

A Letter to Our Shareholders from the President and CEO



Dear Fellow Shareholder,

2021 was an extraordinary year on several levels. None of us predicted that we would endure another full year of the global pandemic. We also saw supply disruptions globally, continued social unrest and increased intensity in climate-related disasters. Within the asset management industry, investors experienced volatility related to a recovery from the challenging markets of 2020, the further rise of blockchain-related technologies and a continued trend toward passive, alternative and ESG-related products.

In challenging times, I've always found that the best course is to focus on what you can control. At Invesco, we placed a priority on taking care of the health and well-being of our employees. This enabled us to stay sharply focused on meeting the needs of our clients across the globe, seeking new ways to engage with them and helping them achieve their investment objectives. Building on more than a decade of efforts to shape our firm ahead of key client demand trends, Invesco was very well positioned to deliver robust investment performance and a high level of value to clients.

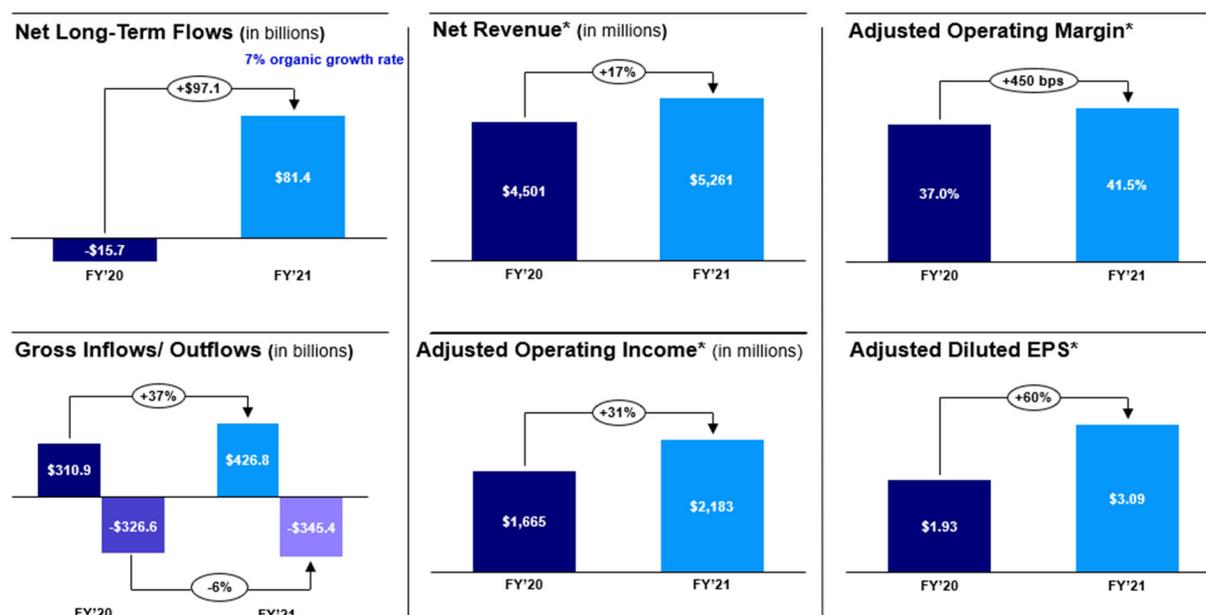
As a result of these efforts, I'm pleased to report that Invesco achieved record operating results in 2021. Growth throughout the year was driven by continued demand for our key capability areas, including ETFs, active fixed income, China, solutions, private

markets and active global equities. Net long-term inflows of \$81.4 billion represented a 7% organic growth rate for the year – our strongest organic growth in decades and one of the highest growth rates in our industry.

Investment performance strengthened as well, which helped Invesco end 2021 with \$1.6 trillion in assets under management, up 19.3% for the year. Additionally, net revenues, adjusted operating income and adjusted operating margin all improved meaningfully year over year¹. Invesco has now achieved six consecutive quarters of strong growth – a direct outcome of the investments we’ve made over time to enhance and evolve our business to better meet the needs of clients.

We also continued to enhance our balance sheet while maintaining a disciplined approach to our business. The growth in our business drove positive operating leverage, leading to a 450 basis point increase in our adjusted operating margin¹ to 41.5%. We also exceeded our target of achieving \$150 million in annualized net savings after investments by the end of 2021 and are well on track to meet our goal of \$200 million in annualized net savings after investments by the end of 2022. Combined, these factors drove a 60% increase in our full-year adjusted diluted earnings per share¹ to \$3.09.

2021 full year highlights¹



The momentum in our business generated strong cash flows and further strengthened our cash position, which enhances our financial flexibility for the future. As a result, we resumed share repurchases early in 2022, reflecting confidence in our business and our view that Invesco stock represents an excellent investment opportunity.

Although 2021 was a record year for Invesco in a number of areas, we recognize that there is still much work ahead of us. The strong results over last year will enable us to continue investing in our people, our capabilities and our technology, which are

essential to meeting client needs and further differentiating our firm in a highly dynamic and competitive industry.

The industry and the needs of investors are evolving – rapidly

The ongoing pandemic continues to accelerate many of the trends impacting our industry. These trends favor larger, better scaled firms like Invesco, which has the resources to continuously invest in the business for the benefit of clients while advancing our competitive position. Specifically, we believe:

- Clients value deeper relationships with fewer trusted managers, seeking a comprehensive range of capabilities to meet the totality of their desired investment outcomes
- Clients are increasingly “barbelling” their portfolios, with larger allocations to passive assets on one end and alternative assets on the other
- China and emerging markets will drive the growth of global wealth and untapped investment opportunities
- ETFs and indexing will remain core to portfolios and continue to drive flows, while assets with durable alpha propositions will drive revenue opportunities
- “Digital everything” will continue to expand the possibilities for new client engagement approaches while changing the relationship between investment managers, intermediaries and end-clients
- Interest in ESG (environment, social, governance) capabilities will continue to grow and evolve
- Increased regulatory activity and oversight will continue to influence competitive dynamics
- We’ll continue to see the democratization of investment opportunities for individual investors into private markets and the advancement of tokenization and digital assets.

Shaping our business for clients and for the future

Invesco has a long history of shaping our business ahead of client demand and industry trends, with pioneering investments in China, ETFs and solutions. We operate in a \$100 trillion industry that we fully expect will continue to grow – by some estimates expanding to \$145 trillion over the next three years². We have a clear understanding of how client demand is evolving and where it’s headed. Over the past decade, we’ve been highly focused on investing ahead of shifts in client demand, which helped us achieve strong operating results in 2021 and positions us very well for the future.

Our purpose is to deliver an investment experience that helps people get more out of life. In a highly dynamic operating environment and a world of sometimes competing priorities, we are guided by this purpose, which enables us to deliver a high level of value to clients, invest in our people and build our business while providing long-term returns for shareholders. We’re proud that the outcomes we deliver help individuals and institutions across the globe invest in their futures, which inspires our 8,500 employees in the work they do every day.

Over the past decade, we've invested meaningfully in our people, our business and the capabilities that align with client demand. This strong foundation gives us confidence that we can continue to help people get more out of life as they save for retirement, their children's education and more. To help you better understand the drivers of our success for 2021 and the years ahead, I want to highlight a few key aspects of our business that position Invesco well ahead of key trends in our industry.

Fostering a culture where diverse people and perspectives thrive

Helping to ensure health and well-being of our employees and providing a flexible work model through the pandemic are key priorities for Invesco. In fact, 91% of our employees felt that senior leadership prioritized their health and safety through the pandemic, according to our employee opinion survey. Our commitment to their well-being helps employees stay focused on the needs of our clients and our business, and it is a primary reason why Invesco is able to retain, engage, motivate and attract some of the best and brightest in the industry.

We work hard every day to create a diverse, equitable and inclusive (DEI) workplace for all our employees. Our commitment to DEI spans every level of our organization, and Invesco leaders have annual performance goals that drive DEI priorities within their business units and across the firm. Notable accomplishments in 2021 include achieving 35% female representation at the senior manager level (up from 27% in 2018), increasing the diversity of the Invesco Ltd. Board to 36% and requiring unconscious bias training for all employees across the globe.

Additionally, we further expanded our business resource groups (BRGs) across the globe. These employee-led BRGs comprise an internal support network of individuals representing the expanding diversity of our firm, enabling us to promote understanding, support the needs of our diverse communities and connect our employees. We now have 11 BRGs, including representation for women, Hispanics, veterans, neurodiversity, LGBTQ+ and others. Combined, these groups hosted more than 70 events over the past year.

Although we're pleased with our progress in these areas, we recognize there is more to do, and we are committed to further expanding our DEI efforts in 2022 and beyond.

Invesco Women's Network	Invesco Proud Network	Black Professionals Network	Hispanic and Latino Association (HOLA!)	Veterans Network
<p>Provides leadership and advocacy to strengthen Invesco's diverse and inclusive culture while supporting opportunities to engage, develop and attract women.</p>	<p>Supports LGBT+ colleagues and allies in the workplace.</p>	<p>Commits to fostering an inclusive workplace that cultivates an awareness and understanding of the value and competitive advantage that diverse talent brings to the firm and to the communities we serve.</p>	<p>Promotes an inclusive culture with a commitment to: Connect Hispanic & Latino professionals and allies</p>	<p>The Invesco Veterans Network provides support and community for current and former military service members and their families.</p>
Pan Asian Professionals Network	Rising Career Network	EMEA Ethnicity Network	Neurodiversity Network	Working Families Network
<p>Promotes professional development, to celebrate cultural events, and to create an inclusive environment where we can foster camaraderie within the Pan-Asian community and allies at Invesco.</p>	<p>Aims to develop Invesco's early career employees by providing a network of professional and social support.</p>	<p>Provides a community for all staff to share their different backgrounds and cultures, and to promote how this positively contributes to the richness of Diversity of Thought and to our commercial success at Invesco.</p>	<p>Aims to increase awareness and start the conversation on how we can make Invesco a more inclusive environment for Neurodiverse individuals. Great Minds Think Differently!</p>	<p>Aims to support staff throughout their journey. Enabling colleagues to effectively meet their work and caring responsibilities allows us all to thrive and sustains healthy families.</p>

Innovating our way to success in ETFs and Indexed Strategies

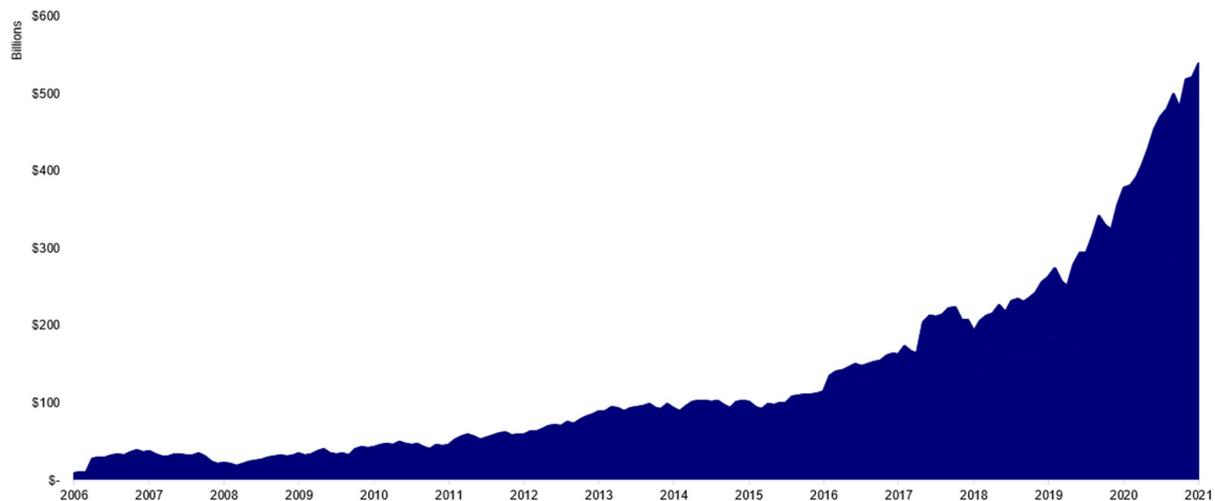
In line with our strong track record of investing in key capabilities ahead of client demand, we began building our ETF and Indexed Strategies business with approximately \$3.5 billion in assets in 2006. Over the past 15 years, we've pioneered new possibilities and launched a number of innovative products to help clients across the globe meet their desired investment objectives. Through Invesco's product offerings, clients continue to obtain access to new investments and asset classes and participate in the growth of financial markets. Invesco's innovative products encompass smart beta ETFs, crypto ETFs, blockchain technologies ETFs, commodities, factor-based equity ETFs and smart beta fixed income ETFs. Most of these strategies are being launched in the market as "first of their kind."

More recently, we expanded our broad suite of ETF capabilities with new offerings aligned one of our most popular ETFs that is aligned to the Nasdaq-100 Index. We also launched a number of ETFs that provide direct or indirect exposure to digital

assets. Lastly, we increased our presence in the institutional space by offering indexed institutional mandates, which further solidifies Invesco's reputation as a leading provider of passive solutions.

Our long-standing focus on innovation has helped Invesco become the fourth-largest provider of ETFs globally³. In the past three years, Invesco ETFs and Indexed Strategies has more than doubled in size, reaching \$558 billion⁴ in AUM by launching new ETFs and elevating existing products to help clients across the globe solve their specific needs.

Invesco's ETFs & Indexed Strategies growth



Source: Invesco Finance. Data as of December 31, 2021.

In 2021, we achieved record growth in our global ETF and Indexed Strategies business, with \$85 billion in net inflows through year-end and a meaningful improvement in global ETF market share⁵.

Building on our strong alternatives foundation

Alternatives are investments that provide strong benefits to clients by seeking to exploit market inefficiencies through focusing on non-traditional assets and private market investment strategies. Alternatives represented roughly 15% or \$15.4 trillion of the \$103 trillion global market in 2020 and the asset category is expected to grow more than 10% over the next three years⁶. The phenomenal growth and increasing client demand for alternatives represent a tremendous opportunity for differentiated, high-quality investment managers like Invesco.

We are well-positioned to capitalize on the barbell of portfolios as clients increasingly seek alternatives on one end of the spectrum and passive strategies on the other. With \$197 billion in alternatives AUM, Invesco is the 8th largest alternatives provider globally⁷. Our alternatives business is anchored by our \$71 billion real estate platform and our \$41 billion private credit business (AUM as of December 31, 2021). Each of these

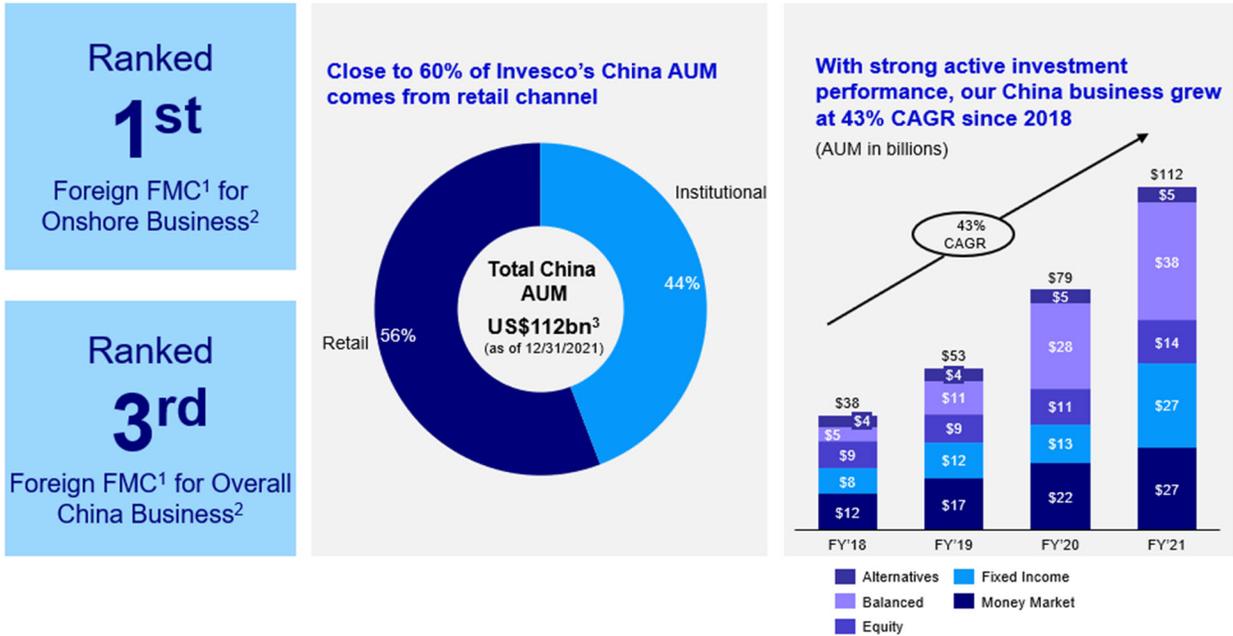
businesses competes in all channels and regions of the world, and both platforms have established client bases and longstanding track records that distinguish them in the marketplace.

The combination of these two important businesses strengthens Invesco's profile in the global marketplace and enables us to meet the expanding client demand for alternatives capabilities while helping us grow our global business. For 2022, we are focused on further building our alternatives business by enhancing the capabilities we deliver to clients and expanding the scale, capabilities and reach of our real estate and private credit platforms.

Our China advantage

In 2003, Invesco undertook the first China-US joint venture, Invesco Great Wall. Our presence in China builds on our 50-year legacy of success in the Asia Pacific region. Over the past 20 years, the Chinese mutual fund management industry has grown from zero to more than \$4 trillion⁸, and it's expected to become the second-largest fund management market in the world by 2025, with more than \$6 trillion in assets⁹. Through 2024, China is expected to account for more than 40% of global net flows¹⁰. As an early entrant in China, we've worked steadily to develop a strong and comprehensive platform covering a broad range of business activities, including robust domestic investment capabilities with strong performance¹¹.

Our China business is multidimensional and includes retail, on-shore, off-shore and institutional, and we have very strong relationships with banks and insurance companies. In addition, we have a meaningful presence on China's digital platforms, which are highly attractive in the market and meaningfully impactful to our business. Our long history in China, our joint venture management being led by Invesco since its inception and our strong platform in the region give us a significant advantage over other global firms. Invesco is ranked #1 for its China onshore business¹² and the #3 foreign asset management firm overall¹³. With our strong active investment performance, our China business has grown at a 43% CAGR since 2018, and we now have more than \$112 billion of assets sourced from onshore Chinese clients as of the end of the year¹⁴.



1. FMC stands for Fund Management Company
 2. Z-Ben Advisors, 2021 China Rankings – The top foreign firms in China, April 2021
 3. Refers to total AUM sourced from clients domiciled in onshore China

Although there is uncertainty with the current state of relations between China and the US, everything we've seen indicates that China remains committed to opening its markets further. We believe China will continue to provide tremendous opportunities for investment and a more level playing field to global fund managers, which is good news for investors everywhere.

The trend toward ESG investing

Growing concerns about climate change and social issues are driving an increased client interest in ESG investing. According to Morningstar, 72% of US investors have expressed interest in sustainable investing¹⁵, and we're seeing increased interest in ESG capabilities across the globe.

As noted above, Invesco's purpose is to deliver an investment experience that helps people get more out of life. Sustainable value creation and effective risk mitigation are fundamental to achieving our purpose. As a result, our focus is on integrating ESG into the heart of our investment process, with our investment teams taking decisions every day on how to manage this integration and how to use our leverage in important areas such as client engagement and proxy voting. Approximately, 75% of the AUM managed by Invesco's investment teams have attained the ESG integration level as minimal but systematic integration, and our goal is for all teams to have fully embedded ESG considerations by the end of 2023.

We also focus our efforts on specific client needs, using skills such as our self-indexing capabilities to provide helpful ESG solutions. Invesco offers a growing range of investment capabilities that enable our clients to express their values in ways that can drive portfolio alpha. With Invesco's comprehensive range of capabilities, clients can

incorporate ESG-aligned ETFs, mutual funds, separately managed accounts and custom indexes into their portfolios.

More specifically, to reinforce our commitment to ESG in 2021, Invesco:

- Increased its ESG AUM (i.e., assets under management in dedicated sustainable investing strategies) to \$96 billion as of December 31, 2021.
- Signed the Net Zero Asset Managers initiative, joining other asset managers to support the global goal of reaching net-zero greenhouse gas emissions by 2050 or sooner.
- Launched 22 ESG ETFs across North American and Europe, including both thematic (solar, clean energy, green building) and comprehensive (Nasdaq ESG, S&P 500 equal weight ESG) capabilities. Several new products were pioneers in their space, such as the first green building ETF in the US and the first Nasdaq 100 ESG ETF in the US, Canada and Europe.

At Invesco, ESG is investment led, supported by our dedicated global ESG team. We are making good progress in integrating ESG into our business but remain focused on further expanding our ability to meet the growing ESG needs of our clients.

Building resilient portfolios with Invesco Solutions

Institutional investors are often tasked with constructing sophisticated multi-asset portfolios designed to deliver predictable outcomes while navigating market volatility for their clients. As markets evolve, many investors face challenges meeting their objectives in a lower-return, lower-yield environment.

Invesco Solutions comprises 80 investment professionals combining an outcome-based approach with deep expertise in asset allocation, portfolio construction and risk management. The team delivers Invesco's capabilities in a manner that is agnostic to asset-class, style, strategy or vehicle type. By listening to our clients and drawing on the diversity of the firm's extensive investment platform, Invesco Solutions provides multi-asset expertise and proprietary analytics to help clients create durable portfolios based on specific goals and constraints.

\$77bn+ AUM and AUA	80+ Investment professionals	17+ Office locations	35% Of the institutional pipeline
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Source: All data in chart is Invesco data as of December 31, 2021

As a result of our focus on meeting client needs and the expertise we've put in place to meet those needs, our Solutions business grew meaningfully in 2021. It has been a key part of our client engagement efforts and now accounts for approximately 35% of our institutional pipeline as of December 31, 2021.

Well-positioned for 2022 and beyond

Our success in 2021 didn't happen overnight. It's the result of a relentless focus over the past decade to better understand our clients' needs and shape our firm ahead of their evolving expectations.

We continue to believe that the \$103 trillion asset management industry offers tremendous opportunities for growth. At the same time, the industry is highly dynamic and undergoing fundamental changes that require us to be very strategic about where we invest for the future. As always, the work we're doing to better understand the needs of our clients and where the industry is headed serve as the foundation for further investment in our business.

Over the past decade, we've worked hard to shape Invesco and align the firm with the needs of our clients and ahead of key industry trends. That gives us a tremendous foundation from which we can better anticipate and meet evolving client needs, further strengthen our business and deliver strong outcomes for all our stakeholders. We will continue to invest in key growth areas of our business – e.g., ETFs, China, Solutions, ESG and others – areas where we see strong momentum and where we are well positioned to win. More importantly, our world-class talent across the globe remains a competitive differentiator that will help us execute our long-term strategy and further separate us from others as a winner in the industry.

Let me close by expressing our deep appreciation to you, as shareholders, for your continued support. We are also grateful to our clients and our employees for their continued support in these extraordinary times. Although 2021 was a record year for Invesco in a number of areas, we remain focused on further strengthening our ability to meet client needs, making continuous improvements across our global firm and running a disciplined business. The strength of our results over the past year and the work we're doing to further align Invesco with the needs of our clients give us confidence in our long-term strategy and enable us to further invest in our business for the benefit of our clients, employees, shareholders and others.

Sincerely,

A handwritten signature in black ink that reads "Marty L. Flanagan". The signature is written in a cursive, flowing style.

Marty Flanagan
President & CEO

Disclosures

- 1 All non-GAAP operating results for the firm mentioned in the 2021 CEO shareholder letter are Invesco data as of December 31, 2021. Adjusted financial measures are all non-GAAP financial measures. For a reconciliation from US GAAP to non-GAAP measures, see the “Schedule of non-GAAP Information” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, which can be found at www.invesco.com.
- 2 *Asset & Wealth Management Revolution: Embracing Exponential Change*, copyright PwC, December 2021.
- 3 Invesco ETFs and Indexed Strategies data as of December 31, 2021.
- 4 Invesco ETFs and Indexed Strategies data as of December 31, 2021.
- 5 Invesco ETFs and Indexed Strategies data as of December 31, 2021.
- 6 Invesco data and data from the CAIA Association, “The Next Decade of Alternative Investments,” 2020.
- 7 Invesco data as of December 31, 2021, including private and public alternatives AUM.
- 8 Asset Management Association of China, as of December 31, 2021.
- 9 KPMG.
- 10 McKinsey.
- 11 Invesco data. 75% and 88% of our China joint venture AUM was above peers on a 3- and 5-year basis as at December 31, 2021.
- 12 Z-Ben Advisors, 2021 China Rankings – The Top Foreign Firms in China, April 2021.
- 13 Z-Ben Advisors, 2021 China Rankings – The Top Foreign Firms in China, April 2021
- 14 Invesco data as of December 31, 2021.
- 15 Morningstar. Are Your Clients ESG Investors? April 22, 2019. Based on a nationally representative sample of 948 respondents.