
Invesco Funds

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27 February 2025

Shareholder circular:

Invesco UK Investment Grade Bond Fund

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.

Proposed Merger of

Invesco UK Investment Grade Bond Fund (a sub-fund of Invesco Funds)

into

Invesco Sterling Bond Fund (a sub-fund of Invesco Funds)

About the information in this circular:

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

Unless otherwise defined in this circular, capitalised terms shall have the meanings attributed to them in the prospectus (including the Supplement – Additional Information for Hong Kong Investors (“Hong Kong Supplement”)) of Invesco Funds (the “Prospectus”).

Invesco Funds is regulated by the Commission de
Surveillance du Secteur Financier
Directors: Peter Carroll, Rene Marston, Timothy Caverly,
Andrea Mornato and Fergal Dempsey

Incorporated in Luxembourg No B-34457
VAT No. LU21722969

What this circular includes:

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Dear Shareholder,

We are writing to you as a Shareholder in Invesco UK Investment Grade Bond Fund, a sub-fund of Invesco Funds (hereinafter referred to as “Invesco Funds” or the “SICAV”).

In this circular, you will find explanations about our proposal to merge:

- Invesco UK Investment Grade Bond Fund (the “Merging Fund”),
Into:
- Invesco Sterling Bond Fund (the “Receiving Fund”),

both sub-funds of the SICAV are authorised by the Commission de Surveillance du Secteur Financier (the “CSSF”) and by the Securities and Futures Commission (the “SFC”).

A. Terms of the proposed merger

It has been resolved to proceed with a merger pursuant to article 24 of the Articles of the SICAV and to article 1 (20) a) of the Luxembourg Law of 17 December 2010 relating to collective investment undertakings, as amended from time to time (the “2010 Law”). This involves the transfer of all of the assets and liabilities of the Merging Fund to the Receiving Fund. As a result, Shareholders of the Merging Fund who continue to hold Shares in the Merging Fund on the Effective Date (as defined below) will receive Shares in the Receiving Fund in exchange for their Shares in the Merging Fund. Upon completion of the merger, the Merging Fund shall be dissolved without liquidation on the Effective Date and, consequently, the Merging Fund will cease to exist and its Shares will be cancelled with effect from the Effective Date.

A 1. Background to and rationale for the proposed merger

Invesco Funds is registered with the “Registre de Commerce et des Sociétés” of Luxembourg under Number B34457 and qualifies as an open-ended “société d’investissement à capital variable”. Invesco Funds is organised as an umbrella UCITS fund with segregated liability between sub-funds pursuant to the 2010 Law.

The Merging Fund was approved by the CSSF and launched on 11 December 2006 and the Receiving Fund was approved by the CSSF and launched on 8 October 2018, both as sub-funds of Invesco Funds.

The Directors have resolved to merge the Merging Fund with the Receiving Fund as the Directors believe that the Receiving Fund represents a better resourced and positioned product. The investment strategy of the Merging Fund has failed to gain market traction in terms of flows. In addition, it is anticipated that the proposed merger will retain assets over the longer term in a better positioned product with a higher growth potential. Although management fees are higher on the Receiving Fund (see Appendix 1 for full comparison), the Directors believe that the significantly stronger risk/ return profile of the Receiving Fund justifies the higher fees and the fee structure is aligned with sub-funds with similar strategies in the SICAV.

A 2. The expected impact of the proposed merger

In light of the rationale provided above, it is expected that the proposed merger will bring benefits to Shareholders of the Merging Fund should they remain invested in the Receiving Fund over the long term.

In addition to the information below, Appendix 1 to this circular sets out details of the key differences and similarities between the Merging Fund and the Receiving Fund that will be of interest and importance to you. Full details of the Merging Fund and the Receiving Fund are set out in their respective Product Key Facts Statements (“KFSS”) and the Prospectus.

The Directors recommend that **you consider Appendix 1 carefully.**

The intention is to merge the Shareholders of Share classes in the Merging Fund into Share classes with similar features in the Receiving Fund. For the avoidance of doubt, the investment policy is different for the Merging Fund and the Receiving Fund (although both the Merging Fund and the Receiving Fund invest primarily in Pound Sterling debt securities). There are a few other differences as further detailed in Appendix 1 below (e.g. the profile of typical investor, the expected level of leverage and the benchmark used to calculate the global exposure). However, the Management Company, the Investment Manager, the key service providers (such as the Depositary, the Administration Agent and the Auditors), types and naming conventions of Share class, the operational features (such as Base Currency, Business Days, Dealing Cut-off Point, Settlement Date, NAV calculation, distribution policy and Reports) are the same for the Merging Fund and the Receiving Fund.

While the dates of declaration and payment of distribution of the Merging Fund and Receiving Fund are the same according to the distribution policies as disclosed in the Prospectus, unless there is no surplus income, the SICAV may make a special distribution to the Shareholders of the Merging Fund in advance of the Effective Date to clear down any income entitlements. The declaration of such special distribution is subject to the SICAV’s discretion, and payment may take place on a date before the Effective Date that is different from the regular distribution dates set out in the Prospectus. For the avoidance of doubt, Shareholders of the Merging Fund:

- i. who redeem before the declaration of such special distribution will not be entitled to the special distribution;
- ii. who redeem after the declaration of such special distribution will be entitled to the special distribution; and
- iii. who continue to hold Shares in the Merging Fund at the Effective Date will be entitled to the special distribution, and will become Shareholders of the Receiving Fund and receive distribution payments in line with the Prospectus after the Effective Date.

For the avoidance of doubt, the surplus income that gives rise to the special distribution (if any) will be reflected in the Merging Fund’s NAV before the declaration of the special distribution. Therefore it is not expected that Shareholders who redeem before the declaration of the special distribution will be disadvantaged.

Further details of the comparison of the Share classes in the Merging Fund to the corresponding Share classes in the Receiving Fund are also set out in the table below and more fully in Appendix 1.

Upon completion of the proposed merger on the Effective Date, Shareholders in the Merging Fund who continue to hold Shares in the Merging Fund on that date will become Shareholders in the relevant Share class of the Receiving Fund with equivalent features. They will hold such Shares on the same terms and conditions as all existing Shareholders of the Receiving Fund in such Share class of the Receiving Fund.

Shareholders' rights

Both the Merging Fund and the Receiving Fund are sub-funds of Invesco Funds, and as such the Shareholders' rights are the same and will remain unchanged.

Investment objective and policy and related risks

The Merging Fund is primarily invested in debt and Money Market Instruments denominated in Pound Sterling of investment grade quality. The Receiving Fund is primarily invested in debt securities denominated in Pounds Sterling. Both the Merging Fund and the Receiving Fund have the ability to invest in non-investment grade debt securities, however, this is limited to less than 30% of the NAV of the Merging Fund and up to 30% of the NAV of the Receiving Fund. Additionally, both the Merging Fund and the Receiving Fund are categorised as Article 8 products under the Sustainable Finance Disclosure Regulation (SFDR) as they both promote environmental and social characteristics in their management processes. For further details on the similarities and differences of the investment policy between the Merging Fund and the Receiving Fund, please refer to Appendix 1.

Both the Merging Fund and the Receiving Fund are currently managed by Invesco Asset Management Limited.

The overall risk profile of the Merging Fund and the Receiving Fund are almost the same, however, the Receiving Fund is subject to additional risks relating to Investing in High Yield Bonds/Non-Investment Grade Bond and Distressed Securities Risk.

The relevant or material risk factors applicable to the Merging Fund and to the Receiving Fund are as highlighted in the table of risks below. The table below does not purport to provide a complete explanation of all the risks associated with investment in the Merging Fund and the Receiving Fund, however all relevant or material risks are disclosed and Shareholders are advised to refer to the Prospectus (including the Hong Kong Supplement) and/or the relevant KFSs for further details of such risk factors.

	Liquidity Risk	Currency Exchange Risk	Portfolio Turnover Risk	Volatility Risk	Equities Risk	Risks associated to quantitative models	Private and Unlisted Equity Risk	Investing in Small Companies	Sector Concentration Risk	Holdings Concentration Risk	Country Concentration Risk	Credit Risk	Interest Rate Risk	Investing in High Yield Bonds/Non-investment Grade Bonds	Investing in Perpetual Bonds	Distressed Securities Risk	Contingent Convertibles Risk	Convertible Bonds Risk	ABS/MBS Risk	Financial Derivative Instruments for Investment Purposes Risk	Dynamic Asset Allocation Risk	Commodities Risk	Emerging Markets Risk	Investment in Russia	Investment in Indian Debt Market Risk	QFI Risks	Stock Connect Risks	Bond Connect Risks	ESG Investment Risk
Invesco UK Investment Grade Bond Fund	x			x							x	x	x				x			x									x
Invesco Sterling Bond Fund	x			x								x	x	x		x	x			x									x

Portfolio rebalancing exercise

The Investment Manager will ensure that the portfolio of investments of the Merging Fund transferred at the Effective Date are compatible with the investment objective and policy of the Receiving Fund. To this end, a portfolio rebalancing exercise will take place within the two (2) week period prior to the Effective Date.

The total costs associated with any rebalancing of the underlying investments of the portfolio (primarily dealing and transaction costs) undertaken within the two (2) week period prior to the Effective Date, as part of such rebalancing exercise, are reasonably estimated at 30 basis points ("bps") of the Merging Fund's NAV as at the rebalancing date. Such costs shall be borne by the Merging Fund up to a maximum of 40 bps of the Merging Fund's NAV as at the rebalancing date, as it is believed that the proposed merger will provide investors with a fund with improved positioning and resources, higher opportunities to achieve growth over the long term and marginal benefits accruing from increased economies of scale (rebalancing costs above a maximum of 40 bps of the Merging Fund's NAV as at the rebalancing date will be borne by the Management Company).

The basis of this cost estimate is consistent with the methodology utilised by the SICAV in order to mitigate the effect of dilution, as further described under the sub-section named "swing pricing mechanism" in Section 6.2 of the Prospectus. The cost estimate will reflect an approximation of the cost of purchasing or selling the underlying assets of the Merging Fund due to dealing charges, taxes and any bid/offer spread between the buying and selling prices of the underlying assets and may include anticipated fiscal charges.

It should be noted that during the rebalance period and in the two (2) week period leading up to the Effective Date that the Merging Fund may deviate from, and hence may not be in compliance with, its investment objective and policy, albeit the Merging Fund will remain primarily invested in Pound Sterling debt securities. This is due to the fact that the overlap between the Merging Fund and the Receiving Fund is small and the way the Merging Fund and the Receiving Fund are managed is different, which will result in a higher turnover and a different client experience than would otherwise be achieved if the portfolio rebalance exercise did not take place. A portfolio rebalancing exercise is hence necessary to ensure that the portfolio of investments of the Merging Fund transferred at the Effective Date are compatible with the investment objective and policy of the Receiving Fund.

To the extent that the rebalancing costs are borne by the Merging Fund, Shareholders who remain in the Merging Fund during the rebalancing period will be subject to the rebalancing costs.

Please refer to Appendix 1 for detailed disclosure of the investment objective and policy of the Merging Fund and the Receiving Fund. For details of the arrangement relating to the expenses incurred in connection with the proposed merger and costs associated with the transfer of the portfolio of the Merging Fund and the Receiving Fund, please refer to Section B2 below.

Fees and expenses of the Share classes of the Merging Fund and corresponding Share classes of the Receiving Fund

The table below summarises the management fees, distribution fees, service agent fees and depositary charges disclosed in the Prospectus as well as the latest ongoing charges figures disclosed in the current KFSs for the Merging Fund and the corresponding Share classes in the Receiving Fund.

Merging Fund (Note: Only Share classes with remaining Shareholders on the Effective Date will be merged into the Receiving Fund.)						Receiving Fund					
Share class	Management Fee	Annual Distribution Fee	Max Service Agent Fee	Max Depositary Charge	Ongoing charges	Share class	Management Fee	Annual Distribution Fee	Max Service Agent Fee	Max Depositary Charge	Ongoing charges
A Quarterly Distribution	0.625%	N/A	0.27%	0.0075%	0.84%*	A Quarterly Distribution	0.75%	N/A	0.20%	0.0075%	0.97%**
C Accumulation^	0.40%	N/A	0.20%	0.0075%	0.61%*	C Accumulation^	0.50%	N/A	0.20%	0.0075%	0.72%**
C Quarterly Distribution	0.40%	N/A	0.20%	0.0075%	0.61%*	C Quarterly Distribution	0.50%	N/A	0.20%	0.0075%	0.72%**
Z Accumulation^	0.32%	N/A	0.20%	0.0075%	0.53%*	Z Accumulation^	0.38%	N/A	0.20%	0.0075%	0.60%**
Z Quarterly Distribution^	0.32%	N/A	0.20%	0.0075%	0.53%*	Z Quarterly Distribution^	0.38%	N/A	0.20%	0.0075%	0.60%**

^ These Share classes are/will not be offered to the public in Hong Kong.

* The ongoing charges figure is calculated based on annualised expenses (excluding portfolio transaction costs) for the period ending 29 February 2024 divided by the average net assets over the same period, and is capped on a discretionary basis. This discretionary cap may positively impact the performance of the Share class. As the Merging Fund will cease to exist as from the Effective Date the discretionary cap will no longer apply with effect from the Effective Date.

** The ongoing charges figure is calculated based on annualised expenses (excluding portfolio transaction costs) for the period ending 29 February 2024 divided by the average net assets over the same period.

A 3. Valuation of assets and liabilities, calculation of the exchange ratio and exchange of Shares

As a result of the proposed merger, on the Effective Date, the Merging Fund will contribute all of its assets and liabilities, including any accrued income and liabilities to the Receiving Fund. Therefore, Shareholders, who continue to hold Shares in the Merging Fund on the Effective Date, will receive corresponding Shares in the Receiving Fund.

The Merging Fund's assets under management amounted to GBP 32.6 million as at 30 November 2024 and those of the Receiving Fund amounted to GBP 871.11 million as at 30 November 2024.

The number of corresponding Shares in the Receiving Fund to be issued to each Shareholder of the Merging Fund who continues to hold Shares in the Merging Fund on the Effective Date will be calculated using an "exchange ratio" on the Effective Date. The "exchange ratio" is the factor expressing how many Shares will be issued in the corresponding Share class of the Receiving Fund for one Share in a Share class of the Merging Fund and will be calculated to six (6) decimal places, utilizing the price of the respective Share class of the Merging Fund divided by the price of the respective Share class of the Receiving Fund to calculate such ratio.

The cancellation of all existing Shares of the Merging Fund and the issue of the corresponding Shares of the Receiving Fund will be performed on the basis of the unrounded NAV of the respective Share classes of the Merging Fund and the Receiving Fund at the Valuation Point on the Effective Date. Please note that the NAV per Share of the Merging Fund and the Receiving Fund on the Effective Date will not necessarily be the same. While the overall value of their holding will be almost identical before and after the Effective Date (any difference being negligible and due to rounding), Shareholders of the Merging Fund who continue to hold Shares in the Merging Fund on the Effective Date may receive a different number of Shares in the Receiving Fund than they had previously held in the Merging Fund.

Please note that in the event the exchange ratio is rounded down, then Shareholders of the Merging Fund will receive Shares with a value that is fractionally less than the value transitioned with Shareholders of the Receiving Fund gaining proportionally. In the event the exchange ratio is rounded up, then Shareholders of the Merging Fund

will receive Shares with a value that is fractionally more than the value transitioned with Shareholders of the Receiving Fund losing proportionally.

In case the application of the relevant exchange ratio does not lead to the issuance of full Shares, the Shareholders of the Merging Fund who continue to hold Shares in the Merging Fund on the Effective Date will receive fractions of Shares, up to three (3) decimal points, within the corresponding Share class of the Receiving Fund, in accordance with the provisions of the Prospectus.

Shareholders subscribing for Shares in the Receiving Fund after the Effective Date and who subscribe for a number of Shares in their application (as opposed to a monetary amount) should note that, due to the difference in NAV per Share between the Merging Fund and the Receiving Fund, the total subscription price payable for such Shares in the Receiving Fund may differ from that which would have been payable in respect of a subscription in the Merging Fund.

On the Effective Date, the valuation of the Merging Fund and the Receiving Fund and, thereafter all future valuations of the Receiving Fund, will be carried out in accordance with the valuation principles as set out in the Prospectus and the Articles of Invesco Funds. For the avoidance of doubt, there is effectively no difference between the valuation principles of the Merging Fund and the Receiving Fund and no impact on Shareholders who continue to hold Shares in the Merging Fund on the Effective Date arising from the adoption of valuation principles applicable to the Receiving Fund.

If you have not redeemed/switched your Shares in the Merging Fund prior to the Effective Date, the Registrar and Transfer Agent will issue you a written confirmation after the Effective Date with details of the exchange ratio applied, as well as the number of Shares you received in the corresponding Share class of the Receiving Fund as of the Effective Date as a result of the merger.

No initial charge will be payable on the issue of Shares in the Receiving Fund as part of this proposed merger.

A 4. Proposed Effective Date of the merger

It is expected that the proposed merger will take effect on 11 April 2025, or a later date as may be determined by the Directors which may be up to five (5) weeks later, subject to the prior approval of a later date by the CSSF and immediate notification of same to the Shareholders who continue to hold Shares in the Merging Fund in writing (the "Effective Date").

In the event that the Directors approve a later Effective Date, they may also make such consequential adjustments to the other elements in the timetable of the merger as they consider appropriate.

Please read Appendix 2 to this circular carefully as it sets out a timeline for the merger proposal.

A 5. Rules relating to the transfer of assets and liabilities and treatment of the Merging Fund

As of the Effective Date, the assets and liabilities of the Merging Fund will be transferred to the Receiving Fund and all Shareholders who continue to hold Shares of the Merging Fund at that time, will be entitled to receive Shares in the Receiving Fund in exchange.

As a result, any liabilities accrued that are expected to be paid by the Merging Fund from the Effective Date will pass to the Receiving Fund and will be paid by the Receiving Fund. As the accruals of liabilities are made on a daily basis and are reflected in the daily NAV, such accruals will have no impact on the NAV of the Merging Fund or the Receiving Fund on the Effective Date. All invoices presented before the Effective Date will be paid by the Merging

Fund. Based on the best estimate of the Management Company, it is expected that any under/over provision, if applicable, will be immaterial relative to the NAV of the Receiving Fund and will have no material impact on Shareholders who continue to hold Shares in the Merging Fund on the Effective Date.

In addition, from the Effective Date, any exceptional items (e.g. withholding tax reclaims, class actions, etc.) resulting in a payment being made to the Merging Fund will automatically be transferred to the Receiving Fund.

Details of the relevant Share class(es) in the Receiving Fund which you will receive if you elect not to redeem/switch prior to the proposed merger are set out in Appendix 1 to this circular. As mentioned in Section A2, the intention is to merge the Shareholders in the Merging Fund into the exact same Share class in the Receiving Fund.

B. Other matters relating to the proposed merger

B 1. Right to subscribe for and/or redeem Shares or switch Shares

The implementation of the merger does not require the approval of the general meeting of Shareholders of the Merging Fund.

If the proposed merger does not suit your requirements, you have the opportunity at any time up to and including 5:00 p.m. (Hong Kong time) on 4 April 2025*:

- to redeem your Shares, which will be carried out in accordance with the terms of the Prospectus without any redemption charges, or
- to avail of a free switch[†] out of the relevant Share class into another Fund of Invesco Funds (subject to the minimum investment amounts and eligibility requirements set out in the Prospectus), and if you are a retail investor in Hong Kong, you may only switch into a Fund which is authorised by the SFC. For more information, please do not hesitate to contact the Hong Kong Sub-Distributor and Representative, Invesco Hong Kong Limited, by telephone at +852 3191 8282.

Please note that the redemption/switch will amount to a disposal of your interests in the Merging Fund and may have tax consequences.

If you are in any doubt as to your individual tax position, you should consult your professional advisers.

It should also be noted that as at the date of this circular, the Merging Fund will not be allowed to be marketed to the public in Hong Kong and shall not be allowed to accept subscription from new investors in light of the fact that the Merging Fund was intended to be merged. However, existing Shareholders will be able to continue to subscribe, redeem or switch out from the Share class of the Merging Fund they are invested in, in accordance with the provisions disclosed in the Prospectus, up to 5:00 p.m. (Hong Kong time) on 4 April 2025*.

From 5:00 p.m. (Hong Kong time) on 4 April 2025 to 11 April 2025, both dates inclusive, any dealings (including transfers) in the Merging Fund will be suspended so as to allow the merger process to be completed efficiently.

* For Shareholders subscribing through the Hong Kong Sub-Distributor and Representative, please note that 4 April 2025 is not a Hong Kong business day. Different arrangements may be imposed by your bank, distributor or financial adviser. Please check with them to confirm the applicable arrangements.

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

Once the proposed merger has been completed and you become a Shareholder in the Receiving Fund, you can redeem your Shares in the Receiving Fund, subject to the usual procedures set out in the Prospectus.

No action is required to be taken on the Effective Date by Shareholders who agree to the merger and wish to receive Shares of the Receiving Fund in exchange for their Shares in the Merging Fund as a result of the merger.

The merger will be binding on all the Shareholders of the Merging Fund who have not exercised their right to redeem/switch above within the timeframe set out above.

B 2. Costs

There are no unamortised preliminary expenses in relation to the Merging Fund and the Receiving Fund.

The Management Company will bear the costs associated with the preparation and implementation of the proposed merger including all legal, advisory and administration costs.

Please refer to Section A2 above for the treatment of costs arising from the rebalancing of the portfolio of investments held by the Merging Fund.

The Management Company is not responsible for individual client tax considerations, and you should read Section B3 below or consult your professional adviser if you are in any doubt as to the impact of the proposed merger.

B 3. Tax

Shareholders should inform themselves as to the tax implications of the proposed merger. The same applies to the ongoing tax status of the Receiving Fund under the laws of the countries of their nationality, residence, domicile or incorporation.

Ordinarily, the proposed merger should not have any tax implications for Hong Kong Shareholders. For so long as the SICAV maintains its authorisation with the SFC under the Securities and Futures Ordinance, the SICAV is not liable to pay tax on profits arising in or derived from Hong Kong. Shareholders resident in Hong Kong will not be subject to any Hong Kong tax on distributions from any of the Funds or on capital gains realised on the redemption of any Shares in the SICAV unless the acquisition and redemption of Shares in the SICAV is or forms part of a trade, profession or business carried on in Hong Kong and the capital gains arise in or are derived from Hong Kong. No Hong Kong stamp duty is payable where the sale or transfer of Shares is effected by selling the Shares back to the Management Company.

The above information relating to taxation is based on the enacted laws and current practice of Hong Kong. It is not comprehensive and is subject to change. The Management Company is not responsible for individual client tax considerations. If you are in any doubt as to the tax implications of the proposed merger, please consult your local financial or tax advisor.

C. Availability of documents and information about the Receiving Fund

A copy of the Articles of the SICAV is available for inspection upon request at the office of the Hong Kong Sub-Distributor and Representative, Invesco Hong Kong Limited, at 45/F Jardine House, 1 Connaught Place, Central, Hong Kong. Soft copies of the Prospectus (including the Hong Kong Supplement), the relevant KFS and the financial

reports of Invesco Funds are available on the Hong Kong website www.invesco.com/hk* while printed copies may be obtained free of charge from Invesco Hong Kong Limited at 45/F Jardine House, 1 Connaught Place, Central, Hong Kong.

In addition, please note that the 2010 Law requires the Depositary of the SICAV to verify certain matters relating to the proposed merger and the independent auditors of the SICAV to validate matters relating to the valuation of the assets and liabilities, the calculation method of the exchange ratio and the actual exchange ratio which are described above. You have the right to obtain a copy of the conformity letter issued by the Depositary and the report prepared by the independent auditor of the SICAV, free of charge, and it can be obtained upon request:

- from the Management Company at its registered office at 37A Avenue JF Kennedy, L-1855 Luxembourg, or
- from the SICAV at its registered office at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, during usual business hours.

You may also contact Invesco Hong Kong Limited by telephone +852 3191 8282 should you require any assistance.

D. Further Information

You would like to obtain any additional information in relation to the proposed merger? Please do not hesitate to contact the Hong Kong Sub-Distributor and Representative, Invesco Hong Kong Limited at 45/F Jardine House, 1 Connaught Place, Central, Hong Kong or by telephone +852 3191 8282.

Thank you for taking the time to read this communication.

Yours sincerely



Director
for and on behalf of
Invesco Funds

Acknowledged by



Director
for and on behalf of
Invesco Management S.A.

* This website has not been reviewed by the SFC.

Appendix 1

Key differences and similarities between the Merging Fund and the Receiving Fund

Capitalised terms used in this Appendix to describe the Merging Fund and the Receiving Fund shall have the meanings attributed to them in the Prospectus.

This table provides details of the key differences and similarities between the Merging Fund and the Receiving Fund that will be of interest and importance to you. Full details of the Merging Fund and the Receiving Fund are set out in their respective KFSs and the Prospectus. For the avoidance of doubt, the investment policy is different for the Merging Fund and the Receiving Fund (although both the Merging Fund and the Receiving Fund invest in Pound Sterling debt securities). There are a few other differences as further detailed below (e.g. the profile of typical investor, the expected level of leverage and the benchmark used to calculate the global exposure). However, the Management Company, the Investment Manager, the key service providers (such as the Depositary, the Administration Agent and the Auditors), types and naming conventions of Share class, the operational features (such as Base Currency, Business Days, Dealing Cut-off Point, Settlement Date, NAV calculation, distribution policy and Reports) are the same for the Merging Fund and the Receiving Fund.

	The Merging Fund	The Receiving Fund
Name of sub-fund	Invesco UK Investment Grade Bond Fund	Invesco Sterling Bond Fund
Base currency	GBP	GBP
Share classes and ISIN codes	A- Quarterly Distribution (LU0267985660) C- Accumulation (LU1701707843)^ C- Quarterly Distribution (LU0903533148) Z- Accumulation (LU1981114819)^ Z- Quarterly Distribution (LU0955864227)^ ^ These Share classes are/will not be offered to the public in Hong Kong.	A- Quarterly Distribution (LU1775981274) C- Accumulation (LU1775981431)^ C- Quarterly Distribution (LU1775981605) Z- Accumulation (LU1775981860)^ Z- Quarterly Distribution (LU1775982082)^
Management Company	Invesco Management S.A.	Invesco Management S.A.
Investment Manager	Invesco Asset Management Limited	Invesco Asset Management Limited

Investment objective and policy and use of financial derivative instruments

The primary objective of the Fund is to provide investors with Sterling income from a managed portfolio of the United Kingdom and international fixed income and money market securities.

The Fund will invest primarily (at least 70% of the NAV of the Fund) in Sterling bonds and Money Market Instruments of investment grade quality. The proportion invested in fixed interest securities and Money Market Instruments will vary as circumstances dictate. Non-Sterling securities may also be included in the portfolio but such securities may be protected in Sterling terms by hedging techniques. The Fund may also invest in equity convertible bonds up to a maximum of 20% of the Fund's NAV.

The Fund may invest in debt instruments with loss-absorption features ("LAP"), including contingent convertible debt securities and debt instruments meeting the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules and debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions, in addition to senior non-preferred debt with a bail-in flag on Bloomberg or any other debt security with a bail-in flag, as classified by Bloomberg. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Fund's expected maximum investments in LAP will be up to 40% of its NAV.

The Fund may invest up to 20% of its NAV in contingent convertibles.

The Fund can invest up to 30% of its NAV in Money Market Instruments.

Less than 30% of the NAV of the Fund may be invested in debt securities which are unrated (debt securities which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch) and/or whose credit rating is below investment grade (below investment grade is defined as credit rating that is below BBB- from Standard & Poor's and Fitch, or below Baa3 from Moody's or an equivalent rating from an internationally recognized rating agency).

For more information on the Fund's environmental, social, and governance (ESG) criteria, please refer to Appendix B of the Prospectus

The Fund aims to generate income together with long term capital growth.

The Fund seeks to achieve its objective by investing primarily (at least 70% of the NAV of the Fund) in debt securities denominated in Pounds Sterling.

The Fund may invest in debt securities (including convertibles) issued by corporations or issued/ guaranteed by any government, government agency, supranational or public international organisation globally. The Fund may also invest in securitised debt (such as ABS and MBS). The Fund may invest in non-investment grade debt securities but this will not exceed 30% of its NAV. For the avoidance of doubt, the Fund may invest up to 30% of its NAV in debt securities which are unrated (debt securities which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch) or rated below investment grade (below investment grade is defined as credit rating that is below BBB- from Standard & Poor's and Fitch, or below Baa3 from Moody's or an equivalent rating from an internationally recognized rating agency).

The Fund may invest in debt instruments with loss-absorption features ("LAP"), including contingent convertible debt securities and debt instruments meeting the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules and debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions, in addition to senior non-preferred debt with a bail-in flag on Bloomberg or any other debt security with a bail-in flag, as classified by Bloomberg. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Fund's expected maximum investments in LAP will be up to 30% of its NAV. The Fund may also invest up to 20% of its NAV in contingent convertibles.

For liquidity management purposes, up to 30% of the NAV of the Fund may be invested in Money Market Instruments and money market funds.

The Fund may invest up to 10% of its NAV in securities which are either in default or deemed to be at high risk of default as determined by the SICAV.

where the Fund's pre-contractual information pursuant to Article 8 of SFDR* is available.

The Fund may enter into financial derivatives instruments for efficient portfolio management, hedging purposes and not extensively for investment purposes. The Fund's use of derivatives may include derivatives on credit, rates, currencies and volatility and may be used to achieve both long and short positions, which overall will not result in the Fund being directionally short or short any asset class. In addition, the Fund will not have uncovered short positions, in line with appropriate UCITS regulatory requirements. The Fund may also use derivatives on equities, where the Investment Manager believes that such investment could reduce drawdowns. The long and short active financial derivative positions (including active currency/interest rate/credit/volatility and equity positions) implemented by the Fund may not be correlated with the underlying securities positions held by the Fund (i.e. fixed income and money market securities).

The expected proportion of the NAV of the Fund subject to total return swaps is 0%. Under normal circumstances, the maximum proportion of the NAV of the Fund subject to total return swaps is 30%.

The Fund's net derivative exposure¹ may be up to 50% of the Fund's net asset value.

While it is not the intention of the Fund to invest in equity securities, it is possible that such securities may be held as a result of a corporate action or other conversions.

For more information on the Fund's environmental, social and governance (ESG) criteria, please refer to Appendix B of the Prospectus where the Fund's pre-contractual information pursuant to Article 8 of SFDR* is available.

The Fund may enter into financial derivative instruments for efficient portfolio management and hedging purposes as well as not extensively for investment purposes. The Fund's use of financial derivative instruments may include but is not limited to derivatives on credit, interest rates and currencies and can be used to achieve both long and short positions, which overall will not result in the Fund being directionally short or short any asset class. Such derivatives may include (but are not limited to) credit default swaps, total return swaps, interest rate swaps, currency forwards, futures and options. In addition, the Fund will not have uncovered short positions, in line with appropriate UCITS regulatory requirements.

The expected proportion of the NAV of the Fund subject to total return swaps is 0%. Under normal circumstances, the maximum proportion of the NAV of the Fund subject to total return swaps is 30%.

The Fund's net derivative exposure¹ may be up to 50% of the Fund's net asset value.

	The Merging Fund	The Receiving Fund
SFDR classification	Article 8	Article 8
Profile of typical investor	The Fund may appeal to investors who are seeking a return over the medium and long term via exposure to a portfolio of investment grade debt securities denominated in GBP and are willing to accept moderate to high volatility. Furthermore, due to the concentrated geographical nature of the Fund, the volatility can at times be magnified.	The Fund may appeal to investors who are seeking a return over the medium term via exposure to a portfolio of debt securities denominated in Pounds Sterling from issuers worldwide and are willing to accept at least moderate volatility. Due to the exposure of the Fund to financial derivative instruments, the volatility can at times be magnified.
Methodology used to calculate the global exposure	Relative VaR Reference portfolio: ICE BofA Sterling Broad Market Index	Relative VaR Reference portfolio: ICE BofA Sterling Corporate Index
Expected level of leverage	40%	35%
Benchmark used for comparison purposes	<p><u>Benchmark name:</u> ICE BofA Sterling Broad Market Index (Total Return)</p> <p><u>Benchmark usage:</u> The Fund is actively managed and is not constrained by its benchmark, which is used for comparison purposes. However, as the benchmark is a suitable proxy for the investment strategy, it is likely that the majority of the issuers in the Fund are also components of the benchmark. As an actively managed fund, this overlap will change and this statement may be updated from time to time. The Investment Manager has broad discretion over portfolio construction and therefore it is expected that over time the risk return characteristics of the Fund may diverge materially to the benchmark.</p> <p>For some Share classes, the benchmark may not be representative and another version of the benchmark may be used or no benchmark at all where a suitable comparator does not exist. Such details are available</p>	<p><u>Benchmark name:</u> ICE BofA Sterling Corporate Index (Total Return)</p> <p><u>Benchmark usage:</u> The Fund is actively managed and is not constrained by its benchmark, which is used for comparison purposes. However, as the benchmark is a suitable proxy for the investment strategy, it is likely that the majority of the issuers in the Fund are also components of the benchmark. As an actively managed fund, this overlap will change and this statement may be updated from time to time. The Investment Manager has broad discretion over portfolio construction and therefore it is expected that over time the risk return characteristics of the Fund may diverge materially to the benchmark.</p> <p>For some Share classes, the benchmark may not be representative, and another version of the benchmark may be used or no benchmark at all where a suitable comparator does not exist. Such details are</p>

	The Merging Fund	The Receiving Fund
	for the relevant Share class on the following website: https://www.invesco.com/emea/en/priips.html .	available for the relevant Share class on the following website: https://www.invesco.com/emea/en/priips.html .
Securities lending	This Fund will engage in securities lending, however, the proportion lent out at any time will be dependent on dynamics including, but not limited to, ensuring a reasonable rate of return for the lending Fund and borrowing demand in the market. As a result of such requirements, it is possible that no securities are lent out at certain times. The expected proportion of the NAV of the Fund subject to securities lending is 20%. Under normal circumstances, the maximum proportion of the NAV of the Fund subject to securities lending is 29%.	This Fund will engage in securities lending, however, the proportion lent out at any time will be dependent on dynamics including, but not limited to, ensuring a reasonable rate of return for the lending Fund and borrowing demand in the market. As a result of such requirements, it is possible that no securities are lent out at certain times. The expected proportion of the NAV of the Fund subject to securities lending is 20%. Under normal circumstances, the maximum proportion of the NAV of the Fund subject to securities lending is 50%.

Appendix 2

Timeline for the proposed merger

Key dates	
Event	Date
Shareholder circular issued to Shareholders	27 February 2025
Portfolio rebalancing*	28 March 2025 to 11 April 2025
Latest time and date for the acceptance of subscription, redemption, switch or transfer requests in respect of the Shares of the Merging Fund	5:00 p.m. (Hong Kong time) on 4 April 2025**
Last valuation of the Merging Fund	5:00 p.m. (Hong Kong time) on 11 April 2025
Effective Date	<p>11 April 2025 or a later date as may be determined by the Directors which may be up to five (5) weeks later, subject to the prior approval of a later date by the relevant regulatory bodies and immediate notification of same to the Shareholders in writing.</p> <p>In the event that the Directors approve a later Effective Date, they may also make such consequential adjustments to the other elements in the timetable of the merger as they consider appropriate.</p>
First dealing day and the related Dealing Cut-off Point for the acceptance of subscription/redemption orders in respect of the Shares issued in the Receiving Fund pursuant to the proposed merger	5:00 p.m. (Hong Kong time) on 14 April 2025
Written confirmation issued to Shareholders advising of exchange ratio and number of Shares in the Receiving Fund***	Within 21 days after the Effective Date

* Shareholders who remain in the Merging Fund during the rebalancing period will be subject to the rebalancing costs to the extent that the rebalancing costs are borne by the Merging Fund, and the Merging Fund shall bear rebalancing costs up to a maximum of 40 bps of the Merging Fund's NAV as at the rebalancing date.

** For Shareholders subscribing through the Hong Kong Sub-Distributor and Representative, please note that 4 April 2025 is not a Hong Kong business day. Different arrangements may be imposed by your bank, distributor or financial adviser. Please check with them to confirm the applicable arrangements.

*** Shareholders who remain in the Merging Fund will be able to obtain information on your holding in the Receiving Fund after the Effective Date by the usual means (e.g. by checking your account balance or through your bank, distributor or financial adviser, who has the ability to check on your behalf) before you receive the written confirmation.