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**Invesco Funds**

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Société d'Investissement à Capital Variable

Registered Office:

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2-4, rue Eugène Ruppert

L-2453 Luxembourg

R.C.S. Luxembourg B34 457

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17 June 2019

## Shareholder circular

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

Unless otherwise defined, all capitalised terms used herein bear the same meaning as defined in the prospectus (including the Supplement – Additional Information for Hong Kong Investors (“Hong Kong Supplement”)) of Invesco Funds (the “SICAV”) and Appendix A (together the “Prospectus”).

### **About the information in this circular:**

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

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

Directors: Peter Carroll (Irish), Douglas Sharp (Canadian), Timothy Caverly (American), Graeme Proudfoot (British) and Bernhard Langer (German)

Incorporated in Luxembourg No B-34457  
VAT No. LU21722969

**Dear Shareholder,**

We are writing to you as a Shareholder of the Invesco Funds due to several amendments, as further described below, to be included in the Prospectus of the SICAV as of 17 July 2019 (the "Effective Date") unless otherwise stated below.

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

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## **A. General amendments**

### **A1. Introduction of Dealing Day definition**

With effect from the Effective Date, the Directors have decided to introduce a definition of Dealing Day as follows:

"Unless otherwise provided in Section 5.1 (General) covering the dealing information and subject to Section 6.5 (Temporary suspension of the determination of NAV), a Dealing Day means a Business Day other than days which the Directors have determined as non-Dealing Days for specific Funds. The list of expected non-Dealing Days is available on the Website of the Management Company and updated in advance, at least semi-annually. However, the list may be further updated from time to time in the presence of exceptional circumstances where the Directors believe that it is in the best interests of the Shareholders."

The change will apply to all Funds. After the change, non-Dealing Days will be updated in advance of the changes becoming effective on the Website of the Management Company, at least semi-annually. However, additional non-Dealing Days may be designated from time to time in the presence of exceptional circumstances where the Directors believe that such designation is in the best interests of the Shareholders, whereupon the additional non-Dealing Days will be reflected in advance of the changes becoming effective on the Website of the Management Company accordingly.

The introduction of this definition of Dealing Day allows for more flexibility in setting non-Dealing Days for selected Funds where continuing to accept subscriptions and redemptions during local market closure may not be in the best interests of Shareholders.

As a consequence of the introduction of such definition, kindly note that the Section 5.1 (general), Section 5.4.2 (Possible restrictions of redemptions) and the Hong Kong Supplement are impacted where "Business Day" is replaced by "Dealing Day".

The changes will not result in any change to the features and risks applicable to the Funds, and will not materially impact the interests of existing investors, the operation and/or the way the Funds are managed. There will be no change in the fee level or cost in managing the Funds. All costs incurred in connection with the change will be borne by the Management Company.

Kindly note that no non-Dealing Days for specific Funds will be applicable until at least the Effective Date.

## **A2. Change to the fractional Share classes from 2 decimal places to 3 decimal places**

In order to enhance the transparency and accuracy of issuance and redemption of the Share classes, from 19 August 2019 the Share classes will be issued and redeemed to three (3) decimal places.

The Section 4.4.2 (Distribution Shares), Section 4.4.4 (Reinvestment of distributions) and Section 5.5.4 (Delivery into Clearstream) have been updated accordingly.

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## **B. Change of the investment objective and policy of the Invesco China Focus Equity Fund**

From the Effective Date, the investment objective and policy of the Invesco China Focus Equity Fund will change to allow the Invesco China Focus Equity Fund to be exposed for up to 100% to China A shares listed on the Shanghai or Shenzhen Stock Exchanges, via Stock Connect or indirectly through participation notes, equity-linked notes, swaps or similar access products. The Invesco China Focus Equity Fund's exposure to China A Shares via Stock Connect may be up to 100% of its NAV.

These changes are being made in response to changes in the market, where China is taking on increased prominence and exposure in financial indices. The only feature of the Invesco China Focus Equity Fund that is changed is the increased flexibility to invest in China A shares, which is in line with the upcoming changes in the China A share weighting in the MSCI indices, both increases being reflective of the generally positive sentiment surrounding China A shares over time. Invesco China Focus Equity Fund is actively managed and is not constrained by any benchmark; however, the MSCI indices are still somewhat relevant to Invesco China Focus Equity Fund's underlying investments for comparison purposes. It is expected that China A shares will continue to take on increased prominence over time, which will be reflected in portfolio weights.

In anticipation of any further future increases in A-shares inclusion in the MSCI indices and in light of the improvement in A-shares market's accessibility and liquidity, our proposal to include in Invesco China Focus Equity Fund's investment policy the flexibility of A-shares exposure up to 100% is very much in-line with the product's original design as an actively managed fund where the Invesco China Focus Equity Fund's exposure in A-shares may be higher than any reference index.

The risk profile of Invesco China Focus Equity Fund will change in the sense that there are additional risks relevant to the features associated with trading in China A shares (e.g. stock connect risk, RMB currency and conversion risks and PRC tax risk), which will become more relevant to Invesco China Focus Equity Fund as weighting in respect of China A shares increases, however we do not expect the risk profile of Invesco China Focus Equity Fund to be adversely impacted in any material manner. In fact the risk profile of China A shares has in the past exhibited a different profile to those shares listed in Hong Kong and elsewhere, and such difference will be particularly significant where there is a significant overweight to A shares and a divergence between the risk and return profile of China A shares, relative to Chinese companies listed and traded elsewhere.

The changes will not materially impact the interests of existing investors, the operation and/or the way in which the Invesco China Focus Equity Fund is being managed. There will be no change in the fee level or cost in managing the Invesco China Focus Equity Fund. All costs incurred in connection with the proposed changes (except for the transaction costs) will be borne by the Management Company.

In addition to the right to redeem your shares in the Invesco China Focus Equity Fund free of charge as disclosed above, Shareholders may also avail of a switch out of the Invesco China Focus Equity Fund into another Fund in the SICAV (subject to minimum investment amounts as set out in the Prospectus and authorisation of the particular Fund for sale in your relevant jurisdiction), provided such requests are received prior to 5pm on 16 July 2019. The switch will be carried out in accordance with the normal terms applicable to Shareholders in the Invesco China Focus Equity

Fund for switches, but no switching fee will be imposed on any such switch\*. Before taking any decision to invest in another Fund, you must first refer to the Prospectus and the risks involved in relation to the same.

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### **C. Change of Investment Manager and Investment Sub-Manager of the Invesco Developed Small and Mid-Cap Equity Fund**

From the Effective Date, the Investment Manager of the Invesco Developed Small and Mid-Cap Equity Fund will become Invesco Asset Management Limited (to replace Invesco Advisers, Inc.) who may be supported by Invesco Advisers, Inc. as Investment Sub-Manager (to replace Invesco Asset Management Limited). The rationale behind these changes is the relocation of certain personnel responsible for the management of the Invesco Developed Small and Mid-Cap Equity Fund. The changes are intended to better reflect the legal entities responsible for such management.

The changes in Investment Manager and Investment Sub-Manager do not impact the features and risks applicable to the Invesco Developed Small and Mid-Cap Equity Fund, do not change how the Invesco Developed Small and Mid-Cap Equity Fund is managed, and do not impact the rights or interests of existing investors nor the risk profile of the Invesco Developed Small and Mid-Cap Equity Fund. There is no change in the fee level and cost in managing the Invesco Developed Small and Mid-Cap Equity Fund. Any cost and/or expenses incurred in connection with the above changes will be borne by the Management Company.

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### **D. Appointment of Investment Sub-Manager for the Invesco Global Small Cap Equity Fund**

From the Effective Date, Invesco Advisers, Inc. will be appointed as Investment Sub-Manager for the Invesco Global Small Cap Equity Fund. The rationale behind this change is to better reflect that a US portion of the Invesco Global Small Cap Equity Fund is managed in the US, based on an asset allocation directed by Invesco Asset Management Limited, the Investment Manager of the Invesco Global Small Cap Equity Fund.

The appointment of Investment Sub-Manager does not impact the features and risks applicable to the Invesco Global Small Cap Equity Fund, does not change how the Invesco Global Small Cap Equity Fund is managed, and does not impact the rights or interests of existing investors nor the risk profile of the Invesco Global Small Cap Equity Fund. There is no change in the fee level and cost in managing the Invesco Global Small Cap Equity Fund. Any cost and/or expenses incurred in connection with the above changes will be borne by the Management Company.

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

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## **E. Change of the investment objective and policy and relevant risks applicable to the Invesco Global Targeted Returns Fund, Invesco Global Targeted Returns Select Fund and Invesco Global Targeted Returns Select II Fund (the “GTR Funds”)<sup>†</sup>**

The GTR Funds are multi asset unconstrained funds. The Investment Manager would like to be allowed to access China A Shares via Stock Connect for up to 5% of the NAV of the GTR Funds and therefore the investment objective and policy has been updated and the Stock Connect Risk has been ticked in the risk matrix for each of the GTR Funds, disclosed in Section 8 (Risks Warnings) from 17 June 2019.

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## **F. Miscellaneous Updates**

The following changes have also been made to the Prospectus and/or the relevant Product Key Facts Statements:

1. Amendments to the effect that investment in debt securities issued or guaranteed by a non-Member State of the EU will no longer be disclosed in the investment objective and policy of a relevant Fund. Instead, a general statement in Appendix A will provide that a Fund may invest more than 35% of its NAV in debt securities issued and/or guaranteed by any Member State, any State of the OECD or G20, Singapore and Hong Kong, as long as such investment is aligned with the investment policy of the relevant Fund.
2. Expansion of the scope of the restriction on financing controversial weapons to also exclude investment in companies with involvement in biological and chemical weapons.
3. Change in the method of disclosure in relation to what countries are considered as Emerging Markets/Developing Markets, from disclosure within the objective and policy of the specific Funds to a general definition in Appendix A (with any variations to this disclosed within the specific Fund).
4. From 1 October 2019, Shares in the SICAV will only be made available to Canadian residents who are “permitted clients” as per Canadian rules instead of “accredited investors”.
5. Minor changes in relation to the German Investment Tax Act (GITA), whereby the wording would be updated to reflect that the equity ratio would be maintained above 50% rather than above 51%, as well as the addition of disclosures in relation to the mechanism used to measure the equity ratio (now referred to as the “equity quota” within the tax law) and the treatment of target funds.
6. Enhancement of disclosures to the effect that where the Investment Managers use affiliated brokers to route or execute trades on behalf of the Funds, they will act in accordance with applicable best execution requirements and in the best interest of the Shareholders.

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<sup>†</sup> These Funds are not authorised by the SFC and therefore are not available for sale to the public in Hong Kong.

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## **G. Availability of documents and additional information**

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

The updated Prospectus and the updated Product Key Facts Statements will be available to Hong Kong investors on [www.invesco.com.hk](http://www.invesco.com.hk)† from 17 June 2019.

**Do you have any queries in relation to the above?** Or would you like information on other products in the Invesco range of funds that are authorised for sale in your jurisdiction? Please contact Invesco Asset Management Asia Limited at (+852) 3191 8282.

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## **H. Further information**

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

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

Thank you for taking the time to read this communication.

Yours faithfully,



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**By order of the Board of Directors**

Acknowledged by Invesco Management S.A.

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† This website has not been reviewed by the SFC.