



## **UK Investment Series**

Annual Report

Authorised Corporate Director's Short Report

**Issued April 2014**

For the year 1 January 2013 to 31 December 2013



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### Further information

This Short Report, which is unaudited, has been prepared in accordance with the Open-Ended Investment Companies Regulations 2001. The Authorised Corporate Director's Long Form Financial Statements, and the Prospectus which contains a written statement of the Terms and Conditions of the Company, can be obtained using the contact details shown on the back cover.

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### Charging fees to capital

Effective 1 February 2014 the company has changed the way fees are charged to the following funds:

Invesco Perpetual High Income Fund  
Invesco Perpetual Income & Growth Fund

The annual management charge of the above funds, which makes up the majority of the on-going charge, was taken from capital and all other on-going charges were taken from income, which reduced the amount of income payable to Shareholders. As one of the key objectives of these funds is to provide income, from 1 February 2014 all on-going charges are taken from capital. This will mean more income will be available for distribution to Shareholders.

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### Investment Objective change

Effective 7 January 2014, the investment objective and policy of the Invesco Perpetual High Income Fund was amended to make it more transparent to all existing and potential shareholders that the fund currently invests in unlisted securities. The fund currently has the ability to invest up to 10% of its net asset value in unapproved securities, such as unlisted securities (securities not listed on a stock exchange). The Invesco Perpetual High Income Fund currently has holdings significantly below this limit in these types of securities.

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### Investment objective

The fund aims to achieve longer term capital growth through a portfolio of investments in UK companies. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

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### Risk profile

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. The fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

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### Strategy, review and outlook

The fund registered strong gains for the period under review, increasing by 38.6% for the twelve months to end 31 December 2013 compared with the FTSE All-Share Index, which rose by 20.8%. This placed the fund in the first quartile of its peer group, the IMA UK All Companies Sector, which increased by an average of 26.2%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

With the exception of a relatively short period the good increase in the value of the UK stock market in 2013 was characterised by a steady positive trend with generally diminishing volatility compared to previous years. The exception to this trading pattern was from mid-May to mid-June when the FTSE All-Share Index lost about 13%. This hiatus was caused by the realisation that the US Federal Reserve would soon start to reduce the amount of monetary stimulus that was being given to the economy. As the following months unfolded it then became apparent that this change was to be postponed, mainly due to an expected disruption to the US economy from their self-imposed government shut down. The UK stock market was then able to follow the US stock market with its positive momentum aided then by an increasing number of positive reports on the UK economy.

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## Children's Fund

Significant contributors to the fund performance over the period came from BT Group, International Consolidated Airlines Group and GKN. BT Group had a good year due to the progress they had made with their cost cutting and the investments they had made in the roll out of their broadband service as well as their new TV sports channels. The shares of International Consolidated Airlines Group also did well reflecting a strong operating profit improvement helped by rising passenger revenues and falling fuel costs. GKN had a good year due to a successful consolidation of the previous year's acquisition of Volvo Aero as well as achieving all their planned restructuring.

Over the last two years the equity market has made a considerable recovery which has allowed UK equities to move closer to fair value. Despite this we believe that the market can grow earnings from here. Combining this with an ability to find value in individual companies the fund manager believes reasonable returns can be made over the medium term.

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### **Martin Walker, Fund Manager**

Where Martin Walker has expressed opinions, they are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco Perpetual investment professionals.

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## Children's Fund

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### Fund facts

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Launch date		20 April 1988
Fund size at 31.12.13		£225 million
Accounting date		31 December
Ex-dividend date		1 January
Distribution payable		28 February
ACD's annual management charge	- Trail class	1.50% per annum
	- Z class	0.75% per annum
Entry charge		5%
Ongoing charges figure (OCF) for the year ended 31.12.13	- Trail class	1.74%
	- Z class	0.99%
Ongoing charges figure (OCF) for the year ended 31.12.12	- Trail class	1.77%
	- Z class	1.02%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the year – it does not include entry charges. The OCF includes the annual management charge and also the following charges which are deducted directly from the fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FCA Fee, Price Publication Fee, Report production and transaction expenses, less: VAT recoverable where applicable.

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## Children's Fund

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### KIID Risk and Reward Profiles

Invesco Perpetual introduced Key Investor Information Documents (KIIDs) for all its funds and share classes on 20 February 2012 which include Risk and Reward numerical indicators.

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	<b>Risk and Reward Numerical Indicator Published in the KIID for the year 01.1.13 to 31.12.13</b>
<b>Invesco Perpetual Children's Fund</b>	
Accumulation shares	6
Z Accumulation shares <sup>1</sup>	6

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<sup>1</sup> Share class launched 12 November 2012

For more information on our funds risk and reward profiles, please refer to the most up to date relevant fund and share class specific Key Investor Information Documents (KIIDs), which are available at [www.invescoperpetual.co.uk](http://www.invescoperpetual.co.uk) or by contacting us.

## Children's Fund

Distributions	01.1.13 to 31.12.13 p	01.1.12 to 31.12.12 p
<b>Accumulation shares</b>		
Payable 28 February 2014	6.0609	6.2502
<b>Z Accumulation shares</b>		
Payable 28 February 2014	6.4398	4.8410

Price and revenue record by share class	Highest share price p	Lowest share price p	Net revenue per share p
<b>Calendar year</b>			
<b>Accumulation shares</b>			
2009	216.49	147.24	4.2043
2010	235.09	198.71	4.6076
2011	250.35	211.42	5.3953
2012	286.56	231.68	6.2502
2013	392.70	288.63	6.0609
<b>Z Accumulation shares</b>			
2012 <sup>1</sup>	212.35	198.75	4.8410
2013	293.23	213.91	6.4398

<sup>1</sup> from 12 November

Z accumulation shares were issued at 200p on 12 November 2012.

## Children's Fund

Net asset value	Net asset value per share 31.12.13 p	Net asset value per share 31.12.12 p	Percentage growth %
Accumulation shares	392.32	282.23	39.0
Z Accumulation shares	292.95	209.17	40.1

Net asset value per share calculated on the last business day of the period at bid market value at 4.30pm.

Performance to 31 December 2013	Since 30.6.13 %	Since 31.12.12 %	Since 31.12.10 %	Percentage growth Since 31.12.08 %	Percentage growth Since 31.12.03 %
Children's Fund (accumulation shares)	19.57	38.64	68.61	110.60	194.31
FTSE All-Share Index	11.35	20.81	30.98	95.16	131.56
IMA UK All Companies Sector	14.18	26.15	34.85	106.22	126.36
Fund Ranking	29/266	15/263	10/250	86/236	24/163

Standardised rolling 12 month performance	31.12.08 31.12.09 %	31.12.09 31.12.10 %	31.12.10 31.12.11 %	Percentage growth 31.12.11 31.12.12 %	Percentage growth 31.12.12 31.12.13 %
Children's Fund (accumulation shares)	15.5	8.1	-0.5	22.2	38.6

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website [www.invescopetperpetual.co.uk](http://www.invescopetperpetual.co.uk) or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.



## Children's Fund

<b>Portfolio classification</b>		
	<b>As at 31.12.13 %</b>	<b>As at 31.12.12 %</b>
<b>Investment</b>		
<b>Switzerland</b>		
Basic Materials	0.73	-
<b>United Kingdom</b>		
Oil & Gas	14.08	7.87
Basic Materials	4.42	0.07
Industrials	15.43	15.44
Consumer Goods	5.75	6.03
Health Care	9.83	12.18
Consumer Services	15.20	18.20
Telecommunications	11.52	15.12
Utilities	1.78	2.21
Financials	20.39	20.58
<b>Total investments</b>	<b>99.13</b>	<b>97.70</b>
<b>Net other assets</b>	<b>0.87</b>	<b>2.30</b>
<b>Net assets</b>	<b>100.00</b>	<b>100.00</b>

For the year ended 31 December 2013 unquoted securities amounted to 0.03% (31 December 2012 - 0.10%) of the Net Asset Value of the Fund.

### 10 largest investments

<b>As at 31 December 2013:</b>		<b>%</b>	<b>As at 31 December 2012:</b>		<b>%</b>
BP	5.87		BT	6.61	
BT	5.32		Rentokil Initial	5.28	
BG	5.17		BP	5.19	
Rentokil Initial	4.62		BAE Systems	5.03	
BAE Systems	4.52		GlaxoSmithKline	4.75	
Resolution	4.43		AstraZeneca	4.08	
Legal & General	4.39		Resolution	4.07	
Rio Tinto	4.30		Legal & General	3.87	
HSBC	3.84		HSBC	3.61	
GKN	3.54		GKN	3.55	

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## High Income Fund

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### Investment objective

The fund aims to achieve a high level of income, together with capital growth. The fund intends to invest primarily in UK companies, with the balance invested internationally. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, unlisted securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

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### Risk profile

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. As one of the key objectives of the fund is to provide income, the annual management charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth. The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. The fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

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### Strategy, review and outlook

The fund delivered a positive return of 25.5% during the twelve months to 31 December 2013, compared with a return of 20.8% by the FTSE All-Share Index. This placed the fund in the second quartile of its peer group, the IMA UK Equity Income Sector, which rose by an average of 24.6%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

With the exception of a relatively short period the good increase in the value of the UK stock market in 2013 was characterised by a steady positive trend with generally diminishing volatility compared to previous years. The exception to this trading pattern was from mid-May to mid-June when the FTSE All-Share Index lost about 13%. This hiatus was caused by the realisation that the US Federal Reserve would soon start to reduce the amount of monetary stimulus that was being given to the economy. As the following months unfolded it then became apparent that this change was to be postponed, mainly due to an expected disruption to the US economy from their self-imposed government shut down. The UK stock market was then able to follow the US stock market with its positive momentum aided then by an increasing number of positive reports on the UK economy.

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## High Income Fund

Within the fund there were strong performances from Roche, the pharmaceutical company, GlaxoSmithKline and BT Group. Roche owed its performance to continued approvals by regulatory authorities for some of their leading drugs. GlaxoSmithKline's shares did well due to a successful sale of their Lucozade and Ribena drinks business to the Japanese company Suntory. At the time of the sale the company said the proceeds would be used to reduce debt.

BT Group had a good year due to the progress they had made with their cost cutting and the investments they had made in the roll out of their broadband service as well as their new TV sports channels.

Set against the positive contributors were the share prices of Morrison and Rentokil. Morrison suffered as the spending ability of their customers remained under pressure as exemplified by the oft discussed inability of the average UK wage to keep up with the cost of living. Rentokil's shares did not contribute because the stock market was waiting for the majority of the year to see the benefit of the change in management.

Last year's rise in the UK stock market was noteworthy for its breadth. While previous rallies have been driven by a relatively small number of sectors, notably mining and banks, last year witnessed strong performances from a broad range of sectors, which is a positive sign of widespread demand for the asset class.

With equity valuations now at a level anticipating upgrades to earnings for 2014 and beyond, we believe that the performance of the market over the past year is unlikely to be repeated over the coming twelve months. The fund is positioned with a focus on companies which can deliver attractive cash flows, earnings and dividend growth. It therefore has the potential, we believe, to deliver an attractive positive return over the longer term.

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### Neil Woodford, Fund Manager

Where Neil Woodford has expressed opinions, they are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco Perpetual investment professionals.

After 25 years<sup>1</sup>, Neil Woodford - Head of UK Equities and fund manager of the Invesco Perpetual High Income Fund - will be leaving Invesco Perpetual on 29 April 2014. Fund Manager Mark Barnett took over as Head of UK Equities and fund manager of the Invesco Perpetual High Income Fund on 6 March 2014.

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<sup>1</sup> As at 31 December 2013  
(source: Invesco Perpetual)

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## High Income Fund

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### Fund facts

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Launch date	6 February 1988
Fund size at 31.12.13	£13,530 million
Accounting date	31 December
Ex-dividend date	1 January and 1 July
Distribution payable	28 February and 31 August
ACD's annual management charge	- Trail classes 1.50% per annum
	- No Trail classes 1.00% per annum
	- Z classes 0.75% per annum
Entry charge	5%
Ongoing charges figure (OCF) for the year ended 31.12.13	- Trail classes 1.69%
	- No Trail classes 1.19%
	- Z classes 0.94%
Ongoing charges figure (OCF) for the year ended 31.12.12	- Trail classes 1.69%
	- No Trail classes 1.19%
	- Z classes 0.94%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the year – it does not include entry charges. The OCF includes the annual management charge and also the following charges which are deducted directly from the fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FCA Fee, Price Publication Fee, Report production and transaction expenses, less: VAT recoverable where applicable.

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## High Income Fund

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### KIID Risk and Reward Profiles

Invesco Perpetual introduced Key Investor Information Documents (KIIDs) for all its funds and share classes on 20 February 2012 which include Risk and Reward numerical indicators.

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	Risk and Reward Numerical Indicator Published in the KIID for the year	
	01.1.13 to 31.10.13	01.11.13 to 31.12.13
<hr/>		
<b>Invesco Perpetual High Income Fund</b>		
Accumulation shares	6	5
Accumulation shares (No Trail)	6	5
Z Accumulation shares <sup>1</sup>	6	5
Income shares	6	5
Income shares (No Trail)	6	5
Z Income shares <sup>1</sup>	6	5

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<sup>1</sup> Share class launched 12 November 2012

For more information on our funds risk and reward profiles, please refer to the most up to date relevant fund and share class specific Key Investor Information Documents (KIIDs), which are available at [www.invescoperpetual.co.uk](http://www.invescoperpetual.co.uk) or by contacting us.

## High Income Fund

Distributions	01.1.13 to 31.12.13 p	01.1.12 to 31.12.12 p
<b>Accumulation shares</b>		
Paid 31 August 2013*	13.4291	12.1476
Payable 28 February 2014	9.0078	8.2639
<b>Total</b>	<b>22.4369</b>	<b>20.4115</b>
<b>Accumulation shares (No Trail)</b>		
Paid 31 August 2013*	2.8310	2.5504
Payable 28 February 2014	1.9052	1.7390
<b>Total</b>	<b>4.7362</b>	<b>4.2894</b>
<b>Z Accumulation shares</b>		
Paid 31 August 2013*	4.8958	-
Payable 28 February 2014	3.2942	3.0016
<b>Total</b>	<b>8.1900</b>	<b>3.0016</b>
<b>Income shares</b>		
Paid 31 August 2013*	8.0710	7.5805
Payable 28 February 2014	5.3021	5.0409
<b>Total</b>	<b>13.3731</b>	<b>12.6214</b>
<b>Income shares (No Trail)</b>		
Paid 31 August 2013*	2.2677	2.1211
Payable 28 February 2014	1.4945	1.4139
<b>Total</b>	<b>3.7622</b>	<b>3.5350</b>
<b>Z Income shares</b>		
Paid 31 August 2013*	4.8241	-
Payable 28 February 2014	3.1802	3.0020
<b>Total</b>	<b>8.0043</b>	<b>3.0020</b>

\*The normal distribution date of 31 August 2012 was brought forward for last period to 23 August 2012.

As the Z accumulation shares and Z income shares were issued on 12 November 2012, there are no prior year comparatives for these share classes.

## High Income Fund

### Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
<b>Accumulation shares</b>			
2009	428.87	325.07	16.4129
2010	479.58	405.58	18.0738
2011	516.01	446.27	19.8938
2012	565.76	509.53	20.4115
2013	698.29	561.26	22.4369
<b>Accumulation shares (No Trail)</b>			
2009	89.06	67.24	3.3987
2010	100.07	84.38	3.7615
2011	108.22	93.41	4.1630
2012	119.22	106.91	4.2894
2013	147.92	118.31	4.7362
<b>Z Accumulation shares</b>			
2012 <sup>1</sup>	205.74	196.84	3.0016
2013	255.99	204.19	8.1900
<b>Income shares</b>			
2009	295.24	230.00	11.4664
2010	316.33	272.92	12.0984
2011	332.04	283.03	12.7871
2012	345.12	317.97	12.6214
2013	411.04	337.33	13.3731
<b>Income shares (No Trail)</b>			
2009	81.63	63.32	3.1637
2010	87.95	75.70	3.3555
2011	92.52	78.94	3.5647
2012	96.92	88.91	3.5350
2013	116.05	94.76	3.7622
<b>Z Income shares</b>			
2012 <sup>1</sup>	205.74	196.84	3.0020
2013	247.04	201.19	8.0043

<sup>1</sup> from 12 November

Z accumulation shares and Z income shares were issued at 200p on 12 November 2012.

## High Income Fund

Net asset value	Net asset value per share 31.12.13 p	Net asset value per share 31.12.12 p	Percentage growth %
Accumulation shares	698.92	553.68	26.2
Accumulation shares (No Trail)	148.06	116.65	26.9
Z Accumulation shares	256.24	201.43	27.2
Income shares	406.11	332.70	22.1
Income shares (No Trail)	114.66	93.46	22.7
Z Income shares	244.11	198.43	23.0

Net asset value per share calculated on the last business day of the period at bid market value at 4.30pm.

Performance to 31 December 2013	Since 30.6.13 %	Since 31.12.12 %	Since 31.12.10 %	Percentage growth Since 31.12.08 %	Since 31.12.03 %
High Income Fund (income shares)	7.47	25.53	47.32	79.46	204.46
FTSE All-Share Index	11.35	20.81	30.98	95.16	131.56
IMA UK Equity Income Sector	12.26	24.63	36.77	92.27	119.76
Fund Ranking	92/97	42/95	15/84	51/71	1/51

Standardised rolling 12 month performance	31.12.08 31.12.09 %	31.12.09 31.12.10 %	31.12.10 31.12.11 %	Percentage growth 31.12.11 31.12.12 %	31.12.12 31.12.13 %
High Income Fund (income shares)	9.8	10.9	9.0	7.7	25.5

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website [www.invescopetual.co.uk](http://www.invescopetual.co.uk) or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.



## High Income Fund

Portfolio classification	As at 31.12.13 %	As at 31.12.12 %
<b>Investment</b>		
<b>Finland</b>		
Health Care	0.05	0.08
<b>France</b>		
Health Care	2.40	1.67
<b>Luxembourg</b>		
Industrials	0.46	0.25
<b>Norway</b>		
Industrials	0.25	-
<b>Republic of Ireland</b>		
Health Care	-	0.02
Consumer Services	0.02	0.02
<b>Switzerland</b>		
Health Care	6.64	8.19
<b>United Kingdom</b>		
Oil & Gas	-	0.02
Basic Materials	0.04	-
Industrials	20.23	19.49
Consumer Goods	15.07	16.39
Health Care	24.28	22.93
Consumer Services	0.12	1.64
Telecommunications	6.99	5.21
Utilities	8.30	8.18
Financials	8.77	8.03
Technology	0.12	0.08
Bonds	-	0.08
<b>United States</b>		
Basic Materials	0.66	0.80
Industrials	0.10	0.11
Consumer Goods	4.07	5.37
Health Care	1.26	1.19
Consumer Services	-	0.05
Financials	0.44	0.27
Technology	0.07	0.04
<b>Total investments</b>	<b>100.34</b>	<b>100.11</b>
<b>Net other liabilities</b>	<b>(0.34)</b>	<b>(0.11)</b>
<b>Net assets</b>	<b>100.00</b>	<b>100.00</b>

For the year ended 31 December 2013 unquoted securities amounted to 4.97% (31 December 2012 - 4.20%) of the Net Asset Value of the Fund.

## High Income Fund

### Portfolio Statement Breakdown

as at 31 December 2013

	Percentage of total net assets 31.12.13 %
Quoted securities	95.37
Unquoted securities	4.97
Portfolio of investments	100.34
Net other liabilities	(0.34)
<b>Net assets</b>	<b>100.00</b>

### 10 largest investments

As at 31 December 2013:	%	As at 31 December 2012:	%
AstraZeneca	9.58	AstraZeneca	9.00
GlaxoSmithKline	8.88	GlaxoSmithKline	8.26
BT	6.56	Roche Holding	6.23
BAE Systems	5.40	British American Tobacco	5.69
Roche Holding	5.33	Reynolds American	5.37
British American Tobacco	4.88	Imperial Tobacco	5.00
Imperial Tobacco	4.86	BT	4.95
Reckitt Benckiser	4.65	Reckitt Benckiser	4.93
Capita	4.43	BAE Systems	4.82
Rolls-Royce	4.34	Capita	3.75

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## Income & Growth Fund

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### Investment objective

The fund aims to produce an above average level of income combined with long-term capital growth by investing primarily in equities listed in the UK. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

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### Risk profile

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. As one of the key objectives of the fund is to provide income, the annual management charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth. The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. The fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

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### Strategy, review and outlook

The fund delivered a positive return of 24.8% during the twelve months to 31 December 2013, compared with a return of 20.8% from the FTSE All-Share Index. This placed the fund in the second quartile of its peer group, the IMA UK Equity Income Sector, which rose by an average of 24.6%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

With the exception of a relatively short period the good increase in the value of the UK stock market in 2013 was characterised by a steady positive trend with generally diminishing volatility compared to previous years. The exception to this trading pattern was from mid-May to mid-June when the FTSE All-Share Index lost about 13%. This hiatus was caused by the realisation that the US Federal Reserve would soon start to reduce the amount of monetary stimulus that was being given to the economy. As the following months unfolded it then became apparent that this change was to be postponed, mainly due to an expected disruption to the US economy from their self-imposed government shut down. The UK stock market was then able to follow the US stock market with its positive momentum aided then by an increasing number of positive reports on the UK economy.

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## Income & Growth Fund

Within the fund there were strong performances from Vodafone, AstraZeneca and BT Group. Vodafone shares performed well due to the successful sale of their 45% interest in Verizon Wireless to Verizon Communication for £84 billion. AstraZeneca's shares did well due to some positive news which included winning EU approval for its inhaled flu vaccine Fluenz Tetra and that it had agreed to buy Bristol-Myers Squibb out of their diabetes joint venture. BT Group owed their performance to the progress they had made with their cost cutting and the investments they had made in the roll out of their broadband service as well as their new TV sports channels.

Set against the positive contributors were the share prices of Wood Group and Ladbrokes. Wood Group had a disappointing trading update in which it said the results in Oman had been worse than expected and that profit at its engineering unit was seen as weakening this year. Ladbrokes shares detracted from the fund's performance after stating that their digital business had suffered from lower than expected margins and a lack of competitiveness in their sportsbook.

Over the last few months the news on the UK economy has continued to improve and many of the shares that have done well have been those seen as more sensitive to the economic cycle. However over the coming year we believe the main question relevant to the outlook for the UK stock market relates to how a market driven by quantitative easing can transition to one driven by the strength of the underlying economy. With equity valuations now at a level anticipating upgrades to earnings for 2014 and beyond, we believe that the performance of the market over the past year is unlikely to be repeated over the coming twelve months. The fund's investment strategy of the past three years remains intact – we are seeking companies with strong fundamentals and an ability to grow their dividend. The shares of many of these companies continue to look attractive in our view.

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### **Ciaran Mallon, Fund Manager**

Where Ciaran Mallon has expressed opinions, they are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco Perpetual investment professionals.

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## Income & Growth Fund

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### Fund facts

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Launch date	24 August 1973
Fund size at 31.12.13	£575 million
Accounting date	31 December
Ex-dividend date	1 January and 1 July
Distribution payable	28 February and 31 August
ACD's annual management charge	- Trail classes 1.50% per annum
	- No Trail classes 1.00% per annum
	- Z classes 0.75% per annum
Entry charge	5%
Ongoing charges figure (OCF) for the year ended 31.12.13	- Trail classes 1.70%
	- No Trail classes 1.20%
	- Z classes 0.95%
Ongoing charges figure (OCF) for the year ended 31.12.12	- Trail classes 1.70%
	- No Trail classes 1.20%
	- Z classes 0.95%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the year – it does not include entry charges. The OCF includes the annual management charge and also the following charges which are deducted directly from the fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FCA Fee, Price Publication Fee, Report production and transaction expenses, less: VAT recoverable where applicable.

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## Income & Growth Fund

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### KIID Risk and Reward Profiles

Invesco Perpetual introduced Key Investor Information Documents (KIIDs) for all its funds and share classes on 20 February 2012 which include Risk and Reward numerical indicators.

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	<b>Risk and Reward Numerical Indicator Published in the KIID for the year 01.1.13 to 31.12.13</b>
<b>Invesco Perpetual Income &amp; Growth Fund</b>	
Accumulation shares	6
Accumulation shares (No Trail)	6
Z Accumulation shares <sup>1</sup>	6
Income shares	6
Income shares (No Trail)	6
Z Income shares <sup>1</sup>	6

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<sup>1</sup> Share class launched 12 November 2012

For more information on our funds risk and reward profiles, please refer to the most up to date relevant fund and share class specific Key Investor Information Documents (KIIDs), which are available at [www.invescoperpetual.co.uk](http://www.invescoperpetual.co.uk) or by contacting us.

## Income & Growth Fund

Distributions	01.1.13 to 31.12.13 p	01.1.12 to 31.12.12 p
<b>Accumulation shares</b>		
Paid 31 August 2013*	16.5975	15.2403
Payable 28 February 2014	12.2587	10.8928
<b>Total</b>	<b>28.8562</b>	<b>26.1331</b>
<b>Accumulation shares (No Trail)</b>		
Paid 31 August 2013*	3.8564	3.5221
Payable 28 February 2014	2.8549	2.5239
<b>Total</b>	<b>6.7113</b>	<b>6.0460</b>
<b>Z Accumulation shares</b>		
Paid 31 August 2013*	4.8122	-
Payable 28 February 2014	3.5733	3.1478
<b>Total</b>	<b>8.3855</b>	<b>3.1478</b>
<b>Income shares</b>		
Paid 31 August 2013*	7.9036	7.5446
Payable 28 February 2014	5.7140	5.2670
<b>Total</b>	<b>13.6176</b>	<b>12.8116</b>
<b>Income shares (No Trail)</b>		
Paid 31 August 2013*	3.3504	3.1806
Payable 28 February 2014	2.4273	2.2264
<b>Total</b>	<b>5.7777</b>	<b>5.4070</b>
<b>Z Income shares</b>		
Paid 31 August 2013*	4.7394	-
Payable 28 February 2014	3.4470	3.1478
<b>Total</b>	<b>8.1864</b>	<b>3.1478</b>

\*The normal distribution date of 31 August 2012 was brought forward for last period to 23 August 2012.

As the Z accumulation shares and Z income shares were issued on 12 November 2012, there are no prior year comparatives for these share classes.

## Income & Growth Fund

Price and revenue record by share class	Highest share price p	Lowest share price p	Net revenue per share p
<b>Calendar year</b>			
<b>Accumulation shares</b>			
2009	525.82	350.01	20.8099
2010	592.27	502.59	21.5538
2011	639.22	546.34	26.9446
2012	710.31	612.23	26.1331
2013	878.23	714.74	28.8562
<b>Accumulation shares (No Trail)</b>			
2009 <sup>1</sup>	120.18	94.41	2.1596
2010	136.04	115.10	4.9423
2011	147.21	125.89	6.2019
2012	164.78	141.38	6.0460
2013	204.83	165.86	6.7113
<b>Z Accumulation shares</b>			
2012 <sup>2</sup>	205.76	196.20	3.1478
2013	256.46	207.14	8.3855
<b>Income shares</b>			
2009	287.60	196.96	11.5837
2010	311.34	264.52	11.4818
2011	326.75	276.31	13.7871
2012	343.45	303.10	12.8116
2013	409.37	340.34	13.6176
<b>Income shares (No Trail)</b>			
2009 <sup>1</sup>	119.95	94.26	2.1561
2010	130.45	110.56	4.7979
2011	137.16	116.15	5.7913
2012	145.36	127.69	5.4070
2013	174.20	144.10	5.7777
<b>Z Income shares</b>			
2012 <sup>2</sup>	205.76	196.20	3.1478
2013	247.26	204.01	8.1864

<sup>1</sup> from 12 June

<sup>2</sup> from 12 November

Accumulation shares (No Trail) and income shares (No Trail) were issued at 100p on 12 June 2009. Z accumulation shares and Z income shares were issued at 200p on 12 November 2012.



## Income & Growth Fund

Net asset value	Net asset value per share 31.12.13 p	Net asset value per share 31.12.12 p	Percentage growth %
Accumulation shares	877.62	701.76	25.1
Accumulation shares (No Trail)	204.69	162.84	25.7
Z Accumulation shares	256.28	203.37	26.0
Income shares	403.37	334.05	20.8
Income shares (No Trail)	171.65	141.42	21.4
Z Income shares	243.64	200.22	21.7

Net asset value per share calculated on the last business day of the period at bid market value at 4.30pm.

Performance to 31 December 2013	Since 30.6.13 %	Since 31.12.12 %	Since 31.12.10 %	Percentage growth Since 31.12.08 %	Percentage growth Since 31.12.03 %
Income & Growth Fund (income shares)	12.09	24.77	49.19	95.94	141.40
FTSE All-Share Index	11.35	20.81	30.98	95.16	131.56
IMA UK Equity Income Sector	12.26	24.63	36.77	92.27	119.76
Fund Ranking	47/97	47/95	11/84	29/71	16/51

Standardised rolling 12 month performance	31.12.08 31.12.09 %	31.12.09 31.12.10 %	31.12.10 31.12.11 %	Percentage growth 31.12.11 31.12.12 %	Percentage growth 31.12.12 31.12.13 %
Income & Growth Fund (income shares)	16.5	12.7	3.5	15.5	24.8

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website [www.invescopetperpetual.co.uk](http://www.invescopetperpetual.co.uk) or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

## Income & Growth Fund

<b>Portfolio classification</b>	<b>As at 31.12.13 %</b>	<b>As at 31.12.12 %</b>
<b>Investment</b>		
Oil & Gas	6.13	6.91
Basic Materials	3.30	2.39
Industrials	19.22	17.50
Consumer Goods	10.49	11.85
Health Care	9.53	9.54
Consumer Services	24.25	23.05
Telecommunications	3.96	4.55
Utilities	9.69	10.28
Financials	12.49	11.67
Bonds	1.68	2.56
<b>Total investments</b>	<b>100.74</b>	<b>100.30</b>
<b>Net other liabilities</b>	<b>(0.74)</b>	<b>(0.30)</b>
<b>Net assets</b>	<b>100.00</b>	<b>100.00</b>

### 10 largest investments

<b>As at 31 December 2013:</b>	<b>%</b>	<b>As at 31 December 2012:</b>	<b>%</b>
HSBC	3.77	HSBC	4.49
British American Tobacco	3.74	British American Tobacco	4.39
AstraZeneca	3.68	Imperial Tobacco	4.30
Imperial Tobacco	3.47	AstraZeneca	3.78
GlaxoSmithKline	2.95	GlaxoSmithKline	2.97
BP	2.79	BP	2.95
Euromoney Institutional Investor	2.70	Vodafone	2.44
Legal & General	2.65	Royal Dutch Shell	2.41
Young & Co's Brewery	2.40	Croda International	2.39
Resolution	2.39	Tesco	2.21

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## UK Aggressive Fund

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### Investment objective

The fund aims to achieve long-term capital growth through a portfolio of primarily UK securities. Investment may occasionally be made in securities of companies with significant sources of profit from, or close economic links with, the UK.

The fund will normally hold a concentrated portfolio of stocks and there will be no direct correlation to any specific index. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

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### Risk profile

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. As the fund has a concentrated number of holdings, investors should be prepared to accept higher risks. The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. The fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

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### Strategy, review and outlook

The fund delivered a return of 47.2% during the twelve months to 31 December 2013, compared with the FTSE All-Share Index, which rose by 20.8%. This placed the fund in the first quartile of its peer group, the IMA UK All Companies Sector, which rose by an average of 26.2%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

With the exception of a relatively short period the good increase in the value of the UK stock market in 2013 was characterised by a steady positive trend with generally diminishing volatility compared to previous years. The exception to this trading pattern was from mid-May to mid-June when the FTSE All-Share Index lost about 13%. This hiatus was caused by the realisation that the US Federal Reserve would soon start to reduce the amount of monetary stimulus that was being given to the economy. As the following months unfolded it then became apparent that this change was to be postponed, mainly due to an expected disruption to the US economy from their self-imposed government shut down. The UK stock market was then able to follow the US stock market with its positive momentum aided then by an increasing number of positive reports on the UK economy.

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## UK Aggressive Fund

Within the fund there were several strong performers, the most notable of which, for a consecutive year, was Thomas Cook whose shares rose just over four fold. This performance was due to a continued run of strong operating results as reported by the company. This was evidenced in the Autumn when it announced that their UK capacity was over 97% sold and that the year on year average price increase was over 4.5%. BT Group had a good year due to the progress they had made with their cost cutting and the investments they had made in the roll out of their broadband service as well as their new TV sports channels. The shares of International Consolidated Airlines Group also did well reflecting a strong operating profit improvement helped by rising passenger revenues and falling fuel costs.

Set against these strong performers was a disappointment from RSA Insurance Group. The shares suffered after issuing three profit warnings in the last two months of the year. These warnings were mainly related to the underperformance of their Irish business and resulted in the resignation of the CEO for RSA Ireland.

Over the last two years the equity market has made a considerable recovery which has allowed UK equities to move closer to fair value. Despite this we believe that the market can grow earnings from here. Combining this with an ability to find value in individual companies the fund manager believes reasonable returns can be made over the medium term.

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### **Martin Walker, Fund Manager**

Where Martin Walker has expressed opinions, they are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco Perpetual investment professionals.

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## UK Aggressive Fund

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### Fund facts

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Launch date		2 July 2001
Fund size at 31.12.13		£211 million
Accounting date		31 December
Ex-dividend date		1 January
Distribution payable		28 February
ACD's annual management charge	- Trail classes	1.50% per annum
	- No Trail classes	1.00% per annum
	- Z classes	0.75% per annum
Entry charge		5%
Ongoing charges figure (OCF) for the year ended 31.12.13	- Trail classes	1.70%
	- No Trail classes	1.20%
	- Z classes	0.95%
Ongoing charges figure (OCF) for the year ended 31.12.12	- Trail classes	1.71%
	- No Trail classes	1.21%
	- Z classes	0.96%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the year – it does not include entry charges. The OCF includes the annual management charge and also the following charges which are deducted directly from the fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FCA Fee, Price Publication Fee, Report production and transaction expenses, less: VAT recoverable where applicable.

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## UK Aggressive Fund

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### KIID Risk and Reward Profiles

Invesco Perpetual introduced Key Investor Information Documents (KIIDs) for all its funds and share classes on 20 February 2012 which include Risk and Reward numerical indicators.

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	<b>Risk and Reward Numerical Indicator Published in the KIID for the year 01.1.13 to 31.12.13</b>
<hr/>	
<b>Invesco Perpetual UK Aggressive Fund</b>	
Accumulation shares	6
Accumulation shares (No Trail)	6
Z Accumulation shares <sup>1</sup>	6
Income shares	6
Income shares (No Trail)	6
Z Income shares <sup>1</sup>	6

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<sup>1</sup> Share class launched 12 November 2012

For more information on our funds risk and reward profiles, please refer to the most up to date relevant fund and share class specific Key Investor Information Documents (KIIDs), which are available at [www.invescopetperpetual.co.uk](http://www.invescopetperpetual.co.uk) or by contacting us.

## UK Aggressive Fund

Distributions	01.1.13 to 31.12.13 p	01.1.12 to 31.12.12 p
<b>Accumulation shares</b>		
Payable 28 February 2014	2.5207	1.9389
<b>Accumulation shares (No Trail)</b>		
Payable 28 February 2014	2.7622	2.0589
<b>Z Accumulation shares</b>		
Payable 28 February 2014	6.0764	3.2758
<b>Income shares</b>		
Payable 28 February 2014	2.1613	1.6855
<b>Income shares (No Trail)</b>		
Payable 28 February 2014	2.4164	1.8336
<b>Z Income shares</b>		
Payable 28 February 2014	5.9874	3.2758

## UK Aggressive Fund

### Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
<b>Accumulation shares</b>			
2009	104.93	71.79	1.9406
2010	113.34	99.38	2.1224
2011	119.49	100.07	2.3306
2012	140.25	107.37	1.9389
2013	204.04	141.25	2.5207
<b>Accumulation shares (No Trail)</b>			
2009	83.79	57.15	1.8978
2010	90.66	79.54	2.1299
2011	96.11	80.58	2.3231
2012	113.71	86.63	2.0589
2013	166.30	114.55	2.7622
<b>Z Accumulation shares</b>			
2012 <sup>1</sup>	221.21	194.10	3.2758
2013	324.31	222.84	6.0764
<b>Income shares</b>			
2009	96.81	66.23	1.7904
2010	102.63	89.99	1.9237
2011	106.18	88.92	2.0702
2012	121.93	93.34	1.6855
2013	174.97	121.13	2.1613
<b>Income shares (No Trail)</b>			
2009	80.36	54.80	1.8200
2010	84.95	74.53	1.9924
2011	87.93	73.72	2.1259
2012	101.27	77.16	1.8336
2013	145.46	100.19	2.4164
<b>Z Income shares</b>			
2012 <sup>1</sup>	221.21	194.10	3.2758
2013	319.57	219.59	5.9874

<sup>1</sup> from 12 November

Z accumulation shares and Z income shares were issued at 200p on 12 November 2012.



## UK Aggressive Fund

Net asset value	Net asset value per share 31.12.13 p	Net asset value per share 31.12.12 p	Percentage growth %
Accumulation shares	202.43	138.14	46.5
Accumulation shares (No Trail)	164.99	112.02	47.3
Z Accumulation shares	321.75	217.91	47.7
Income shares	171.42	118.41	44.8
Income shares (No Trail)	141.89	97.93	44.9
Z Income shares	311.06	214.63	44.9

Net asset value per share calculated on the last business day of the period at bid market value at 4.30pm.

Performance to 31 December 2013	Since 30.6.13 %	Since 31.12.12 %	Since 31.12.10 %	Percentage growth Since 31.12.08 %	Percentage growth Since 31.12.03 %
UK Aggressive Fund (accumulation shares)	22.88	47.19	83.85	135.48	224.49
FTSE All-Share Index	11.35	20.81	30.98	95.16	131.56
IMA UK All Companies Sector	14.18	26.15	34.85	106.22	126.36
Fund Ranking	16/266	2/263	2/250	45/236	12/163

Standardised rolling 12 month performance	31.12.08 31.12.09 %	31.12.09 31.12.10 %	31.12.10 31.12.11 %	Percentage growth 31.12.11 31.12.12 %	Percentage growth 31.12.12 31.12.13 %
UK Aggressive Fund (accumulation shares)	20.4	6.3	-3.9	29.9	47.2

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website [www.invescopetperpetual.co.uk](http://www.invescopetperpetual.co.uk) or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

## UK Aggressive Fund

<b>Portfolio classification</b>		
	<b>As at 31.12.13 %</b>	<b>As at 31.12.12 %</b>
<b>Investment</b>		
<b>Switzerland</b>		
Health Care	2.72	1.89
<b>United Kingdom</b>		
Oil & Gas	14.93	2.96
Basic Materials	4.88	0.32
Industrials	16.44	29.03
Consumer Goods	3.99	7.45
Health Care	4.80	8.20
Consumer Services	17.73	28.71
Telecommunications	13.15	7.57
Financials	19.79	10.96
<b>United States</b>		
Technology	-	1.25
<b>Total investments</b>	<b>98.43</b>	<b>98.34</b>
<b>Net other assets</b>	<b>1.57</b>	<b>1.66</b>
<b>Net assets</b>	<b>100.00</b>	<b>100.00</b>

For the year ended 31 December 2013 unquoted securities amounted to 0.02% (31 December 2012 - 0.00%) of the Net Asset Value of the Fund.

### 10 largest investments

<b>As at 31 December 2013:</b>		<b>%</b>	<b>As at 31 December 2012:</b>		<b>%</b>
BP	5.78		Thomas Cook		9.58
BT	5.78		Rentokil Initial		9.15
Rentokil Initial	5.15		Dixons Retail		7.21
Rio Tinto	4.88		HSBC		5.30
BG	4.72		BT		5.11
Resolution	4.53		BAE Systems		4.68
Royal Dutch Shell	4.43		GKN		4.33
HSBC	4.30		Regus		3.91
Legal & General	4.19		AstraZeneca		3.46
GKN	3.99		Melrose Industries		3.21

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## UK Growth Fund

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### Investment objective

The fund aims to achieve capital growth in the UK. The fund intends to invest primarily in companies listed in the UK. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

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### Risk profile

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. The fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

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### Strategy, review and outlook

The fund registered strong gains for the period under review, increasing by 37.7% for the twelve months to end 31 December 2013 compared with the FTSE All-Share Index, which rose by 20.8%. This placed the fund in the first quartile of its peer group, the IMA UK All Companies Sector, which increased by an average of 26.2%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

With the exception of a relatively short period the good increase in the value of the UK stock market in 2013 was characterised by a steady positive trend with generally diminishing volatility compared to previous years. The exception to this trading pattern was from mid-May to mid-June when the FTSE All-Share Index lost about 13%. This hiatus was caused by the realisation that the US Federal Reserve would soon start to reduce the amount of monetary stimulus that was being given to the economy. As the following months unfolded it then became apparent that this change was to be postponed, mainly due to an expected disruption to the US economy from their self-imposed government shut down. The UK stock market was then able to follow the US stock market with its positive momentum aided then by an increasing number of positive reports on the UK economy.

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## UK Growth Fund

Significant contributors to the fund performance over the period came from BT Group, International Consolidated Airlines Group and GKN. BT Group had a good year due to the progress they had made with their cost cutting and the investments they had made in the roll out of their broadband service as well as their new TV sports channels. The shares of International Consolidated Airlines Group also did well reflecting a strong operating profit improvement helped by rising passenger revenues and falling fuel costs. GKN had a good year due to a successful consolidation of the previous year's acquisition of Volvo Aero as well as achieving all their planned restructuring.

Over the last two years the equity market has made a considerable recovery which has allowed UK equities to move closer to fair value. Despite this we believe that the market can grow earnings from here. Combining this with an ability to find value in individual companies the fund manager believes reasonable returns can be made over the medium term.

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### **Martin Walker, Fund Manager**

Where Martin Walker has expressed opinions, they are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco Perpetual investment professionals.

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## UK Growth Fund

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### Fund facts

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Launch date		12 June 1987
Fund size at 31.12.13		£1,230 million
Accounting date		31 December
Ex-dividend date		1 January
Distribution payable		28 February
ACD's annual management charge	- Trail classes	1.50% per annum
	- No Trail classes	1.00% per annum
	- Z classes	0.75% per annum
Entry charge		5%
Ongoing charges figure (OCF) for the year ended 31.12.13	- Trail classes	1.69%
	- No Trail classes	1.19%
	- Z classes	0.94%
Ongoing charges figure (OCF) for the year ended 31.12.12	- Trail classes	1.70%
	- No Trail classes	1.20%
	- Z classes	0.95%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the year – it does not include entry charges. The OCF includes the annual management charge and also the following charges which are deducted directly from the fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FCA Fee, Price Publication Fee, Report production and transaction expenses, less: VAT recoverable where applicable.

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## UK Growth Fund

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### KIID Risk and Reward Profiles

Invesco Perpetual introduced Key Investor Information Documents (KIIDs) for all its funds and share classes on 20 February 2012 which include Risk and Reward numerical indicators.

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	<b>Risk and Reward Numerical Indicator Published in the KIID for the year 01.1.13 to 31.12.13</b>
<hr/>	
<b>Invesco Perpetual UK Growth Fund</b>	
Accumulation shares	6
Accumulation shares (No Trail)	6
Z Accumulation shares <sup>1</sup>	6
Income shares	6
Income shares (No Trail)	6
Z Income shares <sup>1</sup>	6

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<sup>1</sup> Share class launched 12 November 2012

For more information on our funds risk and reward profiles, please refer to the most up to date relevant fund and share class specific Key Investor Information Documents (KIIDs), which are available at [www.invescoperpetual.co.uk](http://www.invescoperpetual.co.uk) or by contacting us.

## UK Growth Fund

Distributions	01.1.13 to 31.12.13 p	01.1.12 to 31.12.12 p
<b>Accumulation shares</b>		
Payable 28 February 2014	8.3072	8.7914
<b>Accumulation shares (No Trail)</b>		
Payable 28 February 2014	2.7703	2.7432
<b>Z Accumulation shares</b>		
Payable 28 February 2014	6.4576	4.9510
<b>Income shares</b>		
Payable 28 February 2014	5.4455	5.8928
<b>Income shares (No Trail)</b>		
Payable 28 February 2014	2.3790	2.4057
<b>Z Income shares</b>		
Payable 28 February 2014	6.3059	4.9510

## UK Growth Fund

### Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
<b>Accumulation shares</b>			
2009	292.93	194.78	5.8167
2010	319.74	268.13	6.2879
2011	342.13	290.15	7.5919
2012	395.04	316.83	8.7914
2013	537.75	397.39	8.3072
<b>Accumulation shares (No Trail)</b>			
2009	75.24	49.87	1.8075
2010	82.54	69.01	2.0215
2011	88.55	75.13	2.3851
2012	102.99	82.37	2.7432
2013	140.91	103.61	2.7703
<b>Z Accumulation shares</b>			
2012 <sup>1</sup>	213.20	198.68	4.9510
2013	292.48	214.50	6.4576
<b>Income shares</b>			
2009	209.11	139.02	4.1543
2010	223.85	187.71	4.4023
2011	234.85	199.17	5.2103
2012	264.81	212.38	5.8928
2013	352.50	260.49	5.4455
<b>Income shares (No Trail)</b>			
2009	71.12	47.10	1.7118
2010	76.32	63.81	1.8679
2011	79.89	67.79	2.1485
2012	90.29	72.20	2.4057
2013	120.25	88.43	2.3790
<b>Z Income shares</b>			
2012 <sup>1</sup>	213.20	198.68	4.9510
2013	285.73	209.55	6.3059

<sup>1</sup> from 12 November

Z accumulation shares and Z income shares were issued at 200p on 12 November 2012.



## UK Growth Fund

Net asset value	Net asset value per share 31.12.13 p	Net asset value per share 31.12.12 p	Percentage growth %
Accumulation shares	537.23	389.05	38.1
Accumulation shares (No Trail)	140.77	101.44	38.8
Z Accumulation shares	292.21	209.99	39.2
Income shares	346.71	254.90	36.0
Income shares (No Trail)	117.76	86.52	36.1
Z Income shares	279.15	205.04	36.1

Net asset value per share calculated on the last business day of the period at bid market value at 4.30pm.

Performance to 31 December 2013	Since 30.6.13 %	Since 31.12.12 %	Since 31.12.10 %	Percentage growth Since 31.12.08 %	Since 31.12.03 %
UK Growth Fund (accumulation shares)	18.86	37.69	69.68	116.97	149.06
FTSE All-Share Index	11.35	20.81	30.98	95.16	131.56
IMA UK All Companies Sector	14.18	26.15	34.85	106.22	126.36
Fund Ranking	37/266	20/263	8/250	71/326	58/163

Standardised rolling 12 month performance	31.12.08 31.12.09 %	31.12.09 31.12.10 %	31.12.10 31.12.11 %	Percentage growth 31.12.11 31.12.12 %	31.12.12 31.12.13 %
UK Growth Fund (accumulation shares)	17.6	8.8	0.5	22.6	37.7

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website [www.invescopetual.co.uk](http://www.invescopetual.co.uk) or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

## UK Growth Fund

<b>Portfolio classification</b>	<b>As at 31.12.13 %</b>	<b>As at 31.12.12 %</b>
<b>Investment</b>		
<b>Finland</b>		
Health Care	0.15	0.30
<b>Republic of Ireland</b>		
Consumer Services	-	2.30
<b>Switzerland</b>		
Basic Materials	0.72	-
Health Care	5.18	5.69
<b>United Kingdom</b>		
Oil & Gas	14.19	7.87
Basic Materials	4.46	0.09
Industrials	12.80	13.52
Consumer Goods	5.42	6.08
Health Care	7.93	9.35
Consumer Services	16.24	15.52
Telecommunications	10.93	14.72
Utilities	1.70	1.87
Financials	19.92	20.65
Bonds	-	0.02
<b>Total investments</b>	<b>99.64</b>	<b>97.98</b>
<b>Net other assets</b>	<b>0.36</b>	<b>2.02</b>
<b>Net assets</b>	<b>100.00</b>	<b>100.00</b>

For the year ended 31 December 2013 unquoted securities amounted to 0.02% (31 December 2012 - 0.01%) of the Net Asset Value of the Fund.

### 10 largest investments

<b>As at 31 December 2013:</b>	<b>%</b>	<b>As at 31 December 2012:</b>	<b>%</b>
BP	5.72	BT	6.58
BT	5.02	BP	5.17
BG	4.92	BAE Systems	5.16
BAE Systems	4.50	Rentokil Initial	5.15
Rio Tinto	4.32	Resolution	4.15
Resolution	4.30	Legal & General	3.90
Rentokil Initial	4.25	HSBC	3.71
Legal & General	4.07	GKN	3.60
HSBC	4.04	Schroders	3.18
Royal Dutch Shell	3.55	Novartis	3.13

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**Authorised Corporate Director**

Invesco Fund Managers Limited

Registered Office: Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK  
Registered in England No. 898166

The Company is an investment company with variable capital under Regulation 12 of the Open-Ended Investment Companies Regulations 2001 and is a wider-range investment for the purposes of the Trustee Investment Act 2000.

The Authorised Corporate Director's investment adviser is:

Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK  
Registered in England No. 949417

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

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**Registrar**

Invesco Administration Services Limited

Registered Office: Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK

For registration enquiries please call free on 0800 085 8571 or write to us at:

Invesco Perpetual, PO Box 11150, Chelmsford CM99 2DL, UK

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**Depositary**

Citibank International plc

Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, UK

Authorised and regulated by the Financial Conduct Authority.

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**Auditors**

PricewaterhouseCoopers LLP

7 More London Riverside, London SE1 2RT, UK

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## Further information

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### General enquiries

Investor Services Team 0800 085 8677

Broker Services Team 0800 028 2121

International calls +44 (0)1491 417000

Lines are open 8.30am to 6pm, Monday to Friday, excluding UK Bank Holidays.

[www.invescopetpetual.co.uk](http://www.invescopetpetual.co.uk)

[enquiry@invescopetpetual.co.uk](mailto:enquiry@invescopetpetual.co.uk)

Fax 01491 416000

Post:

Invesco Perpetual, PO Box 11150, Chelmsford CM99 2DL, UK

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### To invest

ISA Dealing Line 0800 917 7581

ICVC Dealing Line 0800 085 8571

Clients must confirm that they have been provided with the most up to date relevant fund and share class specific Key Investor Information Document(s) prior to investing.

We will record telephone calls to our Dealing Line.

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### Valuations

Automated Valuation Service 0800 028 4050

Lines are open 24 hours a day.

Further information on our products, including the most up to date relevant fund and share class specific Key Investor Information Document(s) and the Supplementary Information Document, is available using the contact details above.

The Prospectus, which contains a written statement of the terms and conditions of the Company, can be obtained from the ACD, as can copies of Interim and Annual Reports. Please call our Literature Request Line on 0800 085 8677 (for clients) and 0800 028 2121 (for intermediaries) or log onto our website ([www.invescopetpetual.co.uk](http://www.invescopetpetual.co.uk)).

Telephone calls may be recorded.

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Invesco Perpetual is a business name of Invesco Fund Managers Limited  
Authorised and regulated by the Financial Conduct Authority, FCA Registered No. 119298  
Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK  
Registered in England No. 898166  
Registered address: Perpetual Park, Perpetual Park Drive, Henley-on-Thames,  
Oxfordshire RG9 1HH, UK

54962/PRG/080414