Invesco Capital Markets, Inc.

Financial Statements and Supplemental Information
December 31, 2020

This report is deemed **Confidential** in accordance with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 19412

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/20 (MM/DD/YY) AND ENDING 12/31/20 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Invesco Capital Markets, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

11 Greenway Plaza, Suite 1000
(No. and Street)

Houston	TX	77046
(City)	(State)	(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mark Gregson 404-439-3485
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP
(Name – *if individual, state last, first, middle name*)

1075 Peachtree St, NE Suite 2600	Atlanta	GA	30309
(Address)	(City)	(State)	(Zip Code)

CHECK ONE:

- [x] Certified Public Accountant
- [ ] Public Accountant
- [ ] Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

**Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)*

OATH OR AFFIRMATION

I, Mark Gregson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Invesco Capital Markets, Inc., as of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Mark Gregson
Signature

Chief Financial Officer
Title

Vera Johnson
Notary Public

This report ** contains (check all applicable boxes):

- ☑ (a) Facing Page.
- ☑ (b) Statement of Financial Condition.
- ☑ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☑ (d) Statement of Changes in Financial Condition.
- ☑ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☑ (g) Computation of Net Capital.
- ☑ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☑ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☑ (l) An Oath or Affirmation.
- ☑ (m) A copy of the SIPC Supplemental Report.
- ☑ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

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December 31, 2020

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of Invesco Capital Markets, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Invesco Capital Markets, Inc. (the "Company") as of December 31, 2020, and the related statements of operations, of changes in stockholder's equity, and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The accompanying Schedule I - Computation of Net Capital Under SEC Rule 15c3-1 (a)(1)(ii), Schedule II – Computation for Determination of Reserve Requirement Under SEC Rule 15c3-3 and Schedule III – Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3 as of December 31, 2020 (collectively, the "supplemental information") have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

PricewaterhouseCoopers LLP

Atlanta, Georgia
February 24, 2021

We have served as the Company's auditor since 2013.

Invesco Capital Markets, Inc.
Statement of Financial Condition
December 31, 2020

(in thousands of dollars, except share data)

Assets		
Cash and cash equivalents	$	27,841
Cash deposited with clearing organizations or segregated under federal and other regulations or requirements		11,842
Financial instruments owned, at fair value		2,364
Receivable from customers		10,454
Receivable from brokers, dealers and clearing organizations		13,791
Loan due from parent		40,000
Deferred tax assets		418
Other assets		520
Total assets	$	107,230
Liabilities and stockholders' equity		
Liabilities:		
Financial instruments sold, not yet purchased, at fair value	$	1,806
Due to affiliated companies		832
Payables to customers		7,689
Payables to brokers, dealers and clearing organizations		9,009
Other liabilities and accrued expenses		586
Total liabilities		19,922
Stockholder's equity:		
Common stock ($100 par value, 2,500 shares authorized, issued and outstanding)		250
Additional paid-in capital		61,712
Retained earnings		25,346
Total stockholder's equity		87,308
Total liabilities and stockholder's equity	$	107,230

The accompanying notes are an integral part of these financial statements.

Invesco Capital Markets, Inc.
Statement of Operations
Year Ended December 31, 2020

(in thousands of dollars)

Operating Revenue:		
Investment banking, net	$	63,118
Interest and other income		4,301
Principal transactions, net		(165)
Total operating income		67,254
Operating Expenses:		
Concessions and acquisition profits paid to brokers		47,019
Compensation allocation from affiliates		15,919
Other allocations from affiliates		8,262
Total operating expenses		71,200
Loss before income taxes		(3,946)
Income tax benefit		776
Net loss	$	(3,170)

The accompanying notes are an integral part of these financial statements.

Confidential

Invesco Capital Markets, Inc.
Statement of Changes in Stockholder's Equity
Year Ended December 31, 2020

(in thousands of dollars)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balance, January 1, 2020	$ 250	$ 61,712	$ 28,516	$ 90,478
Net loss			(3,170)	(3,170)
Balance, December 31, 2020	$ 250	$ 61,712	$ 25,346	$ 87,308

The accompanying notes are an integral part of these financial statements.

Invesco Capital Markets, Inc.
Statement of Cash Flows
Year Ended December 31, 2020

(in thousands of dollars)

Cash flows from operating activities		
Net loss	$	(3,170)
Adjustments to reconcile net income to net cash provided by operating activities:		
Unrealized losses from financial instruments owned, net of financial instruments sold, not yet purchased		30
Realized gains from financial instruments owned, net of financial instruments sold, not yet purchased		(3,798)
Purchases of financial instruments owned		(4,232,084)
Purchases to cover short investments		(67,672)
Proceeds from sales of financial instruments owned		4,236,088
Proceeds from investments sold short		67,620
Amortization and impairment of intangible assets		—
Change in operating assets and liabilities:		
Decrease in receivables		9,340
Increase in other assets		(19)
Decrease in due from affiliated companies		—
Increase in due to affiliated companies		(663)
Decrease in payables		(9,959)
Increase in deferred tax asset		(29)
Decrease in other liabilities and accrued expenses		147
Net cash provided by operating activities		(4,169)
Net increase in cash, cash equivalents and restricted cash		(4,169)
Cash, cash equivalents and restricted cash, beginning of period		43,852
Cash, cash equivalents and restricted cash, end of period	**$**	**39,683**
Supplemental cash flow disclosures		
Income tax payments	$	29
Cash, cash equivalents and restricted cash, end of period		
Cash and cash equivalents	$	27,841
Unrestricted cash deposited with clearing organizations or segregated under federal and other regulations or requirements		9,201
Restricted cash -		
Cash required to be deposited with clearing organizations or segregated under federal and other regulations or requirements		2,641
Total cash, cash equivalents and restricted cash, end of period	**$**	**39,683**

The accompanying notes are an integral part of these financial statements.

(in thousands of dollars)

1. Organization and Description of Business

Invesco Capital Markets, Inc. (the Company), is a Delaware corporation and a wholly owned subsidiary of Invesco Advisers, Inc. (IAI), a wholly-owned subsidiary of Invesco Group Services, Inc. (IGS), which is owned by Invesco Holding Company (US), Inc. (IHC), the ultimate U.S. parent of the Company. IHC is ultimately owned by Invesco Ltd., a publicly traded Bermuda holding company that, through its subsidiaries, is primarily engaged in investment management worldwide.

The Company is a registered broker/dealer with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA), the Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC) and the Investors' Exchange LLC (IEX).

In its capacity as a broker/dealer, the Company is a sponsor of Unit Investment Trusts (UITs). The Company also serves as an introducing broker, and introduces transactions on a fully disclosed basis for affiliated products to which affiliated entities are the investment advisers. Total transaction fee income as an introducing broker of $2,514 is included within Interest and other income.

As an introducing broker, the Company trades equity securities solely on an agency basis and does not hold positions in these securities on behalf of the affiliated products. The Company utilizes the services of third-party clearing firms to provide custodial and clearing services for these transactions.

2. Summary of Significant Accounting Policies

Basis of Financial Information
These financial statements have been prepared in conformity with U.S. generally accepted accounting principles (US GAAP) and, in the opinion of management, reflect all adjustments necessary for a fair statement of financial condition and statements of operations, changes in stockholder’s equity, and cash flows for the period presented.

All amounts reflected in these financial statements are presented in thousands of dollars, except where indicated.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Cash and Cash Equivalents
The Company defines cash equivalents as highly liquid investments with original maturities of three months or less. Cash and cash equivalents consist of cash and investments in affiliated money market funds.

The Company maintains depository accounts with certain financial institutions. Although these account balances exceed federally insured depository limits, the Company has evaluated the credit worthiness of these applicable financial institutions and determined the risk of material financial loss due to exposure from credit risk to be minimal.

(in thousands of dollars)

Cash Deposited With Clearing Organizations or Segregated Under Federal and Other Regulations or Requirements
Cash deposited with clearing organizations, or segregated under federal and other regulations or requirements, includes the clearing fund requirement held with the National Securities Clearing Corporation (NSCC) and Depository Trust & Clearing Corporation (DTCC) in accordance with the Company's sponsorship of the UITs. It also includes deposits segregated in a special reserve bank account for the benefit of customers under Rule 15c3-3 of the Securities Exchange Act of 1934.

In the Company's capacity as introducing broker, cash is on deposit with third-party broker/dealers providing custodial and clearing services. With regard to these cash deposits, the Company has entered into proprietary accounts of introducing brokers (PAIB) and proprietary accounts of broker/dealers (PAB) agreements with the third-party brokers, pursuant to the applicable rules in effect at the time of the establishment of the custodial and clearing relationships.

Financial Instruments and Fair Value

Fair Value Measurement - Definition and Hierarchy
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 Valuations based on one or more quoted price in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs may vary from product to product and may be affected by a wide variety of factors, such as; the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3.

(in thousands of dollars)

The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2, or from Level 2 to Level 3 (see Note 4). In addition, a downturn in market conditions could lead to further declines in the valuation of many instruments. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Valuation Techniques
Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those the Company believes that market participants would use in pricing the asset or liability at the measurement date. Refer to Note 4 for product-specific valuation techniques.

Financial Instruments Measured at Fair Value
All of the instruments within financial instruments owned and financial instruments sold, not yet purchased, are measured at fair value. These instruments primarily represent the Company's trading and investment activities.

The Company, as sponsor of UITs, selects and can hold various debt and equity securities that are then transferred to a UIT. In return, the Company receives a beneficial interest in the trust backed by the securities. The Company has continuing involvement with the securities upon transfer of the securities to the trust and the Company does not provide the trust with any substantive rights to control, pledge, or exchange the securities. Accordingly, all such transfers to the trust are accounted for as secured borrowings, rather than sales, by the Company. Generally, the Company's transfer of the securities to the trust and receipt of the units from the trust occurs simultaneously. The Company classifies the various debt and equity securities held by major security type in Note 4, "Fair Value Disclosure.". The Company classifies the units of UITs received from the trust within financial instruments owned, at fair value.

Receivables and Payables - Customers
Receivables and payables due to/from customers represent unsettled trades of securities and UITs, which are recorded on a trade date basis.

Receivables and Payables - Brokers, Dealers, and Clearing Organizations
Receivables and payables due to/from brokers, dealers and clearing organizations represent unsettled trades of securities and UITs, which are recorded on a trade date basis. It also includes the margin deposits with brokers related to the Company's hedging of UITs and its security inventory.

Related Party Transactions

Loan Due From Parent
The Company entered into an intercompany loan agreement with IAI on September 16, 2013, allowing the Company to lend up to $50,000 to IAI, which was renewed and extended on September 16, 2018. As of December 31, 2020, the Company has executed $40,000 of loans under this agreement. Executed loans under this agreement are unsecured, bear interest at a rate of 4% per annum and are payable on demand. The expiration date of the current agreement is September 16, 2023. Interest income of $1,627 is included in the Company's Statement of Operations. Interest receivable of $77 is included in the Company's Statement of Financial Condition within Other Assets.

(in thousands of dollars)

Distribution Costs
The sale of Company-sponsored UITs, which involves a deferred sales charge and a creation and development fee for specific trusts, results in receivables that are due to the Company from the UITs. The Company sells such receivables to IHC at cost and accounts for these transactions in accordance with ASC 860-20, *Sales of Financial Assets*. During the year ended December 31, 2020, the Company sold $52,361 of deferred sales charge and creation and development fee receivables to IHC. The balance sheet impact of these sales is reflected in Due from affiliated companies within the Company's Statement of Financial Condition. As of December 31, 2020, amounts due from IHC associated with the sale had been fully collected by the Company.

Due to/from Affiliated Companies
Amounts due to/from affiliates are unsecured and are payable on demand. The balance consists primarily of intercompany funding from IHC, as well as other intercompany activity.

Supervisory Revenue Allocated From Affiliate
The Company is allocated income by Invesco Investment Advisers LLC (IIA) for expenses incurred by the Company in connection with the supervision of UITs. The income allocation is intended to reimburse the Company for its current expenses. Total supervisory income allocated from IIA of $3,130 is included within Investment banking, net.

Allocation of Expenses
The Company is allocated expenses as stipulated by an executed expense sharing agreement with Invesco Group Services, an affiliated company, based primarily upon estimates of time devoted to the operations of the Company by personnel of the affiliated company and usage of shared facilities. These amounts are included within Compensation allocation from affiliates and Other allocations from affiliates in the Company's Statement of Operations.

Income Taxes
For federal income tax purposes, the Company's income or loss is included in the consolidated income tax return filed by IHC. Federal income taxes are calculated as if the Company filed on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from IHC. The amount of current and deferred taxes payable or refundable is recognized as of the date of the Statement of Financial Condition, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years. The Company records deferred tax assets and liabilities relating to temporary differences in the recognition of revenues and expenses for book versus tax purposes.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification (ASC) Topic 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Company does not have any unrecognized tax benefits as of December 31, 2020.

Investment Banking, Net
Investment banking primarily includes UIT sponsor and acquisition profits, which are recognized as earned during the primary offering period. These are netted with acquisition profits that are paid to brokers. Total fees netted against investment banking are $51.

(in thousands of dollars)

Interest and Other Income
Interest and other income consists of the interest earned on securities or UITs held by the Company and interest earned on cash and cash equivalents and loan made to parent. Interest and Other Income also includes transaction fee income earned by the Company as an introducing broker.

Principal Transactions, Net
Principal transactions consists of realized and unrealized gains and losses on the purchase and sale of securities held by the Company and could be used in the creation of UITs and gains and losses on hedging activities employed to mitigate risk on inventory held.

Concentration of Credit Risk
The Company is engaged in brokerage activities in which counterparties primarily include broker/dealers. In the event that counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. The Company manages such exposures by its policy to review, as necessary, the credit standing of each counterparty.

Accounting Pronouncements Recently Adopted and Pending Accounting Pronouncements

Financial Instruments. On January 1, 2020, the Company adopted Accounting Standard Update 2016-13, "Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments" (ASU 2016-13) using the modified retrospective approach. ASU 2016-13 amends guidance related to reporting credit losses for financial assets measured at amortized cost and available for sale securities and adds an impairment model that is based on expected losses rather than incurred losses. Under the modified retrospective approach, entities are required to report any effect from adoption as a cumulative effect adjustment to retained earnings at the adoption date. The Company has determined that there is no material impact upon adoption of this amendment.

Income Taxes. In December of 2019, the FASB issued Accounting Standards Update 2019-12, "Simplifying Accounting for Income Taxes" (ASU 2019-12). The standard is intended to simplify various aspects related to income taxes and removes certain exceptions to the general principles in Topic 740. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company has determined that there will be no material impact upon adoption of this amendment.

3. Cash Deposited With Clearing Organizations or Segregated

The Company has cash deposited with clearing organizations of $10,842, as well as segregated cash of $1,000, at December 31, 2020.

4. Fair Value Disclosure

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC Topic 820, Fair Value Measurements and Disclosures. See Note 2 for a discussion of the Company's policies regarding this hierarchy.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

(in thousands of dollars)

Cash Equivalents
Cash equivalents include cash investments in affiliate money market funds. Cash investments in money market funds are valued under the market approach through the use of quoted market prices in an active market, which is the net asset value of the underlying funds, and are classified within Level 1 of the valuation hierarchy.

UITs
The Company may hold units of its sponsored UITs at period-end for sale in the primary market or secondary market. Equity UITs are valued under the market approach through use of quoted prices on an exchange. Fixed income UITs are valued using recently executed transaction prices, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturities as the underlying bonds. If the spread data does not reference the issuers, then data that references comparable issuers is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default spreads, and recovery rates based on collateral value as key inputs. Depending on the nature of the inputs, these investments are categorized as Level 1, 2, or 3.

Financial Instruments Sold, Not Yet Purchased, and Derivative Assets and Liabilities
The Company uses U.S. Treasury futures, which are types of derivative financial instruments, to hedge economically fixed income UIT inventory and securities in order to mitigate market risk.

Open futures contracts are marked-to-market daily through earnings along with the mark-to-market on the underlying trading securities held. Fair values of derivative contracts in an asset position are included in financial instruments owned, at fair value in the Company's Statement of Financial Condition. Fair values of derivative contracts in a liability position are included in financial instruments sold, not yet purchased, at fair value in the Company's Statement of Financial Condition. These derivative contracts are valued under the market approach through use of quoted prices in an active market and are classified within Level 1 of the valuation hierarchy. Additionally, to hedge economically the market risk associated with equity and debt securities and UITs temporarily held as trading investments, the Company will hold short corporate stocks, exchange-traded funds, or U.S. treasury security positions. These transactions are recorded as financial instruments sold, not yet purchased and are included in financial instruments sold, not yet purchased, at fair value in the Company's Statement of Financial Condition. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized within Level 1 of the valuation hierarchy; otherwise, they are categorized in Level 2.

The following table presents the carrying value of the Company's assets and liabilities, including major security type for equity and debt securities, which are measured at fair value on the face of the Statement of Financial Condition as of December 31, 2020.

(in thousands of dollars)

		Fair Value Measurements
Assets		
Cash equivalents	$	21,238
Financial instruments owned:		
UITs		
Fixed income		1,782
Equity		582
Total cash equivalents and financial instruments owned	$	23,602
Liabilities		
Financial instruments sold, not yet purchased:		
Corporate equities		349
Exchange-traded funds		1,457
Financial instruments sold, not yet purchased	$	1,806

All financial assets, including Cash equivalents, Financial instruments owned, and Financial instruments sold, not yet purchased, are classified as Level 1 financial instruments at December 31, 2020. The Company had no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during 2020. The Company had no Level 2 or Level 3 assets or liabilities measured at fair value on a recurring basis for the period ended December 31, 2020.

5. Income Taxes

Federal current income taxes are provided at the statutory rate in effect during the year of 21% by the members of the consolidated group based on the amount that the respective member would pay or have refunded if it were to file a separate return. The effective tax rate was approximately 20%. The deferred tax asset of $418 primarily relates to the timing of deductibility of compensation for tax purposes. At December 31, 2020, a $247 receivable related to settlement of tax payments was reflected in Due to affiliated companies. A receivable of $184 related to state tax payments was reflected in Other Liabilities.

The current and deferred portions of the income tax expense (benefit) included in the Statement of Operations as determined in accordance with ASC Topic 740 are as follows:

	Current	Deferred	Total
Federal	$ (645)	$ (24)	$ (669)
State and Local	(99)	(8)	(107)
Total	$ (744)	$ (32)	$ (776)

(in thousands of dollars)

A reconciliation of the difference between the expected income tax expense/(benefit) computed at the U.S. statutory income tax rate and the Company's income tax benefit is shown in the following table:

Expected income tax expense/(benefit) at U.S. statutory tax rate	$	(827)
The effect of:		
Nontaxable revenues		(6)
Nondeductible expenses		144
Increase due to state and local taxes, net of U.S. federal		(87)
Other		
Income tax expense/(benefit)	$	(776)

The Company is subject to income tax examinations by various taxing authorities. The Company is no longer subject to income tax examinations by the primary tax authorities for years prior to 2013.

6. Derivative Instruments and Hedging Activities

The Company manages its positions by employing a variety of risk mitigation strategies. These strategies include diversification of risk exposures and hedging. Hedging activities consist of the purchase or sale of positions in related securities and financial instruments, including U.S. Treasury futures, which are types of derivative financial instruments. The Company manages the market risk associated with its hedging activities on a Company-wide basis and on an individual product basis.

Net gains or losses recognized in income on U.S. Treasury futures contracts are recognized currently in Investment banking, net and Principal transactions, net in the Statement of Operations. Total net losses for the year ended December 31, 2020 are approximately $11. The open equity in futures transactions is included within Financial instruments owned, at fair value. The gross notional amount of futures contracts is $138 as of December 31, 2020.

7. Commitments and Contingencies

Underwriting Commitments and Letters of Credit

In the normal course of business, the Company enters into when-issued, delayed delivery and underwriting commitments. As a result of these commitments the Company enters into standby letters of credit with a bank as part of its contractual commitment to deliver securities to the UITs that it sponsors. Upon entry into such commitments, the Company is charged an annual interest rate of 1.0% on amounts outstanding. These credit agreements are unsecured and do not contain restrictive covenants. As of December 31, 2020, there were no outstanding net purchase commitments.

Legal

The investment management industry is subject to extensive levels of ongoing regulatory oversight and examination. Governmental authorities regularly make inquiries, hold investigations and administer market conduct examinations with respect to the Company's compliance with applicable laws and regulations. Lawsuits or regulatory enforcement actions arising out of these inquiries may in the future be filed against the Company and related entities and individuals in jurisdictions in which the Company and its affiliates operate.

(in thousands of dollars)

The Company is from time to time involved in litigation relating to other claims arising in the ordinary course of its business. Management is of the opinion that the ultimate resolution of such claims, if any, will not materially affect the Company's business, financial position, results of operations or liquidity. In management's opinion, no accrual is necessary as of December 31, 2020 to provide for any such losses that may arise from matters for which the Company could reasonably estimate an amount.

8. Regulatory Requirements

The Company is a registered broker-dealer, and accordingly, is subject to the net capital rules of the SEC and FINRA. The Company utilizes the Alternative Standard method of Net Capital Computation pursuant to SEC Rule 15c3-1, which requires the Company to maintain minimum net capital equal to the greater of $250 or 2% of aggregate debit balances arising from customer transactions, as defined. However, the Company intends to maintain regulatory net capital of at least $300 in order to be in compliance with the early warning rules. FINRA may require a member firm to reduce its business if net capital is less than 4% of such aggregate debit items and may prohibit a firm from expanding its business if net capital is less than 5% of such aggregate debit items. At December 31, 2020, the Company's Net Capital was $43,121 which exceeded required net capital of $250 by $42,871.

Advances to the Parent and its affiliates, repayment of subordinated liabilities, dividend payments and other equity withdrawals are subject to certain notification and other provisions of the Net Capital rule of the SEC.

9. Subsequent Events

Management of the Company has performed an evaluation of subsequent events through February 24, 2021, which is the date the financial statements were issued. No subsequent events were noted in management’s evaluation which would require disclosure.

Supplemental Information

Invesco Capital Markets, Inc.
Schedule I – Computation of Net Capital Under SEC Rule 15c3-1(a)(1)(ii)
December 31, 2020

(in thousands of dollars)

Net capital:	
Stockholder's equity, as reported on statement of financial condition	$ 87,308
Less - non allowable assets:	
Loan due from parent	40,000
Interest receivable on intercompany loan	77
Receivables	2,206
Deferred tax assets	418
Investments at cost	243
Other assets	178
Other deductions or charges	189
Total non allowable assets	43,311
Net capital before haircuts on securities positions	43,997
Less - adjustments	
Haircuts on securities positions	876
Net capital	$ 43,121
Alternative minimum net capital requirement	250
Excess net capital	$ 42,871
Net capital in excess of the greater of 5% of aggregate debit items or 120% of minimum capital requirement	$ 42,821

There were no material differences between the audited computation included in this report and the corresponding schedule included in the Company's unaudited December 31, 2020 Part II FOCUS filing.

Invesco Capital Markets, Inc.
Schedule II – Computation for Determination of Reserve Requirement Under SEC Rule 15c3-3
December 31, 2020

(in thousands of dollars)

Credit balances:		
Customers' securities failed to receive	$	34
Credit balances in firm accounts which are attributable to principal sales to customers		45
Total credits		79
Debit balances:		
Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3		73
Aggregate debit items		73
Less 3% of aggregate debits		(2)
Total 15c3-3 debits		71
Excess of total credits over total debits	$	8
Amount held on deposit in "Reserve Bank Account" at December 31, 2020	$	1,000

There were no material differences between the audited computation included in this report and the corresponding schedule included in the Company's unaudited December 31, 2020 Part II FOCUS filing.

Invesco Capital Markets, Inc.
Schedule III–Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3
December 31, 2020

(in thousands of dollars)

There were no customer fully-paid securities and excess margin securities in the Company's possession or control as of December 31, 2020.

<u>Information for Possession or Control Requirements Under Rule 15c3-3</u>

Customer fully paid securities and excess margin -

Securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3.

A. Amount	$0
B. Number of items	None

Customer fully paid securities and excess margin -

Securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

A. Amount	$0
B. Number of items	None

Invesco Ltd.
Two Peachtree Pointe
1555 Peachtree Street, N.E.
Atlanta, GA 30309

Telephone: +1 404 479 1095

February 24, 2021

Invesco Capital Markets, Inc.'s Compliance Report

Invesco Capital Markets, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). As required by 17 C.F.R. § 240.17a-5(d)(1) and (3), the Company states as follows:

(1) The Company has established and maintained Internal Control Over Compliance, as that term is defined in paragraph (d)(3)(ii) of Rule 17a-5;

(2) The Company's Internal Control Over Compliance was effective during the period January 1, 2020 to December 31, 2020;

(3) The Company's Internal Control Over Compliance was effective as of the end of the most recent fiscal year ended December 31, 2020;

(4) The Company was in compliance with 17 C.F.R. § 240.15c3-1 and 17 C.F.R. §240.15c3-3(e) as of the end of the most recent fiscal year ended December 31, 2020; and

(5) The information the Company used to state that the Company was in compliance with 17 C.F.R. §240.15c3-1 and 17 C.F.R. §240.15c3-3(e) was derived from the books and records of the Company.

____

Invesco Capital Markets, Inc.

I, Mark Gregson, affirm that, to my best knowledge and belief, this Compliance Report is true and correct.

Mark Gregson
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors of Invesco Capital Markets, Inc.

We have examined Invesco Capital Markets, Inc.'s assertions, included in the accompanying Invesco Capital Markets Inc.'s *compliance report*, that

(1) the Company's internal control over compliance with the financial responsibility rules (as defined below) was effective during the year ended December 31, 2020 based on controls necessary to achieve the objectives of the financial responsibility rules,

(2) the Company's internal control over compliance with the financial responsibility rules was effective as of December 31, 2020 based on controls necessary to achieve the objectives of the financial responsibility rules,

(3) the Company was in compliance with 17 C.F.R. §§ 240.15c3-1 (the "net capital rule") and 240.15c3-3(e) (the "reserve requirements rule") as of December 31, 2020, and

(4) the information used to assert that the Company was in compliance with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e) was derived from the Company's books and records.

The Company's management is responsible for establishing and maintaining a system of internal control over compliance that has the objective of providing the Company with reasonable assurance that non-compliance with 17 C.F.R. § 240.15c3-1, 17 C.F.R. § 240.15c3-3 (the "customer protection rule"), 17 C.F.R. § 240.17a-13 ("the quarterly securities count rule"), or Rule 2340 of the Financial Industry Regulatory Authority (the "account statements rule"), which requires account statements to be sent to the customers of the Company (collectively, the "financial responsibility rules") will be prevented or detected on a timely basis. The Company's management is also responsible for compliance with the net capital rule and the reserve requirements rule and that the information used to assert compliance was derived from the books and records. Our responsibility is to express an opinion on the Company's assertions based on our examination.

We conducted our examination in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether (1) the Company's internal control over compliance with the financial responsibility rules was effective as of and during the year ended December 31, 2020, (2) the Company complied with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e) as of December 31, 2020, and (3) the information used to assert compliance with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e) as of December 31, 2020 was derived from the Company's books and records. Our examination included testing and evaluating the design and operating effectiveness of internal control over compliance with the financial responsibility rules, testing and evaluating the Company's compliance with 17 C.F.R. §§ 240.15c3-1 and 240.15c3-3(e), determining whether the information used to assert compliance with 240.15c3-1 and 240.15c3-3(e) was derived from the Company's books and records, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Invesco Capital Markets Inc.'s compliance with the financial responsibility rules.

Because of its inherent limitations, internal control over compliance may not prevent or detect non-compliance with the financial responsibility rules. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Invesco Capital Markets, Inc.'s assertions referred to above are fairly stated, in all material respects.

PricewaterhouseCoopers LLP

Atlanta, Georgia
February 24, 2021

SIPC-7

(36-REV 12/18)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(36-REV 12/18)

For the fiscal year ended 12/31/20

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

WORKING COPY

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Mark Gregson (404) 439-3485

2. A.	General Assessment (item 2e from page 2)	$2,627
B.	Less payment made with SIPC-6 filed (**exclude interest**) 7/30/20 Date Paid	(1,595)
C.	Less prior overpayment applied	( )
D.	Assessment balance due or (overpayment)	1,032
E.	Interest computed on late payment (see instruction E) for______days at 20% per annum	
F.	Total assessment balance and interest due (or overpayment carried forward)	$1,032

G. **PAYMENT: √ the box**
Check mailed to P.O. Box ☐ **Funds Wired** ☑ **ACH** ☐
Total (must be same as F above) $1,032

H. Overpayment carried forward $( )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Invesco Capital Markets, Inc.
(Name of Corporation, Partnership or other organization)

[signature]
(Authorized Signature)

CFO
(Title)

Dated the_____ day of_______________, 20_____.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: ________ Postmarked ________ Received ________ Reviewed

Calculations ________ Documentation ________ Forward Copy ________

Exceptions:

Disposition of exceptions:

DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning 1/1/20
and ending 12/31/20

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	$ 67,254,304
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	
(2) Net loss from principal transactions in securities in trading accounts.	7,717
(3) Net loss from principal transactions in commodities in trading accounts.	
(4) Interest and dividend expense deducted in determining item 2a.	
(5) Net loss from management of or participation in the underwriting or distribution of securities.	
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	700,508
(7) Net loss from securities in investment accounts.	
Total additions	708,225
2c. Deductions:	
(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.	(63,661,276)
(2) Revenues from commodity transactions.	
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	(916,711)
(4) Reimbursements for postage in connection with proxy solicitation.	
(5) Net gain from securities in investment accounts.	
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).	
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C): Please see attached support (Deductions in excess of $100,000 require documentation)	(1,626,667)
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. $(6,347)	
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). $	
Enter the greater of line (i) or (ii)	(6,347)
Total deductions	(66,211,001)
2d. SIPC Net Operating Revenues	$ 1,751,528
2e. General Assessment @ .0015	$ 2,627
	(to page 1, line 2.A.)

Report of Independent Accountants

To the Board of Directors of Invesco Capital Markets, Inc.

In accordance with Rule 17a-5(e)(4) of the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Invesco Capital Markets, Inc. and the Securities Investor Protection Corporation (“SIPC”) (collectively, the “specified parties”) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Invesco Capital Markets, Inc. for the year ended December 31, 2020, solely to assist the specified parties in evaluating Invesco Capital Markets Inc. 's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Management is responsible for Invesco Capital Markets Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results thereof are as follows:

1. Compared the listed assessment payments on page 1, items 2B and 2G of Form SIPC-7 with the respective cash disbursement records entries, as follows: Payment dated July 30, 2020 in the amount of $1,595 per JP Morgan Chase wire reference #327780212 was agreed to ICMI Remittance Advice, document 400117920, as provided by ICMI Accounts payable. Compared payment amount to line 2b per the SIPC reconciliation, noting no differences. Payment dated February 16, 2021 in the amount of $$1,032 per payment support reference 32916FEB21A as provided by ICMI Accounts payable. Compared payment amount to line 2G per the SIPC reconciliation, noting no differences.
2. Compared the Total Revenue amount reported on page 4of the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2020 to the Total revenue amount of $67,254,304 reported on page 2, item 2a of Form SIPC-7 for the year ended December 31, 2020, noting no differences.
3. Compared any adjustments reported on page 2, items 2b and 2c of Form SIPC-7 with the supporting schedules and working papers, as follows:
    a. Compared additions on line 2, net loss from principal transactions in securities in trading accounts, of $7,717 to the trial balance accounts and SIPC-7 supporting papers as provided by management, noting no differences.
    b. Compared additions on line 6, Expenses other than advertising, printing registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities, of $700,508 to the trial balance accounts and SIPC-7 supporting papers as provided by management, noting no differences.
    c. Compared deductions on line 1, revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from

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transactions in security futures products, of $63,661,276 to the trial balance accounts and SIPC–7 supporting work papers as provided by management, noting no differences

   d. Compared deductions on line 3, Commissions, floor brokerage, and clearance paid to other SIPC members in connection with securities transactions, of $916,711 to the trial balance accounts and SIPC–7 supporting work papers as provided by management, noting no differences.
   e. Compared deductions on line 8, Other revenue not related either directly or indirectly to the securities business, of $1,626,667 to the trial balance accounts and SIPC–7 supporting work papers as provided by management, noting no differences.
   f. Compared deductions on line 9, Total interest and dividend expense (FOCUS line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income, of $6,347 to the trial balance accounts and SIPC–7 supporting work papers as provided by management, noting no differences.

4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers obtained in procedure 3, as follows:
   a. Recalculated the mathematical accuracy of the SIPC Net Operating Revenues on page 2, line 2d and the General Assessment @ .0015 on page 2, line 2e of $2,627 of the Form SIPC-7, noting no differences.
   b. SIPC net operating revenues were recalculated by adding total revenue reported on page 2, line 2a of Form SIPC-7 and total additions reported on page 2, line 2b of Form SIPC-7, and subtracting total deductions reported on page 2, line 2c of Form SIPC-7, noting no differences.
   c. The General Assessment @.0015 was recalculated by multiplying the SIPC Net Operating Revenue reported on page 2, line 2d on Form SIPC-7 by .0015, noting no differences.
   d. Recalculated the mathematical accuracy of the total additions on page 2, item 2b, of $708,225, noting no differences
   e. Recalculated the mathematical accuracy of the total deductions on page 2, item 2c, of $66,211,001, noting no differences.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's preparation of Form SIPC-7 in accordance with the applicable instructions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the board of directors of Invesco Capital Markets, Inc. and the Securities Investor Protection Corporation and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

Atlanta, Georgia
February 24, 2021