
Invesco Funds

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Luxembourg

www.invesco.com

27 February 2025

Shareholder circular: Invesco Sterling 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 bear the same meaning as those used in the prospectus (including the Supplement – Additional Information for Hong Kong Investors (“Hong Kong Supplement”)) for Invesco Funds (the “Prospectus”).

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

Incorporated in Luxembourg No B-34457
VAT No. LU21722969

Dear Shareholder,

We are writing to you as a Shareholder in Invesco Sterling 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").

The effective date of the proposed merger is 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 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.

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. 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 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 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, 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 investment objective and policy and risk profile of the Receiving Fund

The investment objective and policy of the Receiving Fund will remain unchanged. The same applies to the risk profile of the Receiving Fund.

No change to the Prospectus and the Product Key Facts Statement ("KFS") of the Receiving Fund is required to be made in relation to the proposed merger.

A 3. Impact on the portfolio and performance of the Receiving Fund

The proposed merger will have no significant impact on the composition of the portfolio. The relevant realignment of the assets of the Merging Fund will be completed in advance of the proposed merger. A realignment of the portfolio of the Receiving Fund before or after the proposed merger will not be required.

The Directors also believe that this proposed merger should not entail a dilution in performance of the Receiving Fund.

A 4. Expected impact of the proposed merger on the Shareholders of the Receiving Fund

Once the proposed merger is completed, Shareholders in the Receiving Fund will continue to hold the same Shares in the Receiving Fund as before. There will be no change in the rights attaching to such Shares. The implementation of the proposed merger will not affect the fee structure of the Receiving Fund. **The costs of the proposed merger will be borne by Invesco Management S.A., the Management Company.**

It has been resolved to proceed with a merger pursuant to the article 1, item 20, a) of the 2010 Law. This involves the transfer of all of the assets and liabilities of the Merging Fund to the Receiving Fund. Shareholders of the Merging Fund who continue to hold Shares in the Merging Fund on the Effective Date will receive Shares in the Receiving Fund in exchange for their Shares in the Merging Fund. The Merging Fund will cease to exist once the merger is completed.

A 5. Shareholder Rights

No vote of the Shareholders in the Receiving Fund is required in order to carry out this merger.

If the effects of the proposed merger do not suit your requirements, please be aware that you can redeem your Shares in the Receiving Fund, **without any redemption charges**. Redemptions will be carried out in accordance with the Prospectus.

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

The merger will be binding on all the Shareholders who have not exercised their right to redeem/switch their Shares.

You are in any doubt as to your individual tax position? In this case, you should consult your professional advisers.

The rights of the Shareholders remain otherwise unchanged.

For the avoidance of doubt, kindly note that there will be no suspension of dealings in the Receiving Fund to complete the proposed merger.

A 6. Fees and expenses

The implementation of the proposed merger will not affect the fee structure of the existing Share class in the Receiving Fund which will remain the same. In addition, it is hoped that the increased size of the assets under management of the Receiving Fund that results from the proposed merger will help reduce costs further over time.

B. Costs relating to the proposed merger

The Management Company will bear all costs and expenses incurred by the Receiving Fund resulting from, or incidental to, the implementation of the proposed merger.

The Management Company will pay any foreign taxes and duties payable upon the absorption by the Receiving Fund of the property of the Merging Fund, as a result of the implementation of the proposed merger.

C. Availability of documents and information about the Receiving Fund

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 merger. 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 as further detailed below:

- 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.

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/hk¹ 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.

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

Would you 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.

¹ This website has not been reviewed by the SFC.



Yours sincerely

A handwritten signature in dark ink, appearing to be "A. All", written in a cursive style.

Director
for and on behalf of
Invesco Funds

Acknowledged by

Invesco Management S.A.

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Director
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