Invesco Perpetual UK Smaller Companies Investment Trust plc

Investment Objective

Invesco Perpetual UK Smaller Companies Investment Trust plc ('the Company') is an investment trust whose investment objective is to achieve long-term total returns for shareholders primarily by investment in a broad cross-section of small to medium sized UK quoted companies.

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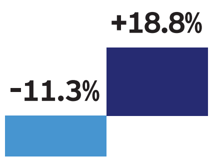
The Company's shares qualify to be considered as a mainstream investment product suitable for promotion to retail investors and are eligible for investment in an ISA.

Financial Information and Performance Statistics

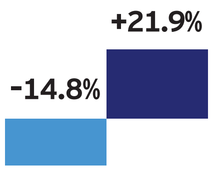
Total Return Statistics[1]
(with dividends reinvested)

- Six Months to 31 July 2022 (%)
- Year Ended 31 January 2022 (%)

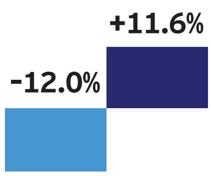
Net asset value (NAV)[1][2]



Share price[1][2]



Benchmark index[2][3]



Financial Highlights

Period End Date	At 31 July 2022	At 31 January 2022	Change %
Total shareholders' funds (£'000)	190,725	220,753	-13.6
Net asset value per share (NAV)	563.83p	652.60p	-13.6
Share price[2]	471.00p	570.00p	-17.4
Discount[1]	(16.5)%	(12.7)%	
Gearing[1]:			
- gross gearing	nil	nil	
- net cash	2.3%	0.7%	
Maximum authorised gearing	7.9%	6.8 %	
Return and dividend per ordinary share	**Six months ended 31 July 2022**	**Six months ended 31 July 2021**	
Return[1]			
- revenue	6.74p	4.34p	
- capital	(80.21)p	126.46p	
- total	(73.47)p	130.80p	
First interim dividend	3.75p	3.75p	

Notes:

(1) Alternative Performance Measures (APM). See pages 16 and 17 for the explanation and calculation of APMs. Further details are provided in the Glossary of Terms and Alternative Performance Measures in the Company's 2022 Annual Financial Report.

(2) Source: Refinitiv.

(3) For the year to 31 January 2022, the Benchmark Index of the Company was the Numis Smaller Companies (excluding Investment Companies) Index with dividends reinvested. From 1 February 2022, the Benchmark Index of the Company changed to the Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested.

Chairman's Statement

Highlights

- NAV total return of -11.3% compared to -12.0% for the benchmark[1]
- Target dividend yield of 4% of the year end share price

Dear Shareholders,

Against a backdrop of continued political and economic uncertainty together with the ongoing humanitarian crisis caused by the conflict in Ukraine, the difficult market conditions of the six months to 31 July 2022 were not unexpected. Your Company's net asset value (NAV) return was –11.3% compared to –12.0% for the benchmark[1] (in each case measured on a total return basis).

The Company's share price fell from 570p to 471p during the six months to 31 July, a decrease of 17.4% (a 14.8% decrease on a total return basis), and the discount to net asset value ended the period wider at 16.5%, having been 12.7% as at 31 January 2022.

Since the Company's half-year end to 5 October 2022, the latest practical date before publication of this interim report, the Company's NAV total return is -15.0%, the share price total return is -15.3%, whilst the benchmark total return is -9.4%. As at 5 October 2022, the discount was 16.8%.

Dividends

The Company's dividend policy is to pay out all income earned within the portfolio and to enhance it annually through the use of realised capital profits with a target dividend yield of 4% of the year end share price.

In accordance with this policy, on 19 July 2022 the Board declared a first interim dividend of 3.75p for the year ending 31 January 2023, which was paid on 1 September 2022 to shareholders on the register on 5 August 2022 (2021: 3.75p). The expected timetable for the remaining dividend payments is: second and third interim dividends in December 2022 and March 2023 respectively, with the final dividend payable in June 2023, following its approval by shareholders at the Company's Annual General Meeting.

(1) Numis Smaller Companies +AIM (excluding Investment Companies) Index.

Board Composition

Having served on the Board for nine years as at December 2022, I will retire as a Director of the Company at the conclusion of the AGM to be held in June 2023. The Nomination Committee has reviewed the composition of the Board and its succession plan and I am pleased to announce that Bridget Guerin will be appointed Chairman of the Board and Chairman of the Nomination Committee on my retirement. As you will be aware, Bridget has been a non-executive director of your Company for a number of years and the Board believes her understanding of the Company together with her broad experience of investment companies, venture capital companies and marketing demonstrate her strong credentials to lead the Company in the next phase of its development.

The Nomination Committee will shortly commence a search to find a new non-executive director and will report the results of this process to shareholders in due course.

Outlook

It is hard to think of positive sentiments to include in this outlook for the remainder of the Company's financial year. The news we read each day is full of statistics about increasing inflation and its expected duration alongside stories about the impact of the cost of living crisis, interest rate increases, the continuing war in Ukraine and more recently the weakness and volatility of Sterling.

Inflationary concerns have led to de-rating in valuations, particularly of growth companies, often despite both strong underlying operational merits and financial performance. In the small to medium sized UK quoted companies in which the Company invests, the impact can be more pronounced than for larger companies.

The Board is encouraged that despite the gloom, the Portfolio Managers are finding opportunities to take advantage of pricing anomalies and position the Company's portfolio for future recovery and growth.

Jane Lewis
Chairman

7 October 2022

Portfolio Managers' Report

Portfolio Manager

Jonathan Brown is a member of the UK Equity team and is responsible for the management of a number of UK small cap portfolios. He became the Portfolio Manager of the Invesco Perpetual UK Smaller Companies Investment Trust plc at the end of June 2014.

Jonathan began his investment career with Lazard Asset Management in 1997, where he specialised in private client fund administration, before joining Invesco within a similar role in 2000. In 2004, Jonathan joined the UK Equities team as a trainee fund manager and, after three years specialising in the UK small cap sector, became a fund manager.

Jonathan graduated with a BSc in Bio-Chemistry from UMIST and has also secured both the Investment Management Certificate from the CFA Society of the UK and the Securities Institute Diploma.

Deputy Portfolio Manager

Robin West is the deputy Portfolio Manager and is a member of the UK Equity team specialising in smaller companies.

Robin started his career at KPMG and joined Invesco 'first time around' in 1995, where he spent eight years as a smaller companies fund manager. Robin went on to join Oriel Securities where he worked as a small companies analyst and subsequently Aviva Investors in 2004 before returning to Invesco in July 2014. Robin graduated from Cambridge University with a MA in Natural Sciences. He is also an Associate of the Institute of Chartered Accountants and is a CFA Charterholder.

Q What were the key influences on the market over the period?

A The period began with expectations of higher interest rates prompting a sell-off in the more highly rated technology and growth stocks. Any hopes that increased inflation would be transitory were dashed by the significant increase in energy prices following the Russian invasion of Ukraine.

Despite sharply reduced estimates for economic growth, with inflation touching multi-decade highs, central banks responded by raising interest rates in an attempt to bring inflation under control. This cocktail of lower growth and higher interest rates was tough for markets to swallow and the sell-off was broadly based, with only the Defence and Oil & Gas sectors bucking the trend.

Q How did the portfolio perform over the six-month period to 31 July 2022 ?

A The NAV total return for the Company over the period was -11.3%, which was marginally better than the benchmark index, the Numis Smaller Companies + AIM (excluding Investment Companies) Index, which returned -12.0% on a total return basis.

Q Which stocks contributed to and detracted from performance?

A The best performing stocks over the period included: Outsourcing business, **Serco (+41%)**, which continued to win a significant volume of new contracts, particularly in the US. The company's defensive characteristics and good earnings visibility led to a re-rating in the stock as investors sought safe havens. **4imprint (+14%)** which sells promotional products in the US, benefitted from clients increasing marketing spend in the wake of the pandemic. The business emerged from the pandemic in a much stronger competitive position after management continued investing whilst competitors were cutting costs. **Chemring (+27%)**, a defence business with world leading positions in countermeasures and cyber security, continued to trade well and benefitted from improved sentiment towards the sector following the war in Ukraine. Oil & Gas business, **Energean (+21%)**, which has a significant gas discovery in the Mediterranean, took a step closer to production when its new production vessel was installed on site. The company also had success with its drilling campaign, resulting in a substantial discovery adjacent to its main field.

In a difficult period for markets, inevitably there were some poorly performing holdings: Legal business, **Knights (-66%)**, disappointed the market with a profit warning. The business had performed well since its IPO four years ago, but a downturn in corporate work and increased staff absences due to Covid-19 led to a substantial shortfall in profit. Trading has proved more volatile than anticipated, therefore we have reduced the holding. **Essentra (-29%)**, is an industrial conglomerate which is currently restructuring its business to focus on its higher growth, higher margin components division. The business continued to trade well, however, the market was disappointed by the disposal price for its healthcare packaging division. We believe the business has the potential to be more valuable once the restructuring is complete and have maintained our holding. Online media and magazines business, **Future (-42%)**, continued to trade well but was caught up in the sell-off in the technology sector. Although there may be some short-term headwinds, we think the business has substantial potential and have used the opportunity to add to our holding. **Inspecs (-36%)**, which manufactures eyewear, had to delay its results due to an accounting issue in its small US subsidiary. Whilst the problem was minor, it damaged investor sentiment towards the stock. We still believe the business has good long-term prospects and have retained a holding.

Q What is the current portfolio strategy?

A Our investment philosophy remains unchanged. The current portfolio is comprised of around 70 stocks with the sector weightings being determined by where we are finding attractive companies at a given time, rather than by allocating assets according to a "top down" view of the economy. We continue to seek growing 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

Portfolio Managers' Report (continued)

back strong management teams by providing additional capital to invest for growth.

The sustainability of returns and profit margins is vital for the long-term success of a company. The assessment of the position of a business within its supply chain and a clear understanding of how work is won and priced are key to determining if a company has "pricing power", which is particularly important in the current inflationary environment. 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 300 company meetings and site visits a year, and these areas are a particular focus for us on such occasions.

The current environment poses a number of challenges to investors. The spike in energy prices and the subsequent effect on company profitability and economic growth is likely to create ongoing headwinds across the market. Investors often react to "price in" these factors well ahead of time, and this has been the case over the last six months, resulting in many businesses now trading at historically low valuations. Rather than just running with the herd, we believe that it is often important to take a contrarian view. This could involve selling stocks when there are signs of a bubble forming, as we saw with technology stocks in 2020, but also adding to holdings when we believe they are oversold.

In the current unpredictable environment, we believe we are best served by maintaining a well balanced portfolio. Following the substantial decline in growth and technology stocks earlier in the period, we have rebuilt positions in a number of these companies which are now trading at reasonable valuations. We have also maintained holdings in some consumer related stocks. While these businesses will be impacted by a more difficult backdrop in the coming months, they are trading at very low valuations and could rally very significantly in the event of more positive news around energy prices. We also continue to like businesses with "self-help" and structural growth characteristics, which should enable them to grow at a rate in excess of the prevailing economy.

The future is always unpredictable, so we believe that running a balanced portfolio and maintaining our focus on quality and valuation will serve us best in this environment.

Q What are the major holdings in the portfolio ?

A The five largest holdings in the portfolio at the end of the period were:

- **JTC** (3.4% of the portfolio) is a financial administration business providing services to real estate and private equity funds, multinational companies, and high net worth individuals. The business has a strong culture, a reputation for quality and has augmented its organic growth with acquisitions. Margins and returns on capital are strong and the business benefits from long term contracts, giving it excellent earnings visibility.
- **4imprint** (3.0% of the portfolio) sells promotional materials such as pens, bags and clothing which are printed with company logos. The business 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.
- **Advanced Medical Solutions** (3.0% of the portfolio) produces a range of proprietary wound care and wound closure products such as sutures, medical adhesives, antimicrobial dressings and surgical devices. The business suffered over the pandemic due to the reduction in elective surgery, which provided us with an opportunity to build the holding. The company should benefit from the backlog in medical procedures in the short term and has an exciting pipeline of innovative products which should drive longer term growth.
- **Hilton Food** (2.8% of the portfolio) partners with major supermarkets across the world to supply their prepacked meat, fish, and plant-based products on a long-term "cost plus" basis. This model reduces the volatility in profits typically seen in food businesses by allowing them to pass changes in the cost of raw materials on to their customers. The business has benefitted from the global trend in supermarkets moving from in-store to centralised packing and relying on a reduced number of trusted suppliers. Hilton Foods has a good long term growth record, both from signing customers in new countries, and taking share within existing customers. The business has also successfully added new product categories via acquisition, which it can then sell into its global customer base. However, in September the Company noted it had seen sales volumes come under pressure as consumers cut back, and had also suffered from unprecedented raw material price increases.
- **Serco** (2.5% of the portfolio) is an outsourcing business focussed on the areas of defence, citizen services, transport, justice, and health. The business got into difficulties several years ago due to poor risk management and aggressive accounting. The current management team has spent the last six years cleaning up the business and focusing it on areas that offer growth, and where the company has expertise. The business now generates less than half its profit in the UK, with the US being a particular focus due to more favourable margins and relatively predictable open-book contracts, particularly in the defence sector.

Q What were the new holdings added over the period?

A New stocks that we added to the portfolio in the period include:

- **XP Power** manufactures power conversion units for the semiconductor, healthcare and industrial technology sectors. Power converters convert high voltage alternating current from the main grid into the stable, low voltage direct current required for electronic equipment in areas such as industrial, technology and healthcare. Its products are sold globally, with North America accounting for 63% of revenue, Europe 28% and Asia 9%. Whilst clearly cyclical, the business has a good long term growth record and a strong level of repeat revenue once designed into a product. Although there is not a lot of intellectual property in the business, its reputation for quality, reliability and service levels enables it to generate circa 20% margins. It is a business we have followed for some time and the 40% share price decline presented us with an opportunity to start building a position.

- **Auction Technology** is a business we have held before in the portfolio. The origin of the business was as the publisher of the Auction Trade Gazette, the trade magazine for the UK antiques industry. The business moved into providing an online platform for auction houses (the-saleroom.com) to augment the "in-room" bidding at auctions. This pulls in a significantly larger pool of bidders and improves pricing, which has led to rapid adoption by auctioneers in both the UK, US and continental Europe. The business has also diversified into the auction of used industrial equipment in the US, which is a sizable market. The company generates very high margins, but these have the potential to grow further as its largely fixed cost base is leveraged by increasing revenue. We decided to rebuild the position following a circa 50% decline in its share price.

- **GBG** helps online companies to validate and verify the identity and locations of their customers. It enables organisations to offer a better user experience, protect themselves against fraud, and ensure regulatory compliance. Services include ID verification, credit risk checking, anti-money laundering compliance, age verification and document validation. The business has a strong long-term organic growth record which it augments via acquisition. The circa 50% decline in its share price provided us with an interesting entry point.

- **AJ Bell** provides online investment platform and stockbroking services. The business has two main products: D2C platform, Youinvest, and Investcentre, a B2B platform focused on the IFA market. It is one of the UK's leading players with around £75 billion of assets under administration and aims to offer lower fee rates than its main rivals. The company has an enviable long-term growth record and still has plenty of scope for market share gains. We like the financial characteristics of the business (cash generative, high margins, strong balance sheet), although revenue is affected by market levels. We have owned the business historically and believe the recent 30%+ decline in the share price offered a good opportunity to rebuild the holding.

Q What is the managers approach to gearing?

A Gearing decisions are taken after reviewing a variety of metrics including valuations, earnings momentum, market momentum, bond spreads and a range of economic indicators. After analysing this data, we concluded that the Company should not be geared at this point. We will continue to monitor these factors and look to gear the trust when the indicators turn more positive.

Q How does ESG factor in the investment process?

A Environmental, Social and Governance (ESG) issues are increasingly a focus for many investors and analysis of these factors has always been a core part of our investment process. Invesco has significant resources focused on ESG, both at a group and individual team level. Our proprietary ESGintel system draws in company specific data from a broad range of sources and enables ESG related metrics to be quantified. This provides fund managers with clear overview of areas of concern, allowing targeted engagement with businesses to bring about positive change.

Environmental liabilities, socially dubious business practises and poor corporate governance can all have a significant impact on share prices. We assess environmental risks within a business, and analyse the steps being taken to reduce its environmental impact. We like businesses with strong cultures and engaged employees, and avoid businesses which, whilst acting within the law, run the risk of a public backlash, or being constrained by new legislation. When it comes to governance, board structure and incentivisation, we proactively consult with all the businesses we own and vote against resolutions where standards fall short of our expectations.

Q What is the dividend policy of the Company?

A The Company pays out all the income earned within the portfolio and enhances it using a small amount of realised capital profits to target a dividend yield of 4% based on the year end share price. This provides shareholders with an attractive and consistent yield whilst allowing us to invest in businesses that we believe will deliver the best total return, without having to compromise on quality to hit an income target.

Q What are your expectations for the year ahead?

A The outlook is clouded by very high energy prices following the Russian invasion of Ukraine. Economic growth in the UK and other countries will slow over the coming months, potentially resulting in recession, and while interest rates are likely to increase further, there are signs that inflation may soon peak. The oil price is 20-25% below the high it reached in June, and as we annualise the gas price shock from earlier in the year, the inflation rate should begin to moderate.

Although this gloomy economic prognosis may appear unappealing, following the market decline so far this year, the UK market is trading at its lowest valuation for quite some time. It is an old stock market adage that one should be greedy when others are fearful. Conflicts and recessions come and go, and with hindsight, these periods may represent excellent buying opportunities.

The recent sell-off is allowing us to add to holdings in businesses that have the potential to be substantially more valuable in the future. Whilst no portfolio will be immune from a coming downturn, we believe that through careful stock selection we can position the Company to benefit when the recovery emerges.

Jonathan Brown *Portfolio Manager*	**Robin West** *Deputy Portfolio Manager*

7 October 2022

Principal Risks and Uncertainties

The Directors confirm that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Most of these risks are market related and are similar to those of other investment trusts investing primarily in listed markets.

Principal Risk Description	Mitigating Procedures and Controls
Market (Economic) Risk Factors such as fluctuations in stock markets, interest rates and exchange rates are not under the control of the Board or the Portfolio Managers, but 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 the discount to its NAV. The risk could be triggered by unfavourable developments globally and/or in one or more regions, contemporary examples being the market uncertainty in relation to ongoing invasion of Ukraine by Russia and the current volatility of Sterling following the announcement of the UK Government's 'mini budget'.	The Directors have assessed the market impact of the ongoing uncertainty from the conflict in Ukraine and the resulting sanctions imposed on Russia and the recent weakness and volatility of Sterling, through regular discussions with the Portfolio Managers and the Corporate Broker. The Company's current portfolio consist of companies listed on the main UK equity market and those listed on AIM. The Company does not have direct investments in Russia or hold stocks with significant links to Russia. To a limited extent, futures can be used to mitigate against Market (Economic) risk, as can the judicious holding of cash or other very liquid assets. Futures are not currently being used.
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. In addition, as smaller companies may not generally have the financial strength, diversity and resources of larger companies, they may find it more difficult to overcome periods of economic slowdown or recession. Furthermore, the risk of climate change and matters concerning ESG could affect the valuation of companies held in the portfolio.	The Portfolio Managers' approach to investment is one of individual stock selection. Investment risk is mitigated via the stock selection process, together with the slow build-up of holdings rather than the purchase of large positions outright. This allows the Portfolio Managers, cautiously, to observe more data points from a company before adding to a position. The overall portfolio is well diversified by company and sector. The weighting of an investment in the portfolio tends to be loosely aligned with the market capitalisation of that company. This means that the largest holdings will often be amongst the larger of the smaller companies available. The Portfolio Managers are relatively risk averse, look for lower volatility in the portfolio and seek to outperform in more challenging markets. The Portfolio Managers remain cognisant at all times of the potential liquidity of the portfolio. There can be no guarantee that the Company's strategy and business model will be successful in achieving its investment objective. The Board monitors the performance of the Company, giving due consideration to how the Manager has incorporated ESG considerations including climate change into their investment process. The Board also has guidelines in place to ensure that the Portfolio Managers adhere to the approved investment policy. The continuation of the Manager's mandate is reviewed annually.
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.	The Board reviews regularly the Company's investment objective and strategy to ensure that it remains relevant, as well as reviewing the composition of the shareholder register, peer group performance on both a share price and NAV basis, and the Company's share price discount to net asset value per share. The Board and the Portfolio Managers maintain an active dialogue with the aim of ensuring that the market rating of the Company's shares reflects the underlying NAV; both share buy back and issuance facilities are in place to help the management of this process.

Principal Risk Description	Mitigating Procedures and Controls
Reliance on the Manager and other Third-Party Service Providers The Company has no employees and comprises non-executive directors only. The Company is therefore reliant upon the performance of third-party service providers for its executive function and service provisions. The Company's operational structure means that all cyber risk (information and physical security) arises at its third-party service providers, including fraud, sabotage or crime against the Company. The Company's operational capability relies upon the ability of its third-party service providers to continue working throughout the disruption caused by a major event such as the Covid-19 pandemic. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy. The Company's main service providers, of which the Manager is the principal provider, are listed on page 18. The Manager may be exposed to reputational risks. In particular, the Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Damage to the reputation of the Manager could potentially result in counterparties and third parties being unwilling to deal with the Manager and by extension the Company, which carries the Manager's name. This could have an adverse impact on the ability of the Company to pursue its investment policy successfully.	Third-party service providers are subject to ongoing monitoring by the Manager and the Company. The Manager reviews the performance of all third-party providers regularly through formal and informal meetings. The Audit Committee reviews regularly the performance and internal controls of the Manager and all third-party providers through audited service organisation control reports, together with updates on information security, the results of which are reported to the Board. The Manager's business continuity plans are reviewed on an ongoing basis and the Directors are satisfied that the Manager has in place robust plans and infrastructure to minimise the impact on its operations so that the Company can continue to trade, meet regulatory obligations, report and meet shareholder requirements. The Board receives regular update reports from the Manager and third-party service providers on business continuity processes and has been provided with assurance from them all insofar as possible that measures are in place for them to continue to provide contracted services to the Company.
Regulatory Risk The Company is subject to various laws and regulations by virtue of its status as an investment trust, its listing on the London Stock Exchange and being an Alternative Investment Fund under the UK AIFMD regime. A loss of investment trust status could lead to the Company being subject to corporation tax on the chargeable capital gains arising on the sale of its investments. Other control failures, either by the Manager or any other of the Company's service providers, could result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.	The Manager reviews the level of compliance with tax and other financial regulatory requirements on a regular basis. The Board regularly considers all risks, the measures in place to control them and the possibility of any other risks that could arise. The Manager's Compliance and Internal Audit Officers produce regular reports for review at the Company's Audit Committee. Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 16 of the Company's 2022 Annual Financial Report.

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.

Thirty Largest Investments

AT 31 JULY 2022

Ordinary shares unless stated otherwise

Company	Sector	Market Value £'000	% of Portfolio
JTC	Investment Banking and Brokerage Services	6,369	3.4
4imprint	Media	5,610	3.0
Advanced Medical Solutions[AIM]	Medical Equipment and Services	5,509	3.0
Hilton Food	Food Producers	5,184	2.8
Serco	Industrial Support Services	4,607	2.5
Hill & Smith	Industrial Metals and Mining	4,477	2.4
Essentra	Industrial Support Services	4,263	2.3
CVS[AIM]	Consumer Services	4,154	2.2
Chemring	Aerospace and Defence	3,821	2.0
Videndum (formerly Vitec)	Industrial Engineering	3,781	2.0
Top Ten Holdings		**47,775**	**25.6**
Energean	Oil, Gas and Coal	3,701	2.0
Hollywood Bowl	Travel and Leisure	3,546	1.9
Aptitude Software	Software and Computer Services	3,489	1.9
Secure Trust Bank	Banks	3,479	1.9
Brooks Macdonald[AIM]	Investment Banking and Brokerage Services	3,418	1.8
Alfa Financial Software	Software and Computer Services	3,345	1.8
RWS[AIM]	Industrial Support Services	3,282	1.8
Crest Nicholson	Household Goods and Home Construction	3,251	1.7
discoverIE	Technology Hardware and Equipment	3,233	1.7
Volution	Construction and Materials	3,199	1.7
Top Twenty Holdings		**81,718**	**43.8**
CLS	Real Estate Investment and Services	3,189	1.7
Alpha Financial Markets Consulting[AIM]	Industrial Support Services	3,175	1.7
Jadestone Energy[AIM]	Oil, Gas and Coal	3,157	1.7
Future	Media	3,149	1.7
Keywords Studios[AIM]	Leisure Goods	3,124	1.7
Coats	General Industrials	3,065	1.6
Johnson Service[AIM]	Industrial Support Services	3,008	1.6
The Gym	Travel and Leisure	2,960	1.6
VP	Industrial Transportation	2,780	1.5
LSL Property Services	Real Estate Investment and Services	2,779	1.5
Top Thirty Holdings		**112,104**	**60.1**
Other Investments (40)		74,283	39.9
Total Investments: 70 (31 January 2022: 76)		**186,387**	**100.0**

[AIM] Investments quoted on AIM.

Governance

Going Concern

The financial statements have been prepared on a going concern basis. The portfolio of investments is comprised entirely of quoted securities and the ongoing charges are less than 1% of net assets. As at 6 October 2022, the Company has not drawn on any of its borrowing facilities and they remain fully available for investment opportunities within prescribed limits as set by the Board.

The Directors consider this is the appropriate basis, as the Company has adequate resources to continue in operational existence for the foreseeable future, being taken as at least 12 months after signing the balance sheet. 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 as they fall due.

Related Party Transactions and transactions with the Manager

Note 20 of the Company's 2022 Annual Financial Report gives details of related party transactions and transactions with the Manager. This report is available on the Company's section of the Manager's website at www.invesco.co.uk/ipukscit.

Directors' 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 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

7 October 2022

Condensed Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED

	Notes	31 July 2022 Revenue £'000	31 July 2022 Capital £'000	31 July 2022 Total £'000	31 July 2021 Revenue £'000	31 July 2021 Capital £'000	31 July 2021 Total £'000
(Loss)/profit on investments held at fair value		-	(26,494)	(26,494)	-	43,484	43,484
Loss on foreign exchange		-	-	-	-	(1)	(1)
Income	2	2,584	-	2,584	1,777	-	1,777
		2,584	(26,494)	(23,910)	1,777	43,483	45,260
Investment management fee	3	(111)	(631)	(742)	(123)	(700)	(823)
Other expenses		(192)	(3)	(195)	(186)	(2)	(188)
(Loss)/profit before finance costs and taxation		2,281	(27,128)	(24,847)	1,468	42,781	44,249
Finance costs	3	(1)	(4)	(5)	(1)	(3)	(4)
(Loss)/profit before taxation		2,280	(27,132)	(24,852)	1,467	42,778	44,245
Taxation	4	-	-	-	-	-	-
(Loss)/profit after taxation		2,280	(27,132)	(24,852)	1,467	42,778	44,245
Return per ordinary share		6.74p	(80.21)p	(73.47)p	4.34p	126.46p	130.80p
Weighted average number of ordinary shares in issue during the period				33,826,929			33,826,929

The total column of this statement represents the Company's statement of comprehensive income, prepared in accordance with UK-adopted international accounting standards. The (loss)/profit after taxation is the total comprehensive (loss)/profit. 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 year.

Condensed Statement of Changes in Equity

	Notes	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 2022							
At 31 January 2022		10,642	22,366	3,386	184,089	270	220,753
Total comprehensive loss for the period		-	-	-	(27,132)	2,280	(24,852)
Dividends paid	5	-	-	-	(4,906)	(270)	(5,176)
At 31 July 2022		10,642	22,366	3,386	152,051	2,280	190,725
For the six months ended 31 July 2021							
At 31 January 2021		10,642	22,366	3,386	154,986	-	191,380
Total comprehensive income for the period		-	-	-	42,778	1,467	44,245
Dividends paid	5	-	-	-	(3,998)	-	(3,998)
At 31 July 2021		10,642	22,366	3,386	193,766	1,467	231,627

Condensed Balance Sheet

Registered number 2129187

	Notes	At 31 July 2022 £'000	At 31 January 2022 £'000
Non-current assets			
Investments held at fair value through profit or loss		186,387	219,818
Current assets			
Tax recoverable		25	14
Prepayments and accrued income		203	143
Cash and cash equivalents		4,306	1,530
		4,534	1,687
Total assets		190,921	221,505
Current liabilities			
Amounts due to brokers		-	(517)
Accruals		(196)	(235)
		(196)	(752)
Net assets		190,725	220,753
Capital and reserves			
Share capital		10,642	10,642
Share premium		22,366	22,366
Capital redemption reserve		3,386	3,386
Capital reserve		152,051	184,089
Revenue reserve		2,280	270
Total shareholders' funds		190,725	220,753
Net asset value per ordinary share		563.83p	652.60p
Number of ordinary shares in issue at the period end	6	33,826,929	33,826,929

Condensed Cash Flow Statement

	Notes	Six months ended 31 July 2022 £'000	Six months ended 31 July 2021 £'000
Cash flow from operating activities			
(Loss)/profit before finance costs and taxation		(24,847)	44,249
Adjustments for:			
Purchases of investments		(26,326)	(25,511)
Sales of investments		32,746	26,858
		6,420	1,347
Loss/(profit) on investments held at fair value		26,494	(43,484)
Increase in receivables		(71)	(23)
(Decrease)/increase in payables		(39)	7
Net cash inflow from operating activities		7,957	2,096
Cash flow from financing activities			
Finance cost paid		(5)	(4)
Dividends paid	5	(5,176)	(3,998)
Net cash outflow from financing activities		(5,181)	(4,002)
Net increase/(decrease) in cash and cash equivalents		2,776	(1,906)
Cash and cash equivalents at start of the period		1,530	4,218
Cash and cash equivalents at the end of the period		4,306	2,312
Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:			
Cash held at custodian		61	92
Invesco Liquidity Funds plc – Sterling, money market fund		4,245	2,220
Cash and cash equivalents		4,306	2,312
Cash flow from operating activities includes:			
Dividends received		2,516	1,761

As the Company did not have any long term debt at both the current and prior period ends, no reconciliation of the financial liabilities is presented.

Notes to the Condensed Financial Statements

1. Basis of Preparation

The condensed financial statements have been prepared using the same accounting policies as those adopted in the Company's 2022 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 July 2022 (AIC SORP).

The revised AIC SORP issued in July 2022 is applicable for accounting periods beginning on or after 1 January 2022. The AIC SORP has no substantive changes but has been updated to reflect changes to IFRS standards and regulatory requirements. No accounting policies or disclosures have changed as a result of the revised AIC SORP.

2. Income

	Six months ended 31 July 2022 £'000	Six months ended 31 July 2021 £'000
Income from investments:		
UK dividends		
– ordinary	2,249	1,625
– special	210	10
Overseas dividends	125	142
	2,584	1,777

3. Management Fee and Finance Costs

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

A base management fee is payable monthly in arrears and is calculated at the rate of 0.75% (2021: 0.75%) per annum by reference to the Company's gross funds under management.

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 July 2022		Six months ended 31 July 2021	
	Rate	£'000	Rate	£'000
Third interim (prior year)	3.75p	1,269	3.75p	1,269
Final (prior year)	11.55p	3,907	8.07p	2,729
Total	15.30p	5,176	11.82p	3,998

The first interim dividend of 3.75p per ordinary share (2021: 3.75p) was paid on 1 September 2022 to shareholders on the register on 5 August 2022.

6. Share Capital, including Movements

Share capital represents the total number of shares in issue, including treasury shares.

	Six months ended 31 July 2022	Year ended 31 January 2022
Share capital:		
Ordinary shares of 20p each (£'000)	6,765	6,765
Treasury shares of 20p each (£'000)	3,877	3,877
	10,642	10,642
Number of ordinary shares in issue:	33,826,929	33,826,929
Number of shares held in treasury:	19,382,155	19,382,155
Total	53,209,084	53,209,084

7. Classification Under Fair Value Hierarchy

Note 16 of the Company's 2022 Annual Financial Report sets out the basis of classification.

As at 31 July 2022, the majority of the Company's portfolio was composed of quoted (level 1) investments.

Berry Starquest Limited (dormant subsidiary) was the only Level 3 investment valued at £100 (31 January 2022: £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 2021 and 31 July 2022 has not been audited. The figures and financial information for the year ended 31 January 2022 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

7 October 2022

Glossary of Terms and Alternative Performance Measures

Alternative Performance Measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The calculations shown in the corresponding tables are for the six months ended 31 July 2022 and the year ended 31 January 2022. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability.

Benchmark (or Benchmark Index)

A market index, which averages the performance of companies in any sector, giving a good indication of any rises or falls in the market. The benchmark used in these accounts is the Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested.

(Discount)/Premium (APM)

Discount is a measure of the amount by which the mid-market price of an investment company share is lower than the underlying net asset value (NAV) of that share. Conversely, premium is a measure of the amount by which the mid-market price of an investment company share is higher than the underlying net asset value of that share. In this Half-Yearly Financial Report the discount is expressed as a percentage of the net asset value per share and is calculated according to the formula set out below. If the shares are trading at a premium the result of the below calculation will be positive and if they are trading at a discount it will be negative.

		31 July 2022	31 January 2022
Share price	a	471.00p	570.00p
Net asset value per share	b	563.83p	652.60p
Discount	c = (a-b)/b	(16.5)%	(12.7)%

Gearing (APM)

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

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

Gross Gearing (APM)

This reflects the amount of gross borrowings in use by a company and takes no account of any cash balances. It is based on gross borrowings as a percentage of net assets. As at 31 July 2022 the Company had no gross borrowings (31 January 2022: £nil).

		31 July 2022 £'000	31 January 2022 £'000
Bank overdraft facility		-	-
Gross borrowings	a	-	-
Net asset value	b	190,725	220,753
Gross gearing	c = a/b	nil	nil

Net Gearing or Net Cash (APM)

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash and cash equivalents (incl. investments in money market funds). It is based on net borrowings as a percentage of net assets. Net cash reflects the net exposure to cash and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

		31 July 2022 £'000	31 January 2022 £'000
Bank overdraft facility		-	-
Less: cash and cash equivalents		4,306	1,530
Net cash	a	4,306	1,530
Net asset value	b	190,725	220,753
Net cash	c = a/b	2.3%	0.7%

Maximum Authorised Gearing

This reflects the maximum authorised borrowings of the Company taking into account both any gearing limits laid down in the investment policy and the maximum borrowings laid down in covenants under any borrowing facility and is calculated as follows:

		31 July 2022 £'000	31 January 2022 £'000
Maximum authorised borrowings as laid down in:			
Investment policy:			
– lower of 30% of net asset value; and	a = 30% x e	57,218	66,226
– £25m	b	25,000	25,000
Bank overdraft facility covenants: lower of 30% of net asset value and £15m	c	15,000	15,000
Maximum authorised borrowings (d = lower of a, b and c)	d	15,000	15,000
Net asset value	e	190,725	220,753
Maximum authorised gearing	f = d/e	7.9%	6.8%

Net Asset Value (NAV)

Also described as shareholders' funds, the NAV is the value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The NAV per ordinary share is calculated by dividing the net assets by the number of ordinary shares in issue (excluding shares held in treasury). For accounting purposes assets are valued at fair (usually market) value and liabilities are valued at par (their repayment – often nominal – value).

Return

The return generated in a period from the investments including the increase and decrease in the value of investments over time and the income received.

Total Return

Total return is the theoretical return to shareholders that measures the combined effect of any dividends paid together with the rise or fall in the share price or NAV. In this half-yearly financial report these return figures have been sourced from Refinitiv who calculate returns on an industry comparative basis.

Net Asset Value Total Return (APM)

Total return on net asset value per share, assuming dividends paid by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Share Price Total Return (APM)

Total return to shareholders, on a mid-market price basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Six months ended 31 July 2022		Net Asset Value	Share Price
As at 31 July 2022		563.83p	471.00p
As at 31 January 2022		652.60p	570.00p
Change in period	a	-13.6%	-17.4%
Impact of dividend reinvestments[1]	b	2.3%	2.6%
Total return for the period	c = a+b	-11.3%	-14.8%

Year Ended 31 January 2022		Net Asset Value	Share Price
As at 31 January 2022		652.60p	570.00p
As at 31 January 2021		565.76p	483.00p
Change in year	a	15.3%	18.0%
Impact of dividend reinvestments[1]	b	3.5%	3.9%
Total return for the year	c = a+b	18.8%	21.9%

(1) Total dividends paid during the six months to 31 July 2022 of 15.30p (31 January 2022: 19.32p) reinvested at the NAV or share price on the ex-dividend date. NAV or share price falls subsequent to the reinvestment date consequently further reduce the returns, vice versa if the NAV or share price rises.

Benchmark

Total return on the benchmark is on a mid-market value basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

Directors, Investment Manager and Administration

Directors

Jane Lewis (Chairman of the Board and Nomination Committee)
Bridget Guerin (Chairman of the Management Engagement Committee and Senior Independent Director)
Graham Paterson (Chairman of the Audit Committee)
Mike Prentis

Registered Office and Company Number

Perpetual Park, Perpetual Park Drive
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Registered in England and Wales No. 02129187

Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited

Company Secretary and Correspondence Address

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

Company Secretarial contact: Naomi Rogers

Invesco Client Services

Invesco's Client Services Team is available from 8.30am 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

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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 Group 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/ipukscit.

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

General Data Protection Regulation

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