



# **Invesco UK 2 Investment Series**

## Annual Report Including Long Form Financial Statements

**Issued June 2023**  
For the year 1 April 2022 to 31 March 2023



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\* These collectively comprise the Authorised Corporate Director's Report.

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# Invesco UK 2 Investment Series (the "Company")

## Report of the Authorised Corporate Director (the "Manager")

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### The Company

The Invesco UK 2 Investment Series is an investment company with variable capital ("ICVC"), incorporated in England and Wales on 11 April 2003.

The Company is a "UK UCITS Scheme" and an "Umbrella Company" (under the OEIC Regulations) and therefore new Funds may be formed by the Manager, subject to regulatory approval. Any changes to Funds or share classes will be included in an updated Prospectus.

The Company is a Financial Conduct Authority ("FCA") authorised scheme complying with the FCA's Collective Investment Schemes sourcebook.

Terms used in this report shall have the same meaning as defined in the Prospectus.

At 31 March 2023, the Company consisted of two Funds:

Invesco UK Equity Income Fund (UK)  
Invesco UK Enhanced Index Fund (UK)

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### Accounting Periods

Annual accounting date	31 March
Interim accounting date	30 September
Distribution payable on	31 May
Interim distribution payable on	30 November

Should expenses and taxation exceed revenue in a distribution period for a share class, no distribution will be payable for that class.

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### Launch of New 'M' Share Classes

New share classes, M Accumulation shares and M Income shares were launched at 200p per share for the Invesco UK Enhanced Index Fund (UK) on 12 August 2022 and for the Invesco UK Equity Income Fund (UK) on 24 March 2023.

Further details can be obtained from the most up to date relevant fund and share class specific Key Investor Information Document(s).

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### Remuneration Policy (Unaudited)

On 18 March 2016, Invesco Fund Managers Limited (the "Manager") adopted a remuneration policy consistent with the principles outlined in the European Securities and Markets Authority ("ESMA") Guidelines, on sound remuneration policies under the UCITS Directive (the "Remuneration Policy").

The policy was revised in 2022, to include specificities for some Invesco EU regulated Management Companies. The Manager was not impacted by the changes.

The purpose of the Remuneration Policy is to ensure the remuneration of the staff of the Manager is consistent with and promotes sound and effective risk management, does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Manager and of the UK UCITS Schemes it manages and does not impair the Manager's compliance with its duty to act in the best interests of the UK UCITS Schemes it manages. The Remuneration Policy is available within the Corporate Policies section of our website ([www.invesco.com/uk](http://www.invesco.com/uk)). Paper copies of the Remuneration Policy can also be obtained for free from the registered office of the Manager, Invesco Fund Managers Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH, UK upon request.

The Remuneration Policy is reviewed annually by the Compliance, Human Resources and Risk Management functions, who recommend any adjustments to ensure continued alignment of the policy with sound risk management. The board of directors of the Manager are responsible for the oversight of remuneration and for ensuring adherence to this policy through the Human Resources function.

The Internal Audit function conducts regular testing of administration of the Remuneration Policy to assess its ongoing compliance with the Invesco group's remuneration policies and procedures.

The Manager does not employ any direct staff. The aggregate total remuneration of Invesco staff involved in UK UCITS related activities of the Manager in respect of performance year (1 January 2022 to 31 December 2022) is £49.51m of which £30.39m is fixed remuneration and £19.12m is variable remuneration. The number of beneficiaries apportioned to UK UCITS activities is 255.

The Manager has identified individuals considered to have a material impact on the risk profile of the Manager or the UK UCITS Schemes it manages ("Identified Staff"), who include board members of the Manager, senior management, heads of control functions, other risk takers and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers. Identified Staff of the Manager are employed by Invesco.

The aggregate total remuneration paid to the Identified Staff of the Manager for UK UCITS related activities for the performance year (1 January 2022 to 31 December 2022) is £14.91m of which £3.62m is paid to Senior Management and £11.29m is paid to other Identified Staff. Please note that remuneration for UK UCITS Schemes Identified Staff includes remuneration for staff employed by delegates.

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# Invesco UK 2 Investment Series (the "Company")

## Report of the Authorised Corporate Director (the "Manager")

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### Share Classes Available

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#### Invesco UK Equity Income Fund (UK)

Accumulation shares  
Accumulation shares (No Trail)  
Z Accumulation shares  
Y Accumulation shares  
M Accumulation shares  
Income shares  
Income shares (No Trail)  
Z Income shares  
Y Income shares  
M Income shares

#### Invesco UK Enhanced Index Fund (UK)

Accumulation shares (No Trail)  
Z Accumulation shares  
Y Accumulation shares  
M Accumulation shares  
Income shares (No Trail)  
Z Income shares  
Y Income shares  
M Income shares

The prices of shares will appear on our website ([www.invesco.com/uk](http://www.invesco.com/uk)). This is the primary method of price publication. The prices of shares may also be obtained by calling 0800 085 8677 during the Manager's normal business hours.

#### Managing the risks presented by the Russia-Ukraine conflict

Financial markets have been impacted since February 2022, due primarily to geopolitical tensions arising from Russia's incursion into Ukraine and the impact of a subsequent range of sanctions, regulations and other measures which impaired normal trading in Russian securities. On 28 February 2022, Invesco Fund Managers Limited suspended the purchase of all Russian securities in its funds. As at 31 March 2023, no Funds held any Russian securities. The Directors will continue to review the situation in order to navigate through this period of heightened uncertainty.

#### Silicon Valley Bank, Signature Bank and Credit Suisse

Following the closure of Silicon Valley Bank ("SVB"), the possession of Signature Bank and the recent economic turmoil involving Credit Suisse, the Manager has assessed the impact on the net asset value of the Funds as immaterial.

As at 31 March 2023, none of the Funds were invested in SVB, Signature Bank or Credit Suisse.

#### Risk Profile

Shareholders should be aware of the risks inherent in investing in securities and other financial instruments. Financial markets can be vulnerable to unpredictable price movements and are affected by a number of factors, both political and economic.

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments.

As one of the key objectives of the Invesco UK Equity Income Fund (UK) is to provide income, the ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth.

The Invesco UK Equity Income Fund (UK) may invest in private and unlisted equities which may involve additional risks such as lack of liquidity and concentrated ownership. These investments may result in greater fluctuations of the value of the Fund. The Manager, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Fund.

The Funds primarily invest in a single country or a small number of countries (i.e. have a geographically concentrated investment strategy), the Funds may be subject to a greater degree of volatility and risk than one that is geographically diversified. In such cases, the Fund's investments will be more susceptible to fluctuations in value resulting from economic or business conditions in the country where the Funds are invested. The aggregate return of the Funds may therefore be adversely affected by unfavourable developments in that country.

The Funds may use derivatives (complex instruments) in an attempt to reduce the overall risk of their investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the Funds. The Manager, however, will ensure that the use of derivatives within the Funds does not materially alter the overall risk profile of the Funds.

A more detailed description of risk factors that apply to these Funds is set out in the Prospectus.

#### Value Assessment (Unaudited)

The Manager conducted an assessment of value for each Fund. The assessment of value report will be made available to investors annually in a composite report for all the funds in Invesco's ICVC range on our website <https://www.invesco.com/uk/en/global-footer/corporate-policies.html>. The latest Value Assessment as at 31 December 2022 was published in May 2023.

#### Holdings in other Funds of the Company

As at 31 March 2023, no Funds held shares in any other Fund of the Company.

#### Liability

The Company is structured by having different Funds. The assets and liabilities of each Fund are segregated in accordance with the law of England and Wales. As a consequence the assets of a Fund will not be available to meet the liabilities of another Fund within the Company.

The Shareholders are not liable for the debts of the Company.

#### ISA Eligibility

All the Company's Funds qualify for stocks and shares ISA investment. None of the Funds qualify for cash ISA investment.

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## **Invesco UK 2 Investment Series (the "Company")**

### Report of the Authorised Corporate Director (the "Manager")

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#### **Certification of the Annual Report by the Manager**

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001, we hereby certify these financial statements on behalf of the Directors of Invesco Fund Managers Limited.

**Director - Alan Trotter**

**Director - Rene Marston**

27 June 2023

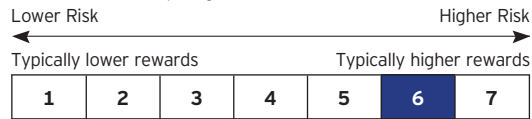
# Invesco UK 2 Investment Series (the "Company")

## Report of the Authorised Corporate Director (the "Manager")

### Risk and Reward Profiles

for the year 1 April 2022 to 31 March 2023

#### Invesco UK Equity Income Fund (UK)

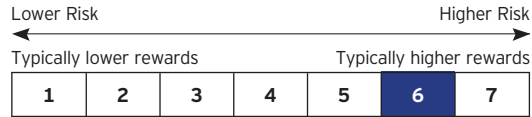


A share class in risk category 1 indicates its price has experienced very low rises and falls historically.

A share class in risk category 2 indicates its price has experienced minor rises and falls historically.

A share class in risk category 3 indicates its price has experienced very moderate rises and falls historically.

#### Invesco UK Enhanced Index Fund (UK)



A share class in risk category 4 indicates its price has experienced moderate rises and falls historically.

A share class in risk category 5 indicates its price has experienced significant rises and falls historically.

A share class in risk category 6 indicates its price has experienced very significant rises and falls historically.

A share class in risk category 7 indicates its price has experienced major rises and falls historically.

The risk categories shown are not a measure of capital losses or gains, but of how significant the rises and falls in the share class prices have been historically. For example a share class whose price has experienced significant rises and falls will be in a higher risk category, whereas a share class whose price has experienced less significant rises and falls will be in a lower risk category. As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile. Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

For more information on our Funds' risk and reward profiles, please refer to the most up to date relevant Fund and share class specific Key Investor Information Documents ("KIIDs"), which are available at [www.invesco.com/uk](http://www.invesco.com/uk) or by contacting us.

# Invesco UK 2 Investment Series (the "Company")

## Report of the Authorised Corporate Director (the "Manager")

### Securities Lending (Unaudited)

for the year 1 April 2022 to 31 March 2023

#### Securities Lending

Securities lending transactions entered into by the Funds, including transfer of collateral received in exchange for securities lent, are subject to a written legal agreement between Invesco Asset Management Limited (the "investment adviser", on behalf of the Funds); Citibank UK Limited (the "Depositary"); and The Bank of New York Mellon, London Branch (the "Securities Lending Agent").

Collateral received is segregated from the assets belonging to the Depositary or the Securities Lending Agent.

The following table details the value of securities on loan as a proportion of the Funds' total lendable assets and Net Asset Value ("NAV") as at 31 March 2023. The income earned from securities lending is also shown for the year ended 31 March 2023. Total lendable assets represents the aggregate value of assets forming part of the Funds' securities lending programme. This excludes any assets held by the Funds that are not considered lendable due to any market, regulatory, investment or other restriction.

#### Securities on loan

Fund	% of lendable assets	% of NAV	Income earned £'000
Invesco UK Equity Income Fund (UK)	1.86	1.38	35
Invesco UK Enhanced Index Fund (UK)	1.99	1.79	135

The Funds entered into the securities lending programme on 10 February 2021.

The total income earned from securities lending transactions is split between the relevant Fund and the Securities Lending Agent. The Securities Lending Agent shall retain 10% of the securities lending revenues generated as compensation for its securities lending services and the Fund shall be entitled to the remainder of such net securities lending revenues.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 31 March 2023.

Counterparty	Counterparty's country of establishment	Securities Lending	Collateral received £'000
		Amount on loan £'000	
<b>Invesco UK Equity Income Fund (UK)</b>			
BNP Paribas Arbitrage	France	13,623	15,500
INGBank NV	Netherlands	110	122
Natixis S.A.	France	581	646
The Bank of Nova Scotia	Canada	462	508
<b>Total</b>		<b>14,776</b>	<b>16,776</b>
<b>Invesco UK Enhanced Index Fund (UK)</b>			
BNP Paribas Arbitrage	France	7,272	8,274
Citigroup Global Markets Limited	UK	1,127	1,273
Goldman Sachs International	UK	1,467	1,623
HSBC Bank	UK	606	676
INGBank NV	Netherlands	1,498	1,665
Merrill Lynch International	UK	296	311
Natixis S.A.	France	1,030	1,146
The Bank of Nova Scotia	Canada	850	935
UBS AG	Switzerland	249	275
<b>Total</b>		<b>14,395</b>	<b>16,178</b>

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

#### Collateral

The Funds engage in activities which may require collateral to be provided to a counterparty ("collateral posted") or may hold collateral received ("collateral received") from a counterparty.

# Invesco UK 2 Investment Series (the "Company")

## Report of the Authorised Corporate Director (the "Manager")

### Securities Lending (Unaudited)

for the year 1 April 2022 to 31 March 2023

#### Collateral continued

The following table provides an analysis by currency of the underlying cash and non-cash collateral received / posted by way of title transfer collateral arrangement by the Funds, in respect of securities lending transactions, as at 31 March 2023.

Currency	Cash collateral receive £'000	Cash collateral posted £'000	Non-cash collateral received £'000	Non-cash collateral posted £'000
<b>Invesco UK Equity Income Fund (UK)</b>				
<b>Securities lending transactions</b>				
CHF	-	-	107	-
EUR	-	-	5,877	-
GBP	-	-	4,130	-
JPY	-	-	2,801	-
USD	-	-	3,861	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>16,776</b>	<b>-</b>

Currency	Cash collateral receive £'000	Cash collateral posted £'000	Non-cash collateral received £'000	Non-cash collateral posted £'000
<b>Invesco UK Enhanced Index Fund (UK)</b>				
<b>Securities lending transactions</b>				
CAD	-	-	23	-
CHF	-	-	447	-
EUR	-	-	4,913	-
GBP	-	-	2,966	-
JPY	-	-	2,162	-
USD	-	-	5,667	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>16,178</b>	<b>-</b>

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received / posted by the Funds by way of title transfer collateral arrangement in respect of securities lending transactions, as at 31 March 2023.

Collateral type and quality	Maturity Tenor					Open transactions £'000	Total £'000
	1 - 7 days £'000	8 - 30 days £'000	31 - 90 days £'000	91 - 365 days £'000	More than 365 days £'000		
<b>Invesco UK Equity Income Fund (UK)</b>							
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	-	-	-	-	-	-	-
<b>Equities</b>							
Recognised equity index	-	-	-	-	-	16,776	16,776
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,776</b>	<b>16,776</b>



# Invesco UK 2 Investment Series (the "Company")

## Report of the Authorised Corporate Director (the "Manager")

### Securities Lending (Unaudited)

for the year 1 April 2022 to 31 March 2023

#### Collateral continued

Collateral type and quality	Maturity Tenor					Open transactions £'000	Total £'000
	1 - 7 days £'000	8 - 30 days £'000	31 - 90 days £'000	91 - 365 days £'000	More than 365 days £'000		
<b>Invesco UK Enhanced Index Fund (UK)</b>							
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	-	-	98	115	2,378	-	<b>2,591</b>
<b>Equities</b>							
Recognised equity index	-	-	-	-	-	13,587	<b>13,587</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>98</b>	<b>115</b>	<b>2,378</b>	<b>13,587</b>	<b>16,178</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency; Standard & Poor's, Moody's or Fitch.

A recognised equity index contains at least 20 equities where no single equity represents more than 20% of the total index and no five equities combined represent more than 60% of the total index.

The maturity tenor analysis for fixed income securities received as collateral is based on the respective contractual maturity date, while for equity securities and exchange traded funds ("ETFs") received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

As at 31 March 2023, all non-cash collateral received by the Funds in respect of securities lending transactions is held by the Funds (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Funds by way of the title transfer collateral arrangement across securities lending transactions as at 31 March 2023.

Issuer	Value £'000	% of the Fund's NAV
<b>Invesco UK Equity Income Fund (UK)</b>		
BNP Paribas Arbitrage	15,500	1.44
Natixis S.A.	646	0.06
The Bank of Nova Scotia	508	0.05
INGBank NV	122	0.01
<b>Total</b>	<b>16,776</b>	<b>1.56</b>

Issuer	Value £'000	% of the Fund's NAV
<b>Invesco UK Enhanced Index Fund (UK)</b>		
BNP Paribas Arbitrage	8,274	1.03
INGBank NV	1,665	0.21
Goldman Sachs International	1,623	0.20
Citigroup Global Markets Limited	1,273	0.16
Natixis S.A.	1,146	0.14
The Bank of Nova Scotia	935	0.12
HSBC Bank	676	0.08
Merrill Lynch International	311	0.04
UBS AG	275	0.03
<b>Total</b>	<b>16,178</b>	<b>2.01</b>

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# Invesco UK 2 Investment Series (the "Company")

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies

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**a) Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities held at fair value through profit and loss. The financial statements have also been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), as defined within the UK Financial Reporting Standard ("FRS 102") and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' (the "SORP"), issued by the Investment Management Association (now known as the Investment Association) in May 2014 and updated in June 2017, the COLL and the Company's Instrument of Incorporation and Prospectus.

**b) Recognition of revenue**

- i) Dividends on quoted ordinary shares, collective investment schemes and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.
- ii) Interest on bank balances and deposits is recognised on an accruals basis.
- iii) Revenue arising on debt securities is accreted or amortised over the life of such securities and recognised at a consistent rate over the life of the instrument (effective yield accounting). Future cash flow on all debt securities are considered when calculating revenue on an effective yield basis and where purchase costs are considered to reflect incurred credit losses, such losses are taken into account so that interest is recognised at a reasonably expected commercial rate. Accrued interest purchased and sold on interest-bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Company.
- iv) All revenue is recognised at a gross amount that includes any withholding taxes but excludes any other taxes, such as attributable tax credits.
- v) All REIT dividend revenue is recognised on an accruals basis and the allocation between income and capital is estimated when the security goes ex-dividend based upon previous income/capital allocations.
- vi) Returns from derivative securities are taken to capital and/or revenue depending on the motive and circumstances surrounding the particular transaction. The net revenue/expense on derivative positions are recognised as revenue and form part of the Company's distribution.
- vii) Distributions and accumulations, excluding equalisation, receivable on the underlying collective investment schemes are recognised as revenue when the shares are quoted ex-dividend. The Manager rebates an amount equivalent to the ongoing charge suffered on this Fund's share in the underlying collective investment schemes. Each rebate is paid to either the capital or revenue element of the Fund depending on whether the fee of the underlying Fund is charged to capital or revenue.
- viii) Income earned from securities lending transactions is split between the relevant Fund and the Securities Lending Agent. The Securities Lending Agent shall retain 10% of the securities lending revenues generated as compensation for its securities lending services and the Fund shall be entitled to the remainder of such net securities lending revenues.

**c) Stock dividends**

Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is taken to capital.

**d) Special dividends and share buy-backs**

The underlying circumstances behind both special dividends and the proceeds from share buybacks are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature. Amounts recognised as revenue will form part of the Company's distribution. Any tax treatment thereon will follow the accounting treatment of the principal amount.

**e) Underwriting commission**

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Company is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

**f) Expenses**

All expenses, except for those relating to the purchase and sale of investments are charged initially against revenue and are accounted for on an accruals basis.

**g) Revenue allocation to share classes**

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses and tax attributable to each class.

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# Invesco UK 2 Investment Series (the "Company")

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies continued

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#### h) Measurement basis

The measurement basis used in preparing the financial statements is fair value for investments and historical cost for all other assets and liabilities.

#### i) Basis of valuation of investments

All investments are valued at their fair value as at the balance sheet date.

All investments have been valued on the last business day of the year at bid market value net of any accrued revenue, at close of business. Where there is no price source from an active market for an investment, the Manager will assess any information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the Company also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments. Over-the-counter derivative contracts shall be valued on the basis of unrealised gain or loss on the contract using current settlement price. When settlement price is not used, the over-the-counter derivative contracts will be valued at their fair value in accordance with the method of valuation (as used on a consistent basis) as shall have been agreed between the Manager and the Depositary.

#### Realisation of Investments

Where realisation of an Investment is imminent, and the pricing of the relevant transaction has been substantially agreed, the agreed price (discount applied if appropriate) is likely to be used as the most appropriate fair value.

#### Valuation of unquoted equity instruments

The Fund defines Fair Value in accordance with the definition of Fair Value contained within the International Private Equity and Venture Capital Valuation Guidelines which states that Fair Value is "the price that would be received to sell an asset in an orderly transaction between market participants at the Measurement Date" ("Fair Value"). The Fair Value of unquoted equity instruments is determined in accordance with International Private Equity and Venture Capital ("IPEV") Valuation Guidelines.

The Fund's Operations Function includes an independent pricing team responsible for valuation of unquoted equity instruments. Unquoted equity investments are stratified according to their risk profile and valuations may be performed internally or outsourced to third party valuation experts.

Valuations are reviewed periodically including upon trigger events identified from continuous monitoring of the companies. This is to reflect the latest company developments as well as market conditions in the valuation of the companies. Given the long-term nature of the investments, amounts realised on the sale of these investments may differ from the values reflected in these financial statements and the difference may be material.

All changes in valuation are determined by the Pricing Team and presented for approval to the Unquoted Pricing Committee ("UPC"). The UPC has an Oversight Function with the following responsibilities:

- Approval of valuation policies and procedures;
- Assessment of the appropriateness of valuation methodologies;
- Approval of due diligence performed on services provided by third party valuation experts;
- Monitoring timeliness of reviews;
- Retaining independence from the Pricing team and Investment teams

#### Valuation Methodologies

Unquoted equity instruments are initially recognised at fair value, which is typically the transaction price. On subsequent measurements dates, fair value is determined using applicable and appropriate valuation techniques in line with the IPEV Valuation Guidelines. The selection of valuation techniques includes consideration of factors such as:

- the stage of development of the company;
- the quality and reliability of the data available;
- whether the company is pre-revenue, cashflow negative;
- the relative applicability of the techniques given the nature of the industry and current market conditions;
- the comparability of company or transaction data;

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# Invesco UK 2 Investment Series (the "Company")

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies continued

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#### i) Basis of valuation of investments continued

##### Valuation Methodologies continued

We seek to select valuation techniques that draw heavily on observable market-based measures of risk and return. We also select techniques that will most appropriately reflect the nature, facts and circumstances of the investment and expected view of Market Participants. We typically use multiple valuation techniques to cross check the Fair Value and arrive at a valuation range, from which we conclude at a point in the valuation range.

Typically, valuation techniques used include the following:

##### Milestones Analysis

For early-stage companies and pre-revenue companies, the Milestones Analysis is recognised as an appropriate methodology to value the equity of a company if any material differences in economic rights across share classes are appropriately reflected. The Fair Value indicated by a transaction in the Company's equity can provide a base for recalibrating inputs into the valuation, with qualitative milestones being used to provide directional indication of the movement in Fair Value since that time.

In accordance with IPEV guidelines these include:

- Financial measures: revenue growth, profitability expectations, cash burn rate and covenant compliance;
- Technical measures: phases of development, testing cycles, patent approvals and regulatory approvals;
- Market and sales measures: customer surveys, testing phases, market introductions and market share

Under this methodology we first determine the most Recent Transaction in the shares that was assessed as reflective of Fair Value in accordance with IPEV guidelines. This Transaction is used as a base and the value per share is adjusted as appropriate to reflect any developments or milestones achieved or missed in between the Transaction Date and the Measurement Date. We assess whether any adjustment is required for changes in financial measures, technical measures and market factors.

##### Scenario Analysis

In estimating Fair Value we may use a Scenario Analysis based on a Probability-Weighted Expected Returns Model ("PWERM") where we consider the present value of the probability-weighted expected payoff to the various share classes in the company's capital structure based on the relevant economic rights and range of estimated exit values.

##### Earnings Multiple

Under this approach we select a performance measure appropriate for the valuation of the company, such as EBIT, EBITA, EBITDA or Revenue. This is assessed and is adjusted to arrive at a maintainable performance measure. The Multiple is derived from Comparable Companies based on comparability with respect to size, risk profile and earnings growth prospects. The Comparable Company Multiple is typically adjusted for non-marketability and liquidity to arrive at a discounted multiple or an adjusted multiple. The Adjusted Multiple is then applied to the performance measure to derive an enterprise value. Net debt is deducted, and Equity Value allocated according to the seniority of instruments in the capital structure of the company.

##### Discounted Cashflow Analysis ("DCF")

A DCF involves estimating the fair value of a business by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Because producing reliable cash flow forecasts for seed, start-up and early-stage companies involves a lot of uncertainty and subjectivity given their pre-revenue /negative cashflow status this methodology is infrequently used and may typically be used as a cross check only.

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#### j) Exchange rates

Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling at close of business on the last business day of the year. Revenue items denominated in foreign currencies are translated into Sterling at the exchange rates ruling at the times of the transactions. Foreign exchange gains and losses arising from translation are included in the Statement of Total Return and are included in net capital gains/(losses) on investments.

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#### k) Taxation and deferred taxation

Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. Corporation tax is charged at 20% of the revenue liable to corporation tax

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# Invesco UK 2 Investment Series (the "Company")

## Notes applicable to the financial statements of all Funds

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### 1 Accounting Policies continued

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- k) Taxation and deferred taxation** continued  
less expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. Overseas capital gains tax is accounted for on an accruals basis.
- l) Efficient portfolio management**  
Where appropriate, certain permitted transactions such as derivatives or forward currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in 'Revenue' or 'Interest payable and similar charges' in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains/losses' in the Statement of Total Return. Any positions on such transactions open at the period end are reflected in the Balance Sheet at their marked to market value.
- m) Dilution adjustment**  
The need to apply a dilution adjustment will depend on the volume of sales (where they are issued) or redemptions (where they are cancelled) of shares. The Manager may apply a dilution adjustment on the issue and redemption of such shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if applying a dilution adjustment, so far as practicable, is fair to all Shareholders and potential Shareholders. In particular, the dilution adjustment may be applied in the following circumstances for all Funds in the Invesco UK 2 Investment Series:
- where over a dealing period a Fund has experienced a large level of net issues or redemptions relative to its size. For these purposes a large level of net dealing is defined as 1% or more of the net asset value of the Fund in question (as calculated at the last valuation point); or
  - where the Manager considers it necessary to protect the interests of the Shareholders of the Company.
- On the occasions that the dilution adjustment is not applied there may be an adverse impact on the total assets of the Fund which may otherwise constrain the future growth of the Fund in question.
- Please refer to Appendix 6 of the Prospectus which shows the size of typical dilution adjustments by Fund and an indication of the frequency of application of such adjustments.

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### 2 Distribution Policies

The Funds will distribute all revenue disclosed in the annual financial statements (less expenses and taxation). The ordinary element of stock dividends is treated as revenue and forms part of the Fund's distribution. Should expenses and taxation exceed revenue for a share class, there will be no distribution for that share class and the shortfall will be met from capital. All Fund accumulations and distributions are paid as dividend distributions.

In calculating the amount to be distributed, the following Funds allocate the Manager's ongoing charge to capital, thereby increasing the amount available for distribution:

Invesco UK Equity Income Fund (UK)

Distributions which have remained unclaimed by Shareholders for more than six years are credited to the capital property of the Fund.

Marginal tax relief is not taken into account when determining the distribution.

# Invesco UK 2 Investment Series (the "Company")

## Notes applicable to the financial statements of all Funds

### 3 Shareholders' Funds

The Manager's entry charge and Fund Management Fee ("FMF") are as follows:

		Entry charge %	Fund Management Fee %
Invesco UK Equity Income Fund (UK)	- Trail classes	0.0	1.66
	- No Trail classes	0.0	1.16
	- Z classes	0.0	0.91
	- Y classes	0.0	0.86
	- M classes	0.0	0.60
Invesco UK Enhanced Index Fund (UK)	- No Trail classes	0.0	0.25
	- Z classes	0.0	0.24
	- Y classes	0.0	0.23
	- M classes	0.0	0.16

References in this report to Trail classes mean the Accumulation Shares and Income Shares.

The net assets attributable to each share class, the net asset value per share and the number of shares in issue of each share class are shown in the comparative tables of each Fund. These can be found on:

Invesco UK Equity Income Fund (UK)	pages 21 to 25
Invesco UK Enhanced Index Fund (UK)	pages 41 to 44

Each share class has the same rights on a winding up of the Company.

### 4 Generic Risk Factors

In pursuing their investment objectives, the Funds of the Company hold a number of financial instruments that may comprise securities and other investments, cash balances and debtors and creditors that arise directly from their operations. Political and economic events in the major economies of the world, such as the United States, Japan and the European Union, will influence stock and securities markets worldwide.

The main risks from the Funds' holding of financial instruments are set out below together with the Manager's policy for managing these risks.

#### Counterparty risk

The Funds may enter into derivatives transactions or place cash in bank deposit accounts, which would expose the Funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Funds could experience delays in liquidating positions and significant losses, including declines in the value of investments during the year in which the Funds seek to enforce its rights, inability to realise any gains on their investments during such year and fees and expenses incurred in enforcing their rights.

In order to mitigate this risk, the Funds conduct trades through reputable counterparties. A diligent process to select and approve a new counterparty, as well as monitoring existing counterparties, is in place. During the approval process, various verifications are performed such as assessing the counterparty's operational capabilities as well as their credit quality. On an ongoing basis, market analysis is reviewed by the firm's trading and credit research teams in order to detect warning signs of a counterparty default. If the firm believes high risk of default exists, the counterparty is removed with immediate effect from the approved counterparty list.

#### Currency exchange risk

The Funds' assets may be invested in securities denominated in currencies other than Sterling. As a result, changes in exchange rates may adversely affect the value of any investment, which will have a related effect on the price of shares.

Currency exchange risk may be mitigated by hedging the exposure through the use of forward currency contracts.

#### Custody risk

The assets owned by each Fund are held on trust for the Fund by a custodian that is also regulated by the Financial Conduct Authority. The Financial Conduct Authority requires that the custodian ensures that there is legal separation of non-cash assets held under custody and that records are maintained that clearly identify the nature and amount of all assets under custody, the ownership of each asset and where the documents of title to that asset are located. In case of a potential bankruptcy of the custodian, cash positions in the Fund are not protected and there may be a delay in regaining full control of the non-cash assets.

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# Invesco UK 2 Investment Series (the "Company")

## Notes applicable to the financial statements of all Funds

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### 4 Generic Risk Factors continued

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#### Investing in Financial Derivative Instruments

There are certain investment risks which apply in relation to the use of derivatives. Derivatives may be used to provide protection for an investment or as a cheaper or more liquid alternative for an investment. However, should the Manager's expectations in employing such techniques and instruments be incorrect, a Fund may suffer a substantial loss, having an adverse effect on the net asset value of shares. Such instruments may cause greater fluctuations of the net asset value of the Fund concerned. Transactions in derivatives are used in the Funds for both efficient portfolio management and investment purposes. Derivatives exposure is managed within the investment limits set by the Manager to ensure that the use of derivatives does not materially alter the overall risk profile of a Fund.

#### Liquidity risk

The Funds may be affected by a decrease in market liquidity for the securities in which they invest, which may mean that the Funds may not be able to sell some securities at a fair price in a timely manner. In order to mitigate this risk, a substantial proportion of the Funds' assets consist of readily realisable assets.

Furthermore, Invesco monitors liquidity risk for each portfolio against its required minimum liquidity threshold. This includes holding a high enough proportion of assets that can be liquidated quickly and with a limited impact on price, also depending on its actual or hypothetical redemption profile, investment strategy, regulatory framework or contractual obligations. This is done by implementing a monitoring framework focused on Liquidation Size and Liquidation Cost.

Liquidity results are monitored at Fund level on a daily basis including against internally defined limits.

#### Market price risk

The Funds are exposed to the risks normally associated with investment in stocks and shares such as general economic conditions, market events or the performance of underlying stocks. As such the prices of and the income generated by the Funds' securities may go down as well as up and an investor may not get back the full amount invested.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can mitigate market risk.

#### Taking charges from capital

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ongoing charge as well as other fees and expenses of the Fund may be taken from capital instead of income. The Funds take such fees and expenses from capital in order to manage the level of income paid and/or available to Shareholders. This may result in capital erosion or may constrain capital growth.

#### Calculation methods of the Risk Exposure

Following the assessment of the investment policy of each Fund of the Company, Invesco Fund Managers Limited has decided to use Value at Risk ("VaR") for the assessment of the global exposure of each Fund.

Value-at-Risk ("VaR") is a statistical measurement. It intends to measure the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. All of the positions within the portfolio are taken into account for the VaR calculation, not just derivatives.

Absolute and Relative VaR are calculated daily using a VaR risk model based on a two years historical simulation methodology. This method for calculating VaR contains no standard distribution assumption and assumes that history repeats itself.

Under the relative VaR approach, the VaR of the Fund is compared to that of a benchmark or reference portfolio. With this approach, the choice of benchmark is important and hence the Manager will choose a leverage free benchmark with similar risks to the Fund.

The calculation standards used for the VaR model are in compliance with the provisions in box 15 of ESMA Guidelines on Risk Measurement and the calculation of Global Exposure and Counterparty Risk for UCITS (Ref: 10-788) ("ESMA Guidelines").

The Absolute VaR of a UK UCITS cannot be greater than 20% of its NAV. The Relative VaR of a UK UCITS cannot be more than two times the VaR of the reference portfolio. Invesco Fund Managers Limited monitors that the  $(\text{VaR of the UK UCITS Scheme}) / (2 * \text{VaR of the reference portfolio})$  is not greater than 100%.

The calculation of the Absolute and Relative VaR is carried out in accordance with the following parameters:

- one-tailed confidence interval of 99%;
- holding period equivalent to one month (i.e. 20 business days);
- effective observation period (history) of risk factors of two years;

# Invesco UK 2 Investment Series (the "Company")

## Notes applicable to the financial statements of all Funds

### 4 Generic Risk Factors continued

#### Calculation methods of the Risk Exposure continued

– daily calculation.

In line with box 25 of ESMA Guidelines, as the Funds use the VaR approach to monitor the global exposure, Invesco Fund Managers Limited calculates the leverage for each Fund on a daily basis, as the sum of the absolute value of the notionals of the derivatives used. With respect to financial derivative instruments which do not have a notional value attached to them, the calculation of the value is based upon the market value of the equivalent position of the underlying asset that is attached to the financial derivative instrument and applied consistently and appropriately.

The average level of leverage figures provided below does not take into account any netting and hedging arrangements that the Funds may have in place at any time even though these netting and hedging arrangements are used for risk reduction purpose.

The table below details the VaR approach for each Fund and, for those Funds utilising the relative VaR methodology, it details the reference portfolio. The table also details the minimum, maximum and average daily VaR utilisation that occurred during the one year period ending 31 March 2023, as well as the daily average level of leverage for each Fund during the one year period ending 31 March 2023.

Fund name	Period of Observation	Global Exposure							Leverage		
		Method used to calculate Global exposure (Commitment, Absolute VaR, Relative VaR)	Method used to calculate VaR		Reference portfolio for using Relative VaR	VaR limits reached for last financial year			VaR limits	Leverage level reached during the financial year  (Average levels as a % of NAV, calculated at least twice per month)	Leverage calculation method used
			Type of model  (Historical Simulation, Monte Carlo)	Parameters (Confidence Interval, holding period, observation period)		Lowest	Highest	Average (based on daily data)			
Invesco UK Equity Income Fund (UK)	1 Apr 2022 - 31 Mar 2023	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	43.0%	49.9%	47.3%	100%	0%	Sum of the Notional of the derivatives
Invesco UK Enhanced Index Fund (UK)	1 Apr 2022 - 31 Mar 2023	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share ex Investment Trusts Index (Net Total Return)	49.6%	56.3%	53.4%	100%	2.8%	Sum of the Notional of the derivatives



# Invesco UK 2 Investment Series (the "Company")

## Notes applicable to the financial statements of all Funds

### 4 Generic Risk Factors continued

#### Calculation methods of the Risk Exposure continued

The table below details the VaR approach for each Fund and, for those Funds utilising the relative VaR methodology, it details the reference portfolio. The table also details the minimum, maximum and average daily VaR utilisation that occurred during the one year period ending 31 March 2022, as well as the daily average level of leverage for each Fund during the one year period ending 31 March 2022.

Fund name	Period of Observation	Global Exposure								Leverage	
		Method used to calculate Global exposure  (Commitment, Absolute VaR, Relative VaR)	Method used to calculate VaR  Type of model  (Historical Simulation, Monte Carlo)	Reference portfolio for using Relative VaR	VaR limits reached for last financial year			Average  (based on daily data)	VaR limits  Regulatory limits	Leverage level reached during the financial year  (Average levels as a % of NAV, calculated at least twice per month)	Leverage calculation method used
					Parameters (Confidence Interval, holding period, observation period)	Lowest	Highest				
Invesco UK Equity Income Fund (UK)	1 Apr 2021 - 31 Mar 2022	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share Index	44.4%	51.9%	47.4%	100%	0%	Sum of the Notional of the derivatives
Invesco UK Enhanced Index Fund (UK)	1 Apr 2021 - 31 Mar 2022	Relative VaR	Historical Simulation	99% confidence level, 20 days, 2 years of risk factors	FTSE All-Share ex Investment Trusts Index (Net Total Return)	42.4%	49.8%	47.0%	100%	3%	Sum of the Notional of the derivatives

### 5 Investment Objective and Policy

The investment objective and policy of each Fund can be found on:

Invesco UK Equity Income Fund (UK)  
Invesco UK Enhanced Index Fund (UK)

page 18  
page 39

The Funds may also hold cash and near cash assets only to the extent that this may reasonably be regarded as necessary for the pursuit of the Fund's investment objective, to fund redemptions of shares in that Fund, for the efficient management of the Funds in accordance with its investment objective or for other purposes which may reasonably be regarded as ancillary to the investment objectives of the Funds. They may also borrow, providing such borrowing is on a temporary basis and does not exceed the limits laid down in the regulations.

### 6 Functional Currency

The Company's functional and presentational currency is Sterling. The financial statements are presented to the nearest £'000.

### 7 Bank Balances and Overdrafts

Bank balances and overdrafts are held by the Custodian, and are subject to the Custodian's variable credit and debit interest rates respectively.

## Invesco UK 2 Investment Series (the "Company")

### Notes applicable to the financial statements of all Funds

#### 8 Transactions and Balances with Related Parties

Invesco Fund Managers Limited (and its associates), as Manager, is a related party and acts as principal in respect of all transactions in the shares of the Company.

Amounts payable to Invesco Fund Managers Limited in respect of Fund Management Fees are disclosed in note 4, within each Fund. Management fee rebates are disclosed in note 2 and note 3 within each Fund. Amounts due at the end of the accounting year for Fund Management Fees are disclosed in note 10 within accrued expenses, within each Fund.

All issued and redeemed shares transacted with the ACD are shown in the Statement of Change in Net Assets Attributable to Shareholders and balances due from and to the ACD are shown in notes 8 and 10 to the financial statements of each Fund.

Invesco Fund Managers Limited and its associates (including other authorised investment companies managed by Invesco Fund Managers Limited) held the following shareholdings in the Funds:

	Held at 31.3.23	Change in year	Held at 31.3.22
Invesco UK Enhanced Index Fund (UK) Accumulation shares (No Trail)	6,656,997	3,193,142	3,463,855
Invesco UK Enhanced Index Fund (UK) Z Accumulation shares	244,757	82,180	162,577
Invesco UK Enhanced Index Fund (UK) Y Accumulation shares	4,540,700	(26,104,563)	30,645,263
Invesco UK Enhanced Index Fund (UK) M Accumulation shares*	5,000	5,000	-
Invesco UK Enhanced Index Fund (UK) Income shares (No Trail)	5,484,183	(607,723)	6,091,906
Invesco UK Enhanced Index Fund (UK) M Income shares*	5,000	5,000	-

\* Seed Capital Investment.

#### 9 Post Balance Sheet Events

The net asset value in pence per share at the balance sheet date and the latest practicable date prior to the publication of the report has been shown in the table below. The % increase/(decrease) is a reflection of market fluctuations during this period. It is likely markets will continue to be much more volatile than normal over the next few months until the Russia-Ukraine conflict impact passes.

	Net Asset Value 31.3.23 (pence per share)	Net Asset Value 23.6.23 (pence per share)	Increase/ Decrease %
Invesco UK Equity Income Fund (UK)	290.66	287.63	(1.04)
Invesco UK Enhanced Index Fund (UK)	293.15	289.01	(1.41)

The net asset value in pence per share is based on the Z Accumulation shares.

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### The Investment Objective and Policy of the Invesco UK Equity Income Fund (UK)

The Fund aims to achieve income and capital growth over the long term (5 years plus). The Fund invests at least 80% of its assets in shares or other equity related securities of companies incorporated, domiciled or carrying out the main part of their economic activity in the UK. In pursuing the Fund's investment objective, the fund manager may consider it appropriate to also invest in other transferable securities (including private and unlisted equities and non-UK companies), money-market instruments, collective investment schemes (including funds managed by the Invesco group), deposits and cash. The Fund may use derivatives for efficient portfolio management purposes only, to reduce risk, reduce costs and/or generate additional capital or income. The Fund may engage in securities lending. The expected proportion of total assets that may be subject to securities lending arrangements is 20%. Such level might be exceeded or might be subject to changes in the future.

The objectives currently shown within these financial statements are those objectives that were in place as at 31 March 2023.

Performance to 31 March 2023	Since	Since	Since	Percentage growth	
	30.9.22 %	31.3.22 %	31.3.20 %	Since 31.3.18 %	Since 31.3.13 %
Invesco UK Equity Income Fund (UK) (Z Accumulation shares)	11.78	0.80	39.95	-6.21	24.58
IA UK All Companies Sector <sup>1</sup>	12.35	-2.13	42.23	18.00	68.62
Fund Ranking	145/220	107/220	128/214	192/202	166/171

Standardised rolling 12 month performance	31.3.18	31.3.19	31.3.20	Percentage growth	
	31.3.19 %	31.3.20 %	31.3.21 %	31.3.21 %	31.3.22 %
Invesco UK Equity Income Fund (UK) (Z Accumulation shares)	1.3	-33.9	26.4	9.9	0.8
IA UK All Companies Sector <sup>1</sup>	2.9	-19.4	38.2	5.2	-2.1

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website [www.invesco.com/uk](http://www.invesco.com/uk) or by contacting us.

Fund and sector average performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. This may differ from the performance figure shown on page 22 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 22 is based on the close of business bid price.

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

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

<sup>1</sup> This is a Comparator Benchmark. Given its geographic focus the Fund's performance can be compared against the Benchmark. However, the Fund is actively managed and is not constrained by any benchmark.

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund returned 0.8% in the year ending March 2023. This placed the Fund in the second quartile of its peer group, the IA UK All Companies Sector, which returned -2.1%.

Fund and sector average performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. Performance figures are based on the ZAccumulation share class.

Past performance is not a guide to future returns.

The UK equity market struggled over the first six months of the period as rising inflation, slowing growth and the continued increasing of interest rates to dampen demand intensified fears of a global recession.

The Bank of England (BoE) continued to raise interest rates over the year, more recently by 0.25% in March to the highest level in 15 years as interest rates went to 4.25%. It is the 11th consecutive increase from the bank since it started its hiking cycle in December 2021. The BoE left open the prospects of further rate hikes if there were more 'persistent pressures' from inflation. The bank was also no longer forecasting a technical recession, expecting the economy to grow in the second quarter of this year.

Inflation continued to rise through 2022 and reached 11.1% in October, the highest in more than 40 years. This was mainly being driven by increased prices for Oil and gas while food price increases was also contributing significantly. It then slowed to 10.7% in November, driven primarily by a slowing of petrol price rises, and was helped by the easing of international supply chain pressures. It continued to fall (10.1% in January 2023) until it unexpectedly rose in February 2023 to 10.4%. The Bank of England believes inflation will begin to fall quite rapidly before the summer.

In a chaotic time for UK politics, Liz Truss became the new Prime Minister of the UK and announced support for households and businesses to shield them from rising energy prices. However, she resigned following a difficult 44-day spell as Prime Minister following a 'mini budget' proposing increased spending and tax cuts. UK bonds sold off in response as Sterling fell to a new low against the dollar. Following her resignation, Rishi Sunak became the new Prime Minister. The new Chancellor Jeremy Hunt in his Autumn Statement announced spending cuts and tax rises, reversing many of the policy measures from the Truss administration.

Britain and the EU agreed a deal over post-Brexit trading rules in Northern Ireland in a deal that Rishi Sunak claimed would reduce bureaucracy. Jeremy Hunt delivered his budget which was well received as there seemed to be a greater sense of stability for UK politics. Highlights included extending of free childcare and scrapping the lifetime allowance on tax-free pensions in an attempt to get people back into work. Other announcements included extending the energy price cap, tax breaks for capital expenditure to help offset the sharp increase in corporation tax and making the London market a more attractive place for companies to list.

The UK economy grew 0.3% in January 2023 following a 0.5% contraction in December according to data from the Office for National Statistics ("ONS"). This was larger than consensus forecasts. British retail sales increased in February by 1.2%, above consensus forecasts and the second consecutive monthly increase in a further show of consumer resilience.

The biggest contributors to performance were BP and Shell with Energy stocks being one of the best performing sectors supported by the sharp rise in oil and gas prices partly due to Russia's invasion of Ukraine.

CRH was another strong contributor as they consider listing in New York later in the year. This underlines contention regarding low valuations in UK markets relative to global peers, in particular the US which pushed its share price higher. Compass was another positive contributor, along with Next who delivered positive attribution with quarter three sales coming in better than expected. The Fund's holding in PureTech Health added to performance following the news that an oral CBD drug capsule would be advancing to clinical trials. There were further contributions from Relx, AstraZeneca and Lancashire.

The biggest area of detractor to the Fund was from Future. This is following the news the CEO is to retire and earnings estimates were revised down following a more cautious outlook. Gold miner Newmont detracted from performance as they released results which were lower than expected and lowered its production forecast. Similarly Barrick Gold detracted from performance following disappointing results.

Other notable detractors included Drax after a prospective carbon-capture project failed to be selected for fast-track financing discussions with the UK government. However, they have been invited for formal discussions with the UK government to help the deployment of large-scale Power BECCS (Bioenergy with Carbon Capture and Storage). In our view Drax remains key to helping the UK achieve its net zero targets through large-scale Power BECCS.

Despite a volatile start to the year, we remain optimistic at the outlook for UK Equities over the next quarter, and for the medium to long term, for three key reasons:

- We believe that the next 10 years in markets won't look like the past 10 years. Value as a

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### Strategy, review and outlook

- factor in investment will increase in importance, driven by (on average) higher inflation and a higher cost of capital than we have experienced post the Global Financial Crisis of 2007/08.
- UK Equities are an attractive source of value. The opportunity set comprises many world-class internationally orientated companies with good earnings momentum, that are undervalued versus their own history and versus the US, in an undervalued currency.
  - UK Equities are also an attractive source of real income. Higher inflation and volatility are both likely to continue, but dividends should keep pace with inflation over time. Equity income strategies will be attractive in challenging markets.

The key issue facing global economies remains inflation, with central banks around the world seeking to guide monetary policy along a narrow pathway - balancing inflation risks on one side, with a need to ensure sustained recovery post the pandemic on the other (further complicated in Europe by economic consequences of the war in Ukraine). Our central case is that war in Ukraine will continue and disruption to energy supplies is long lasting, but that economic policy will eventually succeed. We expect that inflation will moderate towards a new (higher) normal over the course of the next 12 months, that evident concerns in the banking sector are isolated and short lived, and that economic activity increases in China (supportive of commodities).

Domestic politics in the UK continue to become more stable. Agreement reached in February with the EU on the future of Northern Ireland is a clear positive for sentiment at least, the March Budget was generally well received, and a settlement has been reached with Nurses on pay - in our view likely to be the start of a process of resolving public sector pay disputes. That Sterling currency has strengthened modestly - despite a climate of growing nervousness in the global banking sector - is in our view a clear objective measure of improving sentiment towards the UK.

UK equities therefore, offer significant value, with good earnings momentum, in a still lowly valued currency. The bottom line remains is that nominal growth should, in an undervalued market, boost the outlook for UK listed equities. Key beneficiaries will likely include high quality, cash generative businesses, which form a significant part of our portfolios.

This last point remains key. While we are optimistic about the UK market, our portfolios are what excite us the most. This excitement comes from our positioning in high quality, cash-generative businesses, with strong liquidity, that we think will emerge from the current period of disturbance and uncertainty, in an even better competitive position than beforehand.

### James Goldstone and Ciaran Mallon, Fund Managers

Where James Goldstone and Ciaran Mallon have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice.

<b>The Fund's ten largest investments are</b>	<b>%</b>
TotalEnergies	5.07
BP	4.57
Next	4.57
PureTech Health	4.07
Barclays	3.76
Shell	3.59
RELX	3.53
British American Tobacco	3.34
Ferguson	3.33
SSE	3.07

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### Comparative tables

Year ended	31.3.23	31.3.22	31.3.21
Accumulation shares	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	2,818.83	2,592.44	2,179.10
Return before operating charges*	80.33	272.97	452.41
Operating charges	(46.31)	(46.58)	(39.07)
Return after operating charges	34.02	226.39	413.34
Distributions	(99.57)	(84.79)	(64.56)
Retained distributions on accumulation shares	99.57	84.79	64.56
<b>Closing net asset value per share</b>	<b>2,852.85</b>	<b>2,818.83</b>	<b>2,592.44</b>
*After direct transaction costs of	(1.14)	(2.36)	(7.98)
<b>Performance</b>			
Return after charges	1.21%	8.73%	18.97%
<b>Other information</b>			
Closing net asset value (£'000)	292,164	448,382	574,971
Closing number of shares	10,241,124	15,906,695	22,178,739
Operating charges	1.66%	1.66%	1.66%
Direct transaction costs	0.04%	0.08%	0.34%
<b>Prices</b>			
Highest share price	2,987.89	2,960.13	2,632.64
Lowest share price	2,489.40	2,611.90	1,982.49

Year ended	31.3.23	31.3.22	31.3.21
Accumulation shares (No Trail)	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	159.94	146.36	122.41
Return before operating charges*	4.59	15.42	25.49
Operating charges	(1.84)	(1.84)	(1.54)
Return after operating charges	2.75	13.58	23.95
Distributions	(5.67)	(4.80)	(3.64)
Retained distributions on accumulation shares	5.67	4.80	3.64
<b>Closing net asset value per share</b>	<b>162.69</b>	<b>159.94</b>	<b>146.36</b>
*After direct transaction costs of	(0.06)	(0.13)	(0.45)
<b>Performance</b>			
Return after charges	1.72%	9.28%	19.57%
<b>Other information</b>			
Closing net asset value (£'000)	109,968	115,495	111,222
Closing number of shares	67,594,824	72,210,509	75,992,521
Operating charges	1.16%	1.16%	1.16%
Direct transaction costs	0.04%	0.08%	0.34%
<b>Prices</b>			
Highest share price	170.27	167.76	148.60
Lowest share price	141.63	147.46	111.37

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 13, which we also refer to as the ongoing charge in our Key Investor Information Documents ("KIIDs") and our literature.

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Z Accumulation shares	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	285.04	260.18	217.06
Return before operating charges*	8.20	27.43	45.26
Operating charges	(2.58)	(2.57)	(2.14)
Return after operating charges	5.62	24.86	43.12
Distributions	(10.12)	(8.55)	(6.47)
Retained distributions on accumulation shares	10.12	8.55	6.47
<b>Closing net asset value per share</b>	<b>290.66</b>	<b>285.04</b>	<b>260.18</b>
*After direct transaction costs of	(0.12)	(0.24)	(0.80)
<b>Performance</b>			
Return after charges	1.97%	9.55%	19.87%
<b>Other information</b>			
Closing net asset value (£'000)	137,169	143,920	156,119
Closing number of shares	47,192,944	50,491,831	60,004,166
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.04%	0.08%	0.34%
<b>Prices</b>			
Highest share price	304.09	298.80	264.13
Lowest share price	252.74	262.14	197.49

Year ended Y Accumulation shares	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	216.61	197.62	164.79
Return before operating charges*	6.23	20.84	34.37
Operating charges	(1.85)	(1.85)	(1.54)
Return after operating charges	4.38	18.99	32.83
Distributions	(7.69)	(6.50)	(4.91)
Retained distributions on accumulation shares	7.69	6.50	4.91
<b>Closing net asset value per share</b>	<b>220.99</b>	<b>216.61</b>	<b>197.62</b>
*After direct transaction costs of	(0.09)	(0.18)	(0.61)
<b>Performance</b>			
Return after charges	2.02%	9.61%	19.92%
<b>Other information</b>			
Closing net asset value (£'000)	261,098	179,806	193,649
Closing number of shares	118,148,971	83,009,475	97,990,576
Operating charges	0.86%	0.86%	0.86%
Direct transaction costs	0.04%	0.08%	0.34%
<b>Prices</b>			
Highest share price	231.19	227.04	200.62
Lowest share price	192.12	199.11	149.93

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 13, which we also refer to as the ongoing charge in our Key Investor Information Documents ("KIIDs") and our literature.

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended	31.3.23
M Accumulation shares <sup>1</sup>	(pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	200.00
Return before operating charges*	7.81
Operating charges	(0.02)
Return after operating charges	7.79
Distributions	(2.82)
Retained distributions on accumulation shares	2.82
<b>Closing net asset value per share</b>	<b>207.79</b>

\*After direct transaction costs of -

<b>Performance</b>	
Return after charges	3.90%

<b>Other information</b>	
Closing net asset value (£'000)	9
Closing number of shares	4,143
Operating charges	0.60%
Direct transaction costs	0.04%

<b>Prices</b>	
Highest share price	206.55
Lowest share price	200.00

Year ended	31.3.23	31.3.22	31.3.21
Income shares	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	1,258.99	1,193.52	1,032.61
Return before operating charges*	32.53	125.48	209.59
Operating charges	(20.43)	(21.25)	(18.33)
Return after operating charges	12.10	104.23	191.26
Distributions	(44.06)	(38.76)	(30.35)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>1,227.03</b>	<b>1,258.99</b>	<b>1,193.52</b>
*After direct transaction costs of	(0.50)	(1.08)	(3.74)
<b>Performance</b>			
Return after charges	0.96%	8.73%	18.52%
<b>Other information</b>			
Closing net asset value (£'000)	113,772	145,145	160,913
Closing number of shares	9,272,115	11,528,731	13,482,163
Operating charges	1.66%	1.66%	1.66%
Direct transaction costs	0.04%	0.08%	0.34%
<b>Prices</b>			
Highest share price	1,302.80	1,338.52	1,224.87
Lowest share price	1,085.43	1,183.90	937.90

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

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# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Income shares (No Trail)	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	94.03	88.70	76.35
Return before operating charges*	2.45	9.33	15.55
Operating charges	(1.07)	(1.11)	(0.95)
Return after operating charges	1.38	8.22	14.60
Distributions	(3.30)	(2.89)	(2.25)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>92.11</b>	<b>94.03</b>	<b>88.70</b>
*After direct transaction costs of	(0.04)	(0.08)	(0.28)
<b>Performance</b>			
Return after charges	1.47%	9.27%	19.12%
<b>Other information</b>			
Closing net asset value (£'000)	50,612	54,755	55,857
Closing number of shares	54,949,222	58,228,749	62,973,939
Operating charges	1.16%	1.16%	1.16%
Direct transaction costs	0.04%	0.08%	0.34%
<b>Prices</b>			
Highest share price	97.72	99.86	91.01
Lowest share price	81.29	88.40	69.35

Year ended Z Income shares	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	207.96	195.67	168.02
Return before operating charges*	5.43	20.59	34.25
Operating charges	(1.86)	(1.92)	(1.64)
Return after operating charges	3.57	18.67	32.61
Distributions	(7.31)	(6.38)	(4.96)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>204.22</b>	<b>207.96</b>	<b>195.67</b>
*After direct transaction costs of	(0.08)	(0.18)	(0.61)
<b>Performance</b>			
Return after charges	1.72%	9.54%	19.41%
<b>Other information</b>			
Closing net asset value (£'000)	34,881	39,964	44,246
Closing number of shares	17,080,313	19,216,703	22,612,569
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.04%	0.08%	0.34%
<b>Prices</b>			
Highest share price	216.59	220.71	200.74
Lowest share price	180.02	195.46	152.62

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 13, which we also refer to as the ongoing charge in our Key Investor Information Documents ("KIIDs") and our literature.

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Y Income shares	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	163.50	153.76	131.97
Return before operating charges*	4.27	16.18	26.91
Operating charges	(1.38)	(1.42)	(1.22)
Return after operating charges	2.89	14.76	25.69
Distributions	(5.75)	(5.02)	(3.90)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>160.64</b>	<b>163.50</b>	<b>153.76</b>
*After direct transaction costs of	(0.07)	(0.14)	(0.48)
<b>Performance</b>			
Return after charges	1.77%	9.60%	19.47%
<b>Other information</b>			
Closing net asset value (£'000)	74,820	84,368	95,042
Closing number of shares	46,576,782	51,600,179	61,811,154
Operating charges	0.86%	0.86%	0.86%
Direct transaction costs	0.04%	0.08%	0.34%
<b>Prices</b>			
Highest share price	170.36	173.50	157.74
Lowest share price	141.57	153.67	119.87

Year ended M Income shares <sup>1</sup>	31.3.23 (pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	200.00
Return before operating charges*	7.82
Operating charges	(0.02)
Return after operating charges	7.80
Distributions	(2.82)
Retained distributions on accumulation shares	-
<b>Closing net asset value per share</b>	<b>204.98</b>
*After direct transaction costs of	-
<b>Performance</b>	
Return after charges	3.90%
<b>Other information</b>	
Closing net asset value (£'000)	7
Closing number of shares	3,295
Operating charges	0.60%
Direct transaction costs	0.04%
<b>Prices</b>	
Highest share price	206.55
Lowest share price	200.00

<sup>1</sup> M Accumulation shares and M Income shares were issued at 200p on 24 March 2023. The operating charges and direct transaction costs percentages figures disclosed have been annualised for the period ended 31 March 2023. For the purpose of calculating the change in net assets per share these figures are actual and have not been annualised.

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 13, which we also refer to as the ongoing charge in our Key Investor Information Documents ("KIIDs") and our literature.

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> (Unaudited) as at 31 March 2023	<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>			
<b>Equities 97.96% (31.3.22 - 95.97%)</b>			
<b>Bermuda 1.47% (31.3.22 - 1.34%)</b> <b>Financials 1.47% (31.3.22 - 1.34%)</b> Hiscox	1,425,111	15,797	1.47
<b>Canada 2.85% (31.3.22 - 3.36%)</b> <b>Basic Materials 2.85% (31.3.22 - 3.36%)</b> Barrick Gold	2,042,260	30,639	2.85
<b>Denmark 0.00% (31.3.22 - 0.00%)</b> <b>Financials 0.00% (31.3.22 - 0.00%)</b> Eurotrust <sup>1</sup>	4,155,000	-	0.00
<b>France 5.07% (31.3.22 - 3.85%)</b> <b>Energy 5.07% (31.3.22 - 3.85%)</b> TotalEnergies	1,140,779	54,488	5.07
<b>Jersey 0.00% (31.3.22 - 0.03%)</b> <b>Industrials 0.00% (31.3.22 - 0.03%)</b>			
<b>Republic of Ireland 4.44% (31.3.22 - 2.85%)</b> <b>Industrials 4.44% (31.3.22 - 2.85%)</b> CRH Experian	743,659 651,161	30,349 17,321	2.83 1.61
<b>Switzerland 1.55% (31.3.22 - 1.71%)</b> <b>Basic Materials 1.55% (31.3.22 - 1.71%)</b> Glencore	3,588,840	16,674	1.55
<b>United Kingdom 75.19% (31.3.22 - 75.17%)</b> <b>Basic Materials 2.15% (31.3.22 - 2.73%)</b> Anglo American Croda International	393,945 193,563	10,550 12,574	0.98 1.17
<b>Consumer Discretionary 19.85% (31.3.22 - 19.43%)</b> Compass CVS Future JD Sports Fashion Next RELX Supponor <sup>1</sup> Tesco Whitbread	1,427,688 679,239 867,051 9,515,020 746,794 1,449,614 113,677 11,520,422 911,858	29,025 12,600 10,040 16,903 49,079 37,936 - 30,610 27,228	2.70 1.17 0.93 1.57 4.57 3.53 0.00 2.85 2.53
<b>Consumer Staples 6.78% (31.3.22 - 8.89%)</b> British American Tobacco Cranswick Reckitt Benckiser Unilever	1,263,527 423,844 354,267 59,262	35,891 12,732 21,816 2,483	3.34 1.18 2.03 0.23
<b>Energy 8.16% (31.3.22 - 7.21%)</b> BP Shell	9,621,947 1,670,686	49,149 38,559	4.57 3.59
<b>Financials 11.64% (31.3.22 - 10.24%)</b> Allied Minds Barclays Lancashire Legal & General Lloyds Banking Man Phoenix PRS REIT	12,011,487 27,680,493 2,202,236 8,263,244 26,119,795 3,623,477 2,271,531 21,877,700	1,664 40,358 12,167 19,741 12,453 8,530 12,412 17,699	0.15 3.76 1.13 1.84 1.16 0.79 1.16 1.65
<b>Health Care 4.24% (31.3.22 - 3.89%)</b> AstraZeneca Smith & Nephew	251,824 1,537,917	28,285 17,255	2.63 1.61

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> (Unaudited) continued as at 31 March 2023	<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>			
<b>Industrials 11.58% (31.3.22 - 8.85%)</b>			
Ashtead	270,822	13,419	1.25
Babcock International	4,152,168	12,407	1.15
Bunzl	793,191	24,248	2.26
Coats	25,702,960	18,943	1.76
Essentra	4,479,087	8,654	0.81
Ferguson	335,574	35,739	3.33
Hays	9,836,963	10,958	1.02
<b>Technology 0.52% (31.3.22 - 0.59%)</b>			
Mercia Asset Management	21,304,997	5,539	0.52
<b>Telecommunications 0.00% (31.3.22 - 2.10%)</b>			
<b>Utilities 10.27% (31.3.22 - 11.24%)</b>			
Drax	4,968,191	30,182	2.81
National Grid	2,474,372	27,119	2.52
Pennon	936,476	8,185	0.76
SSE	1,828,082	32,960	3.07
United Utilities	1,120,207	11,874	1.11
<b>United States 7.39% (31.3.22 - 7.66%)</b>			
<b>Basic Materials 1.57% (31.3.22 - 2.61%)</b>			
Newmont	423,879	16,798	1.57
Xyleco 'A' <sup>1</sup>	18,038,631	-	0.00
Xyleco 'B' <sup>1</sup>	6,012,877	-	0.00
<b>Financials 1.75% (31.3.22 - 1.79%)</b>			
Burford Capital	2,490,787	18,793	1.75
<b>Health Care 4.07% (31.3.22 - 3.26%)</b>			
Immunoscience <sup>1</sup>	8,016,712	-	0.00
PureTech Health	19,758,913	43,766	4.07
<b>Technology 0.00% (31.3.22 - 0.00%)</b>			
Spin Transfer Technologies <sup>1</sup>	1,864,286	-	0.00
<b>Open-Ended Funds 1.92% (31.3.22 - 3.93%)</b>			
Invesco Liquidity Funds plc – Invesco Sterling Liquidity Portfolio Agency Class <sup>2</sup>	990,126	990	0.09
Sherborne Investors Guernsey C	37,135,803	19,496	1.82
Speymill Deutsche Immobilien <sup>1</sup>	14,588,469	-	0.00
Triam Investors	81,274	147	0.01
<b>Portfolio of investments (31.3.22 - 99.90%)</b>		<b>1,073,224</b>	<b>99.88</b>
<b>Net other assets (31.3.22 - 0.10%)</b>		<b>1,276</b>	<b>0.12</b>
<b>Net assets</b>		<b>1,074,500</b>	<b>100.00</b>

Unless otherwise stated, all holdings are on an official stock exchange listing or are permitted collective investment schemes.

<sup>1</sup> Unquoted securities - for the year ended 31 March 2023 these amount to 0.00% (31 March 2022 - 0.00%) of the Net Asset Value of the Fund.

<sup>2</sup> Investments managed or advised by Invesco Asset Management Limited or associates of the Invesco group and therefore are related parties.

<b>Portfolio Statement Breakdown</b> as at 31 March 2023	<b>Market value 31.3.23 £'000</b>	<b>Percentage of total net assets 31.3.23 %</b>	<b>Market value 31.3.22 £'000</b>	<b>Percentage of total net assets 31.3.22 %</b>
Quoted securities	1,052,591	97.96	1,163,022	95.97
Unquoted securities <sup>1</sup>	-	-	-	-
Open-Ended Funds	20,633	1.92	47,567	3.93
Portfolio of investments	1,073,224	99.88	1,210,589	99.90
Net other assets	1,276	0.12	1,246	0.10
<b>Net assets</b>	<b>1,074,500</b>	<b>100.00</b>	<b>1,211,835</b>	<b>100.00</b>

# Invesco UK Equity Income Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 April 2022 to 31 March 2023

Cost  
£'000

**Total purchases:** **83,817**

#### Largest purchases:

Lloyds Banking	11,783
Man	8,694
Whitbread	8,125
Experian	6,962
Ashted	5,910
Coats	5,872
RELX	5,797
TotalEnergies	5,788
CRH	4,828
Smith & Nephew	3,355

**Other purchases:** **16,703**

Proceeds  
£'000

**Total sales:** **198,292**

#### Largest sales:

Vodafone	20,873
Barratt Developments	15,448
Tesco	13,693
BP	13,220
RELX	8,564
British American Tobacco	8,082
Legal & General	7,966
TotalEnergies	7,904
Next	7,161
Barclays	6,564

**Other sales:** **88,817**

Transactions in money-market instruments to manage the Fund's liquidity position are excluded from the analysis.

# Invesco UK Equity Income Fund (UK)

## Financial statements

<b>Statement of Total Return</b>		01.4.22		01.4.21	
for the year 1 April 2022 to 31 March 2023		to 31.3.23		to 31.3.22	
	Notes	£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital (losses)/gains	2		(10,804)		98,503
Revenue	3	40,552		40,271	
Expenses	4	(14,426)		(17,368)	
Interest payable and similar charges	5	(25)		(23)	
Net revenue before taxation		26,101		22,880	
Taxation	6	(217)		23	
Net revenue after taxation			25,884		22,903
<b>Total return before distributions</b>			15,080		121,406
Distributions	7		(40,311)		(40,271)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(25,231)</b>		<b>81,135</b>

<b>Statement of Change in Net Assets Attributable to Shareholders</b>		01.4.22		01.4.21	
for the year 1 April 2022 to 31 March 2023		to 31.3.23		to 31.3.22	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>			<b>1,211,835</b>		<b>1,392,019</b>
Amounts received on issue of shares		20,616		26,856	
Amounts paid on redemption of shares		(162,083)		(316,692)	
			(141,467)		(289,836)
Dilution adjustment			272		803
Change in net assets attributable to Shareholders from investment activities			(25,231)		81,135
Retained distribution on accumulation shares			29,035		27,666
Unclaimed distributions monies			56		48
<b>Closing net assets attributable to Shareholders</b>			<b>1,074,500</b>		<b>1,211,835</b>

# Invesco UK Equity Income Fund (UK)

## Financial statements

<b>Balance Sheet</b>			<b>31.3.23</b>	<b>31.3.22</b>
as at 31 March 2023	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
Fixed assets				
Investments			1,073,224	1,210,589
Current assets				
Debtors	8	5,718		5,638
Cash and bank balances	9	4,541		3,088
Total other assets			10,259	8,726
Total assets			1,083,483	1,219,315
<b>Liabilities</b>				
Investment liabilities			-	-
Creditors				
Distribution payable		3,768		4,024
Other creditors	10	5,215		3,456
Total other liabilities			8,983	7,480
Total liabilities			8,983	7,480
<b>Net assets attributable to Shareholders</b>			<b>1,074,500</b>	<b>1,211,835</b>

# Invesco UK Equity Income Fund (UK)

## Notes to the financial statements

Refer to pages 09 to 17 for notes applicable to the financial statements of all Funds.

### 1 Accounting policies

The Fund's Accounting Policies, Distribution Policies and Generic Risk Factors are set out on pages 09 to 16.

<b>2 Net capital (losses)/gains</b>	<b>01.4.22 to 31.3.23 £'000</b>	<b>01.4.21 to 31.3.22 £'000</b>
Foreign currency losses	(51)	(30)
Forward currency contracts	-	(43)
Non-derivative securities	(10,753)	98,576
Net capital (losses)/gains	(10,804)	98,503

<b>3 Revenue</b>	<b>01.4.22 to 31.3.23 £'000</b>	<b>01.4.21 to 31.3.22 £'000</b>
Bank interest	6	-
Interest on term deposits	36	2
Management fee rebates	-	113
Non-taxable overseas dividends	9,302	6,850
Securities lending revenue	35	19
Stock dividends	1,746	3,394
UK dividends	29,044	29,316
UK REIT dividends	383	577
	40,552	40,271

<b>4 Expenses</b>	<b>01.4.22 to 31.3.23 £'000</b>	<b>01.4.21 to 31.3.22 £'000</b>
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	14,426	17,368
	14,426	17,368
Total expenses	14,426	17,368

<sup>1</sup> Total audit fees of £8,787 (2022 - £8,250) exclusive of VAT payable to the auditors for the year ended 31 March 2023 are borne out of the Fund Management Fee.

<b>5 Interest payable and similar charges</b>	<b>01.4.22 to 31.3.23 £'000</b>	<b>01.4.21 to 31.3.22 £'000</b>
Bank interest	25	23



# Invesco UK Equity Income Fund (UK)

## Notes to the financial statements

### 6 Taxation

	01.4.22 to 31.3.23 £'000	01.4.21 to 31.3.22 £'000
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#### a) Analysis of charge for the year

Overseas tax	217	(23)
Total tax charge/(credit)	217	(23)

There is no corporation tax charge for the year (2022 - Nil).

#### b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2022 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The factors are explained below:

	01.4.22 to 31.3.23 £'000	01.4.21 to 31.3.22 £'000
Net revenue before taxation	26,101	22,880
Corporation tax at 20% (2022 - 20%)	5,220	4,576
Effects of:		
Movement in unrecognised tax losses	2,798	3,424
Overseas tax	217	(23)
Prior year adjustment to excess management expenses	-	(88)
Revenue not subject to tax	(8,018)	(7,912)
Total tax charge/(credit)	217	(23)

Authorised investment companies with variable capital are exempt from tax on capital gains in the UK. Therefore any capital return is not included in the above reconciliation.

#### c) Deferred tax

At the year end the Fund had surplus management expenses of £1,327,645,000 (2022 - £1,313,654,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £265,529,000 (2022 - £262,731,000) has not been recognised.

### 7 Distributions

	01.4.22 to 31.3.23 £'000	01.4.21 to 31.3.22 £'000
--	--------------------------------	--------------------------------

Accumulations and distributions paid 30 November 2022	24,559	23,093
Accumulations and distributions paid 31 May 2023	14,625	14,907
	39,184	38,000
Amounts deducted on redemption of shares	1,291	2,461
Amounts received on issue of shares	(164)	(190)
	40,311	40,271

The distributable amount has been calculated as follows:

Net revenue after taxation	25,884	22,903
Equalisation on conversions	1	-
Fund Management Fee taken to capital	14,426	17,368
	40,311	40,271

### 8 Debtors

	31.3.23 £'000	31.3.22 £'000
--	------------------	------------------

Accrued revenue	3,614	4,955
Amounts receivable for issue of shares	225	296
Overseas tax recoverable	241	361
Sales awaiting settlement	1,638	26
	5,718	5,638

### 9 Cash and bank balances

	31.3.23 £'000	31.3.22 £'000
--	------------------	------------------

Cash and bank balances	4,541	3,088
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# Invesco UK Equity Income Fund (UK)

## Notes to the financial statements

<b>10 Other creditors</b>	<b>31.3.23</b>	<b>31.3.22</b>
	<b>£'000</b>	<b>£'000</b>
Accrued expenses	1,128	1,331
Amounts payable for redemption of shares	2,079	2,125
Purchases awaiting settlement	2,008	-
	<b>5,215</b>	<b>3,456</b>

### **11 Commitments, contingent liabilities and contingent assets**

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2022 - Nil).

### **12 Related parties**

Related party interests in the Fund are disclosed in note 8 of the notes applicable to the financial statements of all Funds on page 17. Amounts payable to Invesco Fund Managers Limited in respect of Fund Management Fees are disclosed in note 4. Amounts received in respect of sales in the accounting year of £62,595,000 (2022 - £205,380,000) and amounts paid in respect of purchases in the accounting year of £51,204,000 (2022 - £212,301,000). Amounts received in respect of dividends in the accounting year is £36,000 (2022 - £2,000). Management fee rebates are disclosed in note 3. Amounts due at the end of the accounting year for Fund Management Fees of £1,128,000 (2022 - £1,331,000) are disclosed in note 10 within accrued expenses.

### **13 Generic Risk factors**

As one of the key objectives of the Fund is to provide income, the Manager's ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth.

The Fund may invest in private and unlisted equities which may involve additional risks such as lack of liquidity, lack of pricing transparency, less readily available information on the company and concentrated ownership. These investments may result in greater fluctuations of the value of the Fund. The Manager, however, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Fund.

The Fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of their investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the Fund. The Manager, however, will ensure that the use of derivatives within the Fund does not materially alter the overall risk profile of the Fund.

The generic risk factors relating to the Fund are discussed more fully in note 4 of the notes applicable to the financial statements of all Funds on pages 13 to 16.

#### **a) Counterparty risk**

The Fund had zero positive counterparty exposure to OTC derivatives at the balance sheet date (2022 - Nil). The counterparty OTC exposure is the positive exposure of cleared and non-cleared OTC derivatives, including FX forwards, to the different counterparties used by the portfolio, measured on a marked-to-market basis net of applicable legally enforceable netting and collateral.

#### **b) Valuation of financial instruments**

The categorisation of financial instruments in the tables below reflect the basis of valuation of instruments used to measure their fair value.

	<b>Assets</b>	<b>Liabilities</b>
	<b>£'000</b>	<b>£'000</b>
<b>31.3.23</b>		
Level 1: Quoted prices	1,052,738	-
Level 2: Observable market data	20,486	-
Level 3: Unobservable data	-	-
	<b>1,073,224</b>	<b>-</b>
<b>31.3.22</b>		
Level 1: Quoted prices	1,163,022	-
Level 2: Observable market data	47,567	-
Level 3: Unobservable data	-	-
	<b>1,210,589</b>	<b>-</b>

# Invesco UK Equity Income Fund (UK)

## Notes to the financial statements

### 13 Generic Risk factors continued

#### b) Valuation of financial instruments continued

All financial instruments are classified as level 1: Quoted prices and level 2: Observable market data. The instruments classified as level 2 relate to daily priced open-ended funds. These instruments are valued at their fair value as at noon of the last business day prior to the Fund's year end.

### 14 Portfolio transaction costs

for the year 1 April 2022 to 31 March 2023

Purchases (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	83,465	41	0.05	311	0.37
<b>Total purchases</b>	<b>83,465</b>	<b>41</b>		<b>311</b>	
<b>Total purchases including transaction costs</b>	<b>83,817</b>				
Sales (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	198,398	105	0.05	1	0.00
<b>Total sales</b>	<b>198,398</b>	<b>105</b>		<b>1</b>	
<b>Total sales net of transaction costs</b>	<b>198,292</b>				
<b>Derivative transaction costs</b>		<b>-</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>146</b>		<b>312</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.01%</b>		<b>0.03%</b>	

# Invesco UK Equity Income Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued

for the year 1 April 2021 to 31 March 2022

Purchases (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	162,328	91	0.06	721	0.44
<b>Total purchases</b>	<b>162,328</b>	<b>91</b>		<b>721</b>	
<b>Total purchases including transaction costs</b>	<b>163,140</b>				
Sales (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	432,523	273	0.06	17	0.00
Collective investment schemes	8,952	9	0.10	-	-
<b>Total sales</b>	<b>441,475</b>	<b>282</b>		<b>17</b>	
<b>Total sales net of transaction costs</b>	<b>441,176</b>				
<b>Derivative transaction costs</b>		-		-	
<b>Total transaction costs</b>		<b>373</b>		<b>738</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.05%</b>	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares, there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments, cash and short-term collective investment schemes utilised as part of a daily sweep to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying Funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.19% (2022 - 0.23%).

# Invesco UK Equity Income Fund (UK)

## Notes to the financial statements

### 15 Share movement

for the year 1 April 2022 to 31 March 2023

	Accumulation shares	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares
Opening shares	15,906,695	72,210,509	50,491,831	83,009,475
Shares issued	184,905	1,643,143	1,031,945	1,154,298
Shares redeemed	(1,688,369)	(7,827,264)	(9,040,330)	(12,443,403)
Shares converted	(4,162,107)	1,568,436	4,709,498	46,428,601
<b>Closing shares</b>	<b>10,241,124</b>	<b>67,594,824</b>	<b>47,192,944</b>	<b>118,148,971</b>

	M Accumulation shares	Income shares	Income shares (No Trail)	Z Income shares
Opening shares	-	11,528,731	58,228,749	19,216,703
Shares issued	4,143	265,564	804,921	471,440
Shares redeemed	-	(2,347,801)	(4,697,061)	(2,987,612)
Shares converted	-	(174,379)	612,613	379,782
<b>Closing shares</b>	<b>4,143</b>	<b>9,272,115</b>	<b>54,949,222</b>	<b>17,080,313</b>

	Y Income shares	M Income shares
Opening shares	51,600,179	-
Shares issued	1,409,133	3,295
Shares redeemed	(6,997,126)	-
Shares converted	564,596	-
<b>Closing shares</b>	<b>46,576,782</b>	<b>3,295</b>

### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 17.

# Invesco UK Equity Income Fund (UK)

## Distribution tables

### Distribution tables

for the year 1 April 2022 to 31 March 2023

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 30.11.22 pence per share	Net distribution paid 30.11.21 pence per share
<b>Distribution paid 30 November 2022</b>				
<b>Accumulation shares</b>				
Group 1	60.8447	-	60.8447	50.2104
Group 2	31.1223	29.7224	60.8447	50.2104
<b>Accumulation shares (No Trail)</b>				
Group 1	3.4633	-	3.4633	2.8419
Group 2	1.9655	1.4978	3.4633	2.8419
<b>Z Accumulation shares</b>				
Group 1	6.1763	-	6.1763	5.0581
Group 2	3.5684	2.6079	6.1763	5.0581
<b>Y Accumulation shares</b>				
Group 1	4.6942	-	4.6942	3.8430
Group 2	2.6161	2.0781	4.6942	3.8430
<b>M Accumulation shares<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	n/a
Group 2	n/a	n/a	n/a	n/a
<b>Income shares</b>				
Group 1	27.1764	-	27.1764	23.1232
Group 2	11.9716	15.2048	27.1764	23.1232
<b>Income shares (No Trail)</b>				
Group 1	2.0362	-	2.0362	1.7225
Group 2	1.2927	0.7435	2.0362	1.7225
<b>Z Income shares</b>				
Group 1	4.5065	-	4.5065	3.8045
Group 2	1.9625	2.5440	4.5065	3.8045
<b>Y Income shares</b>				
Group 1	3.5434	-	3.5434	2.9905
Group 2	2.1379	1.4055	3.5434	2.9905
<b>M Income shares<sup>1</sup></b>				
Group 1	n/a	n/a	n/a	n/a
Group 2	n/a	n/a	n/a	n/a

Group 1: shares purchased prior to 1 April 2022

Group 2: shares purchased on or after 1 April 2022

<sup>1</sup> Share classes launched 24 March 2023.

# Invesco UK Equity Income Fund (UK)

## Distribution tables

**Distribution tables** continued  
for the year 1 April 2022 to 31 March 2023

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 31.5.23 pence per share	Net distribution paid 31.5.22 pence per share
<b>Distribution paid 31 May 2023</b>				
<b>Accumulation shares</b>				
Group 1	38.7250	-	38.7250	34.5838
Group 2	23.3946	15.3304	38.7250	34.5838
<b>Accumulation shares (No Trail)</b>				
Group 1	2.2060	-	2.2060	1.9603
Group 2	1.0802	1.1258	2.2060	1.9603
<b>Z Accumulation shares</b>				
Group 1	3.9394	-	3.9394	3.4919
Group 2	2.4853	1.4541	3.9394	3.4919
<b>Y Accumulation shares</b>				
Group 1	2.9966	-	2.9966	2.6534
Group 2	1.4237	1.5729	2.9966	2.6534
<b>M Accumulation shares<sup>1</sup></b>				
Group 1	2.8164	-	2.8164	n/a
Group 2	0.0065	2.8099	2.8164	n/a
<b>Income shares</b>				
Group 1	16.8854	-	16.8854	15.6386
Group 2	8.5841	8.3013	16.8854	15.6386
<b>Income shares (No Trail)</b>				
Group 1	1.2661	-	1.2661	1.1669
Group 2	0.6354	0.6307	1.2661	1.1669
<b>Z Income shares</b>				
Group 1	2.8056	-	2.8056	2.5789
Group 2	1.6025	1.2031	2.8056	2.5789
<b>Y Income shares</b>				
Group 1	2.2068	-	2.2068	2.0277
Group 2	1.4019	0.8049	2.2068	2.0277
<b>M Income shares<sup>1</sup></b>				
Group 1	2.8171	-	2.8171	n/a
Group 2	2.8171	0.0000	2.8171	n/a

Group 1: shares purchased prior to 1 October 2022  
Group 2: shares purchased on or after 1 October 2022

<sup>1</sup> Share classes launched 24 March 2023.

Equalisation applies only to shares purchased during the distribution period (Group 2). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of shares for capital gains purposes.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### The Investment Objective and Policy of the Invesco UK Enhanced Index Fund (UK)

The Fund aims to achieve capital growth and outperform the FTSE All Share ex Investment Trusts Index net of fees (the "Benchmark") over a rolling 5 year period. The Fund invests at least 80% of its assets in shares or other equity related securities of companies incorporated, domiciled or carrying out the main part of their economic activity in the UK. There is no guarantee that the Fund will achieve its target and an investor may not get back the amount invested. In pursuing the Fund's investment objective, the fund manager may consider it appropriate to also invest in other transferable securities (including non-UK companies), money-market instruments, collective investment schemes (including funds managed by the Invesco group), deposits and cash. The Fund may use derivatives for efficient portfolio management purposes only, to reduce risk, reduce costs and/or generate additional capital or income. The Fund may engage in securities lending. The expected proportion of total assets that may be subject to securities lending arrangements is 20%. Such level might be exceeded or might be subject to changes in the future.

The objectives currently shown within these financial statements are those objectives that were in place as at 31 March 2023.

Performance to 31 March 2023	Since	Since	Since	Percentage growth	
	30.9.22 %	31.3.22 %	31.3.20 %	Since 31.3.18 %	Since 31.3.13 %
Invesco UK Enhanced Index Fund (UK) (Z Accumulation shares)	10.75	3.89	50.60	25.71	83.26
FTSE All-Share ex Investment Trusts Index (Net Total Return) <sup>1</sup>	12.93	3.87	48.32	27.69	74.53

Standardised rolling 12 month performance	31.3.18	31.3.19	31.3.20	Percentage growth	
	31.3.19 %	31.3.20 %	31.3.21 %	31.3.22 %	31.3.23 %
Invesco UK Enhanced Index Fund (UK) (Z Accumulation shares)	4.8	-20.3	27.0	14.1	3.9
FTSE All-Share ex Investment Trusts Index (Net Total Return) <sup>1</sup>	6.2	-19.0	25.5	13.8	3.9

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website [www.invesco.com/uk](http://www.invesco.com/uk) or by contacting us.

Fund performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. This may differ from the performance figure shown on page 41 for Z Accumulation shares as the figure above is based on the quoted 12pm price and the figure shown on page 41 is based on the close of business bid price. FTSE All-Share ex Investment Trusts Index (Net Total Return)<sup>1</sup> data source: Lipper, total return, in Sterling.

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

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

<sup>1</sup> This is a Target Benchmark. The Fund aims to outperform the Benchmark net of fees over a rolling 5 year period. The Fund has a high correlation to the Benchmark and has similar risk characteristics aiming for a tracking error target of 1.5%. As a result, this will limit the extent to which the Fund's performance will deviate from the Benchmark. The Fund's performance can be measured against the Benchmark.



# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Strategy, review and outlook

The Fund increased by 3.9% in the year ending March 2023 compared to a 3.9% increase in the FTSE All-Share ex Investment Trusts Index (Net Total Return).

Fund performance data source: Lipper, in Sterling, with income reinvested and net of the ongoing charge and portfolio transaction costs. Performance figures are based on the Z Accumulation share class. FTSE All-Share ex Investment Trusts Index (Net Total Return) data source: Lipper, total return, in Sterling.

Past performance is not a guide to future returns.

The UK equity market experienced a turbulent year in the reporting period due to several factors that impacted its performance. Rising inflation and interest rates were among the major challenges that the market faced, with the Bank of England increasing interest rates several times throughout the year to control inflation. This led to concerns about the impact on borrowing and spending, which further weighed on the market.

The pound also weakened against the dollar and euro, which made UK equities less attractive to foreign investors. There were concerns about government policies as well, particularly around spending cuts and tax increases that were announced by Jeremy Hunt in November. These policies were expected to lead to projected economic shrinkage, and as a result, the market was affected.

Despite some strong performances in certain months, such as October and November, there were several periods of instability and uncertainty that impacted the UK equity market. In March of 2023, a broad sell-off in bank shares further added to the market's woes.

The Fund's performance is generated through a quantitative bottom-up multi-factor investment process based on three factors: Momentum, Quality and Value. Relative risk is controlled with the help of an optimiser, an analysis tool that recommends trades to maximise portfolio exposure to the selected stocks within pre-determined risk/return parameters. In terms of portfolio construction, we tightly constrain the risk taken in sectors and industries.

Looking at the performance attribution of the Fund, we saw Momentum and Value factors being the main contributing factors to active performance. Quality contributed slightly negatively during the period.

Regarding changes in the portfolio, we recently added shares of Rolls-Royce and CRH due to their high Price and Earnings Momentum scores. We also added IG to the portfolio, due to its high Quality scores. Conversely, we sold shares of Domino's Pizza, Darktrace, Bridgepoint, Dr. Martens and Kingfisher due to their deteriorating factor exposures.

Our diversified and disciplined approach to stock selection using our Multi-Factor Model favours companies that, in our view, are attractively valued, have good earnings and price momentum and have management that acts in the interest of shareholders. The team is committed to adding value for clients through the systematic application of factor investing. Disciplined portfolio construction and cost-effective trading are integral to our investment process, which we believe should help us preserve value added through stock selection and reduce the probability of significant underperformance.

### Alexander Uhlmann and Georg Elsässer, Fund Managers

Where Alexander Uhlmann and Georg Elsässer have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice.

The Fund's ten largest investments are	%
Shell	7.22
AstraZeneca	6.88
Invesco Liquidity Funds plc – Invesco Sterling Liquidity Portfolio Agency Class	6.79
HSBC	4.68
BP	4.57
Unilever	4.56
Rio Tinto	2.91
British American Tobacco	2.69
Diageo	2.59
Glencore	2.59

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Comparative tables

Year ended	31.3.23	31.3.22	31.3.21
Accumulation shares (No Trail)	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	602.73	525.49	419.58
Return before operating charges*	28.45	78.67	107.09
Operating charges	(1.52)	(1.43)	(1.18)
Return after operating charges	26.93	77.24	105.91
Distributions	(23.95)	(21.92)	(15.65)
Retained distributions on accumulation shares	23.95	21.92	15.65
<b>Closing net asset value per share</b>	<b>629.66</b>	<b>602.73</b>	<b>525.49</b>
*After direct transaction costs of	(1.92)	(1.56)	(1.43)
<b>Performance</b>			
Return after charges	4.47%	14.70%	25.24%
<b>Other information</b>			
Closing net asset value (£'000)	294,703	282,963	241,383
Closing number of shares	46,803,442	46,947,243	45,934,910
Operating charges	0.25%	0.25%	0.25%
Direct transaction costs	0.32%	0.27%	0.30%
<b>Prices</b>			
Highest share price	661.96	614.39	532.82
Lowest share price	564.31	530.72	402.62

Year ended	31.3.23	31.3.22	31.3.21
Z Accumulation shares	(pence per share)	(pence per share)	(pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	280.59	244.61	195.29
Return before operating charges*	13.24	36.62	49.85
Operating charges	(0.68)	(0.64)	(0.53)
Return after operating charges	12.56	35.98	49.32
Distributions	(11.18)	(10.23)	(7.31)
Retained distributions on accumulation shares	11.18	10.23	7.31
<b>Closing net asset value per share</b>	<b>293.15</b>	<b>280.59</b>	<b>244.61</b>
*After direct transaction costs of	(0.89)	(0.72)	(0.66)
<b>Performance</b>			
Return after charges	4.48%	14.71%	25.25%
<b>Other information</b>			
Closing net asset value (£'000)	305,324	302,331	256,631
Closing number of shares	104,151,031	107,749,353	104,915,538
Operating charges	0.24%	0.24%	0.24%
Direct transaction costs	0.32%	0.27%	0.30%
<b>Prices</b>			
Highest share price	308.19	286.01	248.02
Lowest share price	262.72	247.04	187.39

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 13, which we also refer to as the ongoing charge in our Key Investor Information Documents ("KIIDs") and our literature.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Y Accumulation shares	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	280.75	244.73	195.36
Return before operating charges*	13.26	36.63	49.88
Operating charges	(0.65)	(0.61)	(0.51)
Return after operating charges	12.61	36.02	49.37
Distributions	(11.22)	(10.26)	(7.33)
Retained distributions on accumulation shares	11.22	10.26	7.33
<b>Closing net asset value per share</b>	<b>293.36</b>	<b>280.75</b>	<b>244.73</b>
*After direct transaction costs of	(0.89)	(0.72)	(0.66)
<b>Performance</b>			
Return after charges	4.49%	14.72%	25.27%
<b>Other information</b>			
Closing net asset value (£'000)	168,176	111,417	81,565
Closing number of shares	57,328,074	39,685,084	33,329,130
Operating charges	0.23%	0.23%	0.23%
Direct transaction costs	0.32%	0.27%	0.30%
<b>Prices</b>			
Highest share price	308.40	286.18	248.14
Lowest share price	262.89	247.16	187.47

Year ended M Accumulation shares <sup>1</sup>	31.3.23 (pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	200.00
Return before operating charges*	5.77
Operating charges	(0.20)
Return after operating charges	5.57
Distributions	(7.93)
Retained distributions on accumulation shares	7.93
<b>Closing net asset value per share</b>	<b>205.57</b>
*After direct transaction costs of	(0.40)
<b>Performance</b>	
Return after charges	2.79%
<b>Other information</b>	
Closing net asset value (£'000)	10
Closing number of shares	5,000
Operating charges	0.16%
Direct transaction costs	0.32%
<b>Prices</b>	
Highest share price	216.09
Lowest share price	184.15

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 13, which we also refer to as the ongoing charge in our Key Investor Information Documents ("KIIDs") and our literature.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Income shares (No Trail)	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	292.43	264.92	218.65
Return before operating charges*	13.03	39.17	54.96
Operating charges	(0.73)	(0.71)	(0.61)
Return after operating charges	12.30	38.46	54.35
Distributions	(11.50)	(10.95)	(8.08)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>293.23</b>	<b>292.43</b>	<b>264.92</b>
*After direct transaction costs of	(0.92)	(0.78)	(0.74)
<b>Performance</b>			
Return after charges	4.21%	14.52%	24.86%
<b>Other information</b>			
Closing net asset value (£'000)	20,249	27,323	22,856
Closing number of shares	6,905,387	9,343,481	8,627,561
Operating charges	0.25%	0.25%	0.25%
Direct transaction costs	0.32%	0.27%	0.30%
<b>Prices</b>			
Highest share price	313.46	302.76	272.92
Lowest share price	267.22	267.58	209.60

Year ended Z Income shares	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	222.06	201.17	166.03
Return before operating charges*	9.89	29.74	41.74
Operating charges	(0.53)	(0.52)	(0.44)
Return after operating charges	9.36	29.22	41.30
Distributions	(8.75)	(8.33)	(6.16)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>222.67</b>	<b>222.06</b>	<b>201.17</b>
*After direct transaction costs of	(0.70)	(0.59)	(0.56)
<b>Performance</b>			
Return after charges	4.22%	14.53%	24.88%
<b>Other information</b>			
Closing net asset value (£'000)	16,291	19,857	17,041
Closing number of shares	7,316,439	8,941,879	8,471,192
Operating charges	0.24%	0.24%	0.24%
Direct transaction costs	0.32%	0.27%	0.30%
<b>Prices</b>			
Highest share price	238.04	229.91	207.26
Lowest share price	202.92	203.19	159.16

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 13, which we also refer to as the ongoing charge in our Key Investor Information Documents ("KIIDs") and our literature.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Comparative tables continued

Year ended Y Income shares	31.3.23 (pence per share)	31.3.22 (pence per share)	31.3.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	222.05	201.16	166.03
Return before operating charges*	9.90	29.74	41.73
Operating charges	(0.51)	(0.50)	(0.43)
Return after operating charges	9.39	29.24	41.30
Distributions	(8.78)	(8.35)	(6.17)
Retained distributions on accumulation shares	-	-	-
<b>Closing net asset value per share</b>	<b>222.66</b>	<b>222.05</b>	<b>201.16</b>
*After direct transaction costs of	(0.70)	(0.59)	(0.56)
<b>Performance</b>			
Return after charges	4.23%	14.54%	24.88%
<b>Other information</b>			
Closing net asset value (£'000)	1,664	1,714	1,965
Closing number of shares	747,505	771,970	976,941
Operating charges	0.23%	0.23%	0.23%
Direct transaction costs	0.32%	0.27%	0.30%
<b>Prices</b>			
Highest share price	238.03	229.91	207.26
Lowest share price	202.91	203.18	159.15

Year ended M Income shares <sup>1</sup>	31.3.23 (pence per share)
<b>Change in net assets per share</b>	
Opening net asset value per share	200.00
Return before operating charges*	5.23
Operating charges	(0.20)
Return after operating charges	5.03
Distributions	(7.84)
Retained distributions on accumulation shares	-
<b>Closing net asset value per share</b>	<b>197.19</b>
*After direct transaction costs of	(0.39)
<b>Performance</b>	
Return after charges	2.52%
<b>Other information</b>	
Closing net asset value (£'000)	10
Closing number of shares	5,000
Operating charges	0.16%
Direct transaction costs	0.32%
<b>Prices</b>	
Highest share price	210.86
Lowest share price	179.70

<sup>1</sup> M Accumulation shares and M Income shares were issued at 200p on 12 August 2022. The operating charges and direct transaction costs percentages figures disclosed have been annualised for the period ended 31 March 2023. For the purpose of calculating the change in net assets per share these figures are actual and have not been annualised.

Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and share class returns before operating charges.

The operating charges figure is equivalent to the FMF shown on page 13, which we also refer to as the ongoing charge in our Key Investor Information Documents ("KIIDs") and our literature.

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> (Unaudited) as at 31 March 2023	<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>			
<b>Equities 91.48% (31.3.22 - 97.47%)</b>			
<b>Chile 0.14% (31.3.22 - 0.00%)</b> <b>Basic Materials 0.14% (31.3.22 - 0.00%)</b> Antofagasta	71,069	1,123	0.14
<b>Czech Republic 0.00% (31.3.22 - 0.03%)</b> <b>Technology 0.00% (31.3.22 - 0.03%)</b>			
<b>Germany 0.00% (31.3.22 - 0.08%)</b> <b>Financials 0.00% (31.3.22 - 0.08%)</b>			
<b>Gibraltar 0.00% (31.3.22 - 0.13%)</b> <b>Consumer Discretionary 0.00% (31.3.22 - 0.13%)</b>			
<b>Isle of Man 0.09% (31.3.22 - 0.11%)</b> <b>Consumer Discretionary 0.09% (31.3.22 - 0.11%)</b> Playtech	133,925	706	0.09
<b>Israel 0.24% (31.3.22 - 0.23%)</b> <b>Financials 0.24% (31.3.22 - 0.23%)</b> Plus500	112,967	1,910	0.24
<b>Jersey 0.26% (31.3.22 - 0.29%)</b> <b>Basic Materials 0.26% (31.3.22 - 0.29%)</b> Centamin	1,998,024	2,081	0.26
<b>Jordan 0.28% (31.3.22 - 0.21%)</b> <b>Health Care 0.28% (31.3.22 - 0.21%)</b> Hikma Pharmaceuticals	134,772	2,257	0.28
<b>Republic of Ireland 3.06% (31.3.22 - 3.35%)</b> <b>Consumer Discretionary 0.49% (31.3.22 - 0.24%)</b> Flutter Entertainment	26,837	3,926	0.49
<b>Industrials 2.57% (31.3.22 - 3.11%)</b> CRH	275,665	11,250	1.39
Experian	184,034	4,895	0.61
Grafton	278,834	2,470	0.30
Smurfit Kappa	74,035	2,166	0.27
<b>South Africa 0.54% (31.3.22 - 0.36%)</b> <b>Financials 0.34% (31.3.22 - 0.36%)</b> Investec	616,412	2,772	0.34
<b>Health Care 0.20% (31.3.22 - 0.00%)</b> Mediclinic International	327,368	1,628	0.20
<b>Switzerland 2.59% (31.3.22 - 3.24%)</b> <b>Basic Materials 2.59% (31.3.22 - 3.24%)</b> Glencore	4,497,424	20,895	2.59
<b>United Kingdom 84.18% (31.3.22 - 89.35%)</b> <b>Basic Materials 4.99% (31.3.22 - 7.24%)</b> Anglo American	349,309	9,355	1.16
Endeavour Mining	21,358	427	0.05
Johnson Matthey	132,165	2,621	0.32
Mondi	346,642	4,442	0.55
Rio Tinto	427,870	23,434	2.91
<b>Consumer Discretionary 11.28% (31.3.22 - 10.31%)</b> 4imprint	8,458	408	0.05
Auto Trader	179,448	1,105	0.14
Burberry	284,883	7,364	0.91
Compass	830,715	16,888	2.09
Domino's Pizza	187,515	537	0.07
Dr Martens	268,437	382	0.05

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> (Unaudited) continued as at 31 March 2023	<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>			
<b>Consumer Discretionary</b> continued			
Dunelm	125,465	1,386	0.17
Firstgroup	433,535	450	0.06
Frasers	92,366	718	0.09
Greggs	139,851	3,879	0.48
Inchcape	332,372	2,574	0.32
Informa	559,006	3,872	0.48
InterContinental Hotels	117,414	6,235	0.77
International Consolidated Airlines	1,186,799	1,792	0.22
ITV	1,642,843	1,360	0.17
JD Sports Fashion	1,255,299	2,230	0.28
Kingfisher	466,249	1,217	0.15
Marks & Spencer	2,657,256	4,438	0.55
Moneysupermarket.com	465,589	1,159	0.14
Next	37,113	2,439	0.30
Pearson	358,154	3,024	0.37
RELX	539,333	14,114	1.75
Rightmove	254,401	1,432	0.18
Tesco	929,652	2,470	0.31
Trainline	433,204	1,078	0.13
Travis Perkins	207,965	1,989	0.25
TUI	143,674	896	0.11
TUI Rights 18/4/2023	383,130	396	0.05
Whitbread	174,076	5,198	0.64
<b>Consumer Staples 15.19% (31.3.22 - 15.68%)</b>			
Associated British Foods	355,322	6,893	0.85
Barratt Developments	98,084	458	0.06
British American Tobacco	764,394	21,713	2.69
Britvic	75,994	677	0.08
Diageo	578,674	20,910	2.59
Games Workshop	12,748	1,229	0.15
Haleon	1,372,065	4,418	0.55
Imperial Brands	824,508	15,369	1.91
Persimmon	170,384	2,138	0.27
Reckitt Benckiser	131,563	8,102	1.00
Redrow	264,240	1,258	0.16
SSP	149,513	368	0.05
Taylor Wimpey	1,245,402	1,481	0.18
Unilever	877,796	36,775	4.56
Vistry	96,500	754	0.09
<b>Energy 11.79% (31.3.22 - 11.01%)</b>			
BP	7,216,169	36,860	4.57
Shell	2,521,098	58,187	7.22
<b>Financials 18.21% (31.3.22 - 19.37%)</b>			
3i	828,744	13,960	1.73
abrdn	1,144,630	2,329	0.29
Aviva	3,289,108	13,295	1.65
Barclays	6,888,719	10,044	1.25
Beazley	604,975	3,615	0.45
Bridgepoint	178,634	394	0.05
British Land	459,272	1,781	0.22
Hargreaves Lansdown	136,865	1,094	0.14
HSBC	6,872,747	37,773	4.68
IG	391,745	2,736	0.34
IMI	45,883	703	0.09
Lancashire	267,349	1,477	0.18
Land	456,235	2,831	0.35
Legal & General	3,594,807	8,588	1.06
Lloyds Banking	21,587,711	10,292	1.28
M&G	1,643,410	3,254	0.40
Man	1,394,796	3,283	0.41
NatWest	4,141,199	10,916	1.35
OSB	429,937	2,071	0.26
Paragon Banking	203,666	1,059	0.13
Phoenix	85,094	465	0.06
Prudential	473,663	5,220	0.65

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> (Unaudited) continued as at 31 March 2023	<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>			
<b>Financials</b> continued			
Savills	140,795	1,393	0.17
Shaftesbury Capital	350,387	401	0.05
Standard Chartered	972,682	5,974	0.74
TP ICAP	584,085	1,052	0.13
Virgin Money UK	542,946	792	0.10
<b>Health Care 9.01% (31.3.22 - 11.68%)</b>			
AstraZeneca	494,172	55,505	6.88
ConvaTec	482,220	1,101	0.14
GSK	971,595	13,884	1.72
Indivior	158,588	2,196	0.27
<b>Industrials 8.79% (31.3.22 - 7.40%)</b>			
Ashtead	141,339	7,003	0.87
BAE Systems	1,041,946	10,238	1.27
Balfour Beatty	577,242	2,149	0.27
Bodycote	139,947	913	0.11
Bunzl	68,630	2,098	0.26
Clarkson	23,522	727	0.09
DS Smith	1,966,244	6,180	0.77
Hays	560,427	624	0.08
Hill & Smith	28,000	376	0.05
Howden Joinery	584,559	4,080	0.51
International Distributions Services	287,747	646	0.08
Melrose Industries	1,598,445	2,661	0.33
Mitie	963,991	789	0.10
Morgan Advanced Materials	192,034	543	0.07
Morgan Sindall	23,367	395	0.05
Pagegroup	317,445	1,449	0.18
QinetiQ	698,275	2,268	0.28
Rolls-Royce	5,184,217	7,726	0.96
Rotork	361,492	1,138	0.14
RS	307,192	2,808	0.35
Serco	1,625,243	2,493	0.31
Smiths	418,647	7,186	0.89
Spectris	119,417	4,370	0.54
Vesuvius	150,035	621	0.08
Weir	63,795	1,186	0.15
<b>Real Estate 0.00% (31.3.22 - 0.14%)</b>			
<b>Support Services 0.08% (31.3.22 - 0.11%)</b>			
Redde Northgate	198,586	685	0.08
<b>Technology 0.42% (31.3.22 - 1.00%)</b>			
Darktrace	134,809	347	0.04
FDM	48,349	350	0.04
Kainos	60,677	839	0.10
Sage	177,818	1,378	0.17
Spirent Communications	327,596	568	0.07
<b>Telecommunications 1.37% (31.3.22 - 2.58%)</b>			
Airtel Africa	923,464	983	0.12
BT	1,690,200	2,464	0.31
Telecom Plus	48,087	909	0.11
Vodafone	7,465,499	6,667	0.83
<b>Utilities 3.05% (31.3.22 - 2.83%)</b>			
Centrica	4,788,315	5,078	0.63
Drax	321,436	1,953	0.24
National Grid	653,621	7,164	0.89
SSE	576,628	10,397	1.29
<b>United States 0.10% (31.3.22 - 0.09%)</b>			
<b>Energy 0.10% (31.3.22 - 0.09%)</b>			
Diversified Energy	830,349	786	0.10



# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

<b>Portfolio Statement</b> (Unaudited) continued as at 31 March 2023	<b>Holding or nominal value of positions</b>	<b>Market value £'000</b>	<b>Percentage of total net assets %</b>
<b>Investment</b>			
<b>Open-Ended Funds 6.79% (31.3.22 - 1.43%)</b> Invesco Liquidity Funds plc – Invesco Sterling Liquidity Portfolio Agency Class <sup>1</sup>	54,744,328	54,744	6.79
<b>Derivatives 0.08% (31.3.22 - 0.06%)</b>			
<b>Futures 0.08% (31.3.22 - 0.06%)</b> FTSE 100 Index futures contracts 16/6/2023	687	661	0.08
<b>Portfolio of investments (31.3.22 - 98.96%)</b>		<b>793,096</b>	<b>98.35</b>
<b>Net other assets (31.3.22 - 1.04%)</b>		<b>13,331</b>	<b>1.65</b>
<b>Net assets</b>		<b>806,427</b>	<b>100.00</b>

Unless otherwise stated, all holdings are on an official stock exchange listing or are permitted collective investment schemes.

<sup>1</sup> Investments managed or advised by Invesco Asset Management Limited or associates of the Invesco group and therefore are related parties.

<b>Portfolio Statement by Asset Class</b> as at 31 March 2023	<b>Market value 31.3.23 £'000</b>	<b>Percentage of total net assets 31.3.23 %</b>	<b>Market value 31.3.22 £'000</b>	<b>Percentage of total net assets 31.3.22 %</b>
Equities	737,691	91.48	726,739	97.47
Open-Ended Funds	54,744	6.79	10,659	1.43
Derivatives	661	0.08	430	0.06
Portfolio of investments	793,096	98.35	737,828	98.96
Net other assets	13,331	1.65	7,777	1.04
<b>Net assets</b>	<b>806,427</b>	<b>100.00</b>	<b>745,605</b>	<b>100.00</b>

# Invesco UK Enhanced Index Fund (UK)

## Investment report for the year

### Summary of Material Portfolio Changes

for the year 1 April 2022 to 31 March 2023

Cost  
£'000

**Total purchases:** **395,931**

#### Largest purchases:

Unilever	11,853
HSBC	10,820
AstraZeneca	9,466
SSE	8,560
Rolls-Royce	8,073
BP	8,067
Diageo	7,867
BAE Systems	7,795
Standard Chartered	7,072
Associated British Foods	7,064

**Other purchases:** **309,294**

Proceeds  
£'000

**Total sales:** **388,263**

#### Largest sales:

GSK	16,513
Reckitt Benckiser	12,408
Diageo	12,011
HSBC	11,357
Lloyds Banking	10,943
Ferguson	10,537
Vodafone	9,303
British American Tobacco	8,685
Shell	8,299
RELX	7,470

**Other sales:** **280,737**

Transactions in money-market instruments to manage the Fund's liquidity position are excluded from the analysis.

# Invesco UK Enhanced Index Fund (UK)

## Financial statements

<b>Statement of Total Return</b>		01.4.22		01.4.21	
for the year 1 April 2022 to 31 March 2023		to 31.3.23		to 31.3.22	
	Notes	£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains	2		5,526		66,480
Revenue	3	30,348		28,100	
Expenses	4	(1,761)		(1,662)	
Interest payable and similar charges	5	-		-	
Net revenue before taxation		28,587		26,438	
Taxation	6	(28)		(223)	
Net revenue after taxation			28,559		26,215
<b>Total return before distributions</b>			34,085		92,695
Distributions	7		(28,559)		(26,215)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>5,526</b>		<b>66,480</b>

<b>Statement of Change in Net Assets Attributable to Shareholders</b>		01.4.22		01.4.21	
for the year 1 April 2022 to 31 March 2023		to 31.3.23		to 31.3.22	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>					
Amounts received on issue of shares		252,514		155,132	
Amounts paid on redemption of shares		(225,851)		(122,446)	
			26,663		32,686
Dilution adjustment			557		291
Change in net assets attributable to Shareholders from investment activities			5,526		66,480
Retained distribution on accumulation shares			28,076		24,707
<b>Closing net assets attributable to Shareholders</b>			<b>806,427</b>		<b>745,605</b>

# Invesco UK Enhanced Index Fund (UK)

## Financial statements

<b>Balance Sheet</b>			<b>31.3.23</b>	<b>31.3.22</b>
as at 31 March 2023	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
Fixed assets				
Investments			793,096	737,828
Current assets				
Debtors	8	9,551		7,300
Cash and bank balances	9	6,069		2,313
Total other assets			15,620	9,613
Total assets			808,716	747,441
<b>Liabilities</b>				
Investment liabilities			-	-
Creditors				
Distribution payable		644		767
Other creditors	10	1,645		1,069
Total other liabilities			2,289	1,836
Total liabilities			2,289	1,836
<b>Net assets attributable to Shareholders</b>			<b>806,427</b>	<b>745,605</b>

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

Refer to pages 09 to 17 for notes applicable to the financial statements of all Funds.

### 1 Accounting policies

The Fund's Accounting Policies, Distribution Policies and Generic Risk Factors are set out on pages 09 to 16.

<b>2 Net capital gains</b>	<b>01.4.22 to 31.3.23 £'000</b>	<b>01.4.21 to 31.3.22 £'000</b>
Derivative securities	1,106	3,204
Foreign currency losses	(33)	(13)
Non-derivative securities	4,453	63,289
Net capital gains	5,526	66,480

<b>3 Revenue</b>	<b>01.4.22 to 31.3.23 £'000</b>	<b>01.4.21 to 31.3.22 £'000</b>
Bank interest	30	-
Derivative income	346	613
Interest on term deposits	465	14
Non-taxable overseas dividends	2,135	2,207
Non-US overseas REIT dividends	9	-
Securities lending revenue	135	32
UK dividends	26,907	25,023
UK REIT dividends	321	211
	30,348	28,100

<b>4 Expenses</b>	<b>01.4.22 to 31.3.23 £'000</b>	<b>01.4.21 to 31.3.22 £'000</b>
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Fund Management Fee <sup>1</sup>	1,761	1,662
	1,761	1,662
Total expenses	1,761	1,662

<sup>1</sup> Total audit fees of £8,787 (2022 - £8,250) exclusive of VAT payable to the auditors for the year ended 31 March 2023 are borne out of the Fund Management Fee.

<b>5 Interest payable and similar charges</b>	<b>01.4.22 to 31.3.23 £'000</b>	<b>01.4.21 to 31.3.22 £'000</b>
Bank interest	-	-

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

### 6 Taxation

	01.4.22 to 31.3.23 £'000	01.4.21 to 31.3.22 £'000
--	--------------------------------	--------------------------------

#### a) Analysis of charge for the year

Overseas tax	28	223
Total tax charge	28	223

There is no corporation tax charge for the year (2022 - Nil).

#### b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2022 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The factors are explained below:

	01.4.22 to 31.3.23 £'000	01.4.21 to 31.3.22 £'000
Net revenue before taxation	28,587	26,438
Corporation tax at 20% (2022 - 20%)	5,717	5,288
Effects of:		
Movement in unrecognised tax losses	93	144
Overseas tax	28	223
Prior year adjustment to excess management expenses	-	14
Revenue not subject to tax	(5,810)	(5,446)
Total tax charge	28	223

Authorised investment companies with variable capital are exempt from tax on capital gains in the UK. Therefore any capital return is not included in the above reconciliation.

#### c) Deferred tax

At the year end the Fund had surplus management expenses of £5,245,000 (2022 - £4,781,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £1,049,000 (2022 - £956,000) has not been recognised.

### 7 Distributions

	01.4.22 to 31.3.23 £'000	01.4.21 to 31.3.22 £'000
--	--------------------------------	--------------------------------

Accumulations and distributions paid 30 November 2022	16,315	14,971
Accumulations and distributions paid 31 May 2023	13,393	11,540
	29,708	26,511
Amounts deducted on redemption of shares	1,193	747
Amounts received on issue of shares	(2,342)	(1,043)
	28,559	26,215

The distributable amount has been calculated as follows:

Net revenue after taxation	28,559	26,215
	28,559	26,215

### 8 Debtors

	31.3.23 £'000	31.3.22 £'000
--	------------------	------------------

Accrued revenue	5,672	5,454
Amounts receivable for issue of shares	3,729	1,722
Overseas tax recoverable	150	124
	9,551	7,300

### 9 Cash and bank balances

	31.3.23 £'000	31.3.22 £'000
--	------------------	------------------

Amount held at futures clearing houses and brokers	2,411	200
Cash and bank balances	3,658	2,113
	6,069	2,313

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

<b>10 Other creditors</b>	<b>31.3.23</b>	<b>31.3.22</b>
	<b>£'000</b>	<b>£'000</b>
Accrued expenses	161	149
Amounts payable for redemption of shares	1,484	920
	<b>1,645</b>	<b>1,069</b>

### **11 Commitments, contingent liabilities and contingent assets**

There were no commitments, contingent liabilities or contingent assets at the balance sheet date (2022 - Nil).

### **12 Related parties**

Related party interests in the Fund are disclosed in note 8 of the notes applicable to the financial statements of all Funds on page 17. Amounts payable to Invesco Fund Managers Limited in respect of Fund Management Fees are disclosed in note 4. Amounts received in respect of sales in the accounting year of £194,769,000 (2022 - £144,028,000) and amounts paid in respect of purchases in the accounting year of £238,855,000 (2022 - £141,885,000). Amounts received in respect of dividends in the accounting year is £465,000 (2022 - £14,000). Amounts due at the end of the accounting year for Fund Management Fees of £161,000 (2022 - £149,000) are disclosed in note 10 within accrued expenses.

### **13 Generic Risk factors**

The Fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

The Fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of their investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the Fund. The Manager, however, will ensure that the use of derivatives within the Fund does not materially alter the overall risk profile of the Fund.

The generic risk factors relating to the Fund are discussed more fully in note 4 of the notes applicable to the financial statements of all Funds on pages 13 to 16.

#### **a) Counterparty risk**

The Fund had zero positive counterparty exposure to OTC derivatives at the balance sheet date (2022 - Nil). The counterparty OTC exposure is the positive exposure of cleared and non-cleared OTC derivatives, including FX forwards, to the different counterparties used by the portfolio, measured on a marked-to-market basis net of applicable legally enforceable netting and collateral.

#### **b) Valuation of financial instruments**

The categorisation of financial instruments in the tables below reflect the basis of valuation of instruments used to measure their fair value.

	<b>Assets</b>	<b>Liabilities</b>
	<b>£'000</b>	<b>£'000</b>
<b>31.3.23</b>		
Level 1: Quoted prices	738,352	-
Level 2: Observable market data	54,744	-
Level 3: Unobservable data	-	-
	<b>793,096</b>	<b>-</b>
<b>31.3.22</b>		
Level 1: Quoted prices	727,169	-
Level 2: Observable market data	10,659	-
Level 3: Unobservable data	-	-
	<b>737,828</b>	<b>-</b>

All financial instruments are classified as level 1: Quoted prices and level 2: Observable market data. The instruments classified as level 2 relate to daily priced open-ended funds. These instruments are valued at their fair value as at noon of the last business day prior to the Fund's year end.

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs

for the year 1 April 2022 to 31 March 2023

Purchases (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	393,832	183	0.05	1,916	0.49
<b>Total purchases</b>	<b>393,832</b>	<b>183</b>		<b>1,916</b>	
<b>Total purchases including transaction costs</b>	<b>395,931</b>				

Sales (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	388,450	186	0.05	1	0.00
<b>Total sales</b>	<b>388,450</b>	<b>186</b>		<b>1</b>	
<b>Total sales net of transaction costs</b>	<b>388,263</b>				
<b>Derivative transaction costs</b>		<b>4</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>373</b>		<b>1,917</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.05%</b>		<b>0.27%</b>	



# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

### 14 Portfolio transaction costs continued

for the year 1 April 2021 to 31 March 2022

Purchases (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	336,039	140	0.04	1,599	0.48
<b>Total purchases</b>	<b>336,039</b>	<b>140</b>		<b>1,599</b>	
<b>Total purchases including transaction costs</b>	<b>337,778</b>				

Sales (excluding derivatives)	Transaction Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	276,180	118	0.04	-	-
<b>Total sales</b>	<b>276,180</b>	<b>118</b>		<b>-</b>	
<b>Total sales net of transaction costs</b>	<b>276,062</b>				
<b>Derivative transaction costs</b>		<b>4</b>		<b>-</b>	
<b>Total transaction costs</b>		<b>262</b>		<b>1,599</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.23%</b>	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares, there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments, cash and short-term collective investment schemes utilised as part of a daily sweep to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying Funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised derivative instruments. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.06% (2022 - 0.05%).

# Invesco UK Enhanced Index Fund (UK)

## Notes to the financial statements

### 15 Share movement

for the year 1 April 2022 to 31 March 2023

	Accumulation shares (No Trail)	Z Accumulation shares	Y Accumulation shares	M Accumulation shares <sup>1</sup>
Opening shares	46,947,243	107,749,353	39,685,084	-
Shares issued	11,572,055	30,482,051	33,569,631	5,000
Shares redeemed	(11,713,274)	(34,002,234)	(16,009,141)	-
Shares converted	(2,582)	(78,139)	82,500	-
<b>Closing shares</b>	<b>46,803,442</b>	<b>104,151,031</b>	<b>57,328,074</b>	<b>5,000</b>

	Income shares (No Trail)	Z Income shares	Y Income shares	M Income shares <sup>1</sup>
Opening shares	9,343,481	8,941,879	771,970	-
Shares issued	41,482	970,884	133,272	5,000
Shares redeemed	(2,478,013)	(2,599,846)	(157,737)	-
Shares converted	(1,563)	3,522	-	-
<b>Closing shares</b>	<b>6,905,387</b>	<b>7,316,439</b>	<b>747,505</b>	<b>5,000</b>

<sup>1</sup> Share classes launched 12 August 2022.

### 16 Post balance sheet events

The Fund's post balance sheet events are set out on page 17.

# Invesco UK Enhanced Index Fund (UK)

## Distribution tables

### Distribution tables

for the year 1 April 2022 to 31 March 2023

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 30.11.22 pence per share	Net distribution paid 30.11.21 pence per share
<b>Distribution paid 30 November 2022</b>				
<b>Accumulation shares (No Trail)</b>				
Group 1	13.5299	-	13.5299	12.6182
Group 2	8.7934	4.7365	13.5299	12.6182
<b>Z Accumulation shares</b>				
Group 1	6.3127	-	6.3127	5.8865
Group 2	2.4675	3.8452	6.3127	5.8865
<b>Y Accumulation shares</b>				
Group 1	6.3313	-	6.3313	5.9033
Group 2	4.2678	2.0635	6.3313	5.9033
<b>M Accumulation shares<sup>1</sup></b>				
Group 1	4.4412	-	4.4412	n/a
Group 2	1.4512	2.9900	4.4412	n/a
<b>Income shares (No Trail)</b>				
Group 1	6.5650	-	6.5650	6.3634
Group 2	0.7976	5.7674	6.5650	6.3634
<b>Z Income shares</b>				
Group 1	4.9965	-	4.9965	4.8430
Group 2	1.8300	3.1665	4.9965	4.8430
<b>Y Income shares</b>				
Group 1	5.0074	-	5.0074	4.8531
Group 2	1.6157	3.3917	5.0074	4.8531
<b>M Income shares<sup>1</sup></b>				
Group 1	4.4412	-	4.4412	n/a
Group 2	1.4512	2.9900	4.4412	n/a

Group 1: shares purchased prior to 1 April 2022

Group 2: shares purchased on or after 1 April 2022

<sup>1</sup> Share classes launched 12 August 2022.

# Invesco UK Enhanced Index Fund (UK)

## Distribution tables

**Distribution tables** continued  
for the year 1 April 2022 to 31 March 2023

	Net revenue pence per share	Equalisation pence per share	Net distribution paid 31.5.23 pence per share	Net distribution paid 31.5.22 pence per share
<b>Distribution paid 31 May 2023</b>				
<b>Accumulation shares (No Trail)</b>				
Group 1	10.4231	-	10.4231	9.2971
Group 2	6.2373	4.1858	10.4231	9.2971
<b>Z Accumulation shares</b>				
Group 1	4.8670	-	4.8670	4.3418
Group 2	3.0028	1.8642	4.8670	4.3418
<b>Y Accumulation shares</b>				
Group 1	4.8859	-	4.8859	4.3576
Group 2	2.1736	2.7123	4.8859	4.3576
<b>M Accumulation shares<sup>1</sup></b>				
Group 1	3.4882	-	3.4882	n/a
Group 2	3.4882	0.0000	3.4882	n/a
<b>Income shares (No Trail)</b>				
Group 1	4.9355	-	4.9355	4.5817
Group 2	1.7534	3.1821	4.9355	4.5817
<b>Z Income shares</b>				
Group 1	3.7583	-	3.7583	3.4901
Group 2	2.4879	1.2704	3.7583	3.4901
<b>Y Income shares</b>				
Group 1	3.7698	-	3.7698	3.5011
Group 2	2.3050	1.4648	3.7698	3.5011
<b>M Income shares<sup>1</sup></b>				
Group 1	3.4034	-	3.4034	n/a
Group 2	3.4034	0.0000	3.4034	n/a

Group 1: shares purchased prior to 1 October 2022  
Group 2: shares purchased on or after 1 October 2022

<sup>1</sup> Share classes launched 12 August 2022.

Equalisation applies only to shares purchased during the distribution period (Group 2). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of shares for capital gains purposes.

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# Invesco UK 2 Investment Series (the "Company")

## Regulatory statements

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### Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook ("COLL") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company as at the end of the year and of the net revenue or expense and the net capital gains or losses on the scheme property of the Company for the year then ended. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Financial Statements of Authorised Funds;
- follow applicable accounting standards; and
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the Company in accordance with the Prospectus and the OEIC Regulations.

The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of Depositary's Responsibilities

The Depositary is responsible for the safekeeping of all the property of the Company which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property. It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Manager in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations"), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

### Depositary's Report to Shareholders

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Manager:

- (i) has carried out the issue, sale, redemption and cancellation and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has otherwise, ensured the proper operation of the Company.

**Citibank UK Limited**  
**London**  
27 June 2023

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## Invesco UK 2 Investment Series (the "Company")

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### Independent auditors' report to the Shareholders of Invesco UK 2 Investment Series

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#### Report on the audit of the financial statements

##### Opinion

In our opinion, the financial statements of Invesco UK 2 Investment Series (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 March 2023 and of the net revenue and the net capital gains on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Invesco UK 2 Investment Series is an Open Ended Investment Company ("OEIC") with two sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report including Long Form Financial Statements (the "Annual Report"), which comprise: the Balance Sheets as at 31 March 2023; the Statements of Total Return and the Statements of Change in Net Assets Attributable to Shareholders for the year then ended; the Distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

##### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

##### Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Independent auditors' report to the Shareholders of Invesco UK 2 Investment Series continued

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

##### Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

##### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### Use of this report

This report, including the opinions, has been prepared for and only for the Company's Shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Independent auditors' report to the Shareholders of Invesco UK 2 Investment Series** continued

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#### **Other required reporting**

##### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

##### **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Edinburgh**  
**27 June 2023**



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# Invesco UK 2 Investment Series (the "Company")

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## General Information

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### Directors of the Manager

Julian Bartlett (independent non-executive Director)  
Elaine Clements (independent non-executive Director - appointed 16 November 2022)  
Rachel Court (independent non-executive Director - resigned 31 December 2022)  
Matthieu Grosclaude  
Rene Marston  
Hayley Norford  
Douglas Sharp  
Alan Trotter

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### Authorised Corporate Director (the "Manager")

Invesco Fund Managers Limited  
Registered Office: Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK  
Registered in England No. 898166

The Manager's investment adviser is:  
Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire  
RG9 1HH, UK  
Registered in England No. 949417

Invesco Asset Management Limited and Invesco Fund Managers Limited are authorised and regulated by the  
Financial Conduct Authority.

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### Registrar

Invesco Fund Managers Limited  
Registered Office: Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK

For registration enquiries please call free on telephone 0800 085 8677 or write to us at:  
Invesco Administration Centre, PO Box 586, Darlington DL1 9BE, UK

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### Depository

Citibank UK Limited  
Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, UK  
Authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and  
the Financial Conduct Authority.

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### Independent Auditors

PricewaterhouseCoopers LLP  
Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

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**Further information**

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**General enquiries**

Client Services Team 0800 085 8677  
International calls +44 (0)1491 417000

Lines are open 8.30am to 6pm, Monday to Friday, excluding UK Bank Holidays.

[www.invesco.com/uk](http://www.invesco.com/uk)  
[enquiry@invesco.com](mailto:enquiry@invesco.com)

Fax 01491 416000

Post:  
Invesco Administration Centre, PO Box 586, Darlington DL1 9BE, UK

All instructions for investment and other correspondence relating to your account should be sent to this address. If you do not use this address, instructions for investment will be returned to you and our response to other correspondence may be delayed.

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**To invest**

ICVC Dealing Line 0800 085 8677\*

\* The initial investment into an ICVC account must be made by completing and signing an application form; subsequent investments into the account can be made by post or via the telephone dealing line.

Clients must confirm that they have been provided with the most up to date relevant Fund and share class specific Key Investor Information Document(s) prior to investing.

Telephone conversations of all staff and those of clients on our Dealing Lines will be recorded for mutual protection.

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**Valuations**

Automated Valuation Service 0800 028 4050. Lines are open 24 hours a day.

Online Valuation Service. Available to UK residents and their financial advisers only.  
To register for this service please go to [www.invesco.com/uk](http://www.invesco.com/uk)

Further information on our products, including the most up to date relevant Fund and share class specific Key Investor Information Document(s) and the Supplementary Information Document, is available using the contact details as set out in the section "General Enquiries" above.

The Prospectus, which contains a written statement of the terms and conditions of the Company, can be obtained from the Manager, as can copies of Interim and Annual Reports. Please call our Client Services Team Line on 0800 085 8677 or log onto our website ([www.invesco.com/uk](http://www.invesco.com/uk)).

Telephone conversations of all staff and those of clients may be recorded for mutual protection.

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Issued by Invesco Fund Managers Limited  
Invesco Fund Managers Limited is authorised and regulated by the Financial Conduct Authority  
FCA Registered No. 119298  
Registered in England No. 898166  
Registered address: Perpetual Park, Perpetual Park Drive, Henley-on-Thames,  
Oxfordshire RG9 1HH, UK