Invesco Funds
2-4 rue Eugene Ruppert, L-2453 Luxembourg
Luxembourg

www.invesco.com

27 February 2025

Shareholder circular:
Invesco Sterling Bond Fund

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

Proposed Merger of
Invesco UK Investment Grade Bond Fund (a sub-fund of Invesco Funds) into Invesco Sterling Bond Fund (a sub-fund of Invesco Funds)

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

Unless otherwise defined in this circular, capitalised terms shall bear the same meaning as those used in the prospectus for Invesco Funds (the "Prospectus").

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

Incorporated in Luxembourg No B-34457
VAT No. LU21722969

Dear Shareholder,

We are writing to you as a Shareholder in Invesco Sterling Bond Fund (the "Receiving Fund"), a sub-fund of Invesco Funds (hereinafter referred to as "Invesco Funds" or the "SICAV").

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

- Invesco UK Investment Grade Bond Fund (the "Merging Fund"),
- into Invesco Sterling Bond Fund (the "Receiving Fund"),

both sub-funds of the SICAV are authorised by the Commission de Surveillance du Secteur Financier (the "CSSF").

The effective date of the proposed merger is 11 April 2025, or a later date as may be determined by the Directors which may be up to five (5) weeks later, subject to the prior approval of a later date by the CSSF and immediate notification of same to the Shareholders in writing (the "Effective Date"). In the event that the Directors approve a later Effective Date, they may also make such consequential adjustments to the other elements in the timetable of the merger as they consider appropriate.

A. Terms of the proposed merger

It has been resolved to proceed with a merger pursuant to article 24 of the Articles of the SICAV and to article 1 (20) a) of the Luxembourg Law of 17 December 2010 relating to collective investment undertakings, as amended from time to time (the "2010 Law"). This involves the transfer of all of the assets and liabilities of the Merging Fund to the Receiving Fund. Upon completion of the merger, the Merging Fund shall be dissolved without liquidation on the Effective Date and, consequently, the Merging Fund will cease to exist and its Shares will be cancelled with effect from the Effective Date.

A 1. Background to and rationale for the proposed merger

Invesco Funds is registered with the "Registre de Commerce et des Sociétés" of Luxembourg under Number B34457 and qualifies as an open-ended "société d'investissement à capital variable". Invesco Funds is organised as an umbrella UCITS fund with segregated liability between sub-funds pursuant to the Luxembourg Law of 17 December 2010 relating to collective investment undertakings, as amended from time to time (the "2010 Law").

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

The Merging Fund's assets under management amounted to GBP 32,6 million as at 30 November 2024 and those of the Receiving Fund amounted to GBP 871,11 million as at 30 November 2024.

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

A 2. The investment objective and policy and risk profile of the Receiving Fund

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

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

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

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

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

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

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

A 5. Shareholder Rights

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

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

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

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

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

The rights of the Shareholders remain otherwise unchanged.

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

A 6. Fees and expenses

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

B. Costs relating to the proposed merger

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

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

C. Availability of documents and information about the Receiving Fund

Please note that the 2010 Law requires the Depositary of the SICAV to verify certain matters relating to the proposed merger and the independent auditors of the SICAV to validate matters relating to the merger. You have the right to obtain a copy of the conformity letter issued by the Depositary and the report prepared by the independent auditor of the SICAV, free of charge, and it can be obtained upon request as further detailed below.

English-language versions of all the KIDs of the Receiving Fund are available on the website of the Management Company (www.invescomanagementcompany.lu) and where relevant, translations of the KIDs are available on the Invesco Local Websites, accessible through www.invesco.com from the date of this circular. You are advised to read the relevant KIDs so you can make an informed decision about whether to invest.

All relevant KIDs can also be requested from the registered office of the Management Company of Invesco Funds or from the Investor Services Team on +353 1 439 8100 (option 2).

The Prospectus contains further information about the Receiving Fund. It is available on the website of the Management Company: www.invescomanagementcompany.lu. As required by local laws, you will also find them on the Invesco Local Websites accessible through www.invesco.com.

Copies of the conformity letter issued by the Depositary, the report prepared by the independent auditor of the SICAV, the Articles, latest annual and semi-annual Reports and Prospectus of the SICAV are available free of charge upon request:

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

The documents are also available on the website of the Management Company (www.invescomanagementcompany.lu) and, as required by local laws, on the Invesco Local Websites accessible through www.invesco.com.

Would you like to obtain any additional information in relation to the proposed merger? Please do not hesitate to send your request to the registered office of the SICAV.

Further Information

- **For Shareholders in Germany**: If you are acting as a distributor/institution keeping the securities deposit accounts for shareholders in Germany please be advised you are required to forward this letter to your end clients by durable media. In this case, please send the invoice for the reimbursement of costs in English and stating the VAT no. LU24557524 to: Durable Media Department, Invesco Management SA, 37A Avenue JF Kennedy, L-1855 Luxembourg. Please use the BVI format. Further invoicing information can be obtained under durablemediainvoice@invesco.com or per phone under +352 27 17 40 84.

- **For Shareholders in Switzerland**: The Prospectus, the Key Investor Documents (KIDs), the Articles of the SICAV as well as the annual and interim reports of the SICAV may be obtained free of charge from the Swiss representative. Invesco Asset Management (Switzerland) Ltd., Talacker 34, 8001 Zurich, is the Swiss representative and BNP PARIBAS, Paris, Zurich branch, Selnaustrasse 16, 8002 Zurich, is the Swiss paying agent.

- **For Shareholders in Italy**: Redemptions requests will be carried out in accordance with the terms of the Prospectus. Shareholders will be able to redeem without any redemption charges other than the intermediation fee applied by the relevant paying agents in Italy, as disclosed in the Annex to the Italian application form in force and available on the website www.invesco.it.

- **For Shareholders in United Kingdom (UK)**: Please refer to Key Investor Information Documents (KIIDs) of the Merging Fund and Receiving Fund which are available on the local UK website in accordance with the UK requirements.

Yours sincerely

Peter Carroll

Director
for and on behalf of
Invesco Funds

Acknowledged by

Invesco Management SA

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