



Invesco UK 2 Investment Series Annual Report Including Long Form Financial Statements

Issued July 2019
For the year 1 April 2018 to 31 March 2019



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

Invesco UK 2 Investment Series (the “Company”)

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

The Company

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

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

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

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

At 31 March 2019, the Company consisted of three Sub-Funds:

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

Accounting Periods

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

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

Securities Financing Transactions Regulation

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

During the year from 1 April 2018 to 31 March 2019, none of the Sub-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 Name Changes

Effective 1 October 2018, the Manager has renamed the range of UK domiciled ICVC funds it operates.

The move to a unified global brand – Invesco – causes “Invesco Perpetual” products to now be referred to as “Invesco” products. To implement this, each of the ICVC Series managed by the Manager, including the Company, have been renamed to remove the word “Perpetual”. Each of the Sub-Funds within each Company has been renamed to remove the word “Perpetual” and to add the suffix “(UK)”. The suffix “(UK)” only relates to the domicile of the Sub-Fund and is unrelated to their investment strategy.

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 2018, 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). 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 2018 to 31 December 2018) is £76.21m of which £44.70m is fixed remuneration and £31.51m is variable remuneration. The number of beneficiaries is 379.

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

The aggregate total remuneration paid to the Identified Staff of the Manager for UCITS related activities for the performance year (1 January 2018 to 31 December 2018) is £18.62m of which £4.16m is paid to Senior Management and £14.46m is paid to other Identified Staff.

Invesco UK 2 Investment Series (the “Company”)

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

Share Classes Available

Invesco Income Fund (UK)

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

Invesco UK Enhanced Index Fund (UK)

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

Invesco UK Strategic Income Fund (UK)

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

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

Brexit

On 31 October 2019 the UK is due to leave the EU, an event commonly referred to as Brexit. The current exit date may be shortened or extended upon agreement between the UK and EU27. At the date of this report, discussions remain ongoing between the UK and EU27 as to the precise nature of the future relationship. It is unclear at this stage whether a withdrawal agreement will be reached or if the UK will leave the EU under a no-deal scenario.

The Authorised Corporate Director does not believe that Brexit under any of these scenarios will present significant issues that cannot be mitigated given that no Sub-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.

Risk Profile

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

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

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

The Invesco Income Fund (UK) and the Invesco UK Strategic 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 Sub-Funds. The Manager, however, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Sub-Funds.

The Sub-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 Sub-Funds. The Manager, however, will ensure that the use of derivatives within the Sub-Funds does not materially alter the overall risk profile of the Sub-Funds.

All risks are contained within the Prospectus.

Invesco UK 2 Investment Series (the “Company”)

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

Holdings in other Sub-Funds of the Company

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

Liability

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

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

ISA Eligibility

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

None of the Sub-Funds qualify for cash ISA investment.

Certification of the Annual Report by the Manager

In accordance with the requirements of the Financial Services (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

1 July 2019

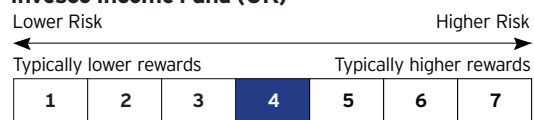
Invesco UK 2 Investment Series (the “Company”)

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

Risk and Reward Profiles

for the year 1 April 2018 to 31 March 2019

Invesco Income Fund (UK)



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.

Invesco UK Enhanced Index Fund (UK)



Invesco UK Strategic Income Fund (UK)



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

For more information on our Sub-Funds' risk and reward profiles, please refer to the most up to date relevant Sub-Fund and share class specific Key Investor Information Documents (KIIDs), which are available at www.invesco.co.uk or by contacting us.

Invesco UK 2 Investment Series (the "Company")

Notes applicable to the financial statements of all Sub-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.
- b) Recognition of revenue**
- i) Dividends on quoted ordinary shares, collective investment schemes and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.
- ii) Interest on bank balances and deposits is recognised on an accruals basis.
- iii) Revenue arising on debt securities is accreted or amortised over the life of such securities and recognised at a consistent rate over the life of the instrument (effective yield accounting). Future cash flow on all debt securities are considered when calculating revenue on an effective yield basis and where purchase costs are considered to reflect incurred credit losses, such losses are taken into account so that interest is recognised at a reasonably expected commercial rate. Accrued interest purchased and sold on interest-bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Company.
- iv) All revenue is recognised at a gross amount that includes any withholding taxes but excludes any other taxes, such as attributable tax credits.
- 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.

Invesco UK 2 Investment Series (the “Company”)

Notes applicable to the financial statements of all Sub-Funds

1 Accounting Policies continued

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.

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.

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 ‘Expenses’ in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in ‘Net capital gains/losses’ in the Statement of Total Return. Any positions on such transactions open at the year end are reflected in the Balance Sheet at their marked to market value.

m) Dilution adjustment

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

- where over a dealing period a Sub-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 Sub-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 Sub-Fund which may otherwise constrain the future growth of the Sub-Fund in question.

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

2 Distribution Policies

The Sub-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 Sub-Fund accumulations and distributions are paid as dividend distributions.

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

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

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

Invesco UK 2 Investment Series (the "Company")

Notes applicable to the financial statements of all Sub-Funds

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. MiFID II 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 Sub-Funds out of their own resources across equity, fixed income, derivatives and currency securities. They do not operate a RPA.

4 Shareholders' Sub-Funds

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

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

With effect from 2 July 2018, the entry charge was removed from the No Trail, Z and Y share classes.

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

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

Invesco Income Fund (UK)	pages 15 to 18
Invesco UK Enhanced Index Fund (UK)	pages 36 to 38
Invesco UK Strategic Income Fund (UK)	pages 54 to 57

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

5 Generic Risk Factors

In pursuing their investment objectives, the Sub-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 Sub-Fund's holding of financial instruments are set out below together with the Manager's policy for managing these risks.

Invesco UK 2 Investment Series (the “Company”)

Notes applicable to the financial statements of all Sub-Funds

5 Generic Risk Factors continued

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 Sub-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 Sub-Fund concerned. Transactions in derivatives are used in the Sub-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 Sub-Fund.

Market price risk

The Sub-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 Sub-Fund's securities may go down as well as up and an investor may not get back the full amount invested.

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

Currency exchange risk

The Sub-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.

Custody risk

The assets owned by each Sub-Fund are held on trust for the Sub-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 Sub-Fund are not protected and there may be a delay in regaining full control of the non-cash assets.

Liquidity risk

The Sub-Funds may be affected by a decrease in market liquidity for the securities in which it invests, which may mean that the Sub-Funds may not be able to sell some securities at a fair price within a timely manner.

In order to mitigate this risk, a substantial proportion of the Sub-Fund's assets consist of readily realisable assets.

Counterparty risk

The Sub-Funds may enter into derivatives transactions or place cash in bank deposit accounts, which would expose the Sub-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 Sub-Funds could experience delays in liquidating positions and significant losses, including declines in the value of investments during the period in which the Sub-Funds seek to enforce its rights, inability to realise any gains on its investments during such period and fees and expenses incurred in enforcing its rights.

In order to mitigate this risk, the Sub-Funds conduct trades through reputable counterparties.

Taking charges from capital

Where the investment objective of a Sub-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 Sub-Funds may be taken from capital instead of income. The Sub-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 Sub-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 Sub-Fund.

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

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

Invesco UK 2 Investment Series (the "Company")

Notes applicable to the financial statements of all Sub-Funds

5 Generic Risk Factors continued

Calculation methods of the Risk Exposure continued

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

The average level of leverage figures provided below does not take into account any netting and hedging arrangements that the Sub-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 Sub-Fund and, for those Sub-Funds utilising the relative VaR methodology, it details the reference portfolio. The table also details the minimum, maximum and average daily VaR utilisation that occurred during the one year period ending 31 March 2019, as well as the daily average level of leverage for each Sub-Fund during the one year period ending 31 March 2019.

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

Invesco UK 2 Investment Series (the "Company")

Notes applicable to the financial statements of all Sub-Funds

5 Generic Risk Factors continued

Calculation methods of the Risk Exposure continued

The table below details the VaR approach for each Sub-Fund and, for those Sub-Funds utilising the relative VaR methodology, it details the reference portfolio. The table also details the minimum, maximum and average daily VaR utilisation that occurred during the one year period ending 31 March 2018, as well as the daily average level of leverage for each Sub-Fund during the one year period ending 31 March 2018.

Fund name	Period of Observation	Method used to calculate Global exposure (Commitment, Absolute VaR, Relative VaR)	Global Exposure							Leverage	
			Method used to calculate VaR		Reference portfolio for using Relative VaR	VaR limits reached for last financial year			VaR limits	Leverage level reached during the financial year (Average levels as a % of NAV, calculated at least twice per month)	Leverage calculation method used
			Type of model (Historical simulation, Monte Carlo)	Parameters (Confidence Interval, holding period, observation period)		Lowest	Highest	Average (based on daily data)			
Invesco Income Fund (UK)	1 April 2017 - 31 March 2018	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	33.7%	42.5%	38.7%	100%	0%	Sum of the Notional of the derivatives
Invesco UK Enhanced Index Fund (UK)	1 April 2017 - 31 March 2018	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	49.4%	54.5%	52.7%	100%	2%	Sum of the Notional of the derivatives
Invesco UK Strategic Income Fund (UK)	1 April 2017 - 31 March 2018	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	34.6%	42.6%	38.7%	100%	0%	Sum of the Notional of the derivatives

6 Investment Objective and Policy

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

Invesco Income Fund (UK)	page 13
Invesco UK Enhanced Index Fund (UK)	page 34
Invesco UK Strategic Income Fund (UK)	page 52

The Sub-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 Sub-Fund's investment objective, to fund redemptions of shares in that Sub-Fund, for the efficient management of the Sub-Fund in accordance with its investment objective or for other purposes which may reasonably be regarded as ancillary to the investment objectives of the Sub-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.

Invesco UK 2 Investment Series (the "Company")

Notes applicable to the financial statements of all Sub-Funds

9 Borrowings

The borrowing facilities available to the Company as at 31 March 2019 comprise a bank overdraft facility of up to 10% of the value of the Company (31 March 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 Sub-Fund. Management fee rebates are disclosed in note 3 within each Sub-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 Sub-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 Sub-Funds:

	Held at 31.3.19	Change in year	Held at 31.3.18
Invesco Income Fund (UK) Accumulation shares	-	(852,078)	852,078
Invesco Income Fund (UK) Income shares	3,063,415	(886,997)	3,950,412
Invesco UK Enhanced Index Fund (UK) Accumulation shares (No Trail)	837*	619	218
Invesco UK Enhanced Index Fund (UK) Z Accumulation shares	1,000*	(4,000)	5,000
Invesco UK Enhanced Index Fund (UK) Y Accumulation shares	794	(4,208)	5,002
Invesco UK Enhanced Index Fund (UK) Z Income shares	5,000*	-	5,000
Invesco UK Enhanced Index Fund (UK) Y Income shares	5,000*	-	5,000
Invesco UK Strategic Income Fund (UK) Accumulation shares	7,503,943	(6,714,267)	14,218,210
Invesco UK Strategic Income Fund (UK) Income shares	13,644,608	(14,739,039)	28,383,647
Invesco UK Strategic Income Fund (UK) Y Accumulation shares	16,576,721	(3,199,929)	19,776,650

* Seed Capital Investment.

Invesco Income Fund (UK)

Investment report for the year

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

The Sub-Fund aims to achieve a reasonable level of income, together with capital growth. The Sub-Fund intends to invest primarily in UK companies, with the balance invested internationally. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, unlisted securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

Invesco Perpetual Income Fund changed its name to Invesco Income Fund (UK) effective 1 October 2018. The Sub-Fund objective and strategy remain unchanged.

Performance to 31 March 2019	Since	Since	Since	Percentage growth	
	30.9.18 %	31.3.18 %	31.3.16 %	Since 31.3.14 %	Since 31.3.09 %
Invesco Income Fund (UK) (Z Accumulation shares) ¹	-5.32	1.34	4.89	18.12	153.45
FTSE All-Share Index TR ²	-1.80	6.36	31.32	34.47	186.82
IA UK All Companies Sector NR	-4.74	2.78	24.74	28.65	191.64
Fund Ranking	155/248	164/243	227/234	191/223	153/176

Standardised rolling 12 month performance	31.3.14	31.3.15	31.3.16	Percentage growth	
	31.3.15 %	31.3.16 %	31.3.17 %	31.3.17 %	31.3.18 %
Invesco Income Fund (UK) (Z Accumulation shares) ¹	15.2	-2.2	10.5	-6.3	1.3
FTSE All-Share Index TR ²	6.6	-3.9	22.0	1.3	6.4
IA UK All Companies Sector NR	5.8	-2.5	18.1	2.7	2.8

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 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 16 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 16 is based on the close of business bid price. FTSE All-Share Index TR² data source: Lipper, total return, in Sterling.

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

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

¹ Effective 18 April 2016, the primary share class changed from Income share class to Z Accumulation share class. Performance figures are based on the Z Accumulation share class. As this was launched on 12 November 2012, for the periods prior to this launch date, performance figures are based on the Income share class, without any adjustment for fees.

² Reference benchmark for performance comparison purposes only.

Invesco Income Fund (UK)

Investment report for the year

Strategy, review and outlook

In the twelve months to 31 March 2019, the Sub-Fund delivered a return of 1.3%, underperforming the FTSE All-Share Index TR¹, which returned 6.4%. This placed the Sub-Fund in the third quartile of its peer group, the IA UK All Companies Sector NR, which returned 2.8%.

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. FTSE All-Share Index TR¹ data source: Lipper, total return, in Sterling.

Past performance is not a guide to future returns.

The UK equity market proved volatile over the period, rising strongly in the second quarter of 2018, before falling to reach an eighteen-month low in December. Volatility was driven by US interest rate policy, concerns around global economic growth and negative trade rhetoric between the US and China. An improved outlook on all fronts laid the foundations for a strong equity market rise during the first quarter of 2019.

Against this challenging global backdrop, the question of the UK's exit from the European Union continued to dominate the domestic agenda. The extended political uncertainty saw the value of Sterling fall materially, whilst the Bank of England cut its UK growth forecast from 1.7% to 1.2% for the year. The UK interest rate was increased by 0.25% in August 2018, but kept on hold for the rest of the period as the political impasse continued. Despite this, economic data proved remarkably robust in 2018, with a return to real wage growth, whilst the number of people in work increased by 350,000.

The Sub-Fund's holdings in the financials sector provided the strongest positive contribution to returns. A.J Bell successfully completed its initial public offering in December, listing for the first time on the London Stock Exchange. The investment platform has been a longstanding investment for the Sub-Fund and the fund manager was extremely supportive of the IPO, which saw significant gains realised for the portfolio. Meanwhile, litigation finance company Burford Capital posted strong results for 2018, including a 14% increase in the full-year dividend, a consecutive year of double-digit growth.

Other notable positive contributors included healthcare company BTG, which was successfully bid for by a US rival, and HomeServe, the emergency home repairs and services provider, which released very strong full-year results in May 2018 following a year of "record profit growth".

Conversely, the Sub-Fund's holdings in the tobacco sector provided a negative contribution to performance, as the market continued to weigh regulatory concerns and the outlook for next generation technologies. The share price of British American Tobacco (BAT) fell sharply in November on news that the United States Food & Drug Administration plans to pursue a ban on the sale of menthol products. It is the fund manager's view that the prospect of a total menthol ban remains unlikely, given the requirement to evidence "additional harm" versus non-menthol products. Furthermore, the real impact of a ban remains uncertain, as consumers may move to non-menthol tobacco alternatives. Negative momentum overshadowed BAT's strong full-year results, which included a 25 per cent increase in revenue and 4 per cent increase in the dividend compared to 2017.

Elsewhere Thomas Cook and easyJet suffered from difficult trading conditions during the year. Thomas Cook issued two profit warnings in quick succession, as result of rising oil prices, an unusually hot summer across Northern Europe and the Brexit impasse, which impacted demand within the sector.

The Sub-Fund's exposure to unquoted investment reduced by 1.32% over the period and accounted for 4.95% of the portfolio as at 31 March 2019. This reduction was in part as a result of the successful stock market float of AJ Bell. We believe that whilst less liquid than other parts of the portfolio these stocks provide an opportunity for contributing to the capital performance objectives of the Sub-Fund.

Over the past twelve months the Sub-Fund's investment style has been severely tested, as the stock market has supported an ever-increasing disparity between valuation and underlying company fundamentals. As a result of political and economic uncertainties, the stock market has focused on supporting premium valuations for growth or highly disruptive companies, which has not suited the core investment themes of the Sub-Fund.

Yet the performance of the UK economy continues to confound most forecasts by recording steady growth. Over the course of 2019 the overall level of growth is expected to remain solid, supported by improvements in household cash flow and rising employment, which should benefit consumption activity and economic growth. Given that the outlook for the economy appears to be more resilient than currently implied by the value of Sterling or valuations of domestic sectors, it is anticipated that political resolution in respect of Brexit will see this material differential start to close.

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

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.

¹ Reference benchmark for performance comparison purposes only.

The Sub-Fund's ten largest investments are	%
BP	5.54
British American Tobacco	4.34
AJ Bell	4.16
Burford Capital	3.33
Next	2.87
Royal Dutch Shell	2.79
Legal & General	2.62
Derwent London	2.62
Imperial Brands	2.45
IP	2.35

Invesco Income Fund (UK)

Investment report for the year

Comparative tables

Year ended Accumulation shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	3,140.89	3,385.25	3,087.03
Return before operating charges*	92.12	(188.01)	351.69
Operating charges	(54.06)	(56.35)	(53.47)
Return after operating charges	38.06	(244.36)	298.22
Distributions	(114.96)	(109.92)	(106.16)
Retained distributions on accumulation shares	114.96	109.92	106.16
Closing net asset value per share	3,178.95	3,140.89	3,385.25
*After direct transaction costs of	(2.57)	(2.97)	(3.17)
Performance			
Return after charges	1.21%	(7.22%)	9.66%
Other information			
Closing net asset value (£'000)	1,393,719	1,891,056	2,531,926
Closing number of shares	43,842,078	60,207,580	74,792,958
Operating charges	1.66%	1.66%	1.66%
Direct transaction costs	0.08%	0.09%	0.10%
Performance fee	-	-	-
Prices			
Highest share price	3,429.56	3,562.99	3,394.00
Lowest share price	2,997.13	3,107.99	2,931.37

Year ended Accumulation shares (No Trail)	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	174.67	187.31	169.96
Return before operating charges*	5.11	(10.46)	19.41
Operating charges	(2.11)	(2.18)	(2.06)
Return after operating charges	3.00	(12.64)	17.35
Distributions	(6.41)	(6.10)	(5.87)
Retained distributions on accumulation shares	6.41	6.10	5.87
Closing net asset value per share	177.67	174.67	187.31
*After direct transaction costs of	(0.14)	(0.16)	(0.17)
Performance			
Return after charges	1.72%	(6.75%)	10.21%
Other information			
Closing net asset value (£'000)	95,562	140,300	145,266
Closing number of shares	53,786,968	80,324,928	77,552,930
Operating charges	1.16%	1.16%	1.16%
Direct transaction costs	0.08%	0.09%	0.10%
Performance fee	-	-	-
Prices			
Highest share price	191.04	197.32	187.77
Lowest share price	167.29	172.82	161.59

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

The operating charges figure is equivalent to the FMF shown on page 08, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

Invesco Income Fund (UK)

Investment report for the year

Comparative tables continued

Year ended Z Accumulation shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	308.19	329.68	298.39
Return before operating charges*	9.01	(18.47)	34.13
Operating charges	(2.92)	(3.02)	(2.84)
Return after operating charges	6.09	(21.49)	31.29
Distributions	(11.34)	(10.75)	(10.31)
Retained distributions on accumulation shares	11.34	10.75	10.31
Closing net asset value per share	314.28	308.19	329.68
*After direct transaction costs of	(0.25)	(0.29)	(0.31)
Performance			
Return after charges	1.98%	(6.52%)	10.49%
Other information			
Closing net asset value (£'000)	289,207	361,939	452,840
Closing number of shares	92,023,288	117,440,679	137,356,587
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.08%	0.09%	0.10%
Performance fee	-	-	-
Prices			
Highest share price	337.36	347.44	330.46
Lowest share price	295.73	304.91	283.86

Year ended Y Accumulation shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	233.73	249.91	226.08
Return before operating charges*	6.83	(14.02)	25.87
Operating charges	(2.09)	(2.16)	(2.04)
Return after operating charges	4.74	(16.18)	23.83
Distributions	(8.60)	(8.15)	(7.81)
Retained distributions on accumulation shares	8.60	8.15	7.81
Closing net asset value per share	238.47	233.73	249.91
*After direct transaction costs of	(0.19)	(0.22)	(0.23)
Performance			
Return after charges	2.03%	(6.47%)	10.54%
Other information			
Closing net asset value (£'000)	473,478	595,525	771,327
Closing number of shares	198,551,883	254,791,348	308,646,464
Operating charges	0.86%	0.86%	0.86%
Direct transaction costs	0.08%	0.09%	0.10%
Performance fee	-	-	-
Prices			
Highest share price	255.90	263.39	250.49
Lowest share price	224.36	231.24	215.09

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 Sub-Fund and share class returns before operating charges.

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Invesco Income Fund (UK)

Investment report for the year

Comparative tables continued

Year ended Income shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	1,609.49	1,794.16	1,689.15
Return before operating charges*	48.82	(97.28)	191.66
Operating charges	(27.44)	(29.60)	(29.02)
Return after operating charges	21.38	(126.88)	162.64
Distributions	(58.38)	(57.79)	(57.63)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	1,572.49	1,609.49	1,794.16
*After direct transaction costs of	(1.30)	(1.56)	(1.72)
Performance			
Return after charges	1.33%	(7.07%)	9.63%
Other information			
Closing net asset value (£'000)	509,857	639,664	791,554
Closing number of shares	32,423,581	39,743,276	44,118,360
Operating charges	1.66%	1.66%	1.66%
Direct transaction costs	0.08%	0.09%	0.10%
Performance fee	-	-	-
Prices			
Highest share price	1,757.39	1,888.42	1,827.54
Lowest share price	1,506.11	1,617.69	1,604.38

Year ended Income shares (No Trail)	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	117.83	130.69	122.43
Return before operating charges*	3.56	(7.13)	13.92
Operating charges	(1.41)	(1.51)	(1.47)
Return after operating charges	2.15	(8.64)	12.45
Distributions	(4.29)	(4.22)	(4.19)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	115.69	117.83	130.69
*After direct transaction costs of	(0.10)	(0.11)	(0.13)
Performance			
Return after charges	1.82%	(6.61%)	10.17%
Other information			
Closing net asset value (£'000)	18,969	85,767	96,688
Closing number of shares	16,396,607	72,791,492	73,983,791
Operating charges	1.16%	1.16%	1.16%
Direct transaction costs	0.08%	0.09%	0.10%
Performance fee	-	-	-
Prices			
Highest share price	128.87	137.67	133.10
Lowest share price	110.66	118.41	116.42

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 Sub-Fund and share class returns before operating charges.

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Invesco Income Fund (UK)

Investment report for the year

Comparative tables continued

Year ended Z Income shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	257.99	285.44	266.72
Return before operating charges*	7.79	(15.62)	30.38
Operating charges	(2.42)	(2.59)	(2.52)
Return after operating charges	5.37	(18.21)	27.86
Distributions	(9.41)	(9.24)	(9.14)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	253.95	257.99	285.44
*After direct transaction costs of	(0.21)	(0.25)	(0.27)
Performance			
Return after charges	2.08%	(6.38%)	10.45%
Other information			
Closing net asset value (£'000)	181,063	277,395	401,530
Closing number of shares	71,298,264	107,520,835	140,671,169
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.08%	0.09%	0.10%
Performance fee	-	-	-
Prices			
Highest share price	282.41	300.82	290.67
Lowest share price	242.76	259.26	253.79

Year ended Y Income shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	202.42	223.84	209.06
Return before operating charges*	6.12	(12.25)	23.82
Operating charges	(1.80)	(1.92)	(1.87)
Return after operating charges	4.32	(14.17)	21.95
Distributions	(7.39)	(7.25)	(7.17)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	199.35	202.42	223.84
*After direct transaction costs of	(0.16)	(0.20)	(0.21)
Performance			
Return after charges	2.13%	(6.33%)	10.50%
Other information			
Closing net asset value (£'000)	256,327	320,421	406,298
Closing number of shares	128,580,397	158,295,085	181,512,182
Operating charges	0.86%	0.86%	0.86%
Direct transaction costs	0.08%	0.09%	0.10%
Performance fee	-	-	-
Prices			
Highest share price	221.61	235.93	227.94
Lowest share price	190.54	203.41	198.95

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 Sub-Fund and share class returns before operating charges.

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Invesco Income Fund (UK)

Investment report for the year

Portfolio Statement as at 31 March 2019	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Investment			
Denmark 0.00% (31.3.18 - 0.00%)			
Financials 0.00% (31.3.18 - 0.00%)			
Eurotrust ¹	4,155,000	-	0.00
Germany 0.00% (31.3.18 - 0.00%)			
Financials 0.00% (31.3.18 - 0.00%)			
Speymill Deutsche Immobilien ¹	14,588,469	-	0.00
Guernsey 2.64% (31.3.18 - 2.77%)			
Industrials 1.04% (31.3.18 - 1.55%)			
Amedeo Air Four Plus	37,169,532	33,453	1.04
Financials 1.60% (31.3.18 - 1.22%)			
Hipgnosis Songs Fund	6,333,334	6,777	0.21
Sherborne Investors	50,000,000	29,000	0.90
Trian Investors	15,719,465	15,641	0.49
Israel 0.36% (31.3.18 - Nil)			
Financials 0.36% (31.3.18 - Nil)			
Plus500	1,563,383	11,725	0.36
Norway 0.43% (31.3.18 - 0.63%)			
Industrials 0.43% (31.3.18 - 0.63%)			
IDEX	36,771,609	11,912	0.37
Thin Film Electronics 'A'	72,116,529	1,877	0.06
United Kingdom 91.78% (31.3.18 - 92.89%)			
Oil & Gas 8.34% (31.3.18 - 8.41%)			
BP	31,936,511	178,333	5.54
Royal Dutch Shell 'A' (UK Regd.)	3,723,193	89,822	2.79
Velocys	8,400,000	302	0.01
Industrials 11.33% (31.3.18 - 12.77%)			
Babcock International	8,443,112	41,667	1.29
BCA Marketplace	38,129,182	75,114	2.33
Breedon	82,895,842	55,872	1.74
Capita	40,181,174	49,784	1.55
G4S	23,246,236	42,634	1.32
HomeServe	5,490,904	56,282	1.75
Stobart	28,230,580	42,798	1.33
Xeros Technology	8,315,830	624	0.02
Consumer Goods 10.10% (31.3.18 - 9.59%)			
British American Tobacco	4,369,755	139,570	4.34
Cranswick	2,148,640	58,443	1.82
Imperial Brands	3,007,007	78,919	2.45
Nexeon ¹	184,981	1,633	0.05
Victoria	10,307,583	46,384	1.44
Health Care 4.98% (31.3.18 - 9.36%)			
BTG	6,340,436	52,816	1.64
Cell Medica 'A' pref. ¹	727,272	1,185	0.04
Cell Medica 'B' pref. ¹	261,841	1,236	0.04
Cell Medica 'C' pref. ¹	549,507	3,220	0.10
Circassia Pharmaceuticals	27,550,945	7,714	0.24
e-Therapeutics	35,323,680	954	0.03
hVIVO	7,940,160	1,985	0.06
infirst Healthcare D-2013 ¹	234,001	395	0.01
infirst Healthcare D-2015 ¹	36,339	84	0.00
infirst Healthcare January pref. ¹	11,697	153	0.00
infirst Healthcare March pref. ¹	12,724	113	0.00
IXICO	1,266,618	329	0.01
Lamellar Biomedical ¹	39,090	2,052	0.06
Mereo Biopharma	5,257,323	8,412	0.26
Oxford Nanopore Technologies ¹	1,244,645	64,410	2.00

Invesco Income Fund (UK)

Investment report for the year

Portfolio Statement continued

as at 31 March 2019

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Health Care continued			
Psioxus Therapeutics 'A' pref. ¹	40,832	4,339	0.14
Psioxus Therapeutics 'B-1' pref. ¹	21,213	2,286	0.07
Psioxus Therapeutics 'B-2' pref. ¹	10,101	1,133	0.04
Tissue Regenix	125,263,532	7,516	0.24
Consumer Services 9.19% (31.3.18 - 9.88%)			
Card Factory	27,423,265	49,444	1.54
easyJet	4,240,292	47,364	1.47
ITWP Acquisitions ¹	2,722,975,639	18,189	0.56
Next	1,653,488	92,232	2.87
Supponor ¹	113,677	-	0.00
Tesco	27,850,761	64,642	2.01
Thomas Cook	38,895,699	9,701	0.30
Time out	16,083,334	14,153	0.44
Telecommunications 2.57% (31.3.18 - 3.42%)			
BT	26,055,038	58,077	1.80
TalkTalk Telecom	22,474,008	24,744	0.77
Utilities 1.50% (31.3.18 - 1.18%)			
Drax	12,767,773	48,288	1.50
Financials 43.42% (31.3.18 - 37.99%)			
AJ Bell	41,680,437	133,794	4.16
Allied Minds	14,169,868	8,927	0.28
Assura	3,189,211	1,831	0.06
Aviva	13,370,916	55,128	1.71
Beazley	7,273,957	37,424	1.16
Biopharma Credit	64,930,383	52,321	1.63
British Land	9,539,875	56,171	1.75
Burford Capital	6,370,278	107,148	3.33
Cambridge Innovation Capital ¹	4,344,506	3,845	0.12
Crystal Amber Fund	9,847,231	19,891	0.62
Derwent London	2,617,561	84,312	2.62
Draper Esprit	6,809,824	34,390	1.07
Eurovestech ¹	38,819,368	2,484	0.08
Funding Circle	6,289,147	24,892	0.77
Funding Circle SME Income Fund	23,289,148	19,936	0.62
Gloo Networks ¹	1,333,333	-	0.00
Hiscox	2,712,972	42,295	1.31
Honeycomb Investment Trust	4,449,245	49,387	1.53
IP	86,016,119	75,522	2.35
Lancashire	6,419,647	41,952	1.30
Leaf Clean Energy	10,499,068	2,940	0.09
Legal & General	30,639,457	84,320	2.62
Marwyn Value Investors	6,736,638	7,680	0.24
NewRiver REIT	15,139,955	36,109	1.12
Non-Standard Finance	29,008,835	15,839	0.49
Ombu ¹	1,056,081	-	0.00
Ombu 'D' pref. ¹	43,816	2,476	0.08
Ombu pref. ¹	223,482	13,907	0.43
P2P Global Investments	5,861,966	47,482	1.48
Provident Financial	10,892,188	55,746	1.73
PRS REIT	47,026,819	46,368	1.44
Raven Property	61,591,477	25,560	0.79
Raven Property 6.5% pref.	5,877,193	6,641	0.21
Raven property pref.	14,897,481	19,814	0.62
Redde	25,602,868	30,416	0.94
Royal Bank of Scotland	13,554,437	33,466	1.04
Safe Harbour	2,361,111	3,069	0.10
Secure Income REIT	10,834,069	44,528	1.38
Summit Germany	46,482,147	46,062	1.43
VPC Specialty Lending Investments	26,664,040	19,305	0.60
Wilmcote	4,062,500	3,859	0.12

Invesco Income Fund (UK)

Investment report for the year

Portfolio Statement continued

as at 31 March 2019

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Technology 0.35% (31.3.18 - 0.29%)			
Brave Bison	11,310,990	260	0.01
Mercia Technologies	31,957,496	10,866	0.34
United States 4.88% (31.3.18 - 3.79%)			
Basic Materials 0.01% (31.3.18 - 0.03%)			
HaloSource	39,405,638	99	0.01
HaloSource Reg S	34,036,634	85	0.00
Xyleco 'A' ¹	18,038,631	-	0.00
Xyleco 'B' ¹	6,012,877	-	0.00
Health Care 4.29% (31.3.18 - 3.20%)			
Alkermes	1,157,556	32,416	1.01
Evoform Biosciences	4,148,940	11,367	0.35
Evoform Biosciences warrants 08/2/2026 ¹	52,567	-	0.00
Gelesis ¹	550,923	5,416	0.17
Immunoscience ¹	8,016,712	-	0.00
Oxford Immunotec	2,683,448	35,421	1.10
PureTech Health	25,401,285	41,277	1.28
Vedanta Biosciences ¹	485,651	8,442	0.26
Vedanta Biosciences 'C' pref. ¹	220,751	3,837	0.12
Financials 0.46% (31.3.18 - 0.36%)			
Eight Africa Fund 'A' ¹	21,649,470	14,733	0.46
Technology 0.12% (31.3.18 - 0.20%)			
Spin Transfer Technologies ¹	1,864,286	3,777	0.12
Portfolio of investments (31.3.18 - 100.08%)		3,220,965	100.09
Net other liabilities (31.3.18 - (0.08%))		(2,783)	(0.09)
Net assets		3,218,182	100.00

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

¹ Unquoted securities - for the year ended 31 March 2019 these amount to 4.95% (31 March 2018 - 6.27%) of the Net Asset Value of the Sub-Fund.

Portfolio Statement Breakdown

as at 31 March 2019

	Market value 31.3.19 £'000	Percentage of total net assets 31.3.19 %	Market value 31.3.18 £'000	Percentage of total net assets 31.3.18 %
Quoted securities	3,061,620	95.14	4,045,417	93.81
Unquoted securities	159,345	4.95	270,203	6.27
Portfolio of investments	3,220,965	100.09	4,315,620	100.08
Net other liabilities	(2,783)	(0.09)	(3,553)	(0.08)
Net assets	3,218,182	100.00	4,312,067	100.00

Invesco Income Fund (UK)

Investment report for the year

Summary of Material Portfolio Changes

for the year 1 April 2018 to 31 March 2019

	Cost £'000
Total purchases	366,152
Largest purchases:	
Guernsey	
Triam Investors	15,719
Hipgnosis Songs Fund	6,333
Israel	
Plus500	22,022
United Kingdom	
Tesco	51,383
Royal Bank of Scotland	33,774
Victoria	29,902
Capita	29,721
Funding Circle	28,105
British Land	22,886
Provident Financial	16,876
Honeycomb Investment Trust	10,996
Imperial Brands	10,886
NewRiver REIT	9,407
Draper Esprit	9,200
Mereo Biopharma	8,133
easyJet	7,761
BioPharma Credit 'C'	7,528
Next	7,141
British American Tobacco	6,589
United States	
Gelesis	5,050

	Proceeds £'000
Total sales	1,464,921
Largest sales:	
Guernsey	
Amedeo Air Four Plus	27,380
United Kingdom	
AstraZeneca	150,618
BAE Systems	95,979
BP	94,969
RELX	94,127
BTG	74,336
Legal & General	66,794
Royal Dutch Shell 'A' (UK Regd.)	52,379
Burford Capital	51,813
AJ Bell	47,980
Aviva	44,232
BT	43,407
Hiscox	42,937
Next	41,679
HomeServe	41,412
Assura	38,410
CityFibre Infrastructure	34,902
Beazley	32,709
Derwent London	30,304
Imperial Brands	26,887

Invesco Income Fund (UK)

Financial statements

Statement of Total Return			01.4.18	01.4.17
for the year 1 April 2018 to 31 March 2019			to 31.3.19	to 31.3.18
	Notes	£'000	£'000	£'000
Income				
Net capital gains/(losses)	2		12,589	(427,384)
Revenue	3	138,769		177,859
Expenses	4	(52,199)		(70,066)
Interest payable and similar charges	5	(54)		(40)
Net revenue before taxation		86,516		107,753
Taxation	6	(817)		(4,587)
Net revenue after taxation			85,699	103,166
Total return before distributions			98,288	(324,218)
Distributions	7		(136,125)	(169,463)
Change in net assets attributable to Shareholders from investment activities			(37,837)	(493,681)

Statement of Change in Net Assets Attributable to Shareholders			01.4.18	01.4.17
for the year 1 April 2018 to 31 March 2019			to 31.3.19	to 31.3.18
		£'000	£'000	£'000
Opening net assets attributable to Shareholders			4,312,067	5,597,429
Amounts received on issue of shares		17,046		44,956
Amounts paid on redemption of shares		(1,165,248)		(950,695)
			(1,148,202)	(905,739)
Dilution adjustment			4,854	3,802
Change in net assets attributable to Shareholders from investment activities			(37,837)	(493,681)
Retained distribution on accumulation shares			87,247	110,219
Unclaimed distribution monies			53	37
Closing net assets attributable to Shareholders			3,218,182	4,312,067

Invesco Income Fund (UK)

Financial statements

Balance Sheet as at 31 March 2019	Notes	£'000	31.3.19 £'000	£'000	31.3.18 £'000
Assets					
Fixed assets					
Investments			3,220,965		4,315,620
Current assets					
Debtors	8	12,236		26,708	
Cash and bank balances	9	13,667		23,987	
Total other assets			25,903		50,695
Total assets			3,246,868		4,366,315
Liabilities					
Investment liabilities			-		-
Creditors					
Distribution payable		15,356		20,815	
Other creditors	10	13,330		33,433	
Total other liabilities			28,686		54,248
Total liabilities			28,686		54,248
Net assets attributable to Shareholders			3,218,182		4,312,067

Invesco Income Fund (UK)

Notes to the financial statements

Refer to pages 06 to 12 for notes applicable to the financial statements of all Sub-Funds.

1 Accounting Policies

The Sub-Fund's Accounting Policies, Distribution Policies and Generic Risk Factors are set out on pages 06 to 11.

2 Net capital gains/(losses)	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Foreign currency losses	(52)	(903)
Non-derivative securities	12,641	(426,481)
Net capital gains/(losses)	12,589	(427,384)

3 Revenue	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Bank interest	12	10
Interest distributions from authorised Sub-Funds	12,873	12,052
Management fee rebates	211	232
Non-taxable overseas dividends	16,068	19,247
Taxable overseas dividends	2,632	2,072
UK dividends	97,874	139,339
UK REIT dividends	9,099	4,907
	138,769	177,859

4 Expenses	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund Management Fee ¹	52,199	70,067
	52,199	70,067
Other expenses		
VAT - prior period adjustment	-	(1)
	-	(1)
Total expenses	52,199	70,066

¹ Total audit fees of £34,860 (2018 - £34,860) exclusive of VAT payable to the auditors for the year ended 31 March 2019 are borne out of the Fund Management Fee.

Invesco Income Fund (UK)

Notes to the financial statements

5 Interest payable and similar charges	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Interest	54	40

6 Taxation	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
a) Analysis of charge for the year		
Overseas tax	817	4,587
Total tax charge	817	4,587

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:

	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Net revenue before taxation	86,516	107,753
Corporation tax at 20% (2018 -20%)	17,303	21,551
Effects of:		
Movement in excess expenses	5,505	8,944
Overseas tax	817	4,587
Prior year adjustment	(19)	1,222
Revenue not subject to tax	(22,789)	(31,717)
Total tax charge	817	4,587

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 Sub-Fund had surplus management expenses of £1,262,641,000 (2018 - £1,235,119,000). It is unlikely that the Sub-Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £252,528,000 (2018 - £247,023,000) has not been recognised.

7 Distributions	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Accumulations and distributions paid 30 November 2018	76,061	94,086
Accumulations and distributions payable 31 May 2019	50,614	67,109
	126,675	161,195
Amounts deducted on redemption of shares	11,378	8,693
Amounts received on issue of shares	(1,928)	(425)
	136,125	169,463
The distributable amount has been calculated as follows:		
Net revenue after taxation	85,699	103,166
Fund Management Fee taken to capital	52,199	70,067
Tax relief on expenses taken to capital	(1,771)	(3,768)
Equalisation on conversions	(2)	(2)
	136,125	169,463

Invesco Income Fund (UK)

Notes to the financial statements

8 Debtors	31.3.19 £'000	31.3.18 £'000
Accrued revenue	6,242	6,786
Amounts receivable for issue of shares	-	11
Income tax recoverable	-	1,651
Overseas tax recoverable	590	273
Sales awaiting settlement	5,404	17,987
	12,236	26,708

9 Cash and bank balances	31.3.19 £'000	31.3.18 £'000
Cash and bank balances	13,667	23,987

10 Other creditors	31.3.19 £'000	31.3.18 £'000
Accrued expenses	3,783	5,051
Amounts payable for redemption of shares	9,527	11,941
Purchases awaiting settlement	20	16,441
	13,330	33,433

11 Commitments, contingent liabilities and contingent assets	31.3.19 £'000	31.3.18 £'000
Potential calls on nil paid shares, if exercised	-	210

12 Related parties

Related party interests in the Sub-Fund are disclosed in note 10 of the notes applicable to the financial statements of all Sub-Funds on page 12. 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 £3,783,000 (2018 - £5,051,000) are disclosed in note 10 within accrued expenses.

13 Generic Risk factors

As one of the key objectives of the Sub-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 Sub-Fund 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 Sub-Fund. The Manager, however, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Sub-Fund.

The risk factors relating to the Sub-Fund are discussed more fully in note 5 of the notes applicable to the financial statements of all Sub-Funds on pages 08 to 11.

a) Counterparty risk

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

Invesco 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
31.3.19		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	3,061,620	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	159,345	-
	3,220,965	-
31.3.18		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	4,045,417	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	270,203	-
	4,315,620	-

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 Income Fund (UK)

Notes to the financial statements

14 Portfolio transaction costs

for the year 1 April 2018 to 31 March 2019

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

Invesco Income Fund (UK)

Notes to the financial statements

14 Portfolio transaction costs continued

for the year 1 April 2017 to 31 March 2018

Purchases (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	791,643	693	0.09	1,986	0.25
Collective investment schemes	17,558	12	0.07	31	0.18
Total purchases	809,201	705		2,017	
Total purchases including transaction costs	811,923				

Sales (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	1,652,295	1,774	0.11	3	0.00
Collective investment schemes	21,069	29	0.14	-	-
Total sales	1,673,364	1,803		3	
Total sales net of transaction costs	1,671,558				

Derivative transaction costs		-		-	
Total transaction costs		2,508		2,020	
Total transaction costs as a % of average net assets		0.05%		0.04%	

The above analysis covers any direct transaction costs suffered by the Sub-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 Sub-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 Sub-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 to manage the Sub-Fund's daily liquidity position are excluded from the analysis.

For the Sub-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 Sub-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 Sub-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 0.70% (2018 - 0.55%).

Invesco Income Fund (UK)

Notes to the financial statements

15 Share movement

for the year 1 April 2018 to 31 March 2019

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	60,207,580	80,324,928	117,440,679	254,791,348
Shares issued	173,142	13,971	108,513	78,323
Shares redeemed	(15,778,905)	(27,583,775)	(26,442,579)	(63,335,428)
Shares converted	(759,739)	1,031,844	916,675	7,017,640
Closing shares	43,842,078	53,786,968	92,023,288	198,551,883

	Income shares	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	39,743,276	72,791,492	107,520,835	158,295,085
Shares issued	422,597	497,049	690,581	956,007
Shares redeemed	(7,322,278)	(59,257,194)	(38,775,523)	(31,573,520)
Shares converted	(420,014)	2,365,260	1,862,371	902,825
Closing shares	32,423,581	16,396,607	71,298,264	128,580,397

16 Post balance sheet events

There are no post balance sheet events that require disclosure or adjustments to the financial statements.

Invesco Income Fund (UK)

Distribution tables

Distribution tables

for the year 1 April 2018 to 31 March 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 30.11.18 pence per share	Net distribution paid 30.11.17 pence per share
Distribution paid 30 November 2018				
Accumulation shares				
Group 1	65.1674	-	65.1674	61.2606
Group 2	22.9787	42.1887	65.1674	61.2606
Accumulation shares (No Trail)				
Group 1	3.6328	-	3.6328	3.3976
Group 2	1.9326	1.7002	3.6328	3.3976
Z Accumulation shares				
Group 1	6.4241	-	6.4241	5.9831
Group 2	3.5764	2.8477	6.4241	5.9831
Y Accumulation shares				
Group 1	4.8740	-	4.8740	4.5358
Group 2	2.7368	2.1372	4.8740	4.5358
Income shares				
Group 1	33.3931	-	33.3931	32.4610
Group 2	19.7331	13.6600	33.3931	32.4610
Income shares (No Trail)				
Group 1	2.4505	-	2.4505	2.3700
Group 2	1.3038	1.1467	2.4505	2.3700
Z Income shares				
Group 1	5.3767	-	5.3767	5.1803
Group 2	2.7310	2.6457	5.3767	5.1803
Y Income shares				
Group 1	4.2208	-	4.2208	4.0628
Group 2	2.3256	1.8952	4.2208	4.0628

Group 1: shares purchased prior to 1 April 2018

Group 2: shares purchased on or after 1 April 2018

Invesco Income Fund (UK)

Distribution tables

Distribution tables continued
for the year 1 April 2018 to 31 March 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 31.5.19 pence per share	Net distribution paid 31.5.18 pence per share
Distribution payable 31 May 2019				
Accumulation shares				
Group 1	49.7927	-	49.7927	48.6619
Group 2	23.9632	25.8295	49.7927	48.6619
Accumulation shares (No Trail)				
Group 1	2.7793	-	2.7793	2.7058
Group 2	1.3339	1.4454	2.7793	2.7058
Z Accumulation shares				
Group 1	4.9172	-	4.9172	4.7712
Group 2	2.4573	2.4599	4.9172	4.7712
Y Accumulation shares				
Group 1	3.7309	-	3.7309	3.6179
Group 2	1.9241	1.8068	3.7309	3.6179
Income shares				
Group 1	24.9883	-	24.9883	25.3283
Group 2	14.4952	10.4931	24.9883	25.3283
Income shares (No Trail)				
Group 1	1.8387	-	1.8387	1.8527
Group 2	0.8743	0.9644	1.8387	1.8527
Z Income shares				
Group 1	4.0372	-	4.0372	4.0567
Group 2	2.2389	1.7983	4.0372	4.0567
Y Income shares				
Group 1	3.1684	-	3.1684	3.1825
Group 2	1.4772	1.6912	3.1684	3.1825

Group 1: shares purchased prior to 1 October 2018
Group 2: shares purchased on or after 1 October 2018

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

Invesco UK Enhanced Index Fund (UK)

Investment report for the year

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

The Sub-Fund aims to achieve long term capital growth and outperform the FTSE All-Share (ex Investment Trusts) Index (net total return) (the "Index") by investing primarily in a portfolio of investments in UK companies. The Sub-Fund aims to outperform the Index net of fees over a full market cycle (typically 5-10 years). There is no guarantee that the Sub-Fund will achieve its target and an investor may not get back the full amount invested. The Sub-Fund seeks to achieve its objective following a systematic investment process, with a high correlation to the Index. The Sub-Fund uses a range of factors to evaluate the relative attractiveness of a stock together with an assessment of risk, to build a portfolio that shares the broad characteristics of the Index. The Sub-Fund is actively managed and will not replicate the Index in its entirety. The Sub-Fund will primarily invest in equities, and may also invest in cash, cash equivalents, money market instruments, warrants, collective investment schemes and other transferable securities. The Sub-Fund may enter into financial derivative instruments for efficient portfolio management purposes only.

Invesco Perpetual UK Enhanced Index Fund changed its name to Invesco UK Enhanced Index Fund (UK) effective 1 October 2018. The Sub-Fund objective and strategy remain unchanged.

Performance to 31 March 2019	Since	Since	Since	Percentage growth	
	30.9.18 %	31.3.18 %	31.3.16 %	Since 31.3.14 %	Since 31.3.09 %
Invesco UK Enhanced Index Fund (UK) (Z Accumulation shares) ¹	-2.92	4.75	33.86	38.73	212.06
FTSE All-Share (ex Investment Trusts) Index TR	-1.85	6.23	30.63	33.41	184.50
FTSE All-Share Index TR ²	-1.80	6.36	31.32	34.47	186.82
IA UK All Companies Sector NR	-4.74	2.78	24.74	28.65	191.64
Fund Ranking	94/248	96/243	30/234	43/223	67/176

Standardised rolling 12 month performance	31.3.14	31.3.15	31.3.16	Percentage growth	
	31.3.15 %	31.3.16 %	31.3.17 %	31.3.17 %	31.3.18 %
Invesco UK Enhanced Index Fund (UK) (Z Accumulation shares) ¹	7.9	-4.0	21.7	5.0	4.8
FTSE All-Share (ex Investment Trusts) Index TR	6.4	-4.0	21.8	1.0	6.2
FTSE All-Share Index TR ²	6.6	-3.9	22.0	1.3	6.4
IA UK All Companies Sector NR	5.8	-2.5	18.1	2.7	2.8

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 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 36 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 36 is based on the close of business bid price. FTSE All-Share (ex Investment Trusts) Index TR and FTSE All-Share Index TR² data source: Lipper, total return, in Sterling.

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

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

¹ Effective 28 July 2016, the primary share class changed from Accumulation share (No Trail) class to Z Accumulation share class. Performance figures are based on the Z Accumulation share class. As this was launched on 28 July 2016, for the periods prior to this launch date, performance figures are based on the Accumulation share (No Trail) class, without any adjustment for fees.

² Reference benchmark for performance comparison purposes only.

Invesco UK Enhanced Index Fund (UK)

Investment report for the year

Strategy, review and outlook

The Sub-Fund increased by 4.8% over the twelve months to the end of March 2019, compared to a 6.2% increase in the FTSE All-Share (ex Investment Trusts) Index TR. This placed the Sub-Fund in the second quartile of its peer group, the IA UK All Companies Sector NR, which ended the period an average of 2.8% higher.

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

Past performance is not a guide to future returns.

The period ended with UK stock markets being in positive territory. After a weak start into 2018, UK equity markets recovered and outperformed their Continental European counterparts over the second quarter. UK equity markets continued their positive run, despite fears over contagion from the political situation in Italy. During the second half of the year, the UK market was mainly driven by Brexit headlines especially in September, when pressure continued to mount on the government to reach an agreement with the EU throughout the month, leading to an overall negative performance in 2018. Starting with a sharp rally in 2019 and reversing the downward trend, gains in the first quarter saw UK equity markets recover the majority of losses from the final of last year, yet headline levels remained lower than before the October sell-off.

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

We saw negative performance from our multi-factor model, with our Earnings Momentum and Value factors detracting the most. On the other hand, Price Momentum and Quality supported performance but could not compensate for the negative effect of Earnings Momentum and Value. In terms of individual stock performance, overweight positions relative to the benchmark in Evraz and BHP as well as an underweight position in British American Tobacco (BAT) contributed positively. Conversely, overweights in Royal Mail, TUI and Vodafone detracted the most from performance over the last 12 months. Regarding changes in the portfolio, we recently added Micro Focus International due to strong Momentum scores and increased our positions in Royal Dutch Shell and Britvic as they showed above average factor scores. On the other hand, we sold off our position in TUI due to negative Momentum and Quality scores and reduced our position in Coca-Cola HBC and Royal Mail, mainly driven by weak Earnings Momentum scores.

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

Michael Fraikin and Alexander Uhlmann, Fund Managers

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

The Sub-Fund's ten largest investments are	%
Royal Dutch Shell	8.99
HSBC	5.39
BP	4.82
GlaxoSmithKline	4.50
BHP	3.07
Rio Tinto	2.81
Lloyds Banking	2.65
AstraZeneca	2.50
Diageo	2.48
Vodafone	2.30

Invesco UK Enhanced Index Fund (UK)

Investment report for the year

Comparative tables

Year ended	31.3.19	31.3.18	31.3.17
Accumulation shares (No Trail)	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	497.90	477.70	392.17
Return before operating charges*	27.98	21.45	86.80
Operating charges	(1.30)	(1.25)	(1.27)
Return after operating charges	26.68	20.20	85.53
Distributions	(22.67)	(19.16)	(15.69)
Retained distributions on accumulation shares	22.67	19.16	15.69
Closing net asset value per share	524.58	497.90	477.70
*After direct transaction costs of	(1.73)	(4.48)	(0.66)
Performance			
Return after charges	5.36%	4.23%	21.81%
Other information			
Closing net asset value (£'000)	208,856	142,364	49,657
Closing number of shares	39,814,075	28,592,748	10,394,951
Operating charges	0.25%	0.25%	0.29%
Direct transaction costs	0.33%	0.89%	0.15%
Performance fee	-	-	-
Prices			
Highest share price	562.43	535.16	484.58
Lowest share price	475.97	469.82	383.11

Year ended	31.3.19	31.3.18	31.3.17 ¹
Z Accumulation shares	(pence per share)	(pence per share)	(pence per share)
Change in net assets per share			
Opening net asset value per share	231.69	222.25	200.00
Return before operating charges*	13.02	10.00	22.59
Operating charges	(0.58)	(0.56)	(0.34)
Return after operating charges	12.44	9.44	22.25
Distributions	(10.58)	(8.96)	(7.31)
Retained distributions on accumulation shares	10.58	8.96	7.31
Closing net asset value per share	244.13	231.69	222.25
*After direct transaction costs of	(0.81)	(2.08)	(0.22)
Performance			
Return after charges	5.37%	4.25%	11.13%
Other information			
Closing net asset value (£'000)	208,080	108,430	11
Closing number of shares	85,234,219	46,799,626	5,000
Operating charges	0.24%	0.24%	0.24%
Direct transaction costs	0.33%	0.89%	0.15%
Performance fee	-	-	-
Prices			
Highest share price	261.72	249.02	225.45
Lowest share price	221.50	218.59	196.51

¹ Z Accumulation shares were issued at 200p on 28 July 2016. The operating charges figure and direct transaction costs percentage figures disclosed have been annualised. For the purpose of calculating the charge in net assets per share these figures are actual and have not been annualised.

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 Sub-Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 08, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

Invesco UK Enhanced Index Fund (UK)

Investment report for the year

Comparative tables continued

Year ended Y Accumulation shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 ¹ (pence per share)
Change in net assets per share			
Opening net asset value per share	231.73	222.27	200.00
Return before operating charges*	13.02	10.00	22.60
Operating charges	(0.56)	(0.54)	(0.33)
Return after operating charges	12.46	9.46	22.27
Distributions	(10.60)	(8.96)	(7.33)
Retained distributions on accumulation shares	10.60	8.96	7.33
Closing net asset value per share	244.19	231.73	222.27
*After direct transaction costs of	(0.81)	(2.09)	(0.22)
Performance			
Return after charges	5.38%	4.26%	11.14%
Other information			
Closing net asset value (£'000)	35,926	13,299	47
Closing number of shares	14,712,298	5,739,048	21,339
Operating charges	0.23%	0.23%	0.23%
Direct transaction costs	0.33%	0.89%	0.15%
Performance fee	-	-	-
Prices			
Highest share price	261.77	249.06	225.48
Lowest share price	221.55	218.61	196.51

Year ended Income shares (No Trail)	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	283.63	282.84	240.32
Return before operating charges*	16.13	12.76	52.82
Operating charges	(0.73)	(0.73)	(0.77)
Return after operating charges	15.40	12.03	52.05
Distributions	(12.78)	(11.24)	(9.53)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	286.25	283.63	282.84
*After direct transaction costs of	(0.97)	(2.62)	(0.40)
Performance			
Return after charges	5.43%	4.25%	21.66%
Other information			
Closing net asset value (£'000)	29,099	38,561	38,012
Closing number of shares	10,165,537	13,595,696	13,439,436
Operating charges	0.25%	0.25%	0.29%
Direct transaction costs	0.33%	0.89%	0.15%
Performance fee	-	-	-
Prices			
Highest share price	320.38	309.84	291.46
Lowest share price	264.73	278.18	234.73

¹ Y Accumulation shares were issued at 200p on 28 July 2016. The operating charges figure and direct transaction costs percentage figures disclosed have been annualised. For the purpose of calculating the charge in net assets per share these figures are actual and have not been annualised.

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 Sub-Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 08, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

Invesco UK Enhanced Index Fund (UK)

Investment report for the year

Comparative tables continued

Year ended Z Income shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 ¹ (pence per share)
Change in net assets per share			
Opening net asset value per share	215.38	214.78	200.00
Return before operating charges*	12.25	9.70	22.36
Operating charges	(0.54)	(0.53)	(0.34)
Return after operating charges	11.71	9.17	22.02
Distributions	(9.73)	(8.57)	(7.24)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	217.36	215.38	214.78
*After direct transaction costs of	(0.74)	(1.99)	(0.21)
Performance			
Return after charges	5.44%	4.27%	11.01%
Other information			
Closing net asset value (£'000)	11,150	6,094	11
Closing number of shares	5,129,594	2,829,397	5,000
Operating charges	0.24%	0.24%	0.24%
Direct transaction costs	0.33%	0.89%	0.15%
Performance fee	-	-	-
Prices			
Highest share price	243.29	235.29	221.33
Lowest share price	201.03	211.24	196.51

Year ended Y Income shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 ¹ (pence per share)
Change in net assets per share			
Opening net asset value per share	215.37	214.78	200.00
Return before operating charges*	12.26	9.68	22.36
Operating charges	(0.51)	(0.51)	(0.32)
Return after operating charges	11.75	9.17	22.04
Distributions	(9.76)	(8.58)	(7.26)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	217.36	215.37	214.78
*After direct transaction costs of	(0.74)	(1.99)	(0.21)
Performance			
Return after charges	5.46%	4.27%	11.02%
Other information			
Closing net asset value (£'000)	2,364	214	110
Closing number of shares	1,087,528	99,444	51,207
Operating charges	0.23%	0.23%	0.23%
Direct transaction costs	0.33%	0.89%	0.15%
Performance fee	-	-	-
Prices			
Highest share price	243.29	235.29	221.35
Lowest share price	201.03	211.24	196.51

¹ Z Income shares and Y Income shares were issued at 200p on 28 July 2016. The operating charges figure and direct transaction costs percentage figures disclosed have been annualised. For the purpose of calculating the charge in net assets per share these figures are actual and have not been annualised.

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 Sub-Fund and share class returns before operating charges.

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Invesco UK Enhanced Index Fund (UK)

Investment report for the year

Portfolio Statement as at 31 March 2019	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Investment			
Georgia 0.16% (31.3.18 - Nil)			
Financials 0.16% (31.3.18 - Nil)			
Bank of Georgia	47,584	786	0.16
Israel 0.28% (31.3.18 - Nil)			
Financials 0.28% (31.3.18 - Nil)			
Plus500	187,843	1,409	0.28
Republic of Ireland Nil (31.3.18 - 0.03%)			
Health Care Nil (31.3.18 - 0.03%)			
Switzerland 0.85% (31.3.18 - 2.86%)			
Basic Materials 0.15% (31.3.18 - 1.24%)			
Glencore	232,505	739	0.15
Consumer Goods 0.70% (31.3.18 - 1.62%)			
Coca-Cola HBC	132,004	3,451	0.70
United Kingdom 94.20% (31.3.18 - 92.18%)			
Oil & Gas 14.82% (31.3.18 - 14.05%)			
BP	4,274,490	23,869	4.82
Hunting	81,290	483	0.10
Petrofac	259,202	1,268	0.25
Premier Oil	321,688	302	0.06
Royal Dutch Shell 'A' (UK Regd.)	1,204,261	29,053	5.86
Royal Dutch Shell 'B' (UK Regd.)	638,665	15,507	3.13
Tullow Oil	1,234,617	2,969	0.60
Basic Materials 9.59% (31.3.18 - 8.59%)			
Anglo American	281,940	5,787	1.17
BHP	822,217	15,199	3.07
Evraz	1,147,622	7,108	1.43
Mondi	250,220	4,249	0.86
Rio Tinto (UK Regd.)	311,999	13,917	2.81
Victrex	58,037	1,248	0.25
Industrials 6.94% (31.3.18 - 9.28%)			
BCA Marketplace	245,482	484	0.10
De La Rue	88,869	343	0.07
Diploma	70,836	1,031	0.21
Electrocomponents	53,626	301	0.06
Experian	132,564	2,752	0.56
Ferguson	101,054	4,933	1.00
Grafton	329,193	2,650	0.53
Hays	725,575	1,088	0.22
Howden Joinery	1,177,514	5,714	1.15
Intertek	29,117	1,412	0.28
Marshalls	151,768	938	0.19
Meggitt	891,445	4,482	0.90
MITIE	291,388	434	0.09
Morgan Sindall	39,042	489	0.10
PageGroup	727,024	3,416	0.69
QinetiQ	259,246	781	0.16
Royal Mail	499,230	1,190	0.24
RPC	69,025	545	0.11
Senior	285,295	621	0.13
Travis Perkins	54,729	750	0.15
Consumer Goods 14.44% (31.3.18 - 12.92%)			
Barratt Developments	204,480	1,221	0.25
Berkeley	58,818	2,170	0.44
British American Tobacco	284,587	9,090	1.83
Britvic	311,464	2,964	0.60
Burberry	148,637	2,900	0.59
Diageo	392,176	12,306	2.48
Games Workshop	33,896	1,066	0.21
Imperial Brands	296,154	7,773	1.57
Persimmon	260,604	5,650	1.14

Invesco UK Enhanced Index Fund (UK)

Investment report for the year

Portfolio Statement as at 31 March 2019	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Investment			
Consumer Goods continued			
Reckitt Benckiser	108,971	6,954	1.40
Tate & Lyle	1,094,661	7,945	1.60
Taylor Wimpey	553,515	971	0.20
Unilever	240,206	10,557	2.13
Health Care 9.23% (31.3.18 - 8.04%)			
AstraZeneca	201,479	12,361	2.50
GlaxoSmithKline	1,397,419	22,308	4.50
Hikma Pharmaceuticals	356,198	6,379	1.29
Smith & Nephew	307,149	4,676	0.94
Consumer Services 13.30% (31.3.18 - 11.11%)			
Auto Trader	939,762	4,900	0.99
Compass	92,933	1,676	0.34
Dixons Carphone	292,551	429	0.09
Dunelm	274,949	2,391	0.48
FirstGroup	1,234,447	1,123	0.23
Go-Ahead	74,744	1,465	0.30
Greene King	396,041	2,631	0.53
Greggs	222,487	4,078	0.82
InterContinental Hotels	28,342	1,308	0.26
International Consolidated Airlines (UK Regd.)	1,173,180	6,007	1.21
J Sainsbury	413,630	975	0.20
JD Sports Fashion	234,681	1,179	0.24
Marks & Spencer	196,767	549	0.11
Moneysupermarket.com	421,487	1,568	0.32
Morrison (Wm.) Supermarkets	1,373,069	3,124	0.63
Next	133,107	7,425	1.50
Pearson	854,601	7,146	1.44
Pets at Home	615,935	977	0.20
RELX	575,472	9,443	1.91
Restaurant	285,903	337	0.07
Rightmove	704,551	3,593	0.72
SSP	120,257	832	0.17
Stagecoach	726,698	1,114	0.22
Tesco	196,277	456	0.09
WH Smith	55,033	1,167	0.23
Telecommunications 2.60% (31.3.18 - 3.74%)			
BT	412,123	919	0.19
Inmarsat	101,825	564	0.11
Vodafone	8,152,866	11,391	2.30
Utilities 2.28% (31.3.18 - 2.09%)			
Centrica	2,150,559	2,455	0.50
Drax	1,036,794	3,921	0.79
National Grid	193,397	1,645	0.33
SSE	277,637	3,294	0.66
Financials 19.17% (31.3.18 - 21.56%)			
3i	821,544	8,091	1.63
Admiral	21,668	470	0.09
Ashmore	202,454	865	0.17
Aviva	1,239,749	5,111	1.03
Barclays	2,773,187	4,289	0.87
British Land	101,343	597	0.12
Close Brothers	20,703	301	0.06
Direct Line	64,557	228	0.05
Hammerson	220,693	741	0.15
HSBC (UK Regd.)	4,286,996	26,721	5.39
IG	385,931	2,007	0.41
IMI	25,243	241	0.05
Intermediate Capital	366,148	3,896	0.79
Intu Properties	304,019	324	0.07
Investec	87,766	388	0.08
Jardine Lloyd Thompson	15,679	300	0.06

Invesco UK Enhanced Index Fund (UK)

Investment report for the year

Portfolio Statement continued

as at 31 March 2019

Investment	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Financials continued			
Land Securities	74,988	685	0.14
Legal & General	3,251,810	8,949	1.81
Lloyds Banking	21,126,786	13,124	2.65
London Stock Exchange	31,830	1,511	0.30
Man	1,572,738	2,136	0.43
OneSavings Bank	260,328	999	0.20
Paragon	388,958	1,695	0.34
Phoenix	50,611	343	0.07
Prudential	520,368	8,001	1.61
Quilter	361,284	530	0.11
Royal Bank of Scotland	131,403	324	0.07
Shaftesbury	170,026	1,496	0.30
Standard Life Aberdeen	75,835	200	0.04
Tritax Big Box Reit	291,191	418	0.08
Technology 1.83% (31.3.18 - 0.80%)			
Computacenter	134,531	1,488	0.30
FDM	64,121	574	0.11
Micro Focus International	245,247	4,895	0.99
Softcat	195,834	1,621	0.33
Spirent Communications	357,855	513	0.10
United States 0.69% (31.3.18 - 1.27%)			
Consumer Services 0.69% (31.3.18 - 1.27%)			
Carnival	90,216	3,396	0.69
Futures and Derivatives 0.02% (31.3.18 - (0.03%))			
Futures 0.02% (31.3.18 - (0.03%))			
FTSE 100 Index futures contracts 21/6/2019	133	92	0.02
Portfolio of investments (31.3.18 - 96.31%)		476,631	96.20
Net other assets (31.3.18 - 3.69%)		18,844	3.80
Net assets		495,475	100.00

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

Invesco UK Enhanced Index Fund (UK)

Investment report for the year

Summary of Material Portfolio Changes

for the year 1 April 2018 to 31 March 2019

	Cost £'000
Total purchases	242,628
Largest purchases:	
United Kingdom	
Royal Dutch Shell 'A' (UK Regd.)	11,775
HSBC (UK Regd.)	11,103
BP	8,374
GlaxoSmithKline	8,239
Imperial Brands	7,754
Hikma Pharmaceuticals	7,383
Tate & Lyle	7,317
International Consolidated Airlines (UK Regd.)	6,634
Pearson	6,414
RELX	6,086
Shire	5,691
Micro Focus International	4,939
Lloyds Banking	4,867
Meggitt	4,733
Evrax	4,412
Royal Dutch Shell 'B' (UK Regd.)	4,387
Aviva	4,378
Auto Trader	4,209
Vodafone	4,157
British American Tobacco	3,800
	Proceeds £'000
Total sales	63,772
Largest sales:	
Switzerland	
Coca-Cola HBC	2,382
Ferrexpo	2,340
United Kingdom	
Takeda Pharmaceuticals	3,767
Shire	3,413
InterContinental Hotels	2,787
TUI	2,737
Sky	2,613
Indivior	2,594
Morrison (Wm.) Supermarkets	2,414
Royal Mail	2,263
National Grid	2,256
Renishaw	1,884
Old Mutual	1,735
Virgin Money	1,726
SSE	1,636
Royal Dutch Shell 'B' (UK Regd.)	1,556
Associated British Foods	1,525
Royal Dutch Shell 'A' (UK Regd.)	1,374
Evrax	1,349
Electrocomponents	1,272

Invesco UK Enhanced Index Fund (UK)

Financial statements

Statement of Total Return			01.4.18		01.4.17
for the year 1 April 2018 to 31 March 2019			to 31.3.19		to 31.3.18
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		2,141		(6,519)
Revenue	3	17,526		6,127	
Expenses	4	(903)		(377)	
Interest payable and similar charges	5	(2)		-	
Net revenue before taxation		16,621		5,750	
Taxation	6	(209)		(96)	
Net revenue after taxation			16,412		5,654
Total return before distributions			18,553		(865)
Distributions	7		(16,412)		(5,654)
Change in net assets attributable to Shareholders from investment activities			2,141		(6,519)

Statement of Change in Net Assets Attributable to Shareholders			01.4.18		01.4.17
for the year 1 April 2018 to 31 March 2019			to 31.3.19		to 31.3.18
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			308,962		87,848
Amounts received on issue of shares		208,678		231,069	
Amounts paid on redemption of shares		(41,528)		(9,980)	
			167,150		221,089
Dilution adjustment			951		1,156
Change in net assets attributable to Shareholders from investment activities			2,141		(6,519)
Retained distribution on accumulation shares			16,271		5,388
Closing net assets attributable to Shareholders			495,475		308,962

Invesco UK Enhanced Index Fund (UK)

Financial statements

Balance Sheet as at 31 March 2019	Notes	£'000	31.3.19 £'000	£'000	31.3.18 £'000
Assets					
Fixed assets					
Investments			476,631		297,653
Current assets					
Debtors	8	8,554		2,464	
Cash and bank balances	9	11,224		9,739	
Total other assets			19,778		12,203
Total assets			496,409		309,856
Liabilities					
Investment liabilities			-		97
Creditors					
Distribution payable		822		734	
Other creditors	10	112		63	
Total other liabilities			934		797
Total liabilities			934		894
Net assets attributable to Shareholders			495,475		308,962

Invesco UK Enhanced Index Fund (UK)

Notes to the financial statements

Refer to pages 06 to 12 for notes applicable to the financial statements of all Sub-Funds.

1 Accounting Policies

The Sub-Fund's Accounting Policies, Distribution Policies and Generic Risk Factors are set out on pages 06 to 11.

2 Net capital gains/(losses)	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Derivative securities	606	(866)
Foreign currency gains	22	7
Non-derivative securities	1,513	(5,660)
Net capital gains/(losses)	2,141	(6,519)

3 Revenue	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Bank interest	41	5
Derivative income	380	153
Non-taxable overseas dividends	1,875	734
Taxable overseas dividends	89	-
UK dividends	15,040	5,205
UK REIT dividends	101	30
	17,526	6,127

4 Expenses	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund Management Fee ¹	903	377
	903	377
Total expenses	903	377

¹ Total audit fees of £6,005 (2018 - £6,005) exclusive of VAT payable to the auditors for the year ended 31 March 2019 are borne out of the Fund Management Fee.

Invesco UK Enhanced Index Fund (UK)

Notes to the financial statements

5 Interest payable and similar charges	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Interest	2	-

6 Taxation	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
a) Analysis of charge for the year		
Overseas tax	209	96
Total tax charge	209	96

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:

	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Net revenue before taxation	16,621	5,750
Corporation tax at 20% (2018 -20%)	3,324	1,150
Effects of:		
Movement in excess expenses	62	38
Overseas tax	209	96
Relief on overseas tax expensed	(3)	-
Revenue not subject to tax	(3,383)	(1,188)
Total tax charge	209	96

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 Sub-Fund had surplus management expenses of £2,986,000 (2018 - £2,678,000). It is unlikely that the Sub-Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £597,000 (2018 - £535,000) has not been recognised.

7 Distributions	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Accumulations and distributions paid 30 November 2018	8,876	2,000
Accumulations and distributions payable 31 May 2019	9,402	4,994
	18,278	6,994
Amounts deducted on redemption of shares	368	114
Amounts received on issue of shares	(2,234)	(1,454)
	16,412	5,654
The distributable amount has been calculated as follows:		
Net revenue after taxation	16,412	5,654
	16,412	5,654

Invesco UK Enhanced Index Fund (UK)

Notes to the financial statements

8 Debtors	31.3.19	31.3.18
	£'000	£'000
Accrued revenue	3,037	1,453
Amounts receivable for issue of shares	5,422	958
Overseas tax recoverable	95	53
	8,554	2,464

9 Cash and bank balances	31.3.19	31.3.18
	£'000	£'000
Amounts held at futures clearing houses and brokers	175	448
Cash and bank balances	11,049	9,291
	11,224	9,739

10 Other creditors	31.3.19	31.3.18
	£'000	£'000
Accrued expenses	100	63
Amounts payable for redemption of shares	12	-
	112	63

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 Sub-Fund are disclosed in note 10 of the notes applicable to the financial statements of all Sub-Funds on page 12. 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 £100,000 (2018 - £63,000) are disclosed in note 10 within accrued expenses.

13 Generic Risk factors

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

The risk factors relating to the Sub-Fund are discussed more fully in note 5 of the notes applicable to the financial statements of all Sub-Funds on pages 08 to 11.

a) Counterparty risk

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

Invesco UK Enhanced Index 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
31.3.19		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	476,631	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	-	-
	476,631	-
31.3.18		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	297,653	97
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	-	-
	297,653	97

All financial investments are classified as level 1: Unadjusted quoted price in an active market for an identical instrument.

14 Portfolio transaction costs

for the year 1 April 2018 to 31 March 2019

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

Invesco UK Enhanced Index Fund (UK)

Notes to the financial statements

14 Portfolio transaction costs continued

for the year 1 April 2017 to 31 March 2018

Purchases (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	264,817	89	0.03	1,258	0.48
Total purchases	264,817	89		1,258	
Total purchases including transaction costs	266,164				
Sales (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	48,733	17	0.03	-	-
Total sales	48,733	17		-	
Total sales net of transaction costs	48,716				
Derivative transaction costs		3		-	
Total transaction costs		109		1,258	
Total transaction costs as a % of average net assets		0.07%		0.82%	

The above analysis covers any direct transaction costs suffered by the Sub-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 Sub-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 Sub-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 to manage the Sub-Fund's daily liquidity position are excluded from the analysis.

For the Sub-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 Sub-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 Sub-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 0.05% (2018 - 0.06%).

Invesco UK Enhanced Index Fund (UK)

Notes to the financial statements

15 Share movement

for the year 1 April 2018 to 31 March 2019

	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	28,592,748	46,799,626	5,739,048
Shares issued	14,440,808	43,165,272	9,379,575
Shares redeemed	(3,219,481)	(4,727,944)	(409,060)
Shares converted	-	(2,735)	2,735
Closing shares	39,814,075	85,234,219	14,712,298

	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	13,595,696	2,829,397	99,444
Shares issued	573,117	2,445,129	1,023,285
Shares redeemed	(4,003,276)	(144,932)	(35,201)
Shares converted	-	-	-
Closing shares	10,165,537	5,129,594	1,087,528

16 Post balance sheet events

There are no post balance sheet events that require disclosure or adjustments to the financial statements.

Invesco UK Enhanced Index Fund (UK)

Distribution tables

Distribution tables

for the year 1 April 2018 to 31 March 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 30.11.18 pence per share	Net distribution paid 30.11.17 pence per share
Distribution paid 30 November 2018				
Accumulation shares (No Trail)				
Group 1	12.7516	-	12.7516	11.1489
Group 2	5.0522	7.6994	12.7516	11.1489
Z Accumulation shares				
Group 1	5.9467	-	5.9467	5.2106
Group 2	3.2979	2.6488	5.9467	5.2106
Y Accumulation shares				
Group 1	5.9607	-	5.9607	5.2091
Group 2	3.3147	2.6460	5.9607	5.2091
Income shares (No Trail)				
Group 1	7.2638	-	7.2638	6.6012
Group 2	1.7611	5.5027	7.2638	6.6012
Z Income shares				
Group 1	5.5284	-	5.5284	5.0305
Group 2	2.7210	2.8074	5.5284	5.0305
Y Income shares				
Group 1	5.5432	-	5.5432	5.0345
Group 2	3.5898	1.9534	5.5432	5.0345

Group 1: shares purchased prior to 1 April 2018

Group 2: shares purchased on or after 1 April 2018

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 31.5.19 pence per share	Net distribution paid 31.5.18 pence per share
Distribution payable 31 May 2019				
Accumulation shares (No Trail)				
Group 1	9.9233	-	9.9233	8.0112
Group 2	5.4340	4.4893	9.9233	8.0112
Z Accumulation shares				
Group 1	4.6296	-	4.6296	3.7483
Group 2	1.9805	2.6491	4.6296	3.7483
Y Accumulation shares				
Group 1	4.6440	-	4.6440	3.7531
Group 2	2.2994	2.3446	4.6440	3.7531
Income shares (No Trail)				
Group 1	5.5190	-	5.5190	4.6370
Group 2	1.9264	3.5926	5.5190	4.6370
Z Income shares				
Group 1	4.2025	-	4.2025	3.5368
Group 2	2.8299	1.3726	4.2025	3.5368
Y Income shares				
Group 1	4.2141	-	4.2141	3.5447
Group 2	3.0838	1.1303	4.2141	3.5447

Group 1: shares purchased prior to 1 October 2018

Group 2: shares purchased on or after 1 October 2018

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

Invesco UK Strategic Income Fund (UK)

Investment report for the year

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

The Sub-Fund aims to produce an above average income with capital growth primarily through a portfolio of investments in UK companies. In pursuing this objective, the fund managers may include other investments that they consider appropriate which include transferable securities, unlisted securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

Invesco Perpetual UK Strategic Income Fund changed its name to Invesco UK Strategic Income Fund (UK) effective 1 October 2018. The Sub-Fund objective and strategy remain unchanged.

Performance to 31 March 2019	Since	Since	Since	Percentage growth	
	30.9.18 %	31.3.18 %	31.3.16 %	Since 31.3.14 %	Since 31.3.09 %
Invesco UK Strategic Income Fund (UK) (Z Accumulation shares) ¹	-9.90	-5.24	-2.74	10.28	164.84
FTSE All-Share Index TR ²	-1.80	6.36	31.32	34.47	186.82
IA UK All Companies Sector NR	-4.74	2.78	24.74	28.65	191.64
Fund Ranking	228/248	227/243	232/234	216/223	135/176

Standardised rolling 12 month performance	31.3.14	31.3.15	31.3.16	Percentage growth	
	31.3.15 %	31.3.16 %	31.3.17 7%	31.3.17 %	31.3.18 %
Invesco UK Strategic Income Fund (UK) (Z Accumulation shares) ¹	11.9	1.3	7.0	-4.1	-5.2
FTSE All-Share Index TR ²	6.6	-3.9	22.0	1.3	6.4
IA UK All Companies Sector NR	5.8	-2.5	18.1	2.7	2.8

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 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 55 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 55 is based on the close of business bid price. FTSE All-Share Index TR² data source: Lipper, total return, in Sterling.

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

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

- ¹ Effective 18 April 2016, the primary share class changed from Income share (No Trail) class to Z Accumulation share class. Performance figures are based on the Z Accumulation share class. As this was launched on 12 November 2012, for the periods prior to this launch date, performance figures are based on the Income share (No Trail) class, without any adjustment for fees.
- ² Reference benchmark for performance comparison purposes only.

Invesco UK Strategic Income Fund (UK)

Investment report for the year

Strategy, review and outlook

In the twelve months to 31 March 2019, the Sub-Fund delivered a return of -5.2%, underperforming the FTSE All-Share Index TR¹, which rose 6.4%. This placed the Sub-Fund in the fourth quartile of its peer group, the IA UK All Companies Sector NR, which returned 2.8%.

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. FTSE All-Share Index TR¹ data source: Lipper, total return, in Sterling.

Past performance is not a guide to future returns.

The UK equity market proved volatile over the period, rising strongly in the second quarter of 2018, before falling to reach an eighteen-month low in December. Volatility was driven by US interest rate policy, concerns around global economic growth and negative trade rhetoric between the US and China. An improved outlook on all fronts laid the foundations for a strong equity market rise during the first quarter of 2019.

Against this challenging global backdrop, the question of the UK's exit from the European Union continued to dominate the domestic agenda. The extended political uncertainty saw the value of Sterling fall materially, whilst the Bank of England cut its UK growth forecast from 1.7% to 1.2% for the year. The UK interest rate was increased by 0.25% in August 2018, but kept on hold for the rest of the period as the political impasse continued. Despite this, economic data proved remarkably robust in 2018, with a return to real wage growth, whilst the number of people in work increased by 350,000.

The Sub-Fund's performance was most notably impacted by the disappointing performance of its holdings in the healthcare sector. Silence Therapeutics provided the largest negative return, as the company's outlook was affected by the threat of ongoing patent litigation with a US rival firm. Elsewhere Allergy Therapeutics weighed on returns following the release of disappointing results from the Phase III trial of its birch pollen allergy vaccine. Meanwhile the share price of Mereo Biopharma fell amid negative market sentiment towards the sector.

The Sub-Fund's holdings in the leisure sector also provided a negative contribution, as Thomas Cook and easyJet suffered from difficult trading conditions during the year. Thomas Cook issued two profit warnings in quick succession, as result of rising oil prices, an unusually hot summer across Northern Europe and the Brexit impasse, which impacted demand within the sector.

Other notable detractors included Victoria. The company's share price fell sharply in October on the release of a trading update. The floorings manufacturer had sought to simplify its debt finance arrangements, and in so doing was obliged to release commentary on trading and near-term strategy that unwittingly caused confusion and sparked short selling activity.

Despite the Sub-Fund's negative performance there were a number of holdings that provided a positive return over the period. Holdings in the oil & gas sector, namely BP and Royal Dutch Shell provided a strong positive return, whilst litigation finance company Burford Capital posted strong results for 2018, including a 14 per cent increase in the full-year dividend, a consecutive year of double-digit growth.

Over the past twelve months the Sub-Fund's investment style has been severely tested, as the stock market has supported an ever-increasing disparity between valuation and underlying company fundamentals. As a result of political and economic uncertainties, the stock market has focused on supporting premium valuations for growth or highly disruptive companies, which has not suited the core investment themes of the Sub-Fund.

Yet the performance of the UK economy continues to confound most forecasts by recording steady growth. Over the course of 2019 the overall level of growth is expected to remain solid, supported by improvements in household cash flow and rising employment, which should benefit consumption activity and economic growth. Given that the outlook for the economy appears to be more resilient than currently implied by the value of Sterling or valuations of domestic sectors, it is anticipated that political resolution in respect of Brexit will see this material differential start to close.

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

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.

¹ Reference benchmark for performance comparison purposes only.

The Sub-Fund's ten largest investments are	%
BP	5.80
British American Tobacco	5.21
Next	3.48
Legal & General	3.10
Burford Capital	3.06
Imperial Brands	3.04
NewRiver REIT	3.01
Real Estate Investors	2.92
Royal Dutch Shell	2.72
Tesco	2.43

Invesco UK Strategic Income Fund (UK)

Investment report for the year

Comparative tables

Year ended Accumulation shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	185.27	194.13	180.73
Return before operating charges*	(7.83)	(5.55)	16.50
Operating charges	(3.11)	(3.31)	(3.10)
Return after operating charges	(10.94)	(8.86)	13.40
Distributions	(6.21)	(5.77)	(6.03)
Retained distributions on accumulation shares	6.21	5.77	6.03
Closing net asset value per share	174.33	185.27	194.13
*After direct transaction costs of	(0.11)	(0.27)	(0.21)
Performance			
Return after charges	(5.90%)	(4.56%)	7.41%
Other information			
Closing net asset value (£'000)	20,182	36,767	42,490
Closing number of shares	11,577,212	19,845,613	21,886,943
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.06%	0.14%	0.12%
Performance fee	-	-	-
Prices			
Highest share price	199.48	205.36	195.03
Lowest share price	165.72	184.06	171.87

Year ended Accumulation shares (No Trail)	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	744.71	776.46	719.28
Return before operating charges*	(31.65)	(22.44)	65.85
Operating charges	(8.79)	(9.31)	(8.67)
Return after operating charges	(40.44)	(31.75)	57.18
Distributions	(25.05)	(23.16)	(24.06)
Retained distributions on accumulation shares	25.05	23.16	24.06
Closing net asset value per share	704.27	744.71	776.46
*After direct transaction costs of	(0.43)	(1.10)	(0.85)
Performance			
Return after charges	(5.43%)	(4.09%)	7.95%
Other information			
Closing net asset value (£'000)	1,542	2,687	4,004
Closing number of shares	218,896	360,870	515,633
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.06%	0.14%	0.12%
Performance fee	-	-	-
Prices			
Highest share price	802.41	822.09	779.93
Lowest share price	668.64	739.78	684.81

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 Sub-Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 08, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

Invesco UK Strategic Income Fund (UK)

Investment report for the year

Comparative tables continued

Year ended Z Accumulation shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	333.06	346.40	320.08
Return before operating charges*	(14.21)	(10.07)	29.36
Operating charges	(3.09)	(3.27)	(3.04)
Return after operating charges	(17.30)	(13.34)	26.32
Distributions	(11.23)	(10.34)	(10.72)
Retained distributions on accumulation shares	11.23	10.34	10.72
Closing net asset value per share	315.76	333.06	346.40
*After direct transaction costs of	(0.19)	(0.49)	(0.38)
Performance			
Return after charges	(5.19%)	(3.85%)	8.22%
Other information			
Closing net asset value (£'000)	49,166	81,552	145,078
Closing number of shares	15,570,475	24,485,836	41,882,200
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.06%	0.14%	0.12%
Performance fee	-	-	-
Prices			
Highest share price	358.99	366.92	347.92
Lowest share price	299.59	330.83	304.93

Year ended Y Accumulation shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	233.70	242.93	224.36
Return before operating charges*	(9.98)	(7.06)	20.58
Operating charges	(2.05)	(2.17)	(2.01)
Return after operating charges	(12.03)	(9.23)	18.57
Distributions	(7.88)	(7.25)	(7.52)
Retained distributions on accumulation shares	7.88	7.25	7.52
Closing net asset value per share	221.67	233.70	242.93
*After direct transaction costs of	(0.13)	(0.34)	(0.27)
Performance			
Return after charges	(5.15%)	(3.80%)	8.28%
Other information			
Closing net asset value (£'000)	94,892	149,744	196,427
Closing number of shares	42,807,537	64,076,084	80,856,864
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.06%	0.14%	0.12%
Performance fee	-	-	-
Prices			
Highest share price	251.94	257.35	244.00
Lowest share price	210.30	232.13	213.76

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 Sub-Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 08, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

Invesco UK Strategic Income Fund (UK)

Investment report for the year

Comparative tables continued

Year ended Income shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	126.29	136.38	131.04
Return before operating charges*	(5.09)	(3.76)	11.90
Operating charges	(2.10)	(2.31)	(2.23)
Return after operating charges	(7.19)	(6.07)	9.67
Distributions	(4.20)	(4.02)	(4.33)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	114.90	126.29	136.38
*After direct transaction costs of	(0.07)	(0.19)	(0.15)
Performance			
Return after charges	(5.69%)	(4.45%)	7.38%
Other information			
Closing net asset value (£'000)	17,969	39,017	256,196
Closing number of shares	15,639,211	30,894,482	187,859,463
Operating charges	1.67%	1.67%	1.67%
Direct transaction costs	0.06%	0.14%	0.12%
Performance fee	-	-	-
Prices			
Highest share price	135.98	144.27	139.05
Lowest share price	110.93	127.20	124.62

Year ended Income shares (No Trail)	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	507.70	545.52	521.55
Return before operating charges*	(20.57)	(15.17)	47.51
Operating charges	(5.94)	(6.49)	(6.23)
Return after operating charges	(26.51)	(21.66)	41.28
Distributions	(16.95)	(16.16)	(17.31)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	464.24	507.70	545.52
*After direct transaction costs of	(0.29)	(0.76)	(0.61)
Performance			
Return after charges	(5.22%)	(3.97%)	7.91%
Other information			
Closing net asset value (£'000)	22,354	30,313	39,228
Closing number of shares	4,815,261	5,970,512	7,191,016
Operating charges	1.17%	1.17%	1.17%
Direct transaction costs	0.06%	0.14%	0.12%
Performance fee	-	-	-
Prices			
Highest share price	547.06	577.61	556.13
Lowest share price	447.61	511.32	496.61

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 Sub-Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 08, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

Invesco UK Strategic Income Fund (UK)

Investment report for the year

Comparative tables continued

Year ended Z Income shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	278.29	298.27	284.44
Return before operating charges*	(11.32)	(8.35)	25.96
Operating charges	(2.56)	(2.79)	(2.68)
Return after operating charges	(13.88)	(11.14)	23.28
Distributions	(9.31)	(8.84)	(9.45)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	255.10	278.29	298.27
*After direct transaction costs of	(0.16)	(0.42)	(0.34)
Performance			
Return after charges	(4.99%)	(3.73%)	8.18%
Other information			
Closing net asset value (£'000)	27,526	50,429	82,614
Closing number of shares	10,790,290	18,121,354	27,697,960
Operating charges	0.92%	0.92%	0.92%
Direct transaction costs	0.06%	0.14%	0.12%
Performance fee	-	-	-
Prices			
Highest share price	299.97	315.95	304.04
Lowest share price	245.80	280.25	271.01

Year ended Y Income shares	31.3.19 (pence per share)	31.3.18 (pence per share)	31.3.17 (pence per share)
Change in net assets per share			
Opening net asset value per share	202.14	216.54	206.40
Return before operating charges*	(8.24)	(6.06)	18.84
Operating charges	(1.76)	(1.92)	(1.84)
Return after operating charges	(10.00)	(7.98)	17.00
Distributions	(6.76)	(6.42)	(6.86)
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	185.38	202.14	216.54
*After direct transaction costs of	(0.11)	(0.30)	(0.24)
Performance			
Return after charges	(4.95%)	(3.69%)	8.24%
Other information			
Closing net asset value (£'000)	20,866	41,193	58,670
Closing number of shares	11,255,668	20,378,598	27,094,305
Operating charges	0.87%	0.87%	0.87%
Direct transaction costs	0.06%	0.14%	0.12%
Performance fee	-	-	-
Prices			
Highest share price	217.92	229.40	220.73
Lowest share price	178.61	203.56	196.67

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 Sub-Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 08, which we also refer to as the ongoing charge in our Key Investor Information Documents (KIIDs) and our literature.

Invesco UK Strategic Income Fund (UK)

Investment report for the year

Portfolio Statement as at 31 March 2019	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Investment			
Guernsey 0.00% (31.3.18 - 1.45%)			
Industrials Nil (31.3.18 - 1.39%)			
Financials 0.00% (31.3.18 - 0.06%)			
Nimrod Sea Assets ¹	5,722,672	-	0.00
Israel 0.46% (31.3.18 - 0.00%)			
Health Care 0.00% (31.3.18 - 0.00%)			
XTL Biopharmaceuticals ADR	1,191	2	0.00
Financial Services 0.46% (31.3.18 - Nil)			
Plus500	156,920	1,177	0.46
United Kingdom 97.37% (31.3.18 - 94.82%)			
Oil & Gas 8.52% (31.3.18 - 5.82%)			
BP	2,641,481	14,750	5.80
Royal Dutch Shell 'A' (UK Regd.)	287,133	6,927	2.72
Industrials 13.82% (31.3.18 - 12.09%)			
Babcock International	681,966	3,366	1.32
BCA Marketplace	2,957,947	5,827	2.29
Breedon	6,596,824	4,446	1.75
Capita	4,567,561	5,659	2.22
Eddie Stobart Logistics	3,750,000	3,675	1.44
Equiniti	1,803,599	3,743	1.47
G4S	2,100,690	3,853	1.52
HomeServe	449,601	4,608	1.81
Consumer Goods 11.36% (31.3.18 - 9.17%)			
British American Tobacco	415,197	13,261	5.21
Imperial Brands	294,741	7,736	3.04
McBride	2,859,158	2,859	1.12
Nexeon ¹	19,636	173	0.07
Victoria	1,085,939	4,887	1.92
Health Care 3.47% (31.3.18 - 15.23%)			
Allergy Therapeutics	17,806,789	1,620	0.64
Horizon Discovery	1,174,350	1,750	0.68
Oxford Genetics 'C' ¹	11,731	3,754	1.48
Silence Therapeutics	4,115,997	1,696	0.67
Consumer Services 9.18% (31.3.18 - 5.72%)			
easyJet	409,375	4,573	1.80
Mirada	9,281	-	0.00
Next	158,621	8,848	3.48
Tesco	2,664,019	6,183	2.43
Thomas Cook	4,116,502	1,027	0.40
Whitbread	53,406	2,712	1.07
Telecommunications 3.01% (31.3.18 - 2.51%)			
BT	2,051,877	4,574	1.80
TalkTalk Telecom	2,801,636	3,085	1.21
Utilities 1.72% (31.3.18 - 1.41%)			
Drax	1,158,262	4,381	1.72
Financials 46.29% (31.3.18 - 42.33%)			
Amigo	1,192,335	2,149	0.84
Aviva	1,161,461	4,789	1.88
Beazley	690,962	3,555	1.40
British Land	993,959	5,852	2.30
Burford Capital	463,089	7,789	3.06
Chesnara	1,141,127	4,313	1.69
CLS	1,888,044	4,607	1.81
Derwent London	187,738	6,047	2.38
Eurovestech ¹	550,537	35	0.01

Invesco UK Strategic Income Fund (UK)

Investment report for the year

Portfolio Statement continued as at 31 March 2019	Holding or nominal value of positions	Market value £'000	Percentage of total net assets %
Investment			
Financials continued			
Funding Circle SME Income Fund	1,711,753	1,465	0.58
Hadrians Wall Secured Investments Fund	4,712,677	4,430	1.74
Hiscox	239,413	3,732	1.47
IP	6,578,584	5,776	2.27
Legal & General	2,870,412	7,899	3.10
Marwyn Value Investors	4,303,782	4,906	1.93
NewRiver REIT	3,216,528	7,671	3.01
Oakley Capital Investments	1,613,692	3,195	1.26
P2P Global Investments	532,433	4,313	1.69
Phoenix Spree Deutschland	1,669,268	6,176	2.43
Provident Financial	1,030,594	5,275	2.07
Randall & Quilter Investment	3,590,486	5,637	2.21
Real Estate Investors	14,556,321	7,424	2.92
Royal Bank of Scotland	1,030,627	2,545	1.00
Urban Exposure	5,000,000	3,250	1.28
Zegona Communications	4,977,245	4,977	1.96
Technology Nil (31.3.18 - 0.54%)			
United States 2.40% (31.3.18 - 3.20%)			
Basic Materials 0.00% (31.3.18 - 0.01%)			
HaloSource	2,335,952	6	0.00
HaloSource Reg S	2,017,679	5	0.00
Industrial 0.45% (31.3.18 - 0.10%)			
HawkEye 360 ¹	464,468	1,154	0.45
Health Care 1.95% (31.3.18 - 3.09%)			
Ecoeos ¹	1,190,476	-	0.00
Ecoeos warrants 16/5/2023 ¹	593,928	-	0.00
Jaguar Health	1,792,389	381	0.15
Jaguar Health – Tranche A convertible contingent rights ¹	740,281	-	0.00
Jaguar Health – Tranche B convertible contingent rights ¹	1,578,372	-	0.00
Jaguar Health indemnity shares ¹	305,182	4	0.00
Lombard Medical ²	1,371,382	4	0.00
PureTech Health	2,811,612	4,569	1.80
Technology Nil (31.3.18 - 0.00%)			
Portfolio of investments (31.3.18 - 99.47%)		255,082	100.23
Net other (liabilities)/assets (31.3.18 - 0.53%)		(585)	(0.23)
Net assets		254,497	100.00

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

¹ Unquoted securities - for the year ended 31 March 2019 these amount to 2.01% (31 March 2018 – 4.29%) of the Net Asset Value of the Sub-Fund.

² Unlisted securities - for the year ended 31 March 2019 these amount to 0.00% (31 March 2018 – 0.01%) of the Net Asset Value of the Sub-Fund.

Portfolio Statement Breakdown as at 31 March 2019	Market value 31.3.19 £'000	Percentage of total net assets 31.3.19 %	Market value 31.3.18 £'000	Percentage of total net assets 31.3.18 %
Quoted securities	249,958	98.22	410,850	95.17
Unquoted securities	5,120	2.01	18,506	4.29
Unlisted securities	4	0.00	54	0.01
Portfolio of investments	255,082	100.23	429,410	99.47
Net other (liabilities)/assets	(585)	(0.23)	2,292	0.53
Net assets	254,497	100.00	431,702	100.00

Invesco UK Strategic Income Fund (UK)

Investment report for the year

Summary of Material Portfolio Changes

for the year 1 April 2018 to 31 March 2019

	Cost £'000
Total purchases	35,855
Largest purchases:	
Israel	
Plus500	2,195
United Kingdom	
Urban Exposure	5,000
Tesco	4,903
Amigo	3,319
Whitbread	2,643
Royal Bank of Scotland	2,535
Capita	2,478
British American Tobacco	2,471
Provident Financial	1,506
BP	1,279
Thomas Cook	1,136
Chesnara	970
Breedon	880
easyJet	740
BT	721
Equiniti	702
Imperial Brands	666
Oxford Genetics 'C'	490
Aviva	392
Babcock International	334

	Proceeds £'000
Total sales	187,278
Largest sales:	
United Kingdom	
AstraZeneca	15,774
Oxford Science Innovation	9,555
Mereo Biopharma	8,712
Horizon Discovery	7,183
BP	7,137
Secure Trust Bank	7,114
IP	6,760
BAE Systems	6,645
Randall & Quilter Investment	6,592
BCA Marketplace	5,974
RELX	5,702
Phoenix Spree Deutschland	5,299
BTG	5,106
Vectura	4,710
Lancashire	4,375
Drax	3,975
Hiscox	3,849
Burford Capital	3,779
P2P Global Investments	3,524
United States	
PureTech Health	5,766

Invesco UK Strategic Income Fund (UK)

Financial statements

Statement of Total Return			01.4.18		01.4.17
for the year 1 April 2018 to 31 March 2019			to 31.3.19		to 31.3.18
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(22,123)		(32,229)
Revenue	3	12,156		23,575	
Expenses	4	(3,756)		(8,545)	
Interest payable and similar charges	5	(9)		(14)	
Net revenue before taxation		8,391		15,016	
Taxation	6	(57)		(963)	
Net revenue after taxation			8,334		14,053
Total return before distributions			(13,789)		(18,176)
Distributions	7		(11,802)		(22,064)
Change in net assets attributable to Shareholders from investment activities			(25,591)		(40,240)

Statement of Change in Net Assets Attributable to Shareholders			01.4.18		01.4.17
for the year 1 April 2018 to 31 March 2019			to 31.3.19		to 31.3.18
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			431,702		824,707
Amounts received on issue of shares		10,839		51,393	
Amounts paid on redemption of shares		(170,253)		(415,428)	
			(159,414)		(364,035)
Dilution adjustment			946		1,825
Change in net assets attributable to Shareholders from investment activities			(25,591)		(40,240)
Retained distribution on accumulation shares			6,852		9,443
Unclaimed distribution monies			2		2
Closing net assets attributable to Shareholders			254,497		431,702

Invesco UK Strategic Income Fund (UK)

Financial statements

Balance Sheet as at 31 March 2019	Notes	£'000	31.3.19 £'000	£'000	31.3.18 £'000
Assets					
Fixed assets					
Investments			255,082		429,410
Current assets					
Debtors	8	1,156		5,351	
Cash and bank balances	9	664		3,223	
Total other assets			1,820		8,574
Total assets			256,902		437,984
Liabilities					
Investment liabilities			-		-
Creditors					
Distribution payable		1,381		2,227	
Other creditors	10	1,024		4,055	
Total other liabilities			2,405		6,282
Total liabilities			2,405		6,282
Net assets attributable to Shareholders			254,497		431,702

Invesco UK Strategic Income Fund (UK)

Notes to the financial statements

Refer to pages 06 to 12 for notes applicable to the financial statements of all Sub-Funds.

1 Accounting Policies

The Sub-Fund's Accounting Policies, Distribution Policies and Generic Risk Factors are set out on pages 06 to 11.

2 Net capital losses	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Foreign currency losses	(16)	(73)
Non-derivative securities	(22,107)	(32,156)
Net capital losses	(22,123)	(32,229)

3 Revenue	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Bank interest	5	2
Interest distributions from authorised Sub-Funds	358	740
Management fee rebates	155	182
Non-taxable overseas dividends	1,733	3,043
Taxable overseas dividends	75	-
UK dividends	8,221	17,998
UK REIT dividends	1,609	1,610
	12,156	23,575

4 Expenses	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Fund Management Fee ¹	3,756	8,545
	3,756	8,545
Total expenses	3,756	8,545

¹ Total audit fees of £10,676 (2018 - £10,676) exclusive of VAT payable to the auditors for the year ended 31 March 2019 are borne out of the Fund Management Fee.

Invesco UK Strategic Income Fund (UK)

Notes to the financial statements

5 Interest payable and similar charges	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Interest	9	14

6 Taxation	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
a) Analysis of charge for the year		
Overseas tax	57	963
Total tax charge	57	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:

	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Net revenue before taxation	8,391	15,016
Corporation tax at 20% (2018 -20%)	1,678	3,003
Effects of:		
Movement in excess expenses	313	1,261
Overseas tax	57	963
Prior year adjustment	-	(56)
Revenue not subject to tax	(1,991)	(4,208)
Total tax charge	57	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 Sub-Fund had surplus management expenses of £54,407,000 (2018 - £52,844,000). It is unlikely that the Sub-Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £10,882,000 (2018 - £10,569,000) has not been recognised.

7 Distributions	01.4.18 to 31.3.19 £'000	01.4.17 to 31.3.18 £'000
Accumulations and distributions paid 30 November 2018	6,798	12,416
Accumulations and distributions payable 31 May 2019	3,924	5,921
	10,722	18,337
Amounts deducted on redemption of shares	1,452	4,335
Amounts received on issue of shares	(372)	(608)
	11,802	22,064
The distributable amount has been calculated as follows:		
Net revenue after taxation	8,334	14,053
Fund Management Fee taken to capital	3,756	8,545
Tax relief on expenses taken to capital	(288)	(534)
	11,802	22,064

Invesco UK Strategic Income Fund (UK)

Notes to the financial statements

8 Debtors	31.3.19	31.3.18
	£'000	£'000
Accrued revenue	604	809
Amounts receivable for issue of shares	4	33
Income tax recoverable	-	163
Overseas tax recoverable	51	29
Sales awaiting settlements	497	4,317
	1,156	5,351

9 Cash and bank balances	31.3.19	31.3.18
	£'000	£'000
Cash and bank balances	664	3,223

10 Other creditors	31.3.19	31.3.18
	£'000	£'000
Accrued expenses	233	436
Amounts payable for redemption of shares	791	3,164
Purchases awaiting settlement	-	455
	1,024	4,055

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 Sub-Fund are disclosed in note 10 of the notes applicable to the financial statements of all Sub-Funds on page 12. 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 £233,000 (2018 - £436,000) are disclosed in note 10 within accrued expenses.

13 Generic Risk factors

As one of the key objectives of the Sub-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 Sub-Fund 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 Sub-Fund. The Manager, however, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Sub-Fund.

The risk factors relating to the Sub-Fund are discussed more fully in note 5 of the notes applicable to the financial statements of all Sub-Funds on pages 08 to 11.

a) Counterparty risk

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

Invesco UK Strategic 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
31.3.19		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	249,958	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	5,124	-
	255,082	-
31.3.18		
Level 1: Unadjusted quoted price in an active market for an identical instrument;	410,850	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;	-	-
Level 3: Valuation techniques using unobservable inputs.	18,560	-
	429,410	-

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 Strategic Income Fund (UK)

Notes to the financial statements

14 Portfolio transaction costs

for the year 1 April 2018 to 31 March 2019

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

Invesco UK Strategic Income Fund (UK)

Notes to the financial statements

14 Portfolio transaction costs continued

for the year 1 April 2017 to 31 March 2018

Purchases (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	138,126	183	0.13	413	0.30
Collective investment schemes	3,297	-	-	-	-
Total purchases	141,423	183		413	
Total purchases including transaction costs	142,019				

Sales (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	488,437	398	0.08	1	0.00
Collective investment schemes	14,640	12	0.08	0	0.00
Total sales	503,077	410		1	
Total sales net of transaction costs	502,666				

Derivative transaction costs		-		-	
Total transaction costs		593		414	
Total transaction costs as a % of average net assets		0.08%		0.06%	

The above analysis covers any direct transaction costs suffered by the Sub-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 Sub-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 Sub-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 to manage the Sub-Fund's daily liquidity position are excluded from the analysis.

For the Sub-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 Sub-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 Sub-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 0.79% (2018 - 0.91%).

Invesco UK Strategic Income Fund (UK)

Notes to the financial statements

15 Share movement

for the year 1 April 2018 to 31 March 2019

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	19,845,613	360,870	24,485,836	64,076,084
Shares issued	123,754	3,450	1,481,457	329,227
Shares redeemed	(8,326,337)	(145,279)	(10,434,606)	(21,555,486)
Shares converted	(65,818)	(145)	37,788	(42,288)
Closing shares	11,577,212	218,896	15,570,475	42,807,537

	Income shares	Income shares (No Trail)	Z Income shares	Y Income shares
Opening shares	30,894,482	5,970,512	18,121,354	20,378,598
Shares issued	32,067	115,238	913,065	668,722
Shares redeemed	(15,321,647)	(1,177,890)	(8,427,993)	(9,796,528)
Shares converted	34,309	(92,599)	183,864	4,876
Closing shares	15,639,211	4,815,261	10,790,290	11,255,668

16 Post balance sheet events

There are no post balance sheet events that require disclosure or adjustments to the financial statements.

Invesco UK Strategic Income Fund (UK)

Distribution tables

Distribution tables

for the year 1 April 2018 to 31 March 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 30.11.18 pence per share	Net distribution paid 30.11.17 pence per share
Distribution paid 30 November 2018				
Accumulation shares				
Group 1	3.5382	-	3.5382	3.2382
Group 2	2.0152	1.5230	3.5382	3.2382
Accumulation shares (No Trail)				
Group 1	14.2575	-	14.2575	12.9929
Group 2	7.4437	6.8138	14.2575	12.9929
Z Accumulation shares				
Group 1	6.3854	-	6.3854	5.7976
Group 2	2.9763	3.4091	6.3854	5.7976
Y Accumulation shares				
Group 1	4.4815	-	4.4815	4.0667
Group 2	2.4559	2.0256	4.4815	4.0667
Income shares				
Group 1	2.4120	-	2.4120	2.2749
Group 2	1.1595	1.2525	2.4120	2.2749
Income shares (No Trail)				
Group 1	9.7203	-	9.7203	9.1291
Group 2	6.1054	3.6149	9.7203	9.1291
Z Income shares				
Group 1	5.3344	-	5.3344	4.9930
Group 2	2.7380	2.5964	5.3344	4.9930
Y Income shares				
Group 1	3.8764	-	3.8764	3.6250
Group 2	1.9675	1.9089	3.8764	3.6250

Group 1: shares purchased prior to 1 April 2018

Group 2: shares purchased on or after 1 April 2018

Invesco UK Strategic Income Fund (UK)

Distribution tables

Distribution tables continued
for the year 1 April 2018 to 31 March 2019

	Net revenue pence per share	Equalisation pence per share	Net distribution payable 31.5.19 pence per share	Net distribution paid 31.5.18 pence per share
Distribution payable 31 May 2019				
Accumulation shares				
Group 1	2.6751	-	2.6751	2.5319
Group 2	0.6580	2.0171	2.6751	2.5319
Accumulation shares (No Trail)				
Group 1	10.7958	-	10.7958	10.1651
Group 2	4.0733	6.7225	10.7958	10.1651
Z Accumulation shares				
Group 1	4.8419	-	4.8419	4.5437
Group 2	2.5011	2.3408	4.8419	4.5437
Y Accumulation shares				
Group 1	3.3991	-	3.3991	3.1878
Group 2	2.1534	1.2457	3.3991	3.1878
Income shares				
Group 1	1.7911	-	1.7911	1.7481
Group 2	0.7768	1.0143	1.7911	1.7481
Income shares (No Trail)				
Group 1	7.2273	-	7.2273	7.0263
Group 2	5.0336	2.1937	7.2273	7.0263
Z Income shares				
Group 1	3.9726	-	3.9726	3.8482
Group 2	2.3406	1.6320	3.9726	3.8482
Y Income shares				
Group 1	2.8870	-	2.8870	2.7952
Group 2	1.7559	1.1311	2.8870	2.7952

Group 1: shares purchased prior to 1 October 2018
Group 2: shares purchased on or after 1 October 2018

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 2 Investment Series (the "Company")

Regulatory statements

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 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
1 July 2019

Invesco UK 2 Investment Series (the “Company”)

Independent Auditors' Report to the Shareholders of Invesco UK 2 Investment Series (the “Company”)

Report on the audit of the financial statements

Opinion

In our opinion, Invesco UK 2 Investment Series' financial statements:

- give a true and fair view of the financial position of the Company and each of the Sub-Funds as at 31 March 2019 and of the net revenue and the net capital gains/losses on the scheme property of the Company and each of the Sub-Funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Invesco UK 2 Investment Series (the “Company”) is an Open Ended Investment Company (‘OEIC’) with three Sub-Funds. The financial statements of the Company comprise the financial statements of each of the Sub-Funds. We have audited the financial statements, included within the Annual Report including Long Form Financial Statements (the “Annual Report”), which comprise: the balance sheets as at 31 March 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.

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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or any of the Sub-Funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Sub-Funds' business and the wider economy.

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.

Invesco UK 2 Investment Series (the “Company”)

Independent Auditors’ Report to the Shareholders of Invesco UK 2 Investment Series (the “Company”) 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 Manager’s Responsibilities set out on page 72, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. 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.

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
1 July 2019

Invesco UK 2 Investment Series (the “Company”)

General Information

Directors of the Manager

Hayley Norford*
Graeme Proudfoot
Andrew Schlossberg
Douglas Sharp
Alan Trotter
Sybille Hofmann (retired 30 June 2018)

*Effective 11 March 2019 Hayley Norford was appointed as a Director of Invesco Fund Managers Limited.

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.

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

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.

Independent Auditors

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

Further information

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
enquiry@invesco.co.uk

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.

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 Sub-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.

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

Further information on our products, including the most up to date relevant Sub-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).

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

Issued by Invesco Fund Managers Limited

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

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