



**Invesco Markets II plc**  
**(formerly known as Source Markets II plc)**  
Annual report and audited Financial Statements

For the financial year ended 31 December 2018





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# Organisation

## Annual Report and Audited Financial Statements 2018

### Registered Office of the Company

32 Molesworth Street  
Dublin 2  
Ireland

### Manager<sup>1</sup>

Invesco Investment Management  
Limited  
Central Quay Riverside IV  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Administrator, Registrar and Transfer Agent

BNY Mellon Fund Services (Ireland)  
DAC  
Riverside Two  
Sir John Rogersons Quay  
Grand Canal Dock  
Dublin 2  
Ireland

### Independent Auditors

PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

### Directors of the Company

Gary Buxton (British)<sup>2</sup>  
Mike Kirby (Irish)<sup>2/6</sup>  
Liam Manahan (Irish)<sup>3/8</sup>  
Barry McGrath (Chairman) (Irish)<sup>3/7</sup>  
Anne-Marie King (Irish)<sup>2/7</sup>

### Investment Manager

Invesco PowerShares Capital  
Management LLC  
3500 Lacey Road  
Suite 700 Downers Grove Illinois  
60515  
United States

### Secretary

MFD Secretaries Limited  
32 Molesworth Street  
Dublin 2  
Ireland

### Promoter

Invesco UK Services Limited<sup>4</sup>  
Perpetual Park Drive<sup>5</sup>  
Henley-on-Thames  
Oxfordshire, RG9 1 HH, UK

### Legal Advisor (Ireland) (Until 20 June 2018)

William Fry  
2 Grand Canal Square  
Dublin 2  
Ireland

### Legal Advisor (Ireland) (From 20 June 2018)

Arthur Cox  
Ten Earlsfort Terrace  
Dublin 2  
Ireland

### Depository

BNY Mellon Trust Company (Ireland)  
Limited  
One Dockland Central  
Guild Street  
IFSC  
Dublin 1  
Ireland

### Authorised Participants

Goldman Sachs International  
River Court  
Fleet Street  
London EC4A 2BB  
United Kingdom

Morgan Stanley and Co. International  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

Flow Traders BV  
Jacob Bontiusplaats 9  
1018LL Amsterdam  
Netherlands

Unicredit Bank AG  
Kardinal-Faulhaber Strasse 1  
80333  
Munich  
Germany

Optiver V.O.F.  
Strawinskylaan 3095-11  
Amsterdam 1077 ZX  
Netherlands

Commerzbank AG  
16 Kaiserstrasse  
Frankfurt am Main 60311  
Germany

Goldenberg Hehmeyer LLP  
25 Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Jane Street Financial Ltd  
Floor 30  
20 Fenchurch Street  
London EC3M 3BY  
United Kingdom

Bluefin Europe LLP  
110 Bishopgate  
London EC2N 4A7  
United Kingdom

Citigroup Global Markets Limited  
Citigroup Centre  
33 Canada Square  
London E14 5LB  
United Kingdom

J.P Morgan Securities PLC  
25 Bank Street  
London E14 5JP  
United Kingdom

Old Mission Europe LLP  
110 Bishopsgate Suite 17.09  
London EC2N 4AY  
United Kingdom

Susquehanna International Securities  
Limited  
International Centre  
Memorial Road  
IFSC  
Dublin 1  
Ireland

Registered no. of Company: 567964

<sup>1</sup>With effect from 29 May 2018, the name of the Manager changed from Source Investment Management Limited to Invesco Investment Management Limited.

<sup>2</sup>Non-executive Directors.

<sup>3</sup>Independent non-executive Director.

<sup>4</sup>With effect from 23 March 2018, the name of the Promoter changed from Source UK Services Limited to Invesco UK Services Limited.

<sup>5</sup>With effect from 23 March 2018, the address of the Promoter changed from 110 Cannon Street, London EC4N 6EU, United Kingdom to Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG6 1HH, United Kingdom.

<sup>6</sup>With effect from 30 November 2018, Mike Kirby resigned as non-executive Director of the Company.

<sup>7</sup>With effect from 13 December 2018 Barry McGrath was appointed as an independent non-executive Director and Anne-Marie King was appointed as a non-executive Director of the Company.

<sup>8</sup>With effect from 26 February 2019, Liam Manahan resigned as independent non-executive Director of the Company.

# General Information

## Annual Report and Audited Financial Statements 2018

### Description

Invesco Markets II plc (the "Company") (formerly known as Source Markets II plc) is an open-ended variable capital company with segregated liability between sub-funds of the Company ("Funds"). The Company was incorporated on 11 September 2015. It is organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014 (as amended) and as an undertaking for collective investment in transferable securities pursuant to the European Communities ("Undertakings for Collective Investment in Transferable Securities") Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the "Central Bank UCITS Regulations").

Effective 30 May 2018, the name of the Company changed from Source Markets II plc to Invesco Markets II plc. As a result, the names of all Funds have changed accordingly. Details of the changes are contained in the individual Funds' Financial Statements.

The Company is structured as an umbrella investment company, and comprises separate Funds which may be established from time to time by the Directors with the prior approval of the Central Bank of Ireland (the "Central Bank").

A Fund is defined as a separate portfolio of assets which is invested in accordance with the investment objective and policies set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such portfolio shall be applied and charged.

The particulars of each Fund are set out in a separate Supplement. Any such Supplement lists all of the existing Funds. Redeemable Shares/Shares (these terms are used interchangeably throughout the Financial Statements) of more than one Class may be issued in relation to a Fund. Information contained within the Supplements is selective and should be read in conjunction with the Prospectus. On the introduction of any new Class of Shares, the Company prepares and the Directors will issue documentation setting out the relevant details of each such Class of Shares. A separate portfolio of assets is maintained for each Fund and investments are made in accordance with the investment objective applicable to each Fund.

A decision was made by the Board of Directors on 25 April, 2017 to close the Source FTSE RAFI Europe Equity Income Physical UCITS ETF, Source FTSE RAFI UK Equity Income Physical UCITS ETF and Source FTSE RAFI US Equity Income Physical UCITS ETF based on the advice of the Promoter and the Investment Manager, as the continued existence and operation of the sub-funds was not economically viable.

There are 9 Funds in existence as at 31 December 2018.

Invesco Preferred Shares UCITS ETF  
Invesco USD Corporate Bond UCITS ETF  
Invesco Euro Corporate Bond UCITS ETF  
Invesco Emerging Markets USD Bond UCITS ETF  
Invesco Italian PIR Multi-Asset Portfolio UCITS ETF  
Invesco Euro Floating Rate Note UCITS ETF  
Invesco USD Floating Rate Note UCITS ETF  
Invesco AT1 Capital Bond UCITS ETF  
Invesco Variable Rate Preferred Shares UCITS ETF

Except where otherwise stated or the context requires, capitalised terms have the meaning given to them in the Prospectus of the Company dated 29 May 2018.

### Investment objective and policy

The Articles provide that the investment objective and policies for each Fund be formulated by the Directors at the time of the creation of the Fund.

The investment objective of each Fund is to seek to provide Redeemable Shareholders/Shareholders (these terms are used interchangeably throughout the Financial Statements) with a Target Performance linked to the performance of a Reference Index or Reference Asset by directly or indirectly purchasing a portfolio of transferable securities that may (but is not obliged to) comprise all or a representative sample of the constituent securities of that Reference Index or Reference Asset.

Each Fund will seek to achieve its objective by pursuing a policy which will seek to track the performance of a Reference Index or Reference Asset and will generally use either a Replication Strategy, Sampling Strategy or Master Feeder Strategy, with the aim of minimising as far as possible the difference in performance between the Fund and the relevant Reference Index or Reference Asset. The Investment Manager determines whether a Replication Strategy, Sampling Strategy or Master Feeder Strategy is most appropriate for a Fund. The Relevant Supplement will specify and describes the strategy the applicable Fund intends to use.

# Annual Report and Audited Financial Statements 2018

## Investment objective and policy (continued)

The following is a summary description of each of the Replication Strategy, Sampling Strategy and Master Feeder Strategy.

- **Replication Strategy** - this strategy seeks to hold all of the securities of a particular Reference Index or Reference Asset, so that the portfolio of the Fund is a near mirror-image of the components of the relevant Reference Index or Reference Asset.
- **Sampling Strategy** - this strategy seeks to build a representative portfolio that provides a return comparable to that of a Reference Index or Reference Asset. This strategy is used for tracking certain equity or fixed income indices which are too broad to replicate, contains securities which are currently unavailable or difficult to purchase in the open markets or an announcement has been made that certain Securities will shortly be included as components of the Reference Index or Reference Asset. Consequently, a Fund using this strategy will typically hold only a subset of the securities which comprise the relevant Reference Index or Reference Asset.
- **Master Feeder Strategy** - this strategy seeks to achieve the investment objective of the relevant Fund by investing substantially all (and in any event no less than 85%) of the assets of the relevant Fund in another eligible UCITS Investment Fund in accordance with the requirements of the Central Bank.

A Fund may also on occasion hold securities which were not comprised in the relevant Reference Index or Reference Asset where the Investment Manager believes this to be appropriate in light of the investment objective and investment restrictions of the Fund, or other factors such as market conditions. The potential for any such proposed investment by a Fund will be disclosed in the relevant Supplement.

In limited circumstances and only where disclosed in the Supplement for the relevant Fund, a Fund may have also used the Swap Strategy.

- **Swap Strategy** - this strategy uses financial derivative instruments and transactions and/or OTC derivatives to achieve the Target Performance by exchanging the performance of a basket of global equity securities and equity related securities in return for the performance/return of the Reference Index.

In each case, information in relation to the types of instruments or securities in which the relevant Fund will invest, including details in relation to the exchanges or markets on which the Fund's investments will be listed or traded, will be set out in the Supplement of the relevant Fund.

There is no assurance that the investment objective of any Fund whose performance is linked to the Reference Index or Reference Asset will actually be achieved.

The individual Fund's investment objectives and strategies are contained in the individual Fund's Financial Statements.

As at 31 December 2018, the Company had 9 active Funds.

|   | <b>Strategy</b> | <b>Launch date</b> | <b>Functional currency</b> |
|---|-----------------|--------------------|----------------------------|
| Invesco Preferred Shares UCITS ETF                  | Replication     | 28/09/2017         | USD                        |
| Invesco USD Corporate Bond UCITS ETF                | Sampling        | 15/11/2017         | USD                        |
| Invesco Euro Corporate Bond UCITS ETF               | Sampling        | 14/11/2017         | EUR                        |
| Invesco Emerging Markets USD Bond UCITS ETF         | Sampling        | 16/11/2017         | USD                        |
| Invesco Italian PIR Multi-Asset Portfolio UCITS ETF | Replication     | 28/01/2018         | EUR                        |
| Invesco Euro Floating Rate Note UCITS ETF           | Sampling        | 18/05/2018         | EUR                        |
| Invesco USD Floating Rate Note UCITS ETF            | Sampling        | 18/05/2018         | USD                        |
| Invesco AT1 Capital Bond UCITS ETF                  | Sampling        | 20/06/2018         | USD                        |
| Invesco Variable Rate Preferred Shares UCITS ETF    | Sampling        | 3/10/2018          | USD                        |

# Annual Report and Audited Financial Statements 2018

## Investment objective and policy (continued)

As at 31 December 2018, the listing details of the 9 active Funds are:

|   | <b>Listing</b>   |
|---|--|
| Invesco Preferred Shares UCITS ETF*                 | Euronext Dublin, London Stock Exchange, SIX Swiss Exchange, Borsa Italiana, Deutsche Börse Xetra |
| Invesco USD Corporate Bond UCITS ETF                | Euronext Dublin, London Stock Exchange, SIX Swiss Exchange, Borsa Italiana                       |
| Invesco Euro Corporate Bond UCITS ETF*              | SIX Swiss Exchange, Borsa Italiana, Deutsche Börse Xetra   |
| Invesco Emerging Markets USD Bond UCITS ETF         | Euronext Dublin, London Stock Exchange, SIX Swiss Exchange, Borsa Italiana                       |
| Invesco Italian PIR Multi-Asset Portfolio UCITS ETF | Borsa Italiana   |
| Invesco Euro Floating Rate Note UCITS ETF*          | SIX Swiss Exchange, Borsa Italiana, Deutsche Börse Xetra   |
| Invesco USD Floating Rate Note UCITS ETF*           | Euronext Dublin, London Stock Exchange, SIX Swiss Exchange, Borsa Italiana, Deutsche Börse Xetra |
| Invesco AT1 Capital Bond UCITS ETF*                 | Euronext Dublin, London Stock Exchange, SIX Swiss Exchange, Borsa Italiana, Deutsche Börse Xetra |
| Invesco Variable Rate Preferred Shares UCITS ETF    | Euronext Dublin, London Stock Exchange, SIX Swiss Exchange, Borsa Italiana                       |

Information above relates to Class A Shares unless otherwise noted.

\* Xetra is the Deutsche Börse Xetra XTF Funds Platform of the Frankfurt Stock Exchange.

# Investment Manager's Report

## Annual Report and Audited Financial Statements 2018

### Invesco Preferred Shares UCITS ETF

#### Investment Manager's Report

The Invesco Preferred Shares UCITS ETF aims to deliver the performance of the BofA Merrill Lynch Diversified Core Plus Fixed Rate Preferred Securities Net Total Return Index (the "Reference Index") less fees, expenses and transaction costs.

PowerShares Preferred Shares UCITS ETF changed its name to Invesco Preferred Shares UCITS ETF on 25 May 2018.

The Reference Index is designed to measure the performance of fixed rate US Dollar denominated preferred securities issued in the US domestic market. The index includes preference shares (perpetual preferred securities) stock and senior and subordinated debt issued in US\$25, US\$50 or US\$100 par/liquidation increments. Securities comprising the Reference Index must be rated at least B3 (based on an average of Moody's, S&P and Fitch) and must have an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). The Reference Index is rebalanced monthly. In order to achieve the investment objective, the Fund will employ a replication method that looks to invest predominately in securities that as closely as possible match the constituents of the Reference Index.

#### Performance

Outperformance due to withholding tax difference between the Fund and the Index and the positive effects of Fund sampling.



# Annual Report and Audited Financial Statements 2018

## **Invesco Euro Corporate Bond UCITS ETF**

### **Investment Manager's Report**

The Invesco Euro Corporate Bond UCITS ETF aims to deliver the performance of the Bloomberg Barclays Euro Corporate Index ("Reference Index"), less fees and expenses. PowerShares Euro Corporate Bond UCITS ETF changed its name to Invesco Euro Corporate Bond UCITS ETF on 25 May 2018.

The Reference Index is a broad-based benchmark that measures the investment grade, euro-denominated, fixed-rate corporate bond market. Inclusion is based on the currency denomination of a bond and not the country of risk of the issuer. The Reference Index is a component of the Euro Credit and Euro Aggregate indices and provided the necessary inclusion rules are met, Reference Index securities also contribute to the multi-currency Global Aggregate Index.

Sector: Corporate (industrial, utility and financial institutions) issuers only.

Eligible currencies: Principal and interest must be denominated in EUR.

Quality: Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality:

- Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers.
- Unrated securities are included provided that an issuer rating is applicable.

#### **Coupon**

- Fixed-rate coupon
- Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.
- Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only.

EUR 300mn minimum par amount outstanding.

#### **Performance**

The Fund outperformed, after fees, by 2bps. The Fund is sampled and security selection has contributed to the outperformance.

# Annual Report and Audited Financial Statements 2018

## Invesco USD Corporate Bond UCITS ETF

### Investment Manager's Report

The Invesco USD Corporate Bond UCITS ETF aims to deliver the performance of the Bloomberg Barclays USD IG Corporate Liquidity Screened Bond Index ("Reference Index"), less fees and expenses. PowerShares USD Corporate Bond UCITS ETF changed its name to Invesco USD Corporate Bond UCITS ETF on 25 May 2018.

The Reference Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The Reference Index is a subset of the US Corporate index with higher minimum amount outstanding thresholds defined per sector. The index was launched in September 2017, with index history backfilled to 1 January 2012.

Sector: Corporate (industrial, utility and financial institutions) issuers only.

Eligible currencies: Principal and interest must be denominated in USD.

Quality: Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality:

- Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers.
- Unrated securities may use an issuer rating for index classification purposes if available. Unrated subordinated securities are included if a subordinated issuer rating is available.

Amount outstanding: Utilities:

- USD500mn minimum par amount outstanding
- Industrial: USD1bn minimum par amount outstanding
- Financial Institutions: USD1bn minimum par amount outstanding

Coupon:

- Fixed-rate coupon.
- Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only.
- Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.

### Performance

The Fund underperformed, after fees, by 20bps. The Fund is sampled and security selection has contributed to the underperformance by 10bps. Pricing source difference has caused another 10bps of underperformance.

# Annual Report and Audited Financial Statements 2018

## Invesco Emerging Markets USD Bond UCITS ETF

### Investment Manager's Report

The Invesco Emerging Markets USD Bond UCITS ETF aims to deliver the performance of the Bloomberg Barclays Emerging Markets ("EM") USD Sovereign Bond Index ("Reference Index"), less fees and expenses. PowerShares Emerging Markets USD Bond UCITS ETF changed its name to Invesco Emerging Markets USD Bond UCITS ETF on 25 May 2018.

The Reference Index tracks fixed and floating-rate US dollar-denominated debt issued by EM governments. Country eligibility and classification as Emerging Markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications. The EM USD Sovereign Index is a subset of the flagship EM USD Aggregate Index. Country capped versions of the EM USD Sovereign Index are also available.

Currency: Principal and coupon must be denominated in USD.

Sector: Sovereign issues only

Amount outstanding: At the security level, USD 500mn minimum par amount outstanding.

Country inclusion: Bloomberg uses a fixed list of emerging market countries that is reviewed annually to define country eligibility in dedicated EM hard currency, local currency, and inflation-linked benchmarks. Criteria for inclusion in the EM country list are rules-based and include:

- Countries that meet one of the following two criteria: World Bank Income group classifications of low/middle income OR International Monetary Fund (IMF) classification as a non-advanced country.
- Additional countries that bond investors classify as EM due to factors such as investability concerns, the presence of capital controls, and/or geographic considerations may also be included on the list and are also reviewed on an annual basis. As of April 2014, 4 additional markets are included in the Bloomberg EM country list: Czech Republic, Israel, South Korea, and Taiwan.

Issue rating: Investment grade, high yield and unrated securities are permitted. Unrated bonds may use an implied issuer rating when not rated by a credit rating agency (Moody's, S&P, and Fitch).

### Performance

The Fund underperformed, after fees, by 23bps. The Fund is sampled and security selection has contributed to the underperformance by 3bps. Pricing source difference has caused another 20bps of underperformance.

# Annual Report and Audited Financial Statements 2018

## **Invesco Italian PIR Multi-Asset Portfolio UCITS ETF (launched 28 January 2018)**

### **Investment Manager's Report**

The Invesco Italian PIR Multi-Asset Portfolio UCITS ETF aims to deliver the performance of a basket (the "Reference Basket") of indices less fees, expenses and transaction costs. The Reference Basket consists of the indices as detailed on page 14.

Powershares Italian PIR Multi-Asset Portfolio UCITS ETF changed its name to Invesco Italian PIR Multi-Asset Portfolio UCITS ETF on 25 May 2018.

The Reference Basket is designed to generate capital growth and income through exposure primarily to Italian equity and fixed income markets together with an allocation to global equity and fixed income exposure for diversification by tracking each Reference Index with a set allocation within the portfolio together with a small allocation to cash.

### **Performance**

Fund outperformed by 178 bps. 140bps impact was on EUR/USD exposure and the remainder was due to Fund sampling.

# Annual Report and Audited Financial Statements 2018

## **Invesco Euro Floating Rate Note UCITS ETF (launched 18 May 2018)**

### **Investment Manager's Report**

The Invesco Euro Floating Rate Note UCITS ETF aims to deliver the performance of the Bloomberg Barclays Euro Corporate FRN 500 MM Liquid Bond Index ("Reference Index") less fees, expenses and transaction costs.

Powershares Euro Floating Rate Note UCITS ETF changed its name to Invesco Euro Floating Rate Note UCITS ETF on 25 May 2018.

The Reference Index is designed to measure the performance of globally issued, investment grade, Euro denominated, floating rate notes issued by corporate (industrial, utility and financial institutions) issuers only.

### **Performance**

Fund performed in line with Index. Fund is sampled and security selection contributed 2bps outperformance.

# Annual Report and Audited Financial Statements 2018

## **Invesco USD Floating Rate Note UCITS ETF (launched 18 May 2018)**

### **Investment Manager's Report**

The Invesco USD Floating Rate Note UCITS ETF aims to deliver the performance of the Bloomberg Barclays US Corporate FRN 500 MM Liquid Bond ("Reference Index") Index less fees, expenses and transaction costs.

Powershares USD Floating Rate Note UCITS ETF changed its name to Invesco USD Floating Rate Note UCITS ETF on 25 May 2018.

The Reference Index is designed to measure the performance of globally issued investment grade, US Dollar denominated, floating rate notes issued by corporate (industrial, utility and financial institutions) issuers only.

### **Performance**

Fund underperformed by 16bps due to security selection as Fund is sampled.

# Annual Report and Audited Financial Statements 2018

## **Invesco AT1 Capital Bond UCITS ETF (launched 20 June 2018)**

### **Investment Manager's Report**

The Invesco AT1 Capital Bond UCITS ETF aims to achieve the performance of the iBoxx USD Contingent Convertible Liquid Developed Market AT1 (8/5% Issuer Cap) Index (the "Reference Index") less fees, expenses and transaction costs.

The Reference Index is designed to reflect the performance of USD-denominated contingent convertible bonds issued by banks from developed countries worldwide.

### **Performance**

Fund underperformed by 10bps due to security selection as Fund is sampled.

# Annual Report and Audited Financial Statements 2018

## **Invesco Variable Rate Preferred Shares UCITS ETF (launched 3 October 2018)**

### **Investment Manager's Report**

The Invesco Variable Rate Preferred Shares UCITS ETF aims to achieve the performance of the Wells Fargo Diversified Hybrid and Preferred Securities Floating and Variable Rate Net Total Return Index (the "Reference Index") less fees, expenses and transaction costs.

The Reference Index is designed to track the performance of the U.S. trading market for floating and variable rate preferred and hybrid securities.

### **Performance**

Outperformance due to withholding tax difference between the Fund and Index and positive effects of Fund sampling.



# Annual Report and Audited Financial Statements 2018

## Benchmark indices/strategies:

| Fund name   | Functional currency | Reference index   |
|---|---------------------|---|
| Invesco Preferred Shares UCITS ETF                  | USD                 | BofA Merrill Lynch Diversified Core Plus Fixed Rate Preferred Securities Index  |
| Invesco USD Corporate Bond UCITS ETF                | USD                 | Bloomberg Barclays USD IG Corporate Liquidity Screened Bond Index   |
| Invesco Euro Corporate Bond UCITS ETF               | EUR                 | Bloomberg Barclays Euro Corporate Index   |
| Invesco Emerging Markets USD Bond UCITS ETF         | USD                 | Bloomberg Barclays Emerging Markets USD Sovereign Bond Index  |
| Invesco Italian PIR Multi-Asset Portfolio UCITS ETF | EUR                 | Reference Basket (20% FTSE Italia All-Share Index, 15% FTSE Italia Small Cap Index, 20% FTSE Italia STAR Index, 15% NASDAQ Global BuyBack Achievers Index, 20% FTSE Italian Corporate Bond Select Index, 7% Citi Time-Weighted US Fallen Angel Bond Select Index) |
| Invesco Euro Floating Rate Note UCITS ETF           | EUR                 | Bloomberg Barclays Euro Corporate FRN 500 MM Liquid Bond Index  |
| Invesco USD Floating Rate Note UCITS ETF            | USD                 | Bloomberg Barclays US Corporate FRN 500 MM Liquid Bond Index  |
| Invesco AT1 Capital Bond UCITS ETF                  | USD                 | USD Contingent Convertible Liquid Developed Market AT1 (8/5% Issuer Cap) Index  |
| Invesco Variable Rate Preferred Shares UCITS ETF    | USD                 | Wells Fargo Diversified Hybrid and Preferred Securities Floating and Variable Rate Net Total Return Index   |

Reference indexes listed above are applicable to all classes of a Fund.

The listing includes the 9 active Funds at 31 December 2018.

The performance of the Funds from 31 December 2017 to 31 December 2018 for the existing Funds and from launch date to 31 December 2018 for the 5 new Funds:

|   | Currency | Launch date | Return since launch* (%) | Index return since launch (%) | Tracking difference since launch* (%) | Realised Tracking Error p.a. since 31/12/17** (%) | Expected Tracking Error p.a. since 31/12/17 (%) |
|---|----------|-------------|--------------------------|-------------------------------|---------------------------------------|---|---|
| Invesco Preferred Shares UCITS ETF - Class A                          | USD      | 28/09/17    | -4.78%                   | -5.31%                        | 1.03%                                 | 0.04%   | 0.01% - 1.00%                                   |
| Invesco Preferred Shares UCITS ETF - Class Euro Currency Hedge        | USD      | 13/4/18     | -5.38%                   | -3.36%                        | -2.02%                                | 0.04%   | 0.01% - 1.00%                                   |
| Invesco Preferred Shares UCITS ETF - Class Swiss Franc Currency Hedge | USD      | 3/5/18      | -5.33%                   | -3.03%                        | -2.30%                                | 0.04%   | 0.01% - 1.00%                                   |
| Invesco Preferred Shares UCITS ETF - Class B                          | USD      | 10/12/18    | -0.18%                   | -0.30%                        | 0.16%                                 | 0.13%   | 0.01% - 1.00%                                   |
| Invesco USD Corporate Bond UCITS ETF - Class A                        | USD      | 15/11/17    | -3.08%                   | -2.72%                        | -0.20%                                | 0.04%   | 0.01% - 1.00%                                   |
| Invesco Euro Corporate Bond UCITS ETF - Class A                       | EUR      | 14/11/17    | -1.49%                   | -1.25%                        | 0.02%                                 | 0.03%   | 0.01% - 1.00%                                   |
| Invesco Emerging Markets USD Bond UCITS ETF - Class A                 | USD      | 16/11/17    | -4.60%                   | -4.20%                        | -0.23%                                | 0.06%   | 0.01% - 1.00%                                   |
| Invesco Italian PIR Multi-Asset Portfolio UCITS ETF - Class A         | EUR      | 28/1/18     | -16.51%                  | -17.88%                       | 1.78%                                 | 0.07%   | 0.01% - 1.00%                                   |
| Invesco Euro Floating Rate Note UCITS ETF - Class A                   | EUR      | 18/5/18     | -2.34%                   | -2.28%                        | 0.02%                                 | 0.01%   | 0.01% - 1.00%                                   |
| Invesco USD Floating Rate Note UCITS ETF - Class A                    | USD      | 18/5/18     | 0.02%                    | 0.24%                         | -0.16%                                | 0.02%   | 0.01% - 1.00%                                   |

# Annual Report and Audited Financial Statements 2018

The performance of the Funds from 31 December 2017 to 31 December 2018 for the existing Funds and from launch date to 31 December 2018 for the 5 new Funds (continued):

|  | Currency | Launch date | Return since launch* (%) | Index return since launch (%) | Tracking difference since launch* (%) | Realised Tracking Error p.a. since 31/12/17** (%) | Expected Tracking Error p.a. since 31/12/17 (%) |
|--|----------|-------------|--------------------------|-------------------------------|---------------------------------------|---|---|
| Invesco USD Floating Rate Note UCITS ETF - Class Euro Currency Hedge | USD      | 18/5/18     | -1.79%                   | 0.02%                         | -1.81%                                | 0.02%   | 0.01% - 1.00%                                   |
| Invesco AT1 Capital Bond UCITS ETF - Class A                         | USD      | 20/6/18     | -1.77%                   | -1.46%                        | -0.10%                                | 0.05%   | 0.01% - 1.00%                                   |
| Invesco AT1 Capital Bond UCITS ETF - Class Euro Currency Hedge       | USD      | 25/6/18     | -2.44%                   | -0.90%                        | -1.54%                                | 0.04%   | 0.01% - 1.00%                                   |
| Invesco AT1 Capital Bond UCITS ETF - Class GBP hgd Dist Shares       | USD      | 25/9/18     | -3.67%                   | -3.15%                        | -0.52%                                | 0.05%   | 0.01% - 1.00%                                   |
| Invesco AT1 Capital Bond UCITS ETF - Class USD Unhgd Dist Shares     | USD      | 25/9/18     | -3.15%                   | -2.92%                        | -0.13%                                | 0.05%   | 0.01% - 1.00%                                   |
| Invesco Variable Rate Preferred Shares UCITS ETF - Class A           | USD      | 3/10/18     | -5.92%                   | -6.41%                        | 0.61%                                 | 0.05%   | 0.01% - 1.00%                                   |
| Invesco Variable Rate Preferred Shares UCITS ETF - Class B           | USD      | 10/12/18    | -1.20%                   | -1.61%                        | 0.44%                                 | 0.05%   | 0.01% - 1.00%                                   |

Information above relates to Class A share unless otherwise noted.

\* Inclusive of fees.

\*\* The higher than expected realised tracking errors were primarily attributed to the withholding tax impact and future basis risk.

Realised tracking error and realised tracking difference are in line with expectations. The tracking difference between the Fund and the benchmark index/strategy is mainly driven by the management fee.

|   | Fund Total Return | Index Return (Masterclass for Hedge classes) | TER Impact (Fee differential for Hedge classes) | Tracking Difference | Tracking Error (Accounting Year) | Target TE     |
|---|-------------------|--|---|---------------------|----------------------------------|---------------|
| Invesco Preferred Shares UCITS ETF                  | -4.78%            | -5.31%                                       | -0.50%  | 1.03%               | 0.04%                            | 0.01% - 1.00% |
| Invesco Euro Corporate Bond UCITS ETF               | -1.49%            | -1.25%                                       | -0.26%  | 0.02%               | 0.03%                            | 0.01% - 1.00% |
| Invesco USD Corporate Bond UCITS ETF                | -3.08%            | -2.72%                                       | -0.16%  | -0.20%              | 0.04%                            | 0.01% - 1.00% |
| Invesco Emerging Markets USD Bond UCITS ETF         | -4.60%            | -4.20%                                       | -0.16%  | -0.23%              | 0.06%                            | 0.01% - 1.00% |
| Invesco Italian PIR Multi-Asset Portfolio UCITS ETF | -16.51%           | -17.88%                                      | -0.42%  | 1.78%               | 0.07%                            | 0.01% - 1.00% |
| Invesco Euro Floating Rate Note UCITS ETF           | -2.34%            | -2.28%                                       | -0.07%  | 0.02%               | 0.01%                            | 0.01% - 1.00% |
| Invesco USD Floating Rate Note UCITS ETF            | 0.02%             | 0.24%  | -0.06%  | -0.16%              | 0.02%                            | 0.01% - 1.00% |
| Invesco AT1 Capital Bond UCITS ETF                  | -1.77%            | -1.46%                                       | -0.21%  | -0.10%              | 0.05%                            | 0.01% - 1.00% |
| Invesco Variable Rate Preferred Shares UCITS ETF    | -5.92%            | -6.41%                                       | -0.12%  | 0.61%               | 0.05%                            | 0.01% - 1.00% |

# Directors' Report

## Annual Report and Audited Financial Statements 2018

The Directors present herewith the Annual Report and Audited Financial Statements for the financial year ended 31 December 2018.

### Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, the Companies Act 2014 (as amended) and the applicable regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the Company's financial statements in accordance with IFRS as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014 (as amended).

In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Source FTSE RAFI Europe Equity Income Physical UCITS ETF, Source FTSE RAFI UK Equity Income Physical UCITS ETF and Source FTSE RAFI US Equity Income Physical UCITS ETF made final redemptions on 14 June 2017. The Company continued as a going concern with the launch of Invesco Preferred Shares UCITS ETF on 28 September 2017, Invesco USD Corporate Bond UCITS ETF on 15 November 2017, Invesco Euro Corporate Bond UCITS ETF on 14 November 2017, Invesco Emerging Markets USD Bond UCITS ETF on 16 November 2017, Invesco Italian PIR Multi-Asset Portfolio UCITS ETF on 28 January 2018, Invesco Euro Floating Rate Note UCITS ETF 18 May 2018, Invesco USD Floating Rate Note UCITS ETF on 18 May 2018, Invesco AT1 Capital Bond UCITS ETF on 20 June 2018 and Invesco Variable Rate Preferred Shares UCITS ETF on 3 October 2018.

The Directors are responsible for keeping adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy and which enable them to ensure that the financial statements are prepared in accordance with IFRS as adopted by the European Union and comply with the provisions of the Companies Act 2014 (as amended), the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations"), the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the "Central Bank UCITS Regulations"), the Listing Rules of the various stock exchanges and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In this regard, BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") has been appointed for the purpose of maintaining adequate accounting records and BNY Mellon Trust Company (Ireland) Limited (the "Depositary") have been appointed for the purpose of safeguarding the assets of the Company. The accounting records are maintained at the Administrator's registered offices at Riverside Two, Sir John Rogersons Quay, Grand Canal Dock, Dublin 2, Ireland.

The Financial Statements are published on the [etf.invesco.com](http://etf.invesco.com) website. The Directors and Invesco UK Services Limited are responsible for the maintenance and integrity of the financial information included on this website. Legislation in the Republic of Ireland governing the presentation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

# Annual Report and Audited Financial Statements 2018

## Principal activities

The investment objective of each Fund is to seek to provide Redeemable Shareholders/Shareholders (these terms are used interchangeably throughout the Financial Statements) with a Target Performance linked to the performance of a Reference Index or Reference Asset by directly or indirectly purchasing a portfolio of transferable securities that may (but is not obliged to) comprise all or a representative sample of the constituent securities of that Reference Index or Reference Asset.

## Results for the financial year

The results of operations for the financial year are set out in the Statement of Comprehensive Income on page 30.

## Corporate governance statement

The European Communities (Directive 2006/46/EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") requires the inclusion of a corporate governance statement in the Directors' Report.

On 8 December 2015, the Board of Directors formally adopted the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as published by Irish Funds ("IF"), as the Company's corporate governance code. This publication is available from the IF website ([www.irishfunds.ie](http://www.irishfunds.ie)).

The Board of Directors has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial year.

As at 31 December 2018, the Company is in compliance with the IF Code.

The Company is also subject to corporate governance practices imposed by:

- (i) The Companies Act 2014 (as amended) (the "Companies Act") which is available for inspection at the registered office of the Company and may also be obtained at: [www.irishstatutebook.ie](http://www.irishstatutebook.ie);
- (ii) The Constitutional Documents of the Company which are available for inspection at the registered office of the Company at 32 Molesworth Street, Dublin 2, Ireland and at the Companies Registration Office in Ireland;
- (iii) The Central Bank of Ireland in the Central Bank UCITS Regulations which can be obtained from the website at: [www.centralbank.ie](http://www.centralbank.ie);
- (iv) Deutsche Börse through the trading model of XETRA for shares (including ETFs) which can be obtained from the Deutsche Börse website at: [www.deutscheboerse.com](http://www.deutscheboerse.com); and

- (v) The Irish Stock Exchange ("ISE") trading as Euronext Dublin continuing obligations requirements for open ended Funds which can be obtained from the ISE website at: [www.ise.ie](http://www.ise.ie)
- (vi) The Swiss Stock Exchange ("SIX") continuing obligations requirements for investment Funds which can be obtained from the SIX website at: [www.sixswiss-exchange.com](http://www.sixswiss-exchange.com); and
- (vii) The Italian Stock Exchange ("Borsa Italiana") continuing obligations requirements for ETFs which can be obtained from the Borsa Italiana website at [www.borsaitaliana.it](http://www.borsaitaliana.it).

By virtue of the listing on the ISE, certain Funds are admitted to trading on the London Stock Exchange ("LSE") on a "cross listing" basis. In the context, however, of corporate governance, the Funds are not subject to the listing requirements of the London Stock Exchange but instead comply with those of the ISE. In respect of Funds admitted to trading on Xetra or SIX, the Funds are listed directly with the exchanges and are required to comply with the listing requirements of the local jurisdiction. Please refer to listing details on page 4.

## Board Diversity

The Board considers that diversity in its membership is beneficial and therefore seeks to ensure that the Board's size, structure and composition, including skills, knowledge, experience and diversity is sufficient for the effective direction and control of the Company. However, as the Board is committed to appointing the most appropriate candidates as Directors of the Company, it has not set any measurable objectives in respect of this policy. As detailed in the Organisation section on page 1 and in the significant events on p21, Anne-Marie King was appointed as a Director of the Company on 13 December 2018.

## Internal control and risk management systems

The Company is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process.

The Company has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and semi-annual Financial Statements. The Company has appointed BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") as its administrator consistent with the regulatory framework applicable to investment Fund companies such as the Company.

# Annual Report and Audited Financial Statements 2018

## Internal control and risk management systems (continued)

The Administrator has functional responsibility for the preparation of the Company's annual and semi-annual Financial Statements and the maintenance of its accounting records. On appointing the Administrator the Board of Directors (the "Board") noted that it is regulated by the Central Bank of Ireland and, in the Board's opinion, has significant experience as an administrator.

The Board also noted the independence of the Administrator from the Company's Investment Manager. Subject to the supervision of the Board, the appointment of the Administrator is intended to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The annual and semi-annual Financial Statements of the Company are required to be approved by the Board and filed with the Central Bank of Ireland and the relevant Stock Exchange within the relevant respective time periods. The statutory Financial Statements are required to be audited by independent auditors who report annually to the Board on their findings.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. The Board reviews the Financial Statements prior to their approval, though it should be noted that such review does not include verification of information in the Financial Statements to underlying documents. The annual Financial Statements are subject to independent audit by PricewaterhouseCoopers (the "Auditor") and the Board receives and considers a report from the Auditor as to the audit process.

This report includes observations as to the extent to which (i) the annual Financial Statements provide a true and fair view (ii) adjustments were made to the accounting records maintained by the Administrator in order to provide Financial Statements giving a true and fair view and (iii) potential significant control weaknesses identified by the Auditor during the audit process. The Auditor presents this report at the board meeting at which the Financial Statements are presented to the Board for approval. The Board also invites the Auditor to attend the board meeting prior to the commencement of the audit, at which the Auditor presents the audit plan to the Board.

## Shareholders' meetings

The convening and conduct of Shareholders' meetings are governed by the constitutional documents of the Company and the Companies Act. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within fifteen months of the date of the previous annual general meeting.

Shareholders representing not less than one-tenth of the paid up share capital of the Company may also request the Directors to convene a Shareholders' meeting.

Not less than twenty one clear days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and fourteen clear days' notice must be given in the case of any other general meeting unless the Auditors of the Company and all the Shareholders of the Company entitled to attend and vote agree to shorter notice.

Two Shareholders present either in person or by proxy constitutes a quorum at a general meeting. Every holder of shares present in person or by proxy who votes on a show of hands is entitled to one vote and the holders of Subscriber shares shall have one vote in respect of all of the Subscriber shares in issue. On a poll, every holder of shares present in person or by proxy is entitled to one vote in respect of each share held by him.

The chairman of a general meeting of the Company or at least two Shareholders present in person or by proxy having the right to vote at the meeting or any holder or holders of shares present in person or by proxy representing at least one tenth of the shares in issue having the right to vote at such meeting may demand a poll.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a Shareholders' meeting. An ordinary resolution of the Company or of the Shareholders of a particular Fund or Class requires a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. A special resolution of the Company or of the Shareholders of a particular Fund or Class requires a majority of not less than 75% of the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the constitutional documents of the Company.

# Annual Report and Audited Financial Statements 2018

## Composition of the board of directors

Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors may not be less than two. Currently the Board is composed of three Directors.

The business of the Company is managed by the Directors, who exercise all such powers of the Company as are not by the Companies Act or by the constitutional documents of the Company required to be exercised by the Company in a general meeting.

A Director may, and the Company Secretary of the Company on the requisition of a Director will, at any time summon a meeting of the Directors. Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the chairman has a casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

The Board has not appointed, nor does it intend to appoint, a Director from the Company's Investment Manager as recommended in section 4.2 of the Corporate Governance Code. This decision is consistent with the Investment Manager's policy not to have a representative on the board of any entities for which it provides Investment Management services and is intended to ensure the independence of each such board. The Directors who held office at the date of these Financial Statements are:

**Gary Buxton (British):** Mr Buxton is the Chief Financial Officer and Chief Operating Officer of Invesco UK Services Limited, which is the promoter of the Company, and is responsible for the Investment Management group and Capital Markets. Before joining Invesco UK Services Limited, he was a Director of the Hedge Fund Development Group at Merrill Lynch (2006 - 2008). This role involved new product development, new fund creation and fund distribution with oversight of finance, legal, technology, HR and compliance. Prior to this he was in the Finance Division at Merrill Lynch (2003 - 2006) and CSFB, London (2001 - 2003) having started his career at Deloitte & Touche (1998 - 2001). Mr. Buxton has a Bachelor of Science in Economics and Politics from the University of Bristol and is a qualified Chartered Accountant (FCA).

**Liam Manahan (Irish):** Mr. Manahan has spent over thirty years in Asset Management and Asset Servicing as a Sales and Services Manager for Bank of Ireland Asset Management and was a founding Director of Bank of Ireland Securities Services. As CEO of Bank of Ireland Securities Services he set strategic direction for the business, agreed and delivered on specific goals and increased profitability on an annual basis. More recently he has acted as a Risk Advisor to the Central Bank of Ireland. Mr. Manahan is a past council member of the Irish Funds Industry Association and past Chairman of the association through 2006-2007. He currently acts as an independent Non-Executive Director to Fund companies.

**Anne-Marie King (Irish)** is Director of Cross Border Fund Governance at Invesco Global Asset Management DAC, as well as one of the Conducting Officers of Invesco Management SA. As Director of Cross Border Fund Governance, Anne-Marie is responsible for assisting and supporting the cross-border fund Boards and the related Luxembourg and Irish management companies in their oversight of the management and operations of the funds. The funds include Irish UCITS, Irish Exchange Traded Funds, Irish Money Market Funds and Luxembourg SICAVs and AIFs. Anne-Marie is also a member of the Invesco Global Asset Management DAC Board of Directors.

Anne-Marie joined Invesco (then known as Investment Fund Administrators Limited, a fully owned subsidiary of GT Asset Management Ireland Limited) in September 1994, as a member of the Client Services department. Since then Anne-Marie has undertaken a number of varied and progressive roles within Invesco including: Finance, Investment Administration, Business Development and Transfer Agency. Before assuming her current position in 2013, Anne-Marie was Head of Cross Border Transfer Agency with full responsibility for transfer agency operational, control and oversight functions and the related project and product implementation. Anne-Marie graduated from Dublin Business School in 1998 and is a fellow of the Chartered Association of Certified Accountants.

**Barry McGrath (Irish):** Mr. McGrath is an independent director and consultant to a number of Irish Funds. Prior to this, he was Head of the Investment Funds Group in Maples' Dublin office from 2008-2017. He specialised in financial services law. He was previously a senior partner with a large Irish corporate law firm. He is recommended by a number of directories, including the 2008 editions of Chambers Global, IFLR1000, PLC Which Lawyer?, The Legal 500 and Chambers Europe. Barry is a graduate of University College Dublin.

# Annual Report and Audited Financial Statements 2018

## Composition of the board of directors (continued)

Barry has made frequent contributions to investment fund publications and is a regular speaker at both international conferences and domestic seminars, including Irish Funds Industry Association (IFIA) events. He has been a recent contributor of articles to The Lawyer, HFM Week and Hedge Week. Barry was formerly a member of the Alternative Investment Committee of the IFIA is currently a member of the Counsel of the IFIA

## Directors' and company secretary's interests and transactions

Apart from those noted below, there are no contracts or arrangements of any significance in relation to the business of the Company in which the Directors or Company Secretary had any interest as defined in the Companies Act 2014 (as amended) at any time during the financial year.

The Directors and Company Secretary had no beneficial interest in the Redeemable Shares of the Company at 31 December 2018 or at any time during the financial year (31 December 2017: Nil).

Barry McGrath is a Director of the Company, the Manager and Invesco Holdings Limited. Gary Buxton is a Director of the Company, the Manager and the Chief Operating Officer of Invesco UK Services Limited, which is the Promoter of the Company. Anne-Marie King is a Director of the Company and the Manager and a Director of Cross Border Fund Governance at Invesco Global Asset Management DAC, as well as one of the Conducting Officers of Invesco Management SA.

Details of all related party transactions are contained in Note 10 to the Company Financial Statements.

## Review of business and future developments

A review of market activities and market outlook can be found in the Investment Manager's Reports on pages 5 to 15.

The Funds will continue to pursue their investment objectives as set out in the Prospectus and Supplements.

## Risk management objectives and policies

The main risks arising from the Company's financial instruments are as described in Note 2 to the Financial Statements.

## Brexit

On 23 June 2016, the UK electorate voted to leave the European Union and the UK is now due to leave the EU on 31 October 2019. 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.

A "soft" Brexit will enable Invesco to operate on a business-as-usual basis while the full details of the UK's exit from the EU are clarified. A "hard" Brexit is one in which the UK leaves the EU without having a withdrawal agreement in place. A hard Brexit would mean the Company would need to have appropriate regulatory permissions to market investment products from the EU into the UK. Since 7 January 2019, EU27 firms have been able to notify the UK's Financial Conduct Authority ("FCA") of their intention to use the Temporary Permissions Regime which in the event of a "hard" Brexit allows them to continue to operate in the UK within the scope of their current permissions, while seeking full UK authorisation. It will also allow investment funds with a passport to continue marketing in the UK while seeking UK recognition. The Company has completed its Temporary Permissions Regime application at the FCA in order to continue marketing the funds in the UK. The Company is also working with any relevant service providers or UK contracted entities to ensure that there is no disruption in the provision of services to the funds.

The Company 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. The Company is monitoring developments closely, through a Brexit Steering Committee, and will take advantage of the Temporary Permissions Regime to ensure that the impact on clients and the Company is minimal.

## Transactions with connected persons

Any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if conducted at arm's length. Transactions must be in the best interests of the Shareholders.

# Annual Report and Audited Financial Statements 2018

## Transactions with connected persons (continued)

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the year complied with the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations.

## Directors' compliance statement

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in section 225 of the Companies Act 2014 (as amended).

The Directors confirm that:

- 1) A compliance policy statement has been drawn up that sets out policies, that in our opinion are appropriate to the Company, respecting compliance by the Company with its relevant obligations;
- 2) appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations; and
- 3) during the financial year, the arrangements or structures referred to in (2) have been reviewed.

## Statement of relevant audit information

The following applies in the case of each person who was a Director of the Company, as disclosed on page 19, at the time this report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- (b) the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

## Significant events during the financial year

The Invesco Italian PIR Multi-Asset Portfolio UCITS ETF launched on 28 January 2018.

The name and address of the Promoter changed from Source UK Services Limited, 110 Cannon Street, London EC4N 6EU, United Kingdom to Invesco UK Services Limited, Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG6 1HH, United Kingdom on 23 March 2018.

The Invesco Preferred Shares UCITS ETF launched a Euro Currency Hedge Class on 13 April 2018

The Invesco Preferred Shares UCITS ETF launched a CHF Currency Hedge Class on 3 May 2018.

The Invesco Euro Floating Rate Note UCITS ETF and Invesco USD Floating Rate Note UCITS ETF launched on 18 May 2018.

Effective 25 May 2018, the brand name of the umbrella changed from Source Markets II plc to Invesco Markets II plc and the Fund names changed, please refer to the Investment Managers report for further details on the Fund name changes.

The name of the Manager changed from Source Investment Management Limited to Invesco Investment Management Limited on 29 May 2018.

On 29 May 2018, a new prospectus was issued.

The Invesco AT1 Capital Bond UCITS ETF launched on 20 June 2018.

Effective 20 June 2018, Arthur Cox replaced William Fry as the Legal Advisers for the Funds.

The Invesco AT1 Capital Bond UCITS ETF launched a US Dollar Unhedged Class and a Sterling Currency Hedged Class on 25 September 2018.

The Invesco Variable Rate Preferred Shares UCITS ETF launched on 3 October 2018.

On 16 November 2018 an extraordinary general meeting of the shareholders of the Company was held to approve the adoption of an International Central Securities Depository ("ICSD") Settlement Model in place of the Current Settlement Model. The new ICSD model took effect on 25 February 2019.



# Annual Report and Audited Financial Statements 2018

## Significant events during the financial year (continued)

With effect from 30 November 2018, Mike Kirby resigned as non-executive Director of the Company.

With effect from 13 December 2018 Barry McGrath was appointed as an independent non-executive Director and Anne-Marie King was appointed as a non-executive Director of the Company.

There are no other significant events to report for the financial year ended 31 December 2018.

## Events since the financial year end

The Invesco US Treasury Bond UCITS ETF, Invesco US Treasury Bond 1-3 Year UCITS ETF, Invesco US Treasury Bond 3-7 Year UCITS ETF and Invesco US Treasury Bond 7-10 Year UCITS ETF launched on 11 January 2019.

The Invesco US Treasury Bond 7-10 Year UCITS ETF launched Class G on 14 January 2019.

The Invesco MSCI Europe ESG Catholic Principles UCITS ETF launched on 24 January 2019.

The Prospectus and all Supplements for the Funds were updated and re-issued on 25 February 2019.

The Funds migrated to the ICSD settlement model on 25 February 2019.

With effect from 26 February 2019, Liam Manahan resigned as independent non-executive Director of the Company.

The Invesco MDAX<sup>®</sup> UCITS ETF was launched on 19 February 2019.

With effect from 4 March 2019, Barry McGrath was appointed as Chairman of the Board of Directors.

The Invesco Elwood Global Blockchain UCITS ETF was launched on 8 March 2019.

The Invesco US Treasury Bond 3-7 Year UCITS ETF launched Class G and the Invesco US Treasury Bond 7-10 Year UCITS ETF launched Class E on 13 March 2019.

The Invesco UK Gilt 1-5 Year UCITS ETF and Invesco UK Gilts UCITS ETF were launched on 18 March 2019.

There were no other post balance sheet events to report for the financial year ended 31 December 2018.

# Annual Report and Audited Financial Statements 2018

## Distributions

The following distributions were paid after the financial year end date:

| <u>Date</u>   | <u>Fund</u>  | <u>Currency</u> | <u>Amount</u> |
|---------------|--|-----------------|---------------|
| 21 March 2019 | Invesco Preferred Shares UCITS ETF                                   | USD             | 1,063,065     |
| 21 March 2019 | Invesco Preferred Shares UCITS ETF - Class Euro Currency Hedge       | EUR             | 66,523        |
| 21 March 2019 | Invesco USD Corporate Bond UCITS ETF - Class A                       | USD             | 351,263       |
| 21 March 2019 | Invesco Euro Corporate Bond UCITS ETF - Class A                      | EUR             | 68,095        |
| 21 March 2019 | Invesco Emerging Markets USD Bond UCITS ETF - Class A                | USD             | 2,168,067     |
| 21 March 2019 | Invesco USD Floating Rate Note UCITS ETF - Class A                   | USD             | 37,270        |
| 21 March 2019 | Invesco USD Floating Rate Note UCITS ETF - Class Euro Currency Hedge | EUR             | 16,137        |
| 21 March 2019 | Invesco AT1 Capital Bond UCITS ETF USD Distributing                  | USD             | 9,225         |
| 21 March 2019 | Invesco AT1 Capital Bond UCITS ETF - Class Euro Currency Hedge       | EUR             | 236,325       |
| 21 March 2019 | Invesco AT1 Capital Bond UCITS ETF - Class GBP hgd Dist Shares       | GBP             | 550           |
| 21 March 2019 | Invesco Variable Rate Preferred Shares UCITS ETF                     | USD             | 123,352       |

## Independent auditors

In accordance with Section 383(2) of the Companies Act 2014 (as amended), PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, who were appointed during the financial year, will continue in office.

On Behalf of the Board of Directors

Director: Barry McGrath

Director: Anne-Marie King

Date: 23 April 2019

# Depository's Report to the Shareholders

## Annual Report and Audited Financial Statements 2018

For the period from 1 January 2018 to 31 December 2018 (the "Period")

BNY Mellon Trust Company (Ireland) Limited (the "Depository" "us", "we", or "our") has enquired into the conduct of Invesco Markets II plc (the "Company") for the Period, in its capacity as Depository to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company, in accordance with our role as Depository to the Company and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Depository

Our duties and responsibilities are outlined in Regulation 34 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as amended (the "Regulations").

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's constitutional documentation and the Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not been so managed, we as Depository must state in what respects it has not been so managed and the steps which we have taken in respect thereof.

### Basis of Depository Opinion

The Depository conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

### Opinion

In our opinion, the Company has been managed during the Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documentation and the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional documentation and the Regulations.

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For and on behalf of BNY Mellon Trust Company (Ireland) Limited,  
One Dockland Central,  
Guild Street,  
International Financial Services Centre,  
Dublin 1.

Dated 23 April 2019

# Independent auditors' report to the members of Invesco Markets II Plc

## Report on the audit of the financial statements

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### **Opinion**

In our opinion, Invesco Markets II plc's financial statements:

- give a true and fair view of the Company's and Funds' (as listed on page 2) assets, liabilities and financial position as at 31 December 2018 and of their results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 (as amended) and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual report and audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2018;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares for the year then ended;
- the Schedule of Investments for each of the Funds as at 31 December 2018; and
- the Notes to the Financial Statements for the Company and for each of its Funds, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Directors of the Company.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) 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 Ireland, which includes IAASA's Ethical Standards as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standards were not provided to the Company.

Other than those disclosed in note 11, we have provided no non-audit services to the Company in the period from 1 January 2018 to 31 December 2018.

# Annual Report and Audited Financial Statements 2018

## Our audit approach

### Overview



#### Materiality

- Overall materiality: 0.50% of Net Assets Value ("NAV") at 31 December 2018 for each of the Company's Funds.

#### Audit scope

- The Company is an open-ended investment Company with variable capital and engages Invesco Investment Management Limited (the "Manager") to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit taking into account the types of investments within the Funds, the involvement of the third parties referred to below, the accounting processes and controls, and the industry in which the Company operates. We look at each of the Funds at an individual level.

#### Key audit matters

- Existence and valuation of financial assets and liabilities at fair value through profit and loss.

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

#### Key audit matter

##### *Existence and valuation of financial assets and liabilities at fair value through profit and loss*

Refer to the Schedule of investments and the accounting policies set out in note 1.

The financial assets and liabilities at fair value through profit or loss included in the Statement of Financial Position as at 31 December 2018 are valued at fair value in line with IFRS as adopted by the EU.

This is considered a key audit matter as it represents the principal element of the financial statements.

#### How our audit addressed the key audit matter

We obtained independent confirmation from the Depository of the investment portfolio held as at 31 December 2018, agreeing the amounts held to the accounting records.

We tested the valuation of the investment portfolio by independently agreeing the valuation of financial assets and liabilities as per the schedule of investments to third party vendor sources.

No material misstatements were identified as a result of the procedures we performed.

# Annual Report and Audited Financial Statements 2018

## *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As at 31 December 2018 there are nine Funds operating. The Company's Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Statement of changes in net assets attributable to holders of redeemable shares are an aggregation of the positions and results of the Funds.

The directors control the affairs of the Company and are responsible for the overall investment policy which is determined by them. The Company engages the Manager to manage certain duties and responsibilities with regards to the day to day management of the Company. The Manager has delegated certain responsibilities to Invesco PowerShares Capital Management LLC (the 'Investment Manager') and to BNY Mellon Fund Services (Ireland) DAC (the 'Administrator'). The financial statements, which remain the responsibility of the directors, are prepared on their behalf by the Administrator. The Company has appointed BNY Mellon Trust Company (Ireland) Limited (the "Depository") to act as Depository of the Company's assets. In establishing the overall approach to our audit we assessed the risk of material misstatement at a sub-fund level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Administrator, and we assessed the control environment in place at the Administrator.

## *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements of each of the Company's Funds as follows:

|  |  |
|--|--|
| <b><i>Overall materiality and how we determined it</i></b> | 0.50% (2017: 0.50%) of Net Assets Value ("NAV") at 31 December 2018 for each of the Company's Funds.   |
| <b><i>Rationale for benchmark applied</i></b>              | We have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate. |

We agreed with the Directors of the Company that we would report to them misstatements identified during our audit above 5 basis points of each fund's NAV, for NAV per share impacting differences (2017: 5 basis points of each fund's NAV, for NAV per share impacting differences) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's and Funds' ability to continue as going concerns.

# Annual Report and Audited Financial Statements 2018

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## **Reporting on other information**

The other information comprises all of the information in the Annual report and audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are 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.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (as amended) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 (as amended) require us to also report certain opinions and matters as described below:

### *Directors' Report*

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

### *Corporate governance statement*

- In our opinion, based on the work undertaken in the course of the audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014 (as amended).
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 (as amended) and regulation 6 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 is contained in the Corporate Governance Statement.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 16, the directors are 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 directors are 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 directors are responsible for assessing the Company's and Funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

# Annual Report and Audited Financial Statements 2018

## *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 (Ireland) 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 IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

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 members as a body in accordance with section 391 of the Companies Act 2014 (as amended) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2014 (as amended) opinions on other matters**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

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### **Companies Act 2014 (as amended) exception reporting**

#### *Directors' remuneration and transactions*

Under the Companies Act 2014 (as amended) we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

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### **Appointment**

We were appointed by the directors on 14 November 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2016 to 31 December 2018.

Damian Neylin  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
23 April 2019



# Financial Statements of the Company

## Annual Report and Audited Financial Statements 2018

Financial Statements of the Company for the financial year ended 31 December 2018

### Statement of Comprehensive Income

|   | Notes | Financial year ended 31 December 2018<br>EUR | Financial year ended 31 December 2017<br>EUR |
|---|-------|--|--|
| <b>Income</b>   |       |  |  |
| Dividend Income   | 3     | 10,862,262                                   | 1,252,857                                    |
| Interest Income   | 3     | 428,109                                      | -  |
| Interest from financial assets at fair value through profit and loss                                  | 3     | 10,714,093                                   | 897,811                                      |
| Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss | 4     | (42,367,932)                                 | 1,969,681                                    |
| <b>Total investment (expense)/income</b>  |       | <b>(20,363,468)</b>                          | <b>4,120,349</b>                             |
| Operating expenses  | 5     | (1,700,907)                                  | (194,303)                                    |
| <b>Net (expense)/income</b>   |       | <b>(22,064,375)</b>                          | <b>3,926,046</b>                             |
| <b>Finance costs</b>  |       |  |  |
| Distributions   | 1(k)  | (15,961,191)                                 | (872,232)                                    |
| Interest expense  |       | (429,517)                                    | (18,666)                                     |
| <b>Loss for the year before tax</b>   |       | <b>(38,455,083)</b>                          | <b>3,035,148</b>                             |
| Non-reclaimable withholding tax   |       | (1,279,314)                                  | (157,657)                                    |
| <b>(Loss)/gain for the financial year</b>   |       | <b>(39,734,397)</b>                          | <b>2,877,491</b>                             |
| <b>(Decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares</b>                 |       | <b>(39,734,397)</b>                          | <b>2,877,491</b>                             |

There are no recognised gains or losses arising in the financial year other than the (decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year, all amounts above relate to continuing operations for the financial year ended 31 December 2018.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Financial Statements of the Company as at 31 December 2018

### Statement of Financial Position

|  | Notes | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|--|-------|-------------------------------------|-------------------------------------|
| <b>Current Assets</b>  |       |                                     |                                     |
| <b>Assets at fair value through profit or loss</b>   |       |                                     |                                     |
| Financial assets at fair value through profit or loss  | 1(c)  | 448,742,718                         | 405,713,379                         |
| <b>Loans and receivables</b>   |       |                                     |                                     |
| Cash and cash equivalents  | 7     | 5,488,704                           | 3,403,920                           |
| Balances due from brokers  |       | 3,883,659                           | 3,090,766                           |
| Dividend income receivable   | 8     | 351,315                             | 412,835                             |
| Interest from financial assets at fair value through profit and loss receivable                      | 8     | 4,353,145                           | 3,170,804                           |
| <b>Total Current Assets</b>  |       | <b>462,819,541</b>                  | <b>415,791,704</b>                  |
| <b>Current Liabilities</b>   |       |                                     |                                     |
| <b>Liabilities at fair value through profit or loss</b>  |       |                                     |                                     |
| Financial liabilities at fair value through profit or loss   |       | (4,661)                             | -                                   |
| <b>Other financial liabilities</b>   |       |                                     |                                     |
| Balances due to brokers  |       | (4,419,921)                         | (3,563,333)                         |
| Creditors (amounts falling due within one year)  | 9     | (165,297)                           | (115,036)                           |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |       | <b>(4,589,879)</b>                  | <b>(3,678,369)</b>                  |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |       | <b>458,229,662</b>                  | <b>412,113,335</b>                  |

The accompanying notes form an integral part of the Financial Statements.

On Behalf of the Board of Directors

Director: Barry McGrath

Director: Anne-Marie King

Date: 23 April 2019

# Annual Report and Audited Financial Statements 2018

## Financial Statements of the Company as at 31 December 2018

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

|   | Financial<br>year ended<br>31 December<br>2018<br>EUR | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|---|---|---|
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the beginning of the financial year</b> | <b>412,113,335</b>                                    | <b>22,057,919</b>                                     |
| Notional foreign exchange adjustment*   | 14,978,074  | (20,627,922)  |
| (Decrease)/increase in Net Assets Attributable to Holders of<br>Redeemable Shares from operations         | (39,734,397)  | 2,877,491   |
| Amounts received on issue of Redeemable Shares  | 460,552,195   | 436,449,546   |
| Amounts paid on redemption of Redeemable Shares   | (389,679,545)   | (28,643,699)  |
| <b>Increase in Net Assets resulting from Share transactions</b>   | <b>70,872,650</b>                                     | <b>407,805,847</b>                                    |
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the end of the financial year</b>       | <b>458,229,662</b>                                    | <b>412,113,335</b>                                    |

\* The notional foreign exchange adjustment arises from the translation of opening net assets translated at financial year end 31 December 2017 rates, from the Statement of Comprehensive Income being translated at average rates with the closing assets and liabilities translated at the rates of exchange ruling at 31 December 2018.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

Financial Statements of the Company for the financial year ended 31 December 2018

## Statement of Cash Flows

|   | Notes    | Financial<br>year ended<br>31 December<br>2018<br>EUR | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|---|----------|---|---|
| <b>Cash flows from operating activities</b>                       |          |   |   |
| Proceeds from sale of investments                                 |          | 339,158,903   | 28,766,152  |
| Purchase of investments   |          | (410,427,306)   | (431,404,624)   |
| Realised losses on foreign currency transactions                  |          | (726,719)   | -   |
| Unrealised losses on foreign currency transactions                |          | (20)  | -   |
| Dividend income received  |          | 10,937,127  | 1,018,970   |
| Interest income received  |          | 428,109   | (2,655)   |
| Interest from Financial Assets at FVTPL received                  |          | 11,119,880  | (2,112,168)   |
| Balances due from brokers   |          | (692,714)   | (3,090,766)   |
| Balances due to brokers   |          | 607,849   | 3,563,333   |
| Management fees paid  |          | (1,655,445)   | (159,479)   |
| Non-reclaimable withholding tax                                   |          | (1,279,314)   | (157,657)   |
| <b>Net cash outflow from operating activities</b>                 |          | <b>(52,529,650)</b>                                   | <b>(403,578,894)</b>                                  |
| <b>Cash flows from financing activities</b>                       |          |   |   |
| Distributions paid  |          | (15,961,191)  | (872,232)   |
| Interest paid   |          | (429,517)   | (18,666)  |
| Proceeds from issue of Redeemable Shares                          |          | 460,552,195   | 436,449,546   |
| Payments of redemptions of redeemable shares                      |          | (389,679,545)   | (28,643,699)  |
| <b>Net cash inflow from financing activities</b>                  |          | <b>54,481,942</b>                                     | <b>406,914,949</b>                                    |
| <b>Net increase in cash and cash equivalents</b>                  |          | <b>1,952,292</b>                                      | <b>3,336,055</b>                                      |
| Cash and cash equivalents at beginning of the financial year      |          | 3,403,920   | 67,865  |
| Exchange gains on cash and cash equivalents                       |          | 132,492   | -   |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>7</b> | <b>5,488,704</b>                                      | <b>3,403,920</b>                                      |

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

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## Notes to the Financial Statements

For the financial year ended 31 December 2018

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### 1. Significant accounting policies

#### A) Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2014 (as amended) applicable to companies reporting under IFRS and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the "Central Bank UCITS Regulations"). The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss. The significant accounting policies are set out below.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Notes 1 C) (iii) and 1 D).

Source FTSE RAFI Europe Equity Income Physical UCITS ETF, Source FTSE RAFI UK Equity Income Physical UCITS ETF and Source FTSE RAFI US Equity Income Physical UCITS ETF made final redemptions on 14 June 2017. The Company continues as a going concern with the launch of Invesco Preferred Shares UCITS ETF on 28 September 2017, Invesco USD Corporate Bond UCITS ETF on 15 November 2017, Invesco Euro Corporate Bond UCITS ETF on 14 November 2017, Invesco Emerging Markets USD Bond UCITS ETF on 16 November 2017, Invesco Italian PIR Multi-Asset Portfolio UCITS ETF on 28 January 2018, Invesco Euro Floating Rate Note UCITS ETF 18 May 2018, Invesco USD Floating Rate Note UCITS ETF on 18 May 2018, Invesco AT1 Capital Bond UCITS ETF on 20 June 2018 and Invesco Variable Rate Preferred Shares UCITS ETF on 3 October 2018.

All fees associated with the final redemption of the Funds were borne by the Manager, Invesco Investment Management Limited.

#### Investment in the Master Fund

The terminated Funds, Source FTSE RAFI Europe Equity Income Physical UCITS ETF, Source FTSE RAFI UK Equity Income Physical UCITS ETF and Source FTSE RAFI US Equity Income Physical UCITS ETF, invested in the Master Funds.

The Master Funds were sub-funds of Legal & General Authorised Contractual Scheme, which is an authorised umbrella contractual scheme in co-ownership form authorised by the Financial Conduct Authority.

Each Fund of the Company controlled its sub-fund (each a Master Fund), through a holding of 100% of their redeemable shares. The master-feeder structure was formed to meet legal and tax requirements.

The Funds had no commitments or intention to provide financial or other support to the Master Funds. No financial or other support was provided without a contractual obligation to do so during the reporting period.

#### International Financial Reporting Standards

*Standards and amendments to existing standards effective 1 January 2018*

- IFRS 9, published in July 2014, has replaced previous guidance in IAS 39 and includes revised guidance on the classification and measurement of financial instruments. Effective for reporting periods beginning on or after 1 January 2018 it carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Under IFRS 9, classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represents payments of principal and interest ("SPPI").

A debt instrument is measured at fair value through comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

# Annual Report and Audited Financial Statements 2018

## 1. Significant accounting policies (continued)

### A) Basis of preparation (continued)

#### International Financial Reporting Standards (continued)

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

Upon adoption of IFRS 9 the Company's financial assets and liabilities continue to be initially recorded at their transaction price and then measured at fair value subsequent to initial recognition. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statements of Comprehensive Income in the period in which they arise.

Financial assets classified as receivables are carried at cost less impairment losses, if any. Financial liabilities, other than those at fair value through profit or loss, are measured at cost. Financial liabilities arising from redeemable shares issued by the Company are carried at the redemption amount representing the investors' right to a residual amount of the Company's Net Assets Attributable to Holders of Redeemable Participating Shares ("Net Assets").

As a result, the adoption of IFRS 9 has not had any material impact on the Company's financial statements.

- IFRS 15 'Revenue from Contracts with Customers' replaces IAS 11 and IAS 18 and is effective for periods beginning on or after 1 January 2018. It establishes principles for reporting useful information to users of Financial Statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 is not expected to have a significant impact on the Company's Financial Statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

### B) Foreign currency translation

#### Functional and presentation currency

The Board of Directors considers the Euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The Financial Statements of the Company are presented in Euro, which is both the functional and presentation currency.

Each individual Fund's functional currency is disclosed on page 3.

#### Transactions and balances

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Net currency gains/(losses) are net foreign exchange gains and losses on monetary financial assets and liabilities other than those classified at fair value through profit or loss.

Assets and liabilities denominated in foreign currencies, other than the functional currency of the Company, have been translated at the rate of exchange ruling at 31 December 2018. Transactions in foreign currencies are translated into Euro at the exchange rate ruling at the date of the transaction. All gains and losses on foreign exchange are recognised in the Statements of Comprehensive Income in net gains on financial assets and financial liabilities at fair value through profit or loss in determining the result for the financial year.

The following exchange rates were used to convert investments, assets and liabilities to the functional currency of the Company:

|            | 31 December<br>2018 | 31 December<br>2017 |
|------------|---------------------|---------------------|
| <b>EUR</b> |                     |                     |
| Sterling   | 0.897585            | 0.887670            |
| US Dollar  | 1.143165            | 1.200080            |

|            | 31 December<br>2018 | 31 December<br>2017 |
|------------|---------------------|---------------------|
| <b>GBP</b> |                     |                     |
| Euro       | 1.114100            | 1.126540            |
| US Dollar  | 1.273600            | 1.352750            |

|            | 31 December<br>2018 | 31 December<br>2017 |
|------------|---------------------|---------------------|
| <b>USD</b> |                     |                     |
| Euro       | 0.874764            | 0.833278            |
| Sterling   | 0.785176            | 0.739235            |

For the year ended 31 December 2018, the average exchange rates used to convert the Company totals to Euro were 0.884753 for Sterling and 1.180680 for US Dollar.

For the year ended 31 December 2017, for Invesco Preferred Shares UCITS ETF, Invesco USD Corporate Bond UCITS ETF, Invesco Euro Corporate Bond UCITS ETF and Invesco Emerging Markets USD Bond UCITS ETF the average exchange rates used to convert the Company totals to Euro were 0.858500 for Sterling and 1.130047 for US Dollar. For Source FTSE RAFI Europe Equity Income Physical UCITS ETF, Source FTSE RAFI UK Equity Income Physical UCITS ETF and Source FTSE RAFI US Equity Income Physical UCITS ETF the average exchange rates used to convert the Company totals to Euro were 0.858500 for Sterling and 1.079158 for US Dollar. These are the average rates from 1 January 2017 to 14 June 2017, the termination date.

# Annual Report and Audited Financial Statements 2018

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## 1. Significant accounting policies (continued)

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### C) Financial assets and financial liabilities at fair value through profit or loss

#### (i) Classification

IFRS 9 sets out the requirements for recognition and measurement of all financial assets and financial liabilities including derivative instruments. The Company has classified all financial instruments as financial assets or financial liabilities at fair value through profit or loss in accordance with IFRS 9 on the basis that the assets are managed on a fair value basis in accordance with a documented investment strategy and information about the group of assets is provided internally on that basis.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

Financial instruments designated at fair value through profit or loss. These include Bankers Acceptances, Certificates of Deposit, Commercial Papers, Corporate Bonds, Floating Rate Notes, Government Bonds, Treasury Bills and Time Deposits.

Financial assets that are categorised as loans and receivables include cash at bank which is generally short term in nature.

Financial liabilities that are not at fair value through profit or loss include securities purchased payable, redemptions payable, distributions payable, bank overdrafts, accounts payable and financial liabilities arising on redeemable shares.

All of the Funds' investments are classified as financial assets and financial liabilities at fair value through profit or loss as at 31 December 2018 and 31 December 2017.

#### (ii) Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date. Any gains and losses, arising from changes in fair value of the financial assets or financial liabilities, are recorded from this date.

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument, and all significant rights and access to the benefits from the assets or liabilities, and the exposure to the risks inherent in those benefits, are transferred to the Company. The Company derecognises financial assets and financial liabilities when all such benefits and risks are transferred from the Company. Investment transactions are recorded on a trade date basis. Realised gains and losses are based on the high cost method for all Funds.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statements of Comprehensive Income with other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the financial year in which they arise.

#### (iii) Valuation of Investments

The estimation of fair value, after initial recognition, is determined as follows:

##### Listed investments

The fair value of investments which are quoted, listed, traded or dealt with on a market or exchange are based on quoted prices which, for the purpose of the Financial Statements, is the last traded market price for preferred shares and equities and the bid price for debt securities, comprising corporate bonds and government bonds.

Realised gains or losses on disposal of investments during the financial year and unrealised gains and losses on valuation of investments held at the financial year-end are included in the Statements of Comprehensive Income, within net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss.

Variable Rate Preferred Shares UCITS ETF and Italian PIR Multi-Asset Portfolio UCITS ETF fixed income securities will be priced at Evaluated Mid.

##### Valuation of the Master Funds

Each of the Master Funds was single priced. The price of a unit in the Master Funds was calculated by reference to the Net Asset Value of the Master Fund to which it related. The Net Asset Value per unit of a Master Fund was calculated on each Dealing Day at the valuation point of the Master Fund.

# Annual Report and Audited Financial Statements 2018

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## 1. Significant accounting policies (continued)

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### C) Financial assets and financial liabilities at fair value through profit or loss (continued)

#### Valuation of the Master Funds (continued)

The price per unit at which units were bought or were redeemed was the Net Asset Value per unit. Any initial redemption, switching, conversion charge or dilution levy was payable in addition to the price or deducted from the proceeds as it was taken from the gross subscription or redemption monies.

The prices of units of the Master Funds were available daily on the Investment Manager's website at [www.lgim.com](http://www.lgim.com).

#### (iv) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. No such offsetting has occurred as at 31 December 2018 or 31 December 2017.

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### D) Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as of the financial year end date.

All of the Funds' financial assets and financial liabilities were held for the purpose of being traded and designated at fair value through profit or loss.

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### E) Fees and expenses

In accordance with the Prospectus the management fees were charged to the Statements of Comprehensive Income on an accruals basis. Other than the management fees, all fees and expenses incurred by the Funds including those payable to the Investment Manager, the Depositary, the Administrator, the Auditor and the Directors were paid by the Manager or the Promoter.

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### F) Cash and cash equivalents

As at 31 December 2018 and 31 December 2017, Cash in all Funds was held on deposit with BNY Mellon Trust Company (Ireland) Limited. Details are disclosed in the Cash and Cash Equivalents note of the individual Fund's Financial Statements.

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### G) Redeemable shares

Redeemable Shares are redeemable at the Shareholders' option and are classified as financial liabilities. Any distributions on these shares are recognised in the Statements of Comprehensive Income as finance costs.

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### H) Fair value of net assets attributable to redeemable shareholders

In accordance with the provisions of the Prospectus and Supplements, debt securities, comprising corporate bonds and government bonds, are valued at bid price and preferred shares are valued at last traded market price on the valuation day for the purpose of determining the net asset value per share for subscriptions and redemptions and for various fee calculations.

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### I) Segment reporting

Operating Segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocation of resources and assessing the performance of the operating segment has been identified as the Board of Directors. The Board of Directors make the strategic resource allocations on behalf of the Company. Each Fund is managed as one operating segment.

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### J) Valuation point

The valuation point used for the purposes of the Financial Statements is that of 31 December 2018.

The valuation point for the comparative financial year used for the purposes of the Financial Statements is that of 29 December 2017 the last Business Day of that financial year.



# Annual Report and Audited Financial Statements 2018

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## 1. Significant accounting policies (continued)

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### K) Distributions

The dividend arrangements relating to each Fund will be decided by the Directors at the time of the creation of the relevant Fund and details are set out where applicable in the relevant Supplement.

Under the Articles, the Directors are entitled to declare such dividends on any Class of Shares at such times as they think appropriate and as appear to be justified out of the profits of the relevant Fund, being (i) the accumulated revenue (consisting of all revenue accrued including interest and dividends) less expenses and/or (ii) realised and unrealised capital gains on the disposal/valuation of investments and other Funds less realised and unrealised accumulated capital losses of the relevant Fund and/or the capital of the relevant Fund. Where the dividends will be paid out of the capital of the relevant Fund, this will be disclosed in the relevant Supplement.

The Company total distributions figure should not be read in isolation, it is merely a consolidation of the Funds. Distributions should be viewed on a Fund level. There has not been an over distribution at Company level.

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### L) Dividend income

Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend". Dividend income is shown gross of any non-reclaimable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income, and net of any tax credits. Recoverable taxes if any are accounted for on a cash receipts basis.

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### M) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers or dealers. Transaction costs, when incurred, are included as part of the cost of such purchases.

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### N) Interest Income and Interest from financial assets at FVTPL/Interest Income receivable and Interest from financial assets at FVTPL receivable

Interest income is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit and loss ("FVTPL") is accrued on an effective yield basis and recognised in the Statement of Comprehensive Income. Interest on securities includes interest and discount earned (net of premium), which is the difference between the face value and the original cost, including original issue discount.

Interest earned whilst holding investment securities is reported as Interest from financial assets at FVTPL in the Statement of Comprehensive Income, whilst interest due to the Fund is reported as Interest from financial assets at FVTPL receivable in the Statement of Financial Position.

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### O) Balances due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered or settled as at year end.

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### P) Setting up costs

The cost of establishing the Company and the Funds (including fees in connection with the incorporation and registration of the Company, listing the Funds on the relevant stock exchanges and registering the Funds for sale in other jurisdictions) will be paid by Invesco Investment Management Limited (the "Manager") and/or Invesco UK Services Limited (the "Promoter"). The cost of establishing subsequent Funds will also be paid by the Manager unless otherwise provided in the Supplement for the relevant Fund.

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### Q) Related and connected persons disclosure

Persons are considered to be related if one person has the ability to control the other party or exercise significant influence over the other person in making financial or operational decisions.

Any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or trustee, and any associated or group of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the financial year complied with the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations.

Transactions involving related persons are presented in Note 10.

# Annual Report and Audited Financial Statements 2018

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## 1. Significant accounting policies (continued)

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### R) Forward foreign currency contracts

A forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price. Forward currency contracts could be used to hedge against currency risk that has resulted from assets held by the Fund that are not in the Base Currency. A Fund, may, for example, use forward currency contracts by selling forward a foreign currency against the Base Currency to protect the Fund from foreign exchange rate risk that has risen from holding assets in that currency.

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## 2. Financial risks

As defined by IFRS 7 'Financial Instrument Disclosures', risk arising on financial instruments can be separated into the following components: Market Risk, Credit Risk and Liquidity Risk.

Each type of risk is discussed below and both qualitative and quantitative analyses are provided, where relevant, to give the reader an understanding of risk management methods used by the Investment Manager and reviewed by the Directors of the Company.

The main risks arising from the Funds' financial instruments are market risk, credit risk and liquidity risk.

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise any discrepancy between the performance of the Funds and the performance of the respective benchmarks.

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Company are discussed below.

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### A) General

The risk monitoring process is the responsibility of the Company which has delegated this responsibility to the Manager and the Investment Manager.

The Company's investment objective is that each Fund will seek to provide shareholders with a target performance linked to the performance of a reference index or reference asset by purchasing a portfolio of transferable securities that may (but is not obliged to) comprise all or a representative sample of the constituent securities of that reference index or reference asset.

The Investment Manager is responsible for the operation of the risk management process, including the measurement of risk of each Fund's portfolio at any given time.

The Investment Manager will report in writing confirming compliance with the guidelines laid down in the Risk Management Policy document and the Prospectus, at least monthly to the named Designated Person, and will reported to the Board of Directors at least quarterly.

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### B) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the three following types of risk:

- interest rate risk,
- currency risk, and
- other price risk

As the Funds' strategy is to passively track the respective reference indices or reference strategies, the Investment Manager aims to verify and ensure that the individual market risks to which the Funds are exposed are in line with the risks of the relevant reference index or reference strategy.

#### (i) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and the future cash flows.

The quantitative disclosures are contained in Note 2 to the individual Fund's Financial Statements.

#### (ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and non-monetary liabilities to be a component of other price risk not foreign currency risk.

# Annual Report and Audited Financial Statements 2018

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## 2. Financial risks (continued)

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### B) Market risk (continued)

#### (ii) Currency risk (continued)

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. Non-monetary items are any other assets and liabilities other than monetary ones.

Since there are no foreign cash balances held by the Depositary, the risk in relation to monetary assets is insignificant. The Funds, in line with the securities comprising their underlying indices, are exposed to the currency risk of the respective reference index/strategy. The Investment Manager monitors the Funds' currency risk to ensure that it replicates that of the securities comprising the underlying index.

#### (iii) Other price risk

Other price risk is the risk that the value of investments will fluctuate as a result of changes in market price (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or similar financial instruments traded in the market. For each Fund this risk is in line with the risk of the reference index.

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### C) Credit risk

Credit risk is the risk that one party to a financial instrument or other obligation will cause a financial loss for the other party by failing to discharge an obligation.

The Company's Depositary is BNY Mellon Trust Company (Ireland) Limited (the "Depositary"). The Company may hold cash balances with the Depositary.

As at 31 December 2018 and 31 December 2017, all of the cash assets are held with BNY Mellon Trust Company (Ireland) Limited ("BNYM"). Cash deposited with BNYM is held on its Statement of Financial Position.

Accordingly, in accordance with usual banking practice, the Bank's liability to the Company in respect of such cash deposits shall be that of debtor and the Company will rank as a general creditor of BNYM.

The financial instruments held in custody are held with the Depositary BNY Mellon Trust Company (Ireland) Limited. These assets are held distinct and separately from the proprietary assets of the Depositary. Securities are clearly recorded to ensure they are held on behalf of the Company. Bankruptcy or insolvency of the Depositary and or one of its agents or affiliates may cause the Company's rights with respect to the securities held by the Depositary to be delayed.

Both BNY Mellon Trust Company (Ireland) Limited and BNY Mellon Fund Services (Ireland) DAC are wholly owned subsidiaries of BNY Mellon Corporation. As at 31 December 2018 BNY Mellon Corporation had a long term rating from Standard & Poor's of A (31 December 2017: A).

Risk is managed by monitoring the credit quality and financial positions of the Depositary the Company uses.

As already mentioned, the Company's non-cash assets held by the Depositary are segregated from the proprietary assets of the Depositary and are held in accounts in the name of the Depositary designated for the Company.

The Company is exposed to credit risk through the use of a Depositary or sub-custodian. The bankruptcy or insolvency of any of these parties may cause the Company's rights with respect to its assets held by these entities to be delayed or limited.

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### D) Liquidity risk

Liquidity risk is the risk that a Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk exists when a particular instrument is difficult to purchase or sell.

Liquidity is managed by investing predominantly in UCITS eligible listed securities that are traded in an active market and can be readily disposed. The Company has therefore limited exposure to liquidity risk.

Redeemable Shares are redeemed on demand at the Shareholder's option.

The quantitative disclosures are contained in Note 2 to the individual Fund's Financial Statements.

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### E) Secondary market trading risk

Even though the Shares may be listed on one or more relevant stock exchanges, there can be no certainty that there will be liquidity in the Shares on any relevant stock exchange or that the market price at which the Shares may be traded on a relevant stock exchange will be the same as or approximately equal to the Net Asset Value per Share.

# Annual Report and Audited Financial Statements 2018

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## 2. Financial risks (continued)

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### E) Secondary market trading risk (continued)

As the Shares may be dealt in by means of subscription and redemption, the Directors consider that large discounts or premiums in the Net Asset Value of a Fund would not be sustainable. There can be no guarantee that once the Shares are listed on a relevant stock exchange they will remain listed or that the conditions of listing will not change. Trading in Shares on a relevant stock exchange may be halted or suspended due to market conditions or for the reason that, in the relevant stock exchange's view, trading in the Shares is inadvisable, or otherwise pursuant to the relevant stock exchange's rules. If trading on a relevant stock exchange is halted, investors may not be able to sell their Shares until trading resumes however such investors should be able to apply to the Company to redeem Shares in accordance with the provisions set out in the Prospectus.

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### F) Capital risk management

The capital of the Funds is represented by the net assets attributable to holders of Redeemable Shares. The amount of net assets attributable to holders of Redeemable Shares could change significantly on a daily basis as the Funds are subject to subscriptions and redemptions at the discretion of the Shareholders.

The Funds' individual objectives when managing capital is to safeguard each Fund's ability to continue as a going concern in order to provide returns for Shareholders and to maintain a strong capital base to support the development of the investment activities of the Funds.

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### G) Fair value information

IFRS 13 Fair Value Measurement requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities in the Statement of Financial Position. The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The Funds have not invested in such instruments during the financial year.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The Funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The fair value of financial assets and liabilities traded in an active market (such as trading securities) are based on quoted market prices at the close of trading on the financial year-end date.

A financial instrument is regarded as quoted in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In the event that market quotes are not readily available for either of these inputs the value of the relevant input will be determined in good faith by the Administrator or another independent service provider, generally based upon recommendations provided by the Investment Manager.

The carrying values of other receivables and payables are assumed to approximate their fair value.

The quantitative disclosures are contained in Note 2 to the individual Fund's Financial Statements.

# Annual Report and Audited Financial Statements 2018

## 3. Income

|  | Financial<br>year ended<br>31 December<br>2018<br>EUR | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|--|---|---|
| Dividend income  | 10,862,262  | 1,252,857   |
| Interest income  | 428,109   | -   |
| Interest from financial<br>assets at fair value through<br>profit and loss | 10,714,093  | 897,811   |
|  | <b>22,004,464</b>                                     | <b>2,150,668</b>                                      |

## 4. Net (losses)/gains on financial assets and liabilities at fair value through profit or loss

|  | Financial<br>year ended<br>31 December<br>2018<br>EUR | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|--|---|---|
| Realised (losses)/gains on sale<br>of investments                            | (13,592,793)  | 3,935,635   |
| Realised losses on foreign<br>currency transactions                          | (726,718)   | -   |
| Net change in unrealised<br>depreciation on investments                      | (28,133,937)  | (1,965,954)   |
| Net change in unrealised<br>depreciation on foreign currency<br>transactions | 85,516  | -   |
|  | <b>(42,367,932)</b>                                   | <b>1,969,681</b>                                      |

## 5. Operating expenses

|                 | Financial<br>year ended<br>31 December<br>2018<br>EUR | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|-----------------|---|---|
| Management fees | 1,700,907   | 194,303   |
|                 | <b>1,700,907</b>                                      | <b>194,303</b>  |

All other expenses are paid by the Manager. These expenses included Directors fees of EUR 20,000 (inclusive of PAYE) (31 December 2017: EUR 48,146).

## 6. Management fees

The Management Fee, a percentage of the Net Asset Value of the relevant Class of Shares, is payable by the Company out of the assets of the Fund to the Manager. The Management Fee accrued on each day and was calculated on each Dealing Day and paid monthly in arrears. The Manager paid out of its fees (and not out of the assets of the Fund) the fees and expenses (where appropriate) of the Investment Manager, the Administrator, the Depositary, the Directors, the Auditors and the ordinary fees, expenses and costs incurred by the Fund that include setting up costs and other administrative expenses as described in the Prospectus.

The fees in the following table are expressed as a percentage per annum of the Fund's net asset value.

| Fund   | % Rate<br>per<br>Annum |
|--|------------------------|
| Source FTSE RAFI Europe Equity Income<br>Physical UCITS ETF - Class A    | 0.35                   |
| Source FTSE RAFI UK Equity Income Physical<br>UCITS ETF - Class A        | 0.35                   |
| Source FTSE RAFI US Equity Income Physical<br>UCITS ETF - Class A        | 0.35                   |
| Invesco Preferred Shares UCITS ETF - Class A                             | 0.50                   |
| Invesco Preferred Shares UCITS ETF - Class Euro<br>Currency Hedge        | 0.55                   |
| Invesco Preferred Shares UCITS ETF - Class CHF<br>Currency Hedge         | 0.55                   |
| Invesco USD Corporate Bond UCITS ETF - Class A                           | 0.16                   |
| Invesco Euro Corporate Bond UCITS ETF - Class A                          | 0.16                   |
| Invesco Emerging Markets USD Bond UCITS -<br>Class A                     | 0.35                   |
| Invesco Italian PIR Multi-Asset Portfolio UCITS<br>ETF - Class A         | 0.45                   |
| Invesco Euro Floating Rate Note UCITS ETF<br>- Class A                   | 0.12                   |
| Invesco USD Floating Rate Note UCITS ETF<br>- Class A                    | 0.10                   |
| Invesco USD Floating Rate Note UCITS ETF -<br>Class Euro Currency Hedge  | 0.12                   |
| Invesco AT1 Capital Bond UCITS ETF - Class A                             | 0.39                   |
| Invesco AT1 Capital Bond UCITS ETF - Class Euro<br>Currency Hedge        | 0.39                   |
| Invesco AT1 Capital Bond UCITS ETF - Class US<br>Dollar Unhedged         | 0.39                   |
| Invesco AT1 Capital Bond UCITS ETF - Class<br>Sterling Currency Unhedged | 0.39                   |
| Invesco Variable Rate Preferred Shares UCITS<br>ETF - Class A            | 0.50                   |

# Annual Report and Audited Financial Statements 2018

## 7. Cash and cash equivalents

|                                    | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|------------------------------------|-------------------------------------|-------------------------------------|
| BNY Mellon Trust Company (Ireland) | 5,488,704                           | 3,403,920                           |
|                                    | <b>5,488,704</b>                    | <b>3,403,920</b>                    |

\* Cash held is unsegregated

## 8. Debtors

|   | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|---|-------------------------------------|-------------------------------------|
| Dividend income receivable  | 351,315                             | 412,835                             |
| Interest from financial assets at fair value through profit and loss receivable | 4,353,145                           | 3,170,804                           |
|   | <b>4,704,460</b>                    | <b>3,583,639</b>                    |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|-----------------|-------------------------------------|-------------------------------------|
| Management fees | 165,297                             | 115,036                             |
|                 | <b>165,297</b>                      | <b>115,036</b>                      |

All other expenses payable were paid by the Manager. Included in these are Directors fees payable of EUR Nil (31 December 2017: EUR 7,250).

## 10. Related party transactions

### Manager

The Company has appointed Invesco Investment Management Limited to act as Manager to the Company and each Fund. The Manager forms part of the Invesco group of companies, the parent of which is Invesco Limited, a US publicly traded company listed on the New York Stock Exchange with ticker IVZ.

Management fee charged during the financial year ended 31 December 2018 was EUR 1,700,907 (31 December 2017: EUR 194,303); of which EUR 165,297 was outstanding at 31 December 2018 (31 December 2017: EUR 115,036).

### Directors

The amount paid to Directors in the financial year ended 31 December 2018 by the Manager and the amounts outstanding on 31 December 2018 are disclosed in Note 5 (Operating Expenses) and Note 9 (Creditors) respectively. Gary Buxton, Mike Kirby and Anne-Marie King have waived their fees.

Gary Buxton is a Director of the Company and the Chief Operating Officer of the Promoter, Invesco UK Services Limited. Mike Kirby was a Director of the Company, the Manager and the principal of KB Associates which provides services to the Manager. No fees were paid to KB Associates during the financial year by the Company. Liam Manahan is an independent non-executive Director of the Company. With effect from 13 December 2018 Barry McGrath and Anne-Marie King were appointed as non-executive Directors of the Company and the Manager. Barry McGrath is an independent Director.

### Investment Manager

Invesco PowerShares Capital Management LLC is the Investment Manager to the Funds. The Funds paid no fees directly to the Investment Manager, and as outlined in Note 5 of these Financial Statements, all other expenses were paid by the Manager on behalf of the Funds.

### Related party holdings

As at 31 December 2018, the Invesco Italian PIR Multi-Asset Portfolio UCITS ETF invested in the Invesco US High Yield Fallen Angels UCITS ETF, a sub-fund of Invesco Markets III plc. The Invesco US High Yield Fallen Angels UCITS ETF is managed by a related party of the Company.

### Authorised Participants

The Authorised Participants are related parties by virtue of their direct shareholding in the Fund or through a shareholding of one of their respective group companies. The complete list of Authorised Participants is shown in the Organisation section on page 1.

Brokerage fees were not paid to the Authorised Participants during the financial year ended 31 December 2018 (31 December 2017: Nil).

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## 10. Related party transactions (continued)

### Shareholdings in redeemable shares

Authorised Participants may purchase and hold Redeemable Shares in the Funds for trading purposes. In addition, the Authorised Participants may hold Redeemable Shares on behalf of clients, on their own account or for the purpose of providing seed capital to the Funds. These holdings may on occasion constitute a large portion of a Fund. From time to time, such holdings may even constitute the majority of assets under management of the Fund. There were no requirement (expressed or implied) on Authorised Participants to maintain positions in a Fund at any time.

## 11. Auditors' remuneration

As required under Section 322 of the Companies Act 2014 (as amended), the remuneration for all work carried out by the statutory audit firm in respect of the financial year is as follows:

|                                     | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Statutory audit of company accounts | 58,500                              | 46,500                              |
| Tax services                        | 47,393                              | 45,000                              |
|                                     | <b>105,893</b>                      | <b>91,500</b>                       |

The above fees are presented exclusive of VAT and are paid by the Manager.

## 12. Taxation

Under current law and practice, the Company qualifies as an investment undertaking as defined in section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the occurrence of a "chargeable event" for certain investors not satisfying one of the criteria outlined below.

A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of Shares and the holding of Shares at the end of each 8 year period beginning with the acquisition of such Shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- a) a Shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Company, or the Company has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and
- b) certain exempted Irish tax resident Shareholders who have provided the Company with the necessary signed statutory declarations.
- c) any transaction (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners will not constitute a chargeable event. It is the current intention of the Directors that all the Shares in the Company will be held in recognised clearing systems.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its Shareholders.

## 13. Share capital

The authorised share capital of the Company is 2 subscriber shares of €1 each and 1,000,000,000,000 shares of no par value initially designated as unclassified shares and available for issue as shares.

In accordance with the objectives listed in the risk management policies in Note 2, the Company strives to invest the subscriptions of Redeemable Shares in appropriate investments.

Details of the number of shares issued and redeemed during the financial year per Fund are contained in the individual Fund's Financial Statements notes, as is the dealing net asset value (NAV) per share.

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## 14. Soft commission arrangements

It is not currently intended that any soft commission arrangements will be made in respect of the Company.

There were no soft commission arrangements in the current financial year (31 December 2017: none).

## 15. Segregation of liability

Under the provisions of the Companies Act 2014 (as amended), the Directors shall maintain for each Fund a separate portfolio of assets. As between Shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Fund. The Shareholders shall only be entitled to the assets and profits of that Fund in which they participate. The Company shall be considered one single legal entity. With regard to third parties, in particular towards the Company's creditors, the Company shall be responsible for all liabilities incurred by a Fund exclusively based on the assets of this relevant Fund. Among the Shareholders, the liabilities of each Fund shall only be incurred to the respective Fund.

While the provisions of the Companies Act 2014 (as amended) provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of any Fund of the Company may not be exposed to the liabilities of other Funds of the Company.

As at the date of the Financial Statements, the Directors are not aware of any existing or contingent liability of any Fund of the Company.

## 16. Comparative figures

Comparative figures for the Statements of Comprehensive Income, the Statements of Changes in Net Assets attributable to Holders of Redeemable Shares and the Statements of Cash Flows and related notes are those for the financial period from 1 January 2017 to termination date 14 June 2017, for the terminated funds, see page 2 for details. The new funds launched after 30 June 2017, as such there are no comparatives.

The comparative figures disclosed in the Statement of Financial Position and related notes are those of 29 December 2017, the last Business Day of that financial year.

## 17. Operating segment

IFRS requires disclosure in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income, which may consist of interest and dividends. Management have determined that the CODM is the Board of Directors.

The Funds have no assets classified as non-current assets.

## 18. Transaction Costs

In order to achieve its investment objective, the Company incurs transaction costs in relation to trading activity on its portfolios.

The following transaction costs were incurred by the Funds during the financial year ended 31 December 2018 and are included within the net gains on financial assets and financial liabilities at fair value through profit or loss figures in the Statement of Comprehensive Income:

| Fund   | Currency | Financial                                | Financial                                |
|--|----------|--|--|
|  |          | year ended<br>31 December<br>2018<br>EUR | year ended<br>31 December<br>2017<br>EUR |
| Source FTSE RAFI Europe Equity Income Physical UCITS ETF | EUR      | -  | 219                                      |
| Source FTSE RAFI UK Equity Income Physical UCITS ETF     | GBP      | -  | 401                                      |
| Source FTSE RAFI US Equity Income Physical UCITS ETF     | USD      | -  | 585                                      |
| Invesco USD Corporate Bond UCITS ETF                     | USD      | -  | -  |
| Invesco Euro Corporate Bond UCITS ETF                    | EUR      | -  | -  |
| Invesco Emerging Markets USD Bond UCITS ETF              | USD      | -  | -  |
| Invesco Preferred Shares UCITS ETF                       | USD      | 58,798                                   | 61,075                                   |
| Invesco Italian PIR Multi-Asset Portfolio UCITS ETF      | EUR      | -  | -  |
| Invesco Euro Floating Rate Note UCITS ETF                | EUR      | -  | -  |
| Invesco USD Floating Rate Note UCITS ETF                 | USD      | -  | -  |
| Invesco AT1 Capital Bond UCITS ETF                       | USD      | -  | -  |
| Invesco Variable Rate Preferred Shares UCITS ETF         | USD      | 82                                       | -  |

## 19. Dilution levy

In calculating the subscription/redemption price for the shares of Source FTSE RAFI Europe Equity Income Physical UCITS ETF, Source FTSE RAFI UK Equity Income Physical UCITS ETF and Source FTSE RAFI US Equity Income Physical UCITS ETF, the Manager applied a dilution levy on any dealing day when there were net subscriptions or net redemptions and adjusted the subscription or redemption price respectively by adding or deducting, as the case may be, an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of the Funds.



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## 19. Dilution levy (continued)

The dilution levy would not increase or decrease the Net Asset Value per share. Details of the dilution levy applied was included in the confirmation of the transaction normally dispatched by the Manager on the next business day after shares are transacted.

As the dilution levy for each Fund was calculated by reference to the costs of dealing in the underlying investments of the relevant Fund, which can vary with market conditions, the amount of the dilution levy could vary over time. The maximum dilution levy for each Fund is specified in the relevant Fund Supplement. There is no dilution levy on the funds that launched after 30 June 2017.

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## 20. Efficient Portfolio Management

The Company may, on behalf of each Fund and subject to the conditions and within the limits laid down by the Central Bank of Ireland, employ techniques and instruments relating to transferable securities for efficient portfolio management purposes. Transactions for the purposes of efficient portfolio management may be undertaken with a view to achieving a reduction in risk, a reduction in costs or an increase in capital or income returns to a Fund and may not be speculative in nature. These techniques and instruments may include investments in financial derivative instruments such as futures (which may be used to manage interest rate risk), options (which may be used to achieve cost efficiencies, for example where the acquisition of the option is more cost effective than purchasing of the underlying asset), swaps and forward currency exchange contracts (both of which may be used to manage currency risk against the base currency of a Fund and/or any functional currency of a Fund). Such techniques and instruments will be utilised in accordance with the requirements of the Central Bank of Ireland. New techniques and instruments may be developed which may be suitable for use by the Company and the Company (subject as aforesaid) may employ such techniques and instruments. A Fund may enter into stock lending, repurchase and/or reverse repurchase agreements for the purposes of efficient portfolio management in accordance with the provisions of the UCITS Regulations.

Details of forward foreign exchange contracts are reflected within the Schedule of Investments of each fund where held.

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## 21. Significant events during the financial year

The Invesco Italian PIR Multi-Asset Portfolio UCITS ETF launched on 28 January 2018.

The name and address of the Promoter changed from Source UK Services Limited, 110 Cannon Street, London EC4N 6EU, United Kingdom to Invesco UK Services Limited, Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG6 1HH, United Kingdom on 23 March 2018.

The Invesco Preferred Shares UCITS ETF launched a Euro Currency Hedge Class on 13 April 2018.

The Invesco Preferred Shares UCITS ETF launched a CHF Currency Hedge Class on 3 May 2018.

The Invesco Euro Floating Rate Note UCITS ETF and Invesco USD Floating Rate Note UCITS ETF launched on 18 May 2018.

Effective 25 May 2018, the brand name of the umbrella changed from Source Markets II plc to Invesco Markets II plc and the Fund names changed, please refer to the Investment Managers report for further details on the Fund name changes.

The name of the Manager changed from Source Investment Management Limited to Invesco Investment Management Limited on 29 May 2018.

On 29 May 2018, a new prospectus was issued.

The Invesco AT1 Capital Bond UCITS ETF launched on 20 June 2018.

Effective 20 June 2018, Arthur Cox replaced William Fry as the Legal Advisers for the Funds.

The Invesco AT1 Capital Bond UCITS ETF launched a US Dollar Unhedged Class and a Sterling Currency Hedged Class on 25 September 2018.

The Invesco Variable Rate Preferred Shares UCITS ETF launched on 3 October 2018.

On 16 November 2018 an extraordinary general meeting of the shareholders of the Company was held to approve the adoption of an International Central Securities Depository ("ICSD") Settlement Model in place of the Current Settlement Model. The new ICSD model took effect on 25 February 2019.

With effect from 30 November 2018, Mike Kirby resigned as non-executive Director of the Company.

With effect from 13 December 2018 Barry McGrath was appointed as an independent non-executive Director and Anne-Marie King was appointed as a non-executive Director of the Company.

# Annual Report and Audited Financial Statements 2018

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## 22. Post balance sheet events

The Invesco US Treasury Bond UCITS ETF, Invesco US Treasury Bond 1-3 Year UCITS ETF, Invesco US Treasury Bond 3-7 Year UCITS ETF and Invesco US Treasury Bond 7-10 Year UCITS ETF launched on 11 January 2019.

The Invesco US Treasury Bond 7-10 Year UCITS ETF launched Class G on 14 January 2019.

The Invesco MSCI Europe ESG Catholic Principles UCITS ETF launched on 24 January 2019.

The Prospectus and all Supplements for the Funds were updated and re-issued on 25 February 2019.

The Funds migrated to the ICSD settlement model on 25 February 2019.

With effect from 26 February 2019, Liam Manahan resigned as independent non-executive Director of the Company.

The Invesco MDAX<sup>®</sup> UCITS ETF was launched on 19 February 2019.

With effect from 4 March 2019, Barry McGrath was appointed as Chairman of the Board of Directors.

The Invesco Elwood Global Blockchain UCITS ETF was launched on 8 March 2019.

The Invesco US Treasury Bond 3-7 Year UCITS ETF launched Class G and the Invesco US Treasury Bond 7-10 Year UCITS ETF launched Class E on 13 March 2019.

The Invesco UK Gilt 1-5 Year UCITS ETF and Invesco UK Gilts UCITS ETF were launched on 18 March 2019.

There were no other post balance sheet events to report for the financial year ended 31 December 2018.

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## 23. Approval of Financial Statements

The Financial Statements were authorised by the Board on 23 April 2019.

# Source FTSE RAFI Europe Equity Income Physical UCITS ETF Annual Report and Audited Financial Statements 2018

## Statement of comprehensive income

|  | Notes | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|--|-------|---|
| <b>Income</b>  |       |   |
| Operating income   | 3     | 41,730  |
| Net gains on financial assets and liabilities at fair value through profit or loss | 4     | 634,632   |
| <b>Total investment income</b>   |       | <b>676,362</b>  |
| Operating expenses   | 5     | (11,419)  |
| <b>Net income</b>  |       | <b>664,943</b>  |
| <b>Finance costs</b>   |       |   |
| Distributions to Holders of Redeemable Participating Shares                        | 6     | (57,911)  |
| <b>Profit for the financial year</b>   |       | <b>607,032</b>  |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Shares</b>         |       | <b>607,032</b>  |

There are no recognised gains or losses arising in the financial year other than the increase in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year, none of the amounts above relate to continuing operations, as Source FTSE RAFI Europe Equity Income Physical UCITS ETF made a final redemption on 14 June 2017.

## Statement of financial position

|  | Notes | As at<br>31 December<br>2017*<br>EUR |
|--|-------|--------------------------------------|
| <b>Current Assets</b>  |       |                                      |
| <b>Assets at fair value through profit or loss</b>   |       |                                      |
| Financial assets at fair value through profit or loss  |       |                                      |
| - UCITS Investment Funds   | 2(d)  | -                                    |
| <b>Loans and receivables</b>   |       |                                      |
| Cash and cash equivalents  | 7     | -                                    |
| Debtors  | 8     | -                                    |
| <b>Total Current Assets</b>  |       | <b>-</b>                             |
| <b>Current Liabilities</b>   |       |                                      |
| <b>Other financial liabilities</b>   |       |                                      |
| Creditors (amounts falling due within one year)  | 9     | -                                    |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |       | <b>-</b>                             |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |       | <b>-</b>                             |

\* Final redemption 14 June 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|   | Notes     | Financial<br>year ended<br>31 December<br>2017*<br>EUR |
|---|-----------|--|
| <b>Net Assets Attributable to Holders of Redeemable Shares at the beginning of the financial year</b> |           | 6,892,386  |
| Increase in Net Assets Attributable to Holders of Redeemable Shares from operations                   |           | 607,032  |
| Amounts received on issue of Redeemable Shares  |           | -  |
| Amounts paid on redemption of Redeemable Shares   |           | (7,499,418)  |
| <b>Decrease in Net Assets resulting from Share transactions</b>                                       |           | <b>(7,499,418)</b>                                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares at the end of the financial year</b>       | <b>12</b> | <b>-</b>   |

## Statement of cash flows

|   | Notes    | Financial<br>year ended<br>31 December<br>2017*<br>EUR |
|---|----------|--|
| <b>Cash flows from operating activities</b>                       |          |  |
| Proceeds from sale of investments                                 |          | 7,484,033  |
| Purchase of investments   |          | -  |
| Dividends received  |          | 90,604   |
| Management fees paid  |          | (37,957)   |
| <b>Net cash inflow from operating activities</b>                  |          | <b>7,536,680</b>                                       |
| <b>Cash flows from financing activities</b>                       |          |  |
| Distributions paid  |          | (57,911)   |
| <b>Share transactions</b>   |          |  |
| Proceeds from issue of redeemable participating shares            |          | -  |
| Payments of redemptions of redeemable participating shares        |          | (7,499,418)  |
| <b>Net cash outflow from financing activities</b>                 |          | <b>(7,557,329)</b>                                     |
| <b>Net decrease in cash and cash equivalents</b>                  |          | <b>(20,649)</b>  |
| Cash and cash equivalents at beginning of the financial year      |          | 20,649   |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>7</b> | <b>-</b>   |

\* Final redemption 14 June 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial year ended 31 December 2018

### General information

#### Investment objective and policy

The investment objective of Source FTSE RAFI Europe Equity Income Physical UCITS ETF (the "Fund") was to achieve the performance of FTSE RAFI Developed Europe Equity Income Index (the "Reference Index") by investing in the L&G FTSE RAFI Europe Equity Income Fund (the "Master Fund") less fees, expenses and transaction costs.

The Reference Index was designed to measure the performance of high yield stocks which have been screened to target sustainable income. The Reference Index constituents are selected and weighted using four fundamental factors, as opposed to market capitalisation.

The functional currency of the Fund was Euro and the Fund was valued in Euro.

The Fund terminated on 14 June 2017.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The Fund made a final redemption on 14 June 2017, therefore there is no financial risk at 31 December 2018 or 31 December 2017.

### 3. Operating income

|                 | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|-----------------|---|
| Dividend income | 41,730  |
|                 | <b>41,730</b>   |

### 4. Net gains on financial assets and liabilities at fair value through profit or loss

|  | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|--|---|
| Realised gains on sale of investments                | 1,213,553   |
| Net change in unrealised depreciation on investments | (578,921)   |
|  | <b>634,632</b>  |

### 5. Operating expenses

|                 | Financial<br>year ended<br>31 December<br>2017<br>EUR |
|-----------------|---|
| Management fees | 11,419  |
|                 | <b>11,419</b>   |

All other expenses and fees of the Fund were paid by the Manager.

### 6. Distributions

Total amount distributed during the financial year ended 31 December 2018 amounted to EUR Nil (31 December 2017: EUR 57,911).

### 7. Cash and cash equivalents

|  | As at<br>31 December<br>2017<br>EUR |
|--|-------------------------------------|
| The Northern Trust Company, London Branch* | -                                   |
|  | -                                   |

\* Cash held is segregated.

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## 8. Debtors

|  | As at<br>31 December<br>2017<br>EUR |
|--|-------------------------------------|
|--|-------------------------------------|

|                            |   |
|----------------------------|---|
| Dividend income receivable | - |
|                            | - |

## 9. Creditors (amounts falling due within one year)

|  | As at<br>31 December<br>2017<br>EUR |
|--|-------------------------------------|
|--|-------------------------------------|

|                 |   |
|-----------------|---|
| Management fees | - |
|                 | - |

All other expenses and fees of the Fund were paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

All revenues were derived from financial assets and were attributable to a country based on the domicile of the issuer of the instrument.

## 11. Share capital

| Redeemable shares in issue | Financial year ended<br>31 December<br>2017 |
|----------------------------|---|
|----------------------------|---|

|   |           |
|---|-----------|
| <b>Number of Class A Accumulating Redeemable Shares Issued and Fully Paid</b> |           |
| Balance at beginning of financial year  | 750,000   |
| Redeemed during financial year  | (750,000) |

|   |   |
|---|---|
| <b>Total number of Class A Accumulating Redeemable Shares in issue at end of financial year</b> | - |
|---|---|

## 12. Net asset value

|  | As at<br>31 December<br>2017<br>EUR |
|--|-------------------------------------|
|--|-------------------------------------|

|   |   |
|---|---|
| <b>Total Net Asset Value</b>                        |   |
| Class A Distributing Redeemable Shares              | - |
| <b>Dealing Net Asset Value per Redeemable Share</b> |   |
| Class A Distributing Redeemable Shares              | - |

# Source FTSE RAFI UK Equity Income Physical UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|  | Notes | Financial<br>year ended<br>31 December<br>2017*<br>GBP |
|--|-------|--|
| <b>Income</b>  |       |  |
| Operating income   | 3     | 52,246   |
| Net gains on financial assets and liabilities at fair value through profit or loss | 4     | 610,530  |
| <b>Total investment income</b>   |       | <b>662,776</b>   |
| Operating expenses   | 5     | (11,678)   |
| <b>Net income</b>  |       | <b>651,098</b>   |
| <b>Finance costs</b>   |       |  |
| Distributions  | 6     | (106,246)  |
| <b>Profit for the financial year</b>   |       | <b>544,852</b>   |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Shares</b>         |       | <b>544,852</b>   |

There are no recognised gains or losses arising in the financial year other than the increase in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year, none of the amounts above relate to continuing operations, as Source FTSE RAFI UK Equity Income Physical UCITS ETF made a final redemption on 14 June 2017.

### Statement of financial position

|  | Notes | As at<br>31 December<br>2017*<br>GBP |
|--|-------|--------------------------------------|
| <b>Current Assets</b>  |       |                                      |
| <b>Assets at fair value through profit or loss</b>   |       |                                      |
| Financial assets at fair value through profit or loss  |       |                                      |
| - UCITS Investment Funds   | 2(d)  | -                                    |
| <b>Loans and receivables</b>   |       |                                      |
| Cash and cash equivalents  | 7     | -                                    |
| Debtors  | 8     | -                                    |
| <b>Total Current Assets</b>  |       | <b>-</b>                             |
| <b>Current Liabilities</b>   |       |                                      |
| <b>Other financial liabilities</b>   |       |                                      |
| Creditors (amounts falling due within one year)  | 9     | -                                    |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |       | <b>-</b>                             |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |       | <b>-</b>                             |

\* Final redemption 14 June 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|   | Notes     | Financial<br>year ended<br>31 December<br>2017*<br>GBP |
|---|-----------|--|
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the beginning of the financial year</b> |           | <b>7,109,942</b>                                       |
| Increase in Net Assets Attributable to Holders of<br>Redeemable Shares from operations                    |           | 544,852  |
| Amounts received on issue of Redeemable Shares  |           | -  |
| Amounts paid on redemption of Redeemable Shares   |           | (7,654,794)  |
| <b>Decrease in Net Assets resulting from Share transactions</b>   |           | <b>(7,654,794)</b>                                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the end of the financial year</b>       | <b>12</b> | <b>-</b>   |

## Statement of cash flows

|   | Notes    | Financial<br>year ended<br>31 December<br>2017*<br>GBP |
|---|----------|--|
| <b>Cash flows from operating activities</b>                       |          |  |
| Proceeds from sale of investments                                 |          | 7,637,895  |
| Purchase of investments   |          | -  |
| Dividends received  |          | 141,111  |
| Management fees paid  |          | (40,212)   |
| <b>Net cash inflow from operating activities</b>                  |          | <b>7,738,794</b>                                       |
| <b>Cash flows from financing activities</b>                       |          |  |
| Distributions paid  |          | (106,246)  |
| <b>Share transactions</b>   |          |  |
| Proceeds from issue of Redeemable Shares                          |          | -  |
| Payments of redemptions of redeemable participating shares        |          | (7,654,794)  |
| <b>Net cash outflow from financing activities</b>                 |          | <b>(7,761,040)</b>                                     |
| <b>Net decrease in cash and cash equivalents</b>                  |          | <b>(22,246)</b>  |
| Cash and cash equivalents at beginning of the financial year      |          | 22,246   |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>7</b> | <b>-</b>   |

\* Final redemption 14 June 2017.

The accompanying notes form an integral part of the Financial Statements.



# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial year ended 31 December 2018

### General information

#### Investment objective and policy

The investment objective of Source FTSE RAFI UK Equity Income Physical UCITS ETF (the "Fund") was to achieve the performance of FTSE RAFI UK Equity Income Index (the "Reference Index") by investing in the L&G FTSE RAFI UK Equity Income Fund (the "Master Fund") less fees, expenses and transaction costs.

The Reference Index was designed to measure the performance of high yield stocks which have been screened to target sustainable income. The Reference Index constituents are selected and weighted using four fundamental factors, as opposed to market capitalisation.

The functional currency of the Fund was Sterling and the Fund was valued in Sterling.

The Fund terminated on 14 June 2017.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The Fund made a final redemption on 14 June 2017, therefore there is no financial risk at 31 December 2018 or 31 December 2017.

### 3. Operating income

|                 | Financial<br>year ended<br>31 December<br>2017<br>GBP |
|-----------------|---|
| Dividend income | 52,246  |
|                 | <u>52,246</u>   |

### 4. Net gains on financial assets and liabilities at fair value through profit or loss

|  | Financial<br>year ended<br>31 December<br>2017<br>GBP |
|--|---|
| Realised gains on sale of investments                | 1,377,446   |
| Net change in unrealised depreciation on investments | (766,916)   |
|  | <u>610,530</u>  |

### 5. Operating expenses

|                 | Financial<br>year ended<br>31 December<br>2017<br>GBP |
|-----------------|---|
| Management fees | 11,678  |
|                 | <u>11,678</u>   |

All other expenses and fees of the Fund were paid by the Manager.

### 6. Distributions

Total amount distributed during the financial period ended 31 December 2018 amounted to GBP Nil (31 December 2017: GBP 106,246).

### 7. Cash and cash equivalents

|  | As at<br>31 December<br>2017<br>GBP |
|--|-------------------------------------|
| The Northern Trust Company, London Branch* | -                                   |
|  | <u>-</u>                            |

\* Cash held is segregated.

# Annual Report and Audited Financial Statements 2018

## 8. Debtors

|  | As at<br>31 December<br>2017<br>GBP |
|--|-------------------------------------|
|--|-------------------------------------|

|                            |   |
|----------------------------|---|
| Dividend income receivable | - |
|                            | - |

## 9. Creditors (amounts falling due within one year)

|  | As at<br>31 December<br>2017<br>GBP |
|--|-------------------------------------|
|--|-------------------------------------|

|                 |   |
|-----------------|---|
| Management fees | - |
|                 | - |

All other expenses and fees of the Fund were paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

All revenues were derived from financial assets and were attributable to a country based on the domicile of the issuer of the instrument.

## 11. Share capital

| Redeemable shares in issue | Financial year ended<br>31 December<br>2017 |
|----------------------------|---|
|----------------------------|---|

|   |           |
|---|-----------|
| <b>Number of Class A Accumulating Redeemable Shares Issued and Fully Paid</b>                   |           |
| Balance at beginning of financial year  | 720,000   |
| Issued during financial year  | -         |
| Redeemed during financial year  | (720,000) |
| <b>Total number of Class A Accumulating Redeemable Shares in issue at end of financial year</b> | <b>-</b>  |

## 12. Net asset value

|  | As at<br>31 December<br>2017<br>GBP |
|--|-------------------------------------|
|--|-------------------------------------|

|  |   |
|--|---|
| <b>Total Net Asset Value</b>           |   |
| Class A Distributing Redeemable Shares | - |

|   |   |
|---|---|
| <b>Dealing Net Asset Value per Redeemable Share</b> |   |
| Class A Distributing Redeemable Shares              | - |

# Source FTSE RAFI US Equity Income Physical UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|  | Notes | Financial<br>year ended<br>31 December<br>2017*<br>USD |
|--|-------|--|
| <b>Income</b>  |       |  |
| Operating income   | 3     | 52,474   |
| Net gains on financial assets and liabilities at fair value through profit or loss | 4     | 289,675  |
| <b>Total investment income</b>   |       | <b>342,149</b>   |
| Operating expenses   | 5     | (10,757)   |
| <b>Net income</b>  |       | <b>331,392</b>   |
| <b>Finance costs</b>   |       |  |
| Distributions  | 6     | (73,999)   |
| <b>Profit for the financial year</b>   |       | <b>257,393</b>   |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Shares</b>         |       | <b>257,393</b>   |

There are no recognised gains or losses arising in the financial year other than the increase in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year, none of the amounts above relate to continuing operations, as Source FTSE RAFI US Equity Income Physical UCITS ETF made a final redemption on 14 June 2017.

### Statement of financial position

|  | Notes | As at<br>31 December<br>2017*<br>USD |
|--|-------|--------------------------------------|
| <b>Current Assets</b>  |       |                                      |
| <b>Assets at fair value through profit or loss</b>   |       |                                      |
| Financial assets at fair value through profit or loss  |       |                                      |
| - UCITS Investment Funds   | 2(d)  | -                                    |
| <b>Loans and receivables</b>   |       |                                      |
| Cash and Cash Equivalents  | 7     | -                                    |
| Debtors  | 8     | -                                    |
| <b>Total Current Assets</b>  |       | <b>-</b>                             |
| <b>Current Liabilities</b>   |       |                                      |
| <b>Other financial liabilities</b>   |       |                                      |
| Creditors (amounts falling due within one year)  | 9     | -                                    |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |       | <b>-</b>                             |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |       | <b>-</b>                             |

\* Final redemption 14 June 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|   | Notes     | Financial<br>year ended<br>31 December<br>2017*<br>USD |
|---|-----------|--|
| <b>Net Assets Attributable to Holders of Redeemable Shares at the beginning of the financial year</b> |           | 7,210,443  |
| Increase in Net Assets Attributable to Holders of Redeemable Shares from operations                   |           | 257,393  |
| Amounts received on issue of Redeemable Shares  |           | -  |
| Amounts paid on redemption of Redeemable Shares   |           | (7,467,836)  |
| <b>Decrease in Net Assets resulting from Share transactions</b>                                       |           | <b>(7,467,836)</b>                                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares at the end of the financial year</b>       | <b>12</b> | <b>-</b>   |

## Statement of cash flows

|   | Notes    | Financial<br>year ended<br>31 December<br>2017*<br>USD |
|---|----------|--|
| <b>Cash flows from operating activities</b>                       |          |  |
| Proceeds from sale of investments                                 |          | 7,449,891  |
| Purchase of investments   |          | -  |
| Dividends received  |          | 109,050  |
| Management fees paid  |          | (39,419)   |
| <b>Net cash inflow from operating activities</b>                  |          | <b>7,519,522</b>                                       |
| <b>Cash flows from financing activities</b>                       |          |  |
| Distributions paid  |          | (73,999)   |
| Proceeds from issue of Redeemable Shares                          |          | -  |
| Payments of redemptions of redeemable participating shares        |          | (7,467,836)  |
| <b>Net cash outflow from financing activities</b>                 |          | <b>(7,541,835)</b>                                     |
| <b>Net decrease in cash and cash equivalents</b>                  |          | <b>(22,313)</b>  |
| Cash and cash equivalents at beginning of the financial year      |          | 22,313   |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>7</b> | <b>-</b>   |

\* Final redemption 14 June 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial year ended 31 December 2018

### General information

#### Investment objective and policy

The investment objective of Source FTSE RAFI US Equity Income Physical UCITS ETF (the "Fund") was to achieve the performance of FTSE RAFI US Equity Income Index (the "Reference Index") by investing in the L&G FTSE RAFI US Equity Income Fund (the "Master Fund") less fees, expenses and transaction costs.

The Reference Index was designed to measure the performance of high yield stocks which have been screened to target sustainable income. The Reference Index constituents are selected and weighted using four fundamental factors, as opposed to market capitalisation.

The functional currency of the Fund was US Dollar and the Fund was valued in US Dollar.

The Fund terminated on 14 June 2017.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The Fund made a final redemption on 14 June 2017, therefore there is no financial risk at 31 December 2018 or 31 December 2017.

### 3. Operating income

|                 | Financial<br>year ended<br>31 December<br>2017<br>USD |
|-----------------|---|
| Dividend income | 52,474  |
|                 | <b>52,474</b>   |

### 4. Net gains on financial assets and liabilities at fair value through profit or loss

|  | Financial<br>year ended<br>31 December<br>2017<br>USD |
|--|---|
| Realised gains on sale of investments                | 1,218,993   |
| Net change in unrealised depreciation on investments | (929,318)   |
|  | <b>289,675</b>  |

### 5. Operating expenses

|                 | Financial<br>year ended<br>31 December<br>2017<br>USD |
|-----------------|---|
| Management fees | 10,757  |
|                 | <b>10,757</b>   |

All other expenses and fees of the Fund were paid by the Manager.

### 6. Distributions

Total amount distributed during the financial period ended 31 December 2018 amounted to USD Nil (31 December 2017: USD 73,999).

### 7. Cash and cash equivalents

|  | As at<br>31 December<br>2017<br>USD |
|--|-------------------------------------|
| The Northern Trust Company, London Branch* | -                                   |
|  | -                                   |

\* Cash held is segregated.

# Annual Report and Audited Financial Statements 2018

## 8. Debtors

|                            | As at<br>31 December<br>2017<br>USD |
|----------------------------|-------------------------------------|
| Dividend income receivable | -                                   |
|                            | -                                   |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2017<br>USD |
|-----------------|-------------------------------------|
| Management fees | -                                   |
|                 | -                                   |

All other expenses and fees of the Fund were paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

All revenues were derived from financial assets and were attributable to a country based on the domicile of the issuer of the instrument.

## 11. Share capital

| Redeemable shares in issue  | Financial year ended<br>31 December<br>2017 |
|---|---|
| <b>Number of Class A Accumulating Redeemable Shares Issued and Fully Paid</b>                   |   |
| Balance at beginning of financial year  | 660,000                                     |
| Issued during financial year  | -   |
| Redeemed during financial year  | (660,000)                                   |
| <b>Total number of Class A Accumulating Redeemable Shares in issue at end of financial year</b> | <b>-</b>                                    |

## 12. Net asset value

|   | As at<br>31 December<br>2017<br>USD |
|---|-------------------------------------|
| <b>Total Net Asset Value</b>                        |                                     |
| Class A Distributing Redeemable Shares              | -                                   |
| <b>Dealing Net Asset Value per Redeemable Share</b> |                                     |
| Class A Distributing Redeemable Shares              | -                                   |

# Invesco Preferred Shares UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|   | Notes | Financial year ended 31 December 2018 USD | Financial period ended 31 December 2017 USD |
|---|-------|---|---|
| <b>Income</b>   |       |   |   |
| Dividend Income   |       | 12,187,983                                | 1,243,242                                   |
| Interest income   |       | 1,370                                     | -   |
| Net losses on financial assets and liabilities at fair value through profit or loss | 4     | (19,428,554)                              | (1,154,112)                                 |
| <b>Total investment (expense)/income</b>  |       | <b>(7,239,201)</b>                        | <b>89,130</b>                               |
| Operating expenses  | 5     | (1,026,656)                               | (94,088)                                    |
| <b>Net expense</b>  |       | <b>(8,265,857)</b>                        | <b>(4,958)</b>                              |
| <b>Finance costs</b>  |       |   |   |
| Distributions   | 6     | (8,819,128)                               | (702,880)                                   |
| Interest expense  |       | -   | (110)                                       |
| <b>Loss for the year/period before tax</b>  |       | <b>(17,084,985)</b>                       | <b>(707,948)</b>                            |
| Non-reclaimable withholding tax   |       | (1,261,096)                               | (158,850)                                   |
| <b>Loss for the financial year/period</b>   |       | <b>(18,346,081)</b>                       | <b>(866,798)</b>                            |
| <b>Decrease in Net Assets Attributable to Holders of Redeemable Shares</b>          |       | <b>(18,346,081)</b>                       | <b>(866,798)</b>                            |

There are no recognised gains or losses arising in the financial year/period other than the decrease in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year/period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at 31 December 2018 USD | As at 31 December 2017 USD |
|--|---------|----------------------------|----------------------------|
| <b>Current Assets</b>  |         |                            |                            |
| <b>Assets at fair value through profit or loss</b>   |         |                            |                            |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 137,385,355                | 186,667,751                |
| <b>Loans and receivables</b>   |         |                            |                            |
| Cash and cash equivalents  | 7       | 1,090,752                  | 1,285,131                  |
| Balances due from brokers  |         | 2,538,467                  | -                          |
| Dividend income receivable   | 8       | 325,464                    | 492,623                    |
| <b>Total Current Assets</b>  |         | <b>141,340,038</b>         | <b>188,445,505</b>         |
| <b>Current Liabilities</b>   |         |                            |                            |
| <b>Liabilities at fair value through profit or loss</b>  |         |                            |                            |
| Financial liabilities at fair value through profit or loss   | 1       | (877)                      | -                          |
| <b>Other financial liabilities</b>   |         |                            |                            |
| Balances due to brokers  |         | (2,538,467)                | -                          |
| Creditors (amounts falling due within one year)  | 9       | (61,491)                   | (50,971)                   |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(2,600,835)</b>         | <b>(50,971)</b>            |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>138,739,203</b>         | <b>188,394,534</b>         |

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|  | Notes | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|-------|---|---|
| <b>Net Assets Attributable to Holders of Redeemable Shares at beginning of the financial year/period</b> |       | 188,394,534   | -   |
| Decrease in Net Assets Attributable to Holders of Redeemable Shares from operations                      |       | (18,346,081)  | (866,798)   |
| Amounts received on issue of Redeemable Shares   |       | 166,009,238   | 195,259,342   |
| Amounts paid on redemption of Redeemable Shares  |       | (197,318,488)   | (5,998,010)   |
| <b>(Decrease)/increase in Net Assets resulting from Share transactions</b>                               |       | <b>(31,309,250)</b>                                   | <b>189,261,332</b>                                      |
| <b>Net Assets Attributable to Holders of Redeemable Shares at the end of the financial year/period</b>   | 12    | <b>138,739,203</b>                                    | <b>188,394,534</b>                                      |

## Statement of cash flows

|  | Notes | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|-------|---|---|
| <b>Cash flows from operating activities</b>                              |       |   |   |
| Proceeds from sale of investments  |       | 158,731,741   | 2,104,600   |
| Purchase of investments  |       | (128,483,238)   | (189,926,463)   |
| Realised losses on foreign currency transactions                         |       | (393,801)   | -   |
| Unrealised gains on foreign currency transactions                        |       | 17  | -   |
| Dividend income received   |       | 12,355,142  | 750,619   |
| Interest income received   |       | 1,370   | -   |
| Balances due from brokers  |       | (2,538,467)   | -   |
| Balances due to brokers  |       | 2,538,467   | -   |
| Management fees paid   |       | (1,016,136)   | (43,117)  |
| Non-reclaimable withholding tax  |       | (1,261,096)   | (158,850)   |
| <b>Net cash inflow/(outflow) from operating activities</b>               |       | <b>39,933,999</b>                                     | <b>(187,273,211)</b>                                    |
| <b>Cash flows from financing activities</b>                              |       |   |   |
| Distributions paid   |       | (8,819,128)   | (702,880)   |
| Interest paid  |       | -   | (110)   |
| Proceeds from issue of Redeemable Shares                                 |       | 166,009,238   | 195,259,342   |
| Payments of redemptions of redeemable shares                             |       | (197,318,488)   | (5,998,010)   |
| <b>Net cash (outflow)/inflow from financing activities</b>               |       | <b>(40,128,378)</b>                                   | <b>188,558,342</b>                                      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>              |       | <b>(194,379)</b>                                      | <b>1,285,131</b>  |
| Cash and cash equivalents at beginning of the financial year/period      |       | 1,285,131   | -   |
| <b>Cash and cash equivalents at the end of the financial year/period</b> | 7     | <b>1,090,752</b>                                      | <b>1,285,131</b>  |

The accompanying notes form an integral part of the Financial Statements.



# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial year ended 31 December 2018

### General information

#### Investment objective and policy

The investment objective of Invesco Preferred Shares UCITS ETF (the "Fund") is to achieve the performance of the BofA Merrill Lynch Diversified Core Plus Fixed Rate Preferred Securities Net Total Return Index (the "Reference Index") less fees, expenses and transaction costs.

The Reference Index is designed to measure the performance of fixed rate US Dollar denominated preferred securities issued in the US domestic market.

The functional currency of the Fund is US Dollar and the Fund is valued in US Dollar.

The Fund invests in preferred shares.

The Fund launched on 28 September 2017.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notionals of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

### A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial year ended 31 December 2018. These movements may be different from the long term volatility of the index.

### B) Foreign currency risk/interest rate risk

Foreign currency and interest rate exposure is minimal due to the nature and strategy of the investments held by the Fund. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency or interest rate risk. The Fund is not exposed to significant currency risk as there is no direct material currency exposure.

| 31 December 2018   | Up to 1<br>year<br>USD | 1-5<br>years<br>USD | Over 5<br>years<br>USD | Non-interest<br>bearing<br>USD | Total as at<br>31 December 2018<br>USD |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>Current Assets</b>                                      |                        |                     |                        |                                |  |
| Financial assets at fair value through profit or loss      | -                      | -                   | -                      | 137,385,355                    | 137,385,355                            |
| Cash and cash equivalents                                  | 1,090,752              | -                   | -                      | -                              | 1,090,752                              |
| Dividend income receivable                                 | -                      | -                   | -                      | 325,464                        | 325,464                                |
| <b>Total Assets</b>  | <b>1,090,752</b>       | <b>-</b>            | <b>-</b>               | <b>137,710,819</b>             | <b>138,801,571</b>                     |
| <b>Current Liabilities</b>                                 |                        |                     |                        |                                |  |
| Financial liabilities at fair value through profit or loss | -                      | -                   | -                      | (877)                          | (877)                                  |
| Creditors (amounts falling due within one year)            | (61,491)               | -                   | -                      | -                              | (61,491)                               |
| <b>Total Liabilities</b>                                   | <b>(61,491)</b>        | <b>-</b>            | <b>-</b>               | <b>(877)</b>                   | <b>(62,368)</b>                        |
| <b>Interest sensitivity gap</b>                            | <b>1,029,261</b>       | <b>-</b>            | <b>-</b>               |                                |  |

# Annual Report and Audited Financial Statements 2018

## 2. Financial risk management (continued)

### B) Foreign currency risk/interest rate risk (continued)

| 31 December 2017                                      | Up to 1 year<br>year<br>USD | 1-5 years<br>years<br>USD | Over 5 years<br>years<br>USD | Non-interest bearing<br>USD | Total as at<br>31 December 2017<br>USD |
|---|-----------------------------|---------------------------|------------------------------|-----------------------------|--|
| <b>Current Assets</b>                                 |                             |                           |                              |                             |  |
| Financial assets at fair value through profit or loss | -                           | -                         | -                            | 186,667,751                 | 186,667,751                            |
| Cash and cash equivalents                             | 1,285,131                   | -                         | -                            | -                           | 1,285,131                              |
| Dividend income receivable                            | -                           | -                         | -                            | 492,623                     | 492,623                                |
| <b>Total Assets</b>                                   | <b>1,285,131</b>            | <b>-</b>                  | <b>-</b>                     | <b>187,160,374</b>          | <b>188,445,505</b>                     |
| <b>Current Liabilities</b>                            |                             |                           |                              |                             |  |
| Creditors (amounts falling due within one year)       | (50,971)                    | -                         | -                            | -                           | (50,971)                               |
| <b>Total Liabilities</b>                              | <b>(50,971)</b>             | <b>-</b>                  | <b>-</b>                     | <b>-</b>                    | <b>(50,971)</b>                        |
| <b>Interest sensitivity gap</b>                       | <b>1,234,160</b>            | <b>-</b>                  | <b>-</b>                     | <b>-</b>                    | <b>-</b>                               |

### C) Liquidity risk

The following tables analyse the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in US Dollar.

| As at 31 December 2018                                     | Less than 7 days   | 7 days to 1 month | Total              |
|--|--------------------|-------------------|--------------------|
| Financial liabilities at fair value through profit or loss | -                  | 877               | 877                |
| Accrued expenses   | -                  | 61,491            | 61,491             |
| Net assets attributable to holders of Redeemable Shares    | 138,739,203        | -                 | 138,739,203        |
| <b>Total financial liabilities</b>                         | <b>138,739,203</b> | <b>62,368</b>     | <b>138,801,571</b> |

| As at 31 December 2017                                  | Less than 7 days   | 7 days to 1 month | Total              |
|---|--------------------|-------------------|--------------------|
| Accrued expenses  | -                  | 50,971            | 50,971             |
| Net assets attributable to holders of Redeemable Shares | 188,394,534        | -                 | 188,394,534        |
| <b>Total financial liabilities</b>                      | <b>188,394,534</b> | <b>50,971</b>     | <b>188,445,505</b> |

### D) Fair value

The following tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in US Dollar.

| As at 31 December 2018                         | Level 1            | Level 2       | Level 3  |
|--|--------------------|---------------|----------|
| <b>Assets</b>                                  |                    |               |          |
| <b>Financial Assets held for trading:</b>      |                    |               |          |
| - Equities                                     | 137,364,033        | -             | -        |
| - Forward Foreign Exchange Contracts           | -                  | 21,322        | -        |
| <b>Total assets</b>                            | <b>137,364,033</b> | <b>21,322</b> | <b>-</b> |
| <b>Liabilities</b>                             |                    |               |          |
| <b>Financial liabilities held for trading:</b> |                    |               |          |
| - Forward Foreign Exchange Contracts           | -                  | (877)         | -        |
| <b>Total liabilities</b>                       | <b>-</b>           | <b>(877)</b>  | <b>-</b> |
| <b>As at 31 December 2017</b>                  |                    |               |          |
| <b>Assets</b>                                  |                    |               |          |
| <b>Financial assets held for trading:</b>      |                    |               |          |
| - Equities                                     | 186,667,751        | -             | -        |
| <b>Total assets</b>                            | <b>186,667,751</b> | <b>-</b>      | <b>-</b> |

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## 2. Financial risk management (continued)

### D) Fair value (continued)

The Fund did not hold any Level 3 instruments during the financial year ended 31 December 2018 or 31 December 2017. There were no transfers between Level 1 and Level 2 during the financial year ended 31 December 2018 or 31 December 2017.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

## 3. Income

|                 | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|-----------------|---|---|
| Dividend income | 12,187,983  | -   |
| Interest income | 1,370   | 1,243,242   |
|                 | <b>12,189,353</b>                                     | <b>1,243,242</b>  |

## 4. Net losses on financial assets and liabilities at fair value through profit or loss

|  | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|---|---|
| Realised losses on sale of investments                                 | (8,949,287)   | (19,623)  |
| Realised losses on foreign currency transactions                       | (393,801)   | -   |
| Net change in unrealised depreciation on investments                   | (10,105,928)  | (1,134,489)   |
| Net change in unrealised appreciation on foreign currency transactions | 20,462  | -   |
|  | <b>(19,428,554)</b>                                   | <b>(1,154,112)</b>                                      |

## 5. Operating expenses

|                 | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|-----------------|---|---|
| Management fees | 1,026,656   | 94,088  |
|                 | <b>1,026,656</b>                                      | <b>94,088</b>   |

All other expenses and fees of the Fund are paid by the Manager.

## 6. Distributions

Total amount distributed during the financial year ended 31 December 2018 amounted to USD 8,819,128 (31 December 2017: USD 702,880)

## 7. Cash and cash equivalents

|  | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|--|-------------------------------------|-------------------------------------|
| BNY Mellon Trust Company (Ireland) Limited | 1,090,752                           | 1,285,131                           |
|  | <b>1,090,752</b>                    | <b>1,285,131</b>                    |

## 8. Debtors

|                            | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|----------------------------|-------------------------------------|-------------------------------------|
| Dividend income receivable | 325,464                             | 492,623                             |
|                            | <b>325,464</b>                      | <b>492,623</b>                      |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|-----------------|-------------------------------------|-------------------------------------|
| Management fees | 61,491                              | 50,971                              |
|                 | <b>61,491</b>                       | <b>50,971</b>                       |

All other expenses and fees of the Fund are paid by the Manager.

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## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

## 11. Share capital

| Redeemable shares in issue   | Financial year ended 31 December 2018        | Financial period ended 31 December 2017 |
|--|--|---|
| <b>Number of Class A-QD Redeemable Shares Issued and Fully Paid</b>                                    |  |   |
| Balance at beginning of financial year/period  | 9,467,000                                    | -                                       |
| Issued during financial year/period  | 4,625,705                                    | 9,767,000                               |
| Redeemed during financial year/period  | (10,107,995)                                 | (300,000)                               |
| <b>Total number of Class A-QD Redeemable Shares in issue at end of financial year/period</b>           | <b>3,984,710</b>                             | <b>9,467,000</b>                        |
| <b>Redeemable shares in issue</b>  | <b>Financial year ended 31 December 2018</b> |   |
| <b>Number of Class Euro Currency Hedge Redeemable Shares Issued and Fully Paid</b>                     |  |   |
| Balance at beginning of financial period   |  | -                                       |
| Issued during financial period   | 640,800                                      |   |
| Redeemed during financial period   | (359,563)                                    |   |
| <b>Total number of Class Euro Currency Hedge Redeemable Shares in issue at end of financial period</b> | <b>281,237</b>                               |   |

| Redeemable shares in issue  | Financial year ended 31 December 2018 |
|---|---------------------------------------|
| <b>Number of Class Swiss Franc Currency Hedge Redeemable Shares Issued and Fully Paid</b>             |                                       |
| Balance at beginning of financial period  | -                                     |
| Issued during financial period  | 38,600                                |
| Redeemed during financial period  | (14,100)                              |
| <b>Total number of Class CHF Currency Hedge Redeemable Shares in issue at end of financial period</b> | <b>24,500</b>                         |

| Redeemable shares in issue   | Financial year ended 31 December 2018 |
|--|---------------------------------------|
| <b>Number of Class Units Share Class B Redeemable Shares Issued and Fully Paid</b>                     |                                       |
| Balance at beginning of financial period   | -                                     |
| Issued during financial period   | 1,515,000                             |
| Redeemed during financial period   | -                                     |
| <b>Total number of Class Units Share Class B Redeemable Shares in issue at end of financial period</b> | <b>1,515,000</b>                      |

| Redeemable shares in issue   | Financial year ended 31 December 2018 |
|--|---------------------------------------|
| <b>Number of Class Units Share Class B Redeemable Shares Issued and Fully Paid</b>                     |                                       |
| Balance at beginning of financial period   | -                                     |
| Issued during financial period   | 1,515,000                             |
| Redeemed during financial period   | -                                     |
| <b>Total number of Class Units Share Class B Redeemable Shares in issue at end of financial period</b> | <b>1,515,000</b>                      |

## 12. Net asset value

|   | As at 31 December 2018 | As at 31 December 2017 |
|---|------------------------|------------------------|
|   | USD                    | USD                    |
| <b>Total Net Asset Value</b>                        |                        |                        |
| Class A-QD Redeemable Shares                        | 71,898,246             | 188,394,534            |
| Class Euro Currency Hedge Redeemable Shares         | 5,878,188              | -                      |
| Class Swiss Franc Currency Hedge Redeemable Shares  | 470,571                | -                      |
| Class Units Share Class B Redeemable Shares         | 60,492,198             | -                      |
| <b>Dealing Net Asset Value per Redeemable Share</b> |                        |                        |
| Class A-QD Redeemable Shares                        | 18.0435                | 19.9001                |
| Class Euro Currency Hedge Redeemable Shares         | 20.9012                | -                      |
| Class Swiss Franc Currency Hedge Redeemable Shares  | 19.2070                | -                      |
| Class Units Share Class B Redeemable Shares         | 39.9288                | -                      |

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## Schedule of investments

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings  | Financial assets at fair value through profit or loss                | Fair value USD | % of net assets  | Holdings   | Financial assets at fair value through profit or loss             | Fair value USD  | % of net assets  |             |
|---|--|----------------|------------------|--|---|---|------------------|-------------|
| <b>Equities: 99.01% (31 December 2017: 99.08%)</b>  |  |                |                  | <b>United Kingdom: 1.64% (31 December 2017: 8.76%)</b>   |   |   |                  |             |
| <b>Bermuda: 2.83% (31 December 2017: 2.45%)</b>     |  |                |                  | <b>United States: 91.30% (31 December 2017: 84.93%)</b>  |   |   |                  |             |
| 22,113  | Arch Capital Group Ltd - Preferred Stock (Perpetual) 5.25%           | 439,385        | 0.32             | 5,117  | BrightSphere Investment Group Plc - Preferred Stock 5.125%        | 106,126   | 0.08             |             |
| 14,949  | Arch Capital Group Ltd - Preferred Stock (Perpetual) 5.45%           | 303,913        | 0.22             | 59,729   | HSBC Holdings Plc - Preferred Stock (Perpetual) 6.2%              | 1,539,216   | 1.11             |             |
| 10,508  | Aspen Insurance Holdings Ltd - Preferred Stock (Perpetual) 5.625%    | 211,001        | 0.15             | 11,128   | Prudential Plc - Preferred Stock (Perpetual) 6.75%                | 282,095   | 0.20             |             |
| 12,678  | Aspen Insurance Holdings Ltd - Preferred Stock FRN (Perpetual) 5.95% | 286,903        | 0.21             | 13,214   | Prudential Plc - Preferred Stock (Perpetual) 6.5%                 | 345,282   | 0.25             |             |
| 9,310   | Axis Capital Holdings Ltd - Preferred Stock (Perpetual) 5.5%         | 199,699        | 0.14             | <b>Total United Kingdom</b>                              |   |   | <b>2,272,719</b> | <b>1.64</b> |
| 27,488  | Axis Capital Holdings Ltd - Preferred Stock (Perpetual) 5.5%         | 575,599        | 0.42             | <b>Alabama Power Co - Preferred Stock (Perpetual) 5%</b> |   |   |                  |             |
| 6,000   | Enstar Group Ltd - Preferred Stock (Perpetual) 7%                    | 139,800        | 0.10             | 10,508   | Alabama Power Co - Preferred Stock (Perpetual) 5%                 | 249,460   | 0.18             |             |
| 19,002  | Enstar Group Ltd - Preferred Stock FRN (Perpetual) 7%                | 444,647        | 0.32             | 11,991   | Allstate Corp/The - Preferred Stock (Perpetual) 5.625%            | 287,424   | 0.21             |             |
| 7,580   | PartnerRe Ltd - Preferred Stock (Perpetual) 5.875%                   | 172,521        | 0.12             | 5,708  | Allstate Corp/The - Preferred Stock (Perpetual) 6.25%             | 144,412   | 0.10             |             |
| 7,816   | PartnerRe Ltd - Preferred Stock (Perpetual) 6.5%                     | 192,821        | 0.14             | 34,613   | Allstate Corp/The - Preferred Stock (Perpetual) 6.625%            | 869,479   | 0.63             |             |
| 13,544  | PartnerRe Ltd - Preferred Stock (Perpetual) 7.25%                    | 341,173        | 0.25             | 10,508   | Allstate Corp/The - Preferred Stock (Perpetual) 6.25%             | 265,852   | 0.19             |             |
| 11,397  | RenaissanceRe Holdings Ltd - Preferred Stock (Perpetual) 5.375%      | 236,488        | 0.17             | 26,904   | Allstate Corp/The - Preferred Stock (Perpetual) 5.625%            | 644,351   | 0.46             |             |
| 5,117   | RenaissanceRe Holdings Ltd - Preferred Stock (Perpetual) 6.08%       | 125,878        | 0.09             | 24,764   | Allstate Corp/The - Preferred Stock FRN 5.1%                      | 590,374   | 0.43             |             |
| 11,645  | RenaissanceRe Holdings Ltd - Preferred Stock (Perpetual) 5.75%       | 254,210        | 0.18             | 6,304  | American Financial Group Inc/OH - Preferred Stock 6.25%           | 159,617   | 0.11             |             |
| <b>Total Bermuda</b>                                |  |                | <b>3,924,038</b> | <b>2.83</b>  | 6,304   | American Financial Group Inc/OH - Preferred Stock 6%                      | 154,070          | 0.11        |
| <b>Canada: 0.68% (31 December 2017: 0.00%)</b>      |  |                |                  | 6,304  | American Homes 4 Rent - Preferred Stock (Perpetual) 5.875%        | 129,862   | 0.09             |             |
| 11,299  | Algonquin Power & Utilities Corp - Preferred Stock FRN 6.875%        | 282,136        | 0.20             | 2,866  | American Homes 4 Rent - Preferred Stock (Perpetual) 5.875%        | 58,782  | 0.04             |             |
| 27,970  | Enbridge Inc - Preferred Stock FRN 6.375%                            | 658,414        | 0.48             | 7,700  | American Homes 4 Rent - Preferred Stock (Perpetual) 6.25%         | 171,094   | 0.12             |             |
| <b>Total Canada</b>                                 |  |                | <b>940,550</b>   | <b>0.68</b>  | 6,562   | Apartment Investment & Management Co - Preferred Stock (Perpetual) 6.875% | 166,675          | 0.12        |
| <b>Netherlands: 2.56% (31 December 2017: 2.75%)</b> |  |                |                  | 11,397   | Apollo Global Management LLC - Preferred Stock (Perpetual) 6.375% | 256,433   | 0.18             |             |
| 45,200  | Aegon NV - Preferred Stock (Perpetual) 6.375%                        | 1,137,232      | 0.82             | 14,858   | Apollo Global Management LLC - Preferred Stock (Perpetual) 6.375% | 329,550   | 0.24             |             |
| 20,655  | Aegon NV - Preferred Stock (Perpetual) 6.5%                          | 517,201        | 0.37             | 6,304  | Apollo Investment Corp - Preferred Stock 6.875%                   | 156,907   | 0.11             |             |
| 46,313  | ING Groep NV - Preferred Stock (Perpetual) 6.375%                    | 1,173,571      | 0.85             | 12,883   | Ares Management Corp - Preferred Stock (Perpetual) 7%             | 335,216   | 0.24             |             |
| 29,073  | ING Groep NV - Preferred Stock (Perpetual) 6.125%                    | 724,209        | 0.52             | 6,008  | Argo Group US Inc - Preferred Stock 6.5%                          | 149,840   | 0.11             |             |
| <b>Total Netherlands</b>                            |  |                | <b>3,552,213</b> | <b>2.56</b>  | 4,797   | Associated Banc-Corp - Preferred Stock (Perpetual) 5.375%                 | 106,493          | 0.08        |
|   |  |                |                  | 4,179  | Assured Guaranty Municipal Holdings Inc - Preferred Stock 6.875%  | 106,773   | 0.08             |             |

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## Schedule of investments (continued)

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Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss               | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss                         | Fair value USD | % of net assets |
|----------|---|----------------|-----------------|----------|---|----------------|-----------------|
| 9,613    | Assured Guaranty Municipal Holdings Inc - Preferred Stock 6.25%     | 241,863        | 0.17            | 22,456   | CBL & Associates Properties Inc - Preferred Stock (Perpetual) 7.375%          | 237,584        | 0.17            |
| 4,179    | Assured Guaranty Municipal Holdings Inc - Preferred Stock 5.6%      | 97,162         | 0.07            | 7,202    | CBL & Associates Properties Inc - Preferred Stock (Perpetual) 6.625%          | 68,851         | 0.05            |
| 64,618   | AT&T Inc - Preferred Stock 5.35%                                    | 1,438,397      | 1.04            | 28,000   | Charles Schwab Corp/The - Preferred Stock (Perpetual) 6%                      | 710,920        | 0.51            |
| 35,632   | AT&T Inc - Preferred Stock 5.625%                                   | 826,306        | 0.60            | 34,153   | Charles Schwab Corp/The - Preferred Stock (Perpetual) 5.95%                   | 853,825        | 0.62            |
| 51,039   | Bank of America Corp - Preferred Stock (Perpetual) 6.625%           | 1,298,432      | 0.94            | 20,100   | Citigroup Inc - Preferred Stock (Perpetual) 6.875%                            | 510,942        | 0.37            |
| 53,133   | Bank of America Corp - Preferred Stock (Perpetual) 6.5%             | 1,348,516      | 0.97            | 39,612   | Citigroup Inc - Preferred Stock (Perpetual) 6.3%                              | 1,010,106      | 0.73            |
| 50,800   | Bank of America Corp - Preferred Stock (Perpetual) 6.2%             | 1,288,796      | 0.93            | 48,664   | Citigroup Inc - Preferred Stock FRN (Perpetual) 7.125%                        | 1,274,510      | 0.92            |
| 47,583   | Bank of America Corp - Preferred Stock (Perpetual) 6%               | 1,191,954      | 0.86            | 73,320   | Citigroup Inc - Preferred Stock FRN (Perpetual) 6.875%                        | 1,922,450      | 1.39            |
| 67,503   | Bank of America Corp - Preferred Stock (Perpetual) 6%               | 1,694,325      | 1.22            | 7,822    | CMS Energy Corp - Preferred Stock 5.625%                                      | 185,381        | 0.13            |
| 39,589   | Bank of America Corp - Preferred Stock (Perpetual) 5.875%           | 980,620        | 0.71            | 13,510   | CMS Energy Corp - Preferred Stock 5.875%                                      | 325,051        | 0.23            |
| 39,553   | Bank of America Corp - Preferred Stock FRN 6.45%                    | 996,736        | 0.72            | 6,304    | Commerce Bancshares Inc/MO - Preferred Stock (Perpetual) 6%                   | 157,663        | 0.11            |
| 29,119   | Bank of New York Mellon Corp/The - Preferred Stock (Perpetual) 5.2% | 661,875        | 0.48            | 6,304    | Cullen/Frost Bankers Inc - Preferred Stock (Perpetual) 5.375%                 | 146,883        | 0.11            |
| 24,982   | BB&T Corp - Preferred Stock (Perpetual) 5.2%                        | 553,101        | 0.40            | 6,886    | DCP Midstream LP - Preferred Stock FRN (Perpetual) 7.875%                     | 149,288        | 0.11            |
| 22,089   | BB&T Corp - Preferred Stock (Perpetual) 5.2%                        | 489,271        | 0.35            | 4,904    | DCP Midstream LP - Preferred Stock FRN (Perpetual) 7.95%                      | 107,300        | 0.08            |
| 45,200   | BB&T Corp - Preferred Stock (Perpetual) 5.625%                      | 1,055,872      | 0.76            | 36,666   | Deutsche Bank Contingent Capital Trust II - Preferred Stock (Perpetual) 6.55% | 885,484        | 0.64            |
| 24,820   | BB&T Corp - Preferred Stock (Perpetual) 5.85%                       | 607,345        | 0.44            | 68,562   | Deutsche Bank Contingent Capital Trust V - Preferred Stock (Perpetual) 8.05%  | 1,715,421      | 1.24            |
| 29,275   | BB&T Corp - Preferred Stock (Perpetual) 5.625%                      | 688,255        | 0.50            | 11,756   | Digital Realty Trust Inc - Preferred Stock (Perpetual) 5.875%                 | 276,031        | 0.20            |
| 6,304    | BOK Financial Corp - Preferred Stock 5.375%                         | 143,731        | 0.10            | 16,837   | Digital Realty Trust Inc - Preferred Stock (Perpetual) 7.375%                 | 424,461        | 0.31            |
| 8,408    | Boston Properties Inc - Preferred Stock (Perpetual) 5.25%           | 192,123        | 0.14            | 11,591   | Digital Realty Trust Inc - Preferred Stock (Perpetual) 6.35%                  | 295,223        | 0.21            |
| 17,124   | Brighthouse Financial Inc - Preferred Stock 6.25%                   | 363,371        | 0.26            | 9,160    | Digital Realty Trust Inc - Preferred Stock (Perpetual) 6.625%                 | 242,557        | 0.17            |
| 8,604    | Brunswick Corp/DE - Preferred Stock 6.5%                            | 216,305        | 0.16            | 9,644    | Digital Realty Trust Inc - Preferred Stock (Perpetual) 5.25%                  | 202,042        | 0.15            |
| 4,420    | Brunswick Corp/DE - Preferred Stock 6.625%                          | 105,063        | 0.08            | 41,190   | Dominion Energy Inc - Preferred Stock 5.25%                                   | 950,665        | 0.68            |
| 32,540   | Capital One Financial Corp - Preferred Stock (Perpetual) 6%         | 800,159        | 0.58            | 8,408    | DTE Energy Co - Preferred Stock 5.25%   | 190,105        | 0.14            |
| 29,706   | Capital One Financial Corp - Preferred Stock (Perpetual) 6.25%      | 744,432        | 0.54            | 14,646   | DTE Energy Co - Preferred Stock 5.375%  | 333,489        | 0.24            |
| 24,936   | Capital One Financial Corp - Preferred Stock (Perpetual) 6.7%       | 632,128        | 0.46            | 11,693   | DTE Energy Co - Preferred Stock 6%  | 301,446        | 0.22            |
| 24,155   | Capital One Financial Corp - Preferred Stock (Perpetual) 6.2%       | 610,397        | 0.44            | 18,493   | DTE Energy Co - Preferred Stock 5.25%   | 411,469        | 0.30            |
| 29,804   | Capital One Financial Corp - Preferred Stock (Perpetual) 5.2%       | 644,362        | 0.46            | 21,911   | Duke Energy Corp - Preferred Stock 5.125%                                     | 497,380        | 0.36            |
| 24,155   | Capital One Financial Corp - Preferred Stock (Perpetual) 6%         | 601,701        | 0.43            | 24,909   | Duke Energy Corp - Preferred Stock 5.625%                                     | 592,834        | 0.43            |
| 20,004   | Carlyle Group LP/The - Preferred Stock (Perpetual) 5.875%           | 407,481        | 0.29            | 34,153   | eBay Inc - Preferred Stock 6%   | 870,218        | 0.63            |
|          |   |                |                 | 1,784    | El du Pont de Nemours & Co - Preferred Stock (Perpetual) 4.5%                 | 173,762        | 0.12            |

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Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss                 | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss                      | Fair value USD | % of net assets |
|----------|---|----------------|-----------------|----------|--|----------------|-----------------|
| 22,525   | Energy Transfer Operating LP - Preferred Stock FRN (Perpetual) 7.375% | 495,775        | 0.36            | 21,940   | Hartford Financial Services Group Inc/The - Preferred Stock (Perpetual) 6% | 553,766        | 0.40            |
| 20,078   | Energy Transfer Operating LP - Preferred Stock FRN (Perpetual) 7.625% | 460,188        | 0.33            | 28,459   | Hartford Financial Services Group Inc/The - Preferred Stock FRN 7.875%     | 778,354        | 0.56            |
| 9,036    | Entergy Arkansas LLC - Preferred Stock 4.9%                           | 204,485        | 0.15            | 27,957   | Huntington Bancshares Inc/OH - Preferred Stock (Perpetual) 6.25%           | 693,893        | 0.50            |
| 5,745    | Entergy Arkansas LLC - Preferred Stock 4.75%                          | 127,309        | 0.09            | 4,735    | Huntington Bancshares Inc/OH - Preferred Stock (Perpetual) 5.875%          | 115,392        | 0.08            |
| 18,991   | Entergy Arkansas LLC - Preferred Stock 4.875%                         | 431,286        | 0.31            | 29,076   | Integrus Holding Inc - Preferred Stock FRN 6%                              | 691,282        | 0.50            |
| 8,909    | Entergy Louisiana LLC - Preferred Stock 5.25%                         | 211,633        | 0.15            | 8,408    | Interstate Power & Light Co - Preferred Stock (Perpetual) 5.1%             | 201,792        | 0.15            |
| 4,680    | Entergy Louisiana LLC - Preferred Stock 4.7%                          | 100,386        | 0.07            | 33,229   | JPMorgan Chase & Co - Preferred Stock (Perpetual) 5.45%                    | 814,110        | 0.59            |
| 12,350   | Entergy Louisiana LLC - Preferred Stock 4.875%                        | 284,791        | 0.21            | 39,553   | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.7%                     | 1,005,042      | 0.72            |
| 12,862   | Entergy Mississippi LLC - Preferred Stock 4.9%                        | 285,665        | 0.21            | 42,190   | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.3%                     | 1,070,360      | 0.77            |
| 5,086    | Entergy New Orleans LLC - Preferred Stock 5.5%                        | 126,336        | 0.09            | 64,447   | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.125%                   | 1,633,731      | 1.18            |
| 6,336    | Entergy Texas Inc - Preferred Stock 5.625%                            | 155,929        | 0.11            | 66,872   | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.1%                     | 1,707,911      | 1.23            |
| 6,140    | EPR Properties - Preferred Stock (Perpetual) 5.75%                    | 128,326        | 0.09            | 70,129   | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.15%                    | 1,807,926      | 1.30            |
| 6,008    | Federal Realty Investment Trust - Preferred Stock (Perpetual) 5%      | 125,267        | 0.09            | 79,777   | JPMorgan Chase & Co - Preferred Stock (Perpetual) 5.75%                    | 1,996,818      | 1.44            |
| 20,996   | Fifth Third Bancorp - Preferred Stock FRN (Perpetual) 6.625%          | 543,167        | 0.39            | 6,304    | Kemper Corp - Preferred Stock 7.375%                                       | 158,735        | 0.11            |
| 4,179    | First Horizon National Corp - Preferred Stock (Perpetual) 6.2%        | 102,135        | 0.07            | 19,457   | KeyCorp - Preferred Stock (Perpetual) 5.65%                                | 443,230        | 0.32            |
| 9,052    | First Republic Bank/CA - Preferred Stock (Perpetual) 5.5%             | 205,028        | 0.15            | 25,012   | KeyCorp - Preferred Stock FRN (Perpetual) 6.125%                           | 645,810        | 0.47            |
| 4,179    | First Republic Bank/CA - Preferred Stock (Perpetual) 5.7%             | 102,553        | 0.07            | 10,445   | Kimco Realty Corp - Preferred Stock (Perpetual) 5.5%                       | 220,494        | 0.16            |
| 6,304    | First Republic Bank/CA - Preferred Stock (Perpetual) 5.5%             | 141,966        | 0.10            | 7,562    | Kimco Realty Corp - Preferred Stock (Perpetual) 5.625%                     | 162,961        | 0.12            |
| 8,408    | First Republic Bank/CA - Preferred Stock (Perpetual) 5.125%           | 179,511        | 0.13            | 9,560    | Kimco Realty Corp - Preferred Stock (Perpetual) 6%                         | 229,344        | 0.17            |
| 14,699   | First Republic Bank/CA - Preferred Stock (Perpetual) 5.5%             | 326,612        | 0.24            | 10,372   | Kimco Realty Corp - Preferred Stock (Perpetual) 5.125%                     | 204,432        | 0.15            |
| 4,523    | FNB Corp/PA - Preferred Stock FRN (Perpetual) 7.25%                   | 117,281        | 0.08            | 12,167   | Kimco Realty Corp - Preferred Stock (Perpetual) 5.25%                      | 248,815        | 0.18            |
| 6,304    | GATX Corp - Preferred Stock 5.625%                                    | 138,373        | 0.10            | 17,045   | KKR & Co Inc - Preferred Stock (Perpetual) 6.75%                           | 440,784        | 0.32            |
| 11,102   | Georgia Power Co - Preferred Stock 5%                                 | 235,473        | 0.17            | 6,284    | KKR & Co Inc - Preferred Stock (Perpetual) 6.5%                            | 163,007        | 0.12            |
| 5,533    | Goldman Sachs Group Inc/The - Preferred Stock (Perpetual) 6.2%        | 141,092        | 0.10            | 10,508   | Legg Mason Inc - Preferred Stock 6.375%                                    | 252,822        | 0.18            |
| 36,665   | Goldman Sachs Group Inc/The - Preferred Stock (Perpetual) 6.3%        | 929,824        | 0.67            | 25,012   | Legg Mason Inc - Preferred Stock 5.45%                                     | 510,245        | 0.37            |
| 40,811   | Goldman Sachs Group Inc/The - Preferred Stock FRN (Perpetual) 5.5%    | 987,626        | 0.71            | 7,956    | MB Financial Inc - Preferred Stock (Perpetual) 6%                          | 184,341        | 0.13            |
| 36,357   | Goldman Sachs Group Inc/The - Preferred Stock FRN (Perpetual) 6.375%  | 923,468        | 0.67            | 39,472   | MetLife Inc - Preferred Stock (Perpetual) 5.625%                           | 929,566        | 0.67            |
| 6,304    | Hancock Whitney Corp - Preferred Stock 5.95%                          | 153,124        | 0.11            | 21,939   | Morgan Stanley - Preferred Stock (Perpetual) 6.625%                        | 553,521        | 0.40            |
| 7,202    | Hanover Insurance Group Inc/The - Preferred Stock 6.35%               | 178,610        | 0.13            | 40,054   | Morgan Stanley - Preferred Stock FRN (Perpetual) 7.125%                    | 1,056,224      | 0.76            |

# Annual Report and Audited Financial Statements 2018

## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss                         | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss           | Fair value USD | % of net assets |
|----------|---|----------------|-----------------|----------|---|----------------|-----------------|
| 41,030   | Morgan Stanley - Preferred Stock FRN (Perpetual) 6.875%                       | 1,062,677      | 0.77            | 12,669   | PS Business Parks Inc - Preferred Stock (Perpetual) 5.75%       | 297,088        | 0.21            |
| 48,202   | Morgan Stanley - Preferred Stock FRN (Perpetual) 6.375%                       | 1,216,136      | 0.88            | 15,552   | PS Business Parks Inc - Preferred Stock (Perpetual) 5.2%        | 321,771        | 0.23            |
| 48,286   | Morgan Stanley - Preferred Stock FRN (Perpetual) 5.85%                        | 1,172,384      | 0.84            | 11,468   | PS Business Parks Inc - Preferred Stock (Perpetual) 5.25%       | 237,388        | 0.17            |
| 13,247   | National Retail Properties Inc - Preferred Stock (Perpetual) 5.7%             | 304,681        | 0.22            | 8,421    | PS Business Parks Inc - Preferred Stock (Perpetual) 5.2%        | 173,052        | 0.12            |
| 15,622   | National Retail Properties Inc - Preferred Stock (Perpetual) 5.2%             | 326,500        | 0.24            | 25,305   | Public Storage - Preferred Stock (Perpetual) 5.2%               | 556,963        | 0.40            |
| 13,842   | Navient Corp - Preferred Stock 6%   | 228,393        | 0.16            | 12,915   | Public Storage - Preferred Stock (Perpetual) 5.2%               | 284,776        | 0.20            |
| 29,222   | New York Community Bancorp Inc - Preferred Stock FRN (Perpetual) 6.375%       | 666,846        | 0.48            | 24,155   | Public Storage - Preferred Stock (Perpetual) 5.375%             | 545,903        | 0.39            |
| 24,896   | NextEra Energy Capital Holdings Inc - Preferred Stock 5.125%                  | 557,421        | 0.40            | 11,991   | Public Storage - Preferred Stock (Perpetual) 5.625%             | 293,660        | 0.21            |
| 21,867   | NextEra Energy Capital Holdings Inc - Preferred Stock 5%                      | 483,042        | 0.35            | 3,112    | Public Storage - Preferred Stock (Perpetual) 6.375%             | 78,142         | 0.06            |
| 26,036   | NextEra Energy Capital Holdings Inc - Preferred Stock 5.25%                   | 596,224        | 0.43            | 14,810   | Public Storage - Preferred Stock (Perpetual) 6%                 | 370,991        | 0.27            |
| 28,000   | NiSource Inc - Preferred Stock FRN (Perpetual) 6.5%                           | 701,120        | 0.51            | 8,881    | Public Storage - Preferred Stock (Perpetual) 5.875%             | 222,025        | 0.16            |
| 18,344   | Northern Trust Corp - Preferred Stock (Perpetual) 5.85%                       | 455,115        | 0.33            | 7,148    | Public Storage - Preferred Stock (Perpetual) 5.4%               | 162,974        | 0.12            |
| 9,310    | NuStar Energy LP - Preferred Stock FRN (Perpetual) 8.5%                       | 180,707        | 0.13            | 3,937    | Public Storage - Preferred Stock (Perpetual) 5.125%             | 84,960         | 0.06            |
| 19,115   | NuStar Energy LP - Preferred Stock FRN (Perpetual) 7.625%                     | 344,261        | 0.25            | 13,477   | Public Storage - Preferred Stock (Perpetual) 4.95%              | 283,421        | 0.20            |
| 6,004    | NuStar Energy LP - Preferred Stock FRN (Perpetual) 9%                         | 123,202        | 0.09            | 17,533   | Public Storage - Preferred Stock (Perpetual) 4.9%               | 361,530        | 0.26            |
| 7,788    | Oaktree Capital Group LLC - Preferred Stock (Perpetual) 6.625%                | 178,657        | 0.13            | 22,039   | Public Storage - Preferred Stock (Perpetual) 5.15%              | 475,161        | 0.34            |
| 10,956   | Oaktree Capital Group LLC - Preferred Stock (Perpetual) 6.55%                 | 248,701        | 0.18            | 20,071   | Public Storage - Preferred Stock (Perpetual) 5.05%              | 428,114        | 0.31            |
| 12,883   | Office Properties Income Trust - Preferred Stock 5.875%                       | 284,972        | 0.21            | 10,033   | QVC Inc - Preferred Stock 6.375%                                | 210,693        | 0.15            |
| 4,523    | Pacific Gas & Electric Co - Preferred Stock (Perpetual) 6%                    | 86,774         | 0.06            | 35,949   | Qwest Corp - Preferred Stock 6.125%                             | 647,082        | 0.47            |
| 10,508   | People's United Financial Inc - Preferred Stock FRN (Perpetual) 5.625%        | 233,383        | 0.17            | 24,170   | Qwest Corp - Preferred Stock 6.875%                             | 476,874        | 0.34            |
| 21,234   | Pitney Bowes Inc - Preferred Stock 6.7%                                       | 498,362        | 0.36            | 20,342   | Qwest Corp - Preferred Stock 6.625%                             | 383,447        | 0.28            |
| 20,100   | PNC Financial Services Group Inc/The - Preferred Stock (Perpetual) 5.375%     | 464,712        | 0.33            | 9,913    | Qwest Corp - Preferred Stock 7%                                 | 205,100        | 0.15            |
| 75,344   | PNC Financial Services Group Inc/The - Preferred Stock FRN (Perpetual) 6.125% | 1,939,355      | 1.40            | 42,434   | Qwest Corp - Preferred Stock 6.5%                               | 795,213        | 0.57            |
| 20,479   | PPL Capital Funding Inc - Preferred Stock 5.9%                                | 504,193        | 0.36            | 33,733   | Qwest Corp - Preferred Stock 6.75%                              | 640,252        | 0.46            |
| 9,050    | Prospect Capital Corp - Preferred Stock 6.25%                                 | 221,363        | 0.16            | 23,102   | Regions Financial Corp - Preferred Stock (Perpetual) 6.375%     | 576,164        | 0.42            |
| 23,930   | Prudential Financial Inc - Preferred Stock 5.75%                              | 568,098        | 0.41            | 23,400   | Regions Financial Corp - Preferred Stock FRN (Perpetual) 6.375% | 580,086        | 0.42            |
| 35,893   | Prudential Financial Inc - Preferred Stock 5.7%                               | 837,384        | 0.60            | 20,604   | Reinsurance Group of America Inc - Preferred Stock FRN 6.2%     | 515,512        | 0.37            |
| 26,199   | Prudential Financial Inc - Preferred Stock 5.625%                             | 619,344        | 0.45            | 16,518   | Reinsurance Group of America Inc - Preferred Stock FRN 5.75%    | 388,999        | 0.28            |
| 2,684    | PS Business Parks Inc - Preferred Stock (Perpetual) 5.7%                      | 63,611         | 0.05            | 20,076   | SCE Trust II - Preferred Stock (Perpetual) 5.1%                 | 387,065        | 0.28            |
|          |   |                |                 | 11,397   | SCE Trust III - Preferred Stock FRN (Perpetual) 5.75%           | 263,727        | 0.19            |
|          |   |                |                 | 15,047   | SCE Trust IV - Preferred Stock FRN (Perpetual) 5.375%           | 305,454        | 0.22            |



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Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss            | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss                        | Fair value USD | % of net assets |
|----------|--|----------------|-----------------|----------|--|----------------|-----------------|
| 12,586   | SCE Trust V - Preferred Stock FRN (Perpetual) 5.45%              | 262,796        | 0.19            | 15,642   | United States Cellular Corp - Preferred Stock 6.95%                          | 351,163        | 0.25            |
| 23,281   | SCE Trust VI - Preferred Stock (Perpetual) 5%                    | 423,481        | 0.30            | 12,645   | United States Cellular Corp - Preferred Stock 7.25%                          | 297,790        | 0.21            |
| 7,816    | Selective Insurance Group Inc - Preferred Stock 5.875%           | 187,193        | 0.13            | 13,842   | United States Cellular Corp - Preferred Stock 7.25%                          | 327,225        | 0.24            |
| 14,732   | Senior Housing Properties Trust - Preferred Stock 5.625%         | 297,439        | 0.21            | 15,782   | Unum Group - Preferred Stock 6.25%   | 357,778        | 0.26            |
| 10,508   | Senior Housing Properties Trust - Preferred Stock 6.25%          | 238,532        | 0.17            | 20,655   | US Bancorp - Preferred Stock (Perpetual) 5.15%                               | 473,619        | 0.34            |
| 6,932    | SITE Centers Corp - Preferred Stock (Perpetual) 6.25%            | 152,296        | 0.11            | 26,177   | US Bancorp - Preferred Stock (Perpetual) 5.5%                                | 646,310        | 0.47            |
| 9,036    | SITE Centers Corp - Preferred Stock (Perpetual) 6.5%             | 204,846        | 0.15            | 55,045   | US Bancorp - Preferred Stock FRN (Perpetual) 6.5%                            | 1,457,592      | 1.05            |
| 7,326    | SITE Centers Corp - Preferred Stock (Perpetual) 6.375%           | 158,242        | 0.11            | 4,179    | Valley National Bancorp - Preferred Stock FRN (Perpetual) 5.5%               | 93,025         | 0.07            |
| 9,613    | SL Green Realty Corp - Preferred Stock (Perpetual) 6.5%          | 242,536        | 0.17            | 4,818    | Valley National Bancorp - Preferred Stock FRN (Perpetual) 6.25%              | 115,632        | 0.08            |
| 49,980   | Southern Co/The - Preferred Stock 6.25%                          | 1,274,990      | 0.92            | 10,802   | Ventas Realty LP / Ventas Capital Corp - Preferred Stock 5.45%               | 261,408        | 0.19            |
| 33,229   | Southern Co/The - Preferred Stock 5.25%                          | 724,724        | 0.52            | 53,128   | VEREIT Inc - Preferred Stock (Perpetual) 6.7%                                | 1,257,008      | 0.91            |
| 24,923   | Southern Co/The - Preferred Stock 5.25%                          | 544,069        | 0.39            | 23,102   | Verizon Communications Inc - Preferred Stock 5.9%                            | 584,481        | 0.42            |
| 34,995   | Stanley Black & Decker Inc - Preferred Stock 5.75%               | 829,731        | 0.60            | 14,405   | Vornado Realty Trust - Preferred Stock (Perpetual) 5.4%                      | 308,843        | 0.22            |
| 21,283   | State Street Corp - Preferred Stock (Perpetual) 5.25%            | 479,293        | 0.35            | 16,729   | Vornado Realty Trust - Preferred Stock (Perpetual) 5.7%                      | 376,235        | 0.27            |
| 34,153   | State Street Corp - Preferred Stock (Perpetual) 6%               | 859,289        | 0.62            | 5,168    | Vornado Realty Trust - Preferred Stock (Perpetual) 5.25%                     | 106,202        | 0.08            |
| 34,153   | State Street Corp - Preferred Stock FRN (Perpetual) 5.9%         | 836,065        | 0.60            | 4,179    | Washington Prime Group Inc - Preferred Stock (Perpetual) 7.5%                | 66,739         | 0.05            |
| 24,805   | State Street Corp - Preferred Stock FRN (Perpetual) 5.35%        | 592,343        | 0.43            | 5,433    | Webster Financial Corp - Preferred Stock (Perpetual) 5.25%                   | 114,636        | 0.08            |
| 9,010    | Stifel Financial Corp - Preferred Stock 5.2%                     | 184,885        | 0.13            | 31,181   | Wells Fargo & Co - Preferred Stock (Perpetual) 5.125%                        | 679,122        | 0.49            |
| 6,304    | Stifel Financial Corp - Preferred Stock (Perpetual) 6.25%        | 153,250        | 0.11            | 33,352   | Wells Fargo & Co - Preferred Stock (Perpetual) 5.2%                          | 734,078        | 0.53            |
| 9,279    | Synovus Financial Corp - Preferred Stock FRN (Perpetual) 6.3%    | 223,067        | 0.16            | 26,030   | Wells Fargo & Co - Preferred Stock (Perpetual) 5.25%                         | 574,482        | 0.41            |
| 5,117    | Targa Resources Partners LP - Preferred Stock FRN (Perpetual) 9% | 131,251        | 0.09            | 36,357   | Wells Fargo & Co - Preferred Stock (Perpetual) 6%                            | 914,015        | 0.66            |
| 7,202    | TCF Financial Corp - Preferred Stock (Perpetual) 5.7%            | 164,494        | 0.12            | 47,510   | Wells Fargo & Co - Preferred Stock (Perpetual) 6%                            | 1,192,976      | 0.86            |
| 4,818    | Telephone & Data Systems Inc - Preferred Stock 6.625%            | 108,068        | 0.08            | 48,497   | Wells Fargo & Co - Preferred Stock (Perpetual) 5.7%                          | 1,154,229      | 0.83            |
| 10,063   | Telephone & Data Systems Inc - Preferred Stock 6.875%            | 233,059        | 0.17            | 54,426   | Wells Fargo & Co - Preferred Stock (Perpetual) 5.5%                          | 1,254,519      | 0.90            |
| 13,057   | Telephone & Data Systems Inc - Preferred Stock 7%                | 304,098        | 0.22            | 32,565   | Wells Fargo & Co - Preferred Stock (Perpetual) 5.625%                        | 765,278        | 0.55            |
| 8,720    | Telephone & Data Systems Inc - Preferred Stock 5.875%            | 171,348        | 0.12            | 79,841   | Wells Fargo & Co - Preferred Stock FRN (Perpetual) 5.85%                     | 1,961,693      | 1.41            |
| 4,523    | Texas Capital Bancshares Inc - Preferred Stock 6.5%              | 111,221        | 0.08            | 38,978   | Wells Fargo & Co - Preferred Stock FRN (Perpetual) 6.625%                    | 1,024,342      | 0.74            |
| 6,304    | Texas Capital Bancshares Inc - Preferred Stock (Perpetual) 6.5%  | 155,583        | 0.11            | 11,397   | Wells Fargo Real Estate Investment Corp - Preferred Stock (Perpetual) 6.375% | 285,495        | 0.21            |
| 12,586   | Torchmark Corp - Preferred Stock 6.125%                          | 316,160        | 0.23            | 5,117    | Wintrust Financial Corp - Preferred Stock FRN (Perpetual) 6.5%               | 128,437        | 0.09            |

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Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Financial assets at fair value through profit or loss |                                   |        | Fair value USD | % of net assets | Financial assets at fair value through profit or loss |   |                    | Fair value USD | % of net assets |
|---|-----------------------------------|--------|----------------|-----------------|---|---|--------------------|----------------|-----------------|
| 15,921  | WR Berkley Corp - Preferred Stock | 5.625% | 360,611        | 0.26            | 6,128   | Zions Bancorp NA - Preferred Stock (Perpetual) 5.75%    | 148,114            | 0.11           |                 |
| 4,523   | WR Berkley Corp - Preferred Stock | 5.9%   | 102,446        | 0.07            | 5,708   | Zions Bancorp NA - Preferred Stock FRN (Perpetual) 6.3% | 143,842            | 0.10           |                 |
| 13,553  | WR Berkley Corp - Preferred Stock | 5.75%  | 303,858        | 0.22            |   |   |                    |                |                 |
| 7,788   | WR Berkley Corp - Preferred Stock | 5.7%   | 171,725        | 0.12            |   |   |                    |                |                 |
|   |                                   |        |                |                 | <b>Total United States</b>                            |   | <b>126,674,513</b> | <b>91.30</b>   |                 |
|   |                                   |        |                |                 | <b>Total equities</b>                                 |   | <b>137,364,033</b> | <b>99.01</b>   |                 |

| Details of Forward Foreign Exchange Contracts                           |           |     |         |           |     | Maturity date | Counterparty | Unrealised Gain USD | % of net assets |
|---|-----------|-----|---------|-----------|-----|---------------|--------------|---------------------|-----------------|
| Buy   | 5,248,438 | EUR | to Sell | 5,984,383 | USD | 07/01/2019    | BNY Mellon   | 17,566              | 0.01            |
| Buy   | 468,150   | CHF | to Sell | 471,329   | USD | 07/01/2019    | BNY Mellon   | 3,756               | 0.00            |
| <b>Total unrealised gain on open forward foreign exchange contracts</b> |           |     |         |           |     |               |              | <b>21,322</b>       | <b>0.01</b>     |

|  | Fair value USD     | % of net assets |
|--|--------------------|-----------------|
| <b>Total financial assets at fair value through profit or loss</b> | <b>137,385,355</b> | <b>99.02</b>    |
| Cash and cash equivalents  | 1,090,752          | 0.79            |
| Current assets   | 325,464            | 0.23            |
| <b>Total assets</b>  | <b>138,801,571</b> | <b>100.04</b>   |

| Details of Forward Foreign Exchange Contracts                           |         |     |         |         |     | Maturity date | Counterparty | Unrealised Loss USD | % of net assets |
|---|---------|-----|---------|---------|-----|---------------|--------------|---------------------|-----------------|
| Buy   | 199,127 | USD | to Sell | 174,834 | EUR | 07/01/2019    | BNY Mellon   | (807)               | (0.00)          |
| Buy   | 10,371  | USD | to Sell | 10,289  | CHF | 07/01/2019    | BNY Mellon   | (70)                | (0.00)          |
| <b>Total unrealised loss on open forward foreign exchange contracts</b> |         |     |         |         |     |               |              | <b>(877)</b>        | <b>(0.00)</b>   |

|  | Fair value USD     | % of net assets |
|--|--------------------|-----------------|
| <b>Total financial liabilities at fair value through profit or loss</b>      | <b>(877)</b>       | <b>(0.00)</b>   |
| Current liabilities  | (61,491)           | (0.04)          |
| <b>Net assets attributable to holders of redeemable participating shares</b> | <b>138,739,203</b> | <b>100.00</b>   |

|  | % of total assets |
|--|-------------------|
| <b>Unaudited Analysis of Total Assets</b>  |                   |
| Transferable securities and money market instruments admitted to official stock exchange listing | 98.96             |
| Derivative instruments   | 0.02              |
| Other assets   | 1.02              |
|  | <b>100.00</b>     |

# Invesco USD Corporate Bond UCITS ETF

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### Statement of comprehensive income

|   | Notes | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|---|-------|---|---|
| <b>Income</b>   |       |   |   |
| Interest income   | 3     | 12,249  | -   |
| Interest from financial assets at fair value through profit and loss                        |       | 2,719,924   | 396,799   |
| Net (losses)/gains on financial assets and liabilities at fair value through profit or loss | 4     | (5,985,627)   | 844,422   |
| <b>Total investment (expense)/income</b>  |       | <b>(3,253,454)</b>                                    | <b>1,241,221</b>  |
| Operating expenses  | 5     | (126,994)   | (22,047)  |
| <b>Net (expense)/income</b>   |       | <b>(3,380,448)</b>                                    | <b>1,219,174</b>  |
| <b>Finance costs</b>  |       |   |   |
| Distributions   | 6     | (2,355,634)   | -   |
| Interest expense  |       | (4,640)   | (12,360)  |
| <b>(Loss)/profit for the financial year/period before tax</b>                               |       | <b>(5,740,722)</b>                                    | <b>1,206,814</b>  |
| Non-reclaimable withholding tax   |       | (94,637)  | (1,953)   |
| <b>(Loss)/profit for the financial year/period</b>  |       | <b>(5,835,359)</b>                                    | <b>1,204,861</b>  |
| <b>(Decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares</b>       |       | <b>(5,835,359)</b>                                    | <b>1,204,861</b>  |

There are no recognised gains or losses arising in the financial year/period other than the (decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year/period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|--|---------|-------------------------------------|-------------------------------------|
| <b>Current Assets</b>  |         |                                     |                                     |
| <b>Assets at fair value through profit or loss</b>   |         |                                     |                                     |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 43,918,768                          | 99,764,431                          |
| <b>Loans and receivables</b>   |         |                                     |                                     |
| Cash and cash equivalents  | 7       | 377,679                             | 442,864                             |
| Interest from financial assets at fair value through profit and loss receivable                      | 8       | 470,377                             | 1,019,613                           |
| <b>Total Current Assets</b>  |         | <b>44,766,824</b>                   | <b>101,226,908</b>                  |
| <b>Current Liabilities</b>   |         |                                     |                                     |
| <b>Other financial liabilities</b>   |         |                                     |                                     |
| Creditors (amounts falling due within one year)  | 9       | (6,248)                             | (22,047)                            |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(6,248)</b>                      | <b>(22,047)</b>                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>44,760,576</b>                   | <b>101,204,861</b>                  |

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|  | Notes     | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|-----------|---|---|
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at beginning of the financial year/period</b> |           | 101,204,861   | -   |
| (Decrease)/increase in Net Assets Attributable to<br>Holders of Redeemable Shares from operations            |           | (5,835,359)   | 1,204,861   |
| Amounts received on issue of Redeemable Shares   |           | 10,160,120  | 100,000,000   |
| Amounts paid on redemption of Redeemable Shares  |           | (60,769,046)  | -   |
| <b>(Decrease)/increase in Net Assets resulting from Share transactions</b>                                   |           | <b>(50,608,926)</b>                                   | <b>100,000,000</b>                                      |
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the end of the financial year/period</b>   | <b>12</b> | <b>44,760,576</b>                                     | <b>101,204,861</b>                                      |

## Statement of cash flows

|  | Notes    | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|----------|---|---|
| <b>Cash flows from operating activities</b>                              |          |   |   |
| Proceeds from sale of investments  |          | 76,706,275  | 1,606,012   |
| Purchase of investments  |          | (27,159,946)  | (100,587,477)   |
| Interest income received   |          | 12,249  | (136)   |
| Interest from Financial Assets at FVTPL received                         |          | 3,582,867   | (561,222)   |
| Management fees paid   |          | (142,793)   | -   |
| Non-reclaimable withholding tax  |          | (94,637)  | (1,953)   |
| <b>Net cash inflow/(outflow) from operating activities</b>               |          | <b>52,904,015</b>                                     | <b>(99,544,776)</b>                                     |
| <b>Cash flows from financing activities</b>                              |          |   |   |
| Distributions paid   |          | (2,355,634)   | -   |
| Interest paid  |          | (4,640)   | (12,360)  |
| Proceeds from issue of Redeemable Shares                                 |          | 10,160,120  | 100,000,000   |
| Payments of redemptions of redeemable shares                             |          | (60,769,046)  | -   |
| <b>Net cash (outflow)/inflow from financing activities</b>               |          | <b>(52,969,200)</b>                                   | <b>99,987,640</b>                                       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>              |          | <b>(65,185)</b>                                       | <b>442,864</b>  |
| Cash and cash equivalents at beginning of the financial year/period      |          | 442,864   | -   |
| <b>Cash and cash equivalents at the end of the financial year/period</b> | <b>7</b> | <b>377,679</b>  | <b>442,864</b>  |

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial year ended 31 December 2018

### General information

#### Investment objective and policy

The investment objective of Invesco USD Corporate Bond UCITS ETF (the "Fund") is to achieve the performance of the Bloomberg Barclays USD IG Corporate Liquidity Screened Bond Index ("Reference Index"), less fees and expenses.

The Reference Index is designed to measure the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The Reference Index is a subset of the US Corporate index with higher minimum amount outstanding thresholds defined per sector.

The functional currency of the Fund is US Dollar and the Fund is valued in US Dollar.

The Fund invests in corporate bonds.

The Fund launched on 15 November 2017.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notionals of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

### A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial year ended 31 December 2018. These movements may be different from the long term volatility of the index.

### B) Foreign currency risk/interest rate risk

The Fund is not exposed to significant currency risk as there is no direct material currency exposure. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency risk.

As the majority of the Fund's assets are interest-bearing, it is exposed to this risk. The tables below and overleaf summarise the Fund's exposure to interest rate risk.

|  | Up to 1<br>year<br>USD | 1-5<br>years<br>USD | Over 5<br>years<br>USD | Non-interest<br>bearing<br>USD | Total as at<br>31 December 2018<br>USD |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>31 December 2018</b>                                  |                        |                     |                        |                                |  |
| <b>Current Assets</b>                                    |                        |                     |                        |                                |  |
| Financial assets at fair value<br>through profit or loss | -                      | 16,756,698          | 27,162,070             | -                              | 43,918,768                             |
| Cash and cash equivalents                                | 377,679                | -                   | -                      | -                              | 377,679                                |
| Interest from financial assets<br>at FVTPL receivable    | -                      | -                   | -                      | 470,377                        | 470,377                                |
| <b>Total Assets</b>                                      | <b>377,679</b>         | <b>16,756,698</b>   | <b>27,162,070</b>      | <b>470,377</b>                 | <b>44,766,824</b>                      |
| <b>Current Liabilities</b>                               |                        |                     |                        |                                |  |
| Creditors (amounts falling<br>due within one year)       | (6,248)                | -                   | -                      | -                              | (6,248)                                |
| <b>Total Liabilities</b>                                 | <b>(6,248)</b>         | <b>-</b>            | <b>-</b>               | <b>-</b>                       | <b>(6,248)</b>                         |
| <b>Interest sensitivity gap</b>                          | <b>371,431</b>         | <b>16,756,698</b>   | <b>27,162,070</b>      |                                |  |

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## 2. Financial risk management (continued)

### B) Foreign currency risk/interest rate risk (continued)

| 31 December 2017                                      | Up to 1<br>year<br>USD | 1-5<br>years<br>USD | Over 5<br>years<br>USD | Non-interest<br>bearing<br>USD | Total as at<br>31 December 2017<br>USD |
|---|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>Current Assets</b>                                 |                        |                     |                        |                                |  |
| Financial assets at fair value through profit or loss | 499,707                | 40,180,733          | 59,083,991             | -                              | 99,764,431                             |
| Cash and cash equivalents                             | 442,864                | -                   | -                      | -                              | 442,864                                |
| Interest from financial assets at FVTPL receivable    | -                      | -                   | -                      | 1,019,613                      | 1,019,613                              |
| <b>Total Assets</b>                                   | <b>942,571</b>         | <b>40,180,733</b>   | <b>59,083,991</b>      | <b>1,019,613</b>               | <b>101,226,908</b>                     |
| <b>Current Liabilities</b>                            |                        |                     |                        |                                |  |
| Creditors (amounts falling due within one year)       | (22,047)               | -                   | -                      | -                              | (22,047)                               |
| <b>Total Liabilities</b>                              | <b>(22,047)</b>        | <b>-</b>            | <b>-</b>               | <b>-</b>                       | <b>(22,047)</b>                        |
| <b>Interest sensitivity gap</b>                       | <b>920,524</b>         | <b>40,180,733</b>   | <b>59,083,991</b>      |                                |  |

### C) Liquidity risk

The following tables analyse the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in US Dollar.

| As at 31 December 2018                                  | Less than<br>7 days | 7 days to<br>1 month | Total             |
|---|---------------------|----------------------|-------------------|
| Accrued expenses  | -                   | 6,248                | 6,248             |
| Net assets attributable to holders of Redeemable Shares | 44,760,576          | -                    | 44,760,576        |
| <b>Total financial liabilities</b>                      | <b>44,760,576</b>   | <b>6,248</b>         | <b>44,766,824</b> |

| As at 31 December 2017                                  | Less than<br>7 days | 7 days to<br>1 month | Total              |
|---|---------------------|----------------------|--------------------|
| Accrued expenses  | -                   | 22,047               | 22,047             |
| Net assets attributable to holders of Redeemable Shares | 101,204,861         | -                    | 101,204,861        |
| <b>Total financial liabilities</b>                      | <b>101,204,861</b>  | <b>22,047</b>        | <b>101,226,908</b> |

### D) Fair value

The tables below analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in US Dollar.

| As at 31 December 2018             | Level 1  | Level 2           | Level 3  |
|------------------------------------|----------|-------------------|----------|
| <b>Assets</b>                      |          |                   |          |
| Financial assets held for trading: |          |                   |          |
| - Bonds                            | -        | 43,918,768        | -        |
| <b>Total assets</b>                | <b>-</b> | <b>43,918,768</b> | <b>-</b> |

| As at 31 December 2017             | Level 1  | Level 2           | Level 3  |
|------------------------------------|----------|-------------------|----------|
| <b>Assets</b>                      |          |                   |          |
| Financial assets held for trading: |          |                   |          |
| - Bonds                            | -        | 99,764,431        | -        |
| <b>Total assets</b>                | <b>-</b> | <b>99,764,431</b> | <b>-</b> |

The Fund did not hold any Level 3 instruments during the financial year ended 31 December 2018 or 31 December 2017. There were no transfers between Level 1 and Level 2 during the financial year ended 31 December 2018 or 31 December 2017.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

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## 2. Financial risk management (continued)

### D) Fair value (continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

### E) Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty or issuer will default on its obligations resulting in financial loss to the Fund. The Fund's main credit risk concentration is in debt securities. The Investment Manager monitors the Fund's credit position on a daily basis.

As at 31 December 2018 the break-down of the bond related credit ratings was as follows:

| Credit Rating          | Rating %      |
|------------------------|---------------|
| A                      | 51.75%        |
| BB                     | 0.43%         |
| BBB                    | 45.94%        |
| <b>Total Portfolio</b> | <b>98.12%</b> |

These percentages are based on the Equity Value of the Fund at year end. The ratings are from Standard & Poor's.

## 3. Income

|  | Financial year ended 31 December 2018 USD | Financial period ended 31 December 2017 USD |
|--|---|---|
| Interest income  | 12,249                                    | -   |
| Interest from financial assets at fair value through profit and loss | 2,719,924                                 | 396,799                                     |
|  | <b>2,732,173</b>                          | <b>396,799</b>                              |

## 4. Net (losses)/gains on financial assets and liabilities at fair value through profit or loss

|  | Financial year ended 31 December 2018 USD | Financial period ended 31 December 2017 USD |
|--|---|---|
| Realised losses on sale of investments               | (3,106,965)                               | 5,376                                       |
| Net change in unrealised depreciation on investments | (2,878,662)                               | 839,046                                     |
|  | <b>(5,985,627)</b>                        | <b>844,422</b>                              |

## 5. Operating expenses

|                 | Financial year ended 31 December 2018 USD | Financial period ended 31 December 2017 USD |
|-----------------|---|---|
| Management fees | 126,994                                   | 22,047                                      |
|                 | <b>126,994</b>                            | <b>22,047</b>                               |

All other expenses and fees of the Fund are paid by the Manager.

## 6. Distributions

Total amount distributed during the financial year ended 31 December 2018 amounted to USD 2,355,634 (31 December 2017: Nil).

## 7. Cash and cash equivalents

|  | As at 31 December 2018 USD | As at 31 December 2017 USD |
|--|----------------------------|----------------------------|
| BNY Mellon Trust Company (Ireland) Limited | 377,679                    | 442,864                    |
|  | <b>377,679</b>             | <b>442,864</b>             |

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## 8. Debtors

|   | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|---|-------------------------------------|-------------------------------------|
| Interest from financial assets at fair value through profit and loss receivable | 470,377                             | 1,019,613                           |
|   | <b>470,377</b>                      | <b>1,019,613</b>                    |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|-----------------|-------------------------------------|-------------------------------------|
| Management fees | 6,248                               | 22,047                              |
|                 | <b>6,248</b>                        | <b>22,047</b>                       |

All other expenses and fees of the Fund are paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

## 11. Share capital

| Redeemable shares in issue   | Financial<br>year ended<br>31 December<br>2018 | Financial<br>period ended<br>31 December<br>2017 |
|--|--|--|
| <b>Number of Redeemable Shares Issued and Fully Paid</b>                                     |  |  |
| Balance at beginning of financial year/period  | 5,000,000                                      | -  |
| Issued during financial year/period  | 527,000  | 5,000,000  |
| Redeemed during financial year/period  | (3,170,000)                                    | -  |
| <b>Total number of Class A-QD Redeemable Shares in issue at end of financial year/period</b> | <b>2,357,000</b>                               | <b>5,000,000</b>                                 |

## 12. Net asset value

|   | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|---|-------------------------------------|-------------------------------------|
| <b>Total Net Asset Value</b>                                |                                     |                                     |
| Class A-QD Redeemable Shares                                | 44,760,576                          | 101,204,861                         |
| <b>Dealing Net Asset Value per Redeemable Share</b> 18.9905 |                                     |                                     |
| Class A-QD Redeemable Shares                                | 18.9905                             | 20.2410                             |



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## Schedule of investments

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings                    | Financial assets at fair value through profit or loss       | Fair value USD | % of net assets | Holdings                | Financial assets at fair value through profit or loss              | Fair value USD | % of net assets |
|-----------------------------|---|----------------|-----------------|-------------------------|--|----------------|-----------------|
|                             | <b>Bonds: 98.12% (31 December 2017: 98.58%)</b>             |                |                 | 250,000                 | Credit Suisse Group Funding Guernsey Ltd 3.8% 09/06/2023           | 245,537        | 0.55            |
|                             | <b>Australia: 1.25% (31 December 2017: 1.00%)</b>           |                |                 | 250,000                 | Credit Suisse Group Funding Guernsey Ltd 3.75% 26/03/2025          | 238,773        | 0.53            |
| 100,000                     | BHP Billiton Finance USA Ltd 5% 30/09/2043                  | 109,243        | 0.25            | <b>Total Guernsey</b>   | <b>484,310</b>   | <b>1.08</b>    |                 |
| 250,000                     | National Australia Bank Ltd/New York 'GMTN' 2.5% 22/05/2022 | 242,462        | 0.54            |                         | <b>Ireland: 0.58% (31 December 2017: 0.95%)</b>                    |                |                 |
| 65,000                      | Westpac Banking Corp 2.8% 11/01/2022                        | 63,828         | 0.14            | 250,000                 | GE Capital International Funding Co Unlimited Co 4.418% 15/11/2035 | 209,525        | 0.47            |
| 150,000                     | Westpac Banking Corp 3.4% 25/01/2028                        | 144,545        | 0.32            | 50,000                  | Shire Acquisitions Investments Ireland DAC 2.4% 23/09/2021         | 48,311         | 0.11            |
| <b>Total Australia</b>      | <b>560,078</b>  | <b>1.25</b>    |                 | <b>Total Ireland</b>    | <b>257,836</b>   | <b>0.58</b>    |                 |
|                             | <b>Canada: 1.75% (31 December 2017: 3.24%)</b>              |                |                 |                         | <b>Japan: 2.64% (31 December 2017: 1.43%)</b>                      |                |                 |
| 50,000                      | Bank of Montreal 'MTN' 1.9% 27/08/2021                      | 48,435         | 0.11            | 250,000                 | Mitsubishi UFJ Financial Group Inc 2.95% 01/03/2021                | 247,613        | 0.55            |
| 50,000                      | Bank of Nova Scotia/The 2.7% 07/03/2022                     | 48,930         | 0.11            | 250,000                 | Mitsubishi UFJ Financial Group Inc 3.85% 01/03/2026                | 248,745        | 0.56            |
| 50,000                      | Canadian Imperial Bank of Commerce 'BKNT' 2.1% 05/10/2020   | 49,038         | 0.11            | 200,000                 | Mizuho Financial Group Inc 2.953% 28/02/2022                       | 196,198        | 0.44            |
| 100,000                     | Canadian Natural Resources Ltd 6.25% 15/03/2038             | 109,147        | 0.24            | 250,000                 | Sumitomo Mitsui Banking Corp 2.45% 16/01/2020                      | 247,940        | 0.55            |
| 100,000                     | Cenovus Energy Inc 4.25% 15/04/2027                         | 91,059         | 0.20            | 250,000                 | Sumitomo Mitsui Financial Group Inc 3.364% 12/07/2027              | 239,925        | 0.54            |
| 50,000                      | Royal Bank of Canada 2.15% 26/10/2020                       | 49,214         | 0.11            | <b>Total Japan</b>      | <b>1,180,421</b>   | <b>2.64</b>    |                 |
| 250,000                     | Toronto-Dominion Bank/The 'MTN' 2.125% 07/04/2021           | 244,695        | 0.55            |                         | <b>Luxembourg: 0.44% (31 December 2017: 0.50%)</b>                 |                |                 |
| 150,000                     | TransCanada PipeLines Ltd 4.625% 01/03/2034                 | 143,998        | 0.32            | 150,000                 | Allergan Funding SCS 3% 12/03/2020                                 | 149,419        | 0.33            |
| <b>Total Canada</b>         | <b>784,516</b>  | <b>1.75</b>    |                 | 50,000                  | Allergan Funding SCS 3.8% 15/03/2025                               | 48,776         | 0.11            |
|                             | <b>Cayman Islands: 0.80% (31 December 2017: 0.85%)</b>      |                |                 | <b>Total Luxembourg</b> | <b>198,195</b>   | <b>0.44</b>    |                 |
| 250,000                     | Alibaba Group Holding Ltd 3.6% 28/11/2024                   | 245,337        | 0.55            |                         | <b>Mexico: 0.23% (31 December 2017: 0.21%)</b>                     |                |                 |
| 100,000                     | Vale Overseas Ltd 6.875% 21/11/2036                         | 114,242        | 0.25            | 100,000                 | America Movil SAB de CV 5% 30/03/2020                              | 101,742        | 0.23            |
| <b>Total Cayman Islands</b> | <b>359,579</b>  | <b>0.80</b>    |                 | <b>Total Mexico</b>     | <b>101,742</b>   | <b>0.23</b>    |                 |
|                             | <b>France: 0.57% (31 December 2017: 1.05%)</b>              |                |                 |                         | <b>Netherlands: 3.22% (31 December 2017: 3.15%)</b>                |                |                 |
| 100,000                     | Orange SA 4.125% 14/09/2021                                 | 102,024        | 0.23            | 50,000                  | Cooperatieve Rabobank UA 3.875% 08/02/2022                         | 50,495         | 0.11            |
| 150,000                     | Total Capital International SA 3.75% 10/04/2024             | 152,410        | 0.34            | 250,000                 | Cooperatieve Rabobank UA 4.375% 04/08/2025                         | 245,545        | 0.55            |
| <b>Total France</b>         | <b>254,434</b>  | <b>0.57</b>    |                 | 100,000                 | Deutsche Telekom International Finance BV 8.75% 15/06/2030         | 131,369        | 0.29            |
|                             | <b>Germany: 0.43% (31 December 2017: 0.26%)</b>             |                |                 | 100,000                 | LYB International Finance BV 4.875% 15/03/2044                     | 90,982         | 0.20            |
| 200,000                     | Deutsche Bank AG/New York NY 3.15% 22/01/2021               | 193,036        | 0.43            | 200,000                 | Mylan NV 3.15% 15/06/2021  | 196,028        | 0.44            |
| <b>Total Germany</b>        | <b>193,036</b>  | <b>0.43</b>    |                 | 250,000                 | Shell International Finance BV 2.375% 21/08/2022                   | 242,893        | 0.54            |
|                             | <b>Guernsey: 1.08% (31 December 2017: 0.51%)</b>            |                |                 |                         |  |                |                 |

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## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss   | Fair value USD   | % of net assets | Holdings | Financial assets at fair value through profit or loss | Fair value USD | % of net assets |
|----------|---|------------------|-----------------|----------|---|----------------|-----------------|
| 50,000   | Shell International Finance BV 2.25% 06/01/2023         | 48,181           | 0.11            | 100,000  | Altria Group Inc 4% 31/01/2024                        | 98,269         | 0.22            |
| 250,000  | Shell International Finance BV 3.25% 11/05/2025         | 246,483          | 0.55            | 100,000  | Altria Group Inc 5.375% 31/01/2044                    | 93,246         | 0.21            |
| 50,000   | Shell International Finance BV 6.375% 15/12/2038        | 62,928           | 0.14            | 150,000  | Amazon.com Inc 3.3% 05/12/2021                        | 151,804        | 0.34            |
| 100,000  | Telefonica Europe BV 8.25% 15/09/2030                   | 127,363          | 0.29            | 50,000   | Amazon.com Inc 2.5% 29/11/2022                        | 48,819         | 0.11            |
|          | <b>Total Netherlands</b>                                | <b>1,442,267</b> | <b>3.22</b>     | 100,000  | Amazon.com Inc 3.15% 22/08/2027                       | 96,473         | 0.22            |
|          | <b>Spain: 0.40% (31 December 2017: 0.20%)</b>           |                  |                 | 100,000  | Amazon.com Inc 4.95% 05/12/2044                       | 111,185        | 0.25            |
| 200,000  | Banco Santander SA 3.8% 23/02/2028                      | 178,114          | 0.40            | 100,000  | American Express Credit Corp 'MTN' 2.2% 03/03/2020    | 98,934         | 0.22            |
|          | <b>Total Spain</b>                                      | <b>178,114</b>   | <b>0.40</b>     | 150,000  | American International Group Inc 4.5% 16/07/2044      | 133,336        | 0.30            |
|          | <b>United Kingdom: 4.54% (31 December 2017: 4.36%)</b>  |                  |                 | 100,000  | American Tower Corp 5% 15/02/2024                     | 103,703        | 0.23            |
| 150,000  | AstraZeneca Plc 6.45% 15/09/2037                        | 179,550          | 0.40            | 100,000  | American Water Capital Corp 2.95% 01/09/2027          | 94,243         | 0.21            |
| 200,000  | Barclays Plc 3.65% 16/03/2025                           | 185,896          | 0.42            | 50,000   | American Water Capital Corp 3.75% 01/09/2028          | 50,097         | 0.11            |
| 50,000   | Barclays Plc 4.375% 12/01/2026                          | 47,759           | 0.11            | 150,000  | Amgen Inc 3.875% 15/11/2021                           | 151,977        | 0.34            |
| 50,000   | GlaxoSmithKline Capital Plc 2.85% 08/05/2022            | 49,369           | 0.11            | 150,000  | Amgen Inc 4.663% 15/06/2051                           | 142,055        | 0.32            |
| 100,000  | HSBC Holdings Plc 5.1% 05/04/2021                       | 103,281          | 0.23            | 100,000  | Anadarko Petroleum Corp 6.45% 15/09/2036              | 106,326        | 0.24            |
| 200,000  | HSBC Holdings Plc 4.375% 23/11/2026                     | 193,970          | 0.43            | 100,000  | Anheuser-Busch InBev Finance Inc 3.7% 01/02/2024      | 98,067         | 0.22            |
| 150,000  | HSBC Holdings Plc 6.5% 15/09/2037                       | 171,460          | 0.38            | 50,000   | Anheuser-Busch InBev Finance Inc 3.65% 01/02/2026     | 47,091         | 0.11            |
| 200,000  | HSBC Holdings Plc FRN 13/03/2023                        | 195,786          | 0.44            | 250,000  | Anheuser-Busch InBev Finance Inc 4.9% 01/02/2046      | 230,160        | 0.51            |
| 50,000   | Lloyds Banking Group Plc 3% 11/01/2022                  | 48,337           | 0.11            | 100,000  | Anheuser-Busch InBev Worldwide Inc 3.75% 15/01/2022   | 100,023        | 0.22            |
| 200,000  | Lloyds Banking Group Plc FRN 07/11/2023                 | 189,122          | 0.42            | 200,000  | Anheuser-Busch InBev Worldwide Inc 2.5% 15/07/2022    | 190,902        | 0.43            |
| 200,000  | Royal Bank of Scotland Group Plc 3.875% 12/09/2023      | 191,710          | 0.43            | 150,000  | Anheuser-Busch InBev Worldwide Inc 3.5% 12/01/2024    | 145,848        | 0.33            |
| 100,000  | Royal Bank of Scotland Group Plc 5.125% 28/05/2024      | 97,037           | 0.22            | 100,000  | Anheuser-Busch InBev Worldwide Inc 4% 13/04/2028      | 95,659         | 0.21            |
| 200,000  | Santander UK Group Holdings Plc FRN 03/11/2028          | 180,590          | 0.40            | 100,000  | Anthem Inc 4.65% 15/01/2043                           | 97,239         | 0.22            |
| 100,000  | Vodafone Group Plc 4.375% 19/02/2043                    | 84,396           | 0.19            | 150,000  | Apache Corp 5.1% 01/09/2040                           | 135,481        | 0.30            |
| 120,000  | Vodafone Group Plc 5.25% 30/05/2048                     | 112,441          | 0.25            | 250,000  | Apple Inc 3.45% 06/05/2024                            | 251,307        | 0.56            |
|          | <b>Total United Kingdom</b>                             | <b>2,030,704</b> | <b>4.54</b>     | 200,000  | Apple Inc 2.45% 04/08/2026                            | 184,840        | 0.41            |
|          | <b>United States: 80.19% (31 December 2017: 79.90%)</b> |                  |                 | 100,000  | Apple Inc 4.375% 13/05/2045                           | 101,929        | 0.23            |
| 50,000   | 21st Century Fox America Inc 6.15% 15/02/2041           | 61,679           | 0.14            | 100,000  | Apple Inc 4.65% 23/02/2046                            | 105,730        | 0.24            |
| 86,000   | Abbott Laboratories 3.75% 30/11/2026                    | 84,990           | 0.19            | 150,000  | AT&T Inc 3.875% 15/08/2021                            | 151,315        | 0.34            |
| 100,000  | Abbott Laboratories 4.9% 30/11/2046                     | 105,124          | 0.23            | 100,000  | AT&T Inc 3% 30/06/2022                                | 97,609         | 0.22            |
| 250,000  | AbbVie Inc 2.9% 06/11/2022                              | 243,760          | 0.54            | 150,000  | AT&T Inc 3.6% 17/02/2023                              | 149,039        | 0.33            |
| 100,000  | AbbVie Inc 3.6% 14/05/2025                              | 96,130           | 0.21            | 200,000  | AT&T Inc 4.5% 15/05/2035                              | 181,292        | 0.41            |
| 200,000  | AbbVie Inc 3.2% 14/05/2026                              | 185,248          | 0.41            | 100,000  | AT&T Inc 4.8% 15/06/2044                              | 89,699         | 0.20            |
| 150,000  | AbbVie Inc 4.4% 06/11/2042                              | 132,270          | 0.30            | 150,000  | AT&T Inc 4.75% 15/05/2046                             | 133,335        | 0.30            |
| 100,000  | Adobe Inc 3.25% 01/02/2025                              | 98,383           | 0.22            | 150,000  | AT&T Inc 4.5% 09/03/2048                              | 128,978        | 0.29            |
| 100,000  | Aetna Inc 2.8% 15/06/2023                               | 94,965           | 0.21            | 50,000   | AT&T Inc 4.55% 09/03/2049                             | 43,074         | 0.10            |
|          |   |                  |                 | 100,000  | Baker Hughes a GE Co LLC 5.125% 15/09/2040            | 97,352         | 0.22            |
|          |   |                  |                 | 100,000  | Bank of America Corp 6.11% 29/01/2037                 | 109,908        | 0.25            |
|          |   |                  |                 | 100,000  | Bank of America Corp FRN 20/12/2023                   | 96,970         | 0.22            |

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Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss   | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss    | Fair value USD | % of net assets |
|----------|---|----------------|-----------------|----------|--|----------------|-----------------|
| 200,000  | Bank of America Corp FRN 20/12/2028   | 186,256        | 0.42            | 50,000   | Chevron Corp 2.954% 16/05/2026                           | 48,148         | 0.11            |
| 150,000  | Bank of America Corp 'GMTN' 3.3% 11/01/2023   | 147,793        | 0.33            | 100,000  | Cigna Holding Co 3.875% 15/10/2047                       | 83,832         | 0.19            |
| 100,000  | Bank of America Corp 'GMTN' FRN 21/07/2021  | 98,302         | 0.22            | 150,000  | Cisco Systems Inc 5.9% 15/02/2039                        | 185,347        | 0.41            |
| 200,000  | Bank of America Corp 'MTN' 5.625% 01/07/2020  | 207,026        | 0.46            | 250,000  | Citigroup Inc 2.65% 26/10/2020                           | 246,593        | 0.55            |
| 100,000  | Bank of America Corp 'MTN' 4% 01/04/2024  | 100,587        | 0.22            | 100,000  | Citigroup Inc 3.5% 15/05/2023                            | 98,164         | 0.22            |
| 200,000  | Bank of America Corp 'MTN' 3.875% 01/08/2025  | 197,948        | 0.44            | 150,000  | Citigroup Inc 4.45% 29/09/2027                           | 144,588        | 0.32            |
| 100,000  | Bank of America Corp 'MTN' 3.248% 21/10/2027  | 92,572         | 0.21            | 50,000   | Citigroup Inc 8.125% 15/07/2039                          | 69,375         | 0.16            |
| 100,000  | Bank of America Corp 'MTN' FRN 17/05/2022   | 99,966         | 0.22            | 100,000  | Citigroup Inc 4.75% 18/05/2046                           | 92,725         | 0.21            |
| 100,000  | Bank of America Corp 'MTN' FRN 20/01/2028   | 96,760         | 0.22            | 150,000  | Citigroup Inc FRN 10/01/2028                             | 144,482        | 0.32            |
| 100,000  | Bank of America Corp 'MTN' FRN 20/01/2048   | 96,592         | 0.22            | 100,000  | Citigroup Inc FRN 24/04/2048                             | 93,296         | 0.21            |
| 150,000  | Bank of New York Mellon Corp/The 'MTN' FRN 07/02/2028   | 146,054        | 0.33            | 100,000  | Coca-Cola Co/The 3.2% 01/11/2023                         | 100,355        | 0.22            |
| 250,000  | BB&T Corp 'MTN' 2.625% 29/06/2020   | 247,702        | 0.55            | 50,000   | Coca-Cola Co/The 2.875% 27/10/2025                       | 48,274         | 0.11            |
| 200,000  | Becton Dickinson and Co 3.363% 06/06/2024   | 191,486        | 0.43            | 100,000  | Comcast Corp 4.15% 15/10/2028                            | 101,502        | 0.23            |
| 50,000   | Becton Dickinson and Co 3.7% 06/06/2027   | 47,356         | 0.11            | 250,000  | Comcast Corp 4.25% 15/01/2033                            | 248,632        | 0.56            |
| 147,000  | Berkshire Hathaway Energy Co 6.125% 01/04/2036  | 175,325        | 0.39            | 50,000   | Comcast Corp 4.6% 15/08/2045                             | 49,353         | 0.11            |
| 200,000  | Berkshire Hathaway Inc 2.2% 15/03/2021  | 197,248        | 0.44            | 50,000   | Comcast Corp 3.969% 01/11/2047                           | 44,895         | 0.10            |
| 50,000   | Berkshire Hathaway Inc 3.125% 15/03/2026  | 48,468         | 0.11            | 180,000  | Comcast Corp 4.7% 15/10/2048                             | 182,140        | 0.41            |
| 100,000  | Biogen Inc 5.2% 15/09/2045  | 102,504        | 0.23            | 50,000   | ConocoPhillips Holding Co 6.95% 15/04/2029               | 61,147         | 0.14            |
| 150,000  | Boston Properties LP 3.85% 01/02/2023   | 150,203        | 0.34            | 200,000  | Consolidated Edison Co of New York Inc 3.875% 15/06/2047 | 183,310        | 0.41            |
| 50,000   | Broadcom Corp / Broadcom Cayman Finance Ltd 3.875% 15/01/2027                                     | 44,832         | 0.10            | 100,000  | Costco Wholesale Corp 3% 18/05/2027                      | 96,342         | 0.22            |
| 100,000  | Broadcom Corp / Broadcom Cayman Finance Ltd 3.5% 15/01/2028                                       | 86,229         | 0.19            | 150,000  | CVS Health Corp 2.8% 20/07/2020                          | 148,663        | 0.33            |
| 100,000  | Capital One Financial Corp 4.2% 29/10/2025  | 96,132         | 0.21            | 200,000  | CVS Health Corp 3.35% 09/03/2021                         | 199,396        | 0.45            |
| 50,000   | Capital One Financial Corp 3.75% 28/07/2026   | 45,700         | 0.10            | 150,000  | CVS Health Corp 4.1% 25/03/2025                          | 148,469        | 0.33            |
| 100,000  | Caterpillar Inc 3.803% 15/08/2042   | 93,166         | 0.21            | 200,000  | CVS Health Corp 4.3% 25/03/2028                          | 195,732        | 0.44            |
| 150,000  | Celgene Corp 2.875% 15/08/2020  | 148,887        | 0.33            | 150,000  | CVS Health Corp 5.125% 20/07/2045                        | 146,266        | 0.33            |
| 50,000   | Celgene Corp 3.875% 15/08/2025  | 48,222         | 0.11            | 100,000  | Delta Air Lines Inc 3.625% 15/03/2022                    | 96,416         | 0.22            |
| 100,000  | Charter Communications Operating LLC / Charter Communications Operating Capital 4.464% 23/07/2022 | 100,963        | 0.23            | 150,000  | Diageo Investment Corp 2.875% 11/05/2022                 | 148,294        | 0.33            |
| 150,000  | Charter Communications Operating LLC / Charter Communications Operating Capital 4.2% 15/03/2028   | 139,946        | 0.31            | 150,000  | Discovery Communications LLC 2.95% 20/03/2023            | 143,544        | 0.32            |
| 150,000  | Charter Communications Operating LLC / Charter Communications Operating Capital 6.484% 23/10/2045 | 152,388        | 0.34            | 100,000  | Dollar Tree Inc 4% 15/05/2025                            | 96,114         | 0.21            |
| 50,000   | Chevron Corp 3.191% 24/06/2023  | 49,916         | 0.11            | 200,000  | Dominion Energy Inc 2.579% 01/07/2020                    | 196,992        | 0.44            |
|          |   |                |                 | 250,000  | Dow Chemical Co/The 4.25% 15/11/2020                     | 253,455        | 0.57            |
|          |   |                |                 | 100,000  | DowDuPont Inc 5.319% 15/11/2038                          | 103,119        | 0.23            |
|          |   |                |                 | 150,000  | DTE Energy Co 2.85% 01/10/2026                           | 138,045        | 0.31            |
|          |   |                |                 | 50,000   | Duke Energy Carolinas LLC 3.9% 15/06/2021                | 50,929         | 0.11            |
|          |   |                |                 | 150,000  | Duke Energy Corp 3.75% 01/09/2046                        | 130,388        | 0.29            |
|          |   |                |                 | 150,000  | Emera US Finance LP 3.55% 15/06/2026                     | 141,713        | 0.32            |
|          |   |                |                 | 150,000  | Energy Transfer Operating LP 6.5% 01/02/2042             | 151,261        | 0.34            |
|          |   |                |                 | 150,000  | Enterprise Products Operating LLC 3.75% 15/02/2025       | 148,260        | 0.33            |
|          |   |                |                 | 100,000  | Enterprise Products Operating LLC 4.25% 15/02/2048       | 89,469         | 0.20            |
|          |   |                |                 | 100,000  | Exelon Corp 4.45% 15/04/2046                             | 95,242         | 0.21            |

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## Schedule of investments (continued)

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Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss   | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss     | Fair value USD | % of net assets |
|----------|---|----------------|-----------------|----------|---|----------------|-----------------|
| 100,000  | Express Scripts Holding Co 4.5%<br>25/02/2026           | 101,411        | 0.23            | 250,000  | Hewlett Packard Enterprise Co 4.4%<br>15/10/2022          | 255,590        | 0.57            |
| 200,000  | Exxon Mobil Corp 2.222% 01/03/2021                      | 197,466        | 0.44            | 150,000  | Home Depot Inc/The 2.625%<br>01/06/2022                   | 148,305        | 0.33            |
| 50,000   | Exxon Mobil Corp 3.043% 01/03/2026                      | 48,741         | 0.11            | 100,000  | Home Depot Inc/The 3% 01/04/2026                          | 96,656         | 0.22            |
| 100,000  | FedEx Corp 4.05% 15/02/2048                             | 84,398         | 0.19            | 150,000  | Honeywell International Inc 2.5%<br>01/11/2026            | 139,434        | 0.31            |
| 250,000  | Fifth Third Bancorp 2.875% 27/07/2020                   | 248,502        | 0.56            | 100,000  | HSBC USA Inc 2.75% 07/08/2020                             | 99,006         | 0.22            |
| 100,000  | FirstEnergy Corp 7.375% 15/11/2031                      | 126,434        | 0.28            | 50,000   | Intel Corp 3.3% 01/10/2021                                | 50,518         | 0.11            |
| 100,000  | Florida Power & Light Co 5.95%<br>01/02/2038            | 123,182        | 0.28            | 100,000  | Intel Corp 3.7% 29/07/2025                                | 100,939        | 0.23            |
| 50,000   | Ford Motor Co 7.45% 16/07/2031                          | 51,797         | 0.12            | 100,000  | Intel Corp 4.1% 19/05/2046                                | 98,222         | 0.22            |
| 250,000  | Ford Motor Credit Co LLC 3.096%<br>04/05/2023           | 226,358        | 0.51            | 100,000  | Intercontinental Exchange Inc 3.75%<br>01/12/2025         | 100,527        | 0.22            |
| 50,000   | Ford Motor Credit Co LLC 4.134%<br>04/08/2025           | 45,028         | 0.10            | 250,000  | International Business Machines Corp<br>3.625% 12/02/2024 | 248,565        | 0.56            |
| 300,000  | General Dynamics Corp 2.875%<br>11/05/2020              | 300,207        | 0.67            | 150,000  | International Lease Finance Corp 8.25%<br>15/12/2020      | 160,960        | 0.36            |
| 150,000  | General Electric Co 6.75% 15/03/2032                    | 156,382        | 0.35            | 100,000  | International Paper Co 3% 15/02/2027                      | 91,487         | 0.20            |
| 100,000  | General Electric Co 4.125% 09/10/2042                   | 78,114         | 0.17            | 50,000   | Johnson & Johnson 2.45% 01/03/2026                        | 46,940         | 0.10            |
| 150,000  | General Electric Co 'MTN' 4.65%<br>17/10/2021           | 150,498        | 0.34            | 50,000   | Johnson & Johnson 3.7% 01/03/2046                         | 47,579         | 0.11            |
| 150,000  | General Mills Inc 3.15% 15/12/2021                      | 148,722        | 0.33            | 100,000  | JPMorgan Chase & Co 2.25%<br>23/01/2020                   | 99,004         | 0.22            |
| 150,000  | General Motors Co 6.6% 01/04/2036                       | 145,034        | 0.32            | 100,000  | JPMorgan Chase & Co 4.4% 22/07/2020                       | 101,809        | 0.23            |
| 50,000   | General Motors Co 6.25% 02/10/2043                      | 46,926         | 0.10            | 100,000  | JPMorgan Chase & Co 4.25%<br>15/10/2020                   | 101,685        | 0.23            |
| 250,000  | General Motors Financial Co Inc 3.2%<br>13/07/2020      | 247,435        | 0.55            | 150,000  | JPMorgan Chase & Co 4.35%<br>15/08/2021                   | 153,505        | 0.34            |
| 150,000  | General Motors Financial Co Inc 3.2%<br>06/07/2021      | 146,471        | 0.33            | 250,000  | JPMorgan Chase & Co 4.5% 24/01/2022                       | 257,512        | 0.58            |
| 100,000  | Georgia Power Co 4.3% 15/03/2042                        | 92,172         | 0.21            | 200,000  | JPMorgan Chase & Co 3.2% 25/01/2023                       | 197,140        | 0.44            |
| 250,000  | Gilead Sciences Inc 3.7% 01/04/2024                     | 249,872        | 0.56            | 200,000  | JPMorgan Chase & Co 3.875%<br>10/09/2024                  | 197,258        | 0.44            |
| 150,000  | Gilead Sciences Inc 3.65% 01/03/2026                    | 147,220        | 0.33            | 100,000  | JPMorgan Chase & Co 3.9% 15/07/2025                       | 99,240         | 0.22            |
| 150,000  | Gilead Sciences Inc 4.75% 01/03/2046                    | 148,887        | 0.33            | 200,000  | JPMorgan Chase & Co 2.95%<br>01/10/2026                   | 184,592        | 0.41            |
| 100,000  | GlaxoSmithKline Capital Inc 3.375%<br>15/05/2023        | 100,500        | 0.22            | 100,000  | JPMorgan Chase & Co 6.4% 15/05/2038                       | 122,223        | 0.27            |
| 100,000  | GlaxoSmithKline Capital Inc 3.875%<br>15/05/2028        | 101,692        | 0.23            | 200,000  | JPMorgan Chase & Co FRN 01/02/2028                        | 193,924        | 0.43            |
| 250,000  | Goldman Sachs Group Inc/The 5.25%<br>27/07/2021         | 259,322        | 0.58            | 100,000  | JPMorgan Chase & Co FRN 22/02/2048                        | 92,777         | 0.21            |
| 100,000  | Goldman Sachs Group Inc/The 4%<br>03/03/2024            | 98,746         | 0.22            | 100,000  | Kaiser Foundation Hospitals 4.15%<br>01/05/2047           | 99,856         | 0.22            |
| 100,000  | Goldman Sachs Group Inc/The 3.5%<br>23/01/2025          | 94,647         | 0.21            | 100,000  | Kinder Morgan Inc/DE 'GMTN' 7.75%<br>15/01/2032           | 120,144        | 0.27            |
| 200,000  | Goldman Sachs Group Inc/The 6.75%<br>01/10/2037         | 226,538        | 0.51            | 150,000  | Kraft Heinz Foods Co 4.375%<br>01/06/2046                 | 124,110        | 0.28            |
| 100,000  | Goldman Sachs Group Inc/The 6.25%<br>01/02/2041         | 113,821        | 0.25            | 50,000   | Lockheed Martin Corp 3.55%<br>15/01/2026                  | 49,555         | 0.11            |
| 200,000  | Goldman Sachs Group Inc/The FRN<br>31/10/2022           | 193,896        | 0.43            | 100,000  | Marathon Petroleum Corp 6.5%<br>01/03/2041                | 107,589        | 0.24            |
| 200,000  | Goldman Sachs Group Inc/The 'GMTN'<br>5.375% 15/03/2020 | 204,386        | 0.46            | 100,000  | McDonald's Corp 'MTN' 4.875%<br>09/12/2045                | 100,794        | 0.23            |
| 100,000  | Goldman Sachs Group Inc/The 'MTN'<br>4.8% 08/07/2044    | 95,178         | 0.21            | 100,000  | Medtronic Inc 4.625% 15/03/2045                           | 105,146        | 0.23            |
| 200,000  | Halliburton Co 3.8% 15/11/2025                          | 193,930        | 0.43            | 50,000   | MetLife Inc 6.4% 15/12/2036                               | 50,643         | 0.11            |
|          |   |                |                 | 50,000   | Microsoft Corp 3.125% 03/11/2025                          | 49,484         | 0.11            |
|          |   |                |                 | 100,000  | Microsoft Corp 2.4% 08/08/2026                            | 93,280         | 0.21            |

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Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss    | Fair value USD | % of net assets |
|----------|---|----------------|-----------------|----------|--|----------------|-----------------|
| 100,000  | Microsoft Corp 3.3% 06/02/2027                        | 99,113         | 0.22            | 150,000  | Public Service Electric & Gas Co 'MTN' 2.375% 15/05/2023 | 144,912        | 0.32            |
| 200,000  | Microsoft Corp 5.3% 08/02/2041                        | 237,466        | 0.53            | 100,000  | QUALCOMM Inc 2.25% 20/05/2020                            | 98,596         | 0.22            |
| 150,000  | Microsoft Corp 4.45% 03/11/2045                       | 161,375        | 0.36            | 150,000  | QUALCOMM Inc 3.45% 20/05/2025                            | 144,274        | 0.32            |
| 100,000  | Microsoft Corp 4.25% 06/02/2047                       | 104,950        | 0.23            | 100,000  | QUALCOMM Inc 3.25% 20/05/2027                            | 93,038         | 0.21            |
| 50,000   | Molson Coors Brewing Co 3% 15/07/2026                 | 44,613         | 0.10            | 250,000  | Raytheon Co 3.125% 15/10/2020                            | 250,645        | 0.56            |
| 100,000  | Morgan Stanley 4.875% 01/11/2022                      | 102,891        | 0.23            | 100,000  | Reynolds American Inc 4% 12/06/2022                      | 98,738         | 0.22            |
| 100,000  | Morgan Stanley 4.3% 27/01/2045                        | 94,519         | 0.21            | 150,000  | Reynolds American Inc 4.45% 12/06/2025                   | 144,276        | 0.32            |
| 150,000  | Morgan Stanley FRN 22/07/2028                         | 141,789        | 0.32            | 150,000  | Rockwell Collins Inc 2.8% 15/03/2022                     | 145,424        | 0.32            |
| 100,000  | Morgan Stanley FRN 22/07/2038                         | 91,184         | 0.20            | 150,000  | Sabine Pass Liquefaction LLC 5.625% 01/03/2025           | 156,290        | 0.35            |
| 200,000  | Morgan Stanley 'GMTN' 5.5% 28/07/2021                 | 209,458        | 0.47            | 100,000  | salesforce.com Inc 3.25% 11/04/2023                      | 100,399        | 0.22            |
| 200,000  | Morgan Stanley 'GMTN' 3.7% 23/10/2024                 | 196,878        | 0.44            | 100,000  | Sempra Energy 2.4% 15/03/2020                            | 98,798         | 0.22            |
| 100,000  | Morgan Stanley 'GMTN' FRN 24/01/2029                  | 95,665         | 0.21            | 100,000  | Sempra Energy 4% 01/02/2048                              | 84,403         | 0.19            |
| 100,000  | National Oilwell Varco Inc 2.6% 01/12/2022            | 94,404         | 0.21            | 100,000  | Sherwin-Williams Co/The 3.45% 01/06/2027                 | 93,090         | 0.21            |
| 150,000  | NBCUniversal Media LLC 5.15% 30/04/2020               | 153,957        | 0.34            | 50,000   | Southern California Edison Co 4.65% 01/10/2043           | 49,764         | 0.11            |
| 150,000  | Newell Brands Inc 3.85% 01/04/2023                    | 148,044        | 0.33            | 100,000  | Southern Co/The 4.4% 01/07/2046                          | 92,153         | 0.21            |
| 200,000  | NextEra Energy Capital Holdings Inc 3.55% 01/05/2027  | 191,220        | 0.43            | 100,000  | Southern Copper Corp 6.75% 16/04/2040                    | 110,339        | 0.25            |
| 100,000  | NiSource Inc 4.375% 15/05/2047                        | 93,606         | 0.21            | 50,000   | State Street Corp 3.55% 18/08/2025                       | 49,845         | 0.11            |
| 100,000  | Northern States Power Co/MN 3.6% 15/09/2047           | 91,165         | 0.20            | 250,000  | SunTrust Bank/Atlanta GA 'BKNT' 2.25% 31/01/2020         | 246,985        | 0.55            |
| 150,000  | Northrop Grumman Corp 4.03% 15/10/2047                | 136,301        | 0.30            | 50,000   | Synchrony Financial 4.25% 15/08/2024                     | 45,868         | 0.10            |
| 100,000  | Novartis Capital Corp 3.4% 06/05/2024                 | 100,325        | 0.22            | 150,000  | Target Corp 4% 01/07/2042                                | 141,516        | 0.32            |
| 100,000  | Novartis Capital Corp 4.4% 06/05/2044                 | 106,503        | 0.24            | 150,000  | Thermo Fisher Scientific Inc 2.95% 19/09/2026            | 138,579        | 0.31            |
| 200,000  | Occidental Petroleum Corp 4.1% 01/02/2021             | 203,310        | 0.45            | 100,000  | Time Warner Cable LLC 7.3% 01/07/2038                    | 107,046        | 0.24            |
| 100,000  | Oracle Corp 2.5% 15/05/2022                           | 97,851         | 0.22            | 50,000   | Toyota Motor Credit Corp 'MTN' 2.6% 11/01/2022           | 49,190         | 0.11            |
| 100,000  | Oracle Corp 2.5% 15/10/2022                           | 97,304         | 0.22            | 150,000  | Tyson Foods Inc 3.55% 02/06/2027                         | 140,058        | 0.31            |
| 150,000  | Oracle Corp 2.4% 15/09/2023                           | 143,996        | 0.32            | 100,000  | Unilever Capital Corp 4.25% 10/02/2021                   | 102,489        | 0.23            |
| 100,000  | Oracle Corp 2.95% 15/05/2025                          | 96,201         | 0.21            | 100,000  | Union Pacific Corp 3.799% 01/10/2051                     | 85,504         | 0.19            |
| 100,000  | Oracle Corp 2.65% 15/07/2026                          | 92,834         | 0.21            | 100,000  | United Parcel Service Inc 3.75% 15/11/2047               | 90,228         | 0.20            |
| 50,000   | Oracle Corp 5.375% 15/07/2040                         | 55,829         | 0.12            | 100,000  | United Technologies Corp 3.1% 01/06/2022                 | 97,536         | 0.22            |
| 150,000  | Oracle Corp 4% 15/07/2046                             | 139,914        | 0.31            | 200,000  | United Technologies Corp 4.125% 16/11/2028               | 198,174        | 0.44            |
| 100,000  | Oracle Corp 4% 15/11/2047                             | 93,100         | 0.21            | 100,000  | UnitedHealth Group Inc 2.7% 15/07/2020                   | 99,625         | 0.22            |
| 100,000  | PacifiCorp 6% 15/01/2039                              | 122,763        | 0.27            | 100,000  | UnitedHealth Group Inc 3.75% 15/07/2025                  | 101,057        | 0.23            |
| 150,000  | PepsiCo Inc 3% 15/10/2027                             | 143,441        | 0.32            | 100,000  | UnitedHealth Group Inc 4.75% 15/07/2045                  | 105,754        | 0.24            |
| 50,000   | PepsiCo Inc 3.45% 06/10/2046                          | 44,748         | 0.10            | 50,000   | US Bancorp 2.625% 24/01/2022                             | 49,195         | 0.11            |
| 200,000  | Pfizer Inc 7.2% 15/03/2039                            | 278,612        | 0.62            | 100,000  | US Bancorp 2.375% 22/07/2026                             | 91,125         | 0.20            |
| 250,000  | PNC Bank NA 'BKNT' 2.7% 01/11/2022                    | 242,785        | 0.54            | 100,000  | Valero Energy Corp 3.4% 15/09/2026                       | 91,729         | 0.20            |
| 150,000  | PPL Capital Funding Inc 3.1% 15/05/2026               | 140,642        | 0.31            | 200,000  | Verizon Communications Inc 4.125% 16/03/2027             | 200,296        | 0.45            |
| 50,000   | Procter & Gamble Co/The 2.15% 11/08/2022              | 48,558         | 0.11            |          |  |                |                 |
| 250,000  | Prudential Financial Inc FRN 15/09/2042               | 251,250        | 0.56            |          |  |                |                 |

# Annual Report and Audited Financial Statements 2018

## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings   | Financial assets at fair value through profit or loss | Fair value USD    | % of net assets | % of total assets  |
|--|---|-------------------|-----------------|--|
| 150,000  | Verizon Communications Inc 5.25%<br>16/03/2037        | 157,041           | 0.35            | <b>Unaudited Analysis of Total Assets</b><br>Transferable securities and money market instruments admitted to official stock exchange listing 98.11<br>Other assets. 1.89<br><b>100.00</b> |
| 50,000   | Verizon Communications Inc 4.862%<br>21/08/2046       | 49,197            | 0.11            |  |
| 150,000  | Verizon Communications Inc 4.522%<br>15/09/2048       | 140,499           | 0.31            |  |
| 150,000  | Verizon Communications Inc 5.012%<br>15/04/2049       | 149,451           | 0.33            |  |
| 100,000  | Verizon Communications Inc 4.672%<br>15/03/2055       | 92,055            | 0.21            |  |
| 150,000  | Viacom Inc 5.85% 01/09/2043                           | 146,841           | 0.33            |  |
| 79,000   | Virginia Electric & Power Co 3.8%<br>15/09/2047       | 72,490            | 0.16            |  |
| 150,000  | Visa Inc 4.3% 14/12/2045                              | 155,334           | 0.35            |  |
| 100,000  | Walmart Inc 1.9% 15/12/2020                           | 98,402            | 0.22            |  |
| 150,000  | Walmart Inc 5.25% 01/09/2035                          | 172,555           | 0.39            |  |
| 50,000   | Walmart Inc 3.95% 28/06/2038                          | 49,685            | 0.11            |  |
| 50,000   | Walmart Inc 4.05% 29/06/2048                          | 49,677            | 0.11            |  |
| 200,000  | Walt Disney Co/The 'MTN' 2.95%<br>15/06/2027          | 191,198           | 0.43            |  |
| 200,000  | Wells Fargo & Co 2.5% 04/03/2021                      | 196,428           | 0.44            |  |
| 100,000  | Wells Fargo & Co 3.069% 24/01/2023                    | 97,119            | 0.22            |  |
| 250,000  | Wells Fargo & Co 3.45% 13/02/2023                     | 245,082           | 0.55            |  |
| 100,000  | Wells Fargo & Co 5.606% 15/01/2044                    | 108,410           | 0.24            |  |
| 100,000  | Wells Fargo & Co 'GMTN' 2.6%<br>22/07/2020            | 98,986            | 0.22            |  |
| 200,000  | Wells Fargo & Co 'MTN' 4.6%<br>01/04/2021             | 205,136           | 0.46            |  |
| 200,000  | Wells Fargo & Co 'MTN' 2.625%<br>22/07/2022           | 192,886           | 0.43            |  |
| 150,000  | Wells Fargo & Co 'MTN' 4.75%<br>07/12/2046            | 144,768           | 0.32            |  |
| 150,000  | Zimmer Biomet Holdings Inc 2.7%<br>01/04/2020         | 148,224           | 0.33            |  |
| <b>Total United States</b>   |   | <b>35,893,536</b> | <b>80.19</b>    |  |
| <b>Total Bonds</b>   |   | <b>43,918,768</b> | <b>98.12</b>    |  |
| <hr/>  |   |                   |                 |  |
|  |   | Fair value USD    | % of net assets |  |
| <hr/>  |   |                   |                 |  |
| <b>Total financial assets at fair value through profit or loss</b>           |   | <b>43,918,768</b> | <b>98.12</b>    |  |
| Cash and cash equivalents  |   | 377,679           | 0.84            |  |
| Current assets   |   | 470,377           | 1.05            |  |
| <b>Total assets</b>  |   | <b>44,766,824</b> | <b>100.01</b>   |  |
| Current liabilities  |   | (6,248)           | (0.01)          |  |
| <b>Net assets attributable to holders of redeemable participating shares</b> |   | <b>44,760,576</b> | <b>100.00</b>   |  |

# Invesco Euro Corporate Bond UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|   | Notes | Financial<br>year ended<br>31 December<br>2018<br>EUR | Financial<br>period ended<br>31 December<br>2017<br>EUR |
|---|-------|---|---|
| <b>Income</b>   |       |   |   |
| Interest from financial assets at fair value through profit and loss                | 3     | 484,390   | 70,197  |
| Net losses on financial assets and liabilities at fair value through profit or loss | 4     | (1,225,237)   | (296,209)   |
| <b>Total investment expense</b>   |       | <b>(740,847)</b>                                      | <b>(226,012)</b>  |
| Operating expenses  | 5     | (103,709)   | (17,308)  |
| <b>Net expense</b>  |       | <b>(844,556)</b>                                      | <b>(243,320)</b>  |
| <b>Finance costs</b>  |       |   |   |
| Distributions   | 6     | (346,846)   | -   |
| Interest expense  |       | (7,558)   | (4,522)   |
| <b>Loss for the year/period before tax</b>  |       | <b>(1,198,960)</b>                                    | <b>(247,842)</b>  |
| Non-reclaimable withholding tax   |       | (17,642)  | 7,038   |
| <b>Loss for the financial year/period</b>   |       | <b>(1,216,602)</b>                                    | <b>(240,804)</b>  |
| <b>Decrease in Net Assets Attributable to Holders of Redeemable Shares</b>          |       | <b>(1,216,602)</b>                                    | <b>(240,804)</b>  |

There are no recognised gains or losses arising in the financial year/period other than the decrease in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year/period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|--|---------|-------------------------------------|-------------------------------------|
| <b>Current Assets</b>  |         |                                     |                                     |
| <b>Assets at fair value through profit or loss</b>   |         |                                     |                                     |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 35,330,505                          | 82,441,466                          |
| <b>Loans and receivables</b>   |         |                                     |                                     |
| Cash and cash equivalents  | 7       | 217,837                             | 247,670                             |
| Interest from financial assets at fair value through profit and loss receivable                      | 8       | 454,777                             | 1,064,898                           |
| <b>Total Current Assets</b>  |         | <b>36,003,119</b>                   | <b>83,754,034</b>                   |
| <b>Current Liabilities</b>   |         |                                     |                                     |
| <b>Other financial liabilities</b>   |         |                                     |                                     |
| Creditors (amounts falling due within one year)  | 9       | (5,328)                             | (17,308)                            |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(5,328)</b>                      | <b>(17,308)</b>                     |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>35,997,791</b>                   | <b>83,736,726</b>                   |

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|  | Notes     | Financial<br>year ended<br>31 December<br>2018<br>EUR | Financial<br>period ended<br>31 December<br>2017<br>EUR |
|--|-----------|---|---|
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at beginning of the financial year/period</b> |           | <b>83,736,726</b>                                     | <b>-</b>  |
| Decrease in Net Assets Attributable to<br>Holders of Redeemable Shares from operations                       |           | (1,216,602)   | (240,804)   |
| Amounts received on issue of Redeemable Shares   |           | 100,977   | 83,977,530  |
| Amounts paid on redemption of Redeemable Shares  |           | (46,623,310)  | -   |
| <b>(Decrease )/increase in Net Assets resulting from Share transactions</b>                                  |           | <b>(46,522,333)</b>                                   | <b>83,977,530</b>                                       |
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the end of the financial year/period</b>   | <b>12</b> | <b>35,997,791</b>                                     | <b>83,736,726</b>                                       |

## Statement of cash flows

|  | Notes    | Financial<br>year ended<br>31 December<br>2018<br>EUR | Financial<br>period ended<br>31 December<br>2017<br>EUR |
|--|----------|---|---|
| <b>Cash flows from operating activities</b>                              |          |   |   |
| Proceeds from sale of investments  |          | 56,946,422  | 1,292,590   |
| Purchase of investments  |          | (11,952,889)  | (84,191,203)  |
| Interest from Financial Assets at FVTPL received                         |          | 1,986,702   | (833,763)   |
| Management fees paid   |          | (115,689)   | -   |
| Non-reclaimable withholding tax  |          | (17,642)  | 7,038   |
| <b>Net cash inflow/(outflow) from operating activities</b>               |          | <b>46,846,904</b>                                     | <b>(83,725,338)</b>                                     |
| <b>Cash flows from financing activities</b>                              |          |   |   |
| Distributions paid   |          | (346,846)   | -   |
| Interest paid  |          | (7,558)   | (4,522)   |
| Proceeds from issue of Redeemable Shares                                 |          | 100,977   | 83,977,530  |
| Payments of redemptions of redeemable shares                             |          | (46,623,310)  | -   |
| <b>Net cash (outflow)/inflow from financing activities</b>               |          | <b>(46,876,737)</b>                                   | <b>83,973,008</b>                                       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>              |          | <b>(29,833)</b>                                       | <b>247,670</b>  |
| Cash and cash equivalents at beginning of the financial year/period      |          | 247,670   | -   |
| <b>Cash and cash equivalents at the end of the financial year/period</b> | <b>7</b> | <b>217,837</b>  | <b>247,670</b>  |

The accompanying notes form an integral part of the Financial Statements.



# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial year ended 31 December 2018

### General information

#### Investment objective and policy

The investment objective of Invesco Euro Corporate Bond UCITS ETF (the "Fund") is to achieve the performance of the Bloomberg Barclays Euro Corporate Index ("Reference Index"), less fees and expenses.

The Reference Index is designed to measure the investment grade, euro-denominated, fixed-rate corporate bond market. Inclusion is based on the currency denomination of a bond and not the country of risk of the issuer.

The functional currency of the Fund is Euro and the Fund is valued in Euro.

The Fund invests in corporate bonds.

The Fund launched on 14 November 2017.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 398 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notionals of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

### A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated. In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial year ended 31 December 2018. These movements may be different from the long term volatility of the index.

### B) Foreign currency risk/interest rate risk

The Fund is not exposed to significant currency risk as there is no direct material currency exposure. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency risk.

As the majority of the Fund's assets are interest-bearing, it is exposed to this risk. The tables below and overleaf summarise the Fund's exposure to interest rate risk.

|  | Up to 1<br>year<br>EUR | 1-5<br>years<br>EUR | Over 5<br>years<br>EUR | Non-interest<br>bearing<br>EUR | Total as at<br>31 December 2018<br>EUR |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>31 December 2018</b>                                  |                        |                     |                        |                                |  |
| <b>Current Assets</b>                                    |                        |                     |                        |                                |  |
| Financial assets at fair value<br>through profit or loss | -                      | 16,659,763          | 18,670,742             | -                              | 35,330,505                             |
| Cash and cash equivalents                                | 217,837                | -                   | -                      | -                              | 217,837                                |
| Interest from financial assets<br>at FVTPL receivable    | -                      | -                   | -                      | 454,777                        | 454,777                                |
| <b>Total Assets</b>                                      | <b>217,837</b>         | <b>16,659,763</b>   | <b>18,670,742</b>      | <b>454,777</b>                 | <b>36,003,119</b>                      |
| <b>Current Liabilities</b>                               |                        |                     |                        |                                |  |
| Creditors (amounts falling<br>due within one year)       | (5,328)                | -                   | -                      | -                              | (5,328)                                |
| <b>Total Liabilities</b>                                 | <b>(5,328)</b>         | <b>-</b>            | <b>-</b>               | <b>-</b>                       | <b>(5,328)</b>                         |
| <b>Interest sensitivity gap</b>                          | <b>212,509</b>         | <b>16,659,763</b>   | <b>18,670,742</b>      |                                |  |

# Annual Report and Audited Financial Statements 2018

## 2. Financial risk management (continued)

### B) Foreign currency risk/interest rate risk (continued)

| 31 December 2017   | Up to 1<br>year<br>EUR | 1-5<br>years<br>EUR | Over 5<br>years<br>EUR | Non-interest<br>bearing<br>EUR | Total as at<br>31 December 2017<br>EUR |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>Current Assets</b>                                    |                        |                     |                        |                                |  |
| Financial assets at fair value<br>through profit or loss | -                      | 43,482,934          | 38,958,532             | -                              | 82,441,466                             |
| Cash and cash equivalents                                | 247,670                | -                   | -                      | -                              | 247,670                                |
| Interest from financial assets<br>at FVTPL receivable    | -                      | -                   | -                      | 1,064,898                      | 1,064,898                              |
| <b>Total Assets</b>                                      | <b>247,670</b>         | <b>43,482,934</b>   | <b>38,958,532</b>      | <b>1,064,898</b>               | <b>83,754,034</b>                      |
| <b>Current Liabilities</b>                               |                        |                     |                        |                                |  |
| Creditors (amounts falling<br>due within one year)       | (17,308)               | -                   | -                      | -                              | (17,308)                               |
| <b>Total Liabilities</b>                                 | <b>(17,308)</b>        | <b>-</b>            | <b>-</b>               | <b>-</b>                       | <b>(17,308)</b>                        |
| <b>Interest sensitivity gap</b>                          | <b>230,362</b>         | <b>43,482,934</b>   | <b>38,958,532</b>      |                                |  |

### C) Liquidity risk

The following tables analyse the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in Euro.

| As at 31 December<br>2018  | Less than 7 days to<br>7 days 1 month |               | Total             |
|--|---------------------------------------|---------------|-------------------|
| Accrued expenses   | -                                     | 5,328         | 5,328             |
| Net assets<br>attributable to<br>holders of<br>Redeemable Shares | 35,997,791                            | -             | 35,997,791        |
| <b>Total financial<br/>liabilities</b>                           | <b>35,997,791</b>                     | <b>5,328</b>  | <b>36,003,119</b> |
| As at 31 December<br>2017  | Less than 7 days to<br>7 days 1 month |               | Total             |
| Accrued expenses   | -                                     | 17,308        | 17,308            |
| Net assets<br>attributable to<br>holders of<br>Redeemable Shares | 83,736,726                            | -             | 83,736,726        |
| <b>Total financial<br/>liabilities</b>                           | <b>83,736,726</b>                     | <b>17,308</b> | <b>83,754,034</b> |

### D) Fair value

The tables below analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in Euro.

| As at 31 December<br>2018                 | Level 1  | Level 2           | Level 3  |
|---|----------|-------------------|----------|
| <b>Assets</b>                             |          |                   |          |
| <b>Financial assets held for trading:</b> |          |                   |          |
| - Bonds                                   | -        | 35,330,505        | -        |
| <b>Total assets</b>                       | <b>-</b> | <b>35,330,505</b> | <b>-</b> |
| As at 31 December<br>2017                 | Level 1  | Level 2           | Level 3  |
| <b>Assets</b>                             |          |                   |          |
| <b>Financial assets held for trading:</b> |          |                   |          |
| - Bonds                                   | -        | 82,441,466        | -        |
| <b>Total assets</b>                       | <b>-</b> | <b>82,441,466</b> | <b>-</b> |

The Fund did not hold any Level 3 instruments during the financial year ended 31 December 2018 or 31 December 2017. There were no transfers between Level 1 and Level 2 during the financial year ended 31 December 2018 or 31 December 2017.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

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## 2. Financial risk management (continued)

### D) Fair value (continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

### E) Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty or issuer will default on its obligations resulting in financial loss to the Fund. The Fund's main credit risk concentration is in debt securities. The Investment Manager monitors the Fund's credit position on a daily basis.

As at 31 December 2018 the break-down of the bond related credit ratings was as follows:

| Credit Rating          | Rating %      |
|------------------------|---------------|
| A                      | 47.29%        |
| BBB                    | 47.05%        |
| NR                     | 3.81%         |
| <b>Total Portfolio</b> | <b>98.15%</b> |

These percentages are based on the Equity Value of the Fund at year end. The ratings are from Standard & Poor's.

## 3. Income

|  | Financial year ended<br>31 December<br>2018<br>EUR | Financial period ended<br>31 December<br>2017<br>EUR |
|--|--|--|
| Interest from financial assets at fair value through profit and loss | 484,390  | 70,197   |
|  | <b>484,390</b>                                     | <b>70,197</b>  |

## 4. Net losses on financial assets and liabilities at fair value through profit or loss

|  | Financial year ended<br>31 December<br>2018<br>EUR | Financial period ended<br>31 December<br>2017<br>EUR |
|--|--|--|
| Realised losses on sale of investments               | (667,764)  | (96)   |
| Net change in unrealised depreciation on investments | (557,473)  | (296,113)  |
|  | <b>(1,225,237)</b>                                 | <b>(296,209)</b>                                     |

## 5. Operating expenses

|                 | Financial year ended<br>31 December<br>2018<br>EUR | Financial period ended<br>31 December<br>2017<br>EUR |
|-----------------|--|--|
| Management fees | 103,709  | 17,308   |
|                 | <b>103,709</b>                                     | <b>17,308</b>  |

All other expenses and fees of the Fund are paid by the Manager.

## 6. Distributions

Total amount distributed during the financial year ended 31 December 2018 amounted to EUR 346,846 (31 December 2017: Nil).

## 7. Cash and cash equivalents

|  | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|--|-------------------------------------|-------------------------------------|
| BNY Mellon Trust Company (Ireland) Limited | 217,837                             | 247,670                             |
|  | <b>217,837</b>                      | <b>247,670</b>                      |

## 8. Debtors

|   | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|---|-------------------------------------|-------------------------------------|
| Interest from financial assets at fair value through profit and loss receivable | 454,777                             | 1,064,898                           |
|   | <b>454,777</b>                      | <b>1,064,898</b>                    |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|-----------------|-------------------------------------|-------------------------------------|
| Management fees | 5,328                               | 17,308                              |
|                 | <b>5,328</b>                        | <b>17,308</b>                       |

All other expenses and fees of the Fund are paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

# Annual Report and Audited Financial Statements 2018

## 11. Share capital

| Redeemable shares in issue   | Financial year ended<br>31 December<br>2018 | Financial period ended<br>31 December<br>2017 |
|--|---|---|
| <b>Number of Class A-QD Redeemable Shares Issued and Fully Paid</b>                          |   |   |
| Balance at beginning of financial year/period  | 4,200,000                                   | -   |
| Issued during financial year/period  | 5,117                                       | 4,200,000                                     |
| Redeemed during financial year/period  | (2,361,690)                                 | -   |
| <b>Total number of Class A-QD Redeemable Shares in issue at end of financial year/period</b> | <b>1,843,427</b>                            | <b>4,200,000</b>                              |

## 12. Net asset value

|   | As at<br>31 December<br>2018<br>EUR | As at<br>31 December<br>2017<br>EUR |
|---|-------------------------------------|-------------------------------------|
| <b>Total Net Asset Value</b>                        |                                     |                                     |
| Class A-QD Redeemable Shares                        | 35,997,791                          | 83,736,726                          |
| <b>Dealing Net Asset Value per Redeemable Share</b> |                                     |                                     |
| Class A-QD Redeemable Shares                        | 19.5276                             | 19.9373                             |

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Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings   | Financial assets at fair value through profit or loss      | Fair value EUR | % of net assets | Holdings  | Financial assets at fair value through profit or loss                      | Fair value EUR | % of net assets |                |             |
|--|--|----------------|-----------------|---|--|----------------|-----------------|----------------|-------------|
| <b>Bonds: 98.15% (31 December 2017: 98.45%)</b>        |  |                |                 | <b>200,000 Danske Bank A/S 'EMTN' 0.5% 06/05/2021</b> |  |                |                 | 199,694        | 0.55        |
| <b>Australia: 2.04% (31 December 2017: 1.21%)</b>      |  |                |                 | <b>100,000 ISS Global A/S 'EMTN' 1.5% 31/08/2027</b>  |  |                |                 | 96,777         | 0.27        |
| 100,000  | Australia & New Zealand Banking Group Ltd 0.75% 29/09/2026 | 96,530         | 0.27            | 100,000   | Jyske Bank A/S 'EMTN' FRN 05/04/2029                                       | 96,144         | 0.27            |                |             |
| 100,000  | BHP Billiton Finance Ltd FRN 22/10/2079                    | 115,089        | 0.32            | <b>Total Denmark</b>                                  |  |                |                 | <b>500,214</b> | <b>1.39</b> |
| 100,000  | Commonwealth Bank of Australia 1.125% 18/01/2028           | 98,360         | 0.27            | <b>Finland: 1.18% (31 December 2017: 0.13%)</b>       |  |                |                 |                |             |
| 100,000  | National Australia Bank Ltd 'EMTN' 2.75% 08/08/2022        | 107,961        | 0.30            | 100,000   | Nordea Bank Abp 'EMTN' 2% 17/02/2021                                       | 104,042        | 0.29            |                |             |
| 100,000  | National Australia Bank Ltd 'GMTN' 1.375% 30/08/2028       | 99,044         | 0.28            | 200,000   | Nordea Bank Abp 'EMTN' 3.25% 05/07/2022                                    | 219,986        | 0.61            |                |             |
| 100,000  | Sydney Airport Finance Co Pty Ltd 'EMTN' 2.75% 23/04/2024  | 109,369        | 0.30            | 100,000   | OP Corporate Bank plc 'EMTN' 1% 22/05/2025                                 | 101,080        | 0.28            |                |             |
| 100,000  | Telstra Corp Ltd 'EMTN' 2.5% 15/09/2023                    | 108,579        | 0.30            | <b>Total Finland</b>                                  |  |                |                 | <b>425,108</b> | <b>1.18</b> |
| <b>Total Australia</b>                                 |  |                |                 | <b>France: 20.76% (31 December 2017: 19.40%)</b>      |  |                |                 |                |             |
|  |  | <b>734,932</b> | <b>2.04</b>     | 100,000   | APRR SA 'EMTN' 1.125% 15/01/2021   | 101,879        | 0.28            |                |             |
| <b>Belgium: 1.75% (31 December 2017: 1.40%)</b>        |  |                |                 | 100,000   | APRR SA 'EMTN' 1.625% 13/01/2032   | 99,780         | 0.28            |                |             |
| 100,000  | Anheuser-Busch InBev SA/NV 'EMTN' 0.875% 17/03/2022        | 100,938        | 0.28            | 100,000   | Arkema SA 'EMTN' 1.5% 20/01/2025   | 102,387        | 0.28            |                |             |
| 200,000  | Anheuser-Busch InBev SA/NV 'EMTN' 2.7% 31/03/2026          | 216,680        | 0.60            | 100,000   | Autoroutes du Sud de la France SA 'EMTN' 4.125% 13/04/2020                 | 105,369        | 0.29            |                |             |
| 200,000  | Anheuser-Busch InBev SA/NV 'EMTN' 2% 17/03/2028            | 202,774        | 0.56            | 200,000   | Autoroutes du Sud de la France SA 'EMTN' 1.25% 18/01/2027                  | 200,260        | 0.56            |                |             |
| 100,000  | Anheuser-Busch InBev SA/NV 'EMTN' 3.25% 24/01/2033         | 109,628        | 0.31            | 250,000   | AXA SA 'EMTN' FRN 16/04/2040   | 263,552        | 0.73            |                |             |
| <b>Total Belgium</b>                                   |  |                |                 | 100,000   | AXA SA 'EMTN' FRN (Perpetual)  | 103,283        | 0.29            |                |             |
|  |  | <b>630,020</b> | <b>1.75</b>     | 100,000   | Banque Federative du Credit Mutuel SA 'EMTN' 2.625% 24/02/2021             | 105,401        | 0.29            |                |             |
| <b>Bermuda: 0.27% (31 December 2017: 0.13%)</b>        |  |                |                 | 100,000   | Banque Federative du Credit Mutuel SA 'EMTN' 3.25% 23/08/2022              | 110,470        | 0.31            |                |             |
| 100,000  | Fidelity International Ltd 2.5% 04/11/2026                 | 96,258         | 0.27            | 100,000   | Banque Federative du Credit Mutuel SA 'EMTN' 2.625% 18/03/2024             | 109,256        | 0.30            |                |             |
| <b>Total Bermuda</b>                                   |  |                |                 | 200,000   | Banque Federative du Credit Mutuel SA 'EMTN' 1.25% 14/01/2025              | 203,162        | 0.56            |                |             |
|  |  | <b>96,258</b>  | <b>0.27</b>     | 100,000   | BNP Paribas SA 'EMTN' 4.125% 14/01/2022                                    | 111,609        | 0.31            |                |             |
| <b>Canada: 0.87% (31 December 2017: 0.13%)</b>         |  |                |                 | 100,000   | BNP Paribas SA 'EMTN' 1.125% 15/01/2023                                    | 102,358        | 0.28            |                |             |
| 200,000  | Total Capital Canada Ltd 'EMTN' 1.875% 09/07/2020          | 206,068        | 0.57            | 100,000   | BNP Paribas SA 'EMTN' 4.5% 21/03/2023                                      | 116,474        | 0.32            |                |             |
| 100,000  | Total Capital Canada Ltd 'EMTN' 2.125% 18/09/2029          | 106,721        | 0.30            | 100,000   | BNP Paribas SA 'EMTN' 1.125% 11/06/2026                                    | 95,334         | 0.27            |                |             |
| <b>Total Canada</b>                                    |  |                |                 | 100,000   | BNP Paribas SA 'EMTN' 2.25% 11/01/2027                                     | 98,165         | 0.27            |                |             |
|  |  | <b>312,789</b> | <b>0.87</b>     | 100,000   | Bouygues SA 4.25% 22/07/2020   | 106,477        | 0.30            |                |             |
| <b>Cayman Islands: 0.56% (31 December 2017: 0.12%)</b> |  |                |                 | 100,000   | BPCE SA 'EMTN' 4.5% 10/02/2022   | 113,452        | 0.32            |                |             |
| 100,000  | CK Hutchison Finance 16 Ltd 2% 06/04/2028                  | 98,768         | 0.27            | 100,000   | BPCE SA 'EMTN' 3% 19/07/2024   | 112,128        | 0.31            |                |             |
| 100,000  | Hutchison Whampoa Finance 14 Ltd 1.375% 31/10/2021         | 102,620        | 0.29            | 100,000   | BPCE SA 'EMTN' 1.375% 23/03/2026   | 97,837         | 0.27            |                |             |
| <b>Total Cayman Islands</b>                            |  |                |                 | 100,000   | Caisse Nationale de Reassurance Mutuelle Agricole Groupama FRN (Perpetual) | 104,424        | 0.29            |                |             |
|  |  | <b>201,388</b> | <b>0.56</b>     | 100,000   | Capgemini SE 1.75% 01/07/2020  | 101,964        | 0.28            |                |             |
| <b>Denmark: 1.39% (31 December 2017: 0.49%)</b>        |  |                |                 | 100,000   | Capgemini SE 2.5% 01/07/2023   | 106,903        | 0.30            |                |             |
| 100,000  | Carlsberg Breweries A/S 'EMTN' 2.5% 28/05/2024             | 107,599        | 0.30            |   |  |                |                 |                |             |

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Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss       | Fair value EUR | % of net assets | Holdings | Financial assets at fair value through profit or loss            | Fair value EUR   | % of net assets |
|----------|---|----------------|-----------------|----------|--|------------------|-----------------|
| 100,000  | Carrefour SA 'EMTN' 3.875% 25/04/2021                       | 108,117        | 0.30            | 100,000  | Valeo SA 'EMTN' 1.5% 18/06/2025                                  | 96,041           | 0.27            |
| 200,000  | Carrefour SA 'EMTN' 1.75% 15/07/2022                        | 205,902        | 0.57            | 100,000  | Veolia Environnement SA 'EMTN' 6.125% 25/11/2033                 | 153,010          | 0.43            |
| 100,000  | Cie de Saint-Gobain 'EMTN' 3.625% 28/03/2022                | 110,073        | 0.31            | 100,000  | Vivendi SA 'EMTN' 0.875% 18/09/2024                              | 98,916           | 0.27            |
| 100,000  | CNP Assurances FRN 10/06/2047                               | 104,796        | 0.29            | 100,000  | WPP Finance SA 'EMTN' 2.25% 22/09/2026                           | 100,425          | 0.28            |
| 100,000  | Credit Agricole SA/London 'EMTN' 0.875% 19/01/2022          | 101,534        | 0.28            |          | <b>Total France</b>  | <b>7,474,226</b> | <b>20.76</b>    |
| 100,000  | Credit Agricole SA/London 'EMTN' 3.125% 17/07/2023          | 110,925        | 0.31            |          | <b>Germany: 7.87% (31 December 2017: 7.42%)</b>                  |                  |                 |
| 100,000  | Credit Agricole SA/London 'EMTN' 2.375% 20/05/2024          | 107,777        | 0.30            | 100,000  | Allianz SE FRN 06/07/2047  | 101,186          | 0.28            |
| 100,000  | Credit Agricole SA/London 'EMTN' 1.25% 14/04/2026           | 100,019        | 0.28            | 200,000  | BASF SE 2% 05/12/2022  | 213,496          | 0.59            |
| 100,000  | Credit Mutuel Arkea SA 'EMTN' 3.5% 09/02/2029               | 100,817        | 0.28            | 100,000  | BASF SE 'EMTN' 1.875% 04/02/2021                                 | 103,859          | 0.29            |
| 100,000  | Danone SA 'EMTN' FRN (Perpetual)                            | 93,826         | 0.26            | 100,000  | Berlin Hyp AG 'EMTN' 1.5% 18/04/2028                             | 101,262          | 0.28            |
| 100,000  | Engie SA 'EMTN' 0.5% 13/03/2022                             | 101,069        | 0.28            | 100,000  | Bertelsmann SE & Co KGaA 'EMTN' 1.125% 27/04/2026                | 99,113           | 0.27            |
| 100,000  | Engie SA 'EMTN' 3.5% 18/10/2022                             | 112,088        | 0.31            | 100,000  | Commerzbank AG 'EMTN' 7.75% 16/03/2021                           | 113,542          | 0.31            |
| 100,000  | Engie SA 'EMTN' 2.375% 19/05/2026                           | 108,740        | 0.30            | 100,000  | Commerzbank AG 'EMTN' 4% 30/03/2027                              | 103,236          | 0.29            |
| 100,000  | Engie SA 'EMTN' 1.375% 28/02/2029                           | 99,034         | 0.28            | 100,000  | Daimler AG 'EMTN' 0.625% 05/03/2020                              | 100,743          | 0.28            |
| 50,000   | Holder d'Infrastructures de Transport SAS 4.875% 27/10/2021 | 55,477         | 0.15            | 200,000  | Daimler AG 'EMTN' 1.4% 12/01/2024                                | 203,152          | 0.56            |
| 100,000  | ICADE 1.625% 28/02/2028                                     | 93,768         | 0.26            | 100,000  | Daimler AG 'EMTN' 1.5% 09/03/2026                                | 100,770          | 0.28            |
| 100,000  | La Mondiale SAM FRN (Perpetual)                             | 101,953        | 0.28            | 100,000  | Daimler AG 'EMTN' 1.375% 11/05/2028                              | 95,994           | 0.27            |
| 200,000  | LVMH Moet Hennessy Louis Vuitton SE 'EMTN' 0% 26/05/2020    | 200,018        | 0.56            | 100,000  | Deutsche Bank AG 'EMTN' 1.25% 08/09/2021                         | 98,041           | 0.27            |
| 100,000  | Mercialys SA 1.787% 31/03/2023                              | 98,279         | 0.27            | 200,000  | Deutsche Bank AG 'EMTN' 1.5% 20/01/2022                          | 196,366          | 0.55            |
| 100,000  | Orange SA 'EMTN' FRN (Perpetual)                            | 106,628        | 0.30            | 100,000  | Deutsche Boerse AG 1.625% 08/10/2025                             | 108,281          | 0.30            |
| 100,000  | Orange SA FRN (Perpetual)                                   | 108,537        | 0.30            | 100,000  | E.ON SE 'EMTN' 1.625% 22/05/2029                                 | 98,656           | 0.27            |
| 100,000  | RCI Banque SA 'EMTN' 0.75% 12/01/2022                       | 98,891         | 0.27            | 100,000  | HeidelbergCement AG 'EMTN' 2.25% 03/06/2024                      | 104,139          | 0.29            |
| 200,000  | RCI Banque SA 'EMTN' 1.625% 11/04/2025                      | 197,328        | 0.55            | 100,000  | HeidelbergCement AG 'EMTN' 1.5% 07/02/2025                       | 99,165           | 0.28            |
| 200,000  | Sanofi 1.375% 21/03/2030                                    | 201,496        | 0.56            | 100,000  | LANXESS AG 'EMTN' 1.125% 16/05/2025                              | 98,261           | 0.27            |
| 100,000  | Sanofi 'EMTN' 1.75% 10/09/2026                              | 106,085        | 0.29            | 200,000  | Linde AG 'EMTN' 1.75% 17/09/2020                                 | 206,026          | 0.57            |
| 100,000  | Schneider Electric SE 'EMTN' 0.25% 09/09/2024               | 97,136         | 0.27            | 100,000  | SAP SE 1.375% 13/03/2030   | 99,285           | 0.28            |
| 200,000  | Societe Generale SA 'EMTN' 4.75% 02/03/2021                 | 219,952        | 0.61            | 100,000  | Talanx AG FRN 05/12/2047   | 90,480           | 0.25            |
| 100,000  | Societe Generale SA 'EMTN' 2.625% 27/02/2025                | 101,728        | 0.28            | 100,000  | Volkswagen Leasing GmbH 'EMTN' 0.25% 05/10/2020                  | 99,565           | 0.28            |
| 100,000  | Sodexo SA 1.125% 22/05/2025                                 | 101,307        | 0.28            | 100,000  | Volkswagen Leasing GmbH 'EMTN' 2.375% 06/09/2022                 | 103,777          | 0.29            |
| 100,000  | Sogecap SA FRN (Perpetual)                                  | 99,750         | 0.28            | 100,000  | Volkswagen Leasing GmbH 'EMTN' 1.375% 20/01/2025                 | 96,258           | 0.27            |
| 100,000  | Suez 'EMTN' 1.5% 03/04/2029                                 | 100,894        | 0.28            |          | <b>Total Germany</b>   | <b>2,834,653</b> | <b>7.87</b>     |
| 100,000  | Suez FRN (Perpetual)  | 96,197         | 0.27            |          | <b>Guernsey: 0.28% (31 December 2017: 0.25%)</b>                 |                  |                 |
| 100,000  | Terega SA 2.2% 05/08/2025                                   | 103,962        | 0.29            | 100,000  | Credit Suisse Group Funding Guernsey Ltd 'EMTN' 1.25% 14/04/2022 | 100,788          | 0.28            |
| 100,000  | Total Capital International SA 'EMTN' 0.75% 12/07/2028      | 95,364         | 0.27            |          | <b>Total Guernsey</b>  | <b>100,788</b>   | <b>0.28</b>     |
| 100,000  | Unibail-Rodamco SE 'EMTN' 0.125% 14/05/2021                 | 99,929         | 0.28            |          |  |                  |                 |
| 100,000  | Unibail-Rodamco SE 'EMTN' 2.5% 26/02/2024                   | 108,809        | 0.30            |          |  |                  |                 |
| 100,000  | Unibail-Rodamco SE 'EMTN' 2% 28/04/2036                     | 95,705         | 0.27            |          |  |                  |                 |

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| Holdings  | Financial assets at fair value through profit or loss             | Fair value EUR   | % of net assets | Holdings  | Financial assets at fair value through profit or loss             | Fair value EUR   | % of net assets |
|---|---|------------------|-----------------|---|---|------------------|-----------------|
| <b>Ireland: 1.12% (31 December 2017: 0.62%)</b> |   |                  |                 | <b>Luxembourg: 3.05% (31 December 2017: 1.84%)</b>    |   |                  |                 |
| 100,000   | GE Capital European Funding Unlimited Co 'EMTN' 5.375% 23/01/2020 | 104,940          | 0.29            | 100,000   | Aroundtown SA 'EMTN' 2% 02/11/2026                                | 95,069           | 0.26            |
| 100,000   | GE Capital European Funding Unlimited Co 'EMTN' 0.8% 21/01/2022   | 96,067           | 0.27            | 100,000   | Aroundtown SA FRN (Perpetual)                                     | 84,091           | 0.23            |
| 100,000   | GE Capital European Funding Unlimited Co 'EMTN' 2.625% 15/03/2023 | 101,915          | 0.28            | 200,000   | DH Europe Finance SA 2.5% 08/07/2025                              | 217,040          | 0.60            |
| 100,000   | Ryanair DAC 'EMTN' 1.125% 10/03/2023                              | 98,990           | 0.28            | 100,000   | Grand City Properties SA 1.5% 17/04/2025                          | 96,325           | 0.27            |
| <b>Total Ireland</b>                            |   |                  |                 | 200,000   | Holcim Finance Luxembourg SA 'EMTN' 1.375% 26/05/2023             | 202,772          | 0.56            |
|   |   | <b>401,912</b>   | <b>1.12</b>     | 200,000   | Novartis Finance SA 0% 31/03/2021                                 | 200,376          | 0.56            |
| <b>Italy: 3.88% (31 December 2017: 4.12%)</b>   |   |                  |                 | 100,000   | Novartis Finance SA 0.125% 20/09/2023                             | 99,123           | 0.28            |
| 100,000   | Assicurazioni Generali SpA 'EMTN' FRN 27/10/2047                  | 104,183          | 0.29            | 100,000   | Simon International Finance SCA 1.375% 18/11/2022                 | 102,663          | 0.29            |
| 100,000   | Assicurazioni Generali SpA 'EMTN' FRN 08/06/2048                  | 101,612          | 0.28            | <b>Total Luxembourg</b>                               |   |                  |                 |
| 100,000   | Atlantia SpA 'EMTN' 1.875% 13/07/2027                             | 83,672           | 0.23            |   |   | <b>1,097,459</b> | <b>3.05</b>     |
| 100,000   | Eni SpA 'EMTN' 4.25% 03/02/2020                                   | 104,550          | 0.29            | <b>Mexico: 0.30% (31 December 2017: 0.00%)</b>        |   |                  |                 |
| 200,000   | Eni SpA 'EMTN' 1% 14/03/2025                                      | 195,742          | 0.54            | 100,000   | America Movil SAB de CV 3% 12/07/2021                             | 106,765          | 0.30            |
| 200,000   | Intesa Sanpaolo SpA 'EMTN' 1.125% 14/01/2020                      | 200,964          | 0.56            | <b>Total Mexico</b>                                   |   |                  |                 |
| 100,000   | Intesa Sanpaolo SpA 'EMTN' 1.125% 04/03/2022                      | 98,226           | 0.27            |   |   | <b>106,765</b>   | <b>0.30</b>     |
| 100,000   | Iren SpA 'EMTN' 2.75% 02/11/2022                                  | 106,537          | 0.30            | <b>Netherlands: 15.70% (31 December 2017: 17.64%)</b> |   |                  |                 |
| 100,000   | Italgas SpA 'EMTN' 1.625% 19/01/2027                              | 95,652           | 0.27            | 100,000   | ABN AMRO Bank NV 'EMTN' 6.375% 27/04/2021                         | 113,097          | 0.31            |
| 100,000   | Terna Rete Elettrica Nazionale SpA 'EMTN' 4.75% 15/03/2021        | 109,682          | 0.31            | 100,000   | ABN AMRO Bank NV 'EMTN' 4.125% 28/03/2022                         | 112,063          | 0.31            |
| 100,000   | Terna Rete Elettrica Nazionale SpA 'EMTN' 0.875% 02/02/2022       | 100,525          | 0.28            | 100,000   | ABN AMRO Bank NV 'EMTN' 2.5% 29/11/2023                           | 108,800          | 0.30            |
| 100,000   | Terna Rete Elettrica Nazionale SpA 'EMTN' 1.375% 26/07/2027       | 94,183           | 0.26            | 100,000   | ABN AMRO Bank NV 'EMTN' FRN 30/06/2025                            | 102,818          | 0.29            |
| <b>Total Italy</b>                              |   |                  |                 | 100,000   | Achmea BV 'EMTN' FRN 04/04/2043                                   | 107,774          | 0.30            |
|   |   | <b>1,395,528</b> | <b>3.88</b>     | 100,000   | Airbus Finance BV 'EMTN' 2.375% 02/04/2024                        | 108,505          | 0.30            |
| <b>Japan: 0.85% (31 December 2017: 0.25%)</b>   |   |                  |                 | 100,000   | Airbus Finance BV 'EMTN' 1.375% 13/05/2031                        | 98,016           | 0.27            |
| 100,000   | Mitsubishi UFJ Financial Group Inc 'EMTN' 0.98% 09/10/2023        | 100,013          | 0.28            | 100,000   | Allianz Finance II BV 'EMTN' FRN 08/07/2041                       | 110,881          | 0.31            |
| 100,000   | Mizuho Financial Group Inc 'EMTN' 1.598% 10/04/2028               | 102,754          | 0.29            | 200,000   | Bayer Capital Corp BV 0.625% 15/12/2022                           | 199,320          | 0.55            |
| 100,000   | Sumitomo Mitsui Financial Group Inc 1.546% 15/06/2026             | 101,581          | 0.28            | 100,000   | BMW Finance NV 2.375% 24/01/2023                                  | 106,805          | 0.30            |
| <b>Total Japan</b>                              |   |                  |                 | 100,000   | BMW Finance NV 'EMTN' 0.875% 17/11/2020                           | 101,368          | 0.28            |
|   |   | <b>304,348</b>   | <b>0.85</b>     | 100,000   | BMW Finance NV 'EMTN' 1.125% 22/05/2026                           | 98,438           | 0.27            |
| <b>Jersey: 0.83% (31 December 2017: 1.01%)</b>  |   |                  |                 | 100,000   | Cooperatieve Rabobank UA 4.125% 14/07/2025                        | 121,198          | 0.34            |
| 100,000   | Glencore Finance Europe Ltd 'EMTN' 1.75% 17/03/2025               | 95,774           | 0.26            | 100,000   | Cooperatieve Rabobank UA 'EMTN' 4.125% 12/01/2021                 | 108,233          | 0.30            |
| 100,000   | Glencore Finance Europe Ltd 'EMTN' 3.75% 01/04/2026               | 107,005          | 0.30            | 100,000   | Cooperatieve Rabobank UA 'EMTN' 4.75% 06/06/2022                  | 115,171          | 0.32            |
| 100,000   | Kennedy Wilson Europe Real Estate Ltd 'EMTN' 3.25% 12/11/2025     | 95,971           | 0.27            | 100,000   | Cooperatieve Rabobank UA 'EMTN' 2.375% 22/05/2023                 | 108,347          | 0.30            |
| <b>Total Jersey</b>                             |   |                  |                 | 100,000   | Deutsche Telekom International Finance BV 'EMTN' 4.25% 13/07/2022 | 113,257          | 0.31            |
|   |   | <b>298,750</b>   | <b>0.83</b>     |   |   |                  |                 |

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## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss              | Fair value EUR   | % of net assets | Holdings | Financial assets at fair value through profit or loss  | Fair value EUR   | % of net assets |
|----------|--|------------------|-----------------|----------|--|------------------|-----------------|
| 200,000  | Deutsche Telekom International Finance BV 'EMTN' 0.875% 30/01/2024 | 201,250          | 0.56            | 100,000  | CaixaBank SA 'EMTN' FRN 17/04/2030                     | 90,685           | 0.25            |
| 100,000  | Deutsche Telekom International Finance BV 'EMTN' 1.375% 30/01/2027 | 99,786           | 0.28            | 100,000  | Enagas Financiaciones SAU 'EMTN' 1.25% 06/02/2025      | 102,441          | 0.28            |
| 100,000  | E.ON International Finance BV 'EMTN' 5.75% 07/05/2020              | 107,688          | 0.30            | 100,000  | Iberdrola Finanzas SA 'EMTN' 1% 07/03/2025             | 99,704           | 0.28            |
| 100,000  | EDP Finance BV 'EMTN' 4.875% 14/09/2020                            | 108,159          | 0.30            | 100,000  | IE2 Holdco SAU 'EMTN' 2.375% 27/11/2023                | 104,370          | 0.29            |
| 100,000  | EDP Finance BV 'EMTN' 2.625% 18/01/2022                            | 106,155          | 0.30            | 100,000  | Inmobiliaria Colonial Socimi SA 2.5% 28/11/2029        | 95,016           | 0.26            |
| 100,000  | EDP Finance BV 'EMTN' 1.125% 12/02/2024                            | 98,754           | 0.27            | 100,000  | Merlin Properties Socimi SA 'EMTN' 2.375% 23/05/2022   | 103,739          | 0.29            |
| 100,000  | Enel Finance International NV 'EMTN' 1% 16/09/2024                 | 98,783           | 0.27            | 100,000  | Merlin Properties Socimi SA 'EMTN' 1.875% 02/11/2026   | 95,307           | 0.27            |
| 200,000  | Evonik Finance BV 'EMTN' 0% 08/03/2021                             | 198,696          | 0.55            | 100,000  | Naturgy Capital Markets SA 'EMTN' 1.125% 11/04/2024    | 100,654          | 0.28            |
| 100,000  | EXOR NV 2.5% 08/10/2024  | 103,947          | 0.29            | 100,000  | Red Electrica Financiaciones SAU 'EMTN' 1% 21/04/2026  | 99,192           | 0.28            |
| 150,000  | Heineken NV 'EMTN' 1.5% 03/10/2029                                 | 147,616          | 0.41            | 200,000  | Santander Consumer Finance SA 0.875% 24/01/2022        | 200,752          | 0.56            |
| 100,000  | Iberdrola International BV 'EMTN' 3.5% 01/02/2021                  | 107,124          | 0.30            | 100,000  | Telefonica Emisiones SA 'EMTN' 0.75% 13/04/2022        | 100,559          | 0.28            |
| 100,000  | ING Bank NV 'EMTN' 0.75% 22/02/2021                                | 101,211          | 0.28            | 100,000  | Telefonica Emisiones SA 'EMTN' 2.242% 27/05/2022       | 105,743          | 0.29            |
| 100,000  | ING Bank NV 'EMTN' 4.5% 21/02/2022                                 | 112,827          | 0.31            | 100,000  | Telefonica Emisiones SA 'GMTN' 3.961% 26/03/2021       | 108,398          | 0.30            |
| 100,000  | ING Groep NV 'EMTN' FRN 11/04/2028                                 | 103,744          | 0.29            | 200,000  | Telefonica Emisiones SA 'GMTN' 3.987% 23/01/2023       | 226,768          | 0.63            |
| 200,000  | JAB Holdings BV 1.25% 22/05/2024                                   | 200,174          | 0.56            |          | <b>Total Spain</b>                                     | <b>2,111,685</b> | <b>5.87</b>     |
| 100,000  | LeasePlan Corp NV 'EMTN' 1% 08/04/2020                             | 100,158          | 0.28            |          | <b>Sweden: 0.85% (31 December 2017: 1.96%)</b>         |                  |                 |
| 100,000  | Mylan NV 3.125% 22/11/2028   | 100,710          | 0.28            | 100,000  | Molnlycke Holding AB 1.5% 28/02/2022                   | 101,811          | 0.28            |
| 100,000  | Naturgy Finance BV 'EMTN' 3.875% 11/04/2022                        | 111,772          | 0.31            | 100,000  | Svenska Handelsbanken AB 'EMTN' 1.125% 14/12/2022      | 102,586          | 0.29            |
| 100,000  | NN Group NV FRN 08/04/2044   | 105,175          | 0.29            | 100,000  | Volvo Treasury AB FRN 10/06/2075                       | 102,504          | 0.28            |
| 100,000  | Nomura Europe Finance NV 'EMTN' 1.125% 03/06/2020                  | 101,169          | 0.28            |          | <b>Total Sweden</b>                                    | <b>306,901</b>   | <b>0.85</b>     |
| 100,000  | RELX Finance BV 1.5% 13/05/2027                                    | 97,237           | 0.27            |          | <b>Switzerland: 1.70% (31 December 2017: 2.22%)</b>    |                  |                 |
| 200,000  | Repsol International Finance BV 'EMTN' 2.625% 28/05/2020           | 206,928          | 0.57            | 100,000  | Credit Suisse AG/London 'EMTN' 1.125% 15/09/2020       | 101,793          | 0.28            |
| 200,000  | Shell International Finance BV 'EMTN' 1.625% 20/01/2027            | 208,006          | 0.58            | 100,000  | Credit Suisse AG/London 'EMTN' 1.375% 31/01/2022       | 102,921          | 0.29            |
| 100,000  | Unilever NV 'EMTN' 1.375% 31/07/2029                               | 98,991           | 0.28            | 200,000  | UBS AG/London 'EMTN' 1.125% 30/06/2020                 | 203,122          | 0.56            |
| 100,000  | Volkswagen International Finance NV 0.5% 30/03/2021                | 99,439           | 0.28            | 200,000  | UBS AG/London 'EMTN' 1.25% 03/09/2021                  | 205,374          | 0.57            |
| 100,000  | Volkswagen International Finance NV 1.125% 02/10/2023              | 97,891           | 0.27            |          | <b>Total Switzerland</b>                               | <b>613,210</b>   | <b>1.70</b>     |
| 200,000  | Volkswagen International Finance NV 1.875% 30/03/2027              | 189,542          | 0.53            |          | <b>United Kingdom: 7.81% (31 December 2017: 8.15%)</b> |                  |                 |
| 100,000  | Volkswagen International Finance NV 'EMTN' 0.875% 16/01/2023       | 98,044           | 0.27            | 100,000  | AstraZeneca Plc 'EMTN' 1.25% 12/05/2028                | 97,677           | 0.27            |
| 100,000  | Vonovia Finance BV 'EMTN' 2.25% 15/12/2023                         | 104,005          | 0.29            | 100,000  | Aviva Plc 'EMTN' 0.625% 27/10/2023                     | 97,965           | 0.27            |
| 100,000  | Vonovia Finance BV FRN (Perpetual)                                 | 102,956          | 0.29            | 200,000  | Barclays Bank Plc 'EMTN' 6% 14/01/2021                 | 215,430          | 0.60            |
|          | <b>Total Netherlands</b>   | <b>5,652,028</b> | <b>15.70</b>    | 100,000  | Barclays Plc 'EMTN' 1.875% 23/03/2021                  | 101,664          | 0.28            |
|          | <b>Spain: 5.87% (31 December 2017: 4.74%)</b>                      |                  |                 |          |  |                  |                 |
| 200,000  | Abertis Infraestructuras SA 1% 27/02/2027                          | 178,994          | 0.50            |          |  |                  |                 |
| 200,000  | Banco Bilbao Vizcaya Argentaria SA 'GMTN' 0.75% 11/09/2022         | 196,946          | 0.55            |          |  |                  |                 |
| 100,000  | Banco Santander SA 3.25% 04/04/2026                                | 102,417          | 0.28            |          |  |                  |                 |



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## Schedule of investments (continued)

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Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings | Financial assets at fair value through profit or loss   | Fair value EUR   | % of net assets | Holdings | Financial assets at fair value through profit or loss         | Fair value EUR | % of net assets |
|----------|---|------------------|-----------------|----------|---|----------------|-----------------|
| 100,000  | BAT International Finance Plc 'EMTN' 2% 13/03/2045      | 74,065           | 0.20            | 100,000  | Booking Holdings Inc 1.8% 03/03/2027                          | 100,440        | 0.28            |
| 100,000  | BP Capital Markets Plc 'EMTN' 1.526% 26/09/2022         | 103,716          | 0.29            | 100,000  | Chubb INA Holdings Inc 2.5% 15/03/2038                        | 98,428         | 0.27            |
| 100,000  | BP Capital Markets Plc 'EMTN' 1.109% 16/02/2023         | 101,852          | 0.28            | 200,000  | Citigroup Inc 1.75% 28/01/2025                                | 203,904        | 0.57            |
| 100,000  | BP Capital Markets Plc 'EMTN' 2.972% 27/02/2026         | 110,929          | 0.31            | 200,000  | Coca-Cola Co/The 0.75% 09/03/2023                             | 202,686        | 0.56            |
| 100,000  | Cadent Finance Plc 'EMTN' 0.625% 22/09/2024             | 97,263           | 0.27            | 100,000  | Coca-Cola Co/The 1.125% 09/03/2027                            | 100,426        | 0.28            |
| 250,000  | Coca-Cola European Partners Plc 1.5% 08/11/2027         | 251,063          | 0.70            | 100,000  | Eli Lilly & Co 2.125% 03/06/2030                              | 106,783        | 0.30            |
| 100,000  | GlaxoSmithKline Capital Plc 0% 12/09/2020               | 99,911           | 0.28            | 100,000  | FedEx Corp 1.625% 11/01/2027                                  | 98,735         | 0.27            |
| 200,000  | HSBC Holdings Plc 0.875% 06/09/2024                     | 193,444          | 0.54            | 150,000  | Ford Motor Credit Co LLC 'EMTN' 1.355% 07/02/2025             | 136,440        | 0.38            |
| 200,000  | HSBC Holdings Plc 'EMTN' 1.5% 15/03/2022                | 203,496          | 0.56            | 100,000  | General Electric Co 0.375% 17/05/2022                         | 94,296         | 0.26            |
| 100,000  | Imperial Brands Finance Plc 'EMTN' 2.25% 26/02/2021     | 103,264          | 0.29            | 100,000  | General Electric Co 1.875% 28/05/2027                         | 92,267         | 0.26            |
| 200,000  | Lloyds Bank Plc 'EMTN' 6.5% 24/03/2020                  | 213,256          | 0.59            | 200,000  | General Electric Co 1.5% 17/05/2029                           | 173,520        | 0.48            |
| 50,000   | Lloyds Banking Group Plc 'EMTN' FRN 15/01/2024          | 47,616           | 0.13            | 200,000  | Goldman Sachs Group Inc/The 'EMTN' 1.375% 15/05/2024          | 198,736        | 0.55            |
| 200,000  | Royal Bank of Scotland Group Plc 'EMTN' FRN 08/03/2023  | 200,706          | 0.56            | 100,000  | Goldman Sachs Group Inc/The 'EMTN' 1.25% 01/05/2025           | 96,835         | 0.27            |
| 100,000  | Sky Ltd 'EMTN' 1.5% 15/09/2021                          | 102,646          | 0.28            | 100,000  | Goldman Sachs Group Inc/The 'EMTN' 1.625% 27/07/2026          | 96,914         | 0.27            |
| 100,000  | Standard Chartered Plc 'EMTN' 3.125% 19/11/2024         | 102,993          | 0.29            | 150,000  | Honeywell International Inc 0.65% 21/02/2020                  | 151,127        | 0.42            |
| 100,000  | Vodafone Group Plc 'EMTN' 1.75% 25/08/2023              | 103,631          | 0.29            | 100,000  | Honeywell International Inc 1.3% 22/02/2023                   | 103,458        | 0.29            |
| 100,000  | Vodafone Group Plc 'EMTN' 2.875% 20/11/2037             | 96,532           | 0.27            | 100,000  | Illinois Tool Works Inc 'EMTN' 3% 19/05/2034                  | 117,759        | 0.33            |
| 100,000  | Vodafone Group Plc FRN 03/01/2079                       | 93,578           | 0.26            | 100,000  | International Business Machines Corp 1.875% 06/11/2020        | 103,419        | 0.29            |
|          | <b>Total United Kingdom</b>                             | <b>2,812,697</b> | <b>7.81</b>     | 100,000  | International Business Machines Corp 'EMTN' 2.875% 07/11/2025 | 111,673        | 0.31            |
|          | <b>United States: 19.22% (31 December 2017: 24.56%)</b> |                  |                 | 100,000  | JPMorgan Chase & Co 'EMTN' 0.625% 25/01/2024                  | 98,326         | 0.27            |
| 100,000  | Amgen Inc 1.25% 25/02/2022                              | 102,235          | 0.28            | 100,000  | JPMorgan Chase & Co 'EMTN' 2.875% 24/05/2028                  | 112,089        | 0.31            |
| 100,000  | Apple Inc 1.375% 17/01/2024                             | 104,495          | 0.29            | 100,000  | JPMorgan Chase & Co 'EMTN' FRN 18/05/2028                     | 100,047        | 0.28            |
| 100,000  | AT&T Inc 2.4% 15/03/2024                                | 105,157          | 0.29            | 100,000  | Mastercard Inc 1.1% 01/12/2022                                | 102,913        | 0.29            |
| 200,000  | AT&T Inc 1.8% 05/09/2026                                | 198,028          | 0.55            | 100,000  | McDonald's Corp 'GMTN' 1.75% 03/05/2028                       | 100,432        | 0.28            |
| 150,000  | AT&T Inc 2.45% 15/03/2035                               | 132,361          | 0.37            | 100,000  | Microsoft Corp 3.125% 06/12/2028                              | 119,487        | 0.33            |
| 100,000  | Bank of America Corp 'EMTN' 1.625% 14/09/2022           | 103,259          | 0.29            | 100,000  | Mohawk Industries Inc 2% 14/01/2022                           | 102,576        | 0.28            |
| 100,000  | Bank of America Corp 'EMTN' 0.75% 26/07/2023            | 99,171           | 0.27            | 100,000  | Morgan Stanley 1.875% 30/03/2023                              | 103,748        | 0.29            |
| 100,000  | Bank of America Corp 'EMTN' 2.375% 19/06/2024           | 106,409          | 0.30            | 100,000  | Morgan Stanley 'GMTN' 1.75% 11/03/2024                        | 102,264        | 0.28            |
| 100,000  | Berkshire Hathaway Inc 1.125% 16/03/2027                | 98,571           | 0.27            | 100,000  | Morgan Stanley 'GMTN' 1.75% 30/01/2025                        | 101,455        | 0.28            |
| 100,000  | Berkshire Hathaway Inc 2.15% 15/03/2028                 | 106,495          | 0.30            | 100,000  | Nasdaq Inc 3.875% 07/06/2021                                  | 108,498        | 0.30            |
| 200,000  | BMW US Capital LLC 'EMTN' 0.625% 20/04/2022             | 200,912          | 0.56            | 200,000  | Philip Morris International Inc 1.75% 19/03/2020              | 203,974        | 0.57            |
|          |   |                  |                 | 100,000  | Philip Morris International Inc 'EMTN' 2.875% 03/03/2026      | 108,702        | 0.30            |
|          |   |                  |                 | 100,000  | PPG Industries Inc 1.4% 13/03/2027                            | 99,162         | 0.27            |
|          |   |                  |                 | 100,000  | Procter & Gamble Co/The 2% 16/08/2022                         | 106,500        | 0.30            |
|          |   |                  |                 | 100,000  | Procter & Gamble Co/The 4.875% 11/05/2027                     | 130,772        | 0.36            |

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## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings                   | Financial assets at fair value through profit or loss | Fair value<br>EUR | % of<br>net<br>assets |
|----------------------------|---|-------------------|-----------------------|
| 55,000                     | Roche Holdings Inc 'EMTN' 6.5%<br>04/03/2021          | 63,176            | 0.18                  |
| 200,000                    | Thermo Fisher Scientific Inc 0.75%<br>12/09/2024      | 194,378           | 0.54                  |
| 100,000                    | Toyota Motor Credit Corp 'EMTN' 1%<br>10/09/2021      | 102,210           | 0.28                  |
| 100,000                    | Toyota Motor Credit Corp 'EMTN' 2.375%<br>01/02/2023  | 107,841           | 0.30                  |
| 100,000                    | Verizon Communications Inc 2.625%<br>01/12/2031       | 103,630           | 0.29                  |
| 100,000                    | Verizon Communications Inc 2.875%<br>15/01/2038       | 100,628           | 0.28                  |
| 100,000                    | VF Corp 0.625% 20/09/2023                             | 99,902            | 0.28                  |
| 80,000                     | Walgreens Boots Alliance Inc 2.125%<br>20/11/2026     | 82,032            | 0.23                  |
| 100,000                    | Walmart Inc 1.9% 08/04/2022                           | 105,439           | 0.29                  |
| 100,000                    | Wells Fargo & Co 'EMTN' 1.5%<br>12/09/2022            | 102,840           | 0.29                  |
| 100,000                    | Wells Fargo & Co 'EMTN' 2.25%<br>02/05/2023           | 105,830           | 0.29                  |
| 100,000                    | Wells Fargo & Co 'EMTN' 2% 27/04/2026                 | 103,040           | 0.29                  |
| 100,000                    | WP Carey Inc 2% 20/01/2023                            | 102,016           | 0.28                  |
| <b>Total United States</b> |   | <b>6,918,846</b>  | <b>19.22</b>          |
| <b>Total Bonds</b>         |   | <b>35,330,505</b> | <b>98.15</b>          |

|  | Fair value<br>EUR | % of<br>net<br>assets |
|--|-------------------|-----------------------|
| <b>Total financial assets at fair value through profit or loss</b>           | <b>35,330,505</b> | <b>98.15</b>          |
| Cash and cash equivalents  | 217,837           | 0.61                  |
| Current assets   | 454,777           | 1.26                  |
| <b>Total assets</b>  | <b>36,003,119</b> | <b>100.02</b>         |
| Current liabilities  | (5,328)           | (0.02)                |
| <b>Net assets attributable to holders of redeemable participating shares</b> | <b>35,997,791</b> | <b>100.00</b>         |

|  | % of<br>total<br>assets |
|--|-------------------------|
| <b>Unaudited Analysis of Total Assets</b>  |                         |
| Transferable securities and money market instruments admitted to official stock exchange listing | 98.13                   |
| Other assets.  | 1.87                    |
|  | <b>100.00</b>           |

# Invesco Emerging Markets USD Bond UCITS ETF

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### Statement of comprehensive income

|   | Notes | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|---|-------|---|---|
| <b>Income</b>   |       |   |   |
| Interest Income   |       | 17,346  | -   |
| Interest from financial assets at fair value through profit and loss                        | 3     | 6,832,286   | 540,112   |
| Net (losses)/gains on financial assets and liabilities at fair value through profit or loss | 4     | (11,640,953)  | 1,046,110   |
| <b>Total investment (expense)/income</b>  |       | <b>(4,791,321)</b>                                    | <b>1,586,222</b>  |
| Operating expenses  | 5     | (435,774)   | (44,338)  |
| <b>Net (expense)/income</b>   |       | <b>5,227,095</b>                                      | <b>1,541,884</b>  |
| <b>Finance costs</b>  |       |   |   |
| Distributions   | 6     | (6,635,519)   | -   |
| Interest expense  |       | (15,542)  | (3,514)   |
| <b>(Loss)/profit for the financial year/period</b>  |       | <b>(11,878,156)</b>                                   | <b>1,538,370</b>  |
| Non-reclaimable withholding tax   |       | (7,285)   | (25,310)  |
| <b>(Loss)/profit for the financial year/period</b>  |       | <b>(11,885,441)</b>                                   | <b>1,513,060</b>  |
| <b>(Decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares</b>       |       | <b>(11,885,441)</b>                                   | <b>1,513,060</b>  |

There are no recognised gains or losses arising in the financial year/period other than the (decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year/period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|--|---------|-------------------------------------|-------------------------------------|
| <b>Current Assets</b>  |         |                                     |                                     |
| <b>Assets at fair value through profit or loss</b>   |         |                                     |                                     |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 141,762,000                         | 101,766,785                         |
| <b>Loans and receivables</b>   |         |                                     |                                     |
| Cash and cash equivalents  | 7       | 726,951                             | 2,062,168                           |
| Balances due from brokers  |         | 1,693,997                           | 3,628,589                           |
| Interest from financial assets at fair value through profit and loss receivable                      | 8       | 2,309,387                           | 1,512,377                           |
| <b>Total Current Assets</b>  |         | <b>146,492,335</b>                  | <b>108,969,919</b>                  |
| <b>Current Liabilities</b>   |         |                                     |                                     |
| <b>Other financial liabilities</b>   |         |                                     |                                     |
| Balances due to brokers  |         | (1,693,997)                         | (4,361,943)                         |
| Creditors (amounts falling due within one year)  | 9       | (42,656)                            | (44,338)                            |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(1,736,653)</b>                  | <b>(4,406,281)</b>                  |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>144,755,682</b>                  | <b>104,563,638</b>                  |

The accompanying notes form an integral part of the Financial Statements.

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## Statement of changes in net assets attributable to holders of redeemable shares

|  | Notes     | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|-----------|---|---|
| <b>Net Assets Attributable to Holders of Redeemable Shares at beginning of the financial year/period</b> |           | 104,563,638   | -   |
| (Decrease)/increase in Net Assets Attributable to Holders of Redeemable Shares from operations           |           | (11,885,441)  | 1,513,060   |
| Amounts received on issue of Redeemable Shares   |           | 105,959,275   | 103,050,578   |
| Amounts paid on redemption of Redeemable Shares  |           | (53,881,790)  | -   |
| <b>Increase in Net Assets resulting from Share transactions</b>  |           | <b>52,077,485</b>                                     | <b>103,050,578</b>                                      |
| <b>Net Assets Attributable to Holders of Redeemable Shares at the end of the financial year/period</b>   | <b>12</b> | <b>144,755,682</b>                                    | <b>104,563,638</b>                                      |

## Statement of cash flows

|  | Notes    | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|----------|---|---|
| <b>Cash flows from operating activities</b>                              |          |   |   |
| Proceeds from sale of investments  |          | 74,924,837  | 1,023,510   |
| Purchase of investments  |          | (126,637,212)   | (101,828,691)   |
| Dividend income received   |          | -   | (1,459)   |
| Interest income received   |          | 17,346  | (2,864)   |
| Interest from Financial Assets at FVTPL received                         |          | 6,111,483   | (883,436)   |
| Balances due from brokers  |          | 1,934,592   | (3,628,589)   |
| Balances due to brokers  |          | (2,667,946)   | 4,361,943   |
| Management fees paid   |          | (437,456)   | -   |
| Non-reclaimable withholding tax  |          | (7,285)   | (25,310)  |
| <b>Net cash outflow from operating activities</b>                        |          | <b>(46,761,641)</b>                                   | <b>(100,984,896)</b>                                    |
| <b>Cash flows from financing activities</b>                              |          |   |   |
| Distributions paid   |          | (6,635,519)   | -   |
| Interest paid  |          | (15,542)  | (3,514)   |
| Proceeds from issue of Redeemable Shares                                 |          | 105,959,275   | 103,050,578   |
| Payments of redemptions of redeemable shares                             |          | (53,881,790)  | -   |
| <b>Net cash inflow from financing activities</b>                         |          | <b>45,426,424</b>                                     | <b>103,047,064</b>                                      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>              |          | <b>(1,335,217)</b>                                    | <b>2,062,168</b>  |
| Cash and cash equivalents at beginning of the financial year/period      |          | 2,062,168   | -   |
| <b>Cash and cash equivalents at the end of the financial year/period</b> | <b>7</b> | <b>726,951</b>  | <b>2,062,168</b>  |

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial year ended 31 December 2018

### General information

#### Investment objective and policy

The investment objective of Invesco Emerging Markets USD Bond UCITS ETF (the "Fund") is to achieve the performance of the Bloomberg Barclays Emerging Markets USD Sovereign Bond Index ("Reference Index"), less fees and expenses.

The Reference Index is designed to measure the performance of the Bloomberg Barclays Emerging Markets USD Sovereign Bond Index tracks fixed and floating-rate US dollar denominated debt issued by EM governments.

The functional currency of the Fund is US Dollar and the Fund is valued in US Dollar.

The Fund invests in government bonds.

The Fund launched on 16 November 2017.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notional of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

### A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial year ended 31 December 2018. These movements may be different from the long term volatility of the index.

### B) Foreign currency risk/interest rate risk

The Fund is not exposed to significant currency risk as there is no direct material currency exposure. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency risk.

As the majority of the Fund's assets are interest-bearing, it is exposed to this risk. The tables below and overleaf summarise the Fund's exposure to interest rate risk.

|  | Up to 1<br>year<br>USD | 1-5<br>years<br>USD | Over 5<br>years<br>USD | Non-interest<br>bearing<br>USD | Total as at<br>31 December 2018<br>USD |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>31 December 2018</b>                                  |                        |                     |                        |                                |  |
| <b>Current Assets</b>                                    |                        |                     |                        |                                |  |
| Financial assets at fair value<br>through profit or loss | -                      | 36,294,890          | 105,467,110            | -                              | 141,762,000                            |
| Cash and cash equivalents                                | 726,951                | -                   | -                      | -                              | 726,951                                |
| Interest from financial assets<br>at FVTPL receivable    | -                      | -                   | -                      | 2,309,387                      | 2,309,387                              |
| <b>Total Assets</b>                                      | <b>726,951</b>         | <b>36,294,890</b>   | <b>105,467,110</b>     | <b>2,309,387</b>               | <b>144,798,338</b>                     |
| <b>Current Liabilities</b>                               |                        |                     |                        |                                |  |
| Creditors (amounts falling<br>due within one year)       | (42,656)               | -                   | -                      | -                              | (42,656)                               |
| <b>Total Liabilities</b>                                 | <b>(42,656)</b>        | <b>-</b>            | <b>-</b>               | <b>-</b>                       | <b>(42,656)</b>                        |
| <b>Interest sensitivity gap</b>                          | <b>684,295</b>         | <b>36,294,890</b>   | <b>105,467,110</b>     |                                |  |

# Annual Report and Audited Financial Statements 2018

## 2. Financial risk management (continued)

### B) Foreign currency risk/interest rate risk (continued)

| 31 December 2017   | Up to 1<br>year<br>USD | 1-5<br>years<br>USD | Over 5<br>years<br>USD | Non-interest<br>bearing<br>USD | Total as at<br>31 December 2017<br>USD |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>Current Assets</b>                                    |                        |                     |                        |                                |  |
| Financial assets at fair value<br>through profit or loss | -                      | 29,981,962          | 71,784,823             | -                              | 101,766,785                            |
| Cash and cash equivalents                                | 2,062,168              | -                   | -                      | -                              | 2,062,168                              |
| Balances due from brokers                                | -                      | -                   | -                      | 3,628,589                      | 3,628,589                              |
| Interest from financial assets<br>at FVTPL receivable    | -                      | -                   | -                      | 1,512,377                      | 1,512,377                              |
| <b>Total Assets</b>                                      | <b>2,062,168</b>       | <b>29,981,962</b>   | <b>71,784,823</b>      | <b>5,140,966</b>               | <b>108,969,919</b>                     |
| <b>Current Liabilities</b>                               |                        |                     |                        |                                |  |
| Balances due to brokers                                  | -                      | -                   | -                      | (4,361,943)                    | (4,361,943)                            |
| Creditors (amounts falling<br>due within one year)       | (44,338)               | -                   | -                      | -                              | (44,338)                               |
| <b>Total Liabilities</b>                                 | <b>(44,338)</b>        | <b>-</b>            | <b>-</b>               | <b>(4,361,943)</b>             | <b>(4,406,281)</b>                     |
| <b>Interest sensitivity gap</b>                          | <b>2,017,830</b>       | <b>29,981,962</b>   | <b>71,784,823</b>      |                                |  |

### C) Liquidity risk

The following tables analyse the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in US Dollar.

| As at 31 December<br>2018                                     | Less than<br>7 days | 7 days to<br>1 month | Total              |
|---|---------------------|----------------------|--------------------|
| Accrued expenses  | -                   | 42,656               | 42,656             |
| Net assets<br>attributable to holders<br>of Redeemable Shares | 144,755,682         | -                    | 144,755,682        |
| <b>Total financial<br/>liabilities</b>                        | <b>144,755,682</b>  | <b>42,656</b>        | <b>144,798,338</b> |

| As at 31 December<br>2017                                     | Less than<br>7 days | 7 days to<br>1 month | Total              |
|---|---------------------|----------------------|--------------------|
| Balances due to<br>brokers                                    | -                   | 4,361,943            | 4,361,943          |
| Accrued expenses  | -                   | 44,338               | 44,338             |
| Net assets<br>attributable to holders<br>of Redeemable Shares | 104,563,638         | -                    | 104,563,638        |
| <b>Total financial<br/>liabilities</b>                        | <b>104,563,638</b>  | <b>4,406,281</b>     | <b>108,969,919</b> |

### D) Fair value

The tables below and overleaf analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in US Dollar.

| As at 31 December<br>2018                 | Level 1  | Level 2            | Level 3  |
|---|----------|--------------------|----------|
| <b>Assets</b>                             |          |                    |          |
| <b>Financial assets held for trading:</b> |          |                    |          |
| - Bonds                                   | -        | 141,762,000        | -        |
| <b>Total assets</b>                       | <b>-</b> | <b>141,762,000</b> | <b>-</b> |

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## 2. Financial risk management (continued)

### D) Fair value (continued)

| As at 31 December<br>2017                 | Level 1 | Level 2            | Level 3 |
|---|---------|--------------------|---------|
| <b>Assets</b>                             |         |                    |         |
| <b>Financial assets held for trading:</b> |         |                    |         |
| - Bonds                                   | -       | 101,766,785        | -       |
| <b>Total assets</b>                       | -       | <b>101,766,785</b> | -       |

The Fund did not hold any Level 3 instruments during the financial year ended 31 December 2018 or 31 December 2017. There were no transfers between Level 1 and Level 2 during the financial year ended 31 December 2018 or ended 31 December 2017.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

### E) Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty or issuer will default on its obligations resulting in financial loss to the Fund. The Fund's main credit risk concentration is in debt securities. The Investment Manager monitors the Fund's credit position on a daily basis.

As at 31 December 2018 the break-down of the bond related credit ratings was as follows:

| Credit Rating          | Rating %      |
|------------------------|---------------|
| A                      | 10.87%        |
| B                      | 22.09%        |
| BB                     | 11.60%        |
| BBB                    | 29.82%        |
| C                      | 0.81%         |
| NR                     | 22.73%        |
| <b>Total Portfolio</b> | <b>97.92%</b> |

These percentages are based on the Equity Value of the Fund at year end. The ratings are from Standard & Poor's.

## 3. Income

|  | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|---|---|
| Interest income  | 17,346  | -   |
| Interest from financial<br>assets at fair value<br>through profit and loss | 6,832,286   | 540,112   |
|  | <b>6,849,632</b>                                      | <b>540,112</b>  |

## 4. Net (losses)/gains on financial assets and liabilities at fair value through profit or loss

|  | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|--|---|---|
| Realised losses on sale<br>of investments                  | (2,722,897)   | 823   |
| Net change in unrealised<br>depreciation on<br>investments | (8,918,056)   | 1,045,287   |
|  | <b>(11,640,953)</b>                                   | <b>1,046,110</b>  |

## 5. Operating expenses

|                 | Financial<br>year ended<br>31 December<br>2018<br>USD | Financial<br>period ended<br>31 December<br>2017<br>USD |
|-----------------|---|---|
| Management fees | 435,774   | 44,338  |
|                 | <b>435,774</b>  | <b>44,338</b>   |

All other expenses and fees of the Fund are paid by the Manager.

## 6. Distributions

Total amount distributed during the financial year ended 31 December 2018 amounted to USD 6,635,519 (31 December 2017: Nil).

## 7. Cash and cash equivalents

|   | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|---|-------------------------------------|-------------------------------------|
| BNY Mellon Trust Company<br>(Ireland) Limited | 726,951                             | 2,062,168                           |
|   | <b>726,951</b>                      | <b>2,062,168</b>                    |

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## 8. Debtors

|   | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|---|-------------------------------------|-------------------------------------|
| Interest from financial assets at fair value through profit and loss receivable | 2,309,387                           | 1,512,377                           |
|   | <b>2,309,387</b>                    | <b>1,512,377</b>                    |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|-----------------|-------------------------------------|-------------------------------------|
| Management fees | 42,656                              | 44,338                              |
|                 | <b>42,656</b>                       | <b>44,338</b>                       |

All other expenses and fees of the Fund are paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

## 11. Share capital

| Redeemable shares in issue   | Financial year ended<br>31 December<br>2018 | Financial period ended<br>31 December<br>2017 |
|--|---|---|
| <b>Number of Class A-QD Redeemable Shares Issued and Fully Paid</b>                          |   |   |
| Balance at beginning of financial year/period  | 5,150,000                                   | -   |
| Issued during financial year/period  | 5,524,423                                   | 5,150,000                                     |
| Redeemed during financial year/period  | (2,800,000)                                 | -   |
| <b>Total number of Class A-QD Redeemable Shares in issue at end of financial year/period</b> | <b>7,874,423</b>                            | <b>5,150,000</b>                              |

## 12. Net asset value

|   | As at<br>31 December<br>2018<br>USD | As at<br>31 December<br>2017<br>USD |
|---|-------------------------------------|-------------------------------------|
| <b>Total Net Asset Value</b>                        |                                     |                                     |
| Class A-QD Redeemable Shares                        | 144,755,682                         | 104,563,638                         |
| <b>Dealing Net Asset Value per Redeemable Share</b> |                                     |                                     |
| Class A-QD Redeemable Shares                        | 18.3830                             | 20.3036                             |



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## Schedule of investments

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings   | Financial assets at fair value through profit or loss                           | Fair value USD | % of net assets | Holdings   | Financial assets at fair value through profit or loss | Fair value USD | % of net assets |
|--|---|----------------|-----------------|--|---|----------------|-----------------|
| <b>Bonds: 97.93% (31 December 2017: 98.68%)</b>    |   |                |                 | <b>Bahamas: 0.14% (31 December 2017: 0.00%)</b>                                      |   |                |                 |
| <b>Angola: 0.75% (31 December 2017: 0.28%)</b>     |   |                |                 | 200,000 Bahamas Government International Bond 'REGS' 6% 21/11/2028                   |   |                |                 |
| 450,000  | Angolan Government International Bond 'REGS' 9.5% 12/11/2025                    | 474,278        | 0.33            | <b>Total Bahamas</b>   |   |                |                 |
| 450,000  | Angolan Government International Bond 'REGS' 8.25% 09/05/2028                   | 425,808        | 0.29            | <b>202,226 0.14</b>  |   |                |                 |
| 200,000  | Angolan Government International Bond 'REGS' 9.375% 08/05/2048                  | 187,582        | 0.13            | <b>Bahrain: 1.75% (31 December 2017: 1.45%)</b>                                      |   |                |                 |
| <b>Total Angola</b>                                |   |                |                 | 100,000 Bahrain Government International Bond '144A' 5.5% 31/03/2020                 |   |                |                 |
| <b>1,087,668 0.75</b>                              |   |                |                 | 200,000 Bahrain Government International Bond '144A' 6.125% 05/07/2022               |   |                |                 |
| <b>Argentina: 6.64% (31 December 2017: 8.46%)</b>  |   |                |                 | 200,000 Bahrain Government International Bond 'REGS' 5.875% 26/01/2021               |   |                |                 |
| 3,250,000  | Argentina Bonar Bonds 8.75% 07/05/2024  | 2,987,179      | 2.06            | 300,000 Bahrain Government International Bond 'REGS' 6.125% 01/08/2023               |   |                |                 |
| 700,000  | Argentine Republic Government International Bond 6.875% 22/04/2021              | 633,864        | 0.44            | 250,000 Bahrain Government International Bond 'REGS' 7% 26/01/2026                   |   |                |                 |
| 400,000  | Argentine Republic Government International Bond 5.625% 26/01/2022              | 338,296        | 0.23            | 200,000 Bahrain Government International Bond 'REGS' 7% 12/10/2028                   |   |                |                 |
| 400,000  | Argentine Republic Government International Bond 4.625% 11/01/2023              | 318,108        | 0.22            | 400,000 Bahrain Government International Bond 'REGS' 6.75% 20/09/2029                |   |                |                 |
| 1,300,000  | Argentine Republic Government International Bond 7.5% 22/04/2026                | 1,045,720      | 0.72            | 300,000 Bahrain Government International Bond 'REGS' 6% 19/09/2044                   |   |                |                 |
| 700,000  | Argentine Republic Government International Bond 6.875% 26/01/2027              | 535,647        | 0.37            | 200,000 CBB International Sukuk Co 6 Spc 'REGS' 5.25% 20/03/2025                     |   |                |                 |
| 700,000  | Argentine Republic Government International Bond 5.875% 11/01/2028              | 505,995        | 0.35            | 400,000 CBB International Sukuk Co 7 SPC 'REGS' 6.875% 05/10/2025                    |   |                |                 |
| 200,000  | Argentine Republic Government International Bond 6.625% 06/07/2028              | 148,570        | 0.10            | <b>Total Bahrain</b>   |   |                |                 |
| 280,408  | Argentine Republic Government International Bond 8.28% 31/12/2033               | 202,090        | 0.14            | <b>2,527,323 1.75</b>  |   |                |                 |
| 771,121  | Argentine Republic Government International Bond 8.28% 31/12/2033               | 605,446        | 0.42            | <b>Belarus: 0.27% (31 December 2017: 0.21%)</b>                                      |   |                |                 |
| 280,408  | Argentine Republic Government International Bond 8.28% 31/12/2033               | 217,293        | 0.15            | 200,000 Republic of Belarus International Bond 'REGS' 6.875% 28/02/2023              |   |                |                 |
| 450,000  | Argentine Republic Government International Bond 7.125% 06/07/2036              | 323,977        | 0.23            | 200,000 Republic of Belarus International Bond 'REGS' 6.2% 28/02/2030                |   |                |                 |
| 600,000  | Argentine Republic Government International Bond 7.625% 22/04/2046              | 439,908        | 0.31            | <b>Total Belarus</b>   |   |                |                 |
| 500,000  | Argentine Republic Government International Bond 6.875% 11/01/2048              | 347,985        | 0.24            | <b>387,972 0.27</b>  |   |                |                 |
| 500,000  | Argentine Republic Government International Bond 7.125% 28/06/2117              | 357,995        | 0.25            | <b>Belize: 0.04% (31 December 2017: 0.06%)</b>                                       |   |                |                 |
| 900,000  | Argentine Republic Government International Bond Step-Up Coupon 2.5% 31/12/2038 | 497,448        | 0.34            | 100,000 Belize Government International Bond Step-Up Coupon 'REGS' 4.938% 20/02/2034 |   |                |                 |
| 200,000  | Argentine Republic Government International Bond Step-Up Coupon 2.5% 31/12/2038 | 100,832        | 0.07            | <b>Total Belize</b>  |   |                |                 |
| <b>Total Argentina</b>                             |   |                |                 | <b>56,367 0.04</b>   |   |                |                 |
| <b>9,606,353 6.64</b>                              |   |                |                 | <b>56,367 0.04</b>   |   |                |                 |
| <b>Azerbaijan: 0.29% (31 December 2017: 0.25%)</b> |   |                |                 | <b>Bermuda: 0.28% (31 December 2017: 0.21%)</b>                                      |   |                |                 |
| 250,000  | Republic of Azerbaijan International Bond 'REGS' 4.75% 18/03/2024               | 249,438        | 0.17            | 200,000 Bermuda Government International Bond 'REGS' 4.854% 06/02/2024               |   |                |                 |
| 200,000  | Republic of Azerbaijan International Bond 'REGS' 3.5% 01/09/2032                | 166,404        | 0.12            | 200,000 Bermuda Government International Bond 'REGS' 3.717% 25/01/2027               |   |                |                 |
| <b>Total Azerbaijan</b>                            |   |                |                 | <b>Total Bermuda</b>   |   |                |                 |
| <b>415,842 0.29</b>                                |   |                |                 | <b>399,866 0.28</b>  |   |                |                 |
| <b>Bolivia: 0.25% (31 December 2017: 0.20%)</b>    |   |                |                 | 200,000 Bolivian Government International Bond 'REGS' 4.875% 29/10/2022              |   |                |                 |
|  |   |                |                 | 193,456 0.13   |   |                |                 |

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## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2017.

| Holdings  | Financial assets at fair value through profit or loss          | Fair value USD   | % of net assets | Holdings   | Financial assets at fair value through profit or loss             | Fair value USD   | % of net assets |
|-----------|--|------------------|-----------------|--|---|------------------|-----------------|
| 200,000   | Bolivian Government International Bond 'REGS' 4.5% 20/03/2028  | 171,430          | 0.12            | <b>Chile: 0.76% (31 December 2017: 0.53%)</b>      |   |                  |                 |
|           | <b>Total Bolivia</b>   | <b>364,886</b>   | <b>0.25</b>     | 100,000  | Chile Government International Bond 3.875% 05/08/2020             | 101,154          | 0.07            |
|           | <b>Brazil: 3.67% (31 December 2017: 4.12%)</b>                 |                  |                 | 350,000  | Chile Government International Bond 2.25% 30/10/2022              | 337,655          | 0.23            |
| 250,000   | Brazilian Government International Bond 4.875% 22/01/2021      | 255,687          | 0.18            | 200,000  | Chile Government International Bond 3.125% 21/01/2026             | 193,404          | 0.13            |
| 300,000   | Brazilian Government International Bond 2.625% 05/01/2023      | 282,612          | 0.20            | 300,000  | Chile Government International Bond 3.24% 06/02/2028              | 288,180          | 0.20            |
| 100,000   | Brazilian Government International Bond 8.875% 15/04/2024      | 121,846          | 0.08            | 200,000  | Chile Government International Bond 3.86% 21/06/2047              | 186,750          | 0.13            |
| 1,050,000 | Brazilian Government International Bond 4.25% 07/01/2025       | 1,030,428        | 0.71            |  | <b>Total Chile</b>  | <b>1,107,143</b> | <b>0.76</b>     |
| 100,000   | Brazilian Government International Bond 8.75% 04/02/2025       | 122,257          | 0.09            | <b>China: 0.58% (31 December 2017: 0.19%)</b>      |   |                  |                 |
| 600,000   | Brazilian Government International Bond 6% 07/04/2026          | 638,892          | 0.44            | 250,000  | China Government International Bond 2.125% 02/11/2022             | 242,975          | 0.17            |
| 150,000   | Brazilian Government International Bond 10.125% 15/05/2027     | 201,035          | 0.14            | 200,000  | China Government International Bond 3.25% 19/10/2023              | 201,868          | 0.14            |
| 800,000   | Brazilian Government International Bond 4.625% 13/01/2028      | 771,656          | 0.53            | 200,000  | China Government International Bond 2.625% 02/11/2027             | 188,986          | 0.13            |
| 200,000   | Brazilian Government International Bond 8.25% 20/01/2034       | 245,634          | 0.17            | 200,000  | China Government International Bond 4% 19/10/2048                 | 199,982          | 0.14            |
| 350,000   | Brazilian Government International Bond 7.125% 20/01/2037      | 395,227          | 0.27            |  | <b>Total China</b>  | <b>833,811</b>   | <b>0.58</b>     |
| 450,000   | Brazilian Government International Bond 5.625% 07/01/2041      | 432,504          | 0.30            | <b>Colombia: 3.19% (31 December 2017: 3.22%)</b>   |   |                  |                 |
| 500,000   | Brazilian Government International Bond 5% 27/01/2045          | 437,095          | 0.30            | 500,000  | Colombia Government International Bond 4.375% 12/07/2021          | 508,040          | 0.35            |
| 400,000   | Brazilian Government International Bond 5.625% 21/02/2047      | 377,792          | 0.26            | 600,000  | Colombia Government International Bond 2.625% 15/03/2023          | 566,682          | 0.39            |
|           | <b>Total Brazil</b>  | <b>5,312,665</b> | <b>3.67</b>     | 700,000  | Colombia Government International Bond 4% 26/02/2024              | 693,539          | 0.48            |
|           | <b>Cameroon: 0.14% (31 December 2017: 0.23%)</b>               |                  |                 | 400,000  | Colombia Government International Bond 4.5% 28/01/2026            | 400,876          | 0.28            |
| 200,000   | Republic of Cameroon International Bond 'REGS' 9.5% 19/11/2025 | 203,566          | 0.14            | 200,000  | Colombia Government International Bond 3.875% 25/04/2027          | 191,372          | 0.13            |
|           | <b>Total Cameroon</b>  | <b>203,566</b>   | <b>0.14</b>     | 300,000  | Colombia Government International Bond 4.5% 15/03/2029            | 297,381          | 0.21            |
|           | <b>Cayman Islands: 2.18% (31 December 2017: 1.53%)</b>         |                  |                 | 350,000  | Colombia Government International Bond 7.375% 18/09/2037          | 423,056          | 0.29            |
| 400,000   | Dubai DOF Sukuk Ltd 3.875% 30/01/2023                          | 398,272          | 0.27            | 460,000  | Colombia Government International Bond 6.125% 18/01/2041          | 497,807          | 0.34            |
| 200,000   | Dubai DOF Sukuk Ltd 'EMTN' 6.45% 02/05/2022                    | 215,544          | 0.15            | 400,000  | Colombia Government International Bond 5.625% 26/02/2044          | 413,168          | 0.29            |
| 700,000   | KSA Sukuk Ltd 'REGS' 2.894% 20/04/2022                         | 682,136          | 0.47            | 650,000  | Colombia Government International Bond 5% 15/06/2045              | 619,788          | 0.43            |
| 700,000   | KSA Sukuk Ltd 'REGS' 3.628% 20/04/2027                         | 676,130          | 0.47            |  | <b>Total Colombia</b>   | <b>4,611,709</b> | <b>3.19</b>     |
| 600,000   | KSA Sukuk Ltd 'REGS' 4.303% 19/01/2029                         | 598,188          | 0.41            | <b>Costa Rica: 0.47% (31 December 2017: 0.58%)</b> |   |                  |                 |
| 200,000   | RAK Capital 'EMTN' 3.094% 31/03/2025                           | 188,390          | 0.13            | 200,000  | Costa Rica Government International Bond 'REGS' 4.375% 30/04/2025 | 169,926          | 0.12            |
| 200,000   | Sharjah Sukuk Ltd 3.764% 17/09/2024                            | 196,674          | 0.14            | 400,000  | Costa Rica Government International Bond 'REGS' 7% 04/04/2044     | 339,220          | 0.23            |
| 200,000   | Sharjah Sukuk Program Ltd 'EMTN' 4.226% 14/03/2028             | 196,670          | 0.14            | 200,000  | Costa Rica Government International Bond 'REGS' 7.158% 12/03/2045 | 172,090          | 0.12            |
|           | <b>Total Cayman Islands</b>                                    | <b>3,152,004</b> | <b>2.18</b>     |  | <b>Total Costa Rica</b>   | <b>681,236</b>   | <b>0.47</b>     |

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| Holdings | Financial assets at fair value through profit or loss                            | Fair value USD   | % of net assets | Holdings | Financial assets at fair value through profit or loss              | Fair value USD   | % of net assets |
|----------|--|------------------|-----------------|----------|--|------------------|-----------------|
|          | <b>Cote d'Ivoire (Ivory Coast): 0.53% (31 December 2017: 0.68%)</b>              |                  |                 | 900,000  | Ecuador Government International Bond 'REGS' 8.875% 23/10/2027     | 776,817          | 0.54            |
| 200,000  | Ivory Coast Government International Bond 'REGS' 5.375% 23/07/2024               | 183,822          | 0.13            | 600,000  | Ecuador Government International Bond 'REGS' 7.875% 23/01/2028     | 489,240          | 0.34            |
| 200,000  | Ivory Coast Government International Bond 'REGS' 6.375% 03/03/2028               | 179,732          | 0.12            |          | <b>Total Ecuador</b>   | <b>2,412,757</b> | <b>1.67</b>     |
| 462,500  | Ivory Coast Government International Bond Step-Up Coupon 'REGS' 5.75% 31/12/2032 | 407,065          | 0.28            |          | <b>Egypt: 1.84% (31 December 2017: 1.64%)</b>                      |                  |                 |
|          | <b>Total Cote d'Ivoire (Ivory Coast)</b>   | <b>770,619</b>   | <b>0.53</b>     | 100,000  | Egypt Government International Bond 'REGS' 5.75% 29/04/2020        | 100,954          | 0.07            |
|          | <b>Croatia: 0.91% (31 December 2017: 0.95%)</b>                                  |                  |                 | 400,000  | Egypt Government International Bond 'REGS' 6.125% 31/01/2022       | 392,880          | 0.27            |
| 350,000  | Croatia Government International Bond 'REGS' 6.625% 14/07/2020                   | 364,045          | 0.25            | 400,000  | Egypt Government International Bond 'REGS' 5.577% 21/02/2023       | 379,724          | 0.26            |
| 300,000  | Croatia Government International Bond 'REGS' 6.375% 24/03/2021                   | 315,078          | 0.22            | 200,000  | Egypt Government International Bond 'REGS' 5.875% 11/06/2025       | 181,862          | 0.13            |
| 400,000  | Croatia Government International Bond 'REGS' 5.5% 04/04/2023                     | 420,360          | 0.29            | 400,000  | Egypt Government International Bond 'REGS' 7.5% 31/01/2027         | 382,944          | 0.27            |
| 200,000  | Croatia Government International Bond 'REGS' 6% 26/01/2024                       | 216,416          | 0.15            | 200,000  | Egypt Government International Bond 'REGS' 6.588% 21/02/2028       | 178,990          | 0.12            |
|          | <b>Total Croatia</b>   | <b>1,315,899</b> | <b>0.91</b>     | 200,000  | Egypt Government International Bond 'REGS' 6.875% 30/04/2040       | 161,968          | 0.11            |
|          | <b>Dominican Republic: 1.71% (31 December 2017: 1.59%)</b>                       |                  |                 | 600,000  | Egypt Government International Bond 'REGS' 8.5% 31/01/2047         | 542,100          | 0.37            |
| 300,000  | Dominican Republic International Bond 'REGS' 7.5% 06/05/2021                     | 309,522          | 0.21            | 400,000  | Egypt Government International Bond 'REGS' 7.903% 21/02/2048       | 344,864          | 0.24            |
| 300,000  | Dominican Republic International Bond 'REGS' 5.5% 27/01/2025                     | 297,471          | 0.21            |          | <b>Total Egypt</b>   | <b>2,666,286</b> | <b>1.84</b>     |
| 300,000  | Dominican Republic International Bond 'REGS' 6.875% 29/01/2026                   | 314,940          | 0.22            |          | <b>El Salvador: 0.70% (31 December 2017: 0.88%)</b>                |                  |                 |
| 400,000  | Dominican Republic International Bond 'REGS' 5.95% 25/01/2027                    | 397,704          | 0.28            | 100,000  | El Salvador Government International Bond 'REGS' 7.75% 24/01/2023  | 103,220          | 0.07            |
| 250,000  | Dominican Republic International Bond 'REGS' 6% 19/07/2028                       | 248,857          | 0.17            | 100,000  | El Salvador Government International Bond 'REGS' 5.875% 30/01/2025 | 92,133           | 0.06            |
| 400,000  | Dominican Republic International Bond 'REGS' 7.45% 30/04/2044                    | 416,328          | 0.29            | 100,000  | El Salvador Government International Bond 'REGS' 6.375% 18/01/2027 | 92,167           | 0.07            |
| 300,000  | Dominican Republic International Bond 'REGS' 6.85% 27/01/2045                    | 294,831          | 0.20            | 100,000  | El Salvador Government International Bond 'REGS' 8.625% 28/02/2029 | 104,523          | 0.07            |
| 200,000  | Dominican Republic International Bond 'REGS' 6.5% 15/02/2048                     | 188,702          | 0.13            | 100,000  | El Salvador Government International Bond 'REGS' 8.25% 10/04/2032  | 101,067          | 0.07            |
|          | <b>Total Dominican Republic</b>  | <b>2,468,355</b> | <b>1.71</b>     | 400,000  | El Salvador Government International Bond 'REGS' 7.65% 15/06/2035  | 379,680          | 0.26            |
|          | <b>Ecuador: 1.67% (31 December 2017: 1.71%)</b>                                  |                  |                 | 150,000  | El Salvador Government International Bond 'REGS' 7.625% 01/02/2041 | 140,961          | 0.10            |
| 200,000  | Ecuador Government International Bond 'REGS' 10.5% 24/03/2020                    | 202,102          | 0.14            |          | <b>Total El Salvador</b>   | <b>1,013,751</b> | <b>0.70</b>     |
| 400,000  | Ecuador Government International Bond 'REGS' 10.75% 28/03/2022                   | 404,300          | 0.28            |          | <b>Ethiopia: 0.13% (31 December 2017: 0.20%)</b>                   |                  |                 |
| 200,000  | Ecuador Government International Bond 'REGS' 8.75% 02/06/2023                    | 186,778          | 0.13            | 200,000  | Ethiopia International Bond 'REGS' 6.625% 11/12/2024               | 191,544          | 0.13            |
| 400,000  | Ecuador Government International Bond 'REGS' 7.95% 20/06/2024                    | 353,520          | 0.24            |          | <b>Total Ethiopia</b>  | <b>191,544</b>   | <b>0.13</b>     |

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| Holdings  | Financial assets at fair value through profit or loss          | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss            | Fair value USD | % of net assets |
|---|--|----------------|-----------------|----------|--|----------------|-----------------|
| <b>Gabon: 0.25% (31 December 2017: 0.39%)</b>     |  |                |                 | 300,000  | Indonesia Government International Bond 4.45% 11/02/2024         | 302,832        | 0.21            |
| 200,000   | Gabon Government International Bond 'REGS' 6.375% 12/12/2024   | 179,420        | 0.13            | 250,000  | Indonesia Government International Bond 3.5% 11/01/2028          | 231,383        | 0.16            |
| 200,000   | Gabon Government International Bond 'REGS' 6.95% 16/06/2025    | 179,300        | 0.12            | 400,000  | Indonesia Government International Bond 4.1% 24/04/2028          | 389,756        | 0.27            |
| <b>Total Gabon</b>                                |  |                |                 | 300,000  | Indonesia Government International Bond 4.35% 11/01/2048         | 273,807        | 0.19            |
| <b>Georgia: 0.14% (31 December 2017: 0.21%)</b>   |  |                |                 | 200,000  | Indonesia Government International Bond 'REGS' 5.875% 13/03/2020 | 205,630        | 0.14            |
| 200,000   | Georgia Government International Bond 'REGS' 6.875% 12/04/2021 | 210,058        | 0.14            | 350,000  | Indonesia Government International Bond 'REGS' 4.875% 05/05/2021 | 357,924        | 0.25            |
| <b>Total Georgia</b>                              |  |                |                 | 200,000  | Indonesia Government International Bond 'REGS' 3.7% 08/01/2022   | 198,478        | 0.14            |
| <b>Ghana: 0.47% (31 December 2017: 0.64%)</b>     |  |                |                 | 350,000  | Indonesia Government International Bond 'REGS' 3.75% 25/04/2022  | 347,137        | 0.24            |
| 450,000   | Ghana Government International Bond 'REGS' 10.75% 14/10/2030   | 509,963        | 0.35            | 200,000  | Indonesia Government International Bond 'REGS' 3.375% 15/04/2023 | 193,612        | 0.13            |
| 200,000   | Ghana Government International Bond 'REGS' 8.627% 16/06/2049   | 174,682        | 0.12            | 450,000  | Indonesia Government International Bond 'REGS' 5.375% 17/10/2023 | 470,988        | 0.32            |
| <b>Total Ghana</b>                                |  |                |                 | 200,000  | Indonesia Government International Bond 'REGS' 5.875% 15/01/2024 | 213,648        | 0.15            |
| <b>Guatemala: 0.40% (31 December 2017: 0.59%)</b> |  |                |                 | 200,000  | Indonesia Government International Bond 'REGS' 4.125% 15/01/2025 | 196,982        | 0.14            |
| 200,000   | Guatemala Government Bond 'REGS' 5.75% 06/06/2022              | 207,364        | 0.14            | 600,000  | Indonesia Government International Bond 'REGS' 4.75% 08/01/2026  | 608,742        | 0.42            |
| 400,000   | Guatemala Government Bond 'REGS' 4.5% 03/05/2026               | 375,828        | 0.26            | 600,000  | Indonesia Government International Bond 'REGS' 4.35% 08/01/2027  | 593,256        | 0.41            |
| <b>Total Guatemala</b>                            |  |                |                 | 200,000  | Indonesia Government International Bond 'REGS' 3.85% 18/07/2027  | 190,470        | 0.13            |
| <b>Honduras: 0.29% (31 December 2017: 0.21%)</b>  |  |                |                 | 200,000  | Indonesia Government International Bond 'REGS' 8.5% 12/10/2035   | 269,052        | 0.18            |
| 400,000   | Honduras Government International Bond 'REGS' 7.5% 15/03/2024  | 421,540        | 0.29            | 300,000  | Indonesia Government International Bond 'REGS' 6.625% 17/02/2037 | 347,292        | 0.24            |
| <b>Total Honduras</b>                             |  |                |                 | 300,000  | Indonesia Government International Bond 'REGS' 7.75% 17/01/2038  | 385,689        | 0.27            |
| <b>Hungary: 1.72% (31 December 2017: 1.76%)</b>   |  |                |                 | 450,000  | Indonesia Government International Bond 'REGS' 5.25% 17/01/2042  | 453,037        | 0.31            |
| 250,000   | Hungary Government International Bond 6.25% 29/01/2020         | 257,307        | 0.18            | 200,000  | Indonesia Government International Bond 'REGS' 4.625% 15/04/2043 | 185,030        | 0.13            |
| 850,000   | Hungary Government International Bond 6.375% 29/03/2021        | 898,458        | 0.62            | 250,000  | Indonesia Government International Bond 'REGS' 6.75% 15/01/2044  | 297,987        | 0.20            |
| 250,000   | Hungary Government International Bond 5.375% 21/02/2023        | 265,558        | 0.18            | 400,000  | Indonesia Government International Bond 'REGS' 5.125% 15/01/2045 | 393,452        | 0.27            |
| 250,000   | Hungary Government International Bond 5.75% 22/11/2023         | 271,130        | 0.19            | 200,000  | Indonesia Government International Bond 'REGS' 5.95% 08/01/2046  | 218,774        | 0.15            |
| 550,000   | Hungary Government International Bond 5.375% 25/03/2024        | 590,343        | 0.41            | 200,000  | Indonesia Government International Bond 'REGS' 5.25% 08/01/2047  | 200,352        | 0.14            |
| 150,000   | Hungary Government International Bond 7.625% 29/03/2041        | 210,841        | 0.14            | 200,000  | Indonesia Government International Bond 'REGS' 4.75% 18/07/2047  | 187,878        | 0.13            |
| <b>Total Hungary</b>                              |  |                |                 | 200,000  | Perusahaan Penerbit SBSN Indonesia III 'REGS' 3.4% 29/03/2022    | 195,974        | 0.13            |
| <b>Indonesia: 6.98% (31 December 2017: 7.26%)</b> |  |                |                 | 250,000  | Perusahaan Penerbit SBSN Indonesia III 'REGS' 3.3% 21/11/2022    | 243,082        | 0.17            |
| 300,000   | Indonesia Government International Bond 2.95% 11/01/2023       | 287,088        | 0.20            | 300,000  | Perusahaan Penerbit SBSN Indonesia III 'REGS' 3.75% 01/03/2023   | 294,114        | 0.20            |
|   |  |                |                 | 300,000  | Perusahaan Penerbit SBSN Indonesia III 'REGS' 4.35% 10/09/2024   | 298,473        | 0.21            |

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| Holdings | Financial assets at fair value through profit or loss             | Fair value USD    | % of net assets | Holdings | Financial assets at fair value through profit or loss                    | Fair value USD   | % of net assets |
|----------|---|-------------------|-----------------|----------|--|------------------|-----------------|
| 400,000  | Perusahaan Penerbit SBSN Indonesia III 'REGS' 4.325% 28/05/2025   | 395,304           | 0.27            | 600,000  | Kazakhstan Government International Bond 'REGS' 5.125% 21/07/2025        | 634,830          | 0.44            |
| 200,000  | Perusahaan Penerbit SBSN Indonesia III 'REGS' 4.55% 29/03/2026    | 198,590           | 0.14            | 200,000  | Kazakhstan Government International Bond 'REGS' 4.875% 14/10/2044        | 199,086          | 0.14            |
| 250,000  | Perusahaan Penerbit SBSN Indonesia III 'REGS' 4.15% 29/03/2027    | 240,605           | 0.17            | 200,000  | Kazakhstan Government International Bond 'REGS' 6.5% 21/07/2045          | 239,420          | 0.16            |
| 250,000  | Perusahaan Penerbit SBSN Indonesia III 'REGS' 4.4% 01/03/2028     | 244,378           | 0.17            |          | <b>Total Kazakhstan</b>  | <b>1,274,188</b> | <b>0.88</b>     |
|          | <b>Total Indonesia</b>  | <b>10,110,796</b> | <b>6.98</b>     |          | <b>Kenya: 0.37% (31 December 2017: 0.40%)</b>                            |                  |                 |
|          | <b>Iraq: 0.46% (31 December 2017: 0.00%)</b>                      |                   |                 | 200,000  | Kenya Government International Bond 'REGS' 6.875% 24/06/2024             | 188,152          | 0.13            |
| 750,000  | Iraq International Bond 'REGS' 5.8% 15/01/2028                    | 672,922           | 0.46            | 200,000  | Kenya Government International Bond 'REGS' 7.25% 28/02/2028              | 179,046          | 0.12            |
|          | <b>Total Iraq</b>   | <b>672,922</b>    | <b>0.46</b>     | 200,000  | Kenya Government International Bond 'REGS' 8.25% 28/02/2048              | 170,832          | 0.12            |
|          | <b>Israel: 1.01% (31 December 2017: 0.95%)</b>                    |                   |                 |          | <b>Total Kenya</b>   | <b>538,030</b>   | <b>0.37</b>     |
| 200,000  | Israel Government International Bond 4% 30/06/2022                | 204,990           | 0.14            |          | <b>Korea, Republic of (South Korea): 0.42% (31 December 2017: 0.59%)</b> |                  |                 |
| 200,000  | Israel Government International Bond 3.15% 30/06/2023             | 199,826           | 0.14            | 200,000  | Korea International Bond 3.5% 20/09/2028                                 | 201,592          | 0.14            |
| 200,000  | Israel Government International Bond 2.875% 16/03/2026            | 193,698           | 0.13            | 200,000  | Korea International Bond 4.125% 10/06/2044                               | 210,170          | 0.14            |
| 250,000  | Israel Government International Bond 3.25% 17/01/2028             | 245,790           | 0.17            | 200,000  | Korea International Bond 3.875% 20/09/2048                               | 198,510          | 0.14            |
| 400,000  | Israel Government International Bond 4.5% 30/01/2043              | 414,344           | 0.29            |          | <b>Total Korea, Republic of (South Korea)</b>                            | <b>610,272</b>   | <b>0.42</b>     |
| 200,000  | Israel Government International Bond 4.125% 17/01/2048            | 196,520           | 0.14            |          | <b>Kuwait: 0.99% (31 December 2017: 0.96%)</b>                           |                  |                 |
|          | <b>Total Israel</b>   | <b>1,455,168</b>  | <b>1.01</b>     | 650,000  | Kuwait International Government Bond 'REGS' 2.75% 20/03/2022             | 638,417          | 0.44            |
|          | <b>Jamaica: 0.62% (31 December 2017: 0.79%)</b>                   |                   |                 | 800,000  | Kuwait International Government Bond 'REGS' 3.5% 20/03/2027              | 796,856          | 0.55            |
| 200,000  | Jamaica Government International Bond 7.625% 09/07/2025           | 225,108           | 0.15            |          | <b>Total Kuwait</b>  | <b>1,435,273</b> | <b>0.99</b>     |
| 200,000  | Jamaica Government International Bond 6.75% 28/04/2028            | 213,976           | 0.15            |          | <b>Lebanon: 2.46% (31 December 2017: 2.82%)</b>                          |                  |                 |
| 200,000  | Jamaica Government International Bond 8% 15/03/2039               | 228,460           | 0.16            | 200,000  | Lebanon Government International Bond 5.8% 14/04/2020                    | 190,422          | 0.13            |
| 200,000  | Jamaica Government International Bond 7.875% 28/07/2045           | 228,086           | 0.16            | 100,000  | Lebanon Government International Bond 6.25% 27/05/2022                   | 87,422           | 0.06            |
|          | <b>Total Jamaica</b>  | <b>895,630</b>    | <b>0.62</b>     | 400,000  | Lebanon Government International Bond 6% 27/01/2023                      | 338,492          | 0.23            |
|          | <b>Jordan: 0.39% (31 December 2017: 0.59%)</b>                    |                   |                 | 100,000  | Lebanon Government International Bond 6.4% 26/05/2023                    | 84,788           | 0.06            |
| 400,000  | Jordan Government International Bond 'REGS' 6.125% 29/01/2026     | 384,028           | 0.27            | 300,000  | Lebanon Government International Bond 6.65% 22/04/2024                   | 251,145          | 0.17            |
| 200,000  | Jordan Government International Bond 'REGS' 7.375% 10/10/2047     | 177,686           | 0.12            | 200,000  | Lebanon Government International Bond 6.25% 12/06/2025                   | 159,872          | 0.11            |
|          | <b>Total Jordan</b>   | <b>561,714</b>    | <b>0.39</b>     | 400,000  | Lebanon Government International Bond 6.85% 23/03/2027                   | 318,740          | 0.22            |
|          | <b>Kazakhstan: 0.88% (31 December 2017: 1.06%)</b>                |                   |                 | 200,000  | Lebanon Government International Bond 6.75% 29/11/2027                   | 156,336          | 0.11            |
| 200,000  | Kazakhstan Government International Bond 'REGS' 3.875% 14/10/2024 | 200,852           | 0.14            | 150,000  | Lebanon Government International Bond 6.85% 25/05/2029                   | 114,888          | 0.08            |

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|----------|--|------------------|-----------------|----------|---|------------------|-----------------|
| 610,000  | Lebanon Government International Bond 7% 23/03/2032            | 466,699          | 0.32            | 450,000  | Mexico Government International Bond 4.35% 15/01/2047           | 386,762          | 0.27            |
| 300,000  | Lebanon Government International Bond 7.25% 23/03/2037         | 227,871          | 0.16            | 300,000  | Mexico Government International Bond 4.6% 10/02/2048            | 266,463          | 0.18            |
| 200,000  | Lebanon Government International Bond 'EMTN' 6.1% 04/10/2022   | 172,882          | 0.12            | 350,000  | Mexico Government International Bond 'GMTN' 3.5% 21/01/2021     | 348,653          | 0.24            |
| 100,000  | Lebanon Government International Bond 'GMTN' 6.375% 09/03/2020 | 96,428           | 0.07            | 350,000  | Mexico Government International Bond 'GMTN' 5.75% 12/10/2110    | 329,045          | 0.23            |
| 100,000  | Lebanon Government International Bond 'GMTN' 6.25% 04/11/2024  | 80,740           | 0.06            | 400,000  | Mexico Government International Bond 'MTN' 8.3% 15/08/2031      | 519,440          | 0.36            |
| 100,000  | Lebanon Government International Bond 'GMTN' 6.2% 26/02/2025   | 80,063           | 0.06            | 950,000  | Mexico Government International Bond 'MTN' 4.75% 08/03/2044     | 862,362          | 0.60            |
| 150,000  | Lebanon Government International Bond 'GMTN' 6.6% 27/11/2026   | 118,222          | 0.08            |          | <b>Total Mexico</b>   | <b>8,031,505</b> | <b>5.55</b>     |
| 100,000  | Lebanon Government International Bond 'GMTN' 6.65% 03/11/2028  | 77,229           | 0.05            |          | <b>Mongolia: 0.39% (31 December 2017: 0.38%)</b>                |                  |                 |
| 300,000  | Lebanon Government International Bond 'GMTN' 6.65% 26/02/2030  | 228,492          | 0.16            | 400,000  | Mongolia Government International Bond 'REGS' 5.125% 05/12/2022 | 375,256          | 0.26            |
| 100,000  | Lebanon Government International Bond 'GMTN' 7.05% 02/11/2035  | 76,092           | 0.05            | 200,000  | Mongolia Government International Bond 'REGS' 5.625% 01/05/2023 | 189,700          | 0.13            |
| 250,000  | Lebanon Government International Bond 'REGS' 8.25% 12/04/2021  | 237,730          | 0.16            |          | <b>Total Mongolia</b>   | <b>564,956</b>   | <b>0.39</b>     |
|          | <b>Total Lebanon</b>   | <b>3,564,553</b> | <b>2.46</b>     |          | <b>Morocco: 0.28% (31 December 2017: 0.42%)</b>                 |                  |                 |
|          | <b>Malaysia: 0.34% (31 December 2017: 0.50%)</b>               |                  |                 | 200,000  | Morocco Government International Bond 'REGS' 4.25% 11/12/2022   | 200,616          | 0.14            |
| 250,000  | Malaysia Sukuk Global Bhd 'REGS' 3.179% 27/04/2026             | 242,770          | 0.17            | 200,000  | Morocco Government International Bond 'REGS' 5.5% 11/12/2042    | 204,420          | 0.14            |
| 250,000  | Malaysia Sukuk Global Bhd 'REGS' 4.08% 27/04/2046              | 248,478          | 0.17            |          | <b>Total Morocco</b>  | <b>405,036</b>   | <b>0.28</b>     |
|          | <b>Total Malaysia</b>  | <b>491,248</b>   | <b>0.34</b>     |          | <b>Mozambique: 0.13% (31 December 2017: 0.16%)</b>              |                  |                 |
|          | <b>Mexico: 5.55% (31 December 2017: 5.48%)</b>                 |                  |                 | 200,000  | Mozambique International Bond 'REGS' 10.50% 18/01/2023          | 186,830          | 0.13            |
| 550,000  | Mexico Government International Bond 3.625% 15/03/2022         | 544,561          | 0.38            |          | <b>Total Mozambique</b>   | <b>186,830</b>   | <b>0.13</b>     |
| 450,000  | Mexico Government International Bond 4% 02/10/2023             | 448,137          | 0.31            |          | <b>Namibia: 0.12% (31 December 2017: 0.20%)</b>                 |                  |                 |
| 470,000  | Mexico Government International Bond 3.6% 30/01/2025           | 449,616          | 0.31            | 200,000  | Namibia International Bonds 'REGS' 5.25% 29/10/2025             | 179,514          | 0.12            |
| 700,000  | Mexico Government International Bond 4.125% 21/01/2026         | 685,118          | 0.47            |          | <b>Total Namibia</b>  | <b>179,514</b>   | <b>0.12</b>     |
| 600,000  | Mexico Government International Bond 4.15% 28/03/2027          | 579,432          | 0.40            |          | <b>Nigeria: 1.24% (31 December 2017: 0.62%)</b>                 |                  |                 |
| 600,000  | Mexico Government International Bond 3.75% 11/01/2028          | 562,104          | 0.39            | 200,000  | Nigeria Government International Bond 'REGS' 6.375% 12/07/2023  | 192,146          | 0.13            |
| 100,000  | Mexico Government International Bond 7.5% 08/04/2033           | 122,537          | 0.08            | 200,000  | Nigeria Government International Bond 'REGS' 7.625% 21/11/2025  | 193,338          | 0.13            |
| 450,000  | Mexico Government International Bond 6.75% 27/09/2034          | 514,053          | 0.35            | 200,000  | Nigeria Government International Bond 'REGS' 6.5% 28/11/2027    | 176,994          | 0.12            |
| 450,000  | Mexico Government International Bond 6.05% 11/01/2040          | 477,072          | 0.33            | 200,000  | Nigeria Government International Bond 'REGS' 7.143% 23/02/2030  | 177,270          | 0.12            |
| 400,000  | Mexico Government International Bond 5.55% 21/01/2045          | 404,988          | 0.28            | 250,000  | Nigeria Government International Bond 'REGS' 8.747% 21/01/2031  | 243,248          | 0.17            |
| 600,000  | Mexico Government International Bond 4.6% 23/01/2046           | 531,162          | 0.37            |          |   |                  |                 |

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| Holdings | Financial assets at fair value through profit or loss                  | Fair value USD   | % of net assets | Holdings | Financial assets at fair value through profit or loss           | Fair value USD   | % of net assets |
|----------|--|------------------|-----------------|----------|---|------------------|-----------------|
| 300,000  | Nigeria Government International Bond 'REGS' 7.875% 16/02/2032         | 273,132          | 0.19            | 100,000  | Panama Government International Bond 8.875% 30/09/2027          | 133,032          | 0.09            |
| 200,000  | Nigeria Government International Bond 'REGS' 7.696% 23/02/2038         | 175,028          | 0.12            | 200,000  | Panama Government International Bond 3.875% 17/03/2028          | 197,546          | 0.14            |
| 200,000  | Nigeria Government International Bond 'REGS' 7.625% 28/11/2047         | 168,570          | 0.12            | 200,000  | Panama Government International Bond 9.375% 01/04/2029          | 279,772          | 0.20            |
| 200,000  | Nigeria Government International Bond 'REGS' 9.248% 21/01/2049         | 194,376          | 0.14            | 400,000  | Panama Government International Bond 6.7% 26/01/2036            | 489,884          | 0.34            |
|          | <b>Total Nigeria</b>   | <b>1,794,102</b> | <b>1.24</b>     | 200,000  | Panama Government International Bond 4.5% 16/04/2050            | 191,710          | 0.13            |
|          | <b>Oman: 2.31% (31 December 2017: 1.34%)</b>                           |                  |                 | 200,000  | Panama Government International Bond 4.3% 29/04/2053            | 186,268          | 0.13            |
| 400,000  | Oman Government International Bond 'REGS' 3.625% 15/06/2021            | 380,104          | 0.26            |          | <b>Total Panama</b>   | <b>2,714,780</b> | <b>1.88</b>     |
| 200,000  | Oman Government International Bond 'REGS' 3.875% 08/03/2022            | 187,114          | 0.13            |          | <b>Paraguay: 0.42% (31 December 2017: 0.62%)</b>                |                  |                 |
| 200,000  | Oman Government International Bond 'REGS' 4.125% 17/01/2023            | 183,522          | 0.13            | 200,000  | Paraguay Government International Bond 'REGS' 4.625% 25/01/2023 | 201,432          | 0.14            |
| 400,000  | Oman Government International Bond 'REGS' 4.75% 15/06/2026             | 346,740          | 0.24            | 200,000  | Paraguay Government International Bond 'REGS' 4.7% 27/03/2027   | 197,458          | 0.14            |
| 300,000  | Oman Government International Bond 'REGS' 5.375% 08/03/2027            | 263,139          | 0.18            | 200,000  | Paraguay Government International Bond 'REGS' 6.1% 11/08/2044   | 207,236          | 0.14            |
| 400,000  | Oman Government International Bond 'REGS' 5.625% 17/01/2028            | 352,432          | 0.25            |          | <b>Total Paraguay</b>   | <b>606,126</b>   | <b>0.42</b>     |
| 400,000  | Oman Government International Bond 'REGS' 6.5% 08/03/2047              | 323,188          | 0.22            |          | <b>Peru: 1.45% (31 December 2017: 1.60%)</b>                    |                  |                 |
| 700,000  | Oman Government International Bond 'REGS' 6.75% 17/01/2048             | 578,648          | 0.40            | 500,000  | Peruvian Government International Bond 7.35% 21/07/2025         | 608,655          | 0.42            |
| 200,000  | Oman Sovereign Sukuk SAOC 3.5% 14/07/2022                              | 189,704          | 0.13            | 150,000  | Peruvian Government International Bond 4.125% 25/08/2027        | 155,009          | 0.11            |
| 600,000  | Oman Sovereign Sukuk SAOC 'REGS' 4.397% 01/06/2024                     | 540,156          | 0.37            | 250,000  | Peruvian Government International Bond 8.75% 21/11/2033         | 369,547          | 0.25            |
|          | <b>Total Oman</b>  | <b>3,344,747</b> | <b>2.31</b>     | 250,000  | Peruvian Government International Bond 6.55% 14/03/2037         | 315,347          | 0.22            |
|          | <b>Pakistan: 0.74% (31 December 2017: 0.81%)</b>                       |                  |                 | 550,000  | Peruvian Government International Bond 5.625% 18/11/2050        | 645,343          | 0.45            |
| 200,000  | Pakistan Government International Bond 'REGS' 8.25% 15/04/2024         | 201,768          | 0.14            |          | <b>Total Peru</b>   | <b>2,093,901</b> | <b>1.45</b>     |
| 500,000  | Pakistan Government International Bond 'REGS' 8.25% 30/09/2025         | 502,030          | 0.35            |          | <b>Philippines: 3.55% (31 December 2017: 3.72%)</b>             |                  |                 |
| 200,000  | Pakistan Government International Bond 'REGS' 6.875% 05/12/2027        | 181,504          | 0.12            | 350,000  | Philippine Government International Bond 4% 15/01/2021          | 354,021          | 0.25            |
| 200,000  | Third Pakistan International Sukuk Co Ltd/The 'REGS' 5.625% 05/12/2022 | 189,110          | 0.13            | 200,000  | Philippine Government International Bond 4.2% 21/01/2024        | 205,716          | 0.14            |
|          | <b>Total Pakistan</b>  | <b>1,074,412</b> | <b>0.74</b>     | 400,000  | Philippine Government International Bond 10.625% 16/03/2025     | 552,280          | 0.38            |
|          | <b>Panama: 1.88% (31 December 2017: 2.02%)</b>                         |                  |                 | 600,000  | Philippine Government International Bond 5.5% 30/03/2026        | 667,170          | 0.46            |
| 200,000  | Panama Government International Bond 5.2% 30/01/2020                   | 204,284          | 0.14            | 550,000  | Philippine Government International Bond 3% 01/02/2028          | 520,641          | 0.36            |
| 200,000  | Panama Government International Bond 4% 22/09/2024                     | 201,530          | 0.14            | 350,000  | Philippine Government International Bond 9.5% 02/02/2030        | 516,866          | 0.36            |
| 600,000  | Panama Government International Bond 3.75% 16/03/2025                  | 595,002          | 0.41            | 200,000  | Philippine Government International Bond 7.75% 14/01/2031       | 269,748          | 0.19            |
| 200,000  | Panama Government International Bond 7.125% 29/01/2026                 | 235,752          | 0.16            | 200,000  | Philippine Government International Bond 6.375% 15/01/2032      | 246,228          | 0.17            |

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| Holdings  | Financial assets at fair value through profit or loss              | Fair value USD   | % of net assets | Holdings  | Financial assets at fair value through profit or loss                 | Fair value USD   | % of net assets |
|-----------|--|------------------|-----------------|-----------|---|------------------|-----------------|
| 500,000   | Philippine Government International Bond 6.375% 23/10/2034         | 627,075          | 0.43            | 400,000   | Romanian Government International Bond 'REGS' 4.875% 22/01/2024       | 411,936          | 0.28            |
| 200,000   | Philippine Government International Bond 5% 13/01/2037             | 221,950          | 0.15            | 150,000   | Romanian Government International Bond 'REGS' 6.125% 22/01/2044       | 166,779          | 0.12            |
| 400,000   | Philippine Government International Bond 3.95% 20/01/2040          | 390,644          | 0.27            | 250,000   | Romanian Government International Bond 'REGS' 5.125% 15/06/2048       | 241,225          | 0.17            |
| 600,000   | Philippine Government International Bond 3.7% 02/02/2042           | 568,482          | 0.39            |           | <b>Total Romania</b>  | <b>1,282,900</b> | <b>0.89</b>     |
|           | <b>Total Philippines</b>   | <b>5,140,821</b> | <b>3.55</b>     |           |   |                  |                 |
|           | <b>Poland: 1.56% (31 December 2017: 1.78%)</b>                     |                  |                 |           | <b>Russia: 4.32% (31 December 2017: 4.70%)</b>                        |                  |                 |
| 650,000   | Republic of Poland Government International Bond 5.125% 21/04/2021 | 678,886          | 0.47            | 800,000   | Russian Foreign Bond - Eurobond 'REGS' 5% 29/04/2020                  | 812,552          | 0.56            |
| 800,000   | Republic of Poland Government International Bond 5% 23/03/2022     | 843,864          | 0.58            | 400,000   | Russian Foreign Bond - Eurobond 'REGS' 4.5% 04/04/2022                | 405,580          | 0.28            |
| 250,000   | Republic of Poland Government International Bond 3% 17/03/2023     | 247,350          | 0.17            | 1,000,000 | Russian Foreign Bond - Eurobond 'REGS' 4.875% 16/09/2023              | 1,021,040        | 0.71            |
| 250,000   | Republic of Poland Government International Bond 4% 22/01/2024     | 256,612          | 0.18            | 350,000   | Russian Foreign Bond - Eurobond 'REGS' 12.75% 24/06/2028              | 555,279          | 0.38            |
| 234,000   | Republic of Poland Government International Bond 3.25% 06/04/2026  | 229,744          | 0.16            | 600,000   | Russian Foreign Bond - Eurobond 'REGS' 4.375% 21/03/2029              | 568,692          | 0.39            |
|           | <b>Total Poland</b>  | <b>2,256,456</b> | <b>1.56</b>     | 1,200,000 | Russian Foreign Bond - Eurobond 'REGS' 5.625% 04/04/2042              | 1,225,920        | 0.85            |
|           | <b>Qatar: 4.05% (31 December 2017: 2.84%)</b>                      |                  |                 | 800,000   | Russian Foreign Bond - Eurobond 'REGS' 5.875% 16/09/2043              | 844,504          | 0.58            |
| 300,000   | Qatar Government International Bond '144A' 5.25% 20/01/2020        | 306,228          | 0.21            | 200,000   | Russian Foreign Bond - Eurobond 'REGS' 5.25% 23/06/2047               | 187,610          | 0.13            |
| 200,000   | Qatar Government International Bond '144A' 4.5% 20/01/2022         | 206,042          | 0.14            | 581,000   | Russian Foreign Bond - Eurobond Step-Up Coupon 'REGS' 7.5% 31/03/2030 | 636,793          | 0.44            |
| 200,000   | Qatar Government International Bond '144A' 9.75% 15/06/2030        | 304,488          | 0.21            |           | <b>Total Russia</b>   | <b>6,257,970</b> | <b>4.32</b>     |
| 100,000   | Qatar Government International Bond '144A' 6.4% 20/01/2040         | 125,389          | 0.09            |           | <b>Saudi Arabia: 4.92% (31 December 2017: 3.42%)</b>                  |                  |                 |
| 200,000   | Qatar Government International Bond '144A' 5.75% 20/01/2042        | 235,826          | 0.16            | 900,000   | Saudi Government International Bond 'REGS' 2.375% 26/10/2021          | 867,681          | 0.60            |
| 670,000   | Qatar Government International Bond 'REGS' 2.375% 02/06/2021       | 655,180          | 0.45            | 600,000   | Saudi Government International Bond 'REGS' 2.875% 04/03/2023          | 576,780          | 0.40            |
| 700,000   | Qatar Government International Bond 'REGS' 3.875% 23/04/2023       | 708,477          | 0.49            | 750,000   | Saudi Government International Bond 'REGS' 4% 17/04/2025              | 743,903          | 0.52            |
| 500,000   | Qatar Government International Bond 'REGS' 3.25% 02/06/2026        | 483,310          | 0.34            | 1,100,000 | Saudi Government International Bond 'REGS' 3.25% 26/10/2026           | 1,029,413        | 0.71            |
| 600,000   | Qatar Government International Bond 'REGS' 4.5% 23/04/2028         | 626,874          | 0.43            | 1,000,000 | Saudi Government International Bond 'REGS' 3.625% 04/03/2028          | 947,570          | 0.66            |
| 400,000   | Qatar Government International Bond 'REGS' 4.625% 02/06/2046       | 408,728          | 0.28            | 600,000   | Saudi Government International Bond 'REGS' 4.5% 17/04/2030            | 597,678          | 0.41            |
| 1,100,000 | Qatar Government International Bond 'REGS' 5.103% 23/04/2048       | 1,155,671        | 0.80            | 1,200,000 | Saudi Government International Bond 'REGS' 4.5% 26/10/2046            | 1,086,876        | 0.75            |
| 650,000   | SoQ Sukuk A QSC 3.241% 18/01/2023                                  | 644,741          | 0.45            | 700,000   | Saudi Government International Bond 'REGS' 4.625% 04/10/2047          | 640,766          | 0.44            |
|           | <b>Total Qatar</b>   | <b>5,860,954</b> | <b>4.05</b>     | 650,000   | Saudi Government International Bond 'REGS' 5% 17/04/2049              | 627,419          | 0.43            |
|           | <b>Romania: 0.89% (31 December 2017: 0.88%)</b>                    |                  |                 |           | <b>Total Saudi Arabia</b>   | <b>7,118,086</b> | <b>4.92</b>     |
| 150,000   | Romanian Government International Bond 'REGS' 6.75% 07/02/2022     | 161,493          | 0.11            |           | <b>Senegal: 0.23% (31 December 2017: 0.41%)</b>                       |                  |                 |
| 300,000   | Romanian Government International Bond 'REGS' 4.375% 22/08/2023    | 301,467          | 0.21            | 200,000   | Senegal Government International Bond 'REGS' 6.25% 23/05/2033         | 172,660          | 0.12            |



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| Holdings   | Financial assets at fair value through profit or loss                    | Fair value USD | % of net assets | Holdings  | Financial assets at fair value through profit or loss                  | Fair value USD | % of net assets |
|--|--|----------------|-----------------|---|--|----------------|-----------------|
| 200,000  | Senegal Government International Bond 'REGS' 6.75% 13/03/2048            | 166,126        | 0.11            | <b>Tajikistan: 0.12% (31 December 2017: 0.18%)</b>          |  |                |                 |
| <b>Total Senegal</b>                                 |  |                |                 | 200,000   | Republic of Tajikistan International Bond 'REGS' 7.125% 14/09/2027     | 176,030        | 0.12            |
|  |  |                |                 | <b>Total Tajikistan</b>                                     |  |                |                 |
|  |  |                |                 | <b>Trinidad and Tobago: 0.13% (31 December 2017: 0.20%)</b> |  |                |                 |
| <b>Serbia: 0.47% (31 December 2017: 0.42%)</b>       |  |                |                 | 200,000   | Trinidad & Tobago Government International Bond 'REGS' 4.5% 04/08/2026 | 184,396        | 0.13            |
| 250,000  | Serbia International Bond 'REGS' 4.875% 25/02/2020                       | 252,325        | 0.17            | <b>Total Trinidad and Tobago</b>                            |  |                |                 |
| 400,000  | Serbia International Bond 'REGS' 7.25% 28/09/2021                        | 431,176        | 0.30            |   |  |                |                 |
| <b>Total Serbia</b>                                  |  |                |                 | <b>Tunisia: 0.12% (31 December 2017: 0.38%)</b>             |  |                |                 |
|  |  |                |                 | 200,000   | Banque Centrale de Tunisie International Bond 'REGS' 5.75% 30/01/2025  | 168,560        | 0.12            |
|  |  |                |                 | <b>Total Tunisia</b>  |  |                |                 |
| <b>South Africa: 2.20% (31 December 2017: 2.05%)</b> |  |                |                 | <b>Turkey: 6.34% (31 December 2017: 6.34%)</b>              |  |                |                 |
| 200,000  | Republic of South Africa Government International Bond 5.5% 09/03/2020   | 202,678        | 0.14            | 200,000   | Hazine Mustesarligi Varlik Kiralama AS 'REGS' 4.251% 08/06/2021        | 193,354        | 0.13            |
| 400,000  | Republic of South Africa Government International Bond 5.875% 30/05/2022 | 415,272        | 0.29            | 200,000   | Hazine Mustesarligi Varlik Kiralama AS 'REGS' 5.004% 06/04/2023        | 190,116        | 0.13            |
| 400,000  | Republic of South Africa Government International Bond 4.665% 17/01/2024 | 391,608        | 0.27            | 350,000   | Turkey Government International Bond 7% 05/06/2020                     | 357,164        | 0.25            |
| 600,000  | Republic of South Africa Government International Bond 5.875% 16/09/2025 | 610,614        | 0.42            | 300,000   | Turkey Government International Bond 5.625% 30/03/2021                 | 300,324        | 0.21            |
| 300,000  | Republic of South Africa Government International Bond 4.875% 14/04/2026 | 285,990        | 0.20            | 200,000   | Turkey Government International Bond 5.125% 25/03/2022                 | 195,024        | 0.13            |
| 200,000  | Republic of South Africa Government International Bond 4.85% 27/09/2027  | 186,678        | 0.13            | 550,000   | Turkey Government International Bond 6.25% 26/09/2022                  | 554,384        | 0.38            |
| 200,000  | Republic of South Africa Government International Bond 4.3% 12/10/2028   | 178,456        | 0.12            | 400,000   | Turkey Government International Bond 3.25% 23/03/2023                  | 359,768        | 0.25            |
| 200,000  | Republic of South Africa Government International Bond 5.875% 22/06/2030 | 195,816        | 0.13            | 300,000   | Turkey Government International Bond 7.25% 23/12/2023                  | 308,784        | 0.21            |
| 200,000  | Republic of South Africa Government International Bond 5.375% 24/07/2044 | 175,264        | 0.12            | 400,000   | Turkey Government International Bond 5.75% 22/03/2024                  | 388,072        | 0.27            |
| 200,000  | Republic of South Africa Government International Bond 5% 12/10/2046     | 168,894        | 0.12            | 650,000   | Turkey Government International Bond 7.375% 05/02/2025                 | 672,367        | 0.46            |
| 200,000  | Republic of South Africa Government International Bond 5.65% 27/09/2047  | 178,142        | 0.12            | 200,000   | Turkey Government International Bond 4.25% 14/04/2026                  | 172,652        | 0.12            |
| 200,000  | ZAR Sovereign Capital Fund Pty Ltd 'REGS' 3.903% 24/06/2020              | 198,416        | 0.14            | 500,000   | Turkey Government International Bond 4.875% 09/10/2026                 | 444,515        | 0.31            |
| <b>Total South Africa</b>                            |  |                |                 | 400,000   | Turkey Government International Bond 6% 25/03/2027                     | 377,432        | 0.26            |
|  |  |                |                 | 300,000   | Turkey Government International Bond 5.125% 17/02/2028                 | 263,313        | 0.18            |
|  |  |                |                 | 350,000   | Turkey Government International Bond 6.125% 24/10/2028                 | 327,278        | 0.23            |
|  |  |                |                 | 200,000   | Turkey Government International Bond 11.875% 15/01/2030                | 269,506        | 0.19            |
|  |  |                |                 | 700,000   | Turkey Government International Bond 8% 14/02/2034                     | 730,807        | 0.50            |
| <b>Sri Lanka: 1.19% (31 December 2017: 1.12%)</b>    |  |                |                 |   |  |                |                 |
| 600,000  | Sri Lanka Government International Bond 'REGS' 6.25% 04/10/2020          | 584,238        | 0.40            |   |  |                |                 |
| 200,000  | Sri Lanka Government International Bond 'REGS' 6.85% 03/11/2025          | 187,046        | 0.13            |   |  |                |                 |
| 150,000  | Sri Lanka Government International Bond 'REGS' 6.825% 18/07/2026         | 138,937        | 0.10            |   |  |                |                 |
| 400,000  | Sri Lanka Government International Bond 'REGS' 6.2% 11/05/2027           | 355,032        | 0.25            |   |  |                |                 |
| 500,000  | Sri Lanka Government International Bond 'REGS' 6.75% 18/04/2028          | 454,990        | 0.31            |   |  |                |                 |
| <b>Total Sri Lanka</b>                               |  |                |                 |   |  |                |                 |
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| Holdings | Financial assets at fair value through profit or loss                   | Fair value USD   | % of net assets | Holdings  | Financial assets at fair value through profit or loss                 | Fair value USD     | % of net assets |
|----------|---|------------------|-----------------|---|---|--------------------|-----------------|
| 750,000  | Turkey Government International Bond 6.875% 17/03/2036                  | 703,717          | 0.49            | <b>Uruguay: 1.57% (31 December 2017: 1.67%)</b> |   |                    |                 |
| 300,000  | Turkey Government International Bond 7.25% 05/03/2038                   | 289,989          | 0.20            | 300,000   | Uruguay Government International Bond 8% 18/11/2022                   | 338,880            | 0.23            |
| 300,000  | Turkey Government International Bond 6.75% 30/05/2040                   | 274,878          | 0.19            | 50,000  | Uruguay Government International Bond 4.5% 14/08/2024                 | 51,202             | 0.04            |
| 600,000  | Turkey Government International Bond 6% 14/01/2041                      | 507,126          | 0.35            | 300,000   | Uruguay Government International Bond 4.375% 27/10/2027               | 301,701            | 0.21            |
| 600,000  | Turkey Government International Bond 4.875% 16/04/2043                  | 444,408          | 0.31            | 100,000   | Uruguay Government International Bond 7.875% 15/01/2033               | 131,131            | 0.09            |
| 400,000  | Turkey Government International Bond 6.625% 17/02/2045                  | 363,100          | 0.25            | 300,000   | Uruguay Government International Bond 7.625% 21/03/2036               | 390,156            | 0.27            |
| 600,000  | Turkey Government International Bond 5.75% 11/05/2047                   | 488,376          | 0.34            | 200,000   | Uruguay Government International Bond 4.125% 20/11/2045               | 178,910            | 0.12            |
|          | <b>Total Turkey</b>   | <b>9,176,454</b> | <b>6.34</b>     | 750,000   | Uruguay Government International Bond 5.1% 18/06/2050                 | 737,160            | 0.51            |
|          |   |                  |                 | 150,000   | Uruguay Government International Bond 4.975% 20/04/2055               | 142,932            | 0.10            |
|          |   |                  |                 |   | <b>Total Uruguay</b>  | <b>2,272,072</b>   | <b>1.57</b>     |
|          | <b>Ukraine: 1.75% (31 December 2017: 1.88%)</b>                         |                  |                 |   |   |                    |                 |
| 250,000  | Ukraine Government International Bond 'REGS' 7.75% 01/09/2020           | 241,643          | 0.17            |   | <b>Venezuela: 0.81% (31 December 2017: 0.20%)</b>                     |                    |                 |
| 200,000  | Ukraine Government International Bond 'REGS' 7.75% 01/09/2022           | 183,828          | 0.13            | 2,050,000                                       | Venezuela Government International Bond (Defaulted) 6% 09/12/2020     | 467,277            | 0.32            |
| 305,000  | Ukraine Government International Bond 'REGS' 7.75% 01/09/2023           | 275,064          | 0.19            | 500,000   | Venezuela Government International Bond (Defaulted) 12.75% 23/08/2022 | 118,385            | 0.08            |
| 300,000  | Ukraine Government International Bond 'REGS' 7.75% 01/09/2024           | 264,732          | 0.18            | 400,000   | Venezuela Government International Bond (Defaulted) 8.25% 13/10/2024  | 91,564             | 0.07            |
| 450,000  | Ukraine Government International Bond 'REGS' 7.75% 01/09/2025           | 390,298          | 0.27            | 700,000   | Venezuela Government International Bond (Defaulted) 11.75% 21/10/2026 | 171,430            | 0.12            |
| 500,000  | Ukraine Government International Bond 'REGS' 7.75% 01/09/2026           | 427,295          | 0.29            | 700,000   | Venezuela Government International Bond (Defaulted) 9.25% 15/09/2027  | 161,427            | 0.11            |
| 200,000  | Ukraine Government International Bond 'REGS' 7.75% 01/09/2027           | 169,650          | 0.12            | 700,000   | Venezuela Government International Bond (Defaulted) 11.95% 05/08/2031 | 162,848            | 0.11            |
| 200,000  | Ukraine Government International Bond 'REGS' 9.75% 01/11/2028           | 187,956          | 0.13            |   | <b>Total Venezuela</b>  | <b>1,172,931</b>   | <b>0.81</b>     |
| 500,000  | Ukraine Government International Bond 'REGS' 7.375% 25/09/2032          | 398,725          | 0.27            |   |   |                    |                 |
|          | <b>Total Ukraine</b>  | <b>2,539,191</b> | <b>1.75</b>     |   | <b>Vietnam: 0.21% (31 December 2017: 0.41%)</b>                       |                    |                 |
|          |   |                  |                 | 100,000   | Vietnam Government International Bond 'REGS' 6.75% 29/01/2020         | 103,016            | 0.07            |
|          | <b>United Arab Emirates: 1.60% (31 December 2017: 2.68%)</b>            |                  |                 | 200,000   | Vietnam Government International Bond 'REGS' 4.8% 19/11/2024          | 201,546            | 0.14            |
| 400,000  | Abu Dhabi Government International Bond 'REGS' 2.125% 03/05/2021        | 389,840          | 0.27            |   | <b>Total Vietnam</b>  | <b>304,562</b>     | <b>0.21</b>     |
| 200,000  | Abu Dhabi Government International Bond 'REGS' 2.5% 11/10/2022          | 194,388          | 0.13            |   |   |                    |                 |
| 400,000  | Abu Dhabi Government International Bond 'REGS' 3.125% 03/05/2026        | 387,008          | 0.27            |   | <b>Zambia: 0.31% (31 December 2017: 0.43%)</b>                        |                    |                 |
| 600,000  | Abu Dhabi Government International Bond 'REGS' 3.125% 11/10/2027        | 573,870          | 0.39            | 400,000   | Zambia Government International Bond 'REGS' 8.5% 14/04/2024           | 301,208            | 0.21            |
| 600,000  | Abu Dhabi Government International Bond 'REGS' 4.125% 11/10/2047        | 576,360          | 0.40            | 200,000   | Zambia Government International Bond 'REGS' 8.97% 30/07/2027          | 150,228            | 0.10            |
| 200,000  | Emirate of Dubai Government International Bonds 'EMTN' 5.25% 30/01/2043 | 200,014          | 0.14            |   | <b>Total Zambia</b>   | <b>451,436</b>     | <b>0.31</b>     |
|          | <b>Total United Arab Emirates</b>                                       | <b>2,321,480</b> | <b>1.60</b>     |   | <b>Total Bonds</b>  | <b>141,762,000</b> | <b>97.93</b>    |

# Annual Report and Audited Financial Statements 2018

## Schedule of investments (continued)

As at 31 December 2018

|  | Fair value<br>USD  | % of<br>net<br>assets |
|--|--------------------|-----------------------|
| <b>Total financial assets at fair value through profit or loss</b>           | <b>141,762,000</b> | <b>97.93</b>          |
| Cash and cash equivalents  | 726,951            | 0.50                  |
| Current assets   | 2,309,387          | 1.60                  |
| <b>Total assets</b>  | <b>144,798,338</b> | <b>100.03</b>         |
| Current liabilities  | (42,656)           | (0.03)                |
| <b>Net assets attributable to holders of redeemable participating shares</b> | <b>144,755,682</b> | <b>100.00</b>         |

  

|  | % of<br>total<br>assets |
|--|-------------------------|
| <b>Unaudited Analysis of Total Assets</b>  |                         |
| Transferable securities and money market instruments admitted to official stock exchange listing | 97.90                   |
| Other assets.  | 2.10                    |
|  | <b>100.00</b>           |

# Invesco Italian PIR Multi-Asset Portfolio UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|   | Notes | Financial period ended 31 December 2018*<br>EUR |
|---|-------|---|
| <b>Income</b>   |       |   |
| Dividend Income   | 3     | 342,917   |
| Interest Income   | 3     | 401,334   |
| Interest from financial assets at fair value through profit and loss                |       | 54,122  |
| Net losses on financial assets and liabilities at fair value through profit or loss | 4     | (3,268,836)                                     |
| <b>Total investment expense</b>   |       | <b>(2,470,463)</b>                              |
| Operating expenses  | 5     | (73,483)  |
| <b>Net expense</b>  |       | <b>(2,543,946)</b>                              |
| <b>Finance costs</b>  |       |   |
| Interest expense  |       | (404,845)                                       |
| <b>Loss for the financial period</b>  |       | <b>(2,948,791)</b>                              |
| Non-reclaimable withholding tax   |       | (68,483)  |
| <b>Loss for the financial period</b>  |       | <b>(3,017,274)</b>                              |
| <b>Decrease in Net Assets Attributable to Holders of Redeemable Shares</b>          |       | <b>(3,017,274)</b>                              |

There are no recognised gains or losses arising in the financial period other than the decrease in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at 31 December 2018*<br>EUR |
|--|---------|--------------------------------|
| <b>Current Assets</b>  |         |                                |
| <b>Assets at fair value through profit or loss</b>   |         |                                |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 14,083,959                     |
| <b>Loans and receivables</b>   |         |                                |
| Cash and cash equivalents  | 6       | 576,876                        |
| Balances due from brokers  |         | 81,615                         |
| Dividend income receivable   | 7       | 19,920                         |
| Interest from financial assets at fair value through profit and loss receivable                      | 7       | 53,906                         |
| <b>Total Current Assets</b>  |         | <b>14,816,276</b>              |
| <b>Current Liabilities</b>   |         |                                |
| <b>Other financial liabilities</b>   |         |                                |
| Balances due to brokers  |         | (617,877)                      |
| Creditors (amounts falling due within one year)  | 8       | (5,673)                        |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(623,550)</b>               |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>14,192,726</b>              |

\* As the Fund launched on 28 January 2018, there are no comparative figures for the financial period ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|   | Notes     | Financial<br>period ended<br>31 December<br>2018*<br>EUR |
|---|-----------|--|
| <b>Net Assets Attributable to Holders of Redeemable Shares at beginning of the financial period</b> |           | -  |
| Decrease in Net Assets Attributable to Holders of Redeemable Shares from operations                 |           | (3,017,274)  |
| Amounts received on issue of Redeemable Shares  |           | 20,000,000   |
| Amounts paid on redemption of Redeemable Shares   |           | (2,790,000)  |
| <b>Increase in Net Assets resulting from Share transactions</b>                                     |           | <b>17,210,000</b>  |
| <b>Net Assets Attributable to Holders of Redeemable Shares at the end of the financial period</b>   | <b>11</b> | <b>14,192,726</b>  |

## Statement of cash flows

|   | Notes    | Financial<br>period ended<br>31 December<br>2018*<br>EUR |
|---|----------|--|
| <b>Cash flows from operating activities</b>                         |          |  |
| Proceeds from sale of investments                                   |          | 6,932,942  |
| Purchase of investments   |          | (24,323,721)   |
| Realised losses on foreign currency transactions                    |          | (17,299)   |
| Unrealised losses on foreign currency transactions                  |          | (34)   |
| Dividend income received  |          | 322,997  |
| Interest income received  |          | 401,334  |
| Interest from Financial Assets at FVTPL received                    |          | 55,533   |
| Balances due from brokers   |          | (81,615)   |
| Balances due to brokers   |          | 617,877  |
| Management fees paid  |          | (67,810)   |
| Non-reclaimable withholding tax                                     |          | (68,483)   |
| <b>Net cash outflow from operating activities</b>                   |          | <b>(16,228,279)</b>                                      |
| <b>Cash flows from financing activities</b>                         |          |  |
| Interest paid   |          | (404,845)  |
| Proceeds from issue of Redeemable Shares                            |          | 20,000,000   |
| Payments of redemptions of redeemable shares                        |          | (2,790,000)  |
| <b>Net cash inflow from financing activities</b>                    |          | <b>16,805,155</b>  |
| <b>Net increase in cash and cash equivalents</b>                    |          | <b>576,876</b>   |
| <b>Cash and cash equivalents at the end of the financial period</b> | <b>6</b> | <b>576,876</b>   |

\* As the Fund launched on 28 January 2018, there are no comparative figures for the financial period ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial period ended 31 December 2018

### General information

#### Investment objective and policy

The Invesco Italian PIR Multi-Asset Portfolio UCITS ETF aims to deliver the performance of a basket (the "Reference Basket") of indices less fees, expenses and transaction costs. The Reference Basket consists of the indices as detailed on page 14.

The Reference Basket is designed to generate capital growth and income through exposure primarily to Italian equity and fixed income markets together with an allocation to global equity and fixed income exposure for diversification by tracking each Reference Index with a set allocation within the portfolio together with a small allocation to cash.

The functional currency of the Fund is Euro and the Fund is valued in Euro.

The Fund invests in corporate bonds, equities, UCITS investment funds and forward foreign exchange contracts.

The Fund launched on 28 January 2018.

## 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

## 2. Financial risk management

See pages 39 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notionals of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

|   | Up to 1<br>year<br>EUR | 1-5<br>years<br>EUR | Over 5<br>years<br>EUR | Non-interest<br>bearing<br>EUR | Total as at<br>31 December 2018<br>EUR |
|---|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>31 December 2018</b>                               |                        |                     |                        |                                |  |
| <b>Current Assets</b>                                 |                        |                     |                        |                                |  |
| Financial assets at fair value through profit or loss | -                      | 1,367,254           | 1,710,970              | 11,005,735                     | 14,083,959                             |
| Cash and cash equivalents                             | 576,876                | -                   | -                      | -                              | 576,876                                |
| Balances due from brokers                             | -                      | -                   | -                      | 81,615                         | 81,615                                 |
| Dividend income receivable                            | -                      | -                   | -                      | 19,920                         | 19,920                                 |
| Interest from financial assets at FVTPL receivable    | -                      | -                   | -                      | 53,906                         | 53,906                                 |
| <b>Total Assets</b>                                   | <b>576,876</b>         | <b>1,367,254</b>    | <b>1,710,970</b>       | <b>11,161,176</b>              | <b>14,816,276</b>                      |
| <b>Current Liabilities</b>                            |                        |                     |                        |                                |  |
| Balances due to brokers                               | -                      | -                   | -                      | (617,877)                      | (617,877)                              |
| Creditors (amounts falling due within one year)       | (5,673)                | -                   | -                      | -                              | (5,673)                                |
| <b>Total Liabilities</b>                              | <b>(5,673)</b>         | <b>-</b>            | <b>-</b>               | <b>(617,877)</b>               | <b>(623,550)</b>                       |
| <b>Interest sensitivity gap</b>                       | <b>571,203</b>         | <b>1,367,254</b>    | <b>1,710,970</b>       |                                |  |

## A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial period ended 31 December 2018. These movements may be different from the long term volatility of the index.

## B) Foreign currency risk/interest rate risk

The Fund is not exposed to significant currency risk as there is no direct material currency exposure. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency risk.

As some of the Fund's assets are interest-bearing, it is exposed to this risk. The table below summarises the Fund's exposure to interest rate risk.

# Annual Report and Audited Financial Statements 2018

## 2. Financial risk management (continued)

### C) Liquidity risk

The following table analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in Euro.

| As at 31 December 2018                                  | Less than 7 days  | 7 days to 1 month | Total             |
|---|-------------------|-------------------|-------------------|
| Balances due to brokers                                 | 617,877           | -                 | 617,877           |
| Accrued expenses  | -                 | 5,673             | 5,673             |
| Net assets attributable to holders of Redeemable Shares | 14,192,726        | -                 | 14,192,726        |
| <b>Total financial liabilities</b>                      | <b>14,810,603</b> | <b>5,673</b>      | <b>14,816,276</b> |

### D) Fair value

The table below analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in Euro.

| As at 31 December 2018                    | Level 1           | Level 2          | Level 3  |
|---|-------------------|------------------|----------|
| <b>Assets</b>                             |                   |                  |          |
| <b>Financial assets held for trading:</b> |                   |                  |          |
| - Bonds                                   | -                 | 3,078,224        | -        |
| - Equities                                | 9,715,741         | -                | -        |
| - UCITS Investment Funds                  | 1,289,994         | -                | -        |
| <b>Total assets</b>                       | <b>11,005,735</b> | <b>3,078,224</b> | <b>-</b> |

The Fund did not hold any Level 3 instruments during the financial period. There were no transfers between Level 1 and Level 2 during the financial period.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

### E) Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty or issuer will default on its obligations resulting in financial loss to the Fund. The Fund's main credit risk concentration is in debt securities. The Investment Manager monitors the Fund's credit position on a daily basis.

As at 31 December 2018 the break-down of the bond related credit ratings was as follows:

| Credit Rating          | Rating %      |
|------------------------|---------------|
| A                      | 0.81%         |
| BB                     | 8.64%         |
| BBB                    | 7.01%         |
| NR                     | 5.23%         |
| <b>Total Portfolio</b> | <b>21.69%</b> |

These percentages are based on the Equity Value of the Fund at year end. The ratings are from Standard & Poor's.

### 3. Income

|  | Financial period ended 31 December 2018<br>EUR |
|--|--|
| Dividend income  | 342,917  |
| Interest income  | 401,334  |
| Interest from financial assets at fair value through profit and loss | 54,122   |
|  | <b>798,373</b>                                 |

### 4. Net losses on financial assets and liabilities at fair value through profit or loss

|  | Financial period ended 31 December 2018<br>EUR |
|--|--|
| Realised losses on sale of investments                                 | (353,564)                                      |
| Realised losses on foreign currency transactions                       | (17,299)                                       |
| Net change in unrealised depreciation on investments                   | (2,897,939)                                    |
| Net change in unrealised depreciation on foreign currency transactions | (34)   |
|  | <b>(3,268,836)</b>                             |

# Annual Report and Audited Financial Statements 2018

## 5. Operating expenses

|                 | Financial<br>period ended<br>31 December<br>2018<br>EUR |
|-----------------|---|
| Management fees | 73,483  |
|                 | <b>73,483</b>   |

All other expenses and fees of the Fund are paid by the Manager.

## 6. Cash and cash equivalents

|   | As at<br>31 December<br>2018<br>EUR |
|---|-------------------------------------|
| BNY Mellon Trust Company<br>(Ireland) Limited | 576,876                             |
|   | <b>576,876</b>                      |

## 7. Debtors

|  | As at<br>31 December<br>2018<br>EUR |
|--|-------------------------------------|
| Dividend income<br>receivable  | 19,920                              |
| Interest from financial<br>assets at fair value<br>through profit and loss<br>receivable | 53,906                              |
|  | <b>73,826</b>                       |

## 8. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>EUR |
|-----------------|-------------------------------------|
| Management fees | 5,673                               |
|                 | <b>5,673</b>                        |

All other expenses and fees of the Fund are paid by the Manager.

## 9. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

## 10. Share capital

|  | Financial<br>year ended<br>31 December<br>2018<br>EUR |
|--|---|
| Redeemable<br>shares in issue  |   |
| <b>Number of Class A Redeemable Shares<br/>Issued and Fully Paid</b>                         |   |
| Balance at beginning of<br>financial period  | -   |
| Issued during financial period   | 1,000,000   |
| Redeemed during financial period   | (150,000)   |
| <b>Total number of Class A<br/>Redeemable Shares in issue at end<br/>of financial period</b> | <b>850,000</b>  |

## 11. Net asset value

|   | As at<br>31 December<br>2018<br>EUR |
|---|-------------------------------------|
| <b>Total Net Asset Value</b>                            |                                     |
| Class A Redeemable Shares                               | 14,192,726                          |
| <b>Dealing Net Asset Value<br/>per Redeemable Share</b> |                                     |
| Class A Redeemable Shares                               | 16.6973                             |



# Annual Report and Audited Financial Statements 2018

## Schedule of investments

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Holdings  | Financial assets at fair value through profit or loss    | Fair value EUR   | % of net assets | Holdings                | Financial assets at fair value through profit or loss | Fair value EUR | % of net assets |
|---|--|------------------|-----------------|-------------------------|---|----------------|-----------------|
| <b>UCITS Investment Funds: 9.09%</b>                      |  |                  |                 | <b>Denmark: 0.44%</b>   |   |                |                 |
| <b>Ireland: 7.14%</b>                                     |  |                  |                 | <b>Danske Bank A/S</b>  |   |                |                 |
| 48,838  | Invesco US High Yield Fallen Angels UCITS ETF - ETF      | 1,013,146        | 7.14            |                         |   | 62,131         | 0.44            |
| <b>Total Ireland</b>                                      |  |                  |                 | <b>Total Denmark</b>    |   |                |                 |
|   |  | <b>1,013,146</b> | <b>7.14</b>     |                         |   | <b>62,131</b>  | <b>0.44</b>     |
| <b>Switzerland: 1.95%</b>                                 |  |                  |                 | <b>Germany: 0.23%</b>   |   |                |                 |
| <b>241 AURELIUS Equity Opportunities SE &amp; Co KGaA</b> |  |                  |                 | <b>7,645</b>            |   |                |                 |
| 5,324   | BB Biotech AG  | 276,848          | 1.95            | 1,117                   | GEA Group AG  | 25,132         | 0.18            |
| <b>Total Switzerland</b>                                  |  |                  |                 | <b>Total Germany</b>    |   |                |                 |
|   |  | <b>276,848</b>   | <b>1.95</b>     |                         |   | <b>32,777</b>  | <b>0.23</b>     |
| <b>Total UCITS Investment Funds</b>                       |  |                  |                 | <b>India: 0.82%</b>     |   |                |                 |
|   |  | <b>1,289,994</b> | <b>9.09</b>     | 13,933                  | Infosys Ltd ADR                                       | 116,031        | 0.82            |
| <b>Equities: 68.45%</b>                                   |  |                  |                 | <b>Total India</b>      |   |                |                 |
| <b>Australia: 0.59%</b>                                   |  |                  |                 | <b>116,031</b>          |   |                |                 |
| 3,986   | Coca-Cola Amatil Ltd                                     | 20,104           | 0.14            | <b>Indonesia: 0.01%</b> |   |                |                 |
| 2,962   | Crown Resorts Ltd  | 21,633           | 0.15            | 69,400                  | Waskita Beton Precast Tbk PT                          | 1,587          | 0.01            |
| 11,754  | Qantas Airways Ltd                                       | 41,911           | 0.30            | <b>Total Indonesia</b>  |   |                |                 |
| <b>Total Australia</b>                                    |  |                  |                 |                         |   | <b>1,587</b>   | <b>0.01</b>     |
|   |  | <b>83,648</b>    | <b>0.59</b>     | <b>Italy: 50.08%</b>    |   |                |                 |
| <b>Bermuda: 0.18%</b>                                     |  |                  |                 | 13,548                  | A2A SpA   | 21,304         | 0.15            |
| 103   | Assured Guaranty Ltd                                     | 3,449            | 0.02            | 383                     | ACEA SpA  | 4,600          | 0.03            |
| 75  | Axis Capital Holdings Ltd                                | 3,388            | 0.02            | 1,161                   | Acotel Group SpA                                      | 3,344          | 0.02            |
| 354   | IHS Markit Ltd   | 14,855           | 0.11            | 4,120                   | AEDES SIIQ SpA  | 4,615          | 0.03            |
| 41  | Signet Jewelers Ltd                                      | 1,139            | 0.01            | 17,513                  | Aeffe SpA   | 41,068         | 0.29            |
| 3   | White Mountains Insurance Group Ltd                      | 2,251            | 0.02            | 1,641                   | Aeroporto Guglielmo Marconi Di Bologna SpA            | 18,839         | 0.13            |
| <b>Total Bermuda</b>                                      |  |                  |                 | 3,004                   | Alerion Cleanpower SpA                                | 8,652          | 0.06            |
|   |  | <b>25,082</b>    | <b>0.18</b>     | 7,056                   | Ambienthesis SpA                                      | 2,364          | 0.02            |
| <b>British Virgin Islands: 0.03%</b>                      |  |                  |                 | 21,217                  | Amplifon SpA  | 298,099        | 2.10            |
| 147   | Michael Kors Holdings Ltd                                | 4,876            | 0.03            | 2,503                   | Anima Holding SpA '144A'                              | 8,085          | 0.06            |
| <b>Total British Virgin Islands</b>                       |  |                  |                 | 6,780                   | Ansaldo STS SpA                                       | 86,106         | 0.61            |
|   |  | <b>4,876</b>     | <b>0.03</b>     | 3,887                   | Aquafil SpA   | 34,905         | 0.25            |
| <b>Canada: 1.38%</b>                                      |  |                  |                 | 22,430                  | Arnoldo Mondadori Editore SpA                         | 38,355         | 0.27            |
| 481   | Canadian Tire Corp Ltd                                   | 43,974           | 0.31            | 46,322                  | AS Roma SpA   | 22,790         | 0.16            |
| 1,098   | CGI Group Inc  | 58,720           | 0.41            | 13,551                  | Ascopiave SpA   | 42,144         | 0.30            |
| 400   | Dream Office Real Estate Investment Trust (Units) (REIT) | 5,710            | 0.04            | 11,371                  | Assicurazioni Generali SpA                            | 166,017        | 1.17            |
| 1,662   | Magna International Inc (Units)                          | 65,965           | 0.47            | 18,991                  | Astaldi SpA   | 9,837          | 0.07            |
| 507   | Methanex Corp  | 21,321           | 0.15            | 297                     | ASTM SpA  | 5,192          | 0.04            |
| <b>Total Canada</b>                                       |  |                  |                 | 4,666                   | Atlantia SpA  | 84,315         | 0.59            |
|   |  | <b>195,690</b>   | <b>1.38</b>     | 1,112                   | Autogrill SpA   | 8,184          | 0.06            |
| <b>Cayman Islands: 0.07%</b>                              |  |                  |                 | 556                     | Autostrade Meridionali SpA                            | 15,012         | 0.11            |
| 5,000   | CAR Inc  | 3,257            | 0.02            | 11,085                  | Avio SpA  | 123,709        | 0.87            |
| 136   | Herbalife Nutrition Ltd                                  | 7,013            | 0.05            | 1,033                   | Azimut Holding SpA                                    | 9,849          | 0.07            |
| <b>Total Cayman Islands</b>                               |  |                  |                 | 2,338                   | B&C Speakers SpA                                      | 24,783         | 0.17            |
|   |  | <b>10,270</b>    | <b>0.07</b>     | 16,574,109              | Banca Carige SpA                                      | 24,861         | 0.18            |

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## Schedule of investments (continued)

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Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Financial assets at fair value through profit or loss | Fair value EUR | % of net assets | Financial assets at fair value through profit or loss | Fair value EUR | % of net assets |
|---|----------------|-----------------|---|----------------|-----------------|
| 770 Banca Farmafactoring SpA '144A'                   | 3,496          | 0.02            | 3,690 Datalogic SpA                                   | 75,276         | 0.53            |
| 53,680 Banca Finnat Euramerica SpA                    | 17,070         | 0.12            | 4,971 Davide Campari-Milano SpA                       | 36,711         | 0.26            |
| 498 Banca Generali SpA                                | 9,029          | 0.06            | 565 De' Longhi SpA                                    | 12,486         | 0.09            |
| 3,449 Banca IFIS SpA                                  | 53,253         | 0.38            | 43,945 DeA Capital SpA                                | 54,843         | 0.39            |
| 50,931 Banca Intermobiliare SpA                       | 8,363          | 0.06            | 199 DiaSorin SpA                                      | 14,069         | 0.10            |
| 2,126 Banca Mediolanum SpA                            | 10,821         | 0.08            | 2,269 Digital Bros SpA                                | 9,575          | 0.07            |
| 2,299 Banca Monte dei Paschi di Siena SpA             | 3,438          | 0.02            | 351 doBank SpA '144A'                                 | 3,245          | 0.02            |
| 3,950 Banca Popolare di Sondrio SCPA                  | 10,396         | 0.07            | 45,579 Edison SpA                                     | 43,118         | 0.30            |
| 124,609 Banca Profilo SpA                             | 22,155         | 0.16            | 1,541 EEMS Italia SpA                                 | 71             | 0.00            |
| 25,597 Banca Sistema SpA '144A'                       | 36,808         | 0.26            | 6,167 El.En. SpA                                      | 78,136         | 0.55            |
| 13,305 Banco BPM SpA                                  | 26,184         | 0.18            | 12,047 Elica SpA                                      | 15,709         | 0.11            |
| 2,725 Banco di Sardegna SpA                           | 19,892         | 0.14            | 33,344 Emak SpA                                       | 41,747         | 0.29            |
| 12,590 BasicNet SpA                                   | 55,774         | 0.39            | 2,218 Enav SpA '144A'                                 | 9,409          | 0.07            |
| 5,176 Bastogi SpA                                     | 4,306          | 0.03            | 68,225 Enel SpA                                       | 344,127        | 2.42            |
| 32,106 BE   | 28,285         | 0.20            | 1,338 Enervit SpA                                     | 4,335          | 0.03            |
| 23,200 Beghelli SpA                                   | 6,542          | 0.05            | 21,954 Eni SpA  | 301,824        | 2.13            |
| 16,212 Bialelli Industrie SpA                         | 4,783          | 0.03            | 11,972 ePrice SpA                                     | 18,940         | 0.13            |
| 6,276 Biancamano SpA                                  | 1,123          | 0.01            | 14,000 Equita Group SpA                               | 45,360         | 0.32            |
| 2,465 Biesse SpA                                      | 42,324         | 0.30            | 481 ERG SpA   | 7,936          | 0.06            |
| 8,699 Bioera SpA                                      | 499            | 0.00            | 15,198 Esprinet SpA                                   | 53,801         | 0.38            |
| 3,332 BPER Banca                                      | 11,209         | 0.08            | 16,798 Eurotech SpA                                   | 54,510         | 0.38            |
| 1,319 Brembo SpA                                      | 11,733         | 0.08            | 8,081 Exprivia SpA                                    | 6,659          | 0.05            |
| 110,389 Brioschi Sviluppo Immobiliare SpA             | 6,226          | 0.04            | 21,298 Falck Renewables SpA                           | 49,944         | 0.35            |
| 293 Brunello Cucinelli SpA                            | 8,805          | 0.06            | 1,272 Fidia SpA                                       | 4,312          | 0.03            |
| 608 Buzzi Unicem SpA                                  | 9,135          | 0.06            | 12,632 Fiera Milano SpA                               | 42,065         | 0.30            |
| 12,347 Cairo Communication SpA                        | 42,288         | 0.30            | 4,053 Fila SpA  | 54,715         | 0.39            |
| 2,763 Caleffi SpA/Viadana                             | 4,131          | 0.03            | 4,044 Fincantieri SpA                                 | 3,729          | 0.03            |
| 6,149 Caltagirone SpA                                 | 14,020         | 0.10            | 3,447 FinecoBank Banca Fineco SpA                     | 30,258         | 0.21            |
| 7,409 Carel Industries SpA '144A'                     | 66,948         | 0.47            | 49,727 FNM SpA  | 24,665         | 0.17            |
| 10,095 Carraro SpA/Campodarsego                       | 16,960         | 0.12            | 660 FULLSIX   | 599            | 0.00            |
| 2,790 Cembre SpA                                      | 56,497         | 0.40            | 10,223 Gabetti Property Solutions SpA                 | 2,709          | 0.02            |
| 8,520 Cementir Holding SpA                            | 43,878         | 0.31            | 6,074 Gamenet Group SpA '144A'                        | 42,214         | 0.30            |
| 2,860 Centrale del Latte d'Italia                     | 7,808          | 0.06            | 1,539 Gas Plus SpA                                    | 3,524          | 0.03            |
| 110,683 Centro HL Distribuzione SpA                   | 421            | 0.00            | 114,572 GEDI Gruppo Editoriale SpA                    | 39,756         | 0.28            |
| 1,697 Cerved Group SpA                                | 12,142         | 0.09            | 3,256 Gefran SpA                                      | 21,848         | 0.15            |
| 14,969 Cia Immobiliare Azionaria                      | 1,639          | 0.01            | 31,074 Geox SpA                                       | 36,450         | 0.26            |
| 2,504 CIR-Compagnie Industriali Riunite SpA           | 2,326          | 0.02            | 21,835 Gequity SpA                                    | 633            | 0.00            |
| 7,911 Class Editori SpA                               | 1,424          | 0.01            | 4,500 Giglio Group SpA                                | 9,495          | 0.07            |
| 134,231 Cofide SpA                                    | 62,216         | 0.44            | 6,466 Gima TT SpA '144A'                              | 42,171         | 0.30            |
| 8,813 COIMA RES SpA (REIT) '144A'                     | 62,572         | 0.44            | 10,185 Gruppo Ceramiche Ricchetti SpA                 | 2,180          | 0.02            |
| 2,964 Conafi SPA                                      | 726            | 0.01            | 4,303 Gruppo MutuiOnline SpA                          | 68,246         | 0.48            |
| 660 Credito Emiliano SpA                              | 3,320          | 0.02            | 3,896 Gruppo Waste Italia SpA                         | 301            | 0.00            |
| 57,979 Credito Valtellinese SpA                       | 4,261          | 0.03            | 8,799 Guala Closures SpA                              | 50,858         | 0.36            |
| 5,844 CSP International Fashion Group SpA             | 4,395          | 0.03            | 7,024 Hera SpA  | 18,698         | 0.13            |
| 5,822 Damiani SpA                                     | 5,007          | 0.04            | 9,074 I Grandi Viaggi SpA                             | 15,970         | 0.11            |
| 102 Danieli & C Officine Meccaniche SpA               | 1,557          | 0.01            | 23,129 Il Sole 24 Ore SpA                             | 8,789          | 0.06            |

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|----------|---|----------------|-----------------|----------|---|----------------|-----------------|
| 3,098    | IMA Industria Macchine Automatiche SpA                | 168,531        | 1.19            | 5,505    | Piquadro SpA  | 9,276          | 0.07            |
| 8,968    | Immobiliare Grande Distribuzione SIIQ SpA (REIT)      | 48,266         | 0.34            | 3,788    | Pirelli & C SpA '144A'                                | 21,251         | 0.15            |
| 64,923   | IMMSI SpA   | 26,164         | 0.18            | 1,944    | Piteco SpA  | 7,582          | 0.05            |
| 769      | Indel B SpA   | 18,379         | 0.13            | 2,001    | Plc SpA   | 3,882          | 0.03            |
| 2,106    | Infrastrutture Wireless Italiane SpA '144A'           | 12,562         | 0.09            | 305      | Poligrafica San Faustino SpA                          | 1,775          | 0.01            |
| 58,440   | Intek Group SpA                                       | 18,116         | 0.13            | 10,935   | Poligrafici Editoriale SpA                            | 2,067          | 0.01            |
| 12,147   | Interpump Group SpA                                   | 315,822        | 2.23            | 4,049    | Poste Italiane SpA '144A'                             | 28,278         | 0.20            |
| 132,492  | Intesa Sanpaolo SpA                                   | 257,008        | 1.81            | 3,528    | Prima Industrie SpA                                   | 60,682         | 0.43            |
| 7,101    | Irce SpA  | 12,853         | 0.09            | 2,298    | Prysmian SpA  | 38,767         | 0.27            |
| 5,770    | Iren SpA  | 12,094         | 0.09            | 834      | RAI Way SpA '144A'                                    | 3,615          | 0.03            |
| 2,485    | Isagro SpA  | 2,858          | 0.02            | 1,770    | Ratti SpA   | 5,009          | 0.04            |
| 6,663    | Isagro SpA  | 9,195          | 0.06            | 837      | Recordati SpA   | 25,353         | 0.18            |
| 1,228    | IT Way SpA  | 442            | 0.00            | 93,354   | Reno de Medici SpA                                    | 57,879         | 0.41            |
| 4,296    | Italgas SpA   | 21,463         | 0.15            | 3,779    | Reply SpA   | 166,578        | 1.17            |
| 12,936   | Italiaonline SpA                                      | 29,171         | 0.21            | 4,635    | Restart SIIQ SpA (REIT)                               | 784            | 0.01            |
| 96       | Italmobiliare SpA                                     | 1,764          | 0.01            | 70,001   | Retelit SpA   | 95,551         | 0.67            |
| 3,207    | Juventus Football Club SpA                            | 3,406          | 0.02            | 157,356  | Risanamento SpA                                       | 2,864          | 0.02            |
| 5,211    | La Doria SpA  | 41,271         | 0.29            | 978      | Rizzoli Corriere Della Sera Mediagroup SpA            | 1,127          | 0.01            |
| 27,061   | Landi Renzo SpA                                       | 30,417         | 0.21            | 764      | Rosss SpA   | 597            | 0.00            |
| 3,396    | Leonardo SpA  | 26,074         | 0.18            | 4,873    | Sabaf SpA   | 72,510         | 0.51            |
| 2,913    | LU-VE SpA   | 27,324         | 0.19            | 1,294    | SAES Getters SpA                                      | 20,445         | 0.14            |
| 7,347    | Lventure Group  | 4,438          | 0.03            | 5,103    | SAES Getters SpA                                      | 92,773         | 0.65            |
| 44,649   | M&C SpA   | 1,697          | 0.01            | 55,293   | Safilo Group SpA                                      | 38,705         | 0.27            |
| 1,275    | Maire Tecnimont SpA                                   | 4,093          | 0.03            | 4,936    | Saipem SpA  | 16,116         | 0.11            |
| 6,054    | MARR SpA  | 124,712        | 0.88            | 1,353    | Salini Impregilo SpA                                  | 1,916          | 0.01            |
| 6,722    | Massimo Zanetti Beverage Group SpA '144A'             | 38,651         | 0.27            | 589      | Salvatore Ferragamo SpA                               | 10,399         | 0.07            |
| 2,434    | Mediacontech SpA                                      | 1,207          | 0.01            | 4,840    | Saras SpA   | 8,184          | 0.06            |
| 2,709    | Mediaset SpA  | 7,433          | 0.05            | 2,924    | Seri Industrial SpA                                   | 5,819          | 0.04            |
| 5,287    | Mediobanca Banca di Credito Finanziario SpA           | 38,997         | 0.27            | 7,591    | Servizi Italia SpA                                    | 23,684         | 0.17            |
| 3,782    | Mittel SpA  | 6,619          | 0.05            | 3,777    | Sesa SpA  | 87,626         | 0.62            |
| 143,916  | Molecular Medicine SPA                                | 38,785         | 0.27            | 19,895   | Snam SpA  | 75,979         | 0.54            |
| 1,501    | Moncler SpA   | 43,424         | 0.31            | 1,371    | Societa Cattolica di Assicurazioni SC                 | 9,741          | 0.07            |
| 12,556   | Mondo TV SpA  | 14,992         | 0.11            | 606      | Societa Iniziative Autostradali e Servizi SpA         | 7,308          | 0.05            |
| 10,780   | Monrif SpA  | 1,617          | 0.01            | 9,317    | Societa Sportiva Lazio SpA                            | 11,311         | 0.08            |
| 6,832    | Netweek SpA   | 1,373          | 0.01            | 26,598   | Sogefi SpA  | 38,062         | 0.27            |
| 8,501    | Nice SpA  | 29,668         | 0.21            | 319      | SOL SpA   | 3,471          | 0.02            |
| 1,291    | Nova Re SIIQ SpA (REIT)                               | 5,502          | 0.04            | 15,164   | Stefanel SpA  | 1,061          | 0.01            |
| 6,529    | Openjobmetis Spa agenzia per il lavoro                | 52,232         | 0.37            | 18,832   | Tamburi Investment Partners SpA                       | 108,096        | 0.76            |
| 1,539    | OVS SpA '144A'  | 1,684          | 0.01            | 4,291    | Tas Tecnologia Avanzata dei Sistemi SpA               | 7,638          | 0.05            |
| 7,937    | Panariagroup Industrie Ceramiche SpA                  | 11,667         | 0.08            | 852      | Technogym SpA '144A'                                  | 7,975          | 0.06            |
| 1,432    | Piaggio & C SpA                                       | 2,622          | 0.02            | 94,417   | Telecom Italia SpA/Milano                             | 45,632         | 0.32            |
| 25,954   | Pierrel SpA   | 3,763          | 0.03            | 12,382   | Terna Rete Elettrica Nazionale SpA                    | 61,328         | 0.43            |
| 5,338    | Pininfarina SpA                                       | 12,117         | 0.09            | 8,351    | TerniEnergia SpA                                      | 2,672          | 0.02            |
| 2,320    | Piovan SpA '144A'                                     | 18,430         | 0.13            | 33,239   | Tesmec SpA  | 13,827         | 0.10            |
|          |   |                |                 | 11,814   | Tinexta Spa   | 73,838         | 0.52            |

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|---|-------------------|-----------------------|---|-------------------|-----------------------|
| 1,107,654 Tiscali SpA   | 15,507            | 0.11                  | 9,662 Fiat Chrysler Automobiles NV                                | 122,533           | 0.86                  |
| 7,032 TitanMet SpA  | 366               | 0.00                  | 5,572 STMicroelectronics NV                                       | 68,145            | 0.48                  |
| 114 Tod's SpA   | 4,706             | 0.03                  | <b>Total Netherlands</b>  | <b>415,140</b>    | <b>2.92</b>           |
| 32,014 TREVI - Finanziaria Industriale SpA                        | 9,636             | 0.07                  |   |                   |                       |
| 3,924 Triboo Spa  | 6,161             | 0.04                  | <b>United Kingdom: 0.11%</b>                                      |                   |                       |
| 3,791 TXT e-solutions SpA   | 31,010            | 0.22                  | 2,834 Hansteen Holdings Plc (REIT)                                | 2,925             | 0.02                  |
| 19,585 UniCredit SpA  | 193,774           | 1.37                  | 1,935 Paragon Banking Group Plc                                   | 8,322             | 0.06                  |
| 7,798 Unieuro SpA '144A'  | 75,368            | 0.53                  | 1,671 Sports Direct International Plc                             | 4,427             | 0.03                  |
| 8,920 Unione di Banche Italiane SpA                               | 22,594            | 0.16                  | <b>Total United Kingdom</b>                                       | <b>15,674</b>     | <b>0.11</b>           |
| 4,173 Unipol Gruppo SpA   | 14,681            | 0.10                  |   |                   |                       |
| 5,081 UnipolSai Assicurazioni SpA                                 | 10,043            | 0.07                  | <b>United States: 8.88%</b>                                       |                   |                       |
| 651 Valsoia SpA   | 7,259             | 0.05                  | 106 Allison Transmission Holdings Inc                             | 4,072             | 0.03                  |
| 107,047 Vincenzo Zucchi SpA                                       | 2,077             | 0.01                  | 401 Ally Financial Inc  | 7,949             | 0.06                  |
| 5,610 Zignago Vetro SpA   | 47,685            | 0.34                  | 41 AMC Networks Inc   | 1,968             | 0.01                  |
| <b>Total Italy</b>  | <b>7,108,033</b>  | <b>50.08</b>          | 327 American Airlines Group Inc                                   | 9,185             | 0.07                  |
|   |                   |                       | 665 American Express Co   | 55,449            | 0.39                  |
| <b>Japan: 2.19%</b>   |                   |                       | 859 American International Group Inc                              | 29,614            | 0.21                  |
| 8,100 Astellas Pharma Inc   | 90,511            | 0.64                  | 141 Ameriprise Financial Inc                                      | 12,873            | 0.09                  |
| 3,800 Bridgestone Corp  | 128,341           | 0.90                  | 17 Asbury Automotive Group Inc                                    | 991               | 0.01                  |
| 300 Doutor Nichires Holdings Co Ltd                               | 4,803             | 0.03                  | 64 Aspen Technology Inc   | 4,601             | 0.03                  |
| 200 Jafco Co Ltd  | 5,573             | 0.04                  | 54 Assurant Inc   | 4,225             | 0.03                  |
| 400 Nissan Shatai Co Ltd  | 3,106             | 0.02                  | 53 AutoNation Inc   | 1,655             | 0.01                  |
| 400 Pilot Corp  | 16,999            | 0.12                  | 70 Avis Budget Group Inc  | 1,376             | 0.01                  |
| 7,100 Rakuten Inc   | 41,664            | 0.29                  | 110 Avnet Inc   | 3,474             | 0.02                  |
| 200 Ryosan Co Ltd   | 4,675             | 0.03                  | 105 Bed Bath & Beyond Inc   | 1,040             | 0.01                  |
| 700 TSI Holdings Co Ltd   | 3,974             | 0.03                  | 224 Best Buy Co Inc   | 10,377            | 0.07                  |
| 440 Tsugami Corp  | 2,249             | 0.02                  | 34 Big Lots Inc   | 860               | 0.01                  |
| 300 Yurtec Corp   | 2,048             | 0.02                  | 19 BJ's Restaurants Inc   | 840               | 0.01                  |
| 400 ZERIA Pharmaceutical Co Ltd                                   | 6,292             | 0.05                  | 85 Bloomin' Brands Inc  | 1,330             | 0.01                  |
| <b>Total Japan</b>  | <b>310,235</b>    | <b>2.19</b>           | 7 Boston Beer Co Inc/The  | 1,475             | 0.01                  |
|   |                   |                       | 28 Brinker International Inc                                      | 1,077             | 0.01                  |
| <b>Luxembourg: 0.48%</b>  |                   |                       | 297 CBS Corp - Class B  | 11,359            | 0.08                  |
| 230,695 d'Amico International Shipping SA                         | 28,376            | 0.20                  | 124 CDK Global Inc  | 5,194             | 0.04                  |
| 116 IVS Group SA  | 1,283             | 0.01                  | 131 Celanese Corp - Class A                                       | 10,310            | 0.07                  |
| 4,101 Tenaris SA  | 38,713            | 0.27                  | 177 Charter Communications Inc                                    | 44,123            | 0.31                  |
| <b>Total Luxembourg</b>   | <b>68,372</b>     | <b>0.48</b>           | 12 Churchill Downs Inc  | 2,561             | 0.02                  |
|   |                   |                       | 101 CIT Group Inc   | 3,381             | 0.02                  |
| <b>Mexico: 0.04%</b>  |                   |                       | 1,975 Citigroup Inc   | 89,942            | 0.63                  |
| 4,700 Corp Inmobiliaria Vesta SAB de CV                           | 5,601             | 0.04                  | 389 Conagra Brands Inc  | 7,268             | 0.05                  |
| <b>Total Mexico</b>   | <b>5,601</b>      | <b>0.04</b>           | 30 Continental Building Products Inc                              | 668               | 0.01                  |
|   |                   |                       | 787 Corning Inc   | 20,798            | 0.15                  |
| <b>Netherlands: 2.92%</b>   |                   |                       | 15 Credit Acceptance Corp   | 5,009             | 0.04                  |
| 449 ASM International NV  | 16,254            | 0.12                  | 62 Crocs Inc  | 1,409             | 0.01                  |
| 8,713 CNH Industrial NV   | 68,380            | 0.48                  | 899 CVS Health Corp   | 51,526            | 0.36                  |
| 937 EXOR NV   | 44,283            | 0.31                  | 134 DaVita Inc  | 6,032             | 0.04                  |
| 1,101 Ferrari NV  | 95,545            | 0.67                  | 48 Denny's Corp   | 681               | 0.01                  |

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|----------|---|----------------|-----------------|----------|---|------------------|-----------------|
| 19       | Dillard's Inc   | 1,002          | 0.01            | 23       | Sleep Number Corp                                     | 638              | 0.00            |
| 340      | Discover Financial Services                           | 17,542         | 0.12            | 74       | Spirit Realty Capital Inc (REIT)                      | 2,282            | 0.02            |
| 40       | Domino's Pizza Inc                                    | 8,677          | 0.06            | 110      | Sprouts Farmers Market Inc                            | 2,262            | 0.02            |
| 972      | eBay Inc  | 23,867         | 0.17            | 34       | St Joe Co/The   | 392              | 0.00            |
| 628      | Fifth Third Bancorp                                   | 12,926         | 0.09            | 12       | Sturm Ruger & Co Inc                                  | 559              | 0.00            |
| 114      | Foot Locker Inc                                       | 5,305          | 0.04            | 665      | Synchrony Financial                                   | 13,647           | 0.10            |
| 30       | FTI Consulting Inc                                    | 1,749          | 0.01            | 35       | Tempur Sealy International Inc                        | 1,268            | 0.01            |
| 1,281    | General Motors Co                                     | 37,483         | 0.26            | 49       | Tenneco Inc   | 1,174            | 0.01            |
| 315      | Goldman Sachs Group Inc/The                           | 46,031         | 0.32            | 115      | Teradata Corp   | 3,859            | 0.03            |
| 237      | Goodyear Tire & Rubber Co/The                         | 4,231          | 0.03            | 71       | Terex Corp  | 1,712            | 0.01            |
| 15       | Greenhill & Co Inc                                    | 320            | 0.00            | 120      | Toll Brothers Inc                                     | 3,457            | 0.02            |
| 344      | Hartford Financial Services Group Inc/The             | 13,376         | 0.09            | 32       | TopBuild Corp   | 1,260            | 0.01            |
| 285      | HCA Healthcare Inc                                    | 31,026         | 0.22            | 118      | TRI Pointe Group Inc                                  | 1,128            | 0.01            |
| 159      | HD Supply Holdings Inc                                | 5,219          | 0.04            | 15       | Ubiquiti Networks Inc                                 | 1,304            | 0.01            |
| 42       | Hyatt Hotels Corp - Class A                           | 2,484          | 0.02            | 216      | United Continental Holdings Inc                       | 15,821           | 0.11            |
| 50       | Interface Inc - Class A                               | 623            | 0.00            | 60       | Urban Outfitters Inc                                  | 1,743            | 0.01            |
| 195      | IQVIA Holdings Inc                                    | 19,816         | 0.14            | 113      | VeriSign Inc  | 14,658           | 0.10            |
| 25       | Jack in the Box Inc                                   | 1,698          | 0.01            | 27       | Visteon Corp  | 1,424            | 0.01            |
| 15       | Kaiser Aluminum Corp                                  | 1,172          | 0.01            | 153      | Voya Financial Inc                                    | 5,372            | 0.04            |
| 85       | Kearny Financial Corp/MD                              | 953            | 0.01            | 836      | Walgreens Boots Alliance Inc                          | 49,970           | 0.35            |
| 766      | Kroger Co/The   | 18,427         | 0.13            | 1,211    | Walt Disney Co/The                                    | 116,157          | 0.82            |
| 82       | Legg Mason Inc  | 1,830          | 0.01            | 346      | Western Union Co/The                                  | 5,163            | 0.04            |
| 21       | Lithia Motors Inc - Class A                           | 1,402          | 0.01            | 262      | Worldpay Inc - Class A                                | 17,517           | 0.12            |
| 674      | Marathon Petroleum Corp                               | 34,792         | 0.25            | 88       | Wyndham Destinations Inc                              | 2,759            | 0.02            |
| 304      | Marriott International Inc/MD                         | 28,869         | 0.20            | 315      | Yum! Brands Inc                                       | 25,329           | 0.18            |
| 66       | MBIA Inc  | 515            | 0.00            |          | <b>Total United States</b>                            | <b>1,260,594</b> | <b>8.88</b>     |
| 192      | McKesson Corp   | 18,554         | 0.13            |          | <b>Total Equities</b>                                 | <b>9,715,741</b> | <b>68.45</b>    |
| 28       | Medpace Holdings Inc                                  | 1,296          | 0.01            |          | <b>Bonds: 21.69%</b>                                  |                  |                 |
| 102      | Michaels Cos Inc/The                                  | 1,208          | 0.01            |          | <b>Italy: 21.69%</b>                                  |                  |                 |
| 28       | Murphy USA Inc  | 1,877          | 0.01            | 100,000  | ACEA SpA 'EMTN' 2.625% 15/07/2024                     | 104,178          | 0.73            |
| 30       | Natus Medical Inc                                     | 893            | 0.01            | 100,000  | Assicurazioni Generali SpA 'EMTN' 2.875% 14/01/2020   | 102,689          | 0.72            |
| 228      | Navient Corp  | 1,757          | 0.01            | 50,000   | Assicurazioni Generali SpA 'EMTN' 5.125% 16/09/2024   | 59,261           | 0.42            |
| 43       | NCI Building Systems Inc                              | 273            | 0.00            | 100,000  | Atlantia SpA 'EMTN' 1.875% 13/07/2027                 | 84,223           | 0.59            |
| 78       | O'Reilly Automotive Inc                               | 23,494         | 0.17            | 100,000  | Autostrade per l'Italia SpA 'EMTN' 5.875% 09/06/2024  | 111,307          | 0.78            |
| 19       | Papa John's International Inc                         | 662            | 0.01            | 100,000  | Autostrade per l'Italia SpA 'EMTN' 1.75% 01/02/2027   | 84,183           | 0.59            |
| 1,702    | Procter & Gamble Co/The                               | 136,855        | 0.96            | 50,000   | Autostrade per l'Italia SpA 'MTN' 1.625% 12/06/2023   | 46,539           | 0.33            |
| 12       | Providence Service Corp/The                           | 630            | 0.00            | 100,000  | Banco BPM SpA 'EMTN' 2.75% 27/07/2020                 | 101,175          | 0.71            |
| 259      | PulteGroup Inc  | 5,888          | 0.04            | 100,000  | Enel SpA 'EMTN' 5.625% 21/06/2027                     | 128,380          | 0.90            |
| 88       | Realty Holdings Corp                                  | 1,130          | 0.01            |          |   |                  |                 |
| 1,094    | Regions Financial Corp                                | 12,805         | 0.09            |          |   |                  |                 |
| 10       | RH  | 1,048          | 0.01            |          |   |                  |                 |
| 83       | Sally Beauty Holdings Inc                             | 1,238          | 0.01            |          |   |                  |                 |
| 114      | SBA Communications Corp (REIT) - Class A              | 16,144         | 0.11            |          |   |                  |                 |
| 159      | Sealed Air Corp                                       | 4,846          | 0.03            |          |   |                  |                 |
| 64       | Six Flags Entertainment Corp                          | 3,114          | 0.02            |          |   |                  |                 |

# Annual Report and Audited Financial Statements 2018

Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Financial assets at fair value through profit or loss                        | Fair value EUR    | % of net assets |  | % of total assets |                        |               |
|--|-------------------|-----------------|--|-------------------|------------------------|---------------|
| 100,000 Eni SpA 'EMTN' 3.625% 29/01/2029                                     | 114,384           | 0.81            | <b>Unaudited Analysis of Total Assets</b><br>Transferable securities and money market instruments admitted to official stock exchange listing" | 86.35             |                        |               |
| 100,000 Ferrovie dello Stato Italiane SpA 'EMTN' 0.875% 07/12/2023           | 94,266            | 0.66            |  |                   |                        |               |
| 100,000 Iccrea Banca SpA 'EMTN' 1.5% 21/02/2020                              | 99,697            | 0.70            |  |                   | UCITS Investment Funds | 8.71          |
| 100,000 Intesa Sanpaolo SpA 'EMTN' 1.125% 14/01/2020                         | 100,520           | 0.71            |  |                   | Other assets.          | 4.94          |
| 100,000 Intesa Sanpaolo SpA 'EMTN' 6.625% 13/09/2023                         | 113,584           | 0.80            |  |                   |                        | <b>100.00</b> |
| 100,000 Intesa Sanpaolo SpA 'EMTN' 1.75% 20/03/2028                          | 91,325            | 0.64            |  |                   |                        |               |
| 100,000 Italgas SpA 'EMTN' 1.625% 19/01/2027                                 | 95,892            | 0.68            |  |                   |                        |               |
| 100,000 Leonardo SpA 'EMTN' 4.875% 24/03/2025                                | 110,265           | 0.78            |  |                   |                        |               |
| 100,000 Mediobanca Banca di Credito Finanziario SpA 5% 15/11/2020            | 104,958           | 0.74            |  |                   |                        |               |
| 100,000 Snam SpA 'EMTN' 0.875% 25/10/2026                                    | 93,168            | 0.66            |  |                   |                        |               |
| 100,000 Telecom Italia SpA/Milano 'EMTN' 4.5% 25/01/2021                     | 105,859           | 0.75            |  |                   |                        |               |
| 100,000 Telecom Italia SpA/Milano 'EMTN' 3.25% 16/01/2023                    | 102,115           | 0.72            |  |                   |                        |               |
| 100,000 Telecom Italia SpA/Milano 'EMTN' 3.625% 19/01/2024                   | 103,462           | 0.73            |  |                   |                        |               |
| 100,000 Telecom Italia SpA/Milano 'EMTN' 2.375% 12/10/2027                   | 89,588            | 0.63            |  |                   |                        |               |
| 50,000 Terna Rete Elettrica Nazionale SpA 4.9% 28/10/2024                    | 60,282            | 0.43            |  |                   |                        |               |
| 100,000 Terna Rete Elettrica Nazionale SpA 'EMTN' 0.875% 02/02/2022          | 100,649           | 0.71            |  |                   |                        |               |
| 100,000 UniCredit SpA 'EMTN' 6.125% 19/04/2021                               | 106,503           | 0.75            |  |                   |                        |               |
| 100,000 UniCredit SpA 'EMTN' FRN 28/10/2025                                  | 103,323           | 0.73            |  |                   |                        |               |
| 200,000 UniCredit SpA FRN (Perpetual)  | 188,700           | 1.33            |  |                   |                        |               |
| 100,000 Unione di Banche Italiane SpA 'EMTN' FRN 05/05/2026                  | 98,038            | 0.69            |  |                   |                        |               |
| 100,000 Unipol Gruppo SpA 'EMTN' 3.5% 29/11/2027                             | 90,376            | 0.64            |  |                   |                        |               |
| 100,000 Wind Tre SpA 'REGS' 3.125% 20/01/2025                                | 89,335            | 0.63            |  |                   |                        |               |
| <b>Total Italy</b>   | <b>3,078,224</b>  | <b>21.69</b>    |  |                   |                        |               |
| <b>Total Bonds</b>   | <b>3,078,224</b>  | <b>21.69</b>    |  |                   |                        |               |
|  |                   |                 |  |                   |                        |               |
|  | Fair value EUR    | % of net assets |  |                   |                        |               |
| <b>Total financial assets at fair value through profit or loss</b>           | <b>14,083,959</b> | <b>99.23</b>    |  |                   |                        |               |
| Cash and cash equivalents  | 576,876           | 4.06            |  |                   |                        |               |
| Current assets   | 155,441           | 1.10            |  |                   |                        |               |
| <b>Total assets</b>  | <b>14,816,276</b> | <b>104.39</b>   |  |                   |                        |               |
| Current liabilities  | (623,550)         | (4.39)          |  |                   |                        |               |
| <b>Net assets attributable to holders of redeemable participating shares</b> | <b>14,192,726</b> | <b>100.00</b>   |  |                   |                        |               |

# Invesco Euro Floating Rate Note UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|   | Notes | Financial period ended 31 December 2018*<br>EUR |
|---|-------|---|
| <b>Income</b>   |       |   |
| Interest Income   |       | 6   |
| Interest from financial assets at fair value through profit and loss                |       | 4,825   |
| Net losses on financial assets and liabilities at fair value through profit or loss | 4     | (223,350)                                       |
| <b>Total investment expense</b>   |       | <b>(218,519)</b>                                |
| Operating expenses  | 5     | (7,343)   |
| <b>Net expense</b>  |       | <b>(225,862)</b>                                |
| <b>Finance costs</b>  |       |   |
| Interest expense  |       | -   |
| <b>Loss for the financial period</b>  |       | <b>(225,862)</b>                                |
| Non-reclaimable withholding tax   |       | (7)   |
| <b>Loss for the financial period</b>  |       | <b>(225,869)</b>                                |
| <b>Decrease in Net Assets Attributable to Holders of Redeemable Shares</b>          |       | <b>(225,869)</b>                                |

There are no recognised gains or losses arising in the financial period other than the decrease in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at 31 December 2018*<br>EUR |
|--|---------|--------------------------------|
| <b>Current Assets</b>  |         |                                |
| <b>Assets at fair value through profit or loss</b>   |         |                                |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 8,849,291                      |
| <b>Loans and receivables</b>   |         |                                |
| Cash and cash equivalents  | 6       | 36,161                         |
| Balances due from brokers  |         | 99,637                         |
| Interest from financial assets at fair value through profit and loss receivable                      | 7       | 2,947                          |
| <b>Total Current Assets</b>  |         | <b>8,988,036</b>               |
| <b>Current Liabilities</b>   |         |                                |
| <b>Other financial liabilities</b>   |         |                                |
| Balances due to brokers  |         | (99,637)                       |
| Creditors (amounts falling due within one year)  | 8       | (936)                          |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(100,573)</b>               |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>8,887,463</b>               |

\* As the Fund launched on 18 May 2018, there are no comparative figures for the financial period ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|   | Notes     | Financial<br>period ended<br>31 December<br>2018*<br>EUR |
|---|-----------|--|
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at beginning of the financial period</b> |           | -  |
| Decrease in Net Assets Attributable to<br>Holders of Redeemable Shares from operations                  |           | (225,869)  |
| Amounts received on issue of Redeemable Shares  |           | 10,000,000   |
| Amounts paid on redemption of Redeemable Shares   |           | (886,668)  |
| <b>Increase in Net Assets resulting from Share transactions</b>   |           | <b>9,113,332</b>   |
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the end of the financial period</b>   | <b>11</b> | <b>8,887,463</b>   |

## Statement of cash flows

|   | Notes    | Financial<br>period ended<br>31 December<br>2018*<br>EUR |
|---|----------|--|
| <b>Cash flows from operating activities</b>                         |          |  |
| Proceeds from sale of investments                                   |          | 3,305,137  |
| Purchase of investments   |          | (12,389,495)   |
| Interest expense received   |          | 6  |
| Interest from Financial Assets at FVTPL received                    |          | 13,595   |
| Balances due from brokers   |          | (99,637)   |
| Balances due to brokers   |          | 99,637   |
| Management fees paid  |          | (6,407)  |
| Non-reclaimable withholding tax                                     |          | (7)  |
| <b>Net cash outflow from operating activities</b>                   |          | <b>(9,077,171)</b>                                       |
| <b>Cash flows from financing activities</b>                         |          |  |
| Proceeds from issue of Redeemable Shares                            |          | 10,000,000   |
| Payments of redemptions of redeemable shares                        |          | (886,668)  |
| <b>Net cash inflow from financing activities</b>                    |          | <b>9,113,332</b>   |
| <b>Net increase in cash and cash equivalents</b>                    |          | <b>36,161</b>  |
| <b>Cash and cash equivalents at the end of the financial period</b> | <b>6</b> | <b>36,161</b>  |

\* As the Fund launched on 18 May 2018, there are no comparative figures for the financial period ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.



# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial period ended 31 December 2018

### General information

#### Investment objective and policy

The Invesco Euro Floating Rate Note UCITS ETF aims to deliver the performance of the Bloomberg Barclays Euro Corporate FRN 500 MM Liquid Bond Index ("Reference Index") less fees, expenses and transaction costs.

The Reference Index is designed to measure the performance of globally issued, investment grade, Euro denominated, floating rate notes issued by corporate (industrial, utility and financial institutions) issuers only.

The functional currency of the Fund is Euro and the Fund is valued in Euro.

The Fund invests in floating rate note corporate bonds.

The Fund launched on 18 May 2018.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notional of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

|  | Up to 1<br>year<br>EUR | 1-5<br>years<br>EUR | Over 5<br>years<br>EUR | Non-interest<br>bearing<br>EUR | Total as at<br>31 December 2018<br>EUR |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>31 December 2018</b>                                  |                        |                     |                        |                                |  |
| <b>Current Assets</b>                                    |                        |                     |                        |                                |  |
| Financial assets at fair value<br>through profit or loss | 200,278                | 7,560,749           | 1,088,264              | -                              | 8,849,291                              |
| Cash and cash equivalents                                | 36,161                 | -                   | -                      | -                              | 36,161                                 |
| Interest from financial assets<br>at FVTPL receivable    | -                      | -                   | -                      | 2,947                          | 2,947                                  |
| <b>Total Assets</b>                                      | <b>236,439</b>         | <b>7,560,749</b>    | <b>1,088,264</b>       | <b>2,947</b>                   | <b>8,888,399</b>                       |
| <b>Current Liabilities</b>                               |                        |                     |                        |                                |  |
| Creditors (amounts falling<br>due within one year)       | (936)                  | -                   | -                      | -                              | (936)                                  |
| <b>Total Liabilities</b>                                 | <b>(936)</b>           | <b>-</b>            | <b>-</b>               | <b>-</b>                       | <b>(936)</b>                           |
| <b>Interest sensitivity gap</b>                          | <b>235,503</b>         | <b>7,560,749</b>    | <b>1,088,264</b>       |                                |  |

### A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial period ended 31 December 2018. These movements may be different from the long term volatility of the index.

### B) Foreign currency risk/interest rate risk

The Fund is not exposed to significant currency risk as there is no direct material currency exposure. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency risk.

As the majority of the Fund's assets are interest-bearing, it is exposed to this risk. The table below summarises the Fund's exposure to interest rate risk.

# Annual Report and Audited Financial Statements 2018

## 2. Financial risk management (continued)

### C) Liquidity risk

The following table analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in Euro.

| As at 31 December 2018                                  | Less than 7 days | 7 days to 1 month | Total            |
|---|------------------|-------------------|------------------|
| Accrued expenses  | -                | 936               | 936              |
| Net assets attributable to holders of Redeemable Shares | 8,887,463        | -                 | 8,887,463        |
| <b>Total financial liabilities</b>                      | <b>8,887,463</b> | <b>936</b>        | <b>8,888,399</b> |

### D) Fair value

The table below analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in Euro.

| As at 31 December 2018                    | Level 1 | Level 2          | Level 3 |
|---|---------|------------------|---------|
| <b>Assets</b>                             |         |                  |         |
| <b>Financial assets held for trading:</b> |         |                  |         |
| - Bonds                                   | -       | 8,849,291        | -       |
| <b>Total assets</b>                       | -       | <b>8,849,291</b> | -       |

The Fund did not hold any Level 3 instruments during the financial period. There were no transfers between Level 1 and Level 2 during the financial period.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

## E) Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty or issuer will default on its obligations resulting in financial loss to the Fund. The Fund's main credit risk concentration is in debt securities. The Investment Manager monitors the Fund's credit position on a daily basis.

As at 31 December 2018 the break-down of the bond related credit ratings was as follows:

| Credit Rating          | Rating %      |
|------------------------|---------------|
| A                      | 48.32%        |
| BBB                    | 51.25%        |
| <b>Total Portfolio</b> | <b>99.57%</b> |

These percentages are based on the Equity Value of the Fund at year end. The ratings are from Standard & Poor's.

## 3. Income

|  | Financial period ended 31 December 2018<br>EUR |
|--|--|
| Interest income  | 6  |
| Interest from financial assets at fair value through profit and loss | 4,825  |
|  | <b>4,831</b>                                   |

## 4. Net losses on financial assets and liabilities at fair value through profit or loss

|  | Financial period ended 31 December 2018<br>EUR |
|--|--|
| Realised losses on sale of investments               | (13,974)                                       |
| Net change in unrealised depreciation on investments | (209,376)                                      |
|  | <b>(223,350)</b>                               |

## 5. Operating expenses

|                 | Financial period ended 31 December 2018<br>EUR |
|-----------------|--|
| Management fees | 7,343  |
|                 | <b>7,343</b>                                   |

All other expenses and fees of the Fund are paid by the Manager.

# Annual Report and Audited Financial Statements 2018

## 6. Cash and cash equivalents

|   | <b>As at<br/>31 December<br/>2018<br/>EUR</b> |
|---|---|
| BNY Mellon Trust Company<br>(Ireland) Limited | 36,161  |
|   | <b>36,161</b>                                 |

## 7. Debtors

|  | <b>As at<br/>31 December<br/>2018<br/>EUR</b> |
|--|---|
| Interest from financial<br>assets at fair value<br>through profit and loss<br>receivable | 2,947   |
|  | <b>2,947</b>                                  |

## 8. Creditors (amounts falling due within one year)

|                 | <b>As at<br/>31 December<br/>2018<br/>EUR</b> |
|-----------------|---|
| Management fees | 936   |
|                 | <b>936</b>                                    |

All other expenses and fees of the Fund are paid by the Manager.

## 9. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

## 10. Share capital

|  | <b>Financial<br/>period ended<br/>31 December<br/>2018<br/>EUR</b> |
|--|--|
| <b>Redeemable<br/>shares in issue</b>  |  |
| <b>Number of Class A Redeemable Shares<br/>Issued and Fully Paid</b>                         |  |
| Balance at beginning of<br>financial period  | -  |
| Issued during financial period   | 500,000  |
| Redeemed during financial period   | (45,000)   |
| <b>Total number of Class A<br/>Redeemable Shares in issue at end<br/>of financial period</b> | <b>455,000</b>   |

## 11. Net asset value

|   | <b>As at<br/>31 December<br/>2018<br/>EUR</b> |
|---|---|
| <b>Total Net Asset Value</b>                            |   |
| Class A Redeemable Shares                               | 8,887,463                                     |
| <b>Dealing Net Asset Value<br/>per Redeemable Share</b> |   |
| Class A Redeemable Shares                               | <b>19.5329</b>                                |

# Annual Report and Audited Financial Statements 2018

## Schedule of investments

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Holdings                | Financial assets at fair value through profit or loss | Fair value EUR | % of net assets | Holdings                   | Financial assets at fair value through profit or loss             | Fair value EUR | % of net assets  |               |             |
|-------------------------|---|----------------|-----------------|----------------------------|---|----------------|------------------|---------------|-------------|
| <b>Bonds: 99.57%</b>    |   |                |                 | 100,000                    | RCI Banque SA 'EMTN' FRN 12/01/2023                               | 95,005         | 1.07             |               |             |
| <b>Australia: 1.12%</b> |   |                |                 | 100,000                    | RCI Banque SA 'EMTN' FRN 04/11/2024                               | 92,514         | 1.04             |               |             |
| 100,000                 | Commonwealth Bank of Australia FRN 08/03/2023         | 99,284         | 1.12            | 100,000                    | RCI Banque SA 'EMTN' FRN 12/03/2025                               | 91,358         | 1.03             |               |             |
| <b>Total Australia</b>  |   |                |                 | 100,000                    | Societe Generale SA 'EMTN' FRN 01/04/2022                         | 98,870         | 1.11             |               |             |
| <b>Belgium: 2.73%</b>   |   |                |                 | 100,000                    | Societe Generale SA 'EMTN' FRN 06/03/2023                         | 96,283         | 1.08             |               |             |
| 150,000                 | Anheuser-Busch InBev SA/NV 'EMTN' FRN 15/04/2024      | 143,973        | 1.62            | 100,000                    | Societe Generale SA 'EMTN' FRN 22/05/2024                         | 96,305         | 1.08             |               |             |
| 100,000                 | KBC Group NV 'EMTN' FRN 24/11/2022                    | 98,466         | 1.11            | <b>Total France</b>        |   |                | <b>1,646,178</b> | <b>18.52</b>  |             |
| <b>Total Belgium</b>    |   |                |                 | <b>Germany: 6.60%</b>      |   |                |                  |               |             |
| <b>242,439</b>          |   |                |                 | 100,000                    | Daimler AG 'EMTN' FRN 03/07/2024                                  | 97,210         | 1.09             |               |             |
| <b>2.73</b>             |   |                |                 | 100,000                    | Deutsche Bank AG 'EMTN' FRN 07/12/2020                            | 97,284         | 1.09             |               |             |
| <b>Canada: 3.39%</b>    |   |                |                 | 100,000                    | Deutsche Bank AG 'EMTN' FRN 16/05/2022                            | 95,159         | 1.07             |               |             |
| 100,000                 | Bank of Montreal 'EMTN' FRN 28/09/2021                | 100,397        | 1.13            | 100,000                    | DVB Bank SE 'EMTN' FRN 10/02/2020                                 | 100,255        | 1.13             |               |             |
| 100,000                 | Bank of Montreal 'EMTN' FRN 14/03/2022                | 100,193        | 1.13            | 100,000                    | Volkswagen Bank GmbH 'EMTN' FRN 15/06/2021                        | 98,173         | 1.11             |               |             |
| 100,000                 | Bank of Nova Scotia/The 'EMTN' FRN 05/10/2022         | 100,501        | 1.13            | 100,000                    | Volkswagen Leasing GmbH 'EMTN' FRN 06/07/2021                     | 98,272         | 1.11             |               |             |
| <b>Total Canada</b>     |   |                |                 | <b>Total Germany</b>       |   |                | <b>586,353</b>   | <b>6.60</b>   |             |
| <b>301,091</b>          |   |                |                 | <b>Italy: 4.34%</b>        |   |                |                  |               |             |
| <b>3.39</b>             |   |                |                 | 100,000                    | FCA Bank SpA/Ireland 'EMTN' FRN 17/06/2021                        | 96,628         | 1.09             |               |             |
| <b>Denmark: 1.12%</b>   |   |                |                 | 200,000                    | Intesa Sanpaolo SpA 'EMTN' FRN 19/04/2022                         | 193,540        | 2.18             |               |             |
| 100,000                 | Jyske Bank A/S 'EMTN' FRN 02/06/2020                  | 100,065        | 1.12            | 100,000                    | Mediobanca Banca di Credito Finanziario SpA 'EMTN' FRN 18/05/2022 | 95,242         | 1.07             |               |             |
| <b>Total Denmark</b>    |   |                |                 | <b>Total Italy</b>         |   |                | <b>385,410</b>   | <b>4.34</b>   |             |
| <b>100,065</b>          |   |                |                 | <b>Japan: 2.23%</b>        |   |                |                  |               |             |
| <b>1.12</b>             |   |                |                 | 100,000                    | Mizuho Financial Group Inc FRN 10/04/2023                         | 98,747         | 1.11             |               |             |
| <b>Finland: 2.25%</b>   |   |                |                 | 100,000                    | Sumitomo Mitsui Financial Group Inc 'EMTN' FRN 14/06/2022         | 99,181         | 1.12             |               |             |
| 100,000                 | Nordea Bank Abp 'EMTN' FRN 27/09/2021                 | 100,224        | 1.13            | <b>Total Japan</b>         |   |                | <b>197,928</b>   | <b>2.23</b>   |             |
| 100,000                 | Nordea Bank Abp 'EMTN' FRN 07/02/2022                 | 100,038        | 1.12            | <b>Luxembourg: 1.12%</b>   |   |                |                  |               |             |
| <b>Total Finland</b>    |   |                |                 | 100,000                    | John Deere Bank SA 'EMTN' FRN 03/10/2022                          | 99,290         | 1.12             |               |             |
| <b>200,262</b>          |   |                |                 | <b>Total Luxembourg</b>    |   |                |                  | <b>99,290</b> | <b>1.12</b> |
| <b>2.25</b>             |   |                |                 | <b>Netherlands: 11.15%</b> |   |                |                  |               |             |
| <b>France: 18.52%</b>   |   |                |                 | 100,000                    | Allianz Finance II BV 'EMTN' FRN 07/12/2020                       | 100,635        | 1.13             |               |             |
| 100,000                 | ALD SA 'EMTN' FRN 27/11/2020                          | 99,313         | 1.12            | 100,000                    | BMW Finance NV 'EMTN' FRN 22/11/2019                              | 100,111        | 1.13             |               |             |
| 100,000                 | ALD SA 'EMTN' FRN 26/02/2021                          | 97,731         | 1.10            |                            |   |                |                  |               |             |
| 100,000                 | BNP Paribas SA 'EMTN' FRN 22/09/2022                  | 99,040         | 1.11            |                            |   |                |                  |               |             |
| 100,000                 | BNP Paribas SA 'EMTN' FRN 19/01/2023                  | 96,488         | 1.09            |                            |   |                |                  |               |             |
| 100,000                 | BNP Paribas SA 'EMTN' FRN 22/05/2023                  | 97,288         | 1.10            |                            |   |                |                  |               |             |
| 100,000                 | BNP Paribas SA 'EMTN' FRN 07/06/2024                  | 96,483         | 1.09            |                            |   |                |                  |               |             |
| 100,000                 | BPCE SA 'EMTN' FRN 09/03/2022                         | 99,755         | 1.12            |                            |   |                |                  |               |             |
| 100,000                 | BPCE SA 'EMTN' FRN 23/03/2023                         | 96,625         | 1.09            |                            |   |                |                  |               |             |
| 100,000                 | Credit Agricole SA/London 'EMTN' FRN 20/04/2022       | 98,852         | 1.11            |                            |   |                |                  |               |             |
| 100,000                 | Credit Agricole SA/London 'EMTN' FRN 06/03/2023       | 97,108         | 1.09            |                            |   |                |                  |               |             |
| 100,000                 | RCI Banque SA 'EMTN' FRN 14/03/2022                   | 97,160         | 1.09            |                            |   |                |                  |               |             |

# Annual Report and Audited Financial Statements 2018

## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Holdings | Financial assets at fair value through profit or loss    | Fair value EUR | % of net assets | Holdings | Financial assets at fair value through profit or loss | Fair value EUR   | % of net assets |
|----------|--|----------------|-----------------|----------|---|------------------|-----------------|
| 100,000  | Daimler International Finance BV 'EMTN' FRN 11/05/2022   | 98,523         | 1.11            | 100,000  | Santander UK Group Holdings Plc 'EMTN' FRN 18/05/2023 | 94,918           | 1.07            |
| 100,000  | Daimler International Finance BV 'EMTN' FRN 11/01/2023   | 97,664         | 1.10            | 100,000  | Santander UK Group Holdings Plc FRN 27/03/2024        | 93,845           | 1.05            |
|          |  |                |                 |          | <b>Total United Kingdom</b>                           | <b>971,663</b>   | <b>10.93</b>    |
|          |  |                |                 |          | <b>United States: 24.10%</b>                          |                  |                 |
| 100,000  | ING Bank NV 'EMTN' FRN 26/11/2021                        | 100,074        | 1.13            | 100,000  | AT&T Inc FRN 05/09/2023                               | 98,822           | 1.11            |
| 100,000  | ING Groep NV 'EMTN' FRN 20/09/2023                       | 98,149         | 1.10            | 100,000  | Bank of America Corp 'EMTN' FRN 26/07/2019            | 100,167          | 1.13            |
| 100,000  | LeasePlan Corp NV 'EMTN' FRN 25/01/2021                  | 98,120         | 1.10            | 100,000  | Bank of America Corp 'EMTN' FRN 21/09/2021            | 99,272           | 1.12            |
| 100,000  | Mylan NV FRN 24/05/2020                                  | 99,454         | 1.12            | 100,000  | Bank of America Corp 'EMTN' FRN 07/02/2022            | 100,056          | 1.13            |
| 100,000  | Volkswagen International Finance NV FRN 16/11/2024       | 100,118        | 1.13            | 100,000  | Bank of America Corp 'EMTN' FRN 04/05/2023            | 98,304           | 1.11            |
| 100,000  | Vonovia Finance BV 'EMTN' FRN 22/12/2022                 | 98,200         | 1.10            | 100,000  | Bank of America Corp 'EMTN' FRN 25/04/2024            | 97,183           | 1.09            |
|          | <b>Total Netherlands</b>                                 | <b>991,048</b> | <b>11.15</b>    | 100,000  | BAT Capital Corp 'EMTN' FRN 16/08/2021                | 98,095           | 1.10            |
|          | <b>Spain: 5.48%</b>                                      |                |                 | 100,000  | Citigroup Inc 'EMTN' FRN 21/03/2023                   | 98,025           | 1.10            |
| 100,000  | Amadeus IT Group SA 'EMTN' FRN 18/03/2022                | 99,038         | 1.11            | 100,000  | Ford Motor Credit Co LLC 'EMTN' FRN 01/12/2021        | 93,273           | 1.05            |
| 200,000  | Banco Bilbao Vizcaya Argentaria SA 'EMTN' FRN 09/03/2023 | 191,942        | 2.16            | 100,000  | Ford Motor Credit Co LLC 'EMTN' FRN 07/12/2022        | 91,297           | 1.03            |
| 100,000  | Banco Bilbao Vizcaya Argentaria SA 'GMTN' FRN 12/04/2022 | 99,307         | 1.12            | 100,000  | Ford Motor Credit Co LLC 'EMTN' FRN 01/12/2024        | 84,284           | 0.95            |
| 100,000  | Banco Santander SA 'EMTN' FRN 28/03/2023                 | 96,963         | 1.09            | 100,000  | General Motors Financial Co Inc 'EMTN' FRN 10/05/2021 | 97,374           | 1.10            |
|          | <b>Total Spain</b>                                       | <b>487,250</b> | <b>5.48</b>     | 100,000  | Goldman Sachs Group Inc/The 'EMTN' FRN 16/12/2020     | 99,419           | 1.12            |
|          | <b>Sweden: 2.26%</b>                                     |                |                 | 100,000  | Goldman Sachs Group Inc/The 'EMTN' FRN 27/07/2021     | 100,037          | 1.12            |
| 100,000  | Scania CV AB 'EMTN' FRN 20/04/2020                       | 100,063        | 1.13            | 100,000  | Goldman Sachs Group Inc/The 'EMTN' FRN 09/09/2022     | 97,090           | 1.09            |
| 100,000  | Swedbank AB 'GMTN' FRN 10/01/2020                        | 100,825        | 1.13            | 100,000  | Goldman Sachs Group Inc/The 'EMTN' FRN 26/09/2023     | 95,401           | 1.07            |
|          | <b>Total Sweden</b>                                      | <b>200,888</b> | <b>2.26</b>     | 100,000  | Morgan Stanley 'EMTN' FRN 09/11/2021                  | 98,784           | 1.11            |
|          | <b>Switzerland: 2.23%</b>                                |                |                 | 100,000  | Morgan Stanley 'GMTN' FRN 27/01/2022                  | 99,401           | 1.12            |
| 200,000  | UBS Group Funding Switzerland AG FRN 20/09/2022          | 198,302        | 2.23            | 200,000  | Morgan Stanley 'GMTN' FRN 08/11/2022                  | 197,532          | 2.22            |
|          | <b>Total Switzerland</b>                                 | <b>198,302</b> | <b>2.23</b>     | 200,000  | Wells Fargo & Co 'EMTN' FRN 31/01/2022                | 198,024          | 2.23            |
|          | <b>United Kingdom: 10.93%</b>                            |                |                 |          | <b>Total United States</b>                            | <b>2,141,840</b> | <b>24.10</b>    |
| 100,000  | FCE Bank Plc 'EMTN' FRN 26/08/2020                       | 98,023         | 1.10            |          | <b>Total Bonds</b>                                    | <b>8,849,291</b> | <b>99.57</b>    |
| 100,000  | HSBC Holdings Plc 'EMTN' FRN 04/12/2021                  | 99,947         | 1.12            |          |   |                  |                 |
| 200,000  | HSBC Holdings Plc 'EMTN' FRN 27/09/2022                  | 196,138        | 2.21            |          |   |                  |                 |
| 100,000  | HSBC Holdings Plc 'EMTN' FRN 05/10/2023                  | 95,858         | 1.08            |          |   |                  |                 |
| 100,000  | Lloyds Banking Group Plc 'EMTN' FRN 21/06/2024           | 94,991         | 1.07            |          |   |                  |                 |
| 100,000  | Natwest Markets Plc 'EMTN' FRN 08/06/2020                | 99,364         | 1.12            |          |   |                  |                 |
| 100,000  | Natwest Markets Plc 'EMTN' FRN 27/09/2021                | 98,579         | 1.11            |          |   |                  |                 |

# Annual Report and Audited Financial Statements 2018

## Schedule of investments (continued)

As at 31 December 2018

|  | Fair value<br>EUR | % of<br>net<br>assets |
|--|-------------------|-----------------------|
| <b>Total financial assets at fair value through profit or loss</b>           | <b>8,849,291</b>  | <b>99.57</b>          |
| Cash and cash equivalents  | 36,161            | 0.41                  |
| Current assets   | 2,947             | 0.03                  |
| <b>Total assets</b>  | <b>8,888,399</b>  | <b>100.01</b>         |
| Current liabilities  | (936)             | (0.01)                |
| <b>Net assets attributable to holders of redeemable participating shares</b> | <b>8,887,463</b>  | <b>100.00</b>         |

|  | % of<br>total<br>assets |
|--|-------------------------|
| <b>Unaudited Analysis of Total Assets</b>  |                         |
| Transferable securities and money market instruments admitted to official stock exchange listing <sup>1)</sup> | 99.56                   |
| Other assets.  | 0.44                    |
|  | <b>100.00</b>           |

# Invesco USD Floating Rate Note UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|   | Notes | Financial period ended 31 December 2018*<br>USD |
|---|-------|---|
| <b>Income</b>   |       |   |
| Interest income   | 3     | 627   |
| Interest from financial assets at fair value through profit and loss                | 3     | 182,929   |
| Net losses on financial assets and liabilities at fair value through profit or loss | 4     | (201,389)                                       |
| <b>Total investment expense</b>   |       | <b>(17,833)</b>                                 |
| Operating expenses  | 5     | (6,503)   |
| <b>Net expense</b>  |       | <b>(24,336)</b>                                 |
| <b>Finance costs</b>  |       |   |
| Distributions   | 6     | (150,782)                                       |
| Interest expense  |       | (4)   |
| <b>Loss for the financial period</b>  |       | <b>(175,122)</b>                                |
| Non-reclaimable withholding tax   |       | (174)   |
| <b>Loss for the financial period</b>  |       | <b>(175,296)</b>                                |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Shares</b>          |       | <b>(175,296)</b>                                |

There are no recognised gains or losses arising in the financial period other than the decrease in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at 31 December 2018*<br>USD |
|--|---------|--------------------------------|
| <b>Current Assets</b>  |         |                                |
| <b>Assets at fair value through profit or loss</b>   |         |                                |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 10,000,215                     |
| <b>Loans and receivables</b>   |         |                                |
| Cash and cash equivalents  | 7       | 14,055                         |
| Interest from financial assets at fair value through profit and loss receivable                      | 8       | 51,416                         |
| <b>Total Current Assets</b>  |         | <b>10,065,686</b>              |
| <b>Current Liabilities</b>   |         |                                |
| <b>Liabilities at fair value through profit or loss</b>  |         |                                |
| Financial liabilities at fair value through profit or loss   | 1       | (47)                           |
| <b>Other financial liabilities</b>   |         |                                |
| Creditors (amounts falling due within one year)  | 9       | (914)                          |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(961)</b>                   |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>10,064,725</b>              |

\* As the Fund launched on 18 May 2018, there are no comparative figures for the financial period ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|   | Notes     | Financial<br>period ended<br>31 December<br>2018*<br>USD |
|---|-----------|--|
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at beginning of the financial period</b> |           | -  |
| Decrease in Net Assets Attributable to<br>Holders of Redeemable Shares from operations                  |           | (175,296)  |
| Amounts received on issue of Redeemable Shares  |           | 13,312,539   |
| Amounts paid on redemption of Redeemable Shares   |           | (3,072,518)  |
| <b>Increase in Net Assets resulting from Share transactions</b>   |           | <b>10,240,021</b>  |
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the end of the financial period</b>   | <b>12</b> | <b>10,064,725</b>  |

## Statement of cash flows

|   | Notes    | Financial<br>period ended<br>31 December<br>2018*<br>USD |
|---|----------|--|
| <b>Cash flows from operating activities</b>                         |          |  |
| Proceeds from sale of investments                                   |          | 1,469,016  |
| Purchase of investments   |          | (11,659,858)   |
| Realised losses on foreign currency transactions                    |          | (30,603)   |
| Interest income received  |          | 627  |
| Interest from Financial Assets at FVTPL received                    |          | 151,401  |
| Management fees paid  |          | (5,589)  |
| Non-reclaimable withholding tax                                     |          | (174)  |
| <b>Net cash outflow from operating activities</b>                   |          | <b>(10,075,180)</b>                                      |
| <b>Cash flows from financing activities</b>                         |          |  |
| Distributions paid  |          | (150,782)  |
| Interest paid   |          | (4)  |
| Proceeds from issue of Redeemable Shares                            |          | 13,312,539   |
| Payments of redemptions of redeemable shares                        |          | (3,072,518)  |
| <b>Net cash inflow from financing activities</b>                    |          | <b>10,089,235</b>  |
| <b>Net increase in cash and cash equivalents</b>                    |          | <b>14,055</b>  |
| <b>Cash and cash equivalents at the end of the financial period</b> | <b>7</b> | <b>14,055</b>  |

\* As the Fund launched on 18 May 2018, there are no comparative figures for the financial period ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.



# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial period ended 31 December 2018

### General information

#### Investment objective and policy

The Invesco USD Floating Rate Note UCITS ETF aims to deliver the performance of the Bloomberg Barclays US Corporate FRN 500 MM Liquid Bond ("Reference Index") Index less fees, expenses and transaction costs.

The Reference Index is designed to measure the performance of globally issued investment grade, US Dollar denominated, floating rate notes issued by corporate (industrial, utility and financial institutions) issuers only.

The functional currency of the Fund is US Dollar and the Fund is valued in US Dollar.

The fund invests in floating rate note corporate bonds.

The Fund launched on 18 May 2018.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notional of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

|  | Up to 1<br>year<br>USD | 1-5<br>years<br>USD | Over 5<br>years<br>USD | Non-interest<br>bearing<br>USD | Total as at<br>31 December 2018<br>USD |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>31 December 2018</b>                                    |                        |                     |                        |                                |  |
| <b>Current Assets</b>                                      |                        |                     |                        |                                |  |
| Financial assets at fair value through profit or loss      | 350,310                | 8,383,233           | 1,261,929              | 4,743                          | 10,000,215                             |
| Cash and cash equivalents                                  | 14,055                 | -                   | -                      | -                              | 14,055                                 |
| Interest from financial assets at FVTPL receivable         | -                      | -                   | -                      | 51,416                         | 51,416                                 |
| <b>Total Assets</b>  | <b>364,365</b>         | <b>8,383,233</b>    | <b>1,261,929</b>       | <b>56,159</b>                  | <b>10,065,686</b>                      |
| <b>Current Liabilities</b>                                 |                        |                     |                        |                                |  |
| Financial liabilities at fair value through profit or loss | -                      | -                   | -                      | (47)                           | (47)                                   |
| Creditors (amounts falling due within one year)            | (914)                  | -                   | -                      | -                              | (914)                                  |
| <b>Total Liabilities</b>                                   | <b>(914)</b>           | <b>-</b>            | <b>-</b>               | <b>(47)</b>                    | <b>(961)</b>                           |
| <b>Interest sensitivity gap</b>                            | <b>363,451</b>         | <b>8,383,233</b>    | <b>1,261,929</b>       |                                |  |

### A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial period ended 31 December 2018. These movements may be different from the long term volatility of the index.

### B) Foreign currency risk/interest rate risk

The Fund is not exposed to significant currency risk as there is no direct material currency exposure. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency risk.

As the majority of the Fund's assets are interest-bearing, it is exposed to this risk. The table below summarises the Fund's exposure to interest rate risk.

# Annual Report and Audited Financial Statements 2018

## 2. Financial risk management (continued)

### C) Liquidity risk

The following table analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in US Dollar.

| As at 31 December 2018                                     | Less than 7 days  | 7 days to 1 month | Total             |
|--|-------------------|-------------------|-------------------|
| Financial liabilities at fair value through profit or loss | -                 | 47                | 47                |
| Accrued expenses   | -                 | 914               | 914               |
| Net assets attributable to holders of Redeemable Shares    | 10,064,725        | -                 | 10,064,725        |
| <b>Total financial liabilities</b>                         | <b>10,064,725</b> | <b>961</b>        | <b>10,065,686</b> |

### D) Fair value

The table below analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in US Dollar.

| As at 31 December 2018                         | Level 1  | Level 2           | Level 3  |
|--|----------|-------------------|----------|
| <b>Assets</b>                                  |          |                   |          |
| <b>Financial Assets held for trading:</b>      |          |                   |          |
| - Bonds  | -        | 9,995,472         | -        |
| - Forward Foreign Exchange Contracts           | -        | 4,743             | -        |
| <b>Total assets</b>                            | <b>-</b> | <b>10,000,215</b> | <b>-</b> |
| <b>Liabilities</b>                             |          |                   |          |
| <b>Financial liabilities held for trading:</b> |          |                   |          |
| - Forward Foreign Exchange Contracts           | -        | (47)              | -        |
| <b>Total liabilities</b>                       | <b>-</b> | <b>(47)</b>       | <b>-</b> |

The Fund did not hold any Level 3 instruments during the financial period. There were no transfers between Level 1 and Level 2 during the financial period.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

### E) Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty or issuer will default on its obligations resulting in financial loss to the Fund. The Fund's main credit risk concentration is in debt securities. The Investment Manager monitors the Fund's credit position on a daily basis.

As at 31 December 2018 and the break-down of the bond related credit ratings was as follows:

| Credit Rating          | Rating %      |
|------------------------|---------------|
| A                      | 63.61%        |
| BBB                    | 34.71%        |
| NR                     | 0.99%         |
| <b>Total Portfolio</b> | <b>99.31%</b> |

These percentages are based on the Equity Value of the Fund at year end. The ratings are from Standard & Poor's.

## 3. Income

|  | Financial period ended 31 December 2018 USD |
|--|---|
| Interest income  | 627   |
| Interest from financial assets at fair value through profit and loss | 182,929                                     |
|  | <b>183,556</b>                              |

## 4. Net losses on financial assets and liabilities at fair value through profit or loss

|  | Financial period ended 31 December 2018 USD |
|--|---|
| Realised gains on sale of investments                                  | 1,081                                       |
| Realised losses on foreign currency transactions                       | (30,603)                                    |
| Net change in unrealised depreciation on investments                   | (176,563)                                   |
| Net change in unrealised appreciation on foreign currency transactions | 4,696                                       |
|  | <b>(201,389)</b>                            |

# Annual Report and Audited Financial Statements 2018

## 5. Operating expenses

|                 | Financial<br>period ended<br>31 December<br>2018<br>USD |
|-----------------|---|
| Management fees | 6,503   |
|                 | <b>6,503</b>  |

All other expenses and fees of the Fund are paid by the Manager.

## 6. Distributions

Total amount distributed during the financial year ended 31 December 2018 amounted to USD 150,782.

## 7. Cash and cash equivalents

|  | As at<br>31 December<br>2018<br>USD |
|--|-------------------------------------|
| BNY Mellon Trust Company (Ireland) Limited | 14,055                              |
|  | <b>14,055</b>                       |

## 8. Debtors

|   | As at<br>31 December<br>2018<br>EUR |
|---|-------------------------------------|
| Interest from financial assets at fair value through profit and loss receivable | 51,416                              |
|   | <b>51,416</b>                       |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>USD |
|-----------------|-------------------------------------|
| Management fees | 914                                 |
|                 | <b>914</b>                          |

All other expenses and fees of the Fund are paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

## 11. Share capital

|                            | Financial<br>year ended<br>31 December<br>2018<br>USD |
|----------------------------|---|
| Redeemable shares in issue |   |

### Number of Class A Redeemable Shares

| Issued and Fully Paid                    |           |
|--|-----------|
| Balance at beginning of financial period | -         |
| Issued during financial period           | 505,000   |
| Redeemed during financial period         | (150,000) |

### Total number of Class A

|   |                |
|---|----------------|
| Redeemable Shares in issue at end of financial period | <b>355,000</b> |
|---|----------------|

|                            | Financial<br>period ended<br>31 December<br>2018<br>USD |
|----------------------------|---|
| Redeemable shares in issue |   |

### Number of Class Euro Currency Hedge

| Redeemable Shares                        |         |
|--|---------|
| Issued and Fully Paid                    |         |
| Balance at beginning of financial period | -       |
| Issued during financial period           | 143,163 |
| Redeemed during financial period         | (4,497) |

### Total number of Class Euro Currency

|   |                |
|---|----------------|
| Hedge Redeemable Shares in issue at end of financial period | <b>138,666</b> |
|---|----------------|

## 12. Net asset value

|                       | As at<br>31 December<br>2018<br>USD |
|-----------------------|-------------------------------------|
| Total Net Asset Value |                                     |

|                           |           |
|---------------------------|-----------|
| Class A Redeemable Shares | 6,996,938 |
|---------------------------|-----------|

|   |           |
|---|-----------|
| Class Euro Currency Hedge Redeemable Shares | 3,067,787 |
|---|-----------|

### Dealing Net Asset Value per Redeemable Share

|                           |         |
|---------------------------|---------|
| Class A Redeemable Shares | 19.7097 |
|---------------------------|---------|

|   |         |
|---|---------|
| Class Euro Currency Hedge Redeemable Shares | 22.1236 |
|---|---------|

# Annual Report and Audited Financial Statements 2018

## Schedule of investments

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Holdings                  | Financial assets at fair value through profit or loss    | Fair value USD | % of net assets | Holdings   | Financial assets at fair value through profit or loss | Fair value USD | % of net assets |
|---------------------------|--|----------------|-----------------|--|---|----------------|-----------------|
| <b>Bonds: 99.31%</b>      |  |                |                 | <b>Spain: 1.94%</b>  |   |                |                 |
| <b>Australia: 2.98%</b>   |  |                |                 | 200,000 Banco Santander SA FRN 23/02/2023                        |   |                |                 |
| 100,000                   | Westpac Banking Corp FRN 19/08/2019                      | 100,145        | 0.99            | <b>Total Spain</b>   |   |                |                 |
| 100,000                   | Westpac Banking Corp FRN 19/08/2021                      | 100,354        | 1.00            | <b>195,704 1.94</b>  |   |                |                 |
| 100,000                   | Westpac Banking Corp FRN 28/06/2022                      | 99,501         | 0.99            | <b>Sweden: 2.49%</b>   |   |                |                 |
| <b>Total Australia</b>    |  |                |                 | 250,000 Svenska Handelsbanken AB 'BKNT' FRN 06/09/2019           |   |                |                 |
| <b>300,000 2.98</b>       |  |                |                 | <b>Total Sweden</b>  |   |                |                 |
| <b>Canada: 6.92%</b>      |  |                |                 | <b>250,165 2.49</b>  |   |                |                 |
| 100,000                   | Bank of Montreal 'MTN' FRN 27/08/2021                    | 100,258        | 0.99            | <b>United Kingdom: 8.34%</b>                                     |   |                |                 |
| 100,000                   | Bank of Nova Scotia/The 'BKNT' FRN 08/01/2021            | 99,258         | 0.99            | 200,000 Barclays Bank Plc FRN 11/01/2021                         |   |                |                 |
| 100,000                   | Canadian Imperial Bank of Commerce 'BKNT' FRN 05/10/2020 | 99,445         | 0.99            | 250,000 HSBC Holdings Plc FRN 18/05/2021                         |   |                |                 |
| 100,000                   | Canadian Imperial Bank of Commerce FRN 16/06/2022        | 99,429         | 0.99            | 200,000 HSBC Holdings Plc FRN 05/01/2022                         |   |                |                 |
| 200,000                   | Royal Bank of Canada 'MTN' FRN 26/10/2020                | 198,862        | 1.97            | 200,000 Royal Bank of Scotland Group Plc FRN 15/05/2023          |   |                |                 |
| 100,000                   | Toronto-Dominion Bank/The 'GMTN' FRN 25/01/2021          | 99,340         | 0.99            | <b>Total United Kingdom</b>                                      |   |                |                 |
| <b>Total Canada</b>       |  |                |                 | <b>839,457 8.34</b>  |   |                |                 |
| <b>696,592 6.92</b>       |  |                |                 | <b>United States: 60.89%</b>                                     |   |                |                 |
| <b>Germany: 1.86%</b>     |  |                |                 | 100,000 American Honda Finance Corp 'MTN' FRN 14/02/2020         |   |                |                 |
| 100,000                   | Deutsche Bank AG/New York NY FRN 22/01/2021              | 96,280         | 0.96            | 100,000 Anheuser-Busch InBev Worldwide Inc FRN 12/01/2024        |   |                |                 |
| 100,000                   | Deutsche Bank AG/New York NY FRN 16/11/2022              | 90,675         | 0.90            | 100,000 Apple Inc FRN 07/02/2020                                 |   |                |                 |
| <b>Total Germany</b>      |  |                |                 | 150,000 Apple Inc FRN 09/02/2022                                 |   |                |                 |
| <b>186,955 1.86</b>       |  |                |                 | 100,000 AT&T Inc FRN 15/07/2021                                  |   |                |                 |
| <b>Guernsey: 2.56%</b>    |  |                |                 | 250,000 AT&T Inc FRN 12/06/2024                                  |   |                |                 |
| 250,000                   | Credit Suisse Group Funding Guernsey Ltd FRN 16/04/2021  | 257,373        | 2.56            | 100,000 Bank of America Corp FRN 24/04/2023                      |   |                |                 |
| <b>Total Guernsey</b>     |  |                |                 | 100,000 Bank of America Corp 'GMTN' FRN 21/07/2021               |   |                |                 |
| <b>257,373 2.56</b>       |  |                |                 | 100,000 Bank of America Corp 'MTN' FRN 05/03/2024                |   |                |                 |
| <b>Japan: 6.87%</b>       |  |                |                 | 100,000 Bank of America Corp 'MTN' FRN 05/02/2026                |   |                |                 |
| 250,000                   | Mitsubishi UFJ Financial Group Inc FRN 26/07/2023        | 247,898        | 2.46            | 100,000 Bank of New York Mellon Corp/The 'MTN' FRN 30/10/2023    |   |                |                 |
| 250,000                   | Mizuho Financial Group Inc FRN 05/03/2023                | 246,017        | 2.44            | 100,000 BB&T Corp 'MTN' FRN 15/06/2020                           |   |                |                 |
| 200,000                   | Sumitomo Mitsui Financial Group Inc FRN 17/01/2023       | 197,932        | 1.97            | 150,000 Becton Dickinson and Co FRN 06/06/2022                   |   |                |                 |
| <b>Total Japan</b>        |  |                |                 | 100,000 Caterpillar Financial Services Corp 'MTN' FRN 10/01/2020 |   |                |                 |
| <b>691,847 6.87</b>       |  |                |                 | 250,000 Citibank NA FRN 23/07/2021                               |   |                |                 |
| <b>Netherlands: 4.46%</b> |  |                |                 | 100,000 Citigroup Inc FRN 10/01/2020                             |   |                |                 |
| 250,000                   | Cooperatieve Rabobank UA/NY FRN 26/04/2021               | 248,965        | 2.47            | 100,000 Citigroup Inc FRN 25/04/2022                             |   |                |                 |
| 200,000                   | ING Groep NV FRN 29/03/2022                              | 200,042        | 1.99            | 100,000 Citigroup Inc FRN 01/09/2023                             |   |                |                 |
| <b>Total Netherlands</b>  |  |                |                 | 100,000 Citigroup Inc FRN 17/05/2024                             |   |                |                 |
| <b>449,007 4.46</b>       |  |                |                 | 100,000 Comcast Corp FRN 15/04/2024                              |   |                |                 |
|                           |  |                |                 | 100,000 El du Pont de Nemours & Co FRN 01/05/2020                |   |                |                 |
|                           |  |                |                 | 200,000 Ford Motor Credit Co LLC FRN 09/01/2020                  |   |                |                 |
|                           |  |                |                 | <b>198,558 1.97</b>  |   |                |                 |

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Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Financial assets at fair value through profit or loss |   |  | Fair value USD | % of net assets | Financial assets at fair value through profit or loss |   |                  | Fair value USD | % of net assets |
|---|---|--|----------------|-----------------|---|---|------------------|----------------|-----------------|
| 200,000   | General Motors Financial Co Inc FRN 13/04/2020      |  | 198,674        | 1.97            | 100,000   | United Parcel Service Inc FRN 01/04/2023  | 99,433           | 0.99           |                 |
| 100,000   | Goldman Sachs Group Inc/The FRN 27/12/2020          |  | 99,588         | 0.99            | 250,000   | Verizon Communications Inc FRN 15/05/2025 | 242,470          | 2.41           |                 |
| 200,000   | Goldman Sachs Group Inc/The FRN 26/04/2022          |  | 197,726        | 1.97            | 100,000   | Walt Disney Co/The 'MTN' FRN 05/06/2020   | 99,829           | 0.99           |                 |
| 200,000   | Goldman Sachs Group Inc/The FRN 23/02/2023          |  | 192,994        | 1.92            | 200,000   | Wells Fargo & Co FRN 11/02/2022           | 198,342          | 1.97           |                 |
| 100,000   | Goldman Sachs Group Inc/The 'GMTN' FRN 28/10/2027   |  | 97,125         | 0.97            | 200,000   | Wells Fargo & Co FRN 31/10/2023           | 198,878          | 1.98           |                 |
| 100,000   | Intel Corp FRN 11/05/2020                           |  | 99,641         | 0.99            |   | <b>Total United States</b>                | <b>6,128,372</b> | <b>60.89</b>   |                 |
|   | International Business Machines Corp FRN 27/01/2020 |  | 99,785         | 0.99            |   | <b>Total Bonds</b>                        | <b>9,995,472</b> | <b>99.31</b>   |                 |
| 100,000   | JPMorgan Chase & Co FRN 09/03/2021                  |  | 99,526         | 0.99            |   | <b>Total value of investments</b>         | <b>9,995,472</b> | <b>99.31</b>   |                 |
| 100,000   | JPMorgan Chase & Co FRN 01/06/2021                  |  | 99,434         | 0.99            |   |   |                  |                |                 |
| 150,000   | JPMorgan Chase & Co FRN 24/10/2023                  |  | 149,112        | 1.48            |   |   |                  |                |                 |
| 100,000   | JPMorgan Chase & Co FRN 23/07/2024                  |  | 97,464         | 0.97            |   |   |                  |                |                 |
| 250,000   | JPMorgan Chase Bank NA 'BKNT' FRN 01/02/2021        |  | 248,120        | 2.47            |   |   |                  |                |                 |
| 100,000   | Kraft Heinz Foods Co FRN 10/02/2021                 |  | 98,898         | 0.98            |   |   |                  |                |                 |
| 200,000   | Morgan Stanley FRN 20/01/2022                       |  | 199,734        | 1.99            |   |   |                  |                |                 |
| 100,000   | Morgan Stanley 'GMTN' FRN 10/02/2021                |  | 99,086         | 0.98            |   |   |                  |                |                 |
| 100,000   | Morgan Stanley 'GMTN' FRN 08/05/2024                |  | 98,460         | 0.98            |   |   |                  |                |                 |
| 100,000   | Morgan Stanley 'MTN' FRN 24/10/2023                 |  | 99,554         | 0.99            |   |   |                  |                |                 |
| 150,000   | Sempra Energy FRN 15/01/2021                        |  | 147,387        | 1.46            |   |   |                  |                |                 |
| 200,000   | Toyota Motor Credit Corp 'MTN' FRN 08/09/2022       |  | 198,536        | 1.97            |   |   |                  |                |                 |

| Details of Forward Foreign Exchange Contracts                           |           |     |                   |               |              | Unrealised Gain USD | % of net assets |      |
|---|-----------|-----|-------------------|---------------|--------------|---------------------|-----------------|------|
|   |           |     |                   | Maturity date | Counterparty |                     |                 |      |
| Buy   | 2,701,869 | EUR | to Sell 3,085,030 | USD           | 07/01/2019   | BNY Mellon          | 4,743           | 0.05 |
| <b>Total unrealised gain on open forward foreign exchange contracts</b> |           |     |                   |               |              | <b>4,743</b>        | <b>0.05</b>     |      |

|   | Fair value USD    | % of net assets |
|---|-------------------|-----------------|
| <b>Total financial liabilities at fair value through profit or loss</b> | <b>10,000,215</b> | <b>99.36</b>    |
| Cash and cash equivalents   | 14,055            | 0.14            |
| Current assets  | 51,416            | 0.51            |
| <b>Total assets</b>   | <b>10,065,686</b> | <b>100.01</b>   |

# Annual Report and Audited Financial Statements 2018

Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market.

| Details of Forward Foreign Exchange Contracts                           |        |     |         |       |     |               | Unrealised Loss USD | % of net assets |               |
|---|--------|-----|---------|-------|-----|---------------|---------------------|-----------------|---------------|
|   |        |     |         |       |     | Maturity date | Counterparty        |                 |               |
| Buy   | 10,166 | USD | to Sell | 8,931 | EUR | 07/01/2019    | BNY Mellon          | (47)            | (0.00)        |
| <b>Total unrealised loss on open forward foreign exchange contracts</b> |        |     |         |       |     |               |                     | <b>(47)</b>     | <b>(0.00)</b> |

|  | Fair value USD    | % of net assets |
|--|-------------------|-----------------|
| <b>Total financial liabilities at fair value through profit or loss</b>      | <b>(47)</b>       | <b>(0.00)</b>   |
| Current liabilities  | (914)             | (0.01)          |
| <b>Net assets attributable to holders of redeemable participating shares</b> | <b>10,064,725</b> | <b>100.00</b>   |

|  | % of total assets |
|--|-------------------|
| <b>Unaudited Analysis of Total Assets</b>  |                   |
| Transferable securities and money market instruments admitted to official stock exchange listing | 99.30             |
| Derivative instruments   | 0.05              |
| Other assets.  | 0.65              |
|  | <b>100.00</b>     |

# Invesco AT1 Capital Bond UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|   | Notes | Financial period ended 31 December 2018*<br>USD |
|---|-------|---|
| <b>Income</b>   |       |   |
| Interest from financial assets at fair value through profit and loss                | 3     | 1,763,961                                       |
| Net losses on financial assets and liabilities at fair value through profit or loss | 4     | (3,095,794)                                     |
| <b>Total investment expense</b>   |       | <b>(1,331,833)</b>                              |
| Operating expenses  | 5     | (113,025)                                       |
| <b>Net loss</b>   |       | <b>(1,444,858)</b>                              |
| <b>Finance costs</b>  |       |   |
| Distributions   |       | (450,383)                                       |
| Interest expense  |       | (18)  |
| <b>Loss for the financial period before tax</b>                                     |       | <b>(1,895,259)</b>                              |
| <b>Loss for the financial period</b>  |       | <b>(1,895,259)</b>                              |
| <b>Decrease in Net Assets Attributable to Holders of Redeemable Shares</b>          |       | <b>(1,895,259)</b>                              |

There are no recognised gains or losses arising in the financial period other than the decrease in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at 31 December 2018*<br>USD |
|--|---------|--------------------------------|
| <b>Current Assets</b>  |         |                                |
| <b>Assets at fair value through profit or loss</b>   |         |                                |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 54,180,477                     |
| <b>Loans and receivables</b>   |         |                                |
| Cash and cash equivalents  | 7       | 2,582,640                      |
| Interest from financial assets at fair value through profit and loss receivable                      | 8       | 1,007,069                      |
| <b>Total Current Assets</b>  |         | <b>57,770,186</b>              |
| <b>Current Liabilities</b>   |         |                                |
| <b>Liabilities at fair value through profit or loss</b>  |         |                                |
| Financial liabilities at fair value through profit or loss   | 1       | (4,404)                        |
| <b>Other financial liabilities</b>   |         |                                |
| Creditors (amounts falling due within one year)  | 9       | (19,634)                       |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(24,038)</b>                |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>57,746,148</b>              |

\* As the Fund launched on 20 June 2018, there are no comparative figures for the financial period ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|   | Notes     | Financial<br>period ended<br>31 December<br>2018*<br>USD |
|---|-----------|--|
| <b>Net Assets Attributable to Holders of Redeemable Shares at beginning of the financial period</b> |           | -  |
| Decrease in Net Assets Attributable to Holders of Redeemable Shares from operations                 |           | (1,895,259)  |
| Amounts received on issue of Redeemable Shares  |           | 83,315,103   |
| Amounts paid on redemption of Redeemable Shares   |           | (23,673,696)   |
| <b>Increase in Net Assets resulting from Share transactions</b>                                     |           | <b>59,641,407</b>  |
| <b>Net Assets Attributable to Holders of Redeemable Shares at the end of the financial period</b>   | <b>12</b> | <b>57,746,148</b>  |

## Statement of cash flows

|   | Notes    | Financial<br>period ended<br>31 December<br>2018*<br>USD |
|---|----------|--|
| <b>Cash flows from operating activities</b>                       |          |  |
| Proceeds from sale of investments                                 |          | 8,469,198  |
| Purchase of investments   |          | (65,494,313)   |
| Realised losses on foreign currency transactions                  |          | (402,701)  |
| Interest from Financial Assets at FVTPL received                  |          | 912,841  |
| Management fees paid  |          | (93,391)   |
| <b>Net cash outflow from operating activities</b>                 |          | <b>(56,608,366)</b>                                      |
| <b>Cash flows from financing activities</b>                       |          |  |
| Distributions paid  |          | (450,383)  |
| Interest paid   |          | (18)   |
| Proceeds from issue of Redeemable Shares                          |          | 83,315,103   |
| Payments of redemptions of redeemable shares                      |          | (23,673,696)   |
| <b>Net cash inflow from financing activities</b>                  |          | <b>59,191,006</b>  |
| <b>Net increase in cash and cash equivalents</b>                  |          | <b>2,582,640</b>   |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>7</b> | <b>2,582,640</b>   |

\* As the Fund launched on 20 June 2018, there are no comparative figures for the financial year ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.



# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial period ended 31 December 2018

### General information

#### Investment objective and policy

The Invesco AT1 Capital Bond UCITS ETF aims to achieve the performance of the iBoxx USD Contingent Convertible Liquid Developed Market AT1 (8/5% Issuer Cap) Index (the "Reference Index") less fees, expenses and transaction costs.

The Reference Index is designed to reflect the performance of USD-denominated contingent convertible bonds issued by banks from developed countries worldwide.

The functional currency of the Fund is US Dollar and the Fund is valued in US Dollar.

The Fund invests in convertible bonds.

The Fund launched on 20 June 2018.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notional of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

### A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial period ended 31 December 2018. These movements may be different from the long term volatility of the index.

### B) Foreign currency risk/interest rate risk

The Fund is not exposed to significant currency risk as there is no direct material currency exposure. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency risk.

As the majority of the Fund's assets are interest-bearing, it is exposed to this risk. The table below summarises the Fund's exposure to interest rate risk.

|  | Up to 1<br>year<br>USD | 1-5<br>years<br>USD | Over 5<br>years<br>USD | Non-interest<br>bearing<br>USD | Total as at<br>31 December 2018<br>USD |
|--|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>31 December 2018</b>                                  |                        |                     |                        |                                |  |
| <b>Current Assets</b>                                    |                        |                     |                        |                                |  |
| Financial assets at fair value<br>through profit or loss | 4,157,220              | 27,335,593          | 22,609,317             | 78,347                         | 54,180,477                             |
| Cash and cash equivalents                                | 2,582,640              | -                   | -                      | -                              | 2,582,640                              |
| Interest from financial assets<br>at FVTPL receivable    | -                      | -                   | -                      | 1,007,069                      | 1,007,069                              |
| <b>Total Assets</b>                                      | <b>6,739,860</b>       | <b>27,335,593</b>   | <b>22,609,317</b>      | <b>1,085,416</b>               | <b>57,770,186</b>                      |
| <b>Current Liabilities</b>                               |                        |                     |                        |                                |  |
| Financial assets at fair value<br>through profit or loss | -                      | -                   | -                      | (4,404)                        | (4,404)                                |
| Creditors (amounts falling<br>due within one year)       | (19,634)               | -                   | -                      | -                              | (19,634)                               |
| <b>Total Liabilities</b>                                 | <b>(19,634)</b>        | <b>-</b>            | <b>-</b>               | <b>(4,404)</b>                 | <b>(24,038)</b>                        |
| <b>Interest sensitivity gap</b>                          | <b>6,720,226</b>       | <b>27,335,593</b>   | <b>22,609,317</b>      |                                |  |

# Annual Report and Audited Financial Statements 2018

## 2. Financial risk management (continued)

### C) Liquidity risk

The following table analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in US Dollar.

| As at 31 December 2018                                     | Less than 7 days  | 7 days to 1 month | Total             |
|--|-------------------|-------------------|-------------------|
| Financial liabilities at fair value through profit or loss | -                 | 4,404             | 4,404             |
| Accrued expenses   | -                 | 19,634            | 19,634            |
| Net assets attributable to holders of Redeemable Shares    | 57,746,148        | -                 | 57,746,148        |
| <b>Total financial liabilities</b>                         | <b>57,746,148</b> | <b>24,038</b>     | <b>57,770,186</b> |

### D) Fair value

The table below analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in US Dollar.

| As at 31 December 2018                         | Level 1  | Level 2           | Level 3  |
|--|----------|-------------------|----------|
| <b>Assets</b>                                  |          |                   |          |
| <b>Financial assets held for trading:</b>      |          |                   |          |
| - Bonds  | -        | 54,102,130        | -        |
| - Forward Foreign Exchange Contracts           | -        | 78,347            | -        |
| <b>Total assets</b>                            | <b>-</b> | <b>54,180,477</b> | <b>-</b> |
| <b>Liabilities</b>                             |          |                   |          |
| <b>Financial liabilities held for trading:</b> |          |                   |          |
| - Forward Foreign Exchange Contracts           | -        | (4,404)           | -        |
| <b>Total liabilities</b>                       | <b>-</b> | <b>(4,404)</b>    | <b>-</b> |

The Fund did not hold any Level 3 instruments during the financial period. There were no transfers between Level 1 and Level 2 during the financial period.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

### E) Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty or issuer will default on its obligations resulting in financial loss to the Fund. The Fund's main credit risk concentration is in debt securities. The Investment Manager monitors the Fund's credit position on a daily basis.

As at 31 December 2018 the break-down of the bond related credit ratings was as follows:

| Credit Rating          | Rating %      |
|------------------------|---------------|
| A                      | 5.30%         |
| B                      | 14.96%        |
| BB                     | 42.97%        |
| BBB                    | 19.28%        |
| NR                     | 11.17%        |
| <b>Total Portfolio</b> | <b>93.68%</b> |

These percentages are based on the Equity Value of the Fund at year end. The ratings are from Standard & Poor's.

## 3. Income

|  | Financial period ended 31 December 2018 USD |
|--|---|
| Interest from financial assets at fair value through profit and loss | 1,763,961                                   |
|  | <b>1,763,961</b>                            |

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## 4. Net losses on financial assets and liabilities at fair value through profit or loss

|  | Financial<br>period ended<br>31 December<br>2018<br>USD |
|--|---|
| Realised losses on sale of investments                                 | (44,256)  |
| Realised losses on foreign currency transactions                       | (402,701)   |
| Net change in unrealised depreciation on investments                   | (2,722,780)   |
| Net change in unrealised appreciation on foreign currency transactions | 73,943  |
|  | <b>(3,095,794)</b>                                      |

## 5. Operating expenses

|                 | Financial<br>period ended<br>31 December<br>2018<br>USD |
|-----------------|---|
| Management fees | 113,025   |
|                 | <b>113,025</b>  |

All other expenses and fees of the Fund are paid by the Manager.

## 6. Distributions

Total amount distributed during the financial year ended 31 December 2018 amounted to USD 450,383.

## 7. Cash and cash equivalents

|  | As at<br>31 December<br>2018<br>USD |
|--|-------------------------------------|
| BNY Mellon Trust Company (Ireland) Limited | 2,582,640                           |
|  | <b>2,582,640</b>                    |

## 8. Debtors

|   | As at<br>31 December<br>2018<br>EUR |
|---|-------------------------------------|
| Interest from financial assets at fair value through profit and loss receivable | 1,007,069                           |
|   | <b>1,007,069</b>                    |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>USD |
|-----------------|-------------------------------------|
| Management fees | 19,634                              |
|                 | <b>19,634</b>                       |

All other expenses and fees of the Fund are paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

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## 11. Share capital

| Redeemable shares in issue | Financial period ended 31 December 2018<br>USD |
|----------------------------|--|
|----------------------------|--|

| Number of Class A Redeemable Shares Issued and Fully Paid                            |                  |
|--|------------------|
| Balance at beginning of financial period   | -                |
| Issued during financial period   | 2,805,000        |
| Redeemed during financial period   | (1,106,735)      |
| <b>Total number of Class A Redeemable Shares in issue at end of financial period</b> | <b>1,698,265</b> |

| Redeemable shares in issue | Financial period ended 31 December 2018<br>USD |
|----------------------------|--|
|----------------------------|--|

| Number of Class Euro Currency Hedge Redeemable Shares Issued and Fully Paid                            |                |
|--|----------------|
| Balance at beginning of financial period   | -              |
| Issued during financial period   | 1,005,631      |
| Redeemed during financial period   | (80,418)       |
| <b>Total number of Class Euro Currency Hedge Redeemable Shares in issue at end of financial period</b> | <b>925,213</b> |

| Redeemable shares in issue | Financial period ended 31 December 2018<br>USD |
|----------------------------|--|
|----------------------------|--|

| Number of Class GBP hgd Dist Shares Redeemable Shares Issued and Fully Paid                            |              |
|--|--------------|
| Balance at beginning of financial period   | -            |
| Issued during financial period   | 5,000        |
| <b>Total number of Class GBP hgd Dist Shares Redeemable Shares in issue at end of financial period</b> | <b>5,000</b> |

| Redeemable shares in issue | Financial period ended 31 December 2018<br>USD |
|----------------------------|--|
|----------------------------|--|

| Number of USD Unhgd Dist Shares Redeemable Shares Issued and Fully Paid                                |                |
|--|----------------|
| Balance at beginning of financial period   | -              |
| Issued during financial period   | 210,000        |
| <b>Total number of Class GBP hgd Dist Shares Redeemable Shares in issue at end of financial period</b> | <b>210,000</b> |

## 12. Net asset value

|  | As at 31 December 2018<br>USD |
|--|-------------------------------|
|--|-------------------------------|

|   |            |
|---|------------|
| <b>Total Net Asset Value</b>                        |            |
| Class A Redeemable Shares                           | 33,364,257 |
| Class Euro Currency Hedge Redeemable Shares         | 20,116,365 |
| Class GBP hgd Dist Shares Redeemable Shares         | 242,617    |
| Class USD Unhgd Dist Shares Redeemable Shares       | 4,022,909  |
| <b>Dealing Net Asset Value per Redeemable Share</b> |            |
| Class A Redeemable Shares                           | 19.6461    |
| Class Euro Currency Hedge Redeemable Shares         | 21.7424    |
| Class GBP hgd Dist Shares Redeemable Shares         | 48.5234    |
| Class USD Unhgd Dist Shares Redeemable Shares       | 19.1567    |

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## Schedule of investments

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Holdings                | Financial assets at fair value through profit or loss                           | Fair value USD   | % of net assets | Holdings                             | Financial assets at fair value through profit or loss   | Fair value USD   | % of net assets |
|-------------------------|---|------------------|-----------------|--------------------------------------|---|------------------|-----------------|
| <b>Bonds: 93.69%</b>    |   |                  |                 | <b>Italy: 2.46%</b>                  |   |                  |                 |
| <b>Australia: 4.43%</b> |   |                  |                 | <b>UniCredit SpA FRN (Perpetual)</b> |   |                  |                 |
| 1,300,000               | Australia & New Zealand Banking Group Ltd/United Kingdom 'REGS' FRN (Perpetual) | 1,275,625        | 2.21            | 1,600,000                            |   | 1,420,000        | 2.46            |
| 1,550,000               | Westpac Banking Corp/New Zealand FRN (Perpetual)                                | 1,285,318        | 2.22            | <b>Total Italy</b>                   |   |                  |                 |
| <b>Total Australia</b>  |   |                  |                 |                                      |   | <b>1,420,000</b> | <b>2.46</b>     |
| <b>Denmark: 2.85%</b>   |   |                  |                 | <b>Netherlands: 4.66%</b>            |   |                  |                 |
| 800,000                 | Danske Bank A/S FRN (Perpetual)   | 698,000          | 1.21            | 700,000                              | ING Groep NV FRN (Perpetual)                            | 679,980          | 1.18            |
| 1,050,000               | Danske Bank A/S FRN (Perpetual)   | 947,751          | 1.64            | 1,000,000                            | ING Groep NV FRN (Perpetual)                            | 993,750          | 1.72            |
| <b>Total Denmark</b>    |   |                  |                 | 1,100,000                            | ING Groep NV FRN (Perpetual)                            | 1,016,400        | 1.76            |
|                         |   | <b>1,645,751</b> | <b>2.85</b>     | <b>Total Netherlands</b>             |   |                  |                 |
| <b>Finland: 2.20%</b>   |   |                  |                 |                                      |   | <b>2,690,130</b> | <b>4.66</b>     |
| 1,300,000               | Nordea Bank Abp 'REGS' FRN (Perpetual)  | 1,267,500        | 2.20            | <b>Norway: 3.22%</b>                 |   |                  |                 |
| <b>Total Finland</b>    |   |                  |                 | 1,000,000                            | DNB Bank ASA FRN (Perpetual)                            | 975,500          | 1.69            |
|                         |   | <b>1,267,500</b> | <b>2.20</b>     | 900,000                              | DNB Bank ASA FRN (Perpetual)                            | 883,575          | 1.53            |
| <b>France: 16.97%</b>   |   |                  |                 | <b>Total Norway</b>                  |   |                  |                 |
| 700,000                 | BNP Paribas SA 'REGS' FRN (Perpetual)   | 713,125          | 1.23            |                                      |   | <b>1,859,075</b> | <b>3.22</b>     |
| 300,000                 | BNP Paribas SA 'REGS' FRN (Perpetual)   | 292,500          | 0.51            | <b>Spain: 2.98%</b>                  |   |                  |                 |
| 900,000                 | BNP Paribas SA 'REGS' FRN (Perpetual)   | 897,750          | 1.55            | 1,800,000                            | Banco Santander SA FRN (Perpetual)                      | 1,719,515        | 2.98            |
| 600,000                 | BNP Paribas SA 'REGS' FRN (Perpetual)   | 519,000          | 0.90            | <b>Total Spain</b>                   |   |                  |                 |
| 400,000                 | BNP Paribas SA 'REGS' FRN (Perpetual)   | 380,500          | 0.66            |                                      |   | <b>1,719,515</b> | <b>2.98</b>     |
| 500,000                 | Credit Agricole SA 'REGS' FRN (Perpetual)                                       | 488,055          | 0.85            | <b>Sweden: 6.55%</b>                 |   |                  |                 |
| 1,200,000               | Credit Agricole SA 'REGS' FRN (Perpetual)                                       | 1,198,433        | 2.08            | 1,400,000                            | Skandinaviska Enskilda Banken AB 'EMTN' FRN (Perpetual) | 1,362,822        | 2.36            |
| 900,000                 | Credit Agricole SA 'REGS' FRN (Perpetual)                                       | 924,750          | 1.60            | 1,500,000                            | Svenska Handelsbanken AB FRN (Perpetual)                | 1,443,750        | 2.50            |
| 700,000                 | Societe Generale SA 'REGS' FRN (Perpetual)                                      | 662,336          | 1.15            | 1,000,000                            | Swedbank AB FRN (Perpetual)                             | 973,388          | 1.69            |
| 750,000                 | Societe Generale SA 'REGS' FRN (Perpetual)                                      | 730,312          | 1.26            | <b>Total Sweden</b>                  |   |                  |                 |
| 700,000                 | Societe Generale SA 'REGS' FRN (Perpetual)                                      | 651,875          | 1.13            |                                      |   | <b>3,779,960</b> | <b>6.55</b>     |
| 900,000                 | Societe Generale SA 'REGS' FRN (Perpetual)                                      | 889,875          | 1.54            | <b>Switzerland: 15.39%</b>           |   |                  |                 |
| 600,000                 | Societe Generale SA 'REGS' FRN (Perpetual)                                      | 602,250          | 1.04            | 900,000                              | Credit Suisse Group AG FRN (Perpetual)                  | 888,750          | 1.54            |
| 1,000,000               | Societe Generale SA 'REGS' FRN (Perpetual)                                      | 850,250          | 1.47            | 1,000,000                            | Credit Suisse Group AG 'REGS' FRN (Perpetual)           | 975,000          | 1.69            |
| <b>Total France</b>     |   |                  |                 | 1,050,000                            | Credit Suisse Group AG 'REGS' FRN (Perpetual)           | 1,067,325        | 1.85            |
|                         |   | <b>9,801,011</b> | <b>16.97</b>    | 1,200,000                            | Credit Suisse Group AG 'REGS' FRN (Perpetual)           | 1,133,472        | 1.96            |
| <b>Germany: 4.47%</b>   |   |                  |                 | 450,000                              | Credit Suisse Group AG 'REGS' FRN (Perpetual)           | 424,507          | 0.73            |
| 1,600,000               | Deutsche Bank AG FRN (Perpetual)  | 1,277,734        | 2.21            | 700,000                              | UBS Group Funding Switzerland AG FRN (Perpetual)        | 701,750          | 1.21            |
| 1,600,000               | Deutsche Bank AG FRN (Perpetual)  | 1,306,000        | 2.26            | 600,000                              | UBS Group Funding Switzerland AG FRN (Perpetual)        | 600,000          | 1.04            |
| <b>Total Germany</b>    |   |                  |                 | 700,000                              | UBS Group Funding Switzerland AG FRN (Perpetual)        | 709,890          | 1.23            |
|                         |   | <b>2,583,734</b> | <b>4.47</b>     | 1,100,000                            | UBS Group Funding Switzerland AG FRN (Perpetual)        | 914,397          | 1.58            |
| <b>Italy: 2.46%</b>     |   |                  |                 | 600,000                              | UBS Group Funding Switzerland AG FRN (Perpetual)        | 610,500          | 1.06            |
| 1,600,000               | UniCredit SpA FRN (Perpetual)   | 1,420,000        | 2.46            | 900,000                              | UBS Group Funding Switzerland AG FRN (Perpetual)        | 864,000          | 1.50            |
| <b>Total Italy</b>      |   |                  |                 | <b>Total Switzerland</b>             |   |                  |                 |
|                         |   | <b>1,420,000</b> | <b>2.46</b>     |                                      |   | <b>8,889,591</b> | <b>15.39</b>    |

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## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Financial assets at fair<br>Holdings value through profit or loss | Fair value<br>USD | % of<br>net<br>assets | Financial assets at fair<br>Holdings value through profit or loss | Fair value<br>USD | % of<br>net<br>assets |
|---|-------------------|-----------------------|---|-------------------|-----------------------|
| <b>United Kingdom: 27.51%</b>                                     |                   |                       | 1,300,000 Royal Bank of Scotland Group Plc FRN (Perpetual)        | 1,345,500         | 2.33                  |
| 700,000 Barclays Plc FRN (Perpetual)                              | 682,150           | 1.18                  | 450,000 Royal Bank of Scotland Group Plc FRN (Perpetual)          | 448,875           | 0.78                  |
| 1,000,000 Barclays Plc FRN (Perpetual)                            | 1,000,000         | 1.73                  | 1,150,000 Standard Chartered Plc 'REGS' FRN (Perpetual)           | 1,125,562         | 1.95                  |
| 1,600,000 Barclays Plc FRN (Perpetual)                            | 1,539,072         | 2.67                  | 900,000 Standard Chartered Plc 'REGS' FRN (Perpetual)             | 902,250           | 1.56                  |
| 500,000 HSBC Holdings Plc FRN (Perpetual)                         | 484,375           | 0.84                  | 700,000 Standard Chartered Plc 'REGS' FRN (Perpetual)             | 689,500           | 1.19                  |
| 800,000 HSBC Holdings Plc FRN (Perpetual)                         | 822,200           | 1.42                  | <b>Total United Kingdom</b>                                       | <b>15,884,920</b> | <b>27.51</b>          |
| 850,000 HSBC Holdings Plc FRN (Perpetual)                         | 790,500           | 1.37                  | <b>Total Bonds</b>  | <b>54,102,130</b> | <b>93.69</b>          |
| 1,100,000 HSBC Holdings Plc FRN (Perpetual)                       | 1,056,000         | 1.83                  | <b>Total Value of Investments</b>                                 | <b>54,102,130</b> | <b>93.69</b>          |
| 1,300,000 HSBC Holdings Plc FRN (Perpetual)                       | 1,170,624         | 2.03                  |   |                   |                       |
| 1,540,000 Lloyds Banking Group Plc FRN (Perpetual)                | 1,485,792         | 2.57                  |   |                   |                       |
| 1,350,000 Lloyds Banking Group Plc FRN (Perpetual)                | 1,303,020         | 2.26                  |   |                   |                       |
| 1,050,000 Royal Bank of Scotland Group Plc FRN (Perpetual)        | 1,039,500         | 1.80                  |   |                   |                       |

| Details of Forward Foreign Exchange Contracts                           | Maturity date | Counterparty | Unrealised<br>Gain<br>USD | % of<br>net<br>assets |
|---|---------------|--------------|---------------------------|-----------------------|
| Buy 18,787,198 EUR to Sell 21,406,107 USD                               | 07/01/2019    | BNY Mellon   | 78,347                    | 0.13                  |
| <b>Total unrealised gain on open forward foreign exchange contracts</b> |               |              | <b>78,347</b>             | <b>0.13</b>           |

|  | Fair value<br>USD | % of<br>net<br>assets |
|--|-------------------|-----------------------|
| <b>Total financial assets at fair value through profit or loss</b> | <b>54,180,477</b> | <b>93.82</b>          |
| Cash and cash equivalents  | 2,582,640         | 4.47                  |
| Current assets   | 1,007,069         | 1.74                  |
| <b>Total assets</b>  | <b>57,770,186</b> | <b>100.03</b>         |

| Details of Forward Foreign Exchange Contracts                           | Maturity date | Counterparty | Unrealised<br>Loss<br>USD | % of<br>net<br>assets |
|---|---------------|--------------|---------------------------|-----------------------|
| Buy 2,731 USD to Sell 2,162 GBP   | 07/01/2019    | BNY Mellon   | (23)                      | (0.00)                |
| Buy 1,281,217 USD to Sell 1,122,970 EUR                                 | 07/01/2019    | BNY Mellon   | (2,977)                   | (0.00)                |
| Buy 192,897 GBP to Sell 247,130 USD                                     | 07/01/2019    | BNY Mellon   | (1,404)                   | (0.00)                |
| <b>Total unrealised loss on open forward foreign exchange contracts</b> |               |              | <b>(4,404)</b>            | <b>(0.00)</b>         |

|  | Fair value<br>USD | % of<br>net<br>assets |
|--|-------------------|-----------------------|
| <b>Total financial liabilities at fair value through profit or loss</b>      | <b>(4,404)</b>    | <b>(0.00)</b>         |
| Current liabilities  | (19,634)          | (0.03)                |
| <b>Net assets attributable to holders of redeemable participating shares</b> | <b>57,746,148</b> | <b>100.00</b>         |

|   | % of<br>total<br>assets |
|---|-------------------------|
| <b>Unaudited Analysis of Total Assets</b>   |                         |
| Transferable securities and money market instruments admitted to official stock exchange listing. | 93.65                   |
| Derivative instruments.   | 0.14                    |
| Other assets.   | 6.21                    |
| <b>Total</b>  | <b>100.00</b>           |

# Invesco Variable Rate Preferred Shares UCITS ETF

## Annual Report and Audited Financial Statements 2018

### Statement of comprehensive income

|   | Notes | Financial period ended 31 December 2018*<br>USD |
|---|-------|---|
| <b>Income</b>   |       |   |
| Dividend Income   | 3     | 224,137   |
| Interest from financial assets at fair value through profit and loss                |       | 446,591   |
| Net losses on financial assets and liabilities at fair value through profit or loss | 4     | (3,884,626)                                     |
| <b>Total investment expense</b>   |       | <b>(3,213,898)</b>                              |
| Operating expenses  | 5     | (75,838)  |
| <b>Net expense</b>  |       | <b>(3,289,736)</b>                              |
| <b>Finance costs</b>  |       |   |
| Distributions   | 6     | (9,457)   |
| Interest expense  |       | (2)   |
| <b>Loss for the financial period before tax</b>                                     |       | <b>(3,299,195)</b>                              |
| Non-reclaimable withholding tax   |       | (44,026)  |
| <b>Loss for the financial period</b>  |       | <b>(3,343,221)</b>                              |
| <b>Decrease in Net Assets Attributable to Holders of Redeemable Shares</b>          |       | <b>(3,343,221)</b>                              |

There are no recognised gains or losses arising in the financial period other than the decrease in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial period, all amounts above relate to continuing operations.

### Statement of financial position

|  | Notes   | As at 31 December 2018*<br>USD |
|--|---------|--------------------------------|
| <b>Current Assets</b>  |         |                                |
| <b>Assets at fair value through profit or loss</b>   |         |                                |
| Financial assets at fair value through profit or loss  | 1, 2(d) | 59,135,253                     |
| <b>Loans and receivables</b>   |         |                                |
| Cash and cash equivalents  | 7       | 532,593                        |
| Dividend income receivable   | 8       | 53,375                         |
| Interest from financial assets at fair value through profit and loss receivable                      | 8       | 553,239                        |
| <b>Total Current Assets</b>  |         | <b>60,274,460</b>              |
| <b>Current Liabilities</b>   |         |                                |
| <b>Other financial liabilities</b>   |         |                                |
| Creditors (amounts falling due within one year)  | 9       | (44,373)                       |
| <b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b> |         | <b>(44,373)</b>                |
| <b>Net Assets Attributable to Holders of Redeemable Shares</b>                                       |         | <b>60,230,087</b>              |

\* As the Fund launched on 3 October 2018, there are no comparative figures for the financial period ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.

# Annual Report and Audited Financial Statements 2018

## Statement of changes in net assets attributable to holders of redeemable shares

|   | Notes     | Financial<br>period ended<br>31 December<br>2018*<br>USD |
|---|-----------|--|
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at beginning of the financial period</b> |           |  |
| Decrease in Net Assets Attributable to<br>Holders of Redeemable Shares from operations                  |           | (3,343,221)  |
| Amounts received on issue of Redeemable Shares  |           | 122,831,257  |
| Amounts paid on redemption of Redeemable Shares   |           | (59,257,949)   |
| <b>Increase in Net Assets resulting from Share transactions</b>   |           | <b>63,573,308</b>  |
| <b>Net Assets Attributable to Holders of Redeemable Shares<br/>at the end of the financial period</b>   | <b>12</b> | <b>60,230,087</b>  |

## Statement of cash flows

|   | Notes    | Financial<br>period ended<br>31 December<br>2018*<br>USD |
|---|----------|--|
| <b>Cash flows from operating activities</b>                         |          |  |
| Proceeds from sale of investments                                   |          | 555,388  |
| Purchase of investments   |          | (63,602,265)   |
| Dividend income received  |          | 170,762  |
| Interest from Financial Assets at FVTPL received                    |          | (79,650)   |
| Management fees paid  |          | (31,465)   |
| Non-reclaimable withholding tax                                     |          | (44,026)   |
| <b>Net cash outflow from operating activities</b>                   |          | <b>(63,031,256)</b>                                      |
| <b>Cash flows from financing activities</b>                         |          |  |
| Distributions paid  |          | (9,457)  |
| Interest paid   |          | (2)  |
| Proceeds from issue of Redeemable Shares                            |          | 122,831,257  |
| Payments of redemptions of redeemable shares                        |          | (59,257,949)   |
| <b>Net cash inflow from financing activities</b>                    |          | <b>63,563,849</b>  |
| <b>Net increase in cash and cash equivalents</b>                    |          | <b>532,593</b>   |
| <b>Cash and cash equivalents at the end of the financial period</b> | <b>7</b> | <b>532,593</b>   |

\* As the Fund launched on 3 October 2018, there are no comparative figures for the financial year ended 31 December 2017.

The accompanying notes form an integral part of the Financial Statements.



# Annual Report and Audited Financial Statements 2018

## Notes to the Financial Statements

For the financial period ended 31 December 2018

### General information

#### Investment objective and policy

The Invesco Variable Rate Preferred Shares UCITS ETF aims to achieve the performance of the Wells Fargo Diversified Hybrid and Preferred Securities Floating and Variable Rate Net Total Return Index (the "Reference Index") less fees, expenses and transaction costs.

The Reference Index is designed to track the performance of the U.S. trading market for floating and variable rate preferred and hybrid securities.

The functional currency of the Fund is US Dollar and the Fund is valued in US Dollar.

The Fund invests in preferred shares and convertible bonds.

The Fund launched on 3 October 2018.

### 1. Significant accounting policies

See pages 34 to 39 for significant accounting policies.

### 2. Financial risk management

See pages 39 to 41 for general notes. The risk management technique applying to this Fund is the Commitment Approach. The commitment is calculated in line with ESMA Guidelines 10-788. This ratio merely reflects the usage of all financial derivative instruments of the relevant Fund and is calculated using the sum of notionals of all financial derivative instruments, netting and hedging arrangements being considered to reduce exposure. A sensitivity analysis is presented below to reflect the Commitment Approach which represents the interest rate risk maturity profile for the Fund.

### A) Other price risk - sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial period ended 31 December 2018. These movements may be different from the long term volatility of the index.

### B) Foreign currency risk/interest rate risk

The Fund is not exposed to significant currency risk as there is no direct material currency exposure. As a result, no sensitivity analysis or exposure tables have been disclosed for foreign currency risk.

As the majority of the Fund's assets are interest-bearing, it is exposed to this risk. The table below summarises the Fund's exposure to interest rate risk.

| 31 December 2018                                      | Up to 1<br>year<br>USD | 1-5<br>years<br>USD | Over 5<br>years<br>USD | Non-interest<br>bearing<br>USD | Total as at<br>31 December 2018<br>USD |
|---|------------------------|---------------------|------------------------|--------------------------------|--|
| <b>Current Assets</b>                                 |                        |                     |                        |                                |  |
| Financial assets at fair value through profit or loss | 7,225,388              | 13,949,181          | 21,996,302             | 15,964,382                     | 59,135,253                             |
| Cash and cash equivalents                             | 532,593                | -                   | -                      | -                              | 532,593                                |
| Dividend income receivable                            | -                      | -                   | -                      | 53,375                         | 53,375                                 |
| Interest from financial assets at FVTPL receivable    | -                      | -                   | -                      | 553,239                        | 553,239                                |
| <b>Total Assets</b>                                   | <b>7,757,981</b>       | <b>13,949,181</b>   | <b>21,996,302</b>      | <b>16,570,996</b>              | <b>60,274,460</b>                      |
| <b>Current Liabilities</b>                            |                        |                     |                        |                                |  |
| Creditors (amounts falling due within one year)       | (44,373)               | -                   | -                      | -                              | (44,373)                               |
| <b>Total Liabilities</b>                              | <b>(44,373)</b>        | <b>-</b>            | <b>-</b>               | <b>-</b>                       | <b>(44,373)</b>                        |
| <b>Interest sensitivity gap</b>                       | <b>7,713,608</b>       | <b>13,949,181</b>   | <b>21,996,302</b>      |                                |  |

# Annual Report and Audited Financial Statements 2018

## 2. Financial risk management (continued)

### C) Liquidity risk

The following table analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in US Dollar.

| As at 31 December 2018                                  | Less than 7 days  | 7 days to 1 month | Total             |
|---|-------------------|-------------------|-------------------|
| Accrued expenses  | -                 | 44,373            | 44,373            |
| Net assets attributable to holders of Redeemable Shares | 60,230,087        | -                 | 60,230,087        |
| <b>Total financial liabilities</b>                      | <b>60,230,087</b> | <b>44,373</b>     | <b>60,274,460</b> |

### D) Fair value

The table below analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in US Dollar.

| As at 31 December 2018                    | Level 1           | Level 2           | Level 3  |
|---|-------------------|-------------------|----------|
| <b>Assets</b>                             |                   |                   |          |
| <b>Financial assets held for trading:</b> |                   |                   |          |
| - Equities                                | 15,964,382        | -                 | -        |
| - Bonds                                   | -                 | 43,170,871        | -        |
| <b>Total assets</b>                       | <b>15,964,382</b> | <b>43,170,871</b> | <b>-</b> |

The Fund did not hold any Level 3 instruments during the financial period. There were no transfers between Level 1 and Level 2 during the financial period.

Investments, whose values are based on quoted market prices in active markets and therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

The Schedule of investments shows the investments split by country of origin.

### E) Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty or issuer will default on its obligations resulting in financial loss to the Fund. The Fund's main credit risk concentration is in debt securities. The Investment Manager monitors the Fund's credit position on a daily basis.

As at 31 December 2018 the break-down of the bond related credit ratings was as follows:

| Credit Rating          | Rating %      |
|------------------------|---------------|
| A                      | 0.21%         |
| BB                     | 18.84%        |
| BBB                    | 51.27%        |
| NR                     | 1.35%         |
| <b>Total Portfolio</b> | <b>71.67%</b> |

These percentages are based on the Equity Value of the Fund at year end. The ratings are from Standard & Poor's.

## 3. Income

|  | Financial period ended 31 December 2018 USD |
|--|---|
| Dividend income  | 224,137                                     |
| Interest from financial assets at fair value through profit and loss | 446,591                                     |
|  | <b>670,728</b>                              |

## 4. Net losses on financial assets and liabilities at fair value through profit or loss

|  | Financial period ended 31 December 2018 USD |
|--|---|
| Realised losses on foreign currency transactions     | (2,907)                                     |
| Net change in unrealised depreciation on investments | (3,881,719)                                 |
|  | <b>(3,884,626)</b>                          |

# Annual Report and Audited Financial Statements 2018

## 5. Operating expenses

|                 | Financial<br>period ended<br>31 December<br>2018<br>USD |
|-----------------|---|
| Management fees | 75,838  |
|                 | <b>75,838</b>   |

All other expenses and fees of the Fund are paid by the Manager.

## 6. Distributions

Total amount distributed during the financial year ended 31 December 2018 amounted to USD 9,457.

## 7. Cash and cash equivalents

|   | As at<br>31 December<br>2018<br>USD |
|---|-------------------------------------|
| BNY Mellon Trust Company<br>(Ireland) Limited | 532,593                             |
|   | <b>532,593</b>                      |

## 8. Debtors

|   | As at<br>31 December<br>2018<br>USD |
|---|-------------------------------------|
| Dividend income receivable  | 53,375                              |
| Interest from financial assets<br>at fair value through profit<br>and loss receivable | 553,239                             |
|   | <b>606,614</b>                      |

## 9. Creditors (amounts falling due within one year)

|                 | As at<br>31 December<br>2018<br>USD |
|-----------------|-------------------------------------|
| Management fees | 44,373                              |
|                 | <b>44,373</b>                       |

All other expenses and fees of the Fund are paid by the Manager.

## 10. Operating segment

IFRS 8 requires disclosures in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income. Management have determined the CODM is the Board of Directors.

## 11. Share capital

|                               | Financial<br>period ended<br>31 December<br>2018<br>USD |
|-------------------------------|---|
| Redeemable<br>shares in issue |   |

### Number of Class A Redeemable Shares

| Issued and Fully Paid  |               |
|--|---------------|
| Balance at beginning of<br>financial period  | -             |
| Issued during financial period   | 1,595,000     |
| Redeemed during financial period   | (1,559,000)   |
| <b>Total number of Class A<br/>Redeemable Shares in issue at end<br/>of financial period</b> | <b>36,000</b> |

|                               | Financial<br>period ended<br>31 December<br>2018<br>USD |
|-------------------------------|---|
| Redeemable<br>shares in issue |   |

### Number of Class B Redeemable Shares

| Issued and Fully Paid  |                  |
|--|------------------|
| Balance at beginning of<br>financial period  | -                |
| Issued during financial period   | 1,490,000        |
| <b>Total number of Class B<br/>Redeemable Shares in issue at end<br/>of financial period</b> | <b>1,490,000</b> |

## 12. Net asset value

|   | As at<br>31 December<br>2018<br>USD |
|---|-------------------------------------|
| <b>Total Net Asset Value</b>                            |                                     |
| Class A Redeemable Shares                               | 1,345,343                           |
| Class B Redeemable Shares                               | 58,884,744                          |
| <b>Dealing Net Asset Value<br/>per Redeemable Share</b> |                                     |
| Class A Redeemable Shares                               | 37.3706                             |
| Class B Redeemable Shares                               | 39.5200                             |

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## Schedule of investments

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Holdings                       | Financial assets at fair value through profit or loss                | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss                 | Fair value USD | % of net assets |
|--------------------------------|--|----------------|-----------------|----------|---|----------------|-----------------|
| <b>Equities: 26.50%</b>        |  |                |                 | 12,076   | Annaly Capital Management Inc - Preferred Stock FRN (Perpetual) 6.95% | 299,002        | 0.50            |
| <b>Bermuda: 0.55%</b>          |  |                |                 | 6,845    | Annaly Capital Management Inc - Preferred Stock FRN (Perpetual) 6.5%  | 159,009        | 0.26            |
| 4,443                          | Aspen Insurance Holdings Ltd - Preferred Stock FRN (Perpetual) 5.95% | 100,545        | 0.17            | 17,009   | Bank of America Corp - Preferred Stock FRN 6.45%                      | 428,627        | 0.71            |
| 6,470                          | Enstar Group Ltd - Preferred Stock FRN (Perpetual) 7%                | 151,398        | 0.25            | 4,630    | Bank of America Corp - Preferred Stock FRN (Perpetual) 3.357%         | 86,025         | 0.14            |
| 1,869                          | Tsakos Energy Navigation Ltd - Preferred Stock FRN (Perpetual) 9.25% | 33,025         | 0.06            | 6,525    | Bank of America Corp - Preferred Stock FRN (Perpetual) 4%             | 136,503        | 0.23            |
| 2,413                          | Tsakos Energy Navigation Ltd - Preferred Stock FRN (Perpetual) 9.5%  | 44,182         | 0.07            | 3,207    | Bank of America Corp - Preferred Stock FRN (Perpetual) 4%             | 66,513         | 0.11            |
| <b>Total Bermuda</b>           |  | <b>329,150</b> | <b>0.55</b>     | 4,940    | Bank of America Corp - Preferred Stock FRN (Perpetual) 4%             | 98,553         | 0.16            |
| <b>Canada: 0.64%</b>           |  |                |                 | 5,258    | Chimera Investment Corp - Preferred Stock FRN (Perpetual) 8%          | 134,342        | 0.22            |
| 4,876                          | Algonquin Power & Utilities Corp - Preferred Stock FRN 6.875%        | 121,754        | 0.20            | 4,213    | Chimera Investment Corp - Preferred Stock FRN (Perpetual) 7.75%       | 103,303        | 0.17            |
| 10,019                         | Enbridge Inc - Preferred Stock FRN 6.375%                            | 235,847        | 0.39            | 6,815    | CHS Inc - Preferred Stock FRN (Perpetual) 7.1%                        | 168,262        | 0.28            |
| 1,618                          | Just Energy Group Inc - Preferred Stock FRN (Perpetual) 8.5%         | 29,836         | 0.05            | 7,929    | CHS Inc - Preferred Stock FRN (Perpetual) 6.75%                       | 190,772        | 0.32            |
| <b>Total Canada</b>            |  | <b>387,437</b> | <b>0.64</b>     | 29,670   | Citigroup Capital XIII - Preferred Stock FRN 8.89%                    | 784,178        | 1.30            |
| <b>Marshall Islands: 0.45%</b> |  |                |                 | 12,579   | Citigroup Inc - Preferred Stock FRN (Perpetual) 7.125%                | 329,444        | 0.55            |
| 1,868                          | GasLog Partners LP - Preferred Stock FRN (Perpetual) 8.2%            | 37,976         | 0.06            | 19,776   | Citigroup Inc - Preferred Stock FRN (Perpetual) 6.875%                | 518,527        | 0.86            |
| 1,700                          | GasLog Partners LP - Preferred Stock FRN (Perpetual) 8.5%            | 34,459         | 0.06            | 1,615    | Compass Diversified Holdings - Preferred Stock FRN (Perpetual) 7.875% | 30,766         | 0.05            |
| 2,340                          | GasLog Partners LP - Preferred Stock FRN (Perpetual) 8.625%          | 51,106         | 0.08            | 2,602    | DCP Midstream LP - Preferred Stock FRN (Perpetual) 7.875%             | 56,411         | 0.09            |
| 2,410                          | Seaspan Corp - Preferred Stock FRN (Perpetual) 8%                    | 52,779         | 0.09            | 1,619    | DCP Midstream LP - Preferred Stock FRN (Perpetual) 7.95%              | 35,424         | 0.06            |
| 2,752                          | Teekay LNG Partners LP - Preferred Stock FRN (Perpetual) 8.5%        | 60,104         | 0.10            | 7,256    | Energy Transfer Operating LP - Preferred Stock FRN (Perpetual) 7.375% | 159,705        | 0.26            |
| 1,936                          | Teekay Offshore Partners LP - Preferred Stock FRN (Perpetual) 8.875% | 34,654         | 0.06            | 7,197    | Energy Transfer Operating LP - Preferred Stock FRN (Perpetual) 7.625% | 164,955        | 0.27            |
| <b>Total Marshall Islands</b>  |  | <b>271,078</b> | <b>0.45</b>     | 1,936    | Exantas Capital Corp - Preferred Stock FRN (Perpetual) 8.625%         | 46,464         | 0.08            |
| <b>Netherlands: 0.12%</b>      |  |                |                 | 7,616    | Fifth Third Bancorp - Preferred Stock FRN (Perpetual) 6.625%          | 197,026        | 0.33            |
| 4,025                          | Aegon NV - Preferred Stock FRN (Perpetual) 4%                        | 75,831         | 0.12            | 1,778    | FNB Corp/PA - Preferred Stock FRN (Perpetual) 7.25%                   | 46,104         | 0.08            |
| <b>Total Netherlands</b>       |  | <b>75,831</b>  | <b>0.12</b>     | 44,857   | GMAC Capital Trust I - Preferred Stock FRN 8.401%                     | 1,137,125      | 1.89            |
| <b>Spain: 0.18%</b>            |  |                |                 | 8,438    | Goldman Sachs Group Inc/The - Preferred Stock FRN (Perpetual) 3.75%   | 148,171        | 0.25            |
| 5,671                          | Banco Santander SA - Preferred Stock FRN (Perpetual) 4%              | 108,827        | 0.18            | 2,251    | Goldman Sachs Group Inc/The - Preferred Stock FRN (Perpetual) 4%      | 41,193         | 0.07            |
| <b>Total Spain</b>             |  | <b>108,827</b> | <b>0.18</b>     | 15,727   | Goldman Sachs Group Inc/The - Preferred Stock FRN (Perpetual) 4%      | 275,222        | 0.46            |
| <b>United States: 24.56%</b>   |  |                |                 | 11,606   | Goldman Sachs Group Inc/The - Preferred Stock FRN (Perpetual) 5.5%    | 280,865        | 0.47            |
| 5,264                          | AGNC Investment Corp - Preferred Stock FRN (Perpetual) 7%            | 133,074        | 0.22            |          |   |                |                 |
| 8,083                          | Allstate Corp/The - Preferred Stock FRN 5.1%                         | 192,699        | 0.32            |          |   |                |                 |

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## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Holdings | Financial assets at fair value through profit or loss                         | Fair value USD | % of net assets | Holdings | Financial assets at fair value through profit or loss                | Fair value USD    | % of net assets |
|----------|---|----------------|-----------------|----------|--|-------------------|-----------------|
| 8,236    | Goldman Sachs Group Inc/The - Preferred Stock FRN (Perpetual) 6.375%          | 209,194        | 0.35            | 4,851    | SCE Trust V - Preferred Stock FRN (Perpetual) 5.45%                  | 101,289           | 0.17            |
| 10,014   | Hartford Financial Services Group Inc/The - Preferred Stock FRN 7.875%        | 273,883        | 0.45            | 12,493   | State Street Corp - Preferred Stock FRN (Perpetual) 5.9%             | 305,829           | 0.51            |
| 6,495    | Integrus Holding Inc - Preferred Stock FRN 6%                                 | 154,419        | 0.26            | 8,481    | State Street Corp - Preferred Stock FRN (Perpetual) 5.35%            | 202,526           | 0.34            |
| 8,080    | KeyCorp - Preferred Stock FRN (Perpetual) 6.125%                              | 208,626        | 0.35            | 2,791    | SunTrust Banks Inc - Preferred Stock FRN (Perpetual) 4%              | 55,708            | 0.09            |
| 10,131   | MetLife Inc - Preferred Stock FRN (Perpetual) 4%                              | 212,042        | 0.35            | 3,235    | Synovus Financial Corp - Preferred Stock FRN (Perpetual) 6.3%        | 77,769            | 0.13            |
| 15,983   | Morgan Stanley - Preferred Stock FRN (Perpetual) 4%                           | 303,038        | 0.50            | 2,027    | Targa Resources Partners LP - Preferred Stock FRN (Perpetual) 9%     | 51,993            | 0.09            |
| 12,526   | Morgan Stanley - Preferred Stock FRN (Perpetual) 7.125%                       | 330,311        | 0.55            | 4,760    | Two Harbors Investment Corp - Preferred Stock FRN (Perpetual) 7.25%  | 114,097           | 0.19            |
| 12,368   | Morgan Stanley - Preferred Stock FRN (Perpetual) 6.875%                       | 320,331        | 0.53            | 2,320    | Two Harbors Investment Corp - Preferred Stock FRN (Perpetual) 8.125% | 60,668            | 0.10            |
| 14,515   | Morgan Stanley - Preferred Stock FRN (Perpetual) 6.375%                       | 366,213        | 0.61            | 4,661    | Two Harbors Investment Corp - Preferred Stock FRN (Perpetual) 7.625% | 115,686           | 0.19            |
| 14,608   | Morgan Stanley - Preferred Stock FRN (Perpetual) 5.85%                        | 354,682        | 0.59            | 16,737   | US Bancorp - Preferred Stock FRN (Perpetual) 3.5%                    | 313,317           | 0.52            |
| 8,679    | New York Community Bancorp Inc - Preferred Stock FRN (Perpetual) 6.375%       | 198,055        | 0.33            | 18,327   | US Bancorp - Preferred Stock FRN (Perpetual) 6.5%                    | 485,299           | 0.81            |
| 2,191    | New York Mortgage Trust Inc - Preferred Stock FRN (Perpetual) 8%              | 47,983         | 0.08            | 1,622    | Valley National Bancorp - Preferred Stock FRN (Perpetual) 5.5%       | 36,106            | 0.06            |
| 3,395    | NGL Energy Partners LP - Preferred Stock FRN (Perpetual) 9%                   | 71,804         | 0.12            | 1,867    | Valley National Bancorp - Preferred Stock FRN (Perpetual) 6.25%      | 44,808            | 0.07            |
| 8,000    | NiSource Inc - Preferred Stock FRN (Perpetual) 6.5%                           | 200,320        | 0.33            | 27,700   | Wells Fargo & Co - Preferred Stock FRN (Perpetual) 5.85%             | 680,589           | 1.13            |
| 3,673    | NuStar Energy LP - Preferred Stock FRN (Perpetual) 8.5%                       | 71,293         | 0.12            | 13,441   | Wells Fargo & Co - Preferred Stock FRN (Perpetual) 6.625%            | 353,229           | 0.59            |
| 6,251    | NuStar Energy LP - Preferred Stock FRN (Perpetual) 7.625%                     | 112,580        | 0.19            | 2,025    | Wintrust Financial Corp - Preferred Stock FRN (Perpetual) 6.5%       | 50,827            | 0.08            |
| 2,795    | NuStar Energy LP - Preferred Stock FRN (Perpetual) 9%                         | 57,353         | 0.09            | 2,225    | Zions Bancorp NA - Preferred Stock FRN (Perpetual) 6.3%              | 56,070            | 0.09            |
| 6,525    | NuStar Logistics LP - Preferred Stock FRN 9.521%                              | 155,556        | 0.26            |          | <b>Total United States</b>   | <b>14,792,059</b> | <b>24.56</b>    |
| 1,869    | PennyMac Mortgage Investment Trust - Preferred Stock FRN (Perpetual) 8.125%   | 44,426         | 0.07            |          | <b>Total Equities</b>  | <b>15,964,382</b> | <b>26.50</b>    |
| 3,164    | PennyMac Mortgage Investment Trust - Preferred Stock FRN (Perpetual) 8%       | 74,196         | 0.12            |          | <b>Bonds: 71.68%</b>   |                   |                 |
| 4,028    | People's United Financial Inc - Preferred Stock FRN (Perpetual) 5.625%        | 89,462         | 0.15            | 320,000  | Enbridge Inc FRN 15/01/2077  | 285,600           | 0.47            |
| 25,271   | PNC Financial Services Group Inc/The - Preferred Stock FRN (Perpetual) 6.125% | 650,475        | 1.08            | 420,000  | Enbridge Inc FRN 15/07/2077  | 353,850           | 0.59            |
| 8,471    | Regions Financial Corp - Preferred Stock FRN (Perpetual) 6.375%               | 209,996        | 0.35            | 365,000  | Enbridge Inc FRN 01/03/2078  | 326,675           | 0.54            |
| 6,439    | Reinsurance Group of America Inc - Preferred Stock FRN 6.2%                   | 161,104        | 0.27            | 420,000  | TransCanada PipeLines Ltd FRN 15/05/2067                             | 341,775           | 0.57            |
| 6,472    | Reinsurance Group of America Inc - Preferred Stock FRN 5.75%                  | 152,416        | 0.25            | 310,000  | TransCanada Trust FRN 20/05/2075                                     | 281,325           | 0.47            |
| 4,435    | SCE Trust III - Preferred Stock FRN (Perpetual) 5.75%                         | 102,626        | 0.17            | 505,000  | TransCanada Trust FRN 15/08/2076                                     | 474,069           | 0.79            |
| 5,202    | SCE Trust IV - Preferred Stock FRN (Perpetual) 5.375%                         | 105,601        | 0.17            | 635,000  | TransCanada Trust FRN 15/03/2077                                     | 548,192           | 0.91            |
|          |   |                |                 |          | <b>Total Canada</b>  | <b>2,611,486</b>  | <b>4.34</b>     |
|          |   |                |                 |          | <b>Netherlands: 0.52%</b>  |                   |                 |
|          |   |                |                 | 340,000  | Aegon NV FRN 11/04/2048  | 311,950           | 0.52            |
|          |   |                |                 |          | <b>Total Netherlands</b>   | <b>311,950</b>    | <b>0.52</b>     |

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## Schedule of investments (continued)

As at 31 December 2018

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. As the Fund launched during the financial period, there are no comparative percentage holdings.

| Holdings                     | Financial assets at fair value through profit or loss | Fair value USD | % of net assets | Holdings  | Financial assets at fair value through profit or loss            | Fair value USD | % of net assets |
|------------------------------|---|----------------|-----------------|-----------|--|----------------|-----------------|
| <b>United States: 66.82%</b> |   |                |                 | 230,000   | Energy Transfer Operating LP FRN (Perpetual)                     | 191,679        | 0.32            |
| 340,000                      | Allstate Corp/The FRN 15/08/2053                      | 332,775        | 0.55            | 285,000   | Enterprise Products Operating LLC FRN 16/08/2077                 | 234,107        | 0.39            |
| 310,000                      | American Express Co FRN (Perpetual)                   | 306,125        | 0.51            | 420,000   | Enterprise Products Operating LLC FRN 16/08/2077                 | 351,730        | 0.58            |
| 360,000                      | American Express Co FRN (Perpetual)                   | 346,088        | 0.57            | 295,000   | Enterprise Products Operating LLC FRN 15/02/2078                 | 245,240        | 0.41            |
| 320,000                      | American International Group Inc FRN 01/04/2048       | 283,060        | 0.47            | 100,000   | Everest Reinsurance Holdings Inc FRN 15/05/2037                  | 87,625         | 0.15            |
| 255,000                      | Andeavor Logistics LP FRN (Perpetual)                 | 228,225        | 0.38            | 250,000   | Fifth Third Bancorp FRN (Perpetual)                              | 218,125        | 0.36            |
| 175,000                      | Assurant Inc FRN 27/03/2048                           | 165,100        | 0.27            | 2,360,000 | General Electric Co FRN (Perpetual)                              | 1,803,925      | 3.00            |
| 590,000                      | Bank of America Corp FRN (Perpetual)                  | 581,150        | 0.96            | 420,000   | General Motors Financial Co Inc FRN (Perpetual)                  | 339,150        | 0.56            |
| 395,000                      | Bank of America Corp FRN (Perpetual)                  | 380,187        | 0.63            | 215,000   | General Motors Financial Co Inc FRN (Perpetual)                  | 182,213        | 0.30            |
| 800,000                      | Bank of America Corp FRN (Perpetual)                  | 792,000        | 1.32            | 225,000   | Goldman Sachs Capital II FRN (Perpetual)                         | 151,864        | 0.25            |
| 565,000                      | Bank of America Corp FRN (Perpetual)                  | 581,950        | 0.97            | 375,000   | Goldman Sachs Group Inc/The FRN (Perpetual)                      | 371,250        | 0.62            |
| 765,000                      | Bank of America Corp FRN (Perpetual)                  | 761,175        | 1.26            | 570,000   | Goldman Sachs Group Inc/The FRN (Perpetual)                      | 552,900        | 0.92            |
| 405,000                      | Bank of America Corp FRN (Perpetual)                  | 414,619        | 0.69            | 425,000   | Goldman Sachs Group Inc/The FRN (Perpetual)                      | 360,188        | 0.60            |
| 940,000                      | Bank of America Corp FRN (Perpetual)                  | 864,800        | 1.44            | 195,000   | Goldman Sachs Group Inc/The FRN (Perpetual)                      | 174,281        | 0.29            |
| 420,000                      | Bank of New York Mellon Corp/The FRN (Perpetual)      | 412,650        | 0.69            | 215,000   | Huntington Bancshares Inc/OH FRN (Perpetual)                     | 191,888        | 0.32            |
| 200,000                      | Bank of New York Mellon Corp/The FRN (Perpetual)      | 175,000        | 0.29            | 100,000   | JPMorgan Chase & Co FRN 02/02/2037                               | 85,264         | 0.14            |
| 425,000                      | Bank of New York Mellon Corp/The FRN (Perpetual)      | 382,500        | 0.64            | 150,000   | JPMorgan Chase & Co FRN 15/05/2047                               | 115,238        | 0.19            |
| 165,000                      | Buckeye Partners LP FRN 22/01/2078                    | 138,879        | 0.23            | 1,415,000 | JPMorgan Chase & Co FRN (Perpetual)                              | 1,397,337      | 2.32            |
| 340,000                      | CenterPoint Energy Inc FRN (Perpetual)                | 331,500        | 0.55            | 860,000   | JPMorgan Chase & Co FRN (Perpetual)                              | 841,725        | 1.40            |
| 175,000                      | Charles Schwab Corp/The FRN (Perpetual)               | 181,125        | 0.30            | 710,000   | JPMorgan Chase & Co FRN (Perpetual)                              | 701,125        | 1.16            |
| 250,000                      | Charles Schwab Corp/The FRN (Perpetual)               | 235,312        | 0.39            | 390,000   | JPMorgan Chase & Co FRN (Perpetual)                              | 335,400        | 0.56            |
| 210,000                      | Charles Schwab Corp/The FRN (Perpetual)               | 181,650        | 0.30            | 560,000   | JPMorgan Chase & Co FRN (Perpetual)                              | 536,200        | 0.89            |
| 140,000                      | CIT Group Inc FRN (Perpetual)                         | 127,400        | 0.21            | 460,000   | JPMorgan Chase & Co FRN (Perpetual)                              | 450,800        | 0.75            |
| 490,000                      | Citigroup Inc FRN (Perpetual)                         | 480,200        | 0.80            | 720,000   | JPMorgan Chase & Co FRN (Perpetual)                              | 743,400        | 1.23            |
| 505,000                      | Citigroup Inc FRN (Perpetual)                         | 492,375        | 0.82            | 310,000   | JPMorgan Chase & Co FRN (Perpetual)                              | 305,737        | 0.51            |
| 410,000                      | Citigroup Inc FRN (Perpetual)                         | 395,650        | 0.66            | 500,000   | JPMorgan Chase & Co FRN (Perpetual)                              | 499,375        | 0.83            |
| 490,000                      | Citigroup Inc FRN (Perpetual)                         | 482,037        | 0.80            | 225,000   | KeyCorp FRN (Perpetual)  | 201,375        | 0.33            |
| 495,000                      | Citigroup Inc FRN (Perpetual)                         | 452,925        | 0.75            | 305,000   | Lincoln National Corp FRN 17/05/2066                             | 249,337        | 0.41            |
| 410,000                      | Citigroup Inc FRN (Perpetual)                         | 366,950        | 0.61            | 210,000   | Lincoln National Corp FRN 20/04/2067                             | 166,425        | 0.28            |
| 565,000                      | Citigroup Inc FRN (Perpetual)                         | 520,506        | 0.86            | 150,000   | M&T Bank Corp FRN (Perpetual)                                    | 153,281        | 0.25            |
| 660,000                      | Citigroup Inc FRN (Perpetual)                         | 597,300        | 0.99            | 205,000   | M&T Bank Corp FRN (Perpetual)                                    | 194,238        | 0.32            |
| 505,000                      | Citigroup Inc FRN (Perpetual)                         | 484,800        | 0.80            | 220,000   | Mellon Capital IV FRN (Perpetual)                                | 167,200        | 0.28            |
| 130,000                      | Citizens Financial Group Inc FRN (Perpetual)          | 121,550        | 0.20            | 620,000   | MetLife Inc FRN (Perpetual)                                      | 599,850        | 1.00            |
| 130,000                      | Citizens Financial Group Inc FRN (Perpetual)          | 123,500        | 0.21            | 210,000   | MetLife Inc FRN (Perpetual)                                      | 205,013        | 0.34            |
| 235,000                      | Discover Financial Services FRN (Perpetual)           | 200,925        | 0.33            | 480,000   | Morgan Stanley FRN (Perpetual)                                   | 472,800        | 0.79            |
| 285,000                      | Dominion Energy Inc FRN 01/10/2054                    | 283,721        | 0.47            | 550,000   | Morgan Stanley FRN (Perpetual)                                   | 541,750        | 0.90            |
| 130,000                      | E*TRADE Financial Corp FRN (Perpetual)                | 107,738        | 0.18            | 165,000   | National Rural Utilities Cooperative Finance Corp FRN 30/04/2043 | 156,543        | 0.26            |
| 165,000                      | E*TRADE Financial Corp FRN (Perpetual)                | 149,737        | 0.25            |           |  |                |                 |
| 395,000                      | Energy Transfer Operating LP FRN (Perpetual)          | 331,800        | 0.55            |           |  |                |                 |



# Schedules of Material Portfolio Changes (Unaudited)

## Annual Report and Audited Financial Statements 2018

### Invesco Preferred Shares UCITS ETF

| Largest purchases |   | Cost USD     |
|-------------------|---|--------------|
| 131,077           | JPMorgan Chase & Co - Preferred Stock (Perpetual) 5.75%                       | 3,281,994    |
| 119,989           | Bank of America Corp - Preferred Stock (Perpetual) 6%                         | 3,039,292    |
| 70,161            | MetLife Inc - Preferred Stock (Perpetual) 5.625%                              | 1,760,909    |
| 68,727            | Bank of America Corp - Preferred Stock (Perpetual) 5.875%                     | 1,724,649    |
| 61,858            | AT&T Inc - Preferred Stock 5.625%   | 1,531,748    |
| 53,694            | PNC Financial Services Group Inc/The - Preferred Stock FRN (Perpetual) 6.125% | 1,476,498    |
| 50,425            | Citigroup Inc - Preferred Stock FRN (Perpetual) 6.875%                        | 1,387,890    |
| 53,331            | Wells Fargo & Co - Preferred Stock FRN (Perpetual) 5.85%                      | 1,385,782    |
| 51,882            | Barclays Bank Plc - Preferred Stock (Perpetual) 8.125%                        | 1,360,555    |
| 49,980            | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.15%                       | 1,324,539    |
| 49,018            | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.1%                        | 1,291,613    |
| 48,310            | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.125%                      | 1,264,999    |
| 49,671            | Enbridge Inc - Preferred Stock FRN 6.375%                                     | 1,252,343    |
| 47,695            | Deutsche Bank Contingent Capital Trust V - Preferred Stock (Perpetual) 8.05%  | 1,227,060    |
| 47,779            | Allstate Corp/The - Preferred Stock (Perpetual) 5.625%                        | 1,207,114    |
| 45,469            | AT&T Inc - Preferred Stock 5.35%  | 1,144,570    |
| 45,412            | US Bancorp - Preferred Stock (Perpetual) 5.5%                                 | 1,142,129    |
| 45,524            | Prudential Financial Inc - Preferred Stock 5.625%                             | 1,130,932    |
| 42,835            | Bank of America Corp - Preferred Stock (Perpetual) 6.625%                     | 1,122,957    |
| 42,478            | Bank of America Corp - Preferred Stock (Perpetual) 6.2%                       | 1,115,789    |
| Largest sales     |   | Proceeds USD |
| 239,355           | HSBC Holdings Plc - Preferred Stock (Perpetual) 8%                            | 5,998,689    |
| 196,935           | Barclays Bank Plc - Preferred Stock (Perpetual) 8.125%                        | 5,016,362    |
| 142,568           | Wells Fargo & Co - Preferred Stock FRN (Perpetual) 8%                         | 3,603,280    |
| 138,850           | HSBC Holdings Plc - Preferred Stock (Perpetual) 8.125%                        | 3,480,620    |
| 115,243           | Deutsche Bank Contingent Capital Trust V Preferred Stock (Perpetual) 7.6%     | 2,931,714    |
| 72,394            | Merrill Lynch Capital Trust I Preferred Stock (Perpetual) 6.45%               | 1,872,314    |
| 71,678            | Wells Fargo & Co - Preferred Stock FRN (Perpetual) 5.85%                      | 1,826,760    |
| 62,185            | PNC Financial Services Group Inc/The - Preferred Stock FRN (Perpetual) 6.125% | 1,646,178    |
| 63,047            | HSBC Holdings Plc - Preferred Stock (Perpetual) 6.2%                          | 1,629,415    |
| 60,562            | Citigroup Inc - Preferred Stock FRN (Perpetual) 6.875%                        | 1,624,976    |
| 61,473            | Bank of America Corp - Preferred Stock (Perpetual) 6%                         | 1,574,505    |
| 60,374            | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.1%                        | 1,545,989    |
| 58,678            | Bank of America Corp - Preferred Stock (Perpetual) 6.625%                     | 1,512,423    |
| 58,560            | Bank of America Corp - Preferred Stock (Perpetual) 6.2%                       | 1,512,371    |
| 58,610            | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.125%                      | 1,493,321    |
| 59,211            | Countrywide Capital V Preferred Stock (Perpetual) 7%                          | 1,483,968    |
| 58,022            | JPMorgan Chase & Co - Preferred Stock (Perpetual) 6.15%                       | 1,480,396    |
| 56,548            | Deutsche Bank Contingent Capital Trust V - Preferred Stock (Perpetual) 8.05%  | 1,438,689    |
| 54,266            | Citigroup Inc - Preferred Stock (Perpetual) 6.3%                              | 1,405,283    |
| 52,486            | Bank of America Corp - Preferred Stock (Perpetual) 6%                         | 1,330,641    |

The CBI requires a schedule of material changes in the composition of the portfolio during the financial year. These are defined as aggregate purchases of a security exceeding one per cent of the total value of purchases for the financial year and aggregate disposals greater than one per cent of the total value of sales. Where the number of purchases/sales transactions exceeding 1% of the total value of purchases/sales for the financial year is less than 20, then a minimum of 20 purchases/sales will be disclosed.



# Annual Report and Audited Financial Statements 2018

## Invesco USD Corporate Bond UCITS ETF

| Largest purchases |  | Cost USD     |
|-------------------|--|--------------|
| 350,000           | JPMorgan Chase Bank NA 'BKNT' 1.65% 23/09/2019                     | 344,813      |
| 300,000           | CVS Health Corp 5.05% 25/03/2048                                   | 316,197      |
| 300,000           | Orange SA 5.375% 08/07/2019  | 308,625      |
| 300,000           | CVS Health Corp 3.35% 09/03/2021                                   | 302,445      |
| 300,000           | CVS Health Corp 4.3% 25/03/2028                                    | 301,896      |
| 300,000           | CVS Health Corp 3.7% 09/03/2023                                    | 301,497      |
| 300,000           | JPMorgan Chase & Co FRN 23/07/2029                                 | 300,216      |
| 300,000           | General Dynamics Corp 2.875% 11/05/2020                            | 299,613      |
| 300,000           | Anheuser-Busch InBev Finance Inc 3.65% 01/02/2026                  | 293,130      |
| 300,000           | Verizon Communications Inc 4.4% 01/11/2034                         | 282,432      |
| 250,000           | Dell International LLC / EMC Corp '144A' 6.02% 15/06/2026          | 274,578      |
| 280,000           | Comcast Corp 4.7% 15/10/2048                                       | 274,400      |
| 250,000           | Telefonica Emisiones SA 5.213% 08/03/2047                          | 268,878      |
| 250,000           | Hewlett Packard Enterprise Co 4.4% 15/10/2022                      | 258,395      |
| 250,000           | Phillips 66 4.3% 01/04/2022  | 257,575      |
| 250,000           | CVS Health Corp 4.1% 25/03/2025                                    | 248,918      |
| 250,000           | Cooperatieve Rabobank UA 4.375% 04/08/2025                         | 245,730      |
| 250,000           | Wells Fargo & Co 3.45% 13/02/2023                                  | 245,060      |
| 250,000           | Broadcom Corp / Broadcom Cayman Finance Ltd 3.875% 15/01/2027      | 244,697      |
| 250,000           | Amazon.com Inc 2.5% 29/11/2022                                     | 244,480      |
| Largest sales     |  | Proceeds USD |
| 500,000           | Anheuser-Busch InBev Finance Inc 3.65% 01/02/2026                  | 482,897      |
| 450,000           | JPMorgan Chase & Co 6.3% 23/04/2019                                | 466,175      |
| 400,000           | GE Capital International Funding Co Unlimited Co 2.342% 15/11/2020 | 385,258      |
| 350,000           | JPMorgan Chase Bank NA 'BKNT' 1.65% 23/09/2019                     | 344,754      |
| 250,000           | Walmart Inc 5.625% 15/04/2041                                      | 320,443      |
| 300,000           | Microsoft Corp 4.1% 06/02/2037                                     | 308,696      |
| 300,000           | Orange SA 5.375% 08/07/2019  | 307,763      |
| 300,000           | NiSource Inc 4.8% 15/02/2044                                       | 306,630      |
| 250,000           | Intel Corp 4.9% 29/07/2045   | 301,600      |
| 300,000           | CVS Health Corp 5.05% 25/03/2048                                   | 298,231      |
| 300,000           | CVS Health Corp 3.7% 09/03/2023                                    | 297,071      |
| 300,000           | JPMorgan Chase & Co FRN 23/07/2029                                 | 295,751      |
| 250,000           | Home Depot Inc/The 5.875% 16/12/2036                               | 295,034      |
| 250,000           | Kinder Morgan Energy Partners LP 'MTN' 6.95% 15/01/2038            | 291,049      |
| 250,000           | Goldman Sachs Group Inc/The 6.125% 15/02/2033                      | 287,011      |
| 200,000           | Citigroup Inc 8.125% 15/07/2039                                    | 285,280      |
| 300,000           | Verizon Communications Inc 4.4% 01/11/2034                         | 284,855      |
| 250,000           | Time Warner Cable LLC 7.3% 01/07/2038                              | 280,596      |
| 250,000           | Cooperatieve Rabobank UA 'BKNT' 5.25% 24/05/2041                   | 278,766      |
| 250,000           | Goldman Sachs Group Inc/The 5.75% 24/01/2022                       | 268,433      |

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# Annual Report and Audited Financial Statements 2018

## Invesco Euro Corporate Bond UCITS ETF

| Largest purchases |   | Cost EUR     |
|-------------------|---|--------------|
| 350,000           | Lloyds Banking Group Plc 'EMTN' FRN 15/01/2024                                  | 343,819      |
| 250,000           | Coca-Cola European Partners Plc 1.5% 08/11/2027                                 | 249,355      |
| 250,000           | UniCredit SpA 'EMTN' 1% 18/01/2023  | 248,405      |
| 200,000           | Nordea Bank Abp 'EMTN' 3.25% 05/07/2022   | 225,954      |
| 200,000           | Telstra Corp Ltd 'EMTN' 2.5% 15/09/2023   | 219,336      |
| 200,000           | Banco Santander SA 3.25% 04/04/2026   | 211,596      |
| 200,000           | Orange SA 'EMTN' 3.875% 09/04/2020  | 211,496      |
| 200,000           | Klepierre SA 'EMTN' 1.75% 06/11/2024  | 210,590      |
| 200,000           | RCI Banque SA 'EMTN' 1.375% 17/11/2020  | 207,344      |
| 200,000           | Total Capital Canada Ltd 'EMTN' 1.875% 09/07/2020                               | 207,186      |
| 200,000           | Fresenius Finance Ireland Plc 2.125% 01/02/2027                                 | 206,806      |
| 200,000           | RCI Banque SA 'EMTN' 1.625% 11/04/2025  | 205,964      |
| 200,000           | BAT International Finance Plc 'EMTN' 1% 23/05/2022                              | 203,516      |
| 200,000           | Santander Consumer Finance SA 0.875% 24/01/2022                                 | 203,110      |
| 200,000           | Danske Bank A/S 'EMTN' 0.5% 06/05/2021  | 202,240      |
| 200,000           | AT&T Inc 'REGS' 2.35% 05/09/2029  | 202,158      |
| 200,000           | Bayer Capital Corp BV 0.625% 15/12/2022   | 201,050      |
| 200,000           | SAP SE 1.375% 13/03/2030  | 200,550      |
| 200,000           | Sanofi 1.375% 21/03/2030  | 199,726      |
| 200,000           | BPCE SA 'EMTN' 1.375% 23/03/2026  | 199,336      |
| 200,000           | Valeo SA 'EMTN' 1.5% 18/06/2025   | 199,288      |
| 200,000           | Iberdrola Finanzas SA 'EMTN' 1.25% 13/09/2027                                   | 199,048      |
| 200,000           | KBC Group NV 'EMTN' FRN 18/09/2029  | 198,800      |
| 200,000           | Societe Generale SA 'EMTN' 1.125% 23/01/2025                                    | 198,448      |
| 200,000           | Vivendi SA 'EMTN' 0.875% 18/09/2024   | 198,394      |
| 200,000           | CaixaBank SA 'EMTN' FRN 17/04/2030  | 197,792      |
| 200,000           | ICADE 1.625% 28/02/2028   | 197,690      |
| 200,000           | Commonwealth Bank of Australia 1.125% 18/01/2028                                | 197,284      |
| 200,000           | BNP Paribas SA 'EMTN' 1.125% 11/06/2026   | 195,494      |
| 200,000           | Abertis Infraestructuras SA 1% 27/02/2027                                       | 189,472      |
| 150,000           | Nationwide Building Society 'EMTN' FRN 25/07/2029                               | 151,673      |
| 150,000           | Heineken NV 'EMTN' 1.5% 03/10/2029  | 149,480      |
| 150,000           | Vodafone Group Plc 'EMTN' 1.875% 20/11/2029                                     | 146,468      |
| 150,000           | Ford Motor Credit Co LLC 'EMTN' 1.355% 07/02/2025                               | 144,219      |
| 150,000           | Intesa Sanpaolo SpA 'EMTN' 1.75% 20/03/2028                                     | 136,313      |
| Largest sales     |   | Proceeds EUR |
| 300,000           | Unilever NV 'EMTN' 0.875% 31/07/2025  | 300,974      |
| 300,000           | Lloyds Banking Group Plc 'EMTN' FRN 15/01/2024                                  | 291,006      |
| 250,000           | Metropolitan Life Global Funding I 'GMTN' 2.375% 30/09/2019                     | 259,335      |
| 200,000           | Autostrade per l'Italia SpA 'EMTN' 5.875% 09/06/2024                            | 251,874      |
| 250,000           | AbbVie Inc 0.375% 18/11/2019  | 251,317      |
| 200,000           | Total Capital SA 'EMTN' 5.125% 26/03/2024                                       | 248,944      |
| 250,000           | Wells Fargo & Co 'EMTN' 1.375% 26/10/2026                                       | 247,138      |
| 250,000           | Berkshire Hathaway Inc 1.125% 16/03/2027  | 245,698      |
| 250,000           | Wells Fargo & Co 'EMTN' 1% 02/02/2027   | 239,693      |
| 200,000           | Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen 'EMTN' FRN 26/05/2042 | 237,600      |
| 200,000           | Allianz SE FRN 17/10/2042   | 237,528      |
| 200,000           | Engie SA 'EMTN' 6.375% 18/01/2021   | 235,970      |
| 200,000           | Telia Co AB 'EMTN' 3.5% 05/09/2033  | 235,634      |
| 250,000           | UniCredit SpA 'EMTN' 1% 18/01/2023  | 235,585      |
| 200,000           | Pfizer Inc 5.75% 03/06/2021   | 231,974      |
| 200,000           | Siemens Financieringsmaatschappij NV 'EMTN' 2.875% 10/03/2028                   | 231,174      |
| 200,000           | AT&T Inc 3.5% 17/12/2025  | 229,685      |
| 200,000           | Vodafone Group Plc 'EMTN' 4.65% 20/01/2022                                      | 229,530      |
| 200,000           | Cooperatieve Rabobank UA 'EMTN' 4.375% 07/06/2021                               | 226,836      |
| 200,000           | Svenska Handelsbanken AB 'EMTN' 4.375% 20/10/2021                               | 225,916      |

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# Annual Report and Audited Financial Statements 2018

## Invesco Emerging Markets USD Bond UCITS ETF

| Largest purchases |   | Cost USD     |
|-------------------|---|--------------|
| 4,050,000         | Argentina Bonar Bonds 8.75% 07/05/2024                                | 4,570,222    |
| 2,350,000         | Turkey Government International Bond 6.25% 26/09/2022                 | 2,515,605    |
| 2,200,000         | Saudi Government International Bond 'REGS' 3.625% 04/03/2028          | 2,129,792    |
| 2,200,000         | Mexico Government International Bond 3.75% 11/01/2028                 | 2,125,430    |
| 2,000,000         | Ecuador Government International Bond 'REGS' 7.875% 23/01/2028        | 2,033,900    |
| 2,000,000         | Republic of Poland Government International Bond 3.25% 06/04/2026     | 2,003,234    |
| 1,600,000         | Russian Foreign Bond - Eurobond 'REGS' 5.625% 04/04/2042              | 1,780,215    |
| 1,700,000         | Russian Foreign Bond - Eurobond 'REGS' 5% 29/04/2020                  | 1,757,644    |
| 1,600,000         | Saudi Government International Bond 'REGS' 2.875% 04/03/2023          | 1,548,960    |
| 1,600,000         | Turkey Government International Bond 6% 14/01/2041                    | 1,523,482    |
| 1,400,000         | Saudi Government International Bond 'REGS' 4% 17/04/2025              | 1,380,035    |
| 1,450,000         | Lebanon Government International Bond 'GMTN' 6.65% 26/02/2030         | 1,317,208    |
| 1,200,000         | Brazilian Government International Bond 6% 07/04/2026                 | 1,312,380    |
| 1,250,000         | Indonesia Government International Bond 3.5% 11/01/2028               | 1,212,285    |
| 1,250,000         | Philippine Government International Bond 3% 01/02/2028                | 1,192,836    |
| 1,200,000         | Turkey Government International Bond 4.875% 09/10/2026                | 1,147,224    |
| 1,200,000         | Argentine Republic Government International Bond 6.875% 11/01/2048    | 1,143,135    |
| 1,100,000         | Qatar Government International Bond 'REGS' 5.103% 23/04/2048          | 1,098,144    |
| 1,100,000         | Qatar Government International Bond 'REGS' 3.875% 23/04/2023          | 1,096,668    |
| 1,000,000         | Turkey Government International Bond 5.625% 30/03/2021                | 1,047,075    |
| Largest sales     |   | Proceeds USD |
| 3,300,000         | Argentina Bonar Bonds 8.75% 07/05/2024                                | 3,724,571    |
| 2,000,000         | Turkey Government International Bond 6.25% 26/09/2022                 | 2,143,060    |
| 1,966,000         | Republic of Poland Government International Bond 3.25% 06/04/2026     | 1,949,611    |
| 1,800,000         | Saudi Government International Bond 'REGS' 3.625% 04/03/2028          | 1,744,434    |
| 1,600,000         | Mexico Government International Bond 3.75% 11/01/2028                 | 1,538,250    |
| 1,400,000         | Russian Foreign Bond - Eurobond 'REGS' 5% 29/04/2020                  | 1,447,432    |
| 1,400,000         | Ecuador Government International Bond 'REGS' 7.875% 23/01/2028        | 1,374,500    |
| 1,400,000         | Turkey Government International Bond 6% 14/01/2041                    | 1,365,000    |
| 1,400,000         | Saudi Government International Bond 'REGS' 2.875% 04/03/2023          | 1,355,206    |
| 1,300,000         | Lebanon Government International Bond 'GMTN' 6.65% 26/02/2030         | 1,156,943    |
| 1,200,000         | Philippine Government International Bond 3.7% 01/03/2041              | 1,156,009    |
| 1,100,000         | Turkey Government International Bond 4.875% 09/10/2026                | 976,569      |
| 1,000,000         | Indonesia Government International Bond 3.5% 11/01/2028               | 971,900      |
| 900,000           | Perusahaan Penerbit SBSN Indonesia III 'REGS' 4.35% 10/09/2024        | 922,000      |
| 900,000           | Turkey Government International Bond 5.625% 30/03/2021                | 903,127      |
| 800,000           | Russian Foreign Bond - Eurobond 'REGS' 5.625% 04/04/2042              | 887,795      |
| 800,000           | Brazilian Government International Bond 6% 07/04/2026                 | 882,800      |
| 900,000           | Qatar Government International Bond 'REGS' 3.25% 02/06/2026           | 850,781      |
| 778,500           | Russian Foreign Bond - Eurobond Step-Up Coupon 'REGS' 7.5% 31/03/2030 | 840,403      |
| 800,000           | Republic of Poland Government International Bond 6.375% 15/07/2019    | 831,332      |
| 700,000           | Republic of Armenia International Bond 'REGS' 7.15% 26/03/2025        | 755,352      |

The CBI requires a schedule of material changes in the composition of the portfolio during the financial period. These are defined as aggregate purchases of a security exceeding one per cent of the total value of purchases for the financial period and aggregate disposals greater than one per cent of the total value of sales. Where the number of purchases/sales transactions exceeding 1% of the total value of purchases/sales for the financial year is less than 20, then a minimum of 20 purchases/sales will be disclosed.

# Annual Report and Audited Financial Statements 2018

## Invesco Italian PIR Multi-Asset Portfolio UCITS ETF\*

| Largest purchases |   | Cost<br>EUR     |
|-------------------|---|-----------------|
| 63,638            | Invesco US High Yield Fallen Angels UCITS ETF - ETF                 | 1,382,113       |
| 17,106            | Interpump Group SpA   | 509,205         |
| 7,791             | BB Biotech AG   | 482,143         |
| 154,273           | Intesa Sanpaolo SpA   | 464,383         |
| 80,915            | Enel SpA  | 416,511         |
| 23,199            | UniCredit SpA   | 403,580         |
| 27,040            | Amplifon SpA  | 390,662         |
| 26,040            | Eni SpA   | 390,218         |
| 2,267,168         | Credito Valtellinese SpA  | 274,399         |
| 3,764             | IMA Industria Macchine Automatiche SpA                              | 268,036         |
| 4,626             | Reply SpA   | 234,812         |
| 200,000           | UniCredit SpA FRN (Perpetual)                                       | 228,202         |
| 11,446            | Fiat Chrysler Automobiles NV  | 220,749         |
| 13,608            | Assicurazioni Generali SpA  | 218,887         |
| 17,783            | Ansaldo STS SpA   | 218,531         |
| 200,000           | Telecom Italia SpA/Milano 'EMTN' 4% 21/01/2020                      | 215,095         |
| 200,000           | Intesa Sanpaolo SpA 'EMTN' 1.125 14/01/2020                         | 204,330         |
| 14,062            | Gruppo MutuiOnline SpA  | 199,487         |
| 13,755            | Avio SpA  | 187,045         |
| 99,685            | Retelit SpA   | 179,470         |
| Largest sales     |   | Proceeds<br>EUR |
| 14,800            | Invesco US High Yield Fallen Angels UCITS ETF - ETF                 | 330,072         |
| 2,209,189         | Credito Valtellinese SpA  | 248,430         |
| 200,000           | Telecom Italia SpA/Milano 'EMTN' 4% 21/01/2020                      | 210,319         |
| 3,142             | Ei Towers SpA   | 177,206         |
| 2,300             | SoftBank Group Corp   | 162,561         |
| 9,759             | Gruppo MutuiOnline SpA  | 152,753         |
| 2,467             | BB Biotech AG   | 142,120         |
| 11,003            | Ansaldo STS SpA   | 135,686         |
| 5,999             | Vivendi SA  | 133,138         |
| 4,959             | Interpump Group SpA   | 131,240         |
| 14,100            | Nissan Motor Co Ltd   | 113,699         |
| 100,000           | Terna Rete Elettrica Nazionale SpA 'EMTN' 4.75% 15/03/2021          | 112,006         |
| 46,928            | Falck Renewables SpA  | 108,012         |
| 5,823             | Amplifon SpA  | 107,841         |
| 100,000           | Intesa Sanpaolo SpA 'EMTN' 3.5% 17/01/2022                          | 106,081         |
| 100,000           | Eni SpA 'EMTN' 4.25% 03/02/2020                                     | 105,876         |
| 100,000           | Assicurazioni Generali SpA 'EMTN' 4.125% 04/05/2026                 | 105,251         |
| 8,576             | Aquafil SpA   | 104,763         |
| 30,663            | Cairo Communication SpA   | 102,164         |
| 100,000           | Intesa Sanpaolo SpA 'EMTN' 1.125% 14/01/2020                        | 100,732         |
| 100,000           | Mediobanca Banca di Credito Finanziario SpA 'EMTN' 0.75% 17/02/2020 | 99,958          |
| 100,000           | Eni SpA 'EMTN' 1% 14/03/2025  | 98,600          |
| 56,846            | Arnoldo Mondadori Editore SpA                                       | 92,720          |
| 1,535             | Luxottica Group SpA   | 81,769          |
| 1,498             | Carnival Plc  | 76,211          |

\* This Fund launched on 28 January 2018.

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## Invesco Euro Floating Rate Note UCITS ETF\*

| Largest purchases |   | Cost<br>EUR     |
|-------------------|---|-----------------|
| 200,000           | Intesa Sanpaolo SpA 'EMTN' FRN 19/04/2022                       | 203,286         |
| 200,000           | HSBC Holdings Plc 'EMTN' FRN 27/09/2022                         | 202,100         |
| 200,000           | Bank of America Corp 'EMTN' FRN 07/02/2022                      | 202,016         |
| 200,000           | Wells Fargo & Co 'EMTN' FRN 26/04/2021                          | 201,776         |
| 200,000           | Banque Federative du Credit Mutuel SA 'EMTN' FRN 03/06/2020     | 201,506         |
| 200,000           | Morgan Stanley 'GMTN' FRN 08/11/2022                            | 201,450         |
| 200,000           | Vodafone Group Plc 'EMTN' FRN 25/02/2019                        | 201,368         |
| 200,000           | UBS AG/London 'GMTN' FRN 23/04/2021                             | 201,310         |
| 200,000           | Wells Fargo & Co 'EMTN' FRN 31/01/2022                          | 200,850         |
| 200,000           | UBS Group Funding Switzerland AG FRN 20/09/2022                 | 200,538         |
| 200,000           | Goldman Sachs Group Inc/The 'EMTN' FRN 16/12/2020               | 200,216         |
| 200,000           | Morgan Stanley 'EMTN' FRN 09/11/2021                            | 199,834         |
| 200,000           | Banco Bilbao Vizcaya Argentaria SA 'EMTN' FRN 09/03/2023        | 199,802         |
| 200,000           | Deutsche Bank AG 'EMTN' FRN 07/12/2020                          | 198,545         |
| 200,000           | Santander UK Group Holdings Plc 'EMTN' FRN 18/05/2023           | 194,715         |
| 150,000           | Anheuser-Busch InBev SA/NV 'EMTN' FRN 15/04/2024                | 149,457         |
| 100,000           | BPCE SA 'EMTN' FRN 09/03/2022                                   | 102,173         |
| 100,000           | AT&T Inc 'REGS' FRN 05/09/2023                                  | 102,026         |
| 100,000           | Goldman Sachs Group Inc/The 'EMTN' FRN 27/07/2021               | 101,827         |
| 100,000           | AT&T Inc FRN 05/09/2023   | 101,733         |
| All sales         |   | Proceeds<br>EUR |
| 200,000           | Wells Fargo & Co 'EMTN' FRN 26/04/2021                          | 201,282         |
| 200,000           | Vodafone Group Plc 'EMTN' FRN 25/02/2019                        | 200,836         |
| 200,000           | Banque Federative du Credit Mutuel SA 'EMTN' FRN 03/06/2020     | 200,618         |
| 200,000           | UBS AG/London 'GMTN' FRN 23/04/2021                             | 200,550         |
| 100,000           | AT&T Inc 'REGS' FRN 05/09/2023                                  | 101,733         |
| 100,000           | Royal Bank of Canada 'EMTN' FRN 19/01/2021                      | 101,143         |
| 100,000           | Anheuser-Busch InBev SA/NV 'EMTN' FRN 17/03/2020                | 100,980         |
| 100,000           | APRR SA 'EMTN' FRN 03/01/2020                                   | 100,934         |
| 100,000           | General Mills Inc FRN 15/01/2020                                | 100,866         |
| 100,000           | Citigroup Inc 'EMTN' FRN 24/05/2021                             | 100,716         |
| 100,000           | HSBC France SA 'EMTN' FRN 27/11/2019                            | 100,711         |
| 100,000           | National Australia Bank Ltd 'GMTN' FRN 19/04/2021               | 100,630         |
| 100,000           | Skandinaviska Enskilda Banken AB 'GMTN' FRN 26/05/2020          | 100,602         |
| 100,000           | Swedbank AB 'GMTN' FRN 11/03/2019                               | 100,330         |
| 100,000           | Deutsche Telekom International Finance BV 'EMTN' FRN 03/04/2020 | 100,327         |
| 100,000           | Goldman Sachs Group Inc/The 'EMTN' FRN 29/04/2019               | 100,270         |
| 100,000           | Daimler AG FRN 12/01/2019                                       | 100,222         |
| 100,000           | ABN AMRO Bank NV FRN 14/01/2019                                 | 100,213         |
| 100,000           | Nordea Bank Abp 'EMTN' FRN 22/02/2019                           | 100,203         |
| 100,000           | FedEx Corp FRN 11/04/2019                                       | 100,199         |
| 100,000           | Nationwide Building Society FRN 02/11/2018                      | 100,191         |
| 100,000           | Bank of America Corp 'EMTN' FRN 07/02/2022                      | 100,051         |
| 100,000           | SAP SE FRN 13/03/2021   | 99,798          |
| 100,000           | Bayer Capital Corp BV FRN 26/06/2022                            | 99,708          |
| 100,000           | Goldman Sachs Group Inc/The 'EMTN' FRN 16/12/2020               | 99,601          |
| 100,000           | Morgan Stanley 'EMTN' FRN FRN 09/11/2021                        | 99,050          |
| 100,000           | RCI Banque SA 'EMTN' FRN 12/04/2021                             | 99,020          |
| 100,000           | Deutsche Bank AG 'EMTN' FRN 07/12/2020                          | 98,161          |
| 100,000           | Santander UK Group Holdings Plc 'EMTN' FRN 18/05/2023           | 95,749          |

\* This Fund launched on 18 May 2018.

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# Annual Report and Audited Financial Statements 2018

## Invesco USD Floating Rate Note UCITS ETF\*

| Largest purchases |   | Cost USD     |
|-------------------|---|--------------|
| 300,000           | Mitsubishi UFJ Financial Group Inc FRN 01/03/2021       | 310,950      |
| 250,000           | Credit Suisse Group Funding Guernsey Ltd FRN 16/04/2021 | 262,828      |
| 250,000           | Mitsubishi UFJ Financial Group Inc FRN 26/07/2023       | 251,808      |
| 250,000           | PNC Bank NA 'BKNT' FRN 19/05/2020                       | 251,043      |
| 250,000           | Svenska Handelsbanken AB 'BKNT' FRN 06/09/2019          | 250,895      |
| 250,000           | Mizuho Financial Group Inc FRN 05/03/2023               | 250,853      |
| 250,000           | AT&T Inc FRN 12/06/2024                                 | 250,663      |
| 250,000           | Cooperatieve Rabobank UA/NY FRN 26/04/2021              | 250,538      |
| 250,000           | HSBC Holdings Plc FRN 18/05/2021                        | 250,388      |
| 250,000           | Verizon Communications Inc FRN 15/05/2025               | 250,370      |
| 250,000           | JPMorgan Chase Bank NA 'BKNT' FRN 01/02/2021            | 250,245      |
| 250,000           | Citibank NA FRN 23/07/2021                              | 249,814      |
| 200,000           | HSBC Holdings Plc FRN 05/01/2022                        | 206,268      |
| 200,000           | Wells Fargo & Co FRN 31/10/2023                         | 204,394      |
| 200,000           | ING Groep NV FRN 29/03/2022                             | 204,352      |
| 200,000           | Morgan Stanley FRN 20/01/2022                           | 203,378      |
| 200,000           | Goldman Sachs Group Inc/The FRN 26/04/2022              | 202,666      |
| 200,000           | Royal Bank of Scotland Group Plc FRN 15/05/2023         | 202,664      |
| 200,000           | Wells Fargo & Co FRN 11/02/2022                         | 202,082      |
| 200,000           | General Motors Financial Co Inc FRN 13/04/2020          | 201,954      |
| 200,000           | Ford Motor Credit Co LLC FRN 09/01/2020                 | 201,840      |
| 200,000           | Toyota Motor Credit Corp 'MTN' FRN 08/09/2022           | 201,424      |
| 200,000           | Banco Santander SA FRN 23/02/2023                       | 201,416      |
| 200,000           | Verizon Communications Inc FRN 22/05/2020               | 201,128      |
| 200,000           | Mizuho Financial Group Inc FRN 11/09/2024               | 201,127      |
| 200,000           | JPMorgan Chase & Co FRN 09/03/2021                      | 200,856      |
| 200,000           | Sumitomo Mitsui Financial Group Inc FRN 17/01/2023      | 200,782      |
| 200,000           | Barclays Bank Plc FRN 11/01/2021                        | 200,426      |
| 200,000           | Royal Bank of Canada 'MTN' FRN 26/10/2020               | 199,918      |
| 200,000           | Goldman Sachs Group Inc/The FRN 23/02/2023              | 199,822      |
| 150,000           | JPMorgan Chase & Co FRN 24/10/2023                      | 153,843      |
| 150,000           | Apple Inc FRN 09/02/2022                                | 151,971      |
| 150,000           | Becton Dickinson and Co FRN 06/06/2022                  | 151,143      |
| 150,000           | Sempra Energy FRN 15/01/2021                            | 150,269      |
| All sales         |   | Proceeds USD |
| 300,000           | Mitsubishi UFJ Financial Group Inc FRN 01/03/2021       | 310,353      |
| 250,000           | PNC Bank NA 'BKNT' FRN 19/05/2020                       | 249,855      |
| 200,000           | Mizuho Financial Group Inc FRN 11/09/2024               | 201,624      |
| 200,000           | Verizon Communications Inc FRN 22/05/2020               | 201,266      |
| 100,000           | Wells Fargo & Co FRN 04/03/2021                         | 102,287      |
| 100,000           | Citigroup Inc FRN 30/03/2021                            | 102,249      |
| 100,000           | Berkshire Hathaway Finance Corp FRN 15/03/2019          | 100,299      |
| 100,000           | Shell International Finance BV FRN 10/11/2018           | 100,289      |
| 100,000           | JPMorgan Chase & Co FRN 09/03/2021                      | 100,240      |

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# Annual Report and Audited Financial Statements 2018

## Invesco AT1 Capital Bond UCITS ETF\*

| Largest purchases   | Cost USD  |
|---|-----------|
| 2,400,000 Lloyds Banking Group Plc FRN (Perpetual)  | 2,496,540 |
| 2,200,000 Banco Santander SA FRN (Perpetual)  | 2,213,742 |
| 2,050,000 Royal Bank of Scotland Group Plc FRN (Perpetual)                                | 2,213,350 |
| 1,800,000 Credit Suisse Group AG 'REGS' FRN (Perpetual)                                   | 1,791,300 |
| 1,800,000 UniCredit SpA FRN (Perpetual)   | 1,726,338 |
| 1,800,000 Deutsche Bank AG FRN (Perpetual)  | 1,661,500 |
| 1,850,000 Westpac Banking Corp/New Zealand FRN (Perpetual)                                | 1,628,328 |
| 1,600,000 Barclays Plc FRN (Perpetual)  | 1,614,380 |
| 1,600,000 Skandinaviska Enskilda Banken AB 'EMTN' FRN (Perpetual)                         | 1,602,234 |
| 1,500,000 Australia & New Zealand Banking Group Ltd/United Kingdom 'REGS' FRN (Perpetual) | 1,546,125 |
| 1,450,000 Royal Bank of Scotland Group Plc FRN (Perpetual)                                | 1,496,438 |
| 1,500,000 Svenska Handelsbanken AB FRN (Perpetual)  | 1,477,419 |
| 1,450,000 Barclays Plc FRN (Perpetual)  | 1,473,536 |
| 1,600,000 Deutsche Bank AG FRN (Perpetual)  | 1,449,270 |
| 1,400,000 DNB Bank ASA FRN (Perpetual)  | 1,438,910 |
| 1,300,000 Credit Suisse Group AG 'REGS' FRN (Perpetual)                                   | 1,364,210 |
| 1,350,000 Lloyds Banking Group Plc FRN (Perpetual)  | 1,356,888 |
| 1,300,000 Nordea Bank Abp 'REGS' FRN (Perpetual)  | 1,300,000 |
| 1,200,000 Credit Agricole SA 'REGS' FRN (Perpetual)                                       | 1,248,500 |
| 1,300,000 HSBC Holdings Plc FRN (Perpetual)   | 1,238,225 |
| 1,150,000 Societe Generale SA 'REGS' FRN (Perpetual)                                      | 1,184,563 |
| 1,150,000 Standard Chartered Plc 'REGS' FRN (Perpetual)                                   | 1,160,025 |
| 1,100,000 Societe Generale SA 'REGS' FRN (Perpetual)                                      | 1,143,575 |
| 1,100,000 Credit Suisse Group AG FRN (Perpetual)  | 1,139,090 |
| 1,100,000 HSBC Holdings Plc FRN (Perpetual)   | 1,102,375 |
| 1,100,000 ING Groep NV FRN (Perpetual)  | 1,089,280 |
| 1,050,000 HSBC Holdings Plc FRN (Perpetual)   | 1,046,404 |
| 1,000,000 Barclays Plc FRN (Perpetual)  | 1,045,366 |
| 1,050,000 Danske Bank A/S FRN (Perpetual)   | 1,037,040 |
| 1,000,000 Credit Suisse Group AG 'REGS' FRN (Perpetual)                                   | 1,031,180 |
| 1,000,000 ING Groep NV FRN (Perpetual)  | 1,028,250 |
| 1,000,000 Swedbank AB FRN (Perpetual)   | 1,004,418 |
| 1,000,000 DNB Bank ASA FRN (Perpetual)  | 1,003,750 |
| 1,100,000 UBS Group Funding Switzerland AG FRN (Perpetual)                                | 997,157   |
| 900,000 Credit Agricole SA 'REGS' FRN (Perpetual)   | 980,830   |
| 900,000 BNP Paribas SA 'REGS' FRN (Perpetual)   | 947,625   |
| 900,000 Standard Chartered Plc 'REGS' FRN (Perpetual)                                     | 934,875   |
| 900,000 BNP Paribas SA 'REGS' FRN (Perpetual)   | 932,575   |
| 900,000 UBS Group Funding Switzerland AG FRN (Perpetual)                                  | 912,161   |
| 1,000,000 Societe Generale SA 'REGS' FRN (Perpetual)                                      | 903,000   |
| 800,000 Royal Bank of Scotland Group Plc FRN (Perpetual)                                  | 864,000   |
| 800,000 HSBC Holdings Plc FRN (Perpetual)   | 836,000   |
| 800,000 Danske Bank A/S FRN (Perpetual)   | 769,000   |
| 700,000 UBS Group Funding Switzerland AG FRN (Perpetual)                                  | 729,382   |
| 700,000 Standard Chartered Plc 'REGS' FRN (Perpetual)                                     | 724,875   |
| 700,000 UBS Group Funding Switzerland AG FRN (Perpetual)                                  | 720,420   |
| 700,000 ING Groep NV FRN (Perpetual)  | 706,790   |
| 700,000 Barclays Plc FRN (Perpetual)  | 706,178   |
| 700,000 Societe Generale SA 'REGS' FRN (Perpetual)  | 693,903   |
| 700,000 Societe Generale SA 'REGS' FRN (Perpetual)  | 685,125   |

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## Invesco AT1 Capital Bond UCITS ETF\* (continued)

| All<br>sales |   | Proceeds<br>USD |
|--------------|---|-----------------|
| 1,450,000    | Barclays Plc FRN (Perpetual)  | 1,450,000       |
| 860,000      | Lloyds Banking Group Plc FRN (Perpetual)  | 872,681         |
| 750,000      | Royal Bank of Scotland Group Plc FRN (Perpetual)                                | 804,150         |
| 600,000      | Credit Suisse Group AG 'REGS' FRN (Perpetual)                                   | 603,120         |
| 500,000      | DNB Bank ASA FRN (Perpetual)  | 511,203         |
| 500,000      | Societe Generale SA 'EMTN' FRN (Perpetual)                                      | 500,000         |
| 400,000      | Royal Bank of Scotland Group Plc FRN (Perpetual)                                | 409,000         |
| 400,000      | Societe Generale SA 'REGS' FRN (Perpetual)                                      | 406,040         |
| 400,000      | Banco Santander SA FRN (Perpetual)  | 402,200         |
| 350,000      | Royal Bank of Scotland Group Plc FRN (Perpetual)                                | 371,088         |
| 300,000      | Westpac Banking Corp/New Zealand FRN (Perpetual)                                | 267,700         |
| 250,000      | Credit Suisse Group AG 'REGS' FRN (Perpetual)                                   | 267,563         |
| 200,000      | Australia & New Zealand Banking Group Ltd/United Kingdom 'REGS' FRN (Perpetual) | 208,600         |
| 200,000      | Credit Suisse Group AG FRN (Perpetual)  | 208,120         |
| 200,000      | BNP Paribas SA 'REGS' FRN (Perpetual)   | 205,270         |
| 200,000      | Societe Generale SA 'REGS' FRN (Perpetual)                                      | 201,760         |
| 200,000      | Skandinaviska Enskilda Banken AB 'EMTN' FRN (Perpetual)                         | 199,250         |
| 200,000      | HSBC Holdings Plc FRN (Perpetual)   | 193,500         |
| 200,000      | UniCredit SpA FRN (Perpetual)   | 193,250         |
| 200,000      | Deutsche Bank AG FRN (Perpetual)  | 192,200         |

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# Annual Report and Audited Financial Statements 2018

## Invesco Variable Rate Preferred Shares UCITS ETF\*

| Largest purchases |   | Cost USD     |
|-------------------|---|--------------|
| 2,360,000         | General Electric Co FRN (Perpetual)   | 2,198,895    |
| 1,890,000         | JPMorgan Chase & Co FRN (Perpetual)   | 1,903,453    |
| 1,345,000         | Wells Fargo & Co FRN (Perpetual)  | 1,358,343    |
| 44,857            | GMAC Capital Trust I - Preferred Stock FRN 8.401%                             | 1,178,947    |
| 1,010,000         | Wachovia Capital Trust III FRN (Perpetual)                                    | 991,652      |
| 940,000           | Bank of America Corp FRN (Perpetual)  | 910,993      |
| 860,000           | JPMorgan Chase & Co FRN (Perpetual)   | 863,196      |
| 800,000           | Bank of America Corp FRN (Perpetual)  | 833,890      |
| 795,000           | Wells Fargo & Co FRN (Perpetual)  | 827,645      |
| 795,000           | Wells Fargo & Co FRN (Perpetual)  | 801,687      |
| 765,000           | Bank of America Corp FRN (Perpetual)  | 796,375      |
| 29,670            | Citigroup Capital XIII - Preferred Stock FRN 8.89%                            | 790,130      |
| 720,000           | JPMorgan Chase & Co FRN (Perpetual)   | 774,508      |
| 710,000           | JPMorgan Chase & Co FRN (Perpetual)   | 722,368      |
| 27,700            | Wells Fargo & Co - Preferred Stock FRN (Perpetual) 5.85%                      | 705,063      |
| 25,271            | PNC Financial Services Group Inc/The - Preferred Stock FRN (Perpetual) 6.125% | 667,122      |
| 660,000           | Citigroup Inc FRN (Perpetual)   | 656,645      |
| 620,000           | Prudential Financial Inc FRN  | 638,221      |
| 620,000           | MetLife Inc FRN (Perpetual)   | 626,150      |
| 565,000           | Bank of America Corp FRN (Perpetual)  | 604,474      |
| All sales         |   | Proceeds USD |
| 475,000           | JPMorgan Chase & Co FRN (Perpetual)   | 478,325      |
| 80,000            | DCP Midstream LP FRN (Perpetual)  | 76,800       |

\* This Fund launched on 3 October 2018.

The CBI requires a schedule of material changes in the composition of the portfolio during the financial period. These are defined as aggregate purchases of a security exceeding one per cent of the total value of purchases for the financial period and aggregate disposals greater than one per cent of the total value of sales. Where the number of purchases/sales transactions exceeding 1% of the total value of purchases/sales for the financial year is less than 20, then a minimum of 20 purchases/sales will be disclosed.

# Appendix 1

## Annual Report and Audited Financial Statements 2018

### Remuneration Disclosure (Unaudited) - Invesco Investment Management Limited

Regulation 89(3A) of the UCITS Regulations (as introduced pursuant to the UCITS V Regulations on 21 March 2016) requires that the annual report of the Manager contains certain disclosures on the remuneration paid by the Manager to its staff during the financial year and the details of any material changes to the Manager's remuneration policy made during the period. In this regard, the following points are to be noted:

- The Manager has adopted a remuneration policy outlining how it adheres to the remuneration policy requirements set out in the UCITS Regulations.
- This disclosure includes all staff whose professional activities have a material impact on the risk profile of the Manager ("Identified Staff"). The Manager has deemed Identified Staff to include:
  - a. The Directors of the Company. The Manager has no employees or staff that it employs directly. The Manager has a Board of Directors, two of whom are employees of the Investment Manager and receive no remuneration from the Manager. The remaining two directors, one of whom is non-executive, who has waived their fee, and one who is an independent non-executive, who receives a fixed fee only (for the year ended 31 December 2018; €20,000 in aggregate) and do not receive variable remuneration. These fees are set at a level that reflects the qualifications and contribution required taking into account the Company's size, internal organisation and the nature, scope and complexity of its activities.
  - b. The Designated Persons. The services of two designated persons are provided to the Manager pursuant to a management services agreement between the Manager and Clifton Fund Consulting Limited trading as KB Associates, in respect of which a fixed fee only is paid and such designated persons do not receive any variable remuneration. The fee for the year ended 31 December 2018 was €42,300 in aggregate.
- The Remuneration Policy was subject to an annual review in accordance with the requirements of the UCITS Regulations and amended to reflect the publication of the ESMA Guidelines and changes in Identified Staff to the Manager.



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**Further information**

Telephone +44 20 3370 1100

Email [Invest@invesco.com](mailto:Invest@invesco.com)

Website: [etf.invesco.com](http://etf.invesco.com)

Portman Square House, 43-45 Portman Square, London W1H 6LY