

28 January 2022

Dear Investor

**Re: Notice of new fee arrangements for the Invesco Wholesale Global Targeted Returns Fund – Class A (APIR GTU0109AU)**

On behalf of Invesco Australia, I would like to thank you for your investment in the Invesco Wholesale Global Targeted Returns Fund Class A (GTR, the Fund).

We have recently undertaken a review of the fee arrangements of the Fund with a view to providing greater alignment between the performance of the Fund and the level of fees paid. We are also mindful of the industry wide endeavour to reduce fees on investment products.

I am writing to advise you that effective 1 March 2022, the fees paid will be partly dependent upon the returns achieved by the Fund, that is, we will move to a Base Management Fee plus a Performance Fee.

In summary the key elements of the Base Management Fee plus a Performance Fee model are as follows:

- Base Management Fee reduces from 0.95% per annum to 0.55% per annum, i.e. a 0.40% per annum reduction on the current fee.
- The introduction of a performance related fee element that will work as follows:
  - The performance related fee will apply to performance achieved in excess of Bloomberg Ausbond Bank Bill Index + 1.5% p.a. (net of base management fee).
  - The performance fees are 10% of the excess over the Performance Benchmark, calculated daily and payable annually in arrears from the Fund and calculated based on the daily NAV of the Fund over the relevant period. Any underperformance from a prior period in the past three years, commencing from 1 March 2022 onwards, must be recouped before a performance fee can be taken (the Adjusted High-Watermark).
  - For the period to 30 June 2024, the total fee payable (reduced base fee plus performance related fee) will be capped at the current fee rate being paid (i.e., base management fee of 0.55% and a performance fee capped at 0.40%). Post 30 June 2024, the performance fee component of the total fee will be capped at 1% per annum. Any excess performance will be carried over to future periods.

Invesco believes moving to this fee structure benefits investors by providing an immediate reduction in management fees and creating alignment between fund performance and total fees in the future.

An excerpt from the updated Fund PDS (to be effective on 1 March 2022) providing further detail is included over the page for your information. The updated PDS and Additional Information Booklet will be available on the Invesco Australia website on 1 March 2022.

There is no change to the dual objectives of the Fund, which targets a return of Bloomberg Ausbond Bank Bill Index + 5% p.a. (before fees) over rolling 3 year periods with volatility of less than half that of global equities.

We are excited about what 2022 may bring and believe that some of the most recent enhancements to the GTR team and their fund management style (e.g., higher conviction ideas), combined with our current positioning can help the Fund achieve its objectives.

If you have any questions in regard to the new fee arrangements, please contact our Client Services team on 1800 813 500 (freecall) or by email [clientservices.au@invesco.com](mailto:clientservices.au@invesco.com).

Yours sincerely



Mark Yesberg  
Chief Operating Officer

The following is a summary excerpt from Invesco Wholesale Global Targeted Returns Fund – Class A PDS (to be effective on 1 March 2022)

**Invesco Wholesale Global Targeted Returns Fund – Class A**

Type of fee or cost	Amount	How and when paid
Management fees and costs The fees and costs for managing your investments <sup>1</sup>	0.55% p.a. of the NAV of the Fund	<p>Management fees and costs are solely comprised of the management fee of 0.55% per annum<sup>2</sup> (<b>Management Fee</b>).</p> <p>The Management Fee is calculated and accrued daily and paid monthly in arrears, and is directly deducted from the Fund's assets and reflected in the unit price.</p> <p>Indirect costs<sup>1</sup> are nil as such costs are intended to be borne by Invesco<sup>2</sup> out of the Management Fee.</p>
Performance fees Amounts deducted from your investment in relation to the performance of the product	0.00% <sup>3</sup> p.a. of the NAV of the Fund	<p>Performance fees are payable where the performance of the Fund exceeds the Performance Benchmark and also clear the Adjusted High Water Mark (as defined in the "additional explanation of fees and costs" section below).</p> <p>The stated performance fee is a reasonable estimate for the current financial year ending 30 June 2022. The performance fees are temporarily capped at 0.40% per annum until 30 June 2024 after which the performance fee cap will increase to 1.00% per annum.</p> <p>Performance fees are calculated daily and paid annually in arrears from the Fund and reflected in the unit price.</p>

1. This excludes any abnormal or extraordinary expenses such as costs of legal proceedings, costs to defend claims, termination and wind up costs, investor meetings, changes to the constitution or changing the Responsible Entity. These expenses are expected to occur infrequently and are recoverable from the Fund as long as they are properly incurred in operating the Fund.

2. The Management Fee is negotiable for certain investors see the "Additional explanation of fees and costs" in the Additional Information Booklet. Additional fees may be charged by your financial adviser and, if you are an indirect investor, by your IDPS operator, for investing in the Fund.

3. See "Additional explanation of fees and costs" section below.

## Additional explanation of fees and costs

### Management fees and costs

Management fees and costs are solely comprised of the management fee we charge for overseeing the operations of the Fund and managing the Fund's assets. As at the date of this PDS, Indirect Costs such as custodian fees, administration and audit fees, and other ordinary expenses of operating the Fund, are covered by the management fee at no additional charge to you.

From 1 March 2022 Class A of the Fund moved from a management fee only model to a management fee and performance fees model. As a result, the management fee component was lowered to 0.55% per annum of the NAV of the Fund from 1 March 2022.

Management fees and costs do not include:

- Performance fees (see below summary);
- transaction costs (i.e. costs associated with investing the underlying assets), some of which may be recovered through Buy/Sell Spreads; or
- any abnormal or extraordinary expenses such as costs of legal proceedings, costs to defend claims, termination and wind up costs, investor meetings, changes to the Constitution or changing the Responsible Entity. These expenses are expected to occur infrequently and are recoverable from the Fund as long as they are properly incurred in operating the Fund.

## Performance fees

Performance fees comprise the amounts that are calculated by reference to the performance of the Fund.

A performance fee is payable where the investment performance of the Fund after base Management Fees and costs exceeds the performance of the Bloomberg Ausbond Bank Bill Index + 1.5% (the Performance Benchmark).

The performance fees are 10% of the excess over the Performance Benchmark, calculated daily and payable annually in arrears from the Fund and calculated based on the daily NAV of the Fund over the relevant period. The Performance Fee shall be paid to the Responsible Entity within 31 days after the end of the period for which it is calculated. Any underperformance in the past three years, commencing from 1 March 2022 onwards, must be recouped before a performance fee can be taken (the **Adjusted High-Watermark**).

As the financial year ending 30 June 2022 is the first year in which the performance fee will be applicable, the performance fee figure that is disclosed in the "fees and costs summary" above (i.e. 0.00%) is a reasonable estimate of the performance fees for the current financial year. Going forward, we have agreed to a temporary cap on performance fees of 0.40% per annum of the Net Asset Value of the Fund until 30 June 2024 after which the performance fee cap will increase to 1.00% per annum (**Performance Fee Cap**).

Any performance fee amounts exceeding the Performance Fee Cap for a financial year will not be charged in that financial year, however this excess amount will be carried over and included in the next financial year's performance fee calculation.

Please note that the performance fees disclosed in the "fees and costs summary" is not a forecast as the actual performance fee for the current and future financial years may differ. The Responsible Entity cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the Performance Benchmark.