



UK 2 Investment Series

Annual Report

Authorised Corporate Director's Short Report

Issued May 2015

For the year 1 April 2014 to 31 March 2015



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Further Information

This Short Report, which is unaudited, has been prepared by the Authorised Corporate Director (the "Manager") in respect of the Invesco Perpetual UK 2 Investment Series (the "Company") in accordance with the Open-Ended Investment Companies Regulations 2001. The Manager's Long Form Financial Statements, and the Prospectus which contains a written statement of the Terms and Conditions of the Company, can be obtained using the contact details shown on the back cover.

Terms used in this report shall have the same meaning as defined in the Prospectus.

Launch of new 'Y' share classes on 31 March 2014

New 'Y' share classes, Accumulation shares and Income shares, were launched at 200p per share for the Invesco Perpetual Income Fund and Invesco Perpetual UK Strategic Income Fund.

Further details can be obtained from the most up to date relevant sub fund and share class specific Key Investor Information Document(s).

New Fee Structure

From 1 April 2014, the Fund Management Fee (FMF) replaced the separate annual management charges, registration fees and fund administration costs. There has been no change to the already existing entry charges or the way in which portfolio transaction costs are charged.

The FMF covers Invesco Perpetual's management of the funds, the fees and expenses for establishing and maintaining the share register with shareholders' details, and costs that must be met to ensure a fund is appropriately governed and administered (including services such as custody, auditing and fund administration). The FMF is equivalent to the ongoing charge. The FMF excludes portfolio transaction costs as these costs cannot be predicted in advance.

Income Fund

Investment objective

The fund aims to achieve a reasonable level of income, together with capital growth. The fund intends to invest primarily in UK companies, with the balance invested internationally. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, unlisted securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

Risk profile

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. As one of the key objectives of the fund is to provide income, the ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth. The fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

Strategy, review and outlook

In the twelve months to 31 March 2015, the fund rose in value by 14.3%, compared to the 6.6% return of the FTSE All-Share Index. This placed the fund in the top quartile of its peer group, the IA UK All Companies Sector, which rose by an average of 5.6%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

The year ending 31 March 2015 produced a return of 6.6% (total return) for the UK equity market, as measured by the FTSE All-Share Index. The market performance was held back for most of the year as a result of concerns over future profit growth caused by the strength of Sterling, the end to the Quantitative Easing programme in the US, rising geopolitical risk, and the prospect of UK domestic elections.

As the year unfolded, fears over China's growth rate and a weakening European economy became more relevant concerns. However, offsetting this, the fall in the price of oil in the second half of the year increased optimism that consumer disposable income would rise as fuel and utility costs fell. The deflationary impact of this would also serve to reduce any short-term upward pressure on interest rates. A renewed sense of optimism developed at the start of 2015 fuelled by a significant fall in energy prices, declining bond yields, an increase in Merger & Acquisition speculation, and by news that the European Central Bank had decided to introduce a programme of Quantitative Easing.

Income Fund

The fund's outperformance of its benchmark Index was helped by the holdings in Allied Minds and Reynolds American. Previously an unquoted holding in the portfolio, Allied Minds, the funder and nurturer of early stage technology start-ups emanating from US universities and federally funded research institutions, has seen its share price rise strongly since its flotation in June 2014, making it a strong contributor to overall performance with a share price gain of 142% since June 2014. Since launch it has released a number of positive updates on its investments. Reynolds American, which operates in the North American market, has benefited from its strategy to prioritise value over volume and this has resulted in a positive pricing environment. There remain high barriers to entry for new competitors and the existing premium brands strategy continues to demonstrate revenue growth despite an increasingly difficult operating environment. Its agreed acquisition of North American competitor Lorillard announced last year should further strengthen its position in the US market.

In contrast there were negative contributions to the fund's performance from Drax Group and Rolls-Royce. Whilst the portfolio's exposure to the oil and gas sector is relatively low, the impact of a falling oil price was felt through the holdings in UK power generators, especially Drax, as earnings forecasts were downgraded and sentiment soured. Secondary to this, Drax was also impacted by the UK government's decision to change its method of subsidy for future biomass conversions and by the possibility of EU intervention.

There was continuing disappointing news from the holding in Rolls-Royce. Having issued a profits warning at the start of 2014, the company warned again in September that sales would decline in 2014 as a whole and could fall again in 2015 as a result of lower demand for defence equipment, client specific order delays, and Russian sanctions, which have blocked diesel-engine exports to Russia. Most recently it was announced that the current chief executive is to retire and that he will be succeeded by Warren East, formerly chief executive of Arm Holdings, news which saw a positive reaction in the company's share price.

The UK equity market looks more fully valued than it has for many years. This high level of valuation coupled with a low level of earnings growth is the primary risk to the current level of share prices. The manager has become more vigilant to identify companies which can cope with a world of low inflation and where the ability to fund a sustainable and growing dividend remains a key principal of corporate strategy. Fortunately the UK equity market, and more importantly, the portfolio, is well represented with businesses which can continue to achieve this objective and which should, over the long term, have scope to provide the investors in the fund with a healthy total return from a combination of capital and income growth.

Mark Barnett, Fund Manager

Where Mark Barnett has expressed opinions, they are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco Perpetual investment professionals.

Income Fund

Fund facts

Launch date		16 June 1979
Fund size at 31.3.15		£6,853 million
Accounting date		31 March
Ex-dividend date		1 April and 1 October
Distribution payable		31 May and 30 November
Fund Management Fee	- Trail classes	1.66% per annum
	- No Trail classes	1.16% per annum
	- Z classes	0.91% per annum
	- Y classes	0.86% per annum
Entry charge		5%
Ongoing charges figure (OCF) for the year ended 31.3.15	- Trail classes	1.66%
	- No Trail classes	1.16%
	- Z classes	0.91%
	- Y classes ¹	0.86%
Ongoing charges figure (OCF) for the year ended 31.3.14	- Trail classes	1.67%
	- No Trail classes	1.17%
	- Z classes	0.92%
	- Y classes ¹	-

¹ Share classes launched 31 March 2014.

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the year – it does not include entry charges. The OCF includes the fees and expenses for establishing and maintaining the share register with shareholders' details, and costs that must be met to ensure a fund is appropriately governed and administered (including services such as custody, auditing and fund administration).

Income Fund

KIID Risk and Reward Profiles

Risk and Reward Numerical
Indicator Published in the KIID
for the year 01.4.14 to 31.3.15

Invesco Perpetual Income Fund

Accumulation shares	5
Accumulation shares (No Trail)	5
Z Accumulation shares	5
Y Accumulation shares	5
Income shares	5
Income shares (No Trail)	5
Z Income shares	5
Y Income shares	5

The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Share Class price have been historically. For example a Share Class whose price has experienced significant rises and falls will be in a higher risk category, whereas a Share Class whose price has experienced less significant rises and falls will be in a lower risk category. As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile. Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

A Share Class is classified in risk category 5 as its price has experienced significant rises and falls historically.

For more information on our funds risk and reward profiles, please refer to the most up to date relevant fund and share class specific Key Investor Information Documents (KIIDs), which are available at www.invescopetual.co.uk or by contacting us.

Income Fund

Distributions	01.4.14 to 31.3.15 p	01.4.13 to 31.3.14 p
Accumulation shares		
Paid 30 November 2014	47.8175	45.3114
Payable 31 May 2015	43.6756	44.6549
Total	91.4931	89.9663
Accumulation shares (No Trail)		
Paid 30 November 2014	2.6091	2.4643
Payable 31 May 2015	2.3901	2.4304
Total	4.9992	4.8947
Z Accumulation shares		
Paid 30 November 2014	4.5591	4.2815
Payable 31 May 2015	4.1835	4.2463
Total	8.7426	8.5278
Y Accumulation shares		
Paid 30 November 2014 ¹	3.4490	-
Payable 31 May 2015	3.1672	3.2204
Total	6.6162	3.2204
Income shares		
Paid 30 November 2014	27.8434	27.2917
Payable 31 May 2015	25.0115	26.4262
Total	52.8549	53.7179
Income shares (No Trail)		
Paid 30 November 2014	1.9996	1.9532
Payable 31 May 2015	1.8018	1.8942
Total	3.8014	3.8474
Z Income shares		
Paid 30 November 2014	4.3378	4.2290
Payable 31 May 2015	3.9137	4.1046
Total	8.2515	8.3336
Y Income shares		
Paid 30 November 2014 ¹	3.3936	-
Payable 31 May 2015	3.0660	3.2204
Total	6.4596	3.2204

¹ As the Y Accumulation shares and Y Income shares were issued on 31 March 2014, there are no prior year comparatives for these share classes.

Income Fund

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
2010	1,858.83	1,580.22	70.2801
2011	1,994.93	1,730.37	74.4444
2012	2,186.34	1,971.64	79.8832
2013	2,714.34	2,170.14	85.2155
2014	3,015.16	2,650.44	92.4724
2015 ¹	3,252.93	2,933.42	43.6756
Accumulation shares (No Trail)			
2010	99.69	84.51	3.7679
2011	107.54	93.09	3.9977
2012	118.41	106.33	4.3115
2013	147.76	117.57	4.6269
2014	164.91	144.35	5.0395
2015 ¹	178.18	160.51	2.3901
Z Accumulation shares			
2012 ²	206.02	196.89	0.0000
2013	257.95	204.57	8.0423
2014	288.57	252.06	8.8054
2015 ¹	312.03	280.94	4.1835
Y Accumulation shares			
2014 ³	218.48	195.79	6.6694
2015 ¹	236.28	212.71	3.1672

¹ to 31 March

² from 12 November

³ from 31 March

Z Accumulation shares were issued at 200p on 12 November 2012.

Y Accumulation shares were issued at 200p on 31 March 2014.

Income Fund

Price and revenue record by share class continued

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Income shares			
2010	1,231.07	1,070.28	47.9960
2011	1,291.76	1,124.04	48.8076
2012	1,358.37	1,235.51	50.3136
2013	1,606.27	1,328.55	51.7205
2014	1,726.65	1,555.05	54.2696
2015 ¹	1,862.81	1,679.85	25.0115
Income shares (No Trail)			
2010	86.90	75.32	3.3864
2011	91.43	79.60	3.4506
2012	96.69	87.86	3.5748
2013	115.10	94.75	3.6961
2014	124.32	111.88	3.8938
2015 ¹	134.32	121.00	1.8018
Z Income shares			
2012 ²	206.02	196.89	0.0000
2013	249.35	204.59	7.9912
2014	269.95	242.87	8.4424
2015 ¹	291.89	262.81	3.9137
Y Income shares			
2014 ³	211.44	190.22	6.6140
2015 ¹	228.65	205.85	3.0660

¹ to 31 March

² from 12 November

³ from 31 March

Z Income shares were issued at 200p on 12 November 2012.

Y Income shares were issued at 200p on 31 March 2014.

Income Fund

Net asset value	Net asset value per share 31.3.15 p	Net asset value per share 31.3.14 p	Percentage growth %
Accumulation shares	3,153.94	2,774.93	13.7
Accumulation shares (No Trail)	172.77	151.25	14.2
Z Accumulation shares	302.58	264.23	14.5
Y Accumulation shares	229.12	199.97	14.6
Income shares	1,781.11	1,615.71	10.2
Income shares (No Trail)	128.44	115.93	10.8
Z Income shares	279.14	251.30	11.1
Y Income shares	218.66	196.75	11.1

Net asset value per share calculated on the last business day of the period at bid market value at 4.30pm.

Performance

to 31 March 2015

	Since 30.9.14	Since 31.3.14	Since 31.3.12	Percentage growth Since 31.3.10	Percentage growth Since 31.3.05
	%	%	%	%	%
Income Fund (income shares)	10.06	14.31	53.71	83.59	179.79
FTSE All-Share Index	5.27	6.57	35.41	49.26	110.89
IA UK All Companies Sector	7.20	5.62	41.31	57.91	105.78
Fund Ranking	47/262	3/262	51/249	36/236	16/171

Standardised rolling 12 month performance

	31.3.10	31.3.11	31.3.12	Percentage growth 31.3.13	Percentage growth 31.3.14
	31.3.11	31.3.12	31.3.13	31.3.14	31.3.15
	%	%	%	%	%
Income Fund (income shares)	7.6	11.0	19.0	13.1	14.3

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website www.invescoperpetual.co.uk or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

Income Fund

Portfolio classification	As at 31.3.15 %	As at 31.3.14 %
Investment		
Finland		
Health Care	0.07	0.08
France		
Health Care	-	2.32
Jersey		
Financials	-	0.17
Luxembourg		
Industrials	0.33	0.63
Norway		
Industrials	0.49	0.46
Republic of Ireland		
Consumer Services	0.02	0.02
Switzerland		
Health Care	3.77	5.34
United Kingdom		
Oil & Gas	3.19	0.97
Basic Materials	-	0.04
Industrials	15.84	20.16
Consumer Goods	10.83	15.67
Health Care	13.27	21.49
Consumer Services	7.00	0.33
Telecommunications	4.96	5.38
Utilities	4.85	8.67
Financials	22.32	11.83
Technology	0.34	0.22
United States		
Basic Materials	0.74	0.80
Industrials	-	0.11
Consumer Goods	4.35	2.73
Health Care	4.06	2.42
Financials	3.79	0.72
Technology	0.22	0.09
Total investments	100.44	100.65
Net other liabilities	(0.44)	(0.65)
Net assets	100.00	100.00

For the year ended 31 March 2015 unquoted securities amounted to 6.55% (31 March 2014 - 6.57%) of the Net Asset Value of the Fund.

Income Fund

Portfolio Statement Breakdown

as at 31 March 2015

	Percentage of total net assets 31.3.15 %	Percentage of total net assets 31.3.14 %
Quoted securities	93.89	94.08
Unquoted securities	6.55	6.57
Portfolio of investments	100.44	100.65
Net other liabilities	(0.44)	(0.65)
Net assets	100.00	100.00

10 largest investments

As at 31 March 2015:	%	As at 31 March 2014:	%
BT	4.44	GlaxoSmithKline	8.61
Reynolds American	4.35	AstraZeneca	8.45
British American Tobacco	4.35	British American Tobacco	5.54
BAE Systems	4.19	Roche Holding	5.34
AstraZeneca	4.11	BAE Systems	5.33
Imperial Tobacco	3.81	Imperial Tobacco	5.15
Roche Holding	3.77	BT	4.80
Allied Minds	3.61	Capita	4.63
BP	3.04	Reckitt Benckiser	4.24
GlaxoSmithKline	2.91	Rolls-Royce	4.24

UK Enhanced Index Fund

Investment objective

The fund aims to achieve long term capital growth from investment primarily through a portfolio of investments in UK companies. In pursuing this objective, the fund managers may include other investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

Risk profile

The value of investments and income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. The fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

Strategy, review and outlook

The fund rose by 7.9% over the twelve months to the end of March 2015, compared to a 6.6% gain in the FTSE All-Share Index. This placed the fund in the first quartile of its peer group, the IA UK All Companies Sector, which ended the period an average of 5.6% higher.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

UK equity markets rounded off a very good year 2014 with positive performance during the fourth quarter. A positive GDP growth figure indicated the fastest rate of expansion in three years and, we believe, can be seen as an evidence for a sustained recovery. A rising level of optimism was reflected as UK equity markets took the "tapering" of the high level of US monetary stimulus which had been anticipated for months in their stride. In the first quarter of 2015 the markets were further buoyed by the European Central Bank's announcement and were further supported by positive economic data. The unemployment rate fell to 5.8% and public sector net borrowing showed the smallest February deficit for seven years.

UK Enhanced Index Fund

The fund's performance is generated through a quantitative bottom-up investment process driven by stock selection and based on four concepts: Earnings Expectations, Market Sentiment, Management & Quality and Value. Relative risk is controlled with the help of an optimiser, an analysis tool that recommends trades to maximise portfolio exposure to the selected stocks within pre-determined risk/return parameters. In terms of portfolio construction, we tightly constrain the risk taken in sectors and industries.

Stock selection was the main driver for the fund's outperformance, with our Earnings Expectations and Value factors adding most. In terms of individual stock performance, overweight positions relative to the benchmark in Man Group, Shire and Greggs contributed positively. We recently added Domino's Pizza to the portfolio due to a high Earnings Expectations score. Furthermore, we increased our positions in Vodafone and Compass as they show attractive scores from our Management & Quality factor. On the other side, we sold out of Smith & Nephew due to declining attractiveness. Furthermore, we decreased our positions in Catlin and Britvic due to risk considerations.

Our diversified and disciplined approach to stock selection favours companies that, in our view, are attractively valued, have good earnings and price momentum and have management acting in the interest of shareholders. We believe that we can add value through the systematic application of fundamental and behavioural insights. Disciplined portfolio construction and cost effective trading are integral to our investment process, which we believe should help us preserve value added from stock selection and reduce the probability of significant underperformance.

Michael Fraikin, Fund Manager

Where Michael Fraikin has expressed opinions, they are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco Perpetual investment professionals.

UK Enhanced Index Fund

Fund facts

Launch date	16 February 1993
Fund size at 31.3.15	£81.7 million
Accounting date	31 March
Ex-dividend date	1 April and 1 October
Distribution payable	31 May and 30 November
Fund Management Fee	0.38% per annum
Entry charge	5%
Ongoing charges figure (OCF) for the year ended 31.3.15	0.38%
Ongoing charges figure (OCF) for the year ended 31.3.14	0.41%

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the year – it does not include entry charges. The OCF includes the fees and expenses for establishing and maintaining the share register with shareholders' details, and costs that must be met to ensure a fund is appropriately governed and administered (including services such as custody, auditing and fund administration).

UK Enhanced Index Fund

KIID Risk and Reward Profiles

Risk and Reward Numerical
Indicator Published in the KIID
for the year 01.4.14 to 31.3.15

Invesco Perpetual UK Enhanced Index Fund

Accumulation shares (No Trail)

6

Income shares (No Trail)

6

The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Share Class price have been historically. For example a Share Class whose price has experienced significant rises and falls will be in a higher risk category, whereas a Share Class whose price has experienced less significant rises and falls will be in a lower risk category. As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile. Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

A Share Class is classified in risk category 6 as its price has experienced very significant rises and falls historically.

For more information on our funds risk and reward profiles, please refer to the most up to date relevant fund and share class specific Key Investor Information Documents (KIIDs), which are available at www.invescoperpetual.co.uk or by contacting us.

UK Enhanced Index Fund

Distributions	01.4.14 to 31.3.15	01.4.13 to 31.3.14
	p	p
Accumulation shares (No Trail)		
Paid 30 November 2014	7.1935	6.5182
Payable 31 May 2015	5.4882	4.7466
Total	12.6817	11.2648
Income shares (No Trail)		
Paid 30 November 2014	4.7207	4.4133
Payable 31 May 2015	3.5346	3.1541
Total	8.2553	7.5674

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares (No Trail)			
2010	274.92	219.74	7.2348
2011	288.45	236.25	8.0304
2012	309.80	263.00	10.4041
2013	374.05	312.51	11.2895
2014	400.88	355.57	11.9401
2015 ¹	421.77	379.99	5.4882
Income shares (No Trail)			
2010	201.93	163.68	5.4309
2011	209.06	168.15	5.8559
2012	212.69	183.86	7.3377
2013	248.57	214.55	7.6889
2014	263.08	228.97	7.8748
2015 ¹	271.60	244.69	3.5346

¹ to 31 March

UK Enhanced Index Fund

Net asset value

	Net asset value per share 31.3.15 p	Net asset value per share 31.3.14 p	Percentage growth %
Accumulation shares (No Trail)	406.51	378.10	7.5
Income shares (No Trail)	258.24	248.12	4.1

Net asset value per share calculated on the last business day of the period at bid market value at 4.30pm.

Performance

to 31 March 2015

	Since 30.9.14 %	Since 31.3.14 %	Since 31.3.12 %	Percentage growth Since 31.3.10 %	Since 31.3.05 %
UK Enhanced Index Fund (accumulation shares (No Trail))	6.13	7.94	42.80	59.30	117.76
FTSE All-Share (ex Investment Trusts) Index	5.16	6.37	35.18	48.96	110.04
FTSE All-Share Index	5.27	6.57	35.41	49.26	110.89
IA UK All Companies Sector	7.20	5.62	41.31	57.91	105.78
Fund Ranking	152/262	64/262	111/249	111/236	69/171

Standardised rolling 12 month performance

	31.3.10 %	31.3.11 %	31.3.12 %	31.3.13 %	31.3.14 %	31.3.15 %
UK Enhanced Index Fund (accumulation shares (No Trail))	7.9	3.4	20.2	10.1	7.9	

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website www.invescoperpetual.co.uk or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share (ex Investment Trusts) Index and FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

UK Enhanced Index Fund

Portfolio classification	As at 31.3.15 %	As at 31.3.14 %
Investment		
Republic of Ireland		
Industrials	0.24	-
Switzerland		
Basic Materials	-	0.37
United Kingdom		
Oil & Gas	12.99	15.67
Basic Materials	7.33	8.32
Industrials	8.74	10.74
Consumer Goods	13.08	12.03
Health Care	8.54	7.67
Consumer Services	12.75	11.83
Telecommunications	5.63	5.14
Utilities	3.91	2.75
Financials	21.22	20.29
Technology	2.64	3.17
United States		
Consumer Services	0.76	-
Futures & Derivatives		
Futures	(0.01)	-
Total investments	97.82	97.98
Net other assets	2.18	2.02
Net assets	100.00	100.00

10 largest investments

As at 31 March 2015:	%	As at 31 March 2014:	%
Royal Dutch Shell	7.49	Royal Dutch Shell	8.46
HSBC	4.94	BP	5.21
BP	4.65	HSBC	5.15
British American Tobacco	4.49	British American Tobacco	4.31
AstraZeneca	3.86	AstraZeneca	3.20
BT	2.90	BHP Billiton	3.00
Vodafone	2.60	BT	2.82
Reckitt Benckiser	2.43	GlaxoSmithKline	2.50
Legal & General	2.25	Rio Tinto	2.41
Rio Tinto	2.22	BAE Systems	2.16

UK Strategic Income Fund

Investment objective

The fund aims to produce an above average income with capital growth primarily through a portfolio of investments in UK companies. In pursuing this objective, the fund managers may include other investments that they consider appropriate which include transferable securities, unlisted securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

Risk profile

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Over time, inflation may erode the value of investments. As one of the key objectives of the fund is to provide income, the ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth. The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. The fund's performance may be adversely affected by variations in the relative strength of world currencies or if Sterling strengthens against those currencies.

Strategy, review and outlook

The fund rose in value by 11.6% during the twelve months to the end of March 2015 compared to the 6.6% return of the FTSE All-Share Index. This placed the fund in the first quartile of its peer group, the IA UK All Companies Sector, which rose by an average of 5.6%.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

Past performance is not a guide to future returns.

The year ending 31 March 2015 produced a return of 6.6% (total return) for the UK equity market, as measured by the FTSE All-Share Index. The market performance was held back for most of the year as a result of concerns over future profit growth caused by the strength of Sterling, the end to the Quantitative Easing programme in the US, rising geopolitical risk, and the prospect of UK domestic elections.

As the year unfolded, fears over China's growth rate and a weakening European economy became more relevant concerns. However, offsetting this, the fall in the price of oil in the second half of the year increased optimism that consumer disposable income would rise as fuel and utility costs fell. The deflationary impact of this would also serve to reduce any short-term upward pressure on interest rates. A renewed sense of optimism developed at the start of 2015 fuelled by a significant fall in energy prices, declining bond yields, an increase in Merger & Acquisition speculation, and by news that the European Central Bank had decided to introduce a programme of Quantitative Easing.

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The fund's outperformance of its benchmark Index was helped by the holdings in Reynolds American, Imperial Tobacco, and BT Group. A combination of continuing robust profit margins and solid dividend growth, helped drive performance of the tobacco companies. There remain high barriers to entry for new competitors and the premium brands strategy continues to demonstrate revenue growth despite an increasingly difficult operating environment. Furthermore, Reynolds American's agreed acquisition of North American competitor Lorillard announced last summer should further strengthen its position in the US market. Imperial Tobacco also stands to benefit from the deal, which is currently awaiting approval from the US Federal Trade Commission, as it will make a strategic purchase of some of Lorillard's North American brands. Both companies continue to offer above average dividend yields, in spite of the strong share price performance over the last twelve months.

There was positive news from BT Group regarding its agreed acquisition of mobile telephony company EE which is expected to achieve attractive cost savings as well as provide greater scope for future product innovation. Furthermore, it will enable BT to offer a full range of communications services to the combined customer base including broadband, fixed line and pay-TV services. Significant cross-selling opportunities are expected and the acquisition is seen as a major milestone for the company.

In contrast to the above mentioned companies there was a negative impact on the fund's performance from Drax Group and Thomas Cook. Whilst the portfolio's exposure to the oil and gas sector is relatively low, the impact of a falling oil price was felt through the holdings in UK power

generators, especially Drax, as earnings forecasts were downgraded and sentiment turned negative. Additionally, Drax was also impacted by the UK government's decision to change its method of subsidy for future biomass conversions and by the possibility of EU intervention.

Thomas Cook saw its share price retreat over the period due to weaknesses in the continental European businesses, in spite of the company reporting an improvement in underlying earnings and gross margins. The shares reacted more positively when the company announced a strategic partnership with Fosun, a Chinese conglomerate that owns Club Med. The company remains committed to improving profitability through increased digitisation, further cost-cutting, and a focus on improving the exclusivity of their holiday offerings, through operating their own hotels.

The UK equity market looks more fully valued than it has for many years. This high level of valuation coupled with a low level of earnings growth is the primary risk to the current level of share prices. The manager has become more vigilant to identify companies which can cope with a world of low inflation and where the ability to fund a sustainable and growing dividend remains a key principal of corporate strategy. Fortunately the UK equity market, and more importantly, the portfolio, is well represented with businesses which have scope to provide the investors in the fund with a healthy total return from a combination of capital and income growth.

Mark Barnett, Fund Manager

Where Mark Barnett has expressed opinions, they are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco Perpetual investment professionals.

UK Strategic Income Fund

Fund facts

Launch date		25 June 1971
Fund size at 31.3.15		£1,046 million
Accounting date		31 March
Ex-dividend date		1 April and 1 October
Distribution payable		31 May and 30 November
Fund Management Fee	- Trail classes	1.67% per annum
	- No Trail classes	1.17% per annum
	- Z classes	0.92% per annum
	- Y classes	0.87% per annum
Entry charge		5%
Ongoing charges figure (OCF) for the year ended 31.3.15	- Trail classes	1.67%
	- No Trail classes	1.17%
	- Z classes	0.92%
	- Y classes ¹	0.87%
Ongoing charges figure (OCF) for the year ended 31.3.14	- Trail classes	1.69%
	- No Trail classes	1.19%
	- Z classes	0.94%
	- Y classes ¹	-

¹ Share classes launched 31 March 2014

The OCF represents the annual operating expenses of the fund expressed as a percentage of average net assets for the year – it does not include entry charges. The OCF includes the fees and expenses for establishing and maintaining the share register with shareholders' details, and costs that must be met to ensure a fund is appropriately governed and administered (including services such as custody, auditing and fund administration).

UK Strategic Income Fund

KIID Risk and Reward Profiles

Risk and Reward Numerical
Indicator Published in the KIID
for the year 01.4.14 to 31.3.15

Invesco Perpetual UK Strategic Income Fund

Accumulation shares	5
Accumulation shares (No Trail)	5
Z Accumulation shares	5
Y Accumulation shares	5
Income shares	5
Income shares (No Trail)	5
Z Income shares	5
Y Income shares	5

The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Share Class price have been historically. For example a Share Class whose price has experienced significant rises and falls will be in a higher risk category, whereas a Share Class whose price has experienced less significant rises and falls will be in a lower risk category. As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile. Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

A Share Class is classified in risk category 5 as its price has experienced significant rises and falls historically.

For more information on our funds risk and reward profiles, please refer to the most up to date relevant fund and share class specific Key Investor Information Documents (KIIDs), which are available at www.invescopetperual.co.uk or by contacting us.

UK Strategic Income Fund

Distributions	01.4.14 to 31.3.15 p	01.4.13 to 31.3.14 p
Accumulation shares		
Paid 30 November 2014	2.8210	2.6621
Payable 31 May 2015	2.8103	2.8468
Total	5.6313	5.5089
Accumulation shares (No Trail)		
Paid 30 November 2014	11.1285	10.4479
Payable 31 May 2015	11.1245	11.2077
Total	22.2530	21.6556
Z Accumulation shares		
Paid 30 November 2014	4.9308	4.6164
Payable 31 May 2015	4.9362	4.9608
Total	9.8670	9.5772
Y Accumulation shares		
Paid 30 November 2014 ¹	3.4516	-
Payable 31 May 2015	3.4568	3.4706
Total	6.9084	3.4706
Income shares		
Paid 30 November 2014	2.1850	2.1363
Payable 31 May 2015	2.1401	2.2464
Total	4.3251	4.3827
Income shares (No Trail)		
Paid 30 November 2014	8.6209	8.3857
Payable 31 May 2015	8.4740	8.8368
Total	17.0949	17.2225
Z Income shares		
Paid 30 November 2014	4.6808	4.5421
Payable 31 May 2015	4.6071	4.7921
Total	9.2879	9.3342
Y Income shares		
Paid 30 November 2014 ¹	3.3887	-
Payable 31 May 2015	3.3398	3.4706
Total	6.7285	3.4706

¹ As the Y Accumulation shares and Y Income shares were issued on 31 March 2014, there are no prior year comparatives for these share classes.

UK Strategic Income Fund

Price and revenue record by share class

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Accumulation shares			
2010	102.63	86.56	3.3792
2011	110.73	96.39	3.9242
2012	120.27	104.69	4.1838
2013	158.59	120.40	4.9454
2014	176.47	155.06	5.6678
2015 ¹	188.60	172.37	2.8103
Accumulation shares (No Trail)			
2010	397.85	334.51	13.0524
2011	430.45	374.86	15.2360
2012	470.86	408.11	16.3256
2013	624.08	471.51	19.3915
2014	697.68	610.48	22.3362
2015 ¹	746.75	681.76	11.1245
Z Accumulation shares			
2012 ²	207.76	197.51	0.0000
2013	276.15	208.08	8.5691
2014	309.45	270.20	9.8916
2015 ¹	331.46	302.46	4.9362
Y Accumulation shares			
2014 ³	216.75	193.05	6.9222
2015 ¹	232.21	211.86	3.4568

¹ to 31 March

² from 12 November

³ from 31 March

Z Accumulation shares were issued at 200p on 12 November 2012.

Y Accumulation shares were issued at 200p on 31 March 2014.

UK Strategic Income Fund

Price and revenue record by share class continued

Calendar year	Highest share price p	Lowest share price p	Net revenue per share p
Income shares			
2010	90.39	77.86	3.0582
2011	95.94	83.30	3.4253
2012	98.14	87.54	3.5108
2013	125.02	98.24	4.0000
2014	134.39	119.82	4.4314
2015 ¹	143.63	131.26	2.1401
Income shares (No Trail)			
2010	350.45	301.04	11.8161
2011	372.95	324.47	13.2964
2012	384.25	341.88	13.6971
2013	492.00	384.78	15.6871
2014	531.36	473.44	17.4577
2015 ¹	568.73	519.23	8.4740
Z Income shares			
2012 ²	207.76	197.51	0.0000
2013	266.79	208.08	8.4909
2014	288.82	257.25	9.4729
2015 ¹	309.36	282.29	4.6071
Y Income shares			
2014 ³	209.42	186.51	6.8593
2015 ¹	224.36	204.70	3.3398

¹ to 31 March

² from 12 November

³ from 31 March

Z Income shares were issued at 200p on 12 November 2012.

Y Income shares were issued at 200p on 31 March 2014.

UK Strategic Income Fund

Net asset value	Net asset value per share 31.3.15 p	Net asset value per share 31.3.14 p	Percentage growth %
Accumulation shares	181.06	163.27	10.9
Accumulation shares (No Trail)	716.97	643.29	11.5
Z Accumulation shares	318.26	284.84	11.7
Y Accumulation shares	222.96	200.16	11.4
Income shares	135.74	126.46	7.3
Income shares (No Trail)	537.57	498.31	7.9
Z Income shares	292.44	270.39	8.2
Y Income shares	212.08	196.68	7.8

Net asset value per share calculated on the last business day of the period at bid market value at 4.30pm.

Performance to 31 March 2015	Since 30.9.14	Since 31.3.14	Since 31.3.12	Percentage growth Since	
	%	%	%	31.3.10 %	31.3.05 %
UK Strategic Income Fund (income shares (No Trail))	8.45	11.63	67.93	100.16	174.27
FTSE All-Share Index	5.27	6.57	35.41	49.26	110.89
IA UK All Companies Sector	7.20	5.62	41.31	57.91	105.78
Fund Ranking	82/262	24/262	18/249	15/236	17/171

Standardised rolling 12 month performance	31.3.10	31.3.11	31.3.12	Percentage growth	
	31.3.11 %	31.3.12 %	31.3.13 %	31.3.13 %	31.3.14 %
UK Strategic Income Fund (income shares (No Trail))	11.5	6.9	27.1	18.3	11.6

This standardised past performance information is updated on a quarterly basis. Should you require up to date past performance information, this is available on our website www.invescoperpetual.co.uk or by contacting us.

Fund and sector average performance data source: Lipper, mid-to-mid (excluding the entry charge), in Sterling, with net income reinvested. FTSE All-Share Index data source: Thomson Reuters Datastream, total return, in Sterling.

The value of investments and any income from them will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Past performance is not a guide to future returns. Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

UK Strategic Income Fund

Portfolio classification	As at 31.3.15 %	As at 31.3.14 %
Investment		
Guernsey		
Financials	1.90	1.91
Macau		
Financials	0.73	1.08
Switzerland		
Health Care	5.38	7.31
United Kingdom		
Oil & Gas	3.09	2.02
Basic Materials	0.08	0.03
Industrials	15.90	16.93
Consumer Goods	9.96	11.69
Health Care	12.92	11.10
Consumer Services	8.51	9.68
Telecommunications	6.50	6.60
Utilities	4.20	5.57
Financials	25.33	20.43
Technology	0.11	0.26
United States		
Basic Materials	0.02	0.02
Consumer Goods	4.44	3.19
Health Care	2.09	1.04
Financials	0.65	-
Total investments	101.81	98.86
Net other (liabilities)/assets	(1.81)	1.14
Net assets	100.00	100.00

For the year ended 31 March 2015 unquoted securities amounted to 2.28% (31 March 2014 - 3.11%) of the Net Asset Value of the fund.

Portfolio Statement Breakdown as at 31 March 2015	Percentage of total net assets 31.3.15 %	Percentage of total net assets 31.3.14 %
Quoted securities	99.53	95.75
Unquoted securities	2.28	3.11
Portfolio of investments	101.81	98.86
Net other (liabilities)/assets	(1.81)	1.14
Net assets	100.00	100.00

UK Strategic Income Fund

10 largest investments

As at 31 March 2015:	%	As at 31 March 2014:	%
British American Tobacco	4.46	British American Tobacco	4.90
BT	4.45	BT	3.98
Reynolds American	4.44	Imperial Tobacco	3.97
Astra Zeneca	4.20	Roche Holding	3.85
Roche Holding	3.71	Novartis	3.46
Imperial Tobacco	3.56	AstraZeneca	3.25
BAE Systems	3.18	Reynolds American	3.19
BP	3.09	BAE Systems	3.19
Provident Financial	2.81	GlaxoSmithKline	2.91
GlaxoSmithKline	2.61	SSE	2.69

The Company

The Invesco Perpetual UK 2 Investment Series is an investment company with variable capital, incorporated in England and Wales on 11 April 2003.

The Company is an "Umbrella Company" (under the OEIC Regulations) and therefore new sub funds may be formed by the Manager, subject to regulatory approval. Any changes to sub funds or share classes will be included in an updated Prospectus.

At 31 March 2015, the Company consisted of three sub funds:

Invesco Perpetual Income Fund

Invesco Perpetual UK Enhanced Index Fund

Invesco Perpetual UK Strategic Income Fund

Authorised Corporate Director ("the Manager")

Invesco Fund Managers Limited

Registered Office: Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK

Registered in England No. 898166

The Manager's investment adviser is:

Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK

Registered in England No. 949417

Invesco Asset Management Limited and Invesco Fund Managers Limited are authorised and regulated by the Financial Conduct Authority.

Registrar

Invesco Administration Services Limited

Registered Office: Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK

For registration enquiries please call free on 0800 085 8571 or write to us at:

Invesco Perpetual Administration Centre, PO Box 11150, Chelmsford CM99 2DL, UK

Depository

Citibank International Limited

Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, UK

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside, London SE1 2RT, UK

Further information

General enquiries

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Lines are open 8.30am to 6pm, Monday to Friday, excluding UK Bank Holidays.

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Post:

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CM99 2DL, UK

To invest

ISA Dealing Line 0800 9177581

ICVC Dealing Line 0800 0858571*

*The initial investment into an ICVC account must be made by completing and signing an application form; subsequent investments into the account can be made by post or via the telephone dealing line.

Clients must confirm that they have been provided with the most up to date relevant sub fund and share class specific Key Investor Information Document(s) prior to investing.

Telephone conversations of all dealers, staff and those of clients on our Dealing Lines will be recorded for mutual protection.

Valuations

Automated Valuation Service 0800 028 4050

Lines are open 24 hours a day.

Further information on our products, including the most up to date relevant sub fund and share class specific Key Investor Information Document(s) and the Supplementary Information Document, is available using the contact details above.

The Prospectus, which contains a written statement of the terms and conditions of the Company, can be obtained from the Manager, as can copies of Interim and Annual Reports. Please call our Literature Request Line on 0800 085 8677 (for clients) and 0800 028 2121 (for intermediaries) or log onto our website (www.invescoperpetual.co.uk).

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Invesco Perpetual is a business name of Invesco Fund Managers Limited

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FCA Registered No. 119298

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Registered in England No. 898166

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