



Invesco Capital Shield 90 (EUR) Fund Fund Update

A Shares, data as at 24 March 2009, unless otherwise stated.

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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

S&P Fund Management Rating

Invesco Capital Shield 90 (EUR) Fund



Source: Standard & Poor's, as at 28/02/2009.

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

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

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.

On 2 February 2009, the fund's NAV fell below the floor and currently remains below the floor. This has been due to extraordinary market conditions in global debt markets which have disrupted the ability of market participants to buy and sell debt instruments readily. This decrease in so-called market liquidity has caused debt instrument prices to fall, including prices of the floating rate notes held within the fund's portfolio.

A comment on the current portfolio

In recent months, global debt markets have been negatively affected by several factors including uncertainty over the global economic outlook and volatility in the world's stock markets. Together such factors have combined to limit the normal functioning of the debt market by hampering debt market participants' ability to readily buy and sell debt instruments. This decrease in so-called market liquidity has led to significant price declines in global debt markets. In light of these current market conditions, Invesco has undertaken a review of the entire portfolio of the Invesco Capital Shield 90 (EUR) Fund and consequently has in recent weeks reduced the exposure of the fund to the credit markets overall.

Currently, the exposure of the Invesco Capital Shield 90 (EUR) Fund to the debt market is through floating rate notes. Floating rate notes provide a rate of interest that is adjusted quarterly based on a spread over a base interest rate, such as Euribor. The fund also holds pure cash in the form of overnight time deposits. Currently the fund is not exposed to the bond or equity markets through the use of derivatives (there is currently no derivative overlay in place).

The fund has always purchased debt securities of investment grade issuers only with a credit rating of single-A- or higher from the major credit rating agencies such as Standard and Poor's and/or Moody's. An investment grade rating means that the rating agency believes that there is a strong likelihood that the debt instrument will be repaid in full at maturity. Single-A- and higher credit ratings represent the higher tiers of the investment grade category.

As part of the review of the entire portfolio, Invesco has decided to reduce the credit risk of the portfolio by removing debt instruments that we deem of lesser credit quality in terms of likelihood of repayment, even if they satisfy the above rating requirement. At the same time, holdings that were downgraded below single-A during the recent financial turmoil have also been removed.

Also as a result of the review, the fund has increased the proportion of pure cash in its holdings and decreased the proportion of floating rate notes. As at 24 March 2009, 49.0%, or roughly half of the fund's assets, are now held in pure



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cash, compared to 13.5% at 31 January 2009. This should help meet any redemption requests and help stabilize the fund's NAV.

All of these measures have been undertaken with the belief that they will have a stabilizing effect on the NAV of the fund while maintaining the potential for price appreciation of the floating rate note portfolio in the future, as debt markets recover over time.

In the meantime, the portfolio's yield will be highly dependent on the yield of the pure cash portion of the fund and the yield on the floating rate notes. As of 24 March the yield on the pure cash portion is mainly driven by the market yield on overnight deposits which was 0.75% per annum. The average yield-to-maturity of the floating rate note portfolio was 4.94% per annum. Combined, the current average yield-to-maturity of the total portfolio was 2.89% per annum (see below).

Because both of these rates are adjustable, these yields could change in the future. There is a possibility that the overnight time deposit rate (on pure cash holdings) and base interest rates such as Euribor (used to calculate yields on floating rate notes) could decline or increase in the future, which could reduce or increase the yield on the fund's portfolio going forward.

The table below lists the current portfolio statistics as of 24 March 2009.

Invesco Capital Shield 90 (EUR) Fund

As of 24/03/2009		Credit Ratings	As of 24/03/2009
Number of holdings	16	AAA	1.4%
Average Maturity	1.68 years	AA	23.6%
Average Price	93.04	A	26.0%
Average Yield to Maturity	2.89%	BBB	0.0%
Current Euribor 3 Month Yield	1.61%	Pure cash	49.0%

Source: Invesco Global Quantitative Equity

The table below lists the portfolio statistics as of 31 January 2009.

As of 31/01/2009		Credit Ratings	As of 31/01/2009
Number of holdings	42	AAA	14.1%
Average Maturity	3.04 years	AA	46.4%
Average Price	93.15	A	25.2%
Average Yield to Maturity	4.12%	BBB or below	0.8%
Current Euribor 3 Month Yield	2.08%	Pure cash	13.5%

Source: Invesco Global Quantitative Equity

Fund NAV development

The highest NAV per share of the Invesco Capital Shield 90 (EUR) Fund was EUR12.27, registered on 16 July 2007. The NAV as of 2 February 2009 declined to EUR10.95, which did not meet the Investment Advisor's target to preserve at least 90% of the highest ever NAV, during the life of the fund. A NAV of EUR11.04 represents 90% of the highest ever NAV.

Due to extraordinary market conditions, downward pressure on the prices of the floating rate notes held by the fund resulted in negative performance in February of -5.08%. However the fund's NAV has increased from its lowest level in 2009 (as of 24 March 2009) of EUR10.53, which was registered on February 11th. The fund's



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NAV was EUR10.65 as of 24 March 2009. In the year to 24 March 2009, the Invesco Capital Shield 90 (EUR) Fund registered a performance of - 4.66%.

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.

Further developments and announcements on the fund will be made available at: www.invescoeurope.com

Important Information

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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 due to the net asset value falling in excess of 10% 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). Transactions in futures carry a high degree of risk as 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.

The 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.

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.

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