meeting.

Outlook

As you will read in the Portfolio Manager's Report which follows, the period under review was heavily influenced by political and economic uncertainty. This was somewhat ameliorated by the announcement by the European Central Bank of a significant expansion of its asset purchase programme and also by a clear result in the UK general election, both of which acted to aid positive market sentiment.

More recently, concerns over the prospects for the global economy, in particular the effect on the real economy of the slowing down of China's rate of growth and the uncertainty around a potential interest rate rise in the US, have resulted in an increase in market volatility. However, the UK environment appears more benign, with positive economic indicators present. The UK consumer has also benefited from a combination of rising wages and low inflation, leading to an increase in consumer spending. Your Portfolio Manager, Jonathan Brown, believes that equity valuations still look attractive relative to other assets classes, particularly Bonds, and this, coupled with a moderate improvement in the prospects for the UK, US and Eurozone economies, bodes reasonably well for UK Smaller Companies over the remainder of the financial year.

Against this backdrop, your Portfolio Manager continues to take a longer-term investment approach, identifying opportunities to purchase high quality growing businesses at good valuations, with a focus on fundamental analysis. Your Board remains fully supportive of this strategy.

Ian Barby
Chairman

14 September 2015

Portfolio Manager's Report

Investment Review

The six month period under review has provided good returns for equity investors. The decision by the European Central Bank to launch a €1 trillion asset purchase programme almost certainly contributed to higher equity values, although the general improvement in economic confidence and an end to electoral uncertainty in the UK also played a part. Smaller companies, as measured by the Numis Smaller Companies Index (ex-Investment Companies), performed very strongly in the period, rising 12.9% on a total return basis. The considerable outperformance relative to the wider UK equity market, with the FTSE All-Share Index only increasing by 2.8% on a total return basis, was principally driven by the small cap sector having a higher exposure to UK consumer spending and a lower weighting in Mining and Oil & Gas related stocks, which had a poor six months.

Portfolio Strategy and Review

Against this background, your Company saw an increase in its net asset value of 14.3% for the half year, in total return terms. The portfolio benefited from overweight positions in the Housebuilding and Software & Computer Services sectors, but was hurt by its exposure to the Oil & Gas and Support Services sectors. At the individual stock level, the best performers included: CVS Group (+36%), the UK's leading provider of veterinary services, which had another strong period due to further earnings upgrades as a result of buoyant trading and acquisitions, and house builder Bovis Homes (+41%) shrugged off the housing market's pre-election jitters and continued to benefit from a favourable economic backdrop. Aveva (+70%), which produces design software used in shipbuilding and the Oil & Gas sector, has seen trading suffer because of weak customer demand. However, the considerable attractions of such a world class business, combined with a period of share price weakness, flushed out some takeover interest which led to a significant increase in the share price. As always, there were some disappointments. These included N Brown Group (-25%), the online and catalogue retailer specialising in plus-sized clothing, which had a difficult trading period due to unfavourable weather and a change in strategy. Although it now trades on a relatively low valuation, the business appears to be suffering from increased competition in its key market and we have reduced the holding accordingly. Tungsten Corporation (-66%), was a smaller holding in a more speculative business. The company owns a leading e-invoicing business, which management hoped to use as a conduit to sell invoice discounting, which is a form of short term finance for companies. Initial results were poor and we no longer hold the stock. The other negative influence on performance was the Oil & Gas sector, where we hold companies such as Amerisur Resources and Ithaca Energy. Given the unpredictable nature of the oil price, we have maintained our modest exposure to the sector, although this has not helped returns in the short term.

The most significant change for shareholders in the Company over the period has been the increase in the level of dividend pay-out. As noted in the January full year statement, this has been achieved by supplementing the income generated by the portfolio with an amount paid out of capital reserves. As the portfolio managers of the Company, we have found this to be an elegant solution, enabling us to continue selecting investments according to our preferred criteria, whilst providing shareholders with an enhanced dividend yield.

The strategy of the portfolio is unchanged. We continue to run a well-diversified portfolio of quality companies, which are selected on their individual merits, rather than according to a broader economic thesis. The weight of stocks in a particular sector is an output, rather than an input, to the process, and reflects the number of strong ideas we find within those areas at the current time.

We continue to find opportunities in the highly diverse Industrial sector, which is our largest single sectoral exposure at around 27% of the portfolio. Within this, the emphasis has shifted towards service-based, rather than manufacturing businesses. Over the period we have added new holdings, such as Johnson Service, which is predominantly a linen and work-wear hire business, with market leading positions in the UK. The company is still best known for its dry cleaning shops, although these now represent a small proportion of profit. Perhaps because of this misperception, we have managed to build a holding at a very attractive price. We also added VP Group to the portfolio. VP is a tool and plant hire business, with strong market positions in areas such as rail engineering, shoring equipment and forklift trucks. The company is still majority owned by its founding family, a

trait we find attractive, and one which is no doubt responsible for the conservative strategy of the business and good long term trading record.

We still find plenty to interest us in the consumer sectors. Consumer Goods and Services combined, which include house builders, retailers, hospitality and food companies, constitute around 28% of the portfolio. We have nevertheless, taken some profit in the house builders following a period of extraordinary performance. Whilst we still feel these businesses are well placed, with a relatively benign land buying market and continued government support for first time buyers, their valuations have shifted a long way, and with the prospect of an interest rate increase looking more likely over the next few months, it felt right to lock in some profit. We continue to hold stocks such as JD Sports and Topps Tiles within the retail sector, both of which are growing strongly in the improving consumer environment. However, the announcement of significant increases to the minimum wage in July's budget, means the sector will have to work hard to overcome the higher labour costs, although ultimately this should also drive demand for their products.

Technology companies, which often have attractive elements of intellectual property and growth, make up around 11% of the portfolio. Stocks of note include FDM, an IT services company which trains graduates in a specialism before supplying them to blue chip clients. The business addresses key skills gaps within the market and has grown strongly over the last year. EMIS, a healthcare software company which has been a good long term performer, is benefiting from a more pragmatic approach to software procurement within the NHS, following the abandonment of the disastrous national programme for IT. Elsewhere, we have around 10% of the portfolio invested in Real Estate. Holdings include New River Retail and St Modwen, which are enjoying very attractive spreads between rental yields and their cost of debt, and self-storage operator Safestore, which is growing profits rapidly as it fills excess capacity within its properties. The final sector of note is Healthcare, currently around 9% of the portfolio, where we continue to favour product companies such as Advanced Medical Solutions, which is developing an innovative range of surgical solutions based on its know-how in wound closure and dressings, and Consort Medical, which has a strong product pipeline and increased scale following a significant acquisition last year.

It is clear that the global economy still faces some considerable headwinds over the next few years. Although we are several years on from the global financial crisis, governments and households are still constrained by indebtedness. While, the palliative of ultra-low interest rates makes the situation bearable, the gradual process of de-leveraging is still restraining economic growth. The other major headwind is demographics. Most of the major economies will continue to see shrinkage in the proportion of their populations that are of working age. In the absence of the currently elusive improvements to productivity, these two factors suggest that we will see a continuation of the sub-par level of economic growth that we have seen for some time now. Although this is not a great prognosis, it does in our opinion, suggest that our approach of seeking to build a portfolio of high quality, financially strong companies, with significant medium term growth potential is the correct one. We continue to focus on companies with the capacity for "self-help", which have the potential to grow by taking share from competitors or by leveraging their balance sheets and cash-flow to expand via acquisition.

Outlook

Market sentiment continues to be volatile, with the current preoccupations of a weakening Chinese economy and the potential for interest rate increases in the US taking centre stage. There are undoubtedly some substantial uncertainties to contend with on a global level, but the prospects for the UK economy, to which the UK smaller companies sector is particularly exposed, look better than most. The continued improvement in the UK jobs market, with unemployment returning to pre-recession levels, is beginning to drive wage inflation, which combined with very low price inflation, has created a particularly favourable environment for the UK consumer. As a result of the confidence this has created, we have seen encouraging levels of business investment which augurs well for the future. Looking further afield, the modest improvement we are now seeing in the European economy and the continued growth in the US, should ultimately benefit UK export businesses.

When we look at valuation, we find the UK smaller companies sector trading on a price to earnings ratio broadly in-line with its 20 year average. Compared to bonds, which continue to be valued around their all-time highs, the equity market still looks relatively attractive. This view is corroborated by the increase

in takeover activity we have seen over the last six months, suggesting that corporate buyers are also finding attractive value in the market. This, combined with a reasonable economic backdrop, suggests that there is a realistic prospect of further positive returns in the second half of the year.

Jonathan Brown
Portfolio Manager

Robin West
Deputy Portfolio Manager

14 September 2015

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.
- Shareholder Risk – The value of an investment in the Company may go down as well as up and an investor may not get back the amount invested.
- Borrowings – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings (or gearing) will magnify any loss. If the borrowing facility could not be renewed, the Company might have to sell investments to repay any borrowings it has.
- Reliance on the Manager and other Third Party Providers – failure by any third party provider to carry out its obligations to the Company could

have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy.

- Regulatory Risk – the Company is subject to various laws and regulations by virtue of its status as an investment trust. Control failures by any of the third party providers may result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

A detailed explanation of these principal risks and uncertainties can be found on pages 8 and 9 of the Company's 2015 annual financial report, which is available on the Company's section of the Manager's website at: www.invescoperpetual.co.uk/ipukscit

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

GOING CONCERN

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

RELATED PARTIES AND TRANSACTIONS WITH THE MANAGER

Under International Financial Reporting Standards, the Company has identified the Directors as related parties. No other related parties have been identified.

Details of the basis of fees payable to the Manager remain unchanged and are as shown in the 2015 annual financial report which is available on the Company's section of the Manager's website.

DIRECTORS, ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Directors

Ian Barby (Chairman)
Richard Brooman (Deputy Chairman, Chairman of the Audit Committee and Senior Independent Director)
Christopher Fletcher
Jane Lewis (Chairman of the Management Engagement Committee)
Garth Milne

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. 2129187

Company Secretary and Correspondence Address

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

Company secretarial contacts: Kevin Mayger and Kelly Nice

Depository

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

Invesco Perpetual Client Services

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

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

☎ 0800 085 8677

🌐 www.invescoperpetual.co.uk/investmenttrusts

Savings Scheme and ISA Administration

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

Invesco Perpetual, PO Box 11150
Chelmsford, Essex CM99 2DL
☎ 0800 086 8677

Registrar

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

Shareholders who hold shares directly and not through a savings scheme or ISA and have queries relating to their shareholding should contact the registrar on:

☎ 0871 664 0300

Calls cost 10p per minute plus network extras.

☎ +44 (0)20 8639 3399 (from outside the UK).

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

Shareholders holding shares directly can also access their holding details via Capita's websites:

www.capitaassetservices.com or www.capitashareportal.com

The registrar provides an online and telephone share dealing service for existing shareholders who are not seeking advice on buying or selling.

The website is: www.capitadeal.com or ☎ 0371 664 0445

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

☎ +44 (0)20 3367 2699 (from outside the UK).

Lines are open Monday to Friday 8.00am to 4.30pm (excluding UK Bank Holidays).

Manager's Website

Information relating to the Company can be found on the Manager's website at www.invescoperpetual.co.uk/investmenttrusts.

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

THIRTY LARGEST HOLDINGS AT 31 JULY 2015

Ordinary shares unless stated otherwise

ISSUER	ACTIVITY BY SECTOR	MARKET	
		VALUE £'000	% OF PORTFOLIO
CVS ^{AIM}	General Retailers	5,874	2.7
Bovis Homes	Household Goods & Home Construction	5,669	2.6
Senior	Aerospace & Defence	5,339	2.5
Diploma	Support Services	5,022	2.3
FDM	Software & Computer Services	4,896	2.3
JD Sports	General Retailers	4,665	2.2
RPC	General Industrials	4,606	2.1
Marston's	Travel & Leisure	4,043	1.9
Safestore	Real Estate Investment Trusts	4,036	1.9
EMIS ^{AIM}	Software & Computer Services	3,819	1.8
Aveva	Software & Computer Services	3,752	1.7
Staffline ^{AIM}	Support Services	3,747	1.7
Mears	Support Services	3,523	1.6
Abcam ^{AIM}	Pharmaceuticals & Biotechnology	3,492	1.6
Vectura	Pharmaceuticals & Biotechnology	3,489	1.6
Northgate	Support Services	3,432	1.6
Topps Tiles	General Retailers	3,419	1.6
Servelec	Software & Computer Services	3,195	1.5
Savills	Real Estate Investment & Services	3,058	1.4
LSL Property Services	Real Estate Investment & Services	3,017	1.4
Dechra Pharmaceuticals	Pharmaceuticals & Biotechnology	3,012	1.4
Dairy Crest	Food Producers	2,955	1.4
Amerisur Resources ^{AIM}	Oil & Gas Producers	2,948	1.4
Polypipe	Construction & Materials	2,783	1.3
JD Wetherspoon	Travel & Leisure	2,775	1.3
Ultra Electronics	Aerospace & Defence	2,717	1.3
St. Modwen Properties	Real Estate Investment & Services	2,694	1.3
Sthree	Support Services	2,662	1.2
Johnson Service Group ^{AIM}	Support Services	2,662	1.2
Innovation	Software & Computer Services	2,630	1.2
		109,931	51.0
Other Investments (64)		105,490	49.0
Total Investments (94)		215,421	100.0

^{AIM} Investments quoted on AIM.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS TO 31 JUL 2015			SIX MONTHS TO 31 JUL 2014		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Profits/(losses) on investments held at fair value	—	25,283	25,283	—	(4,995)	(4,995)
Income – note 2	3,351	28	3,379	2,404	5	2,409
	3,351	25,311	28,662	2,404	(4,990)	(2,586)
Investment management fee – note 3	(103)	(581)	(684)	(318)	(318)	(636)
Performance fee – note 3	—	(480)	(480)	—	(213)	(213)
Other expenses	(170)	(2)	(172)	(170)	(2)	(172)
Profit/(loss) before finance costs and tax	3,078	24,248	27,326	1,916	(5,523)	(3,607)
Finance costs – note 3	(1)	(5)	(6)	—	—	—
Profit/(loss) before tax	3,077	24,243	27,320	1,916	(5,523)	(3,607)
Taxation – note 4	—	—	—	—	—	—
Profit/(loss) after tax	3,077	24,243	27,320	1,916	(5,523)	(3,607)
Return per ordinary share – basic	5.8p	45.5p	51.3p	3.6p	(10.4)p	(6.8)p
Number of ordinary shares in issue			53,209,084			53,209,084

The total column of this statement represents the Company's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards. The profit after tax is the total comprehensive income for the period. The supplementary revenue and capital columns are presented for information 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. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 2129187

	AT 31 JUL 2015 £'000	AT 31 JAN 2015 £'000
Non-current assets		
Investments at fair value through profit or loss	215,421	190,510
Current assets		
Amount due from brokers	229	67
Other receivables	296	254
Cash and cash equivalents	2,478	7,998
	3,003	8,319
Total assets	218,424	198,829
Current liabilities		
Amounts due to brokers	(2)	(304)
Performance fee accrued – note 3	—	(1,408)
Other accruals and deferred income	(172)	(203)
	(174)	(1,915)
Total assets less current liabilities	218,250	196,914
Provision for performance fee – note 3	(480)	—
Net assets	217,770	196,914
Issued capital and reserves		
Share capital	10,642	10,642
Share premium	21,244	21,244
Capital redemption reserve	3,386	3,386
Capital reserve	179,421	155,767
Revenue reserve	3,077	5,875
Total shareholders' funds	217,770	196,914
Net asset value per ordinary share	409.3p	370.1p
Number of 20p ordinary shares in issue at the period end	53,209,084	53,209,084

CONDENSED STATEMENT OF CASH FLOW

	SIX MONTHS TO 31 JUL 2015 £'000	SIX MONTHS TO 31 JUL 2014 £'000
Cash flow from operating activities		
Profit/(loss) before tax	27,320	(3,607)
Adjustments for:		
Purchases of investments	(39,346)	(31,561)
Sales of investments	39,254	37,406
	(92)	5,845
(Profit)/loss on investments	(25,283)	4,995
Finance costs	6	—
Operating cash flows before movements in working capital	1,951	7,233
Increase in receivables	(42)	(57)
(Decrease)/increase in payables and provisions	(959)	190
Net cash flows from operating activities after tax	950	7,366
Cash flows from financing activities		
Interest paid	(6)	—
Equity dividends paid – note 5	(6,464)	(2,607)
Net cash used in financing activities	(6,470)	(2,607)
Net (decrease)/increase in cash and cash equivalents	(5,520)	4,759
Cash and cash equivalents at the beginning of the period	7,998	2,319
Cash and cash equivalents at the end of the period	2,478	7,078

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 2015						
At 31 January 2015	10,642	21,244	3,386	155,767	5,875	196,914
Profit for the period	—	—	—	24,243	3,077	27,320
Dividends paid – note 5	—	—	—	(589)	(5,875)	(6,464)
At 31 July 2015	10,642	21,244	3,386	179,421	3,077	217,770
For the six months ended 31 July 2014						
At 31 January 2014	10,642	21,244	3,386	155,077	5,400	195,749
(Loss)/profit for the period	—	—	—	(5,523)	1,916	(3,607)
Dividends paid – note 5	—	—	—	—	(2,607)	(2,607)
At 31 July 2014	10,642	21,244	3,386	149,554	4,709	189,535

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

Accounting Standards and Policies

These condensed financial statements have been prepared using the same accounting policies as those adopted in the 2015 annual financial report, which are consistent with International Financial Reporting Standards (IFRS), and Standard Interpretation Committee and International Financial Reporting Interpretation Committee interpretations issued by the International Accounting Standards Board to the extent adopted by the EU.

2. Income

	SIX MONTHS TO 31 JUL 2015 £'000	SIX MONTHS TO 31 JUL 2014 £'000
Income from listed investments:		
UK dividends	2,297	1,883
UK unfranked investment income	158	87
Scrip dividends	244	—
Overseas dividends	160	205
Special dividends	492	221
	3,351	2,396
Other income:		
Underwriting commission	—	8
	3,351	2,404
Special dividends recognised in capital	28	5

3. Management Fees and Finance Costs

The investment management fee and finance costs are allocated 15% to revenue and 85% to capital (previously 50% revenue and 50% capital for management fee; 20% revenue and 80% capital for finance costs).

Performance-related fees are charged wholly to capital and at the period end there was a provision of £480,000 (31 July 2014: £213,000). A £1,408,000 performance fee was paid in respect of the year ended 31 January 2015.

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 on Ordinary Shares Paid

SIX MONTHS ENDED	RATE	31 JUL 2015 £'000	31 JUL 2014 £'000
Final 2014	4.90p	—	2,607
Final 2015	12.15p	6,464	—
		6,464	2,607

Changes to the Company's dividend policy are explained in the Chairman's Statement.

The first interim dividend of 3.4p per ordinary share (2014: 1.6p) was paid on 11 September 2015 to shareholders on the register on 7 August, 2015.

6. Classification Under Fair Value Hierarchy

Note 18 of the 2015 annual financial report sets out the basis of classification on page 50. In this, it is explained that Level 1 investments are those investments whose fair value is based on quoted prices in active markets.

For both the current reporting period and the year ended 31 January 2015, the Company's portfolio was composed of Level 1 investments with one exception; this exception being the dormant subsidiary Berry Starquest Limited.

7. 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, and 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 2014 and 31 July 2015 has not been audited. The figures and financial information for the year ended 31 January 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 Independent Auditor's Report, which was unqualified.

By order of the Board

Invesco Asset Management Limited

Company Secretary

14 September 2015

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 and Transparency Rules; and
- the interim management report includes a fair review of the information required on related party transactions.

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

Signed on behalf of the Board of Directors.

Ian Barby
Chairman

14 September 2015



Invesco Fund Managers 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 Fund Managers Limited