Invesco

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

18 February 2019

Shareholders 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 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 (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 accept responsibility accordingly.

Dear Shareholder,

We are writing to you as a Shareholder of the SICAV due to the amendments, as further described below, to be included in the Prospectus of the SICAV as from the 18 March 2019 (the "Effective Date"), unless otherwise stated herein.

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

Furthermore, in respect of the changes to the Invesco Emerging Markets Bond Fund, the Invesco Global High Income Fund and the Invesco Asian Bond Fund, Shareholders may also avail of a switch out of these Funds, provided such requests are received at any time prior to the Effective Date, 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). The switch will be carried out in accordance with the normal terms applicable to Shareholders in the Funds 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 of the relevant Funds and the risks involved in relation to the same.

A. General amendments

In light of the announcement that the United Kingdom will leave the European Union (the "Brexit"), as of the Effective Date, the Prospectus will be amended by adding a reference to the United Kingdom specifically, where reference to the European Union or to the Member States is made, where applicable. In particular, this clarification will be made in the investment objective and policy of the Funds set out below:

- Invesco Continental European Small Cap Equity Fund
- Invesco Euro Equity Fund
- Invesco Emerging Local Currencies Debt Fund
- Invesco Emerging Markets Bond Fund
- Invesco Emerging Market Corporate Bond Fund
- Invesco Global High Income Fund

The changes will not impact the way the Funds are managed nor will result in any change to the risk profile of the Funds. There will be no change in the fee structure, 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.

B. Change of Depositary and of Administration Agent, Domiciliary and Corporate Agent and Paying Agent

The Directors have decided to appoint The Bank of New York Mellon SA/NV, Luxembourg Branch having its registered office at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, to replace The Bank of New York Mellon (International) Limited, Luxembourg Branch as new depositary and new administration agent, domiciliary and corporate agent and paying agent of the SICAV, as of the Effective Date.

Please note that this change is driven entirely by "Brexit". With the exit of the United Kingdom from the European Union, it will no longer be acceptable to have the Luxembourg Branch of The Bank of New York Mellon (International) Limited, which is domiciled in the United Kingdom, appointed as the depositary of the SICAV.

The Prospectus and the Product Key Facts Statements of the Funds authorised by the Securities and Futures Commission ("SFC") for sale in Hong Kong† will be updated to reflect this change.

This change will not result in any change to the features and risks, overall risk profile, the operation or management of the Funds of the SICAV, nor materially prejudice the rights or interests of investors of the SICAV. There will be no change in the fee structure, fee level or cost in managing the Fund. All costs incurred in connection with the change, including legal and administrative costs, will be borne by the Management Company.

C. Change in the investment objective and policy of Invesco Emerging Markets Bond Fund and Invesco Global High Income Fund (together, the "Impacted Funds")

The Directors have decided to change the investment objective and policy of the Impacted Funds, as well as make other amendments, as further described below from the Effective Date.

From the Effective Date, the investment objective and policy of the Impacted Funds will change to allow the Impacted Funds to use derivative instruments not extensively for investment purposes. The maximum level of leverage resulting from such investment will be restricted to 40% of the NAV of each of the Impacted Funds, as measured by the commitment approach. The level of leverage calculated using the sum of notionals approach is expected to change from 0% to 10% in respect of the Invesco Emerging Markets Bond Fund's NAV and from 5 to 50% in respect of the Invesco Global High Income Fund's NAV.

The Impacted Funds' 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 Impacted Funds being directionally short or short any asset class. In addition, the Impacted Funds will not have uncovered short positions, in line with appropriate UCITS regulatory requirements. The Impacted Funds 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 each of the Impacted Funds may not be correlated with the underlying securities positions held by these Impacted Funds (i.e. debt securities).

† SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

As a result of the above changes, the Impacted Funds may be subject to 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 Impacted Funds and/or extreme losses where the Investment Manager is not successful in predicting market movements. Additionally, the Impacted Funds may also be subject to risks of implementing active financial derivative instrument positions not correlated with the underlying assets of the Impacted Funds and may suffer a significant or total loss even if there is no loss of the value of the underlying securities positions being debt securities held by the Impacted Funds. While not intended, this may lead to an increase in the risk profile of the Impacted Funds. Disclosures to this effect, as well as disclosures regarding the extent of the use of derivatives and the expected level of leverage calculated under the commitment approach, will be inserted into the Hong Kong Supplement and Product Key Facts Statement to fulfill local Hong Kong regulatory requirements.

In addition, from the Effective Date, Appendix A of the Prospectus will be amended to state that the expected proportion of the NAV of each of the Impacted Funds 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 normally materially impact the interests of existing investors, the operation and/or the way in which the Impacted Funds are being managed or their risk profile, although as will be reflected in the Prospectus and/or Product Key Facts Statement, from the Effective Date, the Impacted Funds will be subject to the risks of investing in financial derivatives instruments for investment purposes and the risks of implementing active financial derivative instrument positions not correlated with underlying asset of the Impacted Funds as mentioned above. There is no change in the fee level/cost in managing the Impacted Funds, and any cost 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 Appendix 1 and Appendix 2 to this letter which show the existing investment objective and policy of the Invesco Emerging Markets Bond Fund and Invesco Global High Income Fund respectively as outlined in the Product Key Facts Statements versus how it will appear in the new version. The key differences have been underlined.

D. Clarification of the investment objective and policy of Invesco Emerging Local Currencies Debt Fund and Invesco Emerging Market Corporate Bond Fund

Due to recent changes to the Code on Unit Trusts and Mutual Funds issued by SFC (the "New Code"), the Directors have decided to clarify the use of derivatives by Invesco Emerging Local Currencies Debt Fund and Invesco Emerging Market Corporate Bond Fund for investment purposes by reflecting that such use is not extensive since the maximum level of leverage is 40% of each Fund's NAV, as measured by the commitment approach. Accordingly, the Prospectus and the Product Key Facts Statements of the Funds will be amended to reflect this clarification.

The above clarification does not impact the features and risks applicable to Invesco Emerging Local Currencies Debt Fund and Invesco Emerging Market Corporate Bond Fund, and will not impact the interests of existing investors, the operation and/or the way in which the Funds are being managed or their risk profile. There is no change in the fee level/cost in managing the Funds, and any cost and/or expenses incurred in connection with the clarification, including legal and administrative costs, will be borne by Management Company.

E. Change in the investment objective and policy of Invesco Asian Bond Fund

From the Effective Date, the investment objective and policy of the Invesco Asian Bond Fund will be amended notably by amending the definition of Asian issuers and clarifying the asset allocation strategy, as follows:

Current investment objective and policy	New investment objective and policy as of the Effective Date
The objective of the Fund is to generate income and long term capital appreciation by investing in Asian debt securities. The Fund will seek to achieve the investment objective by investing primarily in a portfolio of both investment grade and non-investment grade debt securities (including unrated debt securities and convertibles) which include the following: - debt securities issued/guaranteed by the governments, local authorities/public authorities of Asian countries, or - debt securities issued/guaranteed by entities which are listed on exchanges of Asian countries carrying out business predominantly in Asia, or - debt securities denominated in currencies of Asian countries, which may be issued/ guaranteed by governments, authorities or entities other than those described above. Not more than 10% of the Fund's assets will be directly or indirectly invested in China onshore debt securities listed on the Shanghai or Shenzhen Stock Exchanges through Invesco's QFII quota. Up to 30% of the Fund's assets may be invested in cash and cash equivalents, and debt securities not meeting the above requirements, of issuers worldwide and denominated in any currency. The Fund may invest up to 20% of its NAV in contingent convertibles. For the purposes of the Fund, Asian countries have been defined as all countries in Asia excluding Japan but including Australia and New Zealand.	The objective of the Fund is to generate income and long term capital growth. The Fund seeks to achieve its objective by investing primarily in Asian debt securities, which may include investment grade, non-investment grade, unrated debt securities and convertibles. Asian debt securities shall include debt issued or guaranteed by Asian governments, local authorities/public authorities and corporates denominated in hard currencies (i.e. globally traded major currencies). Asian corporate issuers shall be understood to mean issuers or guarantors which (i) have their registered offices or headquarters located in an Asian country or (ii) carry out their business activities predominantly (50% or more by revenue, profit, asset or production) in Asia. The asset allocation employed by the investment manager is largely unconstrained in nature with no minimum/maximum allocation to specific countries, sectors and/or credit quality. Up to 30% of the Fund's assets may be invested in cash and cash equivalents, and debt securities not meeting the above requirements, of issuers worldwide and denominated in any currency. The Fund may invest up to 20% of its NAV in contingent convertibles. For the purposes of the Fund, Asian countries have been defined as all countries in Asia excluding Japan but including Australia and New Zealand.

While there will be changes to the features of the Fund, these changes will not normally alter the Fund's risk profile, as they are made in order to align more closely with the investment team's view on the definition of Asian corporate issuers and to clarify that the primary exposure to Asian debt securities shall include debt issued or guaranteed by Asian governments, local authorities/public authorities and corporates denominated in hard currencies. The clarification has been made by the removal of "debt securities denominated in currencies of Asian countries, which may be issued/guaranteed by governments, authorities or entities other than those descried above" from the primary exposure and reflecting that the investment team would only allocate to Asian debt securities denominated in hard currencies as part of the primary exposure. Although the investment team can continue to allocate to Asian and non-Asian debt securities denominated in currencies of Asian countries, they would now be categorized as part of the ancillary 30% exposure by relying on the following language: "Up to 30% of the Fund's assets may be invested in cash, cash equivalents, **and debt securities not meeting the above requirements, of issuers worldwide and denominated in any currency**."

For the avoidance of doubt, there is no change to the way the Fund invests in debt issued or guaranteed by Asian governments and local authorities/public authorities other than the clarification outlined above. The changes will not materially prejudice the interests of existing investors and there will be no material change in the operation and/or manner in which the Fund is being managed. There will be no change in the fee structure, the fee level or cost in managing the Fund. The costs and expenses incurred in connection with the changes, including legal and administrative costs, will be borne by the Management Company.

F. Clarification of the investment objective and policy of Invesco Energy Fund and Invesco Global Consumer Trends Fund

The investment objective and policy of the Invesco Energy Fund and Invesco Global Consumer Trends Fund will be clarified by replacing the word "international" with "global" to better reflect that both funds invest globally, including in the U.S. market, as the Directors consider that the word "international" can potentially be interpreted as "global ex U.S.".

This clarification will not impact the interests of existing investors, the operation and/or the way in which the Invesco Energy Fund and the Invesco Global Consumer Trends Fund are being managed or their risk profile.

G. Clarification of the investment objective and policy of Invesco India Bond Fund, Invesco India Equity Fund and Invesco India All-Cap Equity Fund‡

The investment objective and policy of the Invesco India Bond Fund will be clarified by reducing the maximum proportion of the NAV that may be invested in contingent convertibles from 20% to 10% of the NAV of the Fund.

In addition, the following sentence around the Fund's currency hedging policy will be removed:

"Non-USD investments are intended to be hedged back into USD at the discretion of the Investment Manager."

This clarification is made to align more closely with the existing practice where the hedging practice is discretionary and not systematic to the investment process. Furthermore, the current investment policy already allows the use of derivatives for hedging purposes. As a result, removing the sentence does not preclude the investment manager's ability to hedge non-USD exposure at their discretion in the future.

This clarification will not impact the interests of existing investors, the operation and/or the way in which the Invesco India Bond Fund is being managed or its risk profile.

Apart from the above clarification, as currently provided in the Prospectus, the Invesco India Equity Fund may invest a proportion of its NAV in India through Invesco India (Mauritius) Limited (the "Subsidiary I"). Since 25 September 2018, however, Invesco India Equity Fund is no longer invested through the Subsidiary I, which is being wound up, hence the Prospectus will be amended to indicate this. Furthermore, additional details related to the investment via the Subsidiary I have been removed, as this is no longer applicable.

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

The Invesco India All-Cap Equity Fund‡ formally invested a proportion of its NAV in India through Invesco India (Mauritius) II Limited (the "Subsidiary II"). However, as currently indicated in the Prospectus, since 29 August 2017, the Invesco India All-Cap Equity Fund‡ is no longer invested through the Subsidiary II and the Subsidiary II has been wound up. As a consequence of such winding-up, references to the Subsidiary II will be removed.

As a consequence of the above, Section 11.2.2.2 of the Prospectus related to the India-Mauritius double taxation treaty will be deleted.

This change will have no impact on how the Invesco India All-Cap Equity Fund‡ and the Invesco India Equity Fund are being managed nor on their risk profile.

H. Bond Connect

From the Effective Date, the Prospectus will be amended to include disclosures relating to Bond Connect as various Funds will seek to access bonds traded on the China Interbank Bonds Market through Bond Connect. The expected exposure to be gained through Bond Connect will be less than 10% of the NAV of each impacted Fund. As at the Effective Date, the following Funds of the SICAV will seek to use Bond Connect:

1. Invesco Emerging Markets Bond Fund
2. Invesco Emerging Local Currencies Debt Fund
3. Invesco Emerging Markets Corporate Bond Fund
4. Invesco Global High Income Fund
5. Invesco Active Multi-Sector Credit Fund§
6. Invesco Bond Fund§
7. Invesco Emerging Market Flexible Bond Fund§
8. Inesco Global Moderate Allocation Fund§
9. Invesco Strategic Income Fund§
10. Invesco Unconstrained Bond Fund§

The change is consistent with and within the existing investment strategy of the above impacted Funds as disclosed in the Prospectus. For the avoidance of doubt, there will not be material change to the investment objective and policy or the overall risk profile of any of the impacted Funds and the change will not materially prejudice the interests of existing investors.

I. RMB as a dealing currency

Prior to the Effective Date, subscriptions, distributions and redemptions will be settled in RMB in respect of share classes denominated in RMB, and Shareholders subscribing to or redeeming from Share classes denominated in a currency other than RMB are not allowed to settle in RMB. Similarly, Shareholders cannot switch from a Share class denominated in a currency other than RMB into a Share class denominated in RMB. As of the Effective Date, these restrictions will be removed so that Shareholders will be able to subscribe and redeem in RMB, regardless of the currency the share class is denominated in, and will also be able to subscribe and redeem in RMB denominated Share classes in currencies other than RMB. As a result, RMB will become aligned to the other dealing currencies, whereby multi-currency dealing is applicable.

For the avoidance of doubt RMB refers to offshore Renminbi ("CNH"), the lawful currency traded primarily in Hong Kong and not to onshore Renminbi ("CNY"), the lawful currency traded in Mainland China.

There will be no change to the investment objective and policy or the overall risk profile of any of the impacted Funds and the change will benefit as opposed to prejudice the interests of existing investors.

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

J. Change of method of calculation of the global exposure of the Invesco Global Bond Fund** and the Invesco Sustainable Allocation Fund**

From the Effective Date, the methodology used to calculate the global exposure of the Invesco Global Bond Fund and the Invesco Sustainable Allocation Fund will be amended from a relative to an absolute Value at Risk (VaR) approach. Indeed, further to the ongoing review of the Funds' risk profile and adequacy of the global exposure methodology, it was concluded that no reference portfolio could adequately capture the risk profile of the Funds and that the absolute VaR is the appropriate methodology for these Funds.

The change will not change the way the Invesco Global Bond Fund and the Invesco Sustainable Allocation Fund are managed.

K. Miscellaneous Updates

From the Effective Date the following changes will be made to the Prospectus and/or the relevant Product Key Facts Statements:

1. In respect of the Invesco Continental European Small Cap Equity Fund, reduction of the management fee for the A and B share classes from 2.00% to 1.50% and for the C share class from 1.50% to 1.00%;
2. Reduction of the expected level of leverage of Invesco Asia Balanced Fund from 70% to 20%;
3. Update of disclosures relating to Stock Connect;
4. Addition of disclosures concerning contingent convertibles risk in the Product Key Facts Statements of Invesco Asian Bond Fund, Invesco Emerging Markets Bond Fund, Invesco Emerging Market Corporate Bond Fund, Invesco Euro Corporate Bond Fund, Invesco Global High Income Fund, Invesco India Bond Fund, Invesco US High Yield Bond Fund and Invesco Asia Balanced Fund to comply with the new disclosure requirements arising from the implementation of the New Code in respect of instruments with loss-absorption features, although each of these Funds invests less than 30% of its NAV in contingent convertibles (this update does not impact the features and risks applicable to each Fund and will not impact the interests of existing investors, the operation and/or the way in which the Funds are being managed or their risk profile);
5. Removal of references to Invesco's QFII quota from the investment objective and policy of Invesco Asian Bond Fund and Invesco China Focus Equity Fund as well as the risk disclosures related to QFII and RQFII, as it is no longer intended to make use of QFII and RQFII quotas in the Funds' investments; and
6. Update of the names of benchmarks used to calculate the global exposure in respect of the following Funds, with no impact on how they are managed: Invesco Continental European Small Cap Equity Fund; Invesco Latin American Equity Fund; Invesco Euro Equity Fund; Invesco ASEAN Equity Fund; Invesco Korean Equity Fund; Invesco Emerging Local Currencies Debt Fund; Invesco Euro Corporate Bond Fund; Invesco US High Yield Bond Fund; and Invesco Asia Balanced Fund.

There will be no material change to the investment objective and policy or the overall risk profile of any of the above impacted Funds, and the above changes will not impact the interests of existing investors.

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

L. 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†† from the Effective Date.

Do you have any queries in relation to the above? Or would 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.

M. 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.

You have transferred all of your Shares in a sub-fund of Invesco Funds?

- Please pass this circular to the transferee or to the stockbroker, bank or other agent through whom the transfer was effected for transmission to the transferee as soon as possible.

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.

Appendix 1

Invesco Emerging Markets Bond Fund

Existing (Until 17 March 2019)	Proposed (As of 18 March 2019)
Investment Objective and Policy The Fund aims to achieve a high level of income together with long term capital growth. The Fund seeks to achieve its objective by investing primarily (at least 70% of the net asset value of the Fund) in debt securities of issuers in emerging market countries, which may be listed or traded elsewhere. 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. The Fund may invest up to 10% of its net asset value in contingent convertibles. The Fund may invest up to 20% of its net asset value in securities which are either in default or deemed to be at high risk of default as determined by the SICAV. Up to 30% of the net asset value of the Fund may be invested in cash and cash equivalents, money market instruments and other eligible transferable securities not meeting the above requirements. In addition, the Investment Manager may seek to gain exposure to such debt securities by investing up to 10% of its net asset value in structured notes, including credit-linked notes, deposit-linked notes and notes linked to a total return swap. The Investment Manager will use these structured notes where investing directly into debt securities issued by governments, local authorities and public authorities is not possible or is unattractive, for example, due to restrictions on foreign money inflows. These structured notes will be freely transferable and will not be leveraged. For the purposes of the Fund, the Investment Manager has defined emerging countries as all the countries in the world other than (i) members of the European Union that the Investment Manager regards as developed countries, (ii) United States of America, (iii) Canada, (iv) Japan, (v) Australia, (vi) New Zealand, (vii) Norway, (viii) Switzerland, (ix) Hong Kong and (x) Singapore. Not more than 10% of the net asset value of the Fund may be invested in securities issued by or guaranteed by a country which is unrated and/or whose credit rating is below investment grade (as rated by the major recognised credit rating agencies including but	**Investment Objective and Policy** The Fund aims to achieve a high level of income together with long term capital growth. The Fund seeks to achieve its objective by investing primarily (at least 70% of the net asset value of the Fund) in debt securities of issuers in emerging market countries, which may be listed or traded elsewhere. 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. The Fund may invest up to 10% of its net asset value in contingent convertibles. The Fund may invest up to 20% of its net asset value in securities which are either in default or deemed to be at high risk of default as determined by the SICAV. The Fund may access China onshore bonds in the China Interbank Bond Market ("CIBM") via Bond Connect for less than 10% of its NAV. Up to 30% of the net asset value of the Fund may be invested in cash and cash equivalents, money market instruments and other eligible transferable securities not meeting the above requirements. In addition, the Investment Manager may seek to gain exposure to such debt securities by investing up to 10% of its net asset value in structured notes, including credit-linked notes, deposit-linked notes and notes linked to a total return swap. The Investment Manager will use these structured notes where investing directly into debt securities issued by governments, local authorities and public authorities is not possible or is unattractive, for example, due to restrictions on foreign money inflows. These structured notes will be freely transferable and will not be leveraged. For the purposes of the Fund, the Investment Manager has defined emerging countries as all the countries in the world other than (i) members of the European Union that the Investment Manager regards as developed countries, (ii) United Kingdom, (iii) United States of America, (iv) Canada, (v) Japan, (vi) Australia, (vii) New Zealand, (viii) Norway, (ix) Switzerland, (x) Hong Kong and (xi) Singapore. Not more than 10% of the net asset value of the Fund may be invested in securities issued by or guaranteed

not limited to Standard & Poor's, Fitch and Moody's). For the avoidance of doubt, this restriction does not apply to securities issued by quasi-sovereigns (i.e. not being a government, public or local authority) and other types of debt securities which are not subject to any minimum credit rating requirements. The Fund may invest up to 100% of its NAV in debt securities which are unrated (debt securities which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch) or rated below investment grade (below investment grade is defined as credit rating that is below BBB- from Standard & Poor's and Fitch, or below Baa3 from Moody's or an equivalent rating from an internationally recognized rating agency). <u>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). However, financial derivative instruments will not be extensively used for investment purposes (i.e. entering into financial derivative instruments to achieve the investment objectives).</u>	by a country which is unrated and/or whose credit rating is below investment grade (as rated by the major recognised credit rating agencies including but not limited to Standard & Poor's, Fitch and Moody's). For the avoidance of doubt, this restriction does not apply to securities issued by quasi-sovereigns (i.e. not being a government, public or local authority) and other types of debt securities which are not subject to any minimum credit rating requirements. The Fund may invest up to 100% of its NAV in debt securities which are unrated (debt securities which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch) or rated below investment grade (below investment grade is defined as credit rating that is below BBB- from Standard & Poor's and Fitch, or below Baa3 from Moody's or an equivalent rating from an internationally recognized rating agency). <u>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 Fund 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. debt securities).</u> <u>The expected level of leverage of the Fund calculated using the commitment approach is 0 to 40% of the net asset value of the Fund. The level of leverage of the Fund using the commitment approach is expressed as a ratio between the market value of the equivalent position in the underlying assets of the financial derivative instruments (taking into account the possible netting and hedging arrangements) and its net asset value.</u> <u>The expected proportion of the net asset value of the Fund 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%.</u>

Appendix 2

Invesco Global High Income Fund

Existing (Until 17 March 2019)	Proposed (As of 18 March 2019)
Investment Objective and Policy The Fund aims to achieve a high level of income together with long term capital growth. 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. 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. The Fund may invest up to 10% of its net asset value in contingent convertibles. The Fund may invest up to 20% of its net asset value in securities which are either in default or deemed to be at high risk of default as determined by the SICAV. In addition, the Investment Manager may also seek to gain exposure to such debt securities by investing up to 10% of its net asset value in structured notes, including credit-linked notes, deposit-linked notes and notes linked to a total return swap. The Investment Manager will use these structured notes where investing directly into debt securities issued by governments, local authorities and public authorities is not possible or is unattractive, for example, due to restrictions on foreign money inflows. These structured notes will be freely transferable and will not be leveraged. Up to 30% of the net asset value of the Fund may be invested in cash and cash equivalents, money market instruments and other eligible transferable securities not meeting the above requirements. For the purposes of the Fund, the Investment Manager has defined the emerging countries as all the countries in the world other than (i) members of the European Union that the Investment Manager regards as developed countries, (ii) United States of America, (iii) Canada, (iv) Japan, (v) Australia, (vi) New Zealand, (vii) Norway, (viii) Switzerland, (ix) Hong Kong and (x) Singapore. Not more than 10% of the net asset value of the Fund may be invested in securities issued by or guaranteed by a country which is unrated and/or whose credit rating is below investment grade (as rated by the	**Investment Objective and Policy** The Fund aims to achieve a high level of income together with long term capital growth. 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. 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. The Fund may invest up to 10% of its net asset value in contingent convertibles. The Fund may invest up to 20% of its net asset value in securities which are either in default or deemed to be at high risk of default as determined by the SICAV. The Fund may access China onshore bonds in the China Interbank Bond Market ("CIBM") via Bond Connect for less than 10% of its NAV. In addition, the Investment Manager may also seek to gain exposure to such debt securities by investing up to 10% of its net asset value in structured notes, including credit-linked notes, deposit-linked notes and notes linked to a total return swap. The Investment Manager will use these structured notes where investing directly into debt securities issued by governments, local authorities and public authorities is not possible or is unattractive, for example, due to restrictions on foreign money inflows. These structured notes will be freely transferable and will not be leveraged. Up to 30% of the net asset value of the Fund may be invested in cash and cash equivalents, money market instruments and other eligible transferable securities not meeting the above requirements. For the purposes of the Fund, the Investment Manager has defined the emerging countries as all the countries in the world other than (i) members of the European Union that the Investment Manager regards as developed countries, (ii) United Kingdom; (iii) United States of America, (iv) Canada, (v) Japan, (vi) Australia, (vii) New Zealand, (viii) Norway, (ix) Switzerland, (x) Hong Kong and (xi) Singapore. Not more than 10% of the net asset value of the Fund

major recognised credit rating agencies including but not limited to Standard & Poor's, Fitch and Moody's). For the avoidance of doubt, this restriction does not apply to securities issued by quasi-sovereigns (i.e. not being a government, public or local authority) and other types of debt securities, which are not subject to any minimum credit rating requirements. The Fund may invest up to 100% of its NAV in debt securities which are unrated (debt securities which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch) or rated below investment grade (below investment grade is defined as credit rating that is below BBB- from Standard & Poor's and Fitch, or below Baa3 from Moody's or an equivalent rating from an internationally recognized rating agency). <u>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). However, financial derivative instruments will not be extensively used for investment purposes (i.e. entering into financial derivative instruments to achieve the investment objectives).</u>	may be invested in securities issued by or guaranteed by a country which is unrated and/or whose credit rating is below investment grade (as rated by the major recognised credit rating agencies including but not limited to Standard & Poor's, Fitch and Moody's). For the avoidance of doubt, this restriction does not apply to securities issued by quasi-sovereigns (i.e. not being a government, public or local authority) and other types of debt securities, which are not subject to any minimum credit rating requirements. The Fund may invest up to 100% of its NAV in debt securities which are unrated (debt securities which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch) or rated below investment grade (below investment grade is defined as credit rating that is below BBB- from Standard & Poor's and Fitch, or below Baa3 from Moody's or an equivalent rating from an internationally recognized rating agency). <u>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 Fund 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. debt securities).</u> <u>The expected level of leverage of the Fund calculated using the commitment approach is 0 to 40% of the net asset value of the Fund. The level of leverage of the Fund using the commitment approach is expressed as a ratio between the market value of the equivalent position in the underlying assets of the financial derivative instruments (taking into account the possible netting and hedging arrangements) and its net asset value.</u> <u>The expected proportion of the net asset value of the Fund 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%.</u>

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