



# **Invesco UK 2 Investment Series**

## Annual Report Including Long Form Financial Statements

**Issued September 2020**  
For the year 1 April 2019 to 31 March 2020



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\* These collectively comprise the Authorised Corporate Director's Report.

\*\* Effective 30 July 2020 the Invesco Income Fund (UK) changed its name to Invesco UK Equity Income Fund (UK).

# Invesco UK 2 Investment Series (the "Company")

## Report of the Authorised Corporate Director (the "Manager")

### The Company

The Invesco UK 2 Investment Series is an investment company with variable capital ("ICVC"), incorporated in England and Wales on 11 April 2003.

The Company is a "UCITS Scheme" and an "Umbrella Company" (under the OEIC Regulations) and therefore new Funds may be formed by the Manager, subject to regulatory approval. Any changes to Funds or share classes will be included in an updated Prospectus.

The Company is a Financial Conduct Authority (FCA) authorised scheme complying with the FCA's Collective Investment Schemes sourcebook.

Terms used in this report shall have the same meaning as defined in the Prospectus.

At 31 March 2020, the Company consisted of three Funds:

Invesco Income Fund (UK)  
Invesco UK Enhanced Index Fund (UK)  
Invesco UK Strategic Income Fund (UK)

Effective 30 July 2020 the Invesco Income Fund (UK) changed its name to Invesco UK Equity Income Fund (UK).

Effective 31 July 2020 the Invesco UK Strategic Income Fund (UK) merged into the Invesco UK Equity Income Fund (UK).

### Accounting Periods

Annual accounting date	31 March
Interim accounting date	30 September
Distribution payable on	31 May
Interim distribution payable on	30 November

Should expenses and taxation exceed revenue in a distribution period for a share class, no distribution will be payable for that class.

### Securities Financing Transactions Regulation (Unaudited)

This Regulation requires the Manager to provide investors with information on the use of securities financing transactions (SFTs) and total return swaps (TRS) by the Company in all interim and annual reports for the Company.

During the year from 1 April 2019 to 31 March 2020, none of the Funds entered into any SFTs and/or TRS. Should this change in the future, the interim and annual reports for the Company will disclose all required information on the use of SFTs and TRS by the Company.

Please refer to the Prospectus for further details on SFTs and TRS.

### Fund Events

On the 7 August 2019 there was an update to the Prospectus for the various ICVC funds in light of the FCA's Asset Management Study. As part of this update, various changes were implemented regarding investment objectives, investment policies, investment strategies and benchmark disclosures, all for clarification purposes only. There has been no changes to the way the Funds are managed as a result of these changes. The updated prospectus is available at [www.invesco.co.uk](http://www.invesco.co.uk).

### Fund Events - Directors Report

The net asset value in pence per share at the balance sheet date has been shown in the table below.

	Net Asset Value 31.3.20 Accounting NAV Per Financial Statement (pence per share)	Net Asset Value 31.3.20 Dealing NAV (pence per share)
Invesco Income Fund (UK)		
Z Accumulation shares*	217.06	208.30
Invesco UK Enhanced Index Fund (UK)		
Z Accumulation shares*	195.29	195.30
Invesco UK Strategic Income Fund (UK)		
Z Accumulation shares*	227.55	218.10

\* The prices stated are that of the primary share class. The movements are reflective of the movements for all share classes within the Fund.

On 31 March 2020 we announced our intention to dispose of the unquoted assets within the Invesco Income Fund (UK) and Invesco UK Strategic Income Fund (UK) as a portfolio in order to redeploy capital raised to publicly quoted assets. In order to ensure we were protecting the interests of all investors in the Funds in an equitable way in accordance with the Collective Investment Schemes Sourcebook of the FCA Handbook, and to mitigate any potential conflicts of interest, in line with internal pricing policies, the independent Unquoted Pricing Committee reviewed the value of the unquoted portfolio and determined a market clearing price at 31 March 2020 to reflect the market conditions at that time. A 60% mark-down was as a result made to the values of the unquoted stocks, in accordance with policies of the independent Unquoted Pricing Committee. For accounting purposes at the year end of 31 March 2020 the unquoted investments continued however to be valued on an individual basis in accordance with UK Generally Accepted Accounting Practice using the methodology outlined in Note 1, Accounting Policies.

### Remuneration Policy (Unaudited)

On 18 March 2016, Invesco Fund Managers Limited (the "Manager") adopted a remuneration policy consistent with the principles outlined in the European Securities and Markets Authority (ESMA) Guidelines, on sound remuneration policies under the UCITS Directive (the "Remuneration Policy").

The policy was revised in 2019, to include specificities for some Invesco EU regulated Management Companies. The Manager was not impacted by the changes.

The purpose of the Remuneration Policy is to ensure the remuneration of the staff of the Manager is consistent with and promotes sound and effective risk management, does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Manager and of the UCITS it manages and does not impair the Manager's compliance with its duty to act in the best interests of the UCITS it manages. The Manager's summary Remuneration Policy is available from the corporate policies section of our website ([www.invesco.co.uk](http://www.invesco.co.uk)). Paper copies of the full Remuneration Policy can be obtained for free from

# Invesco UK 2 Investment Series (the “Company”)

## Report of the Authorised Corporate Director (the “Manager”)

**Remuneration Policy (Unaudited)** continued the registered office of the Manager, Invesco Fund Managers Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH, UK upon request.

The Remuneration Policy is reviewed annually by the Compliance, Human Resources and Risk Management functions, who recommend any adjustments to ensure continued alignment of the policy with sound risk management. The board of directors of the Manager are responsible for the oversight of remuneration and for ensuring adherence to this policy through the Human Resources function.

The Internal Audit function conducts regular testing of administration of the Remuneration Policy to assess its ongoing compliance with the Invesco Group's remuneration policies and procedures.

The Manager does not employ any direct staff. The aggregate total remuneration of Invesco staff involved in UCITS related activities of the Manager in respect of performance year (1 January 2019 to 31 December 2019) is £80.14m of which £47.43m is fixed remuneration and £32.71m is variable remuneration. The number of beneficiaries is 379.

The Manager has identified individuals considered to have a material impact on the risk profile of the Manager or the UCITS it manages (“Identified Staff”), who include board members of the Manager, senior management, heads of control functions, other risk takers and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers. Identified Staff of the Manager are employed by Invesco.

The aggregate total remuneration paid to the Identified Staff of the Manager for UCITS related activities for the performance year (1 January 2019 to 31 December 2019) is £11.79m of which £2.34m is paid to Senior Management and £9.45m is paid to other Identified Staff.

### Share Classes Available

#### **Invesco Income Fund (UK)**

Accumulation shares  
Accumulation shares (No Trail)  
Z Accumulation shares  
Y Accumulation shares  
Income shares  
Income shares (No Trail)  
Z Income shares  
Y Income shares

#### **Invesco UK Enhanced Index Fund (UK)**

Accumulation shares (No Trail)  
Z Accumulation shares  
Y Accumulation shares  
Income shares (No Trail)  
Z Income shares  
Y Income shares

#### **Invesco UK Strategic Income Fund (UK)**

Accumulation shares  
Accumulation shares (No Trail)  
Z Accumulation shares  
Y Accumulation shares  
Income shares  
Income shares (No Trail)  
Z Income shares  
Y Income shares

The prices of shares will appear on our website ([www.invesco.co.uk](http://www.invesco.co.uk)). This is the primary method of price publication. The prices of shares may also be obtained by calling 0800 085 8677 during the Manager's normal business hours.

### **Brexit**

The UK left the EU on 31 January 2020, an event commonly referred to as Brexit. At the date of this report, discussions remain ongoing as to the precise nature of the future relationship between the UK and EU27. The Authorised Corporate Director does not believe that Brexit will present significant issues that cannot be mitigated given that no Fund is passported into Europe, Shareholders are predominantly UK-based and core counterparties of and service providers to the Company have contingency arrangements available as necessary to ensure that activities can continue with minimal disruption. In addition, on 30 January 2019, EU27 national regulators and the UK's Financial Conduct Authority agreed Memoranda of Understanding in the event of a no-deal Brexit scenario on various matters related to the conduct of financial services and trading activities.

The Company's Manager, Invesco Fund Managers Limited “IFML”, is part of a global group and has been committed for many years to meeting clients' needs across Europe in both EU and non-EU countries. The change in the UK's status from an EU to a non-EU country will not change the group's focus or commitment to serve its clients across Europe. IFML is monitoring developments closely, through a Brexit Steering Committee, and will take advantage of the Memoranda of Understanding to ensure that the impact on clients and the Company is minimal.

### **Managing the risks presented by the outbreak of Coronavirus**

The spread of a new coronavirus (COVID-19) disease has caused significant volatility within the global economy and financial markets. There has been no material impact to the Funds of the Company as a result of COVID-19 during the financial period ended 31 March 2020.

The directors of Invesco Fund Managers Limited are actively monitoring the situation and, with the support of the investment manager, continue to manage the Fund's assets within its investment and risk parameters that have been established. The Directors will continue to review the situation in order to navigate through this period of heightened uncertainty.

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## **Invesco UK 2 Investment Series (the “Company”)**

### **Report of the Authorised Corporate Director (the “Manager”)**

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#### **Risk Profile**

Shareholders should be aware of the risks inherent in investing in securities and other financial instruments. Financial markets can be vulnerable to unpredictable price movements and are affected by a number of factors, both political and economic.

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

As one of the key objectives of the Invesco Income Fund (UK) and Invesco UK Strategic Income Fund (UK) is to provide income, the ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth.

The Invesco Income Fund (UK) may invest in private and unlisted equities, the Invesco UK Strategic Income Fund (UK) up to its merger date 31 July 2020 had the ability to invest in private and unlisted equities which may involve additional risks such as lack of liquidity and concentrated ownership. These investments may result in greater fluctuations of the value of the Funds. The Manager, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Funds.

The Invesco Income Fund (UK) invests in smaller companies, the Invesco UK Strategic Income Fund (UK) up to its merger date of 31 July 2020 had the ability to invest in smaller companies which may result in a higher level of risk than a fund that invests in larger companies. Securities of smaller companies may be subject to abrupt price movements and may be less liquid, which may mean that they are not easy to buy or sell.

The Funds may use derivatives (complex instruments) in an attempt to reduce the overall risk of their investments, reduce the costs of investing and/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 Funds. The Manager, however, will ensure that the use of derivatives within the Funds does not materially alter the overall risk profile of the Funds.

As a result of COVID-19, markets have seen a noticeable increase in volatility as well as, in some cases, lower liquidity levels; this may continue and may increase these risks in the future. In addition, some companies are suspending, lowering or postponing their dividend payments, which may cause those funds that have an income objective to pay a lower income during this period.

A more detailed description of risk factors that apply to these Funds is set out in the Prospectus.

#### **Value Assessment (Unaudited)**

The Manager conducted an assessment of value for each Fund. The assessment of value report will be made available to investors annually in a composite report for all the funds in Invesco's ICVC range on our website [www.invesco.co.uk](http://www.invesco.co.uk).

#### **Liability**

The Company is structured by having different Funds. The assets and liabilities of each Fund are segregated in accordance with the law of England and Wales. As a consequence the assets of a Fund will not be available to meet the liabilities of another Fund within the Company.

The Shareholders are not liable for the debts of the Company.

#### **Holdings in other Funds of the Company**

As at 31 March 2020, no Funds held shares in any other Fund of the Company.

#### **ISA Eligibility**

All the Company's Funds qualify for stocks and shares ISA investment.

None of the Funds qualify for cash ISA investment.

#### **Certification of the Annual Report by the Manager**

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001, we hereby certify these financial statements on behalf of the Directors of Invesco Fund Managers Limited.

**Director - Douglas Sharp**

**Director - Alan Trotter**

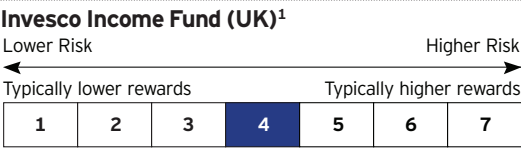
28 September 2020

# Invesco UK 2 Investment Series (the “Company”)

## Report of the Authorised Corporate Director (the “Manager”)

### Risk and Reward Profiles

for the year 1 April 2019 to 31 March 2020



A share class in risk category 1 indicates its price has experienced very low rises and falls historically.

A share class in risk category 2 indicates its price has experienced minor rises and falls historically.

A share class in risk category 3 indicates its price has experienced very moderate rises and falls historically.

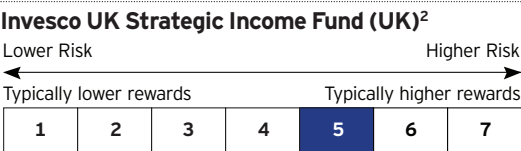
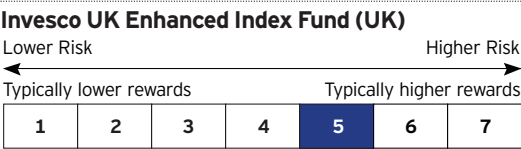
A share class in risk category 4 indicates its price has experienced moderate rises and falls historically.

A share class in risk category 5 indicates its price has experienced significant rises and falls historically.

A share class in risk category 6 indicates its price has experienced very significant rises and falls historically.

A share class in risk category 7 indicates its price has experienced major rises and falls historically.

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.co.uk](http://www.invesco.co.uk) or by contacting us.



<sup>1</sup> Effective 30 July 2020 the Invesco Income Fund (UK) changed name to Invesco UK Equity Income Fund (UK)

<sup>2</sup> Effective 31 July 2020 the Invesco UK Strategic Income Fund (UK) merged into Invesco UK Equity Income Fund (UK)

The risk categories shown are not a measure of capital losses or gains, but of how significant the rises and falls in the share class prices have been historically. For example a share class whose price has experienced significant rises and falls will be in a higher risk category, whereas a share class whose price has experienced less significant rises and falls will be in a lower risk category. As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile. Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

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# Invesco UK 2 Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies

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**a) Basis of preparation**

The financial statements of Invesco Income Fund (UK) and Invesco UK Enhanced Index Fund (UK) have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities held at fair value through profit and loss.

The financial statements of Invesco UK Strategic Income Fund (UK) have been prepared on a basis other than going concern, non-current assets and non-current liabilities have been re-classified as current assets and current liabilities. Costs associated with the termination of this Fund will be borne by the Manager with no provision being made in these financial statements for such costs. The financial statements have also been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice (UK GAAP), as defined within the UK Financial Reporting Standard (FRS 102) and the Statement of Recommended Practice ‘Financial Statements of UK Authorised Funds’ (the “SORP”), issued by the Investment Management Association (now known as the Investment Association) in May 2014 and updated in June 2017, the COLL and the Company’s Instrument of Incorporation and Prospectus.

**b) Recognition of revenue**

- i) Dividends on quoted ordinary shares, collective investment schemes and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.
- ii) Interest on bank balances and deposits is recognised on an accruals basis.
- iii) Revenue arising on debt securities is accreted or amortised over the life of such securities and recognised at a consistent rate over the life of the instrument (effective yield accounting). Future cash flow on all debt securities are considered when calculating revenue on an effective yield basis and where purchase costs are considered to reflect incurred credit losses, such losses are taken into account so that interest is recognised at a reasonably expected commercial rate. Accrued interest purchased and sold on interest-bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Company.
- iv) All revenue is recognised at a gross amount that includes any withholding taxes but excludes any other taxes, such as attributable tax credits.
- v) Returns from derivative securities are taken to capital and/or revenue depending on the motive and circumstances surrounding the particular transaction. The net revenue/expense on derivative positions are recognised as revenue and form part of the Company’s distribution.
- vi) Distributions and accumulations, excluding equalisation, receivable on the underlying collective investment schemes are recognised as revenue when the shares are quoted ex-dividend. The Manager rebates an amount equivalent to the ongoing charge suffered on this Fund’s share in the underlying collective investment schemes. Each rebate is paid to either the capital or revenue element of the Fund depending on whether the fee of the underlying Fund is charged to capital or revenue.

**c) Stock dividends**

Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is taken to capital.

**d) Special dividends and share buy-backs**

The underlying circumstances behind both special dividends and the proceeds from share buybacks are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature. Amounts recognised as revenue will form part of the Company’s distribution. Any tax treatment thereon will follow the accounting treatment of the principal amount.

**e) Underwriting commission**

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Company is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

**f) Expenses**

All expenses, except for those relating to the purchase and sale of investments, are charged initially against revenue and are accounted for on an accruals basis.

**g) Revenue allocation to share classes**

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses and tax attributable to each class.

**h) Measurement basis**

The measurement basis used in preparing the financial statements is fair value for investments and historical cost for all other assets and liabilities.



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# Invesco UK 2 Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies continued

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#### i) **Basis of valuation of investments**

All investments are valued at their fair value as at the balance sheet date.

All investments have been valued on the last business day of the year at bid market value net of any accrued revenue, at close of business. Where there is no price source from an active market for an investment, the Manager will assess any information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the Company also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments. Over-the-counter derivative contracts shall be valued on the basis of unrealised gain or loss on the contract using current settlement price. When settlement price is not used, the over-the-counter derivative contracts will be valued at their fair value in accordance with the method of valuation (as used on a consistent basis) as shall have been agreed between the Manager and the Depositary.

#### **Valuation of unquoted equity instruments**

The Fund defines Fair Value in accordance with the definition of Fair Value contained within the International Private Equity and Venture Capital Valuation Guidelines which states that Fair Value is "the price that would be received to sell an asset in an orderly transaction between market participants at the Measurement Date" ("Fair Value"). The fair value of unquoted equity instruments is determined in accordance with International Private Equity and Venture Capital ("IPEV") Valuation Guidelines.

The Fund's Operations Function includes an independent pricing team responsible for valuation of unquoted equity instruments. Unquoted equity investments are stratified according to their risk profile and valuations may be performed internally or outsourced to third party valuation experts. The Fund currently uses Duff & Phelps as its third-party valuation provider. Valuations reports from Duff & Phelps are reviewed and included as an input in the final determination of valuation assessment.

Valuations are reviewed periodically including upon trigger events identified from continuous monitoring of the companies. This is to reflect the latest company developments as well as market conditions in the valuation of the companies. Given the long-term nature of the investments, amounts realised on the sale of these investments may differ from the values reflected in these financial statements and the difference may be material.

All changes in valuation are determined by the Pricing Team and presented for approval to the Unquoted Pricing Committee (UPC). The UPC has an Oversight Function with the following responsibilities:

- Approval of valuation policies and procedures;
- Assessment of the appropriateness of valuation methodologies;
- Approval of valuation changes backed by either internal or external valuation reports from Duff & Phelps;
- Approval of due diligence performed on services provided by third party valuation experts;
- Monitoring timeliness of reviews;
- Retaining independence from the Pricing team and Investment teams

#### **Valuation Methodologies**

Unquoted equity instruments are initially recognised at fair value, which is typically the transaction price. On subsequent measurements dates, fair value is determined using applicable and appropriate valuation techniques in line with the IPEV Valuation Guidelines. The selection of valuation techniques includes consideration of factors such as:

- the stage of development of the company;
- the quality and reliability of the data available;
- whether the company is pre-revenue, cash flow negative;
- the relative applicability of the techniques given the nature of the industry and current market conditions;
- the comparability of company or transaction data;

We seek to select valuation techniques that draw heavily on observable market-based measures of risk and return. We also select techniques that will most appropriately reflect the nature, facts and circumstances of the investment and expected view of Market Participants. We typically use multiple valuation techniques to cross check the Fair Value and arrive at a valuation range, from which we conclude at a point in the Valuation Range.

Typically, valuation techniques used include the following:



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# Invesco UK 2 Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies continued

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#### i) Basis of valuation of investments continued

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##### **Milestones Analysis**

For early-stage companies and pre-revenue companies, the Milestones Analysis is recognised as an appropriate methodology to value the equity of a company if any material differences in economic rights across share classes are appropriately reflected. The Fair Value indicated by a transaction in the Company's equity can provide a base for recalibrating inputs into the valuation, with qualitative milestones being used to provide directional indication of the movement in Fair Value since that time.

In accordance with IPEV guidelines these include:

- Financial measures: revenue growth, profitability expectations, cash burn rate and covenant compliance;
- Technical measures: phases of development, testing cycles, patent approvals and regulatory approvals;
- Market and sales measures: customer surveys, testing phases, market introductions and market share

Under this methodology we first determine the most Recent Transaction in the shares that was assessed as reflective of Fair Value in accordance with IPEV guidelines. This Transaction is used as a base and the value per share is adjusted as appropriate to reflect any developments or milestones achieved or missed in between the Transaction Date and the Measurement Date. We assess whether any adjustment is required for changes in financial measures, technical measures and market factors.

##### **Scenario Analysis**

In estimating Fair Value we may use a Scenario Analysis based on a Probability-Weighted Expected Returns Model (“PWERM”) where we consider the present value of the probability-weighted expected payoff to the various share classes in the company's capital structure based on the relevant economic rights and range of estimated exit values.

##### **Earnings Multiple**

Under this approach we select a performance measure appropriate for the valuation of the company, such as EBIT, EBITA, EBITDA or Revenue. This is assessed and is adjusted to arrive at a maintainable performance measure. The Multiple is derived from Comparable Companies based on comparability with respect to size, risk profile and earnings growth prospects. The Comparable Company Multiple is typically adjusted for non-marketability and liquidity to arrive at a discounted multiple or an adjusted multiple. The Adjusted Multiple is then applied to the performance measure to derive an enterprise value. Net debt is deducted, and Equity Value allocated according to the seniority of instruments in the capital structure of the company.

##### **Discounted Cash flow Analysis (DCF)**

A DCF involves estimating the fair value of a business by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Because producing reliable cash flow forecasts for seed, start-up and early-stage companies involves a lot of uncertainty and subjectivity given their pre-revenue /negative cashflow status this methodology is infrequently used and may typically be used as a cross check only.

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#### j) Exchange rates

Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling at close of business on the last business day of the year. Revenue items denominated in foreign currencies are translated into Sterling at the exchange rates ruling at the times of the transactions. Foreign exchange gains and losses arising from translation are included in the Statement of Total Return and are included in net capital gains/(losses) on investments.

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#### k) Taxation and deferred taxation

Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. Overseas capital gains tax is accounted for on a cash basis. There is no material difference between recognition of overseas capital gains tax on an accruals or cash basis.

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# Invesco UK 2 Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies continued

#### l) Efficient portfolio management

Where appropriate, certain permitted transactions such as derivatives or forward currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in ‘Revenue’ or ‘Interest payable and similar charges’ in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in ‘Net capital gains/losses’ in the Statement of Total Return. Any positions on such transactions open at the year end are reflected in the Balance Sheet at their marked to market value.

#### m) Dilution adjustment

The need to apply a dilution adjustment will depend on the volume of sales (where they are issued) or redemptions (where they are cancelled) of shares. The Manager may apply a dilution adjustment on the issue and redemption of such shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if applying a dilution adjustment, so far as practicable, it is fair to all Shareholders and potential Shareholders. In particular, the dilution adjustment may be applied in the following circumstances for all Funds in the Invesco UK 2 Investment Series:

- where over a dealing period a Fund has experienced a large level of net issues or redemptions relative to its size. For these purposes a large level of net dealing is defined as 1% or more of the net asset value of the Fund in question (as calculated at the last valuation point); or
- where the Manager considers it necessary to protect the interests of the Shareholders of that Company.

On the occasions that the dilution adjustment is not applied there may be an adverse impact on the total assets of the Fund which may otherwise constrain the future growth of the Fund in question.

Please refer to Appendix 6 of the Prospectus which shows the size of typical dilution adjustments by Fund and an indication of the frequency of application of such adjustments.

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### 2 Distribution Policies

The Funds will distribute all revenue disclosed in the annual financial statements (less expenses and taxation). The ordinary element of stock dividends is treated as revenue and forms part of the Company's distribution. Should expenses and taxation exceed revenue for a share class, there will be no distribution for that share class and the shortfall will be met from capital. All Fund accumulations and distributions are paid as dividend distributions.

In calculating the amount to be distributed, the following Funds allocate the Manager's ongoing charge to capital, thereby increasing the amount available for distribution:

Invesco Income Fund (UK)  
Invesco UK Strategic Income Fund (UK)

Distributions which have remained unclaimed by Shareholders for more than six years are credited to the capital property of the Fund.

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### 3 Dealing Charges and Research Payments

The cost of the execution service provided by brokers may be included as part of the spread between the bid and offer price or paid through a separate dealing commission. Dealing commissions are used in the equity securities market, whilst the fixed income market includes the cost of execution in the spread. Prior to 3 January 2018, it was market practice for investment managers to enter into dealing commission arrangements under which as well as paying for execution, part of the commission would be used to pay for research services. This was in accordance with regulation.

The European Union legal framework governing financial markets, known as the Markets in Financial Instruments Directive (MiFID I), has been replaced by a revised Directive (the recast MiFID) and new Regulation (MiFIR) – referred to together as MiFID II. MiFID II became effective on 3 January 2018, and changes the way investment managers operate their businesses. In particular, under MiFID II firms can either pay for research material/services out of their own resources or from a separate research payment account (RPA). From 3 January 2018, the Manager, the Investment Adviser and any sub-adviser pay for all external research materials/services procured for the Funds out of their own resources across equity, fixed income, derivatives and currency securities. They do not operate a RPA.

# Invesco UK 2 Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

### 4 Shareholders’ Funds

The Manager’s entry charge and Fund Management Fee (FMF) are as follows:

		Entry Charge %	Fund Management Fee %
Invesco Income Fund (UK)	- Trail classes	5.0	1.66
	- No Trail classes	0.0	1.16
	- Z classes	0.0	0.91
	- Y classes	0.0	0.86
Invesco UK Enhanced Index Fund (UK)	- No Trail classes	0.0	0.25
	- Z classes	0.0	0.24
	- Y classes	0.0	0.23
Invesco UK Strategic Income Fund (UK)	- Trail classes	5.0	1.67
	- No Trail classes	0.0	1.17
	- Z classes	0.0	0.92
	- Y classes	0.0	0.87

With effect from 4 May 2020, the entry charge was removed from the Trail share classes.

References in this report to Trail classes mean the Accumulation Shares and Income Shares.

The net assets attributable to each share class, the net assets value per share and the number of shares in issue of each share class are shown in the comparative tables of each Fund. These can be found on:

Invesco Income Fund (UK)	pages 18 to 21
Invesco UK Enhanced Index Fund (UK)	pages 39 to 41
Invesco UK Strategic Income Fund (UK)	pages 57 to 60

Each share class has the same rights on a winding up of the Company.

### 5 Generic Risk Factors

In pursuing their investment objectives, the Funds of the Company hold a number of financial instruments that may comprise securities and other investments, cash balances and debtors and creditors that arise directly from their operations.

Political and economic events in the major economies of the world, such as the United States, Japan and the European Union, will influence stock and securities markets worldwide.

The main risks from the Fund’s holding of financial instruments are set out below together with the Manager’s policy for managing these risks.

#### Investing in Financial Derivative Instruments

There are certain investment risks which apply in relation to the use of derivatives. Derivatives may be used to provide protection for an investment or as a cheaper or more liquid alternative for an investment. However, should the Manager’s expectations in employing such techniques and instruments be incorrect, a Fund may suffer a substantial loss, having an adverse effect on the net asset value of shares. Such instruments may cause greater fluctuations of the net asset value of the Fund concerned. Transactions in derivatives are used in the Funds for efficient portfolio management. Derivatives exposure is managed within the investment limits set by the Manager to ensure that the use of derivatives does not materially alter the overall risk profile of the Fund.

#### Market price risk

The Funds are exposed to the risks normally associated with investment in stocks and shares such as general economic conditions, market events or the performance of underlying stocks. As such the prices of and the income generated by the Fund’s securities may go down as well as up and an investor may not get back the full amount invested.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can mitigate market risk.

#### Currency exchange risk

The Funds may invest in securities denominated in currencies other than Sterling. As a result, changes in exchange rates may adversely affect the value of any investment, which will have a related effect on the price of shares.

Currency exchange risk may be mitigated by hedging the exposure through the use of forward currency contracts.

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## **Invesco UK 2 Investment Series (the “Company”)**

### **Notes applicable to the financial statements of all Funds**

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#### **5 Generic Risk Factors** continued

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##### **Custody risk**

The assets owned by each Fund are held on trust for the Fund by a custodian that is also regulated by the Financial Conduct Authority. The Financial Conduct Authority requires that the custodian ensures that there is legal separation of non-cash assets held under custody and that records are maintained that clearly identify the nature and amount of all assets under custody, the ownership of each asset and where the documents of title to that asset are located. In case of a potential bankruptcy of the custodian, cash positions in the Fund are not protected and there may be a delay in regaining full control of the non-cash assets.

##### **Liquidity risk**

The Funds may be affected by a decrease in market liquidity for the securities in which they invest, which may mean that the Funds may not be able to sell some securities at a fair price within a timely manner. In order to mitigate this risk, a substantial proportion of the Fund's assets consist of readily realisable assets.

Furthermore, Invesco monitors liquidity risk for each portfolio against its required minimum liquidity threshold. This includes holding a high enough proportion of assets that can be liquidated quickly and with a limited impact on price, also depending on its actual or hypothetical redemption profile, investment strategy, regulatory framework or contractual obligations. This is done by implementing a monitoring framework focused on Liquidation Size and Liquidation Cost.

Liquidity results are monitored at the Fund level on a daily basis including against internally defined limits.

##### **Counterparty risk**

The Funds may enter into derivatives transactions or place cash in bank deposit accounts, which would expose the Funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Funds could experience delays in liquidating positions and significant losses, including declines in the value of investments during the period in which the Funds seek to enforce its rights, inability to realise any gains on its investments during such period and fees and expenses incurred in enforcing its rights.

In order to mitigate this risk, the Funds conduct trades through reputable counterparties. A diligent process to select and approve a new counterparty, as well as monitoring existing counterparties, is in place. During the approval process, various verifications are performed such as assessing the counterparty's operational capabilities as well as its credit quality. On an ongoing basis, market analysis is reviewed by the firm's trading and credit research teams in order to detect warning signs of a counterparty default. If the firm believes high risk of default exists, the counterparty is removed with immediate effect from the approved counterparty list.

##### **Taking charges from capital**

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ongoing charge as well as other fees and expenses of the Funds may be taken from capital instead of income. The Funds take such fees and expenses from capital in order to manage the level of income paid and/or available to Shareholders. This may result in capital erosion or may constrain capital growth.

##### **Calculation methods of the Risk Exposure**

Following the assessment of the investment policy of each Fund of the Company, Invesco Fund Managers Limited has decided to use Value at Risk (VaR) for the assessment of the global exposure of each Fund.

Value-at-Risk (VaR) is a statistical measurement. It intends to measure the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. All of the positions within the portfolio are taken into account for the VaR calculation, not just derivatives.

Absolute and Relative VaR are calculated daily using a VaR risk model based on a two years historical simulation methodology. This method for calculating VaR contains no standard distribution assumption and assumes that history repeats itself.

# Invesco UK 2 Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

### 5 Generic Risk Factors continued

#### Calculation methods of the Risk Exposure continued

Under the relative VaR approach, the VaR of the Fund is compared to that of a benchmark or reference portfolio. With this approach the choice of benchmark is important and hence the Manager will choose a leverage free benchmark with similar risks to the Fund.

The calculation standards used for the VaR model are in compliance with the provisions in box 15 of ESMA Guidelines on Risk Measurement and the calculation of Global Exposure and Counterparty Risk for UCITS (Ref: 10-788) (“ESMA Guidelines”).

The Absolute VaR of a UCITS cannot be greater than 20% of its NAV. The Relative VaR of a UCITS cannot be more than two times the VaR of the reference portfolio. Invesco Fund Managers Limited monitors that the  $(\text{VaR of the UCITS}) / (2 * \text{VaR of the reference portfolio})$  is not greater than 100%.

The calculation of the Absolute and Relative VaR is carried out in accordance with the following parameters:

- one-tailed confidence interval of 99%;
- holding period equivalent to one month (i.e. 20 business days);
- effective observation period (history) of risk factors of two years;
- daily calculation.

In line with box 25 of ESMA Guidelines, as the Funds use the VaR approach to monitor the global exposure, Invesco Fund Managers Limited calculates the leverage for each Fund on a daily basis, as the sum of the absolute value of the notionals of the derivatives used. With respect to financial derivative instruments which do not have a notional value attached to them, the calculation of the value is based upon the market value of the equivalent position of the underlying asset that is attached to the financial derivative instrument and applied consistently and appropriately.

The average level of leverage figures provided below does not take into account any netting and hedging arrangements that the Funds may have in place at any time even though these netting and hedging arrangements are used for risk reduction purpose.

The table below details the VaR approach for each Fund and, for those Funds utilising the relative VaR methodology, it details the reference portfolio. The table also details the minimum, maximum and average daily VaR utilisation that occurred during the one year period ending 31 March 2020, as well as the daily average level of leverage for each Fund during the one year period ending 31 March 2020.

Fund name	Period of Observation	Global Exposure							Leverage		
		Method used to calculate Global exposure (Commitment, Absolute VaR, Relative VaR)	Method used to calculate VaR		Reference portfolio for using Relative VaR	VaR limits reached for last financial year			VaR limits	Leverage level reached during the financial year (Average levels as a % of NAV, calculated at least twice per month)	Leverage calculation method used
			Type of model (Historical simulation, Monte Carlo)	Parameters (Confidence Interval, holding period, observation period)		Lowest	Highest	Average (based on daily data)			
Invesco Income Fund (UK)	1 April 2019 - 31 March 2020	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	36.5%	51.6%	40.2%	100%	0%	Sum of the Notional of the derivatives
Invesco UK Enhanced Index Fund (UK)	1 April 2019 - 31 March 2020	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share (ex Investments Trusts) Index TR	47.4%	52.1%	49.1%	100%	3%	Sum of the Notional of the derivatives
Invesco UK Strategic Income Fund (UK)	1 April 2019 - 31 March 2020	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	36.9%	54.0%	44.5%	100%	0%	Sum of the Notional of the derivatives

# Invesco UK 2 Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

### 5 Generic Risk Factors continued

#### Calculation methods of the Risk Exposure continued

The table below details the VaR approach for each Fund and, for those Funds utilising the relative VaR methodology, it details the reference portfolio. The table also details the minimum, maximum and average daily VaR utilisation that occurred during the one year period ending 31 March 2019, as well as the daily average level of leverage for each Fund during the one year period ending 31 March 2019.

Fund name	Period of Observation	Global Exposure								Leverage	
		Method used to calculate Global exposure (Commitment, Absolute VaR, Relative VaR)	Method used to calculate VaR		Reference portfolio for using Relative VaR	VaR limits reached for last financial year			VaR limits	Leverage level reached during the financial year  (Average levels as a % of NAV, calculated at least twice per month)	Leverage calculation method used
			Type of model (Historical simulation, Monte Carlo)	Parameters (Confidence Interval, holding period, observation period)		Lowest	Highest	Average (based on daily data)			
Invesco Income Fund (UK)	1 April 2018 - 31 March 2019	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	40.2%	52.0%	45.3%	100%	0%	Sum of the Notional of the derivatives
Invesco UK Enhanced Index Fund (UK)	1 April 2018 - 31 March 2019	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	49.6%	59.7%	54.6%	100%	3%	Sum of the Notional of the derivatives
Invesco UK Strategic Income Fund (UK)	1 April 2018 - 31 March 2019	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	35.4%	48.6%	41.1%	100%	0%	Sum of the Notional of the derivatives

# Invesco UK 2 Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

### 6 Investment Objective and Policy

The investment objective and policy of each Fund can be found on:

Invesco Income Fund (UK)	page 16
Invesco UK Enhanced Index Fund (UK)	page 37
Invesco UK Strategic Income Fund (UK)	page 55

The Funds may also hold cash and near cash assets only to the extent that this may reasonably be regarded as necessary for the pursuit of the Fund's investment objective, to fund redemptions of shares in that Fund, for the efficient management of the Fund in accordance with its investment objective or for other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund. They may also borrow, provided such borrowing is on a temporary basis and does not exceed the limits laid down in the regulations.

### 7 Base Currency

The base currency of the Company is Sterling and is taken to be the ‘functional currency’ of the Company.

### 8 Bank Balances and Overdrafts

Bank balances and overdrafts are held by the Custodian, and are subject to the Custodian's variable credit and debit interest rates respectively.

### 9 Borrowings

The borrowing facilities available to the Company as at 31 March 2020 comprise a bank overdraft facility of up to 10% of the value of the Company (31 March 2019 - 10%).

### 10 Transactions and Balances with Related Parties

Invesco Fund Managers Limited (and its associates), as Manager, is a related party and acts as principal in respect of all transactions in the shares of the Company.

Amounts payable to Invesco Fund Managers Limited in respect of Fund Management Fees are disclosed in note 4, within each Fund. Management fee rebates are disclosed in note 3 within each Fund. Amounts due at the end of the accounting year in relation to the Fund Management Fees are disclosed in note 10 within accrued expenses, within each Fund.

All issued and redeemed shares transacted with the ACD are shown in the Statement of Change in Net Assets Attributable to Shareholders and balances due from and to the ACD are shown in notes 8 and 10 to the financial statements of each Fund.

Invesco Fund Managers Limited and its associates (including other authorised investment companies managed by Invesco Fund Managers Limited) held the following shareholdings in the Funds:

	Held at 31.3.20	Change in year	Held at 31.3.19
Invesco Income Fund (UK) Accumulation shares	1,214,707	1,214,707	-
Invesco Income Fund (UK) Income shares	2,669,605	(393,810)	3,063,415
Invesco UK Enhanced Index Fund (UK) Accumulation shares (No Trail)	-	(837)	837*
Invesco UK Enhanced Index Fund (UK) Z Accumulation shares	-	(1,000)	1,000*
Invesco UK Enhanced Index Fund (UK) Y Accumulation shares	794	-	794
Invesco UK Enhanced Index Fund (UK) Z Income shares	-	(5,000)	5,000*
Invesco UK Enhanced Index Fund (UK) Y Income shares	-	(5,000)	5,000*
Invesco UK Strategic Income Fund (UK) Accumulation shares	5,206,155	(2,297,788)	7,503,943
Invesco UK Strategic Income Fund (UK) Income shares	7,698,791	(5,945,817)	13,644,608
Invesco UK Strategic Income Fund (UK) Y Accumulation shares	13,957,892	(2,618,829)	16,576,721

\* Seed Capital Investment.



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## **Invesco UK 2 Investment Series (the “Company”)**

### Notes applicable to the financial statements of all Funds

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#### **11. Post Balance Sheet Events**

Effective 31 July 2020 the Invesco UK Strategic Income Fund (UK) merged into the Invesco UK Equity Income Fund (UK).

# Invesco Income Fund (UK)

## Investment report for the year

### The Investment Objective and Policy of the Invesco Income Fund (UK)

The Fund aims to achieve a reasonable level of income together with capital growth over the long term (5 years plus). The Fund invests at least 80% of its assets in shares or other equity related securities of companies incorporated, domiciled or carrying out the main part of their economic activity in the UK. In pursuing the Fund's investment objective, the fund manager may consider it appropriate to also invest in other transferable securities (including private and unlisted equities and non UK companies), money-market instruments, collective investment schemes (including funds managed by the Invesco group), deposits and cash. The Fund may use derivatives for efficient portfolio management purposes only, to reduce risk, reduce costs and/or generate additional capital or income.

On the 7 August 2019 there was an update to the Prospectus for the various ICVC funds in light of the FCA's Asset Management Market Study. As part of this update, various changes were implemented regarding the Fund's investment objectives, investment policies, investment strategies and benchmark disclosures, all for clarification purposes only. There has been no changes to the way the Funds are managed as a result of these changes. The updated prospectus is available at [www.invesco.co.uk](http://www.invesco.co.uk). The investment objectives and policies currently shown within these financial statements are those that were in place as at 31 March 2020.

Performance <sup>1</sup> to 31 March 2020	Percentage growth				
	Since 30.9.19 %	Since 31.3.19 %	Since 31.3.17 %	Since 31.3.15 %	Since 31.3.10 %
Invesco Income Fund (UK) (Z Accumulation shares) <sup>2</sup>	-32.44	-33.87	-37.21	-32.17	26.84
IA UK All Companies Sector NR <sup>3</sup>	-22.98	-19.15	-14.56	-1.57	56.15
Fund Ranking	230/239	230/237	220/227	210/214	158/172

Standardised rolling 12 month performance	Percentage growth				
	31.3.15 31.3.16 %	31.3.16 31.3.17 %	31.3.17 31.3.18 %	31.3.18 31.3.19 %	31.3.19 31.3.20 %
Invesco Income Fund (UK) (Z Accumulation shares) <sup>2</sup>	-2.2	10.5	-6.3	1.3	-33.9
IA UK All Companies Sector NR <sup>3</sup>	-2.5	18.1	2.7	2.9	-19.2

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

Fund and sector average performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. This may differ from the performance figure shown on page 19 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 19 is based on the close of business bid price.

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.

- <sup>1</sup> Performance based on the Published Net Asset Value.
- <sup>2</sup> Effective 18 April 2016, the primary share class changed from Income share class to Z Accumulation share class. Performance figures are based on the Z Accumulation share class. As this was launched on 12 November 2012, for the periods prior to this launch date, performance figures are based on the Income share class, without any adjustment for fees.
- <sup>3</sup> This is a Comparator Benchmark. Given its geographic focus the Fund's performance can be compared against the Benchmark. However, the Fund is actively managed and is not constrained by any benchmark.

# Invesco Income Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund fell in value during the year to the end of March 2020, under-performing the IA UK All Companies Sector NR.

Fund and sector average performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. Performance figures are based on the Z Accumulation share class.

Past performance is not a guide to future returns.

It has been a volatile 12 months for the UK equity market, dominated by concerns affecting the outlook for global economic growth. US-China trade relations, Brexit, and domestic politics were huge uncertainties in 2019, but 2020 so far has delivered the market shock that no one could have foreseen. The UK equity market fell in the first quarter of 2020 posting its biggest quarterly drop for more than three decades as the global economic costs of the Covid-19 pandemic continued to mount. Extreme levels of volatility were witnessed on an intraday basis, with swings in prices significantly large enough to impact 12-month returns.

Prior to the pandemic, employment growth in the UK looked set to remain firm, real wages were set to increase further, growth in government spending had picked up and investment spending was likely to strengthen. On this basis, overall rates of economic growth were expected to accelerate throughout the year. As the scale of the pandemic unfolded, however, governments around the world launched unprecedented stimulus measures in March, while central banks cut interest rates to support economic activity in the coming months. The strength and depth of the measures announced by the Chancellor and the Bank of England should provide material support to employment income and bank lending to the real economy.

Looking at the four main themes within the Fund: UK Domestic Value, International Growth Opportunities, Tobacco and Non-Correlated Financials, it follows that a number of companies within the UK Domestic Value theme performed positively over the 12 months. Tesco, Derwent London, Cranswick, Breedon and Whitbread all delivered positive returns, benefiting from the Conservative Party's emphatic election victory in December 2019 and greater clarity around Brexit. However, stocks within the theme which are more heavily exposed to Sterling weakness, or those which have suffered from the impact of the virus, have tended to underperform (Capita, Next).

Some of the better performing stocks also included those within the International Growth Opportunities and Tobacco themes. Tobacco and Oil stocks, for example, tend to be more exposed to international earnings, which means that they are relative beneficiaries of \$US strength (British American Tobacco, Total, and Royal Dutch Shell). The International Growth Opportunities theme also includes HomeServe, a company engaged in providing home emergency, repair and heating installation services, and select health care stocks such as Novo Nordisk and Novartis, which have performed well. Health care is one of only two sectors to have delivered positive returns at the broad market level over the 12-month period. The absence of AstraZeneca and GlaxoSmithKline, however, impacted performance relative to the benchmark. Elsewhere, easyJet and International Consolidated Airlines (IAG) also saw

significant share price falls. The spread of Covid-19 and the measures to contain it have had a significant impact on the share price of the tourism and leisure industry (which includes air travel).

Meanwhile, the Non-Correlated Financials theme has exhibited a particularly wide range of outcomes. The investment platform AJ Bell, a longstanding investment for the Fund, saw strong share price growth, and online trading platform Plus500 performed well due to increased trading on CFDs (contract for difference) by people isolating at home. On the flipside, non-prime lenders such as Provident Financial tended to be weaker.

The Fund's positioning has evolved incrementally over the past year to best reflect the opportunities that the fund manager has seen in the market. It is frustrating that the performance of the Fund has lagged the wider stock market, however the fund manager remains confident in the composition of the Fund and believes that it is crucial, in such times of extreme volatility and somewhat irrational market pricing, that the Fund remains rooted in the fundamental investment process.

The Fund continues to seek to invest in companies that have the potential to achieve both capital growth and sustainable growth in income over time. In investing across the market-cap spectrum, the risk profile of the Fund is diversified, whilst also benefitting from diverse sources of income. The fund manager continues to seek the best opportunities to create a diversified, sustainable flow of dividend income that can grow over time.

### Mark Barnett, Fund Manager

Where Mark Barnett has expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice.

Effective 15 May 2020 Mark Barnett left Invesco, James Goldstone and Ciaran Mallon were appointed as Fund Managers.

The Fund's ten largest investments are	%
British American Tobacco	7.04
BP	6.38
PureTech Health	3.85
Tesco	3.59
Oxford Nanopore Technologies	3.39
Derwent London	3.08
Legal & General	3.02
Next	2.68
Royal Dutch Shell	2.59
Cranswick	2.53

# Invesco Income Fund (UK)

## Investment report for the year

### Comparative tables

Year ended Accumulation shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	3,178.95	3,140.89	3,385.25
Return before operating charges*	(949.08)	92.12	(188.01)
Operating charges	(50.77)	(54.06)	(56.35)
Return after operating charges	(999.85)	38.06	(244.36)
Distributions	(111.09)	(114.96)	(109.92)
Retained distributions on accumulation shares	111.09	114.96	109.92
<b>Closing net asset value per share</b>	<b>2,179.10</b>	<b>3,178.95</b>	<b>3,140.89</b>
*After direct transaction costs of	(3.46)	(2.57)	(2.97)
<b>Performance</b>			
Return after charges	(31.45%)	1.21%	(7.22%)
<b>Other information</b>			
Closing net asset value (£'000)	688,313	1,393,719	1,891,056
Closing number of shares	31,587,102	43,842,078	60,207,580
Operating charges	1.66%	1.66%	1.66%
Direct transaction costs	0.11%	0.08%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	3,269.90	3,429.56	3,562.99
Lowest share price	1,934.77	2,997.13	3,107.99

Year ended Accumulation shares (No Trail)	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	177.67	174.67	187.31
Return before operating charges*	(53.27)	5.11	(10.46)
Operating charges	(1.99)	(2.11)	(2.18)
Return after operating charges	(55.26)	3.00	(12.64)
Distributions	(6.23)	(6.41)	(6.10)
Retained distributions on accumulation shares	6.23	6.41	6.10
<b>Closing net asset value per share</b>	<b>122.41</b>	<b>177.67</b>	<b>174.67</b>
*After direct transaction costs of	(0.19)	(0.14)	(0.16)
<b>Performance</b>			
Return after charges	(31.10%)	1.72%	(6.75%)
<b>Other information</b>			
Closing net asset value (£'000)	91,358	95,562	140,300
Closing number of shares	74,633,605	53,786,968	80,324,928
Operating charges	1.16%	1.16%	1.16%
Direct transaction costs	0.11%	0.08%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	182.79	191.04	197.32
Lowest share price	108.66	167.29	172.82

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

# Invesco Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Accumulation shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	314.28	308.19	329.68
Return before operating charges*	(94.46)	9.01	(18.47)
Operating charges	(2.76)	(2.92)	(3.02)
Return after operating charges	(97.22)	6.09	(21.49)
Distributions	(11.04)	(11.34)	(10.75)
Retained distributions on accumulation shares	11.04	11.34	10.75
<b>Closing net asset value per share</b>	<b>217.06</b>	<b>314.28</b>	<b>308.19</b>
*After direct transaction costs of	(0.34)	(0.25)	(0.29)
<b>Performance</b>			
Return after charges	(30.93%)	1.98%	(6.52%)
<b>Other information</b>			
Closing net asset value (£'000)	149,155	289,207	361,939
Closing number of shares	68,715,030	92,023,288	117,440,679
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.11%	0.08%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	323.38	337.36	347.44
Lowest share price	192.68	295.73	304.91

Year ended Y Accumulation shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	238.47	233.73	249.91
Return before operating charges*	(71.70)	6.83	(14.02)
Operating charges	(1.98)	(2.09)	(2.16)
Return after operating charges	(73.68)	4.74	(16.18)
Distributions	(8.38)	(8.60)	(8.15)
Retained distributions on accumulation shares	8.38	8.60	8.15
<b>Closing net asset value per share</b>	<b>164.79</b>	<b>238.47</b>	<b>233.73</b>
*After direct transaction costs of	(0.26)	(0.19)	(0.22)
<b>Performance</b>			
Return after charges	(30.90%)	2.03%	(6.47%)
<b>Other information</b>			
Closing net asset value (£'000)	197,914	473,478	595,525
Closing number of shares	120,100,464	198,551,883	254,791,348
Operating charges	0.86%	0.86%	0.86%
Direct transaction costs	0.11%	0.08%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	245.38	255.90	263.39
Lowest share price	146.27	224.36	231.24

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

# Invesco Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Income shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	1,572.49	1,609.49	1,794.16
Return before operating charges*	(460.56)	48.82	(97.28)
Operating charges	(24.86)	(27.44)	(29.60)
Return after operating charges	(485.42)	21.38	(126.88)
Distributions	(54.46)	(58.38)	(57.79)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>1,032.61</b>	<b>1,572.49</b>	<b>1,609.49</b>
*After direct transaction costs of	(1.69)	(1.30)	(1.56)
<b>Performance</b>			
Return after charges	(30.87%)	1.33%	(7.07%)
<b>Other information</b>			
Closing net asset value (£'000)	247,348	509,857	639,664
Closing number of shares	23,953,618	32,423,581	39,743,276
Operating charges	1.66%	1.66%	1.66%
Direct transaction costs	0.11%	0.08%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	1,617.42	1,757.39	1,888.42
Lowest share price	937.80	1,506.11	1,617.69

Year ended Income shares (No Trail)	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	115.69	117.83	130.69
Return before operating charges*	(34.04)	3.56	(7.13)
Operating charges	(1.28)	(1.41)	(1.51)
Return after operating charges	(35.32)	2.15	(8.64)
Distributions	(4.02)	(4.29)	(4.22)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>76.35</b>	<b>115.69</b>	<b>117.83</b>
*After direct transaction costs of	(0.12)	(0.10)	(0.11)
<b>Performance</b>			
Return after charges	(30.53%)	1.82%	(6.61%)
<b>Other information</b>			
Closing net asset value (£'000)	37,765	18,969	85,767
Closing number of shares	49,460,004	16,396,607	72,791,492
Operating charges	1.16%	1.16%	1.16%
Direct transaction costs	0.11%	0.08%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	119.02	128.87	137.67
Lowest share price	69.33	110.66	118.41

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

# Invesco Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Income shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	253.95	257.99	285.44
Return before operating charges*	(74.88)	7.79	(15.62)
Operating charges	(2.21)	(2.42)	(2.59)
Return after operating charges	(77.09)	5.37	(18.21)
Distributions	(8.84)	(9.41)	(9.24)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>168.02</b>	<b>253.95</b>	<b>257.99</b>
*After direct transaction costs of	(0.27)	(0.21)	(0.25)
<b>Performance</b>			
Return after charges	(30.36%)	2.08%	(6.38%)
<b>Other information</b>			
Closing net asset value (£'000)	56,138	181,063	277,395
Closing number of shares	33,410,813	71,298,264	107,520,835
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.11%	0.08%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	261.30	282.41	300.82
Lowest share price	152.56	242.76	259.26

Year ended Y Income shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	199.35	202.42	223.84
Return before operating charges*	(58.80)	6.12	(12.25)
Operating charges	(1.64)	(1.80)	(1.92)
Return after operating charges	(60.44)	4.32	(14.17)
Distributions	(6.94)	(7.39)	(7.25)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>131.97</b>	<b>199.35</b>	<b>202.42</b>
*After direct transaction costs of	(0.22)	(0.16)	(0.20)
<b>Performance</b>			
Return after charges	(30.32%)	2.13%	(6.33%)
<b>Other information</b>			
Closing net asset value (£'000)	99,995	256,327	320,421
Closing number of shares	75,771,732	128,580,397	158,295,085
Operating charges	0.86%	0.86%	0.86%
Direct transaction costs	0.11%	0.08%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	205.12	221.61	235.93
Lowest share price	119.82	190.54	203.41

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.



# Invesco Income Fund (UK)

## Investment report for the year

### Portfolio Statement (Unaudited) as at 31 March 2020

#### Investment

	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Denmark 2.49% (31.3.19 - 0.00%)</b>			
<b>Financials 2.49% (31.3.19 - 0.00%)</b>			
Eurotrust <sup>1</sup>	4,155,000	-	0.00
Novo Nordisk 'B'	806,777	39,015	2.49
<b>France 1.99% (31.3.19 - Nil)</b>			
<b>Oil &amp; Gas 1.99% (31.3.19 - Nil)</b>			
Total	998,385	31,152	1.99
<b>Germany 0.00% (31.3.19 - 0.00%)</b>			
<b>Financials 0.00% (31.3.19 - 0.00%)</b>			
Speymill Deutsche Immobilien <sup>1</sup>	14,588,469	-	0.00
<b>Guernsey 1.84% (31.3.19 - 2.64%)</b>			
<b>Industrials 0.29% (31.3.19 - 1.04%)</b>			
Amedeo Air Four Plus	12,710,658	4,576	0.29
<b>Financials 1.55% (31.3.19 - 1.60%)</b>			
Sherborne Investors	38,879,573	10,731	0.69
Triam Investors	14,719,465	13,542	0.86
<b>Israel Nil (31.3.19 - 0.36%)</b>			
<b>Financials Nil (31.3.19 - 0.36%)</b>			
<b>Norway Nil (31.3.19 - 0.43%)</b>			
<b>Industrials Nil (31.3.19 - 0.43%)</b>			
<b>Switzerland 1.75% (31.3.19 - 0.00%)</b>			
<b>Health Care 1.75% (31.3.19 - 0.00%)</b>			
Novartis	413,110	27,489	1.75
<b>United Kingdom 84.49% (31.3.19 - 91.78%)</b>			
<b>Oil &amp; Gas 8.97% (31.3.19 - 8.34%)</b>			
BP	29,133,034	100,057	6.38
Royal Dutch Shell 'A' (UK Regd.)	772,687	10,964	0.70
Royal Dutch Shell 'B' (UK Regd.)	2,177,041	29,599	1.89
<b>Industrials 7.60% (31.3.19 - 11.33%)</b>			
Babcock International	6,526,967	24,966	1.59
Breedon	49,397,002	32,997	2.11
Capita	35,528,006	11,618	0.74
G4S	16,589,317	15,305	0.98
HomeServe	2,673,296	28,284	1.80
Stobart	12,703,197	6,021	0.38
<b>Consumer Goods 11.95% (31.3.19 - 10.10%)</b>			
British American Tobacco	4,006,029	110,446	7.04
Countryside Properties	5,758,789	16,413	1.05
Cranswick	1,071,914	39,639	2.53
Nexeon <sup>1</sup>	184,981	786	0.05
Victoria	9,632,606	20,132	1.28
<b>Health Care 3.78% (31.3.19 - 4.98%)</b>			
Cell Medica 'A' pref. <sup>1</sup>	727,272	36	0.00
Cell Medica 'B' pref. <sup>1</sup>	261,841	26	0.00
Cell Medica 'C' pref. <sup>1</sup>	549,507	121	0.01
Flarin 'B' <sup>1</sup>	368,980	417	0.03
infirst 'D' <sup>1</sup>	270,340	-	0.00
infirst 'D-1' <sup>1</sup>	13,461	-	0.00
infirst Pref. <sup>1</sup>	368,980	1,288	0.08
Lamellar Biomedical <sup>1</sup>	39,090	103	0.01
Mereo Biopharma	4,774,898	859	0.05
Open Orphan	19,612,195	1,216	0.08
Oxford Nanopore Technologies <sup>1</sup>	1,142,539	53,128	3.39
PsiOxus Therapeutics 'A' pref. <sup>1</sup>	40,832	1,129	0.07
PsiOxus Therapeutics 'B-1' pref. <sup>1</sup>	21,213	609	0.04
PsiOxus Therapeutics 'B-2' pref. <sup>1</sup>	10,101	323	0.02

# Invesco Income Fund (UK)

## Investment report for the year

### Portfolio Statement (Unaudited) continued as at 31 March 2020

#### Investment

#### Consumer Services 11.40% (31.3.19 - 9.19%)

	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Card Factory	21,709,522	7,129	0.45
easyJet	3,744,675	21,382	1.36
International Consolidated Airlines (UK Regd.)	6,335,091	13,627	0.87
ITWP Acquisitions <sup>1</sup>	2,722,975,639	11,709	0.75
Next	1,032,627	42,049	2.68
Supponor <sup>1</sup>	113,677	-	0.00
Tesco	24,620,532	56,283	3.59
Time out	23,695,818	8,294	0.53
Whitbread	604,888	18,328	1.17

#### Support Services 0.50% (31.3.19 - 0.00%)

Redde Northgate	5,632,528	7,829	0.50
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#### Telecommunications 1.89% (31.3.19 - 2.57%)

BT	25,116,141	29,612	1.89
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#### Utilities 3.39% (31.3.19 - 1.50%)

Drax	11,032,918	16,958	1.08
National Grid	681,081	6,444	0.41
SSE	2,278,123	29,707	1.90

#### Financials 34.80% (31.3.19 - 43.42%)

AJ Bell	9,066,765	28,107	1.79
Allied Minds	14,169,868	3,649	0.23
Aviva	9,633,334	25,856	1.65
Beazley	6,699,365	26,128	1.67
Biopharma Credit	36,511,832	25,913	1.65
British Land	8,593,178	28,890	1.84
Burford Capital	4,865,974	20,359	1.30
Cambridge Innovation Capital <sup>1</sup>	4,344,506	3,845	0.24
Crystal Amber Fund	6,932,423	4,021	0.26
Derwent London	1,477,228	48,276	3.08
Draper Esprit	4,101,943	14,439	0.92
Eurovestech <sup>1</sup>	38,819,368	1,390	0.09
Hiscox	2,065,963	19,110	1.22
IP	47,595,205	23,798	1.52
Lancashire	5,035,455	31,170	1.99
Land Securities	1,776,039	9,878	0.63
Legal & General	24,468,502	47,420	3.02
Marwyn Value Investors	6,484,199	4,733	0.30
NewRiver REIT	12,513,673	7,471	0.48
Ombu 'D' pref. <sup>1</sup>	43,816	2,140	0.14
Ombu pref. <sup>1</sup>	223,482	12,452	0.79
Ombu <sup>1</sup>	1,056,081	-	0.00
Pollen Street Secured Lending	5,233,818	36,532	2.33
Provident Financial	8,735,818	18,939	1.21
PRS REIT	27,966,274	20,695	1.32
Raven Property	52,104,597	16,465	1.05
Raven Property 6.5% pref.	5,877,193	4,114	0.26
Raven property pref.	14,897,481	13,408	0.85
Royal Bank of Scotland	21,748,351	24,554	1.57
Safe Harbour	2,361,111	3,069	0.20
Secure Income REIT	5,864,920	18,826	1.20
Wilmcote	4,062,500	81	0.00

#### Technology 0.21% (31.3.19 - 0.35%)

Mercia Technologies	21,304,997	3,238	0.21
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#### United States 8.03% (31.3.19 - 4.88%)

#### Basic Materials 0.00% (31.3.19 - 0.01%)

Xyleco 'A' <sup>1</sup>	18,038,631	-	0.00
Xyleco 'B' <sup>1</sup>	6,012,877	-	0.00

#### Health Care 7.38% (31.3.19 - 4.29%)

Evoform Biosciences	4,148,940	17,935	1.14
Gelesis Income Series 2 <sup>1</sup>	869,031	6,926	0.44
Gelesis Income Series 3 <sup>1</sup>	212,836	2,974	0.19
Immunoscience <sup>1</sup>	8,016,712	-	0.00

## Invesco Income Fund (UK)

### Investment report for the year

#### Portfolio Statement (Unaudited) continued as at 31 March 2020

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Health Care</b> continued			
Oxford Immunotec	2,091,285	15,517	0.99
PureTech Health	25,161,171	60,387	3.85
Vedanta Biosciences <sup>1</sup>	485,651	8,243	0.53
Vedanta Biosciences 'C' pref. <sup>1</sup>	220,751	3,747	0.24
<b>Financials 0.40% (31.3.19 - 0.46%)</b>			
Eight Africa Fund 'A' <sup>1</sup>	21,649,470	6,242	0.40
<b>Technology 0.25% (31.3.19 - 0.12%)</b>			
Spin Transfer Technologies <sup>1</sup>	1,864,286	3,982	0.25
<b>Portfolio of investments (31.3.19 - 100.09%)</b>		<b>1,577,257</b>	<b>100.59</b>
<b>Net other liabilities (31.3.19 - (0.09%))</b>		<b>(9,271)</b>	<b>(0.59)</b>
<b>Net assets</b>		<b>1,567,986</b>	<b>100.00</b>

Unless otherwise stated, all holdings are on an official stock exchange listing or are permitted collective investment schemes.

<sup>1</sup> Unquoted securities - for the year ended 31 March 2020 these amount to 7.76% (31 March 2019 - 4.95%) of the Net Asset Value of the Fund.

#### Portfolio Statement Breakdown as at 31 March 2020

	Market value 31.3.20 £'000	Percentage of total net assets 31.3.20 %	Market value 31.3.19 £'000	Percentage of total net assets 31.3.19 %
Quoted securities	1,455,641	92.83	3,061,620	95.14
Unquoted securities	121,616	7.76	159,345	4.95
Portfolio of investments	1,577,257	100.59	3,220,965	100.09
Net other liabilities	(9,271)	(0.59)	(2,783)	(0.09)
<b>Net assets</b>	<b>1,567,986</b>	<b>100.00</b>	<b>3,218,182</b>	<b>100.00</b>

# Invesco Income Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 April 2019 to 31 March 2020

	Cost £'000
<b>Total purchases</b>	<b>448,382</b>
<b>Largest purchases:</b>	
<b>Denmark</b>	
Novo Nordisk 'B'	35,469
<b>France</b>	
Total	44,001
<b>Guernsey</b>	
Hipgnosis Songs Fund	8,575
<b>Switzerland</b>	
Novartis	29,621
<b>United Kingdom</b>	
SSE	34,358
International Consolidated Airlines (UK Regd.)	31,852
Royal Dutch Shell 'B' (UK Regd.)	28,037
Amigo	26,205
Whitbread	24,229
Countryside Properties	22,764
Royal Bank of Scotland	20,159
British American Tobacco	17,557
Land Securities	16,064
Tesco	14,569
infirst Pref.	11,804
BP	8,330
Time out	8,230
Aviva	7,698
National Grid	6,239
Wilmcote	4,634

	Proceeds £'000
<b>Total sales</b>	<b>1,266,973</b>
<b>Largest sales:</b>	
<b>United Kingdom</b>	
AJ Bell	124,472
BCA Marketplace	92,008
Summit Germany	56,347
Imperial Brands	55,525
BTG	53,260
Royal Dutch Shell 'A' (UK Regd.)	47,728
Derwent London	44,213
Honeycomb Investment Trust	37,802
Next	37,458
Cranswick	34,885
HomeServe	32,377
British American Tobacco	28,649
TalkTalk Telecom	24,065
Breedon	23,698
IP	23,658
Biopharma Credit	22,250
Aviva	21,787
Tesco	21,559
Secure Income REIT	20,813
<b>United States</b>	
Alkermes	22,811

## Invesco Income Fund (UK)

### Financial statements

<b>Statement of Total Return</b> for the year 1 April 2019 to 31 March 2020			<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
	<b>Notes</b>		<b>£'000</b>	<b>£'000</b>
<b>Income</b>				
Net capital (losses)/gains	2		(821,144)	12,589
Revenue	3		100,634	138,769
Expenses	4		(37,250)	(52,199)
Interest payable and similar charges	5		(24)	(54)
Net revenue before taxation			63,360	86,516
Taxation	6		(1,298)	(817)
Net revenue after taxation			62,062	85,699
<b>Total return before distributions</b>			<b>(759,082)</b>	<b>98,288</b>
Distributions	7		(97,723)	(136,125)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(856,805)</b>	<b>(37,837)</b>

<b>Statement of Change in Net Assets Attributable to Shareholders</b> for the year 1 April 2019 to 31 March 2020			<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
			<b>£'000</b>	<b>£'000</b>
<b>Opening net assets attributable to Shareholders</b>			<b>3,218,182</b>	<b>4,312,067</b>
Amounts received on issue of shares			16,391	17,046
Amounts paid on redemption of shares			(877,918)	(1,165,248)
			(861,527)	(1,148,202)
Dilution adjustment			3,658	4,854
Change in net assets attributable to Shareholders from investment activities			(856,805)	(37,837)
Retained distribution on accumulation shares			64,432	87,247
Unclaimed distribution monies			46	53
<b>Closing net assets attributable to Shareholders</b>			<b>1,567,986</b>	<b>3,218,182</b>

## Invesco Income Fund (UK)

### Financial statements

<b>Balance Sheet</b>			31.3.20	31.3.19
as at 31 March 2020			£'000	£'000
	Notes	£'000	£'000	£'000
<b>Assets</b>				
Fixed assets				
Investments		1,577,257		3,220,965
Current assets				
Debtors	8	35,730		12,236
Cash and bank balances	9	374		13,667
Total other assets		36,104		25,903
Total assets		1,613,361		3,246,868
<b>Liabilities</b>				
Investment liabilities			-	-
Creditors				
Bank overdrafts		1,324		-
Distribution payable		10,087		15,356
Other creditors	10	33,964		13,330
Total other liabilities		45,375		28,686
Total liabilities		45,375		28,686
<b>Net assets attributable to Shareholders</b>		<b>1,567,986</b>		<b>3,218,182</b>

# Invesco Income Fund (UK)

## Notes to the financial statements

Refer to pages 06 to 15 for notes applicable to the financial statements of all Funds.

### 1 Accounting Policies

The Fund's Accounting Policies, Distribution Policies and Generic Risk Factors are set out on pages 06 to 13.

<b>2 Net capital (losses)/gains</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Foreign currency losses	(317)	(52)
Forward currency contracts	114	-
Non-derivative securities	(820,941)	12,641
Net capital (losses)/gains	(821,144)	12,589

<b>3 Revenue</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Bank interest	32	12
Interest distributions from authorised Funds	6,652	12,873
Management fee rebates	202	211
Non-taxable overseas dividends	16,150	16,068
Taxable overseas dividends	4,840	2,632
UK dividends	63,734	97,874
UK REIT dividends	9,024	9,099
	100,634	138,769

<b>4 Expenses</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	37,250	52,199
	37,250	52,199
<b>Total expenses</b>	<b>37,250</b>	<b>52,199</b>

<sup>1</sup> Total audit fees of £35,300 (2019 - £34,860) exclusive of VAT payable to the auditors for the year ended 31 March 2020 are borne out of the Fund Management Fee.



# Invesco Income Fund (UK)

## Notes to the financial statements

<b>5 Interest payable and similar charges</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Interest	24	54

<b>6 Taxation</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
<b>a) Analysis of charge for the year</b>		
Overseas tax	1,298	817
Total tax charge	1,298	817

There is no corporation tax charge for the year (2019 - Nil).

### b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2019 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Net revenue before taxation	63,360	86,516
Corporation tax at 20% (2019 -20%)	12,672	17,303
Effects of:		
Movement in excess expenses	3,383	5,505
Overseas tax	1,298	817
Prior year adjustment	(22)	(19)
Relief on overseas tax expensed	(56)	-
Revenue not subject to tax	(15,977)	(22,789)
Total tax charge	1,298	817

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

### c) Deferred tax

At the year end the Fund had surplus management expenses of £1,279,555,000 (2019 - £1,262,641,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £255,911,000 (2019 - £252,528,000) has not been recognised.

<b>7 Distributions</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Accumulations and distributions paid 30 November 2019	55,626	76,061
Accumulations and distributions payable 31 May 2020	35,269	50,614
	90,895	126,675
Amounts deducted on redemption of shares	8,555	11,378
Amounts received on issue of shares	(1,727)	(1,928)
	97,723	136,125
The distributable amount has been calculated as follows:		
Net revenue after taxation	62,062	85,699
Fund Management Fee taken to capital	37,250	52,199
Tax relief on expenses taken to capital	(1,513)	(1,771)
Equalisation on conversions	(76)	(2)
	97,723	136,125

## Invesco Income Fund (UK)

### Notes to the financial statements

<b>8 Debtors</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Accrued revenue	3,199	6,242
Amounts receivable for issue of shares	18	-
Foreign currency contracts awaiting settlement	304	-
Overseas tax recoverable	869	590
Sales awaiting settlement	31,340	5,404
	<b>35,730</b>	<b>12,236</b>

<b>9 Cash and bank balances</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Cash and bank balances	374	13,667

<b>10 Other creditors</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Accrued expenses	2,074	3,783
Amounts payable for redemption of shares	4,230	9,527
Foreign currency contracts awaiting settlement	302	-
Purchases awaiting settlement	27,358	20
	<b>33,964</b>	<b>13,330</b>

#### **11 Commitments, contingent liabilities and contingent assets**

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2019 - Nil).

#### **12 Related parties**

Related party interests in the Fund are disclosed in note 10 of the notes applicable to the financial statements of all Funds on page 14. Amounts payable to Invesco Fund Managers Limited in respect of Fund Management Fees are disclosed in note 4. Amounts due at the end of the accounting year for Fund Management Fees of £2,074,000 (2019 - £3,783,000) are disclosed in note 10 within accrued expenses.

#### **13 Generic Risk factors**

As one of the key objectives of the Fund is to provide income, the Manager's ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth.

The Fund may invest in private and unlisted equities which may involve additional risks such as lack of liquidity, lack of pricing transparency, less readily available information on the company and concentrated ownership. These investments may result in greater fluctuations of the value of the Fund. The Manager, however, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Fund.

The Fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of their investments, reduce the costs of investing and/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 risk factors relating to the Fund are discussed more fully in note 5 of the notes applicable to the financial statements of all Funds on pages 10 to 13.

#### **a) Counterparty risk**

The Fund was not exposed to any counterparty risk as at the balance sheet date (2019 - Nil).

# Invesco Income Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors continued

#### b) Valuation of financial instruments

The categorisation of financial instruments in the tables below reflect the basis of valuation of instruments used to measure their fair value.

	Assets £'000	Liabilities £'000
<b>31.3.20</b>		
Level 1: Quoted prices	1,455,641	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	121,616	-
	<b>1,577,257</b>	<b>-</b>
<b>31.3.19</b>		
Level 1: Quoted prices	3,061,620	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	159,345	-
	<b>3,220,965</b>	<b>-</b>

The majority of financial instruments are classified as level 1: Quoted prices. Instruments classified as level 3: Unobservable data mainly comprise non-market traded and unquoted securities.

Generally for the non-market traded and unquoted securities, where there is no price source from an active market for an investment, the Manager has applied judgement in determining the fair value. The Manager has used several valuation methodologies as prescribed in the International Private Equity and Venture Capital valuation guidelines to arrive at their best estimate of fair value. Valuation techniques used by the Manager are set out in Accounting Policies note 1 (i). The fair value is established by using measures of value such as:

- Price of recent transactions – Management determine the fair value based on the price of recent transactions made by management or a third party.
- Milestone analysis – Management assess the investment company's progress against milestones expected at the time of investment in order to determine whether an adjustment is required to the transaction price to determine fair value.
- Multiples – Earnings or Revenue multiples are selected from comparable public companies based on geographic location, industry, size, risk profile, earnings growth prospects, target markets and other factors that management consider reasonable. A discount for lack of liquidity may then be applied to represent the adjustment to comparable company multiples to reflect the illiquidity of the portfolio companies relative to the comparable peer group. Management determines the discount for lack of liquidity based on its judgement, after considering market liquidity conditions and company specific factors such as the development stage of the portfolio company. One of the most common forms of multiples used for cash generating companies are EV/EBITDA multiples as EBITDA is generally seen to represent a good proxy for free cash flow. These are applied where appropriate based on the development of underlying portfolio companies but other multiples such as EV/Revenue may also be considered.
- Net assets – Management determine the fair value based on the net asset value of the underlying portfolio company.

In applying the above valuation techniques in arriving at the fair value the Manager has assessed any further information available from internal and external sources to arrive at an estimated fair value, which includes but is not limited to the following:

- Reference to listed securities of the same company.
- Consideration of seniority of the securities held and terms of repayment upon realisation.
- Consideration of any trading restrictions on the investment company's shares that would limit Invesco's ability to realise its holding.
- Consideration of any outstanding payments to be made by Invesco.
- Industry statistics or events (such as mergers and acquisitions).

## Invesco Income Fund (UK)

### Notes to the financial statements

#### 14 Portfolio transaction costs

for the year 1 April 2019 to 31 March 2020

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	438,192	204	0.05	1,410	0.32
Collective investment schemes	8,576	-	-	-	-
<b>Total purchases</b>	<b>446,768</b>	<b>204</b>		<b>1,410</b>	
<b>Total purchases including transaction costs</b>	<b>448,382</b>				
	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Sales (excluding derivatives)</b>					
Equity instruments	1,158,059	565	0.05	774	0.07
Collective investment schemes	110,353	100	0.09	-	-
<b>Total sales</b>	<b>1,268,412</b>	<b>665</b>		<b>774</b>	
<b>Total sales net of transaction costs</b>	<b>1,266,973</b>				
<b>Derivative transaction costs</b>		<b>-</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>869</b>		<b>2,184</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.08%</b>	

# Invesco Income Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued

for the year 1 April 2018 to 31 March 2019

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	344,250	138	0.04	880	0.26
Collective investment schemes	20,880	-	-	4	0.02
<b>Total purchases</b>	<b>365,130</b>	<b>138</b>		<b>884</b>	
<b>Total purchases including transaction costs</b>	<b>366,152</b>				
	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Sales (excluding derivatives)</b>					
Equity instruments	1,441,783	884	0.06	1,117	0.08
Collective investment schemes	25,156	17	0.07	-	-
<b>Total sales</b>	<b>1,466,939</b>	<b>901</b>		<b>1,117</b>	
<b>Total sales net of transaction costs</b>	<b>1,464,921</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>1,039</b>		<b>2,001</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.05%</b>	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares, there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments, cash and short-term collective investment schemes utilised as part of a daily sweep to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying Funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.96% (2019 - 0.70%).

## Invesco Income Fund (UK)

### Notes to the financial statements

#### 15 Share movement

for the year 1 April 2019 to 31 March 2020

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	43,842,078	53,786,968	92,023,288	198,551,883
Shares issued	20,691	15,339	117,317	-
Shares redeemed	(9,201,252)	(26,055,807)	(26,864,507)	(79,807,655)
Shares converted	(3,074,415)	46,887,105	3,438,932	1,356,236
<b>Closing shares</b>	<b>31,587,102</b>	<b>74,633,605</b>	<b>68,715,030</b>	<b>120,100,464</b>

	Income shares	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	32,423,581	16,396,607	71,298,264	128,580,397
Shares issued	1,044,479	19,992	4,811	163,074
Shares redeemed	(6,290,177)	(7,219,187)	(39,331,413)	(53,053,732)
Shares converted	(3,224,265)	40,262,592	1,439,151	81,993
<b>Closing shares</b>	<b>23,953,618</b>	<b>49,460,004</b>	<b>33,410,813</b>	<b>75,771,732</b>

#### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 15.

# Invesco Income Fund (UK)

## Distribution tables

### Distribution tables

for the year 1 April 2019 to 31 March 2020

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 30.11.19 pence per share	Net distribution paid 30.11.18 pence per share
<b>Distribution paid 30 November 2019</b>				
<b>Accumulation shares</b>				
Group 1	62.3831	-	62.3831	65.1674
Group 2	31.7959	30.5872	62.3831	65.1674
<b>Accumulation shares (No Trail)</b>				
Group 1	3.4947	-	3.4947	3.6328
Group 2	2.2455	1.2492	3.4947	3.6328
<b>Z Accumulation shares</b>				
Group 1	6.1895	-	6.1895	6.4241
Group 2	3.3111	2.8784	6.1895	6.4241
<b>Y Accumulation shares</b>				
Group 1	4.6976	-	4.6976	4.8740
Group 2	2.7138	1.9838	4.6976	4.8740
<b>Income shares</b>				
Group 1	30.8570	-	30.8570	33.3931
Group 2	16.7947	14.0623	30.8570	33.3931
<b>Income shares (No Trail)</b>				
Group 1	2.2758	-	2.2758	2.4505
Group 2	1.3846	0.8912	2.2758	2.4505
<b>Z Income shares</b>				
Group 1	5.0013	-	5.0013	5.3767
Group 2	2.5917	2.4096	5.0013	5.3767
<b>Y Income shares</b>				
Group 1	3.9269	-	3.9269	4.2208
Group 2	2.3049	1.6220	3.9269	4.2208

Group 1: shares purchased prior to 1 April 2019

Group 2: shares purchased on or after 1 April 2019



## Invesco Income Fund (UK)

### Distribution tables

**Distribution tables** continued  
for the year 1 April 2019 to 31 March 2020

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 31.5.20 pence per share	Net distribution paid 31.5.19 pence per share
<b>Distribution payable 31 May 2020</b>				
<b>Accumulation shares</b>				
Group 1	48.7034	-	48.7034	49.7927
Group 2	17.1819	31.5215	48.7034	49.7927
<b>Accumulation shares (No Trail)</b>				
Group 1	2.7357	-	2.7357	2.7793
Group 2	0.7183	2.0174	2.7357	2.7793
<b>Z Accumulation shares</b>				
Group 1	4.8510	-	4.8510	4.9172
Group 2	2.4776	2.3734	4.8510	4.9172
<b>Y Accumulation shares</b>				
Group 1	3.6826	-	3.6826	3.7309
Group 2	1.7795	1.9031	3.6826	3.7309
<b>Income shares</b>				
Group 1	23.6071	-	23.6071	24.9883
Group 2	16.3627	7.2444	23.6071	24.9883
<b>Income shares (No Trail)</b>				
Group 1	1.7456	-	1.7456	1.8387
Group 2	0.4350	1.3106	1.7456	1.8387
<b>Z Income shares</b>				
Group 1	3.8410	-	3.8410	4.0372
Group 2	1.9482	1.8928	3.8410	4.0372
<b>Y Income shares</b>				
Group 1	3.0166	-	3.0166	3.1684
Group 2	1.5297	1.4869	3.0166	3.1684

Group 1: shares purchased prior to 1 October 2019  
Group 2: shares purchased on or after 1 October 2019

Equalisation applies only to shares purchased during the distribution period (Group 2). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of shares for capital gains purposes.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### The Investment Objective and Policy of the Invesco UK Enhanced Index Fund (UK)

The Fund aims to achieve capital growth and outperform the FTSE All Share ex Investment Trusts Index net of fees (the "Benchmark") over a rolling 5 year period. The Fund invests at least 80% of its assets in shares or other equity related securities of companies incorporated, domiciled or carrying out the main part of their economic activity in the UK. There is no guarantee that the Fund will achieve its target and an investor may not get back the amount invested. In pursuing the Fund's investment objective, the fund manager may consider it appropriate to also invest in other transferable securities (including non UK companies), money-market instruments, collective investment schemes (including funds managed by the Invesco group), deposits and cash. The Fund may use derivatives for efficient portfolio management purposes only, to reduce risk, reduce costs and/or generate additional capital or income.

On the 7 August 2019 there was an update to the Prospectus for the various ICVC funds in light of the FCA's Asset Management Market Study. As part of this update, various changes were implemented regarding the Fund's investment objectives, investment policies, investment strategies and benchmark disclosures, all for clarification purposes only. There has been no changes to the way the Funds are managed as a result of these changes. The updated prospectus is available at [www.invesco.co.uk](http://www.invesco.co.uk). The investment objectives and policies currently shown within these financial statements are those that were in place as at 31 March 2020.

Performance <sup>1</sup> to 31 March 2020	Since 30.9.19	Since 31.3.19	Since 31.3.17	Percentage growth	
	%	%	%	Since 31.3.15	Since 31.3.10
Invesco UK Enhanced Index Fund (UK) (Z Accumulation shares) <sup>2</sup>	-23.55	-20.31	-12.35	2.42	63.14
FTSE All-Share (ex Investment Trusts) Index TR <sup>3</sup>	-22.49	-18.96	-13.07	1.64	51.40

Standardised rolling 12 month performance	31.3.15 31.3.16	31.3.16 31.3.17	31.3.17 31.3.18	Percentage growth	
	%	%	%	31.3.18 31.3.19	31.3.19 31.3.20
Invesco UK Enhanced Index Fund (UK) (Z Accumulation shares) <sup>2</sup>	-4.0	21.7	5.0	4.8	-20.3
FTSE All-Share (ex Investment Trusts) Index TR <sup>3</sup>	-4.0	21.8	1.0	6.2	-19.0

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.invesco.co.uk](http://www.invesco.co.uk) or by contacting us.

Fund performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. This may differ from the performance figure shown on page 39 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 39 is based on the close of business bid price. FTSE All-Share (ex Investment Trusts) Index TR<sup>2</sup> data source: Lipper, 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.

<sup>1</sup> Performance based on the Published Net Asset Value.

<sup>2</sup> Effective 28 July 2016, the primary share class changed from Accumulation share (No Trail) class to Z Accumulation share class. Performance figures are based on the Z Accumulation share class. As this was launched on 28 July 2016, for the periods prior to this launch date, performance figures are based on the Accumulation share (No Trail) class, without any adjustment for fees.

<sup>3</sup> This is a Target Benchmark. The Fund aims to outperform the Benchmark net of fees over a rolling 5 year period. The Fund has a high correlation to the Benchmark and has similar risk characteristics aiming for a tracking error target of 1.5%. As a result, this will limit the extent to which the Fund's performance will deviate from the Benchmark. The Fund's performance can be measured against the Benchmark.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund fell in value during the year to the end of March 2020, under-performing the FTSE All-Share (ex Investment Trusts) Index TR.

Fund performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. Performance figures are based on the Z Accumulation share class. FTSE All-Share (ex Investment Trusts) Index TR data source: Lipper, total return, in Sterling.

Past performance is not a guide to future returns.

UK equity markets ended the one-year period until March 2020 in deep negative territory. Despite continued fears of a trade war between the US and China over the whole first half of the year 2019, UK equity markets were able to deliver positive returns for the second quarter 2019. From a political perspective, Brexit headlines and uncertainties dominated markets in the third quarter of 2019 which lead to only marginal positive returns. Although starting with a negative October into the fourth quarter 2019, as investors saw a worse than expected PMI for the UK's services sector, the overall markets rose steadily in subsequent weeks, capping off a year of strong returns in 2019. Especially news of an emphatic victory for the UK's Conservative Party in mid-December, boosted by the prospect of an end to the political impasse and a period of stability, drove investors sentiment. The first quarter 2020 was dominated by heavy selloffs around the globe. Investors fear of a widespread of the novel corona virus outside of China lead to a significant plunge in equity markets at a speed never seen before. Although stocks rallied towards the end of the quarter as governments around the world launched unprecedented stimulus measures while central banks cut interest rates to support economic activity in the months ahead, UK equity markets provided a substantial negative return in the first quarter of 2020.

The Fund's performance is generated through a quantitative bottom-up multi-factor investment process based on four factors: Earnings Momentum, Price Momentum, Quality and Value. Relative risk is controlled with the help of an optimiser, an analysis tool that recommends trades to maximise portfolio exposure to the selected stocks within pre-determined risk/return parameters. In terms of portfolio construction, we tightly constrain the risk taken in sectors and industries.

Over the one-year period until March 2020, our multi-factor model posted negative contributions to active return. Whilst our Quality factor was able to contribute positively, all other factors Earnings and Price Momentum as well as Value detracted. Here, Value weighed most on active return. In terms of individual stock performance, underweighted positions relative to the benchmark in Glencore, Royal Dutch Shell and Rolls Royce contributed positively. Conversely, overweights in BHP, Evraz and Lloyds Banking detracted most from active return.

Regarding changes in the portfolio, we recently increased our position in AstraZeneca, as the company has an attractive Quality score. Furthermore, we increased our positions in Tesco and HSBC for diversification reasons in the portfolio. On the other hand, we decreased our holdings in GlaxoSmithKline due to negative Earnings Momentum and Quality scores. We also decreased our positions in Smith & Nephew due to an overall negative factor-score. A decline of the Quality score resulted in a partial sale of our Barratt Developments position.

Our diversified and disciplined approach to stock selection favours companies that, in our view, are attractively valued, have good earnings and price momentum and have management acting in the interest of shareholders. We believe that we can add value through the systematic application of fundamental and behavioural insights. Disciplined portfolio construction and cost-effective trading are integral to our investment process, which we believe should help us preserve value added from stock selection and reduce the probability of significant underperformance.

### Michael Fraikin and Alexander Uhlmann, Fund Managers

Where Michael Fraikin and Alexander Uhlmann have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice.

The Fund's ten largest investments are	%
Royal Dutch Shell	6.16
AstraZeneca	5.10
GlaxoSmithKline	4.86
HSBC	4.80
British American Tobacco	3.61
BP	3.32
Rio Tinto	3.22
Diageo	2.88
Unilever	2.83
BHP	2.46

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Comparative tables

Year ended Accumulation shares (No Trail)	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	524.58	497.90	477.70
Return before operating charges*	(103.66)	27.98	21.45
Operating charges	(1.34)	(1.30)	(1.25)
Return after operating charges	(105.00)	26.68	20.20
Distributions	(22.18)	(22.67)	(19.16)
Retained distributions on accumulation shares	22.18	22.67	19.16
<b>Closing net asset value per share</b>	<b>419.58</b>	<b>524.58</b>	<b>497.90</b>
*After direct transaction costs of	(1.37)	(1.73)	(4.48)
<b>Performance</b>			
Return after charges	(20.02%)	5.36%	4.23%
<b>Other information</b>			
Closing net asset value (£'000)	200,755	208,856	142,364
Closing number of shares	47,846,644	39,814,075	28,592,748
Operating charges	0.25%	0.25%	0.25%
Direct transaction costs	0.26%	0.33%	0.89%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	584.19	562.43	535.16
Lowest share price	364.15	475.97	469.82

Year ended Z Accumulation shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	244.13	231.69	222.25
Return before operating charges*	(48.24)	13.02	10.00
Operating charges	(0.60)	(0.58)	(0.56)
Return after operating charges	(48.84)	12.44	9.44
Distributions	(10.35)	(10.58)	(8.96)
Retained distributions on accumulation shares	10.35	10.58	8.96
<b>Closing net asset value per share</b>	<b>195.29</b>	<b>244.13</b>	<b>231.69</b>
*After direct transaction costs of	(0.64)	(0.81)	(2.08)
<b>Performance</b>			
Return after charges	(20.01%)	5.37%	4.25%
<b>Other information</b>			
Closing net asset value (£'000)	219,719	208,080	108,430
Closing number of shares	112,510,060	85,234,219	46,799,626
Operating charges	0.24%	0.24%	0.24%
Direct transaction costs	0.26%	0.33%	0.89%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	271.89	261.72	249.02
Lowest share price	169.49	221.50	218.59

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Y Accumulation shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	244.19	231.73	222.27
Return before operating charges*	(48.26)	13.02	10.00
Operating charges	(0.57)	(0.56)	(0.54)
Return after operating charges	(48.83)	12.46	9.46
Distributions	(10.38)	(10.60)	(8.96)
Retained distributions on accumulation shares	10.38	10.60	8.96
<b>Closing net asset value per share</b>	<b>195.36</b>	<b>244.19</b>	<b>231.73</b>
*After direct transaction costs of	(0.64)	(0.81)	(2.09)
<b>Performance</b>			
Return after charges	(20.00%)	5.38%	4.26%
<b>Other information</b>			
Closing net asset value (£'000)	49,270	35,926	13,299
Closing number of shares	25,219,549	14,712,298	5,739,048
Operating charges	0.23%	0.23%	0.23%
Direct transaction costs	0.26%	0.33%	0.89%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	271.99	261.77	249.06
Lowest share price	169.55	221.55	218.61

Year ended Income shares (No Trail)	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	286.25	283.63	282.84
Return before operating charges*	(54.89)	16.13	12.76
Operating charges	(0.72)	(0.73)	(0.73)
Return after operating charges	(55.61)	15.40	12.03
Distributions	(11.99)	(12.78)	(11.24)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>218.65</b>	<b>286.25</b>	<b>283.63</b>
*After direct transaction costs of	(0.74)	(0.97)	(2.62)
<b>Performance</b>			
Return after charges	(19.43%)	5.43%	4.25%
<b>Other information</b>			
Closing net asset value (£'000)	24,538	29,099	38,561
Closing number of shares	11,222,577	10,165,537	13,595,696
Operating charges	0.25%	0.25%	0.25%
Direct transaction costs	0.26%	0.33%	0.89%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	310.97	320.38	309.84
Lowest share price	193.84	264.73	278.18

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Income shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	217.36	215.38	214.78
Return before operating charges*	(41.69)	12.25	9.70
Operating charges	(0.52)	(0.54)	(0.53)
Return after operating charges	(42.21)	11.71	9.17
Distributions	(9.12)	(9.73)	(8.57)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>166.03</b>	<b>217.36</b>	<b>215.38</b>
*After direct transaction costs of	(0.56)	(0.74)	(1.99)
<b>Performance</b>			
Return after charges	(19.42%)	5.44%	4.27%
<b>Other information</b>			
Closing net asset value (£'000)	12,241	11,150	6,094
Closing number of shares	7,372,385	5,129,594	2,829,397
Operating charges	0.24%	0.24%	0.24%
Direct transaction costs	0.26%	0.33%	0.89%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	236.14	243.29	235.29
Lowest share price	147.20	201.03	211.24

Year ended Y Income shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	217.36	215.37	214.78
Return before operating charges*	(41.68)	12.26	9.68
Operating charges	(0.50)	(0.51)	(0.51)
Return after operating charges	(42.18)	11.75	9.17
Distributions	(9.15)	(9.76)	(8.58)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>166.03</b>	<b>217.36</b>	<b>215.37</b>
*After direct transaction costs of	(0.56)	(0.74)	(1.99)
<b>Performance</b>			
Return after charges	(19.41%)	5.46%	4.27%
<b>Other information</b>			
Closing net asset value (£'000)	1,961	2,364	214
Closing number of shares	1,181,084	1,087,528	99,444
Operating charges	0.23%	0.23%	0.23%
Direct transaction costs	0.26%	0.33%	0.89%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	236.15	243.29	235.29
Lowest share price	147.21	201.03	211.24

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> (Unaudited) as at 31 March 2020		<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>				
<b>Georgia 0.06% (31.3.19 - 0.16%)</b>				
<b>Financials 0.06% (31.3.19 - 0.16%)</b>				
Bank of Georgia		34,325	314	0.06
<b>Israel Nil (31.3.19 - 0.28%)</b>				
<b>Financials Nil (31.3.19 - 0.28%)</b>				
<b>Republic of Ireland 0.17% (31.3.19 - Nil)</b>				
<b>Consumer Goods 0.17% (31.3.19 - Nil)</b>				
Greencore		507,414	837	0.17
<b>Switzerland 0.37% (31.3.19 - 0.85%)</b>				
<b>Basic Materials 0.06% (31.3.19 - 0.15%)</b>				
Glencore		256,155	317	0.06
<b>Industrials 0.16% (31.3.19 - Nil)</b>				
IWG		462,835	798	0.16
<b>Consumer Goods 0.15% (31.3.19 - 0.70%)</b>				
Coca-Cola HBC		42,489	738	0.15
<b>United Kingdom 95.39% (31.3.19 - 94.20%)</b>				
<b>Oil &amp; Gas 9.71% (31.3.19 - 14.82%)</b>				
BP		4,920,704	16,900	3.32
Cairn Energy		486,811	377	0.07
Petrofac		381,824	747	0.15
Premier Oil		238,017	41	0.01
Royal Dutch Shell 'A' (UK Regd.)		1,453,752	20,628	4.06
Royal Dutch Shell 'B' (UK Regd.)		784,634	10,668	2.10
<b>Basic Materials 8.50% (31.3.19 - 9.59%)</b>				
Anglo American		528,583	7,486	1.47
BHP		1,000,562	12,525	2.46
Centamin		894,968	1,088	0.21
Evrax		612,841	1,419	0.28
Mondi		269,299	3,719	0.73
Petropavlovsk		1,588,337	336	0.07
Rio Tinto (UK Regd.)		439,914	16,354	3.22
Victrex		15,952	314	0.06
<b>Industrials 8.55% (31.3.19 - 6.94%)</b>				
Aggreko		520,704	2,538	0.50
Avon Rubber		11,503	265	0.05
Babcock International		220,637	844	0.17
BAE Systems		794,295	4,143	0.81
Biffa		105,273	189	0.04
Bodycote		126,152	712	0.14
Chemring		118,603	237	0.05
Diploma		93,804	1,513	0.30
Essentra		142,097	373	0.07
Experian		259,774	5,848	1.15
Ferguson		137,173	6,933	1.36
Forterra		208,746	368	0.07
Howden Joinery		1,228,528	6,278	1.23
Ibstock		328,270	499	0.10
Intertek		3,917	185	0.04
Marshall's		254,752	1,490	0.29
Meggitt		526,954	1,526	0.30
Morgan Advanced Materials		53,172	98	0.02
Morgan Sindall		29,735	351	0.07
Oxford Instruments		17,997	230	0.05
PageGroup		274,873	1,001	0.20
QinetiQ		259,246	834	0.16
Rentokil Initial		459,675	1,782	0.35
Travis Perkins		256,067	2,260	0.44
Ultra Electronics		149,438	2,989	0.59



# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Portfolio Statement (Unaudited) continued as at 31 March 2020

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Consumer Goods 16.43% (31.3.19 - 14.44%)</b>			
Associated British Foods	104,220	1,887	0.37
Barratt Developments	958,496	4,227	0.83
Berkeley	9,005	326	0.06
British American Tobacco	666,127	18,365	3.61
Britvic	126,760	887	0.18
Cranswick	32,001	1,183	0.23
Diageo	566,595	14,647	2.88
Games Workshop	16,317	706	0.14
Imperial Brands	284,113	4,252	0.84
Persimmon	152,333	2,919	0.57
Reckitt Benckiser	162,342	9,982	1.96
Redrow	96,744	348	0.07
Tate & Lyle	1,100,516	7,204	1.42
Taylor Wimpey	1,129,713	1,327	0.26
Unilever	353,215	14,378	2.83
Vistry	157,323	905	0.18
<b>Health Care 12.47% (31.3.19 - 9.23%)</b>			
AstraZeneca	359,523	25,936	5.10
ConvaTec	1,104,292	2,059	0.41
Genus	6,371	207	0.04
GlaxoSmithKline	1,632,157	24,714	4.86
Hikma Pharmaceuticals	234,240	4,753	0.93
Smith & Nephew	400,057	5,735	1.13
<b>Consumer Services 11.54% (31.3.19 - 13.30%)</b>			
4imprint	16,902	326	0.06
Auto Trader	1,147,988	5,041	0.99
Compass	304,385	3,844	0.76
Dixons Carphone	832,460	649	0.13
Domino's Pizza	83,238	235	0.05
Dunelm	321,194	2,269	0.45
FirstGroup	1,444,504	729	0.14
Frasers	122,487	223	0.04
Future	87,081	871	0.17
Greggs	127,640	2,060	0.40
Inchcape	358,533	1,553	0.31
International Consolidated Airlines (UK Regd.)	801,751	1,724	0.34
ITV	2,986,377	1,972	0.39
J Sainsbury	127,216	268	0.05
JD Sports Fashion	234,681	1,074	0.21
Marks & Spencer	196,767	195	0.04
Moneysupermarket.com	421,487	1,281	0.25
Morrison (Wm.) Supermarkets	1,477,767	2,630	0.52
Next	137,026	5,580	1.10
Pets at Home	940,264	2,409	0.47
RELX	637,587	11,040	2.17
Rightmove	532,247	2,594	0.51
Stagecoach	342,306	239	0.05
Tesco	2,645,704	6,048	1.19
WH Smith	23,896	273	0.05
William Hill	664,780	453	0.09
WPP	561,350	3,094	0.61
<b>Telecommunications 2.58% (31.3.19 - 2.60%)</b>			
BT	1,633,491	1,926	0.38
Telecom Plus	25,120	311	0.06
Vodafone	9,620,519	10,869	2.14
<b>Utilities 3.88% (31.3.19 - 2.28%)</b>			
Centrica	1,421,706	541	0.11
Drax	764,950	1,176	0.23
Halma	84,841	1,630	0.32
National Grid	888,783	8,410	1.66
Severn Trent	51,471	1,173	0.23
SSE	370,975	4,838	0.95
United Utilities	215,381	1,944	0.38



# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Portfolio Statement (Unaudited) continued as at 31 March 2020

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Financials 19.33% (31.3.19 - 19.17%)</b>			
3i	842,965	6,678	1.31
Admiral	21,668	483	0.10
Ashmore	778,516	2,775	0.55
Aviva	1,373,563	3,687	0.73
Barclays	3,399,921	3,200	0.63
British Land	191,572	644	0.13
Derwent London	4,936	161	0.03
Direct Line	64,557	191	0.04
Hammerson	408,358	316	0.06
HSBC (UK Regd.)	5,373,993	24,411	4.80
IG	51,726	357	0.07
IMI	92,256	690	0.14
Intermediate Capital	345,813	3,099	0.61
Investec	152,020	230	0.05
John Laing	52,477	177	0.03
Jupiter Fund Management	467,982	936	0.18
Land Securities	104,682	582	0.11
Legal & General	3,489,022	6,762	1.33
Lloyds Banking	28,805,463	9,216	1.81
London Stock Exchange	87,091	6,333	1.25
M&G	608,119	685	0.13
Man	1,692,484	2,106	0.41
OneSavings Bank	260,328	652	0.13
Paragon	323,946	1,075	0.21
Phoenix	224,395	1,406	0.28
Prudential	941,369	9,715	1.91
Quilter	144,047	170	0.03
Rathbone Brothers	10,422	156	0.03
Royal Bank of Scotland	131,403	148	0.03
Savills	84,499	697	0.14
Segro	236,209	1,805	0.35
Shaftesbury	170,026	1,049	0.21
Sirius Real Estate	463,622	306	0.06
Standard Chartered	1,052,723	4,693	0.92
Standard Life Aberdeen	995,538	2,229	0.44
TP ICAP	45,602	154	0.03
Tritax Big Box Reit	291,191	327	0.06
<b>Technology 2.40% (31.3.19 - 1.83%)</b>			
Avast	777,723	3,060	0.60
AVEVA	15,431	539	0.11
Computacenter	134,827	1,929	0.38
FDM	64,121	474	0.09
NCC	161,165	267	0.05
Sage	474,234	2,806	0.55
Softcat	210,744	2,185	0.43
Spirent Communications	463,672	964	0.19
<b>United States 0.11% (31.3.19 - 0.69%)</b>			
<b>Consumer Services 0.11% (31.3.19 - 0.69%)</b>			
Carnival	59,266	581	0.11
<b>Futures and Derivatives 0.20% (31.3.19 - 0.02%)</b>			
<b>Futures 0.20% (31.3.19 - 0.02%)</b>			
FTSE 100 Index futures contracts 19/6/2020	249	1,028	0.20
<b>Portfolio of investments (31.3.19 - 96.20%)</b>		<b>489,665</b>	<b>96.30</b>
<b>Net other assets (31.3.19 - 3.80%)</b>		<b>18,819</b>	<b>3.70</b>
<b>Net assets</b>		<b>508,484</b>	<b>100.00</b>

Unless otherwise stated, all holdings are on an official stock exchange listing or are permitted collective investment schemes.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 April 2019 to 31 March 2020

	Cost £'000
<b>Total purchases</b>	<b>267,981</b>
<b>Largest purchases:</b>	
<b>United Kingdom</b>	
AstraZeneca	12,014
British American Tobacco	11,112
Diageo	7,678
Compass	7,266
Royal Dutch Shell 'A' (UK Regd.)	5,185
Royal Dutch Shell 'B' (UK Regd.)	2,004
Standard Chartered	7,027
GlaxoSmithKline	6,709
National Grid	6,225
Unilever	6,139
Barratt Developments	5,931
HSBC (UK Regd.)	5,909
Prudential	5,499
Tesco	5,483
Sage	5,317
Rio Tinto (UK Regd.)	5,291
WPP	5,220
Ferguson	5,159
BHP	5,008
Anglo American	4,785
	Proceeds £'000
<b>Total sales</b>	<b>111,738</b>
<b>Largest sales:</b>	
<b>Switzerland</b>	
Coca-Cola HBC	2,410
<b>United Kingdom</b>	
Greene King	6,549
Pearson	5,140
Burberry	4,349
Micro Focus International	3,684
Smith & Nephew	3,218
Compass	2,987
Evraz	2,820
Grafton	2,728
Hikma Pharmaceuticals	2,720
Tullow Oil	2,631
GlaxoSmithKline	2,318
Persimmon	2,298
IG	2,234
Ferguson	2,228
Auto Trader	2,134
Intertek	2,000
Berkeley	1,983
PageGroup	1,935
Travis Perkins	1,908

# Invesco UK Enhanced Index Fund (UK)

## Financial statements

<b>Statement of Total Return</b> for the year 1 April 2019 to 31 March 2020			<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
	<b>Notes</b>		<b>£'000</b>	<b>£'000</b>
<b>Income</b>				
Net capital (losses)/gains	2		(150,206)	2,141
Revenue	3		24,592	17,526
Expenses	4		(1,361)	(903)
Interest payable and similar charges	5		-	(2)
Net revenue before taxation			23,231	16,621
Taxation	6		(271)	(209)
Net revenue after taxation			22,960	16,412
<b>Total return before distributions</b>			(127,246)	18,553
Distributions	7		(22,960)	(16,412)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(150,206)</b>	<b>2,141</b>

<b>Statement of Change in Net Assets Attributable to Shareholders</b> for the year 1 April 2019 to 31 March 2020			<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
			<b>£'000</b>	<b>£'000</b>
<b>Opening net assets attributable to Shareholders</b>			<b>495,475</b>	<b>308,962</b>
Amounts received on issue of shares		166,774		208,678
Amounts paid on redemption of shares		(27,018)		(41,528)
			139,756	167,150
Dilution adjustment			805	951
Change in net assets attributable to Shareholders from investment activities		(150,206)		2,141
Retained distribution on accumulation shares		22,654		16,271
<b>Closing net assets attributable to Shareholders</b>			<b>508,484</b>	<b>495,475</b>

## Invesco UK Enhanced Index Fund (UK)

### Financial statements

<b>Balance Sheet</b>			31.3.20	31.3.19
as at 31 March 2020			£'000	£'000
	Notes	£'000	£'000	£'000
<b>Assets</b>				
Fixed assets				
Investments		489,665		476,631
Current assets				
Debtors	8	3,513		8,554
Cash and bank balances	9	18,760		11,224
Total other assets			22,273	19,778
Total assets			511,938	496,409
<b>Liabilities</b>				
Investment liabilities			-	-
Creditors				
Distribution payable		833		822
Other creditors	10	2,621		112
Total other liabilities			3,454	934
Total liabilities			3,454	934
<b>Net assets attributable to Shareholders</b>			<b>508,484</b>	<b>495,475</b>

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

Refer to pages 06 to 15 for notes applicable to the financial statements of all Funds.

### 1 Accounting Policies

The Fund's Accounting Policies, Distribution Policies and Generic Risk Factors are set out on pages 06 to 13.

<b>2 Net capital (losses)/gains</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Derivative securities	(6,295)	606
Foreign currency (losses)/gains	(19)	22
Non-derivative securities	(143,892)	1,513
Net capital (losses)/gains	(150,206)	2,141

<b>3 Revenue</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Bank interest	51	41
Derivative income	693	380
Non-taxable overseas dividends	3,118	1,875
Taxable overseas dividends	125	89
UK dividends	20,427	15,040
UK REIT dividends	178	101
	24,592	17,526

<b>4 Expenses</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	1,361	903
	1,361	903
Total expenses	1,361	903

<sup>1</sup> Total audit fees of £8,250 (2019 - £6,005) exclusive of VAT payable to the auditors for the year ended 31 March 2020 are borne out of the Fund Management Fee.

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

<b>5 Interest payable and similar charges</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Interest	-	2

<b>6 Taxation</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
<b>a) Analysis of charge for the year</b>		
Overseas tax	271	209
Total tax charge	271	209

There is no corporation tax charge for the year (2019 - Nil).

### b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2019 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Net revenue before taxation	23,231	16,621
Corporation tax at 20% (2019 -20%)	4,646	3,324
Effects of:		
Movement in excess expenses	66	62
Overseas tax	271	209
Relief on overseas tax expensed	(3)	(3)
Revenue not subject to tax	(4,709)	(3,383)
Total tax charge	271	209

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

### c) Deferred tax

At the year end the Fund had surplus management expenses of £3,314,000 (2019 - £2,986,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £663,000 (2019 - £597,000) has not been recognised.

<b>7 Distributions</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Accumulations and distributions paid 30 November 2019	13,884	8,876
Accumulations and distributions payable 31 May 2020	10,732	9,402
	24,616	18,278
Amounts deducted on redemption of shares	223	368
Amounts received on issue of shares	(1,879)	(2,234)
	22,960	16,412
The distributable amount has been calculated as follows:		
Net revenue after taxation	22,960	16,412
	22,960	16,412

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

<b>8 Debtors</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Accrued revenue	2,197	3,037
Amounts receivable for issue of shares	848	5,422
Overseas tax recoverable	153	95
Sales awaiting settlement	315	-
	<b>3,513</b>	<b>8,554</b>

<b>9 Cash and bank balances</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Amounts held at futures clearing houses and brokers	319	175
Cash and bank balances	18,441	11,049
	<b>18,760</b>	<b>11,224</b>

<b>10 Other creditors</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Accrued expenses	106	100
Amounts payable for redemption of shares	1,353	12
Purchases awaiting settlement	1,162	-
	<b>2,621</b>	<b>112</b>

### **11 Commitments, contingent liabilities and contingent assets**

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2019 - Nil).

### **12 Related parties**

Related party interests in the Fund are disclosed in note 10 of the notes applicable to the financial statements of all Funds on page 14. Amounts payable to Invesco Fund Managers Limited in respect of Fund Management Fees are disclosed in note 4. Amounts due at the end of the accounting year for Fund Management Fees of £106,000 (2019 - £100,000) are disclosed in note 10 within accrued expenses.

### **13 Generic Risk factors**

The Fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

The Fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of their investments, reduce the costs of investing and/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 risk factors relating to the Fund are discussed more fully in note 5 of the notes applicable to the financial statements of all Funds on pages 10 to 13.

#### **a) Counterparty risk**

The Fund was not exposed to any counterparty risk as at the balance sheet date (2019 - Nil).

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors

#### b) Valuation of financial instruments

The categorisation of financial instruments in the tables below reflect the basis of valuation of instruments used to measure their fair value.

	Assets £'000	Liabilities £'000
<b>31.3.20</b>		
Level 1: Quoted prices	489,665	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
	<b>489,665</b>	<b>-</b>
<b>31.3.19</b>		
Level 1: Quoted prices	476,631	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
	<b>476,631</b>	<b>-</b>

All financial instruments are classified as level 1: Quoted prices.

### 14 Portfolio transaction costs

for the year 1 April 2019 to 31 March 2020

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	266,607	133	0.05	1,241	-
<b>Total purchases</b>	<b>266,607</b>	<b>133</b>		<b>1,241</b>	
<b>Total purchases including transaction costs</b>	<b>267,981</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	111,790	52	0.05	-	-
<b>Total sales</b>	<b>111,790</b>	<b>52</b>		<b>-</b>	
<b>Total sales net of transaction costs</b>	<b>111,738</b>				
<b>Derivative transaction costs</b>		<b>8</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>193</b>		<b>1,241</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.22%</b>	



# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued for the year 1 April 2018 to 31 March 2019

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	241,428	113	0.05	1,087	0.45
<b>Total purchases</b>	<b>241,428</b>	<b>113</b>		<b>1,087</b>	
<b>Total purchases including transaction costs</b>	<b>242,628</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	63,797	25	0.04	-	-
<b>Total sales</b>	<b>63,797</b>	<b>25</b>		<b>-</b>	
<b>Total sales net of transaction costs</b>	<b>63,772</b>				
<b>Derivative transaction costs</b>		<b>5</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>143</b>		<b>1,087</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.29%</b>	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares, there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments, cash and short-term collective investment schemes utilised as part of a daily sweep to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying Funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised derivative instruments including contract for differences, interest rate swaps, futures and options covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.13% (2019 - 0.05%).

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

### 15 Share movement

for the year 1 April 2019 to 31 March 2020

	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	39,814,075	85,234,219	14,712,298
Shares issued	11,160,888	29,453,937	11,507,124
Shares redeemed	(3,123,154)	(2,253,205)	(935,885)
Shares converted	(5,165)	75,109	(63,988)
<b>Closing shares</b>	<b>47,846,644</b>	<b>112,510,060</b>	<b>25,219,549</b>

	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	10,165,537	5,129,594	1,087,528
Shares issued	1,414,293	2,586,428	602,264
Shares redeemed	(357,253)	(343,637)	(508,708)
Shares converted	-	-	-
<b>Closing shares</b>	<b>11,222,577</b>	<b>7,372,385</b>	<b>1,181,084</b>

### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 15.

# Invesco UK Enhanced Index Fund (UK)

## Distribution tables

### Distribution tables

for the year 1 April 2019 to 31 March 2020

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 30.11.19 pence per share	Net distribution paid 30.11.18 pence per share
<b>Distribution paid 30 November 2019</b>				
<b>Accumulation shares (No Trail)</b>				
Group 1	13.3564	-	13.3564	12.7516
Group 2	8.0748	5.2816	13.3564	12.7516
<b>Z Accumulation shares</b>				
Group 1	6.2288	-	6.2288	5.9467
Group 2	3.0875	3.1413	6.2288	5.9467
<b>Y Accumulation shares</b>				
Group 1	6.2433	-	6.2433	5.9607
Group 2	3.3476	2.8957	6.2433	5.9607
<b>Income shares (No Trail)</b>				
Group 1	7.2889	-	7.2889	7.2638
Group 2	1.0118	6.2771	7.2889	7.2638
<b>Z Income shares</b>				
Group 1	5.5466	-	5.5466	5.5284
Group 2	2.7361	2.8105	5.5466	5.5284
<b>Y Income shares</b>				
Group 1	5.5584	-	5.5584	5.5432
Group 2	2.4065	3.1519	5.5584	5.5432

Group 1: shares purchased prior to 1 April 2019

Group 2: shares purchased on or after 1 April 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 31.5.20 pence per share	Net distribution paid 31.5.19 pence per share
<b>Distribution payable 31 May 2020</b>				
<b>Accumulation shares (No Trail)</b>				
Group 1	8.8236	-	8.8236	9.9233
Group 2	2.6189	6.2047	8.8236	9.9233
<b>Z Accumulation shares</b>				
Group 1	4.1190	-	4.1190	4.6296
Group 2	1.8681	2.2509	4.1190	4.6296
<b>Y Accumulation shares</b>				
Group 1	4.1329	-	4.1329	4.6440
Group 2	2.1397	1.9932	4.1329	4.6440
<b>Income shares (No Trail)</b>				
Group 1	4.6969	-	4.6969	5.5190
Group 2	0.3487	4.3482	4.6969	5.5190
<b>Z Income shares</b>				
Group 1	3.5777	-	3.5777	4.2025
Group 2	1.8620	1.7157	3.5777	4.2025
<b>Y Income shares</b>				
Group 1	3.5886	-	3.5886	4.2141
Group 2	1.7827	1.8059	3.5886	4.2141

Group 1: shares purchased prior to 1 October 2019

Group 2: shares purchased on or after 1 October 2019

Equalisation applies only to shares purchased during the distribution period (Group 2). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of shares for capital gains purposes.

# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

### The Investment Objective and Policy of the Invesco UK Strategic Income Fund (UK)

The Fund aims to produce an above average income and capital growth over the long term (5 years plus). The Fund invests at least 80% of its assets in shares or other equity related securities of companies incorporated, domiciled or carrying out the main part of their economic activity in the UK. In pursuing the Fund's investment objective, the fund manager may consider it appropriate to also invest in other transferable securities (including private and unlisted equities and non UK companies), money market instruments, collective investment schemes (including funds managed by the Invesco group), deposits and cash. The Fund may use derivatives for efficient portfolio management purposes only, to reduce risk, reduce costs and/or generate additional capital or income.

On the 7 August 2019 there was an update to the Prospectus for the various ICVC funds in light of the FCA's Asset Management Market Study. As part of this update, various changes were implemented regarding the Fund's investment objectives, investment policies, investment strategies and benchmark disclosures, all for clarification purposes only. There has been no changes to the way the Funds are managed as a result of these changes. The updated prospectus is available at [www.invesco.co.uk](http://www.invesco.co.uk). The investment objectives and policies currently shown within these financial statements are those that were in place as at 31 March 2020.

Performance <sup>1</sup> to 31 March 2020	Since 30.9.19	Since 31.3.19	Since 31.3.17	Percentage growth	
	%	%	%	Since 31.3.15	Since 31.3.10
Invesco UK Strategic Income Fund (UK)					
(Z Accumulation shares) <sup>2</sup>	-29.48	-31.06	-37.36	-32.08	36.86
IA UK All Companies Sector NR <sup>3</sup>	-22.98	-19.15	-14.56	-1.57	56.15
Fund Ranking	218/239	226/237	221/227	209/214	137/172

Standardised rolling 12 month performance	31.3.15	31.3.16	31.3.17	Percentage growth	
	31.3.16 %	31.3.17 %	31.3.18 %	31.3.18 %	31.3.19 %
Invesco UK Strategic Income Fund (UK)					
(Z Accumulation shares) <sup>2</sup>	1.3	7.0	-4.1	-5.2	-31.1
IA UK All Companies Sector NR <sup>3</sup>	-2.5	18.1	2.7	2.9	-19.2

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

Fund and sector average performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. This may differ from the performance figure shown on page 58 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 58 is based on the close of business bid price.

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.

- <sup>1</sup> Performance based on the Published Net Asset Value.
- <sup>2</sup> Effective 18 April 2016, the primary share class changed from Income share (No Trail) class to Z Accumulation share class. Performance figures are based on the Z Accumulation share class. As this was launched on 12 November 2012, for the periods prior to this launch date, performance figures are based on the Income share (No Trail) class, without any adjustment for fees.
- <sup>3</sup> This is a Comparator Benchmark. Given its geographic focus the Fund's performance can be compared against the Benchmark. However, the Fund is actively managed and is not constrained by any benchmark.

# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund fell in value during the year to the end of March 2020, under-performing the IA UK All Companies Sector NR.

Fund and sector average performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. Performance figures are based on the Z Accumulation share class.

Past performance is not a guide to future returns.

It has been a volatile 12 months for the UK equity market, dominated by concerns affecting the outlook for global economic growth. US-China trade relations, Brexit, and domestic politics were huge uncertainties in 2019, but 2020 so far has delivered the market shock that no one could have foreseen. The UK equity market fell in the first quarter of 2020 posting its biggest quarterly drop for more than three decades as the global economic costs of the Covid-19 pandemic continued to mount. Extreme levels of volatility were witnessed on an intraday basis, with swings in prices significantly large enough to impact 12-month returns.

Prior to the pandemic, employment growth in the UK looked set to remain firm, real wages were set to increase further, growth in government spending had picked up and investment spending was likely to strengthen. On this basis, overall rates of economic growth were expected to accelerate throughout the year. As the scale of the pandemic unfolded, however, governments around the world launched unprecedented stimulus measures in March, while central banks cut interest rates to support economic activity in the coming months. The strength and depth of the measures announced by the Chancellor and the Bank of England should provide material support to employment income and bank lending to the real economy.

Looking at the four main themes within the Fund: UK Domestic Value, International Growth Opportunities, Tobacco and Non-Correlated Financials, it follows that a number of companies within the UK Domestic Value theme performed positively over the 12 months. Tesco, Derwent London, Breedon and CLS all delivered positive returns, benefiting from the Conservative Party's emphatic election victory in December 2019 and greater clarity around Brexit. However, stocks within the theme which are more heavily exposed to sterling weakness, or those which have suffered from the impact of the virus, have tended to underperform (Capita, Victoria, Royal Bank of Scotland, Whitbread).

Some of the better performing stocks also included those within the International Growth Opportunities and Tobacco themes. Tobacco and Oil stocks, for example, tend to be more exposed to international earnings, which means that they are relative beneficiaries of \$US strength (British American Tobacco, Royal Dutch Shell). The International Growth Opportunities theme also includes HomeServe, a company engaged in providing home emergency, repair and heating installation services, and select health care stocks such as Novo Nordisk and Novartis, which have performed well. Health care is one of only two sectors to have delivered positive returns at the broad market level over the 12-month period. The absence of AstraZeneca and GlaxoSmithKline, however, impacted performance relative to the benchmark. Elsewhere, easyJet and

International Consolidated Airlines (IAG) also saw significant share price falls. The spread of Covid-19 and the measures to contain it have had a significant impact on the share price of the tourism and leisure industry (which includes air travel).

Meanwhile, the Non-Correlated Financials theme has exhibited a particularly wide range of outcomes. The investment platform AJ Bell, a longstanding investment for the Fund, saw strong share price growth, and online trading platform Plus500 performed well due to increased trading on CFDs (contract for difference) by people isolating at home. On the flipside, non-prime lenders such as Provident Financial tended to be weaker.

The Fund's positioning has evolved incrementally over the past year to best reflect the opportunities that the fund manager has seen in the market. It is frustrating that the performance of the Fund has lagged the wider stock market, however the fund manager remains confident in the composition of the fund and believes that it is crucial, in such times of extreme volatility and somewhat irrational market pricing, that the Fund remains rooted in the fundamental investment process.

The Fund continues to seek to invest in companies that have the potential to achieve both capital growth and sustainable growth in income over time. In investing across the market-cap spectrum, the risk profile of the fund is diversified, whilst also benefitting from diverse sources of income. The fund manager continues to seek the best opportunities to create a diversified, sustainable flow of dividend income that can grow over time.

### Mark Barnett, Fund Manager

Where Mark Barnett has expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice.

Effective 15 May 2020 Mark Barnett left Invesco, James Goldstone and Ciaran Mallon were appointed as Fund Managers.

The Fund's ten largest investments are	%
British American Tobacco	6.89
PureTech Health	5.92
BP	5.67
Oxford Genetics	4.45
Tesco	3.69
Randall & Quilter Investment	3.11
Derwent London	3.01
Legal & General	2.88
Next	2.51
HawkEye 360	2.50

# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

### Comparative tables

Year ended Accumulation shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	174.33	185.27	194.13
Return before operating charges*	(46.82)	(7.83)	(5.55)
Operating charges	(2.83)	(3.11)	(3.31)
Return after operating charges	(49.65)	(10.94)	(8.86)
Distributions	(7.06)	(6.21)	(5.77)
Retained distributions on accumulation shares	7.06	6.21	5.77
<b>Closing net asset value per share</b>	<b>124.68</b>	<b>174.33</b>	<b>185.27</b>
*After direct transaction costs of	(0.13)	(0.11)	(0.27)
<b>Performance</b>			
Return after charges	(28.48%)	(5.90%)	(4.56%)
<b>Other information</b>			
Closing net asset value (£'000)	8,789	20,182	36,767
Closing number of shares	7,049,101	11,577,212	19,845,613
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.08%	0.06%	0.14%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	181.23	199.48	205.36
Lowest share price	109.97	165.72	184.06

Year ended Accumulation shares (No Trail)	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	704.27	744.71	776.46
Return before operating charges*	(189.97)	(31.65)	(22.44)
Operating charges	(8.03)	(8.79)	(9.31)
Return after operating charges	(198.00)	(40.44)	(31.75)
Distributions	(28.62)	(25.05)	(23.16)
Retained distributions on accumulation shares	28.62	25.05	23.16
<b>Closing net asset value per share</b>	<b>506.27</b>	<b>704.27</b>	<b>744.71</b>
*After direct transaction costs of	(0.54)	(0.43)	(1.10)
<b>Performance</b>			
Return after charges	(28.11%)	(5.43%)	(4.09%)
<b>Other information</b>			
Closing net asset value (£'000)	1,408	1,542	2,687
Closing number of shares	278,165	218,896	360,870
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.08%	0.06%	0.14%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	734.35	802.41	822.09
Lowest share price	446.44	668.64	739.78

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Accumulation shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	315.76	333.06	346.40
Return before operating charges*	(85.38)	(14.21)	(10.07)
Operating charges	(2.83)	(3.09)	(3.27)
Return after operating charges	(88.21)	(17.30)	(13.34)
Distributions	(12.85)	(11.23)	(10.34)
Retained distributions on accumulation shares	12.85	11.23	10.34
<b>Closing net asset value per share</b>	<b>227.55</b>	<b>315.76</b>	<b>333.06</b>
*After direct transaction costs of	(0.24)	(0.19)	(0.49)
<b>Performance</b>			
Return after charges	(27.94%)	(5.19%)	(3.85%)
<b>Other information</b>			
Closing net asset value (£'000)	21,980	49,166	81,552
Closing number of shares	9,659,591	15,570,475	24,485,836
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.08%	0.06%	0.14%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	329.87	358.99	366.92
Lowest share price	200.65	299.59	330.83

Year ended Y Accumulation shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	221.67	233.70	242.93
Return before operating charges*	(59.96)	(9.98)	(7.06)
Operating charges	(1.88)	(2.05)	(2.17)
Return after operating charges	(61.84)	(12.03)	(9.23)
Distributions	(9.02)	(7.88)	(7.25)
Retained distributions on accumulation shares	9.02	7.88	7.25
<b>Closing net asset value per share</b>	<b>159.83</b>	<b>221.67</b>	<b>233.70</b>
*After direct transaction costs of	(0.17)	(0.13)	(0.34)
<b>Performance</b>			
Return after charges	(27.90%)	(5.15%)	(3.80%)
<b>Other information</b>			
Closing net asset value (£'000)	40,672	94,892	149,744
Closing number of shares	25,447,621	42,807,537	64,076,084
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.08%	0.06%	0.14%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	231.66	251.94	257.35
Lowest share price	140.93	210.30	232.13

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.



# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Income shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	114.90	126.29	136.38
Return before operating charges*	(30.11)	(5.09)	(3.76)
Operating charges	(1.84)	(2.10)	(2.31)
Return after operating charges	(31.95)	(7.19)	(6.07)
Distributions	(4.61)	(4.20)	(4.02)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>78.34</b>	<b>114.90</b>	<b>126.29</b>
*After direct transaction costs of	(0.09)	(0.07)	(0.19)
<b>Performance</b>			
Return after charges	(27.81%)	(5.69%)	(4.45%)
<b>Other information</b>			
Closing net asset value (£'000)	6,745	17,969	39,017
Closing number of shares	8,610,403	15,639,211	30,894,482
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.08%	0.06%	0.14%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	119.45	135.98	144.27
Lowest share price	70.67	110.93	127.20

Year ended Income shares (No Trail)	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	464.24	507.70	545.52
Return before operating charges*	(122.21)	(20.57)	(15.17)
Operating charges	(5.23)	(5.94)	(6.49)
Return after operating charges	(127.44)	(26.51)	(21.66)
Distributions	(18.67)	(16.95)	(16.16)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>318.13</b>	<b>464.24</b>	<b>507.70</b>
*After direct transaction costs of	(0.35)	(0.29)	(0.76)
<b>Performance</b>			
Return after charges	(27.45%)	(5.22%)	(3.97%)
<b>Other information</b>			
Closing net asset value (£'000)	12,811	22,354	30,313
Closing number of shares	4,026,974	4,815,261	5,970,512
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.08%	0.06%	0.14%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	482.83	547.06	577.61
Lowest share price	286.94	447.61	511.32

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.



# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Income shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	255.10	278.29	298.27
Return before operating charges*	(67.31)	(11.32)	(8.35)
Operating charges	(2.26)	(2.56)	(2.79)
Return after operating charges	(69.57)	(13.88)	(11.14)
Distributions	(10.28)	(9.31)	(8.84)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>175.25</b>	<b>255.10</b>	<b>278.29</b>
*After direct transaction costs of	(0.19)	(0.16)	(0.42)
<b>Performance</b>			
Return after charges	(27.27%)	(4.99%)	(3.73%)
<b>Other information</b>			
Closing net asset value (£'000)	7,399	27,526	50,429
Closing number of shares	4,221,943	10,790,290	18,121,354
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.08%	0.06%	0.14%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	265.37	299.97	315.95
Lowest share price	158.05	245.80	280.25

Year ended Y Income shares	31.3.20 (pence per share)	31.3.19 (pence per share)	31.3.18 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	185.38	202.14	216.54
Return before operating charges*	(48.94)	(8.24)	(6.06)
Operating charges	(1.55)	(1.76)	(1.92)
Return after operating charges	(50.49)	(10.00)	(7.98)
Distributions	(7.47)	(6.76)	(6.42)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>127.42</b>	<b>185.38</b>	<b>202.14</b>
*After direct transaction costs of	(0.14)	(0.11)	(0.30)
<b>Performance</b>			
Return after charges	(27.24%)	(4.95%)	(3.69%)
<b>Other information</b>			
Closing net asset value (£'000)	6,794	20,866	41,193
Closing number of shares	5,331,674	11,255,668	20,378,598
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.08%	0.06%	0.14%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	192.86	217.92	229.40
Lowest share price	114.92	178.61	203.56

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 10, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> (Unaudited) as at 31 March 2020	<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>			
<b>Denmark 2.31% (31.3.19 - Nil)</b>			
<b>Financials 2.31% (31.3.19 - Nil)</b>			
Novo Nordisk 'B'	50,936	2,463	2.31
<b>France 1.88% (31.3.19 - Nil)</b>			
<b>Oil &amp; Gas 1.88% (31.3.19 - Nil)</b>			
Total	64,366	2,008	1.88
<b>Guernsey Nil (31.3.19 - 0.00%)</b>			
<b>Financials Nil (31.3.19 - 0.00%)</b>			
<b>Israel Nil (31.3.19 - 0.46%)</b>			
<b>Health Care Nil (31.3.19 - 0.00%)</b>			
<b>Financials Nil (31.3.19 - 0.46%)</b>			
<b>Switzerland 1.67% (31.3.19 - Nil)</b>			
<b>Health Care 1.67% (31.3.19 - Nil)</b>			
Novartis	26,727	1,779	1.67
<b>United Kingdom 85.73% (31.3.19 - 97.37%)</b>			
<b>Oil &amp; Gas 8.05% (31.3.19 - 8.52%)</b>			
BP	1,759,749	6,044	5.67
Royal Dutch Shell 'A' (UK Regd.)	48,421	687	0.64
Royal Dutch Shell 'B' (UK Regd.)	136,425	1,855	1.74
<b>Industrials 7.98% (31.3.19 - 13.82%)</b>			
Babcock International	443,022	1,695	1.59
Breedon	3,470,782	2,318	2.18
Capita	3,010,745	985	0.92
Eddie Stobart Logistics	3,654,583	406	0.38
G4S	1,219,587	1,125	1.06
HomeServe	186,134	1,969	1.85
<b>Consumer Goods 10.39% (31.3.19 - 11.36%)</b>			
British American Tobacco	266,282	7,341	6.89
Countryside Properties	365,502	1,042	0.98
McBride	2,090,807	1,152	1.08
Nexxon <sup>1</sup>	19,636	83	0.08
Victoria	695,208	1,453	1.36
<b>Health Care 4.45% (31.3.19 - 3.47%)</b>			
Oxford Genetics 'C' <sup>1</sup>	10,200	4,118	3.86
Oxford Genetics 'C-2' <sup>1</sup>	1,531	628	0.59
<b>Consumer Services 9.53% (31.3.19 - 9.18%)</b>			
easyJet	267,310	1,526	1.43
International Consolidated Airlines (UK Regd.)	391,298	842	0.79
Next	65,754	2,677	2.51
Tesco	1,720,440	3,933	3.69
Whitbread	39,115	1,185	1.11
<b>Telecommunications 1.64% (31.3.19 - 3.01%)</b>			
BT	1,481,054	1,746	1.64
<b>Utilities 3.33% (31.3.19 - 1.72%)</b>			
Drax	776,016	1,193	1.12
National Grid	45,573	431	0.40
SSE	147,619	1,925	1.81
<b>Financials 40.36% (31.3.19 - 46.29%)</b>			
Aviva	592,692	1,591	1.49
Beazley	463,177	1,806	1.69
British Land	645,699	2,171	2.04
Burford Capital	319,528	1,337	1.25
Chesnara	823,669	2,397	2.25
CLS	1,035,411	2,025	1.90

# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

### Portfolio Statement (Unaudited) continued as at 31 March 2020

#### Investment

#### Financials continued

	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Derwent London	98,305	3,213	3.01
Eurovestech <sup>1</sup>	550,537	20	0.02
Hadrians Wall Secured Investments Fund	2,653,577	1,194	1.12
Hiscox	141,160	1,306	1.23
IP	3,324,757	1,662	1.56
Land Securities	116,263	647	0.61
Legal & General	1,583,412	3,069	2.88
Marwyn Value Investors	3,647,503	2,663	2.50
NewRiver REIT	1,416,899	846	0.79
Oakley Capital Investments	582,322	1,112	1.04
Phoenix Spree Deutschland	869,293	2,334	2.19
Pollen Street Secured Lending	322,430	2,251	2.11
Provident Financial	676,470	1,467	1.38
Randall & Quilter Investment	2,207,227	3,311	3.11
Real Estate Investors	6,926,290	2,493	2.34
Royal Bank of Scotland	1,151,427	1,300	1.22
Urban Exposure	2,925,211	995	0.93
Zegona Communications	2,268,945	1,815	1.70

#### United States 8.43% (31.3.19 - 2.40%)

#### Basic Materials Nil (31.3.19 - 0.00%)

#### Industrials 2.50% (31.3.19 - 0.45%)

HawkEye 360 <sup>1</sup>	558,838	2,664	2.50
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#### Health Care 5.93% (31.3.19 - 1.95%)

Ecoeos <sup>1</sup>	1,190,476	-	0.00
Ecoeos warrants 16/5/2023 <sup>1</sup>	593,928	-	0.00
Jaguar Health	25,604	10	0.01
Jaguar Health – Tranche A Convertible Contingent rights <sup>1</sup>	740,281	-	0.00
Jaguar Health – Tranche B Convertible Contingent rights <sup>1</sup>	1,578,372	-	0.00
Jaguar Health indemnity shares <sup>1</sup>	305,182	-	0.00
Lombard Medical <sup>1</sup>	1,371,382	2	0.00
PureTech Health	2,627,164	6,305	5.92

#### Portfolio of investments (31.3.19 - 100.23%)

106,615 100.02

#### Net other liabilities (31.3.19 - (0.23%))

(17) (0.02)

#### Net assets

106,598 100.00

Unless otherwise stated, all holdings are on an official stock exchange listing or are permitted collective investment schemes.

<sup>1</sup> Unquoted securities - for the year ended 31 March 2020 these amount to 7.05% (31 March 2019 – 2.01%) of the Net Asset Value of the Fund.

### Portfolio Statement Breakdown

as at 31 March 2020

	Market value 31.3.20 £'000	Percentage of total net assets 31.3.20 %	Market value 31.3.19 £'000	Percentage of total net assets 31.3.19 %
Quoted securities	99,100	92.97	249,958	98.22
Unquoted securities	7,515	7.05	5,124	2.01
Portfolio of investments	106,615	100.02	255,082	100.23
Net other liabilities	(17)	(0.02)	(585)	(0.23)
<b>Net assets</b>	<b>106,598</b>	<b>100.00</b>	<b>254,497</b>	<b>100.00</b>

# Invesco UK Strategic Income Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 April 2019 to 31 March 2020

	Cost £'000
<b>Total purchases</b>	<b>21,408</b>
<b>Purchases:</b>	
<b>Denmark</b>	
Novo Nordisk 'B'	2,421
<b>France</b>	
Total	3,162
<b>Israel</b>	
Plus500	251
<b>Switzerland</b>	
Novartis	1,938
<b>United Kingdom</b>	
SSE	2,273
International Consolidated Airlines (UK Regd.)	2,153
Royal Dutch Shell 'B' (UK Regd.)	1,757
Whitbread	1,594
Countryside Properties	1,508
Royal Bank of Scotland	1,061
Land Securities	1,052
Tesco	613
National Grid	418
Aviva	354
British American Tobacco	229
easyJet	207
BP	172
Drax	170
Amigo	75

	Proceeds £'000
<b>Total sales</b>	<b>120,535</b>
<b>Largest sales:</b>	
<b>United Kingdom</b>	
BCA Marketplace	7,017
Next	5,670
Imperial Brands	5,456
British American Tobacco	4,752
BP	4,661
Royal Dutch Shell 'A' (UK Regd.)	4,095
Real Estate Investors	4,055
NewRiver REIT	3,904
Equiniti	3,736
Legal & General	3,469
Derwent London	3,158
HomeServe	3,140
TalkTalk Telecom	3,122
Tesco	2,842
Zegona Communications	2,700
Aviva	2,646
Whitbread	2,629
Phoenix Spree Deutschland	2,592
Allergy Therapeutics	2,579
Randall & Quilter Investment	2,543

## Invesco UK Strategic Income Fund (UK)

### Financial statements

<b>Statement of Total Return</b>			<b>01.4.19 to 31.3.20</b>	<b>01.4.18 to 31.3.19</b>
for the year 1 April 2019 to 31 March 2020			<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>			
<b>Income</b>				
Net capital losses	2		(49,511)	(22,123)
Revenue	3	8,238		12,156
Expenses	4	(1,960)		(3,756)
Interest payable and similar charges	5	(5)		(9)
Net revenue before taxation		6,273		8,391
Taxation	6	(95)		(57)
Net revenue after taxation			6,178	8,334
<b>Total return before distributions</b>			(43,333)	(13,789)
Distributions	7		(7,935)	(11,802)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(51,268)</b>	<b>(25,591)</b>

<b>Statement of Change in Net Assets Attributable to Shareholders</b>			<b>01.4.19 to 31.3.20</b>	<b>01.4.18 to 31.3.19</b>
for the year 1 April 2019 to 31 March 2020			<b>£'000</b>	<b>£'000</b>
<b>Opening net assets attributable to Shareholders</b>				
			<b>254,497</b>	<b>431,702</b>
Amounts received on issue of shares		3,136		10,839
Amounts paid on redemption of shares		(105,060)		(170,253)
			(101,924)	(159,414)
Dilution adjustment			511	946
Change in net assets attributable to Shareholders from investment activities			(51,268)	(25,591)
Retained distribution on accumulation shares			4,780	6,852
Unclaimed distribution monies			2	2
<b>Closing net assets attributable to Shareholders</b>			<b>106,598</b>	<b>254,497</b>

## Invesco UK Strategic Income Fund (UK)

### Financial statements

<b>Balance Sheet</b>			31.3.20	31.3.19
as at 31 March 2020			£'000	£'000
	Notes	£'000	£'000	£'000
<b>Assets</b>				
Fixed assets				
Investments			106,615	255,082
Current assets				
Debtors	8	2,993		1,156
Cash and bank balances	9	247		664
Total other assets			3,240	1,820
Total assets			109,855	256,902
<b>Liabilities</b>				
Investment liabilities			-	-
Creditors				
Distribution payable		769		1,381
Other creditors	10	2,488		1,024
Total other liabilities			3,257	2,405
Total liabilities			3,257	2,405
<b>Net assets attributable to Shareholders</b>			<b>106,598</b>	<b>254,497</b>

# Invesco UK Strategic Income Fund (UK)

## Notes to the financial statements

Refer to pages 06 to 15 for notes applicable to the financial statements of all Funds.

### 1 Accounting Policies

The Fund's Accounting Policies, Distribution Policies and Generic Risk Factors are set out on pages 06 to 13.

<b>2 Net capital losses</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Foreign currency gains/(losses)	33	(16)
Non-derivative securities	(49,544)	(22,107)
Net capital losses	(49,511)	(22,123)

<b>3 Revenue</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Bank interest	-	5
Interest distributions from authorised Funds	175	358
Management fee rebates	129	155
Non-taxable overseas dividends	1,340	1,733
Stock dividends	111	-
Taxable overseas dividends	93	75
UK dividends	5,270	8,221
UK REIT dividends	1,120	1,609
	8,238	12,156

<b>4 Expenses</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	1,960	3,756
	1,960	3,756
Total expenses	1,960	3,756

<sup>1</sup> Total audit fees of £12,500 (2019 - £10,676) exclusive of VAT payable to the auditors for the year ended 31 March 2020 are borne out of the Fund Management Fee.

# Invesco UK Strategic Income Fund (UK)

## Notes to the financial statements

<b>5 Interest payable and similar charges</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Interest	5	9

<b>6 Taxation</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
<b>a) Analysis of charge for the year</b>		
Overseas tax	95	57
Total tax charge	95	57

There is no corporation tax charge for the year (2019 - Nil).

### **b) Factors affecting the tax charge for the year**

The tax assessed for the year is lower (2019 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Net revenue before taxation	6,273	8,391
Corporation tax at 20% (2019 -20%)	1,255	1,678
Effects of:		
Movement in excess expenses	97	313
Overseas tax	95	57
Prior year adjustment	(3)	-
Relief on overseas tax expensed	(5)	-
Revenue not subject to tax	(1,344)	(1,991)
Total tax charge	95	57

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

### **c) Deferred tax**

At the year end the Fund had surplus management expenses of £54,893,000 (2019 - £54,407,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £10,979,000 (2019 - £10,882,000) has not been recognised.

<b>7 Distributions</b>	<b>01.4.19 to 31.3.20 £'000</b>	<b>01.4.18 to 31.3.19 £'000</b>
Accumulations and distributions paid 30 November 2019	4,710	6,798
Accumulations and distributions payable 31 May 2020	2,392	3,924
	7,102	10,722
Amounts deducted on redemption of shares	1,081	1,452
Amounts received on issue of shares	(248)	(372)
	7,935	11,802
The distributable amount has been calculated as follows:		
Net revenue after taxation	6,178	8,334
Fund Management Fee taken to capital	1,960	3,756
Tax relief on expenses taken to capital	(203)	(288)
	7,935	11,802



# Invesco UK Strategic Income Fund (UK)

## Notes to the financial statements

<b>8 Debtors</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Accrued revenue	289	604
Amounts receivable for issue of shares	639	4
Foreign currency contracts awaiting settlement	106	-
Overseas tax recoverable	74	51
Sales awaiting settlements	1,885	497
	<b>2,993</b>	<b>1,156</b>

<b>9 Cash and bank balances</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Cash and bank balances	247	664

<b>10 Other creditors</b>	<b>31.3.20 £'000</b>	<b>31.3.19 £'000</b>
Accrued expenses	103	233
Amounts payable for redemption of shares	538	791
Foreign currency contracts awaiting settlement	106	-
Purchases awaiting settlement	1,741	-
	<b>2,488</b>	<b>1,024</b>

### 11 Commitments, contingent liabilities and contingent assets

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2019 - Nil).

### 12 Related parties

Related party interests in the Fund are disclosed in note 10 of the notes applicable to the financial statements of all Funds on page 14. Amounts payable to Invesco Fund Managers Limited in respect of Fund Management Fees are disclosed in note 4. Amounts due at the end of the accounting year for Fund Management Fees of £103,000 (2019 - £233,000) are disclosed in note 10 within accrued expenses.

### 13 Generic Risk factors

As one of the key objectives of the Fund is to provide income, the Manager's ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth.

The Fund may invest in private and unlisted equities which may involve additional risks such as lack of liquidity, lack of pricing transparency, less readily available information on the company and concentrated ownership. These investments may result in greater fluctuations of the value of the Fund. The Manager, however, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Fund.

The Fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of their investments, reduce the costs of investing and/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 risk factors relating to the Fund are discussed more fully in note 5 of the notes applicable to the financial statements of all Funds on pages 10 to 13.

#### a) Counterparty risk

The Fund was not exposed to any counterparty risk as at the balance sheet date (2019 - Nil).

# Invesco UK Strategic Income Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors continued

#### b) Valuation of financial instruments

The categorisation of financial instruments in the tables below reflect the basis of valuation of instruments used to measure their fair value.

	Assets £'000	Liabilities £'000
<b>31.3.20</b>		
Level 1: Quoted prices	99,100	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	7,515	-
	<b>106,615</b>	<b>-</b>
<b>31.3.19</b>		
Level 1: Quoted prices	249,958	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	5,124	-
	<b>255,082</b>	<b>-</b>

The majority of financial instruments are classified as level 1: Quoted prices. Instruments classified as level 3: Unobservable data mainly comprise non-market traded and unquoted securities.

Generally for the non-market traded and unquoted securities, where there is no price source from an active market for an investment, the Manager has applied judgement in determining the fair value. The Manager has used several valuation methodologies as prescribed in the International Private Equity and Venture Capital valuation guidelines to arrive at their best estimate of fair value. Valuation techniques used by the Manager are set out in Accounting Policies note 1 (i). The fair value is established by using measures of value such as:

- Price of recent transactions – Management determine the fair value based on the price of recent transactions made by management or a third party.
- Milestone analysis – Management assess the investment company's progress against milestones expected at the time of investment in order to determine whether an adjustment is required to the transaction price to determine fair value.
- Multiples – Earnings or Revenue multiples are selected from comparable public companies based on geographic location, industry, size, risk profile, earnings growth prospects, target markets and other factors that management consider reasonable. A discount for lack of liquidity may then be applied to represent the adjustment to comparable company multiples to reflect the illiquidity of the portfolio companies relative to the comparable peer group. Management determines the discount for lack of liquidity based on its judgement, after considering market liquidity conditions and company specific factors such as the development stage of the portfolio company. One of the most common forms of multiples used for cash generating companies are EV/EBITDA multiples as EBITDA is generally seen to represent a good proxy for free cash flow. These are applied where appropriate based on the development of underlying portfolio companies but other multiples such as EV/Revenue may also be considered.
- Net assets – Management determine the fair value based on the net asset value of the underlying portfolio company.

In applying the above valuation techniques in arriving at the fair value the Manager has assessed any further information available from internal and external sources to arrive at an estimated fair value, which includes but is not limited to the following:

- Reference to listed securities of the same company.
- Consideration of seniority of the securities held and terms of repayment upon realisation.
- Consideration of any trading restrictions on the investment company's shares that would limit Invesco's ability to realise its holding.
- Consideration of any outstanding payments to be made by Invesco.
- Industry statistics or events (such as mergers and acquisitions).

# Invesco UK Strategic Income Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs

for the year 1 April 2019 to 31 March 2020

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	21,331	11	0.05	66	0.31
<b>Total purchases</b>	<b>21,331</b>	<b>11</b>		<b>66</b>	
<b>Total purchases including transaction costs</b>	<b>21,408</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	113,206	66	0.06	1	0.00
Collective investment schemes	7,401	5	0.07	-	-
<b>Total sales</b>	<b>120,607</b>	<b>71</b>		<b>1</b>	
<b>Total sales net of transaction costs</b>	<b>120,535</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>82</b>		<b>67</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.04%</b>	

# Invesco UK Strategic Income Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued

for the year 1 April 2018 to 31 March 2019

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	35,582	13	0.04	107	0.33
Collective investment schemes	153	-	-	-	-
<b>Total purchases</b>	<b>35,735</b>	<b>13</b>		<b>107</b>	
<b>Total purchases including transaction costs</b>	<b>35,855</b>				
	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Sales (excluding derivatives)</b>					
Equity instruments	179,046	81	0.05	1	0.00
Collective investment schemes	8,316	2	0.03	0	0.00
<b>Total sales</b>	<b>187,362</b>	<b>83</b>		<b>1</b>	
<b>Total sales net of transaction costs</b>	<b>187,278</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>96</b>		<b>108</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.03%</b>	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares, there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments, cash and short-term collective investment schemes utilised as part of a daily sweep to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying Funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 1.37% (2019 - 0.79%).

# Invesco UK Strategic Income Fund (UK)

## Notes to the financial statements

### 15 Share movement

for the year 1 April 2019 to 31 March 2020

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	11,577,212	218,896	15,570,475	42,807,537
Shares issued	68,266	1,548	331,671	373,421
Shares redeemed	(3,898,626)	(84,004)	(6,289,800)	(17,761,970)
Shares converted	(697,751)	141,725	47,245	28,633
<b>Closing shares</b>	<b>7,049,101</b>	<b>278,165</b>	<b>9,659,591</b>	<b>25,447,621</b>

	Income shares	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	15,639,211	4,815,261	10,790,290	11,255,668
Shares issued	69,156	122,527	259,321	157,861
Shares redeemed	(6,372,765)	(1,071,506)	(6,830,431)	(6,122,896)
Shares converted	(725,199)	160,692	2,763	41,041
<b>Closing shares</b>	<b>8,610,403</b>	<b>4,026,974</b>	<b>4,221,943</b>	<b>5,331,674</b>

### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 15.

# Invesco UK Strategic Income Fund (UK)

## Distribution tables

### Distribution tables

for the year 1 April 2019 to 31 March 2020

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 30.11.19 pence per share	Net distribution paid 30.11.18 pence per share
<b>Distribution paid 30 November 2019</b>				
<b>Accumulation shares</b>				
Group 1	4.2801	-	4.2801	3.5382
Group 2	2.0483	2.2318	4.2801	3.5382
<b>Accumulation shares (No Trail)</b>				
Group 1	17.335	-	17.3350	14.2575
Group 2	10.5173	6.8177	17.3350	14.2575
<b>Z Accumulation shares</b>				
Group 1	7.7806	-	7.7806	6.3854
Group 2	4.1685	3.6121	7.7806	6.3854
<b>Y Accumulation shares</b>				
Group 1	5.4635	-	5.4635	4.4815
Group 2	2.3518	3.1117	5.4635	4.4815
<b>Income shares</b>				
Group 1	2.8209	-	2.8209	2.4120
Group 2	1.7208	1.1001	2.8209	2.4120
<b>Income shares (No Trail)</b>				
Group 1	11.4269	-	11.4269	9.7203
Group 2	6.5341	4.8928	11.4269	9.7203
<b>Z Income shares</b>				
Group 1	6.2857	-	6.2857	5.3344
Group 2	3.3278	2.9579	6.2857	5.3344
<b>Y Income shares</b>				
Group 1	4.5692	-	4.5692	3.8764
Group 2	1.9251	2.6441	4.5692	3.8764

Group 1: shares purchased prior to 1 April 2019

Group 2: shares purchased on or after 1 April 2019

# Invesco UK Strategic Income Fund (UK)

## Distribution tables

**Distribution tables** continued  
for the year 1 April 2019 to 31 March 2020

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 31.5.20 pence per share	Net distribution paid 31.5.19 pence per share
<b>Distribution payable 31 May 2020</b>				
<b>Accumulation shares</b>				
Group 1	2.7775	-	2.7775	2.6751
Group 2	1.2425	1.5350	2.7775	2.6751
<b>Accumulation shares (No Trail)</b>				
Group 1	11.2813	-	11.2813	10.7958
Group 2	0.6941	10.5872	11.2813	10.7958
<b>Z Accumulation shares</b>				
Group 1	5.0688	-	5.0688	4.8419
Group 2	1.1992	3.8696	5.0688	4.8419
<b>Y Accumulation shares</b>				
Group 1	3.5602	-	3.5602	3.3991
Group 2	1.7952	1.7650	3.5602	3.3991
<b>Income shares</b>				
Group 1	1.7848	-	1.7848	1.7911
Group 2	0.2112	1.5736	1.7848	1.7911
<b>Income shares (No Trail)</b>				
Group 1	7.2480	-	7.2480	7.2273
Group 2	4.4816	2.7664	7.2480	7.2273
<b>Z Income shares</b>				
Group 1	3.9926	-	3.9926	3.9726
Group 2	0.9975	2.9951	3.9926	3.9726
<b>Y Income shares</b>				
Group 1	2.9031	-	2.9031	2.8870
Group 2	1.4438	1.4593	2.9031	2.8870

Group 1: shares purchased prior to 1 October 2019  
Group 2: shares purchased on or after 1 October 2019

Equalisation applies only to shares purchased during the distribution period (Group 2). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of shares for capital gains purposes.

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## Invesco UK 2 Investment Series (the “Company”)

### Regulatory statements

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#### Statement of the Manager’s Responsibilities in relation to the Financial Statements

The Collective Investment Schemes sourcebook (“COLL”) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company as at the end of the year and of the net revenue or expense and the net capital gains or losses on the scheme property of the Company for the year then ended. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Financial Statements of Authorised Funds;
- follow applicable accounting standards; and
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements.

The Manager is responsible for the management of the Company in accordance with the Prospectus and the OEIC Regulations.

The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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#### Statement of the Depositary’s Responsibilities in relation to the Financial Statements

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the COLL, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (“the OEIC Regulations”) and the Company’s Instrument of Incorporation in relation to the pricing of, and dealings in, the shares of the Company, the application of the revenue of the Company, and the investment and borrowing powers of the Company.

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#### Depositary’s Report to Shareholders

Having carried out such procedures as we considered necessary to discharge our responsibilities and duties as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Manager:

- (i) has carried out the issue, sale, redemption and cancellation of shares in the Company, the calculation of the price of the Company’s shares and the application of the Company’s revenue in accordance with the COLL and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**Citibank Europe plc, UK Branch**

London

28 September 2020



## Invesco UK 2 Investment Series (the “Company”)

### Independent auditors’ report to the Shareholders of Invesco UK 2 Investment Series

#### Report on the audit of the financial statements

##### Opinion

In our opinion, the financial statements of Invesco UK 2 Investment Series (the “Company”):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 March 2020 and of the net revenue and the net capital losses on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Invesco UK 2 Investment Series is an Open Ended Investment Company (‘OEIC’) with three sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report including Long Form Financial Statements (the “Annual Report”), which comprise: the balance sheets as at 31 March 2020; the statements of total return and the statements of changes in net assets attributable to shareholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1(a) to the financial statements which describes the Authorised Corporate Director’s reasons why the financial statements of the Invesco UK Strategic Income Fund (UK) have been prepared on a basis other than going concern.

### Conclusions relating to going concern

With the exception of the circumstances described in the Emphasis of matter paragraph above regarding the sub-fund Invesco UK Strategic Income Fund (UK), we have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Authorised Corporate Director’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s or any of the sub-funds’ ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company’s or any of the sub-funds’ ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Authorised Corporate Director’s Report

In our opinion, the information given in the Authorised Corporate Director’s Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## Invesco UK 2 Investment Series (the “Company”)

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### Independent auditors’ report to the Shareholders of Invesco UK 2 Investment Series continued

#### Responsibilities for the financial statements and the audit

##### Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Manager’s Responsibilities in relation to the Financial Statements set out on page 75, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company’s and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

##### Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors’ report.

##### Use of this report

This report, including the opinions, has been prepared for and only for the Company’s shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### Other required reporting

#### Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

#### PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Edinburgh  
28 September 2020

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# Invesco UK 2 Investment Series (the “Company”)

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## General Information

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### Directors of the Manager

Rachel Court\*  
Judith Eden\*  
Matthieu Grosclaude\*\*\*  
Rene Marston\*\*  
Hayley Norford  
Graeme Proudfoot (ceased to be a Director 30 June 2019)  
Andrew Schlossberg (ceased to be a Director 13 May 2019)  
Douglas Sharp  
Alan Trotter

- \* Effective 11 September 2019 Rachel Court and Judith Eden were appointed as Independent Non-Executive Directors of Invesco Fund Managers Limited.
- \*\* Effective 8 January 2020 Rene Marston was appointed as a Director of Invesco Fund Managers Limited.
- \*\*\* Effective 9 January 2020 Matthieu Grosclaude was appointed as a Director of Invesco Fund Managers Limited.

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### Authorised Corporate Director (the “Manager”)

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

The Manager’s investment adviser is:  
Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK  
Registered in England No. 949417

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

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### Registrar

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

For registration enquiries please call free on telephone 0800 085 8677 or write to us at:  
Invesco Administration Centre, PO Box 11150, Chelmsford CM99 2DL, UK

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### Depository

Citibank Europe plc, UK Branch  
Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, UK  
Authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

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### Independent Auditors

PricewaterhouseCoopers LLP  
Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

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## Further information

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### General enquiries

Client Services Team 0800 085 8677  
International calls +44 (0)1491 417000

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

[www.invesco.co.uk](http://www.invesco.co.uk)  
[enquiry@invesco.com](mailto:enquiry@invesco.com)

Fax 01491 416000

Post:  
Invesco Administration Centre, PO Box 11150, Chelmsford CM99 2DL, UK

All instructions for investment and other correspondence relating to your account should be sent to this address. If you do not use this address, instructions for investment will be returned to you and our response to other correspondence may be delayed.

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### To invest

ICVC Dealing Line 0800 085 8571\*

- \* The initial investment into an ICVC account must be made by completing and signing an application form; subsequent investments into the account can be made by post or via the telephone dealing line.

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

Telephone conversations of all dealers, staff and those of clients on our Dealing Lines will be recorded for mutual protection.

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### Valuations

Automated Valuation Service 0800 028 4050. Lines are open 24 hours a day.

Online Valuation Service. Available to UK residents and their financial advisers only.  
To register for this service please go to [www.invesco.co.uk](http://www.invesco.co.uk)

Further information on our products, including the most up to date relevant Fund and share class specific Key Information Document(s) and the Supplementary Information Document, is available using the contact details as set out in the section "General Enquiries" above.

The Prospectus, which contains a written statement of the terms and conditions of the Company, can be obtained from the Manager, as can copies of Interim and Annual Reports. Please call our Client Services Team Line on 0800 085 8677 or log onto our website ([www.invesco.co.uk](http://www.invesco.co.uk)).

Telephone conversations of all staff and those of clients may be recorded for mutual protection.

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