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Washington, D.C. 20549

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

FEB 25 2014

Washington DC  
404

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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 01/01/13 AND ENDING 12/31/13  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Invesco Distributors, Inc.

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

11 Greenway Plaza, Suite 100

(No. and Street)

Houston

(City)

TX

(State)

77046

(Zip Code)

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

Annette Lege

404-439-3462

(Area Code - Telephone Number)

OFFICIAL USE ONLY

FIRM I.D. NO.

**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., Suite 2600

(Address)

Atlanta

(City)

GA

(State)

30309

(Zip Code)

**CHECK ONE:**

- 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)

SEC 1410 (06-02)

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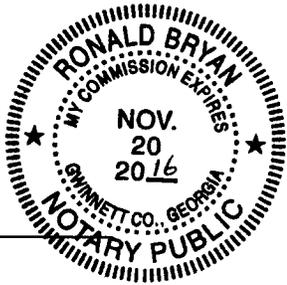
OATH OR AFFIRMATION

I, Annette Lege, 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 Distributors, Inc., as of December 31, 20 13, 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:

\_\_\_\_\_  
\_\_\_\_\_

Annette Lege  
Signature

Chief Financial Officer  
Title



Ronald Bryan  
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (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).

**Invesco Distributors, Inc.**  
**Statement of Financial Condition**  
**December 31, 2013**

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**Invesco Distributors, Inc.**  
**Statement of Financial Condition**  
**December 31, 2013**

Filed pursuant to Rule 17a-5(e)(3) under the Securities Exchange Act of 1934  
as a Public Document.

**Invesco Distributors, Inc.**  
**Index**  
**December 31, 2013**

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## Independent Auditor's Report

To the Board of Directors and Shareholder of  
Invesco Distributors, Inc.

We have audited the accompanying statement of financial condition of Invesco Distributors, Inc. (the "Company"), as of December 31, 2013.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the statement of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the statement of financial condition based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial condition. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement of financial condition, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the statement of financial condition in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of financial condition. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the statement of financial condition referred to above present fairly, in all material respects, the financial position of the Invesco Distributors, Inc. at December 31, 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

February 21, 2014

**Invesco Distributors, Inc.**  
**Statement of Financial Condition**  
**December 31, 2013**

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|  |                |
|--|----------------|
| <b>Assets</b>  |                |
| Cash and cash equivalents  | \$ 87,700,508  |
| Due from affiliated registered investment companies                                    | 28,302,827     |
| Commissions receivable   | 829,239        |
| Loan due from parent   | 22,037,400     |
| Deferred tax assets  | 6,445,298      |
| Other assets   | 849,053        |
|  | <hr/>          |
| Total assets   | \$ 146,164,325 |
| <b>Liabilities and Stockholder's Equity</b>  |                |
| <b>Liabilities</b>   |                |
| Due to noncustomers  | \$ 21,409,289  |
| Due to affiliated companies  | 326,869        |
| Due to dealers for distribution fees   | 63,501,486     |
|  | <hr/>          |
| Total liabilities  | 85,237,644     |
| <b>Stockholder's equity</b>  |                |
| Common stock, \$1 par value, 1,000 shares authorized, 10 shares issued and outstanding | 10             |
| Additional paid-in capital   | 46,812,320     |
| Retained earnings  | 14,114,351     |
|  | <hr/>          |
| Total stockholder's equity   | 60,926,681     |
|  | <hr/>          |
| Total liabilities and stockholder's equity   | \$ 146,164,325 |

The accompanying notes are an integral part of this statement of financial condition.

**Invesco Distributors, Inc.**  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

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**1. Organization and Description of Business**

Invesco Distributors, Inc. ("the Company") is a wholly owned subsidiary of Invesco Advisers, Inc. ("IAI"). IAI is owned by Invesco North America Holdings ("INAH"), which is owned by Invesco Management Group, Inc. ("Management"), which is owned by IVZ UK Limited ("Limited"), which in turn is owned by Invesco Group Services ("IGS"), which is owned by IVZ, Inc. ("IVZ"), the ultimate U.S. parent of the Company. IVZ is ultimately owned by Invesco Ltd., a publicly traded holding company that, through its subsidiaries, is primarily engaged in investment management worldwide.

The Company is registered as a broker-dealer in securities under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA"), the Municipal Securities Rulemaking Board ("MSRB") and the Securities Investor Protection Corporation ("SIPC").

The Company acts as the principal underwriter and distributor for certain affiliated registered investment companies ("Invesco Funds") and for certain affiliated unregistered money market funds. The Company is also the distributor of creation units for certain investment portfolios of the PowerShares Exchange – Traded Fund Trusts on an agency basis and for certain unregistered offerings including money market funds.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

This statement of financial condition has been prepared in conformity with U.S. generally accepted accounting principles and in the opinion of management reflects all adjustments necessary for a fair statement of financial condition.

**Use of Estimates**

The preparation of Statement of Financial Condition in conformity with U.S. generally accepted accounting principles 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 Statement of Financial Condition. Management believes that the estimates utilized in preparing its Statement of Financial Condition are reasonable and prudent. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company has defined 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.

**Transactions With Affiliated Companies**

*Fund Distribution Costs*

The Company has entered into an agreement with Management, whereby Management provides funding to the Company for payment of Class B and Class C share commissions. Management obtains the rights to certain future income to be generated by the Class B and Class C shares under the respective funds' Rule 12b-1 plan provisions and contingent deferred sales charge provisions for a purchase price equal to a percentage of the price at which each Class B and Class C share is sold. Such transactions occur daily and have been accounted for as sale transactions in accordance with ASC Topic 946-605, *Financial Services Investment Companies – Revenue Recognition*.

**Invesco Distributors, Inc.**  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

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*Due to Affiliated Companies*

Short-term borrowings from affiliates are unsecured and are payable on demand. The balance consists primarily of intercompany funding from IVZ, as well as other intercompany payables.

*Loan Due From Parent*

The Company entered into an intercompany loan agreement with IAI on September 16, 2013. As of December 31, 2013 the company has executed \$22,000,000 of loans under this agreement. Executed loans under this agreement are unsecured, bear interest at a rate of three point six percent per annum and are payable on demand. The expiration date of the current agreement is September 16, 2018. Interest receivable of \$37,400 is included in the Company's Statement of Financial Condition.

*Due to Noncustomer*

Amount due to noncustomer represents funds received, inadvertently, related to monies due to an affiliate of the Company. This amount was subsequently returned on January 2, 2014.

**Income Taxes**

For federal income tax purposes, the Company's income is included in the consolidated income tax return filed by IVZ. 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 IVZ. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. The Company records deferred tax assets relating to temporary differences in the recognition of compensation cost for book versus tax purposes. Pursuant to ASC Topic 718, *Compensation – Stock Compensation*, the Company records the realized benefits/(deficits) of tax return deductions in excess of compensation cost recognized as an increase/decrease to additional paid in capital and an offsetting reduction in income taxes payable.

The Company recognizes and measures its unrecognized tax benefits in accordance with 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 does not have any unrecognized tax benefits as of December 31, 2013.

**Recent Pronouncements**

*Accounting Pronouncements Recently Adopted*

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" (ASU 2013-02). ASU 2013-02 amends Topic 220 to require an entity to present current period reclassifications out of accumulated other comprehensive income and other amounts of current-period other comprehensive income, separately, for each component of other comprehensive income. ASU 2013-02 also requires an entity to provide information about the effects on net income of significant amounts reclassified out of each component of accumulated other comprehensive income, if those amounts are required under other Topics to be reclassified to net income in their entirety in the same reporting period. The amendments to Topic 220 made by ASU 2013-02 are effective for interim and annual periods beginning on or after December 15, 2012. The adoption of ASU 2013-02 did not have an effect on the Company's financial statements or the Company's disclosures.

**Invesco Distributors, Inc.**  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

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**3. Fair Value Measurement**

ASC Topic 820, *Fair Value Measurements and Disclosures* establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable from the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

ASC Topic 820 allows three types of valuation approaches: a market approach, which uses observable prices and other relevant information that is generated by market transactions involving identical or comparable assets or liabilities; an income approach, which uses valuation techniques to convert future amounts to a single, discounted present value amount; and a cost approach, which is based on the amount that currently would be required to replace the service capacity of an asset.

The only assets measured at fair value are cash equivalents invested in affiliated money market funds, which totaled \$66,258,760 at December 31, 2013. 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. There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during the year ended December 31, 2013.

**4. Income Taxes**

Federal deferred and current income taxes are provided at the statutory rate in effect during the year (35%) 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 current deferred tax asset of \$1,261,386 primarily relates to the deductibility of bonus payments for federal tax purposes. The noncurrent deferred tax asset of \$5,183,912 primarily relates to the deductibility of fixed assets and deferred compensation for federal tax purposes.

**5. Net Capital Requirements**

In accordance with regulations of the Securities and Exchange Commission ("SEC"), the Company must maintain minimum net capital, as defined. 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 of \$250,000. However, the Company intends to maintain regulatory net capital of at least \$300,000 in order to be in compliance with the early warning rules. At

**Invesco Distributors, Inc.**  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

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December 31, 2013, the Company had net capital of \$17,224,096 which exceeded required net capital of \$250,000 by \$16,724,096.

**6. Concentration of Credit Risk**

The Company is engaged in activities in which counterparties 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. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**7. Contingencies, Regulatory Inquiries and Actions**

The investment management industry also is subject to extensive levels of ongoing regulatory oversight and examination. In the U.S. and other jurisdictions in which the Company operates, governmental authorities regularly make inquiries, hold investigations and administer market conduct examinations with respect to compliance with applicable laws and regulations. Additional 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 the U.S. and other jurisdictions in which the Company and its affiliates operate.

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 will not materially affect the Company's business, financial position, results of operation or liquidity. In management's opinion, no accrual is necessary as of December 31, 2013 to provide for any such losses that may arise from matters for which the Company could reasonably estimate an amount.

**8. Subsequent Events**

Management of the Company has performed an evaluation of subsequent events through February 21, 2014, which is the date the financial statements were issued. No subsequent events were noted in management's evaluation which would require disclosure.



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