



Smaller Companies and Markets Investment Series
Annual Report
Authorised Corporate Director's Short Report

Issued September 2013

For the year 1 August 2012 to 31 July 2013



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Further information

This Short Report, which is unaudited, has been prepared in accordance with the Financial Services (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.

Launch of new 'Z' share classes on 12 November 2012

New 'Z' share classes, accumulation shares and income shares, were issued at 200p per share for the Invesco Perpetual Emerging Countries Fund, Invesco Perpetual Emerging European Fund, Invesco Perpetual Global Smaller Companies Fund and Invesco UK Smaller Companies Equity Fund.

New 'Z' share class accumulation shares were issued at 200p per share for the Invesco Perpetual European Smaller Companies Fund and Invesco Perpetual Japanese Smaller Companies Fund.

Further details can be obtained from the most up to date relevant fund and share class specific Key Investor Information Document(s).

Emerging Countries Fund

Investment objective

The fund aims to achieve capital growth primarily through a portfolio of shares in companies established and/or operating in countries where, in the opinion of the Manager, there is an emerging market. Exposure to such markets will partially be obtained through indirect investment in securities traded on other markets. 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 Full Prospectus.

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 this is an emerging market fund, investors should be prepared to accept a higher degree of risk than for a fund with a broader investment mandate, as there is potential for a decrease in market liquidity, which may mean that it is not easy to buy or sell securities, as well as operational difficulties. 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.

Strategy, review and outlook

The fund increased by 13.6% over the twelve months to the end of July 2013, compared to a gain of 5.7% in the benchmark MSCI Emerging Markets Index. This placed the fund in the first quartile of its peer group, the IMA Global Emerging Markets Sector, which rose by an average of 5.1%.

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

Past performance is not a guide to future returns.

The fund's performance was driven by strong stock selection across a wide range of sectors and countries. Our positions in Korea and China contributed the most towards performance. All our other country holdings, with the notable exception of Brazil, also made positive contributions. From a sector perspective, financials and information technology were the largest contributors. At a stock level, our positions in TSMC, Hyundai Motor and Rami Levy, an Israeli retailer, performed well.

Slowing economic growth in the larger economies of the emerging world together with the prospect of less global liquidity following suggestions that the US Federal Reserve could start to ease-off its bond buying programme has recently dented investor confidence. However, we believe there is a growing acceptance that the US central bank will only begin to scale back its quantitative easing programme when there are signs of improvements in the labour market and a strengthening in the pace of US growth. Increased debate that this may eventually lead to higher US

Emerging Countries Fund

interest rates seems too premature at this early stage. By contrast, interest rates in emerging countries have been falling in recent months, for example in China, Korea, Thailand, Poland and Hungary. Elsewhere, central banks in Mexico and Chile are increasingly sending out dovish signals.

A backdrop of lower interest rates in the emerging world, the main exceptions being Brazil and Turkey, should help support domestic growth and boost the prospects of companies with exposure to consumer-related areas. These include retailers as well as real estate companies. With labour conditions remaining robust and supporting real wage growth, we are likely to see increased demand for housing, health care products and consumer goods. Servicing these demands requires a good transportation system where logistics firms will play a key role. Public-private initiatives to improve and modernise the infrastructure network are already under way in several emerging countries. We expect to see acceleration in investment in this area, underpinned by the relatively strong finances of both the government and corporate sector.

During the review period we took a position in Copa Holdings, the parent company of Panamanian carrier Copa Airlines. From its base in Panama City, the central location for flights to and from North, South and Central America, Copa Airlines has a strong market position. Another stock purchase was LT Group, a company based in the Philippines. With a population of 100 million people, the country offers a strong consumption base that, in our view, is likely to bring further benefits to LT Group. Other new names added included London-listed Kcell, Kazakhstan's largest mobile operator, and Chroma, a Taiwanese technology company. We sold our positions in China Resources Enterprise, Yamana Gold, Antofagasta and Arca Continental.

Dean Newman, Fund Manager

Where Dean Newman 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.

Emerging Countries Fund

Fund facts

Launch date		29 June 1987
Fund size at 31.7.13		£92.6 million
Accounting date		31 July
Ex-dividend date		1 August
Distribution payable		30 September
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 for the year ended 31.7.13	- Trail classes	1.76%
	- No Trail classes	1.26%
	- Z classes	1.01%
Ongoing charges figure for the year ended 31.7.12	- Trail classes	1.77%
	- No Trail classes	1.27%
	- Z classes	-

The ongoing charges figure (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 or performance fees. 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. The OCF is expressed as an annual percentage rate.

Emerging Countries Fund

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.

	Risk and Reward Numerical Indicator Published in the KIID for the period	
	01.8.12 to 30.11.12	01.12.12 to 31.7.13
<hr/>		
Invesco Perpetual Emerging Countries Fund		
Accumulation shares	6	6
Accumulation shares (No Trail)	6	6
Z Accumulation shares ¹	-	6
Income shares	7	6
Income shares (No Trail)	7	6
Z Income shares ¹	-	6

¹ from 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.invescopetpetual.co.uk or by contacting us.

Emerging Countries Fund

Distributions	01.8.12 to 31.7.13 p	01.8.11 to 31.7.12 p
Accumulation shares		
Payable 30 September 2013	1.9256	1.8379
Accumulation shares (No Trail)		
Payable 30 September 2013	1.9979	1.8454
Z Accumulation shares		
Payable 30 September 2013	2.9997	-
Income shares		
Payable 30 September 2013	1.7753	1.7093
Income shares (No Trail)		
Payable 30 September 2013	1.9276	1.8039
Z Income shares		
Payable 30 September 2013	2.9998	-

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.

Emerging Countries Fund

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
2008	213.99	104.59	1.1282
2009	205.83	117.74	2.3435
2010	252.79	191.20	0.8892
2011	258.06	178.35	1.2320
2012	228.73	194.60	1.8379
2013 ¹	259.04	218.92	1.9256
Accumulation shares (No Trail)			
2009 ²	130.94	93.38	0.4520
2010	161.66	121.73	1.2667
2011	165.05	114.51	1.5520
2012	147.75	125.33	1.8454
2013 ¹	167.67	141.77	1.9979
Z Accumulation shares			
2012 ³	212.03	196.79	0.0000
2013 ¹	240.85	203.70	2.9997
Income shares			
2008	204.91	99.50	1.0803
2009	193.11	112.01	2.2294
2010	236.20	179.36	0.8336
2011	241.11	165.81	1.1525
2012	211.98	180.92	1.7093
2013 ¹	238.71	201.74	1.7753
Income shares (No Trail)			
2009 ²	130.40	93.38	0.4520
2010	159.49	121.21	1.2619
2011	162.83	111.91	1.5307
2012	143.39	122.49	1.8039
2013 ¹	161.62	136.65	1.9276
Z Income shares			
2012 ³	212.03	196.79	0.0000
2013 ¹	240.85	203.69	2.9998

¹ to 31 July

² from 12 June

³ 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.

Emerging Countries Fund

Net asset value	Net asset value per share 31.7.13 p	Net asset value per share 31.7.12 p	Percentage growth %
Accumulation shares	238.33	207.90	14.6
Accumulation shares (No Trail)	154.41	134.03	15.2
Z Accumulation shares	221.92	-	-
Income shares	217.85	191.57	13.7
Income shares (No Trail)	146.92	129.18	13.7
Z Income shares	218.91	-	-

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

Performance

to 31 July 2013

	Since 31.1.13 %	Since 31.7.12 %	Since 31.7.10 %	Percentage growth Since 31.7.08 %	Since 31.7.03 %
Emerging Countries Fund (accumulation shares)	0.00	13.62	10.50	35.40	249.79
MSCI Emerging Markets Index	-5.53	5.72	7.49	36.39	274.57
IMA Global Emerging Markets Sector	-5.51	5.11	5.21	29.06	252.84
Fund Ranking	7/54	5/52	10/42	8/28	9/19

Standardised rolling 12 month performance

	30.6.08 30.6.09 %	30.6.09 30.6.10 %	30.6.10 30.6.11 %	Percentage growth 30.6.11 30.6.12 %	30.6.12 30.6.13 %
Emerging Countries Fund (accumulation shares)	-18.0	34.3	14.8	-14.5	15.7

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.invescopetpetual.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. MSCI Emerging Markets 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.

Emerging Countries Fund

Portfolio classification		
	As at 31.7.13 %	As at 31.7.12 %
Investment		
Brazil	8.72	14.08
Canada	1.12	2.49
Chile	0.63	-
China	12.74	12.62
Colombia	0.73	-
Hong Kong	5.54	4.95
India	6.60	5.32
Indonesia	0.98	1.10
Israel	3.64	2.10
Kazakhstan	0.76	-
Mexico	3.02	4.37
Panama	1.08	-
Peru	0.67	-
Philippines	2.87	2.61
Poland	1.65	-
Portugal	1.22	1.01
Russia	6.50	10.16
South Africa	7.57	8.80
South Korea	15.71	14.96
Taiwan	8.54	6.27
Thailand	2.17	2.46
Turkey	1.75	1.63
United Kingdom	4.53	3.43
Total investments	98.74	98.36
Net other assets	1.26	1.64
Net assets	100.00	100.00

10 largest investments

As at 31 July 2013:	%	As at 31 July 2012:	%
Samsung Electronics	5.38	Samsung Electronics	5.52
Taiwan Semiconductor Manufacturing	4.00	Taiwan Semiconductor Manufacturing	3.25
Hyundai Motor	3.47	Vale do Rio Doce	3.12
ITC	2.85	Itau Unibanco	2.58
Naspers	2.51	ITC	2.50
Aspen Pharmacare	2.43	Kasikornbank	2.46
Kasikornbank	2.17	Hyundai Motor	2.42
Hikma Pharmaceuticals	2.09	Aspen Pharmacare	2.36
Fibra Uno Administracion	2.01	China Mobile	2.31
Hon Hai Precision Industry	1.97	Jardine Matheson	2.31

Emerging European Fund

Investment objective

The fund aims to achieve long-term capital growth from investment primarily in shares of companies in Emerging European Countries, and also in Russia. 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 Full Prospectus.

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 this is an emerging market fund, investors should be prepared to accept a higher degree of risk than for a fund with a broader investment mandate as there is potential for a decrease in market liquidity, which may mean that it is not easy to buy or sell securities, as well as operational difficulties. The fund may invest directly in Russia, which can involve significant risks to capital. 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 relative strength of world currencies or if Sterling strengthens against those currencies.

Strategy, review and outlook

The fund increased by 9.4% over the twelve months to the end of July 2013, compared to a gain of 6.9% in the benchmark MSCI Emerging Markets Eastern Europe Index.

Fund performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. MSCI EM Eastern Europe Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

The fund's performance was enhanced by favourable stock selection across a wide range of sectors and countries. Our holdings in the consumer discretionary sector contributed the most towards performance. Other areas that did reasonably well included energy and financials. The only sector that detracted from performance was materials. The biggest stock contributors were Polish companies, PZU, CCC and Eurocash.

An easing in global growth concerns and receding Eurozone stress provided a positive backdrop for emerging European stock markets. Encouragingly, the economies here continue to show signs of improvement, benefiting from a pick-up in economic activity from Western Europe, with domestic demand expansion in Russia being supported by the findings from the latest purchasing managers' index services survey. Furthermore, the country's public finances remain healthy, with revenues being boosted by higher oil prices. The corporate sector also remains in good shape with many companies, both in Russia and elsewhere, reporting upbeat Q2 2013 earnings results.

Emerging European Fund

The fund is positioned to benefit from the domestic growth story in emerging Europe. With living standards rising towards those in the developed world, gaining exposure to companies expected to benefit from increased demand in consumer-related areas is an investment theme of the fund. We expect real wage growth to translate into greater demand for discretionary goods and services, for example leisure activities such as entertainment.

The fund is overweight in health care companies and consumer discretionary stocks versus the benchmark MSCI Emerging Markets Eastern Europe Index. We have no exposure to the utilities and information technology sectors and are structurally underweight in energy stocks although Lukoil continues to be one of the fund's biggest holdings. Russia remains our largest country exposure but we also have significant holdings in Poland.

We introduced some new stocks to the fund during the course of the year under review. One of our largest buys was VTB, Russia's second largest bank. We believe that VTB is attractively valued and has a strong earnings growth potential. We also added London-listed Kcell, Kazakhstan's largest mobile operator, and took a position in ITE Group, a company that organises trade exhibitions and conferences in Russia and Ukraine. Other stock purchases included Fortuna Entertainment and Synthos. Based in Amsterdam, Fortuna Entertainment is a leading online and retail sports betting operator with more than 1,300 outlets in the Czech Republic, Slovakia and Poland. Synthos is a synthetic rubber and polystyrene producer. We believe the company is attractively valued and its healthy balance sheet is likely to support a continuation of dividend payments to shareholders.

Making way for these new additions were the disposals of our positions in Uralkali, a Russian potash fertiliser company, X5 Retail Group, Warsaw Stock Exchange and Russian pharmaceutical company, Pharmstandard.

Liesbeth Rubinstein, Fund Manager

Where Liesbeth Rubinstein 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.

Emerging European Fund

Fund facts

Launch date		12 December 2007
Fund size at 31.7.13		£29.8 million
Accounting date		31 July
Ex-dividend date		1 August
Distribution payable		30 September
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 for the year ended 31.7.13	- Trail classes	1.89%
	- No Trail classes	1.39%
	- Z classes	1.14%
Ongoing charges figure for the year ended 31.7.12	- Trail classes	1.93%
	- No Trail classes	1.43%
	- Z classes	-

The ongoing charges figure (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 or performance fees. 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. The OCF is expressed as an annual percentage rate.

Emerging European Fund

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.

	Risk and Reward Numerical Indicator Published in the KIID for the year 01.8.12 to 31.7.13
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Invesco Perpetual Emerging European Fund	
Accumulation shares	7
Accumulation shares (No Trail)	7
Z Accumulation shares ¹	7
Income shares	7
Income shares (No Trail)	7
Z Income shares ¹	7

¹ from 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 or by contacting us.

Emerging European Fund

Distributions	01.8.12 to 31.7.13 p	01.8.11 to 31.7.12 p
Accumulation shares		
Payable 30 September 2013	0.9186	0.2369
Accumulation shares (No Trail)		
Payable 30 September 2013	2.3331	0.8919
Z Accumulation shares		
Payable 30 September 2013	5.6327	-
Income shares		
Payable 30 September 2013	0.8991	0.2335
Income shares (No Trail)		
Payable 30 September 2013	2.2492	0.8678
Z Income shares		
Payable 30 September 2013	5.6329	-

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.

Emerging European Fund

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
2008	56.59	18.91	0.0000
2009	39.98	17.66	0.3858
2010	50.21	37.32	0.0000
2011	54.22	34.92	0.1177
2012	45.72	35.41	0.2369
2013 ¹	48.59	41.42	0.9186
Accumulation shares (No Trail)			
2008	113.40	38.03	0.0000
2009	80.66	35.61	1.0497
2010	101.94	75.58	0.0000
2011	110.23	71.17	0.7276
2012	93.38	72.40	0.8919
2013 ¹	99.74	85.15	2.3331
Z Accumulation shares			
2012 ²	216.57	197.66	0.0000
2013 ¹	239.25	204.41	5.6327
Income shares			
2008	56.59	18.91	0.0000
2009	39.45	17.67	0.3859
2010	49.55	36.83	0.0000
2011	53.51	34.38	0.1159
2012	45.01	34.86	0.2335
2013 ¹	47.56	40.55	0.8991
Income shares (No Trail)			
2008	113.40	38.04	0.0000
2009	79.24	35.62	1.0500
2010	100.08	74.22	0.0000
2011	108.19	69.32	0.7125
2012	90.96	70.53	0.8678
2013 ¹	96.10	82.05	2.2492
Z Income shares			
2012 ²	216.57	197.66	0.0000
2013 ¹	239.24	204.39	5.6329

¹ to 31 July

² from 12 November

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

Emerging European Fund

Net asset value	Net asset value per share 31.7.13 p	Net asset value per share 31.7.12 p	Percentage growth %
Accumulation shares	44.33	39.95	11.0
Accumulation shares (No Trail)	91.17	81.76	11.5
Z Accumulation shares	218.96	-	-
Income shares	42.49	39.11	8.6
Income shares (No Trail)	85.59	78.77	8.7
Z Income shares	213.33	-	-

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

Performance

to 31 July 2013

	Since 31.1.13 %	Since 31.7.12 %	Since 31.7.10 %	Percentage growth Since 31.7.08 %	Since launch 12.12.07 %
Emerging European Fund (accumulation shares)	-5.59	9.37	5.90	-6.66	-11.76
MSCI Emerging Markets Eastern Europe Index	-7.65	6.88	3.84	-14.19	-25.34

No suitable IMA peer group exists for this fund.

Standardised rolling 12 month performance

	30.6.08 30.6.09 %	30.6.09 30.6.10 %	30.6.10 30.6.11 %	Percentage growth 30.6.11 30.6.12 %	30.6.12 30.6.13 %
Emerging European Fund (accumulation shares)	-48.9	43.9	27.4	-23.5	11.8

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.invescopetpetual.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. MSCI Emerging Markets Eastern Europe 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.

Emerging European Fund

Portfolio classification	As at 31.7.13 %	As at 31.7.12 %
Investment		
Austria	1.25	1.48
Hungary	1.92	3.82
Kazakhstan	2.20	-
Netherlands	1.54	-
Poland	19.17	15.18
Russia	63.70	70.17
Turkey	4.21	2.99
United Arab Emirates	1.49	2.03
United Kingdom	3.54	1.98
United States	-	0.98
Total investments	99.02	98.63
Net other assets	0.98	1.37
Net assets	100.00	100.00

10 largest investments

As at 31 July 2013:	%	As at 31 July 2012:	%
Sberbank of Russia	9.31	LUKOIL	9.32
LUKOIL	8.96	Uralkali	5.83
Gazprom	6.13	Novatek	5.37
Mobile Telesystems	5.30	Tatneft	5.31
Powszechny Zakład Ubezpieczeń	4.48	Powszechny Zakład Ubezpieczeń	4.69
Novatek	4.37	Rosneft	4.57
Rosneft	4.05	Sberbank of Russia	4.44
Tatneft	4.02	Mobile Telesystems	4.26
Eurocash	3.61	Gazprom	4.25
CCC	3.54	Surgutneftegas	3.46

European Smaller Companies Fund

Investment objective

The fund aims to achieve capital growth through a portfolio of investments in smaller European companies, excluding the United Kingdom. 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 Full Prospectus.

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. Smaller company funds are higher risk than funds that can invest in larger company sizes. Market conditions, such as a decrease in market liquidity, may mean that it is not easy to buy or sell securities. 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.

Strategy, review and outlook

The fund rose by 39.6% over the twelve months to the end of July 2013, compared to a gain of 45.0% by the benchmark HSBC Smaller Europe ex UK Index. This placed the fund in the second quartile of its peer group, the IMA European Smaller Companies Sector, which rose by an average of 37.2%.

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

Past performance is not a guide to future returns.

Since Mario Draghi said he would “do whatever it takes” to save the Euro in his now famous speech from last summer, equity markets, and smaller companies in particular, have enjoyed a strong rally. This promise, along with some meaningful improvements in economic data, has underpinned equity markets. Upward progress was briefly punctured by the Italian election stalemate (February), the poor handling of the Cypriot bailout (March), and most latterly by comments from the US Federal Reserve indicating they may start tapering their bond purchases over the coming months.

Areas which enhanced relative fund performance compared to the benchmark over the period included selected exposure to the financials sector. Italian holdings Fondiaria-Sai and Banca Generali along with Belgian holding Ageas and Swiss name Leonteq were standout performers. Elsewhere there was strong relative performance from weightings in the industrial goods and business providers sectors. There was also strong performance from our holdings in airlines Lufthansa and Air France. Conversely there was relative weakness from Norwegian fertiliser start up holding Agrinos.

There are two key strands to our investment strategy, both of which are underpinned by our emphasis on valuation. Firstly, we look for good quality companies with a high return on capital and good visibility of earnings. Secondly, we seek opportunities in ‘the special situations’ category, for example, those companies which may resort to measures such as restructuring in order to restore profitability.

European Smaller Companies Fund

Clearly Europe is struggling with growth. Macro headwinds are enormous in Europe, as governments cut their deficits and consumers deleverage. Consequently, our preference is for companies which we believe can grow their earnings irrespective of the broader macro-economic environment, as well as those where we believe share prices do not reflect their fundamental value. Elsewhere, we believe the recent volatility in the markets has created opportunities for us to add to our holdings in companies which we consider to be market leaders in their fields, or enjoy niche status, and are capable of delivering higher returns on capital.

We continue our strategy of looking, but not overpaying, for shares in companies which we believe have good growth potential and, on this front, we also consider stocks which are sensitive to

the economic cycle to be overpriced in valuation terms. Going forward, we feel the portfolio is well-balanced and any further market volatility, in our view, will act as an opportunity to buy stocks we favour.

Adrian Bignell, Fund Manager

Where Adrian Bignell 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.

Fund facts

Launch date		31 December 1984
Fund size at 31.7.13		£138 million
Accounting date		31 July
Ex-dividend date		1 August
Distribution payable		30 September
ACD's annual management charge	- Trail class	1.50% per annum
	- No Trail class	1.00% per annum
	- Z class	0.75% per annum
Entry charge		5%
Ongoing charges figure for the year ended 31.7.13	- Trail class	1.72%
	- No Trail class	1.22%
	- Z class	0.97%
Ongoing charges figure for the year ended 31.7.12	- Trail class	1.73%
	- No Trail class	1.23%
	- Z class	-

The ongoing charges figure (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 or performance fees. 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. The OCF is expressed as an annual percentage rate.

European Smaller Companies Fund

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.

	Risk and Reward Numerical Indicator Published in the KIID for the year 01.8.12 to 31.7.13
<hr/>	
Invesco Perpetual European Smaller Companies Fund	
Accumulation shares	7
Accumulation shares (No Trail)	7
Z Accumulation shares ¹	7

¹ from 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 or by contacting us.

European Smaller Companies Fund

Distributions	01.8.12 to 31.7.13 p	01.8.11 to 31.7.12 p
Accumulation shares		
Payable 30 September 2013	0.4721	0.8843
Accumulation shares (No Trail)		
Payable 30 September 2013	1.3480	1.7273
Z Accumulation shares		
Payable 30 September 2013	2.1164	-

As the Z accumulation shares were issued on 12 November 2012, there are no prior year comparatives for this share class.

European Smaller Companies Fund

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
2008	161.71	62.84	0.1972
2009	108.08	54.47	0.3113
2010	131.97	92.28	0.5850
2011	143.94	95.52	0.0000
2012	121.84	101.43	0.8843
2013 ¹	147.31	120.41	0.4721
Accumulation shares (No Trail)			
2009 ²	128.86	91.50	0.0000
2010	158.16	110.31	1.1323
2011	172.76	114.92	0.0000
2012	146.93	122.48	1.7273
2013 ¹	178.86	145.77	1.3480
Z Accumulation shares			
2012 ³	213.32	195.25	0.0000
2013 ¹	260.62	212.40	2.1164

¹ to 31 July

² from 12 June

³ from 12 November

Accumulation shares (No Trail) were issued at 100p on 12 June 2009.

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

European Smaller Companies Fund

Net asset value

	Net asset value per share 31.7.13 p	Net asset value per share 31.7.12 p	Percentage growth %
Accumulation shares	148.40	106.33	39.6
Accumulation shares (No Trail)	180.18	128.45	40.3
Z Accumulation shares	262.54	-	-

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

Performance

to 31 July 2013

	Since 31.1.13 %	Since 31.7.12 %	Since 31.7.10 %	Percentage growth Since 31.7.08 %	Since 31.7.03 %
European Smaller Companies Fund (accumulation shares)	9.57	39.56	48.65	13.25	158.58
HSBC Smaller Europe (ex UK) Index	11.53	45.04	33.20	47.92	243.10
IMA European Smaller Companies Sector	11.92	37.15	52.94	64.06	272.07
Fund Ranking	10/12	5/12	6/12	11/11	6/7

Standardised rolling 12 month performance

	30.6.08 30.6.09 %	30.6.09 30.6.10 %	30.6.10 30.6.11 %	Percentage growth 30.6.11 30.6.12 %	30.6.12 30.6.13 %
European Smaller Companies Fund (accumulation shares)	-41.8	14.7	44.6	-22.8	29.8

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.invescoperpetual.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. HSBC Smaller Europe (ex UK) 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.

European Smaller Companies Fund

Portfolio classification		
	As at 31.7.13	As at 31.7.12
Investment	%	%
Equities		
Austria	1.88	-
Belgium	2.06	-
Canada	3.06	1.73
Denmark	1.41	-
Finland	1.00	-
France	7.73	11.40
Germany	24.19	24.35
Greece	-	0.50
Italy	9.34	3.88
Netherlands	7.46	8.62
Norway	20.44	25.59
Portugal	1.14	-
Republic of Ireland	2.45	1.65
Spain	0.61	7.24
Sweden	1.58	0.99
Switzerland	10.16	7.73
United Arab Emirates	0.62	-
United Kingdom	1.96	1.04
United States	-	0.68
Bonds	1.02	1.24
Futures and Derivatives	0.25	-
Total investments	98.36	96.64
Net other assets	1.64	3.36
Net assets	100.00	100.00

10 largest investments

As at 31 July 2013:	%	As at 31 July 2012:	%
Leonteq Securities	3.64	Det Norske Oljeselskap	4.28
Banca Generali	2.93	Amadeus IT	4.22
Algeta	2.58	LBi International	2.80
Axel Springer	2.20	STRATEC Biomedical Systems	2.46
GAM	2.18	Prosafe	2.39
Fondiarria-SAI	2.12	Petroleum	2.22
Gemalto	2.10	DKSH	1.97
Ageas	2.06	Kabel Deutschland	1.96
C&C	1.94	Grifols	1.95
Faurecia	1.91	Gerresheimer	1.86

Global Smaller Companies Fund

Investment objective

The fund aims to achieve capital growth through a portfolio of investments in international securities. The fund intends to invest mainly in shares of smaller companies, which are quoted on the world's stockmarkets. 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 Full Prospectus.

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. Smaller company funds are higher risk than funds that can invest in larger company sizes. Market conditions, such as a decrease in market liquidity, may mean that it is not easy to buy or sell securities. 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.

Strategy, review and outlook

The fund returned 35.6% over the twelve months to the end of July 2013, compared to a return of 32.8% for the benchmark MSCI AC World Small Cap Index. This placed the fund in the first quartile of its peer group, the IMA Global Sector, which returned an average of 24.4%.

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

Past performance is not a guide to future returns.

Global smaller company markets had a strong run from the lows of summer 2012 to the end of July 2013. The lessening of a number of risks across markets, notably the European financial crisis and the US fiscal negotiations, served to support equity markets in the first half of the review period. However, the year-long rally was interrupted by signals from the US Federal Reserve (Fed) that it was planning to reduce, or taper, stimulus measures. With investors focused on the future direction of US monetary policy, emerging markets were the hardest hit. Global smaller company markets retreated further on concerns over the Chinese credit crunch, though they staged a recovery towards the end of June and into July 2013.

Global Smaller Companies Fund

European smaller companies were the strongest regional performers versus the broader MSCI AC World Small Cap Index over the twelve months. Our overweight position in Europe and strong stock selection within the region were beneficial for relative performance. Our largest active positioning is to France and Italy. Given increasing confidence in a growing European recovery, some of the strongest individual stock performers included Italian firms Fondiaria Sai and Poltrona Frau, and French firm Lisi. Our confidence in European smaller companies comes from the breadth of opportunities that we believe are available, and the belief in our ability to find both economically-insensitive businesses as well as those that are economically cyclical and which have been previously shunned by investors given their concerns over weak consumer and government spend. Furthermore, company valuations remain attractive, in our view.

While Japanese smaller companies underperformed the broader market over the twelve months, strong stock selection helped the fund to achieve good relative outperformance. Positive fund performance was led by the large allocations to more economically-sensitive areas of the Japanese smaller companies market. Yen weakness, market strength and outperformance of cyclicals all played their part during the period under review, but the catalyst was new prime minister Shinzo Abe who has been vocal in his desire to aggressively pursue policies aimed at ending deflation and weakening the currency. Our export focused portfolio of Japanese small cap stocks was rewarded on this news. Some of the highest individual stock performers included Mazda Motor, which benefited from a weak yen, and Daiwa Securities, which reflected the sensitivity of its earnings to higher stock market values and higher trading volumes.

The US smaller companies market also performed strongly against the broader MSCI AC World Small Cap Index. However, the fund's underweight exposure detracted from relative returns. Meanwhile, the fund's emerging market exposure suffered on short-term instability within the region.

At the sector level, performance over the twelve months was mixed. Cyclical areas including financials and consumer discretionary saw the strongest gains and our overweight exposure to both sectors positively impacted fund returns. Healthcare also performed strongly, however relative performance was negatively impacted by being underweight versus the benchmark index.

Invesco Perpetual Global Smaller Companies Group, Fund Manager

Where the Invesco Perpetual Global Smaller Companies Group 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.

Global Smaller Companies Fund

Fund facts

Launch date	22 September 1984
Fund size at 31.7.13	£485 million
Accounting date	31 July
Ex-dividend date	1 August
Distribution payable	30 September
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 for the year ended 31.7.13	- Trail classes 1.72%
	- No Trail classes 1.22%
	- Z classes 0.97%
Ongoing charges figure for the year ended 31.7.12	- Trail classes 1.72%
	- No Trail classes 1.22%
	- Z classes -

The ongoing charges figure (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 or performance fees. 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. The OCF is expressed as an annual percentage rate.

Global Smaller Companies Fund

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.

	Risk and Reward Numerical Indicator Published in the KIID for the year 01.8.12 to 31.7.13
Invesco Perpetual Global Smaller Companies Fund	
Accumulation shares	6
Accumulation shares (No Trail)	6
Z Accumulation shares ¹	6
Income shares	6
Income shares (No Trail)	6
Z Income shares ¹	6

¹ from 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 or by contacting us.

Global Smaller Companies Fund

Distributions	01.8.12 to 31.7.13 p	01.8.11 to 31.7.12 p
Accumulation shares		
Payable 30 September 2013	5.6038	5.6238
Accumulation shares (No Trail)		
Payable 30 September 2013	1.7283	1.6061
Z Accumulation shares		
Payable 30 September 2013	2.3055	-
Income shares		
Payable 30 September 2013	5.3770	5.4234
Income shares (No Trail)		
Payable 30 September 2013	1.6826	1.5801
Z Income shares		
Payable 30 September 2013	2.3044	-

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.

Global Smaller Companies Fund

Price and revenue record by share class	Highest share price p	Lowest share price p	Net revenue per share p
Calendar year			
Accumulation shares			
2008	884.60	526.60	4.3254
2009	925.25	534.03	7.3062
2010	1,206.96	891.56	3.1801
2011	1,262.69	955.43	1.9271
2012	1,199.37	1,032.77	5.6238
2013 ¹	1,501.80	1,194.38	5.6038
Accumulation shares (No Trail)			
2009 ²	131.27	95.16	0.2060
2010	172.10	126.56	1.1281
2011	180.51	136.75	1.0934
2012	172.72	148.01	1.6061
2013 ¹	216.70	172.01	1.7283
Z Accumulation shares			
2012 ³	212.28	197.46	0.0000
2013 ¹	266.60	211.41	2.3055
Income shares			
2008	871.16	515.63	4.2596
2009	897.38	522.95	7.1545
2010	1,166.88	864.71	3.0837
2011	1,220.77	922.21	1.8721
2012	1,151.68	996.90	5.4234
2013 ¹	1,442.08	1,146.89	5.3770
Income shares (No Trail)			
2009 ²	131.01	95.16	0.2060
2010	170.39	126.32	1.1259
2011	178.73	134.54	1.0827
2012	168.17	145.61	1.5801
2013 ¹	210.99	167.47	1.6826
Z Income shares			
2012 ³	212.28	197.46	0.0000
2013 ¹	266.61	211.41	2.3044

¹ to 31 July

² from 12 June

³ 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.

Global Smaller Companies Fund

Net asset value

	Net asset value per share 31.7.13 p	Net asset value per share 31.7.12 p	Percentage growth %
Accumulation shares	1,466.85	1,076.05	36.3
Accumulation shares (No Trail)	211.86	154.65	37.0
Z Accumulation shares	260.78	-	-
Income shares	1,403.14	1,033.24	35.8
Income shares (No Trail)	204.59	150.56	35.9
Z Income shares	258.48	-	-

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

Performance

to 31 July 2013

	Since 31.1.13 %	Since 31.7.12 %	Since 31.7.10 %	Percentage growth Since 31.7.08 %	Since 31.7.03 %
Global Smaller Companies Fund (accumulation shares)	12.22	35.60	46.41	90.21	236.72
MSCI AC World Small Cap Index	14.39	32.75	53.24	95.60	221.51
IMA Global Sector	10.30	24.39	36.31	44.80	113.81
Fund Ranking	60/193	10/191	35/167	5/147	4/101

Standardised rolling 12 month performance

	30.6.08 30.6.09 %	30.6.09 30.6.10 %	30.6.10 30.6.11 %	Percentage growth 30.6.11 30.6.12 %	30.6.12 30.6.13 %
Global Smaller Companies Fund (accumulation shares)	-11.6	38.3	27.0	-12.5	30.7

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.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. MSCI AC World Cap 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.

Global Smaller Companies Fund

Portfolio classification

Investment	As at 31.7.13	As at 31.7.12
	%	%
Australia	0.56	1.93
Austria	0.83	0.56
Belgium	0.08	0.91
Brazil	2.23	2.74
Canada	0.19	0.25
Chile	0.48	0.32
China	3.50	3.42
Denmark	0.36	0.32
France	7.16	7.32
Germany	1.57	1.01
Guernsey	0.05	-
Hong Kong	3.43	2.40
India	1.38	0.91
Indonesia	0.42	0.45
Isle of Man	0.02	0.05
Israel	0.73	0.29
Italy	2.64	3.83
Japan	12.26	12.33
Kazakhstan	0.16	-
Malaysia	0.25	0.24
Mexico	1.13	1.14
Netherlands	4.00	3.95
Norway	-	0.38
Panama	0.36	0.29
Philippines	0.80	0.89
Poland	0.60	-
Portugal	0.81	0.26
Republic of Ireland	0.72	1.56
Russia	0.56	1.29
Singapore	0.97	1.24
South Africa	1.07	1.30
South Korea	3.11	2.85
Spain	1.56	0.52
Sweden	0.58	0.92
Switzerland	0.77	0.64
Taiwan	1.79	0.98
Thailand	0.36	0.54
Turkey	0.51	0.66
United Kingdom	9.44	9.75
United States	31.33	31.16
Total investments	98.77	99.60
Net other assets	1.23	0.40
Net assets	100.00	100.00

Global Smaller Companies Fund

10 largest investments

As at 31 July 2013:	%	As at 31 July 2012:	%
Suruga Bank	1.16	Hal Trust	0.91
Hutchison Whampoa	0.89	Suruga Bank	0.81
Total Gabon	0.84	Total Gabon	0.79
NetEase	0.75	Kinnevik	0.77
Resona	0.66	CFAO	0.75
Koninklijke Wessanen	0.65	Daphne International	0.74
Lisi	0.62	C&C	0.71
Hyundai Motor	0.61	Aspen Pharmacare	0.71
Moleskine	0.61	Globaltrans Investment	0.69
Paris Orléans	0.61	Jardine Matheson	0.66

Japanese Smaller Companies Fund

Investment objective

The fund aims to achieve capital growth, primarily through a portfolio of investments in smaller Japanese 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 Full Prospectus.

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. Smaller Company funds are higher risk than funds that can invest in larger company sizes. Market conditions, such as a decrease in market liquidity, may mean that it is not easy to buy or sell securities. 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.

Strategy, review and outlook

The fund rose by 43.9% over the twelve months to the end of July 2013, compared to a rise of 24.8% by the benchmark Russell/Nomura Small Cap Index. This placed the fund in the second quartile of its peer group, the IMA Japanese Smaller Companies Sector, which rose by an average of 36.1%.

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

Past performance is not a guide to future returns.

Japanese small and medium-sized company stocks enjoyed a strong rally over the twelve months ending 31 July 2013, on the back of investors' high hopes that new initiatives by Prime Minister Shinzo Abe, the so-called "Three Arrows" would finally get rid of decade-long persistent deflation in Japan. The new Governor of the Bank of Japan, Haruhiko Kuroda, followed Abe's lead and introduced a bold stimulus package to achieve a 2% inflation target within two years. This fuelled the market rally in small/mid cap equities further, hitting a post-Lehman high in May. However, there was a sharp increase in the level of market volatility as weaker-than-expected economic data from China and fears that the US Federal Reserve (the Fed) could start to ease-off its asset purchasing programme prompted a degree of profit taking.

During the first quarter of 2013, in particular, individual investors were extremely active participants in small/mid cap stock markets as risk appetite increased. This was illustrated in the support of recent Initial Public Offerings (IPOs) of new stocks as well as interest in financial, gaming, and biotechnology related securities. The number of IPOs increased significantly; there were 33 IPOs over the first seven months of 2013, compared with a total of 48 in 2012. Foreign investors were also big supporters of Prime Minister Abe's bold anti-deflation measures, purchasing, according to the Tokyo Stock Exchange, more than 11 trillion yen of Japanese stocks since the second week of November 2012.

Japanese Smaller Companies Fund

Against this background, the investment team maintained its strategy by focusing on stocks with strong earnings momentum. The fund enjoyed strong outperformance against the benchmark over the period. Major contributors included Zenkoku Hoshu, a credit guarantee company for mortgage loans, Enplas, an engineering plastic manufacturer, J Trust, a financial service provider for medium to small corporations and Asahi Intecc, a medical product manufacturer.

Looking ahead, the investment team would not be surprised to see a longer consolidation phase, given the stock market correction already seen post this review period. Investors are pausing to consider concerns about the US Federal Reserve easing its asset purchasing programme, which could increase market volatility and perhaps discourage investors to return to the market in the short term. However, we believe Prime Minister Abe is likely to announce additional stimulus strategies which, in our view, should prove to be positive for small/mid cap stocks. Against this background, the structure of the fund remains largely unchanged, as the team continues to seek small/mid cap growth stocks that illustrate steady and strong earnings momentum.

Osamu Tokuno, Fund Manager

Where Osamu Tokuno 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.

Japanese Smaller Companies Fund

Fund facts

Launch date		6 September 1983
Fund size at 31.7.13		£47.2 million
Accounting date		31 July
Ex-dividend date		1 August
Distribution payable		30 September
ACD's annual management charge	- Trail class	1.50% per annum
	- No Trail class	1.00% per annum
	- Z class	0.75% per annum
Entry charge		5%
Ongoing charges figure for the year ended 31.7.13	- Trail class	1.75%
	- No Trail class	1.25%
	- Z class	1.00%
Ongoing charges figure for the year ended 31.7.12	- Trail class	1.76%
	- No Trail class	1.26%
	- Z class	-

The ongoing charges figure (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 or performance fees. 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. The OCF is expressed as an annual percentage rate.

Japanese Smaller Companies Fund

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.

	Risk and Reward Numerical Indicator Published in the KIID for the year 01.8.12 to 31.7.13
<hr/>	
Invesco Perpetual Japanese Smaller Companies Fund	
Accumulation shares	6
Accumulation shares (No Trail)	6
Z Accumulation shares ¹	6

¹ from 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 or by contacting us.

Japanese Smaller Companies Fund

Distributions	01.8.12 to 31.7.13 p	01.8.11 to 31.7.12 p
Accumulation shares		
Payable 30 September 2013	0.0000	0.0000
Accumulation shares (No Trail)		
Payable 30 September 2013	0.2613	0.0000
Z Accumulation shares		
Payable 30 September 2013	0.6603	-

As the Z accumulation shares were issued on 12 November 2012, there are no prior year comparatives for this share class.

Japanese Smaller Companies Fund

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
2008	51.63	33.49	0.0000
2009	50.02	37.07	0.0000
2010	51.93	43.97	0.0000
2011	54.67	41.90	0.0000
2012	48.81	43.00	0.0000
2013 ¹	70.55	43.96	0.0000
Accumulation shares (No Trail)			
2009 ²	122.83	100.00	0.0000
2010	129.15	109.26	0.0000
2011	136.06	104.30	0.0000
2012	121.96	107.91	0.0000
2013 ¹	177.48	110.37	0.2613
Z Accumulation shares			
2012 ³	202.16	194.40	0.0000
2013 ¹	320.08	198.88	0.6603

¹ to 31 July

² from 12 June

³ from 12 November

Accumulation shares (No Trail) were issued at 100p on 12 June 2009.

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

Japanese Smaller Companies Fund

Net asset value

	Net asset value per share 31.7.13 p	Net asset value per share 31.7.12 p	Percentage growth %
Accumulation shares	65.41	45.92	42.4
Accumulation shares (No Trail)	164.74	115.07	43.2
Z Accumulation shares	297.27	-	-

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

Performance

to 31 July 2013

	Since 31.1.13 %	Since 31.7.12 %	Since 31.7.10 %	Percentage growth Since 31.7.08 %	Since 31.7.03 %
Japanese Smaller Companies Fund (accumulation shares)	35.86	43.93	40.31	60.32	72.44
Russell Nomura Small-Cap Index	16.44	24.80	38.28	74.51	120.00
IMA Japanese Smaller Companies Sector	25.11	36.05	52.59	96.38	107.03
Fund Ranking	1/4	2/4	3/4	3/4	3/4

Standardised rolling 12 month performance

	30.6.08 30.6.09 %	30.6.09 30.6.10 %	30.6.10 30.6.11 %	Percentage growth 30.6.11 30.6.12 %	30.6.12 30.6.13 %
Japanese Smaller Companies Fund (accumulation shares)	-0.2	13.1	7.6	-8.1	33.6

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.invescoperpetual.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. Russell Nomura Small-Cap 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.

Japanese Smaller Companies Fund

Portfolio classification	As at 31.7.13 %	As at 31.7.12 %
Investment		
Chemicals	5.05	1.21
Construction	3.00	4.84
Electrical Appliances	13.02	17.69
Glass & Ceramics Products	-	2.05
Information & Communication	14.86	17.08
Insurance	-	2.30
Machinery	6.27	5.07
Metal Products	1.00	1.82
Non Ferrous Metals	3.10	-
Other Financing Business	3.94	-
Other Products	2.17	-
Pharmaceutical	4.23	4.21
Precision Instruments	2.99	2.33
Pulp & Paper	-	0.50
Real Estate	5.12	0.91
Retail Trade	7.89	14.36
Securities & Commodity Futures	1.63	-
Services	17.46	15.06
Transportation Equipment	-	4.77
Wholesale Trade	4.46	2.51
Total investments	96.19	96.71
Net other assets	3.81	3.29
Net assets	100.00	100.00

10 largest investments

As at 31 July 2013:	%	As at 31 July 2012:	%
Start Today	5.24	Chiyoda	4.01
Enplas	5.08	Wacom	3.99
Kakaku.com	4.85	Rakuten	3.25
Avex	4.70	Toridoll	3.20
Daiseki	3.17	Nexon	3.16
Ai	3.16	Endo Lighting	3.09
Furukawa Electric	3.10	CyberAgent	3.04
Hikari Tsushin	2.79	Internet Initiative Japan	2.93
TADANO	2.75	Sho-Bond	2.93
Fujimori Kogyo	2.40	Nippon Ceramic	2.80

UK Smaller Companies Equity Fund

Investment objective

The fund aims to achieve capital growth in the UK. The fund intends to invest primarily in shares of smaller companies 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 Full Prospectus.

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. Smaller company funds are higher risk than funds that can invest in larger company sizes. Market conditions, such as a decrease in market liquidity, may mean that it is not easy to buy or sell securities. 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 Managers, 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.

Strategy, review and outlook

The fund rose by 33.4% over the twelve months to the end of July 2013, compared to a rise of 40.4% by the benchmark Numis Smaller Companies (ex-Investment Companies) Index. This placed the fund in the third quartile of its peer group, the IMA UK Smaller Companies Sector, which ended the period on average 31.5% higher.

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

Past performance is not a guide to future returns.

In contrast to the year ending July 2012, this year has witnessed a significant change of mood with regard to the risks associated with the Eurozone. This main change was due to the declaration in July last year by Mario Draghi, the President of the European Central Bank, that their support for the Euro was unconditional. The high credibility attached to this statement combined with increasing signs of economic recovery enabled smaller companies to perform well.

UK smaller companies enjoyed a particularly strong twelve month period of performance, having benefitted from rising optimism in the UK economy and a starting point of reasonable value. Whilst performing well in absolute terms the fund underperformed its benchmark index.

The performance of the fund was aided by stock selection within the consumer and pharmaceutical sectors.

Looking back over the last twelve months the fund had some disappointments with Aveva, SDL, Avocet Mining and May Gurney. The latter two companies experiencing production problems. The negative impact on the fund of these investments were however more than offset by the strong share price performances of Dechra, Howden and N. Brown.

UK Smaller Companies Equity Fund

From March to June this year smaller companies moved sideways for the first time in the period under review as the stock market reacted to the news that the US Federal Reserve was likely to start reducing the amount of monetary stimulus that has been described as “quantitative easing.” By sector this had a negative impact on the mining sector and the fund’s holding in RPS.

During this time new additions to the portfolio included Thomas Cook, Vertu Motors and Latchways.

The strong rise in share prices has resulted in the selling of some of the more economically sensitive companies resulting in a degree of caution being introduced to the fund.

Notwithstanding the volatility in share prices brought about by Eurozone events and, more recently, concerns over the ending of quantitative easing, we believe the fund is well placed to find good investments across a range of UK stock market sectors. Despite the low-growth environment, we believe we can add value through careful stock selection. The fund is positioned in what we consider high quality companies with long-term growth potential. In addition, we hold companies for their potential for earnings improvement. We also have exposure to groups which are directly linked to the fortunes of the UK equity market, the outlook for which we view as positive.

Richard Smith and Jonathan Brown, Fund Managers

Where Richard Smith and Jonathan Brown have 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.

UK Smaller Companies Equity Fund

Fund facts

Launch date		9 May 1992
Fund size at 31.7.13		£475 million
Accounting date		31 July
Ex-dividend date		1 August
Distribution payable		30 September
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 for the year ended 31.7.13	- Trail classes	1.70%
	- No Trail classes	1.20%
	- Z classes	0.95%
Ongoing charges figure for the year ended 31.7.12	- Trail classes	1.70%
	- No Trail classes	1.20%
	- Z classes	-

The ongoing charges figure (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 or performance fees. 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. The OCF is expressed as an annual percentage rate.

UK Smaller Companies Equity Fund

IID 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.

	Risk and Reward Numerical Indicator Published in the IID for the year 01.8.12 to 31.7.13
Invesco Perpetual UK Smaller Companies Equity Fund	
Accumulation shares	6
Accumulation shares (No Trail)	6
Z Accumulation shares ¹	6
Income shares	6
Income shares (No Trail)	6
Z Income shares ¹	6
<hr/>	
¹ from 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.invescopetual.co.uk or by contacting us.

UK Smaller Companies Equity Fund

Distributions	01.8.12 to 31.7.13 p	01.8.11 to 31.7.12 p
Accumulation shares		
Payable 30 September 2013	6.0283	5.4653
Accumulation shares (No Trail)		
Payable 30 September 2013	2.8688	2.5067
Z Accumulation shares		
Payable 30 September 2013	3.5329	-
Income shares		
Payable 30 September 2013	4.7231	4.3280
Income shares (No Trail)		
Payable 30 September 2013	2.7421	2.4356
Z Income shares		
Payable 30 September 2013	3.5318	-

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.

UK Smaller Companies Equity Fund

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
2008	438.06	258.10	4.0888
2009	389.67	261.22	4.8025
2010	479.93	378.66	3.8627
2011	524.17	423.64	3.4648
2012	553.99	445.84	5.4653
2013 ¹	664.21	553.99	6.0283
Accumulation shares (No Trail)			
2009 ²	123.11	95.80	0.3040
2010	152.50	119.77	1.8302
2011	166.98	135.12	1.8510
2012	177.80	142.38	2.5067
2013 ¹	213.77	177.80	2.8688
Z Accumulation shares			
2012 ³	209.13	198.01	0.0000
2013 ¹	251.82	209.13	3.5329
Income shares			
2008	361.63	210.69	3.3755
2009	313.58	213.40	3.9232
2010	382.55	304.73	3.1088
2011	417.81	335.36	2.7603
2012	433.72	352.94	4.3280
2013 ¹	520.01	433.72	4.7231
Income shares (No Trail)			
2009 ²	122.73	95.80	0.3040
2010	149.89	119.41	1.7760
2011	164.14	131.29	1.8178
2012	170.04	138.35	2.4356
2013 ¹	204.43	170.04	2.7421
Z Income shares			
2012 ³	209.13	198.01	0.0000
2013 ¹	251.81	209.13	3.5318

¹ to 31 July

² from 12 June

³ 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.

UK Smaller Companies Equity Fund

Net asset value	Net asset value per share 31.7.13 p	Net asset value per share 31.7.12 p	Percentage growth %
Accumulation shares	660.79	495.62	33.3
Accumulation shares (No Trail)	212.69	158.73	34.0
Z Accumulation shares	250.56	-	-
Income shares	512.60	388.01	32.1
Income shares (No Trail)	200.66	151.80	32.2
Z Income shares	247.02	-	-

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

Performance

to 31 July 2013

	Since 31.1.13 %	Since 31.7.12 %	Since 31.7.10 %	Percentage growth Since 31.7.08 %	Since 31.7.03 %
UK Smaller Companies Equity Fund (accumulation shares)	15.37	33.36	63.08	68.52	238.62
Numis Smaller Companies (ex Investment Companies) Index	16.14	40.43	72.06	114.08	257.04
IMA UK Smaller Companies Sector	12.32	31.52	62.84	77.62	192.62
Fund Ranking	26/53	33/52	35/51	35/48	13/33

Standardised rolling 12 month performance

	30.6.08 30.6.09 %	30.6.09 30.6.10 %	30.6.10 30.6.11 %	Percentage growth 30.6.11 30.6.12 %	30.6.12 30.6.13 %
UK Smaller Companies Equity Fund (accumulation shares)	-22.3	24.5	29.9	-4.5	28.7

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.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. Numis Smaller Companies (ex Investment Companies) 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 Smaller Companies Equity Fund

Portfolio classification		
	As at 31.7.13	As at 31.7.12
Investment	%	%
Oil & Gas	6.11	6.97
Basic Materials	3.58	5.39
Industrials	29.12	37.85
Consumer Goods	6.18	4.75
Health Care	11.53	10.49
Consumer Services	19.20	9.14
Telecommunications	-	1.40
Financials	17.73	12.34
Technology	6.62	11.42
Total investments	100.07	99.75
Net other (liabilities)/assets	(0.07)	0.25
Net assets	100.00	100.00

10 largest investments

As at 31 July 2013:		%	As at 31 July 2012:		%
Synergy Healthcare		3.54	Synergy Healthcare		3.92
Dechra Pharmaceuticals		3.45	Dechra Pharmaceuticals		3.59
Howden Joinery		2.74	RPC		2.51
Senior		2.38	Diploma		2.08
Greene King		2.01	Micro Focus		2.00
Jupiter Fund Management		1.92	PayPoint		1.90
Diploma		1.91	Fenner		1.89
Bellway		1.87	RPS		1.87
LSL Property Services		1.77	Elementis		1.82
Brown (N.)		1.74	Essentra		1.66

Authorised Corporate Director

Invesco Fund Managers Limited

Registered Office: 30 Finsbury Square, London EC2A 1AG, 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, 30 Finsbury Square, London EC2A 1AG, UK

Registered in England No. 949417

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

Registrar

Invesco Administration Services Limited

Registered Office: 30 Finsbury Square, London EC2A 1AG, 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

Depository

Citibank International plc

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

(Authorised and regulated by the Financial Conduct Authority).

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside, London SE1 2RT, UK

Further information

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.invescoperpetual.co.uk
enquiry@invescoperpetual.co.uk

Fax 01491 416000

Post:

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

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.

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.invescoperpetual.co.uk).

Telephone calls may be recorded.

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: 30 Finsbury Square, London EC2A 1AG, UK

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