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1. Purpose of this document

This document (this "Report") is an overview of the Best Execution Quality monitoring performed by Invesco Asset Management Limited ("IAML") for the 2017 calendar year period covering the applicable classes of financial instruments. This report is a regulatory requirement as part of MIFID II (Markets in Financial Instruments Directive II) where firms are expected to publish a summary of the analysis and conclusions drawn from the detailed monitoring of the quality of execution obtained on execution venues (during the previous year).

2. What should I expect to see in this report?

This report contains a summary of the analysis and conclusions drawn from the monitoring of the quality of execution obtained on execution venues where client orders were executed in the 2017 calendar year (for each respective class of instrument). This information is provided as follows:

A. The Execution Factors

An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when making assessments of the quality of execution.

B. Close Links

A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.

C. Specific Arrangements

A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received (if any).

D. Change in Execution Venues

An explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred.

E. Client Categorisation

An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements.

F. Data and Tool Usage

An explanation of how the firm has used any data or tools relating to the quality of execution including any data published by execution venues and systematic internalisers (SI's).

The IAML Order Execution Policy can be found in the Invesco UK website (About us > Corporate Policies).

3. Equities

The Execution Factors

Within the Equities space, there is a high availability of liquidity across a number of different venues. The combination of this with the availability of in depth price discovery has meant 'Total consideration' (combination of 'price' and 'explicit costs') has been the primary factor. 'Implicit costs' and 'likelihood of execution' have also been determining factors. Where liquidity is lower than expected, 'speed and likelihood of execution' have taken priority.

Close Links

IAML may place orders with affiliate Invesco entities in other locations globally, for example Invesco Advisers Inc. ('IAI'), to execute orders in this class of instrument. IAI may in turn use Luminex Trading and Analytics LLC, a 'dark' venue jointly owned by Invesco, to execute some orders in its pursuit of best execution.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

To access liquidity in the Nordic region (specifically in the oil/gas section), DNB Bank ASA were added as a new broker in 2017.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitors and reviews venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not used for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aid in the benchmarking of brokers.

4. Exchange traded products

The Execution Factors

When dealing in exchange traded products, specifically for standard size orders where there is ample liquidity, 'price' has been the primary factor. Where the market is volatile, 'speed of execution' has been prioritised. In some instances, 'implicit cost' is prioritised to limit the market impact of larger size orders in the absence of volatility or where the product is illiquid.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

A new broker was added in 2017, Susquehanna International Securities Limited as it's a market maker in exchange traded funds, ultimately facilitating best execution.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aid in the benchmarking of brokers.

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5. Debt Instruments - Bonds

The Execution Factors

Within the fixed income space execution costs are almost entirely standardised and so 'execution cost' is unlikely to be considered a high priority. We placed highest priority on 'price' where it's possible to obtain quotes from multiple counterparties. Sometimes we prioritised 'size of order' as the sizes to be traded were larger than the market would have expected. In these cases, we worked with one or two liquidity providers to execute the trade rather than sending to multiple dealers and risking market sensitive information moving the price. Despite the size being manageable for the market most of the time, there were instances where the position or directionality of the dealers were restrictive, such as trying to buy a bond when most dealers are also looking to buy or the liquidity of a bond being very low. In such cases, we prioritised 'likelihood of execution' as we looked to trade with the counterparty most likely to execute where the screen prices were unlikely to be honoured by dealers.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

The following brokers were added in 2017 to provide liquidity: ABN Amro Bank NV and Commerzbank AG.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aid in the benchmarking of brokers.

6. Debt Instruments - Money Market Instruments (MMI)

The Execution Factors

Due to the limited number of high quality issuers offering competitive levels, high demand for paper and, in primary issuance dealers tend to offer identical prices. We placed the highest importance on 'likelihood of execution', 'speed of execution' and 'diversity of supply'.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

To increase diversity of brokers and to gain visibility of primary and secondary issuances, the following brokers were added in 2017: Mizuho Bank, Standard Chartered Bank and Cooperative Rabobank.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aid in the benchmarking of brokers.

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7. Interest Rate Derivatives

Interest rate derivatives - Futures and options admitted to trading on a trading venue (listed)
Interest rate derivatives - Swaps, forwards and other interest rates derivatives (over the counter)

The Execution Factors - Futures and options admitted to trading on a trading venue

When trading in listed instruments, 'speed of execution' has been the primary factor given the prevailing market price and explicit costs are equivalent across brokers, specifically for standard size orders. This is also the case where the market is volatile, where the objective is to quickly achieve a better price than would be obtained by executing over a period of time. In some instances, 'implicit cost' is prioritised to limit the market impact of larger size orders in the absence of volatility.

The Execution Factors - Swaps, forwards and other interest rates derivatives

We generally traded on the best 'price' basis asking multiple counterparties when the size was within the size manageable by the market participants for that trading day. For trades that were larger than the normal market size (prioritising 'size of order'), we looked for counterparties who had a natural opposing position that would enable them to take the risk without moving the market. Where a naturally opposing position is not found, we considered counterparties who would be able to distribute the risk efficiently through their franchise.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

There have been no changes to the execution venues for this class of financial instrument for the 2017 calendar year.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aid in the benchmarking of brokers.

8. Credit Derivatives

Credit Derivatives - Other credit derivatives

The Execution Factors

We generally traded on the best 'price' basis asking multiple counterparties when the size was within the size manageable by the market participants for that trading day. For trades that were larger than the normal market size (prioritising 'size of order'), we looked for counterparties who had a natural opposing position that would enable them to take the risk without moving the market. Where a naturally opposing position is not found, we considered counterparties who would be able to distribute the risk efficiently through their franchise.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

There have been no changes to the execution venues for this class of financial instrument for the 2017 calendar year.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aid in the benchmarking of brokers.

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9. Equity Derivatives

Equity derivatives – Futures and options admitted to trading on a trading venue (listed)
Equity derivatives – Swaps and other equity derivatives (over the counter)

The Execution Factors - Futures and options admitted to trading on a trading venue

When trading in listed instruments, 'speed of execution' has been the primary factor given the prevailing market price and explicit costs are equivalent across brokers, specifically for standard size orders. This is also the case where the market is volatile, where the objective is to quickly achieve a better price than would be obtained by executing over a period of time. In some instances, 'implicit cost' is prioritised to limit the market impact of larger size orders in the absence of volatility.

The Execution Factors - Swaps and other equity derivatives

Price has been the most important factor. In some instances, a combination of both 'price' and 'likelihood of execution' have been prioritised.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

There have been no changes to the execution venues for this class of financial instrument for the 2017 calendar year.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aide in the benchmarking of brokers.

10. Currency Derivatives

Currency derivatives – Futures and options admitted to trading on a trading venue (listed)
Currency derivatives – Swaps, forwards and other currency derivatives (over the counter)

The Execution Factors - Futures and options admitted to trading on a trading venue

When trading in listed instruments, 'speed of execution' has been the primary factor given the prevailing market price and explicit costs are equivalent across brokers, specifically for standard size orders. This is also the case where the market is volatile, where the objective is to quickly achieve a better price than would be obtained by executing over a period of time. In some instances, 'implicit cost' is prioritised to limit the market impact of larger size orders in the absence of volatility.

The Execution Factors - Swaps, forwards and other currency derivatives

We generally traded on the best 'price' basis asking multiple counterparties when the size was within the size manageable by the market participants for that trading day. For trades that were larger than the normal market size (prioritising 'size of order'), we looked for counterparties who had a natural opposing position that would enable them to take the risk without moving the market. Where a naturally opposing position was not found, we considered counterparties who would be able to distribute the risk efficiently through their franchise. In some instances, a combination of both 'price' and 'likelihood of execution' have been prioritised.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

There have been no changes to the execution venues for this class of financial instrument for the 2017 calendar year.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aide in the benchmarking of brokers.

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11. Commodities Derivatives

Commodities derivatives - Futures and options admitted to trading on a trading venue (listed)
Commodities derivatives - Other commodities derivatives (over the counter)

The Execution Factors

When trading in listed instruments, 'speed of execution' has been the primary factor given the prevailing market price and explicit costs are equivalent across brokers, specifically for standard size orders. This is also the case where the market is volatile, where the objective is to quickly achieve a better price than would be obtained by executing over a period of time. In some instances, 'implicit cost' is prioritised to limit the market impact of larger size orders in the absence of volatility.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

There have been no changes to the execution venues for this class of financial instrument for the 2017 calendar year.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aide in the benchmarking of brokers.

12. Structured Finance Instruments

The Execution Factors

As CLO's (Collateralised Loan Obligations) trade by appointment, 'price' is not immediately observable. The primary consideration therefore tends to be 'likelihood of execution'. Sometimes a competitive auction process is run to help establish clearing market levels (specifically where we want to trade multiple securities within a short timeframe). The primary consideration in these instances would be 'price'.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

There have been no changes to the execution venues for this class of financial instrument for the 2017 calendar year.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aide in the benchmarking of brokers.

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13. Securities Financing Transactions

The Execution Factors

The primary factors generally tend to be a combination of 'counterparty risk', 'diversification' and 'rate of return'. Over the 2017 calendar year, the primary factors have been a combination of 'counterparty risk' and 'rate of return'. With respect to rolling positions, the primary factor is a combination of the 'rate of return' and 'minimising settlement risk'.

Close Links

There are no close links or conflicts of interest with any venue that we currently use for executing orders in this class of instrument.

Specific Arrangements

There are no specific arrangements concerning rebates or non-monetary benefits with execution venues used to execute trades for this class of instrument.

Change in Execution Venues

There have been no changes to the execution venues for this class of financial instrument for the 2017 calendar year.

Order execution by client categorisation

With respect to order execution, IAML does not treat clients differently based on client categorisation. All execution decisions are made by the respective IAML trading desk who execute trades in line with the IAML Order Execution Policy.

Data and Tool Usage

IAML currently monitor and review venues used for execution. However, as RTS 27 and 28 data (Quality of execution and the top five execution venues) has not been available over the 2017 calendar year, IAML is unable to utilise this information as part of the venue/broker monitoring process. This information will be utilised in 2018 as the data becomes available.

Consolidated Tape Provider

Consolidated tape providers were not providing a consolidated tape for this class of financial instrument for the 2017 calendar year. If this becomes available, IAML will review the usefulness of the consolidated tape and will utilise it where it allows IAML to judge the quality of price received from various counterparties and aide in the benchmarking of brokers.

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