

Registration number: 00308372

Invesco Holding Company Limited

Strategic Report, Directors' Report and Audited Financial Statements

for the Year Ended 31 December 2020

Invesco Holding Company Limited

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Invesco Holding Company Limited

Company Information

Directors A. Lege
L. Allison Dukes
T. G. Vacheron

Company secretary A. Gerry

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Invesco Holding Company Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report on the affairs of Invesco Holding Company Limited ("the company") for the year ended 31 December 2020. The company is a subsidiary of Invesco Ltd., a company organised under the laws of Bermuda and listed on the New York Stock Exchange. In this report and these financial statements, Invesco Ltd. and its subsidiaries are referred to as "the group".

Purpose and key stakeholders

The company shares a clear purpose with the wider group; to help people get more out of life by delivering a superior investment experience. The group's vision is to be the most client-centric firm in the investment management industry. To achieve this, the group focuses on four key strategic pillars that are designed to sharpen focus on client needs, further strengthen every aspect of the business over time and help ensure its long-term success:

- 1) Client delivery – we will deeply understand client needs and deliver an experience that is of the highest quality and uniquely targeted at them.
- 2) Advisory services – our clients want service beyond investment manufacturing, and we will turn our wide range of investment and technology capabilities into value-added advisory services.
- 3) Investment outcomes – we will help clients around the world achieve their desired investment outcomes and a superior investment experience using our comprehensive range of investment capabilities.
- 4) Talent & culture – we will strengthen our ability to execute for clients as we drive toward greater alignment on a narrow set of priorities, delegate decision-making to those close to the information and hold each other accountable for outcomes.

The 2020 global pandemic has created a highly turbulent and uncertain market, presenting additional challenges for our clients. In response, we are accelerating progress toward our vision by acting with a sense of urgency to evolve our business to better meet client needs.

In delivering in this purpose, and considering the requirements of Section 172 of the Companies Act 2006, the board has due regard for the key stakeholders of the company and group. As a holding company, the key stakeholders of the company are its parent company, its subsidiaries and other group companies with which it has intercompany relationships. The primary considerations for these stakeholders are the effective flow of cash resources through the group, whether through intercompany loans, dividends or other capital activities. The company has due regard to the priorities and requirements of its intercompany counterparties when making decisions about its own resource allocations, and this is managed largely through the support of global functions for legal, compliance and finance which assess and recommend transactions based on the impact to all Invesco companies impacted by the changes.

The company also issues floating interest rate notes listed on The International Stock Exchange, however the sole bearer of these notes is another group company. The company therefore considers The International Stock Exchange to be a key stakeholder, and ensures that its obligations under the listing rules are met.

Invesco Holding Company Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Business review

Fair review of the business

The profit and total comprehensive income for the financial year was \$415.4m (2019: \$165.1m).

Dividends of \$276.9m were paid during the year (2019: \$214.4m). The directors do not recommend the payment of a final dividend (2019: \$Nil).

The company's key financial and other performance indicators during the year were as follows:

	2020	2019
	\$ m	\$ m
Income from shares in group undertakings	503.6	250.0
Finance income	66.5	91.7
Finance costs	<u>(144.9)</u>	<u>(169.2)</u>

The key performance indicators are driven by dividends received from subsidiary companies and interest bearing assets and liabilities. Included within creditors: amounts falling due after more than one year balance of \$3,882.7m (2019: \$4,519.2m) is \$2,400.0m (2019: \$3,000.0) of debt which is publicly listed on The International Stock Exchange in Guernsey. Further details are included within note 16, Loans and borrowings.

Employees

The company does not have any employees. Invesco UK Limited, a fellow subsidiary of Invesco Ltd., employs all staff in the UK and employee numbers, costs and welfare are all managed through this entity and relevant costs are then recharged to the company. Please refer to the financial statements of Invesco UK Limited for further information on employees.

Invesco Holding Company Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Environmental, social and governance policies

Due to our global footprint and role in financing companies and economies around the world, we hold a deep understanding and appreciation for the complex interconnections between the financial markets, business, industry, society and the environment. Environmental, social and governance (“ESG”) investing is a fundamental commitment at Invesco, aligned with our fiduciary responsibilities to clients.

Our ESG philosophy is based on our belief that ESG aspects can have an impact on sustainable value creation as well as risk management. Our greatest opportunity to make an impact is to integrate environmental, social and governance across our products, investment stewardship and distribution while aligning with our clients’ long-term interests. Our actions underscore our dedication to understanding the unique investment philosophies of our clients and confirming our investments support their objectives.

Additionally, the company’s corporate stewardship programs focus on human capital development and our responsibility to help sustain a healthy, clean environment for future generations. We are committed to fostering greater transparency and continuous improvement regarding responsible investment and corporate stewardship within our business.

We measure and provide appropriate oversight by having a robust governance process to hold ourselves accountable for meeting our corporate social responsibility commitments.

Operating sustainably and responsibly is fundamental to our corporate social responsibility mission. We maintain environmental management processes which meet international standards such as ISO 14001 and comply with other relevant compliance obligations as part of our commitment to continuous improvement in environmental management. Efforts include:

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Strategic Report for the Year Ended 31 December 2020 (continued)

- Signing UN sponsored Principles for Responsible Investment (“PRI”) in 2013 thereby formalising our commitment to responsible investment globally. We achieved an A+ rating for its overall approach to responsible investment (Strategy and Governance) for the fourth consecutive year as well as achieving an A or A+ across all categories. This rating demonstrates our extensive efforts in terms of ESG integration, active ownership, investor collaboration and transparency. The UN sponsored Principles for Responsible Investment is a set of six international principles which is recognized as the global standard for responsible investment. The PRI secretariat provides several services and also reviews and rates the annual submission of our responsible investment activities at Invesco global level.
- Carbon Disclosure Project (CDP) is a not-for-profit organisation that runs the global disclosure of climate change related data of corporates, cities, states, and regions. Invesco has been disclosing to CDP since 2016.
- In the UK, the Invesco Henley Investment Centre is a signatory to the UK Stewardship Code, overseen by the Financial Reporting Council (“FRC”) and has achieved a Tier 1 Status for our approach to stewardship. As long term, valuation led, active investors, our investment process is aligned with ESG integration and active ownership
- In 2020, the group in the UK became a member of the Task Force on Climate-related Financial Disclosures (“TCFD”) and published our inaugural Climate Change Report. The TCFD develops voluntary, consistent climate-related financial risk disclosures to provide information to key stakeholders.
- The group is part of Climate Action 100+ (“CA100+”) an investor initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change. Invesco plays a leading role in engaging with these companies.
- The group is a member of the Institutional Investor Group for Climate Change (“IIGCC”) which helps champion and shape the public policies, develops the investment practices and support the corporate action required to address the long-term financial risks associated with climate change.
- The group is a constituent of the FTSE4Good Index Series. The Series communicates the performance of companies which meet global corporate responsibility standards to help potential. The group is a constituent of the FTSE4Good Index Series. The Series communicates the performance of companies which meet global corporate responsibility standards to help potential clients make investments in organizations with good records of corporate social responsibility.
- All of the UK's air and rail emissions are offset through Invesco's partnership with Climate Care. This includes a project with the Bangladesh Bondhu Foundation to increase access to clean cooking within the country, and through supporting the Rimba Raya Biodiversity reserve in Indonesia to defend it from being converted into palm oil estates.

The group in the UK has quadruple certification of our UK properties under the Carbon Trust Standard, and has exceeded its targets for reducing carbon emissions, water use and waste. Green buildings create a healthier working environment for employees and our continuous efforts and achievements ensure we provide the best, not only for our employees but also future generations.

Greenhouse gas emissions

In 2020 our total carbon dioxide (CO₂) emissions for the group in the UK were 1,697.00 tonnes (2019: 6,254.00 tonnes). This figure has been calculated according to the GHG Protocol. Due to the interlinked nature of the company's business within the UK Group it is not possible to separately disclose the company's emissions.

Invesco Holding Company Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

	2020	2019
In kWh:		
Electricity (Grid) - Source: Green Tariff (General)	2,186,467.0	3,776,105.0
Fuel - Source: Natural Gas	2,200,362.0	2,406,791.0
In tonnes:		
Waste - Source: Food and Garden (Mixed)	10.0	31.0
Waste - Source: Glass (Mixed)	1.0	2.0
Waste - Source: Municipal (Mixed)	53.0	101.0
Waste - Source: Paper (Confidential)	17.0	82.0
Waste - Source: WEEE (Mixed)	1.0	9.0
In litres:		
Water - Source: Discharge	5,990,200.0	8,824,500.0
Water - Source: Recycled	2,400.0	2,400.0
Water - Source: Withdrawal	5,990,200.0	8,824,500.0
In Miles:		
Consump Transport - Air	2,332,749.0	14,771,507.0
Consump Transport - Rail	57,347.0	234,105.0
Consump Transport - Road	86,368.0	355,775.0
	2020	2019
	(tCO₂)	(tCO₂)
Electricity (Grid) - Source: Green Tariff (General)	510.0	958.0
Fuel - Source: Natural Gas	405.0	443.0
Waste - Source: Food and Garden (Mixed)	42.0	100.0
Waste - Source: Glass (Mixed)	1.0	2.0
Waste - Source: Municipal (Mixed)	3.0	2.0
Waste - Source: Paper (Confidential)	15.0	80.0
Waste - Source: WEEE (Mixed)	2.0	11.0
Water - Source: Discharge	4.0	6.0
Water - Source: Recycled	-	-
Water - Source: Withdrawal	2.0	3.0
Emission Transport - Air	688.0	4,547.0
Emission Transport - Rail	3.0	8.0
Emission Transport - Road	22.0	94.0
Total Emission	1,697.0	6,254.0
Carbon offsetting	(691.0)	(4,555.0)
Net emissions	1,006.0	1,699.0

Invesco Holding Company Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

These figures have been calculated according to the Greenhouse Gas (GHG) Protocol, which provides a framework to measure and report greenhouse gas emissions. This net CO₂ usage is equivalent to 1.10 tonnes per full time employee (2019: 1.90 tonnes). The reduction in the intensity ratio has been driven by the decrease in energy usage and waste from our premises, as a result of the restrictions caused by the COVID-19 pandemic.

The decrease in the total CO₂ emissions was caused by a reduction in international air travel, due to mobility restrictions relating to the COVID-19 pandemic. The group currently supports two carbon offsetting projects in order to address and fully offset their air and rail emissions, details of which are included above along with our ESG efforts. Gas and Electricity usage contributes 54% (2019: 22%) of our total CO₂ usage, and we are actively seeking to reduce this through the use of energy from cleaner sources.

Our activities to address our greenhouse gas usage, and to influence the wider climate change issue, have been set out below within the management of principal risks and uncertainties..

Governance, principal risks and uncertainties

The company has a robust risk governance structure and risk management framework which is considered by the company's board to be appropriate to the size, nature and complexity of the business. These arrangements are characterised by a matrix management model across functions and regions. The risk management framework is supported by an established risk and control self-assessment programme, which informs functional and regional senior management and the company's board on the risks managed by the business.

Governance and risk management operate within the company structure as follows:

Board and Committee structure

The board has oversight of the company. There is a schedule of matters reserved for decision by the board.

The company operates a “three lines of defence” model as the primary means to structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective governance, risk management and assurance.

First line of defence: Business

The business is the primary control function and is accountable and responsible for the day to day activities, processes, risks and controls. Business management are responsible for ensuring that controls are designed and operate effectively as part of the day to day operations.

As the first line of defence, operational management owns and manages risk. They are also responsible for implementing corrective actions to address any identified process and control deficiencies.

The business regularly assesses all key risks for both the impact and likelihood of the risk occurring along with any key operational known gaps and the progress to alleviate such gaps.

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Strategic Report for the Year Ended 31 December 2020 (continued)

Second line of defence: Independent Risk Function and Compliance

Both the Operational Risk team and the Investment Risk Oversight team are independent risk management functions that support the first line risk owners, in assessing, managing, monitoring and reporting on the status of risks. Risks that are assessed by the business or the management team to be outside of the company's risk appetite, or which may not meet regulatory requirements, are reported together with recommended actions for their reduction to an accepted tolerance level to the board and its committees in order to ensure that appropriate attention is paid to these risks. Both teams provide reports to the Board as well as to senior management.

Compliance's aim is to be recognised as a pro-active business partner that fully supports initiatives and strategies whilst mitigating regulatory risk. This will include the interpretation and impact of relevant regulations, best business practice, identifying and monitoring regulatory risk and providing appropriate technical advice, guidance, challenge and training. Compliance provides reports to the Board as well as to senior management.

Third line of defence: Internal Audit

Internal Audit provides an objective and independent review of the effectiveness of the overall system of internal control, including in its scope the effectiveness of the Compliance and Independent Risk Management functions. Internal Audit reports to the Board and provides reports to senior management.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are categorised as counterparty, interest rate, liquidity and operational risk.

Counterparty risk

Counterparty risk is defined as the risk of loss caused by the failure of a counterparty to perform its contractual obligations. The company maintains a high level of oversight over counterparties to which it or its clients or funds may have exposure and will take action to avoid circumstances where there is a risk of counterparty failure.

Interest rate risk

The company earns interest on the intra-group loans issued by the company and pays interest on loans due to other undertakings. The rates of interest are dependent on commercial banking interest rates and Libor.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate resources, failed processes or systems due to internal or external events. The sound management of operational risk is key to the group being able to protect its clients and reputation, and to meet its business objectives.

The Operational Risk team facilitates the process of identifying, assessing, mitigating and monitoring risks in the individual business lines and functional areas through an operational risk framework which is described further in the section 'Management of principal risks and uncertainties'.

Invesco Holding Company Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Liquidity Risk

Liquidity risk is defined as the risk of insufficient high-quality liquid resources to meet obligations as they fall due under business as usual and stress conditions. There are series of quantified metrics in place to monitor compliance with the liquidity risk appetite and manage the company's liquidity risk. Given the potential pre-funding requirement that exists for the company, additional KRI's are in place specific to this entity in order to monitor the levels of funding requests.

Managing the impact of Brexit

On 24 December 2020, the United Kingdom ("UK") and the European Union ("EU") announced a Trade and Cooperation Agreement after months of negotiations. The Trade and Cooperation Agreement came into force effective 31 December 2020. While the Agreement announced largely covers goods, details related to the financial services industry were not specifically outlined within the Agreement.

Invesco's UK and EU 27 subsidiaries provide investment and distribution services to both EU and UK based fund management companies and clients. To access each other's market, in the absence of 'passporting' which the UK previously benefitted from as an EU member state, UK and EU based financial services firms, including Invesco, will rely on a system known as 'equivalence', whereby each side decides unilaterally whether the other's regulatory regime can be deemed as equivalent. The UK and the EU have since negotiated a Memorandum of Understanding ("MoU") on financial services regulatory cooperation, as foreseen by the Trade and Cooperation Agreement. As of 1 April 2021, the MoU has not been formally published; but it is expected to provide for a new Joint Financial Regulatory Forum to enable structured regulatory dialogue and cooperation - including on financial stability issues, compatibility of standards, coordination in international bodies, and in relation to decisions to adopt, suspend or withdraw equivalence relating to the other side.

Managing the risks presented by the outbreak of Coronavirus

The spread of a new coronavirus (COVID-19) disease has caused significant volatility within the global economy and financial markets. To date, the primary focus of our response has been threefold:

- to ensure the health and safety of our employees;
- to preserve our ability to serve our clients; and
- to appropriately manage client assets in a highly dynamic market environment.

We have established cross-functional teams in each region (Americas, Asia Pacific and EMEA) that are monitoring the situational globally and regionally. These teams, which include representatives from Distribution, Portfolio Management, Trading, Technology/Operations, Human Resources, Business Continuity, Compliance, as well as other areas, are taking steps to ensure an appropriate and effective response during a highly fluid situation.

We have considered whether there are any financial contingencies as part of Note 19 and have determined that there are no commitments, contingent liabilities or balances after the reporting period to be disclosed at this stage.

Invesco Holding Company Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Managing the risk of climate change

Invesco's approach to climate change is integrated into our broader governance structure covering ESG responsibility at investment level and corporate responsibility at operational level, as set out in the 'Environmental, social and governance policies' section of this report.

Our commitment to ESG investing ensures that climate change considerations are integrated into our investment decisions, and the importance we place on ESG has led us to launch structural governance oversight, comprising a Corporate Responsibility Committee ("CRC"), the Corporate Responsibility Committee Working Group and ESG Regional Working Groups. These groups are responsible for monitoring climate related issues and opportunities and acting upon them.

We have defined a framework for Environmental Management System ("EMS") Governance to address the risk of climate change within our operations. To ensure the effective management and continuous improvement of Invesco's EMS, we assigned operational EMS responsibilities to Corporate Properties, supported by local facilities teams and subcontracted services.

Going concern

The financial statements have been prepared on a going concern basis.

As at 31 December 2020, the company has net assets of \$5,090.40m (2019: \$4,952.50m). The directors have also considered the net current liability position of the company. This is due to intercompany loans which are repayable on demand. These loans are centrally managed and would not be called upon within the next 12 month period if it would lead to the company becoming insolvent.

The company's existing trading activity relates primarily to transactions with other subsidiaries. Although the company has a positive net asset position, a significant portion of the assets of the company are held in illiquid investments that are not readily realisable to manage existing financial obligations. The company has a surplus of current financial obligations over its existing current financial assets, consisting primarily of loans due to other group companies. However, the company has received confirmation that its immediate parent will provide any necessary support required to allow the company to meet its obligations as they fall due. Accordingly, the directors have continued to adopt the going concern basis in the preparation of the financial statements.

In making this assessment, the directors have taken account of the recent coronavirus pandemic and the impact this may have on the group, as well as direct subsidiaries of the company. Group management actions to mitigate the risk of lower cash inflows would include a reduction in discretionary expenditure, a reduction in dividend payments, and, where necessary, the use of intercompany loan funding from other group companies. The result of these management actions, should they be necessary, would ensure that group companies, including the company, maintain the required liquidity to meet liabilities as they fall due for a period of at least 12 months from the date of signing.


Future strategy

The company will continue to act as a holding company.

Approved by the Board on 17 June 2021 and signed by order of the Board by:

Invesco Holding Company Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

A handwritten signature in black ink, appearing to read "L. Allison Dukes".

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L. Allison Dukes
Director

Invesco Holding Company Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020. In preparing this report the directors have considered the requirements of the Companies Act 2006 and certain disclosures which have already been included in the notes to the accounts have not been repeated. These include financial risk management in Note 19.

Directors of the company

The directors, who held office during the year and up to the date of signing the financial statements were as follows:

L. Starr (resigned 31 July 2020)

A. Lege

J. Callahan (resigned 30 April 2021)

L. Allison Dukes (appointed 1 August 2020)

The following director was appointed after the year end:

T. G. Vacheron (appointed 30 April 2021)

Dividends

Interim dividends of \$276.9m were paid during the year (2019: \$214.4m). The directors do not recommend the payment of a final dividend (2019: \$Nil).

Non adjusting events after the financial period

On 1 March 2021 the company received a dividend of \$200.0m from its subsidiary, Invesco Holding Company (US) Inc, and used this to pay a combination of \$188.1m dividends and \$11.9m interest to Invesco Ltd.

On 30 April 2021 T.G.Vacheron was appointed as director and on the same date J Callahan resigned.

On 1 June 2021 the company received a dividend of \$250.0m from its subsidiary, Invesco Holding Company (US) Inc, and used this to pay a combination of \$238.1m dividends and \$11.9m interest to Invesco Ltd.

Directors' liabilities

Invesco Ltd., the ultimate parent company, has taken out indemnity insurance for all of the directors of the company in connection with their roles and responsibilities as Director and in accordance with the requirements and limitations of Section 234 of the Companies Act 2006. This indemnity was in force during the financial year and also at the date of approval of these financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 17 June 2021 and signed on its behalf by:



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L. Allison Dukes
Director

Invesco Holding Company Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 17 June 2021 and signed on its behalf by:



....

L. Allison Dukes
Director



Independent auditors' report to the members of Invesco Holding Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Invesco Holding Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We performed a full scope audit of Invesco Holding Company Limited in accordance with our materiality and risk assessment.

Key audit matters

- Impact of Covid-19
- Impairment of Investments

Materiality

- Overall materiality: US\$92,569,000 (2019: US\$103,023,000) based on 1% of total assets.
- Specific materiality: US\$665,000 (2019: US\$917,000) based on 1% of total revenues.
- Performance materiality: US\$69,426,000

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impact of Covid-19 The global pandemic of a new strain of Coronavirus (Covid-19) continued to cause economic disruption and uncertainty into FY20 with new, more aggressive variants continuing to appear. Management's response to the risk has been focused on (i) ensuring the health and safety of employees, (ii) preserving the ability to serve clients, and (iii) appropriately managing client assets in a highly dynamic market environment. This is facilitated through the establishment of regional cross-functional teams that monitor the situation globally and regionally. Management has taken account of the impact of the Covid-19 pandemic on projected AUM, revenues and expenses of the company in its going concern assessment. Management has concluded that even under the stressed cashflow analysis the company would continue to be solvent, maintaining positive cashflows above its required liquidity buffer and meet its capital requirements for a period of at least 12 months from the date of signing the financial statements.	We assessed management's going concern analysis which takes into account the impact of Covid-19 on the Company and the financial statements by performing the following procedures: <ul style="list-style-type: none">• Evaluated management's going concern assessment and their reliance on a letter of support from Invesco Ltd., and confirmed that the letter follows the required language;• Reviewed management's assessment that there are no assets or liabilities of the Company at 31 December 2020 which are expected to be materially impacted by Covid-19;• Enquired of management to understand the potential impact of Covid-19 on the Company's financial performance and operations; and• Assessed the disclosures made by management in the financial statements and checked consistency of the disclosures with our knowledge of the company based on our audit. Based on the work performed and the evidence obtained, we consider the disclosure of the potential impact of Covid-19 in financial statements to be appropriate.
Impairment of Investments As at 31 December 2020, the entity held \$8,467.9 million of investments, the majority relating to subsidiary undertakings, as disclosed in Note 11. Investments in subsidiary undertakings are carried in the Company's financial statements at cost less impairment. Impairments are determined by reference to the subsidiary	Our audit procedures included, among other things, assessing the carrying value of the subsidiaries for any objective indicators of impairment. We have obtained and reviewed management's impairment assessment which concluded there were no impairments during the year. We have challenged and reviewed the assumptions,

undertakings' value-in-use and fair value. In accordance with IAS 36 Impairment of assets, management have undertaken an annual assessment of indicators for impairment.

recalculated the mathematical accuracy of the assessment and corroborated key inputs to the assessment to supporting documentations. Where we have agreed inputs to the group accounting systems, we have obtained suitable controls reliance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We performed a full scope audit of Invesco Holding Company Limited in accordance with our materiality and risk assessment.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall company materiality</i>	US\$92,569,000 (2019: US\$103,023,000).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	We believe that total assets are the primary measure used by the shareholders in assessing the performance of the entity and is a generally accepted auditing benchmark.

In addition, we set a specific materiality level of US\$665,000 (2019: US\$917,000) for balances related to the Statement of Comprehensive Income. This equates to 1% of total revenues. The benchmark was utilised as the company is a financing entity and a key activity is the collection of interest revenue from related entities.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US\$69,426,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above US\$4,628,000 (2019: US\$5,151,150) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

In addition we agreed with those charged with governance that we would report to them misstatements identified during our audit above US \$33,250 (2019: US \$45,850) for misstatements related to items in the Statement of Comprehensive Income, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Assessment of management's going concern analysis, including their stress analyses and assumptions on cash flows;
- Inspection of actual financial information against forecasts to assess the reasonability of management's forecasts; and
- Performance of sensitivity analysis over the inputs to the analysis.
- Review of letter of support from the US parent to confirm that intercompany loans will not be sought after and the access to additional funding if required;
- Review and assessment of key assumptions to the intercompany loan receivables; and
- Review of the disclosure provided relating to the going concern basis of preparation and evaluation of whether management's assessment is in line with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the International Stock Exchange Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve the position and performance of the company, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, internal audit, senior management involved in Risk and Compliance functions and the company's legal advisors/function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Reviewing relevant meeting minutes including those of the Board of Directors
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, by unexpected users, by the same creator and approver, post-close of the period, and through unexpected sources
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the impairment assessments of investments in subsidiaries

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2021

Invesco Holding Company Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 \$ m	2019 \$ m
Administrative expenses		<u>(6.3)</u>	<u>(3.6)</u>
Operating loss	4	(6.3)	(3.6)
Income from shares in group undertakings		503.6	250.0
Finance income	5	66.5	91.7
Finance costs	6	<u>(144.9)</u>	<u>(169.2)</u>
Profit before income tax		418.9	168.9
Income tax expense	9	<u>(3.5)</u>	<u>(3.8)</u>
Profit and total comprehensive income for the year		<u><u>415.4</u></u>	<u><u>165.1</u></u>

The above results were derived from continuing operations.

The notes on pages 23 to 53 form an integral part of these financial statements.


Invesco Holding Company Limited

(Registration number: 00308372)

Statement of Financial Position as at 31 December 2020

	Note	31 December 2020 \$ m	31 December 2019 \$ m
Fixed assets			
Investments	11	8,467.9	8,950.2
Loans to other group undertakings	12	<u>769.6</u>	<u>769.6</u>
		<u>9,237.5</u>	<u>9,719.8</u>
Current assets			
Trade and other receivables	13	15.0	581.1
Cash and cash equivalents	14	<u>1.9</u>	<u>1.4</u>
		<u>16.9</u>	<u>582.5</u>
Creditors: Amounts falling due within one year			
Trade and other payables	15	(32.9)	(45.7)
Loans and borrowings	16	<u>(247.8)</u>	<u>(784.9)</u>
Creditors: Amounts falling due within one year		<u>(280.7)</u>	<u>(830.6)</u>
Net current liabilities		<u>(263.8)</u>	<u>(248.1)</u>
Total assets less current liabilities		8,973.7	9,471.7
Creditors: Amounts falling due after more than one year	16	<u>(3,882.7)</u>	<u>(4,519.2)</u>
Net assets		<u>5,091.0</u>	<u>4,952.5</u>
Equity			
Share capital	17	90.0	90.0
Share premium		4,230.6	4,230.6
Other reserves	18	489.0	489.0
Retained earnings		<u>281.4</u>	<u>142.9</u>
Total equity		<u>5,091.0</u>	<u>4,952.5</u>

Approved by the Board on 17 June 2021 and signed on its behalf by:

.... 
L. Allison Lukes
Director

The notes on pages 23 to 53 form an integral part of these financial statements.

Invesco Holding Company Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital \$ m	Share premium \$ m	Other reserves \$ m	Retained earnings \$ m	Total equity \$ m
At 1 January 2020	90.0	4,230.6	489.0	142.9	4,952.5
Profit and total comprehensive income for the year	-	-	-	415.4	415.4
Dividends paid	-	-	-	(276.9)	(276.9)
At 31 December 2020	<u>90.0</u>	<u>4,230.6</u>	<u>489.0</u>	<u>281.4</u>	<u>5,091.0</u>

	Share capital \$ m	Share premium \$ m	Other reserves \$ m	Retained earnings \$ m	Total equity \$ m
At 1 January 2019	84.8	1,523.8	489.0	192.2	2,289.8
Profit and total comprehensive income for the year	-	-	-	165.1	165.1
Dividends paid	-	-	-	(214.4)	(214.4)
Issuance of share capital and share premium	5.2	2,706.8	-	-	2,712.0
At 31 December 2019	<u>90.0</u>	<u>4,230.6</u>	<u>489.0</u>	<u>142.9</u>	<u>4,952.5</u>

The notes on pages 23 to 53 form an integral part of these financial statements.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital incorporated and domiciled in UK.

The address of its registered office is:

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire
RG9 1HH

These financial statements were authorised for issue by the Board on 17 June 2021.

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council.

The financial statements are prepared under the historic cost convention and in accordance with the Companies Act 2006, as applicable to companies applying FRS 101.

The functional currency of the company is US Dollars (\$), reflecting the primary currency in which the underlying transactions are undertaken, which is also the presentation currency.

Summary of disclosure exemptions

The company has availed itself of a number of exemptions from the disclosure requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101. In accordance with FRS 101, paragraph 8, the company has claimed an exemption from the following paragraphs of IFRS:

- Paragraphs 45(b) and 46-52 of IFRS 2 "Share-based Payment" (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined);
- The requirements of IFRS 7 "Financial Instruments: Disclosure";
- Paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities), provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- The requirement of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information requirements in respect of:

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- paragraph 79(a)(iv) of IAS 1 "Presentation of Financial Statements" (number of shares outstanding);
- paragraph 73(e) of IAS 16 "Property, Plant and Equipment";
- paragraph 118(e) of IAS 38 "Intangible Assets" (reconciliation between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, "Presentation of Financial Statements":
 - 10(d) (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (third party balance sheet on restatement),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- The requirements under IAS 7 "Statement of Cash Flows";
- Paragraph 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24 "Related Party Disclosures" (key management compensation);
- The requirements in IAS 24, "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

As at 31 December 2020, the company has net assets of \$5,090.40m (2019: \$4,952.50m). The directors have also considered the net current liability position of the company. This is due to intercompany loans which are repayable on demand. These loans are centrally managed and would not be called upon within the next 12 month period if it would lead to the company becoming insolvent.

The company's existing trading activity relates primarily to transactions with other subsidiaries. Although the company has a positive net asset position, a significant portion of the assets of the company are held in illiquid investments that are not readily realisable to manage existing financial obligations. The company has a surplus of current financial obligations over its existing current financial assets, consisting primarily of loans due to other group companies. However, the company has received confirmation that its immediate parent will provide any necessary support required to allow the company to meet its obligations as they fall due. Accordingly, the directors have continued to adopt the going concern basis in the preparation of the financial statements.

In making this assessment, the directors have taken account of the recent coronavirus pandemic and the impact this may have on the group, as well as direct subsidiaries of the company. Group management actions to mitigate the risk of lower cash inflows would include a reduction in discretionary expenditure, a reduction in dividend payments, and, where necessary, the use of intercompany loan funding from other group companies. The result of these management actions, should they be necessary, would ensure that group companies, including the company, maintain the required liquidity to meet liabilities as they fall due for a period of at least 12 months from the date of signing.

Exemption from preparing group financial statements

The financial statements contain information about Invesco Holding Company Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400-402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Invesco Ltd., a company incorporated in Bermuda, which prepares financial statements in accordance with US Generally Accepted Accounting Practice.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Changes in accounting policy

None of the new accounting interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements. No new accounting standards have been adopted during the period.

Administrative expenses

The company recognises expenses, on an accruals basis, as goods are received or services are provided by the supplier.

Finance income and costs

Finance income and finance costs are recognised on an accruals basis using the effective interest rate method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the company at the rates prevailing on the reporting period date. All monetary foreign exchange differences resulting from the translation of assets and liabilities denominated in foreign currencies are taken to the statement of comprehensive income.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax liability of the company may be reduced wholly or in part by the surrender of losses by fellow group companies.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority where the company intends to settle its current tax assets and liabilities on a net basis.]

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less any provision for impairment.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Loans and Borrowings

The loans due to other group undertakings are classified as loans and are held at amortised cost.

Financial instruments

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

- financial assets/liabilities at amortised cost; or
- financial assets/liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and liabilities and the contractual cash flow characteristics of the financial assets and liabilities, as detailed below:

Financial assets/liabilities at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial assets/liabilities at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding Property, Plant and Equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Measurement of Expected Credit Losses

Financial assets, other than those measured at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events which have occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The company uses the expected credit losses (ECL) model when assessing the impairment of financial assets.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

Dividends

Dividends receivable are recognised when the company becomes legally entitled to the dividend. Interim dividends payable are recognised when they are paid by the company and final dividends are recognised when approved by shareholders.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements may require management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. In such cases, management believes that the estimates and judgements utilised in preparing its financial statements are reasonable. Actual results could differ from these estimates.

Valuation of investments

The valuation and assessment for impairment of investments involves a significant level of judgement. As set out in Notes 2 and 11, the investments are carried at cost, minus any impairments recorded.

A quantitative assessment of investments is performed on an annual basis for indication of impairment, either by comparing the net asset value or a revenue multiple valuation to the carrying value of the investments. This assessment is supported by a series of qualitative reviews on each of the underlying investments to further confirm that there are no indicators of impairment. The impairment assessment uses a revenue multiplier appropriate to the entity being assessed. For the majority of the assessments a revenue multiplier of 2.9 has been applied, which is based on comparable companies and discounted to reflect smaller entities within large companies. For the assessments where this multiple is applied, the multiple would have to reduce by 33% before there would be an indicator of impairment.

For the assessment of the digital wealth subsidiary, a revenue multiplier of 13.9 has been applied. This was based comparable listed companies in the digital wealth market. This multiple would have to reduce by 54% before there would be an indicator of impairment.

Having considered these assessments, the directors believe the valuation of investments to be appropriate as at 31 December 2020.

4 Operating (loss)/profit

Arrived at after charging/(crediting)

	2020	2019
	\$ m	\$ m
Foreign exchange losses	<u>6.2</u>	<u>3.5</u>

5 Finance income

	2020	2019
	\$ m	\$ m
Interest income from group undertakings	<u>66.5</u>	<u>91.7</u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

6 Finance costs

	2020 \$ m	2019 \$ m
Interest paid to group undertakings	<u>144.9</u>	<u>169.2</u>

7 Directors' remuneration and staff costs

There were no employees of the company during the year (2019: Nil). Staff costs, including pension contributions, of all group employees who provide services to the company are borne by Invesco Group Services, Inc. and Invesco UK Limited and are not recharged to the company.

The 4 directors (2019: 5) who held office during the year received no remuneration from the company (2019: \$Nil). All directors' remuneration is borne by Invesco Group Services, Inc. and the proportion of directors' remuneration relating to services provided to the company is not able to be separately identified. Therefore, no recharge has been made to the company. No director exercised share options during the current year (2019: Nil). No share options were issued to directors during either the current or prior year in respect of qualifying services.

8 Auditors' remuneration

	2020 \$	2019 \$
Audit of the financial statements	<u>32,909.0</u>	<u>49,376.0</u>

The auditors' remuneration is borne by Invesco UK Limited, a fellow subsidiary of the group. The portion of the aggregate auditors' remuneration of the group relating to audit and other services provided to the company is shown above.

All fees payable to the company's auditors include amounts in respect of expenses.

9 Income tax expense

Tax charged in the statement of comprehensive income

	2020 \$ m	2019 \$ m
Current taxation		
UK corporation tax	3.9	3.9
UK corporation tax adjustment to prior periods	<u>0.2</u>	<u>(0.1)</u>
Total Tax charge	<u>4.1</u>	<u>3.8</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>(0.6)</u>	<u>-</u>
Tax expense in the statement of comprehensive income	<u>3.5</u>	<u>3.8</u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Income tax expense (continued)

The tax expense for the year is the same as the standard rate of corporation tax in the UK (2019: the same as the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	2020 \$ m	2019 \$ m
Profit before income tax	418.9	168.9
Profit multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	79.6	32.1
Increase (decrease) in current tax from adjustment for prior periods	0.2	(0.1)
Increase (decrease) from effect of revenues exempt from taxation	(95.7)	(47.5)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	3.9	3.9
Increase (decrease) arising from group relief tax reconciliation	15.5	15.4
Total tax charge	3.5	3.8

Deferred tax

There are \$(591,733) of unused tax losses (2019 - \$Nil) for which no deferred tax asset is recognised in the statement of financial position.

10 Dividends

	2020 \$ m	2019 \$ m
Dividend of \$0.3077 (2019 - \$0.2382) per ordinary share	276.9	214.4

11 Investments

	31 December 2020 \$ m	31 December 2019 \$ m
Investments in subsidiaries	8,464.0	8,946.3
Investments in associates	3.9	3.9
	8,467.9	8,950.2

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Subsidiaries	\$ m
Cost or valuation	
At 1 January 2020	9,017.6
Additions	5.0
Return of capital	<u>(487.3)</u>
At 31 December 2020	<u>8,535.3</u>
Provisions for impairment	
At 1 January 2020	<u>71.3</u>
At 31 December 2020	<u>71.3</u>
Carrying amount	
At 31 December 2020	<u><u>8,464.0</u></u>
At 31 December 2019	<u><u>8,946.3</u></u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Details of the subsidiaries as at 31 December 2020 are as follows:

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco Asset Management (Bermuda) Limited*	Holding Company	Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda	100%	100%
Coff Associates (Cayman) Limited	Acts as a General Partner	PO Box 309 GT Ugland House, South Church St., George Town, Grand Cayman, Cayman Islands	100%	100%
Invesco UK Holdings Limited*	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Perpetual Limited	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco (Nominees) Limited	Dormant	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Group Limited	Dormant	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Elliot Associates Limited	Non-trading	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	80%	80%
Invesco GT Asset Management Limited	Property holding company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco North American Group Limited*	Liquidated	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	0%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco Pacific Group Limited*	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Asset Management Singapore Ltd.	Investment management, advisory and sales and marketing services	9 Raffles Place, #18-01, Republic Plaza, Singapore 048619	100%	100%
Invesco Asset Management Pacific Limited	Investment holding	41/F, Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
Invesco Australia Limited	Investment management	Level 26, 333 Collins Street, Melbourne, Victoria 3000, Australia	100%	100%
Invesco Asset Management Australia (Holdings) Limited	Real estate/investment management	Level 26, 333 Collins Street, Melbourne Victoria 3000 Australia	100%	100%
Invesco Real Estate Investment Asia Pacific Limited	Investment advisory services	41/F, Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
Invesco Asset Management Asia Limited	Sales and marketing services	41/F, Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
Invesco Hong Kong Limited	Investment management, advisory and sales and marketing services	41/F, Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
Invesco (BVI) Nominees Limited	Nominee services	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, Virgin Islands, British Virgin Islands	100%	100%
Invesco Investment Consulting (Beijing) Limited	Foreign investment consulting	12th Floor, Wudinghou Street, Xicheng District, Beijing	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco Asia Pacific Real Estate Investment Management Consulting (Shenzhen) Limited	Investment consulting	Bay Road, 1st Building A Room China	100%	100%
Invesco Taiwan Limited	Raising securities-investment-trust funds discretionary investment business, securities investment consulting services and other related business approved by the authorities.	22F, No. 1, Songzhi Road, Taipei Taiwan 11047	100%	100%
Invesco Asset Management (India) Private Limited	Investment management	3rd Floor, GYS Infinity, Paranjpe "B" Scheme, Subhash Road, Vile Parle (East), Mumbai Maharashtra, India, 400057	100%	100%
Invesco Trustee Private Ltd.	Trustee for financial institutions	3rd Floor, GYS Infinity, Paranjpe "B" Scheme, Subhash Road, Vile Parle (East), Mumbai Maharashtra, India, 400057	100%	100%
Invesco Holding Company (US), Inc.*	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Group Services, Inc.	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Finance, Inc.	Public debt financing	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco Real Estate Korea	Marketing and Asset Management	31F, One IFC International Finance Center Building Seoul Yoido-dong Youngdeungpo-gu Seoul Korea 150-876	100%	100%
Invesco Real Estate (Investment) Asia LLC	Liquidated	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	0%	100%
Invesco Real Estate Advisors (Shanghai) Ltd.	Liquidated	Room 445, 1376 Nanjing West Road, Jing'an District, Shanghai, China	0%	100%
Invesco Trust Co.	Trust and Investment Management Services Company	CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas Texas 75201-3136	100%	100%
Invesco Advisers, Inc	Investment advisor	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Realty, Inc.	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Private Capital, Inc.	Investment advisory service for mutual funds	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	100%	100%
Invesco Senior Secured Management, Inc.	Investment advisory to mutual funds	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Insurance Agency, Inc. (DE)	General agency and brokerage service company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco Distributors, Inc.	Broker/dealer	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Gemini Associates LLC	Managing member for collective investment fund	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco US Senior Loans Associates LLC	Investment advisory	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Investment Services, Inc.	Transfer agency services to Invesco's mutual funds	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Investment Advisers LLC	Supervisory activities for the company's unit investment trust	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Capital Markets, Inc.	Registered broker dealer	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Ross Expansion Associates L.P.	Special Limited Partner	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
W L Ross & Co. LLC	Investment management service	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
WL Ross DIP Management LLC	Dormant entity	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco Private Capital Investments, Inc.	General Partner	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
WLR Euro Wagon Management Ltd	Special Limited Partner	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
W L Ross (India) Private Limited	Dormant entity	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
W L Ross & Co. (India) LLC	Dormant entity	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
Ross CG Management LP	Management services	600 Lexington Avenue, 19th Floor, New York, NY 10022	100%	100%
India Asset Recovery Management Limited	Management company	St. Louis Business Centre, Cnr Desroches & St. Louis St. Port Louis, Mauritius	80.1%	80.1%
Jemstep, Inc.	Investment software solutions	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Inc.*	Holding Company	Suite 900, 1969 Upper Water Street, Halifax NS B3J2X2 Canada	100%	100%
Invesco Far East Limited*	Holding Company	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Asset Management (Japan) Limited	Investment Management	Roppongi Hills Mori Tower 14F, P.O. Box 115,10-1, Roppongi 6-chome, Minato-ku, Tokyo Japan 106-6114	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Gatefold Hayes GP Limited*	General partner for Gatefold Hayes Limited partnership	7 Albermarle Street, London W12 4HQ, United Kingdom	100%	100%
Greenspruce GP Limited*	General partner for Greenspruce Limited partnership	7 Albermarle Street, London W12 4HQ, United Kingdom	100%	100%
James Bryant Limited*	Dormant	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco Polska Sp.z.o.o*	Holding Company	Grzybowska 2/45 Warsaw Poland	100%	100%
Invesco Finance plc*	Financing entity	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
Invesco IP Holdings (Canada) Ltd.	Intellectual Property holding company	5140 Yonge Street, Suite 800, Torono ON M2N 6X7	100%	100%
Invesco Canada Ltd.	Holding Company	5140 Yonge Street, Suite 800, Torono ON M2N 6X7	100%	100%
Trimark Investments Ltd.	Holding Company	5140 Yonge Street, Suite 800, Torono ON M2N 6X7	100%	100%
Invesco Financial Services Ltd.	Holding Company	5140 Yonge Street, Suite 800, Torono ON M2N 6X7	100%	100%
Invesco Global Direct Real Estate GP Ltd.	General Partner	5140 Yonge Street, Suite 800, Torono ON M2N 6X7	100%	100%
Invesco Global Direct Real Estate Feeder GP Ltd.	General Partner for new Ontario limited partnership	5140 Yonge Street, Suite 800, Torono ON M2N 6X7	100%	100%
Invesco Investment Management (Shanghai) Limited	Investment management	Unit #032, 1000 Lujiiazui Ring Road, Pudong New Area, Shanghai 200120, China	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco Overseas Investment Fund Management (Shanghai) Ltd	Investment fund management	Unit 32, 5/F, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai 200120, PRC	100%	100%
Invesco Indexing LLC	Self indexing entity	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801, USA	100%	100%
Accretive Asset Management LLC	Asset management	CT Corporation System, 711 Capitol Way, S Ste 204, Olympia, Washington 98501	100%	100%
Invesco Capital Management LLC	Investment management	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Invesco Specialized Products LLC	Investment management	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Intelliflo Midco Limited	Liquidated	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	0%	100%
Intelliflo Bidco Limited	Liquidated	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	0%	100%
Intelliflo Limited *	Digital Wealth	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	100%	100%
i4C Technology Limited	Business and domestic software development	Northgate House, Barton Court, Upper Borough Walls, Bath, BA1 1RG, United Kingdom	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Oppenheimer Acquisition Corp.	Holding company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Oppenheimer Funds, Inc.	Investment adviser	CT Corporation System, 7700 East Arapahoe Road, Suite 220, Centennial CO 80112 United States	100%	100%
Tremont Group Holdings, LLC	Holding company	The Prentice-Hall Corporation System, Inc. 251 Little Falls Drive Wilmington, DE 19808	100%	100%
Tremont GP, LLC	Managing member of and General partner of funds	The Prentice-Hall Corporation System, Inc. 251 Little Falls Drive Wilmington, DE 19808	100%	100%
Tremont Partners, LLC	General Partner and Investment manager	Corporation Service Company 50 Weston Street Hartford, CT 06120-1537	100%	100%
Settlement Agent, LLC	Settlement agent	The Prentice-Hall Corporation System, Inc. 251 Little Falls Drive Wilmington, DE 19808	100%	100%
Tremont (Bermuda) Limited	Investment Manager	Conyers Corporate Services (Bermuda) Limited Clarendon House, 2 Church Hamilton HM11	100%	100%
Portfolio Pathway, LLC	Portfolio Pathway is a Digital Wealth FinTech company that offers tools to RIAs and professional wealth managers	c/o Clark Capital Management Group, 1635 Market St. 53rd Floor, Philadelphia, PA 19103	100%	100%
OFI Private Investments, Inc.	Investment adviser	CT Corporation, 28 Liberty Street, New York NY 10005, United States	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco OFI Global Asset Management LLC	Investment management	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
OFI Steelpath, Inc.	Investment adviser	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
RedBlack Software, LLC	Holding Company	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
RedBlack Software Private Limited		CT Corporation, 2 ½ Beacon Street, Concord, NH 03301-4447	100%	100%
OppenheimerFunds Distributor, Inc.	Broker-dealer and distributor of funds	CT Corporation, 28 Liberty Street, New York NY 10005, United States	100%	100%
OFI Global Institutional Inc.	Investment adviser	CT Corporation, 28 Liberty Street, New York NY 10005, United States	100%	100%
Invesco Global Funds GP, LLC	General partner, manager and/or managing member of funds	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Shareholder Services, Inc.	Transfer agent	CT Corporation System, 7700 East Arapahoe Road, Suite 220, Centennial CO 80112, United States	100%	100%
Invesco Loan Manager, LLC	Investment advisor	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Harbourview Asset Management Corp.	Investment adviser	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Trinity Investment Management Corp.	Dormant	CT Corporation System, County of Philadelphia, 123 South Broad Street, Philadelphia PA 19109, United States	100%	100%
SNW Asset Management Corp.	Holding company	CT Corporation, 2405 York Road, Suite 201, Lutherville Timonium MD 21093, United States	100%	100%
Invesco Managed Accounts, LLC	Investment adviser	CT Corporation System, 711 Capitol Way South, Suite 204, Olympia WA 98501, United States	100%	100%
Taiyo Fund Management Co. LLC	Co-managing member and investment adviser to the Taiyo Fund JV	600 Lexington Avenue 19th Floor, New York, NY 10022	17.47%	17.47%
Intelliflo Holdings 2013 Limited	Liquidated	Perpetual Park, Perpetual Park Drive, Henley-On-Thames, Oxfordshire, RG9 1HH	0%	100%
Intelliflo Intermediate Holdings Limited	Liquidated	Perpetual Park, Perpetual Park Drive, Hendley-On-Thames, Oxfordshire, RG9 1HH	0%	100%
Invesco Global Real Estate Asia Pacific, INC.	Investment management services	Two Peachtree Point, 1555 Peachtree Street, Suite 1800, Atlanta, Georgia 30309 Delaware	100%	100%

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Invesco RUIHE (Shanghai) Private Equity Investment Management Company Limited	Equity investment management; investment advisory	Unit 2401-2, No. 1688, North Sichuan Road, Hong Kou District, Shanghai 200000, China	100%	0%
Intelliflo Australia Pty Ltd	Investment Management	Level 26, 333 Collins Street, Melbourne, Victoria 3000, Australia	100%	0%

* indicates direct investment of the company

The direct investment holdings of the company consist entirely of Ordinary shares, although the company holds additional shares as follows: Invesco UK Holdings Limited (Ordinary and redeemable preference shares) and Invesco Asset Management (Bermuda) Limited (Ordinary and redeemable preference shares).

The company also owns 17.47% of Taiyo Fund Management Co LLC as an indirect holding.

On 16 January 2020, the company made a \$5m investment in Intelliflo Australia Limited.

On 7 February 2020 Invesco North American Group was dissolved. The company received \$420.9m by way of a return of capital.

On 24 February 2020 Invesco RUIHE (Shanghai) Private Equity was incorporated.

On 28 February 2020, Intelliflo Australia Pty Ltd was incorporated.

During the year the company received \$59.2m by way of a return of capital from its wholly owned subsidiary, Invesco Inc. and \$7.2m from Invesco Pacific Group Ltd.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Associates

\$ m

Cost or valuation

At 1 January 2020		11.4
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At 31 December 2020		11.4
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Provision for impairment

At 1 January 2020		7.5
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At 31 December 2020		7.5
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Carrying amount

At 31 December 2020		3.9
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At 31 December 2019		3.9
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Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments (continued)

Details of the associates as at 31 December 2020 are as follows:

Name of associate	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2020	2019
Pocztylion – ARKA *	Acting as pension fund society to manage long term savings	Pilsudskiego Square 3 00-078 Warsaw Poland	29.3%	29.3%

* indicates direct investment of the company

12 Loans to other group undertakings

	2020 \$ m	2019 \$ m
Loans to other group undertakings	<u>769.6</u>	<u>769.6</u>

The loans are unsecured and bear interest at rates ranging from 3.75% to 6% (2019: 3.75% to 6%). The loans are repayable in 2022 to 2026 (2019: 2020-2026).

13 Trade and other receivables

	31 December 2020 \$ m	31 December 2019 \$ m
Amounts due from group undertakings	11.8	578.8
Other receivables	0.1	(0.1)
Deferred tax assets	0.6	-
Income tax asset	<u>2.5</u>	<u>2.4</u>
Total current trade and other receivables	<u>15.0</u>	<u>581.1</u>

Within amounts due from group undertakings are \$3m (2019: \$567.8m) of unsecured loans with interest rates ranging from 0.0% to 2.1% (2019: from 8.2% to 8.9%). The other amounts due from other group undertakings are unsecured, interest free and repayable on demand. The carrying value of receivables approximates fair value.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Cash and cash equivalents

	31 December 2020 \$ m	31 December 2019 \$ m
Cash at bank	0.7	0.6
Short-term deposits	1.2	0.8
	<u>1.9</u>	<u>1.4</u>

15 Trade and other payables

	31 December 2020 \$ m	31 December 2019 \$ m
Amounts owed to group undertakings	19.8	36.5
Taxation and social security	11.4	7.6
Other creditors	1.7	1.6
	<u>32.9</u>	<u>45.7</u>

The amounts owed to group undertakings are unsecured, interest free and repayable on demand. The carrying value of creditors approximates to fair value.

16 Loans and borrowings

	31 December 2020 \$ m	31 December 2019 \$ m
Loans: amounts falling due after more than one year		
Other borrowings	2,400.0	3,000.0
Loans from group undertakings	1,482.7	1,519.2
	<u>3,882.7</u>	<u>4,519.2</u>

The loans are unsecured and incur interest at rates ranging from 4.0% to 6.0% (2019: 4.0% to 6.0%). The loans are repayable between 2022-2029 (2019: 2022-2029).

	2020 Book Value \$ m	2020 Fair Value \$ m	2019 Book Value \$ m	2019 Fair Value \$ m
Floating rate loan notes due 2029	2,400.0	2,400.0	3,000.0	3,000.0
	<u>2,400.0</u>	<u>2,400.0</u>	<u>3,000.0</u>	<u>3,000.0</u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Loans and borrowings (continued)

The floating interest rate notes are listed on The International Stock Exchange. The fair market value of the company's floating interest rate notes was determined by market quotes. The notes are therefore included in level 1. Level 1 financial assets and liabilities are those whose fair value is based on quoted prices in active markets for identical assets.

	31 December 2020 \$ m	31 December 2019 \$ m
Loans: amounts falling due within one year		
Loans from group undertakings	247.8	784.9

The loans are unsecured and incur interest at rates ranging from 0% to 4.0% (2019: 0% to 4.0%).

17 Share capital

Allotted, called up and fully paid shares

	No. m	2020 \$ m	No. m	2019 \$ m
Ordinary shares of \$0.10 each	899.9	90.0	899.9	90.0

Allotted, called up and fully paid shares

	No. m	31 December 2020 \$ m	No. m	31 December 2019 \$ m
Issued Deferred Sterling shares of £1 each	0.1	0.1	0.1	0.1

Rights, preferences and restrictions

Issued Deferred Sterling shares have the following rights, preferences and restrictions:

The Deferred Sterling shares of £1 have no voting rights, no rights to profits and no rights to any assets upon a winding up of the company. All such rights reside with the ordinary shareholders.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Other reserves

The company's other reserves shown in the Statement of Financial Position is made up of the following balances:

	2020 \$ m	2019 \$ m
Capital contribution	75.5	75.5
Goodwill reserve	7.1	7.1
Merger reserve	401.3	401.3
Tax reserve	(0.7)	(0.7)
Warrant reserve	5.8	5.8
Total Other Reserves	<u>489.0</u>	<u>489.0</u>

Capital contribution

The capital contribution reserve arises from capital contributions from the parent company that are over and above the nominal value of shares issued by the company to the parent.

Goodwill reserve

The goodwill reserve represents the excess of the consideration paid over the net assets acquired in respect of certain acquisitions completed by the company prior to 1998.

Merger reserve

The merger reserve was created pursuant to company law for the excess value over par value of shares issued as consideration for acquisition by the company of certain other subsidiaries in the group. The reserve is non-distributable.

Tax reserve

The tax reserve relates to current tax benefits for realised foreign exchange losses.

Warrant reserve

The warrant reserve was created in 1997 in connection with the merger of the company with the AIM Management Group Inc. The reserve is non-distributable.

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

19 Risks and uncertainties

The company's primary financial risk factors and the approach to their management is set out below.

Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of the loans and receivables and cash and cash equivalents in the Statement of Financial Position. The company does not hold any collateral as security.

Interest rate risk

The company earns and incurs interest on inter-group loans and external debt finance. The rate of interest is depending on commercial banking interest rates, Sibor and Libor. The Group has set up a dedicated LIBOR Transition Program to prepare for the transition from Libor to alternative reference rates, this will be completed no later than the end of 2021.

The amounts due from and to other group undertakings, as shown in notes 13 and 15, include balances that attract interest at a rate which is subject to periodic review. The company is entitled to receive a fixed rate of interest in respect of each of the loans shown in note 12. The company is expected to pay fixed and variable interest charges on the intergroup loans presented in note 16.

If interest rates increased by 100 basis points, based on the combined closing balance of cash and cash equivalents and the intergroup loans subject to variable interest rates as at 31 December 2020, the annualised net interest payable by the company would increase by \$30.3m (2019: \$36.8m) which would reduce profit before tax and net assets.

Foreign exchange risk

The company has exposure to foreign exchange risk due to \$105.8m (2019: \$121.3m) of foreign currency denominated liabilities that are held within the amounts owed to other group undertakings.

The foreign exchange exposure split by currency is as follows:

	2020	2019
	\$ m	\$ m
CAD	-	11.6
GBP	81.4	79.0
JPY	24.4	23.2
SGD	-	7.5
	<u>105.8</u>	<u>121.3</u>

Sensitivity analysis

Assuming a 5% increase in exchange rates against US dollars, the profit and net assets of the company arising from the foreign exchange exposure by currency will increase or decrease by the following:

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

19 Risks and uncertainties (continued)

	2020 \$ m	2019 \$ m
CAD	-	(0.6)
GBP	(4.1)	(4.0)
JPY	(1.2)	(1.2)
SGD	-	(0.4)
	<u>(5.3)</u>	<u>(6.2)</u>

Liquidity risk

The company maintains sufficient cash and liquid investments such that the liquidity and cash flow risks are negligible.

Maturity analysis

	Within 6 months \$ m	Between 6 months and 1 year \$ m	After 1 year \$ m	Total \$ m
2020				
Creditors: amounts falling due within one year	21.4	11.5	-	32.9
Loans: amounts falling due within one year	248.5	-	-	248.5
Loans: amounts falling due after more than one year (undiscounted)	<u>55.1</u>	<u>687.8</u>	<u>3,684.8</u>	<u>4,427.7</u>
	<u>325.0</u>	<u>699.3</u>	<u>3,684.8</u>	<u>4,709.1</u>
	Within 6 months \$ m	Between 6 months and 1 year \$ m	After 1 year \$ m	Total \$ m
2019				
Creditors: amounts falling due within one year	38.2	7.5	-	45.7
Loans: amounts falling due within one year	696.0	104.0	-	800.0
Loans: amounts falling due after more than one year (undiscounted)	<u>91.4</u>	<u>760.6</u>	<u>4,892.7</u>	<u>5,744.7</u>
	<u>825.6</u>	<u>872.1</u>	<u>4,892.7</u>	<u>6,590.4</u>

Invesco Holding Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

19 Risks and uncertainties (continued)

Capital risk management

The company considers its capital to be the total equity as shown in the Statement of Financial Position.

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders; and
- to maintain a strong capital base to support the development of the company's business.

20 Ultimate controlling party and ultimate and immediate parent company

The company's ultimate controlling party, ultimate parent company and the parent undertaking of the only group of undertakings for which consolidated financial statements are drawn up and of which the company is a member is Invesco Ltd., which is registered in Bermuda. The company's immediate parent company is Invesco Ltd.. Copies of the group consolidated financial statements can be obtained from Two Peachtree Pointe, 1555 Peachtree Street, N.E. Atlanta, Georgia 30309, U.S.A.

21 Non adjusting events after the financial period

On 1 March 2021 the company received a dividend of \$200.0m from its subsidiary, Invesco Holding Company (US) Inc, and used this to pay a combination of \$188.1m dividends and \$11.9m interest to Invesco Ltd.

On 30 April 2021 T.G.Vacheron was appointed as director and on the same date J Callahan resigned.

On 1 June 2021 the company received a dividend of \$250.0m from its subsidiary, Invesco Holding Company (US) Inc, and used this to pay a combination of \$238.1m dividends and \$11.9m interest to Invesco Ltd.

22 Contingent liabilities

The company does not have any contingent liabilities as at 31 December 2020. During 2019, the company entered into discussions with HMRC in respect of the European Commission's State Aid decision concerning the UK's group financing exemption under the controlled foreign companies rules. Following those discussions, HMRC has removed the company from its list of potential beneficiaries of State Aid and has informed the European Commission accordingly. As a result, no contingent liability arose.

23 Commitments

Capital commitments

The company does not have any capital commitments as at 31 December 2020 (2019: \$Nil).