



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

Issued March 2014

For the period 1 August 2013 to 31 January 2014



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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.

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 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 fell by 6.3% over the six month period to the end of January 2014, compared to a 7.9% loss 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 declined by an average of 8.9%.

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.

Market conditions were challenging for global emerging equities during the review period with declining liquidity and risk aversion prompting stock market weakness. As the US Federal Reserve continued to wind down its bond buying programme, interest rates were increased in many emerging countries, including Brazil, South Africa and Turkey, to combat depreciating currencies and inflationary pressures.

Performance was varied at both a country and sector level. Our holdings in Brazil, Philippines and Russia were the biggest detractors from performance. By contrast, returns from South Korea and Israel were positive. From a sector perspective, financials, consumer staples and telecoms generated the most disappointing returns, whereas technology and consumer discretionary stocks contributed positively. Fund performance relative to the Index was boosted by favourable stock selection, led by our holdings in Samsung Electronics and Hyundai Motor. With global growth picking up momentum, both companies benefited from increased demand for their products in key overseas markets.

Emerging Countries Fund

Since the US Federal Reserve's announcement in May 2013 that they were considering plans to rein in their quantitative easing programme, the spotlight of scrutiny has fallen on emerging markets, especially those countries which run current account deficits. However, we believe that the recent depreciation of currencies in these affected countries acts as a shock absorber because it facilitates a reduction in current account deficits. For example, the Brazilian currency weakened significantly during 2013, depreciating more than 15% from its 2012 average. A lower exchange rate has brought benefit to Brazil's trade balance, which has improved lately.

The resilience of emerging market economies and their financial systems continues to be supported by robust economic data. The outlook also looks positive. According to the latest International Monetary Fund forecasts (January 2014), developing countries should see Gross Domestic Product growth of 5.1% this year. The comparative figure for advanced economies is 2.2%.

Domestic demand conditions in many emerging economies remain healthy, supported by growth in real wages and job creation. With real income levels rising, we are seeing increased demand for consumer goods and services in areas such as education, health and housing. Urbanisation is supporting demand for family dwellings, particularly for the less affluent, across many areas. The build-up of service-related industries associated with Western lifestyles, for example airline travel and health care products, is becoming more pronounced as the wealth gap between emerging and developed countries narrow.

The above themes are incorporated into the fund's positioning. Our largest sector overweight relative to the Index is pharmaceuticals, followed by transportation. We also favour real estate companies in selected countries such as Mexico. The fund continues to be underweight in energy firms and banks.

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 31.1.14		£128 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 (OCF) for the period ended 31.1.14	- Trail classes	1.77%
	- No Trail classes	1.27%
	- Z classes	1.02%
Ongoing charges figure (OCF) for the year ended 31.7.13	- Trail classes	1.76%
	- No Trail classes	1.26%
	- Z classes	1.01%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period – 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.

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 01.8.13 to 31.1.14
Invesco Perpetual Emerging Countries 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 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 or by contacting us.

Emerging Countries Fund

Distributions

As distributions are paid annually on 30 September, no distributions are payable with this report.

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
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	259.04	218.92	1.9256
2014 ¹	234.93	221.58	0.0000
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	167.67	141.77	1.9979
2014 ¹	152.57	143.92	0.0000
Z Accumulation shares			
2012 ³	212.03	196.79	0.0000
2013	240.85	203.70	2.9997
2014 ¹	219.54	207.11	0.0000

¹ to 31 January

² from 12 June

³ from 12 November

Emerging Countries Fund

Price and revenue record by share class continued

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Income shares			
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	238.71	201.74	1.7753
2014 ¹	214.74	202.53	0.0000
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	161.62	136.65	1.9276
2014 ¹	145.17	136.94	0.0000
Z Income shares			
2012 ³	212.03	196.79	0.0000
2013	240.85	203.69	2.9998
2014 ¹	216.58	204.31	0.0000

¹ to 31 January

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 31.1.14 p	Net asset value per share 31.7.13 p	Percentage growth %
Accumulation shares	222.17	238.33	-6.8
Accumulation shares (No Trail)	144.31	154.41	-6.5
Z Accumulation shares	207.68	221.92	-6.4
Income shares	203.07	217.85	-6.8
Income shares (No Trail)	137.31	146.92	-6.5
Z Income shares	204.87	218.91	-6.4

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

Performance to 31 January 2014	Since 31.7.13 %	Since 31.1.13 %	Since 31.1.11 %	Percentage growth Since 31.1.09 %	Since 31.1.04 %
Emerging Countries Fund (accumulation shares)	-6.28	-6.29	-6.33	75.57	169.18
MSCI Emerging Markets Index	-7.94	-13.03	-11.13	77.48	197.77
IMA Global Emerging Markets Sector	-8.91	-13.93	-13.19	65.11	169.82
Fund Ranking	7/53	6/52	11/44	10/30	8/19

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 %
Emerging Countries Fund (accumulation shares)	55.0	24.0	-21.8	15.0	3.7

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 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 31.1.14 %	As at 31.7.13 %
Investment		
Brazil	9.04	8.72
Canada	1.36	1.12
Chile	-	0.63
China	12.11	12.74
Colombia	0.72	0.73
Greece	0.79	-
Hong Kong	7.24	5.54
India	5.82	6.60
Indonesia	0.73	0.98
Israel	3.71	3.64
Kazakhstan	0.99	0.76
Mexico	2.38	3.02
Panama	0.93	1.08
Peru	0.93	0.67
Philippines	2.43	2.87
Poland	2.09	1.65
Portugal	-	1.22
Russia	6.22	6.50
South Africa	4.60	7.57
South Korea	15.96	15.71
Taiwan	9.33	8.54
Thailand	1.74	2.17
Turkey	2.08	1.75
United Arab Emirates	0.98	-
United Kingdom	4.32	4.53
Total investments	96.50	98.74
Net other assets	3.50	1.26
Net assets	100.00	100.00

Emerging Countries Fund

10 largest investments

As at 31 January 2014:		As at 31 July 2013:	
	%		%
Samsung Electronics	5.01	Samsung Electronics	5.38
Taiwan Semiconductor Manufacturing	3.52	Taiwan Semiconductor Manufacturing	4.00
Hyundai Motor	2.95	Hyundai Motor	3.47
Naspers	2.50	ITC	2.85
Hikma Pharmaceuticals	2.01	Naspers	2.51
ITC	1.96	Aspen Pharmacare	2.43
Hon Hai Precision Industry	1.92	Kasikornbank	2.17
NetEase	1.80	Hikma Pharmaceuticals	2.09
Shinhan Financial	1.75	Fibra Uno Administracion	2.01
Kasikornbank	1.74	Hon Hai Precision Industry	1.97

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 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 fell by 8.4% over the six month period to the end of January 2014, compared to a 7.3% loss 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.

Declining liquidity and rising risk aversion dented confidence towards emerging European equity markets during the review period. As the US Federal Reserve continued to wind down its bond buying programme, interest rates were increased in many emerging countries, including Turkey, to combat inflationary pressures and depreciating currencies.

The biggest detractors from fund performance were our holdings in energy companies and financials, for example Sberbank of Russia and LUKOIL. During bouts of increased market turbulence, large caps tend to temporarily underperform as they offer better liquidity for indiscriminate sellers. We believe that the current share prices of these two companies are not representative of their inherent healthy fundamentals. Sberbank of Russia had a strong finish to 2013 and we have a positive outlook for their 2014 earnings. LUKOIL has managed to stabilise crude oil production and is developing upstream greenfields both in Russia and overseas. We believe its current outlook is one of the strongest among its competitors and the stock is currently the cheapest, in terms of price earnings ratio, among its Russian oil and gas peers.

Emerging European Fund

Although there is a risk that we could experience further volatility in equity markets over the short term, it is important to differentiate between emerging countries and fairly judge the risks and rewards. Many economies in emerging Europe are in a relatively strong position. Russia and Hungary run current account surpluses and Poland has far more in common with Germany than it does with the likes of Argentina. Poland's economy is growing and in good shape. Its government debt equals 58% of Gross Domestic Product versus 93% in the Eurozone.

Valuations in the region were, in our view, attractive before the recent sell-off and are even more so now. Russia's current price-to-book ratio is 0.71 times, a big discount to its 10-year historical average. Markets in Poland, Czech Republic and Hungary are also trading at big discounts compared to their long-term averages.

There has been no material change to the fund's strategy since Nicholas Mason took over management of the fund on 31 October 2013. We invest in what we believe to be well-run companies with strong balance sheets and healthy cashflow. We favour companies that stand to benefit from the resilience of the domestic economies. We also seek to invest in what we view as good quality companies that are seeking opportunities in overseas markets, including many in the developed world.

Our largest overweight sector positions relative to the benchmark are consumer discretionary and materials. We have no exposure to utilities and are structurally underweight in energy stocks. Our largest country exposure is Russia and we also have significant exposure to Poland.

Nicholas Mason¹, Fund Manager

Where Nicholas Mason 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.

¹ Effective 31 October 2013, Nicholas Mason became fund manager of the Invesco Perpetual Emerging European Fund, succeeding Liesbeth Rubinstein.

Emerging European Fund

Fund facts

Launch date		12 December 2007
Fund size at 31.1.14		£24.7 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 (OCF) for the period ended 31.1.14	- Trail classes	1.98%
	- No Trail classes	1.48%
	- Z classes	1.23%
Ongoing charges figure (OCF) for the year ended 31.7.13	- Trail classes	1.89%
	- No Trail classes	1.39%
	- Z classes	1.14%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period – 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.

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 period 01.8.13 to 31.1.14
<hr/>	
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 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 or by contacting us.

Emerging European Fund

Distributions

As distributions are paid annually on 30 September, no distributions are payable with this report.

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
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	48.59	41.42	0.9186
2014 ¹	44.95	40.42	0.0000
Accumulation shares (No Trail)			
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	99.74	85.15	2.3331
2014 ¹	92.63	83.34	0.0000
Z Accumulation shares			
2012 ²	216.57	197.66	0.0000
2013	239.25	204.41	5.6327
2014 ¹	222.61	200.31	0.0000
Income shares			
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	47.56	40.55	0.8991
2014 ¹	43.09	38.75	0.0000
Income shares (No Trail)			
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	96.10	82.05	2.2492
2014 ¹	86.97	78.25	0.0000
Z Income shares			
2012 ²	216.57	197.66	0.0000
2013	239.24	204.39	5.6329
2014 ¹	216.91	195.18	0.0000

¹ to 31 January

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 31.1.14 p	Net asset value per share 31.7.13 p	Percentage growth %
Accumulation shares	40.68	44.33	-8.2
Accumulation shares (No Trail)	83.87	91.17	-8.0
Z Accumulation shares	201.57	218.96	-7.9
Income shares	38.99	42.49	-8.2
Income shares (No Trail)	78.74	85.59	-8.0
Z Income shares	196.41	213.33	-7.9

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

Performance to 31 January 2014	Since 31.7.13 %	Since 31.1.13 %	Since 31.1.11 %	Percentage growth Since 31.1.09 %	Since launch 12.12.07 %
Emerging European Fund (accumulation shares)	-8.39	-13.50	-18.11	100.79	-19.16
MSCI Emerging Markets Eastern European Index	-7.30	-14.38	-19.03	92.08	-30.79

No suitable IMA peer group exists for this fund.

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 %
Emerging European Fund (accumulation shares)	68.5	28.2	-26.6	19.5	1.6

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 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 European 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 31.1.14	As at 31.7.13
Investment	%	%
Austria	1.60	1.25
Hungary	1.96	1.92
Kazakhstan	2.65	2.20
Netherlands	2.18	1.54
Poland	18.85	19.17
Russia	67.05	63.70
Turkey	2.81	4.21
United Arab Emirates	1.70	1.49
United Kingdom	4.84	3.54
Total investments	103.64	99.02
Net other (liabilities)/assets	(3.64)	0.98
Net assets	100.00	100.00

10 largest investments

As at 31 January 2014:	%	As at 31 July 2013:	%
Sberbank of Russia	9.29	Sberbank of Russia	9.31
LUKOIL	9.23	LUKOIL	8.96
Gazprom	8.74	Gazprom	6.13
Novatek	5.21	Mobile Telesystems	5.30
Mobile Telesystems	4.68	Powszechny Zakład Ubezpieczeń	4.48
Tatneft	4.21	Novatek	4.37
Rosneft	4.14	Rosneft	4.05
Powszechny Zakład Ubezpieczeń	3.96	Tatneft	4.02
Surgutneftegaz	3.73	Eurocash	3.61
CCC	3.25	CCC	3.54

European Smaller Companies Fund

Investment objective

The fund aims to achieve capital growth through a portfolio of investments primarily 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 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 12.9% over the six months to the end of January 2014, compared to a gain of 10.2% by the benchmark HSBC Smaller Europe (ex UK) Index. This placed the fund in the first quartile of its peer group, the IMA European Smaller Companies Sector, which rose by an average of 6.2%.

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 data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

European equity markets continued their upward momentum as the sovereign and political risks associated with the Eurozone continued to diminish. Furthermore the macroeconomic situation is improving with GDP numbers showing the Eurozone officially moved out of recession in the second quarter of 2013. Ongoing structural reforms (labour market for example) in the peripheral European countries as well as actions taken by the European Central Bank have also helped the economic picture.

The key area which enhanced relative performance compared to the benchmark over the period was our large exposure to the financials sector. Financial services company Leonteq proved to be the best relative performer versus the benchmark within financials, while Italian holdings Unipol-Sai and Unipol Gruppo Finanz were strong performers within the insurance sector. Elsewhere Norwegian firm Flex LNG was a key positive within the natural resources sector.

European Smaller Companies Fund

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.

In positioning terms, our preference has been for domestic European cyclical (eg automotive suppliers), restructuring stories (especially in peripheral countries within the Eurozone) and certain sectors which in our view have attractive dynamics. This would include areas such as shipping (especially very large crude carriers) and salmon farming. Our country exposure is more a consequence of where we have been finding what we believe to be the most attractive opportunities. The result of which has been to be overweight relative to the benchmark index in Germany and underweight in France and Italy. More recently we have been increasing exposure to Spain and Portugal as we see recovery becoming more entrenched and sovereign funding costs falling making it easier for governments to borrow money.

Despite seeing gains in smaller companies markets during 2013, we see the potential for earnings upgrades to now come through over the next twelve months amid an improving macroeconomic backdrop. We believe market volatility will continue to create opportunities for us to add to our holdings in companies which we consider to be market leaders in their fields, or which enjoy niche status, and are capable of delivering higher returns on capital than GDP growth. We continue our strategy of looking, but not overpaying, for shares in companies which we believe have good growth potential. Our preference is for companies which we believe can grow their earnings irrespective of the broader macroeconomic environment, as well as those where we believe their share prices do not reflect their fundamental value.

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.

European Smaller Companies Fund

Fund facts

Launch date		31 December 1984
Fund size at 31.1.14		£157 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 (OCF) for the period ended 31.1.14	- Trail class	1.73%
	- No Trail class	1.23%
	- Z class	0.98%
Ongoing charges figure (OCF) for the year ended 31.7.13	- Trail class	1.72%
	- No Trail class	1.22%
	- Z class	0.97%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period – 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.

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 period 01.8.13 to 31.1.14**

Invesco Perpetual European Smaller Companies Fund

Accumulation shares	7
Accumulation shares (No Trail)	7
Z Accumulation shares ¹	7

¹ 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.invesco-perpetual.co.uk or by contacting us.

European Smaller Companies Fund

Distributions

As distributions are paid annually on 30 September, no distributions are payable with this report.

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
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	166.57	122.75	0.4721
2014 ¹	173.11	165.16	0.0000
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	202.65	148.60	1.3480
2014 ¹	210.67	201.02	0.0000
Z Accumulation shares			
2012 ³	213.32	195.25	0.0000
2013	296.18	216.53	2.1164
2014 ¹	307.92	293.85	0.0000

¹ to 31 January

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 31.1.14 p	Net asset value per share 31.7.13 p	Percentage growth %
Accumulation shares	165.98	148.40	11.8
Accumulation shares (No Trail)	202.03	180.18	12.1
Z Accumulation shares	295.32	262.54	12.5

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

Performance

to 31 January 2014

	Since 31.7.13 %	Since 31.1.13 %	Since 31.1.11 %	Percentage growth Since 31.1.09 %	Since 31.1.04 %
European Smaller Companies Fund (accumulation shares)	12.92	23.73	24.61	153.53	155.40
HSBC Smaller Europe (ex UK) Index	10.19	22.89	21.20	126.56	212.85
IMA European Smaller Companies Sector	6.18	18.83	31.13	143.59	230.88
Fund Ranking	1/12	5/12	8/12	4/11	7/7

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 %
European Smaller Companies Fund (accumulation shares)	45.0	23.7	-21.9	16.8	38.0

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 31.1.14 %	As at 31.7.13 %
Investment		
Equities		
Austria	4.04	1.88
Belgium	2.97	2.06
Canada	3.22	3.06
Denmark	2.52	1.41
Finland	1.74	1.00
France	6.33	7.73
Germany	27.83	24.19
Italy	4.92	9.34
Netherlands	2.78	7.46
Norway	14.40	20.44
Portugal	2.88	1.14
Republic of Ireland	1.77	2.45
Spain	4.72	0.61
Sweden	1.36	1.58
Switzerland	10.30	10.16
United Arab Emirates	0.30	0.62
United Kingdom	0.91	1.96
United States	1.18	-
Bonds	0.81	1.02
Futures and Derivatives	0.40	0.25
Total investments	95.38	98.36
Net other assets	4.62	1.64
Net assets	100.00	100.00

10 largest investments

As at 31 January 2014:	%	As at 31 July 2013:	%
Leonteq Securities	4.38	Leonteq Securities	3.64
Dialog Semiconductor	2.73	Banca Generali	2.93
UnipolSai	2.56	Algeta	2.58
AMS	2.27	Axel Springer	2.20
Africa Oil	2.25	GAM	2.18
Abengoa	1.99	Fondiana-SAI	2.12
Bpost	1.90	Gemalto	2.10
Faurecia	1.85	Ageas	2.06
Aareal Bank	1.85	C&C	1.94
Frontline 2012	1.84	Faurecia	1.91

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 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 2.9% over the six months to the end of January 2014, compared to a return of 1.3% 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 -0.6%.

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 data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

Global smaller companies markets have risen over the past six months to the end of January 2014 on signs that economic growth is accelerating amid loose monetary policies in the developed world. The resolution of the US government shutdown in October and expectations of a reduction in the pace of its asset purchase programme being pushed further into 2014, all served to support global equity markets. Meanwhile, the outlook for financial stability in the Eurozone has continued to improve. As such, we've seen a big divergence between developed equity market and emerging equity market performance, with emerging equity markets hit the hardest since talk of reducing, or tapering, the US Federal Reserve's monthly asset purchases began in May.

Global Smaller Companies Fund

European smaller companies equity markets were the strongest regional performers versus the broader MSCI AC World Small Cap Index over the six months. Our overweight position relative to the benchmark in Europe and strong stock selection within the region were beneficial for relative performance. Our largest active positioning is to France, the Netherlands and Italy. Given increasing confidence in a growing European recovery, some of the strongest individual stock performers included Italian firms Fondiaria Sai (financial services company) and Poltrona Frau (high-end furniture maker), and Dutch engineering and consultancy firm Arcadis. 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 sensitive and which have been previously shunned by markets 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 six months, strong stock selection helped the fund to achieve good outperformance relative to the benchmark. Positive fund performance was led by the large allocations to more economically-sensitive areas of the Japanese smaller companies market. We believe that valuations are attractive, the economic backdrop in Japan and overseas should be broadly supportive, and earnings growth remains robust. As such, we continue to have a positive view on the potential for Japanese smaller companies.

As developed equity markets continued to pull away from their emerging market counterparts, concerns about the impact of quantitative easing (QE) tapering by the US Federal Reserve put unwanted attention on current account deficit countries in Asia and other emerging markets. The deficit economies of the developing world – Brazil, India, Turkey and Indonesia – have been particularly affected. As such, the fund's emerging equity market exposure was negatively impacted, though we believe that the valuation case for emerging markets remains a pretty good one, both in an absolute sense and compared to developed equity markets.

At the sector level, the strongest performers included healthcare and industrials. Good stock selection along with an overweight exposure relative to the benchmark to both sectors positively impacted fund returns. Stock selection within consumer discretionary and materials was also positive for relative performance.

Invesco Perpetual Global Smaller Companies Group, Fund Manager

Where 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 31.1.14		£539 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 (OCF) for the period ended 31.1.14	- Trail classes	1.71%
	- No Trail classes	1.21%
	- Z classes	0.96%
Ongoing charges figure (OCF) for the year ended 31.7.13	- Trail classes	1.72%
	- No Trail classes	1.22%
	- Z classes	0.97%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period – 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.

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 period 01.8.13 to 31.1.14
<hr/>	
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 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 or by contacting us.

Global Smaller Companies Fund

Distributions

As distributions are paid annually on 30 September, no distributions are payable with this report.

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
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	1,542.50	1,209.83	5.6038
2014 ¹	1,578.84	1,497.72	0.0000
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	223.26	174.24	1.7283
2014 ¹	228.57	216.86	0.0000
Z Accumulation shares			
2012 ³	212.28	197.46	0.0000
2013	275.10	214.15	2.3055
2014 ¹	281.68	267.27	0.0000

¹ to 31 January

² from 12 June

³ from 12 November

Global Smaller Companies Fund

Price and revenue record by share class continued

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Income shares			
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	1,475.53	1,161.72	5.3770
2014 ¹	1,510.30	1,432.70	0.0000
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	215.60	169.65	1.6826
2014 ¹	220.73	209.42	0.0000
Z Income shares			
2012 ³	212.28	197.46	0.0000
2013	272.67	214.15	2.3044
2014 ¹	279.19	264.92	0.0000

¹ to 31 January

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 31.1.14 p	Net asset value per share 31.7.13 p	Percentage growth %
Accumulation shares	1,497.40	1,466.85	2.1
Accumulation shares (No Trail)	216.82	211.86	2.3
Z Accumulation shares	267.23	260.78	2.5
Income shares	1,432.39	1,403.14	2.1
Income shares (No Trail)	209.38	204.59	2.3
Z Income shares	264.88	258.48	2.5

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

Performance to 31 January 2014	Since 31.7.13 %	Since 31.1.13 %	Since 31.1.11 %	Percentage growth Since 31.1.09 %	Percentage growth Since 31.1.04 %
Global Smaller Companies Fund (accumulation shares)	2.85	15.41	26.29	150.23	198.57
MSCI AC World Small Cap Index	1.29	15.87	29.89	143.28	190.57
IMA Global Sector	-0.64	9.64	19.24	74.38	96.50
Fund Ranking	25/196	27/189	52/167	1/149	3/104

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 %
Global Smaller Companies Fund (accumulation shares)	45.5	31.4	-14.3	16.0	29.0

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 AC World 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.

Global Smaller Companies Fund

Portfolio classification	As at 31.1.14	As at 31.7.13
Investment	%	%
Australia	0.01	0.56
Austria	0.36	0.83
Belgium	0.46	0.08
Brazil	2.61	2.23
Canada	0.61	0.19
Chile	0.19	0.48
China	3.20	3.50
Colombia	0.26	-
Denmark	-	0.36
Finland	0.18	-
France	4.84	7.16
Germany	1.91	1.57
Greece	0.12	-
Guernsey	-	0.05
Hong Kong	3.36	3.43
India	1.44	1.38
Indonesia	0.54	0.42
Isle of Man	-	0.02
Israel	0.72	0.73
Italy	4.09	2.64
Japan	12.58	12.26
Jersey	0.06	-
Kazakhstan	0.22	0.16
Malaysia	0.20	0.25
Mexico	1.01	1.13
Netherlands	4.17	4.00
Panama	0.27	0.36
Peru	0.10	-
Philippines	0.56	0.80
Poland	0.62	0.60
Portugal	1.22	0.81
Republic of Ireland	0.88	0.72
Russia	0.55	0.56
Singapore	1.14	0.97
South Africa	0.81	1.07
South Korea	3.62	3.11
Spain	1.62	1.56
Sweden	0.51	0.58
Switzerland	0.89	0.77
Taiwan	1.98	1.79
Thailand	0.28	0.36

Global Smaller Companies Fund

Portfolio classification continued

	As at 31.1.14	As at 31.7.13
Investment	%	%
Turkey	0.39	0.51
United Kingdom	9.73	9.44
United States	31.07	31.33
Total investments	99.38	98.77
Net other assets	0.62	1.23
Net assets	100.00	100.00

For the period ended 31 January 2014 unquoted securities amounted to 0.02% (31 July 2013 - 0.00%) of the Net Asset Value of the Fund.

10 largest investments

As at 31 January 2014:	%	As at 31 July 2013:	%
Hutchison Whampoa	1.14	Suruga Bank	1.16
NetEase	0.83	Hutchison Whampoa	0.89
Hyundai Motor	0.73	Total Gabon	0.84
Star Micronics	0.71	NetEase	0.75
UPL	0.69	Resona	0.66
Resona	0.68	Koninklijke Wessanen	0.65
Suruga Bank	0.65	Lisi	0.62
Tamron	0.65	Hyundai Motor	0.61
Korean Reinsurance	0.63	Moleskine	0.61
Hyundai Mobis	0.62	Paris Orléans	0.61

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 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 9.0% over the six months to the end of January 2014, compared to a rise of 0.2% by the benchmark Russell Nomura Small-Cap Index. This placed the fund in the first quartile of its peer group, the IMA Japanese Smaller Companies Sector, which rose by an average of 2.6%.

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.

Most of the outperformance over the period was attributable to stock selection, especially within the Information & Communication, Electric Appliances, and Retail Trade sectors. Major contributors among our holdings included COLOPL, a game application developer for smartphones, Micronics Japan, a manufacturer of semiconductor and flat panel display testing products, CyberAgent, a provider of various internet related services, and Ai, a holding company which owns office equipment including plotters and cutting machines and security related equipment.

After a relatively short pause over the summer, the share price of Japanese small and medium-sized company stocks rose steadily over the six months ending January 2014, as markets gained more

Japanese Smaller Companies Fund

confidence that the world's third largest economy would finally be able to win its decades-long fight with deflation thanks to the economic policies initiated by Prime Minister Shinzo Abe that have been dubbed Abenomics. Further depreciation of the Japanese yen stemmed from markets high expectations that the Bank of Japan would introduce additional monetary easing measures in the early part of 2014. Nonetheless, toward the end of January 2014 markets concerns about emerging market currency contagion as well as heightened risk aversion caused stock prices to come under pressure and the Japanese currency to strengthen due to its perception amongst investors being as a 'safe haven'.

Breaking the usual pattern of slow trading activity that typically characterises the winter holiday season, foreign investors refused to take a backseat and instead invested JPY 5.5 trillion more into Japanese equities and futures than they sold over the final three months of 2013. This was enough to offset the selling pressure from individual investors taking profits before a capital gain tax hike that would see the rate increased to 20% from 10% in 2014. Conversely, individuals became big buyers in January, purchasing \$1.5 trillion more than they sold partially encouraged in our view by the new tax exempt special investment account, the so called NISA.

Against this backdrop, we maintained our strategy, focusing on growth stocks with strong earnings momentum and aggressively repositioned the portfolio. Over the period, we initiated positions in H.I.S., a major travel agency, Sun Frontier Fudosan, a medium sized independent property management service provider, Kadokawa, a media conglomerate covering publishing, movie, music, game, and e-books, and Open House, a medium-sized independent real estate broker, focusing on the Tokyo area.

Considering the markets lukewarm reaction to the very strong earnings announcements, we believe that the Japanese small/mid cap equity market will in the near term trade around the current levels. With the US Federal Reserve's tapering of asset purchases staying on course and no quick fix for the vulnerability of some emerging economies, investors are expected to maintain a cautious stance and stay on the sidelines until there is some sort of stabilization of the market. That being said, thanks to the Bank of Japan's aggressive monetary support and sound fundamentals of the Japanese economy, we think Japanese equity markets will continue to enjoy steady inflows especially from individual investors. This should help to shift the market toward a stock picker's market. Our strategy remains the same, focusing on growth stocks in a small/mid cap space, paying particular attention to companies with steady and strong earnings momentum and repositioning the portfolio accordingly.

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 31.1.14		£53.4 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 (OCF) for the period ended 31.1.14	- Trail class	1.72%
	- No Trail class	1.22%
	- Z class	0.97%
Ongoing charges figure (OCF) for the year ended 31.7.13	- Trail class	1.75%
	- No Trail class	1.25%
	- Z class	1.00%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the period – 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.

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 period 01.8.13 to 31.1.14**

Invesco Perpetual Japanese Smaller Companies Fund

Accumulation shares	6
Accumulation shares (No Trail)	6
Z Accumulation shares ¹	6

¹ 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.invesco.perpetual.co.uk or by contacting us.

Japanese Smaller Companies Fund

Distributions

As distributions are paid annually on 30 September, no distributions are payable with this report.

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
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	72.18	44.39	0.0000
2014 ¹	74.29	70.74	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	181.98	111.47	0.2613
2014 ¹	187.55	178.53	0.0000
Z Accumulation shares			
2012 ³	202.16	194.40	0.0000
2013	328.58	200.86	0.6603
2014 ¹	338.83	322.51	0.0000

¹ to 31 January

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 31.1.14 p	Net asset value per share 31.7.13 p	Percentage growth %
Accumulation shares	71.91	65.41	9.9
Accumulation shares (No Trail)	181.55	164.74	10.2
Z Accumulation shares	328.00	297.27	10.3

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

Performance

to 31 January 2014

	Since 31.7.13 %	Since 31.1.13 %	Since 31.1.11 %	Percentage growth Since 31.1.09 %	Since 31.1.04 %
Japanese Smaller Companies Fund (accumulation shares)	8.98	48.06	35.98	50.61	43.30
Russell Nomura Small-Cap Index	0.24	16.73	24.66	52.73	92.31
IMA Japanese Smaller Companies Sector	2.62	28.38	38.24	79.02	74.97
Fund Ranking	1/3	1/3	3/3	3/3	3/3

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 %
Japanese Smaller Companies Fund (accumulation shares)	-1.4	8.6	-7.2	-8.8	61.6

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 31.1.14	As at 31.7.13
Investment	%	%
Chemicals	3.10	5.05
Construction	-	1.69
Electric Appliances	7.66	13.02
Information & Communication	14.29	14.86
Machinery	9.12	6.27
Metal Products	0.89	1.00
Non Ferrous Metals	1.04	3.10
Other Financing Business	2.22	3.94
Other Products	2.20	2.17
Pharmaceutical	4.22	4.23
Precision Instruments	5.35	2.99
Real Estate	11.39	5.12
Retail Trade	5.14	7.89
Securities & Commodity Futures	1.51	1.63
Services	22.07	18.77
Wholesale Trade	4.40	4.46
Total investments	94.60	96.19
Net other assets	5.40	3.81
Net assets	100.00	100.00

Japanese Smaller Companies Fund

10 largest investments

As at 31 January 2014:	%	As at 31 July 2013:	%
Sun Frontier Fudousan	3.98	Start Today	5.24
COLOPL	3.81	Enplas	5.08
CyberAgent	3.67	Kakaku.com	4.85
Harmonic Drive System	3.55	Avex	4.70
Daiseki	3.53	Daiseki	3.17
Ai	3.44	Ai	3.16
Asahi Intecc	3.32	Furukawa Electric	3.10
Jowa	3.18	Hikari Tsushin	2.79
H.I.S.	3.00	TADANO	2.75
Kadokawa	2.87	Fujimori Kogyo	2.40

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 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 12.6% over the six months to the end of January 2014, compared to a rise of 13.5% by the Numis Smaller Companies (ex Investment Companies) Index. This placed the fund in the fourth quartile of its peer group, the IMA UK Smaller Companies Sector, which rose by an average of 18.5% 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.

UK smaller companies delivered good returns over the period with lower levels of volatility than recent years. Such returns were helped by the increasing number of reports on the UK economy that were positive. This mood was reflected in George Osborne's Autumn statement and by other independent surveys such as the Markit Economics survey which showed that UK manufacturing expanded for its ninth consecutive month in December. UK equity markets then started the New Year well, buoyed up by the first estimate of UK Gross Domestic Product which was set at 1.9%. However in mid-January equity market sentiment was upset by some corporate profit warnings and by declines of currencies and equity markets of some emerging market countries.

UK Smaller Companies Equity Fund

In the period under review there were good performances from the shares of RPS, Synergy Healthcare and RPC. RPS, the environmental consulting group, gave an update to investors in October in which it stated it had benefitted from good levels of demand. In December Synergy Healthcare announced six new contracts, the largest of which being a 15 year service contract supplying hospitals in America. In describing this contract the CEO said that it would showcase their technology and demonstrate market leadership. RPC, the plastic packaging supplier, said in a statement that activity levels were expected to be ahead of the same period last year.

In contrast there were disappointing performances from the shares of Micro Focus and Premier Oil. Micro Focus, the software company made a statement in which it restated income for prior periods due to invalid sales orders from India. Despite this setback the Chairman said he saw a strong pipeline of opportunities. Premier Oil announced that it expected its oil production in 2014 would be below its barrel-a-day capacity.

Noteworthy additions to the portfolio included shares in the pub company Wetherspoon (JD), the healthcare systems company Servelec and the sportswear retailer JD Sports Fashion.

In terms of the current outlook, equity markets are now generally optimistic that the UK economy will manage to sustain a recovery. However there are concerns regarding weak export data and a continued high level of government borrowing and so this recovery will likely to be slow. With this likelihood we are expecting any recovery in profits to be weak in relation to previous recoveries.

In light of this expectation of below average growth, we believe that the recent rotation into companies more exposed to the recent improvement in the economy and away from quality growth companies, could prove to be premature. We, therefore, continue with our preference for growth over value.

Jonathan Brown¹, Fund Manager

Where Jonathan Brown 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.

¹ Effective 30 December 2013, Jonathan Brown became sole fund manager of the Invesco Perpetual UK Smaller Companies Equity Fund, following co-fund manager Richard Smith stepping back from fund management in the lead up to his retirement later in 2014.

UK Smaller Companies Equity Fund

Fund facts

Launch date		9 May 1992
Fund size at 31.1.14		£491 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 (OCF) for the period ended 31.1.14	- Trail classes	1.70%
	- No Trail classes	1.20%
	- Z classes	0.95%
Ongoing charges figure (OCF) for the year ended 31.7.13	- 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 period – 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.

UK Smaller Companies Equity 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 01.8.13 to 31.1.14**

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

¹ 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 or by contacting us.

UK Smaller Companies Equity Fund

Distributions

As distributions are paid annually on 30 September, no distributions are payable with this report.

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
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	735.39	564.29	6.0283
2014 ¹	758.79	730.31	0.0000
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	237.20	181.11	2.8688
2014 ¹	244.79	235.65	0.0000
Z Accumulation shares			
2012 ³	209.13	198.01	0.0000
2013	279.73	213.03	3.5329
2014 ¹	288.71	277.95	0.0000

¹ to 31 January

² from 12 June

³ from 12 November

UK Smaller Companies Equity Fund

Price and revenue record by share class continued	Highest share price p	Lowest share price p	Net revenue per share p
Calendar year			
Income shares			
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	570.52	441.78	4.7231
2014 ¹	588.67	566.58	0.0000
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	223.81	173.21	2.7421
2014 ¹	230.97	222.35	0.0000
Z Income shares			
2012 ³	209.13	198.01	0.0000
2013	275.82	213.03	3.5318
2014 ¹	284.68	274.07	0.0000

¹ to 31 January

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 31.1.14 p	Net asset value per share 31.7.13 p	Percentage growth %
Accumulation shares	744.38	660.79	12.7
Accumulation shares (No Trail)	240.20	212.69	12.9
Z Accumulation shares	283.33	250.56	13.1
Income shares	577.49	512.60	12.7
Income shares (No Trail)	226.65	200.66	13.0
Z Income shares	279.37	247.02	13.1

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

Performance

to 31 January 2014

	Since 31.7.13 %	Since 31.1.13 %	Since 31.1.11 %	Percentage growth Since 31.1.09 %	Since 31.1.04 %
UK Smaller Companies Equity Fund (accumulation shares)	12.57	29.86	52.97	164.35	240.34
Numis Smaller Companies (ex Investment Companies) Index	13.52	31.84	62.69	240.91	240.94
IMA UK Smaller Companies Sector	18.50	33.10	53.11	206.99	188.23
Fund Ranking	43/51	40/51	34/49	43/48	11/34

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 Smaller Companies Equity Fund (accumulation shares)	34.7	23.7	-7.0	24.1	32.7

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.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. Numis Smaller Companies (ex Investment Companies) Index data source: Thomson Reuters Datastream, total return, in Sterling.

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UK Smaller Companies Equity Fund

Portfolio classification		
	As at 31.1.14 %	As at 31.7.13 %
Investment		
Oil & Gas	6.68	6.11
Basic Materials	3.48	3.58
Industrials	31.18	29.12
Consumer Goods	5.13	6.18
Health Care	10.37	11.53
Consumer Services	18.89	19.20
Telecommunications	0.34	-
Financials	15.08	16.59
Technology	7.41	7.76
Total investments	98.56	100.07
Net other assets/(liabilities)	1.44	(0.07)
Net assets	100.00	100.00

For the period ended 31 January 2014 unquoted securities amounted to 0.21% (31 July 2013 - 0.00%) of the Net Asset Value of the Fund.

10 largest investments

As at 31 January 2014:	%	As at 31 July 2013:	%
Synergy Healthcare	3.68	Synergy Healthcare	3.54
Senior	3.06	Dechra Pharmaceuticals	3.45
Howden Joinery	2.86	Howden Joinery	2.74
Diploma	2.31	Senior	2.38
RPS	2.04	Greene King	2.01
LSL Property Services	1.99	Jupiter Fund Management	1.92
Elementis	1.98	Diploma	1.91
Bovis Homes	1.95	Bellway	1.87
CVS	1.87	LSL Property Services	1.77
Brown (N.)	1.87	Brown (N.)	1.74

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.

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

Depository

Citibank International plc

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

Authorised and regulated by the Financial Conduct Authority.

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

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