



Invesco Funds

Société d'Investissement à Capital Variable
Registered Office:
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R.C.S. Luxembourg B34 457

Scheme changes related to amendments/updates to the prospectus, Appendix A and Hong Kong Supplement (for Hong Kong investors) of Invesco Funds, SICAV.

The directors of Invesco Funds, SICAV (the "Directors") are the persons responsible for the information contained in this letter. To the best of the knowledge and belief of the Directors (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 accept responsibility accordingly.

This letter is sent to you as a shareholder in a sub-fund of Invesco Funds, SICAV (a "Shareholder"). It is important and requires your immediate attention. If you are in any doubt as to the action to be taken, you should immediately consult your stockbroker, bank manager, legal or other professional adviser. If you have sold or otherwise transferred your holding in a sub-fund of Invesco Funds, SICAV (each a "Fund" and collectively the "Funds"), please send this letter to the stockbroker, bank manager or other agent through whom the sale was effected for transmission to the purchaser or transferee.

If any of the below mentioned amendments do not suit your investment requirements, you are advised that you may, at any time prior to the Effective Date (as defined hereafter), redeem your shares in the share classes referenced herein without any redemption charges. Redemptions will be carried out in accordance with the terms of the prospectus of Invesco Funds, SICAV.

Capitalised terms not otherwise defined in this letter shall bear the same meaning than in the Prospectus of the SICAV.

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

Directors: Peter Carroll (Irish), Douglas Sharp (Canadian), Timothy Caverly (American) and Karen Dunn Kelley (American)

Incorporated in Luxembourg No B-34457
VAT No. LU21722969

07 September 2015

Dear Shareholder,

We are writing to you as a Shareholder in certain Funds of Invesco Funds, SICAV (the "**SICAV**") listed below, in relation to the below mentioned amendments to the prospectus of the SICAV and Appendix A (together the "**Prospectus**") and Hong Kong Supplement (for Hong Kong investors only) which are summarised in Point A and B. For Hong Kong investors, the product key facts statements of the affected Funds will also be updated, as necessary.

Invesco proposes to provide for greater flexibility in setting the distribution rate (as defined below) of the existing Monthly Distribution- 1 Share classes described under Section 4.4.2.3 (Monthly Distribution- 1 Shares) of the Prospectus. Furthermore, we propose to reposition the existing Hedged Plus Share classes described under 4.2.1 (Hedged Plus Share classes) of the Prospectus as Monthly Distribution- 1 Share classes. The intention to provide a stable distribution rate will remain, but the SICAV will have greater flexibility and discretion in the rates that are set. For the avoidance of doubt, references to distribution rate relate to distribution payment in the form of a pre-determined amount per share per month, regardless of the actual income earned in that month.

Shareholders should note that the distribution rate will be determined at the discretion of the SICAV and as a result, there is no guarantee that a distribution payment will be made and if a distribution payment is made, the dividend amount is not guaranteed. If there is a change to the distribution rate, affected Shareholders will receive at least one month's prior notice (or such other period as agreed with the CSSF and the SFC).

These amendments to the Prospectus will come into effect on 07 October 2015 (the "**Effective Date**").

If you are a Shareholder invested in the share classes listed under Point A and B below and the amendments described below do not suit your investment requirements, you may redeem your shares without any redemption charges or may avail of a switch out of the relevant Share class into another Share class or Fund in the SICAV or another fund in the Invesco Cross-Border Product Range of funds in Dublin and Luxembourg (subject to minimum investment amounts and eligibility requirements as set out in the relevant fund prospectus and authorization of the particular fund for sale in your relevant jurisdiction). The switch will be carried out in accordance with the normal terms, but no switching fee will be imposed on any such switch. Before taking any decision to invest in another Share class or fund, you must first refer to the prospectus of the relevant Invesco fund and the risks involved in relation to the same.

For Shareholders who do not invest in the share classes listed under Point A and B below, the letter is provided to you for information only as a Shareholder in the Funds in scope.

A- Change of the features of the Monthly Distribution- 1 Share classes

At present, the following Share classes will be impacted by such change:

Invesco Global Equity Income Fund A (USD) Monthly Distribution- 1 Shares
Invesco Pan European High Income Fund A (EUR) Monthly Distribution- 1 Shares
Invesco Pan European High Income Fund A (USD Hgd) Monthly Distribution- 1 Shares
Invesco Asia Balanced Fund A (USD) Monthly Distribution- 1 Shares

In the current Monthly Distribution- 1 Share classes, the SICAV intends to pay a portion of the dividends out of (a) the net distributable income and (b) out of capital of the relevant Share class. It is currently the intention



that the overall amount of the dividends distributed will not exceed all the gross income attributable to the relevant Monthly Distribution- 1 Share classes.

Starting from the Effective Date, in determining the distribution rate applicable to the Monthly Distribution- 1 Shares, the SICAV will have the discretion to pay monthly:

- (a) A portion of dividends out of gross income,
- (b) A portion of dividends out of capital, and
- (c) With respect to hedged Monthly Distribution- 1 Share classes, the interest rate differential between the currency in which the share class is denominated and the base currency of the Fund.

As a result, it is possible that the dividend level may exceed the gross income attributable to the Monthly Distribution- 1 Shares and in some cases may be significantly higher. Please note that the payment of fees and expenses will continue to be charged to capital.

The calculation of the distribution rate will be amended to allow for greater flexibility and the SICAV may, at its discretion, include additional components such as interest rate differential, with respect to hedged Monthly Distribution- 1 Share classes. In determining the stable distribution applicable to each Monthly Distribution- 1 Share class, the SICAV will take into consideration the securities held by the portfolio and the gross yield that these are likely to generate. The SICAV may then, at its discretion, allow for an additional distribution from capital, or in the case of a hedged Monthly Distribution- 1 Share class may also take into consideration the interest rate differential between the base currency of the Fund and the currency of the Share class.

The new wording of Section 4.4.2.3 (Monthly Distribution- 1 Shares) of the Prospectus is disclosed in Schedule 1 of this letter.

Section 8 (Risk Warnings) of the Prospectus has been revised in order to clarify the risks associated with the new features of the Monthly Distribution- 1 Share classes and additional disclosures have been included. It is important to note, that any payment of distributions out of gross income or directly from capital, may amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of capital will result in an immediate reduction of the net asset value of the relevant Share class. This will result in capital erosion and therefore constrain future capital growth for such Share classes. **For the full risks which will be disclosed in the updated Prospectus, please refer to the Schedule 1 of this letter.**

For the avoidance of doubt, there will be no change in the nature/type or level of fees for the existing Share classes of each Fund of the SICAV and all costs related to such change will be borne by Invesco.

For Hong Kong Shareholders, the distribution rate (and any change thereof) and the composition of the dividends (i.e. the relative amounts paid out of net distributable income and capital (if any)) for the last 12 months ("Dividend Composition Information") is available from the Hong Kong Sub-Distributor and Representative on request, in the annual reports or on the Invesco internet site (www.invesco.com.hk).

For non-Hong Kong Shareholders, such information can be obtained on the website of the management company (<http://www.invescomanagementcompany.lu>) and will be detailed in the annual reports.

This website has not been reviewed by the Hong Kong Securities and Futures Commission (the "SFC").

* For Hong Kong Shareholders, kindly note that this website has not been reviewed by the SFC and may contain information of funds not authorized by the SFC.

B- Change in distribution policy and subsequent renaming of the Hedged Plus Share classes as Monthly Distribution- 1 Share classes and related updates

Existing Hedged Plus Share classes are described under Section 4.2.1 (Hedged Plus Share Classes) of the Prospectus (the "Hgd +" Share classes). The Hgd + Share classes currently treat the return driven by the interest rate differential between the currency of the Hgd + Share class and the base currency of the relevant Fund as distributable income. It is the intention to continue to treat the return driven by the interest rate differential as distributable income, however, from an accounting perspective, it will continue to be treated as distribution out of capital of the share class. For the sake of clarity, the Hgd + Share classes are Share classes which distribute monthly, out of gross income.

As the features of the current Hgd + Share classes will be included in the new mechanism of the Monthly Distribution- 1 Share classes, starting from the Effective Date, Section 4.2.1 of the Prospectus will be deleted and the Hgd + Share classes will be renamed as Monthly Distribution- 1 Share classes and will take on their features (**for the features on the Monthly Distribution- 1 Share classes, please refer to point A above**).

For the avoidance of doubt, the relevant new Monthly Distribution- 1 Share classes that will incorporate the features of the Hgd + Share classes will still be hedged against the base currency of the relevant Fund and comply with the features disclosed in Section 4.2 (Hedged Share classes).

Please find below the table showing the impacted Funds and Share classes and their future corresponding names as of the Effective Date:

Impacted Funds	Current name of the impacted Share class	Future name of the impacted Share class
Invesco Asia Balanced Fund	A (AUD Hgd +) Gross Monthly distribution Share class	A (AUD Hgd) Monthly Distribution- 1 Share class
Invesco Asia Balanced Fund	A (CAD Hgd +) Gross Monthly distribution Share class	A (CAD Hgd) Monthly Distribution- 1 Share class
Invesco Asia Balanced Fund	A (NZD Hgd +) Gross Monthly distribution Share class	A (NZD Hgd) Monthly Distribution- 1 Share class
Invesco Emerging Local Currencies Debt Fund	A (AUD Hgd +) Gross Monthly distribution Share class	A (AUD Hgd) Monthly Distribution- 1 Share class
Invesco Asian Bond Fund	A (AUD Hgd +) Gross Monthly distribution Share class	A (AUD Hgd) Monthly Distribution- 1 Share class
Invesco Asian Bond Fund	A (CAD Hgd +) Gross Monthly distribution Share class	A (CAD Hgd) Monthly Distribution- 1 Share class
Invesco Asian Bond Fund	A (NZD Hgd +) Gross Monthly distribution Share class	A (NZD Hgd) Monthly Distribution- 1 Share class

For the avoidance of doubt, there will be no change in the nature/type or level of fees for the existing Share classes of each Fund of the SICAV and all costs related to such change will be borne by Invesco.

For Hong Kong Shareholders, the distribution rate (and any change thereof) and the composition of the dividends on the Monthly Distribution- 1 Shares (i.e. the relative amounts paid out of net distributable income and capital (if any)) for the last 12 months ("Dividend Composition Information") is available from the Hong



Kong Sub-Distributor and Representative on request, in the annual reports or on the Invesco internet site (www.invesco.com.hk#).

For non-Hong Kong Shareholders, such information can be obtained on the website of the management company (http://www.invescomanagementcompany.lu*) and will be detailed in the annual reports.

Further Information

For non-Hong Kong Shareholders, the Prospectus is available free of charge at the registered office of the SICAV. It is also available from the website of the management company of the SICAV (Invesco Management S.A.): http://www.invescomanagementcompany.lu*.

If you have any queries in relation to the above, or would like information on other products in the Invesco range of funds that are authorised for sale in your jurisdiction, please contact your local Invesco office, details of which are set out overleaf.

Shareholders in Hong Kong may contact the SICAV's Hong Kong Sub-Distributor and Representative, Invesco Asset Management Asia Limited on telephone number (+852) 3191 8282.

If you are acting as a distributor for German clients, please be advised you are not required to forward this letter to your end clients by durable media.

For Swiss Shareholders, the Prospectus, the Key Investor Information Documents, the articles of incorporation of the SICAV as well as the annual and interim reports of the SICAV may be obtained free of charge from the Swiss representative. Invesco Asset Management (Switzerland) Ltd., Talacker 34, 8001 Zurich, is the Swiss representative and BNP Paribas Securities Services, Paris, Succursale de Zurich, Selnaustrasse 16, 8002 Zurich, is the Swiss paying agent.

Thank you for taking the time to read this communication.

Yours faithfully,

A handwritten signature in blue ink, appearing to be "A. S.", is written over a horizontal line.

By order of the Board of Directors

This website has not been reviewed by the SFC.

* For Hong Kong Shareholders, kindly note that this website has not been reviewed by the SFC and may contain information of funds not authorized by the SFC.

General Information:

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

Important Information for UK Shareholders

For the purpose of the United Kingdom Financial Services and Markets Act, 2000 (the "**FSMA**"), this letter has been issued by Invesco Global Investment Funds Limited which is authorised and regulated by the Financial Conduct Authority, on behalf of Invesco Global Asset Management Limited, the Global Distributor of the SICAV. For the purposes of United Kingdom law, the SICAV is a recognised scheme under section 264 of the FSMA. All or most of the protections provided by the United Kingdom regulatory system, for the protection of private clients, do not apply to offshore funds, compensation under the United Kingdom's Financial Services Compensation scheme will not be available and United Kingdom cancellation rights do not apply.

Contact information

For further queries, you may contact Invesco Asset Management Deutschland GmbH at (+49) 69 29807 0, Invesco Asset Management Österreich GmbH at (+43) 1 316 2000, Invesco Global Asset Management Limited at (+353) 1 439 8000, Invesco Asset Management Asia Limited at (+852) 3191 8282, Invesco Asset Management S.A. Sucursal en España at (+34) 91 781 3020, Invesco International Limited Jersey at +44 1534 607600, Invesco Asset Management S.A. Belgian Branch at (+32) 2 641 01 70, Invesco Asset Management S.A. at (+33) 1 56 62 43 00, Invesco Asset Management S.A. Sede Secondaria, Invesco Asset Management (Schweiz) AG at (+41) 44 287 9000, Invesco Asset Management SA Dutch Branch at (+31) 205 61 62 61, Invesco Asset Management S.A (France) Swedish Filial at (+46) 8 463 11 06 or Invesco Global Investment Funds Limited at +44 (0) 1491 417 000.

Note:

This letter has been automatically generated in English. A copy of this letter is available in the following languages: Chinese, French, Greek, Italian and Spanish. To request a copy, please contact the Investor Services Team, IFDS, Dublin on (+353) 1 439 8100 (option 2) or your local Invesco office.



SCHEDULE 1

Section 4.4.2.3 (Monthly Distribution- 1 Shares)

The SICAV, at its absolute discretion, has the power to issue certain classes of Shares that distribute out of gross income and/or directly from capital. At present, certain Funds offer such Monthly Distribution- 1 Share classes as further specified in the distribution policy of each Share class on the Website of the Management Company.

As the generation of income has a higher priority than capital growth in the context of the Monthly Distribution- 1 Shares, the Monthly Distribution- 1 Shares have a greater flexibility with respect to their distribution policy.

In determining the distribution policy applicable to the Monthly Distribution- 1 Shares, the SICAV may at its discretion, pay:

- a) A portion of the dividends out of gross income;
- b) A portion of the dividends out of capital; and
- c) With respect to hedged Monthly Distribution- 1 Share classes, the interest rate differential between the currency in which the Share class is denominated and the base currency of the relevant Fund

These Monthly Distribution- 1 Shares intend to pay a stable distribution rate. The distribution rate refers to a distribution payment in the form of a pre-determined amount per share per month, regardless of the actual income earned in that month.

The distribution rate will be determined at the discretion of the SICAV and as result, there is no guarantee that a distribution payment will be made and if a distribution payment is made, the dividend rate is not guaranteed.

In determining the stable distribution rate applicable to each Monthly Distribution- 1 Share class, the SICAV will take into consideration the securities held by the portfolio and the gross yield that these are likely to generate. The SICAV may then, at its discretion, allow for an additional distribution from capital, or in the case of a hedged Share class may also take into consideration the interest rate differential between the base currency of the Fund and the currency of the Share class.

The interest rate differential will be estimated based on the difference between the central bank rates of the base currency of the Fund and the currency in which the hedged Monthly Distribution- 1 Share class is denominated. Where the interest rate differential is positive then it would be expected that the distribution yield may be higher than equivalent Shares denominated in the base currency of the Fund. Where the interest rate differential is negative, then it would be expected that the distribution yield may be lower than equivalent shares denominated in the base currency of the Fund. In an extreme case, where the interest rate differential is negative and is greater than the distribution yield of the Fund in base currency, then it is possible that no dividend may be paid out and the net asset value of the relevant Share class may be negatively impacted.

For the avoidance of doubt, the interest rate differential is calculated by subtracting the central bank interest rate applicable to the base currency of the Fund from the central bank interest rate applicable to the currency in which the hedged Monthly Distribution- 1 Share Classes are denominated.

The distribution rate will be reviewed on at least a semi-annual basis based on market conditions. In extreme market conditions, this review may occur on a more frequent basis at the discretion of the SICAV. It is,

however, not the intention of the SICAV to take exchange rate fluctuations between the currency in which the Share class is denominated and the base currency of the Fund (where different) into consideration subsequent to the determination of the stable distribution rate. If there is a change to the distribution rate, affected Shareholders will receive at least one month's prior notice (or such other period as agreed with the CSSF and SFC).

Investors should note that any payment of distributions out of gross income or directly from capital, and/or the payment of fees and expenses from capital, may amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of capital will result in an immediate reduction of the net asset value of the relevant Share class. This will result in capital erosion and therefore constrain future capital growth for such Share classes.

Hedged Share classes are described in Section 4.2 (Hedged Share Classes). For the avoidance of doubt, investors should note that the risks set forth under Section 4.2 (Hedged Share Classes) apply also to hedged Monthly Distribution- 1 Share classes.

Shareholders should also note that where dividends are paid from capital, this may result in a higher dividend, which may lead to a higher income tax liability. The SICAV may pay dividends out of income or capital, and under such scenario such dividends may be considered as income distributions or capital gains in the hands of Shareholders depending on the local tax legislation in place (Please refer to Section 11 (Taxation)).

If there is a change to this policy, prior approval will be sought from the CSSF and the SFC and affected Shareholders will receive at least one month's prior written notification.

For Hong Kong Shareholders, the distribution rate (and any change thereof) and the composition of the dividends (i.e. the relative amounts paid out of net distributable income and capital (if any)) for the last 12 months ("Dividend Composition Information") is available from the Hong Kong Sub-Distributor and Representative on request, in the annual reports or on the Invesco internet site (www.invesco.com.hk).

For non-Hong Kong Shareholders, at request, such information can be obtained on the Website of the Management Company and will be detailed in the annual reports.

Section 8 (Risk Warnings)

Monthly Distribution- 1 Shares

As the generation of income has a higher priority than capital growth in the context of Monthly Distribution- 1 Shares, the SICAV, at its discretion, may pay distributions out of capital as well as out of gross income applicable to that Share class.

Investors should note that any payment of distributions out of gross income or directly from capital and/or the payment of fees and expenses from capital, may amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of capital will result in an immediate reduction of the net asset value of the relevant Share class. This will result in capital erosion and therefore constrain future capital growth for such Share classes.

The amount of distributions paid may not be correlated to past income or expected returns of the relevant Share classes or the relevant Fund. The distribution paid can thus be higher or lower than the income and return earned by the Fund during the distribution period. Monthly Distribution- 1 Shares may continue to



distribute in periods in which the relevant Fund has negative returns or is making losses, which further reduces the net asset value of the relevant Share class. In extreme circumstances, investors may not be able to get back their original investment amount.

For Monthly Distribution- 1 Shares that are currency hedged, the SICAV may take into account the return driven by the interest rate differential arising from the currency hedging of such Share classes in determining the distribution rate to be paid (which constitutes a distribution from capital). This will mean that, where the interest rate differential between the currency in which the hedged Monthly Distribution- 1 Share class is denominated and the base currency of the relevant Fund is positive, investors may forego capital gains in favour of distributions. Conversely, in times where the interest rate differential between the currency in which the hedged Monthly Distribution- 1 Share class is denominated and the base currency of the relevant Fund is negative, then the value of distributions payable may be reduced as a result. Investors should be aware of the uncertainty of relative interest rates, which are subject to change, and that this will have an impact on the return of the hedged Monthly Distribution- 1 Share classes. The net asset value of the hedged Monthly Distribution- 1 Share classes may fluctuate and may significantly differ from other Share classes due to the fluctuation of the interest rate differential between the currency in which the hedged Monthly Distribution- 1 Share class is denominated and the base currency of the relevant Fund, and investors in such Share classes may therefore be adversely affected.

For the avoidance of doubt, the interest rate differential is calculated by subtracting the central bank interest rate applicable to the base currency of the Fund from the central bank interest rate applicable to the currency in which the hedged Monthly Distribution- 1 Share classes are denominated.

It is not the intention of the SICAV to take exchange rate fluctuations between the currency in which the Share class is denominated and the base currency of the Fund (where different) into consideration subsequent to the determination of the stable distribution rate.

Shareholders should also note that the higher dividend that they receive may lead to a higher income tax liability. The SICAV may pay dividends out of income or capital, and under such scenario such dividend may be considered as income distributions or capital gains in the hands of Shareholders depending on the local tax legislation in place. Investors should seek their own professional tax advice in this regard (Please refer to Section 11 (Taxation)).

The distribution rate will be determined at the discretion of the SICAV and as result, there is no guarantee that a distribution payment will be made and if a distribution payment is made, the dividend rate is not guaranteed.

Shareholders should note that investments in the Monthly Distribution- 1 Shares do not constitute an alternative to a savings account or fixed-interest paying investment.

If there is a change to this policy, prior approval will be sought from the CSSF and the SFC and affected Shareholders will receive at least one month's prior written notification.