



Invesco Advisers, Inc.

**1555 Peachtree Street, N.E
Atlanta, GA 30309**

Firm Brochure (Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Invesco Advisers, Inc. If you have any questions about the contents of this brochure, please contact us at (713) 214-1271 or by email at todd.spillane@invesco.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Invesco Advisers, Inc. is available on the SEC's website at www.adviserinfo.sec.gov

Registration does not imply a certain level of skill or training.

July 9, 2012

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. The last annual update to the Form ADV Part 2 was completed on March 31, 2011.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. This Brochure conforms to this rule.

There have been no material updates since the last annual filing of this document.

Full Brochure Available Upon Request

Please contact us by telephone (713) 214-1271 or by email todd.spillane@invesco.com to receive a complete copy of our Firm Brochure.

Table of Contents

Material Changes	2
Advisory Business.....	4
Fees and Compensation.....	5
Performance-Based Fees.....	7
Types of Clients.....	9
Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Disciplinary Information.....	48
Other Financial Industry Activities and Affiliations.....	52
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	55
Brokerage Practices.....	57
Review of Accounts.....	74
Client Referrals and Other Compensation.....	75
Custody.....	76
Investment Discretion.....	76
Voting Client Securities.....	77
Financial Information.....	78

Advisory Business

Firm Description

Invesco Advisers, Inc. (“Invesco Advisers”) was founded in 1988.

Invesco Advisers provides discretionary equity and fixed income advisory and asset management services to a variety of clients, including banks, thrift institutions, pension and profit sharing plans, endowments, educational institutions, investment companies, insurance companies, individuals and personal holding companies.

As of December 31, 2011, Invesco Advisers managed approximately \$337.3 billion in assets for approximately 14,300 clients. Approximately \$327.3 billion is managed on a discretionary basis and the remaining \$9.9 is managed on a non-discretionary basis.

Principal Owners

Invesco North American Holdings, Inc. is sole owner of Invesco Advisers.

Invesco, Ltd. is the ultimate parent company.

Types of Advisory Services

Institutional Business

Invesco Advisers provides investment advice to individuals, banks, thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations and business entities through the use of various investment strategies such as equity, fixed income, money markets and direct real estate investments to meet our clients’ needs.

Mutual Fund Business

Invesco Advisers is engaged in the business of advising or sub-advising certain affiliated and non-affiliated registered investment companies. Invesco Advisers provides both investment advisory services and administrative services to registered investment companies. Our investment advisory services include the selection of securities and the placement of orders for the purchase and sale of securities. Complete information concerning each mutual fund that Invesco Advisers advises, including fees, is disclosed in the prospectus and statement of additional information (“SAI”) for each fund.

Wrap Fee Business

Invesco Advisers manages investment advisory accounts for individuals and entities through their participation in programs (“wrap programs”) sponsored by financial institutions unaffiliated with our firm (“wrap sponsors”). The wrap program client, with the advice of the wrap sponsor, chooses to receive our

investment advisory services, and generally also receives certain other services provided by the wrap sponsor, such as trading execution and custodial services, for a single fee (the “wrap fee”). The wrap program client pays the wrap sponsor a wrap fee based on the client’s assets under the wrap sponsor’s management, and the wrap sponsor pays Invesco Advisers a portion of such wrap fee for advisory services rendered by our firm.

Invesco Advisers may also participate in wrap programs to which we provide the wrap fee sponsors with a model portfolio that represents the securities Invesco Advisers recommends in accordance with a particular investment strategy (the “Model Portfolio”).

Invesco Advisers will communicate its recommendations comprising the Model Portfolio and any changes to the sponsors which serve as investment advisers to the wrap program clients. The sponsors, not Invesco Advisers, will exercise investment discretion with respect to securities that are purchased or sold for clients of such wrap programs and will be responsible for executing trades and seeking best execution for such wrap program accounts.

Refer to page 41 for more information on wrap fee programs.

Fees and Compensation

The fees described in this section are strictly for the provision of investment advisory services and do not include other fees that a client account may incur, such as custody fees or fees charged by other service providers retained by the accounts. Invesco Advisers does not receive, or participate in the sharing of custody fees or otherwise receive any benefit as a result of custodial arrangements entered into by its clients’ accounts.

Invesco Advisers reserves the right to waive the management fee on employee or other accounts. Lower fees for comparable services may be available from other sources. Our existing clients may have different fee arrangements from those specified below. Fee schedules vary depending on the strategy and size of account, and may change. Performance fees also apply for some strategies.

Institutional Business

Fees are billed on a quarterly basis at the close of the quarter and may be negotiable depending on particular requirements and circumstances of the account(s). If clients terminate the investment management contract, prepaid fees will be reimbursed.

Generally, fees are calculated as a percentage of assets under management based on the quarter-end market value. Fees are shown as annual percentages, though paid quarterly. Invesco Advisers may also be compensated with fixed fees or performance-based fees. Invesco Advisers will comply with the

provisions of Rule 205-3 of the Investment Advisers Act of 1940 with respect to Institutional clients that qualify for and negotiate performance-based fees.

Invesco Advisers may sub-advise the investment management responsibilities to one or more affiliated sub-advisors. Also, Invesco Advisers may contract to pay solicitors to solicit institutional clients. In both cases, Invesco Advisers will be responsible for the advisory fee paid to such sub-advisors or solicitors and the client's fee will not be increased to cover such costs.

The following list highlights the advisory fees for the first \$100 Million. Please contact Invesco for details regarding additional breakpoints.

- Large – Multi Funds – 69.5 basis points
- Small – Mid Funds – 74.5 basis points
- Balanced Funds – 62 basis points
- Sector Funds – 75 basis points
- Global Funds – 80 basis points
- International – Regional – Emerging Funds – 93.5 basis points
- Fixed Income Funds – Invesco does not have a standard fee schedule for fixed income and fees are individually negotiated.

Invesco and our Institutional clients may agree to have fees deducted. In such case, Invesco will follow applicable law.

Mutual Fund Business

The Invesco Funds compensate Invesco Advisers for the provision of services in accordance with investment advisory agreements approved by the Board of Trustees of each Invesco Fund. Advisory fees are calculated separately for each Invesco Fund at a specified annual percentage of the Invesco Fund's average daily net assets, and are payable monthly. Invesco Advisers may affect fee waivers or assumption of expenses by entering into voluntary or contractual arrangements. Voluntary fee waivers or commitments to reimburse expenses may be rescinded at any time without further notice to investors. Invesco Advisers may seek reimbursement for voluntary fee waivers or expense reimbursements to the Invesco Funds prior to the end of the fiscal year in which fees are waived or expenses reimbursed to the Invesco Funds. Contractual fee waivers or reductions or reimbursement of expenses may not be terminated without the approval of the Invesco Fund's Trustees.

Please refer to the Prospectuses or Statements of Additional Information ("SAI") of the Invesco Funds for a more detailed description of all mutual fund fees.

Wrap Fee Business

Invesco Advisers participates in numerous wrap programs. With respect to each wrap program for which we provide investment advice, the fees received by our firm from the wrap sponsor may vary depending on the investment style selected and other factors, but generally fall within a range of 0.30% to .80% per annum of assets under management.

Each wrap sponsor generally pays Invesco Advisers on a quarterly basis, either in arrears or in advance, as provided in the contract between our firm and the wrap sponsor (the “master contract”). In general, each wrap sponsor may negotiate or discount the wrap fee paid by each wrap program client to the wrap sponsor. Invesco Advisers is not informed of the specific fee arrangement negotiated between each wrap program client and the wrap sponsor. Certain wrap sponsors charge a minimum annual wrap fee to each of their wrap program clients. The portion of the wrap fee we receive may be negotiated between our firm and the wrap sponsor, but may not be negotiated between our firm and any wrap program client.

Performance-Based Fees and Side-by-Side Management

Certain management contracts in the Institutional Business may include performance fees, which are generated when specific performance hurdles are achieved. The performance measurement date is defined in each individual contract and may include monthly, quarterly and annual measurement dates. Under these contracts, Invesco Advisers may earn fees based on the achievement of specific performance hurdles in addition to investment management fees charged on an ongoing basis.

Invesco Advisers monitors the conflict of interest of by allocating investment opportunities on a pro rata basis in most situations. Compliance monitors the trading activity of all accounts.

Investment of the Invesco Adviser's Capital

Invesco Advisers and/or any other Invesco affiliates may invest their own capital in securities or investment products in which clients may also have made investments. Although Invesco Advisers and/or any other Invesco affiliates generally invest only in liquid instruments including, but not limited to, US Treasury securities and corporate debt obligations, they may invest in other equity, fixed income and/or derivative or other similar investments, as well. Additionally, we may invest client assets in the same instruments from time to time.

Please refer to the “Equity IPO Allocation” section of this document for additional information.

Certain Conflicts of Interest

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one portfolio, Fund or other account. More specifically, portfolio managers who manage multiple portfolios, Funds and/or other accounts may be presented with one or more of the following potential conflicts:

- The management of multiple portfolios, Funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each portfolio, Fund and/or other account. Invesco Advisers seeks to manage such competing interests for the time and attention of portfolio managers by having them focus on a particular investment discipline. Most wrap accounts managed by Invesco Advisers in a given discipline and most non-Invesco Funds accounts managed by a portfolio manager are managed using the same investment models that the portfolio manager uses in connection with the management of one or more Funds for which he/she is also responsible.
- If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one portfolio, Fund or other account, a separately managed account portfolio or an account may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible portfolios, Funds and other accounts. To deal with these situations, Invesco Advisers and the Funds have adopted procedures for allocating portfolio transactions across multiple accounts.
- With respect to securities transactions for our clients, Invesco Advisers determines which broker to use to execute each order consistent with our duty to seek best execution. However, with respect to certain other accounts (such as mutual funds for which Invesco Advisers acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds and wrap accounts that Invesco Advisers manages, our firm may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, trades for an Invesco Fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of our clients' accounts, the Invesco Fund or other account(s) involved.

Invesco Advisers has adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee

that such procedures will detect each and every situation in which a conflict arises.

Types of Clients

Invesco Advisers provides investment advice to individuals, banks, thrift institutions, investment companies, pension and profit sharing plans, endowments, trusts, estates, charitable organizations, corporations and business entities. Invesco Advisers also serves as an adviser to certain foreign registered mutual funds.

Account Minimums

Institutional Business

Our institutional accounts generally require a minimum investment of between \$10 and \$25 million for an account to be separately managed; however, Invesco Advisers may accept smaller accounts in certain cases.

Each institutional client is required to enter into a written investment advisory agreement with Invesco Advisers prior to the establishment of an advisory relationship.

Direct Real Estate

The direct real estate separate accounts usually require a minimum of \$50 million. All minimums are negotiable and, in certain circumstances, the minimums may be waived.

Wrap Programs

Invesco Advisers will accept qualified accounts containing minimum assets under management of \$100,000 for our wrap fee programs. This requirement may vary depending on the selected investment discipline and the particular wrap program. The Invesco wrap programs account minimums are determined by the minimums set by each of the various Sponsors. The open-architecture wrap fee program normal account minimum is \$1 million.

Invesco Advisers reserves the right to decline business at its discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Invesco Advisers' analytical methods may include fundamental analysis, charting, technical analysis and cyclical analysis.

Investment Strategies

Invesco has organized its investment capabilities in distinctive investment teams, each of them specializing in a particular style or asset class. Each investment team has developed an investment philosophy that is most appropriate for the asset class or style in which it specializes. The table below gives an overview of Invesco Advisers' and its affiliates investment centers, and their locations:

Investment center	Investment focus	Location(s)
Invesco Fixed Income	Global money markets and cash management Stable value Global and US broad fixed income Global alternatives/bank loans	Chicago, Hong Kong, Houston, London, Louisville, Melbourne, New York, Palm Harbor, FL, San Diego, Tokyo
Invesco Fundamental Equities	US growth equity US core equity US value equity International and global growth equity Sector equity	Austin, Houston, San Francisco
Invesco Global Strategies	Global equity (global, non-US, and emerging market equities) Global quantitative equity (quantitative active, enhanced and long/short strategies) Global asset allocation (global macro, risk parity, commodities and active balanced solutions)	Atlanta, Boston, Frankfurt, Melbourne, New York, Tokyo, Toronto
Invesco Real Estate	Global direct real estate investing Global public real estate investing	Atlanta, Dallas, Hong Kong, London, Luxembourg, Madrid, Munich, New York, Newport Beach, Paris, Prague, San Francisco, Seoul, Shanghai,

		Singapore, Tokyo
--	--	------------------

Invesco Fixed Income

Cash Management & Money Markets

Invesco Global Cash Management is committed to a disciplined approach that includes a primary focus on safety of principal and daily liquidity, while seeking to deliver a competitive yield. We offer prime, government/Treasury and tax-free/tax-exempt funds to meet our clients' cash management needs. The funds pursue this objective by investment primarily in short-term, high-quality money market instruments including US dollar-denominated obligations. The majority of our funds are AAA-rated by at least one of the Nationally Recognized Statistical Rating Organizations.

The inherent risks of money market funds include liquidity risk, interest rate risk and counterparty risk. We seek to mitigate and minimize these risks by performing daily assessments of market liquidity, events and portfolio liquidity positions. Portfolio allocation is based on multiple liquidity parameters. Stress testing is performed regularly on the portfolios to determine the potential impact on \$1 Net Asset Value. Moreover, Invesco's credit research team is responsible for the daily monitoring the credits on the Approved List to determine credit worthiness and risk to the portfolio. The credits are also subject to an annual review.

Emerging Markets Local Currency Debt

Invesco Emerging Markets Local Currency Debt generates returns by actively managing a diverse portfolio of emerging market bond securities in multiple countries. This strategy takes advantage of local currency debt and to a limited degree, external debt and emerging market corporates from diverse sectors and industries. This strategy exploits the entire quality spectrum and combines a top-down global and country allocation with rigorous bottom-up credit analysis and valuation of individual issuers. The strategy employs disciplined portfolio construction which places a strong emphasis on risk management: we seek to achieve compelling performance relative to our benchmark, with below market risk.

The emerging market strategy risk management process is integrated in several steps within the investment management framework. Portfolios are constructed utilizing the parameters affected in the design process, and portfolio managers regularly review portfolios from the top down to ensure views regarding risk are adequately represented. Proprietary systems allow for continuous review of each portfolio's positioning relative to benchmark. Integrated trading capability provides continuous connection with the markets.

Emerging market local currency debt is exposed to risks associated with most foreign securities, including exchange rate changes, political and economic upheaval, relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

High Yield

Invesco High Yield generates returns by actively managing a diverse portfolio of high yield securities in multiple sectors and industries. This strategy employs disciplined portfolio construction and places a strong emphasis on risk management while striving to avoid significant downward price movements in individual securities and seeking to repeatedly participate in positive price movements. The high yield team's bottom-up credit analysis and valuation of individual issues is the key component to achieving this objective. Their analytical work is guided by a macro view on the credit cycle to improve portfolio adherence to risk intentions. In addition, the group approaches the market as a portfolio manager led team of high yield specialists with an integrated approach toward proprietary research, trading and creation of portfolios.

The high yield strategy risk management process is integrated in several steps within the investment management framework. Portfolios are constructed utilizing the parameters affected in the design process, and portfolio managers regularly review portfolios from the top down to ensure views regarding risk are adequately represented. Proprietary systems allow for continuous review of each portfolio's positioning relative to benchmark. Trade compliance is automated through use of the Bloomberg trading function.

The primary risk for high yield mandates are credit risk and the ultimate loss of principal. A secondary risk is market volatility, as the high yield market is a risky asset class and may be subject to large market movements.

Global and U.S. Broad Fixed Income

Within fixed income asset management, the firm believes an inflection point has been crossed in market complexity where it is inefficient to funnel information and decisions through a committee decision making process or a portfolio manager focused process. Instead, we use a distributed approach to decision making where proven specialists closest to the information have authority to make decisions. Investment decisions are made continuously and shared instantly allowing for timely implementation in the portfolios. The investment process takes in the full spectrum of the fixed income universe by harnessing specialist decision-makers globally. The research methodologies are rigorous in approach but tailored for each return source. In addition, the performance of every investment decision is recorded and measured. In this way, the firm develops a detailed understanding of the quality and skill of the decision-makers enhancing quality control. The firm believes that the conventional approach to portfolio construction can be prone to taking too much or too little risk. Instead, the firm uses a dynamic, engineered portfolio construction process to manage risk. The process utilizes an active approach to portfolio design that considers current market opportunity and manager skill so that active positions are taken in the right combination and size to meet investment objectives with the

least risk. The approach strives to mitigate portfolio manager bias in portfolio construction during normal market conditions. Key risks inherent in the fixed income asset class include, but may not be limited to, Interest Rate Risk, Credit Risk, Inflation Risk, Call Risk, Prepayment Risk, and Liquidity Risk. Risk management occurs at every stage of our investment process. Portfolio risk is measured in terms of annualized tracking error and VaR on both an ex-ante and ex-post basis. The risk measures are calculated for both individual alpha sources and portfolios. The firm embeds multiple oversight functions by senior investment staff at key stages within the process, such as decision making, design, and portfolio construction.

Municipals

Invesco's municipal strategy is designed to provide investors with a high level of current income and total return. Municipal strategy returns are generated by actively managing diversified and disciplined portfolios consisting of investment-grade, non-investment grade, and non-rated securities. Invesco looks to create value for shareholders by capitalizing on inefficiencies existing in the municipal bond market through the utilization of experienced municipal professionals conducting in-depth credit research.

The Municipal strategy risk management process is embedded within the team's portfolio management process. Invesco uses bottom-up fundamental credit research with an overlay of the macros view of the economy and a micro view of the municipal bond market. Credit analysts assess the credit worthiness of individual securities based upon financial characteristics and covenants of the issues and determine an independent credit rating for all holdings held by our portfolios. When practical, based on market conditions, we focus our portfolios in essential service revenue bonds. Diversification among issuers and issues is utilized as a risk management tool. Single sector exposure is normally limited to 25% and single issuer exposure is normally limited to 5%. Furthermore, on-going surveillance parameters are set for each issuer to ensure that our investment thesis and outlook are on track to achieve the target alpha for each of our credit decisions.

The municipal strategy is exposed to risks associated with most fixed income instruments, including credit risk, interest rate movement risk, and call risk.

Stable Value

The stable value strategy is designed to provide principal preservation, interest income reasonably obtained under prevailing market rates, and daily liquidity. A stable value portfolio generally consists of fixed income securities and security investment contracts ("wrap contracts") issued by banks and insurance companies; traditional guaranteed investment contracts and insurance company separate account contracts may also be used. Returns are generated by actively managing a diversified portfolio of investment-grade, fixed- and floating-rate securities. Invesco's preferred strategy uses a series of proprietary, commingled fixed income portfolios to build each stable value portfolio to provide greater diversification than can be

achieved by investing in individual bonds. Invesco uses a multi-manager approach; the external sub-advisors provide style diversification, which can lead to improved consistency. Portfolio quality is AA to AAA on average. The wrap contracts used in stable value allow for plan participant transactions at book value and the amortization of underlying fixed income gains and losses through adjustments to the future crediting rate earned by investors. The investment contracts provide that the crediting rate will not be less than zero (gross of fees). Some of the principal risks associated with investing in this strategy and other fixed income strategies include General Investment Risk, Market Risk, Inflation Risk, Leverage Risk, Interest Rate Risk, Yield Curve Risk, Credit Risk, Spread Risk, Liquidity Risk, Call Risk, Prepayment Risk, Derivatives Risk, Active Trading Risk, Management Risk, Risks Associated with Investing in an Investment Vehicle, Accounts of Affiliates of the Investment Manager and Securities Lending Risk. Additionally, Stable Value strategies entail Wrap Contract Risk — risk of default by a wrap issuer, reduced performance from costs associated with wraps, new contracts with less favorable terms or higher costs, constrained investment opportunities due to wrap restrictions that can reduce performance, concentrated issuer exposure, and loss of book value coverage resulting from termination of a wrap — and Crediting Rate Risk — risk that a portfolio's credited rate will generally lag market interest rates and may go down if a large number of participants request redemptions from the strategy.

Please refer to the “Derivatives” section of this document for additional information regarding our use of Derivatives.

Invesco Premium Income Strategy

This principal investment strategy, which is currently being offered as a fund, seeks to achieve its investment objective by actively allocating assets across multiple income producing asset classes and strategies.

The Fund is organized into two portfolios: (i) a high income portfolio (the High Income Portfolio) designed to seek income and increase in value during periods of economic strength, and (ii) a government bond portfolio (the Government Bond Portfolio) which will hold assets that are expected to provide income and increase in value during periods of economic stress. The Adviser's Global Asset Allocation (GAA) Team will employ risk balancing strategies to allocate assets between and within the two portfolios to create a balanced risk profile for the Fund. The Adviser expects this strategy to provide protection during periods of economic stress while meeting the Fund's investment objective.

Invesco Fixed Income Oversight

The investment risk management approach applied within the IFI team can be viewed as a component part of the Invesco Ltd. group level risk management. Other group functions such as the GPMR team and Compliance help to facilitate the risk oversight of IFI activities through the production of risk metric data and regular

reporting. Regulatory, prospectus and client-set exposure limits are monitored by Compliance through integrated systems.

The risk management framework applied in IFI encompasses IFI-specific activities which seek to control risks arising as a result of implementing the investment process and external risk management activities involving Invesco Ltd. group functions and external bodies. The techniques and oversight functions employed by each area reflect the unique requirements of each investment discipline but ultimately, are consistent with a common overall approach.

Within broad fixed income, the risk management process combines the evaluation of ex-ante portfolio risks, a strong commitment to oversight of portfolio management and ex-post performance and risk oversight. There are four key components to the investment risk management process applied within IFI as mentioned below, namely:

- Design: Passport calculator/alpha source oversight;
- Decisions: Decision quality analysis;
- Portfolio management: Portfolio management oversight; and
- IFI Oversight: Global Investment Policy Committee (“GIPC”).

IFI’s risk management begins with formal product design. Using proprietary tools and algorithms, we create ex ante product designs that assign specific, discrete risk limits to particular components of our investment strategy. These limits are placed in a manner that allocates portfolio risk and capital optimally within client constraints and performance objectives. Product design limits risk exposures to systematic risk factors such as interest rates, yield curve, and spreads but also caps idiosyncratic risk within asset classes and sectors.

Security selection is in the hands of specialized asset class and sector teams. Sector teams consult with portfolio managers on portfolio risk and performance expectations and seek favorable market opportunities to execute trades that meet these expectations. The return potential of these investment decisions is a function of the risk position that the decision-maker recommends to take and the underlying volatility of the security. Exposure to individual securities and aggregate credit exposure to issuers is monitored and kept within strict limits.

Monitoring of investment risk is facilitated through a proprietary technology management platform called QTech. The QTech system was designed and built as a quantitative modeling and risk management system spanning the global fixed income markets. The system collects and stores real-time market data, and integrates markets performance with portfolio holdings and proprietary risk models to measure the risk positions in portfolios. This measurement system portrays overall portfolio risk and its sources.

The most fundamental risk that our process must control is the quality of our decision-making quality. Transparency is a key factor in understanding and overseeing the quality of our investment decision-making and we have built our investment process and platform to provide a high degree of detail to achieve this

objective.. Every decision made by IFI is communicated and tracked exclusively via the QTech platform. QTech is available to all investment professionals in IFI and allows full access to a wide range of data and statistics presented at the alpha source and decision-maker levels.

Invesco specifies targets on exposure to credit and spread risk and limits this exposure at the security, issuer, and sector level. Exposures to securities, names, and sectors are monitored through Credit and Sector Risk Review reports furnished by the QTech system. These reports are monitored by sector research teams, portfolio management and Global Process Management. Deviations from exposure targets are quickly identified and corrected.

Decision-making statistics are updated on a daily basis, thus allowing the effectiveness of active decisions to be tracked on a daily basis. Instances of prolonged or excessive negative performance may lead to senior management intervention in order to understand the circumstances behind the returns given their direct impact on client portfolios. The QTech system collects data for every decision on a daily basis enabling analysis to be carried out over any time period and facilitating quarterly or annual reviews of decision-making performance between decision-makers and their managers. To assist senior management oversight, more detailed decision quality reports are available. These reports are refreshed daily and can be set to cover any time period (default is one year). Portfolio management and the GPM team monitor portfolios both for aggregate risk and for unintended or excess risk exposures in particular market segments.

The implementation of active investment decisions into portfolios initially involves two interlinked systems – the PIT and CRD. PIT is used by portfolio managers to model and construct trades to implement new investment decisions into each portfolio. The investment restrictions for each portfolio, whether client-driven or prospectus related, are hard coded for each portfolios into the system. The portfolio manager is notified in real time during the trade modeling phase if the prospective trade would cause a breach of the portfolio's investment restrictions. Once any identified breach has been resolved, the trade details can then be sent to the trading desk. Each trade is simultaneously sent to the CRD order management system and cannot be actioned until it has cleared the CRD system.

The use of coordinated teams with structured risk and capital allocations augments basic control offered by our systems. Each product has a team lead responsible for applying the investment process across all portfolios within the product category. A Global Process Management (GPM) team is responsible for overall process operation, monitoring, and oversight. This structure of specialized and cascading responsibility is an effective apparatus for monitoring and controlling risk. The GIPC, chaired by Karen Dunn Kelley, Senior Managing Director Investments, is responsible for providing oversight of our investment capabilities and products. The GIPC includes members of the Office of the Chief Investment Officer and comprises the senior management team of IFI. The GIPC convenes on a weekly basis and utilizes proprietary and third party reports provided by the GPM team as the focus for the review discussion. A different investment area within IFI is reviewed each

week with the Chief Investment Officer for each strategy area on the GIPC equating to a six-week review cycle for each area.

Equity

Invesco Fundamental Equities

Invesco Fundamental Equities consists of specialized teams follow their investment visions to offer diverse management styles and innovative approaches. Distinct investment teams include Diversified Dividend team, International Growth team, US Core Equity team, US Growth team and US Value Equities team.

International Growth

The Invesco International Growth team actively manages using a bottom-up, long-term investment process based on Earnings, Quality and Valuation (“EQV”) characteristics. The Investment Process utilizes a multi-step approach that combines (i) “Idea Generation” (using both Qualitative and Quantitative Analysis), (ii) “Fundamental Research” (in-depth and bottom-up focused), and (iii) “Portfolio Construction”.

We monitor, identify, and control risk in the following ways:

- Constructing a well-diversified portfolio with Quality and Valuation Focus
- Maintaining stock liquidity criteria
- Forensic accounting services: CFRA, Veritas
- Performance and risk attribution: ongoing analysis by Portfolio Managers and an independent quantitative risk management and analysis team.
- Understanding and managing risk: Northfield and Citigroup systems
- Limiting emerging markets exposure to no more than 20%
- Diversification by investing in approximately 70-100 holdings
- Periodic review by Portfolio Review Committee

The strategy leverages a Citigroup system, the Global Risk Attribute Model (GRAM). The GRAM system is designed for analyzing global and international equity portfolios. It can be used to help predict volatility and tracking errors, analyze a portfolio’s embedded macro “tilts” and break down risk into its major sources. Portfolio Managers can use the system to determine portfolio sensitivities to certain economic factors, break down portfolio risks to determine the factors and stocks contributing most to risk, analyze sources of tracking error and construct portfolios with specific macro exposures.

The investment team's process is bolstered and overseen by multi-dimensional independent controls. The Invesco Global Performance Measurement and Risk (GPMR) team is charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

US Core Equity

The US Core Equity investment team applies a variety of quantitative screens to the universe to help uncover investment ideas that warrant further research. Screens are customized by sector/industry and focus on the following categories: valuation, price movement, return on invested capital (ROIC) and growth. The team then uses fundamental research to gain a thorough understanding of each company's business prospects, appreciation potential and ROIC potential.

Invesco employs a multi-faceted approach to oversight and risk management. In the first instance, the investment team employs a unique Portfolio Sleeve Structure, which creates an enduring investment culture; there are three portfolio managers, each responsible for a discrete sleeve of the overall portfolio. This delivers a single investment philosophy within an environment of independence, responsibility and accountability. One of the three sleeves is under the leadership of our Director of Research and serves as a discrete sleeve for our research analysts. This allows them an opportunity to make a more meaningful impact on the portfolio, introduces additional responsibility, and provides for accountability.

The investment team's process is bolstered and overseen by multi-dimensional independent controls. The Invesco Global Performance Measurement and Risk (GPMR) team is charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

US Growth Equities

The US Growth Equities complex is comprised of several underlying investment teams that focus on Growth investing and are organized by the different levels of the market capitalization spectrum (small, mid and large-cap) for which they specialize. There are variations to the underlying investment processes and portfolio construction methodology, but all teams utilize deep fundamental research, create complex financial models for individual businesses and develop a specific investment thesis for each business in which they invest. All teams are under the oversight of the Chief Investment Officer of the US Growth Equities complex.

Risk management and monitoring takes place at multiple levels and the US Growth Equities complex's processes are bolstered and overseen by multi-dimensional independent controls.

Invesco Small Cap Growth / Invesco Small Cap Equity

Overall Investment Process & Philosophy:

We believe the fund's combination of a fundamentals-based stock selection process and disciplined portfolio construction may lead to strong equity returns with below-market volatility over a long-term investment horizon. We seek attractively valued, small-cap companies with high growth potential, demonstrated by consistent and accelerating revenue and earnings growth. We also seek to capitalize on research inefficiencies in the small-cap marketplace. Because smaller companies are typically followed less closely than larger firms, opportunities exist for uncovering tomorrow's market leaders.

Risk Monitoring & Management:

Position Size: We limit individual security position sizes to no more than 5% of the portfolio. However, our individual security positions generally range from 0.5% to 1.5% and are usually less than 2.5%. We will trim individual security positions as they approach 2.0-2.5%. Under normal conditions, the top 10 holdings may comprise up to 25% of the fund's total assets.

Sector constraints: We seek to limit non-stock-specific risk by using a disciplined portfolio construction process that aligns the fund with the benchmark Russell 2000 Growth Index. We diversify the fund based on the industry group diversification of the benchmark and maintain a maximum deviation from index industry groups of 350 basis points.

Risk Management: Invesco Fundamental Equities investment teams' processes are bolstered and overseen by multi-dimensional independent controls below:

Invesco Van Kampen Small Cap Growth

Overall Investment Process & Philosophy:

We believe that stock prices are driven by expected earnings growth, the expected long-term sustainability of that growth, and the market valuation of those factors. We also believe that management teams that successfully execute on an innovative, coherent strategic business plan will deliver long-term results. We utilize rigorous fundamental analysis to identify small cap companies with growth rates that are higher and/or more sustainable than what is implied by current valuations and market expectations. We seek to provide higher returns than the Russell 2000 Growth Index and the median return of the Small Cap Growth peer group over a full market cycle.

Risk Monitoring & Management:

Invesco employs a multi-faceted approach to oversight and risk management. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives.

At the portfolio level, because our target portfolio attempts to limit volatility and downside risk, portfolio construction plays an important role in risk management at both the sector and security levels:

- Sector level: While sector weights are a result of our bottom-up stock selection process, we limit the exposure in the portfolio of any industry to a maximum of 25%
- Stock level: We seek to limit stock-specific risk by building a diversified portfolio of typically 125-135 high quality stocks. Typical average position sizes are 0.85%. Individual position weightings are primarily a function of three factors: liquidity, high quality earnings growth, and degree of conviction. We set target price ranges for each stock and look to increase or decrease exposure to securities if changes in underlying prices merit that change. Position sizes typically do not exceed 5% of the portfolio

The team will trade around stock positions, adding and trimming as stocks move within a reasonable valuation range. In so doing the team seeks to both capture near term returns and minimize the risk of stocks appreciating beyond what is warranted by very short term fundamentals.

We avoid timing the market by staying fully invested, with a target less than 5% in cash.

Mid Cap Growth

Overall Investment Process & Philosophy:

We believe that bottom-up stock selection adds value, and that deep research by a broad team produces unique insights. As a result, we utilize a rigorous, bottom-up stock selection process designed to produce alpha. We also incorporate a disciplined portfolio construction process designed to manage risk. Our goal is to provide consistent outperformance with lower volatility than peers and the Russell Mid Cap Growth Index benchmark over a full market cycle.

Risk Monitoring & Management:

We seek to limit stock-specific risk by building a diversified portfolio that includes between 55 and 75 holdings. The top 10 holdings typically represent 25-30% of the portfolio, and the largest position size is typically less than 5% of the portfolio.

We focus on mid cap growth stocks that typically are diversified across all ten GIC sectors.

We utilize a ranking system to determine position sizes relative to position sizes in the benchmark index. The ranking system has four levels, 1-4, with 1 being applied to stocks in which we believe we have the lowest conviction level and 4 being applied to stocks in which we believe we have the highest conviction level. These ranks generally follow a normal distribution curve, so the majority of the stocks in the portfolio receive a 2 or 3 rank, with the few remaining stocks receiving a 1 or 4 rank. Rank 2 stocks have position sizes that are 100 to 150 basis points larger than the position in the benchmark index. Rank 3 stocks have position sizes that are 150 to 250 basis points larger than the position size in the benchmark index. Rank 4 stocks have position sizes that are greater than 250 basis points larger than the position size in the benchmark index. This system insures that our shareholders are rewarded for the level of confidence we have in the holdings we research, and also provides another way for us to manage risk in the portfolio.

While sector weights are a result of our bottom-up investment process, we are cognizant of benchmark index sector weights and will review sector allocation when portfolio sector weights are 2x versus benchmark index sector weights. The minimum sector weight can be zero if we are not able to identify attractive investment candidates in a specific sector.

Large Cap Growth

Overall Investment Process & Philosophy:

We believe bottom-up stock selection adds value, and deep research by a broad team produces unique insights. As a result we use a rigorous bottom-up stock selection process that seeks to produce alpha. We also incorporate a disciplined portfolio construction process that seeks to manage risk. Our goal is to provide consistent outperformance with lower volatility than peers and the Russell 1000 Growth Index over a full market cycle.

Risk Monitoring & Management:

Risk management plays an important role in portfolio construction, as the target portfolio attempts to maximize the relationship between risk and return. The portfolio includes between 55 and 75 positions, with the largest position typically less than 5% of the portfolio. The top 10 holdings usually represent less than 35% of the portfolio and the largest purchase size is typically less than 5% of the portfolio.

At the stock level, we divide the portfolio between stable growth stocks and catalyst-driven stocks, each representing between 45% and 55% of the portfolio depending on the stage in the business cycle.

- Catalyst-driven stocks are experiencing a change in fundamentals, such as a new management team or the launch of a new product. These stocks usually have low expectations, and have the potential for valuation expansion

- Stable growth stocks are led by a strong management team with a history of executing their business strategy and a consistent record of adding shareholder value. Additionally, these companies often have clear barriers to entry

Multi-Cap Growth

Overall Investment Process & Philosophy:

Our investment philosophy seeks to identify companies that generate sustainable revenue, earnings and cash flow growth that is not fully reflected in investor expectations or equity valuations. To accomplish this goal, we use a rigorous three-step selection process designed to generate alpha, and a disciplined portfolio construction process designed to manage risk. We believe the fund's combination of disciplined portfolio construction and a fundamentals-based stock-selection process may lead to superior equity returns with below-market volatility over a long-term investment horizon.

Risk Monitoring & Management:

Portfolio construction plays an important role in risk management because the target portfolio seeks to maximize the relationship between risk and return.

- Sector level – while sector rates are driven by the investment process, the firm seeks to maintain a maximum deviation from the Russell 1000 Growth index sectors of 500 basis
- Stock level – The firm diversifies portfolio holdings across sectors, industries and market capitalizations. The firm avoids building concentrated position sizes and expects to hold approximately 100 stocks in the portfolio. The top 10 stocks are approximately 20% of the strategy, and the typical holding period is approximately two to three years. Marketing timing is avoided by staying fully invested with less than 5% in cash under normal market conditions.

US Value Equities

The US Value Equities complex is comprised of several underlying investment teams the focus on Value investing. Their investment approaches vary based on their overall philosophy, process and market capitalization. All teams are under the oversight of the Chief Investment Officer of the US Value Equities complex.

Large Cap and Multi-cap Value

Our investment philosophy appreciates that, as financial markets tend to focus on short-term factors, stock prices often fail to reflect the intrinsic value of companies.

We believe that longer-term investors can take advantage of pricing anomalies in financial markets by purchasing stocks of companies that are currently underpriced.

The strategy aims to exploit these market inefficiencies by investing in companies that appear undervalued relative to the market in general. Ultimately, we believe that the market will recognize the value in these companies and will sell them as their stock price begins to reflect their intrinsic value. Although we are benchmark agnostic, we feel that stock picking, as compared to making sector bets, provides a more consistent path to success.

We look to manage risk through portfolio construction, chiefly diversification across all major sectors, and, through the assistance of an independent quantitative risk control group. Risk management is continuous. The fund is regularly reviewed to ensure it is optimally constructed on a risk/reward basis. Portfolio Managers have the final say on construction of their funds and a collegial relationship exists between the risk management team and the fund teams.

Because our target portfolio attempts to limit volatility and downside risk, portfolio construction plays an important role in risk management at both the sector and security levels:

- Sector level: We seek to limit non-stock-specific risk by using a disciplined portfolio construction process that aligns the fund with the benchmark Russell 1000 Value Index. We diversify the fund based on the industry group diversification of the benchmark and maintain a maximum deviation from index industry groups of 350 basis points
- Stock level: We seek to limit stock-specific risk by building a diversified portfolio of typically 75 to 100 high quality stocks. We set price targets for each stock and increase or decrease our average positions based on a stock's price relative to our price targets. We also seek to hold stocks for a two-to-three year period, resulting in low turnover

We avoid timing the market by staying fully invested, with a target of 3% to 5% in cash.

Large Cap and Mid Cap Relative Value

We call our investment philosophy “value with a catalyst.” We believe that longer-term investors can take advantage of pricing anomalies in financial markets by purchasing stocks of companies that are currently underpriced. We believe that large, well-established, undervalued companies that are experiencing a positive change—or catalyst—may have the potential to provide long-term growth of capital and income. The Growth and Income team generally seeks to identify companies with strong fundamentals that are experiencing a change in management, industry dynamics, or operational efficiency, which should have a positive impact on the stock valuation.

In short, we seek companies that are:

- Attractively valued
- Under-earning relative to their potential
- Out of favor with investors
- Experiencing a positive catalyst

Because our target portfolio attempts to limit volatility and downside risk, portfolio construction plays an important role in risk management at both the sector and security levels:

- Sector level: We seek to limit non-stock-specific risk by using a disciplined portfolio construction process that aligns the fund with the benchmark Russell 1000 Value Index. We diversify the fund based on the industry group diversification of the benchmark and maintain a maximum deviation from index industry groups of ± 10 percentage points of the index
- Sector level: We seek to limit stock-specific risk by building a diversified portfolio of typically 70-100 high quality stocks. We set price targets for each stock and increase or decrease our average positions based on a stock's price relative to our price targets. Our position weights are a maximum of 5% (at cost). Our historic turnover range is typically 20%-60%.

Portfolio managers take position sizes that are weighted by conviction. We avoid timing the market by staying fully invested, with a target of 3% to 5% in cash.

Diversified Dividend

The Invesco Diversified Dividend Team believes a portfolio of attractively valued companies that pay dividends sustained by strong capital structures may outperform over the long term. They focus on dividend-paying stocks using their total return strategy, emphasizing capital appreciation, current income and capital preservation. They emphasize the sustainability and growth of a company's dividend in their fundamental research. Their research enables them to differentiate between strong, undervalued companies returning capital to shareholders and ailing companies offering higher, yet more volatile, yields. Their goal is to add value with less risk over a full market cycle.

The team uses a variety of techniques to manage risk exposure within the portfolio. These are procedures designed to address the risk of permanent loss of capital and excessive volatility:

- Diversify across all broad market sectors and limit maximum position sizes to less than 3.50%
- Identify financially sound companies through extensive financial research
- Valuation and scenario analysis to determine downside risk

- Monitor macroeconomic sensitivity and cross-correlations across holdings using a customized factor-based framework
- Focus on long-term investment horizon with low turnover and reduced volatility

They monitor the macroeconomic sensitivity and cross-correlations across holdings using a customized factor-based framework. The “macro” exposure of the portfolio is aggregated across holdings and considers sensitivities to fourteen specific factors such as changes in the yield curve and commodity prices. This is further surmised to determine the relative offensive or defensive nature of the portfolio. The cross correlations of the portfolio are monitored across thirteen specific factors such as changes in credit spreads. Both of these broader frameworks are monitored regularly by the portfolio managers and reviewed collectively on a quarterly basis by the entire team.

This approach to risk management ensures broad diversification and guards against undue correlations.

The investment team’s process is bolstered and overseen by multi-dimensional independent controls. The Invesco Global Performance Measurement and Risk (GPMR) team is charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

Small Cap Value

The Small Cap Value team’s objective is to seek capital appreciation by maintaining a long-term investment horizon and investing in companies that they believe are significantly undervalued on an absolute basis. Their philosophy and process is based on two elements that have extensive theoretical and empirical support:

- Companies have a measurable intrinsic value that is based on the future cash flows generated by the business. Importantly, this value is independent of the stock market.
- Market prices are more volatile than business values, and investors regularly overreact to negative news.

They believe that the common stocks of companies trading below their intrinsic value because of excessive short-term investor pessimism offer attractive investment potential. They further believe a diversified portfolio of such stocks provides the potential for superior long-term investment results.

To the Small Cap Value Team, the essence of investment risk is exposing capital to the risk of permanent loss and/or failing to grow that capital at an above-market rate over the long term. They attempt to control for risks in many ways, but the most important is adhering to Ben Graham’s concept of “margin of safety” and prudent

diversification. For each stock purchase, they strictly follow the concept of requiring a high margin of safety.

They measure and assess risk not only from the standpoint of margin of safety, but they also control absolute and relative exposures to a variety of common investment factors. Their framework consists of classifications, groups and cross-correlations. For each factor we measure and limit exposure on an absolute and relative basis. Classifications relate to general economic activity and reflect the reality that investments reside on a continuum from being highly economically defensive to highly cyclical. We also impose a 10% limit on industry exposure.

Classifications are further broken into groups that reflect common business and micro-economic factors. Examples include the identification of stocks that are sensitive to commodity prices, technology spending or a steep yield curve. Managers believe these groups are more revealing than common industries and sectors. Finally, they measure a variety of correlations that cut across groups and classifications and range from exposure to common macro-economic drivers such as interest rates and credit spreads to correlated micro-economic drivers such as financing sources. We also measure more esoteric cross correlations such as complex accounting, extreme valuation, highly recognized growth and other types of commonality. By using this framework, they are able to construct portfolios from the bottom up based on valuation opportunities but measure and control a portfolio's exposure to a variety of risks on an absolute and relative basis.

The US Value Equities complex's processes are bolstered and overseen by multi-dimensional independent controls. The Invesco Global Performance Measurement and Risk (GPMR) team is charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

The principal risks of investing in the strategies managed by Invesco Fundamental Equities are:

- Cash/Cash Equivalents Risk - Holding cash or cash equivalents may negatively affect performance.
- Foreign securities Risk - Foreign investments may be affected by changes in a foreign country's exchange rates; political and social instability; changes in economic or taxation policies; difficulties when enforcing obligations; decreased liquidity; and increased volatility.
- Management Risk - There is no guarantee that the investment techniques and risk analysis used by the portfolio managers will produce the desired results.
- Market Risk - The prices of and the income generated by the securities may decline in response to, among other things, investor sentiment; general economic and market conditions; regional or global instability; and currency and interest rate fluctuations.

Invesco Global Strategies

In the US, Invesco Global Strategies consists of three distinct investment teams: Global Equity, Global Quantitative Equity, and Global Asset Allocation. The teams offer investment solutions to both retail and institutional clients on a global basis. Each of the investment teams adheres to a disciplined investment process aligned with client expectations.

Global Equity

The Global Equity team employs a bottom-up investment process combining a disciplined valuation analysis with a fundamental assessment of a company to determine the most attractive investment opportunities globally. Portfolios focus on a limited number of companies that demonstrate above average return on equity, attractive valuations, and are diversified across both countries and sectors.

The Global Equity team has embedded risk controls within its investment management discipline, including review and oversight processes at a security and overall portfolio level. We seek to control portfolio volatility by emphasizing earnings stability and balance sheet strength of individual holdings and strictly monitoring portfolios on a regular basis for appropriate levels of diversification and compliance with client guidelines. Additionally, the investment team's process is bolstered and overseen by multi-dimensional independent controls. The Invesco Global Performance Measurement and Risk (GPMR) team is charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk. This team provides regular reviews of the performance and risk attributes of the investment strategy to the investment team and senior management.

Inherit risks of the asset class include:

- Cash/Cash Equivalents Risk - Holding cash or cash equivalents may negatively affect performance.
- Foreign securities Risk - The strategy's foreign investments may be affected by changes in a foreign country's exchange rates; political and social instability; changes in economic or taxation policies; difficulties when enforcing obligations; decreased liquidity; and increased volatility.
- Management Risk - There is no guarantee that the investment techniques and risk analysis used by the strategy's portfolio managers will produce the desired results.
- Market Risk - The prices of and the income generated by the strategy's securities may decline in response to, among other things, investor sentiment; general economic and market conditions; regional or global instability; and currency and interest rate fluctuations.

Global Quantitative Equity

The Global Quantitative Equity (GQE) team seeks to add value for our clients through the systematic application of fundamental and behavioral investment insights. Each of our investment concepts have a fundamental or behavioral investment rationale which gives us confidence that they will continue to work as well in the future as they have in the past. In other words, all of the factors in our stock selection model make “good, common sense.” Our goal is not to capture short-term anomalies. In order for us to make investments that are effective and prudent (not just lucky), the entire investment process must make sense. Insuring that what made sense yesterday is still applicable tomorrow is captured in an evolutionary way through our research process.

Most of the risk that we take is derived from stock specific risk. We seek to minimize both expected risks associated with our investment process and unexpected risks that we do not forecast. We use a third party Risk Model which provides risk attributes focusing on 1) beta, 2) style, 3) industry, and 4) stock specific risk. Another way we control risk is more qualitative. The risk model and our constraints can't capture all types of risk. Therefore, the Portfolio Management team, before every optimization, reviews all the names on the trade list for other sources of risk. These may include things like news regarding the sudden departure of a senior executive, a government agency announcing an investigation into the accounting practices of the firm, or the observation by the Portfolio Management team that a particular sub-industry has behaved in a manner distinct from the broader industry in which it resides and may deserve special treatment (its own set of constraints).

We look at risk holistically and also monitor and manage it at the parent firm level. This investment team's process is bolstered and overseen by multi-dimensional independent controls. Invesco's GPMR team, independent from portfolio management team, are charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

Inherit risks of the asset class include:

- Cash/Cash Equivalents Risk - Holding cash or cash equivalents may negatively affect performance.
- Foreign securities Risk - The strategy's foreign investments may be affected by changes in a foreign country's exchange rates; political and social instability; changes in economic or taxation policies; difficulties when enforcing obligations; decreased liquidity; and increased volatility.
- Management Risk - There is no guarantee that the investment techniques and risk analysis used by the strategy's portfolio managers will produce the desired results.

- Market Risk - The prices of and the income generated by the strategy's securities may decline in response to, among other things, investor sentiment; general economic and market conditions; regional or global instability; and currency and interest rate fluctuations.

Global Asset Allocation

The Invesco Global Asset Allocation (IGAA) team's approach to portfolio construction of multi-asset portfolios aims to help protect against market downturns while still taking advantage of investment opportunities as they arise. The team first considers the primary economic outcomes that investors are likely to face and then identifies assets that should benefit from each outcome. Next, they equalize the risk associated with set of assets. Finally, the team makes tactical shifts around the balanced core, allowing the portfolio to adapt to the near-term environment.

Balanced-Risk Commodity Strategy

The strategy utilizes a risk premium capture strategy that seeks to generate returns by investing in the commodity markets using a risk-balanced investment process. The strategy is diversified across the commodity complex including, but not limited to, energy, agriculture, precious metals and industrial metals. Specifically, the team selects the appropriate assets for the strategy, allocates them based on their proprietary risk management and portfolio construction techniques, and then applies an active positioning process to improve expected returns.

Risk monitoring

Risk is monitored using in-house systems that were designed with an open architecture to permit multiple risk models to be easily substituted for one another. The advantage of this process is that it permits customized and integrated risk constraints, daily automation of risk reporting, and the ability to examine the portfolio from multiple risk views. IGAA relies on a combination of statistical techniques to measure risk such as predicted tracking error, VaR and historical simulations. The estimation procedures used are the full covariance approach and historical simulation. Our principal risk model is estimated from historic monthly observations for all the markets with a gradual decay rate for observation weighting. We also utilize a more responsive process for monthly VaR estimation using a .97 decay rate. Our portfolio management system is integrated with our risk analytics software, which permits the automatic monitoring of risk guidelines.

Inherent risk

Commodities tend to do best in periods of strong nominal growth and positive inflation surprises. Periods of sustained downward bias to inflation will tend to lead to below-average commodity returns. Relative to the benchmark, the strategy

should do well in such environments due to its greater degree of diversification but may still have low absolute returns. The strategy will tend to underperform the benchmark when energy returns dominate the returns of other assets due to the risk concentration in the benchmark.

Balanced-Risk Allocation Strategy

Balanced-Risk Allocation is a long-only strategy that invests in liquid equity, bond and commodity markets using a 3-step investment process. Specifically, the investment team selects the appropriate assets for the strategy and allocates among them based on a proprietary risk management and portfolio construction technique. In an effort to further improve expected returns, an active positioning process is used.

Risk monitoring

Risk is monitored using in-house systems that were designed with an open architecture to permit multiple risk models to be easily substituted for one another. The advantage of this process is that it permits customized and integrated risk constraints, daily automation of risk reporting, and the ability to examine the portfolio from multiple risk views. IGAA relies on a combination of statistical techniques to measure risk such as predicted tracking error, VaR and historical simulations. The estimation procedures used are the full covariance approach and historical simulation. Our principal risk model is estimated from historic monthly observations for all the markets with a gradual decay rate for observation weighting. We also utilize a more responsive process for monthly VaR estimation using a .97 decay rate. Our portfolio management system is integrated with our risk analytics software, which permits the automatic monitoring of risk guidelines.

Inherent risk

A period of negative performance across multiple asset classes would result in weakness in our long-only investment strategy.

The strategy is designed with four main assumptions:

- The asset classes we have chosen will provide investors with an excess return over time
- The correlations among the assets are relatively low due to differential influences of the economic cycle
- Medium-term asset risks and correlations are reasonably stable
- Economic regimes tend to be persistent and affect different asset classes in distinct ways.

Each assumption is based upon a considerable amount of economic theory and academic research. The team has also devoted considerable resources to testing

them empirically. We are confident that each assumption is extremely sound. However, if two or more of the first three assumptions were to be violated for an extended period the strategy could struggle. The fourth assumption, while important, contributes less to the overall risk of the strategy and therefore could be violated for some period without significant negative effects on the strategy.

The investment team's processes are bolstered and overseen by multi-dimensional independent controls. Invesco's GPMR team, independent from portfolio management team, are charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

Portfolio Management

The funds are managed by teams of portfolio managers, one or more of which may be designated as "lead" managers.

These managers are responsible for managing risk in their individual portfolios both at the individual stock level and at a portfolio level. Examples of the methodologies employed for each strategy are broken out by strategy and detailed further below.

Portfolio Management Oversight

The respective CIOs are responsible for the portfolio managers' adherence to their mandates. The objective of their oversight role is to understand the investment philosophy and process; confirm consistency of investment decisions with investment philosophy and process; and understand performance in light of current market conditions. They are supported in this role by the Global Performance Measurement & Risk group and/or local risk teams which provide oversight reports on the equity funds advised by Invesco Fundamental Equities on a quarterly basis. As part of the oversight reviews, the CIOs review portfolio construction/strategies, positioning, style, risk profile, process-adherence and performance of portfolios managed under their purview. Such reviews may prompt further analysis and monitoring.

Invesco Global Performance Measurement & Risk Group

The Invesco Global Performance Measurement and Risk ("GPMR") group is charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk to the respective CIOs. The group provides regular reviews of the performance and risk attributes of the various investment team disciplines to CIOs and/or senior management. Many different systems are utilized in the oversight process. These include third-party systems as well as proprietary systems.

The systems utilized provide the following capabilities (i) identify major contributors to the portfolio's total expected variance (tracking error) relative to the benchmark, by decomposing the two components, stock specific risk and factor risk. The group also uses this data to examine trends in absolute and relative risk/volatility for a given portfolio, benchmark, and peer group; (ii) monitor significant exposures, both absolute and relative, across country/theme/sector/security; (iii) evaluate aggregate portfolio characteristics, overlap to benchmark and trading activity relative to process and mandate; (iv) evaluate portfolio's performance relative to sector/industry/country allocation, stock selection and impact versus benchmarks; separating environmental factors from skill and noise; and (v) review style through third party lens using both return based style analysis as well as holdings based classification systems.

Among third party systems that are utilized for such analysis by Invesco are: Northfield, FactSet, BARRA, StatPro, StyleAdvisor, Zephyr, Morningstar and Lipper. Further, PMA and CAPER are two in-house developed systems. PMA which integrates portfolio and market data, helps provide detailed analysis of absolute and relative exposures at fund, groups of funds and business units. CAPER is a trade-based attribution system that provides exceptional accuracy of portfolio returns.

Product Oversight

The U.S. Executive Management Committee (the "EMC") considers the client and business risk associated with investment portfolios managed and/or distributed by Invesco and its subsidiaries, differentiating between investment, business, distribution, and operational challenges/opportunities. The EMC meets periodically and considers the input of the Global Performance & Risk Management Committee and CIO's.

Invesco Real Estate

Invesco has extensive experience investing in a variety of real estate products. The firm offers a diversified number of investment products across the risk spectrum including core, value added, and opportunistic investing in the US, Europe, and Asia as well as real estate securities globally. We offer these products through separate accounts as well as fund vehicles to both institutional and retail investors.

Invesco Real Estate's ("IRE") global securities management team is comprised of dedicated investment professionals who are responsible for managing Invesco's US and global real estate securities total return and income strategies. IRE's securities products are managed in a team fashion where portfolio managers and analysts are responsible for certain regions and sectors around the globe. The team incorporates fundamental real estate analysis and securities analysis in the investment decision process. Our investment process is primarily a bottom-up stock selection methodology. However, the process also incorporates macro level risk control and the potential effects of variables such as country/currency exposure, tenant demand, metropolitan rent growth, and occupancy trends on the property holdings of each individual company. This macro component identifies real estate companies offering

the best expected relative fundamentals. Individual stocks are then ranked and selected based upon expected excess return within defined risk constraints that include beta, tracking error, geographic region, country profile, property type, and liquidity. IRE's investment process is designed to efficiently and continually incorporate new and changing real estate, financial market, economic, company and other information into the investment decision making process. Our method of integrating fundamental and quantitative techniques enables us to assess and quantify the impact of changing economics and perceptions on securities pricing and relative value. By definition, many market changes are unforeseen; however, our investment methodology has a systematic process that allows us to incorporate market changes. In addition, it also allows us to test the potential portfolio impact of these market changes. IRE monitors the portfolio on both fundamental and statistical risks.

For our direct real estate strategies, IRE's investment philosophy is comprised of two fundamental principles: (1) maximize the predictability and consistency of investment returns and (2) minimize the risk of capital loss. This philosophy forms the cornerstone of the firm's real estate investment philosophy. IRE has several methodologies and systems in place to manage risk and to ensure consistent application of our direct real estate investment philosophy and process. On a semi-annual basis, our investment teams undertake a formal review of our House View and submit this to the firm's local Investment Committees for approval. The House View combines the empirical and anecdotal evidence from our investment disciplines, Research, Asset Management and Acquisitions and sets forth where we see the best relative value from both a property type allocation and market selection standpoint - two very key decisions in providing strong relative returns. Portfolio Management then incorporates the House View into the clients'/funds' investment plans and is charged with implementation. Risk is also managed throughout our acquisition process through a series of checks and balances. An acquisition team is formed for every potential acquisition consisting of members from each of our investment disciplines - Portfolio Management, Research, Acquisitions, Underwriting, Closing and Due Diligence, and Asset Management. Each member of the team evaluates each opportunity from the point of view of their expertise. Each member must approve the acquisition before it is presented to the Investment Committee for approval. Asset specific risks evaluated by this team include (but are not limited to) financial, operational, tenant, environmental, structural, lease, title, and legal.

Chinese Equity Managed by an affiliate Invesco Hong Kong

For China A-shares mandates, our Invesco advisory affiliate, Invesco Hong Kong has a strong focus on bottom-up stock selection where they believe they can add the most value. The stock selection process starts with a systematic screening of the investment universe to identify companies that deserve in-depth research.

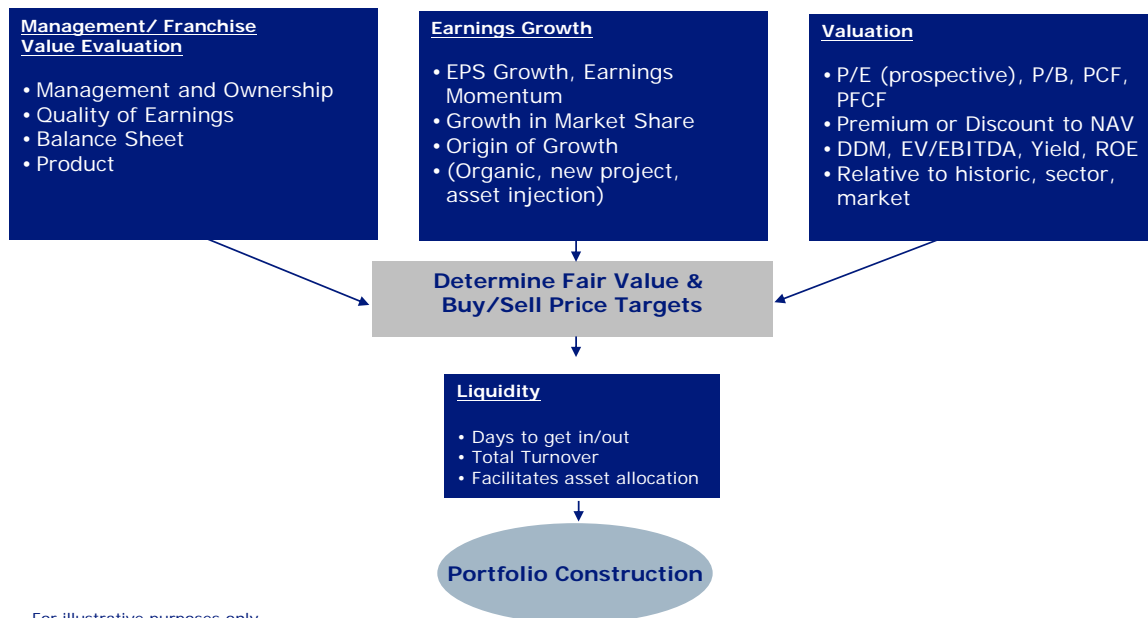
The first step of the bottom-up stock selection process is distilling the investment universe through:

- Market cap screening based on minimum market cap of US\$400mn
- Fundamental screening using broad research criteria (Liquidity, Index constituents, Macro context, Themes, Industry leaders, Franchises, Growth companies, Quality cyclical, Restructuring & special situations) to come up with the Monitor List for close monitoring and further analysis
- Ideas & recommendations from the Invesco Great Wall (IGW) investment team
- Ideas based on extensive management meetings and company visits

Stocks included in the Monitor List are closely monitored by the Chinese equity investment team to identify attractive investment candidates. The China A-shares Monitor List is comprised of ~150 stocks closely followed and researched by their dedicated China A-shares specialists, Joseph Tang and Lynda Zhou, to determine fair value and derive buy/sell target prices to provide guidance on entry and exit levels. These target prices are updated regularly and revised based on changes in underlying assumptions and/or fundamentals. The target prices are determined based on a multiple of valuation methods, which include P/BV, PER, EV/EBITDA, ROE, PEG, P/FCF, discount to NAV, Yield, sum-of-the-parts, etc. They do not believe one valuation methodology works across all sectors or across the entire earning cycle.

Their challenge is to seek opportunities where the earnings or improvement in fundamentals is not fully reflected in the valuation of that stock. Proprietary company research is conducted via company visits, SWOT analysis, multi-factor score sheet, earnings & valuation analysis, financial models including P&L, balance sheet and cash flow analysis. Investment thesis are documented in Stock Research Discussion Notes (“SDRN”) and discussed in open forum to uncover biases, develop conviction and confirm attractiveness of the investment idea. More than 600 company visits per year are conducted by the Chinese equity team based in Hong Kong. They also leverage on local research and recommendations from the investment team of the China JV, Invesco Great Wall (IGW). In 2010, the investment team at IGW conducted more than 400 company visits and attended more than 200 company road shows. They also leverage sell-side research to supplement their own in the stock research process.

Stock analysis focuses on quantitative factors such as growth prospects and profitability, valuation parameters, as well as qualitative factors such as quality and sustainability of growth, management quality. In particular, for the China A-shares strategy, they conduct fundamental analysis based on the three main criteria.



Lead and supporting managers are assigned to each mandate, for QFII China A-shares mandates Joseph Tang, supported by Lynda Zhou, is responsible for portfolio construction based on investment objectives, risk parameters, investment guidelines and restrictions.

There are normally around 40-60 stocks in a China A-shares equity portfolio. The portfolio's level of diversification is a function of the mandate, market conditions and the number of attractive opportunities available. Each holding has a minimum of 1% weighting, and they hold higher weightings/active stock weightings where they have high conviction taking into consideration expected investment return of a stock based on the target prices as well as risk and liquidity of the stock. They look to add to or trim their positions when prices approach buy/sell target prices. While they may have sector/industry preferences, sector weightings are generally a by-product of stock selection. They are not constrained by the benchmark and take active bets.

Invesco Master Limited Partnership (“MLP”) Strategy

The MLP strategy seeks to provide attractive risk-adjusted total returns from a combination of cash distributions and capital appreciation by owning a diverse group of individual energy MLPs with compelling growth and cash flow characteristics. Through our fundamental, bottom-up investment approach we seek to invest in a broad range of individual energy MLPs with attractive growth and cash flow characteristics, which may translate into desirable investment returns over a full market cycle. Timely investment decisions, made by

experienced specialists, are captured through a rigorous and effective portfolio construction process designed to maximize overall returns while balancing risks. Our performance driven portfolio management team, focuses on generating alpha through active management rather than passively chasing index returns or asset gathering. Our investment discipline relies heavily on relative valuation based on distributable cash flow yield analysis. We maintain detailed models of each company within the MLP sector and constantly compare companies to peer, sector and market valuation metrics. Our bottom-up approach is then supplemented by our energy sector and broader market outlook.

Inherent risks of the asset class include:

Interest rates – Material increase in interest rates can impact borrowing rates and valuations

Commodity Prices – Material drop in commodity prices can reduce the profitability of the businesses

Volumes – Changes in supply and demand for products that MLPs transport or store can affect their cash flows

Capital Markets – MLPs require access to capital markets to fund a large portion of their growth spending over time

Regulation / Tax Policy – Changes in regulations or overall Federal Tax Policy can affect individual companies or the sector as a whole

Fee Schedule

Stated Fee Schedule for the Strategy:

100 bps 1st \$25MM

75bps thereafter

Actual (Negotiated) Fee Schedule for the only client in the strategy:

78 bps 1st \$25MM

50 bps after

Global Equity Trading Desk

Through arrangements with certain related persons, Invesco Advisers utilizes the trading services of Invesco's global equity trading desk (the "Global Equity Trading Desk"), which is comprised of desks of Invesco Advisers, Inc. and its affiliates in Atlanta/Houston (referred to as the Americas desk), London, Tokyo, Hong Kong, Canada and Australia. Invesco Advisers also entered into a trading services agreement with each of Invesco Hong Kong Limited ("Invesco Hong

Kong”) and Invesco Global Investment Fund Limited (“IGIFL”). The Global Equity Trading Desk routes trade orders to the desk with the most direct contact to the local exchange on which a security is traded. The Americas desk executes orders in U.S. and Latin American markets. The London desk, which is managed by IGIFL, executes orders in European, Middle Eastern and African markets. The Tokyo desk executes orders in Japanese equities. The Hong Kong desk, which is managed by Invesco Hong Kong, executes orders in the Asia-Pacific markets. The Global Equity Trading Desk may also execute transactions for Invesco affiliated corporate accounts such as for the corporate buy-back programs, FX transactions and related derivatives transactions.

Derivatives

Invesco Advisers provides advice with respect to a wide variety of instruments generally referred to as derivatives, including, but not limited to, options, futures, forward contracts on securities and foreign currencies, swaps, contracts for difference, structured notes, caps, collars, floors, equity-linked securities and liquid yield option notes. Invesco Advisers investment teams use derivatives consistent with its focus on managing the expected return and the risk exposure of the overall portfolio. Invesco Advisers investment teams employ derivatives in situations where we believe we can help increase expected returns or reduce risks at a lower cost than a cash market alternative.

Derivatives generally fall into two sub-categories:

- Exchange-traded derivatives – Exchange-traded derivatives, such as futures contracts are traded on exchanges regulated by the Commodity Futures Trading Commission, are guaranteed by a clearing corporation and have standardized terms
- Over-the counter ("OTC") derivatives - OTC derivatives, such as swap agreements, involve privately negotiated transactions, the terms of which are tailored to the specific needs of the parties.

Certain accounts may invest in exchange traded derivatives products to replicate the composition and performance of a particular index. The performance results of these exchange traded derivatives products will not replicate exactly the performance of the relevant index due to fees borne by those products. Investments in these exchange traded derivatives products involve the same risks associated with a direct investment in the types of securities included in the indices such products are designed to track. There can be no assurance that the trading price of the exchange traded derivatives products will equal the underlying value of the basket of securities purchased to replicate a particular index or that such basket will replicate the index.

To the extent an account invests in exchange traded derivatives products; the account will pay transaction fees and other expenses inherent in those products. These fees are paid by the accounts.

Swap Agreements

Credit Default Swaps

Certain accounts may enter into Credit Default Swaps (“CDS”) as permitted by prospectus or client guidelines. A CDS is an agreement between two parties pursuant to which one party agrees to make one or more payments to the other, while the other party assumes the risk of default on a referenced debt obligation. CDS may be direct (“unfunded swaps”) or indirect in the form of a structured note (“funded swaps”). Unfunded and funded credit default swaps may be on a single security or packaged as a basket of CDS. An account may buy a CDS (“buy credit protection”) in which it pays a fixed payment over the life of the swap in exchange for a counterparty taking on the risk of default of a referenced debt obligation (“Reference Entity”). Alternatively, an account may sell a CDS (“sell protection”) in which it will receive a fixed payment in exchange for taking on the credit risk of the Reference Entity. An investment in a CDS may cause the portfolio performance to be more or less volatile.

CDS agreements are typically individually negotiated and structured. CDS agreements may be entered into for investment or hedging purposes. Invesco Advisers may enter into CDS to create direct or synthetic long or short exposure to domestic or foreign corporate debt securities or sovereign debt securities.

As a buyer of a CDS, a client would pay a fixed spread over the life of the agreement to the seller of the CDS. If an event of default occurs, the fixed payment stream would cease, the client would deliver defaulted bonds to the seller and the seller would pay the full notional value, or the “par value”, of the reference obligation to the client account. The account may already own the reference bonds or may purchase a deliverable bond in the market. Alternatively, the two counterparties may agree to cash settlement. If no event of default occurs, the account pays the fixed stream of cash flows to the seller, and no other exchange occurs.

As a seller of CDS, a client’s account would receive a fixed payment stream. In an event of default occurs, the fixed payment stream stops, the account would pay the buyer par, and, in return, the account would receive deliverable bonds. Alternatively, if cash settlement is elected, the account would pay the buyer par less the market value of the referenced bonds. If no event of default occurs, the account receives the cash flow payment over the life of the agreement.

Credit Derivatives may create covered or uncovered exposure to certain client accounts. The accounts generally will employ a strategy of setting aside liquid assets to cover any potential obligation. This strategy would be employed to avoid multiplying an account’s economic exposure and would limit risks of leveraging. For example, the account may sell protection on a Reference Entity

bearing the risk of delivering par to the counterparty. The account would set aside liquid assets, marked to the market daily, to cover this potential obligation.

A client account may additionally enter into CDS option transactions which grant the holder the right, but not the obligation, to enter into a credit default swap at a specified future date and under specified terms in exchange for a purchase price ("premium"). The writer of the option bears the risk of any unfavorable move in the value of the CDS relative to the market value on the exercise date, while the purchaser may allow the option to expire unexercised.

Credit Default Index

A Credit Default Index ("CDX") is an index of CDS. CDX allow an investor to manage credit risk or to take a position on a basket of credit entities (such as CDS or CMBS) in a more efficient manner than transacting in single name CDS. If a credit event occurs in one of the underlying companies, the protection is paid out via the delivery of the defaulted bond by the buyer of protection in return for payment of the notional value of the defaulted bond by the seller of protection or it may be settled through a cash settlement between the two parties. The underlying company is then removed from the index. New series of CDX are issued on a regular basis. A Commercial Mortgage-Backed Index (CMBX) is a type of CDX made up of 25 tranches of commercial mortgage-backed securities (See "Debt Instruments — Mortgage-Backed and Asset-Backed Securities") rather than CDS. Unlike other CDX contracts where credit events are intended to capture an event of default CMBX involves a pay-as-you-go (PAUG) settlement process designed to capture non-default events that affect the cash flow of the reference obligation. PAUG involves ongoing, two-way payments over the life of a contract between the buyer and the seller of protection and is designed to closely mirror the cash flow of a portfolio of cash commercial mortgage-backed securities.

Currency Swap

A Currency Swap is an agreement between two parties pursuant to which the parties exchange a U.S. dollar-denominated payment for a payment denominated in a different currency.

Interest Rate Swap

An Interest Rate Swap is an agreement between two parties pursuant to which the parties exchange a floating rate payment for a fixed rate payment based on a specified principal or notional amount. In other words, Party A agrees to pay Party B a fixed interest rate and in return Party B agrees to pay Party A a variable interest rate.

Total Return Swap

A Total Return Swap is an agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains.

Options

Put Options on Securities

A put option gives the purchaser the right to sell, to the writer, the underlying security, contract or foreign currency at the stated exercise price at any time prior to the expiration date of the option for American style options or on a specified date for European style options, regardless of the market price or exchange rate of the security, contract or foreign currency, as the case may be, at the time of exercise. If the purchaser exercises the put option, the writer of a put option is obligated to buy the underlying security, contract or foreign currency for the exercise price.

Call Options on Securities

A call option gives the purchaser the right to buy, from the writer, the underlying security, contract or foreign currency at the stated exercise price at any time prior to the expiration of the option (for American style options) or on a specified date (for European style options), regardless of the market price or exchange rate of the security, contract or foreign currency, as the case may be, at the time of exercise. If the purchaser exercises the call option, the writer of a call option is obligated to sell to and deliver the underlying security, contract or foreign currency to the purchaser of the call option for the exercise price.

Index Options

Index options (or options on securities indices) give the holder the right to receive, upon exercise, cash instead of securities, if the closing level of the securities index upon which the option is based is greater than, in the case of a call, or less than, in the case of a put, the exercise

CDS Option

A CDS option transaction gives the holder the right to enter into a CDS at a specified future date and under specified terms in exchange for a purchase price or premium. The writer of the option bears the risk of any unfavorable move in

the value of the CDS relative to the market value on the exercise date, while the purchaser may allow the option to expire unexercised

Options on Futures Contracts

Options on Futures Contracts give the holder the right to assume a position in a Futures Contract (to buy the Futures Contract if the option is a call and to sell the Futures Contract if the option is a put) at a specified exercise price at any time during the period of the option.

Futures Contracts

Commodity Futures

A commodity futures contract is an exchange-traded contract to buy or sell a particular commodity at a specified price at some time in the future. Commodity futures contracts are highly volatile; therefore, the prices of fund shares may be subject to greater volatility to the extent it invests in commodity futures.

Currency Futures

A currency Futures Contract is a standardized, exchange-traded contract to buy or sell a particular currency at a specified price at a future date (commonly three months or more). Currency Futures Contracts may be highly volatile and thus result in substantial gains or losses to the Fund.

Index Futures

A stock index Futures Contract is an exchange-traded contract that provides for the delivery, at a designated date, time and place, of an amount of cash equal to a specified dollar amount times the difference between the stock index value at the close of trading on the date specified in the contract and the price agreed upon in the Futures Contract; no physical delivery of stocks comprising the index is made.

Interest Rate Future

An interest-rate Futures Contract is an exchange-traded contract in which the specified underlying security is either an interest-bearing fixed income security or an inter-bank deposit. Two examples of common interest rate Futures Contracts are U.S. Treasury futures and Eurodollar Futures Contracts. The specified security for U.S. Treasury futures is a U.S. Treasury security. The specified security for Eurodollar futures is the London Interbank Offered Rate (Libor) which

is a daily reference rate based on the interest rates at which banks offer to lend unsecured funds to other banks in the London wholesale money market.

Security Futures

A security Futures Contract is an exchange-traded contract to purchase or sell, in the future, a specified quantity of a security (other than a Treasury security, or a narrow-based securities index) at a certain price.

Wrap Programs

In certain Programs, Invesco Advisers enters into an investment advisory contract directly with the Program Sponsor's clients and receives the investment advisory fee directly from those clients. Because the clients have also entered into an agreement with the Sponsor to provide for brokerage and other services at a fixed cost or rate, Invesco Advisers will place most or all trades for those clients through the Sponsor.

A client may restrict the purchase of certain securities for an account. A client may name either specific securities or a category (e.g., tobacco companies) that includes specified securities that may not be purchased for the account. In addition, because of regulatory constraints, certain securities may not be purchased for the client's account. The client is responsible for identifying any security or group of securities which may not be held in the account. If a client identifies a category of restricted securities (e.g., tobacco companies, gambling stocks) without identifying the underlying companies of which the category is comprised or a source for identifying such underlying companies, Invesco Advisers may utilize outside service providers to identify the universe of companies that will be considered in such a category. When a security is required to be sold or is restricted from being purchased for an account, this may adversely affect the account's performance and cause it not to track the performance of the managers' investment disciplines. The change of the classification of a company, the grouping of an industry or the credit rating of a security may force Invesco Advisers to sell securities in a client's account at an inopportune time and possibly causing a taxable event to the client. The ability to restrict investments does not apply to, and does not affect, the purchase policies of or underlying securities held by any mutual funds, ETFs or other commingled vehicles. Consequently, to the extent that there are any such commingled vehicles in an account, the client's ability to restrict the investments in an account will be limited.

Typically, the terms of each client's separately managed account in a Wrap Program is governed by the client's agreement with the Sponsor and disclosure document for each Wrap Program. Wrap Program clients are urged to refer to

the appropriate disclosure document and client agreement for more information about the Wrap Program, advisory services, fees and contract termination provisions.

Risks of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Our investment approach constantly keeps the risk of loss in mind. Our clients may face the following risks:

- Market Risk - The prices of and the income generated by securities held by the strategy may decline in response to certain events, including those directly involving the issuers, or in the case of industrial development revenue bonds, the company for whose benefit the bonds are being issued; general economic and market conditions; regional or global economic instability; and interest rate fluctuations.
- Interest Rate Risk - Interest rate risk refers to the risk that bond prices generally fall as interest rates rise; conversely, bond prices generally rise as interest rates fall. Specific bonds differ in their sensitivity to changes in interest rates depending on specific characteristics of each bond.
- Credit Risk - Credit risk is the risk of loss on an investment due to the deterioration of an issuer's financial health. Such a deterioration of financial health may result in a reduction of the credit rating of the issuer's securities and may lead to the issuer's inability to honor its contractual obligations including making timely payment of interest and principal. Credit ratings are a measure of credit quality. Although a downgrade or upgrade of a bond's credit ratings may or may not affect its price, a decline in credit quality may make bonds less attractive, thereby driving up the yield on the bond and driving down the price. Declines in credit quality may result in bankruptcy for the issuer and permanent loss of investment. Revenue bonds are generally not backed by the taxing power of the issuing municipality and therefore are subject to a higher degree of credit risk than general obligation bonds.
- High Yield Risk - High yield risk is a form of credit risk. High yield bonds or "junk bonds" are bonds rated below investment grade or deemed to be of comparable quality. They are considered to be speculative investments with greater risk of failure to make timely payment of interest and principal (to default on their contractual obligations) than their investment grade counterparts. High yield bonds may exhibit increased price sensitivity and reduced liquidity generally and particularly during times economic downturn or volatility in the capital markets.
- Municipal Securities Risk - The value of, payment of interest and repayment of principal with respect to, and the ability of the strategy to

sell, a municipal security may be affected by constitutional amendments, legislative enactments, executive orders, administrative regulations and voter initiatives as well as the economics of the regions in which the issuers in which the strategy invests are located. Municipal securities backed by current or anticipated revenues from a specific project or assets, such as revenue bonds, can be negatively affected by the discontinuance of the taxation supporting the project or assets or the inability to collect revenues for the project or from the assets. If the Internal Revenue Service determines that an issuer of a municipal security has not complied with applicable tax requirements, interest from the security could be treated as taxable, which could result in a decline in the security's value. To the extent that a municipal security in which the strategy invests is not heavily followed by the investment community or such security issue is relatively small, the security may be difficult to value or sell at a fair price.

- Concentration Risk - Because many municipal securities are issued to finance similar projects, especially those relating to education, health care, transportation and utilities, conditions in those sectors can affect the overall municipal securities market and the strategy. Moreover, sizeable investments in securities issued to finance similar projects could involve an increased risk to the strategy if economic or other factors adversely affect the viability of these projects.
- Defaulted Securities Risk - The strategy may invest in securities where the issuer has defaulted on the payment of interest and/or principal. Defaulted securities are speculative and involve substantial risks. Generally, the strategy will invest in defaulted securities when the portfolio managers believe they offer significant potential for higher returns or can be exchanged for other securities that offer this potential. There can be no assurance that the strategy will achieve these returns or that the issuer will make an exchange offer. The strategy will generally not receive interest payments on defaulted securities and may incur costs to protect its investment. In addition, defaulted securities involve the substantial risk that principal will not be repaid. Defaulted securities and any securities received in an exchange for such securities may be subject to restrictions on resale.
- Derivatives Risk - The value of “derivatives” or “synthetics”—so-called because their value “derives” from the value of an underlying asset (including an underlying security), reference rate or index—may rise or fall more rapidly than other investments. For some derivatives, it is possible to lose more than the amount invested in the derivative. Derivatives may be used to create synthetic exposure to an underlying asset or to hedge portfolio risk. If the strategy uses derivatives to “hedge” a portfolio risk, it is possible that the hedge may not succeed. This may happen for various reasons, including unexpected changes in the value of the rest of the strategy's portfolio. Over the counter

derivatives are also subject to counterparty risk, which is the risk that the other party to the contract will not fulfill its contractual obligation to complete the transaction with the strategy.

- Synthetic Municipal Securities Risk - The tax-exempt character of the interest paid on synthetic municipal securities is based on the tax-exempt income stream from the collateral. The Internal Revenue Service has not ruled on this issue and could deem income derived from synthetic municipal securities to be taxable.
- Leverage Risk - If the strategy borrows money to finance investments, it is engaging in a practice known as “leveraging.” If the prices of those investments decrease, or if the cost of borrowing exceeds any increases in the prices of those investments, the net asset value of the strategy shares will decrease faster than if the strategy had not used leverage. To repay borrowings, the strategy may have to sell investments at a time and at a price that is unfavorable to the strategy. Interest on borrowings is an expense the strategy would not otherwise incur. There can be no assurance that the strategy will use leverage or should the strategy use leverage, that the strategy’s leverage strategy will be successful.
- Management Risk - There is no guarantee that the investment techniques and risk analyses used by the strategy portfolio manager(s) will produce the desired results.
- Volatility Risk - Volatility is the risk of a change of price of a portfolio as a result of changes in the volatility of a risk factor.
- Liquidity Risk - Liquidity is the ability to readily convert an investment into cash.
- Geopolitical Risk – Geopolitics is one of the risks that can result in heightened volatility.
- Inflation Risk – When any type of inflation is present, purchasing power is eroding at the rate of inflation
- Currency Risk – Overseas Investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk – This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk – These risks are associated with a particular industry or company within an industry.
- Financial Risk – Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the

terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- Active Trading Risk - The Fund engages in frequent trading of portfolio securities. Active trading results in added expenses and may result in a lower return and increased tax liability.
- Call Risk - If interest rates fall, it is possible that issuers of debt securities with high interest rates will prepay or call their securities before their maturity dates.
- Counterparty Risk - Counterparty risk is the risk that the other party to the contract will not fulfill its contractual obligations, which may cause losses or additional costs to the Fund
- Developing/Emerging Markets Securities Risk - Securities issued by foreign companies and governments located in developing/emerging countries may be affected more negatively by inflation, devaluation of their currencies, higher transaction costs, delays in settlement, adverse political developments, the introduction of capital controls, withholding taxes, nationalization of private assets, expropriation, social unrest, war or lack of timely information than those in developed countries.
- Exchange-Traded Funds Risk - An investment by the Fund in exchange-traded funds generally presents the same primary risks as an investment in a mutual fund. In addition, an exchange-traded fund may be subject to the following: (1) a discount of the exchange-traded fund's shares to its net asset value; (2) failure to develop an active trading market for the exchange-traded fund's shares; (3) the listing exchange halting trading of the exchange-traded fund's shares; (4) failure of the exchange-traded fund's shares to track the referenced index; and (5) holding troubled securities in the referenced index. Exchange-traded funds may involve duplication of management fees and certain other expenses, as the Fund indirectly bears its proportionate share of any expenses paid by the exchange-traded funds in which it invests. Further, certain of the exchange-traded funds in which the Fund may invest are leveraged. The more the Fund invests in such leveraged exchange-traded funds, the more this leverage will magnify any losses on those investments.
- Financial Institutions Risk - Investments in financial institutions may be subject to certain risks, including, but not limited to, the risk of regulatory actions, changes in interest rates and concentration of loan portfolios in an industry or sector. Financial institutions are highly regulated and may suffer setbacks should regulatory rules and interpretations under which they operate change. Likewise, there is a high level of competition among financial institutions which could adversely affect the viability of an institution.

- Foreign Securities Risk - The Fund's foreign investments may be affected by changes in a foreign country's exchange rates, political and social instability, changes in economic or taxation policies, difficulties when enforcing obligations, decreased liquidity, and increased volatility. Foreign companies may be subject to less regulation resulting in less publicly available information about the companies.
- Mortgage-and Asset-Backed Securities Risk - The Fund may invest in mortgage-and asset-backed securities that are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Faster prepayments often happen when interest rates are falling. As a result, the Fund may reinvest these early payments at lower interest rates, thereby reducing the Fund's income. Conversely, when interest rates rise, prepayments may happen more slowly, causing the security to lengthen in duration. Longer duration securities tend to be more volatile. Securities may be prepaid at a price less than the original purchase value. An unexpectedly high rate of defaults on the mortgages held by a mortgage pool may adversely affect the value of mortgage-backed securities and could result in losses to the Fund. The risk of such defaults is generally higher in the case of mortgage pools that include subprime mortgages. Subprime mortgages refer to loans made to borrowers with weakened credit histories or with lower capacity to make timely payments on their mortgages.
- Non-Correlation Risk - The return of the Fund's preferred equity segment may not match the return of the Index for a number of reasons. For example, the Fund incurs operating expenses not applicable to the Index, and incurs costs in buying and selling securities, especially when rebalancing securities holdings to reflect changes in the Index. In addition, the performance of the preferred equity segment and the Index may vary due to asset valuation differences and differences between the preferred equity segment and the Index resulting from legal restrictions, costs or liquidity constraints.
- Preferred Securities Risk - Preferred securities may include provisions that permit the issuer, in its discretion, to defer or omit distributions for a certain period of time. If the Fund owns a security that is deferring or omitting its distributions, the Fund may be required to report the distribution on its tax returns, even though it may not have received this income. Further, preferred securities may lose substantial value due to the omission or deferment of dividend payments.
- REIT Risk/Real Estate Risk - Investments in real estate related instruments may be affected by economic, legal, cultural, environmental or technological factors that affect property values, rents or occupancies of real estate related to the Fund's holdings. Real estate companies, including REITs or similar structures, tend to be small and mid-cap

companies and their shares may be more volatile and less liquid. The value of investments in real estate related companies may be affected by the quality of management, the ability to repay loans, the utilization of leverage and financial covenants related thereto, whether the company carries adequate insurance and environmental factors. If a real estate related company defaults, the Fund may own real estate directly, which involves the following additional risks: environmental liabilities, difficulty in valuing and selling the real estate, and economic or regulatory changes.

- Tax Risk - If the U.S. Treasury Department were to exercise its authority to issue regulations that exclude from the definition of “qualifying income” foreign currency gains not directly related to the Fund’s business of investing in securities, the Fund may be unable to qualify as a regulated investment company for one or more years. In this event, the Fund’s Board of Trustees may authorize a significant change in investment strategy or Fund liquidation.
- U.S. Government Obligations Risk - The Fund may invest in obligations issued by U.S. Government agencies and instrumentalities that may receive varying levels of support from the government, which could affect the Fund’s ability to recover should they default.

Disciplinary Events

Settled Enforcement Actions and Investigations Related to Market Timing

On October 8, 2004, INVESCO Funds Group, Inc. (“IFG”), the former investment advisor to certain AIM Funds (Known as the Invesco Funds), and Invesco Advisors, Inc. (Known as Invesco Advisers, Inc. “Invesco Advisers”), the AIM Fund’s investment advisor and Invesco Aim Distributors, Inc. (“IADI”) (Now known as Invesco Distributors, Inc.) announced that final settlements had been reached with the Securities and Exchange Commission (“SEC”), the New York Attorney General (“NYAG”), the Colorado Attorney General (“COAG”), the Colorado Division of Securities (“CODS”) and the Secretary of State of Georgia to resolve civil enforcement actions and investigations related to market timing activity and related issues in the AIM Funds, including those formerly advised by IFG. In their enforcement actions and investigations, these regulators alleged, in substance, that IFG and Invesco Aim failed to disclose in applicable Fund prospectuses for the AIM Funds that they advised and to the independent directors/trustees of such Funds that IFG and Invesco Aim had entered into certain arrangements permitting market timing of such Funds, thereby breaching their fiduciary duties to such Funds. As a result of the foregoing, the regulators alleged that IFG, Invesco Aim and Invesco Aim Distributors, Inc., the distributor of the retail AIM Funds and a wholly owned subsidiary of Invesco Aim, breached various Federal and state securities, business and consumer protection laws.

Under the terms of the settlements, IFG, Invesco Aim and IADI consented to the entry of settlement orders or assurances of discontinuance, as applicable, by the regulators containing certain terms, some of which are described below, without admitting or denying any wrongdoing.

Under the terms of the settlements, IFG agreed to pay a total of \$325 million, of which \$110 million is civil penalties. The \$325 million total payment was paid in two equal installments in accordance with the terms of the settlement and the final payment was paid before December 31, 2005. Invesco Aim and IADI agreed to pay a total of \$50 million, of which \$30 million is civil penalties. The entire \$50 million payment by Invesco Aim and IADI was paid on November 8, 2004.

The entire \$325 million IFG settlement payment was made available for distribution to the shareholders of those AIM Funds that IFG formerly advised that were allegedly harmed by market timing activity, and the entire \$50 million settlement payment by Invesco Aim and IADI was made available for distribution to the shareholders of those AIM Funds advised by Invesco Aim that were allegedly harmed by market timing activity, in accordance with a methodology determined by Invesco Aim's independent distribution consultant, in consultation with Invesco Aim and the independent trustees of the AIM Funds and which was approved by the staff of the SEC on May 23, 2008.

On May 23, 2008, the Securities and Exchange Commission (SEC) posted its final approval of the plans for distributing market timing settlement proceeds to adversely impacted shareholders of the Invesco Funds, formerly AIM and Invesco Fund Shareholders. The AIM Fair Fund began distribution of settlement monies to impacted former shareholders on June 1, 2009; the last date a check was honored for payment was December 31, 2009. After receipt of SEC approval, undistributed residual amounts left in the AIM Fair Fund were deposited in the appropriate funds. Final SEC approval to formally complete and close the AIM Fair Fund is pending. The Invesco Fair Fund began distribution of settlement monies to impacted former shareholders on December 11, 2009, and the distribution of checks concluded on September 21, 2010. The last day checks were honored for payment or wires issued were October 21, 2010. SEC authorization to return undistributed residual amounts left in the Invesco Fair Fund to the appropriate funds is pending. The two fair funds were distributed in accordance with a methodology determined by Invesco's independent distribution consultant (IDC Plan), in consultation with Invesco and the independent trustees of the funds and approved by the staff of the SEC. AIM Advisors and AIM Distributors were censured. AIM Advisors and AIM Distributors were ordered to cease and desist from committing or causing violations of the Advisers Act and the Investment Company Act. AIM Advisors and/or AIM Distributors voluntarily undertook remedial actions, including maintaining a Board of Trustees that is 75% independents, designating an independent Chairman of the Board, maintaining independent legal counsel for the independent trustees holding elections of trustees at least every five years, cooperating fully with the SEC, maintaining a compliance and ethics oversight

structure with an internal controls committee and ombudsman, retaining an independent compliance consultant, conducting periodic compliance reviews, and retaining an independent distribution consultant. On July 12, 2011 the SEC issued an order modifying the undertakings in the October 8, 2004 settlement order. The modifications relieved Invesco of its future obligations to continue to:

- (1) undertake bi-annual third party compliance reviews,
- (2) maintain an internal compliance controls committee, and
- (3) conduct shareholders' meetings to elect the Board of Trustees at least every five years. All other provisions of the 2004 order remain in effect.

IFG also paid \$1.5 million to the COAG to be used for investor education purposes and to reimburse the COAG for actual costs. Finally, IFG and Invesco Aim paid \$175,000 to the Secretary of State of Georgia to be used for investor education purposes and to reimburse the Secretary of State for actual costs.

None of the costs of the settlements were borne by the AIM Funds or by Fund shareholders.

In addition, under the terms of the settlements, Invesco Aim has undertaken to cause the AIM Funds to operate in accordance with certain governance policies and practices, including retaining a full-time independent senior officer whose duties will include monitoring compliance and managing the process by which proposed management fees to be charged the AIM Funds are negotiated. The AIM Funds have engaged Mr. Russell Burk as the senior officer, and he reports directly to the Chairman of the AIM Funds Board of Trustees.

Regulatory Action Alleging Market Timing

On April 12, 2005, the Attorney General of the State of West Virginia ("WVAG") filed civil proceedings against Invesco Aim, IFG and IADI, as well as numerous unrelated mutual fund complexes and financial institutions. None of the AIM Funds were named as a defendant in these proceedings. The WVAG complaint, filed in the Circuit Court of Marshall County, West Virginia [Civil Action No. 05-C-81], alleged, in substance, that Invesco Aim, IFG and IADI failed to disclose in the prospectuses for the AIM Funds, including those formerly advised by IFG, that they had entered into certain arrangements permitting market timing of such Funds, thereby breaching their fiduciary duties to such Funds. As a result of the foregoing, the WVAG alleged violations of W. Va. Code § 46A-1-101, et seq. (the West Virginia Consumer Credit and Protection Act). The WVAG was seeking injunctions; civil monetary penalties; a writ of *quo warranto* against the defendants for their alleged improper actions; pre-judgment and post-judgment interest; costs and expenses, including counsel fees; and other relief. This matter was transferred to the Federal Courts' Multi-District Litigation ("MDL") Court on October 19, 2005. On July 7, 2005, the Supreme Court of West Virginia

ruled in the context of a separate lawsuit that the WVAG does not have authority under the West Virginia Consumer Credit and Protection Act to bring an action based upon conduct that is ancillary to the purchase or sale of securities. On April 14, 2006, the WVAG voluntarily dismissed this action without prejudice.

The WV Securities Commissioner ("WVASC") subpoenaed both AIM and IFG in February 2004. On August 30, 2005, the WVASC issued its Summary Order to Cease and Desist and Notice of Right to Hearing to AIM and ADI. The WVASC claims that AIM and ADI violated the West Virginia securities laws. The WVASC purports to order AIM and ADI to cease any further violations and seeks to impose monetary sanctions, including restitution to affected investors, disgorgement of fees, reimbursement of investigatory, administrative and legal costs and an "administrative assessment" to be determined by the Commissioner. The matter was suspended indefinitely.

Private Civil Actions Pending Against IFG, Invesco Aim and Related Entities and Individuals

A number of civil lawsuits related to market timing, late trading and related issues were filed against (depending on the lawsuit) certain of the AIM Funds, IFG, Invesco Aim, Invesco Ltd., certain related entities, certain of their current and former officers and/or certain unrelated third parties. All such lawsuits were transferred to the United States District Court for the District of Maryland (the "MDL Court") for consolidated or coordinated pre-trial proceedings.

Other civil lawsuits were filed against (depending on the lawsuit) IFG, Invesco Aim, IADI, certain related entities, certain of their current and former officers and/or certain of the AIM Funds and their trustees alleging the improper use of fair value pricing, excessive advisory and/or distribution fees, improper charging of distribution fees on closed funds or share classes, improper mutual fund sales practices and directed-brokerage arrangements, and failure to participate in class action lawsuits. One suit alleging improper use of fair value pricing was settled and dismissed. The other was transferred to the MDL Court for pre-trial purposes. The suits alleging excessive fees were settled. The suits alleging improper charging of distribution fees on closed funds or share classes have been dismissed. The suits alleging improper mutual fund sales practices were dismissed with prejudice by the Court. The suit alleging failure of Invesco Aim to participate in class action lawsuits was dismissed with prejudice by the Court.

More detailed information concerning the lawsuits pending in the MDL Court, as well as all other civil lawsuits that have been served on IFG, Invesco Aim, the AIM Funds or related entities, or for which service of process has been waived as of a recent date, including the parties to the lawsuits and summaries of the various allegations and remedies sought, can be found in the Invesco Funds' statements of additional information.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Invesco Advisers is registered as an investment adviser with the Securities and Exchange Commission and as a Commodity Pool Operator and a Commodity Trading Adviser with the National Futures Association.

Invesco Advisers has arrangements with affiliated entities that operate as a broker-dealer, investment company, other investment adviser, futures commission merchant, banking or thrift institution, insurance company or agency, and an entity that creates or packages limited partnerships.

Broker – Dealer and Transfer Agency Affiliations

Invesco Distributors, Inc. ("Invesco Distributors"), an affiliated FINRA registered broker-dealer, is the distributor of certain Exchanged-Traded Funds ("ETFs") managed by Invesco PowerShares Capital Management LLC and a selling agent for certain ETFs and the Invesco Funds.

Invesco Distributors receives fees under the 12b-1 plans of certain Funds for their provision of distribution and other related services. Invesco Advisers is reimbursed for its provision of administrative services to certain Funds.

Van Kampen Funds Inc., an affiliated FINRA registered broker-dealer, is the distributor of certain investment companies.

Certain management persons of Invesco Advisers are registered representatives of Invesco Distributors, Inc. and Van Kampen Funds, Inc., the Invesco affiliated broker-dealer firms.

Invesco Investment Services, Inc. ("IIS") is a registered transfer agent that acts as transfer agent for the Invesco Funds. IIS receives fees for its provision of transfer agency services to certain Funds.

Adviser and Sub-Adviser Arrangements

Invesco Advisers has entered into various adviser/sub-adviser arrangements for the Invesco Funds with the following related investment advisers:

- Invesco Asset Management (Japan) Limited
- Invesco Senior Secured Management, Inc.
- Invesco Asset Management Limited
- Invesco Hong Kong Limited
- Invesco Canada Ltd.

- Invesco Australia Limited
- Invesco Asset Management Deutschland, GMBH
- Invesco Investment Advisers LLC
- Invesco PowerShares Capital Management LLC
- Stein Roe Investment Counsel, Inc.
- IRE (Cayman) Limited
- Invesco Global Real Estate Asia Pacific, Inc.

Banking and Thrift Institution

Invesco National Trust Company, an affiliated company due to common ownership by Invesco Ltd., may provide to or receive certain advisory services from Invesco Advisers.

Insurance Agency

Certain other Invesco Adviser subsidiaries were organized as insurance agencies in connection with the offering of the Invesco's variable insurance funds.

The investment portfolios of Invesco Variable Insurance Funds ("IVIF") are available exclusively to separate accounts of insurance companies as a funding vehicle for variable annuity contracts and variable life insurance contracts, and to qualified retirement plan accounts. The various portfolios of IVIF are utilized by numerous insurance companies.

In connection with the variable annuity products offered by certain of the insurance companies investing in IVIF, Invesco Distributors has entered into a master marketing services agreement with Allstate Life Insurance Co. and its affiliates ("Allstate"). This master marketing services agreement provides, among other things, that Allstate will compensate Invesco Distributors for its provision of specified marketing and consultation services. Allstate pays fees to Invesco Distributors under the master marketing services agreement based on additional premium payments made into certain Allstate life insurance and annuity products for which such services are provided. Some insurance companies also have entered into administrative services agreements or expense reimbursement agreements with Invesco Advisers. Pursuant to these agreements, Invesco Advisers pays the insurance company a fee for the performance of certain administrative services, such as handling all individual account transactions. Invesco Advisers is reimbursed by IVIF up to 0.25% of the average net assets invested in each IVIF portfolio, by each insurance company for fees paid to the insurance companies for the provision of such administrative services. Any amounts paid by Invesco Advisers to insurance companies in excess of 0.25% of

the average net assets invested in each IVIF portfolio are paid by the firm out of its own financial resources. Distinct business units of Invesco Advisers will spend different time in providing products or services other than investment advice to clients.

Limited Partnerships

Invesco Advisers or related persons are the managing partner or member, or collateral manager to certain limited partnerships, LLCs, or collateralized debt obligations. Information regarding those limited partners ("LPs") or limited liability companies ("LLCs") is available in Section 7.B. of Schedule D of Part I of the Form ADVs for the related persons that are SEC-registered advisers. Invesco Advisers and related persons, including certain employees, may purchase or receive a portion of the interests made available in these offerings

Certain affiliates of Invesco Advisers act as general partner in several limited partnerships in which clients have been solicited to invest. In some cases, the general partner is entitled to receive an incentive allocation from a partnership. Certain of these limited partnerships are focused on private equity investing and make investments in leveraged buyouts, venture capital opportunities, research and development ventures, real estate and other businesses. Other such partnerships have been formed to act as "fund-of-fund" investment vehicles for hedge fund and private equity investments. Others invest in real estate investment trusts and fixed income instruments.

From time to time, related persons of Invesco Advisers may advise clients to invest in partnerships where another related person of the firm is an adviser. Invesco Advisers has related persons that are SEC-registered investment advisers and are either general partners in an LPs or are managers of an investment-related LLCs. Invesco Advisers will not solicit its clients to invest in any of these LPs or LLCs.

Invesco Advisers serves as the corporate general partner of one or more LPs that invest primarily in privately purchased securities. While the firm may be deemed to solicit investors for these LPs, it does not exercise investment discretion for these investors with respect to their decision whether to become limited partners in the LPs. Rather, such investors or their fiduciaries make their own independent investment decisions whether to participate as limited partners and commit assets to the LPs. Invesco Advisers may invest in LPs founded by or associated with former employees of Invesco (NY), Inc., a predecessor company which merged into Invesco Advisers in 2001.

Certain other registered investment adviser subsidiaries of Invesco Ltd. (Invesco Advisers' ultimate parent) may from time to time have other arrangements not specified in this filing. For more complete information regarding these related persons, please refer to filings made with the SEC by the following related persons:

Invesco Canada Ltd.

File No. 801-62166

Invesco Asset Management (Japan) Limited	File No. 801-52601
Invesco Private Capital, Inc.	File No. 801-45224
Invesco Senior Secured Management, Inc.	File No. 801-38119
Invesco Asset Management Limited	File No. 801-50197
Invesco Hong Kong Limited	File No. 801-47856
Stein Roe Investment Counsel, Inc.	File No. 801-57986
Invesco PowerShares Capital Management LLC	File No. 801-61851
Invesco Asset Management Deutschland, GMBH	File No. 801-67712
WL Ross & Co. LLC	File No. 801-67779
Invesco Australia Limited	File No. 801-68638
Invesco Investment Advisers LLC	File No. 801-1669
IRE (Cayman) Limited	File No. 802-74648
Invesco Global Real Estate Asia Pacific, Inc.	File No. 801-74650

Privately Negotiated Investments

Invesco Advisers may cause clients to invest in privately negotiated investments in public and private companies. These investments may not be publicly traded and may contain substantial restrictions (both legal and contractual) on transferability. In connection with negotiating these investments, Invesco Advisers may receive the right to appoint directors to the board of the issuer and/or may receive certain contractual rights with respect to the management of the company. These types of investments usually involve a high degree of business and financial risk and can result in substantial losses.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Invesco Advisers and our affiliates have a written Code of Ethics (the "Code") and Policy Statement on Insider Trading Prohibitions. The Code is administered by the Compliance Department. The Compliance Department is responsible for interpreting the provisions of the Code, for adopting and implementing rules and procedures, for enforcing the provisions of the Code and for determining whether violations of the Code or of any such rules or procedures have occurred.

Pursuant to the Code, which applies to all Invesco Advisers employees, any and substantially all of our subsidiaries, certain personnel of such companies, including members of the investments staff, are required to report to the Compliance Department the names of all personal brokerage accounts, company

and other institutional accounts subject to the Code in which they have a direct or indirect beneficial ownership interest.

Invesco Advisers and other Invesco affiliates may recommend that clients buy or sell interests in the same investment products in which it or its related persons have some financial interest, including ownership, and Invesco Advisers other Invesco affiliates may own, buy or sell for themselves the same securities that they may have recommended to clients. Examples are described below. Our policies and procedures are intended to identify these and other potential conflicts and to assure that in all instances client interests come first.

The Code of Ethics is available for review by clients and prospective clients upon request.

Opposing Recommendations

Invesco Advisers and/or any other Invesco affiliates may buy, sell or hold securities for itself or certain clients while entering into the opposite investment decision for one or more other client accounts.

Company's Participation as General Partner in Partnerships

From time to time, Invesco Advisers and/or any other Invesco affiliates may provide investment advice to limited partnerships formed to invest in private securities. Invesco Advisers and/or any other Invesco affiliates may be a limited partner or act as the general partner, owning 1% of these partnerships. In these cases, the general partner will also receive a portion of the profits of the partnership once a return to partners has been obtained.

Employee Co-investment Program

From time to time, Invesco employees, officers or directors may be offered the opportunity to participate in a co-investment program with Invesco or an affiliate because of their employment with Invesco or an affiliate. Such opportunities include investments in both public and non-public securities.

Invesco employees, officers or directors may purchase securities in nonpublic transactions outside the context of co-investment programs. Thereafter, Invesco Advisers and/or any other Invesco affiliate may recommend the purchase of publicly issued securities of the same issuers for their clients. In this event, the Invesco employee who made a personal investment in a non-public transaction of such issuer will not participate in the consideration of whether Invesco clients should invest in that issuer's securities. Such consideration will be subject to independent review by our investment personnel having no personal investment in the issuer. All purchases made by employees, officers or directors of Invesco are subject to the standards of the Invesco Code of Ethics.

From time to time, certain employees of Invesco Advisers and/or any other Invesco affiliates may invest in securities held by or deemed suitable for our clients if prior approval is obtained from the Compliance Department. Notwithstanding the foregoing, no prior approval is required of our employees for investment in certain types of investments, including U.S. government securities, money market instruments, and variable insurance products. In addition, as explained in the Code, Invesco Advisers allows a “de minimis exemption” which can be used by certain employees if certain requirements have been met.

Certain relationships between an Invesco employee or client (whether an Invesco Fund or managed account) and an actual or potential investee company, may from time to time make it appropriate that trading for all the Funds (or in some cases, specific Funds and/or managed accounts only) or employee accounts should be restricted. The Compliance Department maintains and monitors a restricted list for such situations. This procedure is designed to avoid potential conflicts of interest or the appearance of an undue influence in the selection of investments.

Brokerage Practices

Brokerage Discretion and Selection

Invesco Advisers has the authority and responsibility to select broker-dealers that execute client account transactions.

Invesco Advisers will execute trades with equity brokers based on factors such as brokerage services provided by brokers, including research; the execution capability, commission rate, willingness to commit capital, anonymity and responsiveness; the nature of the market for the security; the timing of the transaction; the size and type of the transaction; the reputation, experience and financial stability of brokers; the quality of the services rendered by brokers in other transactions; financial strength metrics; and business continuity.

Invesco Advisers may, at our discretion, so long as consistent with applicable law:

- delegate any of our discretionary investment, advisory or other rights, powers, functions and obligations hereunder to any affiliate or subsidiary that is also under the control of Invesco Ltd.
- employ any affiliate or subsidiary that is also under the control of Invesco Ltd, agents or third parties to perform any administrative or ancillary services required to enable us to perform our services hereunder, without further notification to or consent of Client, and any such delegation shall be revocable by Invesco Advisers

Invesco Advisers will act in good faith and with due diligence in the selection, use and monitoring of such affiliates, subsidiaries and agents. Invesco Advisers is

responsible for our obligations and for all actions of any affiliate, subsidiary, agent or third party to the same extent as Invesco Advisers is responsible for its own actions.

The following policies apply to all accounts managed by Invesco Advisers, unless otherwise noted. Certain of the following policies either do not apply or are different for trades of wrap accounts since such trades will generally be executed through the wrap program sponsor.

Best Execution

Invesco Advisers selects broker-dealers based on their ability to provide best execution. Best execution is the process of executing securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

In seeking best execution and negotiating commission rates, the commission cost is one factor we consider. Other factors include, but are not limited to, price, quality, speed, efficiency, confidentiality, familiarity with potential purchasers or sellers, the ability or willingness of the broker-dealer to clear and settle transactions effected by other broker-dealers, research and other services provided, reliability of brokerage services, execution capability, a firm's financial responsibility, the difficulty of specific transactions, and any other logistical or processing considerations. Invesco Advisers also analyzes which services best assist it in fulfilling its overall investment responsibilities to our clients. Invesco Advisers weighs all such factors in selecting broker-dealers that will deliver best execution in the long term best interests of our clients.

Invesco Advisers does not obligate itself to seek the lowest commission cost on each individual transaction and may cause a client to pay commission costs which may exceed the cost charged by another broker-dealer. This may occur when we determine in good faith that the commission costs are reasonable in relation to the research and/or brokerage services provided by the broker-dealer. Invesco Advisers periodically and systematically evaluates the execution performance of brokers executing transactions.

Benefit to the Clients' Accounts

The Brokers used by Invesco Advisers tend to provide a more in-depth analysis of a broader universe of securities and other matters than our staff follows. In addition, the outside research services provide Invesco Advisers with additional diversity of perspective on the financial markets. As discussed in the "Cross-Subsidization" subsection above, research services provided to Invesco Advisers by Brokers are available for the general benefit of all accounts advised by the firm. Invesco Advisers, as previously discussed, uses a Global Trading desk to execute client transactions. The soft dollar credits generated by a client account transaction accrue to the benefit of the adviser of the account. Invesco Advisers

believes that the research services are beneficial in supplementing their own research and analysis, and that they improve the quality of the investment advice provided to the accounts managed by our firm. The advisory fee paid by the accounts is not reduced as a result of the firm receiving such services. However, to the extent that Invesco Advisers would have used hard dollars to purchase any such research services had they not been provided by Brokers, our expenses could be considered to have been reduced accordingly.

Research Products and Services Received for Execution

Invesco Advisers currently receives a variety of brokerage and research services from various firms in return for client account brokerage business. These services include quantitative and qualitative research information and recommendations for investments, as well as analyses and reports covering a broad range of economic factors, markets and trends. Such services are of the types described in section 28(e) of the Securities Exchange Act of 1934 and are utilized to augment Invesco Advisers' internal research and investment strategy capabilities. Invesco Advisers factors in a broker's ability to assist it in fulfilling its overall investment responsibilities to all its clients when determining which brokers offer best execution for clients. Invesco Advisers believes this practice is in the long term best interest of its clients.

Because trades may be placed with broker-dealers in recognition of the usefulness of their research or other products or services (including those provided by third-parties and paid for by the broker-dealers), clients may pay commission rates that are higher than may be charged by another broker-dealer, or than would be charged if no research was provided. However, Invesco Advisers expects to negotiate commissions to a level that is competitive.

On an ongoing basis, Invesco Advisers monitors and evaluates the performance and execution capabilities of the firms which provide research and brokerage services and also monitors the levels of Commission costs in comparison to those commissions paid by other institutional investment managers.

Allocation of Research Products and Services Received for Execution

Invesco Advisers may use the products or services provided or paid for by broker-dealers in return for execution of securities transactions to service all accounts managed by Invesco and not just the accounts whose transactions paid for particular products or services. Moreover, it is possible that the accounts whose transactions generate brokerage commissions that are used to pay for products or services may not benefit in any way from them. However, we expect that each client will benefit overall by this practice because each receives the benefit of research services that it might not otherwise receive. To the extent broker-dealers supply research to Invesco Advisers, it is relieved of expenses that it might otherwise bear and this constitutes a potential conflict of interest.

Types of Transactions

Purchases and sales will be effected either on an agency basis, which involves the payment of negotiated brokerage commissions to the broker, dealer or other trading counterparty, including electronic communication networks (each a "Broker"), or at net prices, without commissions as such, but which include compensation to the Broker in the form of mark-ups or mark-downs (principal basis). Purchases of underwritten issues include a commission or concession paid by the issuer (not the accounts) to the underwriter. Purchases of money market instruments may be made directly from issuers without the payment of commissions. Invesco Advisers may execute transactions in odd lots when appropriate.

Responsibility for Selection of Brokers

In most cases, an Invesco Advisers agreement with an account will provide that we may determine the Broker to be used to effect a security transaction for the account. When effecting a transaction for an advisory account for which Invesco Advisers has investment discretion, the person executing the transaction (the "Trader"), consistent with our brokerage policies and procedures except as otherwise directed by the client, is responsible for selection of the Broker to effect the transaction and for negotiation of the applicable commission rate.

All purchase and sale orders for equity securities, including securities convertible into equity securities, and for options and futures contracts on equity securities are executed by Invesco's Global Trading Desk under the general supervision of the Global Head of Equity Trading. Each of the regional desks that comprise the Global Equity Trading Desk operates under the trading policies and procedures of the Invesco entity that manages it. There are no material differences between the trading policies and procedures of the desks.

All purchase and sale orders directed by the Fixed Income and Cash Management portfolio managers, analysts, and traders are executed under the general supervision of the respective heads of the various investment strategies which comprise Invesco Fixed Income's Office of the Chief Investment Officer.

Soft Dollars

Invesco Advisers acquires statistical, research or other information or services ("research services") from Brokers in return for executing trades for client accounts with those Brokers. In effect, Invesco Advisers uses the commission dollars generated from these client accounts to pay for these research services. The money management industry uses the term "soft dollars" to refer to this industry practice (as in "Instead of paying cash, the adviser used *soft dollars* to pay for a portion of its research services). However, the SEC uses the term "commission sharing arrangement" ("CSA") to refer to this industry practice.

Invesco Advisers categorizes CSAs into three groups:

- research services that are proprietary to the Broker providing them;
- research services proprietary to a Broker, that offers the choice of paying for them through execution with that Broker; and
- research services that are available on a subscription basis from a third party provider and are paid for on our behalf by an executing Broker. To the extent that the execution and prices offered by more than one Broker are comparable, Invesco Advisers may effect transactions with Brokers that furnish research services which we believe will be beneficial to the accounts.

The SECs "Commission Guidance Regarding Client Commission Practices Sections 28(e) requires that when a Broker provides research services, and the adviser executes a transaction with that Broker, the adviser must determine in good faith that the amount of commission paid was reasonable in relation to the value of the brokerage and research services provided by the Broker, viewed in terms of either that particular transaction or the adviser's overall responsibility to all of its discretionary accounts.

Invesco Advisers may engage in soft dollar transactions for those client accounts in which we have the discretion to select the Brokers. The ability to direct brokerage for a client account belongs to the client and not to the adviser. When a client grants an adviser the discretion to select Brokers for client transactions, the adviser has a duty to seek the best combination of net price and execution. Invesco Advisers faces a potential conflict of interest with this duty when they use client transactions to generate soft dollars which can be used to pay for research services ("soft dollar research services"). This conflict exists because Invesco Advisers is able to acquire and use a soft dollar research service in managing client accounts without paying cash ("hard dollars"), which in turn reduces our expenses.

Cross-Subsidization

In addition to the conflict discussed immediately above, under Section 28(e) Invesco Advisers is not required to use a soft dollar research service in managing those accounts which generated the soft dollars used to acquire it. Thus, the client accounts that generate the brokerage commission used to acquire the soft dollar research service may not always benefit directly from it. In effect, those accounts are cross-subsidizing management of other accounts that do benefit directly from the soft dollar research service. This practice is sanctioned by Section 28(e), which creates a "safe harbor" for soft dollar transactions and for such cross-subsidies conducted in a specified manner.

Invesco Advisers attempts to reduce or eliminate the potential conflict of interest concerning the use of soft dollar research services by directing client trades for such services only if we conclude that the Broker supplying each such service is

capable of providing best execution. As noted above, the best net price, while significant, is merely one of a number of factors Invesco Advisers considers when determining whether a particular broker is capable of providing best execution, and it should be noted that some of these other factors are subjective. Invesco Advisers may cause a client account to pay a brokerage commission in a soft dollar transaction in excess of that which another Broker might have charged for the same transaction.

Types of Soft Dollar Services

The types of soft dollar services Invesco Advisers obtains is determined within the most recent guidelines provided by the SEC in its "Commission Guidance Regarding Client Commission Practices under Sections 28(e) and Securities Exchange Act of 1934" dated July 18, 2006.

Invesco Advisers acquires two types of soft dollar research services (i) "proprietary research" created by the Broker executing the transaction and (ii) research which is created by third parties ("third party research") and supplied to Invesco Advisers through the Broker executing the transaction.

Proprietary research consists primarily of traditional research reports, recommendations and similar materials produced by the in house research staffs of Brokers. This research includes evaluations and recommendations of specific companies or industry groups, as well as analysis of general economic and market conditions and trends, market data, contacts and other related information and assistance. Invesco Advisers periodically rates the quality of proprietary research produced by various Brokers. Based on these evaluations, Invesco Advisers develops rankings that prioritize the estimated level of soft dollar commissions we will seek to direct to such Brokers.

Invesco Advisers also uses soft dollars to acquire third party research that is supplied to us through the Broker executing the trade (or another Broker who "steps in" to a transaction and receives all or a portion of the brokerage commission for the trade). Third party research services include but are not limited to:

- Database Services – comprehensive databases containing current and/or historical information on companies and industries and indices. Examples include historical securities prices, earnings estimates and financial data. These services may include software tools that allow the user to search the database or to prepare value-added analyses related to the investment process (such as forecasts and models used in the portfolio management process).
- Quotation/Trading/News Systems – services that provide real time market data information, such as pricing of individual securities and information on current trading, as well as a variety of news services.

- Economic Data/Forecasting Tools – various macro-economic forecasting tools, such as economic data or currency and political forecasts for various countries or regions.
- Quantitative/Technical Analysis – software tools that assist in quantitative and technical analysis of investment data.
- Fundamental/Industry Analysis – industry specific fundamental investment research.
- Other Specialized Tools – other specialized services, such as consulting analyses, access to industry experts and practitioners, distinct investment expertise such as forensic accounting or custom built investment-analysis software.

Certain of these third party research services may be available directly from the vendor on a hard dollar basis. Others are available only through Brokers on a soft dollar basis. Invesco Advisers target commission dollars to be spent on a service-by-service basis in an amount equal to a specified multiple of the hard dollar value to the Broker through whom the service is acquired. In general, these multiples range from 1.2 to 1.3 times such hard dollar value. Invesco Advisers attempts to direct trades to each firm that provides soft dollar services to meet these targets, but only when doing so is consistent with meeting their obligation to seek best execution.

Products and services that are obtained through the use of soft dollars may include research analysis reports, electronic databases, on-line quotation services, industry publications, economic forecasting, and consulting services, and products that facilitate trade execution. Specifically, Invesco Advisers utilizes soft dollars to obtain such products and services as FactSet, MSCI, Barra, Compustat, Datastream, Econoview, IBES and Worldscope.

Invesco Advisers may receive certain “mixed-use” services, where a portion of the service is considered to support Investments research and another portion is considered to support efforts other than Investments research. Also, some employees are considered dual employees who work for different advisory subsidiaries of Invesco Ltd. In instances where Invesco Advisers receives mixed-use services or dual employees use soft dollar services, we allocate the services between Invesco research and non-Invesco research. In both cases, the non-Invesco-research portion will be paid in hard dollars by Invesco Advisers, rather than through commissions paid to the Broker.

As a result of any of the above factors, a client may pay a higher commission than is available from other brokers for trade execution.

To the extent brokers supply research to Invesco Advisers, it is relieved of expenses that it might otherwise bear. Invesco Advisers receipt of research services pursuant

to these arrangements will not reduce the advisory fees received by our firm from our clients.

Research Arrangements

Some Brokers may indicate that the provision of research services is dependent upon the generation of certain specified levels of commissions and underwriting concessions by accounts managed by Invesco Advisers. However, our client accounts are not under any obligation to deal with any Broker in the execution of transactions in portfolio securities. The Invesco Advisers Trading Practices Committee will approve all arrangements, whether formal or informal, whereby the provision of research services is explicitly dependent on the level of commissions and underwriting concessions generated by accounts we advise. All such arrangements, whether oral or in writing, are subject to the following conditions:

- the services provided by the Broker must benefit one or more accounts advised by Invesco Advisers;
- no such arrangement shall commit a client account to pay a specified rate of commission or generate a specified amount of commissions with or make any payments to any Broker; and;
- any arrangement will be subject to the rules of the FINRA governing fixed-price underwritings.

Directed Brokerage

Invesco Advisers does not enter into any Directed Brokerage Arrangements (defined below) for the promotion or sale of Invesco Fund shares ("Sales Promotional Activities"). "Directed Brokerage Arrangements" include:

- (1) any agreement or arrangement in which a Broker:
 - executes portfolio transactions for the account of an Invesco Fund; or
 - receives any remuneration, including but not limited to any commission, mark-up, mark-down, or other fee (or portion thereof) payable or to be payable from portfolio transactions for the account of an Invesco Fund (whether executed by that Broker or through any other Broker [including a government securities broker, municipal securities dealer or government securities broker]); or
- (2) any other quid pro quo-type portfolio transactions, such as purchasing or selling securities issued by the Broker or any of its affiliates in connection with sales promotional activities.

On occasion, a client (e.g., separate account, sub-advised account) may request or direct in writing either that Invesco Advisers effect transactions in the client's account through a particular Broker or Brokers or that we pay a particular commission rate in effecting transactions. In the case of a client that is not an ERISA account, Invesco will attempt to honor such request only when it can do so consistent with the policy of obtaining best execution. In the case of an ERISA account, Invesco will honor such request only when it can do so consistent with the policy of obtaining best execution and the client certifies to Invesco that all services provided by the Broker to the client are for the exclusive benefit of the participants in the ERISA plan. All directed brokerage letters must contain disclosure consistent with that required by the SEC in its decision in re Mark Bailey and an acknowledgement from the client regarding such disclosure.

Other Trading Issues

Invesco Advisers will not seek to recapture any commissions, fees, brokerage or similar payments paid by the accounts on portfolio transactions (other than as required by law) unless a client specifically directs that we seek such recapture for the benefit of that client's account.

It is Invesco's policy, with the exception of Managed Wrap Accounts, not to accept client directed brokerage instructions that relate to more than 30% of the client's quarterly commissions. Trades for the Managed Wrap Accounts are generally directed to the sponsoring broker because the wrap fee includes commissions on trades.

If a client directs Invesco Advisers to use a specific broker-dealer to execute transactions for its account, it is such client's responsibility to ensure the following:

- all services provided by the designated broker-dealers will inure solely to the benefit of the client's account and any beneficiaries of the account, and are proper and permissible expenses of the account, and may properly be provided in consideration for brokerage commissions or other remuneration paid to the designated broker-dealers;
- using the designated broker-dealers in the manner directed is in the best interests of the client's account and any beneficiaries of the account, taking into consideration the services provided by the designated broker-dealers;
- its directions will not conflict with any obligations persons acting for the clients account may have to the account, its beneficiaries or any third parties, including any fiduciary obligations persons acting for the account may have to obtain the most favorable price and execution for the account and its beneficiaries, and;
- persons acting for the client's account have the requisite power and authority to provide the directions on behalf of the account and have obtained all consents, approvals or authorizations from any beneficiaries

of the account and third parties that may be required under application law or instruments governing the account

In addition, it is a directed brokerage client's responsibility to:

- consider information concerning broker-dealer's execution capabilities and pricing or other information client considers relevant;
- conclude that broker-dealer is capable of providing best execution of transactions for client's account; and
- determine that the rates for commissions, commission equivalents, mark-ups, markdowns and other fees that apply to client's account are appropriate and reasonable, for all transactions in client's account, in relation to the value of broker-dealer services received by or made available to client.

Determination of Commission Rates

With the exception of wrap accounts which do not typically incur commission fees on individual security transactions, Invesco Advisers believes that the clients' accounts benefit from a securities industry comprised of many diverse firms and that having a number of Brokers willing to service accounts is in the clients' best interests. Invesco Advisers believes that the interests of the accounts are best served by brokerage policies that include the payment of a fair commission rather than merely requiring the payment of the lowest possible commission rates. Invesco Advisers also believes that the commission charged on a particular transaction is generally a relatively small part of the total cost of the transaction, and, that therefore, a larger commission may be more than offset by a more favorable execution quality or price on any particular transaction. In addition, Invesco Advisers believes that a Broker's willingness to undertake a difficult and possibly unprofitable transaction will depend on the overall profitability of such Broker's transactions for the accounts.

These factors, as well as the commission rates generally charged by various Brokers to institutional accounts of various sizes and the aggregate amount of commissions generated in the past and likely to be generated in the future by the accounts, will be considered when determining the reasonableness of a particular commission. Due to these considerations, the commission actually paid by an account on any particular transaction may not be the lowest available. Invesco Advisers continues to monitor commission rates in the industry to help determine the reasonableness of commissions to be charged to the accounts.

If, after considering the aforementioned factors with respect to any particular transaction, the Trader believes that the payment of a particular commission amount to the Broker would be either unreasonably high or unreasonably low based upon relevant factors, including difficulty of executing the transaction or the research services received, the Trader may agree to a lower or higher commission rate, as appropriate. A commission which is higher than usual may

also be appropriate if the Broker has brought to the accounts an unusually favorable trading opportunity. These adjustments may be made provided that the Trader has made a good faith determination that the commission is reasonable in relation to the value of the research or brokerage services provided by the Broker.

Aggregation of Orders

Invesco Advisers will aggregate orders for the purchase or sale of equity securities for Invesco-Managed Accounts traded for various Invesco Affiliates in accordance with these Equity Order Aggregation/Allocation Procedures. When an affiliate executes a securities transaction on behalf of an Invesco-Managed Account, the Equity Order Aggregation/Allocation Procedures of the affiliate are applicable.

Invesco Advisers will aggregate open orders in the same equity security, same side, for all Invesco-Managed accounts participating in purchase or sale transactions of that security (except for those accounts subject to trading restrictions) including:

- the Funds;
- accounts that have prepaid commissions ("Managed Wrap Accounts");
- accounts for which Invesco has been appointed as sub-adviser (the "Sub-Advised Accounts"); and
- discretionary accounts managed by the Invesco Affiliates; Invesco will direct the executing Broker to "step-out" the Managed Wrap Account orders to the appropriate wrap sponsor, which in turn will clear and settle its portion of the trade
- overlay managers when utilized by sponsors of managed wrap account programs.

In those countries where account orders cannot be aggregated, Invesco Advisers will execute trades in accordance with legal practice. To the extent that Invesco Advisers is permitted, we will include the orders for accounts with trading restrictions with the aggregated orders for discretionary accounts. If Invesco Advisers is not permitted to aggregate participating restricted accounts with the participating discretionary accounts, we will execute and allocate transactions among the restricted accounts in a manner we deem equitable, which will generally occur after the execution of the orders for the discretionary accounts has been completed. In certain instances, available sellers or buyers of a particular equity security may be limited to one or more Brokers. In these instances, the mandates of the accounts with trading restrictions may limit these accounts from participating in a particular trade. Invesco Advisers will not

aggregate program trade orders with other orders if this action would disrupt the program trade; instead, the program trade orders will be executed independently.

When Managed Wrap Account orders are aggregated with other discretionary Invesco-Managed Account orders and then stepped-out to the wrap sponsor, the Managed Account orders will not incur an explicit commission on the trade because they have prepaid commissions; by contrast, the Funds and Sub-Advised Accounts and Invesco-Managed Accounts will incur an explicit commission charge on the trade.

With respect to “Model Portfolio” accounts over which Invesco Advisers does not have the discretion to make specific investment decisions, we will deliver investment recommendations for the relevant Model Portfolios to the Sponsor or Servicing Broker after we have completed those trades for our discretionary client accounts that permit trade aggregation and step-outs to other broker-dealers. Invesco Advisers uses a randomizer to generate a rotation schedule for all accounts over which it does not have investment discretion or discretionary accounts that either do not permit trade aggregation or allow step-outs to other broker-dealers, including the Model Portfolios. Invesco Advisers will deliver investment recommendations to each account or the overlay manager in the randomly generated schedule upon receipt of notification that the preceding account or overlay manager has completed trading. Invesco Advisers may deviate from the randomly generated schedule in certain circumstances, including when there are unusually long delays in an account’s execution of a particular trade or in the absence of receiving confirmation from the overlay manager that a trade or model change has been completed. Invesco Advisers may require that the Sponsor or Servicing Broker agrees that it will execute transactions for model Portfolio Program client accounts or overlay managers that have selected an investment strategy without delay after receipt of an investment recommendation for the relevant Model Portfolio, and that the Sponsor, or overlay managers, or Servicing Broker agrees to notify us promptly upon completion of trading on investment recommendations we provide for the relevant Model Portfolios.

Exceptions may be made to avoid, among other things, odd lots and de minimis allocations.

Invesco Advisers may use the commissions generated by the Funds and Sub-Advised Accounts to purchase third-party or proprietary research services when executing aggregated transactions that include Managed Wrap Account orders.

In placing Invesco-Managed Account orders, Invesco Advisers may request that a portion of a transaction be “stepped-out” to another Broker (the “step-in Broker”), which in turn clears and settles its portion of the trade. In this case, the step-in Broker may receive a commission for those services. Invesco Advisers may initiate step-out transactions on its own or when directed by the client (or, in the case of the Funds, by the Boards of Trustees (the “Boards”)).

In the event the trading desk receives a subsequent order in the same security, same side, as an existing aggregated order, Invesco Advisers will combine the

new order and the unexecuted portion of the original aggregated order into one order to be executed on a pro rata basis (based on order size). The portion of the original aggregated trade that was executed prior to the receipt of the subsequent order will be allocated on a pro rata basis among the accounts that participated in the original aggregated trade.

Alternative Trading Options for Managed Wrap Accounts

Invesco Advisers may choose to aggregate trades in domestic (non-ADR) equities for Managed Wrap Accounts with Fund and Sub-Advised Account and other Invesco-Managed Account orders or effect securities transactions for Managed Wrap Accounts in accordance with the following procedures:

- In the event that a wrap program sponsor does not allow aggregation of its specific Managed Wrap Accounts (each, a “Restricted Account”), Invesco Advisers will execute the non-restricted accounts’ aggregated order and then use a fair and equitable rotation method to execute each Restricted Account order with a respective wrap program sponsor or overlay manager in full before executing the orders for the Restricted Accounts with the next wrap program sponsor or overlay manager. Lastly, Invesco Advisers will communicate the model portfolio information to sponsors of wrap programs for which the firm does not have any trading responsibility.
- The Head of Equity Trading or designee will monitor the randomization process; Compliance will review the average price log on a quarterly basis
- In the event that there are no corresponding Fund or Sub-Advised Account orders excluding Invesco Affiliates, Invesco Advisers may aggregate the Managed Wrap Account orders (excluding orders for Restricted Accounts), and then execute them with one of the managed wrap Brokers. The portion of the aggregated order that relates to accounts that are not part of the executing Broker’s wrap program would then be stepped out to the appropriate wrap program sponsor.
- Within each wrap sponsor program, executed trades will be allocated on a random basis so that each individual client’s order will be executed in full before the order for the next randomly selected client is commenced. Whether the random allocation for the accounts of a particular wrap program sponsor will be carried out by Invesco Advisers or by the wrap program sponsor itself will depend upon the agreement between the Invesco Advisers and the particular wrap program sponsor.
- Managed Wrap Account-specific trades without a corresponding Fund or Sub-advised account excluding Invesco Affiliates are

generally not subject to the random method; Invesco Advisers will normally execute those trades with the respective wrap program sponsor subject to best execution.

International ADR equity trades for managed wrap accounts

With respect to exposure to international equities, Managed Wrap Accounts will only hold American Depositary Receipts (“ADRs”) and not local ordinary shares. When Invesco Advisers executes an order for ADR shares for the Managed Wrap Accounts, we will normally execute those trades in one of the following manners:

- If Trading believes there is sufficient liquidity in the ADR (US) market, the order will be executed in the ADR market. Trading has discretion to trade the order in an aggregated manner or in a randomizer based upon Invesco Advisers responsibility to seek best execution. Trading will maintain an average price log which Compliance will review quarterly.
- If Trading believes there is insufficient liquidity in the ADR market to execute the order, the trade will be given to the international desk to execute in the local market in ordinary shares, which will then be converted into ADRs by the executing Broker. The executing Broker may or may not be the program sponsor. In these transactions, Managed Wrap Account clients will incur additional dealer mark-ups or mark-downs, and or other fees and transaction costs (i.e. ADR construction/deconstruction fees).
- In the event the trader on the international desk who was assigned the managed wrap order is either working a Fund order, or in the course of the trade receives a Fund order, for the same security (same side), the trader will aggregate the Fund and Managed Wrap Account orders and work with one Broker and will allocate shares pro-rata based on order size.

Allocation of Partial Fills

Under normal circumstances allocation of orders will be based on order size. If there is an insufficient supply or demand for an equity security (except equity securities offered in initial public offerings which are addressed in the Equity IPO Allocation Procedures) so that the orders cannot be completed in full, Invesco Advisers will allocate the orders for the purchase or sale of the security on a pro rata basis based on relative order size. For international orders where there is a minimum round lot requirement, Invesco Advisers will attempt to round the pro rata allocation to the nearest round lot. Invesco Advisers will allocate partial fills

for accounts having the same Managed Wrap Account sponsor on any day on a random allocation basis.

Price per Share

The unit price of portfolio securities purchased or sold in aggregated transactions will be the same for each participating account, and except for Managed Wrap Account orders, any brokerage commissions incurred in connection with transactions executed on an agency basis will be at the same rate for each participating account. Managed Wrap Accounts prepay brokerage commissions, thus these accounts do not pay additional commissions when their trades are stepped out to the wrap program sponsor.

Equity IPO Allocation

Securities purchased in initial public offerings (“IPOs”) may be sold on the same day of their acquisition, or shortly thereafter. Sales may be made immediately upon the occurrence of any event the portfolio manager believes justifies such sale, including but not limited to, the occurrence of any of the following events:

- initial allocation not deemed by portfolio manager to be significant enough to maintain the portfolio holding;
- stock price reaches portfolio manager’s price target;
- positive or negative market action; and
- corporate news

The Invesco Advisers IPO Allocation Committee (“IPOAC”) is responsible for ensuring compliance with the provisions of these Equity IPO Allocation Procedures. Invesco Advisers will aggregate indications of interest for IPOs of equity securities for all accounts participating in purchase transactions for that IPO. The price per share of securities purchased in IPO transactions will be the same for each account. When the full amount of all orders for an IPO cannot be filled completely, the IPOAC will review accounts indicating an interest in participating in a particular IPO for eligibility based on the following:

- Market capitalization/liquidity suitability: The IPOAC will consider the liquidity of the issue and whether the market capitalization of the issuer is within the account’s primary market cap range;
- Sector/style suitability: The IPOAC will limit the participation of sector or regional accounts to IPOs within their primary sectors or geographic regions, and will consider whether the valuation characteristics of the issuer are in line with the account’s typical holdings; and

- Manager commitment: The IPOAC will consider evidence of commitment and strong interest on the part of the account's portfolio managers in the particular issuer, including whether the portfolio managers have indicated an interest in acquiring the security in the after-market and whether the account already owns companies comparable to the issuer.

If the Invesco IPO Committee deems that an account indicating an interest in an IPO is not eligible to purchase a particular IPO, it will be excluded from participating in that IPO. Managed Wrap Accounts, Incubator Funds (Funds that are not marketed to the public) and Launch Funds (Funds that have opened within the last twelve months and have not achieved \$10 million in assets) are not eligible to participate in IPOs. Funds which have less than \$10 million in assets or more than 10% in Invesco seed money cannot participate in IPOs. Once a Fund reaches \$10 million in assets and has less than 10% in Invesco seed money it is no longer deemed a Launch fund. Mutual funds sub-advised by Invesco Advisers are eligible to participate in IPOs.

If the full amount of all IPO orders for all eligible accounts cannot be filled completely, the Invesco IPO Committee will allocate the securities received on a pro rata basis based on relative order size. If any accounts with substantially identical investment objectives and policies participate in IPOs, they should do so in amounts reasonably proportionate to each other.

WL Ross & Co., LLC ("WL Ross"), an affiliated investment adviser registered with the SEC (file #: 801-67779), manages private equity funds that invest in both private and publicly traded distressed securities. One of WL Ross' strategies is to invest in distressed or bankrupt companies, reorganize the company and exit the investment by arranging an initial public offering ("IPO") that is organized through an unaffiliated syndicated underwriter. Wilbur Ross, CEO of WL Ross, and many of the WL Ross employees may be selling shareholders or have a beneficial interest shares sold in the IPO through their participation as a general or limited partner in the private equity funds.

The Compliance Group monitors IPO allocations utilizing the trading system. The daily review confirms proper allocation.

On a quarterly basis the Compliance Group and the Head of Syndicate Trading will provide a certification to the Invesco Fund Boards that all IPOs have been allocated in accordance with these IPO Equity Allocation Procedures, and will list any exceptions and the corrective action taken.

In situations where Invesco Advisers is seeking an allocation of an IPO from the underwriter on behalf of our clients' accounts, our clients may participate in certain cases, depending on the facts and circumstances specific to the IPO (e.g., whether the IPO is a firm commitment or best efforts underwriting). Invesco Advisers is not entitled to obtain, or seek to invest in an IPO based upon, WL Ross' evaluation of an IPO company's worth or other

knowledge from WL Ross regarding actual or potential ongoing WL Ross involvement with the company.

Transfers/Cross Transactions between Accounts

Under Rule 17a-7 of the Investment Company Act of 1940, a security may be simultaneously sold by one of the accounts and purchased by another account advised by Invesco Advisers. This transaction may occur only when such transaction complies with applicable rules and regulations and is consistent with the investment policies and objectives of each account, and with the procedures for such transactions established either by, as applicable, the Boards of Trustees of the Invesco Funds or by the accounts for which Invesco Advisers sub-advises (if those accounts have provided Invesco Advisers with such procedures). Such transfers between accounts do not generate brokerage commissions for either account, but may result in custodial fees or taxes or other related expenses.

Where the Invesco Advisers' clients are registered investment companies, we may effect cross transactions where one portfolio is buying and the other portfolio is selling, pursuant to procedures adopted under Rule 17a-7 under the Investment Company Act of 1940. Cross transaction may also be effected between non-investment company clients that are not subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Joint Trading

Provisions of the 1940 Act and rules and regulations thereunder prohibit the Funds from entering into certain joint transactions. Invesco Advisers, the Funds and certain other accounts we advise rely on a no-action letter issued to The Chase Manhattan Bank by the SEC which, subject to compliance with certain conditions, permits the Funds and such other accounts to establish joint trading accounts to pool cash balances and reserves for more efficient cash management.

Equity Brokerage Policy Determination

Invesco has a global equity trading department, with trading professionals in multiple geographic locations and also has a Global Equity Trading Oversight Committee ("GETOC"). The GETOC approves the brokerage policies and procedures, which are reviewed and approved annually by the Boards of Trustees of the Invesco Funds. The GETOC will not put into practice any material changes to such policies and procedures without the prior approval of the Boards of Trustees of the Invesco Funds. Unless directed by the Boards of Trustees of the Invesco Funds, or requested in writing by an account other than the Invesco Funds, Invesco Advisers will not have any binding commitments with any broker-dealer ("Broker") as to the amount of brokerage transactions to be

allocated to that Broker or as to the levels of commission rates at which any transactions with that Broker will be effected.

Certain other registered investment adviser subsidiaries of Invesco Ltd. may from time to time have other arrangements not specified in this filing. For more complete information regarding these related persons, please refer to filings made with the SEC by those related persons.

Review of Accounts

Institutional Business

Institutional clients who meet an account minimum receive reports at least quarterly containing information regarding the performance of their account. These reports may provide performance, sector classifications, yield, income, portfolio composition and value, and purchases and sales. Additional reports may be provided on a periodic or non-routine basis upon the request of the client.

Mutual Fund Business

Investment company accounts are subject to both compliance and investment policy reviews.

Funds for which Invesco Advisers provides investment advisory services are monitored through our trading systems. The various systems have rules programmed into them by the Compliance Department and are monitored through daily exception reports and work flow monitoring. Additionally, Compliance Officers and Managers review the account summary reports on a monthly basis. The Portfolio Managers certify on a quarterly basis that the Fund's trades were made in accordance with the Fund's prospectus and SAI. Moreover, quarterly reports are prepared for the Investments Committees of the Funds' Boards of Trustees by the Compliance Department. Additionally, the Global Head of Performance & Risk, Lead Portfolio Managers, Portfolio Managers and Analysts monitor their accounts on a regular basis.

The oversight committees analyze the performance and risk profile, and review portfolio strategies and construction of the various investment portfolios we manage. The oversight committees focus on investment management issues and are responsible for conducting a proactive review of the strategies and construction of investment portfolios. As part of their review process, the committees may from time to time issue policy directives, such as indicating the minimum cash levels to be maintained for the mutual funds and other accounts.

The Board of Trustees of each Invesco Fund receives monthly and quarterly reports which include information regarding the Invesco Fund's investment

activities, performance and commission allocations during recent periods. At least semi-annually, the Board of Trustees and shareholders of each Invesco Fund receive complete financial statements of the Invesco Fund, including a schedule of the Invesco Fund's investments.

Wrap Fee Business

Wrap program clients receive reports periodically from the wrap sponsor.

Accounts of clients that participate in the wrap fee program are generally reviewed at least weekly to compare the weight of the stocks in each account to the target model portfolio. This review is conducted by the separately managed accounts trading team in Operations.

Wrap account management can require additional Portfolio Managers and operations personnel to provide daily, monthly and quarterly reviews regarding specific client account requirements. These team members and Compliance work to assure that individual accounts comply with contractual guidelines and restrictions. They monitor individual account composition and performance in comparison to models and arrange for efficient investment/liquidation when cash deposits and disbursements are made. Frequency of reviews and account review loads vary depending on the type of investment activity. Major changes in market conditions may also trigger ad hoc reviews.

Client Referrals and Other Compensation

Invesco Advisers may effect transactions with broker-dealers that furnish non-research services which we believe will be beneficial to the Funds.

Certain other registered investment adviser subsidiaries of Invesco Ltd. may from time to time receive additional compensation from non-clients. For more complete information please refer to the filings made with the SEC by those related persons.

In addition, in wrap program arrangements, Invesco Advisers receives fees from the wrap sponsor for services rendered by our firm to wrap program clients. To the extent that the wrap sponsor might not be considered our client, we might be considered to receive cash compensation from a non-client in connection with giving advice to wrap program clients. Similarly, in certain cases where Invesco Advisers serves as a sub-adviser, we may receive our advisory fees from the primary investment manager (the wrap sponsor) rather than directly from the investment advisory client.

Payment for Client Referrals

Invesco Advisers may pay fees to persons for client referrals, as permitted by Rule 206(4)-3 of the Investment Advisors Act of 1940. Such fees are paid by Invesco Advisers rather than by the client. These fees typically involve the firm paying a portion of its investment management fee to the referring party. Invesco Advisers will not charge the referred client a higher fee to compensate for the fee it pays to the solicitor.

Custody

The Direct Investment arm of Invesco Advisers Real Estate Investment Center arranges payment of certain expenses for property investments as stipulated in client agreements. Therefore, Invesco Advisers is deemed to have custody of those client funds. Such custody is maintained in accord with the requirements of Rule 206(4)-2 under the Investment Adviser's Act of 1940. Client funds are held by a qualified custodian under the property's name or under Invesco Advisers as agent or trustee for the client. The qualified custodians send account statements directly to the clients or to clients' independent representatives at least quarterly. Invesco Advisers will notify clients of any changes in a custodian's name and address when a custodial account is opened, and following any changes. Clients should compare the statements received from the custodian with those they receive directly from Invesco Advisers.

The Direct Investment arm of Invesco Advisers Real Estate Investment Center acts as both general partner and investment adviser to a limited partnership, and is deemed to have custody of client assets. Therefore, this investment center distributes audited financial statements to the partners. Other Invesco Investment Centers may also act in a similar capacity in comparable structures, and therefore may be deemed to have custody of client assets. These investment centers typically distribute audited financial statements within 120 days of year end.

Invesco Advisers does not serve in a custodian role for mutual funds or any other accounts or securities for clients.

Investment Discretion

Invesco Advisers has discretionary authority to invest client portfolios, including amounts to be bought and sold, broker-dealers to use, bid/ask spreads or commission rates that will be charged. Contract restrictions might include limited concentrations, diversification criteria, liquidity requirements, maximum rates of

turnover, specific asset allocations, prohibitions on investing in an issuer, class or sector and direction to use specific broker-dealers.

Certain other registered investment adviser subsidiaries of the Invesco Parent may, from time to time, have other arrangements not specified herein.

Voting Client Services

Proxy voting is an integral part of the Invesco Advisers' investment management process. Invesco Advisers has adopted proxy voting guidelines that are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC rule 206(4)-6 under the Investment Advisers Act of 1940. As a result of the consolidation of certain Invesco Ltd. investment advisers into Invesco Advisers, we currently have two separate proxy voting policies and procedures:

- The Invesco Advisers Proxy Policies and Procedures - Retail Funds (the "Retail Policies"). The Retail Policies apply to those Invesco Funds and accounts where day to day investment management services are provided by the former Invesco Aim portfolio management teams.
- The Invesco Advisers Proxy Policies and Procedures - Institutional Accounts (the "Institutional Policies"). The Institutional Policies apply to those Invesco Funds and accounts where day to day investment management services are provided by the former Invesco Institutional portfolio management teams.

These proxy voting policies are discussed further below.

Retail Policies

Invesco Advisers' Retail Proxy Committee (the "Retail Committee") consists of members of Invesco Advisers' Investments and Compliance departments. The Retail Committee monitors compliance using the Retail Policies and the analysis provided by Invesco Advisers' corporate-governance adviser, Glass Lewis & Co. ("GL&Co."). Where the Retail Policies specifically address an issue presented in a proxy, the Retail Committee votes in a manner dictated by the Retail Policies. Where the issue is not addressed by the Retail Policies, or where the issue is to be evaluated on a case-by-case basis, the Retail Committee considers the probable business consequences of the issue and votes in a manner designed to protect and enhance our clients' economic interests. The Retail Guidelines include procedures for the Retail Committee to follow if a material conflict of interest arises between Invesco Advisers (including employees and members of the Retail Committee) and our clients. The procedures are intended to ensure that any material conflict is resolved in the best interest of our clients. A copy of

these policies and the voting record of each Invesco Fund are available on our web site, www.invesco.com.

Institutional Policies

Invesco Advisers' Institutional Proxy Committee (the "Institutional Committee") consists of members of the Portfolio Management, Operations, Legal and Compliance departments. The Institutional Committee monitors compliance using the Institutional Guidelines and the analysis of an independent third party service provider, ISS Proxy Advisory Services ("ISS"). On an annual basis, Invesco Advisers will review information obtained from ISS to ascertain whether ISS has the capacity and competency to adequately analyze proxy issues, and can make such recommendations in an impartial manner and in the best economic interest of our clients. The Institutional Committee votes proxies when ISS has recused itself from a vote recommendation or if senior officers or a member of the Institutional Committee believes it necessary in the best economic interests of the clients. The Institutional Committee monitors adherence to the Institutional Guidelines, and reviews the ISS proxy voting guidelines. The Institutional Guidelines include procedures for the Institutional Committee to follow if a material conflict of interest arises between our firm (including employees and members of the Institutional Committee) and our clients, intended to ensure that any material conflict is resolved in the best interest of our clients. Clients may obtain information about how Invesco voted proxies on their behalf by contacting their client services representative. Alternatively, a client may make a written request for proxy voting information to: Proxy Manager, 1555 Peachtree Street, N.E., Atlanta, Georgia 30309.

A copy of the proxy voting policies and procedures will be made available to all clients upon request.

Financial Information

Invesco Advisers does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

Invesco Advisers does serve as a custodian for client funds or securities, but does not require prepayment of fees of more than \$1,200 per client six months or more in advance.