



Invesco Hong Kong Limited

Firm Brochure

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Invesco Hong Kong Limited. If you have any questions about the contents of this brochure, please contact us at: (852) 3128 6609 or by email at: Rebecca.Yeung@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 Hong Kong Limited is available on the SEC's website at www.adviserinfo.sec.gov

3 July, 2017

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.

Material Changes since the Last Update

The Methods of Analysis, Investment Strategies and Risk of Loss section has been updated.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (852) 3128 6609 or by email at: Rebecca.Yeung@invesco.com

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Firm Description

Invesco Hong Kong Limited (“IHKL”) was founded in 1972.

IHKL is an indirect, wholly owned subsidiary of Invesco Ltd. Invesco’s regional presence covers investment capabilities in domestic and specialist Asian products, available to local investors as well as investors worldwide.

IHKL is an investment adviser, which offers funds encompassing equity, bond, balanced and money market vehicles, to retail investors. The funds are distributed through most of the major financial institutions, including retail and private banks, and insurance companies. The role of IHKL is to make investment decisions, execute trades and provide portfolio securities administration for the funds it manages.

Apart from the retail business, IHKL manages assets for institutions ranging from public funds and pension funds to institutional working capital, according to the mandates’ investment objectives and guidelines.

Invesco Taiwan Limited became a wholly-owned subsidiary of IHKL on May 31, 2012.

In September 2012, IHKL entered into an agreement to acquire a 49 percent interest in Religare Asset Management Company Private Limited (RAMC) in India. The acquisition was formally completed on April 2, 2013. RAMC has been renamed as Religare Invesco Asset Management Company Private Limited (“RIAMC”).

On November 18, 2015, Invesco Ltd. (“Invesco”) and Religare Enterprises Limited jointly announced that they have entered into a definitive agreement to increase IHKL’s shareholding in RIAMC to 100%. The aforementioned transaction has been approved by the Securities and Exchange Board of India on February 18, 2016.

On April 8, 2016, Invesco announced that it has completed the acquisition of RIAMC, by increasing its shareholding from 49 percent to 100 percent. With customary Indian regulatory approvals, RIAMC was renamed as Invesco Asset Management (India) Private Limited with effect from May 3, 2016. The management team, investment management team and investment process of Invesco Asset Management (India) Private Limited will remain unchanged.

Principal Owners

IHKL is wholly-owned by Invesco Asset Management Pacific Limited which is wholly-owned by Invesco Pacific Group Limited. Invesco Pacific Group Limited is wholly-owned by Invesco Holding Company Limited whose parent (100% owned) is Invesco Ltd, which is publicly traded on the New York Stock Exchange under the symbol IVZ.

Types of Advisory Services

IHKL provides investment supervisory services, also known as asset management services; manages investment accounts and provide investment advice for the advisory accounts; issues periodical materials about the fund performance as well as market views.

As of 31 December 2016, IHKL manages approximately \$ 21,570 million in assets for its discretionary and advisory accounts.

Tailored Relationships

The goals and objectives for each client are documented in investment management agreements/ advisory agreements. Clients may impose restrictions on investing in certain securities or types of securities.

Types of Agreements

The following agreements define the typical client relationships.

Investment Management Agreement

Most clients choose to have IHKL manage their assets through an Investment Management Agreement. These include full discretionary, Asian Investment portfolio services to clients based in the United States of America or other regions. Portfolio management services commonly relate to country specific or regional portfolios.

These services will be furnished against the payment of a fee which is based on the value of asset under management and complexity of the mandate, and it is subject to negotiation.

The scope of work and fee for an Investment Management agreement is provided to the client in writing prior to the start of the relationship.

Asset Management

This represents the management of mutual funds which are distributed outside the U.S., usually distributed through major financial institutions, including retail and private banks, insurance companies or financial consultants.

These services will be furnished against the payment of a fee which is based on the value of asset under management (management fees). As an indication, the retail fund products currently charge up to 2% management fees depending on different type of products. The initial charge is usually up to 5.25 % depending on the distributors. All the fees and charges are stated in the relevant prospectuses.

Investments mainly include equities (stocks), debt, cash and cash equivalents and financial derivative instruments.

Advisory Service Agreement

Some of the IHKL's clients would like to obtain IHKL's advice on IHKL's expertise of managing a portfolio of Asian securities and enter an advisory agreement with IHKL.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship.

These services will be furnished against the payment of a fee which is based on the value of asset under management and complexity of the mandate, and it is subject to negotiation.

IHKL will also provide sub-advisory services to affiliated entities under the common ownership of Invesco Ltd.

Termination of Agreement

Investment advisory services generally may be terminated by either party upon prior written notice. Upon termination, any unearned fee will be refunded to the client in accordance with the terms of the agreement with the client.

Fees and Compensation

Description

With regards to most of the IHKL's managed or advisory portfolios, IHKL receives payment of a fee which is based on the value of asset under management and complexity of the mandate which are subject to negotiation.

Billing

Investment management fees are billed in arrears, meaning that IHKL invoices the client after the billing period ended. Billing period would be subject to the agreement with the client. Payment in full is expected upon invoice presentation.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds. These transaction charges are usually small and incidental to the purchase or sale of a security. Brokerage fees would also be incurred during the execution of securities.

IHKL may buy or sell securities or investment products in which IHKL or IHKL's affiliates or the portfolios managed by IHKL or IHKL's affiliates may have some financial interest.

Concerning the mutual funds, there may be other fees such as the initial fees or the redemption charges which are stated in the relevant prospectuses.

Performance-Based Fees

Performance fees

As negotiated with certain clients, additional fees may be paid, based on portfolio out-performance relative to an agreed formula.

Conflicts of Interest

IHKL may acquire funds which are managed by IHKL's affiliates for the clients' portfolios. In these cases, pre-approvals from clients need to be obtained in writing and the limits on such investment, as well as the fees are needed to be agreed before any purchase can be made.

Types of Clients

Description

IHKL generally provides investment advice/ managed assets for financial institutions, investment companies, pension, trusts or foundations, corporations or business entities, or other entities.

Client relationships vary in scope and length of service.

Account Minimums

In general, the minimum account size is \$ 20 million of assets under management for the separate accounts which have direct holdings on the investments. For discretionary fund-of-funds accounts, the minimum account size is \$ 5 million. IHKL has the discretion to waive the account minimum. Accounts of less than \$5 million may be set up when there is potential that the client will add additional funds to the accounts bringing the total to \$ 5 million within a reasonable time.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

General

Security analysis methods are primarily fundamental analysis.

The main sources of information include meetings with company management (and its annual reports / prospectus), sell-side brokers / strategists' reports etc.

Global ex-US equity investment strategy

The portfolio management teams use a variety of methods of analysis and research including:

Idea Generation

1. Trimark equity team : The single largest asset to the team's research effort is the team itself. The team's experience with companies acts as a primary source of ideas. The team's breadth of experience, coupled with a common philosophy anchored on characteristics such as return on capital, quality, and long-term orientation offers a continuous, fertile breeding ground for investment ideas.
2. Screening: The team employs informal screening, seeking companies that have high return on invested capital, high free cash flow conversion and consistency of returns. Quantitative screening is applied on an ad hoc basis (often before a research trip to a certain country or region).
3. Research: As part of the team's research process, they may also visit company sites, plants, factories and attend investment conferences. When visiting company sites, the team engages with employees at all levels, as well as suppliers and customers. As a secondary source of ideas, the team selectively considers external research, most notably paid research, as a way of obtaining expert information in very specific or obscure areas. The team reads sell-side research to understand market expectations and any value-added insights which may help them in formulating their opinion of a company. However, they do not pay attention to company ratings or price targets, and they do not rely on sell-side research recommendations to make investment decisions.

Fundamental Analysis

The team conducts its own analysis of a potential investment, focused on (i) business quality, (ii) management quality and (iii) valuation analysis. This analysis has both qualitative and quantitative elements, the outcome of which is to develop a view on the long term growth prospects of the business, as well as a view of its intrinsic valuation. The team builds and maintains its own financial model on each company.

Portfolio Construction and risk management

There are three fundamental characteristics that define the team's portfolio construction process:

- Benchmark agnostic: To add value as active managers, one must look different than the benchmark. The team's focus is on stock selection, irrespective of whether it is on/off benchmark. Sector, country and cash allocations are strictly by-products of the bottom-up investment process.
- Concentrated/conviction: Portfolios typically hold between 30 and 50 businesses. True proprietary ideas are relatively rare and hard to find. As such the team wants to put meaningful weight behind our highest conviction ideas. In essence, a concentrated portfolio leads to fewer decisions, which provide more time and energy to make more informed

patient decisions; which the team believes raises our batting average of success.

- Diversification: The portfolio is diversified by unique business ideas. A unique business idea is a proprietary thesis on why the team believes a company will grow in the future. The team believes sector diversification is insufficient, as there are businesses in different sectors that may have similar economic drivers. Instead the team seeks to avoid over exposure to any particular risk factor.

Investment Strategies

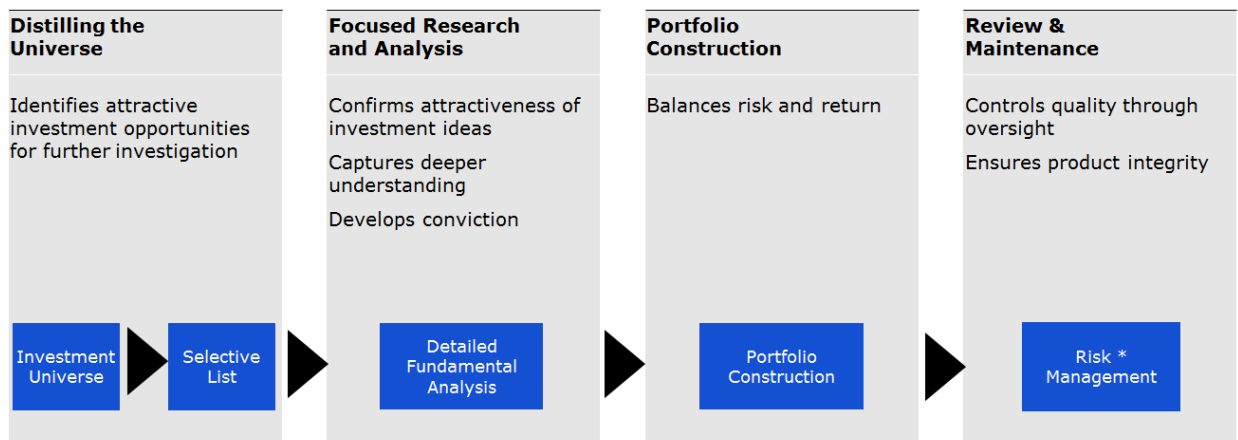
General

IHKL's investment style generally has a strong focus on bottom-up stock selection where they can add the most value. Major components to risk management are shown as follows:

- Portfolio managers construct portfolios based on the performance objectives, benchmark and pre-determined risk budget of the specific mandate. Risk budget is expressed as a target min-max level of tracking error. If a portfolio's ex-ante tracking error is outside the target range, we need to understand the reasons and if appropriate, take action to rectify.
- The risk and performance team under regional Head of Risk & Performance is responsible for risk analytics and performance attribution analyses. They provide regular reporting and monitoring of portfolio risk and performance using Barra, FactSet and proprietary systems (RiskExplorer).

Investment Process: Greater China investment strategy

For the Greater China equity strategy, the team focuses on bottom-up stock selection where they believe they are able to add the most value. The team members adopt a transparent and disciplined investment process, which is summarised in the diagram below.



* Risk management is embedded at every stage of the investment process

For illustrative purposes only.

Distilling the universe

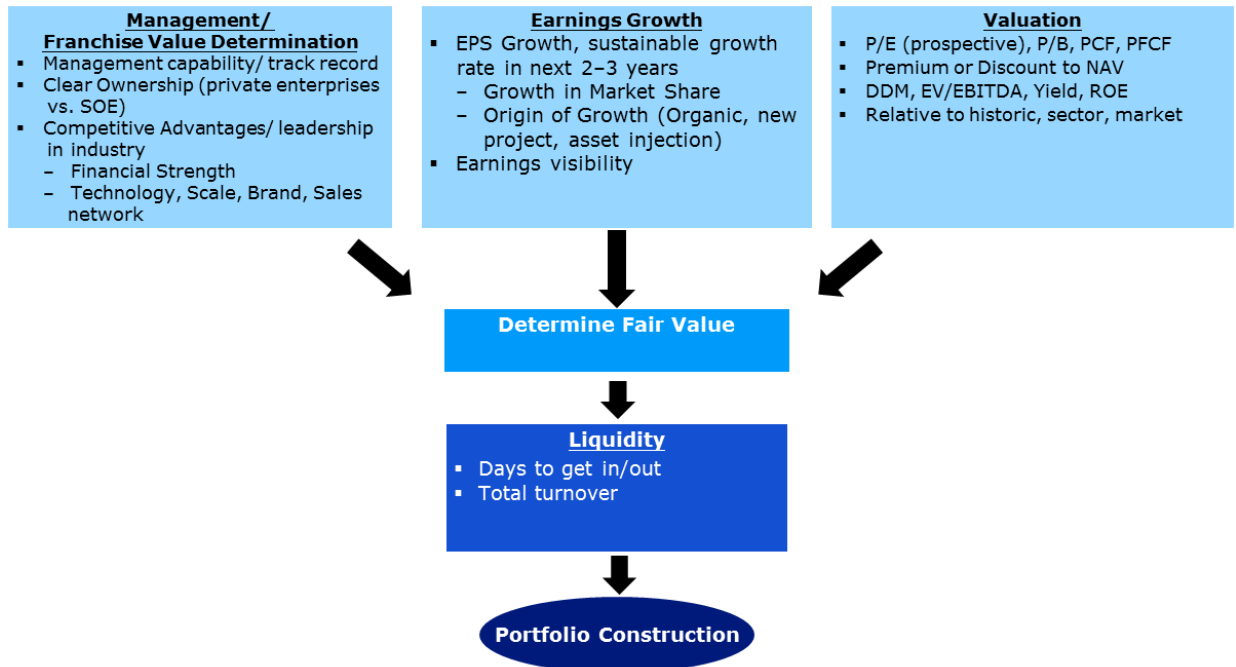
The team looks at the Chinese equities universe and has a ‘selective list’, which is a list of around 150 of the most competitive Greater China enterprises within their investable universe. The list is derived based on our selective approach, with selection criteria including: transparency and communication (corporate access), corporate culture (management style/mentality), strategy (business model, competitive product/service), financial disciplines and capital structure, risk management, governance, ownership, environmental and social issues.

Investment ideas are not bounded by the selective list, but rather, the list is dynamic and will increase over time, with research and insights from the team. Stocks included in the selective list are closely monitored. These stocks are researched by the team to determine their fair values for the purpose to provide guidance to add or trim.

Focus research analysis – through detailed fundamental analysis

The investment team conducts proprietary company research 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 the Stock Research Discussion Notes (“SDRN”) and discussed in the team meetings to uncover biases, develop conviction and confirm attractiveness of the investment idea.

The team’s proprietary 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, the team conducts fundamental analysis based on the three main criteria as illustrated below.



For illustrative purposes only. The information presented represents how the portfolio management team generally applies their investment process under normal market conditions. Subject to change, without further notice.

Company research is conducted via company visits, financial analysis and evaluation of a number of factors. In 2016, the Invesco Equity Investment Team in Asia research professionals conducted more than 2,400 company meetings. In addition, they also leverage on sell-side research to supplement their own in the stock research process.

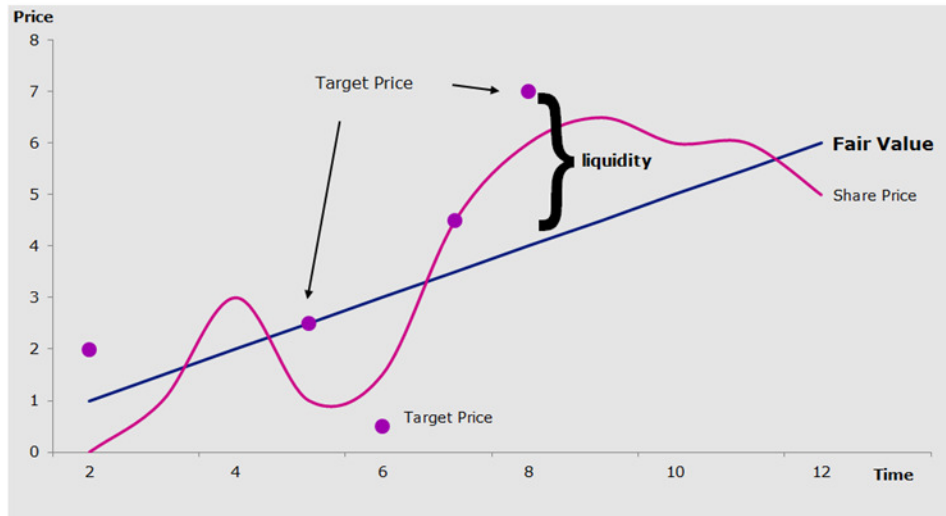
Through company visits, the team evaluates management integrity and capability. Through detailed analysis, the team looks at the business model that includes value chain analysis, industry food chain analysis and product analysis. The team checks growth assumptions and conduct financial analysis to ensure the quality of financial data.

Detailed research and analysis is summarised and documented in the SDRNs and discussed in weekly meetings. By encouraging discussions and expressions of different views, and incorporating the best ideas from the highly experienced Invesco Equity Investment Team in Asia with different perspectives, the Greater China equity portfolios can benefit from the team's collective knowledge and insight. However, it is ultimately the decision of the lead portfolio manager, Mike Shiao, as to whether a stock is included in the equity portfolio.

Fair value

Fair value refers to the 'true value' that the team believes a company deserves over a 3 to 5 year time horizon. This is different from the consensus' or sell-side

target price which tends to overshoot or undershoot amid short-term momentum and liquidity. Fair values are determined by the team to provide guidance to add or trim, based on a multiple of parameters and valuation methods, including P/BV, PER, EV/EBITDA, ROE, PEG, P/FCF, discount to NAV, Yield, sum-of-the-parts, etc. The team does not believe one valuation methodology works across all sectors or the entire earnings cycle.



Source: Invesco
For illustrative purposes only.

Team discussions

There are various communication channels among team members to facilitate effective collaboration as follows:

Weekly/ bi-weekly team discussions

- Every Wednesday
- Friday
- Regional Stock Discussion Research Note meetings (2 stocks are discussed)
- Coverage list review (bi-weekly)

Monthly discussions

- Market performance recap
- Major economic issues review

Semi-Annual discussions

- Macro outlook discussion

Mike Shiao is primarily responsible for portfolio construction based on the investment objectives, risk parameters, investment guidelines and restrictions.

The team holds higher weightings/active stock weightings where they have high conviction, taking into consideration the teams' derived fair value, expected investment return, as well as its risk and liquidity.

Buy discipline

Companies with:

- Sustainable industry leadership and competitive advantages, trading at a discount to fair value;
- Transparency and communication;
- Good corporate culture;
- Competitive business models/ product/ service;
- Financial disciplines and solid capital structure

Sell discipline

Companies which are:

- At risk of earnings multiple contraction;
- Unable to sustain or have lost clear leadership or competitive advantages in market share, technology, scale etc. or have lost potential to become leaders in industry

The team also looks to sell companies which they have lost confidence in the company management.

Investment Process: Pacific growth equities investment strategy (Asia Pacific ex Japan portion only)

The Pacific growth equities investment strategy adopts a similar transparent and disciplined investment process with regard to bottom-up stock selection. It also incorporates country analysis process to determine allocation across regional markets through a quarterly investment meeting to focus on domestic economic cycle positioning and how it relates to corporate earnings – e.g. analysis of monetary / interest rate trends and forecasting liquidity developments.

Investment Process: China-India investment strategy

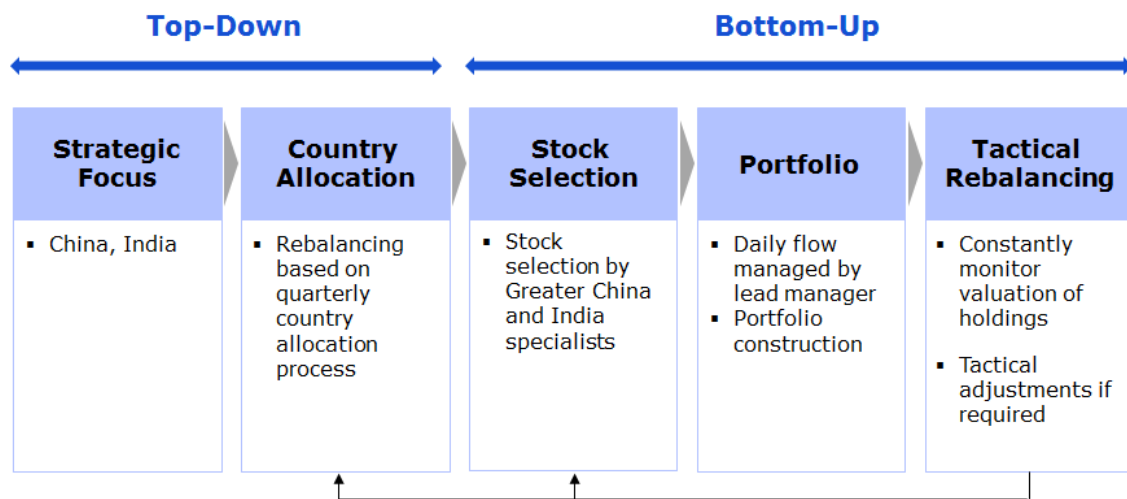
Investment Philosophy & Approach

Our goal is to take advantage of market inefficiencies through a bottom-up stock selection process

- Selective approach:
 - Focus on companies with sustainable leadership & competitive advantages
- Original ideas:

- Act before consensus is formed
- Look for under-researched ideas
- Valuation focus:
 - Utilize a disciplined fundamental analysis driven process
- Long-term investment horizon:
 - Focus on both dividend income & capital appreciation
 - Identify companies that can deliver steady and above average earnings over business cycles

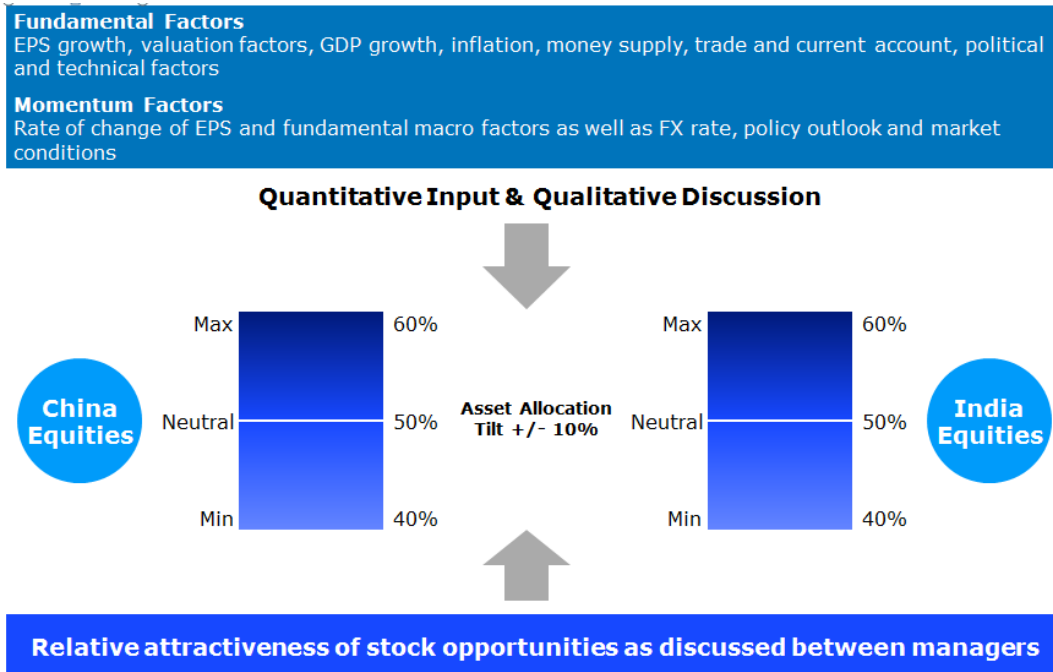
Investment Process



For illustrative purposes only

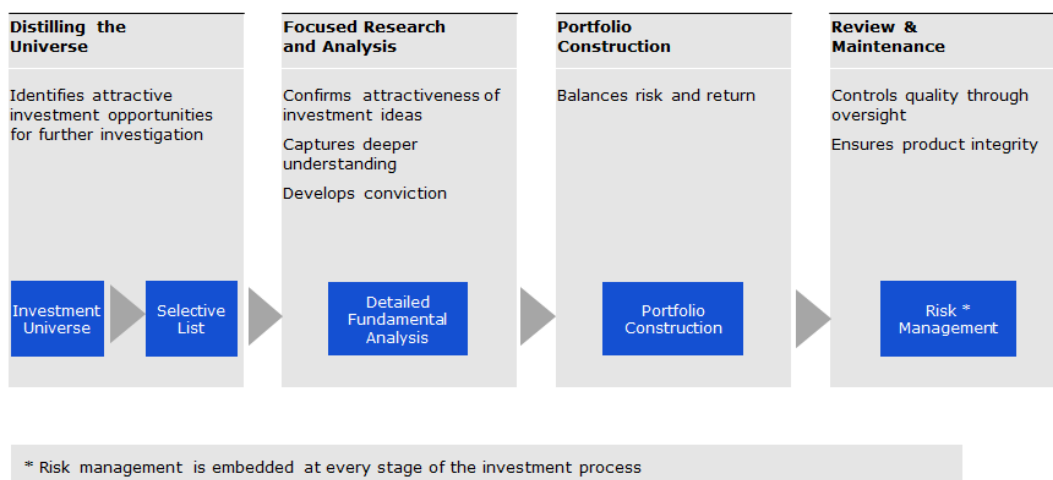
Top-Down and Asset Allocation Process

Top-Down



Investment Process Overview

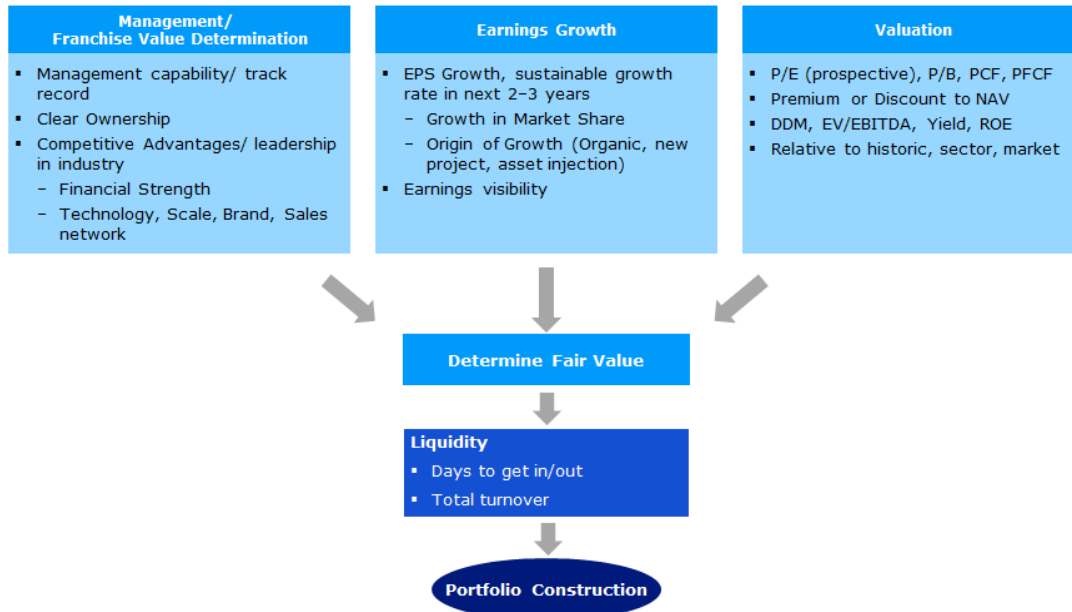
An iterative process with focus on bottom-up stock selection



For illustrative purposes only.

Detailed Fundamental Analysis

Based on three main criteria



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Risk Management

Quality control through diligent oversight

	Process Description	Shared Responsibility for Risk Management
1. Risk Budgeting	<ul style="list-style-type: none"> Set performance and risk objectives Set risk budget for portfolios 	Investment Team/ Client
2. Ongoing Risk & Performance Monitoring	<ul style="list-style-type: none"> Monitor portfolio performance versus benchmark and peer group Identify & monitor sources of risk and performance Monitor tracking error, active stock, sector and country bets through BARRA and FactSet reports Monitor portfolio and stock liquidity 	Wing-Hei Wong/ Anna Tong
3. Quarterly Portfolio Review	<ul style="list-style-type: none"> Facilitate investment quality and product integrity assurance Review performance & risk versus objectives/target Review performance & risk attribution analysis Review portfolio strategy, risk profile & characteristics Review rationales for major buy/sell transactions and significant active positions 	Anna Tong/ Wing-Hei Wong/ Fund Manager

For illustrative purposes only

Investment Process: Global ex-US equity investment strategy

The team aims to protect and grow capital over the long term by consistently applying a bottom-up fundamental approach to invest in high quality, and well managed businesses that are believed to be undervalued based on their assessment of the businesses' long-term growth prospects.

To seek to generate "alpha" over the long term, which is defined as a full market cycle, the team applies a rigorous bottom-up investment approach to analyze the quality and value of individual companies to determine whether or not to invest in them. There is no attempt to mirror the composition of the portfolio benchmark indices.

The team looks for companies which, at the time of purchase, exhibit

- Sound growth potential and financial strength
- Strong management and leadership in their field
- Attractive valuations in relation to their intrinsic value

As part of a comprehensive assessment of a company's intrinsic value, the team uses a variety of valuation methods and will typically review a company's financial information, competitive position and future prospects. The team may also meet with the company's management and take into account general industry and economic trends. The team will then compare the intrinsic value that it has placed on the company against its current market price, and will consider investing when the market price is sufficiently lower than the value that the team has determined.

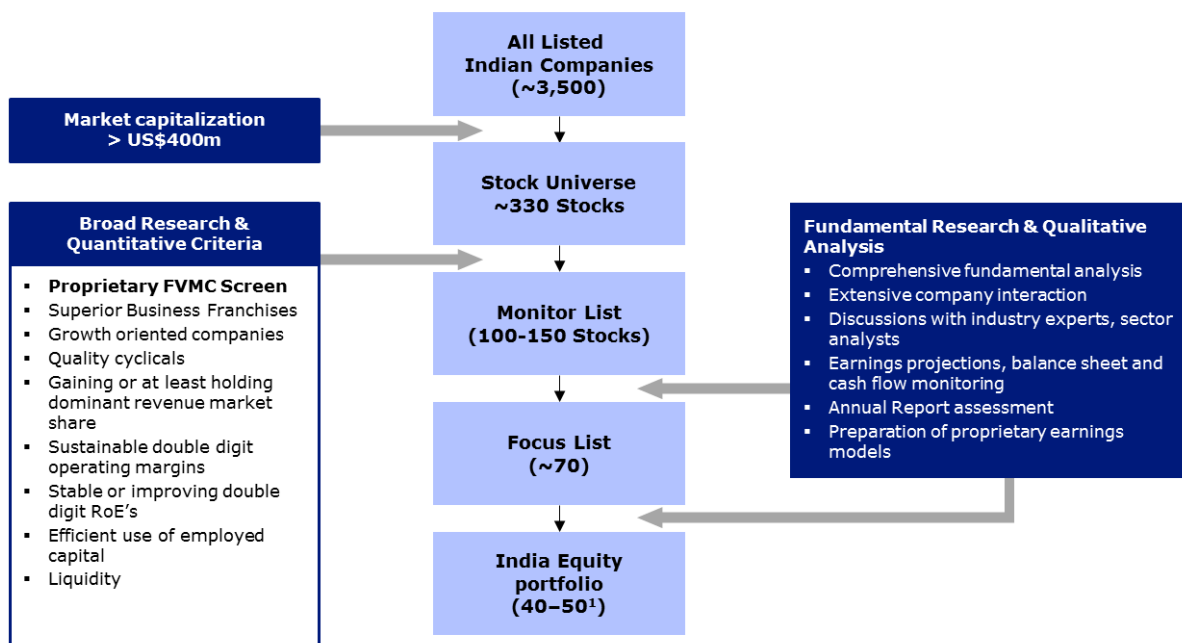
The team will typically sell a security under the following conditions: (a) where the price of the security increases to a level that the team considers to be at or near its intrinsic value, (b) where there are more attractive opportunities, or (c) where the original investment thesis for a company is no longer valid.

Investment Process: India equity investment strategy

The India equity strategy follows Invesco Equity Investment Team in Asia's investment process which focuses primarily on bottom up stock selection.

Distilling the universe

The flowchart below summarises how the team narrows the research focus and generates investment ideas for Indian equity portfolios:



Source: Invesco, as of 30 September 2016. For illustrative purposes only. The information represents how the portfolio management team applies their investment processes under normal market conditions.

¹ Under normal market conditions.

The first step of the stock selection process is to distill the investment universe, using a market cap screening based on a minimum market cap of US\$400 million. This narrows the stock universe to ~330 stocks. A proprietary FVMC screening that looks for four key parameters namely Franchise value, Valuation, Management, and Cash Generation Capability -- along with other broad research and quantitative criteria are then used to arrive at a Monitor List of 100-150 names.

Proprietary earnings model

By conducting further fundamental research, qualitative analysis and focusing on companies which have 'quality growth' attributes, the team narrows down the Monitor List to a Focus List of approximately 70 stocks. Focus List stocks are ideas that the team considers as investment candidates. The team performs comprehensive fundamental analysis on Focus List stocks, with each stock having a proprietary earnings model to determine its fair value.

The team engages with company management to understand their business models and conducts company visits if necessary to form the fundamental and qualitative part of the analysis. In 2015, the team conducted over 225 company interactions including on-site company visits in India, corporate management travelling to Hong Kong, various sell-side conferences, and conference calls with corporate management. On a quarterly basis, the team engages with corporate management via conference calls to review on the earnings results for all the

holdings within the portfolio as well as select stocks on the Focus List. Together with various financial attributes, the team construct their own proprietary model.

Fair value

The team derives the 'fair value' from the proprietary model which serves as a guidance to buy/trim/sell. The team will consider acquiring the stocks if they are trading below their fair value estimates. When stocks are trading at or above the fair values, the team revisits the fundamentals again to affirm whether the underlying assumptions are intact.

Fair value estimates are updated and revised regularly, based on changes in underlying assumptions and/or fundamentals.

The determination of fair value of each stock is mainly based on the three fundamental analysis of the following:

- Visibility of earnings growth
- Cashflow projections
- Allocation of capital and return ratios

Focused research and analysis

The team conducts proprietary company research by identifying 'Quality' business franchises which have superior business models and can deliver steady and above average earnings growth over business cycles. What defines 'Quality' companies is strong management, strong brand recognition adaptability to change, dominant revenue market share, consistent above average earnings growth and sustainable operating margins, to name a few. The key is to select companies with sustainable industry leadership and competitive advantages. The investment team uses quantitative analysis via proprietary earning models while also giving significant weight to qualitative factors. The team's proprietary stock analysis focuses on various factors such as growth prospects and profitability, valuation parameters, quality and sustainability of growth, and management quality.

Portfolio construction

Shekhar Sambhshivan is responsible for portfolio construction based on investment objectives, risk parameters, investment guidelines and restrictions.

The portfolio aims to have between 40-50 stocks under normal market conditions. Active stock weighting is a function of the conviction level, expected return based on target prices, as well as risk and liquidity considerations. The team may have sector preferences at times, but generally sector allocation is a by-product of stock selection. Risk control is an integral part of portfolio construction at an aggregate portfolio level.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions, investor sentiment, general economic and market conditions, regional or global instability, currency and interest rate fluctuations may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because 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. If a client account buys a security denominated in a foreign currency, during the time that the client account owns that security, for the purposes of calculating the NAV of that client account, the value of the security is converted into U.S. dollars on a daily basis. Fluctuations in the value of the U.S. dollar relative to the foreign currency impact the NAV of the client account. If the value of the U.S. dollar has increased relative to the foreign currency, the return on the foreign security may be reduced, eliminated or made negative. The opposite can also occur; that is, a client account holding a security denominated in a foreign currency may benefit from an increase in the value of the foreign currency relative to the U.S. dollar. Some portfolio managers choose or are required to mitigate this risk by using derivatives to hedge the impact of foreign currency fluctuations. However, these derivative transactions may not be fully effective. Some foreign governments may restrict currency exchange. If we cannot exchange the currencies in which a client account is invested, the client account will be less liquid.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **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 and bad times. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Developing/Emerging Markets Securities Risk:** The prices of securities issued by foreign companies and governments located in developing/emerging markets countries may be impacted by certain factors more than those in countries with mature economies, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risk. For example, developing/emerging markets countries may experience higher rates of inflation or sharply devalue their currencies against the U.S. dollar, thereby causing the value of investments issued by the government or companies located in those countries to decline. Governments in developing/emerging markets countries may be relatively less stable. The introduction of capital controls, withholding taxes, nationalization of private assets, expropriation, social unrest, or war may result in adverse volatility in the prices of securities or currencies. Other factors may include additional transaction costs, delays in settlement procedures, and lack of timely information.
- **Cash/Cash Equivalents Risk:** Holding cash or cash equivalents may negatively affect performance. To the extent the client account holds cash or cash equivalents rather than securities in which it primarily invests or uses to manage risk, the client account may not achieve its investment objectives and may underperform.
- **Convertible Securities Risk:** The client account may own convertible securities. The values of convertible securities in which the client account may invest may be affected by market interest rates. The values of convertible securities also may be affected by the risk of actual issuer default on interest or principal payments and the value of the underlying stock. Additionally, an issuer may retain the right to buy back its convertible securities at a time and price unfavorable to the client account.
- **Depository Receipts Risk:** Depository receipts involve many of the same risks as those associated with direct investment in foreign securities. In addition, the underlying issuers of certain depository receipts, particularly unsponsored or unregistered depository receipts, are under no obligation to distribute shareholder communications to the holders of such receipts or to pass through to them any voting rights with respect to the deposited securities.
- **Derivatives Risk:** The value of a derivative instrument depends largely on (and is derived from) the value of an underlying security, currency, commodity, interest rate, index or other asset (each referred to as an underlying asset). In addition to risks relating to the underlying assets, the use of derivatives may include other, possibly greater, risks, including counterparty, leverage and liquidity risks. Counterparty risk is the risk that the counterparty to the derivative contract will default on its obligation to pay the client account the

amount owed or otherwise perform under the derivative contract. Derivatives create leverage risk because they do not require payment up front equal to the economic exposure created by owning the derivative. As a result, an adverse change in the value of the underlying asset could result in the client account sustaining a loss that is substantially greater than the amount invested in the derivative, which may make the client account's returns more volatile and increase the risk of loss. Derivative instruments may also be less liquid than more traditional investments and the client account may be unable to sell or close out its derivative positions at a desirable time or price. This risk may be more acute under adverse market conditions, during which the Client account may be most in need of liquidating its derivative positions.

Derivatives may also be harder to value, less tax efficient and subject to changing government regulation that could impact the Client account's ability to use certain derivatives or their cost. Also, derivatives used for hedging or to gain or limit exposure to a particular market segment may not provide the expected benefits, particularly during adverse market conditions.

- **Equity risk:** Companies issue equities, or stocks, to help finance their operations and future growth. A company's operating results, financial strength, competitive position and prospects for future growth will have the most influence on its stock price over the long term. In addition, the economic environment in which the company operates will also impact stock prices. When the economy is expanding, the outlook for many companies will be positive and the value of their stocks should rise. The opposite is also true. In the short term, investor sentiment can have a significant impact on stock prices as investors necessarily evaluate the uncertainty of a company's future value. The value of a client account is affected by changes in the prices of the stocks it holds. The risks and potential rewards are usually greater for small companies, newly public companies and companies in emerging markets. Investments that are convertible into equity may also be subject to interest rate risk.
- **Foreign Securities Risk:** The dollar value of a client account's foreign investments may be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded. The value of the client account's foreign investments may be adversely affected by political and social instability in their home countries, by changes in economic or taxation policies in those countries, or by the difficulty in enforcing obligations in those countries. Foreign companies generally may be subject to less stringent regulations than U.S. companies, including financial reporting requirements and auditing and accounting controls. As a result, there generally is less publicly available information about foreign companies than about U.S. companies. Trading in many foreign securities may be less liquid and more volatile than U.S. securities due to the size of the market or other factors.
- **Geographic Focus Risk:** The client account may from time to time invest a substantial amount of its assets in securities of issuers located in a single

country or a limited number of countries. Adverse economic, political or social conditions in those countries may therefore have a significant negative impact on the client account's investment performance.

- **Growth Investing Risk:** Growth stocks tend to be more expensive relative to the issuing company's earnings or assets compared with other types of stock. As a result, they tend to be more sensitive to changes in, or investors' expectations of, the issuing company's earnings and can be more volatile.
- **Investing in the European Union Risk:** Investments in certain countries in the European Union are susceptible to high economic risks associated with high levels of debt, such as investments in sovereign debt of Greece, Italy and Spain. Separately, the European Union faces issues involving its membership, structure, procedures and policies. The exit of one or more member states from the European Union would place its currency and banking system in jeopardy. Efforts of the member states to further unify their economic and monetary policies may increase the potential for the downward movement of one member state's market to cause a similar effect on other member states' markets.
- **Management Risk:** The investment techniques and risk analysis used by some client account's portfolio managers may not produce the desired results.
- **Non-Diversification Risk:** The client account may be non-diversified, meaning it can invest a greater portion of its assets in the obligations or securities of a small number of issuers or any single issuer than a diversified client account can. To the extent that a large percentage of the client account's assets may be invested in a limited number of issuers, a change in the value of the issuers' securities could affect the value of the client account more than would occur in a diversified client account.
- **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 client account owns a security that is deferring or omitting its distributions, the client account 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. Preferred securities may be less liquid than many other securities, such as common stocks, and generally offer no voting rights with respect to the issuer. Preferred securities also may be subordinated to bonds or other debt instruments in an issuer's capital structure, subjecting them to a greater risk of non-payment than more senior securities. In addition, in certain circumstances, an issuer of preferred securities may redeem the securities prior to a specified date, and this may negatively impact the return of the security.
- **Small- and Mid-Capitalization Risks:** Stocks of small- and mid-sized companies tend to be more vulnerable to adverse developments and may have little or no operating history or track record of success, and limited

product lines, markets, management and financial resources. The securities of small- and mid-sized companies may be more volatile due to less market interest and less publicly available information about the issuer. They also may be illiquid or restricted as to resale, or may trade less frequently and in smaller volumes, all of which may cause difficulty when establishing or closing a position at a desirable price.

Disciplinary Information

Legal and Disciplinary

IHKL has not been involved in legal or disciplinary events related to our asset management business.

Other Financial Industry Activities and Affiliations

IHKL

IHKL is an indirect, wholly-owned subsidiary of Invesco Ltd. Invesco Ltd is publicly traded on the New York Stock Exchange under the symbol IVZ.

Participating Affiliate Arrangements

IHKL has entered into a Participating Affiliate arrangement with Invesco Asset Management (India) Private Limited in order to utilize investment advisory services, including portfolio management and research on behalf of IHKL's clients. As a Participating Affiliate, Invesco Asset Management (India) Private Limited is not registered with the Securities and Exchange Commission as an investment adviser. However, employees of Invesco Asset Management (India) Private Limited that assist in providing investment advice to IHKL are subject to the oversight of IHKL must comply with IHKL's Global Code of Ethics and Code of Conduct and other compliance policies and procedures adopted by IHKL pursuant to the requirements of the Investment Advisers Act of 1940.

Affiliations

Broker-Dealers

By virtue of Registrant's common ownership by Invesco Ltd, IHKL is a related person to the broker-dealer listed below. From time to time this broker-dealer

may distribute funds, limited partnerships or other private placement offerings IHKL advises or sub-advises.

INVESCO DISTRIBUTORS, INC

INVESCO CAPITAL MARKETS, INC.

Investment Advisers

From time to time IHKL or its related parties may have arrangements with the below listed investment advisers associated with creating, sponsoring, advising, owning, or providing services to mutual funds or separate accounts that may be material to the IHKL's advisory business or its clients.

The following are the affiliated SEC Registered Investment Advisers under the common ownership of Invesco Ltd:

INVESCO INVESTMENT ADVISERS LLC

INVESCO PRIVATE CAPITAL, INC

INVESCO SENIOR SECURED MANAGEMENT, INC

INVESCO ASSET MANAGEMENT (JAPAN) LIMITED

INVESCO CANADA LTD.

INVESCO ASSET MANAGEMENT LIMITED

INVESCO POWERSHARES CAPITAL MANAGEMENT LLC

WL ROSS & CO. LLC

INVESCO ASSET MANAGEMENT DEUTSCHLAND GMBH

INVESCO ADVISERS, INC.

INVESCO GLOBAL REAL ESTATE ASIA PACIFIC, INC.

IRE (CAYMAN) LIMITED

INVESCO MANAGEMENT S.A.

JEMSTEP, INC.

INVESCO RR FUND L.P.

INVESCO ASSET MANAGEMENT (INDIA) PRIVATE LIMITED

Insurance Company or Agency/ Trust Company

Under the common ownership of Invesco Ltd, IHKL is also a related person to the affiliated SEC Registered companies below.

INVESCO INSURANCE AGENCY, INC.

INVESCO TRUST COMPANY

Conflict of Interest

IHKL may acquire funds which are managed by IHKL's affiliates for the clients' portfolios. In these cases, pre-approvals from clients need to be obtained in writing and the limits on such investment, as well as the fees are needed to be agreed before any purchase can be made.

IHKL may purchase/sell a security for its clients' portfolios which may be held by its affiliates or its affiliates' managed portfolios. Besides, there may be chances that orders for different portfolios may be aggregated for central dealing. To this, IHKL has a written policy so as to ensure fair allocation and fair treatment to its clients.

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

Code of Ethics

The employees of IHKL have committed to a Code of Ethics. The firm will provide a copy of the Code of Ethics to a client upon request.

Participation or Interest in Client Transactions

IHKL may acquire funds which are managed by IHKL's affiliates for the clients' portfolios. In these cases, pre-approvals from clients need to be obtained in writing and the limits on such investment, as well as the fees are needed to be agreed before any purchase can be made.

It is possible that IHKL's affiliates may have seed money invested in investment products which IHKL's clients may also have made investment. But IHKL does not operate proprietary trading accounts.

If authorized by clients, IHKL may engage in any of its affiliates to perform any services deemed necessary or appropriate in connection with the investment management services provided by IHKL. Such engagements, including fee payments, are required to be on arms-length terms.

IHKL has a Code of Ethics and internal policy designed to promote high ethical and professional standards, and prevent conflicts of interest.

Personal Trading

All covered persons of IHKL must pre-clear with the Compliance Department using the automated review system all personal security transactions involving

covered securities for which they have a beneficial interest. Covered persons may be considered to have beneficial interest in securities held by members of his or her immediate family sharing the same household (i.e., a spouse and children) or by certain partnerships, trusts, corporations, or other arrangements.

Additionally, all covered persons must pre-clear personal securities transactions involving securities over which they have discretion.

IHKL does not permit covered persons to trade in a covered security if there is conflicting activity in an Invesco client account. As a basic rule, covered persons may not buy or sell a covered security if there is a client order on that security currently with the trading desk. A non-investment personnel (investment personnel) may not buy or sell a covered security within two (three) trading days before or after a client trades in that security.

The interests of clients and of the shareholders of investment company take precedence over the personal interests of IHKL's covered persons.

Business Continuity Plan

IHKL has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients of a disaster that dictates moving our office to an alternate location.

Information Security

IHKL has implemented an Information Security program including the designation of a Chief Information Security Officer leading a dedicated team of information

security and IT security operations professionals with the responsibility for overseeing and maintaining all aspects of global information security risk. The program includes the development and implementation of information security policies consistent with industry guidelines (ISO 27001/2) and all applicable statutes, rules or regulations, and includes commercially reasonable administrative, physical and technical safeguards to (i) protect the privacy, confidentiality, integrity and availability of information assets; and (ii) protect those assets against accidental, unlawful or unauthorized access; and (iii) prevent the damage, destruction, or unauthorized disclosure, distribution, loss, manipulation, modification, and/or transmission of those assets.

Data Privacy

There are also important privacy issues associated with the use of technology, and related regulations are evolving. In accordance with IHKL's IT Systems: Acceptable Use policies, all staff are required to use information technology for proper business purposes and in a manner that does not compromise the confidentiality of sensitive or proprietary information. All communications with the public, clients, prospects and fellow employees must be conducted with dignity, integrity, and competence and in an ethical and professional manner.

Data privacy, as it relates both to our clients and our employees, has become a major political and legal issue in many jurisdictions in which we do business. A variety of laws in each of those jurisdictions governs the collection, storage, dissemination, transfer, use, access to and confidentiality of personal information and patient health information. These laws can work to limit transfers of such data across borders and even among affiliated entities within Invesco Group. IHKL and its staff will comply with all provisions of these laws that relate to its business, including the privacy, security and electronic transmission of financial, health and other personal information. The company expects IHKL's staff to keep all such data confidential and to protect, use and disclose information in the conduct of our business only in compliance with these laws. The company will consider and may release personal information to third parties to comply with law or to protect the rights, property or safety of IHKL and its customers. In accordance with IHKL's policies, each business unit has developed required disclosures and data security procedures applicable to that business unit. All IHKL's staff must comply with the applicable procedures.

With respect to IHKL's staff, all salary, benefit, medical and other personal information shall generally be treated as confidential. Personnel files, payroll information, disciplinary matters, and similar information are to be maintained in a manner designed to protect confidentiality in accordance with applicable laws. All IHKL's staff shall exercise due care to prevent the release or sharing of such information beyond those persons who may need such information to fulfill their job functions. Notwithstanding the foregoing, all personnel information belongs

solely to IHKL and may be reviewed or used by the company as needed to conduct its business.

Brokerage Practices

Selecting Brokerage Firms

The selected brokers should be chosen from the authorized brokers list, which has been pre-approved by the Investment Director/ Chief Investment Officer, Asia Ex Japan(CIO), Head of Trading, Head of Operations and Head of Compliance upon the satisfaction of at least one of the following criteria:

- over 50% of share equity of the broker or its immediate holding company or ultimate holding company is held by a bank. ;
- shares of broker or its immediate holding company or ultimate holding company are listed on the Stock Exchange;
- share equity of broker or its immediate holding company or ultimate holding company is over USD250M; and/or
- the broker or its local agent should be one of the major brokers/dealers in the country in which security is being traded.

To qualify the first criteria above, the broker should be a wholly owned subsidiary of its immediate holding company or an indirectly wholly owned subsidiary of its ultimate holding company. Exceptions will be given where appropriate.

Best Execution

IHKL defines “best execution” as whether the price is the best available price for the client in the relevant market at the time of the transaction, in light of the type and size of the trade. Unless the circumstances require IHKL to act otherwise in the interest of the client, IHKL will deal at a price which is not less advantageous to the client.

Review on the daily execution report is conducted in which the Compliance Department reviews if the executed price is the best available price by comparing it to the volume weighted average price.

Brokers review is also conducted by the Fund Management Department at least annually in which the fund managers and the traders' inputs on the brokers' service including best execution are collected. Rankings are assigned to each of the authorized brokers based on its service delivered and its execution quality.

Soft Dollars

IHKL has appropriate internal procedures in place to enable IHKL to comply with all the applicable regulations and guidance of the U.S. Securities and Exchange Commission relating to soft dollar payments when executing transactions for and on behalf of the funds registered under the Investment Company Act of 1940. IHKL has appropriate internal procedures in place to segregate those transactions executed for and on behalf of the funds registered under the Investment Company Act of 1940 from other trades which are subject to soft dollar arrangements entered into by IHKL for other funds and/or accounts managed by IHKL that are permissible under the applicable regulatory requirements.

Order Aggregation

Where it has been decided to purchase a security for more than one portfolio, the order will be aggregated for transmission to the broker and then must be allocated between each individual portfolio so as to be fair between portfolios and reasonable in the interests of each portfolio. Allocation must be done by means of auto pro-rata calculation done by the trading systems called Charles River Developments Investment Management System and Aladdin® Enterprise Investment System for equity and bond trading respectively. Partially filled orders will be allocated among all aggregated accounts on pro-rata based on order size.

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly during a formal meeting chaired by Regional Head of Investments, Asia Pacific, with Regional Head of Investment Risk Management and Quantitative Research, CIO and relevant fund managers.

Review Triggers

Other conditions that may trigger a review are material event in market, or adhoc news.

Regular Reports

Account reviewers include Regional Head of Investments, Asia Pacific, with Regional Head of Investment Risk Management and Quantitative Research, CIO and relevant fund managers.

Clients receive periodic communications, including but not limited to portfolio statement, and commentaries (if applicable), subject to the servicing agreement agreed upon. Investors in pooled funds can refer to Invesco websites for factsheet information in relation to the funds they invest in.

Client Referrals and Other Compensation

Referrals

IHKL has received a number of client referrals over the years. The referrals came from current clients, independent financial consultants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Other Compensation

IHKL will enter into agreements with licensed entities for distribution of financial products. Compensation will be provided to these entities with regards to their services.

Custody

Account Statements and Transaction Report

Although all assets are held at designated custodians, IHKL provides its clients with monthly valuation and transaction reports at least on a monthly basis. In addition, IHKL will provide those reports to clients more frequently upon request.

Performance Reports

Performance Reports which forms part of monthly valuation report will be sent to the clients at least on a monthly basis.

Investment Discretion

Discretionary Authority for Trading

IHKL accepts discretionary authority to manage securities accounts on behalf of clients who sign the Investment Management Agreement with IHKL. IHKL has the authority to determine the securities to be bought or sold, and the amount of the securities to be bought or sold. In some cases, clients may place limitations such as setting a block or requesting a prior client approval when trading some particular stocks. These limitations are all agreed between IHKL and its clients and stated out on the Investment Management Agreement before executing the agreement.

The client approves the custodian to be used and the commission rates paid to the custodian. IHKL does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that IHKL may promptly implement the investment policy that the clients have approved in writing.

Limited Power of Attorney

The signing of the Investment Management Agreements is a discretionary Authorisation for trading purpose.

Voting Client Securities

Proxy Votes

IHKL may vote proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of IHKL's proxy voting policy is available upon request.

Financial Information

Financial Condition

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