



# Invesco Capital Shield 90 (EUR) Fund

## Fund Update

February 2009

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### Fund facts

**Fund name:** Invesco Capital Shield 90 (EUR) Fund  
**Fund manager:** Martin Kolrep, Frankfurt  
**Launch date:** 9 May 2003  
**Fund domicile:** Luxembourg  
**Legal structure:** A sub-fund of Invesco Funds (Luxembourg SICAV)  
**Fund currency:** EUR  
**ISIN:** A: LU0166421692  
**Minimum investment:** (A) USD 1,500  
**Max. initial fee:** A (acc): 5.25%  
**Annual mgmt. fee:** A: 1.00%  
**Reference index:** 3-Month EURIBOR  
**Unit type:** Accumulation

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### S&P Fund Management Rating

Invesco Capital Shield 90 (EUR) Fund



Source: Standard & Poor's.

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

In our ongoing efforts to communicate timely and relevant information to our clients, we wish to take this opportunity to update investors about a recent development with:

### Invesco Capital Shield 90 (EUR) Fund

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#### Fund update

The Invesco Capital Shield 90 (EUR) Fund aims to provide an adequate total return through investment in a diversified portfolio of debt securities and exposure to equity and bond markets through the use of derivatives.

**As stipulated in the prospectus, it was the intention of the Investment Advisor to preserve at least 90% of the highest ever NAV at any time during the life of the fund.** The Investment Advisor has taken every reasonable effort to preserve this floor but neither the Investment Advisor, nor any other Invesco entity, guaranteed the floor.

**As of 2 February 2009, the fund's NAV has unfortunately fallen below the floor. This is due to extraordinary prevailing market conditions which put significant liquidity and pricing pressure on the fund's portfolio of floating rate notes.**

The highest NAV per share of the Capital Shield 90 (EUR) Fund was EUR 12.27, registered on 16 July 2007. The NAV as of 2 February 2009 declined to EUR 10.95, which does not meet the Investment Advisor's target to preserve at least 90% of the highest ever NAV during the life of the fund. At this NAV, the fund is 10 EURcents or 0.90% beneath the floor.

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#### Comment on floating rate notes

The Invesco Capital Shield 90 (EUR) Fund aims to have a diversified portfolio of debt securities of quality issuers with duration of less than one year. Currently, there are 42 individual debt securities in the portfolio, diversified across regions and business models. The fund uses floating rate notes to seek direct exposure to the debt market.

Floating rate notes are traditionally considered to be conservative investments, since their coupons are adjusted regularly based on a spread versus a reference interest rate, such as Euribor or Libor.

However, although floating rate notes carry little interest rate risk, they are still subject to the credit risk of the issuer. A rise in the perceived credit risk of the issuer translates into a falling price for the floating rate note - despite the fact that the holder of the floating rate note will receive the committed coupon payment and payback of the principal at maturity, unless the issuer fails. In addition, the market for these securities continues to experience significant liquidity constraints which also create downward pricing pressure.



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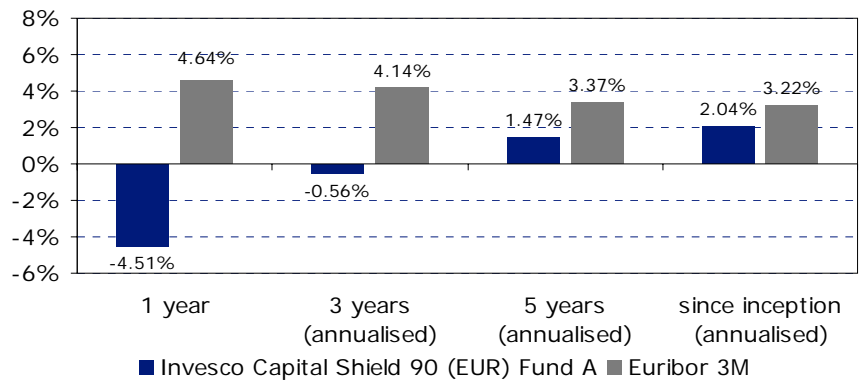
### Perspective and outlook of the fund manager

We manage the floating rate portfolio within the prospectus guidelines and in a manner that we believe is in the best interests of the fund and its shareholders in light of prevailing market conditions.

This includes seeking to preserve capital to the extent possible given the current liquidity constraints in the market, maintaining adequate liquidity to meet normal redemptions and providing yield (in that order).

A reversal of liquidity to normal market conditions would be supportive of the share price of the Capital Shield 90 (EUR) Fund.

### Fund Performance\*



\*Data as at 30 January 2009. Since January 2009, Invesco has made contributions to the fund on an ad hoc basis. Past performance is not an indication of future performance, provides no guarantee for the future and is not constant over time. Source: Invesco Quantitative Strategies.



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### Important Information

This document is only for use in Luxembourg, Austria, Germany, the Netherlands, Spain, France, Belgium, Italy, Switzerland, Finland, Greece, Norway, Sweden and Portugal. Data as at 30 January 2009, unless otherwise stated.

The value of investments and income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the amount invested. The fund invests in derivatives. Therefore, the net asset value of the fund may, at times, be highly volatile.

The reference index of the Invesco Capital Shield 90 (EUR) Fund was chosen to reflect the long-term target of the fund which is to achieve an attractive total return. Please note, however, that this index is not an indicator of the fund's volatility which is expected to be higher due to the exposure to bond and equity markets.

Investors should note that in the event of the net asset value falling by 10% or more as a consequence of changes in the relevant markets, sufficient income needs to be generated by the debt securities component to enable a significant participation in the markets to be regained (which may take some time). In this situation it should be noted that the floor of the fund may only be preserved further if the income from the debt securities component is large enough to cover all the expenses generated in relation to the management (and administration) of the fund. While the above techniques are designed to limit the downside risk of the relevant bond and equity markets, other risks associated with the debt securities part of the fund are not the subject of particular risk avoidance (debtor risk of an issuer of the instruments of the debt securities component, transfer, counterparty and settlement risk of securities transactions). Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement may have a proportionately larger impact which may work for or against the investor.

Where Invesco has expressed its own views and opinions, these may change.

The distribution and the offering of the fund in certain jurisdictions may be restricted by law. Persons into whose possession this document may come are required to inform themselves about and to comply with any relevant restrictions. This does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

Persons interested in acquiring the fund should inform themselves as to (i) the legal requirements in the countries of their nationality, residence, ordinary residence or domicile; (ii) any foreign exchange controls; and (iii) any relevant tax consequences.

The fund is not registered under any US securities law, and may not be offered or sold in the USA, its territories or possessions, nor to any US persons. The funds are not offered for sale in any jurisdiction in which the funds are not authorised to be publicly sold. The fund is available only in jurisdictions where their promotion and sale are permitted.

Invesco Capital Shield 90 (EUR) Fund is a sub-fund of the Invesco Funds SICAV, organized in Luxembourg and authorized by the *Commission de Surveillance du Secteur Financier*. Invesco Capital Shield 90 (EUR) Fund is also registered for public distribution in Austria, Germany, the Netherlands, Spain, France, Belgium, Italy, Switzerland, Finland, Greece, Norway, Sweden and Portugal.

Please refer to the latest Full Prospectus, the relevant Simplified Prospectus, any local Addendum, as well as the latest annual and semi-annual reports for more information on the fund. Further information is available from the contact details below.

This document is issued in:

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