



# **Invesco UK Investment Series**

## Annual Report Including Long Form Financial Statements

**Issued April 2020**

For the year 1 January 2019 to 31 December 2019



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# Invesco UK Investment Series (the “Company”)

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

### The Company

The Invesco UK Investment Series is an investment company with variable capital, (“ICVC”), incorporated in England and Wales on 8 May 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 December 2019, the Company consisted of five Funds:

Invesco High Income Fund (UK)  
Invesco Income & Growth Fund (UK)  
Invesco UK Companies Fund (UK)  
Invesco UK Focus Fund (UK)  
Invesco UK Growth Fund (UK)

### Accounting Periods

Annual accounting date	31 December
Interim accounting date	30 June
Distribution payable on	28 February

The following Funds may also pay an interim distribution on 31 August:

Invesco High Income Fund (UK)  
Invesco Income & Growth Fund (UK)

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 January 2019 to 31 December 2019, 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).

### Change in Fund Management Fee

Effective 23 March 2020 there was a reduction in the Fund Management Fee of Invesco UK Companies Fund (UK): Accumulation No Trail class (formerly Accumulation class) 1.72% to 1.16%, Z Accumulation class 0.97% to 0.91% and Y Accumulation class 0.92% to 0.86%.

### 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 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.

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# Invesco UK Investment Series (the “Company”)

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

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### Remuneration Policy (Unaudited) continued

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 High 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 Income & Growth 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 Companies Fund (UK)

Accumulation shares  
Z Accumulation shares  
Y Accumulation shares

Effective 23 March 2020 the Accumulation shares were renamed to Accumulation shares (No Trail).

#### Invesco UK Focus 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 Growth 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.

### Risk Profile

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. The 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. The Invesco High Income Fund (UK) may 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 Fund. The Manager, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Fund. Although the Invesco UK Growth Fund (UK) does not actively pursue a concentrated portfolio, it may have a concentrated number of holdings on occasions. Accordingly, the Fund may carry a higher degree of risk than a Fund which invests in a broader range of holding or takes smaller positions in a relatively large number of holdings. As one of the key objectives of the Invesco High Income Fund (UK) and the Invesco Income & Growth 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. As the Invesco UK Focus Fund (UK) has a concentrated number of holdings, investors should be prepared to accept higher risks. The Invesco High Income Fund (UK) and the Invesco Income & Growth Fund (UK) invest in smaller companies which may result in a higher level of risk than funds that invest in larger companies. Securities of smaller companies may be subject to abrupt price movements and may be less liquid, which may mean they are not easy to buy or sell.

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

### 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.

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

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

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

The Manager will be conducting 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) by 30 June 2020.

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#### **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.

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

As at 31 December 2019, no Funds held shares in any other Fund of the Company.

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#### **ISA Eligibility**

All the Company's Funds qualify for stocks and shares ISA investment. None of the Funds qualify for cash ISA investment.

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#### **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 - Alan Trotter**

**Director - Douglas Sharp**

30 April 2020

# Invesco UK Investment Series (the “Company”)

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

Risk and Reward Profiles						
for the year 1 January 2019 to 31 December 2019						
<b>Invesco High Income Fund (UK)<sup>1</sup></b>						
Lower Risk <span style="float:right">Higher Risk</span>						
Typically lower rewards				Typically higher rewards		
1	2	3	4	5	6	7
<b>Invesco Income &amp; Growth Fund (UK)</b>						
Lower Risk <span style="float:right">Higher Risk</span>						
Typically lower rewards				Typically higher rewards		
1	2	3	4	5	6	7
<b>Invesco UK Companies Fund (UK)</b>						
Lower Risk <span style="float:right">Higher Risk</span>						
Typically lower rewards				Typically higher rewards		
1	2	3	4	5	6	7
<b>Invesco UK Focus Fund (UK)</b>						
Lower Risk <span style="float:right">Higher Risk</span>						
Typically lower rewards				Typically higher rewards		
1	2	3	4	5	6	7
<b>Invesco UK Growth Fund (UK)</b>						
Lower Risk <span style="float:right">Higher Risk</span>						
Typically lower rewards				Typically higher rewards		
1	2	3	4	5	6	7
<sup>1</sup> The risk category for this Fund changed from 4 to 5 on 28 February 2019.						

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.

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.

# Invesco UK Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

### 1 Accounting Policies

#### a) **Basis of preparation**

The financial statements 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 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 flows 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.

#### 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.

#### 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.

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# Invesco UK 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

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, cashflow 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:

#### **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.

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# Invesco UK 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

##### **Milestones Analysis** continued

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 Cashflow 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.

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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. 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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#### 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.

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# Invesco UK Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies continued

#### 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 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 High Income Fund (UK)  
Invesco Income & Growth 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 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 High 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
Invesco Income & Growth 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
Invesco UK Companies Fund (UK)	- Trail class	5.0	1.72
	- Z class	0.0	0.97
	- Y class	0.0	0.92
Invesco UK Focus 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
Invesco UK Growth 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

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 High Income Fund (UK)	pages 20 to 23
Invesco Income & Growth Fund (UK)	pages 41 to 44
Invesco UK Companies Fund (UK)	pages 60 to 61
Invesco UK Focus Fund (UK)	pages 77 to 80
Invesco UK Growth Fund (UK)	pages 96 to 99

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

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# Invesco UK Investment Series (the “Company”)

## Notes applicable to the financial statements of all Funds

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### 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.

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#### 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.

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#### 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 Funds' 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.

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#### 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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#### 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 in a timely manner.

In order to mitigate this risk, a substantial proportion of the Funds' 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.

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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 Funds are not protected and there may be a delay in regaining full control of the non-cash assets.

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#### 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.

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# Invesco UK 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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#### Counterparty risk continued

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.

#### Leverage risk

Leverage exists when the Funds purchase or sell an instrument or enter into a transaction without investing cash in an amount equal to the full economic exposure of the instrument or transaction and the Funds could lose more than it invested. Leveraged transactions multiply the risk of potential losses when positions results are contrary to expected market directions, compared to direct holdings, and may add significant risk because of added payment obligations.

#### Investing in a concentrated portfolio

Certain Funds may have concentrated portfolios (holding a limited number of investments and/or large positions in relatively small number of stocks). If one or more of those investments decline or are otherwise adversely affected, it may have a more pronounced effect on the Fund's net asset value than if a larger number of investments were held or if the Fund had fewer larger positions. Accordingly they may carry a higher degree of risk and NAV volatility than a Fund which invests in a broad range of companies and/or does not take large positions in a relatively small number of stocks.

#### 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 Fund 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.

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.

# Invesco UK 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 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 December 2019, as well as the daily average level of leverage for each Fund during the one year period ending 31 December 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)	Regulatory limits			
Invesco High Income Fund (UK)	1 Jan 2019 - 31 Dec 2019	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	39.3%	44.8%	42.1%	100%	0%	Sum of the Notional of the derivatives	
Invesco Income & Growth Fund (UK)	1 Jan 2019 - 31 Dec 2019	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	37.8%	41.6%	40.2%	100%	0%	Sum of the Notional of the derivatives	
Invesco UK Companies Fund (UK)	1 Jan 2019 - 31 Dec 2019	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	43.7%	52.3%	48.4%	100%	0%	Sum of the Notional of the derivatives	
Invesco UK Focus Fund (UK)	1 Jan 2019 - 31 Dec 2019	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	42.8%	49.1%	45.7%	100%	15.4%	Sum of the Notional of the derivatives	
Invesco UK Growth Fund (UK)	1 Jan 2019 - 31 Dec 2019	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	41.4%	47.6%	44.0%	100%	15.6%	Sum of the Notional of the derivatives	

# Invesco UK 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 December 2018, as well as the daily average level of leverage for each Fund during the one year period ending 31 December 2018.

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)	Regulatory limits			
Invesco High Income Fund (UK)	1 Jan 2018 - 31 Dec 2018	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	37.3%	51.1%	45.1%	100%	0.1%	Sum of the Notional of the derivatives	
Invesco Income & Growth Fund (UK)	1 Jan 2018 - 31 Dec 2018	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	37.0%	50.4%	44.3%	100%	0%	Sum of the Notional of the derivatives	
Invesco UK Companies Fund (UK)	1 Jan 2018 - 31 Dec 2018	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	47.1%	60.9%	52.5%	100%	0%	Sum of the Notional of the derivatives	
Invesco UK Focus Fund (UK)	1 Jan 2018 - 31 Dec 2018	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	43.9%	59.8%	53.6%	100%	14.4%	Sum of the Notional of the derivatives	
Invesco UK Growth Fund (UK)	1 Jan 2018 - 31 Dec 2018	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	42.9%	58.2%	51.3%	100%	17.0%	Sum of the Notional of the derivatives	

#### 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. To date, the primary focus of our response has been threefold:

- to ensure the health and safety of our employees;
- to preserve our ability to serve our clients; and
- to appropriately manage client assets in a highly dynamic market environment.

We have established cross-functional teams in each region (Americas, Asia Pacific and EMEA) that are monitoring the situation globally and regionally. These teams, which namely include representatives from Distribution, Portfolio Management, Trading, Technology/Operations, Human Resources, Business Continuity, Compliance, are taking steps to ensure an appropriate and effective response during a highly fluid situation.

We have considered whether there are any financial contingencies and have determined that there are no commitments, contingent liabilities or balances after the reporting period to be disclosed at this stage.

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.

# Invesco UK 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 High Income Fund (UK)	page 17
Invesco Income & Growth Fund (UK)	page 39
Invesco UK Companies Fund (UK)	page 58
Invesco UK Focus Fund (UK)	page 75
Invesco UK Growth Fund (UK)	page 94

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 December 2019 comprise a bank overdraft facility of up to 10% of the value of the Company (31 December 2018 - 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. 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 31.12.19	Change in year	Held at 31.12.18
Invesco High Income Fund (UK) Z Accumulation shares	75,782	75,782	-
Invesco Income & Growth Fund (UK) Accumulation shares	-	(6,381)	6,381
Invesco UK Companies Fund (UK) Accumulation shares	-	(9,301)	9,301
Invesco UK Focus Fund (UK) Accumulation shares	-	(74,961)	74,961
Invesco UK Focus Fund (UK) Income shares (No Trail)	1,518*	-	1,518*
Invesco UK Growth Fund (UK) Accumulation shares	6,636,059	6,629,459	6,600
Invesco UK Growth Fund (UK) Z Accumulation shares	189,377	26,515	162,862
Invesco UK Growth Fund (UK) Y Accumulation shares	5,298,379	3,993,570	1,304,809

\* Seed Capital Investment.

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

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

#### 11 Post Balance Sheet Events

The net asset value in pence per share at the balance sheet date and the latest practicable date prior to the publication of the report has been shown in the table below. The % increase/(decrease) is a reflection of market fluctuations during this period. It is likely markets will continue to be much more volatile than normal over the next few months until the coronavirus impact passes.

Since the balance sheet date markets have fallen significantly due primarily to concerns around the scale of the impact of coronavirus on the global economy.

	Net Asset Value 31.12.19 (pence per share)	Net Asset Value 28.4.20 (pence per share)	Increase/ Decrease %
Invesco High Income Fund (UK)*	430.59	242.91	-43.59
Invesco Income & Growth Fund (UK)	492.63	252.91	-48.66
Invesco UK Companies Fund (UK)	476.90	355.88	-25.38
Invesco UK Focus Fund (UK)	279.09	213.35	-23.55
Invesco UK Growth Fund (UK)	488.80	261.33	-46.54

\* Included within the total NAV movement shown above is the impact of a 60% downward adjustment made on 31 March 2020 with respect the value of the unquoted investments held within the Fund. This adjustment was made to reflect conditions which arose post the balance sheet date and is therefore considered to be non-adjusting.

As of 31 December 2019, the unquoted holdings within the Invesco High Income Fund (UK) represented 5.43% of net assets. As of 31 March 2020, this percentage decreased to 3.44%.

# Invesco High Income Fund (UK)

## Investment report for the year

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

The Fund aims to achieve a high 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 December 2019.

### Performance

to 31 December 2019

	Since 30.6.19 %	Since 31.12.18 %	Since 31.12.16 %	Percentage growth Since 31.12.14 %	Percentage growth Since 31.12.09 %
Invesco High Income Fund (UK) (Z Accumulation shares) <sup>1</sup>	5.08	6.05	-0.52	13.71	107.09
IA UK All Companies Sector NR <sup>2</sup>	8.21	22.42	24.08	44.27	130.31
Fund Ranking	188/241	237/239	223/227	208/213	135/171

### Standardised rolling 12 month performance

	31.12.14 31.12.15 %	31.12.15 31.12.16 %	31.12.16 31.12.17 %	Percentage growth 31.12.17 31.12.18 %	Percentage growth 31.12.18 31.12.19 %
Invesco High Income Fund (UK) (Z Accumulation shares) <sup>1</sup>	10.1	3.8	5.4	-11.0	6.1
IA UK All Companies Sector NR <sup>2</sup>	4.6	11.2	14.0	-11.1	22.4

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 21 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 21 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> 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 period prior to this launch date, performance figures are based on the Income share class, without any adjustment for fees.
- <sup>2</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.

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# Invesco High Income Fund (UK)

## Investment report for the year

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### Strategy, review and outlook

The Fund returned 6.1% during the twelve months to 31 December 2019. This placed the Fund in the fourth quartile of its peer group, the IA UK All Companies Sector NR, which rose by an average of 22.4%.

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.

The UK equity market provided a positive return over 2019, recovering the majority of losses from a volatile 2018. The market rose through the first half of the year, before falling at the start of August in response to fears of a slowdown in global economic growth. The market recovered strongly in the final few months of 2019, as the domestic political environment improved and trade tensions between the US and China appeared to cool.

The question of the UK's departure from the European Union dominated 2019 and Sterling served as the bellwether for the market's perception of political developments. The value of the pound peaked in March as the EU agreed to extend Article 50 and delay the UK's exit from the bloc. However, parliamentary paralysis through the summer months saw gains eroded and by August, the currency fell to just US\$1.21 as the Government sought to prorogue Parliament. News that the Conservatives had won a strong majority in the December General Election saw Sterling recover to an eight-month high of US\$1.33.

The Bank of England voted to hold the base interest rate at 0.75% throughout the year, whilst the unemployment rate fell below 4% for the first time in decades.

The Fund's underperformance over the period is largely attributable to three factors. Firstly, the Fund retained significant exposure to UK domestic companies throughout the year, avoiding a number of FTSE 100 international stocks where the manager believed valuations had become stretched. The protracted political challenges facing the UK during 2019 deepened the degree of polarisation within the market as companies with substantial overseas revenues benefitted from the devaluation of sterling and by contrast, UK domestic facing stocks generally performed poorly. Despite improvement in this stock and sector leadership during the final quarter of the year, this positioning proved a significant challenge to performance over the year in aggregate.

Secondly, there were some significant stock specific disappointments, most notably Burford Capital. In August the litigation financier was the subject of a highly critical report from a US research firm. This prompted a material fall in the company's share price. Burford Capital robustly defended itself against the accusations and later announced a series of corporate governance enhancements to soothe the market. However, the share price remained significantly lower at period end. Amigo, Provident Financial and Funding Circle were among other material detractors to performance over the year.

Finally, the presence of a forced seller in the market also placed negative pressure on the share prices of companies where the seller was a significantly large shareholder. Whilst this short-term share price disruption was extremely frustrating, the long-term outlook and inherent value of those companies affected is unchanged.

Whilst 2019 was a disappointing year for relative returns, there were a number of stocks within the portfolio that performed strongly. Next was the standout performer, as the company's share price rose steadily for most of the period, supported by better-than-expected trading and solid full-year results that defied the challenges facing many retailers. Holdings in PureTech Health, British American Tobacco, AJ Bell and Derwent London also outperformed over the year.

2020 has all the promise of being a good year for UK equities. As we progress through the year it is my belief that UK domestic equities stand to gain from clarity around our future trading relationship with the European Union, a sustained recovery in the value of Sterling and the re-emergence of our domestic market as a place of opportunity for international investors. Accordingly, the portfolio remains well-invested in domestically exposed shares, positioned to take advantage of this perceived mispricing.

However, the near-term performance of the UK stock market is likely to be determined by some of the same macroeconomic and political forces which have dominated sentiment for the past few years. The above-mentioned conditions are likely dependant on the progress made in securing our future trading relationship with the European Union. The portfolio 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 seeking to benefit from diverse sources of income. I continue to seek the best opportunities to create a diversified, sustainable flow of dividend income that can grow over time.

## Invesco High Income Fund (UK)

### Investment report for the year

#### Strategy, review and outlook continued

Since the balance sheet date markets have fallen significantly due primarily to concerns around the scale of the impact of coronavirus on the global economy. As at 28 April 2020 the Net Asset Value (pence per share) of the Invesco High Income Fund (UK) had fallen 43.59% since the balance sheet date 31 December 2019. It is likely markets will continue to be much more volatile than normal over the next few months until the coronavirus impact passes.

#### 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.

The Fund's ten largest investments are	%
British American Tobacco	5.98
BP	5.98
Next	3.43
Legal & General	3.22
Tesco	3.05
Royal Dutch Shell	3.02
PureTech Health	3.02
Derwent London	2.95
Capita	2.49
British Land	2.36

# Invesco High Income Fund (UK)

## Investment report for the year

### Comparative tables

Year ended Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	796.30	904.89	864.34
Return before operating charges*	53.15	(94.12)	55.52
Operating charges	(13.58)	(14.47)	(14.97)
Return after operating charges	39.57	(108.59)	40.55
Distributions	(30.26)	(29.39)	(29.71)
Retained distributions on accumulation shares	30.26	29.39	29.71
<b>Closing net asset value per share</b>	<b>835.87</b>	<b>796.30</b>	<b>904.89</b>
*After direct transaction costs of	(0.53)	(0.53)	(0.82)
<b>Performance</b>			
Return after charges	4.97%	(12.00%)	4.69%
<b>Other information</b>			
Closing net asset value (£'000)	3,089,328	3,740,391	4,940,163
Closing number of shares	369,592,351	469,722,807	545,943,173
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.07%	0.06%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	853.55	911.43	939.24
Lowest share price	758.43	784.79	845.24

Year ended Accumulation shares (No Trail)	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	172.96	195.56	185.87
Return before operating charges*	11.58	(20.40)	11.95
Operating charges	(2.07)	(2.20)	(2.26)
Return after operating charges	9.51	(22.60)	9.69
Distributions	(6.60)	(6.38)	(6.41)
Retained distributions on accumulation shares	6.60	6.38	6.41
<b>Closing net asset value per share</b>	<b>182.47</b>	<b>172.96</b>	<b>195.56</b>
*After direct transaction costs of	(0.12)	(0.12)	(0.18)
<b>Performance</b>			
Return after charges	5.50%	(11.56%)	5.21%
<b>Other information</b>			
Closing net asset value (£'000)	20,703	30,170	39,570
Closing number of shares	11,345,840	17,443,514	20,233,742
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.07%	0.06%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	185.67	197.55	202.40
Lowest share price	165.25	170.45	181.85

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 High Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	303.10	341.86	324.10
Return before operating charges*	20.32	(35.74)	20.86
Operating charges	(2.86)	(3.02)	(3.10)
Return after operating charges	17.46	(38.76)	17.76
Distributions	(11.58)	(11.17)	(11.20)
Retained distributions on accumulation shares	11.58	11.17	11.20
<b>Closing net asset value per share</b>	<b>320.56</b>	<b>303.10</b>	<b>341.86</b>
*After direct transaction costs of	(0.20)	(0.20)	(0.31)
<b>Performance</b>			
Return after charges	5.76%	(11.34%)	5.48%
<b>Other information</b>			
Closing net asset value (£'000)	410,329	606,408	809,224
Closing number of shares	128,002,868	200,067,478	236,713,617
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.07%	0.06%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	325.61	345.83	353.29
Lowest share price	290.04	298.70	317.15

Year ended Y Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	231.67	261.17	247.48
Return before operating charges*	15.54	(27.32)	15.93
Operating charges	(2.07)	(2.18)	(2.24)
Return after operating charges	13.47	(29.50)	13.69
Distributions	(8.86)	(8.53)	(8.56)
Retained distributions on accumulation shares	8.86	8.53	8.56
<b>Closing net asset value per share</b>	<b>245.14</b>	<b>231.67</b>	<b>261.17</b>
*After direct transaction costs of	(0.16)	(0.15)	(0.24)
<b>Performance</b>			
Return after charges	5.81%	(11.30%)	5.53%
<b>Other information</b>			
Closing net asset value (£'000)	873,733	1,311,810	1,932,608
Closing number of shares	356,420,292	566,232,511	739,989,993
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.07%	0.06%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	248.91	264.28	269.83
Lowest share price	221.76	228.31	242.18

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 High Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	391.38	460.77	454.84
Return before operating charges*	25.86	(47.24)	29.25
Operating charges	(6.62)	(7.31)	(7.81)
Return after operating charges	19.24	(54.55)	21.44
Distributions	(14.74)	(14.84)	(15.51)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>395.88</b>	<b>391.38</b>	<b>460.77</b>
*After direct transaction costs of	(0.26)	(0.27)	(0.43)
<b>Performance</b>			
Return after charges	4.92%	(11.84%)	4.71%
<b>Other information</b>			
Closing net asset value (£'000)	674,850	821,343	1,177,569
Closing number of shares	170,466,805	209,859,441	255,564,405
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.07%	0.06%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	419.55	465.73	494.30
Lowest share price	366.12	392.91	444.83

Year ended Income shares (No Trail)	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	113.30	132.72	130.36
Return before operating charges*	7.51	(13.65)	8.39
Operating charges	(1.35)	(1.48)	(1.57)
Return after operating charges	6.16	(15.13)	6.82
Distributions	(4.28)	(4.29)	(4.46)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>115.18</b>	<b>113.30</b>	<b>132.72</b>
*After direct transaction costs of	(0.08)	(0.08)	(0.12)
<b>Performance</b>			
Return after charges	5.44%	(11.40%)	5.23%
<b>Other information</b>			
Closing net asset value (£'000)	8,357	12,656	23,107
Closing number of shares	7,256,004	11,170,561	17,409,784
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.07%	0.06%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	121.63	134.15	141.97
Lowest share price	106.32	113.74	127.55

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.

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# Invesco High Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	244.27	285.44	279.66
Return before operating charges*	16.21	(29.42)	18.02
Operating charges	(2.28)	(2.50)	(2.65)
Return after operating charges	13.93	(31.92)	15.37
Distributions	(9.25)	(9.25)	(9.59)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>248.95</b>	<b>244.27</b>	<b>285.44</b>
*After direct transaction costs of	(0.16)	(0.17)	(0.26)
<b>Performance</b>			
Return after charges	5.70%	(11.18%)	5.50%
<b>Other information</b>			
Closing net asset value (£'000)	160,319	269,098	437,495
Closing number of shares	64,398,341	110,162,207	153,272,950
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.07%	0.06%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	262.44	288.50	304.87
Lowest share price	229.58	245.21	273.69

Year ended Y Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	195.99	228.90	224.16
Return before operating charges*	13.00	(23.59)	14.44
Operating charges	(1.73)	(1.90)	(2.01)
Return after operating charges	11.27	(25.49)	12.43
Distributions	(7.42)	(7.42)	(7.69)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>199.84</b>	<b>195.99</b>	<b>228.90</b>
*After direct transaction costs of	(0.13)	(0.13)	(0.21)
<b>Performance</b>			
Return after charges	5.75%	(11.14%)	5.55%
<b>Other information</b>			
Closing net asset value (£'000)	406,068	619,905	894,942
Closing number of shares	203,196,761	316,295,070	390,973,178
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.07%	0.06%	0.09%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	210.59	231.36	244.42
Lowest share price	184.26	196.74	219.38

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.

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# Invesco High Income Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> as at 31 December 2019		<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 1.44% (31.12.18 - 0.00%)</b>				
<b>Financials 0.00% (31.12.18 - 0.00%)</b>				
Eurotrust <sup>1</sup>		5,697,100	-	0.00
<b>Health Care 1.44% (31.12.18 - Nil)</b>				
Novo Nordisk 'B'		1,843,175	81,020	1.44
<b>France 1.59% (31.12.18 - Nil)</b>				
<b>Oil &amp; Gas 1.59% (31.12.18 - Nil)</b>				
Total		2,150,279	89,586	1.59
<b>Germany 0.00% (31.12.18 - 0.00%)</b>				
<b>Financials 0.00% (31.12.18 - 0.00%)</b>				
Speymill Deutsche Immobilien <sup>1</sup>		40,558,475	-	0.00
<b>Guernsey 2.74% (31.12.18 - 3.39%)</b>				
<b>Financials 2.74% (31.12.18 - 3.39%)</b>				
Amedeo Air Four Plus		42,211,203	31,869	0.57
Raven Property 6.5% Pref.		36,241,667	36,604	0.65
Sherborne Investors		87,495,427	52,060	0.92
Triam Investors		34,280,535	33,938	0.60
<b>Israel 0.80% (31.12.18 - 0.45%)</b>				
<b>Financials 0.80% (31.12.18 - 0.45%)</b>				
Plus 500		5,117,612	45,342	0.80
<b>Norway 0.00% (31.12.18 - 0.29%)</b>				
<b>Industrials 0.00% (31.12.18 - 0.29%)</b>				
Thin Film Electronics 'A'		1	-	0.00
<b>United Kingdom 88.03% (31.12.18 - 92.73%)</b>				
<b>Oil &amp; Gas 9.00% (31.12.18 - 9.54%)</b>				
BP		71,613,408	337,729	5.98
Royal Dutch Shell 'A' (UK Regd.)		7,620,786	170,325	3.02
<b>Industrials 11.03% (31.12.18 - 11.58%)</b>				
Babcock International		17,679,106	110,813	1.96
Breedon		131,796,624	109,391	1.94
Capita		85,729,323	140,682	2.49
G4S		48,274,073	105,093	1.86
HomeServe		7,125,376	89,495	1.59
Stobart		62,197,015	67,048	1.19
<b>Consumer Goods 10.89% (31.12.18 - 9.25%)</b>				
British American Tobacco		10,452,139	337,761	5.98
Countryside Properties		14,094,764	64,159	1.14
Cranswick		3,380,354	114,594	2.03
Nexeon <sup>1</sup>		246,105	2,092	0.04
Victoria		22,104,287	96,154	1.70
<b>Health Care 4.23% (31.12.18 - 9.27%)</b>				
BioPharma Credit		100,945,013	77,342	1.37
Cell Medica 'B' pref. <sup>1</sup>		2,535,362	253	0.00
Cell Medica 'C' pref. <sup>1</sup>		1,408,535	310	0.01
Circassia Pharmaceuticals		29,933,345	5,657	0.10
Flarin 'B' <sup>1</sup>		368,980	417	0.01
Genomics <sup>1</sup>		723,333	6,510	0.11
hVIVO		13,309,222	1,497	0.03
infirfirst 'D' <sup>1</sup>		270,340	-	0.00
infirfirst 'D-1' <sup>1</sup>		13,461	-	0.00
infirfirst pref. <sup>1</sup>		368,980	1,288	0.02
Lamellar Biomedical <sup>1</sup>		38,096	500	0.01
Mereo Biopharma		13,710,490	4,661	0.08
Oxford Genetics 'C' <sup>1</sup>		13,648	5,509	0.10
Oxford Genetics 'C-2' <sup>1</sup>		4,930	2,024	0.04
Oxford Nanopore Technologies <sup>1</sup>		2,449,501	129,824	2.30

# Invesco High Income Fund (UK)

## Investment report for the year

### Portfolio Statement continued

as at 31 December 2019

#### Investment

#### Health Care continued

Psioxus Therapeutics 'B-1' pref. <sup>1</sup>	42,425	1,614	0.03
Psioxus Therapeutics 'B-2' pref. <sup>1</sup>	20,203	850	0.01
Psioxus Therapeutics 'C-1' pref. <sup>1</sup>	39,718	731	0.01

#### Consumer Services 11.63% (31.12.18 - 8.12%)

Card Factory	51,607,374	76,172	1.35
easyJet	8,701,503	123,909	2.19
International Consolidated Airlines (UK Regd.)	13,547,619	84,673	1.50
ITWP Acquisitions <sup>1</sup>	1,391,196,849	5,982	0.11
Next	2,755,936	193,356	3.43
Supponsor <sup>1</sup>	160,217	-	0.00
Tesco	67,454,060	172,008	3.05

#### Telecommunications 2.18% (31.12.18 - 2.94%)

BT	63,876,750	122,924	2.18
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#### Utilities 1.87% (31.12.18 - 1.77%)

Drax	24,018,743	75,419	1.34
SSE	2,098,769	30,191	0.53

#### Financials 36.84% (31.12.18 - 39.90%)

AJ Bell	24,158,449	103,640	1.84
Allied Minds	29,794,769	15,136	0.27
Aviva	21,972,653	91,999	1.63
Beazley	16,557,008	92,057	1.63
British Land	20,886,526	133,047	2.36
Burford Capital	13,322,569	94,657	1.68
Cambridge Innovation Capital <sup>1</sup>	5,655,494	5,839	0.10
Crystal Amber Fund	11,937,917	15,400	0.27
Derwent London	4,146,981	166,294	2.95
Draper Esprit	11,086,252	53,214	0.94
Eurovestech <sup>1</sup>	50,997,326	2,570	0.05
Funding Circle	14,878,244	13,004	0.23
Hiscox	4,660,472	66,179	1.17
Honeycomb Investment Fund	7,692,734	73,850	1.31
IP	108,570,850	77,085	1.37
Lancashire	12,772,156	97,962	1.74
Legal & General	60,073,862	182,024	3.22
Marwyn Value Investors	14,710,285	15,152	0.27
NewRiver REIT	32,428,669	65,019	1.15
Oakley Capital Investments	22,610,512	59,918	1.06
Ombu <sup>1</sup>	1,056,081	-	0.00
Ombu 'D' pref. <sup>1</sup>	43,816	2,206	0.04
Ombu pref. <sup>1</sup>	223,482	12,839	0.23
Oxford Sciences Innovation <sup>1</sup>	31,565,625	37,879	0.67
Pollen Street Secured Lending	11,030,036	91,549	1.62
Provident Financial	26,173,207	119,638	2.12
PRS REIT	48,682,926	43,815	0.78
Raven Property	87,573,509	42,473	0.75
Raven Property pref.	24,038,814	31,010	0.55
Redde	37,889,581	40,163	0.71
Royal Bank of Scotland	48,302,332	116,070	2.06
Safe Harbour	4,722,222	6,139	0.11
Secure Income REIT	13,503,647	58,606	1.04
Summit Germany	21,646,977	25,128	0.44
VPC Specialty Lending Investments	34,945,452	27,327	0.48

#### Technology 0.36% (31.12.18 - 0.36%)

First Light Fusion <sup>1</sup>	130,674	9,500	0.17
Mercia Technologies	41,808,336	10,870	0.19

#### United States 5.02% (31.12.18 - 3.32%)

#### Basic Materials 0.00% (31.12.18 - 0.00%)

Xyleco 'A' <sup>1</sup>	23,169,984	-	0.00
Xyleco 'B' <sup>1</sup>	7,723,328	-	0.00

# Invesco High Income Fund (UK)

## Investment report for the year

### Portfolio Statement continued

as at 31 December 2019

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Health Care 4.37% (31.12.18 - 2.75%)</b>			
Evoform Biosciences	7,663,970	35,521	0.63
Evoform Biosciences warrants 10/6/2026	555,556	-	0.00
Gelesis 'A-5' pref. <sup>1</sup>	1,208,554	13,931	0.25
Gelesis 2 pref. <sup>1</sup>	536,121	6,180	0.11
Gelesis 3 pref. <sup>1</sup>	585,405	7,632	0.13
Gelesis Growth pref. <sup>1</sup>	1,128,122	13,004	0.23
Immunoscience <sup>1</sup>	13,443,215	-	0.00
PureTech Health	53,215,064	170,288	3.02
Tal Medical <sup>1</sup>	1,400,000	-	0.00
<b>Financials 0.27% (31.12.18 - 0.27%)</b>			
Eight Africa Fund 'A' <sup>1</sup>	28,350,530	15,352	0.27
<b>Technology 0.38% (31.12.18 - 0.30%)</b>			
Spin Memory 'B' pref 1. <sup>1</sup>	1,625,920	4,698	0.08
Spin Memory 'B' pref 2. <sup>1</sup>	286,927	829	0.02
Spin Transfer Technologies 'A' convertible pref. <sup>1</sup>	1,825,133	11,435	0.20
Spin Transfer Technologies <sup>1</sup>	2,278,571	4,541	0.08
<b>Portfolio of investments (31.12.18 - 100.18%)</b>		<b>5,622,045</b>	<b>99.62</b>
<b>Net other assets/(liabilities) (31.12.18 - (0.18%))</b>		<b>21,642</b>	<b>0.38</b>
<b>Net assets</b>		<b>5,643,687</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 December 2019 these amount to 5.43% (31 December 2018 - 4.44%) of the Net Asset Value of the Fund.

### Portfolio Statement Breakdown

as at 31 December 2019

	Market value 31.12.19 £'000	Percentage of total net assets 31.12.19 %	Market value 31.12.18 £'000	Percentage of total net assets 31.12.18 %
Quoted securities	5,315,706	94.19	7,096,441	95.74
Unquoted securities <sup>1</sup>	306,339	5.43	328,985	4.44
Portfolio of investments	5,622,045	99.62	7,425,426	100.18
Net other assets/(liabilities)	21,642	0.38	(13,645)	(0.18)
<b>Net assets</b>	<b>5,643,687</b>	<b>100.00</b>	<b>7,411,781</b>	<b>100.00</b>

# Invesco High Income Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 January 2019 to 31 December 2019

	Cost £'000
<b>Total purchases</b>	<b>794,482</b>
<b>Largest purchases:</b>	
<b>Denmark</b>	
Novo Nordisk 'B'	78,708
<b>France</b>	
Total	90,831
<b>Guernsey</b>	
Hipgnosis Songs Fund	18,505
<b>Israel</b>	
Plus 500	34,008
<b>United Kingdom</b>	
Royal Bank of Scotland	115,614
NewRiver REIT	76,119
International Consolidated Airlines (UK Regd.)	69,063
Countryside Properties	50,859
British Land	35,622
Tesco	34,493
SSE	30,400
Next	22,914
British American Tobacco	20,830
Amigo	15,053
Aviva	11,858
infirst pref.	11,804
Capita	11,100
Victoria	9,585
<b>United States</b>	
Evoform Biosciences	8,560
Gelesis 3 pref.	7,740

	Proceeds £'000
<b>Total sales</b>	<b>2,741,592</b>
<b>Largest sales:</b>	
<b>United Kingdom</b>	
BTG	262,651
BCA Marketplace	220,585
Imperial Brands	140,970
BP	102,472
Derwent London	101,905
HomeServe	101,863
Next	100,599
Legal & General	95,407
Royal Dutch Shell 'A' (UK Regd.)	92,434
Aviva	85,285
Assura	73,232
AJ Bell	73,050
RELX	72,408
Burford Capital	68,368
Summit Germany	63,363
Cranswick	57,109
TalkTalk Telecom	56,895
Hiscox	51,360
SME Credit Realisation Fund	42,572
<b>United States</b>	
Alkermes	57,215

# Invesco High Income Fund (UK)

## Financial statements

### Statement of Total Return

for the year 1 January 2019 to 31 December 2019

	Notes	£'000	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
<b>Income</b>				
Net capital gains/(losses)	2		154,162	(1,250,463)
Revenue	3	252,750		307,962
Expenses	4	(93,093)		(121,631)
Interest payable and similar charges	5	(108)		(55)
Net revenue before taxation		159,549		186,276
Taxation	6	(2,456)		(1,646)
Net revenue after taxation			157,093	184,630
<b>Total return before distributions</b>			311,255	(1,065,833)
Distributions	7		(246,831)	(303,210)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>64,424</b>	<b>(1,369,043)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year 1 January 2019 to 31 December 2019

	£'000	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
<b>Opening net assets attributable to Shareholders</b>		<b>7,411,781</b>	<b>10,254,678</b>
Amounts received on issue of shares	14,987		36,387
Amounts paid on redemption of shares	(2,032,377)		(1,735,094)
		(2,017,390)	(1,698,707)
Dilution adjustment		8,396	5,994
Change in net assets attributable to Shareholders from investment activities		64,424	(1,369,043)
Retained distribution on accumulation shares		176,390	218,792
Unclaimed distribution monies		86	67
<b>Closing net assets attributable to Shareholders</b>		<b>5,643,687</b>	<b>7,411,781</b>

## Invesco High Income Fund (UK)

### Financial statements

<b>Balance Sheet</b>			<b>31.12.19</b>	<b>31.12.18</b>
as at 31 December 2019			<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
Fixed assets				
Investments		5,622,045		7,425,426
Current assets				
Debtors	8	38,970		23,393
Cash and bank balances	9	25,976		11,278
Total other assets		64,946		34,671
Total assets		5,686,991		7,460,097
<b>Liabilities</b>				
Investment liabilities			-	-
Creditors				
Distribution payable		24,063		32,117
Other creditors	10	19,241		16,199
Total other liabilities		43,304		48,316
Total liabilities		43,304		48,316
<b>Net assets attributable to Shareholders</b>		<b>5,643,687</b>		<b>7,411,781</b>

# Invesco High Income Fund (UK)

## Notes to the financial statements

Refer to pages 06 to 16 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 09 and 11 to 14.

### 2 Net capital gains/(losses)

	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
Derivative securities	12	(12)
Foreign currency gains/(losses)	74	(10)
Non-derivative securities	154,076	(1,250,441)
Net capital gains/(losses)	154,162	(1,250,463)

### 3 Revenue

	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
Bank interest	6	21
Interest distributions from authorised Funds	16,740	17,701
Management fee rebates	475	539
Non-taxable overseas dividends	36,950	38,273
Taxable overseas dividends	3,257	2,885
UK dividends	175,679	236,604
UK REIT dividends	19,643	11,939
	252,750	307,962

### 4 Expenses

	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	93,093	121,631
	93,093	121,631
Total expenses	93,093	121,631

<sup>1</sup> Total audit fees of £35,300 (2018 - £35,288) exclusive of VAT payable to the auditors for the year ended 31 December 2019 are borne out of the Fund Management Fee.

# Invesco High Income Fund (UK)

## Notes to the financial statements

<b>5 Interest payable and similar charges</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Interest	108	55

<b>6 Taxation</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
<b>a) Analysis of charge for the year</b>		
Overseas tax	2,456	1,646
Total tax charge	2,456	1,646

There is no corporation tax charge for the year (2018 - Nil).

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

The tax assessed for the year is lower (2018 - 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>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Net revenue before taxation	159,549	186,276
Corporation tax at 20% (2018 -20%)	31,910	37,255
Effects of:		
Movement in excess expenses	9,053	17,720
Overseas tax	2,456	1,646
Prior year adjustment in excess expenses	144	-
Relief on overseas tax expensed	(98)	-
Revenue not subject to tax	(41,009)	(54,975)
Total tax charge	2,456	1,646

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 £2,092,490,000 (2018 - £2,047,225,000). 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 £418,498,000 (2018 - £409,445,000) has not been recognised.

<b>7 Distributions</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Accumulations and distributions paid 31 August 2019	121,704	152,417
Accumulations and distributions payable 28 February 2020	107,086	136,199
	228,790	288,616
Amounts deducted on redemption of shares	21,398	16,342
Amounts received on issue of shares	(3,357)	(1,748)
	246,831	303,210
The distributable amount has been calculated as follows:		
Net revenue after taxation	157,093	184,630
Equalisation on conversions	(23)	(8)
Fund Management Fee taken to capital	93,093	121,631
Tax relief on Fund Management Fee taken to capital	(3,332)	(3,043)
	246,831	303,210

# Invesco High Income Fund (UK)

## Notes to the financial statements

<b>8 Debtors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued revenue	15,849	18,740
Amounts receivable for issue of shares	-	1,182
Income tax recoverable	-	600
Overseas tax recoverable	1,782	1,153
Sales awaiting settlement	21,339	1,718
	<b>38,970</b>	<b>23,393</b>

<b>9 Cash and bank balances</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Cash and bank balances	25,976	11,278

<b>10 Other creditors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued expenses	6,772	8,808
Amounts payable for redemption of shares	12,469	7,391
	<b>19,241</b>	<b>16,199</b>

### 11 Commitments, contingent liabilities and contingent assets

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2018 - 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 15. 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 £6,772,000 (2018 - £8,808,000) 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 11 to 14.

#### a) Counterparty risk

The Fund was not exposed to any counterparty risk as at the balance sheet date (2018 - Nil).

# Invesco High Income Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors continued

#### b) Valuation of financial investments

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

	Assets £'000	Liabilities £'000
<b>31.12.19</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	5,315,706	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	306,339	-
	<b>5,622,045</b>	<b>-</b>
<b>31.12.18</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	7,096,441	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	328,985	-
	<b>7,425,426</b>	<b>-</b>

The majority of financial investments are classified as level 1: Unadjusted quoted prices in an active market for an identical instrument. Investments classified as level 3: Valuation techniques using unobservable inputs 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 High Income Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs

for the year 1 January 2019 to 31 December 2019

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	773,114	384	0.05	2,479	0.32
Collective investment schemes	18,505	-	-	-	-
<b>Total purchases</b>	<b>791,619</b>	<b>384</b>		<b>2,479</b>	
<b>Total purchases including transaction costs</b>	<b>794,482</b>				
	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Sales (excluding derivatives)</b>					
Equity instruments	2,566,915	1,309	0.05	127	0.00
Collective investment schemes	176,242	129	0.07	-	-
<b>Total sales</b>	<b>2,743,157</b>	<b>1,438</b>		<b>127</b>	
<b>Total sales net of transaction costs</b>	<b>2,741,592</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>1,822</b>		<b>2,606</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.04%</b>	

# Invesco High Income Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued

for the year 1 January 2018 to 31 December 2018

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	1,104,419	339	0.03	2,339	0.21
Collective investment schemes	40,745	-	-	4	0.01
<b>Total purchases</b>	<b>1,145,164</b>	<b>339</b>		<b>2,343</b>	
<b>Total purchases including transaction costs</b>	<b>1,147,846</b>				
	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Sales (excluding derivatives)</b>					
Equity instruments	2,737,614	1,649	0.06	1,146	0.04
Collective investment schemes	502	-	-	-	-
<b>Total sales</b>	<b>2,738,116</b>	<b>1,649</b>		<b>1,146</b>	
<b>Total sales net of transaction costs</b>	<b>2,735,321</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>1,988</b>		<b>3,489</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.02%</b>		<b>0.04%</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 0.47% (2018 - 0.73%).

# Invesco High Income Fund (UK)

## Notes to the financial statements

### 15 Share movement

for the year 1 January 2019 to 31 December 2019

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	469,722,807	17,443,514	200,067,478	566,232,511
Shares issued	-	123,010	78,102	-
Shares redeemed	(92,894,786)	(6,736,773)	(79,936,950)	(223,919,620)
Shares converted	(7,235,670)	516,089	7,794,238	14,107,401
<b>Closing shares</b>	<b>369,592,351</b>	<b>11,345,840</b>	<b>128,002,868</b>	<b>356,420,292</b>

	Income shares	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	209,859,441	11,170,561	110,162,207	316,295,070
Shares issued	2,441,691	119,398	560,587	1,666,223
Shares redeemed	(36,726,508)	(3,742,179)	(51,373,800)	(118,925,859)
Shares converted	(5,107,819)	(291,776)	5,049,347	4,161,327
<b>Closing shares</b>	<b>170,466,805</b>	<b>7,256,004</b>	<b>64,398,341</b>	<b>203,196,761</b>

### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 16.

# Invesco High Income Fund (UK)

## Distribution tables

### Distribution tables

for the year 1 January 2019 to 31 December 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 31.8.19 pence per share	Net distribution paid 31.8.18 pence per share
<b>Distribution paid 31 August 2019</b>				
<b>Accumulation shares</b>				
Group 1	14.4700	-	14.4700	14.8251
Group 2	8.3828	6.0872	14.4700	14.8251
<b>Accumulation shares (No Trail)</b>				
Group 1	3.1509	-	3.1509	3.2120
Group 2	1.8879	1.2630	3.1509	3.2120
<b>Z Accumulation shares</b>				
Group 1	5.5282	-	5.5282	5.6173
Group 2	3.1999	2.3283	5.5282	5.6173
<b>Y Accumulation shares</b>				
Group 1	4.2264	-	4.2264	4.2924
Group 2	2.4423	1.7841	4.2264	4.2924
<b>Income shares</b>				
Group 1	7.1126	-	7.1126	7.5490
Group 2	4.0035	3.1091	7.1126	7.5490
<b>Income shares (No Trail)</b>				
Group 1	2.0640	-	2.0640	2.1798
Group 2	0.9797	1.0843	2.0640	2.1798
<b>Z Income shares</b>				
Group 1	4.4557	-	4.4557	4.6902
Group 2	2.6781	1.7776	4.4557	4.6902
<b>Y Income shares</b>				
Group 1	3.5757	-	3.5757	3.7621
Group 2	2.0970	1.4787	3.5757	3.7621

Group 1: shares purchased prior to 1 January 2019

Group 2: shares purchased on or after 1 January 2019

# Invesco High Income Fund (UK)

## Distribution tables

**Distribution tables** continued  
for the year 1 January 2019 to 31 December 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 28.2.20 pence per share	Net distribution paid 28.2.19 pence per share
<b>Distribution payable 28 February 2020</b>				
<b>Accumulation shares</b>				
Group 1	15.7946	-	15.7946	14.5649
Group 2	8.1786	7.6160	15.7946	14.5649
<b>Accumulation shares (No Trail)</b>				
Group 1	3.4466	-	3.4466	3.1632
Group 2	1.7387	1.7079	3.4466	3.1632
<b>Z Accumulation shares</b>				
Group 1	6.0552	-	6.0552	5.5487
Group 2	3.2941	2.7611	6.0552	5.5487
<b>Y Accumulation shares</b>				
Group 1	4.6306	-	4.6306	4.2411
Group 2	2.3643	2.2663	4.6306	4.2411
<b>Income shares</b>				
Group 1	7.6246	-	7.6246	7.2919
Group 2	4.2443	3.3803	7.6246	7.2919
<b>Income shares (No Trail)</b>				
Group 1	2.2180	-	2.2180	2.1106
Group 2	1.1256	1.0924	2.2180	2.1106
<b>Z Income shares</b>				
Group 1	4.7930	-	4.7930	4.5551
Group 2	2.6563	2.1367	4.7930	4.5551
<b>Y Income shares</b>				
Group 1	3.8475	-	3.8475	3.6548
Group 2	1.9455	1.9020	3.8475	3.6548

Group 1: shares purchased prior to 1 July 2019  
Group 2: shares purchased on or after 1 July 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 Income & Growth Fund (UK)

## Investment report for the year

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

The Fund aims to achieve 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 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 December 2019.

Performance to 31 December 2019	Percentage growth				
	Since 30.6.19 %	Since 31.12.18 %	Since 31.12.16 %	Since 31.12.14 %	Since 31.12.09 %
Invesco Income & Growth Fund (UK) (Z Accumulation shares) <sup>1</sup>	9.24	22.14	20.92	36.72	142.76
IA UK Equity Income Sector NR <sup>2</sup>	8.33	19.83	19.46	37.68	124.00
Fund Ranking	29/85	28/84	29/77	42/72	19/51

Standardised rolling 12 month performance	Percentage growth				
	31.12.14 31.12.15 %	31.12.15 31.12.16 %	31.12.16 31.12.17 %	31.12.17 31.12.18 %	31.12.18 31.12.19 %
Invesco Income & Growth Fund (UK) (Z Accumulation shares) <sup>1</sup>	5.9	6.8	8.3	-8.6	22.1
IA UK Equity Income Sector NR <sup>2</sup>	6.0	8.8	11.4	-10.5	19.8

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website [www.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 42 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 42 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> 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 years prior to this launch date, performance figures are based on the Income share class, without any adjustment for fees.
- <sup>2</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 & Growth Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund increased in value by 22.1% during the twelve months to 31 December 2019. This placed the Fund in the second quartile of its peer group, the IA UK Equity Income Sector NR, which increased by an average of 19.8%.

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.

The UK equity market provided a positive return over 2019, recovering the majority of losses from a volatile 2018. The market rose through the first half of the year, before falling at the start of August in response to fears of a slowdown in global economic growth. The market recovered strongly in the final few months of 2019, as the domestic political environment improved and trade tensions between the US and China appeared to cool.

The question of the UK's departure from the European Union dominated 2019 and Sterling served as the bellwether for the market's perception of political developments. The value of the pound peaked in March as the EU agreed to extend Article 50 and delay the UK's exit from the bloc. However, parliamentary paralysis through the summer months saw gains eroded and by August, the currency fell to just US\$1.21 as the Government sought to prorogue Parliament. News that the Conservatives had won a strong majority in the December General Election saw Sterling recover to an eight-month high of US\$1.33.

The Bank of England voted to hold the base interest rate at 0.75% throughout the year, whilst the unemployment rate fell below 4% for the first time in decades.

The Fund's holdings in the Utilities sector provided a strong contribution to returns over the year. Pennon was the best performing holdings, whilst investments in Severn Trent, National Grid and SSE also provided positive returns. I continue to favour the sector, which in many cases offers an attractive combination of index-linked dividend growth that is backed by assets.

Other notable positive contributors included consumer stock Next. The company's share price rose steadily for most of the period, supported by better-than-expected trading and solid full-year results that defied the challenges facing many retailers.

Despite the Fund's solid performance holdings in Imperial Brands, BUNZL and XPS Pensions weighed on returns. Bunzl was the dominant detractor after a disappointing trading update in April that reported a slowdown in underlying revenue growth for the first quarter. The share price failed to recover momentum and later confirmed lower-than-expected margins in the firm's ex-US business.

2019 proved a much better year for equity markets than 2018. The decisive UK General Election result provides some comfort for the coming year, however there remains significant uncertainty ahead, including the negotiation of our future trading relationship with the European Union. Should a sensible agreement be met, Sterling could strengthen further from still relatively depressed levels, creating pressure on forecasts for the overseas revenues that comprise the major part of FTSE 100 index' company earnings. There is, however, further recovery potential in the stocks where sentiment has been negatively impacted by Brexit and political concerns.

I continue to seek to achieve both capital and income growth from the portfolio, with a balance between the current level of income and future income growth. At the prevailing stock market levels, it remains a challenge to find quality companies able to deliver growth in both capital and income and I therefore remain conservative in my investment approach. I seek to invest in companies whose prospects are not dependent on an improving economic outlook and remain confident in the long-term return potential of the holdings in the portfolio.

Since the balance sheet date markets have fallen significantly due primarily to concerns around the scale of the impact of coronavirus on the global economy. As at 28 April 2020 the Net Asset Value (pence per share) of the Invesco Income and Growth Fund (UK) had fallen 48.66% since the balance sheet date 31 December 2019. It is likely markets will continue to be much more volatile than normal over the next few months until the coronavirus impact passes.

### Ciaran Mallon, Fund Manager

Where Ciaran Mallon 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.

The Fund's ten largest investments are	%
Young & Co's Brewery	5.20
Pennon	4.73
Experian	4.54
GlaxoSmithKline	4.54
Ferguson	4.52
RELX	4.31
Smith & Nephew	4.23
Informa	3.92
Whitbread	3.19
National Grid	3.17

# Invesco Income & Growth Fund (UK)

## Investment report for the year

### Comparative tables

Year ended Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	991.43	1,098.32	1,023.14
Return before operating charges*	228.05	(88.97)	93.19
Operating charges	(18.45)	(17.92)	(18.01)
Return after operating charges	209.60	(106.89)	75.18
Distributions	(44.27)	(42.21)	(41.14)
Retained distributions on accumulation shares	44.27	42.21	41.14
<b>Closing net asset value per share</b>	<b>1,201.03</b>	<b>991.43</b>	<b>1,098.32</b>
*After direct transaction costs of	(0.09)	(0.40)	(0.34)
<b>Performance</b>			
Return after charges	21.14%	(9.73%)	7.35%
<b>Other information</b>			
Closing net asset value (£'000)	190,011	186,744	223,703
Closing number of shares	15,820,777	18,835,738	20,367,816
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.01%	0.04%	0.03%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	1,213.06	1,140.13	1,129.92
Lowest share price	990.62	978.02	999.60

Year ended Accumulation shares (No Trail)	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	237.08	261.33	242.23
Return before operating charges*	54.66	(21.26)	22.10
Operating charges	(3.10)	(2.99)	(3.00)
Return after operating charges	51.56	(24.25)	19.10
Distributions	(10.62)	(10.08)	(9.78)
Retained distributions on accumulation shares	10.62	10.08	9.78
<b>Closing net asset value per share</b>	<b>288.64</b>	<b>237.08</b>	<b>261.33</b>
*After direct transaction costs of	(0.02)	(0.09)	(0.08)
<b>Performance</b>			
Return after charges	21.75%	(9.28%)	7.89%
<b>Other information</b>			
Closing net asset value (£'000)	1,267	697	993
Closing number of shares	438,919	294,149	379,955
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.01%	0.04%	0.03%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	291.52	272.00	268.06
Lowest share price	236.89	233.86	236.73

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 & Growth Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	300.57	330.49	305.57
Return before operating charges*	69.38	(26.94)	27.90
Operating charges	(3.09)	(2.98)	(2.98)
Return after operating charges	66.29	(29.92)	24.92
Distributions	(13.49)	(12.77)	(12.36)
Retained distributions on accumulation shares	13.49	12.77	12.36
<b>Closing net asset value per share</b>	<b>366.86</b>	<b>300.57</b>	<b>330.49</b>
*After direct transaction costs of	(0.03)	(0.12)	(0.10)
<b>Performance</b>			
Return after charges	22.05%	(9.05%)	8.16%
<b>Other information</b>			
Closing net asset value (£'000)	8,758	8,001	11,695
Closing number of shares	2,387,410	2,661,887	3,538,658
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.01%	0.04%	0.03%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	370.50	344.44	338.52
Lowest share price	300.35	296.48	298.69

Year ended Y Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	234.38	257.58	238.04
Return before operating charges*	54.11	(21.00)	21.73
Operating charges	(2.28)	(2.20)	(2.19)
Return after operating charges	51.83	(23.20)	19.54
Distributions	(10.53)	(9.95)	(9.63)
Retained distributions on accumulation shares	10.53	9.95	9.63
<b>Closing net asset value per share</b>	<b>286.21</b>	<b>234.38</b>	<b>257.58</b>
*After direct transaction costs of	(0.02)	(0.09)	(0.08)
<b>Performance</b>			
Return after charges	22.11%	(9.01%)	8.21%
<b>Other information</b>			
Closing net asset value (£'000)	34,797	31,721	43,001
Closing number of shares	12,157,895	13,534,165	16,694,313
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.01%	0.04%	0.03%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	289.05	268.52	263.76
Lowest share price	234.20	231.19	232.68

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 & Growth Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	376.74	434.61	420.53
Return before operating charges*	85.90	(34.31)	38.16
Operating charges	(6.93)	(7.02)	(7.33)
Return after operating charges	78.97	(41.33)	30.83
Distributions	(16.66)	(16.54)	(16.75)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>439.05</b>	<b>376.74</b>	<b>434.61</b>
*After direct transaction costs of	(0.03)	(0.16)	(0.14)
<b>Performance</b>			
Return after charges	20.96%	(9.51%)	7.33%
<b>Other information</b>			
Closing net asset value (£'000)	118,012	111,182	139,401
Closing number of shares	26,879,131	29,511,679	32,075,304
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.01%	0.04%	0.03%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	450.80	448.11	464.44
Lowest share price	376.46	379.26	410.88

Year ended Income shares (No Trail)	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	164.39	188.69	181.67
Return before operating charges*	37.56	(14.95)	16.50
Operating charges	(2.12)	(2.14)	(2.22)
Return after operating charges	35.44	(17.09)	14.28
Distributions	(7.29)	(7.21)	(7.26)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>192.54</b>	<b>164.39</b>	<b>188.69</b>
*After direct transaction costs of	(0.01)	(0.07)	(0.06)
<b>Performance</b>			
Return after charges	21.56%	(9.06%)	7.86%
<b>Other information</b>			
Closing net asset value (£'000)	713	1,138	1,408
Closing number of shares	370,264	691,988	746,274
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.01%	0.04%	0.03%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	197.69	194.99	201.05
Lowest share price	164.27	165.48	177.56

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.

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# Invesco Income & Growth Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	236.28	270.54	259.81
Return before operating charges*	54.05	(21.49)	23.64
Operating charges	(2.40)	(2.42)	(2.50)
Return after operating charges	51.65	(23.91)	21.14
Distributions	(10.50)	(10.35)	(10.41)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>277.43</b>	<b>236.28</b>	<b>270.54</b>
*After direct transaction costs of	(0.02)	(0.10)	(0.09)
<b>Performance</b>			
Return after charges	21.86%	(8.84%)	8.14%
<b>Other information</b>			
Closing net asset value (£'000)	14,789	17,445	26,927
Closing number of shares	5,330,612	7,383,129	9,953,196
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.01%	0.04%	0.03%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	284.84	279.88	287.84
Lowest share price	236.12	237.84	253.97

Year ended Y Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	193.80	221.79	212.89
Return before operating charges*	44.35	(17.63)	19.37
Operating charges	(1.86)	(1.87)	(1.94)
Return after operating charges	42.49	(19.50)	17.43
Distributions	(8.62)	(8.49)	(8.53)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>227.67</b>	<b>193.80</b>	<b>221.79</b>
*After direct transaction costs of	(0.02)	(0.08)	(0.07)
<b>Performance</b>			
Return after charges	21.92%	(8.79%)	8.19%
<b>Other information</b>			
Closing net asset value (£'000)	48,200	46,772	65,211
Closing number of shares	21,170,749	24,134,081	29,402,136
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.01%	0.04%	0.03%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	233.75	229.50	235.91
Lowest share price	193.67	195.08	208.12

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.

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# Invesco Income & Growth Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> as at 31 December 2019		<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>				
<b>Oil &amp; Gas 5.15% (31.12.18 - 6.16%)</b>				
BP	2,232,222	10,527	2.53	
Royal Dutch Shell 'B' (UK Regd.)	487,645	10,921	2.62	
<b>Basic Materials 4.05% (31.12.18 - 4.31%)</b>				
Croda International	242,133	12,385	2.97	
Trealt	999,180	4,496	1.08	
<b>Industrials 16.35% (31.12.18 - 16.05%)</b>				
Bunzl	523,340	10,807	2.59	
Essentra	999,986	4,354	1.04	
Experian	742,013	18,936	4.54	
Ferguson	274,697	18,817	4.52	
G4S	4,626,304	10,072	2.42	
Ricardo	675,199	5,145	1.24	
<b>Consumer Goods 5.92% (31.12.18 - 7.76%)</b>				
British American Tobacco	386,060	12,476	3.00	
Nichols	785,238	12,171	2.92	
<b>Health Care 8.77% (31.12.18 - 8.11%)</b>				
GlaxoSmithKline	1,063,825	18,921	4.54	
Smith & Nephew	961,557	17,611	4.23	
<b>Consumer Services 28.37% (31.12.18 - 26.96%)</b>				
Compass	602,716	11,391	2.73	
CVS	428,312	4,904	1.18	
Euromoney Institutional Investor	960,452	12,505	3.00	
Informa	1,908,201	16,353	3.92	
InterContinental Hotels	137,275	7,145	1.72	
Next	185,009	12,980	3.12	
RELX	942,292	17,951	4.31	
Whitbread	274,504	13,303	3.19	
Young & Co's Brewery (non-voting)	1,759,891	21,647	5.20	
<b>Telecommunications 1.46% (31.12.18 - 2.19%)</b>				
BT	1,429,080	2,750	0.66	
Vodafone	2,261,553	3,319	0.80	
<b>Utilities 13.92% (31.12.18 - 11.91%)</b>				
Drax	1,305,454	4,099	0.98	
National Grid	1,398,051	13,202	3.17	
Pennon	1,928,041	19,695	4.73	
Severn Trent	496,193	12,479	3.00	
SSE	349,906	5,033	1.21	
United Utilities	368,547	3,477	0.83	
<b>Financials 14.96% (31.12.18 - 15.32%)</b>				
Aviva	2,384,377	9,983	2.40	
Chesnara	652,354	2,035	0.49	
HSBC (UK Regd.)	1,813,684	10,735	2.58	
JTC	1,303,903	5,242	1.25	
Jupiter Fund Management	1,831,733	7,503	1.80	
Legal & General	3,974,633	12,043	2.89	
Phoenix	601,698	4,505	1.08	
Royal Bank of Scotland	2,203,090	5,294	1.27	
XPS Pensions	3,931,083	4,993	1.20	

## Invesco Income & Growth Fund (UK)

### Investment report for the year

**Portfolio Statement** continued  
as at 31 December 2019

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Technology 1.48% (31.12.18 - 0.83%)</b>			
Softcat	533,921	6,151	1.48
<b>Bonds Nil (31.12.18 - 0.83%)</b>			
<b>Portfolio of investments (31.12.18 - 100.43%)</b>		<b>418,356</b>	<b>100.43</b>
<b>Net other liabilities (31.12.18 - (0.43%))</b>		<b>(1,809)</b>	<b>(0.43)</b>
<b>Net assets</b>		<b>416,547</b>	<b>100.00</b>

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

# Invesco Income & Growth Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 January 2019 to 31 December 2019

	Cost £'000
<b>Total purchases</b>	<b>603</b>
<b>Purchases:</b>	
Royal Bank of Scotland	451
Merlin Entertainments	82
G4S	70
	Proceeds £'000
<b>Total sales</b>	<b>56,805</b>
<b>Largest sales:</b>	
Imperial Brands	7,653
Merlin Entertainments	6,572
Experian	4,161
Barclays 14% Perpetual	3,200
Whitbread	2,072
HSBC (UK Regd.)	1,785
British American Tobacco	1,736
RELX	1,659
Bunzl	1,634
BT	1,553
Smith & Nephew	1,540
Royal Dutch Shell 'B' (UK Regd.)	1,505
Legal & General	1,498
Euromoney Institutional Investor	1,498
GlaxoSmithKline	1,432
Aviva	1,384
Informa	1,273
Pennon	1,242
Compass	1,128
BP	1,080

# Invesco Income & Growth Fund (UK)

## Financial statements

### Statement of Total Return

for the year 1 January 2019 to 31 December 2019

	Notes	£'000	01.1.19 to 31.12.19 £'000	£'000	01.1.18 to 31.12.18 £'000
<b>Income</b>					
Net capital gains/(losses)	2		69,663		(56,033)
Revenue	3	16,684		18,430	
Expenses	4	(6,064)		(6,809)	
Interest payable and similar charges	5	(3)		(6)	
Net revenue before taxation		10,617		11,615	
Taxation	6	-		-	
Net revenue after taxation			10,617		11,615
<b>Total return before distributions</b>			80,280		(44,418)
Distributions	7		(16,671)		(18,400)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>63,609</b>		<b>(62,818)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year 1 January 2019 to 31 December 2019

	£'000	01.1.19 to 31.12.19 £'000	£'000	01.1.18 to 31.12.18 £'000
<b>Opening net assets attributable to Shareholders</b>		<b>403,700</b>		<b>512,339</b>
Amounts received on issue of shares	4,438		3,554	
Amounts paid on redemption of shares	(64,387)		(59,562)	
		(59,949)		(56,008)
Dilution adjustment		201		153
Change in net assets attributable to Shareholders from investment activities		63,609		(62,818)
Retained distribution on accumulation shares		8,867		9,925
Unclaimed distribution monies		119		109
<b>Closing net assets attributable to Shareholders</b>		<b>416,547</b>		<b>403,700</b>

## Invesco Income & Growth Fund (UK)

### Financial statements

<b>Balance Sheet</b>			<b>31.12.19</b>	<b>31.12.18</b>
as at 31 December 2019				
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
Fixed assets				
Investments		418,356		405,429
Current assets				
Debtors	8	1,453		2,218
Cash and bank balances	9	598		483
Total other assets			2,051	2,701
Total assets			420,407	408,130
<b>Liabilities</b>				
Investment liabilities			-	-
Creditors				
Distribution payable		3,015		3,620
Other creditors	10	845		810
Total other liabilities			3,860	4,430
Total liabilities			3,860	4,430
<b>Net assets attributable to Shareholders</b>			<b>416,547</b>	<b>403,700</b>

# Invesco Income & Growth Fund (UK)

## Notes to the financial statements

Refer to pages 06 to 16 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 09 and 11 to 14.

<b>2 Net capital gains/(losses)</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Non-derivative securities	69,663	(56,033)
Net capital gains/(losses)	69,663	(56,033)

<b>3 Revenue</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Bank interest	6	1
Bond interest	204	448
Non-taxable overseas dividends	804	813
UK dividends	15,670	17,168
	16,684	18,430

<b>4 Expenses</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	6,064	6,809
	6,064	6,809
Total expenses	6,064	6,809

<sup>1</sup> Total audit fees of £8,250 (2018 - £6,432) exclusive of VAT payable to the auditors for the year ended 31 December 2019 are borne out of the Fund Management Fee.

# Invesco Income & Growth Fund (UK)

## Notes to the financial statements

<b>5 Interest payable and similar charges</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Interest	3	6

<b>6 Taxation</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
<b>a) Analysis of charge for the year</b>		
Overseas tax	-	-
Total tax charge	-	-

There is no corporation tax charge for the year (2018 - Nil).

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

The tax assessed for the year is lower (2018 - 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>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Net revenue before taxation	10,617	11,615
Corporation tax at 20% (2018 -20%)	2,123	2,323
Effects of:		
Movement in excess expenses	1,172	1,273
Revenue not subject to tax	(3,295)	(3,596)
Total tax charge	-	-

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 £179,639,000 (2018 - £173,782,000). 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 £35,928,000 (2018 - £34,756,000) has not been recognised.

<b>7 Distributions</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Accumulations and distributions paid 31 August 2019	9,147	9,747
Accumulations and distributions payable 28 February 2020	6,848	8,185
	15,995	17,932
Amounts deducted on redemption of shares	740	529
Amounts received on issue of shares	(64)	(61)
	16,671	18,400
The distributable amount has been calculated as follows:		
Net revenue after taxation	10,617	11,615
Fund Management Fee taken to capital	6,064	6,809
Tax relief on Fund Management Fee taken to capital	(10)	(24)
	16,671	18,400

# Invesco Income & Growth Fund (UK)

## Notes to the financial statements

<b>8 Debtors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued revenue	1,435	1,850
Amounts receivable for issue of shares	18	97
Sales awaiting settlement	-	271
	<b>1,453</b>	<b>2,218</b>

<b>9 Cash and bank balances</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Cash and bank balances	598	483

<b>10 Other creditors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued expenses	515	515
Amounts payable for redemption of shares	330	295
	<b>845</b>	<b>810</b>

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

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2018 - 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 15. 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 £515,000 (2018 - £515,000) 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 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 11 to 14.

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

The Fund was not exposed to any counterparty risk as at the balance sheet date (2018 - Nil).

# Invesco Income & Growth Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors continued

#### b) Valuation of financial investments

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

	Assets £'000	Liabilities £'000
<b>31.12.19</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	418,356	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	-	-
	<b>418,356</b>	<b>-</b>
<b>31.12.18</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	402,087	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	3,342	-
Level 3: Valuation techniques using unobservable inputs.	-	-
	<b>405,429</b>	<b>-</b>

All financial investments are classified as level 1: Unadjusted quoted prices in an active market for an identical instrument and level 2: Valuation techniques using observable inputs other than quoted prices within level 1. The investments classified as level 2 mainly comprise Corporate Bonds. Corporate Bonds are valued using prices provided by the primary vendor and validated to the secondary vendor.

### 14 Portfolio transaction costs

for the year 1 January 2019 to 31 December 2019

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	599	0	0.00	4	0.67
<b>Total purchases</b>	<b>599</b>	<b>0</b>		<b>4</b>	
<b>Total purchases including transaction costs</b>	<b>603</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	53,634	29	0.05	0	0.00
Debt instruments	3,200	-	-	-	-
<b>Total sales</b>	<b>56,834</b>	<b>29</b>		<b>0</b>	
<b>Total sales net of transaction costs</b>	<b>56,805</b>				
<b>Derivative transaction costs</b>		<b>-</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>29</b>		<b>4</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.01%</b>		<b>0.00%</b>	

# Invesco Income & Growth Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued for the year 1 January 2018 to 31 December 2018

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	30,370	13	0.04	119	0.39
<b>Total purchases</b>	<b>30,370</b>	<b>13</b>		<b>119</b>	
<b>Total purchases including transaction costs</b>	<b>30,502</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	82,693	41	0.05	0	0.00
<b>Total sales</b>	<b>82,693</b>	<b>41</b>		<b>0</b>	
<b>Total sales net of transaction costs</b>	<b>82,652</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>54</b>		<b>119</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.01%</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 0.72% (2018 - 0.57%).

# Invesco Income & Growth Fund (UK)

## Notes to the financial statements

### 15 Share movement

for the year 1 January 2019 to 31 December 2019

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	18,835,738	294,149	2,661,887	13,534,165
Shares issued	48,747	184,796	142,033	268,164
Shares redeemed	(2,881,024)	(36,059)	(583,945)	(2,204,458)
Shares converted	(182,684)	(3,967)	167,435	560,024
<b>Closing shares</b>	<b>15,820,777</b>	<b>438,919</b>	<b>2,387,410</b>	<b>12,157,895</b>

	Income shares	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	29,511,679	691,988	7,383,129	24,134,081
Shares issued	149,441	14,338	68,952	670,337
Shares redeemed	(2,370,247)	(336,302)	(2,589,456)	(3,861,139)
Shares converted	(411,742)	240	467,987	227,470
<b>Closing shares</b>	<b>26,879,131</b>	<b>370,264</b>	<b>5,330,612</b>	<b>21,170,749</b>

### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 16.

# Invesco Income & Growth Fund (UK)

## Distribution tables

### Distribution tables

for the year 1 January 2019 to 31 December 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 31.8.19 pence per share	Net distribution paid 31.8.18 pence per share
<b>Distribution paid 31 August 2019</b>				
<b>Accumulation shares</b>				
Group 1	24.6687	-	24.6687	22.2836
Group 2	15.2716	9.3971	24.6687	22.2836
<b>Accumulation shares (No Trail)</b>				
Group 1	5.9071	-	5.9071	5.3152
Group 2	5.0768	0.8303	5.9071	5.3152
<b>Z Accumulation shares</b>				
Group 1	7.5065	-	7.5065	6.7293
Group 2	3.1851	4.3214	7.5065	6.7293
<b>Y Accumulation shares</b>				
Group 1	5.8548	-	5.8548	5.2461
Group 2	2.8348	3.0200	5.8548	5.2461
<b>Income shares</b>				
Group 1	9.3746	-	9.3746	8.8173
Group 2	5.6715	3.7031	9.3746	8.8173
<b>Income shares (No Trail)</b>				
Group 1	4.0960	-	4.0960	3.8376
Group 2	2.8464	1.2496	4.0960	3.8376
<b>Z Income shares</b>				
Group 1	5.8997	-	5.8997	5.5084
Group 2	3.9856	1.9141	5.8997	5.5084
<b>Y Income shares</b>				
Group 1	4.8416	-	4.8416	4.5169
Group 2	2.7247	2.1169	4.8416	4.5169

Group 1: shares purchased prior to 1 January 2019

Group 2: shares purchased on or after 1 January 2019

# Invesco Income & Growth Fund (UK)

## Distribution tables

**Distribution tables** continued  
for the year 1 January 2019 to 31 December 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 28.2.20 pence per share	Net distribution paid 28.2.19 pence per share
<b>Distribution payable 28 February 2020</b>				
<b>Accumulation shares</b>				
Group 1	19.6036	-	19.6036	19.9229
Group 2	8.1768	11.4268	19.6036	19.9229
<b>Accumulation shares (No Trail)</b>				
Group 1	4.7108	-	4.7108	4.7637
Group 2	1.1833	3.5275	4.7108	4.7637
<b>Z Accumulation shares</b>				
Group 1	5.9872	-	5.9872	6.0384
Group 2	3.1077	2.8795	5.9872	6.0384
<b>Y Accumulation shares</b>				
Group 1	4.6709	-	4.6709	4.7085
Group 2	2.4961	2.1748	4.6709	4.7085
<b>Income shares</b>				
Group 1	7.2852	-	7.2852	7.7259
Group 2	4.2821	3.0031	7.2852	7.7259
<b>Income shares (No Trail)</b>				
Group 1	3.1946	-	3.1946	3.3708
Group 2	1.3964	1.7982	3.1946	3.3708
<b>Z Income shares</b>				
Group 1	4.6029	-	4.6029	4.8441
Group 2	1.6476	2.9553	4.6029	4.8441
<b>Y Income shares</b>				
Group 1	3.7772	-	3.7772	3.9732
Group 2	1.3597	2.4175	3.7772	3.9732

Group 1: shares purchased prior to 1 July 2019  
Group 2: shares purchased on or after 1 July 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 Companies Fund (UK)

## Investment report for the year

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

The Fund aims to achieve long-term (5 years plus) capital growth. 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 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 December 2019.

Performance to 31 December 2019	Since 30.6.19 %	Since 31.12.18 %	Since 31.12.16 %	Percentage growth Since	
				31.12.14 %	31.12.09 %
Invesco UK Companies Fund (UK) (Z Accumulation shares) <sup>1</sup>	11.41	22.42	11.79	27.99	136.78
IA UK All Companies Sector NR <sup>2</sup>	8.21	22.42	24.08	44.27	130.31
Fund Ranking	52/241	108/239	211/227	195/213	78/171

Standardised rolling 12 month performance	31.12.14 31.12.15 %	31.12.15 31.12.16 %	31.12.16 31.12.17 %	Percentage growth Since	
				31.12.17 31.12.18 %	31.12.18 31.12.19 %
Invesco UK Companies Fund (UK) (Z Accumulation shares) <sup>1</sup>	1.3	13.0	7.3	-14.9	22.4
IA UK All Companies Sector NR <sup>2</sup>	4.6	11.2	14.0	-11.1	22.4

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 60 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 60 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> Effective 18 April 2016, the primary share class changed from Accumulation 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 Accumulation share class, without any adjustment for fees.

<sup>2</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 Companies Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund increased in value by 22.4% during the twelve months to 31 December 2019. This placed the Fund in the second quartile of its peer group, the IA UK All Companies Sector NR, which rose by an average of 22.4%.

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.

The UK equity market provided a positive return over 2019, recovering the majority of losses from a volatile 2018. The market rose through the first half of the year, before falling at the start of August in response to fears of a slowdown in global economic growth. The market recovered strongly in the final few months of 2019, as the domestic political environment improved and trade tensions between the US and China appeared to cool.

The question of the UK's departure from the European Union dominated 2019 and Sterling served as the bellwether for the market's perception of political developments. The value of the pound peaked in March as the EU agreed to extend Article 50 and delay the UK's exit from the bloc. However, parliamentary paralysis through the summer months saw gains eroded and by August, the currency fell to just US\$1.21 as the Government sought to prorogue Parliament. News that the Conservatives had won a strong majority in the December General Election saw Sterling recover to an eight-month high of US\$1.33.

The Bank of England voted to hold the base interest rate at 0.75% throughout the year, whilst the unemployment rate fell below 4% for the first time in decades.

Despite a challenging year for UK retailers both Next and JD Sports Fashion outperformed over the period. JD Sports Fashion was the Fund's standout performer. The company released strong full-year results in April 2019 and later completed the acquisition of UK rival Footasylum. Meanwhile Next's share price rose steadily for most of the period, supported by better-than-expected trading and solid full-year results. Other positive contributors included Ashtead, British American Tobacco and easyJet.

Despite the Fund's positive returns there were a number of holdings that performed poorly over the period. Provident Financial was the most significant detractor to performance. The Fund's share price traded weakly following disappointing trading and a failed takeover by smaller firm Non-Standard Finance. The presence of a forced seller in the market also weighed on the share price during 2019. Elsewhere holdings in BT and Rolls Royce also performed poorly.

I pursue an active, disciplined approach to investing and believe that valuation is fundamental to long-term returns. I seek to buy shares of companies below their intrinsic value. In my view the extended uncertainty around Britain's exit from the European Union has been more than reflected in the share price valuations of many UK exposed companies and I have consequentially positioned the portfolio towards selective UK listed companies that make the majority of their revenues in the UK. Given the December 2019 General Election result, the outlook for UK equities is clearer than twelve months ago, with a strong majority Government in place it feels more likely that a sensible resolution will be achieved in respect of our future trading relationship.

Since the balance sheet date markets have fallen significantly due primarily to concerns around the scale of the impact of coronavirus on the global economy. As at 28 April 2020 the Net Asset Value (pence per share) of the Invesco UK Companies Fund (UK) had fallen 25.38% since the balance sheet date 31 December 2019. It is likely markets will continue to be much more volatile than normal over the next few months until the coronavirus impact passes.

### Tim Marshall, Fund Manager

Where Tim Marshall 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.

The Fund's ten largest investments are	%
BP	6.01
British American Tobacco	5.86
Royal Dutch Shell	4.82
Next	4.42
International Consolidated Airlines	4.23
easyJet	3.91
JD Sports Fashion	3.86
Tesco	3.80
Ashtead	3.74
Whitbread	3.54

# Invesco UK Companies Fund (UK)

## Investment report for the year

### Comparative tables

Year ended Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	397.91	473.57	444.80
Return before operating charges*	93.03	(67.79)	36.65
Operating charges	(7.56)	(7.87)	(7.88)
Return after operating charges	85.47	(75.66)	28.77
Distributions	(12.19)	(9.19)	(9.53)
Retained distributions on accumulation shares	12.19	9.19	9.53
<b>Closing net asset value per share</b>	<b>483.38</b>	<b>397.91</b>	<b>473.57</b>
*After direct transaction costs of	(0.60)	(0.68)	(1.50)
<b>Performance</b>			
Return after charges	21.48%	(15.98%)	6.47%
<b>Other information</b>			
Closing net asset value (£'000)	179,230	164,459	213,313
Closing number of shares	37,078,463	41,330,823	45,043,859
Operating charges	1.72%	1.72%	1.72%
Direct transaction costs	0.13%	0.15%	0.33%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	488.39	491.33	476.22
Lowest share price	396.88	390.05	434.09

Year ended Z Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	308.49	364.41	339.71
Return before operating charges*	72.41	(52.49)	28.11
Operating charges	(3.32)	(3.43)	(3.41)
Return after operating charges	69.09	(55.92)	24.70
Distributions	(12.05)	(9.75)	(9.94)
Retained distributions on accumulation shares	12.05	9.75	9.94
<b>Closing net asset value per share</b>	<b>377.58</b>	<b>308.49</b>	<b>364.41</b>
*After direct transaction costs of	(0.46)	(0.52)	(1.15)
<b>Performance</b>			
Return after charges	22.40%	(15.35%)	7.27%
<b>Other information</b>			
Closing net asset value (£'000)	1,216	1,146	1,594
Closing number of shares	321,944	371,547	437,327
Operating charges	0.97%	0.97%	0.97%
Direct transaction costs	0.13%	0.15%	0.33%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	381.46	379.18	364.79
Lowest share price	307.71	302.38	331.75

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 Companies Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Y Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	212.38	250.75	233.64
Return before operating charges*	49.85	(36.13)	19.33
Operating charges	(2.17)	(2.24)	(2.22)
Return after operating charges	47.68	(38.37)	17.11
Distributions	(8.42)	(6.83)	(6.96)
Retained distributions on accumulation shares	8.42	6.83	6.96
<b>Closing net asset value per share</b>	<b>260.06</b>	<b>212.38</b>	<b>250.75</b>
*After direct transaction costs of	(0.32)	(0.36)	(0.79)
<b>Performance</b>			
Return after charges	22.45%	(15.30%)	7.32%
<b>Other information</b>			
Closing net asset value (£'000)	2,497	2,368	2,656
Closing number of shares	960,254	1,114,737	1,059,414
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.13%	0.15%	0.33%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	262.74	260.96	250.94
Lowest share price	211.83	208.17	228.18

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 Companies Fund (UK)

## Investment report for the year

### Portfolio Statement

as at 31 December 2019

#### Investment

#### United Kingdom 97.61% (31.12.18 - 98.40%)

#### Oil & Gas 10.83% (31.12.18 - 17.22%)

BP	2,332,140	10,998	6.01
Royal Dutch Shell 'A' (UK Regd.)	394,063	8,807	4.82

#### Basic Materials 2.54% (31.12.18 - 2.17%)

Anglo American	214,102	4,650	2.54
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#### Industrials 21.43% (31.12.18 - 22.63%)

Ashtead	283,701	6,849	3.74
Babcock International	761,205	4,771	2.61
BAE Systems	984,785	5,562	3.04
Coats	6,239,293	4,654	2.54
DS Smith	1,113,509	4,277	2.34
Ferguson	58,129	3,982	2.18
G4S	1,818,604	3,959	2.16
Melrose Industries	1,810,297	4,347	2.38
Rolls-Royce	113,667	777	0.43
Rolls-Royce 'C' pref. <sup>1</sup>	20,796,830	21	0.01

#### Consumer Goods 12.62% (31.12.18 - 6.09%)

Barratt Developments	524,302	3,914	2.14
British American Tobacco	331,567	10,715	5.86
Persimmon	160,669	4,330	2.36
TI Fluid Systems	766,737	2,032	1.11
Victoria	482,895	2,101	1.15

#### Health Care 2.78% (31.12.18 - 0.90%)

GlaxoSmithKline	285,865	5,084	2.78
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#### Consumer Services 26.55% (31.12.18 - 20.86%)

easyJet	502,518	7,156	3.91
International Consolidated Airlines (UK Regd.)	1,240,039	7,750	4.23
JD Sports Fashion	843,091	7,060	3.86
Next	115,279	8,088	4.42
RELX	267,737	5,100	2.79
Tesco	2,726,241	6,952	3.80
Whitbread	133,575	6,473	3.54

#### Telecommunications 5.24% (31.12.18 - 5.48%)

BT	2,686,283	5,169	2.83
Vodafone	2,229,274	3,272	1.79
Zegona Communications	1,078,387	1,143	0.62

#### Utilities 3.61% (31.12.18 - 2.14%)

Severn Trent	145,827	3,668	2.01
United Utilities	311,147	2,935	1.60

#### Financials 12.01% (31.12.18 - 18.49%)

Barclays	1,842,326	3,310	1.81
BB Healthcare Trust	2,200,000	3,124	1.71
Harworth	1,827,358	2,567	1.40
Legal & General	850,451	2,577	1.41
Provident Financial	460,257	2,104	1.15
Royal Bank of Scotland	2,173,424	5,223	2.85
Sabre Insurance	586,288	1,806	0.99
Secure Trust Bank	80,323	1,269	0.69

#### Technology Nil (31.12.18 - 1.42%)

## Invesco UK Companies Fund (UK)

### Investment report for the year

**Portfolio Statement** continued  
as at 31 December 2019

	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Investment</b>			
<b>United States 0.00% (31.12.18 - 0.00%)</b>			
<b>Health Care 0.00% (31.12.18 - 0.00%)</b>			
Lombard Medical <sup>1</sup>	240,594	0	0.00
<b>Portfolio of investments (31.12.18 - 98.40%)</b>		<b>178,576</b>	<b>97.61</b>
<b>Net other assets (31.12.18 - 1.60%)</b>		<b>4,367</b>	<b>2.39</b>
<b>Net assets</b>		<b>182,943</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 December 2019 these amount to 0.01% (31 December 2018 - 0.02%) of the Net Asset Value of the Fund.

# Invesco UK Companies Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 January 2019 to 31 December 2019

	Cost £'000
<b>Total purchases</b>	<b>44,939</b>
<b>Largest purchases:</b>	
<b>United Kingdom</b>	
Tesco	6,302
GlaxoSmithKline	4,867
BT	4,373
Ferguson	3,774
Barratt Developments	3,709
Persimmon	3,610
British American Tobacco	3,353
United Utilities	2,513
International Consolidated Airlines (UK Regd.)	2,413
Imperial Brands	1,788
TI Fluid Systems	1,336
Victoria	1,199
RELX	1,147
Severn Trent	1,104
DS Smith	499
Anglo American	469
Ashtead	434
Merlin Entertainments	350
G4S	347
Sabre Insurance	298
	Proceeds £'000
<b>Total sales</b>	<b>60,855</b>
<b>Largest sales:</b>	
<b>United Kingdom</b>	
Merlin Entertainments	5,615
Royal Dutch Shell 'A' (UK Regd.)	5,285
Rolls-Royce	4,736
Dairy Crest	3,912
Balfour Beatty	3,156
BP	3,051
Barclays	2,996
Micro Focus International	2,861
Provident Financial	2,822
Aviva	2,673
Severn Trent	2,087
Legal & General	1,832
BAE Systems	1,826
Vodafone	1,761
Imperial Brands	1,599
BTG	1,508
Royal Bank of Scotland	1,501
Victoria	1,500
Superdry	1,375
BT	1,308

## Invesco UK Companies Fund (UK)

### Financial statements

<b>Statement of Total Return</b>			<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
for the year 1 January 2019 to 31 December 2019		<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>				
Net capital gains/(losses)	2		29,313	(36,525)
Revenue	3		8,056	7,661
Expenses	4		(3,005)	(3,436)
Interest payable and similar charges	5		-	-
Net revenue before taxation			5,051	4,225
Taxation	6		(129)	(137)
Net revenue after taxation			4,922	4,088
<b>Total return before distributions</b>			<b>34,235</b>	<b>(32,437)</b>
Distributions	7		(4,923)	(4,087)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>29,312</b>	<b>(36,524)</b>

<b>Statement of Change in Net Assets Attributable to Shareholders</b>			<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
for the year 1 January 2019 to 31 December 2019			<b>£'000</b>	<b>£'000</b>
<b>Opening net assets attributable to Shareholders</b>			<b>167,973</b>	<b>217,563</b>
Amounts received on issue of shares			2,475	3,036
Amounts paid on redemption of shares			(21,486)	(20,040)
			(19,011)	(17,004)
Dilution adjustment			30	26
Change in net assets attributable to Shareholders from investment activities			29,312	(36,524)
Retained distribution on accumulation shares			4,639	3,912
<b>Closing net assets attributable to Shareholders</b>			<b>182,943</b>	<b>167,973</b>

## Invesco UK Companies Fund (UK)

### Financial statements

<b>Balance Sheet</b>			<b>31.12.19</b>	<b>31.12.18</b>
as at 31 December 2019			<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
Fixed assets				
Investments			178,576	165,285
Current assets				
Debtors	8	882		686
Cash and bank balances	9	4,010		2,333
Total other assets			4,892	3,019
Total assets			183,468	168,304
<b>Liabilities</b>				
Investment liabilities			-	-
Creditors				
Distribution payable		-		-
Other creditors	10	525		331
Total other liabilities			525	331
Total liabilities			525	331
<b>Net assets attributable to Shareholders</b>			<b>182,943</b>	<b>167,973</b>

# Invesco UK Companies Fund (UK)

## Notes to the financial statements

Refer to pages 06 to 16 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 09 and 11 to 14.

<b>2 Net capital gains/(losses)</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Foreign currency (losses)/gains	-	2
Non-derivative securities	29,313	(36,527)
Net capital gains/(losses)	29,313	(36,525)

<b>3 Revenue</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Bank interest	7	3
Franked distributions from UK investment trusts	97	-
Non-taxable overseas dividends	1,334	1,252
UK dividends	6,618	6,406
	8,056	7,661

<b>4 Expenses</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	3,005	3,436
	3,005	3,436
Total expenses	3,005	3,436

<sup>1</sup> Total audit fees of £8,250 (2018 - £6,216) exclusive of VAT payable to the auditors for the year ended 31 December 2019 are borne out of the Fund Management Fee.

# Invesco UK Companies Fund (UK)

## Notes to the financial statements

<b>5 Interest payable and similar charges</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Interest	-	-

<b>6 Taxation</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
<b>a) Analysis of charge for the year</b>		
Overseas tax	129	137
Total tax charge	129	137

There is no corporation tax charge for the year (2018 - Nil).

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

The tax assessed for the year is lower (2018 - 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>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Net revenue before taxation	5,051	4,225
Corporation tax at 20% (2018 -20%)	1,010	845
Effects of:		
Movement in excess expenses	600	687
Overseas tax	129	137
Revenue not subject to tax	(1,610)	(1,532)
Total tax charge	129	137

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 £51,488,000 (2018 - £48,490,000). 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 £10,298,000 (2018 - £9,698,000) has not been recognised.

<b>7 Distributions</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Accumulations and distributions payable 28 February 2020	4,639	3,912
Amounts deducted on redemption of shares	313	203
Amounts received on issue of shares	(29)	(28)
	4,923	4,087
The distributable amount has been calculated as follows:		
Net revenue after taxation	4,922	4,088
Equalisation on conversions	1	(1)
	4,923	4,087

# Invesco UK Companies Fund (UK)

## Notes to the financial statements

<b>8 Debtors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued revenue	698	525
Amounts receivable for issue of shares	5	11
Overseas tax recoverable	179	150
	<b>882</b>	<b>686</b>

<b>9 Cash and bank balances</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Cash and bank balances	4,010	2,333

<b>10 Other creditors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued expenses	261	248
Amounts payable for redemption of shares	264	83
	<b>525</b>	<b>331</b>

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

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2018 - 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 15. 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 £261,000 (2018 - £248,000) are disclosed in note 10 within accrued expenses.

### **13 Generic Risk factors**

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 11 to 14.

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

The Fund was not exposed to any counterparty risk as at the balance sheet date (2018 - Nil).

# Invesco UK Companies Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors continued

#### b) Valuation of financial investments

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

	Assets £'000	Liabilities £'000
<b>31.12.19</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	178,555	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	21	-
	<b>178,576</b>	-
<b>31.12.18</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	165,251	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	34	-
	<b>165,285</b>	-

The majority of financial investments are classified as level 1: Unadjusted quoted prices in an active market for an identical instrument. Investments classified as level 3: Valuation techniques using unobservable inputs 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 Companies Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs

for the year 1 January 2019 to 31 December 2019

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	44,726	27	0.06	186	0.42
<b>Total purchases</b>	<b>44,726</b>	<b>27</b>		<b>186</b>	
<b>Total purchases including transaction costs</b>	<b>44,939</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	60,882	27	0.04	0	0.00
<b>Total sales</b>	<b>60,882</b>	<b>27</b>		<b>0</b>	
<b>Total sales net of transaction costs</b>	<b>60,855</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>54</b>		<b>186</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.10%</b>	

# Invesco UK Companies Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued

for the year 1 January 2018 to 31 December 2018

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	50,573	28	0.06	235	0.48
<b>Total purchases</b>	<b>50,573</b>	<b>28</b>		<b>235</b>	
<b>Total purchases including transaction costs</b>	<b>50,836</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	60,440	35	0.06	0	0.00
<b>Total sales</b>	<b>60,440</b>	<b>35</b>		<b>0</b>	
<b>Total sales net of transaction costs</b>	<b>60,405</b>				
<b>Derivative transaction costs</b>		<b>-</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>63</b>		<b>235</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.12%</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 the 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 0.17% (2018 - 0.22%).

# Invesco UK Companies Fund (UK)

## Notes to the financial statements

### 15 Share movement

for the year 1 January 2019 to 31 December 2019

	Accumulation shares	Z Accumulation shares	Y Accumulation shares
Opening shares	41,330,823	371,547	1,114,737
Shares issued	531,388	22,908	54,473
Shares redeemed	(4,729,686)	(104,884)	(262,844)
Shares converted	(54,062)	32,373	53,888
<b>Closing shares</b>	<b>37,078,463</b>	<b>321,944</b>	<b>960,254</b>

### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 16.

## Invesco UK Companies Fund (UK)

### Distribution table

#### Distribution table

for the year 1 January 2019 to 31 December 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 28.2.20 pence per share	Net distribution paid 28.2.19 pence per share
<b>Distribution payable 28 February 2020</b>				
<b>Accumulation shares</b>				
Group 1	12.1882	-	12.1882	9.1939
Group 2	6.8592	5.3290	12.1882	9.1939
<b>Z Accumulation shares</b>				
Group 1	12.0517	-	12.0517	9.7490
Group 2	5.8300	6.2217	12.0517	9.7490
<b>Y Accumulation shares</b>				
Group 1	8.4174	-	8.4174	6.8336
Group 2	5.0573	3.3601	8.4174	6.8336

Group 1: shares purchased prior to 1 January 2019

Group 2: shares purchased on or after 1 January 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 Focus Fund (UK)

## Investment report for the year

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

The Fund aims to achieve long-term (5 years plus) capital growth. 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. The Fund typically holds a concentrated portfolio of 30-40 stocks. 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 December 2019.

Performance to 31 December 2019	Since 30.6.19 %	Since 31.12.18 %	Since 31.12.16 %	Percentage growth Since	
				31.12.14 %	31.12.09 %
Invesco UK Focus Fund (UK) (Z Accumulation shares) <sup>1</sup>	10.88	17.71	13.26	34.97	160.53
IA UK All Companies Sector NR <sup>2</sup>	8.21	22.42	24.08	44.27	130.31
Fund Ranking	59/241	191/239	208/227	162/213	52/171

Standardised rolling 12 month performance	31.12.14 31.12.15 %	31.12.15 31.12.16 %	31.12.16 31.12.17 %	Percentage growth Since	
				31.12.17 31.12.18 %	31.12.18 31.12.19 %
Invesco UK Focus Fund (UK) (Z Accumulation shares) <sup>1</sup>	0.1	19.0	12.5	-14.5	17.7
IA UK All Companies Sector NR <sup>2</sup>	4.6	11.2	14.0	-11.1	22.4

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 78 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 78 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> Effective 18 April 2016, the primary share class changed from Accumulation 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 years prior to this launch date, performance figures are based on the Accumulation share class, without any adjustment for fees.

<sup>2</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 Focus Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund rose in value by 17.7% during the twelve months to 31 December 2019. This placed the Fund in the fourth quartile of its peer group, the IA UK All Companies Sector NR, which rose by an average of 22.4%.

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.

The UK equity market provided a positive return over 2019, recovering the majority of losses from a volatile 2018. The market rose through the first half of the year, before falling at the start of August in response to fears of a slowdown in global economic growth. The market recovered strongly in the final few months of 2019, as the domestic political environment improved and trade tensions between the US and China appeared to cool.

The question of the UK's departure from the European Union dominated 2019 and Sterling served as the bellwether for the market's perception of political developments. The value of the pound peaked in March as the EU agreed to extend Article 50 and delay the UK's exit from the bloc. However, parliamentary paralysis through the summer months saw gains eroded and by August, the currency fell to just US\$1.21 as the Government sought to prorogue Parliament. News that the Conservatives had won a strong majority in the December General Election saw Sterling recover to an eight-month high of US\$1.33.

The Bank of England voted to hold the base interest rate at 0.75% throughout the year, whilst the unemployment rate fell below 4% for the first time in decades.

The Fund's holdings in easyJet, British American Tobacco and International Consolidated Airlines provided a strong positive contribution to performance over the period. The Fund also benefitted from its holdings in the mining sector, namely gold mining equities including Agnico Eagle Mines and Barrick Gold. The sector performed well during 2019, as the price of gold rallied through the year, notably during the third quarter.

Despite the Fund's positive return there were a number of holdings that performed poorly over the period. Glencore, Pearson and Marks & Spencer were among the weakest performers, whilst the Fund's significant exposure to the oil & gas sector also weighed on returns.

My focus is on valuation at the point of purchase and I believe that many of the best ideas are non-consensus. The Fund is constructed using a bottom-up, valuation-driven approach to stock selection, using the assessment of a company and its valuation as the key driver in my decision-making process. I believe that the UK equity market is undervalued versus its own history, but as ever, uncertainty abounds both at home and abroad.

The Fund's largest sector weighting continues to be to integrated oils, a reflection of the work undertaken by the oil majors to drive down costs. Given the extent of progress that has already been made in the oil company business models, I believe that the outlook for the sector is no longer dependent on oil prices improving further, but rather, the market's confidence that these companies' will be able to pay their dividends from cash rather than reserves. I also see value opportunities in HealthCare, Financials and Telecommunications stocks, to which the Fund has notable exposure.

Since the balance sheet date markets have fallen significantly due primarily to concerns around the scale of the impact of coronavirus on the global economy. As at 28 April 2020 the Net Asset Value (pence per share) of the Invesco UK Focus Fund (UK) had fallen 23.55% since the balance sheet date 31 December 2019. It is likely markets will continue to be much more volatile than normal over the next few months until the coronavirus impact passes.

### Martin Walker, Fund Manager

Where Martin Walker 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.

The Fund's ten largest investments are	%
Royal Dutch Shell	7.20
BP	6.01
Vodafone	5.12
GlaxoSmithKline	4.81
Total	4.42
J Sainsbury	4.36
easyJet	4.30
British American Tobacco	4.01
BAE Systems	3.88
SSE	3.73

# Invesco UK Focus Fund (UK)

## Investment report for the year

### Comparative tables

Year ended Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	220.53	260.96	233.73
Return before operating charges*	40.60	(36.26)	31.33
Operating charges	(3.95)	(4.17)	(4.10)
Return after operating charges	36.65	(40.43)	27.23
Distributions	(6.36)	(5.21)	(5.24)
Retained distributions on accumulation shares	6.36	5.21	5.24
<b>Closing net asset value per share</b>	<b>257.18</b>	<b>220.53</b>	<b>260.96</b>
*After direct transaction costs of	(0.43)	(0.49)	(0.63)
<b>Performance</b>			
Return after charges	16.62%	(15.49%)	11.65%
<b>Other information</b>			
Closing net asset value (£'000)	67,379	68,634	90,254
Closing number of shares	26,199,023	31,122,332	34,586,155
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.18%	0.19%	0.26%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	260.74	269.41	259.89
Lowest share price	219.16	216.15	230.22

Year ended Accumulation shares (No Trail)	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	184.29	216.99	193.38
Return before operating charges*	34.03	(30.27)	25.99
Operating charges	(2.32)	(2.43)	(2.38)
Return after operating charges	31.71	(32.70)	23.61
Distributions	(6.32)	(5.38)	(5.36)
Retained distributions on accumulation shares	6.32	5.38	5.36
<b>Closing net asset value per share</b>	<b>216.00</b>	<b>184.29</b>	<b>216.99</b>
*After direct transaction costs of	(0.36)	(0.41)	(0.52)
<b>Performance</b>			
Return after charges	17.21%	(15.07%)	12.21%
<b>Other information</b>			
Closing net asset value (£'000)	788	696	897
Closing number of shares	364,585	377,462	413,250
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.18%	0.19%	0.26%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	218.98	224.45	216.09
Lowest share price	183.16	180.63	190.56

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 Focus Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	363.94	427.43	379.98
Return before operating charges*	67.29	(59.72)	51.13
Operating charges	(3.61)	(3.77)	(3.68)
Return after operating charges	63.68	(63.49)	47.45
Distributions	(13.47)	(11.64)	(11.56)
Retained distributions on accumulation shares	13.47	11.64	11.56
<b>Closing net asset value per share</b>	<b>427.62</b>	<b>363.94</b>	<b>427.43</b>
*After direct transaction costs of	(0.71)	(0.80)	(1.03)
<b>Performance</b>			
Return after charges	17.50%	(14.85%)	12.49%
<b>Other information</b>			
Closing net asset value (£'000)	26,092	30,156	41,076
Closing number of shares	6,101,612	8,285,991	9,609,857
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.18%	0.19%	0.26%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	433.50	442.56	425.67
Lowest share price	361.70	356.69	374.52

Year ended Y Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	223.81	262.73	233.45
Return before operating charges*	41.40	(36.73)	31.42
Operating charges	(2.10)	(2.19)	(2.14)
Return after operating charges	39.30	(38.92)	29.28
Distributions	(8.41)	(7.28)	(7.23)
Retained distributions on accumulation shares	8.41	7.28	7.23
<b>Closing net asset value per share</b>	<b>263.11</b>	<b>223.81</b>	<b>262.73</b>
*After direct transaction costs of	(0.44)	(0.49)	(0.63)
<b>Performance</b>			
Return after charges	17.56%	(14.81%)	12.54%
<b>Other information</b>			
Closing net asset value (£'000)	32,532	33,841	52,414
Closing number of shares	12,364,394	15,120,393	19,949,658
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.18%	0.19%	0.26%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	266.73	272.09	261.65
Lowest share price	222.44	219.35	230.10

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 Focus Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	169.15	205.01	187.35
Return before operating charges*	31.11	(28.50)	25.15
Operating charges	(3.03)	(3.27)	(3.29)
Return after operating charges	28.08	(31.77)	21.86
Distributions	(4.87)	(4.09)	(4.20)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>192.36</b>	<b>169.15</b>	<b>205.01</b>
*After direct transaction costs of	(0.33)	(0.38)	(0.50)
<b>Performance</b>			
Return after charges	16.60%	(15.50%)	11.67%
<b>Other information</b>			
Closing net asset value (£'000)	3,090	3,069	4,024
Closing number of shares	1,606,247	1,814,360	1,962,726
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.18%	0.19%	0.26%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	199.97	211.64	208.35
Lowest share price	168.08	169.80	184.57

Year ended Income shares (No Trail)	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	139.97	169.77	155.10
Return before operating charges*	25.81	(23.69)	20.89
Operating charges	(1.76)	(1.90)	(1.91)
Return after operating charges	24.05	(25.59)	18.98
Distributions	(4.80)	(4.21)	(4.31)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>159.22</b>	<b>139.97</b>	<b>169.77</b>
*After direct transaction costs of	(0.27)	(0.32)	(0.42)
<b>Performance</b>			
Return after charges	17.18%	(15.07%)	12.24%
<b>Other information</b>			
Closing net asset value (£'000)	25	128	152
Closing number of shares	15,782	91,280	89,762
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.18%	0.19%	0.26%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	166.28	175.60	173.35
Lowest share price	139.09	141.31	152.87

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.

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# Invesco UK Focus Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	306.81	372.25	340.04
Return before operating charges*	56.66	(52.01)	45.85
Operating charges	(3.04)	(3.29)	(3.30)
Return after operating charges	53.62	(55.30)	42.55
Distributions	(11.35)	(10.14)	(10.34)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>349.08</b>	<b>306.81</b>	<b>372.25</b>
*After direct transaction costs of	(0.60)	(0.70)	(0.92)
<b>Performance</b>			
Return after charges	17.48%	(14.86%)	12.51%
<b>Other information</b>			
Closing net asset value (£'000)	9,421	9,393	3,894
Closing number of shares	2,698,849	3,061,625	1,046,021
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.18%	0.19%	0.26%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	365.39	385.41	381.01
Lowest share price	304.87	310.63	335.23

Year ended Y Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	194.64	236.18	215.75
Return before operating charges*	35.96	(33.02)	29.09
Operating charges	(1.82)	(1.97)	(1.98)
Return after operating charges	34.14	(34.99)	27.11
Distributions	(7.31)	(6.55)	(6.68)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>221.47</b>	<b>194.64</b>	<b>236.18</b>
*After direct transaction costs of	(0.38)	(0.44)	(0.58)
<b>Performance</b>			
Return after charges	17.54%	(14.81%)	12.57%
<b>Other information</b>			
Closing net asset value (£'000)	6,124	6,629	8,591
Closing number of shares	2,765,244	3,406,005	3,637,348
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.18%	0.19%	0.26%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	231.92	244.58	241.86
Lowest share price	193.41	197.18	212.70

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.

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# Invesco UK Focus Fund (UK)

## Investment report for the year

### Portfolio Statement

as at 31 December 2019

#### Investment

#### Canada 5.41% (31.12.18 - 3.38%)

#### Basic Materials 5.41% (31.12.18 - 3.38%)

Agnico Eagle Mines	53,985	2,510	1.73
Barrick Gold	209,113	2,932	2.02
Wheaton Precious Metals	107,788	2,421	1.66

#### Cayman Islands Nil (31.12.18 - 1.04%)

#### Basic Materials Nil (31.12.18 - 1.04%)

#### France 6.72% (31.12.18 - 8.11%)

#### Oil & Gas 4.42% (31.12.18 - 5.63%)

Total	153,983	6,415	4.42
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#### Health Care 2.30% (31.12.18 - 2.48%)

Sanofi	44,080	3,347	2.30
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#### Germany Nil (31.12.18 - 3.15%)

#### Basic Materials Nil (31.12.18 - 3.15%)

#### Switzerland 3.08% (31.12.18 - 2.08%)

#### Basic Materials 3.08% (31.12.18 - 2.08%)

Glencore	1,905,508	4,485	3.08
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#### United Kingdom 82.85% (31.12.18 - 79.56%)

#### Oil & Gas 13.21% (31.12.18 - 15.99%)

BP	1,853,656	8,742	6.01
Royal Dutch Shell 'A' (UK Regd.)	468,667	10,475	7.20

#### Basic Materials Nil (31.12.18 - 1.69%)

#### Industrials 10.81% (31.12.18 - 16.73%)

Babcock International	669,600	4,197	2.89
BAE Systems	999,890	5,647	3.88
Balfour Beatty	1,107,515	2,893	1.99
G4S	1,368,262	2,979	2.05

#### Consumer Goods 4.01% (31.12.18 - 2.83%)

British American Tobacco	180,429	5,830	4.01
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#### Health Care 10.88% (31.12.18 - 8.34%)

GlaxoSmithKline	392,935	6,989	4.81
Spire Healthcare	2,816,850	4,000	2.75
Vectura	5,216,565	4,836	3.32

#### Consumer Services 20.26% (31.12.18 - 10.95%)

easyJet	438,989	6,251	4.30
International Consolidated Airlines (UK Regd.)	798,147	4,988	3.43
J Sainsbury	2,757,138	6,339	4.36
Marks & Spencer	2,223,262	4,746	3.26
Pearson	494,501	3,150	2.17
Whitbread	82,253	3,986	2.74

#### Telecommunications 5.12% (31.12.18 - 6.77%)

Vodafone	5,078,330	7,453	5.12
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#### Utilities 6.71% (31.12.18 - 2.23%)

National Grid	458,243	4,327	2.98
SSE	377,243	5,427	3.73

#### Financials 11.85% (31.12.18 - 14.03%)

Barclays	2,714,885	4,877	3.35
Royal Bank of Scotland	1,582,837	3,803	2.61
RSA Insurance	883,787	4,997	3.44
Secure Trust Bank	225,550	3,564	2.45

## Invesco UK Focus Fund (UK)

### Investment report for the year

**Portfolio Statement** continued  
as at 31 December 2019

	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Investment</b>			
<b>United States 1.27% (31.12.18 - 1.57%)</b>			
<b>Basic Materials 1.27% (31.12.18 - 1.57%)</b>			
Newmont Mining	56,414	1,850	1.27
<b>Futures and Derivatives (0.06)% (31.12.18 - 0.09%)</b>			
<b>Forward Foreign Currency Positions (0.06)% (31.12.18 - 0.09%)</b>			
Buy GBP 2,664,079 : Sell CAD 4,650,000		(42)	(0.03)
Buy GBP 8,465,246 : Sell EUR 10,050,000		(53)	(0.04)
Buy GBP 508,642 : Sell EUR 610,000		(8)	(0.01)
Buy GBP 6,166,397 : Sell USD 8,130,000		31	0.02
Buy GBP 372,939 : Sell USD 490,000		3	0.00
<b>Portfolio of investments (31.12.18 - 98.98%)</b>		<b>144,387</b>	<b>99.27</b>
<b>Net other assets (31.12.18 - 1.02%)</b>		<b>1,064</b>	<b>0.73</b>
<b>Net assets</b>		<b>145,451</b>	<b>100.00</b>

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

Unquoted securities - for the year ended 31 December 2019 these amount to Nil  
(31 December 2018 - 0.02%) of the Net Asset Value of the Fund.

# Invesco UK Focus Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 January 2019 to 31 December 2019

	Cost £'000
<b>Total purchases</b>	<b>51,157</b>
<b>Largest purchases:</b>	
<b>Canada</b>	
Wheaton Precious Metals	1,989
Barrick Gold	797
<b>Switzerland</b>	
Glencore	2,365
<b>United Kingdom</b>	
Whitbread	5,367
RSA Insurance	4,906
SSE	4,749
J Sainsbury	4,266
Pearson	3,870
International Consolidated Airlines (UK Regd.)	3,461
Secure Trust Bank	2,997
Marks & Spencer	2,416
Vodafone	1,732
RELX	1,606
Royal Dutch Shell 'A' (UK Regd.)	1,440
easyJet	1,253
Babcock International	1,220
Spire Healthcare	1,183
BAE Systems	1,076
Harworth	944
GlaxoSmithKline	733

	Proceeds £'000
<b>Total sales</b>	<b>74,596</b>
<b>Largest sales:</b>	
<b>Canada</b>	
Goldcorp	2,656
Agnico Eagle Mines	1,704
<b>Cayman Islands</b>	
Endeavour Mining	1,796
<b>France</b>	
Total	2,301
<b>Germany</b>	
Bayer (Regd.)	4,653
<b>United Kingdom</b>	
Royal Bank of Scotland	4,468
Rolls-Royce	4,343
Coats	4,128
Stagecoach	4,082
BP	3,546
TP ICAP	3,474
Aviva	3,464
G4S	2,963
TalkTalk Telecom	2,755
Royal Dutch Shell 'A' (UK Regd.)	2,519
J Sainsbury	2,356
Legal & General	2,242
RELX	1,787
Marks & Spencer	1,761
Whitbread	1,729

## Invesco UK Focus Fund (UK)

### Financial statements

<b>Statement of Total Return</b>			<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
for the year 1 January 2019 to 31 December 2019		<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>				
Net capital gains/(losses)	2		18,576	(33,615)
Revenue	3	6,603		7,064
Expenses	4	(1,878)		(2,333)
Interest payable and similar charges	5	(3)		(3)
Net revenue before taxation		4,722		4,728
Taxation	6	(106)		(106)
Net revenue after taxation			4,616	4,622
<b>Total return before distributions</b>			23,192	(28,993)
Distributions	7		(4,621)	(4,623)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>18,571</b>	<b>(33,616)</b>

<b>Statement of Change in Net Assets Attributable to Shareholders</b>			<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
for the year 1 January 2019 to 31 December 2019			<b>£'000</b>	<b>£'000</b>
<b>Opening net assets attributable to Shareholders</b>			<b>152,546</b>	<b>201,302</b>
Amounts received on issue of shares		3,578		21,116
Amounts paid on redemption of shares		(32,826)		(40,021)
			(29,248)	(18,905)
Dilution adjustment			33	57
Change in net assets attributable to Shareholders from investment activities			18,571	(33,616)
Retained distribution on accumulation shares			3,549	3,708
<b>Closing net assets attributable to Shareholders</b>			<b>145,451</b>	<b>152,546</b>

## Invesco UK Focus Fund (UK)

### Financial statements

<b>Balance Sheet</b>			<b>31.12.19</b>	<b>31.12.18</b>
as at 31 December 2019			<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
Fixed assets				
Investments			144,490	150,991
Current assets				
Debtors	8	857		1,142
Cash and bank balances	9	1,059		1,281
Total other assets			1,916	2,423
Total assets			146,406	153,414
<b>Liabilities</b>				
Investment liabilities			103	7
Creditors				
Distribution payable		587		611
Other creditors	10	265		250
Total other liabilities			852	861
Total liabilities			955	868
<b>Net assets attributable to Shareholders</b>			<b>145,451</b>	<b>152,546</b>

# Invesco UK Focus Fund (UK)

## Notes to the financial statements

Refer to pages 06 to 16 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 09 and 11 to 14.

<b>2 Net capital gains/(losses)</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Foreign currency losses	(578)	(652)
Forward currency contracts	1,707	716
Non-derivative securities	17,447	(33,679)
Net capital gains/(losses)	18,576	(33,615)

<b>3 Revenue</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Bank interest	1	4
Non-taxable overseas dividends	1,581	1,791
Stock dividends	116	-
UK dividends	4,905	5,269
	6,603	7,064

<b>4 Expenses</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	1,878	2,333
	1,878	2,333
Total expenses	1,878	2,333

<sup>1</sup> Total audit fees of £8,250 (2018 - £6,432) exclusive of VAT payable to the auditors for the year ended 31 December 2019 are borne out of the Fund Management Fee.

# Invesco UK Focus Fund (UK)

## Notes to the financial statements

<b>5 Interest payable and similar charges</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Interest	3	3

<b>6 Taxation</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
<b>a) Analysis of charge for the year</b>		
Overseas tax	106	106
Total tax charge	106	106

There is no corporation tax charge for the year (2018 - Nil).

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

The tax assessed for the year is lower (2018 - 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>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Net revenue before taxation	4,722	4,728
Corporation tax at 20% (2018 -20%)	944	946
Effects of:		
Movement in excess expenses	376	466
Overseas tax	106	106
Revenue not subject to tax	(1,320)	(1,412)
Total tax charge	106	106

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 £41,621,000 (2018 - £39,740,000). 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 £8,324,000 (2018 - £7,948,000) has not been recognised.

<b>7 Distributions</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Accumulations and distributions payable 28 February 2020	4,136	4,319
Amounts deducted on redemption of shares	542	596
Amounts received on issue of shares	(57)	(292)
	4,621	4,623
The distributable amount has been calculated as follows:		
Net revenue after taxation	4,616	4,622
Equalisation on conversions	5	1
	4,621	4,623

# Invesco UK Focus Fund (UK)

## Notes to the financial statements

<b>8 Debtors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued revenue	550	729
Amounts receivable for issue of shares	113	38
Overseas tax recoverable	194	169
Sales awaiting settlement	-	206
	<b>857</b>	<b>1,142</b>

<b>9 Cash and bank balances</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Cash and bank balances	1,059	1,281

<b>10 Other creditors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued expenses	155	167
Amounts payable for redemption of shares	110	76
Purchases awaiting settlement	-	7
	<b>265</b>	<b>250</b>

### 11 Commitments, contingent liabilities and contingent assets

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2018 - 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 15. 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 £155,000 (2018 - £167,000) are disclosed in note 10 within accrued expenses.

### 13 Generic Risk factors

As the Fund has a concentrated number of holdings, investors should be prepared to accept higher risks.

The Fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of 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 11 to 14.

#### a) Counterparty risk

The Fund's exposure to counterparty risk in respect of 'Over the Counter' (OTC) derivative contracts is the fair value of these contracts as shown in the portfolio statement. This is reflected in the table below.

#### Counterparty Details of OTC Financial Derivative Transactions

<b>31.12.19 Broker</b>	<b>Forwards £'000</b>	<b>Total Exposure £'000</b>
BNY Mellon	(8)	(8)
Citigroup	3	3
RBS	(64)	(64)
<b>31.12.18 Broker</b>	<b>Forwards £'000</b>	<b>Total Exposure £'000</b>
BNY Mellon	0	0
Citigroup	132	132

# Invesco UK Focus Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors

#### b) Valuation of financial investments

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

	Assets £'000	Liabilities £'000
<b>31.12.19</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	144,456	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	34	103
Level 3: Valuation techniques using unobservable inputs.	-	-
	<b>144,490</b>	<b>103</b>
<b>31.12.18</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	150,827	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	139	7
Level 3: Valuation techniques using unobservable inputs.	25	-
	<b>150,991</b>	<b>7</b>

The majority of financial investments are classified as level 1: Unadjusted quoted prices in an active market for an identical instrument and level 2: Valuation techniques using observable inputs other than quoted prices within level 1. The investments classified as level 2 comprises of Forwards. The OTC derivatives are valued by the primary vendor using various valuation techniques, reviewed and validated to the secondary vendor. Investments classified as level 3: Valuation techniques using unobservable inputs 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 Focus Fund (UK)

### Notes to the financial statements

#### 14 Portfolio transaction costs

for the year 1 January 2019 to 31 December 2019

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	50,927	24	0.05	206	0.40
<b>Total purchases</b>	<b>50,927</b>	<b>24</b>		<b>206</b>	
<b>Total purchases including transaction costs</b>	<b>51,157</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	74,635	39	0.05	0	0.00
<b>Total sales</b>	<b>74,635</b>	<b>39</b>		<b>0</b>	
<b>Total sales net of transaction costs</b>	<b>74,596</b>				
<b>Derivative transaction costs</b>		<b>-</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>63</b>		<b>206</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.14%</b>	

# Invesco UK Focus Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued for the year 1 January 2018 to 31 December 2018

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	71,187	41	0.06	275	0.39
<b>Total purchases</b>	<b>71,187</b>	<b>41</b>		<b>275</b>	
<b>Total purchases including transaction costs</b>	<b>71,503</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	82,906	47	0.06	0	0.00
<b>Total sales</b>	<b>82,906</b>	<b>47</b>		<b>0</b>	
<b>Total sales net of transaction costs</b>	<b>82,859</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>88</b>		<b>275</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.15%</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 0.15% (2018 - 0.11%).

## Invesco UK Focus Fund (UK)

### Notes to the financial statements

#### 15 Share movement

for the year 1 January 2019 to 31 December 2019

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	31,122,332	377,462	8,285,991	15,120,393
Shares issued	342,083	36,461	226,022	160,607
Shares redeemed	(4,461,514)	(51,723)	(2,610,337)	(3,355,588)
Shares converted	(803,878)	2,385	199,936	438,982
<b>Closing shares</b>	<b>26,199,023</b>	<b>364,585</b>	<b>6,101,612</b>	<b>12,364,394</b>

	Income shares	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	1,814,360	91,280	3,061,625	3,406,005
Shares issued	32,170	4,330	360,509	101,559
Shares redeemed	(205,120)	(73,707)	(728,278)	(796,871)
Shares converted	(35,163)	(6,121)	4,993	54,551
<b>Closing shares</b>	<b>1,606,247</b>	<b>15,782</b>	<b>2,698,849</b>	<b>2,765,244</b>

#### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 16.

## Invesco UK Focus Fund (UK)

### Distribution table

#### Distribution table

for the year 1 January 2019 to 31 December 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 28.2.20 pence per share	Net distribution paid 28.2.19 pence per share
<b>Distribution payable 28 February 2020</b>				
<b>Accumulation shares</b>				
Group 1	6.3550	-	6.3550	5.2105
Group 2	3.2696	3.0854	6.3550	5.2105
<b>Accumulation shares (No Trail)</b>				
Group 1	6.3168	-	6.3168	5.3843
Group 2	0.5638	5.7530	6.3168	5.3843
<b>Z Accumulation shares</b>				
Group 1	13.4668	-	13.4668	11.6416
Group 2	8.0608	5.4060	13.4668	11.6416
<b>Y Accumulation shares</b>				
Group 1	8.4053	-	8.4053	7.2837
Group 2	4.0323	4.3730	8.4053	7.2837
<b>Income shares</b>				
Group 1	4.8743	-	4.8743	4.0932
Group 2	3.2149	1.6594	4.8743	4.0932
<b>Income shares (No Trail)</b>				
Group 1	4.7971	-	4.7971	4.2125
Group 2	2.0770	2.7201	4.7971	4.2125
<b>Z Income shares</b>				
Group 1	11.3509	-	11.3509	10.1378
Group 2	5.3079	6.0430	11.3509	10.1378
<b>Y Income shares</b>				
Group 1	7.3082	-	7.3082	6.5485
Group 2	4.3832	2.9250	7.3082	6.5485

Group 1: shares purchased prior to 1 January 2019

Group 2: shares purchased on or after 1 January 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 Growth Fund (UK)

## Investment report for the year

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

The Fund aims to achieve long-term (5 years plus) capital growth. 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 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 December 2019.

Performance to 31 December 2019	Since 30.6.19 %	Since 31.12.18 %	Since 31.12.16 %	Percentage growth	
				Since 31.12.14 %	Since 31.12.09 %
Invesco UK Growth Fund (UK) (Z Accumulation shares) <sup>1</sup>	9.14	17.11	13.14	31.37	147.28
IA UK All Companies Sector NR <sup>2</sup>	8.21	22.42	24.08	44.27	130.31
Fund Ranking	81/241	199/239	209/227	183/213	66/171

Standardised rolling 12 month performance	31.12.14 31.12.15 %	31.12.15 31.12.16 %	31.12.16 31.12.17 %	Percentage growth	
				31.12.17 31.12.18 %	31.12.18 31.12.19 %
Invesco UK Growth Fund (UK) (Z Accumulation shares) <sup>1</sup>	0.6	15.4	11.5	-13.4	17.1
IA UK All Companies Sector NR <sup>2</sup>	4.6	11.2	14.0	-11.1	22.4

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 97 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 97 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> Effective 18 April 2016, the primary share class changed from Accumulation 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 period prior to this launch date, performance figures are based on the Accumulation share class, without any adjustment for fees.

<sup>2</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 Growth Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund rose in value by 17.1% during the twelve months to 31 December 2019. This placed the Fund in the fourth quartile of its peer group, the IA UK All Companies Sector NR, which rose by an average of 22.4%.

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.

The UK equity market provided a positive return over 2019, recovering the majority of losses from a volatile 2018. The market rose through the first half of the year, before falling at the start of August in response to fears of a slowdown in global economic growth. The market recovered strongly in the final few months of 2019, as the domestic political environment improved and trade tensions between the US and China appeared to cool.

The question of the UK's departure from the European Union dominated 2019 and Sterling served as the bellwether for the market's perception of political developments. The value of the pound peaked in March as the EU agreed to extend Article 50 and delay the UK's exit from the bloc. However, parliamentary paralysis through the summer months saw gains eroded and by August, the currency fell to just US\$1.21 as the Government sought to prorogue Parliament. News that the Conservatives had won a strong majority in the December General Election saw Sterling recover to an eight-month high of US\$1.33.

The Bank of England voted to hold the base interest rate at 0.75% throughout the year, whilst the unemployment rate fell below 4% for the first time in decades.

The Fund's holdings in British American Tobacco, BAE Systems and GlaxoSmithKline provided a strong positive contribution to performance over the period. The Fund also benefitted from its holdings in the mining sector, namely gold mining equities including Agnico Eagle Mines and Barrick Gold. The sector performed well during 2019, as the price of gold rallied through the year, notably during the third quarter.

Despite the Fund's positive return there were a number of holdings that performed poorly over the period. Glencore, Pearson and Coats were among the weakest performers, whilst the Fund's significant exposure to the oil & gas sector also weighed on returns.

My focus is on valuation at the point of purchase and I believe that many of the best ideas are non-consensus. The Fund is constructed using a bottom-up, valuation-driven approach to stock selection, using the assessment of a company and its valuation as the key driver in my decision-making process. I believe that the UK equity market is undervalued versus its own history, but as ever, uncertainty abounds both at home and abroad.

The Fund's largest sector weighting continues to be to integrated oils, a reflection of the work undertaken by the oil majors to drive down costs. Given the extent of progress that has already been made in the oil company business models, I believe that the outlook for the sector is no longer dependent on oil prices improving further, but rather, the market's confidence that these companies' will be able to pay their dividends from cash rather than reserves. I also see value opportunities in HealthCare, Financials and Telecommunications stocks, to which the Fund has notable exposure.

Since the balance sheet date markets have fallen significantly due primarily to concerns around the scale of the impact of coronavirus on the global economy. As at 28 April 2020 the Net Asset Value (pence per share) of the Invesco UK Growth Fund (UK) had fallen 46.54% since the balance sheet date 31 December 2019. It is likely markets will continue to be much more volatile than normal over the next few months until the coronavirus impact passes.

### Martin Walker, Fund Manager

Where Martin Walker 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.

The Fund's ten largest investments are	%
Royal Dutch Shell	7.55
BP	7.13
Vodafone	5.63
GlaxoSmithKline	4.85
Total	4.85
BAE Systems	4.05
British American Tobacco	3.85
J Sainsbury	3.50
RSA Insurance	3.11
International Consolidated Airlines	3.05

# Invesco UK Growth Fund (UK)

## Investment report for the year

### Comparative tables

Year ended Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	587.60	685.90	620.25
Return before operating charges*	104.27	(87.33)	76.46
Operating charges	(10.51)	(10.97)	(10.81)
Return after operating charges	93.76	(98.30)	65.65
Distributions	(17.23)	(14.25)	(13.30)
Retained distributions on accumulation shares	17.23	14.25	13.30
<b>Closing net asset value per share</b>	<b>681.36</b>	<b>587.60</b>	<b>685.90</b>
*After direct transaction costs of	(0.89)	(0.84)	(1.10)
<b>Performance</b>			
Return after charges	15.96%	(14.33%)	10.58%
<b>Other information</b>			
Closing net asset value (£'000)	661,444	654,799	833,632
Closing number of shares	97,076,980	111,435,730	121,537,744
Operating charges	1.66%	1.66%	1.66%
Direct transaction costs	0.14%	0.13%	0.17%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	690.84	709.71	683.23
Lowest share price	584.48	576.74	610.43

Year ended Accumulation shares (No Trail)	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	157.87	183.36	164.98
Return before operating charges*	28.08	(23.44)	20.39
Operating charges	(1.98)	(2.05)	(2.01)
Return after operating charges	26.10	(25.49)	18.38
Distributions	(5.49)	(4.70)	(4.42)
Retained distributions on accumulation shares	5.49	4.70	4.42
<b>Closing net asset value per share</b>	<b>183.97</b>	<b>157.87</b>	<b>183.36</b>
*After direct transaction costs of	(0.24)	(0.22)	(0.29)
<b>Performance</b>			
Return after charges	16.53%	(13.90%)	11.14%
<b>Other information</b>			
Closing net asset value (£'000)	24,230	50,168	73,434
Closing number of shares	13,170,601	31,778,600	40,049,079
Operating charges	1.16%	1.16%	1.16%
Direct transaction costs	0.14%	0.13%	0.17%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	186.52	190.09	182.61
Lowest share price	157.03	154.94	162.44

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 Growth Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	331.80	384.42	345.02
Return before operating charges*	59.11	(49.24)	42.71
Operating charges	(3.27)	(3.38)	(3.31)
Return after operating charges	55.84	(52.62)	39.40
Distributions	(12.46)	(10.80)	(10.16)
Retained distributions on accumulation shares	12.46	10.80	10.16
<b>Closing net asset value per share</b>	<b>387.64</b>	<b>331.80</b>	<b>384.42</b>
*After direct transaction costs of	(0.51)	(0.47)	(0.61)
<b>Performance</b>			
Return after charges	16.83%	(13.69%)	11.42%
<b>Other information</b>			
Closing net asset value (£'000)	40,900	41,279	51,236
Closing number of shares	10,550,986	12,440,941	13,328,248
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.14%	0.13%	0.17%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	393.00	398.92	382.85
Lowest share price	330.06	325.65	339.79

Year ended Y Accumulation shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	227.41	263.34	236.24
Return before operating charges*	40.53	(33.74)	29.24
Operating charges	(2.12)	(2.19)	(2.14)
Return after operating charges	38.41	(35.93)	27.10
Distributions	(8.66)	(7.53)	(7.08)
Retained distributions on accumulation shares	8.66	7.53	7.08
<b>Closing net asset value per share</b>	<b>265.82</b>	<b>227.41</b>	<b>263.34</b>
*After direct transaction costs of	(0.35)	(0.32)	(0.42)
<b>Performance</b>			
Return after charges	16.89%	(13.64%)	11.47%
<b>Other information</b>			
Closing net asset value (£'000)	85,443	82,799	102,981
Closing number of shares	32,143,374	36,408,973	39,105,122
Operating charges	0.86%	0.86%	0.86%
Direct transaction costs	0.14%	0.13%	0.17%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	269.49	273.33	262.27
Lowest share price	226.22	223.19	232.67

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 Growth Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	342.10	409.27	377.35
Return before operating charges*	60.68	(52.12)	46.59
Operating charges	(6.12)	(6.55)	(6.58)
Return after operating charges	54.56	(58.67)	40.01
Distributions	(10.03)	(8.50)	(8.09)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>386.63</b>	<b>342.10</b>	<b>409.27</b>
*After direct transaction costs of	(0.52)	(0.50)	(0.67)
<b>Performance</b>			
Return after charges	15.95%	(14.34%)	10.60%
<b>Other information</b>			
Closing net asset value (£'000)	86,300	81,434	103,883
Closing number of shares	22,321,472	23,803,835	25,382,449
Operating charges	1.66%	1.66%	1.66%
Direct transaction costs	0.14%	0.13%	0.17%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	402.17	423.46	415.74
Lowest share price	340.26	344.13	371.44

Year ended Income shares (No Trail)	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	116.16	139.06	128.18
Return before operating charges*	20.65	(17.77)	15.88
Operating charges	(1.46)	(1.56)	(1.57)
Return after operating charges	19.19	(19.33)	14.31
Distributions	(4.04)	(3.57)	(3.43)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>131.31</b>	<b>116.16</b>	<b>139.06</b>
*After direct transaction costs of	(0.18)	(0.17)	(0.23)
<b>Performance</b>			
Return after charges	16.52%	(13.90%)	11.16%
<b>Other information</b>			
Closing net asset value (£'000)	800	1,203	1,032
Closing number of shares	609,184	1,035,941	742,019
Operating charges	1.16%	1.16%	1.16%
Direct transaction costs	0.14%	0.13%	0.17%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	137.22	144.16	141.91
Lowest share price	115.53	117.51	126.24

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 Growth Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	275.28	329.67	303.85
Return before operating charges*	48.99	(42.23)	37.68
Operating charges	(2.71)	(2.90)	(2.91)
Return after operating charges	46.28	(45.13)	34.77
Distributions	(10.33)	(9.26)	(8.95)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>311.23</b>	<b>275.28</b>	<b>329.67</b>
*After direct transaction costs of	(0.42)	(0.40)	(0.54)
<b>Performance</b>			
Return after charges	16.81%	(13.69%)	11.44%
<b>Other information</b>			
Closing net asset value (£'000)	13,943	13,944	22,202
Closing number of shares	4,479,815	5,065,408	6,734,454
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.14%	0.13%	0.17%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	326.01	342.10	337.24
Lowest share price	273.79	279.26	299.31

Year ended Y Income shares	31.12.19 (pence per share)	31.12.18 (pence per share)	31.12.17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	196.97	235.91	217.42
Return before operating charges*	35.06	(30.24)	26.98
Operating charges	(1.83)	(1.96)	(1.97)
Return after operating charges	33.23	(32.20)	25.01
Distributions	(7.50)	(6.74)	(6.52)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>222.70</b>	<b>196.97</b>	<b>235.91</b>
*After direct transaction costs of	(0.30)	(0.29)	(0.39)
<b>Performance</b>			
Return after charges	16.87%	(13.65%)	11.50%
<b>Other information</b>			
Closing net asset value (£'000)	26,359	26,420	34,380
Closing number of shares	11,835,922	13,412,812	14,573,163
Operating charges	0.86%	0.86%	0.86%
Direct transaction costs	0.14%	0.13%	0.17%
Performance fee	-	-	-
<b>Prices</b>			
Highest share price	233.39	244.85	241.44
Lowest share price	195.91	199.93	214.19

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 Growth Fund (UK)

## Investment report for the year

### Portfolio Statement

as at 31 December 2019

#### Investment

**Canada 5.43% (31.12.18 - 4.20%)**

**Basic Materials 5.43% (31.12.18 - 4.20%)**

Agnico Eagle Mines

Barrick Gold

Wheaton Precious Metals

Holding or  
nominal  
value of  
positions

Market  
value  
£'000

Percentage  
of total  
net assets  
%

376,550	17,509	1.87
1,253,788	17,582	1.87
706,534	15,867	1.69

**Cayman Islands Nil (31.12.18 - 1.08%)**

**Basic Materials Nil (31.12.18 - 1.08%)**

**France 6.17% (31.12.18 - 7.16%)**

**Oil & Gas 4.85% (31.12.18 - 5.78%)**

Total

1,093,166	45,544	4.85
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**Health Care 1.32% (31.12.18 - 1.38%)**

Sanofi

163,419	12,407	1.32
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**Germany Nil (31.12.18 - 2.06%)**

**Basic Materials Nil (31.12.18 - 2.06%)**

**Republic of Ireland Nil (31.12.18 - 1.35%)**

**Consumer Goods Nil (31.12.18 - 0.71%)**

**Financials Nil (31.12.18 - 0.64%)**

**Switzerland 2.99% (31.12.18 - 3.66%)**

**Basic Materials 2.99% (31.12.18 - 2.24%)**

Glencore

11,930,931	28,079	2.99
------------	--------	------

**Financials Nil (31.12.18 - 1.42%)**

**United Kingdom 82.44% (31.12.18 - 77.74%)**

**Oil & Gas 14.68% (31.12.18 - 15.20%)**

BP

Royal Dutch Shell 'A' (UK Regd.)

14,206,539	66,998	7.13
3,171,930	70,893	7.55

**Basic Materials Nil (31.12.18 - 1.48%)**

**Industrials 12.59% (31.12.18 - 14.08%)**

Babcock International

BAE Systems

Balfour Beatty

Coats

Essentra

G4S

Rolls-Royce

Rolls Royce pref.<sup>1</sup>

Travis Perkins

Ultra Electronics

3,063,964	19,205	2.04
6,733,254	38,029	4.05
6,059,053	15,826	1.69
17,810,792	13,287	1.41
919,849	4,005	0.43
7,384,403	16,076	1.71
472,422	3,228	0.34
57,057,342	57	0.01
206,855	3,314	0.35
247,129	5,224	0.56

**Consumer Goods 3.85% (31.12.18 - 3.59%)**

British American Tobacco

1,120,127	36,197	3.85
-----------	--------	------

**Health Care 8.62% (31.12.18 - 7.66%)**

GlaxoSmithKline

Spire Healthcare

Vectura

2,562,287	45,573	4.85
14,209,487	20,177	2.15
16,450,801	15,250	1.62

**Consumer Services 16.77% (31.12.18 - 10.36%)**

Brown (N)

easyJet

International Consolidated Airlines (UK Regd.)

J Sainsbury

Marks & Spencer

Pearson

Stagecoach

Whitbread

4,371,507	7,038	0.75
1,900,731	27,066	2.88
4,581,223	28,633	3.05
14,324,914	32,933	3.50
12,171,993	25,987	2.77
2,316,064	14,753	1.57
2,628,951	4,191	0.45
348,966	16,911	1.80

# Invesco UK Growth Fund (UK)

## Investment report for the year

### Portfolio Statement continued

as at 31 December 2019

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
<b>Telecommunications 8.72% (31.12.18 - 8.84%)</b>			
BT	7,168,160	13,794	1.47
TalkTalk Telecom	5,798,305	6,732	0.72
Vodafone	36,070,089	52,936	5.63
Zegona Communications	7,968,679	8,447	0.90
<b>Utilities 4.84% (31.12.18 - 0.92%)</b>			
National Grid	2,050,884	19,367	2.06
SSE	1,815,936	26,122	2.78
<b>Financials 12.37% (31.12.18 - 15.61%)</b>			
Aviva	3,901,156	16,334	1.74
Barclays	13,574,628	24,385	2.60
Harworth	11,036,662	15,507	1.65
Royal Bank of Scotland	8,165,860	19,623	2.09
RSA Insurance	5,166,613	29,212	3.11
Secure Trust Bank	704,424	11,130	1.18
<b>United States 1.54% (31.12.18 - 1.59%)</b>			
<b>Basic Materials 1.54% (31.12.18 - 1.59%)</b>			
Newmont Mining	441,731	14,485	1.54
<b>Health Care 0.00% (31.12.18 - 0.00%)</b>			
Lombard Medical <sup>1</sup>	1,298,312	1	0.00
<b>Futures and Derivatives (0.04%) (31.12.18 - 0.12%)</b>			
<b>Forward Foreign Currency Positions (0.04%) (31.12.18 - 0.12%)</b>			
Buy GBP 16,046,367 : Sell CAD 28,000,000		(249)	(0.03)
Buy GBP 53,980,304 : Sell EUR 64,091,432		(344)	(0.04)
Buy GBP 43,478,267 : Sell USD 57,310,000		230	0.03
Buy GBP 2,694,577 : Sell USD 3,540,000		23	0.00
<b>Portfolio of investments (31.12.18 - 98.96%)</b>		<b>925,574</b>	<b>98.53</b>
<b>Net other assets (31.12.18 - 1.04%)</b>		<b>13,845</b>	<b>1.47</b>
<b>Net assets</b>		<b>939,419</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 December 2019 these amount to 0.01% (31 December 2018 - 0.01%) of the Net Asset Value of the Fund.

# Invesco UK Growth Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 January 2019 to 31 December 2019

	Cost £'000
<b>Total purchases</b>	<b>258,203</b>
<b>Largest purchases:</b>	
<b>Canada</b>	
Wheaton Precious Metals	12,497
Barrick Gold	5,044
<b>Switzerland</b>	
Glencore	14,604
<b>United Kingdom</b>	
SSE	22,871
J Sainsbury	22,169
Pearson	19,443
Vodafone	13,916
Marks & Spencer	13,742
International Consolidated Airlines (UK Regd.)	12,601
RELX	10,185
RSA Insurance	10,078
Whitbread	9,445
Tesco	9,427
easyJet	8,485
GlaxoSmithKline	7,646
National Grid	7,571
BP	7,167
British American Tobacco	6,342
BT	5,883
Ultra Electronics	5,123

	Proceeds £'000
<b>Total sales</b>	<b>379,585</b>
<b>Largest sales:</b>	
<b>Canada</b>	
Goldcorp	16,582
First Quantum Minerals	9,790
<b>Cayman Islands</b>	
Endeavour Mining	11,579
<b>France</b>	
Total	10,227
<b>Germany</b>	
Bayer (Regd.)	18,978
<b>Switzerland</b>	
Zurich Insurance	15,024
<b>United Kingdom</b>	
Royal Bank of Scotland	24,408
Rolls-Royce	20,237
KCOM	18,221
Dairy Crest	17,798
Legal & General	15,871
BTG	15,325
TP ICAP	13,112
RELX	11,670
J Sainsbury	10,985
Stagecoach	10,182
Tesco	9,827
Marks & Spencer	9,747
Coats	9,304
BP	9,165

# Invesco UK Growth Fund (UK)

## Financial statements

### Statement of Total Return

for the year 1 January 2019 to 31 December 2019

	Notes	£'000	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
<b>Income</b>				
Net capital gains/(losses)	2		114,994	(187,757)
Revenue	3	42,291		43,854
Expenses	4	(14,225)		(16,836)
Interest payable and similar charges	5	(4)		(5)
Net revenue before taxation		28,062		27,013
Taxation	6	(866)		(963)
Net revenue after taxation			27,196	26,050
<b>Total return before distributions</b>			142,190	(161,707)
Distributions	7		(27,208)	(26,055)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>114,982</b>	<b>(187,762)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year 1 January 2019 to 31 December 2019

	£'000	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
<b>Opening net assets attributable to Shareholders</b>		<b>952,046</b>	<b>1,222,780</b>
Amounts received on issue of shares	13,140		31,104
Amounts paid on redemption of shares	(162,640)		(135,814)
		(149,500)	(104,710)
Dilution adjustment		236	194
Change in net assets attributable to Shareholders from investment activities		114,982	(187,762)
Retained distribution on accumulation shares		21,545	21,456
Unclaimed distribution monies		110	88
<b>Closing net assets attributable to Shareholders</b>		<b>939,419</b>	<b>952,046</b>

## Invesco UK Growth Fund (UK)

### Financial statements

<b>Balance Sheet</b>			<b>31.12.19</b>	<b>31.12.18</b>
as at 31 December 2019			<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
Fixed assets				
Investments			926,167	942,261
Current assets				
Debtors	8	4,850		7,841
Cash and bank balances	9	15,111		6,871
Total other assets			19,961	14,712
Total assets			946,128	956,973
<b>Liabilities</b>				
Investment liabilities			593	73
Creditors				
Distribution payable		3,614		3,434
Other creditors	10	2,502		1,420
Total other liabilities			6,116	4,854
Total liabilities			6,709	4,927
<b>Net assets attributable to Shareholders</b>			<b>939,419</b>	<b>952,046</b>

# Invesco UK Growth Fund (UK)

## Notes to the financial statements

Refer to pages 06 to 16 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 09 and 11 to 14.

### 2 Net capital gains/(losses)

	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
Foreign currency losses	(3,811)	(4,932)
Forward currency contracts	11,047	4,995
Non-derivative securities	107,758	(187,820)
Net capital gains/(losses)	114,994	(187,757)

### 3 Revenue

	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
Bank interest	18	14
Non-taxable overseas dividends	11,113	12,070
Non-US Overseas REIT dividends	125	-
Stock dividends	479	-
UK dividends	30,556	31,494
UK REIT dividends	-	276
	42,291	43,854

### 4 Expenses

	01.1.19 to 31.12.19 £'000	01.1.18 to 31.12.18 £'000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	14,225	16,836
	14,225	16,836
<b>Total expenses</b>	<b>14,225</b>	<b>16,836</b>

<sup>1</sup> Total audit fees of £8,250 (2018 - £6,432) exclusive of VAT payable to the auditors for the year ended 31 December 2019 are borne out of the Fund Management Fee.

# Invesco UK Growth Fund (UK)

## Notes to the financial statements

<b>5 Interest payable and similar charges</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Interest	4	5

<b>6 Taxation</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
<b>a) Analysis of charge for the year</b>		
Overseas tax	866	963
Total tax charge	866	963

There is no corporation tax charge for the year (2018 - Nil).

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

The tax assessed for the year is lower (2018 - 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>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Net revenue before taxation	28,062	27,013
Corporation tax at 20% (2018 -20%)	5,612	5,403
Effects of:		
Movement in excess expenses	2,842	3,365
Overseas tax	866	963
Revenue not subject to tax	(8,454)	(8,768)
Total tax charge	866	963

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 £322,407,000 (2018 - £308,196,000). 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 £64,481,000 (2018 - £61,639,000) has not been recognised.

<b>7 Distributions</b>	<b>01.1.19 to 31.12.19 £'000</b>	<b>01.1.18 to 31.12.18 £'000</b>
Accumulations and distributions payable 28 February 2020	25,159	24,890
Amounts deducted on redemption of shares	2,157	1,678
Amounts received on issue of shares	(108)	(513)
	27,208	26,055
The distributable amount has been calculated as follows:		
Net revenue after taxation	27,196	26,050
Equalisation on conversions	12	5
	27,208	26,055

## Invesco UK Growth Fund (UK)

### Notes to the financial statements

<b>8 Debtors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued revenue	3,675	4,594
Amounts receivable for issue of shares	22	1,241
Overseas tax recoverable	921	731
Sales awaiting settlement	232	1,275
	<b>4,850</b>	<b>7,841</b>

<b>9 Cash and bank balances</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Cash and bank balances	15,111	6,871

<b>10 Other creditors</b>	<b>31.12.19 £'000</b>	<b>31.12.18 £'000</b>
Accrued expenses	1,190	1,230
Amounts payable for redemption of shares	717	170
Purchases awaiting settlement	595	20
	<b>2,502</b>	<b>1,420</b>

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

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2018 - 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 15. 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 £1,190,000 (2018 - £1,230,000) are disclosed in note 10 within accrued expenses.

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

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 11 to 14.

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

The Fund's exposure to counterparty risk in respect of 'Over the Counter' (OTC) derivative contracts is the fair value of these contracts as shown in the portfolio statement. This is reflected in the table below.

#### **Counterparty Details of OTC Financial Derivative Transactions**

<b>31.12.19 Broker</b>	<b>Forwards £'000</b>	<b>Total Exposure £'000</b>
Deutsche Bank	23	23
Goldman Sachs	(114)	(114)
State Street Global	(249)	(249)
<b>31.12.18 Broker</b>	<b>Forwards £'000</b>	<b>Total Exposure £'000</b>
Goldman Sachs	1,090	1,090
Royal Bank of Scotland	13	13

# Invesco UK Growth Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors continued

#### b) Valuation of financial investments

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

	Assets £'000	Liabilities £'000
<b>31.12.19</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	925,856	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	253	593
Level 3: Valuation techniques using unobservable inputs.	58	-
	<b>926,167</b>	<b>593</b>
<b>31.12.18</b>		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	940,938	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	1,176	73
Level 3: Valuation techniques using unobservable inputs.	147	-
	<b>942,261</b>	<b>73</b>

The majority of financial investments are classified as level 1: Unadjusted quoted prices in an active market for an identical instrument and level 2: Valuation techniques using observable inputs other than quoted prices within level 1. The investments classified as level 2 comprises of Forwards. The OTC derivatives are valued by the primary vendor using various valuation techniques, reviewed and validated to the secondary vendor. Investments classified as level 3: Valuation techniques using unobservable inputs 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 Growth Fund (UK)

### Notes to the financial statements

#### 14 Portfolio transaction costs

for the year 1 January 2019 to 31 December 2019

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	257,056	132	0.05	1,015	0.39
<b>Total purchases</b>	<b>257,056</b>	<b>132</b>		<b>1,015</b>	
<b>Total purchases including transaction costs</b>	<b>258,203</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	379,772	186	0.05	1	0.00
<b>Total sales</b>	<b>379,772</b>	<b>186</b>		<b>1</b>	
<b>Total sales net of transaction costs</b>	<b>379,585</b>				
<b>Derivative transaction costs</b>		<b>-</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>318</b>		<b>1,016</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.11%</b>	

# Invesco UK Growth Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued for the year 1 January 2018 to 31 December 2018

	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	288,123	170	0.06	1,038	0.36
<b>Total purchases</b>	<b>288,123</b>	<b>170</b>		<b>1,038</b>	
<b>Total purchases including transaction costs</b>	<b>289,331</b>				
<b>Sales (excluding derivatives)</b>					
Equity instruments	370,676	216	0.06	0	0.00
Debt instruments	10	-	-	-	-
<b>Total sales</b>	<b>370,686</b>	<b>216</b>		<b>0</b>	
<b>Total sales net of transaction costs</b>	<b>370,470</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>386</b>		<b>1,038</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.09%</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 Sub 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 0.16% (2018 - 0.18%).

## Invesco UK Growth Fund (UK)

### Notes to the financial statements

#### 15 Share movement

for the year 1 January 2019 to 31 December 2019

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	111,435,730	31,778,600	12,440,941	36,408,973
Shares issued	143,027	111,223	556,176	3,596,672
Shares redeemed	(14,068,176)	(18,751,241)	(2,875,715)	(8,329,982)
Shares converted	(433,601)	32,019	429,584	467,711
<b>Closing shares</b>	<b>97,076,980</b>	<b>13,170,601</b>	<b>10,550,986</b>	<b>32,143,374</b>

	Income shares	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	23,803,835	1,035,941	5,065,408	13,412,812
Shares issued	102,383	16,323	41,955	436,303
Shares redeemed	(1,269,338)	(423,340)	(954,215)	(2,114,262)
Shares converted	(315,408)	(19,740)	326,667	101,069
<b>Closing shares</b>	<b>22,321,472</b>	<b>609,184</b>	<b>4,479,815</b>	<b>11,835,922</b>

#### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 16.

## Invesco UK Growth Fund (UK)

### Distribution table

#### Distribution table

for the year 1 January 2019 to 31 December 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 28.2.20 pence per share	Net distribution paid 28.2.19 pence per share
<b>Distribution payable 28 February 2020</b>				
<b>Accumulation shares</b>				
Group 1	17.2261	-	17.2261	14.2462
Group 2	9.1748	8.0513	17.2261	14.2462
<b>Accumulation shares (No Trail)</b>				
Group 1	5.4888	-	5.4888	4.7023
Group 2	3.3701	2.1187	5.4888	4.7023
<b>Z Accumulation shares</b>				
Group 1	12.4564	-	12.4564	10.8034
Group 2	9.7951	2.6613	12.4564	10.8034
<b>Y Accumulation shares</b>				
Group 1	8.6634	-	8.6634	7.5305
Group 2	6.3547	2.3087	8.6634	7.5305
<b>Income shares</b>				
Group 1	10.0293	-	10.0293	8.5002
Group 2	7.7613	2.2680	10.0293	8.5002
<b>Income shares (No Trail)</b>				
Group 1	4.0380	-	4.0380	3.5681
Group 2	3.3080	0.7300	4.0380	3.5681
<b>Z Income shares</b>				
Group 1	10.3334	-	10.3334	9.2615
Group 2	7.4882	2.8452	10.3334	9.2615
<b>Y Income shares</b>				
Group 1	7.5023	-	7.5023	6.7448
Group 2	5.8900	1.6123	7.5023	6.7448

Group 1: shares purchased prior to 1 January 2019

Group 2: shares purchased on or after 1 January 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 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.

### 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.

### 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

30 April 2020

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# Invesco UK Investment Series (the “Company”)

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

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### Report on the audit of the financial statements

#### Opinion

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

- give a true and fair view of the financial position of the Company and each of the Funds as at 31 December 2019 and of the net revenue and the net capital gains of the scheme property of the Company and each of the 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 Investment Series is an Open Ended Investment Company (‘OEIC’) with five Funds. The financial statements of the Company comprise the financial statements of each of the 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 December 2019; the statements of total return and the statements of change 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.

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#### 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.

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## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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 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 Funds’ ability to continue as a going concern.

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## 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 Investment Series (the “Company”)

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## Independent auditors’ report to the Shareholders of Invesco UK 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 113, 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 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 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  
30 April 2020

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# Invesco UK 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 March 2019 Hayley Norford was appointed as a Director of Invesco Fund Managers Limited.
- \*\* 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 Investor 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 Investor 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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Invesco Fund Managers Limited is authorised and regulated by the Financial Conduct Authority  
FCA Registered No. 119298  
Registered in England No. 898166  
Registered address: Perpetual Park, Perpetual Park Drive, Henley-on-Thames,  
Oxfordshire RG9 1HH, UK