



16 December 2019

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

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 (including the Supplement – Additional Information for Hong Kong Investors ("Hong Kong Supplement")) 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 and the management company of the SICAV accept responsibility accordingly.

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 5pm on 24 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.

A. General amendments

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.

This change will not amount to a material change/increase the overall risk profile/have a material adverse impact on holders' rights or interests. As a result of this change there will be no change in the fee level or cost in managing the Funds. All costs incurred in connection with the change will be borne by the Management Company.

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

From the Effective Date and in order to comply with regulatory requirements in Luxembourg, it has been 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. There will be no change in the fee level or cost in managing the Funds. All costs incurred in connection with the change will be borne by the Management Company.

* Although we will not impose any charges in respect of your switching instructions, your bank, distributor or financial adviser may charge you switching and/or transaction fees. You are advised to contact your bank, distributor or financial adviser should you have any questions in this regard.

- 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

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. The relevant paragraph that is subject to change is extracted below:

Extract from the current investment objective and policy	Extract from the new investment objective and policy as of 27 January 2020
<p>The Fund seeks to achieve its objective by investing primarily (at least 70% of the net asset value of the Fund) in high yield debt securities issued globally and debt securities from issuers in emerging market countries, which may be listed or traded elsewhere.</p> <p>Debt securities will include but are not limited to debt securities issued by governments, local authorities, public authorities, quasi-sovereigns, supranational bodies, public international bodies as well as corporates and convertibles.</p>	<p>The Fund seeks to achieve its objective by investing primarily (at least 70% of the net asset value of the Fund) in global non-investment grade debt securities, most of which are issued by corporate issuers.</p> <p>Debt securities will include but are not limited to debt securities issued by governments, local authorities, public authorities, quasi-sovereigns, supranational bodies, public international bodies as well as corporates and convertibles, and unrated debt securities.</p> <p>The Investment Manager will apply a combination of fundamental and systematic, quant-based approach to invest in the universe. The Investment Manager will gain exposure to actively selected debt securities based on fundamental credit research, complementing the fund's allocation with systematic exposure to global debt securities (including emerging markets), using a range of factors (including quality, value, carry, liquidity) together with an assessment of risk to evaluate the relative attractiveness of an instrument. The Investment Manager expects the combination of fundamental and systematic strategies to deliver a higher ratio of return to risk than the use of a single strategy.</p>

In addition, with effect from 27 January 2020, 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, which is more representative for the Invesco Global High Income Fund from a risk perspective.

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% of the Invesco Global High Income Fund's

† This Fund is not authorised by the SFC and therefore is not available for sale to the public in Hong Kong.

net asset value) 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.

The proposed changes will not have a material impact on the risks applicable to the Invesco Global High Income Fund. There will be no change to the operation and/or manner in which the Invesco Global High Income Fund is being managed, except as described above. There will be no change in the fee level or cost in managing the Invesco Global High Income Fund, and the proposed changes will not materially prejudice the rights or interests of existing investors.

C. Changes in 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 non-extensively for investment purposes in addition to the use of derivative instruments for efficient portfolio management and hedging. The maximum level of leverage resulting from such investment will however be restricted to 40% of the NAV of the Fund, 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.

The Invesco UK Investment Grade Bond Fund's use of derivatives may include derivatives on credit, rates, currencies and volatility and may be used to achieve both long and short positions. In addition, the Invesco UK Investment Grade Bond Fund will not have uncovered short positions, in line with appropriate UCITS regulatory requirements. The Invesco UK Investment Grade Bond Fund may also use derivatives on equities, where the Investment Manager believes that such investment could reduce drawdowns. Please note that the long and short active financial derivative positions (including active currency/ interest rate/ credit/ volatility and equity positions) implemented by Invesco UK Investment Grade Bond Fund (from 27 January 2020) may not be correlated with the underlying securities positions held by this Fund (i.e. fixed income and money market securities).

As a result of the above changes, the Invesco UK Investment Grade Bond Fund may be subject to a higher level of risks of investing in financial derivative instruments which include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk, and may be exposed to additional leveraged risk, which may result in significant fluctuations of the NAV of the Fund and/or extreme losses where the Investment Manager is not successful in predicting market movements. Additionally, the Invesco UK Investment Grade Bond Fund may be subject to risks of implementing active financial derivative instrument positions not correlated with the underlying assets of the Fund and may suffer a significant or total loss even if there is no loss of the value of the underlying securities positions being fixed income and money market securities held by the Fund. This may lead to an increase in the risk profile of the Fund. Disclosures to this effect, as well as disclosures regarding the extent of the use of derivatives and the net derivative exposure of the Fund (which may be up to 50% of the Fund's NAV), will be inserted into the Hong Kong Supplement and Product Key Facts Statement to fulfill local Hong Kong regulatory requirements.

In addition, Appendix A of the Prospectus will be amended to state that the expected proportion of the NAV of the 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%, although it is provided in section 7 of the Prospectus that the maximum proportion is not a regulatory limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

The above changes will not materially impact the interests of existing investors or the operation and/or manner in which the Invesco UK Investment Grade Bond Fund is being managed, although there could be exceptional circumstances where market movements are not aligned with the investment teams' market views with respect to the derivative used, which could result in negative performance and/or increased volatility. In such exceptional

circumstances the Investment Manager will take corrective action if in their absolute discretion they believe such action is in the best interest of the Shareholders.

There will be no change in the fee level/cost in managing the Invesco UK Investment Grade Bond Fund, and all costs and/or expenses incurred in connection with these changes, including legal and administrative costs, will be borne by Management Company.

For your ease of reference please refer to the comparison table at the Annex to this letter which shows the existing investment objective and policy of the Invesco UK Investment Grade Bond Fund as outlined in the Product Key Facts Statements versus how it will appear in the new version.

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.

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 or the interests of existing investors. There will be no change in the fee level or cost in the Funds and all costs incurred in connection with the change will be borne by the Management Company.

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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. There will be no change in the fee level or cost in managing the Invesco US Value Equity Fund. All costs incurred in connection with the proposed changes (except for the transaction costs) will be borne by the Management Company.

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.

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.

†This Fund is not authorised by the SFC and therefore is not available for sale to the public in Hong Kong.

I. Change of Hong Kong Sub-Distributor and Representative

From 16 January 2020, the Distributor and the SICAV will appoint Invesco Hong Kong Limited as the Hong Kong Sub-Distributor and Representative of the SICAV in place of Invesco Asset Management Asia Limited.

The change of Hong Kong Sub-Distributor and Representative is primarily to streamline distribution and other services provided in relation to the SICAV in Hong Kong.

There will be no change to the features and risks applicable to the Funds as a result of this change, nor will there be any change in the operation and/or manner in which the Funds are being managed. There will be no change in the fee level or cost in managing the Funds, and the change will not materially prejudice the interests of existing investors. All costs incurred in connection with this change will be borne by Invesco Hong Kong Limited.

J. Miscellaneous Updates

From the Effective Date, the following changes are also made to the Prospectus and/or the relevant Product Key Facts Statements:

1. A new section headed "Methods used to calculate the Global exposure of the Funds and expected level of leverage of the Funds" is created in Appendix A to the Prospectus to consolidate disclosure in relation to level of leverage and exposure of the Funds.
2. Disclosure on the management and administration of the SICAV is updated to reflect the change of directors of the SICAV and the Management Company.
3. Updates to the disclosures in relation to investment in the Indian debt market to reflect updates to the FPI Regulations and the FPI registration upon which such investments by the Funds rely.
4. Enhancement of disclosures in the investment policy of Invesco Euro Ultra-Short Term Debt Fund and Invesco USD Ultra-Short Term Debt Fund to reflect that for such Funds, the portfolio duration is a measure of the weighted average duration of the individual debt securities of the portfolio.
5. Enhancement of disclosures for compliance with the disclosure requirements under the SFC's new Code on Unit Trusts and Mutual Funds, in relation to the following aspects:
 - a. The Funds' usage of financial derivative instruments, including each Fund's net derivative exposure (as defined by the SFC).
 - b. Disclosures reflecting that some of the Funds may invest in debt instruments with loss-absorption features as defined by the SFC, and the risks associated with such investments.
 - c. The policy of the Invesco Group to obtain best execution on all transactions for all customers and to ensure transactions will only be executed with counterparties where the placing of orders will not operate against the best interests of customers.
 - d. The handling of amounts that have not been claimed by any Shareholders at the close of liquidation of the SICAV or a Fund, namely such amounts will be deposited in escrow with the *Caisse de Consignation* as soon as possible upon liquidation on behalf of the persons entitled thereto, and amounts not claimed from escrow within 30 years would be liable to be forfeited in accordance with the provisions of Luxembourg law.
 - e. The Management Company, or any person acting on behalf of a Fund or the Management Company does not obtain any rebate on any fees or charges levied by an underlying scheme or its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.
 - f. The process and conduct (including applicable parameters and appropriate safeguards) to be adopted in the adjustment of the value of securities to their fair value are set by the Directors in consultation with the Depositary. The Management Company will conduct fair value adjustments in a manner in accordance with the principles and requirements as set out in applicable laws and regulations.

K. Availability of documents and additional information

Do you require additional information?

The updated Prospectus and the updated Product Key Facts Statements will be available to Hong Kong investors on www.invesco.com.hk† as of the Effective Date.

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 Invesco Asset Management Asia Limited at (+852) 3191 8282.

L. 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.

You may contact the SICAV's Hong Kong Sub-Distributor and Representative, Invesco Asset Management Asia Limited on telephone number (+852) 3191 8282. Soft copies of the Prospectus, Product Key Facts Statements and financial reports of the SICAV are available on the Hong Kong website www.invesco.com.hk†, while printed copies may be obtained free of charge from Invesco Asset Management Asia Limited registered at 41/F Champion Tower, Three Garden Road, Central, Hong Kong.

Thank you for taking the time to read this communication.

Yours faithfully,



By order of the Board of Directors

Acknowledged by Invesco Management S.A.

† This website has not been reviewed by the SFC.

Annex

Invesco UK Investment Grade Bond Fund

Use of financial derivative instruments

Existing (Until 26 January 2020)	Proposed (As of 27 January 2020)
<p>The Fund may use derivatives (including but not limited to futures, forwards, non-deliverable forwards, swaps and complex options structures) for hedging and efficient portfolio management purposes. Such derivatives may also incorporate derivatives on derivatives (i.e. forward dated swaps, swap options). The Fund may, from time to time, sell interest rate futures in order to reduce participation in the bond markets or to produce gains for the Fund in falling bond markets. However, financial derivative instruments will not be extensively used for investment purposes (i.e. entering into financial derivative instruments to achieve the investment objectives).</p>	<p>The Fund may enter into financial derivatives instruments for efficient portfolio management, hedging purposes and not extensively for investment purposes. The Fund's use of derivatives may include derivatives on credit, rates, currencies and volatility and may be used to achieve both long and short positions, which overall will not result in the Fund being directionally short or short any asset class. In addition, the Fund will not have uncovered short positions, in line with appropriate UCITS regulatory requirements. The Fund may also use derivatives on equities, where the investment manager believes that such investment could reduce drawdowns. The long and short active financial derivative positions (including active currency/interest rate/credit/volatility and equity positions) implemented by the Fund may not be correlated with the underlying securities positions held by the Fund (i.e. fixed income and money market securities).</p> <p>The expected proportion of the net asset value of the Fund subject to total return swaps is 5%. Under normal circumstances, the maximum proportion of the net asset value of the Fund subject to total return swaps is 30%.</p> <p>The Fund's net derivative exposure§ may be up to 50% of the Fund's net asset value.</p>

§ Please refer to the offering document for details regarding the calculation methodology of net derivative exposure.