

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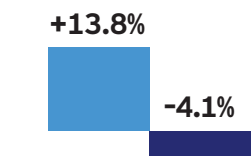
The Company's shares qualify to be considered as a mainstream investment product suitable for promotion to retail investors and are eligible for investment in an ISA.

Financial Information and Performance Statistics

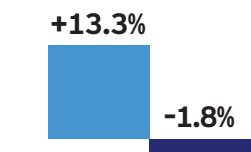
Total Return Statistics (with dividends reinvested)

- Six Months to 31 July 2024
- Year Ended 31 January 2024

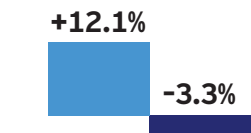
Net Asset Value⁽¹⁾⁽²⁾



Share Price⁽¹⁾⁽²⁾



Benchmark Index⁽²⁾⁽³⁾



Capital Statistics

Period End Date	At 31 July 2024	At 31 January 2024	Change
Total shareholders' funds (£'000)	180,163	161,395	+11.6%
Net asset value ('NAV') per share	532.60p	477.12p	+11.6%
Share price ⁽²⁾	470.00p	424.00p	+10.8%
Discount ⁽¹⁾	(11.8)%	(11.1)%	
Gearing⁽¹⁾:			
- gross gearing	4.6%	5.4%	
- net gearing	4.5%	5.4%	
- net cash	nil	nil	
Maximum authorised gearing	11.1%	9.3%	
Return and dividend per ordinary share	Six months ended 31 July 2024	Six months ended 31 July 2023	
Return⁽¹⁾			
- revenue	7.33p	8.17p	
- capital	57.41p	(43.56)p	
- Total	64.74p	(35.39)p	
First interim dividend	3.85p	3.85p	

- Notes:
- (1) Alternative Performance Measures ('APM'). See pages 16 to 18 for the explanation and calculation of APMs. Further details are provided in the Glossary of Terms and Alternative Performance Measures in the Company's 2024 Annual Financial Report.
 - (2) Source: LSEG Data & Analytics.
 - (3) The benchmark index of the Company is the Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested.



Chairman's Statement

Highlights

- Net asset value ('NAV') total return of +13.8% in excess of benchmark index total return of +12.1%.
- Special dividend paid to shareholders who have elected to receive it on 8 October 2024.
- First interim dividend paid of 3.85p (2023: 3.85p), maintaining the target dividend yield of 4%.
- New eNewsletter available to sign up to for free, for regular Company and sector insights.

Dear Shareholders

As my first full year as Chairman has come to a close, there is a significant amount to reflect on, in regards to your Company and the UK in general.

Firstly, I am pleased to report that at the Annual General Meeting ('AGM') held on Thursday 6 June 2024, all resolutions were passed, including the continuation vote. Your Board thanks shareholders for their ongoing support. Shareholders will have the opportunity to vote for the continuation of the Company at each third AGM, with the next being in 2027.

Secondly, the UK market appears to be turning a corner as we have seen stronger performance which has enabled your Portfolio Managers to deliver a return ahead of the benchmark index.

Thirdly, we proposed and recently paid a special dividend in October to shareholders who opted to receive it. This option provided shareholders with the opportunity to realise a part of their holding at close to NAV. Further details are included below and on the Company's website.

Performance

In my last statement in April 2024, I commented on the continuing challenge for the UK and particularly UK smaller companies owing to their greater economic sensitivity to the domestic economy and market.

At that point, the Portfolio Managers' performance was slightly behind its benchmark (Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested, with both delivering a negative return for the year ended 31 January 2024.

Over the past six months ended 31 July 2024, the NAV performance of your Company was +13.8% with the benchmark index returning +12.1% (both on a total return basis). Not only is the absolute performance generated by the investment portfolio better but it has also outperformed the index by 1.7%.

To receive regular updates on the trust's performance, portfolio activity and insights into the UK smaller companies sector as a whole, visit the Company's website and sign up to our new eNewsletter. It is free and signing up only takes a minute. You can register for this service by scanning the QR code included to the right of my signature with your smartphone/device.

Dividends & Dividend Policy

The Company's dividend policy is to target a dividend yield of 4% of the year end share price, paid from income earned within the portfolio and enhanced, as necessary, through the use of realised capital profits. In accordance with this policy, on 18 July 2024 the Board declared a first interim dividend of 3.85p for the year

ending 31 January 2025, which was paid on 30 August 2024 to shareholders on the register on 2 August 2024 (2023: 3.85p). A second interim dividend of 3.85p (2023: 3.85p) has been declared and will be paid on 6 December 2024 to ordinary shareholders on the register on 8 November 2024. The expected timetable for the remaining dividend payments is as follows: the third interim dividend is payable in March 2025, with the final dividend payable in June 2025, following its approval by shareholders at the Company's AGM. Shareholders who hold shares on the main register and are residents of the UK, Channel Islands and Isle of Man, have the opportunity to reinvest their dividend via the Dividend Reinvestment Plan ('DRIP'). Further information can be found on the Company's webpage: www.invesco.co.uk/ipukscit.

Special Dividend

On 22 May 2024, the Board announced a proposed elective return of capital to be offered to all shareholders in respect of up to 10% of the Company's issued shares (excluding treasury shares), and a circular was published providing context and options for shareholders.

On 20 August 2024, your Board published the result of the special dividend offer, which was fully taken up. For further details, including important dates, please visit the "Announcements" section of the Company's website.

Outlook

At the time of writing, your Company's discount is wider than its 12-month average, and with the improving sentiment to the sector, this should be a good time to be invested in our Company.

After many years of poor investor sentiment towards the UK, we may now be seeing some improvement, and whilst experience tells us that such improvement will not be in a straight line, our hope is that your Portfolio Managers will deliver outperformance against the benchmark and the peer group.

Bridget Guerin
Chairman

15 October 2024



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 Invesco Perpetual UK Smaller Companies Investment Trust plc at the end of June 2014, up until the appointment of Robin West as Co-Portfolio Manager in June 2023.

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.



Portfolio Manager

Robin West was appointed Co-Portfolio Manager in June 2023 having been deputy Portfolio Manager since 2015. He 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 UK market shrugged off the general election and change of government, with the largely inevitable result limiting any potential uncertainty. The improving economic outlook, with accelerating GDP growth, lower inflation and the potential for lower interest rates had a much greater influence. The market rally, triggered by improved inflation data at the end of October 2023, was sustained as CPI trended towards its 2% target level. The much anticipated cut in UK base rates duly arrived in July 2024, and although inflation has ticked-up slightly since, the current Bank of England policy seems overly restrictive, giving the potential for a further easing of rates in the coming months.

Takeover activity remained a feature of the UK market, with low valuations drawing interest from a range of both trade and private equity buyers. Receipts from these deals are generally re-deployed into other listed businesses, giving an immediate boost to markets. It also highlights the valuation attractions of the UK market, potentially drawing interest from other investors.

On a more global level, the industrial sector struggled, as the easing of post pandemic supply chain disruption allowed businesses to reduce their inventory levels. Whilst there are now signs of ordering patterns normalising, the period of adjustment led to lower demand across the sector.

Q How did the portfolio perform over the period?

A The NAV total return for the portfolio over the period was +13.8%, which is an outperformance of 1.7% when compared with the benchmark index, the Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested, which returned +12.1% on the same basis.

Q Which sectors contributed to and detracted from performance?

A An improving consumer outlook meant that the consumer discretionary sector was the most positive contributor to portfolio performance, with leisure and media stocks performing well. We also benefitted from

our exposure to financials, with rising markets driving the outperformance. The sector that detracted the most from performance was industrials, where ongoing destocking continued to weigh on profitability.

Q Which stocks contributed to and detracted from performance?

A The best performing stocks over the period included: financial administration business, **JTC** (+31%), our largest holding, continued its impressive long-term record of organic growth. This was augmented with a number of acquisitions, most notably in the US, where management see a significant opportunity for growth. Investment platform, **AJ Bell** (+45%), gained as stronger stock markets boosted its fee income, and it benefitted as fears about the impact of new Consumer Duty regulations receded. **Keywords Studios** (+44%), and **Alpha Financial Markets Consulting** (+38%) both received takeover approaches from private equity. **4imprint** (+14%), which sells promotional products, predominantly in the US, had another strong year. The business, which is the largest player in its niche, continued to take share by increasing its advertising spend. The company has good long-term prospects and remains one of the largest holdings in the portfolio. Defence business, **Avon Protection** (+41%), benefitted from restructuring under its new management team. The business had lost it way under previous management but has significant recovery potential if margins return to historic levels.

By far the biggest detractor from performance in the period was veterinary company **CVS** (-32%). The shares fell following the commencement of a Competition and Markets Authority ('CMA') investigation into the sector triggered by rising vets bills. There is a structural undersupply of vets in the UK, and overseas recruitment has been more difficult since Brexit. Whilst prices in the sector have risen significantly over the last few years, CVS has only increased charges in-line with staff costs, which have increased substantially to attract and retain enough vets. We do not believe the sector is "over earning", and therefore do not believe that the CMA investigation will ultimately have a significant impact on profitability for the business. The company continues to trade well and we have maintained our holding. Market research business, **YouGov** (-60%), which is a relatively new holding, suffered

Portfolio Managers' Report (continued)

from lower demand and increased competition in some areas of its business. When introducing new holdings to the portfolio we generally buy a smaller initial position and wait for further news. So thankfully this was a relatively small holding. We will monitor the progress of the business over coming months and decide whether to exit or build to a full position. **Focusrite** (~26%), is a music technology business which has experienced softer trading following a spike in demand during the pandemic. More recently this has been exacerbated by destocking amongst its retail customers. The business benefits from a market leading position in its segments, and we believe it will recover over the coming years, so we have maintained our holding.

Q

What is the current portfolio strategy?

A

Our investment philosophy remains unchanged. The current portfolio is comprised of 60-70 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 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". 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.

In terms of portfolio construction, we continue to favour a mix of both cyclical (economically sensitive) stocks, and more defensive businesses. We believe that the outlook for both the consumer and industrial sectors has improved, and we have reflected this with a tilt towards more cyclically exposed stocks over the six months.

Q

What are the major holdings in the portfolio?

A

The 5 largest holdings in the portfolio at the end of the period were:

- **JTC** (4.5% 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** (3.9% of the portfolio) sells promotional materials such as pens, bags and clothing which are emblazoned with company logos. The business gathers orders through online and catalogue marketing, which are then routed to their suppliers who produce and dispatch the products to customers. As a result of outsourcing most of the manufacturing, 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.

- **Hill & Smith** (3.4% of the portfolio) is a supplier of products and services into the infrastructure sectors in the US and UK. Its proprietary steel and composite products are used in the rail, roads, water, and energy sectors. The business also provides galvanising services to protect steel structures, and leases temporary road barriers and security products. The company generates good margins and benefits from exposure to growing infrastructure investment.

- **AJ Bell** (3.3% of the portfolio) is an investment platform offering share dealing, custody and other investment services to both financial advisors and retail investors in the UK. The business benefits from a high level of recurring revenue from levying charges on assets under administration. It has an excellent long term growth record, and its low fee structure and well invested technology stack should enable it to continue taking market share in the future.

- **Hilton Food** (3.2% 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 an excellent long term growth record, both from signing customers in new countries and increasing 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.

Q

What were the new holdings added over the period?

A

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

- **GlobalData** (£1,800 million market cap) provides data and analytics to businesses in the healthcare, technology and consumer sectors. The business benefits from a high level of recurring revenue, with 85% of sales coming via subscriptions. The company owns over 290 proprietary data sets including medical/drug data, pricing indices and industry sales data, which it packages and sells to companies in different ways. The business has an enviable growth record, with revenue increasing 80% over the last five years, and is highly profitable, with margins in excess of 25%. The business recently sold a 40% share of its healthcare division for £434 million. The company will use the proceeds to accelerate the growth of the business investing in people, acquisitions, and Artificial Intelligence ('AI') tools to make its data more useable.

- **Oxford Instruments** (£1,340 million market cap) provides high technology products and services to industrial businesses and scientific research organisations in the healthcare, life sciences, semiconductor, and communications sectors. Its product range includes optical spectroscopy, X-ray, atomic force microscopy, nuclear magnetic resonance, electron microscopy, and low-temperature systems, which customers use for materials analysis, life sciences, astronomy, quantum technology etc. It generates attractive margins, has a good long term growth record, and a cash balance sheet.

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 have moved the Company to a geared position of around 4.5%.

The valuation of the UK Smaller Companies sector continues to look attractive. Interest rates are likely to fall further with inflation back towards its target, and this should improve the relative attraction of equities compared to bonds and bank deposits. This combined with an improving economic backdrop, and the ongoing takeover activity in the sector, suggest that we are likely to increase gearing over the coming months.

Q How does ESG factor in the investment process?

A Environment, 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 focussed 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 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. We believe that governance, board structure and incentivisation, are by far the most important factors within ESG in determining shareholder returns. The importance of businesses being managed by good quality people, with appropriate incentivisation should not be underestimated. Therefore, we proactively consult with all the businesses we own on these matters 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 target 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 Despite the protestations of the new government, the UK economy is in decent shape. The consumer sector is seeing discretionary income growing at over 10% this year, as wages continue to rise at a rate well ahead of inflation. Household balance sheets are also relatively strong following a period of elevated savings. This, combined with full employment, should ensure a healthy consumer backdrop as we progress through the year.

The industrial sector has struggled over the last year, as businesses reduced inventories following the period of post pandemic supply chain disruption. Conversations with businesses suggest that in many cases inventories have returned to historic levels and ordering patterns are normalising. We are hopeful that this will herald a return to growth for the industrial sector over the coming year.

So, with an improving economic outlook, a continued high level of take-over activity, and the relatively low valuation of UK smaller companies, we believe the sector can continue to make good progress over the next year.

Jonathan Brown & Robin West
Portfolio Managers

15 October 2024

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. The Audit Committee reviews the Company's risk control summary at each meeting, and as part of this process, gives consideration to identify emerging risks. Emerging risks, such as evolving cyber threat, geo-political tension and climate related risks, have been considered during the period as part of the Directors' assessment.

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 the wider political developments in Ukraine and the Middle East.	The Directors have assessed the market impact of the ongoing uncertainty from the conflicts in the Middle East and Ukraine and the resulting sanctions imposed on Russia through regular discussions with the Portfolio Managers and the Corporate Broker. The Company's current portfolio consists 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 NAV 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 the Board 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 19. 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 Board.

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 team produce annual reports for review by 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 2024 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 2024

Ordinary shares unless stated otherwise

Company	Sector	Market Value £'000	% of Portfolio
JTC	Investment Banking and Brokerage Services	8,437	4.5
4imprint	Media	7,379	3.9
Hill & Smith	Industrial Metals and Mining	6,403	3.4
AJ Bell	Investment Banking and Brokerage Services	6,165	3.3
Hilton Food	Food Producers	6,118	3.2
Chemring	Aerospace and Defence	5,727	3.0
Advanced Medical Solutions ^{AIM}	Medical Equipment and Services	5,100	2.7
Alfa Financial Software	Software and Computer Services	5,088	2.7
Hollywood Bowl	Travel and Leisure	5,007	2.7
Coats	General Industrials	5,000	2.6
Top Ten Holdings		60,424	32.0
Serco	Industrial Support Services	4,260	2.3
Alpha Financial Markets Consulting ^{AIM}	Industrial Support Services	3,981	2.1
Brooks Macdonald ^{AIM}	Investment Banking and Brokerage Services	3,691	2.0
Mitchells & Butlers	Travel and Leisure	3,432	1.8
Volution	Construction and Materials	3,361	1.8
Genuit	Construction and Materials	3,348	1.8
Essentra	Industrial Support Services	3,323	1.8
Marshalls	Construction and Materials	3,294	1.7
Avon Protection	Aerospace and Defence	3,138	1.7
discoverIE	Electronic and Electrical Equipment	3,094	1.6
Top Twenty Holdings		95,346	50.6
Johnson Service ^{AIM}	Industrial Support Services	3,066	1.6
Aptitude Software	Software and Computer Services	2,995	1.6
The Gym	Travel and Leisure	2,991	1.6
Kainos	Software and Computer Services	2,988	1.6
CVS ^{AIM}	Consumer Services	2,968	1.6
Loungers ^{AIM}	Travel and Leisure	2,941	1.5
GlobalData ^{AIM}	Media	2,868	1.5
Energiean	Oil, Gas and Coal	2,815	1.5
Crest Nicholson	Household Goods and Home Construction	2,767	1.5
Young & Co's Brewery - Non-Voting ^{AIM}	Travel and Leisure	2,734	1.4
Top Thirty Holdings		124,479	66.0
Other Investments (33)		63,987	34.0
Total Investments: 63 (31 January 2024: 66)		188,466	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 around 1% of net assets. As at 15 October 2024, the Company has drawn down £15.4 million of its credit facility, with a further £4.6 million 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 borrowing, and ongoing expenses as they fall due.

Related Party Transactions and Transactions with the Manager

Note 20 of the Company's 2024 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 FCA'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.

Bridget Guerin
Chairman

15 October 2024

Condensed Statement of Comprehensive Income

	Notes	For the six months ended 31 July 2024			For the six months ended 31 July 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) on investments held at fair value		-	20,361	20,361	-	(14,695)	(14,695)
Income	2	2,855	-	2,855	3,074	491	3,565
Investment management fee	3	2,855	20,361	23,216	3,074	(14,204)	(11,130)
Other expenses		(98)	(553)	(651)	(92)	(523)	(615)
		(238)	(150)	(388)	(217)	(1)	(218)
Profit/(loss) before finance costs and taxation		2,519	19,658	22,177	2,765	(14,728)	(11,963)
Finance costs	3	(41)	(236)	(277)	(1)	(8)	(9)
Profit/(loss) before taxation		2,478	19,422	21,900	2,764	(14,736)	(11,972)
Taxation	4	-	-	-	-	-	-
Profit/(loss) after taxation		2,478	19,422	21,900	2,764	(14,736)	(11,972)
Return per ordinary share		7.33p	57.41p	64.74p	8.17p	(43.56)p	(35.39)p
Weighted average number of ordinary shares in issue during the period			33,826,929			33,826,929	

The total columns of this statement represent the Company's statement of comprehensive income, prepared in accordance with UK-adopted international accounting standards. The profit/(loss) after taxation is the total comprehensive income/(loss). The supplementary revenue and capital columns are both prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

Condensed 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 2024							
At 31 January 2024		10,642	22,366	3,386	123,147	1,854	161,395
Total comprehensive income for the period		-	-	-	19,422	2,478	21,900
Dividends paid	5	-	-	-	(1,278)	(1,854)	(3,132)
At 31 July 2024		10,642	22,366	3,386	141,291	2,478	180,163
For the six months ended 31 July 2023							
At 31 January 2023		10,642	22,366	3,386	137,004	1,517	174,915
Total comprehensive loss for the period		-	-	-	(14,736)	2,764	(11,972)
Dividends paid	5	-	-	-	(2,048)	(1,517)	(3,565)
At 31 July 2023		10,642	22,366	3,386	120,220	2,764	159,378

Condensed Balance Sheet

Registered number 02129187

	Notes	At 31 July 2024 £'000	At 31 January 2024 £'000
Non-current assets			
Investments held at fair value through profit or loss		188,466	169,481
Current assets			
Amounts due from brokers		13	529
Overseas withholding tax recoverable		-	30
Income tax recoverable		-	4
Prepayments and accrued income		357	369
Cash and cash equivalents		18	-
		388	932
Total assets		188,854	170,413
Current liabilities			
Amounts due to brokers		(88)	(48)
Bank overdraft		-	(8,753)
Accruals		(403)	(217)
		(491)	(9,018)
Total assets less current liabilities		188,363	161,395
Non-current liabilities			
Bank facility		(8,200)	-
Net assets		180,163	161,395
Capital and reserves			
Share capital		10,642	10,642
Share premium		22,366	22,366
Capital redemption reserve		3,386	3,386
Capital reserve		141,291	123,147
Revenue reserve		2,478	1,854
Total shareholders' funds		180,163	161,395
Net asset value per ordinary share		532.60p	477.12p
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 2024 £'000	Six months ended 31 July 2023 £'000
Cash flow from operating activities			
Profit/(loss) before taxation		21,900	(11,972)
Add back finance costs		277	9
Adjustments for:			
Purchases of investments		(15,495)	(9,562)
Sales of investments		17,427	5,920
		1,932	(3,642)
(Profit)/loss on investments held at fair value		(20,361)	14,695
Decrease in receivables		46	80
Increase/(decrease) in payables		186	(37)
Net cash inflow/(outflow) from operating activities		3,980	(867)
Cash flow from financing activities			
Finance cost paid		(277)	(9)
Bank overdraft repayment		(8,753)	-
Bank facility drawdown		8,200	-
Dividends paid	5	(3,132)	(3,565)
Net cash outflow from financing activities		(3,962)	(3,574)
Net increase/(decrease) in cash and cash equivalents		18	(4,441)
Cash and cash equivalents at start of the period		-	5,055
Cash and cash equivalents at the end of the period		18	614
Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:			
Cash held at custodian		18	44
Invesco Liquidity Funds plc - Sterling, money market fund		-	570
Cash and cash equivalents		18	614
Cash flow from operating activities includes:			
Dividends received		2,868	3,649
Interest received		-	2

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 2024 Annual Financial Report. They have been prepared on an historical cost basis, in accordance with the applicable UK-adopted international accounting standards and, where possible, in accordance with the Statement of Recommended Practice for Financial Statements of Investment Trust Companies and Venture Capital Trusts, updated by the Association of Investment Companies in July 2022 ('AIC SORP').

2. Income

	Six months ended 31 July 2024 £'000	Six months ended 31 July 2023 £'000
Income from investments:		
UK dividends		
- ordinary	2,643	2,561
- special	150	409
Overseas dividends	62	102
	2,855	3,072
Other income:		
Deposit interest	-	2
	2,855	3,074

No special dividends have been recognised in capital during the period (31 July 2023: £491,000).

Overseas dividends include dividends received on UK listed investments where the investee company is domiciled outside of the UK.

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% (31 July 2023: 0.75%) per annum by reference to the Company's gross funds under management.

During the period the Company's £15 million overdraft facility was replaced with a new uncommitted £20 million 364 day revolving credit facility.

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 2024		Six months ended 31 July 2023	
	Rate	£'000	Rate	£'000
Third interim (prior year)	3.85p	1,302	3.75p	1,269
Final (prior year)	5.41p	1,830	6.79p	2,296
Total	9.26p	3,132	10.54p	3,565

The first interim dividend of 3.85p per ordinary share (31 July 2023: 3.85p) was paid on 30 August 2024 to shareholders on the register on 2 August 2024.

As set out in the Company's circular dated 19 July 2024, during the period the Board offered a return of capital to shareholders in respect of up to 10% of the Company's issued shares (excluding treasury shares). The return of capital was proposed by way of an elective special dividend, where all shareholders had an opportunity to elect in respect of each share held. The value of the special dividend was an amount per share which represented 97.5% of the published unaudited NAV per share of £4.8485 as at the net asset value certification date (being 6.00 p.m. on 17 September 2024). All shares on which the special dividend was paid on 8 October 2024 were cancelled for no consideration pursuant to the reduction of capital.

A second interim dividend of 3.85p (2023: 3.85p) has been declared and will be paid on 6 December 2024 to ordinary shareholders on the register on 8 November 2024.

6. Share Capital, including Movements

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

	Six months ended 31 July 2024	Year ended 31 January 2024
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

The elective special dividend paid on 8 October 2024 referred to in note 5 above resulted in a reduction in share capital. As at 15 October 2024, the Company's share capital consisted of 30,444,281 ordinary shares in issue and a further 19,382,155 shares held in treasury.

7. Classification Under Fair Value Hierarchy

Note 16 of the Company's 2024 Annual Financial Report sets out the basis of classification.

As at 31 July 2024, all of the Company's portfolio was composed of quoted (Level 1) investments.

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 2023 and 31 July 2024 has not been audited. The figures and financial information for the year ended 31 January 2024 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

15 October 2024

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 2024 and the year ended 31 January 2024. 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 Deutsche 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 2024	31 January 2024
Share price	a	470.00p	424.00p
Net asset value per share	b	532.60p	477.12p
Discount	c = (a-b)/b	(11.8)%	(11.1)%

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 2024, the Company has gross borrowings of £8,200,000 (31 January 2024: £8,753,000).

		31 July 2024 £'000	31 January 2024 £'000
Bank facility		8,200	-
Bank overdraft facility		-	8,753
Gross borrowings	a	8,200	8,753
Net asset value	b	180,163	161,395
Gross gearing	c = a/b	4.6%	5.4%

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 2024 £'000	31 January 2024 £'000
Bank facility		8,200	-
Bank overdraft facility		-	8,753
Less: cash and cash equivalents		(18)	-
Net borrowings	a	8,182	8,753
Net asset value	b	180,163	161,395
Net gearing	c = a/b	4.5%	5.4%

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 2024 £'000	31 January 2024 £'000
Maximum authorised borrowings as laid down in:			
Investment policy:			
- lower of 30% of net asset value; and	a = 30% x e	54,049	48,419
- £25m	b	25,000	25,000
Bank facility covenants: lower of 30% of net asset value and £20m			
(31 January 2024: bank overdraft facility covenants: lower of 30% of net asset value and £15m)	c	20,000	15,000
Maximum authorised borrowings (d = lower of a, b and c)	d	20,000	15,000
Net asset value	e	180,163	161,395
Maximum authorised gearing	f = d/e	11.1%	9.3%

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 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 amortised cost (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.

Glossary of Terms and Alternative Performance Measures (continued)

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 LSEG Data & Analytics 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.

		Net Asset Value	Share Price
Six months ended 31 July 2024			
As at 31 July 2024		532.60p	470.00p
As at 31 January 2024		477.12p	424.00p
Change in period	a	11.6%	10.8%
Impact of dividend reinvestments ⁽¹⁾	b	2.2%	2.5%
Total return for the period	c = a+b	13.8%	13.3%

		Net Asset Value	Share Price
Year ended 31 January 2024			
As at 31 January 2024		477.12p	424.00p
As at 31 January 2023		517.09p	451.00p
Change in year	a	-7.7%	-6.0%
Impact of dividend reinvestments ⁽¹⁾	b	3.6%	4.2%
Total return for the year	c = a+b	-4.1%	-1.8%

(1) Total dividends paid during the six months to 31 July 2024 of 9.26p (31 January 2024: 18.24p) 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 Index

Total return on the benchmark index 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

Bridget Guerin (*Chairman of the Board and Nomination Committee*)
Graham Paterson (*Chairman of the Audit Committee*)
Mike Prentis (*Chairman of the Management Engagement Committee and Senior Independent Director*)
Simon Longfellow (*Chairman of the Marketing Committee*)

Registered Office and Company Number

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

Registered in England and Wales
Number 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/James Poole

Invesco Client Services

Invesco has a Client Services Team available from 8.30am to 6.00pm Monday to Friday (excluding UK Bank Holidays). Please feel free to take advantage of their expertise by ringing
☎ 0800 085 8677
www.invesco.co.uk/investmenttrusts

Depository, Custodian and Banker

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

Independent Auditor

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

Corporate Broker

JPMorgan Cazenove
25 Bank Street
London E14 5JP

Registrar

Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL
☎ 0371 664 0300

If you hold your shares directly as a paper share certificate and not through an investment platform or savings scheme and have queries relating to your shareholding you should contact the company's Registrar, Link Group, 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 service for paper share certificates 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 paper share certificates can also access their holding details via Link's website www.signalshares.com.

Link Group is the business name of Link Market Services Limited. Alternatively, you can also buy and sell shares yourself through a wide variety of 'execution-only' investment platforms - where you make the investment decisions and your shares are held electronically in an account on your behalf. These tend to be cheaper than holding paper share certificates and also mean you don't need to worry about losing your certificate. Most investment platforms allow you to manage your investment trust holdings online, as well as access to a wide range of investment options.

Platforms generally charge fees for holding and trading shares. You can find a list of the major platforms at: <https://www.invesco.com/uk/en/investment-trusts/invesco-insights/how-to-invest-in-investment-trusts.html>.

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.

General Data Protection Regulation ('GDPR')

The Company has a privacy notice which sets out what personal data is collected and how and why it is used. The privacy notice can be found at www.invesco.co.uk/ipukscit under the 'Literature' section, or a copy can be obtained from the Company Secretary whose correspondence address is found above.

Investor Warning

The Company, Invesco and the Registrar would never contact members of the public to offer services or require any type of upfront payment. If you suspect you have been approached by fraudsters, please contact the FCA consumer helpline on 0800 111 6768 and Action Fraud on 0300 123 2040.

Further details for reporting frauds, or attempted frauds, can be found below.

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart

