Dear Investor,

Invesco is committed to delivering an investment experience that helps people get more out of life. A key part of this effort is providing strong, long-term investment performance to our clients around the globe while meeting our fiduciary obligations and ensuring a sustainable environment for future generations.

We believe that incorporating sound environmental, social and corporate responsibilities into activities across our firm can positively impact the value we provide to clients as well as our long-term shareholder value.

For years, we’ve demonstrated our commitment to responsible investment by actively working to incorporate environmental, social and governance (ESG) practices across all areas of our firm. Our ESG approach is rooted in our investment strategies, products, proxy voting, active ownership, engagement and other oversight practices to ensure we are meeting the highest levels of fiduciary and corporate responsibility. We also support the Principles for Responsible Investment, and recognize the importance of considering ESG issues as part of a robust investment process.

ESG activities and practices are not new for Invesco – we’ve been actively integrating ESG into our investment strategies for more than 15 years. Our holistic approach to integrating ESG considerations into the investment process and our support for the PRI comprises:

- ESG evaluation, screening and integration
- Research, resources and training
- Engagement with our portfolio companies
- Proxy voting

At the same time, we believe strongly that integrating ESG into our investment decisions shouldn’t compromise the results we deliver to clients. We view our commitment to integrating ESG as an additional layer of due diligence that reinforces our high conviction and long-term horizon approach to investing.

At Invesco, we believe in doing what’s right for our clients, our employees and our communities and to ensuring a sustainable environment for future generations. We’ve been strong stewards of responsible investing for many years, and invite you to learn more about our philosophy, our practices and our approach in the pages of this report.

Regards,

Martin L. Flanagan
President and CEO,
Invesco Ltd.
We are not just shareholders, we are business owners

Invesco believes that our response to environmental, social and governance activities can positively affect the value we provide to our clients over the long term.

We are committed to adopting and implementing responsible investment practices in a manner that is consistent with our fiduciary responsibilities to clients.

Invesco supports the Principles for Responsible Investment (PRI) and our commitment to investment stewardship means that we incorporate environmental, social and governance (ESG) approaches into decisions throughout the investment process.

- We review investments across all ESG areas
- We have an active ownership approach
- We have a long-term investing horizon

Our approach to integrating ESG considerations into the investment process and our support for responsible investment comprises; engagement and fundamental research, active ownership/proxy voting and screening:

Our US$50bn in sustainable investments covers a range of ESG strategies including some of the following approaches:

- Exclusionary/Negative
- Positive: Best-in-class
- Norms based
- Active ownership/Proxy voting, Engagement
- Thematic
- Full ESG integration

**Responsible investment process**

We believe that the ESG practices of company management have an impact on the long-term performance of a company’s stock.

As active, long-term investors, we seek to encourage the companies in which we invest to adopt best in class ESG practices and incorporate them into our process:

- Idea generation
- Fund research
- Portfolio construction and risk management

**Invesco ESG capabilities:**

- 8 Investment centers
- 17 Strategies
- US$50bn of sustainable investments
- 5 ESG Vendors
- 6 Dedicated Responsible Investment team
- #1 In Newsweek Green Rankings (Capital Markets Industry)

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1 Invesco’s US$50bn ESG AUM is managed by 17 investment teams in 8 investment centers. As at 30 September 2016.
2 As of 30 September 2016.
3 Invesco is ranked #1 in the Capital Markets industry out of 19 companies, and we are ranked #9 in the Financial Sector out of 93 companies. The rankings are based on eight key performance indicators outlined here. For more information, please visit the 2016 Newsweek Green Rankings FAQ. Any reference to a ranking provides no guarantee for future performance results and is not constant over time.
Our leading ESG strategies

Real estate

The Invesco Real Estate (IRE) has been active in implementing ESG-based approaches for many years. In 2016, a number of its strategies retained their ‘Green Star’ ratings from the Global Real Estate Sustainability Benchmark (GRESB).¹

- Three real estate strategies were ranked as best in their ESG peer group by the GRESB
- One strategy ranked Global Sector Leader according to the 2016 GRESB assessment
- Our US, Asian and European portfolios include several properties holding third-party green building certifications²

Invesco has incorporated Environmental Social Governance (ESG) practices into our real estate investment strategy since 2008, and we continue to push the boundaries of our program. Direct Real Estate takes a managed approach to procurement of energy in deregulated markets and the process has evolved from energy efficiency to water, waste and recycling, renewable energy, tenant and community engagement, and most recently health and well-being. The team uses this perspective throughout the whole investment process. This demonstrates Invesco’s commitment to responsible property investment and as an early adopter of incorporating ESG practices into our investment strategy.

Invesco Real Estate – ESG Integration

Identify ESG Value Creation Opportunities

Acquisition due diligence Standing portfolio

Quarterly sustainability performance reports

Stakeholder engagement Disposition

1  Any reference to a rating or ranking, is not a guarantee of investment performance and is not constant over time.
2  As of 30 September 2016.
3  AUM as of 30 June 2016. Figures are calculated on a square footage basis as of June 30, 2016.
Our leading ESG strategies
Real estate - GRESB recognition

Invesco Real Estate ranked #1 in its U.S. Diversified peer group for the second consecutive year and has achieved both the Regional Sector Leader status for North America/Diversified, as well as the Global Sector Leader for the property type Diversified.

For the second year, Invesco Real Estate (IRE) ranked #1 in its Asia Office peer group and earned the Regional Sector Leader status for Private/Asia/Office. The team ranked #1 in its U.S. Residential peer group earning the Regional Sector Leader status, with one of our funds ranked #1 in its peer group three years in a row.¹

Invesco Real Estate 2016 (GRESB) Real Estate assessment recognition¹

**U.S. Diversified:**
- Global Sector Leader
- #1 out of 141 Global Diversified
- #1 of 31 U.S. Diversified
- #1 out of 18 Open End Diversified
  Core Equity Constituents (ODCE)

**Asia Office:**
- Regional Sector Leader
- #1 out of 9 Asia Office

**U.S. Residential:**
- Regional Sector Leader
- #1 out of 16 U.S. Residential

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**About GRESB**
GRESB is an industry-driven organization committed to assessing the ESG performance of real estate assets globally, including real estate portfolios and infrastructure assets. More than 250 members, of which about 60 are pension funds and their fiduciaries, use the GRESB data in their investment management and engagement process, with a clear goal to optimize the risk/return profile of real asset investments. Environmental impacts, resource constraints and urbanization are some of the issues that institutional investors want to manage in their real estate investments.²

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¹ Any reference to a rating or ranking, is not a guarantee of investment performance and is not constant over time.
² Source: www.gresb.com (9 December 2016).
Our leading ESG strategies
Quantitative strategies

For more than 15 years, our Invesco Quantitative Strategies (IQS) team has implemented ESG strategies.

The team offers various concepts for equities and bonds and uses the research of external ESG providers. These concepts range from best-in-class approaches to the implementation of positive, negative and exclusion criteria as well as country ratings.

In addition, our IQS team conducts in coordination with an external vendor targeted engagement on key ESG themes, including bribery and corruption, water scarcity, and climate change among others.

To date, they manage $US1.9bn in ESG and employ an enhanced ESG approach in combination with a risk controlled quantitative investment process.

Invesco Quantitative Strategies

US$1.9bn
in ESG AUM\(^1\)

- Over 15 years’ ESG experience
- Combination of Invesco’s quantitative investment process and ESG factors
- €140m separate account (Global Low Volatility + SRI)
- €50m separate account (Low Volatility + SRI)
- Ranked #1 by amLeague for 1-yr performance within the Global Equities Low Carbon category (July 2016)\(^2\)
- “Sustainable investing … but how?”

ESG factor investing white paper

Quantifying our insights
Global Stock Selection Model overview

<table>
<thead>
<tr>
<th>Stock selection universes</th>
<th>Concepts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings expectations</strong></td>
<td><strong>Market sentiment</strong></td>
</tr>
<tr>
<td>How are expectations changing?</td>
<td>What is market sentiment telling us?</td>
</tr>
<tr>
<td>Earnings Momentum</td>
<td>Price Momentum</td>
</tr>
<tr>
<td>Earnings Revisions</td>
<td>Long Term Reversal</td>
</tr>
<tr>
<td>Cash Flow Surprise</td>
<td>Short Term Reversal</td>
</tr>
<tr>
<td>Revisions Against Trend</td>
<td>Short Interest</td>
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</tbody>
</table>

Stock return forecast

Source: Invesco as at 31 July 2016. For illustrative purposes only.

\(^1\) As of 30 September 2016.
\(^2\) amLeague aims to provide a standard to measure investment manager’s active performance, based on a public, transparent and fully comparable framework. amLeague’s data performances and rankings are freely available and fully transparent.

Not all factors are used in all regions and sub-models. Additional factors are used in specific sub-models and definitions may vary across regions.
Our commitment to responsible investing

ESG strategies

Fixed income

ESG is fully embedded within Invesco Fixed Income’s (IFI) investment process, and integrated within the research, trading and portfolio management systems.

Given a specific investment mandate, IFI can incorporate ESG screening into the portfolio construction process. Ratings-based screening involves avoiding issuers below a threshold environmental, social, governance or overall score. Screening may also involve avoiding designated names, industries and sectors. This results in an ESG-augmented investable universe from which IFI aim to maximize returns.

During the post-screening portfolio construction phase, IFI’s portfolio managers have top-down macro research available from the Investment Strategy Team, bottom-up analysis from the global credit research platform and access to the resources provided by Invesco’s responsible investment practice team. Through this approach, IFI seek to create portfolios that maximise risk-return and incorporate ESG and other investment constraints.

Invesco Fixed Income Process chart

<table>
<thead>
<tr>
<th>Asset class investable universe</th>
<th>Screening-based methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macro Research</td>
<td>Credit Research</td>
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<tr>
<td></td>
<td>Integrated Strategy</td>
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<tr>
<td>Platform Tool Kit</td>
<td>ESG Overlay</td>
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<tr>
<td>Integration-based weighting</td>
<td></td>
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<tr>
<td>Portfolio Management</td>
<td></td>
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<tr>
<td>Client Portfolio</td>
<td></td>
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</tbody>
</table>

In the Fixed Income and Direct Property asset class categories we are exceeding the median score, while for Proxy Voting section we are exceeding the median score for three of the four possible indicators.

**Fixed income**

US$510m

in ESG AUM¹

- US$311m separate account (Barclays MSCI US Corporate Sustainability Index)
- ‘A’ rated by PRI for 2016 in Fixed Income, Direct Property and Proxy Voting
- ‘A’ rated by PRI (Principles for Responsible Investment) for 2016 in Fixed Income, Direct Property and Proxy Voting²

¹ As of 30 September 2016.
² Rating from PRI’s annual scorecard.
Our commitment to responsible investing

Proxy voting – our investor led, investor driven approach

At Invesco, proxy voting is a part of the investment process. Invesco’s investor-led, investor-driven proxy voting approach ensures that each meeting is voted in our clients’ best interests and each proposal, both management and shareholder, is considered in light of the risk and materiality to the portfolios. Invesco’s fund managers champion our high-conviction approach and this in turn reflects a purposeful approach to proxy voting. Investment teams maintain full discretion on voting of shares and may split vote under our framework. Our active ownership policies and practices include ongoing engagement with corporates, boards, advisory, on-site due diligence and internal governance committees as inputs into our investment and proxy voting decisions made at the portfolio level.

During 2016, Invesco voted in 98 percent of all meetings in over 67 markets globally. Invesco’s thoughtful proxy approach demonstrates independence from outside third parties, including advisory firms. We believe compensation programs should be clearly aligned with performance and that management teams and boards should be accountable to shareholders. In 2016, Invesco voted against one in four management proposals (i.e., say on pay proposals) on executive compensation.

Invesco supports shareholder’s ability to nominate directors to the board, and proxy access is a meaningful mechanism to support shareholders rights and interests. We vote on shareholder and management proposals on a case by case basis, carefully evaluating the merit of the proposal, materiality, and significance of the proposal to the issuer, sector, etc. In 2016, we supported 53 percent of all shareholder related proposals, and also supported proxy access rights, human rights, etc.

We believe in shareholders’ rights to nominate directors to a company’s board and proxy access provisions are one of the mechanisms that enables that right. In 2016, Invesco supported 81% of proposals on proxy access. In competing proposal situations where a company’s bylaws already provisioned proxy access at the 3/3/20/20-25¹ and those bylaws were consistent with Invesco’s views, Invesco voted in support of the management proposal.

Invesco also supported 64% of all activist campaigns in 2016 underscoring the strength of many activist campaigns as being long-term focused and sophisticated with many campaigns leading ultimately to corporate issuer changes that are in our clients’ best interests.

The foundation of Invesco’s voting policy and practice is ensuring that boards are accountable to shareholders and as such, our fund managers voted against 18% of all director related proposals where accountability to the shareholder base was in question. Proxy voting is the hallmark of active ownership and serves as a mechanism to drive responsible investment, engagement and investment stewardship.

The landscape of corporate governance, shareholder advocacy and demonstration of our commitment to clients in 2016

[Diagram showing 67 Markets, 17,000 Meetings, 73,000 Ballots, 180,000 Proposals, 24/6 Proxy coverage, 6 member Governance team, across two regions, 10 member Administration team, across two regions, Vote 98.5% of meetings]

¹ Shareholders who own 3% of a company for 3 years in aggregate of 20 shareholders may nominate 20-25% of the board or two (2) directors.

Proxy voting

- Long-term shareholder value
- Performance driven
- Accountability
- Research
- Transparency
- Proxy advisory committee
- ESG Governance

Fund manager portal

Invesco is differentiated by our proprietary global proxy voting platform, known as the “fund manager portal”. The platform streamlines the research, proxy voting and ballot reconciliation processes, as well as related functions including managing conflict of interest issuers. Managing these processes internally, as opposed to relying on third parties, gives Invesco greater quality control, oversight and independence in the proxy voting and administration process.
Proxy voting in action

<table>
<thead>
<tr>
<th>Proxy voting 2015/2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proxy voting 2015</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2016 YTD: Shareholder proposals voted “For”</strong></td>
<td></td>
</tr>
<tr>
<td>Note: Figures from January 2016 to 31 December 2016. Votes that are not cast as “For” may be “Against” “Do Not Vote” “Abstain.”</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Compensation</th>
<th>Corporate Governance</th>
<th>Separate chair/CEO</th>
<th>Proxy access</th>
</tr>
</thead>
<tbody>
<tr>
<td>61%</td>
<td>68%</td>
<td>71%</td>
<td>83%</td>
</tr>
<tr>
<td>60%</td>
<td>53%</td>
<td>57%</td>
<td>81%</td>
</tr>
</tbody>
</table>

**Echo Voting and Invesco’s approach to passive and index strategies**

For proxies held by certain client accounts managed in accordance with fixed income, money market and index strategies (including exchange traded funds), Invesco will typically vote in line with the majority holder of the active-equity shares held by Invesco outside of those strategies (“Majority Voting”).

In this manner, Invesco seeks to leverage the active-equity expertise and comprehensive proxy voting reviews conducted by teams employing active-equity strategies, which typically incorporate analysis of proxy issues as a core component of the investment process.

Portfolio managers for accounts employing Majority Voting still retain full discretion to override Majority Voting and to vote the shares as they determine to be in the best interest of those accounts, absent certain types of conflicts of interest, which are discussed elsewhere in this Policy.

53%  
Invesco supports shareholder proposals¹

81%  
Supports Proxy Access

64%  
Support of activist campaigns

18%  
Voted against director-related proposals

1 in 4  
Voted against say on pay proposals

¹ Invesco’s support on Shareholder proposals is an average of specific shareholder proposals such as Compensation, Corporate Governance, Separate Chair/CEO and Proposal on Proxy Access voted ‘For’.
Invesco's stewardship approach to responsible investment and corporate governance

Invesco supports our investment teams on governance trends and topics, and facilitates the proxy voting practice in addition to governance and oversight of responsible investment activities.

The Global Invesco Proxy Advisory Committee (Global IPAC) provides a forum for investment teams to monitor, understand and discuss key proxy issues and voting trends within the Invesco complex.

Invesco's responsible investment practice

**Resources**
- 6 Responsible Investment staff across two regions with 17 years’ average experience.
- Works in close coordination with the 10 member Global Proxy Services team.

**Capabilities**
- $50bn in ESG sustainable investment assets under management, across 17 investment strategies.
- Integrated within real estate, equities, fixed income, quantitatively and passively managed strategies.

**Research**
- Invesco leverages MSCI as its global ESG provider.
- Deliver deep ESG research to investment teams.

**Proxy Voting**
- Deep conviction, investor led and investor driven with 24/6 coverage globally.
- Invesco votes 98.5% of all meetings.
- Voted 17,000+ meetings in 2015.
- 73,000 ballots with 180,000 proposals.
- Proprietary platform (Fund Manager Portal)

**Investment Stewardship**
- Signatory to the UNPRI, the UK Stewardship Code and the Japan Stewardship Code.
- Invesco Real Estate has three funds ranked #1 in their peer group for the 2016 Global Real Estate Sustainability Benchmark assessment (GRESB).
- Ranked #1 by amLeague for 1-yr performance within the Global Equities Low Carbon category (July 2016).

**Active Ownership**
- Invesco has a deep engagement practice and active ownership platform.
- Invesco IQS leverages Vigeo Eiris, an ESG leader, for targeted engagement, letter writing, and screening.

**Thought Leadership**
- Development of ESG white papers in collaboration with global ESG experts in the field.
- “Sustainable investing ... but how?” By Invesco Quantitative Strategies

**Corporate Social Responsibility**
- Invesco is an active participant in the CDP’s climate change program.
- We met our 5-year energy reduction commitment in the UK.
- Ranked #1 in U.S. Capital Markets Industry for 2016 Newsweek Green Rankings.
- Carbon Trust Standard Certified, realizing minimum 3% annual energy reduction.
- LEED Green Building Certified.
- Global, ISO 14001 certified.
- Invesco Cares encourages employees to volunteer their time, collect in-kind donations and provide outreach directly to people in our local communities.

Source: Invesco as at 30 June 2016.
1 Data as of 30 June 2016.
2 As of 30 September 2016.
3 Data as of 2015. PRI = Principles for Responsible Investment. For additional information please go to invesco.com

**Global voting and awareness campaigns**
One of the most important foundations of Invesco’s ESG efforts is a highly flexible proprietary voting platform that enables the company’s fund managers to take well informed, thoughtful and independent proxy investment decisions. This unique industry platform enables Invesco to build the institutional base of knowledge on corporate issuers, streamline the delivery of research, and enable dialogue and transparency across the firm relative to voting patterns.
Our commitment to responsible investing

Demonstrating our stewardship

Corporate stewardship and code of conduct
Invesco demonstrates corporate responsibility stewardship through our internal policies starting with our Code of Conduct, which states that Invesco entities and individuals are strictly prohibited from putting personal benefit, whether tangible or intangible, before the interests of clients. Additional policies on conflicts of interest as well as our due diligence process help to ensure and audit the enforcement of the policies.

We are signatories to the UNPRI, UK Stewardship Code and Japan Stewardship Code. You can find a copy of Invesco’s PRI Transparency Report at [www.unpri.org](http://www.unpri.org)

The UK stewardship code
We are signatories and supporters of the Financial Reporting Council’s (FRC’s) Stewardship Code which was published in 2010. The purpose of the code is to improve the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

Our stewardship code outlines our approach to stewardship and how our policy and procedures meet the requirements of the FRC’s UK Stewardship Code.

The scope of this code covers all portfolios that are managed by the Invesco Perpetual investment teams located in Henley on Thames, United Kingdom and specifically excludes portfolios that are managed by other investment teams within the wider Invesco group that have their own voting, corporate governance and stewardship policies.

“From our investor led, investor driven proxy voting and corporate governance approach to our fundamental research process and engagement, Responsible Investment is core to our practice and ensures that we are doing what’s right for our clients as well as our shareholders, employees and the communities we serve. As responsible investors and active managers, our ability to deliver strong results is driven by our purpose to deliver an investment experience that helps people get more out of life.”

Bonnie Saynay
Global Head of Responsible Investment and Proxy Governance

UK Tier 1 firm
For our strong stewardship policy under the UK Stewardship Code

11
Important information

This document is written, unless otherwise stated, by Invesco professionals. The opinions expressed herein are based upon current market conditions and are subject to change without notice. This document does not form part of any prospectus. This document contains general information only and does not take into account individual objectives, taxation position or financial needs. Nor does this constitute a recommendation of the suitability of any investment strategy for a particular investor. While great care has been taken to ensure that the information contained herein is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. Opinions are subject to change without notice. The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Neither Invesco Ltd. nor any of its member companies guarantee the return of capital, distribution of income or the performance of any fund or strategy. Past performance is not a guide to future returns. This document is not an invitation to subscribe for shares in a fund nor is it to be construed as an offer to buy or sell any financial instruments. As with all investments, there are associated inherent risks. This document is by way of information only. Asset management services are provided by Invesco in accordance with appropriate local legislation and regulations.

Invesco Ltd.

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