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**Invesco Funds**

Société d'Investissement à Capital Variable

Registered Office:

Vertigo Building- Polaris

2-4, rue Eugène Ruppert

L-2453 Luxembourg

R.C.S. Luxembourg B34 457

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16 December 2019

## Shareholder circular

**IMPORTANT: This circular is important and requires your immediate attention. If you are in any doubt as to the action you should take you should seek advice from your professional adviser/consultant.**

Unless otherwise defined, all capitalised terms used herein bear the same meaning as defined in the prospectus of Invesco Funds (the "SICAV") and Appendix A (together the "Prospectus").

**About the information in this circular:**

The directors of the SICAV (the "Directors") and the management company of the SICAV are the persons responsible for the accuracy of the information contained in this letter. To the best of the knowledge and belief of the Directors and the management company of the SICAV (having taken all reasonable care to ensure that such is the case), the information contained in this letter is, at the date hereof, in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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Invesco Funds is regulated by the Commission de Surveillance du Secteur Financier

Directors: Peter Carroll (Irish), Anne-Marie King (Irish), Rene Marston (British), Timothy Caverly (American), and Bernhard Langer (German)

Incorporated in Luxembourg No B-34457  
VAT No. LU21722969

**Dear Shareholder,**

We are writing to you as a Shareholder of the Invesco Funds due to several amendments, as further described below, to be included in the prospectus of the SICAV as of 20 December 2019 (the "Effective Date") unless otherwise stated below.

If any of the below mentioned amendments do not suit your investment requirements, you are advised that you may, at any time redeem your shares in the Funds without any redemption charges. Redemptions will be carried out in accordance with the terms of the Prospectus.

In addition, if the changes to the Invesco Global High Income Fund and/or the Invesco UK Investment Grade Bond Fund, as further described below do not suit your investment requirements, you may also avail of a switch out of the Invesco Global High Income Fund and/or the Invesco UK Investment Grade Bond Fund into another Fund in the SICAV (subject to minimum investment amounts as set out in the Prospectus and authorisation of the particular Fund for sale in your relevant jurisdiction), provided such requests are received at any time prior to 27 January 2020. The switch will be carried out in accordance with the normal terms of the Prospectus for switches, but no switching fee will be imposed on any such switch. Before taking any decision to invest in another Fund, you must first refer to the Prospectus and the risks involved in relation to the same.

For the avoidance of doubt, in respect of the Invesco Global High Income Fund, in the case of redemption of "B" Shares, the contingent deferred sales charge ("CDSC") will, if applicable, be waived. Such waiver of CDSC applies to redemption of "B" Shares from the date of this shareholder mailing until 27 January 2020. Redemptions will be carried out in accordance with the terms of the Prospectus.

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## **A. General amendments**

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### **A1. Change to the reinvestment of distributions process**

From the Effective Date, the Directors have decided to change Section 4.4.4 (Reinvestment of distributions) in order to lower the minimum threshold for dividends payments (from USD 50 to USD 0) where some platforms cannot support the reinvestment process. Additional discretion is also provided for other clients to receive distributions below USD 50 at the discretion of the SICAV.

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### **A2. Clarification of the investment objective and policy for several Funds**

From the Effective Date and in order to comply with regulatory requirements, it will be clarified for the following Funds, that up to 10% of the NAV of the relevant Fund may be exposed to China A shares listed on the Shanghai or Shenzhen Stock Exchanges, via Stock Connect.

The clarification has no impact on the way the Funds below are being managed nor on their risk profile.

- Invesco Emerging Markets Equity Fund
- Invesco Emerging Market Structured Equity Fund
- Invesco ASEAN Equity Fund
- Invesco Asian Focus Equity Fund
- Invesco Asia Balanced Fund
- Invesco Global Opportunities Fund
- Invesco Global Small Cap Equity Fund
- Invesco Asian Equity Fund
- Invesco Pacific Equity Fund



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## **B. Change of the investment objective and policy of the Invesco Global High Income Fund**

From 27 January 2020, the investment objective and policy of the Invesco Global High Income Fund will change in order to re-position the Fund from a pure fundamental driven approach to a blended fundamental and systematic quant-based approach with the aim of delivering a higher ratio of return to risk than the use of a single strategy.

In light of this repositioning, the reference benchmark used to measure the global exposure of the Invesco Global High Income Fund will change from Bloomberg Barclays Global High Yield Index to Bloomberg Barclays Global High Yield Corporate Index.

As the proposed changes should benefit the Shareholders over the longer term, the transaction costs associated with any portfolio re-balance (which are expected to be approximately 0.50%) will be borne by the Invesco Global High Income Fund. However, any other costs incurred in connection with the proposed changes will be borne by the Management Company.

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## **C. Change of the investment objective and policy of the Invesco UK Investment Grade Bond Fund**

From 27 January 2020, the investment objective and policy of the Invesco UK Investment Grade Bond Fund will change to allow the Fund to use derivative instruments for investment purposes in addition to the use of derivative instruments for efficient portfolio management and hedging. The level of leverage will however be restricted to 40% of the NAV of the Funds, as measured by the commitment approach.

The expected proportion of the NAV of the Invesco UK Investment Grade Bond Fund subject to total return swaps will be 5%. Under normal market circumstances, the maximum proportion of the NAV subject to total return swaps will be 30%.

These changes are being made in order to provide the investment team with additional tools to manage the Invesco UK Investment Grade Bond Fund in a more optimal manner but are not intended to materially alter the Invesco UK Investment Grade Bond's risk profile and/or its asset allocation.

All costs incurred in connection with the proposed changes will be borne by the Management Company.

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## **D. Change of the investment objective and policy and the relevant risk applicable to the Invesco Global Investment Grade Corporate Bond Fund**

From 16 January 2020, the investment objective and policy of the Invesco Global Investment Grade Corporate Bond Fund will be updated in order to allow the Invesco Global Investment Grade Corporate Bond Fund to access China onshore bonds in the CIBM via Bond Connect for less than 10% of its NAV. The Bond Connect Risk will be applicable and highlighted in the risk matrix disclosed in Section 8 (Risks Warnings).

The change has no material impact on the way the Invesco Global Investment Grade Corporate Bond Fund is managed nor on its risk profile.

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## **E. Change of the investment objective and policy of the Invesco PRC Equity Fund, the Invesco Greater China Equity Fund, the Invesco Asia Opportunities Equity Fund and the Invesco Asia Consumer Demand Fund (the “Funds”)**

From 16 January 2020, the investment objective and policy of the Funds will be updated to increase the limit applicable to the investment in China A shares via Stock Connect from 10% to 20%, which is aligned with the greater prominence that China A shares are taking in global indices.

It is not intended that this change will materially impact the risk profile of the Funds.

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## **F. Change of the benchmark to measure the global exposure of the Invesco US Value Equity Fund**

The Invesco US Value Equity Fund uses the relative Value-at-Risk approach in order to measure its global exposure, by reference to the S&P 500 Index. From the Effective Date, the benchmark to measure the global exposure of the Invesco US Value Equity Fund will change to the S&P 500 Value Index. As the Invesco US Value Equity Fund aims to invest in stocks that are believed to be undervalued relative to the US stock market, the proposed benchmark is more appropriate as it incorporates a value factor in line with the Invesco US Value Equity Fund’s management style.

The change of reference benchmark will not change the way the Invesco US Value Equity Fund is managed nor will it result in any change to the risk profile of the Invesco US Value Equity Fund.

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## **G. Clarification and minor change to the investment objective and policy of the Invesco Developing Markets SRI Equity Fund**

From the Effective Date, the investment objective and policy of the Invesco Developing Markets SRI Equity Fund will be clarified as follows in order to be more aligned with the current investment strategy:

- companies deriving 30% or more of their income from thermal coal and/or fossil fuels are included in the SRI Exclusion List,
- the Invesco Developing Markets SRI Equity Fund may only invest in investment grade debt securities.

In addition, a minor change will be included in order to allow the Invesco Developing Markets SRI Equity Fund to invest in an affiliated money market fund, which on a look through basis is consistent with the Invesco Developing Markets SRI Equity Fund’s SRI Exclusion List.



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## H. Update of the expected level of leverage of the Invesco Macro Allocation Strategy Fund, the Invesco Global Moderate Allocation Fund and the Invesco Global Income Fund (the "Funds")

From the Effective Date, the expected level of leverage in respect of the Funds will be updated (i) from 350% to 450% for the Invesco Macro Allocation Strategy Fund, (ii) from 90% to 150% for the Invesco Global Income Fund and (iii) from 120% to 150% for the Invesco Global Moderate Allocation Fund but this does not result in any material change on how the Funds use the financial derivative instruments.

The above updates will not materially impact how the Funds are being managed, nor alter their risk profile.

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## I. Availability of documents and additional information

### **Do you require additional information?**

The updated Prospectus, its Appendix A and the updated Key Investor Information Documents are available free of charge at the registered office of the SICAV. These will also be available from the website of the Management Company of the SICAV (Invesco Management S.A.) as of the Effective Date: <http://www.invescomanagementcompany.lu>.

**Do you have any queries in relation to the above?** Or would you like information on other products in the Invesco range of funds that are authorised for sale in your jurisdiction? Please contact your local Invesco office.

### **You may contact**

- Germany: Invesco Asset Management Deutschland GmbH at (+49) 69 29807 0,
- Austria: Invesco Asset Management Österreich- Zweigniederlassung der Invesco Asset Management Deutschland GmbH at (+43) 1 316 2000,
- Ireland: Invesco Global Asset Management DAC at (+353) 1 439 8000,
- Hong Kong: Invesco Asset Management Asia Limited at (+852) 3191 8282,
- Spain: Invesco Asset Management S.A. Sucursal en España at (+34) 91 781 3020,
- Belgium: Invesco Asset Management S.A. Belgian Branch at (+32) 2 641 01 70,
- France: Invesco Asset Management S.A. at (+33) 1 56 62 43 00,
- Italy: Invesco Asset Management S.A. Sede Secondaria,
- Switzerland: Invesco Asset Management (Schweiz) AG at (+41) 44 287 9000,
- Netherlands: Invesco Asset Management SA Dutch Branch at (+31) 205 61 62 61,
- Sweden: Invesco Asset Management S.A (France) Swedish Filial at (+46) 8 463 11 06
- United Kingdom: Invesco Global Investment Funds Limited at (+44) 0 1491 417 000.

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## J. Further information

**The value of investments and the income generated from investment can fluctuate (this may partly be the result of exchange rate fluctuations). Investors may not get back the full amount invested.**

**For Shareholders in Germany:** If you are acting as a distributor for German clients, please be advised you are not required to forward this circular to your end clients by durable media.

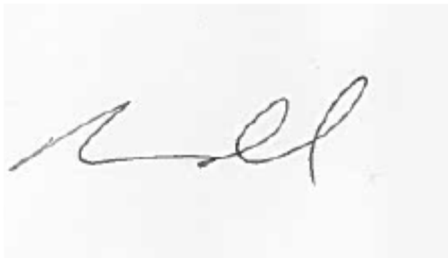
**For Shareholders in Switzerland:** The Prospectus, the Key Investor Information Documents and the Articles, as well as the annual and interim reports of the Invesco Funds may be obtained free of charge from the Swiss representative. Invesco Asset Management (Switzerland) Ltd., Talacker 34, 8001 Zurich, is the Swiss representative and BNP Paribas Securities Services, Paris, Succursale de Zurich, Selnaustrasse 16, 8002 Zurich, is the Swiss paying agent.

**For Shareholders in Italy:** Redemptions requests will be carried out in accordance with the terms of the Prospectus. Shareholders will be able to redeem without any redemption charges other than the intermediation fee applied by the relevant paying agents in Italy, as disclosed in the Annex to the Italian application form in force and available on the website [www.invesco.it](http://www.invesco.it). It is hereby understood that the CDSC shall be applied when applicable unless expressly waived.

A copy of this letter is available in various languages. For further information, please contact the Investor Services Team, IFDS, Dublin on (+353) 1 439 8100 (option 2) or your local Invesco office.

Thank you for taking the time to read this communication.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'N. El', is centered on a light gray rectangular background.

**By order of the Board of Directors**

Acknowledged by Invesco Management S.A.