UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-13908



Invesco Ltd.

(Exact Name of Registrant as Specified in Its Charter)

Bermuda	**98-0557567**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
1555 Peachtree Street, N.E., Suite 1800, Atlanta, GA	**30309**
(Address of Principal Executive Offices)	*(Zip Code)*

(404) 892-0896
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $.20 par value	IVZ	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☑

As of June 30, 2021, the most recent practicable date, the number of Common Shares outstanding was 461,391,784.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

Invesco Ltd.
Condensed Consolidated Balance Sheets
(Unaudited)

$ in millions, except per share data	As of June 30, 2021	As of December 31, 2020
ASSETS		
Cash and cash equivalents	1,333.0	1,408.4
Unsettled fund receivables	287.6	109.4
Accounts receivable	736.0	741.1
Investments	965.2	826.8
Assets of consolidated investment products (CIP):		
Cash and cash equivalents of CIP	404.1	301.7
Accounts receivable and other assets of CIP	488.3	175.5
Investments of CIP	8,304.8	7,910.0
Assets held for policyholders	3,415.2	7,582.1
Prepaid assets	139.6	149.2
Other assets	420.8	514.2
Property, equipment and software, net	524.8	563.8
Intangible assets, net	7,267.3	7,305.6
Goodwill	8,961.7	8,916.3
Total assets	33,248.4	36,504.1
LIABILITIES		
Accrued compensation and benefits	742.4	973.7
Accounts payable and accrued expenses	1,485.0	1,920.4
Liabilities of CIP:		
Debt of CIP	6,750.7	6,714.1
Other liabilities of CIP	1,118.6	588.6
Policyholder payables	3,415.2	7,582.1
Unsettled fund payables	286.9	98.4
Long-term debt	2,083.8	2,082.6
Deferred tax liabilities, net	1,575.3	1,523.5
Total liabilities	17,457.9	21,483.4
Commitments and contingencies (See Note 11)		
TEMPORARY EQUITY		
Redeemable noncontrolling interests in consolidated entities	363.9	211.8
PERMANENT EQUITY		
Equity attributable to Invesco Ltd.:		
Preferred shares ($0.20 par value; $1,000 liquidation preference; 4.0 million authorized, issued and outstanding as of June 30, 2021 and December 31, 2020)	4,010.5	4,010.5
Common shares ($0.20 par value; 1,050.0 million authorized; 566.1 million shares issued as of June 30, 2021 and December 31, 2020)	113.2	113.2
Additional paid-in-capital	7,664.3	7,811.4
Treasury shares	(3,080.3)	(3,253.8)
Retained earnings	6,570.1	6,085.0
Accumulated other comprehensive income/(loss), net of tax	(369.8)	(404.5)
Total equity attributable to Invesco Ltd.	14,908.0	14,361.8
Equity attributable to nonredeemable noncontrolling interests in consolidated entities	518.6	447.1
Total permanent equity	15,426.6	14,808.9
Total liabilities, temporary and permanent equity	33,248.4	36,504.1

See accompanying notes.

Invesco Ltd.
Condensed Consolidated Statements of Income
(Unaudited)

$ in millions, except per share data	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Operating revenues:				
Investment management fees	1,247.4	1,037.1	2,454.0	2,205.4
Service and distribution fees	401.0	332.7	782.1	698.5
Performance fees	10.5	3.5	17.2	8.3
Other	62.5	45.7	127.8	105.7
Total operating revenues	1,721.4	1,419.0	3,381.1	3,017.9
Operating expenses:				
Third-party distribution, service and advisory	539.6	444.0	1,062.4	959.1
Employee compensation	487.0	454.6	976.2	876.5
Marketing	24.5	14.4	40.3	47.1
Property, office and technology	127.2	128.3	256.5	258.7
General and administrative	103.3	188.9	199.9	295.2
Transaction, integration and restructuring	(47.1)	56.5	(1.3)	116.1
Amortization of intangibles	16.0	15.2	31.9	31.1
Total operating expenses	1,250.5	1,301.9	2,565.9	2,583.8
Operating income	470.9	117.1	815.2	434.1
Other income/(expense):				
Equity in earnings of unconsolidated affiliates	37.2	11.2	64.7	28.1
Interest and dividend income	0.4	2.4	1.7	8.8
Interest expense	(24.6)	(34.8)	(48.4)	(71.1)
Other gains and losses, net	43.4	60.0	77.5	(46.5)
Other income/(expense) of CIP, net	122.0	(50.5)	216.7	(70.6)
Income before income taxes	649.3	105.4	1,127.4	282.8
Income tax provision	(154.2)	(43.4)	(260.7)	(100.8)
Net income	495.1	62.0	866.7	182.0
Net (income)/loss attributable to noncontrolling interests in consolidated entities	(67.6)	37.7	(112.2)	58.4
Dividends declared on preferred shares	(59.2)	(59.2)	(118.4)	(118.4)
Net income attributable to Invesco Ltd.	368.3	40.5	636.1	122.0
Earnings per common share:				
-basic	$0.80	$0.09	$1.38	$0.27
-diluted	$0.79	$0.09	$1.37	$0.26

See accompanying notes.

Invesco Ltd.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

$ in millions	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net income	495.1	62.0	866.7	182.0
Other comprehensive income/(loss), net of tax:				
Currency translation differences on investments in foreign subsidiaries	34.9	86.2	35.7	(228.8)
Other comprehensive income/(loss), net	3.0	3.3	(1.0)	0.1
Other comprehensive income/(loss)	37.9	89.5	34.7	(228.7)
Total comprehensive income/(loss)	533.0	151.5	901.4	(46.7)
Comprehensive loss/(income) attributable to noncontrolling interests in consolidated entities	(67.6)	37.7	(112.2)	58.4
Dividends on preferred shares	(59.2)	(59.2)	(118.4)	(118.4)
Comprehensive income/(loss) attributable to Invesco Ltd.	406.2	130.0	670.8	(106.7)

See accompanying notes.

Invesco Ltd.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

$ in millions	Six months ended June 30, 2021	2020
Operating activities:		
Net income	866.7	182.0
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Amortization and depreciation	103.9	98.7
Common share-based compensation expense	72.8	95.2
Other (gains)/losses, net	(77.5)	46.5
Other (gains)/losses of CIP, net	(160.8)	126.1
Equity in earnings of unconsolidated affiliates	(64.7)	(28.1)
Distributions from equity method investees	43.0	29.3
Changes in operating assets and liabilities:		
(Purchase)/sale of investments by CIP, net	(135.4)	(24.4)
(Purchase)/sale of investments, net	(20.5)	174.5
(Increase)/decrease in receivables	4,090.1	2,391.5
Increase/(decrease) in payables	(4,236.8)	(2,830.4)
Net cash provided by/(used in) operating activities	480.8	260.9
Investing activities:		
Purchase of property, equipment and software	(47.2)	(47.0)
Disposal of property, equipment and software	—	(0.2)
Purchase of investments by CIP	(3,224.5)	(2,742.7)
Sale of investments by CIP	3,076.1	2,041.4
Purchase of investments	(100.6)	(73.0)
Sale of investments	76.8	93.5
Capital distributions from equity method investees	4.4	13.7
Collateral received/(posted), net	—	(28.7)
Net cash provided by/(used in) investing activities	(215.0)	(743.0)
Financing activities:		
Purchases of treasury shares	(47.6)	(34.9)
Dividends paid - preferred	(118.4)	(118.4)
Dividends paid - common	(150.1)	(214.5)
Third-party capital invested into CIP	247.3	82.5
Third-party capital distributed by CIP	(117.1)	(153.4)
Borrowings of debt by CIP	2,138.6	1,075.1
Repayments of debt by CIP	(1,872.3)	(686.1)
Settlement of forward contracts on treasury shares	(309.4)	(190.6)
Collateral received/(returned), net	(104.1)	—
Net borrowings/(repayments) under credit facility	—	325.6
Payment of contingent consideration	(11.8)	(14.0)
Net cash provided by/(used in) financing activities	(344.9)	71.3
Increase/(decrease) in cash and cash equivalents	(79.1)	(410.8)
Foreign exchange movement on cash and cash equivalents	(9.7)	(28.3)
Foreign exchange movement on cash and cash equivalents of CIP	(4.7)	(0.1)
Net cash inflows/(outflows) upon consolidation/deconsolidation of CIP	(8.7)	9.2
Cash, cash equivalents and restricted cash, beginning of period [1]	1,839.3	1,701.2
Cash and cash equivalents, end of period	1,737.1	1,271.2
Cash and cash equivalents	1,333.0	987.1
Cash and cash equivalents of CIP	404.1	284.1
Total cash and cash equivalents per consolidated statement of cash flows	1,737.1	1,271.2

(1) Restricted cash of $129.2 million as of December 31, 2020 is recorded in Other assets on the Condensed Consolidated Balance Sheets.

See accompanying notes.

Invesco Ltd.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three months ended June 30, 2021

	Equity Attributable to Invesco Ltd.									
$ in millions, except per share data	**Preferred Shares**	**Common Shares**	**Additional Paid-in-Capital**	**Treasury Shares**	**Retained Earnings**	**Accumulated Other Comprehensive Income/(Loss)**	**Total Equity Attributable to Invesco Ltd.**	**Nonredeemable Noncontrolling Interests in Consolidated Entities**	**Total Permanent Equity**	**Redeemable Noncontrolling Interests in Consolidated Entities Temporary Equity**
April 1, 2021	4,010.5	113.2	7,639.6	(3,087.7)	6,279.9	(407.7)	14,547.8	481.7	15,029.5	338.3
Net income	—	—	—	—	427.5	—	427.5	51.8	479.3	15.8
Other comprehensive income/(loss)	—	—	—	—	—	37.9	37.9	—	37.9	—
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(14.9)	(14.9)	9.8
Dividends declared - preferred ($14.75 per share)	—	—	—	—	(59.2)	—	(59.2)	—	(59.2)	—
Dividends declared - common ($0.170 per share)	—	—	—	—	(78.1)	—	(78.1)	—	(78.1)	—
Employee common share plans:										
Common share-based compensation	—	—	34.2	—	—	—	34.2	—	34.2	—
Vested common shares	—	—	(9.5)	9.5	—	—	—	—	—	—
Other common share awards	—	—	—	0.8	—	—	0.8	—	0.8	—
Purchase of common shares	—	—	—	(2.9)	—	—	(2.9)	—	(2.9)	—
June 30, 2021	4,010.5	113.2	7,664.3	(3,080.3)	6,570.1	(369.8)	14,908.0	518.6	15,426.6	363.9

Three months ended June 30, 2020

	Equity Attributable to Invesco Ltd.									
$ in millions, except per share data	**Preferred Shares**	**Common Shares**	**Additional Paid-in-Capital**	**Treasury Shares**	**Retained Earnings**	**Accumulated Other Comprehensive Income/(Loss)**	**Total Equity Attributable to Invesco Ltd.**	**Nonredeemable Noncontrolling Interests in Consolidated Entities**	**Total Permanent Equity**	**Redeemable Noncontrolling Interests in Consolidated Entities Temporary Equity**
April 1, 2020	4,010.5	113.2	7,747.7	(3,323.2)	5,856.6	(905.5)	13,499.3	443.1	13,942.4	176.5
Net income	—	—	—	—	99.7	—	99.7	(60.4)	39.3	22.7
Other comprehensive income/(loss)	—	—	—	—	—	89.5	89.5	—	89.5	—
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(17.0)	(17.0)	3.6
Dividends declared - preferred ($14.75 per share)	—	—	—	—	(59.2)	—	(59.2)	—	(59.2)	—
Dividends declared - common ($0.155 per share)	—	—	—	—	(72.1)	—	(72.1)	—	(72.1)	—
Employee common share plans:										
Common share-based compensation	—	—	47.8	—	—	—	47.8	—	47.8	—
Vested common shares	—	—	(6.6)	6.6	—	—	—	—	—	—
Other common share awards	—	—	(0.5)	0.9	—	—	0.4	—	0.4	—
Purchase of common shares	—	—	—	(3.4)	—	—	(3.4)	—	(3.4)	—
June 30, 2020	4,010.5	113.2	7,788.4	(3,319.1)	5,825.0	(816.0)	13,602.0	365.7	13,967.7	202.8

Six months ended June 30, 2021

$ in millions, except per share data	Equity Attributable to Invesco Ltd.							Nonredeemable Noncontrolling Interests in Consolidated Entities	Total Permanent Equity	Redeemable Noncontrolling Interests in Consolidated Entities Temporary Equity
	Preferred Shares	Common Shares	Additional Paid-in-Capital	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Equity Attributable to Invesco Ltd.			
January 1, 2021	4,010.5	113.2	7,811.4	(3,253.8)	6,085.0	(404.5)	14,361.8	447.1	14,808.9	211.8
Net income	—	—	—	—	754.5	—	754.5	94.6	849.1	17.6
Other comprehensive income/(loss)	—	—	—	—	—	34.7	34.7	—	34.7	—
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(23.1)	(23.1)	134.5
Dividends declared - preferred ($29.50 per share)	—	—	—	—	(118.4)	—	(118.4)	—	(118.4)	—
Dividends declared - common ($0.325 per share)	—	—	—	—	(151.0)	—	(151.0)	—	(151.0)	—
Employee common share plans:										
Common share-based compensation	—	—	72.8	—	—	—	72.8	—	72.8	—
Vested common shares	—	—	(219.9)	219.9	—	—	—	—	—	—
Other common share awards	—	—	—	1.2	—	—	1.2	—	1.2	—
Purchase of common shares	—	—	—	(47.6)	—	—	(47.6)	—	(47.6)	—
June 30, 2021	4,010.5	113.2	7,664.3	(3,080.3)	6,570.1	(369.8)	14,908.0	518.6	15,426.6	363.9

Six months ended June 30, 2020

$ in millions, except per share data	Equity Attributable to Invesco Ltd.							Nonredeemable Noncontrolling Interests in Consolidated Entities	Total Permanent Equity	Redeemable Noncontrolling Interests in Consolidated Entities Temporary Equity
	Preferred Shares	Common Shares	Additional Paid-in-Capital	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Equity Attributable to Invesco Ltd.			
January 1, 2020	4,010.5	113.2	7,860.8	(3,452.5)	5,917.8	(587.3)	13,862.5	455.8	14,318.3	383.5
Net income	—	—	—	—	240.4	—	240.4	(36.0)	204.4	(22.4)
Other comprehensive income/(loss)	—	—	—	—	—	(228.7)	(228.7)	—	(228.7)	—
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(54.1)	(54.1)	(158.3)
Dividends declared - preferred ($29.50 per share)	—	—	—	—	(118.4)	—	(118.4)	—	(118.4)	—
Dividends declared - common ($0.465 per share)	—	—	—	—	(214.8)	—	(214.8)	—	(214.8)	—
Employee common share plans:										
Common share-based compensation	—	—	95.2	—	—	—	95.2	—	95.2	—
Vested common shares	—	—	(167.0)	167.0	—	—	—	—	—	—
Other common share awards	—	—	(0.6)	1.3	—	—	0.7	—	0.7	—
Purchase of common shares	—	—	—	(34.9)	—	—	(34.9)	—	(34.9)	—
June 30, 2020	4,010.5	113.2	7,788.4	(3,319.1)	5,825.0	(816.0)	13,602.0	365.7	13,967.7	202.8

See accompanying notes

Invesco Ltd.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. ACCOUNTING POLICIES

Corporate Information

Invesco Ltd. (Parent) and all of its consolidated entities (collectively, the company or Invesco) provide retail and institutional clients with an array of global investment management capabilities. The company operates globally, and its sole business is investment management.

Certain disclosures included in the company's annual report on Form 10-K for the year ended December 31, 2020 (annual report or Form 10-K) are not required to be included on an interim basis in the company's quarterly reports on Forms 10-Q (Report). The company has condensed or omitted these disclosures. Therefore, this Report should be read in conjunction with the company's annual report.

Basis of Accounting and Consolidation

The unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for interim financial information and with rules and regulations of the Securities and Exchange Commission and consolidate the financial statements of the Parent and all of its controlled subsidiaries. In the opinion of management, the financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for the fair statement of the financial condition and results of operations for the periods presented. All significant intercompany transactions, balances, revenues and expenses are eliminated upon consolidation. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

Accounting Pronouncements Recently Adopted

Income Taxes. On January 1, 2021, the company adopted Accounting Standards Update 2019-12, "Simplifying Accounting for Income Taxes" (ASU 2019-12). The update simplifies various aspects related to income taxes and removes certain exceptions to the general principles in Topic 740. The company has adopted ASU 2019-12 using a prospective approach and determined that there is no material impact upon adoption of this standard.

Pending Accounting Pronouncements

None.

2. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of financial instruments are presented in the below summary table. The fair value of financial instruments held by CIP is presented in Note 12, "Consolidated Investment Products". See the company's most recently filed Form 10-K for additional disclosures on valuation methodology and fair value.

$ in millions	June 30, 2021 Fair Value	December 31, 2020 Fair Value
Cash and cash equivalents	1,333.0	1,408.4
Restricted cash [1]	—	129.2
Equity investments	444.9	360.3
Foreign time deposits [2]	28.3	29.9
Assets held for policyholders [2]	3,415.2	7,582.1
Policyholder payables	(3,415.2)	(7,582.1)
Contingent consideration liability	(3.4)	(18.6)

(1) Restricted cash is recorded in Other assets on the Condensed Consolidated Balance Sheets.

(2) These financial instruments are not measured at fair value on a recurring basis. See the most recently filed Form 10-K for additional information about the carrying and fair values of these financial instruments. Foreign time deposits are measured at cost plus accrued interest, which approximates fair value, and are accordingly classified as Level 2 securities. Policyholder payables are indexed to the value of the assets held for policyholders.

The following table presents, by hierarchy levels, the carrying value of the company's assets and liabilities, including major security type for equity and debt securities, which are measured at fair value on the company's Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020, respectively:

	As of June 30, 2021			
$ in millions	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents:				
Money market funds [1]	831.9	831.9	—	—
Investments [2]:				
Equity investments:				
Seed money	219.7	219.7	—	—
Investments related to deferred compensation plans	221.0	221.0	—	—
Other equity securities	4.2	4.2	—	—
Assets held for policyholders [3]	3,415.2	3,415.2	—	—
Total	4,692.0	4,692.0	—	—
Liabilities:				
Contingent consideration liability	(3.4)	—	—	(3.4
Total	(3.4)	—	—	(3.4

$ in millions	As of December 31, 2020 Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents:				
Money market funds [1]	947.3	947.3	—	—
Investments [2]:				
Equity investments:				
Seed money	153.5	153.5	—	—
Investments related to deferred compensation plans	202.7	202.7	—	—
Other equity securities	4.1	4.1	—	—
Assets held for policyholders [3]	7,582.1	7,582.1	—	—
Total return swaps related to deferred compensation plans	5.1	—	5.1	—
Total	8,894.8	8,889.7	5.1	—
Liabilities:				
Contingent consideration liability	(18.6)	—	—	(18.6)
Total	(18.6)	—	—	(18.6)

(1) The balance represents cash held in affiliated money market funds.

(2) Foreign time deposits of $28.3 million (December 31, 2020: $29.9 million) are excluded from this table. Equity method and other investments of $481.9 million and $10.1 million, respectively, (December 31, 2020: $426.1 million and $10.5 million, respectively) are also excluded from this table. These investments are not measured at fair value, in accordance with applicable accounting standards.

(3) The majority of assets held for policyholders are held in affiliated funds.

The following tables show a reconciliation of the beginning and ending fair value measurements for level 3 assets and liabilities during the three and six months ended June 30, 2021 and June 30, 2020, which are valued using significant unobservable inputs:

	Contingent Consideration Liability	
in millions	**Three months ended June 30, 2021**	**Six months ended June 30, 2021**
eginning balance	(4.4)	(18.6)
urchases/acquisitions	(1.3)	(1.3)
Net unrealized gains and losses included in other gains and losses, net	(1.0)	4.7
isposition/settlements	3.3	11.8
nding balance	(3.4)	(3.4)

	Contingent Consideration Liability	
$ in millions	**Three months ended June 30, 2020**	**Six months ended June 30, 2020**
Beginning balance	(33.6)	(60.2)
Revision to purchase price allocation	—	5.5
Net unrealized gains and losses included in other gains and losses, net	3.2	11.4
Disposition/settlements	1.1	14.0
Ending balance	(29.3)	(29.3)

Total Return Swaps

In addition to holding equity investments, the company has a total return swap (TRS) to hedge economically certain deferred compensation liabilities. The notional value of the total return swap at June 30, 2021 was $368.6 million. During the three and six months ended June 30, 2021, market valuation gains of $16.8 million and $26.0 million were recognized in other gains and losses, net (three and six months ended June 30, 2020: $30.1 million net gains and $1.3 million net loss respectively).

3. INVESTMENTS

The disclosures below include details of the company's investments. Investments held by CIP are detailed in Note 12, "Consolidated Investment Products".

$ in millions	June 30, 2021	December 31, 2020
Equity investments:		
Seed money	219.7	153.5
Investments related to deferred compensation plans	221.0	202.7
Other equity securities	4.2	4.1
Equity method investments	481.9	426.1
Foreign time deposits	28.3	29.9
Other	10.1	10.5
Total investments [1]	965.2	826.8

(1) The majority of the company's investment balances relate to balances held in affiliated funds.

Equity investments

The unrealized gains and losses for the three and six months ended June 30, 2021 that relate to equity investments still held at June 30, 2021, were a $33.0 million net gain and $44.5 million net gain (three and six months ended June 30, 2020: $61.1 million net gain and $38.4 million net loss).

4. LONG-TERM DEBT

The disclosures below include details of the company's debt. Debt of CIP is detailed in Note 12, "Consolidated Investment Products".

	June 30, 2021		December 31, 2020	
$ in millions	Carrying Value [3]	Fair Value	Carrying Value [3]	Fair Value
$1.5 billion floating rate credit facility expiring April 26, 2026 [1]	—	—	—	—
Unsecured Senior Notes [2]:				
$600 million 3.125% - due November 30, 2022	599.1	623.2	598.7	632.9
$600 million 4.000% - due January 30, 2024	597.3	649.9	596.8	660.2
$500 million 3.750% - due January 15, 2026	497.0	553.9	496.7	564.8
$400 million 5.375% - due November 30, 2043	390.4	524.5	390.4	517.8
Long-term debt	2,083.8	2,351.5	2,082.6	2,375.7

(1) On April 26, 2021, Invesco Ltd. and its indirect subsidiary, Invesco Finance PLC, amended and restated the $1.5 billion floating rate credit facility, extending the expiration date from August 11, 2022 to April 26, 2026.

(2) The company's senior note indentures contain certain restrictions on mergers or consolidations. Beyond these items, there are no other restrictive covenants in the indentures.

(3) The difference between the principal amounts and the carrying values of the senior notes in the table above reflect the unamortized debt issuance costs and discounts.

The company maintains approximately $2.8 million in letters of credit from a variety of banks. The letters of credit are generally one-year automatically-renewable facilities and are maintained for various commercial reasons.

5. SHARE CAPITAL

The preferred shares issued in connection with the acquisition of OppenheimerFunds have a $0.20 par value, liquidation preference of $1,000 per share and fixed cash dividend rate of 5.90% per annum, payable quarterly on a non-cumulative basis. Shares of preferred stock are not redeemable prior to the 21st anniversary of their original issue date of May 24, 2019. The number of preferred shares issued and outstanding is represented in the table below:

	As of	
in millions	**June 30, 2021**	**December 31, 2020**
Preferred shares issued [1]	4.0	4.0
Preferred shares outstanding [1]	4.0	4.0

(1) Preferred shares are held by MassMutual and are subject to a lock-up period of five years, which disallows the sale of preferred shares by MassMutual during the five-year period beginning on the original issue date of May 24, 2019.

The number of common shares and common share equivalents issued are represented in the table below:

	As of	
in millions	**June 30, 2021**	**December 31, 2020**
Common shares issued	566.1	566.1
Less: Treasury shares for which dividend and voting rights do not apply	(104.7)	(107.0)
Common shares outstanding	461.4	459.1

In 2019, the company entered into three forward contracts to purchase 25.8 million of its common shares. The forward contract entered on May 13, 2019 settled on January 4, 2021 for $117.0 million, the forward contract entered on July 2, 2019 settled on April 1, 2021 for $120.0 million and the forward contract entered on August 27, 2019 settled on April 1, 2021 for $72.3 million. As the forward contracts have been fully settled and the corresponding collateral received has been returned to the counterparty as of June 30, 2021, there was no liability on the forward contracts and no corresponding net collateral (December 31, 2020: total liability related to the forward contracts was $309.0 million and the corresponding net collateral received was $104.1 million).

6. OTHER COMPREHENSIVE INCOME/(LOSS)

The components of accumulated other comprehensive income/(loss) were as follows:

	For the three months ended June 30, 2021				
$ in millions	**Foreign currency translation**	**Employee benefit plans**	**Equity method investments**	**Available-for-sale investments**	**Total**
Other comprehensive income/(loss), net of tax:					
Currency translation differences on investments in foreign subsidiaries	34.9	—	—	—	34.9
Other comprehensive income, net	—	3.1	—	(0.1)	3.0
Other comprehensive income/(loss), net of tax	34.9	3.1	—	(0.1)	37.9
Beginning balance	(278.5)	(130.0)	0.1	0.7	(407.7)
Other comprehensive income/(loss), net of tax	34.9	3.1	—	(0.1)	37.9
Ending balance	(243.6)	(126.9)	0.1	0.6	(369.8)

	For the six months ended June 30, 2021				
$ in millions	**Foreign currency translation**	**Employee benefit plans**	**Equity method investments**	**Available-for-sale investments**	**Total**
Other comprehensive income/(loss), net of tax:					
Currency translation differences on investments in foreign subsidiaries	35.7	—	—	—	35.7
Other comprehensive income, net	—	(0.9)	—	(0.1)	(1.0)
Other comprehensive income/(loss), net of tax	35.7	(0.9)	—	(0.1)	34.7
Beginning balance	(279.3)	(126.0)	0.1	0.7	(404.5)
Other comprehensive income/(loss), net of tax	35.7	(0.9)	—	(0.1)	34.7
Ending balance	(243.6)	(126.9)	0.1	0.6	(369.8)

	For the three months ended June 30, 2020				
$ in millions	**Foreign currency translation**	**Employee benefit plans**	**Equity method investments**	**Available-for-sale investments**	**Total**
Other comprehensive income/(loss), net of tax:					
Currency translation differences on investments in foreign subsidiaries	86.2	—	—	—	86.2
Other comprehensive income, net	—	3.3	—	—	3.3
Other comprehensive income/(loss), net of tax	86.2	3.3	—	—	89.5
Beginning balance	(777.0)	(129.2)	0.1	0.6	(905.5)
Other comprehensive income/(loss), net of tax	86.2	3.3	—	—	89.5
Ending balance	(690.8)	(125.9)	0.1	0.6	(816.0)

$ in millions	For the six months ended June 30, 2020				
	Foreign currency translation	Employee benefit plans	Equity method investments	Available-for-sale investments	Total
Other comprehensive income/(loss), net of tax:					
Currency translation differences on investments in foreign subsidiaries	(228.8)	—	—	—	(228.8)
Other comprehensive income, net	—	0.2	—	(0.1)	0.1
Other comprehensive income/(loss), net of tax	(228.8)	0.2	—	(0.1)	(228.7)
Beginning balance	(462.0)	(126.1)	0.1	0.7	(587.3)
Other comprehensive income/(loss), net of tax	(228.8)	0.2	—	(0.1)	(228.7)
Ending balance	(690.8)	(125.9)	0.1	0.6	(816.0)

Net Investment Hedge

The company designated certain intercompany debt as a non-derivative net investment hedging instrument against foreign currency exposure related to its net investment in foreign operations. At June 30, 2021 and December 31, 2020, £130 million ($182.4 million and $174.5 million, respectively) of intercompany debt was designated as a net investment hedge. For the three and six months ended June 30, 2021, the company recognized foreign currency losses of $2.2 million and $7.9 million (three and six months ended June 30, 2020: losses and gains of $1.9 million and $9.4 million, respectively) resulting from the net investment hedge within currency translation differences on investments in foreign subsidiaries in Other comprehensive income.

7. REVENUE

The geographic disaggregation of revenue for the three and six months ended June 30, 2021 and 2020 are presented below. There are no revenues attributed to the company's country of domicile, Bermuda.

$ in millions	For the three months ended June 30,	
	2021	2020
Americas	1,282.3	1,057.2
UK	164.7	146.0
EMEA ex UK (Europe, Middle East and Africa)	184.2	145.7
Asia Pacific	90.2	70.1
Total operating revenues	1,721.4	1,419.0

$ in millions	For the six months ended June 30,	
	2021	2020
Americas	2,513.0	2,237.9
UK	328.3	316.8
EMEA ex UK (Europe, Middle East and Africa)	360.5	310.1
Asia Pacific	179.3	153.1
Total operating revenues	3,381.1	3,017.9

The opening and closing balances of deferred carried interest liabilities for the six months ended June 30, 2021 were $58.0 million and $59.8 million, respectively (December 31, 2020: $45.8 million and $58.0 million, respectively). During the three and six months ended June 30, 2021, no performance fee revenue was recognized that had been included in the deferred carried interest liability balance at the beginning of the period (June 30, 2020: none).

Money Market Fee Waivers

The company is currently providing voluntary yield support waivers of its revenues on certain money market funds to ensure that they maintain a minimum level of daily net investment income. During the three and six months ended June 30, 2021, yield support waivers resulted in a reduction of total gross operating revenues of approximately $41.4 million and $70.4 million, respectively (three and six months ended June 30, 2020: $8.7 million and $10.7 million, respectively). A significant portion of our money market AUM arises from the institutional distribution channel, where relationships with our distribution partners allow us to share the waiver impact. Gross waivers are partially offset by a reduction of payments to these intermediaries, which are included in third party distribution, service and advisory expenses.

8. COMMON SHARE-BASED COMPENSATION

The company recognized total expenses of $72.8 million and $95.2 million related to equity-settled common share-based payment transactions in the six months ended June 30, 2021 and 2020, respectively.

Movements on common share awards during the periods ended June 30, are detailed below:

	For the six months ended June 30, 2021			For the six months ended June 30, 2020	
millions of common shares, except fair values	Time-Vested	Performance-Vested	Weighted Average Grant Date Fair Value ($)	Time- Vested	Performance- Vested
Unvested at the beginning of period	18.1	1.6	19.11	18.7	1.1
Granted during the period	3.4	0.6	22.60	8.1	0.9
Forfeited during the period	(0.2)	—	18.74	(0.2)	—
Vested and distributed during the period	(6.4)	(0.5)	21.85	(6.3)	(0.2
Unvested at the end of the period	14.9	1.7	18.82	20.3	1.8

The total fair value of common shares that vested during the six months ended June 30, 2021 was $152.3 million (six months ended June 30, 2020: $94.3 million). The weighted average grant date fair value of the common share awards that were granted during the six months ended June 30, 2021 was $22.60 (six months ended June 30, 2020: $14.09).

At June 30, 2021, there was $231.1 million of total unrecognized compensation cost related to non-vested common share awards; that cost is expected to be recognized over a weighted average period of 2.45 years.

9. RESTRUCTURING

In 2020, the company initiated a strategic evaluation focusing on four key areas of our expense base: our organizational model, our real estate footprint, management of third party spend and technology and operations efficiency.

Restructuring expenses related to the strategic evaluation were $20.1 million and $50.1 million, respectively, for the three and six months ended June 30, 2021 (three and six months ended June 30, 2020: none). Restructuring expenses are recorded to transaction, integration and restructuring expenses on the Condensed Consolidated Statements of Income.

The company estimates $80 million to $105 million of remaining restructuring expenses related to the strategic evaluation through the end of 2022, of which approximately 40% will be employee compensation costs with the remainder comprised of property, office and technology costs and general and administrative costs. A substantial portion of these expenses will result in future cash expenditures.

The following table shows the rollforward of the restructuring liability and the total restructuring charges as of and for the period ending June 30, 2021 and December 31, 2020. The company recorded the liability to accounts payable and accrued liabilities on the Condensed Consolidated Balance Sheets.

$ in millions	Employee Compensation	Other Expenses	Total
Balance as of July 1, 2020	—	—	—
Accrued charges	85.0	9.1	94.1
Payments	(40.5)	(9.1)	(49.6)
Balance as of December 31, 2020	44.5	—	44.5
Accrued charges	19.8	4.1	23.9
Payments	(40.2)	(1.1)	(41.3)
Balance as of March 31, 2021	24.1	3.0	27.1
Accrued charges	12.8	3.1	15.9
Payments	(20.4)	(4.3)	(24.7)
Balance as of June 30, 2021	16.5	1.8	18.3
Non-cash charges [1]			
Six months ended December 31, 2020	19.5	5.4	24.9
Six months ended June 30, 2021	7.5	2.8	10.3
Total non-cash charges	27.0	8.2	35.2
Cumulative charges incurred through June 30, 2021	144.6	24.5	169.1

(1) Non-cash charges include stock-based compensation, accelerated depreciation of certain assets and location strategy costs.

10. EARNINGS PER COMMON SHARE

The calculation of earnings per common share is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
in millions, except per share data	2021	2020	2021	2020
Net income attributable to Invesco Ltd.	368.3	40.5	636.1	122.0
Invesco Ltd:				
Weighted average common shares outstanding - basic	462.8	460.1	462.2	457.9
Dilutive effect of non-participating common share-based awards	3.4	3.0	3.1	3.1
Weighted average common shares outstanding - diluted	466.2	463.1	465.3	461.0
Earnings per common share:				
-basic	$0.80	$0.09	$1.38	$0.27
-diluted	$0.79	$0.09	$1.37	$0.26

See Note 8, "Common Share-Based Compensation", for a summary of common share awards outstanding under the company's common share-based compensation programs. These programs could result in the issuance of common shares from time to time that would affect the measurement of basic and diluted earnings per common share.

There were no common shares of performance-vested awards excluded from the computation of diluted earnings per common share during the three and six months ended June 30, 2021, due to their inclusion being anti-dilutive (three and six months ended June 30, 2020: 0.3 million). There were no common shares of time-vested awards excluded from the computation of diluted earnings per common share during three and six months ended June 30, 2021 (three and six months ended June 30, 2020: none).

11. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies may arise in the ordinary course of business.

The company has committed to co-invest in certain investment products, which may be called in future periods. At June 30, 2021, the company's undrawn capital commitments were $427.7 million (December 31, 2020: $453.5 million).

The Parent and various company subsidiaries have entered into agreements with financial institutions to guarantee certain obligations of other company subsidiaries. The company would be required to perform under these guarantees in the event of certain defaults. The company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

Pursuant to an agreement entered into at the consummation of the acquisition of OppenheimerFunds, MassMutual, as the holder of seed capital investments in certain funds and accounts included in the acquisition, has the right to redeem its seed capital investments in accordance with an agreed upon schedule. In the event MassMutual exercises its redemption rights and the applicable fund or account is unable to meet such redemption (for example, due to illiquid investments or the need to maintain a level of investment in the fund), the company would be required to fund such redemption to MassMutual and seek reimbursement from the applicable fund or account at a later time when the fund or account is able to fulfill a redemption request. At June 30, 2021, the total amount of seed capital subject to this agreement is approximately $281 million. Since December 31, 2020, MassMutual exercised its redemption rights and redeemed a portion of the seed capital per the agreed upon schedule. The company does not anticipate having to fund any material seed capital redemptions subject to this agreement.

Legal Contingencies

The company is from time to time involved in pending or threatened litigation relating to claims arising in the ordinary course of its business. The nature and progression of litigation can make it difficult to predict the impact a particular lawsuit or claim will have on the company. There are many reasons that the company cannot make these assessments, including, among others, one or more of the following: the proceeding is in its early stages (or merely threatened); the damages sought are unspecified, unsupportable, unexplained or uncertain; the claimant is seeking relief other than compensatory damages; the matter presents novel legal claims or other meaningful legal uncertainties; discovery has not started or is not complete; there are significant facts in dispute; and there are other parties who may share in any ultimate liability.

In assessing the impact that a legal or regulatory matter will have on the company, management evaluates the need for an accrual on a case-by-case basis. If the likelihood of a loss is deemed probable and is reasonably estimable, the estimated loss is accrued. If the likelihood of a loss is assessed as less than probable, or an amount or range of loss cannot be reasonably estimated, a loss is not accrued. In management's opinion, adequate accrual has been made as of June 30, 2021 to provide for any such losses that may arise from matters for which the company could reasonably estimate an amount. Management is of the opinion that the ultimate resolution of such claims will not materially affect the company's business, financial position, results of operation or liquidity. Furthermore, in management's opinion, it is not possible to estimate a range of reasonably possible losses with respect to other litigation contingencies.

The investment management industry also is subject to extensive levels of ongoing regulatory oversight and examination. In the United States, United Kingdom and other jurisdictions in which the company operates, governmental authorities regularly make inquiries, hold investigations and administer market conduct examinations with respect to the company's compliance with applicable laws and regulations. Additional lawsuits or regulatory enforcement actions arising out of these inquiries may in the future be filed against the company and related entities and individuals in the United States, United Kingdom and other jurisdictions in which the company and its affiliates operate. Any material loss of investor and/or client confidence as a result of such inquiries and/or litigation could result in a significant decline in AUM, which would have an adverse effect on the company's future financial results and its ability to grow its business.

OppenheimerFunds acquisition-related matter

In the fourth quarter of 2019, the company identified an accounting matter which required a restatement of the historical financial statements for the following funds: (1) the Invesco Steelpath MLP Income Fund; (2) the Invesco Steelpath MLP Select 40 Fund; (3) the Invesco Steelpath MLP Alpha Fund; and (4) the Invesco Steelpath MLP Alpha Plus Fund (each a Fund and together the Funds). The company acquired sponsorship and management of the Funds on May 24, 2019 as part of its acquisition of OppenheimerFunds.

Remediation payments will be made to certain shareholders of the Funds negatively impacted by the restatement described above. The company expects to bear all or at least some portion of these and other remediation costs. Uncertainties remain as of the date of this report regarding the nature, scope and amounts of such costs, as well as the degree to which the company will ultimately be financially responsible for bearing such costs. Set forth below is a more detailed description of this matter, based on information available as of the date of this report.

The Funds invest substantially all their assets in entities that are structured as MLPs for tax purposes. As a result, the Funds are taxable as corporate entities versus as flow through entities, which is more typical for a mutual fund. Since these Funds are treated as corporate entities that are subject to the corporate tax rules, the Funds have tax attributes, including deferred tax assets and deferred tax liabilities, and must make assessments as to the amount of deferred tax assets that may be realizable in accordance with ASC 740 Income Taxes (ASC 740).

In preparing their financial statements for the fiscal year ended November 30, 2019, questions arose as to whether the Funds' previously issued financial statements for certain years failed to include appropriate valuation allowances against the Funds' deferred tax assets in accordance with ASC 740. Following a regulatory consultation on these matters, the Funds determined that financial statements issued between 2015 through 2019, and the daily net asset values recorded therein had to be restated. Remediating these matters has, will or may produce the following costs:

- Costs of processing the restated historical financial statements, and related costs of communicating with present and former Fund shareholders;
- Costs of reimbursing shareholders for transactions in Fund shares made at incorrect NAVs; and
- Certain additional costs in connection with these matters.

As stated above, uncertainties remain regarding the nature, scope and amount of these costs. Furthermore, there is uncertainty as to the degree to which the company will become ultimately responsible to absorb some or all such costs. The sources of such uncertainties include, among other things, the following:

- Implementation of the process and method for determining such remediation is not yet complete and remain subject to factors that are not yet certain and information that is not yet readily available.
- The company and/or the Funds may be entitled to seek reimbursement for certain of such costs under applicable insurance policies (subject to the terms of such policies, including applicable deductibles and policy limits).
- The company may be entitled to seek indemnification for certain of such costs from MassMutual under the OppenheimerFunds acquisition agreement (subject to the terms of such indemnification, including the specified deductible and limit).

The company continues to make progress in its remediation program, including obtaining fund shareholder information from certain omnibus accounts. Based on information that is currently available, we have reduced our estimated liability to $300.0 million (year ended December 31, 2020: $387.8 million). The estimated liability excludes any amounts that may be recovered through indemnification and insurance recoveries, as well as other remediation costs related to the matter, such as legal and consulting costs, or the costs of communicating with fund shareholders.

The original estimate was based primarily on assumptions around the activity of the underlying fund shareholders in the omnibus accounts. Our analysis of the patterns of actual underlying fund shareholder activity has resulted in a decrease to the estimated liability during the three months ended June 30, 2021. Estimation of the liability involves significant judgment, and we continue to analyze the data to determine the appropriate fund shareholder reimbursement amounts. Therefore, the estimated liability may increase or decrease in future periods. We expect fund shareholder reimbursement payments to be made during the fourth quarter of 2021.

The measurement period for this acquisition closed during the three months ended June 30, 2020; therefore, the adjustment made during the three months ended June 30, 2021 as well as any further adjustments to the estimate, including any recoveries from insurance or indemnification, are and will be recorded through earnings in transaction, integration and restructuring expense. Remediation costs of $1.9 million and $3.3 million, respectively, have been incurred during the three and six months ended June 30, 2021 (year ended December 31, 2020: $11.6 million) and recorded as transaction, integration and restructuring expense.

Fund Rebalancing Matter

During the second quarter of 2020, the company discovered and corrected an error with respect to two funds: the Invesco Equally-Weighted S&P 500 Fund and Invesco V.I. Equally-Weighted S&P 500 Fund (the Funds). The Funds are passive funds that are managed to track the S&P 500 Equal Weight Index (the Index). In March 2020, due to volatility in the equity markets, S&P Dow Jones Indices communicated the decision to delay, and ultimately to separate, the rebalancing dates for its indices and noted some indices would be rebalanced in April and others in June. The company noted this delay but not the separation of rebalance dates and omitted rebalancing the Funds on April 24, 2020 when S&P rebalanced the Index. The company discovered this omission and rebalanced the Funds on April 29, 2020. The company has paid the Funds $105.3 million to compensate them for the performance difference that arose from market movements between April 24 and April 29. This amount was recorded as a general and administrative expense during the year ended December 31, 2020. The company is seeking reimbursement of this loss under applicable insurance coverages (subject to the terms of such policies, including applicable deductibles and policy limits); however, the amount and timing of any recovery is uncertain as of June 30, 2021.

12. CONSOLIDATED INVESTMENT PRODUCTS (CIP)

The following table presents the balances related to CIP that are included on the Condensed Consolidated Balance Sheets as well as Invesco's net interest in the CIP for each period presented. See the company's most recently filed Form 10-K for additional disclosures on valuation methodology and fair value.

	As of	
$ in millions	**June 30, 2021**	**December 31, 2020**
Cash and cash equivalents of CIP	404.1	301.7
Accounts receivable and other assets of CIP	488.3	175.5
Investments of CIP	8,304.8	7,910.0
Less: Debt of CIP	(6,750.7)	(6,714.1)
Less: Other liabilities of CIP	(1,118.6)	(588.6)
Less: Retained earnings	0.1	0.1
Less: Accumulated other comprehensive income, net of tax	—	—
Less: Equity attributable to redeemable noncontrolling interests	(363.9)	(211.8)
Less: Equity attributable to nonredeemable noncontrolling interests	(517.9)	(446.3)
Invesco's net interests in CIP	446.2	426.5

The following table reflects the impact of consolidation of investment products into the Condensed Consolidated Statements of Income for the three and six months ended June 30, 2021 and 2020:

	Three months ended June 30,		Six months ended June 30,	
$ in millions	**2021**	**2020**	**2021**	**2020**
Total operating revenues	(10.2)	(10.5)	(20.3)	(19.4)
Total operating expenses	9.0	1.5	15.9	18.5
Operating income	(19.2)	(12.0)	(36.2)	(37.9)
Equity in earnings of unconsolidated affiliates	(27.2)	53.4	(61.5)	36.8
Interest and dividend income	—	(0.1)	—	(0.3)
Other gains and losses, net	(8.0)	(28.6)	(6.8)	13.4
Interest and dividend income of CIP	66.5	79.7	135.2	164.9
Interest expense of CIP	(38.4)	(52.5)	(79.3)	(109.4)
Other gains/(losses) of CIP, net	93.9	(77.7)	160.8	(126.1)
Income before income taxes	67.6	(37.8)	112.2	(58.6)
Income tax provision	—	—	—	—
Net income	67.6	(37.8)	112.2	(58.6)
Net (income)/loss attributable to noncontrolling interests in consolidated entities	(67.6)	37.7	(112.2)	58.4
Net income attributable to Invesco Ltd.	—	(0.1)	—	(0.2)

Non-consolidated VIEs

At June 30, 2021, the company's carrying value and maximum risk of loss with respect to variable interest entities (VIEs) in which the company is not the primary beneficiary was $154.6 million (December 31, 2020: $152.0 million).

Balance Sheet information - newly consolidated VIEs/VOEs

During the six months ended June 30, 2021, there were six newly consolidated variable interest entities (VIEs) and three newly consolidated voting rights entities (VOEs) (June 30, 2020: there were four newly consolidated VIEs and no newly consolidated VOEs). The table below illustrates the summary balance sheet amounts related to these products before consolidation into the company. The balances below are reflective of the balances existing at the consolidation date after the initial funding of the investments by the company and unrelated third-party investors. The current period activity for the consolidated funds, including the initial funding and subsequent investment of initial cash balances into underlying investments of CIP, is reflected in the company's Condensed Consolidated Financial Statements.

	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
$ in millions	**VIEs**	**VOEs**	**VIEs**	**VOEs**
Cash and cash equivalents of CIP	7.7	—	9.1	—
Accounts receivable and other assets of CIP	3.4	1.0	1.2	—
Investments of CIP	242.9	131.4	114.2	—
Total assets	254.0	132.4	124.5	—
Debt of CIP	34.1	—	75.8	—
Other liabilities of CIP	206.2	1.0	37.8	—
Total liabilities	240.3	1.0	113.6	—
Total equity	13.7	131.4	10.9	—
Total liabilities and equity	254.0	132.4	124.5	—

Balance Sheet information - deconsolidated VIEs/VOEs

During the six months ended June 30, 2021, the company determined that it was no longer the primary beneficiary of five VIEs and no longer held the majority voting interest in four VOEs (June 30, 2020: the company determined that it was no longer the primary beneficiary of six VIEs and no longer held the majority voting interest in eleven VOEs). The amounts deconsolidated from the Condensed Consolidated Balance Sheets are illustrated in the table below. There was no net impact to the Condensed Consolidated Statements of Income for the six months ended June 30, 2021 and 2020 from the deconsolidation of these investment products.

	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
$ in millions	**VIEs**	**VOEs**	**VIEs**	**VOEs**
Cash and cash equivalents of CIP	6.1	0.1	0.3	0.2
Accounts receivable and other assets of CIP	1.8	0.1	2.8	1.1
Investments of CIP	284.4	27.6	216.8	134.1
Total assets	292.3	27.8	219.9	135.4
Debt of CIP	258.3	—	—	—
Other liabilities of CIP	17.3	—	2.0	—
Total liabilities	275.6	—	2.0	—
Total equity	16.7	27.8	217.9	135.4
Total liabilities and equity	292.3	27.8	219.9	135.4

The following tables present the fair value hierarchy levels of certain CIP balances which are measured at fair value as of June 30, 2021 and December 31, 2020:

	As of June 30, 2021				
$ in millions	**Fair Value Measurements**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Investments Measured at NAV as a practical expedient**
Assets:					
Bank loans	7,053.8	—	7,053.8	—	—
Bonds	562.2	—	562.2	—	—
Equity securities	343.7	258.1	85.6	—	—
Equity and fixed income mutual funds	33.5	14.6	18.9	—	—
Investments in other private equity funds	311.6	—	8.1	—	303.5
Total assets at fair value	8,304.8	272.7	7,728.6	—	303.5

	As of December 31, 2020				
$ in millions	**Fair Value Measurements**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Investments Measured at NAV as a practical expedient**
Assets:					
Bank loans	6,864.5	—	6,864.5	—	—
Bonds	539.0	0.6	538.4	—	—
Equity securities	137.2	61.3	75.9	—	—
Equity and fixed income mutual funds	103.0	91.2	11.8	—	—
Investments in other private equity funds	266.3	—	8.1	—	258.2
Total assets at fair value	7,910.0	153.1	7,498.7	—	258.2

The following tables show a reconciliation of the beginning and ending fair value measurements for level 3 assets using significant unobservable inputs:

millions	Three months ended June 30, 2020 Level 3 Asset	Six months ended June 30, 2020 Level 3 Assets
inning balance	89.4	78.6
onsolidation of CIP	(89.4)	(89.4)
Gains and losses included in the Condensed Consolidated Statements of Income	—	10.8
ing balance	—	—

The collateral assets held by consolidated CLOs are primarily invested in senior secured bank loans, bonds and equity securities. Bank loan investments of $7,043.2 million, which comprise the majority of consolidated CLO portfolio collateral, are senior secured corporate loans from a variety of industries, including but not limited to the aerospace and defense, broadcasting, technology, utilities, household products, healthcare, oil and gas and finance industries. Bank loan investments mature at various dates between 2021 and 2029, pay interest at LIBOR plus a spread of up to 12.0% and typically range in S&P credit rating categories from BBB down to unrated. Approximately less than 0.61% of the collateral assets were in default as of June 30, 2021 and 2020. Interest income on bank loans and bonds is recognized based on the unpaid principal balance and stated interest rate of these investments on an accrual basis. At June 30, 2021, the unpaid principal balance exceeds the fair value of the senior secured bank loans and bonds by approximately $84.2 million (December 31, 2020: the unpaid principal balance exceeded the fair value of the senior secured bank loans and bonds by approximately $208.6 million). These investments are accounted for on a one-month lag based on the availability of fund financial information, which means the second quarter fair value reflects a valuation as of May 31, 2021. CLO investments are valued based on price quotations provided by third-party pricing sources. These third-party sources aggregate indicative price quotations to provide the company with a price for the CLO investments. The company has developed internal controls to review the reasonableness and completeness of these price quotations. If necessary, price quotations are challenged through a third-party pricing challenge process.

Notes issued by consolidated CLOs mature at various dates between 2030 and 2034 and have a weighted average maturity of 10.83 years. The notes are issued in various tranches with different risk profiles. The interest rates are generally variable rates based on LIBOR plus a pre-defined spread, which varies from 0.40% for the more senior tranches to 8.51% for the more subordinated tranches. The investors in this debt are not affiliated with the company and have no recourse to the general credit of the company for this debt.

The table below summarizes as of June 30, 2021 and December 31, 2020, the nature of investments that are valued using the NAV as a practical expedient and any related liquidation restrictions or other factors which may impact the ultimate value realized. These investments are valued on a three-month lag based on the availability of fund financial information.

	June 30, 2021			December 31, 2020		
in millions, except term data	Fair Value	Total Unfunded Commitments	Weighted Average Remaining Term [2]	Fair Value	Total Unfunded Commitments	Weighted Average Remaining Term [2]
Private equity funds [1]	$303.5	$87.4	6.6 years	$258.2	$110.1	6.7 years

(1) These investments are not subject to redemption; however, for certain funds, the investors may sell or transfer their interest, which may require approval by the general partner of the underlying funds.

(2) These investments are expected to be returned through distributions because of liquidations of the funds' underlying assets over the weighted average periods indicated.

13. RELATED PARTIES

As a result of the OppenheimerFunds acquisition, MassMutual has an approximate 16.5% stake in the common stock of the company and owns all of the outstanding $4.0 billion in perpetual, non-cumulative preferred shares. Based on the level of shares owned by MassMutual and the corresponding customary minority shareholder rights, which includes representation on Invesco's board of directors, the company considers MassMutual a related party.

Additionally, certain managed funds are deemed to be affiliated entities under the related party definition in ASC 850, "Related Party Disclosures." Related parties include those defined in the company's proxy statement.

Revenue for services provided to related managed funds are as follows:

	Three months ended June 30,		Six months ended June 30,	
$ in millions	**2021**	**2020**	**2021**	**2020**
Affiliated operating revenues:				
Investment management fees	1,128.3	932.1	2,218.3	1,988.0
Service and distribution fees	379.6	316.7	745.9	665.9
Performance fees	4.2	2.4	5.8	3.4
Other	60.2	43.6	122.1	103.0
Total affiliated operating revenues	1,572.3	1,294.8	3,092.1	2,760.3

Receivables and Payables with Affiliated entities:

Due from affiliates, which is included within accounts receivables, unsettled fund receivables and other assets on the consolidated balance sheet is $822.6 million and $612.0 million at June 30, 2021 and December 31, 2020 respectively, primarily comprised of receivables from affiliated Invesco funds, accrued income and other balances receivable from related parties and receivables from employees.

Due to affiliates, which is included within accounts payable, accrued compensation and unsettled fund payables on the consolidated balance sheet is $368.9 million and $171.6 million at June 30, 2021 and December 31, 2020, respectively, primarily comprised of payables to affiliated Invesco funds and other payables to all related parties, which mostly include balances due to employees (i.e., deferred compensation liabilities, vacation accruals, bonus accrual, etc.) and other balances include defined benefit obligations and deferred carried interest.

Refer to Note 2, "Fair Value of Assets and Liabilities" and Note 3, "Investments" for more information on balances invested in Invesco affiliated funds.

14. SUBSEQUENT EVENTS

On July 27, 2021, the company announced a second quarter 2021 dividend of $0.17 per common share, payable on September 1, 2021, to common shareholders of record at the close of business on August 13, 2021 with an ex-dividend date of August 12, 2021.

On July 27, 2021, the company declared a preferred dividend of $14.75 per share representing the period from June 1, 2021 through August 31, 2021. The preferred dividend is payable on September 1, 2021 to preferred shareholders of record at the close of business on August 16, 2021.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Forward-Looking Statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Consolidated Financial Statements and related Notes thereto, which appear elsewhere in this Report. Except for the historical financial information, this Report may include statements that constitute "forward-looking statements" under the United States securities laws. Forward-looking statements include information concerning future results of our operations, expenses, earnings, liquidity, cash flow and capital expenditures, industry or market conditions, assets under management, geopolitical events and the COVID-19 pandemic and their respective potential impact on the company, acquisitions and divestitures, debt and our ability to obtain additional financing or make payments, regulatory developments, demand for and pricing of our products and other aspects of our business or general economic conditions. In addition, words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects," "forecasts," and future or conditional verbs such as "will," "may," "could," "should," and "would" as well as any other statement that necessarily depends on future events, are intended to identify forward-looking statements.

Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks described in this Report and our most recent Form 10-K and Forms 10-Q filed with the Securities and Exchange Commission (SEC).

You may obtain these reports from the SEC's website at www.sec.gov. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate.

References

In this Report, unless otherwise specified, the terms "we," "our," "us," "company," "firm," "Invesco," and "Invesco Ltd." refer to Invesco Ltd., a company incorporated in Bermuda, and its subsidiaries.

Executive Overview

The following executive overview summarizes the significant trends affecting our results of operations and financial condition for the periods presented. This overview and the remainder of this management's discussion and analysis supplements and should be read in conjunction with the Condensed Consolidated Financial Statements of Invesco Ltd. and its subsidiaries and the notes thereto contained elsewhere in this Report.

The table below summarizes returns based on price appreciation/(depreciation) of several major market indices for the three and six months ended June 30, 2021 and 2020:

		Three months ended June 30,		Six months ended June 30,	
Equity Index	**Index expressed in currency**	**2021**	**2020**	**2021**	**2020**
S&P 500	U.S. Dollar	8.2 %	20.0 %	14.4 %	(4.0)%
FTSE 100	British Pound	4.8 %	8.8 %	8.9 %	(18.2)%
FTSE 100	U.S. Dollar	4.8 %	8.6 %	10.1 %	(23.7)%
Nikkei 225	Japanese Yen	(1.3)%	17.8 %	4.9 %	(5.8)%
Nikkei 225	U.S. Dollar	(1.8)%	17.8 %	(2.5)%	(4.9)%
MSCI Emerging Markets	U.S. Dollar	4.4 %	17.3 %	6.5 %	(10.7)%
Bond Index					
Barclays U.S. Aggregate Bond	U.S. Dollar	1.8 %	2.9 %	(1.6)%	6.1 %

The company's financial results are impacted by the fluctuations in exchange rates against the U.S. Dollar, as discussed in the "Results of Operations" section below.

Our revenues are directly influenced by the level and composition of our AUM. As a significant proportion of our AUM is based outside of the U.S., changes in foreign exchange rates result in a change to the mix of U.S. Dollar denominated AUM with AUM denominated in other currencies. As fee rates differ across geographic locations, changes to exchange rates have an impact on the net revenue yields. Changes in our AUM mix also significantly impact our net revenue yield. Passive AUM generally earn a lower effective fee rate than active asset classes, and changes in the mix of products therefore have an impact on our net revenue yield. At the industry level, investors continue to shift towards passive products and away from active, and

Invesco is able to participate in this trend due to the breadth, strength and diversified nature of our business. Therefore, movements in global capital market levels, net new business inflows (or outflows) and changes in the mix of investment products between asset classes and geographies may materially affect our revenues from period to period.

Invesco benefits from our long-term efforts to ensure a diversified base of AUM. One of Invesco's core strengths, and a key differentiator for the company within the industry, is our broad diversification across client domiciles, asset classes and distribution channels. Our geographic diversification recognizes growth opportunities in different parts of the world. This broad diversification mitigates the impact on Invesco of different market cycles and enables the company to take advantage of growth opportunities in various markets and channels.

Update on significant events and transactions

As previously disclosed, we are undertaking a strategic evaluation of our business focusing on four key areas of our expense base: our organizational model, our real estate footprint, management of third party spend and technology and operations efficiency. Through this evaluation, we have invested and will continue to invest in key areas of growth aligned with our strategic plan, including ETFs, Fixed Income, China, Solutions, Alternatives and Global Equities, which has had a positive impact on the results for the quarter. This helped us achieve twelve straight months of net long-term inflows and a record $31.1 billion of inflows for the quarter, including a nearly $18 billion institutional passive mandate in Asia-Pacific.

While investing in key areas of growth, we plan to create permanent annual net operating expense improvements of $200 million. A significant element of the savings will be generated from realigning our workforce to support key areas of growth as well as repositioning some of our workforce to lower cost locations. We expect $150 million of the savings to be achieved by the end of 2021 with the remainder by the end of 2022. In 2021 to date, we realized $95 million in annualized savings, which when combined with the $30 million in annualized savings realized in 2020, results in $125 million, or 63%, of our $200 million net savings expectation. Remaining restructuring costs related to the strategic evaluation are estimated to be in a range of $80 million to $105 million through the end of 2022, with $169 million incurred since we began the strategic evaluation.

We remain highly focused on our capital management and believe we are making solid progress in our efforts to build financial flexibility. Our revolver balance was zero as of June 30, 2021, consistent with our commitment to improve our leverage profile. We settled the remaining forward contracts on April 1, 2021. We renegotiated our $1.5 billion credit facility, extending the maturity date to April 2026. We remain committed to a sustainable dividend policy and to returning capital to shareholders longer term through a combination of modestly increasing dividends and share repurchases.

In April 2021, we announced plans to transition to State Street’s Alpha platform, an asset servicing platform that will integrate front, middle and back office investment services. The migration to Alpha is expected to simplify Invesco’s investment infrastructure to improve scale, reduce risk and improve operating efficiency, allowing Invesco to create a global operating model that will standardize and streamline its investment operations. The integration began in the second quarter of 2021, with completion in 2024.

On May 24, 2019, the company completed the acquisition of OppenheimerFunds, an investment management subsidiary of MassMutual. As part of the acquisition, the company acquired the management contracts of the SteelPath-branded MLP funds and became the Adviser to the funds. In 2019, the company identified an accounting matter related to the funds’ financial statements and in 2020 concluded that it was probable that the company would incur at least some costs associated with the matter. The company continues to make progress in its remediation program, including obtaining investor information from certain omnibus accounts. Based on information that is currently available, we have revised our estimated liability to $300.0 million, which resulted in a benefit to expense of $85.4 million recorded in transaction, integration and restructuring expense. The estimated liability excludes any amounts that may be recovered through indemnification and insurance recoveries, as well as other remediation costs related to the matter, such as legal and consulting costs, or the costs of communicating with fund shareholders. Estimation of the liability involves significant judgment, and we continue to analyze the data to determine the appropriate fund shareholder reimbursement amounts. Therefore, the estimated liability may increase or decrease in future periods. We expect fund shareholder reimbursement payments to be made during the fourth quarter of 2021. See Note 11, "Commitments and Contingencies," for additional details regarding the accounting matter.

Managing our business and meeting client needs through COVID-19

Invesco is committed to helping our employees, our clients and our communities navigate the challenges presented by the continued impacts of COVID-19. The primary focus of our efforts is to ensure the health and safety of our employees while preserving our ability to serve clients and manage assets in a highly dynamic market environment. As always, we are committed to helping our clients achieve their investment objectives through disciplined long-term investing. To this end, we continue to proactively engage with our clients virtually to help them better navigate market uncertainty by providing thought leadership and other value-added services.

Our portfolio managers, research analysts and traders are also successfully working remotely or in secure locations with access to all systems necessary to do their jobs and an ability to connect with their teams in managing client assets. Additionally, our operational, control and support teams are primarily working in a remote environment. In light of the remote working environment, we continue to assess and enhance our business continuity plans as well as our internal controls with appropriate adjustments made to address the environment.

Looking ahead, we will balance our employees' desire for increased flexibility with the needs of our clients and our business as we define our approach to transitioning to "new normal" ways of working in a post-COVID-19 world. The vast majority of employees will be working in their assigned office location at least part of the time and will either be working in-office, working remotely or working in a hybrid of these two models. Decisions regarding office location and flexibility are supported by internal research focused on the needs of our employees and clients. This overall, thoughtful and coordinated approach helps ensure our ability to continue to meet the needs of our clients as well as our employees.

Other External Factors Impacting Invesco

Investment exposure to the London Interbank Offered Rate (LIBOR) based interest rates could impact our client portfolios. The UK Financial Conduct Authority (FCA), which regulates LIBOR, has noted in a March 5, 2021 announcement that December 31, 2021 will be the cessation date for all tenors of GBP LIBOR, JPY LIBOR, CHF LIBOR and 1-week & 2-month tenors of USD LIBOR. The FCA also set June 30, 2023 as the cessation date for the other five tenors (overnight, 1-month, 3-month, 6-month and 12-month) of USD LIBOR.

Additionally, this FCA announcement constitutes an index cessation event under the International Swaps and Derivatives Association Inc.'s (ISDA) IBOR Fallbacks Supplement and the ISDA 2020 IBOR Fallbacks Protocol, as well as the Alternative Reference Rate Committee's fallback language for non-consumer cash products, giving the market clarity on the spread adjustments to alternative reference rate based fallbacks for all EUR, CHF, GBP, JPY and USD LIBOR settings.

Invesco, similar to the broader industry, has begun transitioning away from LIBOR to alternative risk-free rates according to regulator and working group defined timelines and guidance. Invesco continues to actively monitor and adjust the LIBOR transition strategy and timeline as necessary. The discontinuance of LIBOR may adversely affect the amount of interest or other amounts payable or receivable on certain portfolio investments. These changes may also impact the market liquidity and market value of these portfolio investments. Invesco finalized its global assessment of exposure in relation to funds holding LIBOR based instruments and funds utilizing LIBOR as a benchmark and/or performance target. Invesco is prioritizing the mitigation of risks associated with financial instruments held and benchmarks/performance targets used that reference existing LIBOR rates, as well as any impact on Invesco portfolios and investment strategies. Invesco continues to monitor overall industry transition progress and completes ongoing analysis of the suitability of alternative risk-free rates.

Presentation of Management's Discussion and Analysis of Financial Condition and Results of Operations - Impact of Consolidated Investment Products

The company provides investment management services to, and has transactions with, various retail mutual funds and similar entities, private equity, real estate, fund-of-funds, collateralized loan obligation products (CLOs) and other investment entities sponsored by the company for the investment of client assets in the normal course of business. The company serves as the investment manager, making day-to-day investment decisions concerning the assets of the products. Investment products that are consolidated are referred to in this Form 10-Q (Report) as consolidated investment products (CIP). The company's economic risk with respect to each investment in CIP is limited to its equity ownership and any uncollected management and performance fees. See also Note 12, "Consolidated Investment Products", for additional information regarding the impact of the consolidation of managed funds.

The majority of the company's CIP balances are CLO-related. The collateral assets of the CLOs are held solely to satisfy the obligations of the CLOs. The company has no right to the benefits from, nor does it bear the risks associated with, the collateral assets held by the CLOs, beyond the company's direct investments in, and management and performance fees generated from, the CLOs. If the company were to liquidate, the collateral assets would not be available to the general creditors of the company, and as a result, the company does not consider them to be company assets. Likewise, the investors in the CLOs have no recourse to the general credit of the company for the notes issued by the CLOs. The company therefore does not consider this debt to be a company liability.

The impact of CIP is so significant to the presentation of the company's Condensed Consolidated Financial Statements that the company has elected to deconsolidate these products in its non-GAAP disclosures among other adjustments. See Schedule of Non-GAAP Information for additional information regarding these adjustments. The following discussion therefore combines the results presented under U.S. generally accepted accounting principles (U.S. GAAP) with the company's non-GAAP presentation. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains four distinct sections, which follow the AUM discussion:

- Results of Operations (three and six months ended June 30, 2021 compared to three and six months ended June 30, 2020);
- Schedule of Non-GAAP Information;
- Balance Sheet Discussion; and
- Liquidity and Capital Resources.

Wherever a non-GAAP measure is referenced, a disclosure will follow in the narrative or in the note referring the reader to the Schedule of Non-GAAP Information, where additional details regarding the use of the non-GAAP measure by the company are disclosed, along with reconciliations of the most directly comparable U.S. GAAP measures to the non-GAAP measures. To further enhance the readability of the Results of Operations section, separate tables for each of the revenue, expense and other income and expenses (non-operating income/expense) sections of the income statement introduce the narrative that follows, providing a section-by-section review of the company's income statements for the periods presented.

Summary Operating Information

Summary operating information is presented in the table below:

$ in millions, other than per common share amounts, operating margins and AUM	Three months ended June 30,		Six months ended June 30,	
U.S. GAAP Financial Measures Summary	**2021**	**2020**	**2021**	**2020**
Operating revenues	1,721.4	1,419.0	3,381.1	3,017.9
Operating income	470.9	117.1	815.2	434.1
Operating margin	27.4 %	8.3 %	24.1 %	14.4 %
Net income attributable to Invesco Ltd.	368.3	40.5	636.1	122.0
Diluted EPS	0.79	0.09	1.37	0.26
Non-GAAP Financial Measures Summary				
Net revenues [1]	1,302.9	1,034.3	2,553.9	2,180.1
Adjusted operating income [2]	540.5	359.7	1,043.5	772.4
Adjusted operating margin [2]	41.5 %	34.8 %	40.9 %	35.4 %
Adjusted net income attributable to Invesco Ltd. [3]	364.7	159.7	681.3	315.0
Adjusted diluted EPS [3]	0.78	0.35	1.46	0.68
Assets Under Management				
Ending AUM (billions)	1,525.0	1,145.2	1,525.0	1,145.2
Average AUM (billions)	1,480.2	1,118.7	1,437.7	1,147.5

(1) Net revenues is a non-GAAP financial measure. Net revenues are operating revenues plus the net revenues of our Great Wall joint venture; less pass-through revenue adjustments to investment management fees, service and distribution fees and other; plus management and performance fees earned from CIP. See "Schedule of Non-GAAP Information" for the reconciliation of operating revenues to net revenues.

(2) Adjusted operating income and adjusted operating margin are non-GAAP financial measures. Adjusted operating margin is adjusted operating income divided by net revenues. Adjusted operating income includes operating income plus the net operating income of our joint venture investments, the operating income impact of the consolidation of investment products, transaction, integration and restructuring adjustments, adjustments for amortization of intangibles, compensation expense related to market valuation changes in deferred compensation plans and other reconciling items. See "Schedule of Non-GAAP Information," for the reconciliation of operating income to adjusted operating income.

(3) Adjusted net income attributable to Invesco Ltd. and adjusted diluted EPS are non-GAAP financial measures. Adjusted net income attributable to Invesco Ltd. is net income attributable to Invesco Ltd. adjusted to exclude the net income of CIP, transaction, integration and restructuring adjustments, adjustments for amortization of intangibles, adjustments for the tax benefits resulting from tax amortization of goodwill and indefinite-lived intangible assets, the net income impact of deferred compensation plans and other reconciling items. Adjustments made to net income attributable to Invesco Ltd. are tax-affected in arriving at adjusted net income attributable to Invesco Ltd. By calculation, adjusted diluted EPS is adjusted net income attributable to Invesco Ltd. divided by the weighted average number of common shares outstanding (for diluted EPS). See "Schedule of Non-GAAP Information," for the reconciliation of net income attributable to Invesco Ltd. to adjusted net income attributable to Invesco Ltd.

Investment Capabilities Performance Overview

Invesco's first strategic priority is to achieve strong investment performance over the long-term for our clients. The table below presents the one-, three-, five-, and ten-year performance of our actively managed investment products measured by the percentage of AUM ahead of benchmark and AUM in the top half of peer group [(1)].

	Benchmark Comparison				Peer Group Comparison			
	% of AUM In Top Half of Benchmark				% of AUM in Top Half of Peer Group			
	1yr	3yr	5yr	10yr	1yr	3yr	5yr	10yr
Equities [(2)]								
U.S. Core (5%)	55 %	17 %	13 %	9 %	8 %	21 %	17 %	4 %
U.S. Growth (7%)	61 %	52 %	88 %	52 %	73 %	100 %	87 %	51 %
U.S. Value (7%)	51 %	7 %	51 %	48 %	51 %	6 %	50 %	33 %
Sector (2%)	69 %	97 %	97 %	96 %	67 %	66 %	67 %	67 %
UK (1%)	22 %	28 %	34 %	41 %	12 %	10 %	22 %	27 %
Canadian (<1%)	100 %	41 %	41 %	34 %	75 %	41 %	41 %	12 %
Asian (3%)	67 %	83 %	81 %	93 %	62 %	54 %	64 %	72 %
Continental European (2%)	70 %	12 %	17 %	90 %	70 %	10 %	26 %	55 %
Global (7%)	84 %	74 %	74 %	87 %	67 %	29 %	79 %	44 %
Global Ex U.S. and Emerging Markets (13%)	17 %	90 %	87 %	99 %	17 %	64 %	70 %	75 %
Fixed Income [(2)]								
Money Market (17%)	89 %	99 %	100 %	100 %	78 %	76 %	77 %	99 %
U.S. Fixed Income (12%)	96 %	77 %	95 %	95 %	90 %	86 %	90 %	90 %
Global Fixed Income (5%)	93 %	85 %	96 %	97 %	59 %	63 %	69 %	71 %
Stable Value (5%)	100 %	100 %	100 %	100 %	97 %	97 %	100 %	100 %
Other [(2)]								
Alternatives (6%)	48 %	41 %	52 %	40 %	46 %	50 %	43 %	56 %
Balanced (8%)	72 %	60 %	65 %	66 %	93 %	61 %	90 %	93 %

(1) Excludes passive products, closed-end funds, private equity limited partnerships, non-discretionary funds, unit investment trusts, fund of funds with component funds managed by Invesco, stable value building block funds and CDOs. Certain funds and products were excluded from the analysis because of limited benchmark or peer group data. Had these been available, results may have been different. These results are preliminary and subject to revision.

Data as of June 30, 2021. AUM measured in the one, three, five and ten year quartile rankings represents 51%, 50%, 49% and 45% of total Invesco AUM, respectively, and AUM measured versus benchmark on a one, three, five and ten year basis represents 62%, 60%, 58% and 53% of total Invesco AUM. Performance shown is asset-weighted. Peer group rankings are sourced from a widely-used third party ranking agency in each fund's market (e.g., Morningstar, IA, Lipper, eVestment, Mercer, Galaxy, SITCA, Value Research). Rankings are as of prior quarter-end for most institutional products and prior month-end for Australian retail funds due to their late release by third parties. Rankings are calculated against all funds in each peer group. Rankings for the primary share class of the most representative fund in each composite are applied to all products within each composite. Performance assumes the reinvestment of dividends. Past performance is not indicative of future results and may not reflect an investor's experience.

(2) Numbers in parenthesis reflect AUM for each investment product (see Note above for exclusions) as a percentage of the total AUM for the 5 year peer group ($743.9 billion).

Assets Under Management movements for the three and six months ended June 30, 2021 compared with the three and six months ended June 30, 2020

The following presentation and discussion of AUM includes Passive and Active AUM. Passive AUM includes index-based ETFs, unit investment trusts (UITs), non-management fee earning AUM and other passive mandates. Active AUM is total AUM less Passive AUM.

Non-management fee earning AUM includes non-management fee earning ETFs, UIT and product leverage. The net flows in non-management fee earning AUM can be relatively short-term in nature and, due to the relatively low revenue yield, these can have a significant impact on overall net revenue yield.

The AUM tables and the discussion below refer to certain AUM as long-term. Long-term inflows and the underlying reasons for the movements in this line item include investments from new clients, existing clients adding new accounts/funds or contributions/subscriptions into existing accounts/funds. Long-term outflows reflect client redemptions from accounts/funds and include the return of invested capital on the maturity. We present net flows into money market funds separately because shareholders of those funds typically use them as short-term funding vehicles and because their flows are particularly sensitive to short-term interest rate movements.

Changes in AUM were as follows:

	For the three months ended June 30,					
	2021			2020		
$ in billions	**Total AUM**	**Active**	**Passive**	**Total AUM**	**Active**	**Passive**
March 31	1,404.1	1,006.3	397.8	1,053.4	807.3	246.1
Long-term inflows	114.4	61.1	53.3	62.7	42.3	20.4
Long-term outflows	(83.3)	(59.0)	(24.3)	(76.9)	(55.7)	(21.2)
Net long-term flows	31.1	2.1	29.0	(14.2)	(13.4)	(0.8)
Net flows in non-management fee earning AUM	2.5	—	2.5	(8.7)	—	(8.7)
Net flows in money market funds	19.8	19.8	—	(6.6)	(6.6)	—
Total net flows	53.4	21.9	31.5	(29.5)	(20.0)	(9.5)
Reinvested distributions	0.9	0.9	—	1.8	1.8	—
Market gains and losses	65.6	35.3	30.3	117.7	72.8	44.9
Foreign currency translation	1.0	1.6	(0.6)	1.8	1.6	0.2
June 30	1,525.0	1,066.0	459.0	1,145.2	863.5	281.7
Average AUM						
Average long-term AUM	1,173.9	921.4	252.5	879.3	728.7	150.6
Average AUM	1,480.2	1,049.1	431.1	1,118.7	848.8	269.9
Revenue yield						
Gross revenue yield on AUM [1]	49.2	61.7	21.2	52.9	63.6	20.9
Gross revenue yield on AUM before performance fees [1]	48.9	61.2	21.2	52.7	63.4	20.9
Net revenue yield on AUM [2]	35.2	44.3	13.1	37.0	44.9	12.1
Net revenue yield on AUM before performance fees [2]	34.8	43.7	13.1	36.8	44.6	12.1

	For the six months ended June 30,					
	2021			2020		
$ in billions	Total AUM	Active	Passive	Total AUM	Active	Passive
December 31	1,349.9	979.3	370.6	1,226.2	929.2	297.(
Long-term inflows	234.6	137.4	97.2	147.4	97.0	50.4
Long-term outflows	(179.0)	(127.8)	(51.2)	(180.7)	(131.0)	(49.7
Net long-term flows	55.6	9.6	46.0	(33.3)	(34.0)	0.7
Net flows in non-management fee earning AUM	2.6	—	2.6	(18.0)	—	(18.(
Net flows in money market funds	27.1	27.1	—	19.7	19.7	–
Total net flows	85.3	36.7	48.6	(31.6)	(14.3)	(17.3
Reinvested distributions	1.8	1.8	—	2.9	2.9	–
Market gains and losses	90.2	49.5	40.7	(45.0)	(47.2)	2.2
Foreign currency translation	(2.2)	(1.3)	(0.9)	(7.3)	(7.1)	(0.2
June 30	1,525.0	1,066.0	459.0	1,145.2	863.5	281.7
Average AUM						
Average long-term AUM	1,142.1	907.1	235.0	917.2	760.7	156.5
Average AUM	1,437.7	1,028.8	408.9	1,147.5	869.0	278.5
Revenue yield						
Gross revenue yield on AUM [1]	49.8	62.1	21.1	54.7	65.8	21.9
Gross revenue yield on AUM before performance fees [1]	49.5	61.7	21.1	54.6	65.6	21.9
Net revenue yield on AUM [2]	35.5	44.5	12.9	38.0	46.1	12.7
Net revenue yield on AUM before performance fees [2]	35.2	44.1	12.9	37.7	45.7	12.7

(1) Gross revenue yield on AUM is equal to annualized total operating revenues divided by average AUM, excluding Invesco Great Wall AUM. The average AUM for Invesco Great Wall in the three and six months ended June 30, 2021 was $81.1 billion and $78.9 billion (three and six months ended June 30, 2020: $45.1 billion and $44.2 billion). It is appropriate to exclude the average AUM of Invesco Great Wall for purposes of computing gross revenue yield on AUM, because the revenues resulting from these AUM are not presented in our operating revenues. Under U.S. GAAP, our share of the net income of Invesco Great Wall Fund Management Company ("Invesco Great Wall") is recorded as equity in earnings of unconsolidated affiliates on our Condensed Consolidated Statements of Income. Gross revenue yield, the most comparable U.S. GAAP-based measure to net revenue yield, is not considered a meaningful effective fee rate measure. Additionally, the numerator of the gross revenue yield measure, operating revenues, excludes the management fees earned from CIP; however, the denominator of the measure includes the AUM of these investment products. Therefore, the gross revenue yield measure is not considered representative of the company's effective fee rate from AUM.

(2) Net revenue yield on AUM is equal to annualized net revenues divided by average AUM. See "Schedule of Non-GAAP Information" for a reconciliation of operating revenues to net revenues.

Flows

There are numerous drivers of AUM inflows and outflows, including individual investor decisions to change investment preferences, fiduciaries and other gatekeepers making broad asset allocation decisions on behalf of their clients and reallocation of investments within portfolios. We are not a party to these asset allocation decisions, as the company does not generally have access to the underlying investor's decision-making process, including their risk appetite or liquidity needs. Therefore, the company is not in a position to provide meaningful information regarding the drivers of inflows and outflows.

Average AUM during the three months ended June 30, 2021 were $1,480.2 billion, compared to $1,118.7 billion for the three months ended June 30, 2020. Average AUM during the six months ended June 30, 2021 were $1,437.7 billion, compared to $1,147.5 billion for the six months ended June 30, 2020.

Market Returns

Market gains and losses include the net change in AUM resulting from changes in market values of the underlying securities from period to period. The table in the "Executive Overview" section of this Management's Discussion and Analysis summarizes returns based on price appreciation/(depreciation) of several major market indices for the three and six months ended June 30, 2021 and 2020.

Foreign Exchange Rates

During the three months ended June 30, 2021, we experienced an increase in AUM of $1.0 billion due to changes in foreign exchange rates. In the three months ended June 30, 2020, AUM increased by $1.8 billion due to foreign exchange rate changes. During the six months ended June 30, 2021, we experienced decreases in AUM of $2.2 billion due to changes in foreign exchange rates. In the six months ended June 30, 2020, AUM decreased by $7.3 billion due to foreign exchange rate changes.

Revenue Yield

As a significant proportion of our AUM is based outside of the U.S., changes in foreign exchange rates result in a change to the mix of U.S. Dollar denominated AUM with AUM denominated in other currencies. As fee rates differ across geographic locations, changes to exchange rates have an impact on the net revenue yields. Changes in our AUM mix also significantly impact our net revenue yield. Passive AUM generally earn a lower effective fee rate than active asset classes, and changes in the mix of products therefore have an impact on our net revenue yield. At the industry level, investors continue to shift towards passive products and away from active, and Invesco is able to participate in this trend due to the breadth, strength and diversified nature of our business.

In the three months ended June 30, 2021, net revenue yield was 35.2 basis points compared to 37.0 basis points in the three months ended June 30, 2020, a decrease of 1.8 basis points. In the six months ended June 30, 2021, net revenue yield was 35.5 basis points compared to 38.0 basis points in the six months ended June 30, 2020, a decrease of 2.5 basis points.

Net revenue yield has declined as a result of shifts in the AUM mix towards passive, lower-fee products as well as the impact of the $18 billion institutional passive mandate in Asia-Pacific that funded during the second quarter of 2021. At June 30, 2021, passive AUM were $459.0 billion, representing 30.1% of total AUM at that date; whereas at June 30, 2020, passive AUM were $281.7 billion, representing 24.6% of our total AUM at that date. In addition, passive AUM includes our QQQ ETF, for which we do not receive a management fee but which delivers significant marketing and brand value and increases Invesco's footprint, leadership and relevance in the ETF market. As a result, our QQQ fund significantly impacts our passive yield. At June 30, 2021, the QQQ fund represented $174.2 billion, or 38.0% of passive AUM. At June 30, 2020, the QQQ fund represented $115.0 billion, or 40.8% of passive AUM. In the three months ended June 30, 2021, the net revenue yield on passive AUM was 13.1 basis points compared to 12.1 basis points in the three months ended June 30, 2020, an increase of 1.0 basis points. In the six months ended June 30, 2021, the net revenue yield on passive AUM was 12.9 basis points compared to 12.7 basis points in the six months ended June 30, 2020, an increase of 0.2 basis points.

Investors have continued to invest more into passive funds with lower fees, changing the mix of our AUM and lowering revenue yield. We have also seen higher discretionary money market fee waivers, as mentioned in Note 7, "Revenue", which also impacts the yield on active AUM. These changes have decreased the net revenue yield on active AUM. At June 30, 2021, active AUM were $1,066.0 billion, representing 69.9% of total AUM at that date; whereas at June 30, 2020, active AUM were $863.5 billion, representing 75.4% of our total AUM at that date. In the three months ended June 30, 2021, the net revenue yield on active AUM was 44.3 basis points compared to 44.9 basis points in the three months ended June 30, 2020, a decrease of 0.6 basis points. In the six months ended June 30, 2021, the net revenue yield on active AUM was 44.5 basis points compared to 46.1 basis points in the six months ended June 30, 2020, a decrease of 1.6 basis points.

The changes described above have adversely impacted our revenue yields, and we expect they will continue to pressure yields in the near term.

Changes in our AUM by channel, asset class and client domicile, and average AUM by asset class, are presented below:

Total AUM by Channel [1]

As of and for the Three Months Ended June 30, 2021 and 2020:

$ in billions	Total	Retail	Institutional
March 31, 2021	1,404.1	989.7	414.4
Long-term inflows	114.4	74.7	39.7
Long-term outflows	(83.3)	(65.2)	(18.1)
Net long-term flows	31.1	9.5	21.6
Net flows in non-management fee earning AUM	2.5	3.2	(0.7)
Net flows in money market funds	19.8	(1.0)	20.8
Total net flows	53.4	11.7	41.7
Reinvested distributions	0.9	0.8	0.1
Market gains and losses	65.6	57.3	8.3
Foreign currency translation	1.0	1.2	(0.2)
June 30, 2021	1,525.0	1,060.7	464.3
March 31, 2020	1,053.4	702.5	350.9
Long-term inflows	62.7	47.4	15.3
Long-term outflows	(76.9)	(62.0)	(14.9)
Net long-term flows	(14.2)	(14.6)	0.4
Net flows in non-management fee earning AUM	(8.7)	(2.9)	(5.8)
Net flows in money market funds	(6.6)	(2.3)	(4.3)
Total net flows	(29.5)	(19.8)	(9.7)
Reinvested distributions	1.8	1.7	0.1
Market gains and losses	117.7	103.0	14.7
Foreign currency translation	1.8	1.0	0.8
June 30, 2020	1,145.2	788.4	356.8

As of and for the Six Months Ended June 30, 2021 and 2020:

$ in billions	**Total**	**Retail**	**Institutional**
December 31, 2020	1,349.9	947.1	402.8
Long-term inflows	234.6	169.7	64.9
Long-term outflows	(179.0)	(139.0)	(40.0)
Net long-term flows	55.6	30.7	24.9
Net flows in non-management fee earning AUM	2.6	1.8	0.8
Net flows in money market funds	27.1	4.0	23.1
Total net flows	85.3	36.5	48.8
Reinvested distributions	1.8	1.6	0.2
Market gains and losses	90.2	74.5	15.7
Foreign currency translation	(2.2)	1.0	(3.2)
June 30, 2021	1,525.0	1,060.7	464.3
December 31, 2019	1,226.2	878.2	348.0
Long-term inflows	147.4	105.2	42.2
Long-term outflows	(180.7)	(150.1)	(30.6)
Net long-term flows	(33.3)	(44.9)	11.6
Net flows in non-management fee earning AUM	(18.0)	0.8	(18.8)
Net flows in money market funds	19.7	2.6	17.1
Total net flows	(31.6)	(41.5)	9.9
Reinvested distributions	2.9	2.8	0.1
Market gains and losses	(45.0)	(46.3)	1.3
Foreign currency translation	(7.3)	(4.8)	(2.5)
June 30, 2020	1,145.2	788.4	356.8

See accompanying notes immediately following these AUM tables.

Passive AUM by Channel [1]

As of and for the Three Months Ended June 30, 2021 and 2020:

$ in billions	Total	Retail	Institutional
March 31, 2021	397.8	369.3	28.5
Long-term inflows	53.3	34.7	18.6
Long-term outflows	(24.3)	(23.7)	(0.6)
Net long-term flows	29.0	11.0	18.0
Net flows in non-management fee earning AUM	2.5	3.2	(0.7)
Total net flows	31.5	14.2	17.3
Market gains and losses	30.3	27.9	2.4
Foreign currency translation	(0.6)	—	(0.6)
June 30, 2021	459.0	411.4	47.6
March 31, 2020	246.1	230.8	15.3
Long-term inflows	20.4	20.0	0.4
Long-term outflows	(21.2)	(20.9)	(0.3)
Net long-term flows	(0.8)	(0.9)	0.1
Net flows in non-management fee earning AUM	(8.7)	(2.9)	(5.8)
Total net flows	(9.5)	(3.8)	(5.7)
Market gains and losses	44.9	43.2	1.7
Foreign currency translation	0.2	0.2	—
June 30, 2020	281.7	270.4	11.3

As of and for the Six Months Ended June 30, 2021 and 2020:

$ in billions	**Total**	**Retail**	**Institutional**
December 31, 2020	370.6	346.0	24.6
Long-term inflows	97.2	75.9	21.3
Long-term outflows	(51.2)	(49.1)	(2.1)
Net long-term flows	46.0	26.8	19.2
Net flows in non-management fee earning AUM	2.6	1.8	0.8
Total net flows	48.6	28.6	20.0
Market gains and losses	40.7	37.0	3.7
Foreign currency translation	(0.9)	(0.2)	(0.7)
June 30, 2021	459.0	411.4	47.6
December 31, 2019	297.0	275.8	21.2
Long-term inflows	50.4	42.9	7.5
Long-term outflows	(49.7)	(49.3)	(0.4)
Net long-term flows	0.7	(6.4)	7.1
Net flows in non-management fee earning AUM	(18.0)	0.8	(18.8)
Total net flows	(17.3)	(5.6)	(11.7)
Market gains and losses	2.2	0.4	1.8
Foreign currency translation	(0.2)	(0.2)	—
June 30, 2020	281.7	270.4	11.3

See accompanying notes immediately following these AUM tables.

Total AUM by Asset Class [2]

As of and for the Three Months Ended June 30, 2021 and 2020:

$ in billions	Total	Equity	Fixed Income	Balanced	Money Market	Alternatives
March 31, 2021	1,404.1	725.0	301.6	85.2	115.7	176.6
Long-term inflows	114.4	58.8	30.9	10.2	—	14.5
Long-term outflows	(83.3)	(43.8)	(17.3)	(12.0)	—	(10.2)
Net long-term flows	31.1	15.0	13.6	(1.8)	—	4.3
Net flows in non-management fee earning AUM	2.5	3.3	(0.8)	—	—	—
Net flows in money market funds	19.8	—	—	—	19.8	—
Total net flows	53.4	18.3	12.8	(1.8)	19.8	4.3
Reinvested distributions	0.9	0.2	0.4	0.1	—	0.2
Market gains and losses	65.6	52.1	2.8	4.4	(0.2)	6.5
Foreign currency translation	1.0	(0.1)	—	0.6	0.4	0.1
June 30, 2021	1,525.0	795.5	317.6	88.5	135.7	187.7
Average AUM	1,480.2	767.3	311.3	88.0	127.7	185.9
% of total average AUM	100.0 %	51.8 %	21.0 %	6.0 %	8.6 %	12.6 %
March 31, 2020	1,053.4	459.4	259.8	54.5	117.5	162.2
Long-term inflows	62.7	25.1	23.0	4.6	—	10.0
Long-term outflows	(76.9)	(42.5)	(17.0)	(5.4)	—	(12.0)
Net long-term flows	(14.2)	(17.4)	6.0	(0.8)	—	(2.0)
Net flows in non-management fee earning AUM	(8.7)	5.9	(14.6)	—	—	—
Net flows in money market funds	(6.6)	—	—	—	(6.6)	—
Total net flows	(29.5)	(11.5)	(8.6)	(0.8)	(6.6)	(2.0)
Reinvested distributions	1.8	0.7	0.5	0.2	—	0.4
Market gains and losses	117.7	95.5	8.7	6.7	0.6	6.2
Foreign currency translation	1.8	0.8	0.3	0.3	—	0.4
June 30, 2020	1,145.2	544.9	260.7	60.9	111.5	167.2
Average AUM	1,118.7	514.3	259.2	58.4	120.2	166.6
% of total average AUM	100.0 %	46.0 %	23.2 %	5.2 %	10.7 %	14.9 %

As of and for the Six Months Ended June 30, 2021 and 2020:

$ in billions	Total	Equity	Fixed Income	Balanced	Money Market	Alternatives
December 31, 2020	1,349.9	689.6	296.4	78.9	108.5	176.5
Long-term inflows	234.6	116.8	59.2	31.4	—	27.2
Long-term outflows	(179.0)	(92.0)	(38.0)	(25.9)	—	(23.1)
Net long-term flows	55.6	24.8	21.2	5.5	—	4.1
Net flows in non-management fee earning AUM	2.6	2.0	0.6	—	—	—
Net flows in money market funds	27.1	—	—	—	27.1	—
Total net flows	85.3	26.8	21.8	5.5	27.1	4.1
Reinvested distributions	1.8	0.4	0.8	0.2	—	0.4
Market gains and losses	90.2	79.4	0.1	3.5	(0.2)	7.4
Foreign currency translation	(2.2)	(0.7)	(1.5)	0.4	0.3	(0.7)
June 30, 2021	1,525.0	795.5	317.6	88.5	135.7	187.7
Average AUM	1,437.7	740.8	305.9	86.8	121.8	182.4
% of total average AUM	100.0 %	51.5 %	21.3 %	6.0 %	8.5 %	12.7 %
December 31, 2019	1,226.2	598.8	283.5	67.3	91.4	185.2
Long-term inflows	147.4	61.0	51.8	11.2	—	23.4
Long-term outflows	(180.7)	(94.8)	(42.7)	(13.7)	—	(29.5)
Net long-term flows	(33.3)	(33.8)	9.1	(2.5)	—	(6.1)
Net flows in non-management fee earning AUM	(18.0)	10.6	(28.6)	—	—	—
Net flows in money market funds	19.7	—	—	—	19.7	—
Total net flows	(31.6)	(23.2)	(19.5)	(2.5)	19.7	(6.1)
Reinvested distributions	2.9	1.0	0.9	0.3	—	0.7
Market gains and losses	(45.0)	(28.4)	(3.1)	(3.2)	1.1	(11.4)
Foreign currency translation	(7.3)	(3.3)	(1.1)	(1.0)	(0.7)	(1.2)
June 30, 2020	1,145.2	544.9	260.7	60.9	111.5	167.2
Average AUM	1,147.5	535.2	270.6	60.9	108.4	172.4
% of total average AUM	100.0 %	46.6 %	23.6 %	5.3 %	9.4 %	15.0 %

See accompanying notes immediately following these AUM tables.

Passive AUM by Asset Class [2]

As of and for the Three Months Ended June 30, 2021 and 2020:

$ in billions	Total	Equity	Fixed Income	Balanced	Money Market	Alternatives
March 31, 2021	397.8	331.6	38.7	1.0	—	26.5
Long-term inflows	53.3	41.5	6.2	0.1	—	5.5
Long-term outflows	(24.3)	(20.9)	(1.4)	—	—	(2.0)
Net long-term flows	29.0	20.6	4.8	0.1	—	3.5
Net flows in non-management fee earning AUM	2.5	3.3	(0.7)	(0.1)	—	—
Total net flows	31.5	23.9	4.1	—	—	3.5
Market gains and losses	30.3	28.4	0.3	0.1	—	1.5
Foreign currency translation	(0.6)	(0.4)	(0.1)	—	—	(0.1)
June 30, 2021	459.0	383.5	43.0	1.1	—	31.4
Average AUM	431.1	358.8	41.1	1.1	—	30.1
% of total average AUM	100.0 %	83.2 %	9.5 %	0.3 %	— %	7.0 %
March 31, 2020	246.1	182.8	43.2	0.7	—	19.4
Long-term inflows	20.4	12.4	3.3	—	—	4.7
Long-term outflows	(21.2)	(15.1)	(2.4)	—	—	(3.7)
Net long-term flows	(0.8)	(2.7)	0.9	—	—	1.0
Net flows in non-management fee earning AUM	(8.7)	5.9	(14.6)	—	—	—
Total net flows	(9.5)	3.2	(13.7)	—	—	1.0
Market gains and losses	44.9	42.2	1.0	0.1	—	1.6
Foreign currency translation	0.2	0.1	0.1	—	—	—
June 30, 2020	281.7	228.3	30.6	0.8	—	22.0
Average AUM	269.9	210.9	37.0	0.7	—	21.3
% of total average AUM	100.0 %	78.1 %	13.7 %	0.3 %	— %	7.9 %

As of and for the Six Months Ended June 30, 2021 and 2020:

$ in billions	Total	Equity	Fixed Income	Balanced	Money Market	Alternatives
December 31, 2020	370.6	306.4	37.0	1.0	—	26.2
Long-term inflows	97.2	76.9	9.4	0.1	—	10.8
Long-term outflows	(51.2)	(42.0)	(3.5)	—	—	(5.7)
Net long-term flows	46.0	34.9	5.9	0.1	—	5.1
Net flows in non-management fee earning AUM	2.6	2.0	0.7	(0.1)	—	—
Total net flows	48.6	36.9	6.6	—	—	5.1
Market gains and losses	40.7	40.7	(0.4)	0.1	—	0.3
Foreign currency translation	(0.9)	(0.5)	(0.2)	—	—	(0.2)
June 30, 2021	459.0	383.5	43.0	1.1	—	31.4
Average AUM	408.9	339.4	39.6	1.1	—	28.8
% of total average AUM	100.0 %	83.0 %	9.7 %	0.3 %	— %	7.0 %
December 31, 2019	297.0	217.1	58.9	0.9	—	20.1
Long-term inflows	50.4	32.5	6.8	—	—	11.1
Long-term outflows	(49.7)	(35.0)	(5.6)	—	—	(9.1)
Net long-term flows	0.7	(2.5)	1.2	—	—	2.0
Net flows in non-management fee earning AUM	(18.0)	10.6	(28.6)	—	—	—
Total net flows	(17.3)	8.1	(27.4)	—	—	2.0
Market gains and losses	2.2	3.2	(0.8)	(0.1)	—	(0.1)
Foreign currency translation	(0.2)	(0.1)	(0.1)	—	—	—
June 30, 2020	281.7	228.3	30.6	0.8	—	22.0
Average AUM	278.5	210.2	46.8	0.8	—	20.7
% of total average AUM	100.0 %	75.5 %	16.8 %	0.3 %	— %	7.4 %

See accompanying notes immediately following these AUM tables.

Total AUM by Client Domicile [3]

As of and for the Three Months Ended June 30, 2021 and 2020:

$ in billions	Total	Americas	Asia Pacific	EMEA Ex UK	UK
March 31, 2021	1,404.1	997.2	189.0	154.8	63.1
Long-term inflows	114.4	52.9	44.0	14.8	2.7
Long-term outflows	(83.3)	(47.9)	(15.7)	(13.8)	(5.9)
Net long-term flows	31.1	5.0	28.3	1.0	(3.2)
Net flows in non-management fee earning AUM	2.5	1.7	0.5	0.3	—
Net flows in money market funds	19.8	20.2	(0.4)	—	—
Total net flows	53.4	26.9	28.4	1.3	(3.2)
Reinvested distributions	0.9	0.8	—	—	0.1
Market gains and losses	65.6	50.5	8.0	5.3	1.8
Foreign currency translation	1.0	0.4	0.2	0.3	0.1
June 30, 2021	1,525.0	1,075.8	225.6	161.7	61.9
March 31, 2020	1,053.4	756.8	120.6	122.1	53.9
Long-term inflows	62.7	37.2	11.0	13.2	1.3
Long-term outflows	(76.9)	(52.1)	(9.0)	(11.4)	(4.4)
Net long-term flows	(14.2)	(14.9)	2.0	1.8	(3.1)
Net flows in non-management fee earning AUM	(8.7)	(0.6)	0.2	(8.3)	—
Net flows in money market funds	(6.6)	(4.1)	(2.6)	0.1	—
Total net flows	(29.5)	(19.6)	(0.4)	(6.4)	(3.1)
Reinvested distributions	1.8	1.8	—	—	—
Market gains and losses	117.7	89.9	8.7	14.6	4.5
Foreign currency translation	1.8	0.9	0.5	0.6	(0.2)
June 30, 2020	1,145.2	829.8	129.4	130.9	55.1

As of and for the Six Months Ended June 30, 2021 and 2020:

$ in billions	Total	Americas	Asia Pacific	EMEA Ex UK	UK
December 31, 2020	1,349.9	959.9	171.3	151.7	67.0
Long-term inflows	234.6	113.9	81.8	33.9	5.0
Long-term outflows	(179.0)	(98.9)	(36.8)	(29.2)	(14.1)
Net long-term flows	55.6	15.0	45.0	4.7	(9.1)
Net flows in non-management fee earning AUM	2.6	1.7	0.9	—	—
Net flows in money market funds	27.1	22.8	4.5	(0.2)	—
Total net flows	85.3	39.5	50.4	4.5	(9.1)
Reinvested distributions	1.8	1.6	0.1	—	0.1
Market gains and losses	90.2	74.2	6.5	6.2	3.3
Foreign currency translation	(2.2)	0.6	(2.7)	(0.7)	0.6
June 30, 2021	1,525.0	1,075.8	225.6	161.7	61.9
December 31, 2019	1,226.2	879.5	128.6	143.7	74.4
Long-term inflows	147.4	91.8	22.6	29.8	3.2
Long-term outflows	(180.7)	(120.1)	(20.4)	(29.2)	(11.0)
Net long-term flows	(33.3)	(28.3)	2.2	0.6	(7.8)
Net flows in non-management fee earning AUM	(18.0)	(8.8)	0.5	(9.6)	(0.1)
Net flows in money market funds	19.7	19.2	0.2	0.2	0.1
Total net flows	(31.6)	(17.9)	2.9	(8.8)	(7.8)
Reinvested distributions	2.9	2.8	0.1	—	—
Market gains and losses	(45.0)	(33.4)	(1.3)	(3.1)	(7.2)
Foreign currency translation	(7.3)	(1.2)	(0.9)	(0.9)	(4.3)
June 30, 2020	1,145.2	829.8	129.4	130.9	55.1

See accompanying notes immediately following these AUM tables.

Passive AUM by Client Domicile [3]

As of and for the Three Months Ended June 30, 2021 and 2020:

$ in billions	Total	Americas	Asia Pacific	EMEA Ex UK	UK
March 31, 2021	397.8	325.5	10.5	60.9	0.9
Long-term inflows	53.3	25.0	19.5	8.5	0.3
Long-term outflows	(24.3)	(17.1)	(0.7)	(6.3)	(0.2)
Net long-term flows	29.0	7.9	18.8	2.2	0.1
Net flows in non-management fee earning AUM	2.5	1.7	0.5	0.3	—
Total net flows	31.5	9.6	19.3	2.5	0.1
Market gains and losses	30.3	24.4	3.0	2.9	—
Foreign currency translation	(0.6)	—	(0.6)	—	—
June 30, 2021	459.0	359.5	32.2	66.3	1.0
March 31, 2020	246.1	194.9	4.8	45.8	0.6
Long-term inflows	20.4	12.0	0.6	7.7	0.1
Long-term outflows	(21.2)	(14.5)	(0.4)	(6.1)	(0.2)
Net long-term flows	(0.8)	(2.5)	0.2	1.6	(0.1)
Net flows in non-management fee earning AUM	(8.7)	(0.6)	0.2	(8.3)	—
Total net flows	(9.5)	(3.1)	0.4	(6.7)	(0.1)
Market gains and losses	44.9	37.2	0.9	6.7	0.1
Foreign currency translation	0.2	—	—	0.2	—
June 30, 2020	281.7	229.0	6.1	46.0	0.6

As of and for the Six Months Ended June 30, 2021 and 2020:

$ in billions	Total	Americas	Asia Pacific	EMEA Ex UK	UK
December 31, 2020	370.6	303.0	7.9	58.9	0.8
Long-term inflows	97.2	54.9	22.8	18.9	0.6
Long-term outflows	(51.2)	(34.0)	(1.8)	(15.0)	(0.4)
Net long-term flows	46.0	20.9	21.0	3.9	0.2
Net flows in non-management fee earning AUM	2.6	1.8	0.8	—	—
Total net flows	48.6	22.7	21.8	3.9	0.2
Market gains and losses	40.7	33.8	3.2	3.7	—
Foreign currency translation	(0.9)	—	(0.7)	(0.2)	—
June 30, 2021	459.0	359.5	32.2	66.3	1.0
December 31, 2019	297.0	240.0	4.9	51.4	0.7
Long-term inflows	50.4	30.5	1.2	18.3	0.4
Long-term outflows	(49.7)	(34.2)	(0.8)	(14.3)	(0.4)
Net long-term flows	0.7	(3.7)	0.4	4.0	—
Net flows in non-management fee earning AUM	(18.0)	(8.8)	0.5	(9.6)	(0.1)
Total net flows	(17.3)	(12.5)	0.9	(5.6)	(0.1)
Market gains and losses	2.2	1.6	0.3	0.3	—
Foreign currency translation	(0.2)	(0.1)	—	(0.1)	—
June 30, 2020	281.7	229.0	6.1	46.0	0.6

(1) Channel refers to the internal distribution channel from which the AUM originated. Retail AUM represents AUM distributed by the company's retail sales team. Institutional AUM represents AUM distributed by our institutional sales team. This aggregation is viewed as a proxy for presenting AUM in the retail and institutional markets in which the company operates.

(2) Asset classes are descriptive groupings of AUM by common type of underlying investments.

(3) Client domicile disclosure groups AUM by the domicile of the underlying clients.

Results of Operations for the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020

The discussion below includes the use of non-GAAP financial measures. See "Schedule of Non-GAAP Information" for additional details and reconciliations of the most directly comparable U.S. GAAP measures to the non-GAAP measures.

Operating Revenues and Net Revenues

The main categories of revenues, and the dollar and percentage change between the periods, are as follows:

			Variance				Variance	
	Three months ended June 30,		2021 vs 2020		Six months ended June 30,		2021 vs 2020	
$ in millions	2021	2020	$ Change	% Change	2021	2020	$ Change	% Change
Investment management fees	1,247.4	1,037.1	210.3	20.3 %	2,454.0	2,205.4	248.6	11.3 %
Service and distribution fees	401.0	332.7	68.3	20.5 %	782.1	698.5	83.6	12.0 %
Performance fees	10.5	3.5	7.0	200.0 %	17.2	8.3	8.9	107.2 %
Other	62.5	45.7	16.8	36.8 %	127.8	105.7	22.1	20.9 %
Total operating revenues	1,721.4	1,419.0	302.4	21.3 %	3,381.1	3,017.9	363.2	12.0 %
Invesco Great Wall	110.9	48.8	62.1	127.3 %	214.9	101.9	113.0	110.9 %
Revenue Adjustments:								
Investment management fees	(212.8)	(175.9)	(36.9)	21.0 %	(416.0)	(380.5)	(35.5)	9.3 %
Service and distribution fees	(269.7)	(228.5)	(41.2)	18.0 %	(531.2)	(485.1)	(46.1)	9.5 %
Other	(57.1)	(39.6)	(17.5)	44.2 %	(115.2)	(93.5)	(21.7)	23.2 %
Total Revenue Adjustments [1]	(539.6)	(444.0)	(95.6)	21.5 %	(1,062.4)	(959.1)	(103.3)	10.8 %
CIP	10.2	10.5	(0.3)	(2.9)%	20.3	19.4	0.9	4.6 %
Net revenues [2]	1,302.9	1,034.3	268.6	26.0 %	2,553.9	2,180.1	373.8	17.1 %

(1) Total revenue adjustments includes passed through investment management, service and distribution and other revenues and equal the same amount as the third party distribution, service and advisory expenses.

(2) Net revenues are operating revenues less revenue adjustments, plus net revenues from Invesco Great Wall, plus management and performance fees earned from CIP. See "Schedule of Non-GAAP Information" for additional important disclosures regarding the use of net revenues.

The impact of foreign exchange rate movements increased operating revenues by $43.5 million, equivalent to 2.5% of total operating revenues, during the three months ended June 30, 2021 when compared to the three months ended June 30, 2020.

The impact of foreign exchange rate movements increased operating revenues by $75.7 million, equivalent to 2.2% of total operating revenues, during the six months ended June 30, 2021 when compared to the six months ended June 30, 2020.

Additionally, our revenues are directly influenced by the level and composition of our AUM. Therefore, movements in global capital market levels, net business inflows (or outflows), changes in the mix of investment products between asset classes and geographies may materially affect our revenues from period to period.

Investment Management Fees

Investment management fees increased by $210.3 million (20.3%) in the three months ended June 30, 2021 to $1,247.4 million as compared to $1,037.1 million in the three months ended June 30, 2020. The impact of foreign exchange rate movements increased investment management fees by $36.6 million during the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. After allowing for foreign exchange movements, investment management fees increased by $173.7 million (16.7%) as a result of a 32.3% increase in average AUM, partially offset by lower revenue

yields when compared to the 2020 period. Net revenue yield has declined as a result of shifts in the AUM mix towards passive, lower-fee products as well as the impact of the institutional passive mandate in Asia-Pacific that funded during the second quarter of 2021. Additionally, higher discretionary money market fee waivers adversely impacted the yield on active AUM.

Investment management fees increased by $248.6 million (11.3%) in the six months ended June 30, 2021 to $2,454.0 million as compared to $2,205.4 million in the six months ended June 30, 2020. The impact of foreign exchange rate movements increased investment management fees by $63.5 million during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. After allowing for foreign exchange movements, investment management fees increased by $185.1 million (8.4%) as a result of a 25.3% increase in average AUM, partially offset by lower revenue yields when compared to the 2020 period. Net revenue yield has declined as a result of shifts in the AUM mix towards passive, lower-fee products as well as the impact of the institutional passive mandate in Asia-Pacific that funded during the second quarter of 2021. Additionally, higher discretionary money market fee waivers adversely impacted the yield on active AUM.

See further discussion in the company's disclosures regarding the changes in AUM and revenue yields during the three and six months ended June 30, 2021 and June 30, 2020 in the "Assets Under Management" section above for additional information regarding the impact of changes in AUM on management fee yields.

Service and Distribution Fees

In the three months ended June 30, 2021, service and distribution fees increased by $68.3 million (20.5%) to $401.0 million as compared to the three months ended June 30, 2020 of $332.7 million. The impact of foreign exchange rate movements increased service and distribution fees by $6.4 million during the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. After allowing for foreign exchange movements, service and distribution fees increased by $61.9 million. The total increase is driven by increases in distribution fees of $35.9 million, administration fees of $12.8 million and transfer agency fees of $12.5 million. The increase results from higher AUM to which these fees apply.

In the six months ended June 30, 2021, service and distribution fees increased by $83.6 million (12.0%) to $782.1 million as compared to the six months ended June 30, 2020 of $698.5 million. The impact of foreign exchange rate movements increased service and distribution fees by $11.0 million during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. After allowing for foreign exchange movements, service and distribution fees increased by $72.6 million. The total increase is driven by increases in distribution fees of $41.9 million, administration fees of $16.6 million and transfer agency fees of $13.6 million. The increase results from higher AUM to which these fees apply.

Performance Fees

Of our $1,525.0 billion in AUM at June 30, 2021, approximately $57.8 billion (3.8%) could potentially earn performance fees, including carried interests and performance fees related to partnership investments and separate accounts.

In the three months ended June 30, 2021, performance fees increased by $7.0 million (200.0%) to $10.5 million when compared to the three months ended June 30, 2020 of $3.5 million. Performance fees during the three months ended June 30, 2021 were primarily generated from various institutional mandates in Japan and real estate products.

In the six months ended June 30, 2021, performance fees increased by $8.9 million (107.2%) to $17.2 million when compared to the six months ended June 30, 2020 of $8.3 million. Performance fees during the six months ended June 30, 2021 were primarily generated from various institutional mandates in Japan and real estate products.

Other Revenues

In the three months ended June 30, 2021, other revenues increased by $16.8 million (36.8%) to $62.5 million (three months ended June 30, 2020: $45.7 million). The impact of foreign exchange rate movements during the three months ended June 30, 2021 increased other revenues by $0.2 million as compared to the three months ended June 30, 2020. The increase in other revenues was primarily driven by increases in front end fees of $16.4 million.

In the six months ended June 30, 2021, other revenues increased by $22.1 million (20.9%) to $127.8 million (six months ended June 30, 2020: $105.7 million). The impact of foreign exchange rate movements during the six months ended June 30, 2021 increased other revenues by $0.6 million as compared to the six months ended June 30, 2020. The increase in other revenues was primarily driven by increases in front end fees of $17.1 million and real estate transaction fees of $4.2 million.

Invesco Great Wall

The company's most significant joint venture arrangement is our 49% investment in Invesco Great Wall Fund Management Company Limited (Invesco Great Wall). Management believes that the revenues from Invesco Great Wall should be added to operating revenues to arrive at net revenues, as it is important to evaluate the contribution to the business that Invesco Great Wall is making. See "Schedule of Non-GAAP Information" for additional disclosures regarding the use of net revenues.

Management reflects 100% of Invesco Great Wall in its net revenues and adjusted operating expenses. The company's non-GAAP operating results reflect the economics of these holdings on a basis consistent with the underlying AUM and flows. Adjusted net income is reduced by the amount of earnings attributable to non-controlling interests.

Net revenues from Invesco Great Wall were $110.9 million and average AUM was $81.1 billion for the three months ended June 30, 2021 (net revenues were $48.8 million and average AUM was $45.1 billion in the three months ended June 30, 2020). The impact of foreign exchange rate movements during the three months ended June 30, 2021 increased net revenues by $9.8 million as compared to the three months ended June 30, 2020. After allowing for foreign exchange movements, net revenues from Invesco Great Wall were $101.1 million. The increase in revenue is a result of higher AUM and improved revenue yield.

Net revenues from Invesco Great Wall were $214.9 million and average AUM was $78.9 billion for the six months ended June 30, 2021 (net revenues were $101.9 million and average AUM was $44.2 billion in the six months ended June 30, 2020). The impact of foreign exchange rate movements during the six months ended June 30, 2021 increased net revenues by $17.2 million as compared to the six months ended June 30, 2020. After allowing for foreign exchange movements, net revenues from Invesco Great Wall were $197.7 million. The increase in revenue is a result of higher AUM and improved revenue yield.

Management, performance and other fees earned from CIP

Management believes that the consolidation of investment products may impact a reader's analysis of our underlying results of operations and could result in investor confusion or the production of information about the company by analysts or external credit rating agencies that is not reflective of the underlying results of operations and financial condition of the company. Accordingly, management believes that it is appropriate to adjust operating revenues for the impact of CIP in calculating net revenues. As management and performance fees earned by Invesco from the consolidated products are eliminated upon consolidation of the investment products, management believes that it is appropriate to add these operating revenues back in the calculation of net revenues. See "Schedule of Non-GAAP Information" for additional disclosures regarding the use of net revenues.

Management and performance fees earned from CIP were $10.2 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $10.5 million).

Management and performance fees earned from CIP were $20.3 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $19.4 million).

Operating Expenses

The main categories of operating expenses, and the dollar and percentage changes between periods, are as follows:

	Three months ended June 30,		Variance 2021 vs 2020		Six months ended June 30,		Variance 2021 vs 2020	
$ in millions	**2021**	**2020**	**$ Change**	**% Change**	**2021**	**2020**	**$ Change**	**% Change**
Third-party distribution, service and advisory	539.6	444.0	95.6	21.5 %	1,062.4	959.1	103.3	10.8 %
Employee compensation	487.0	454.6	32.4	7.1 %	976.2	876.5	99.7	11.4 %
Marketing	24.5	14.4	10.1	70.1 %	40.3	47.1	(6.8)	(14.4)%
Property, office and technology	127.2	128.3	(1.1)	(0.9)%	256.5	258.7	(2.2)	(0.9)%
General and administrative	103.3	188.9	(85.6)	(45.3)%	199.9	295.2	(95.3)	(32.3)%
Transaction, integration and restructuring	(47.1)	56.5	(103.6)	N/A	(1.3)	116.1	(117.4)	N/A
Amortization of intangibles [1]	16.0	15.2	0.8	5.3 %	31.9	31.1	0.8	2.6 %
Total operating expenses	1,250.5	1,301.9	(51.4)	(3.9)%	2,565.9	2,583.8	(17.9)	(0.7)%

(1) In prior periods, amortization of intangible assets was included in the transaction, integration and restructuring line item. Beginning in 2021, amortization of intangible assets is now presented as its own line item. There is no impact on operating expenses, operating income or net income.

The tables below set forth these expense categories as a percentage of total operating expenses and operating revenues, which we believe provides useful information as to the relative significance of each type of expense.

$ in millions	**Three months ended June 30, 2021**	**% of Total Operating Expenses**	**% of Operating Revenues**	**Three months ended June 30, 2020**	**% of Total Operating Expenses**	**% of Operating Revenues**
Third-party distribution, service and advisory	539.6	43.2 %	31.3 %	444.0	34.1 %	31.3 %
Employee compensation	487.0	38.9 %	28.3 %	454.6	34.9 %	32.0 %
Marketing	24.5	2.0 %	1.4 %	14.4	1.1 %	1.0 %
Property, office and technology	127.2	10.2 %	7.4 %	128.3	9.9 %	9.0 %
General and administrative	103.3	8.3 %	6.0 %	188.9	14.5 %	13.3 %
Transaction, integration and restructuring	(47.1)	(3.8) %	(2.7) %	56.5	4.3 %	4.0 %
Amortization of intangibles [1]	16.0	1.2 %	0.9 %	15.2	1.2 %	1.1 %
Total operating expenses	1,250.5	100.0 %	72.6 %	1,301.9	100.0 %	91.7 %

$ in millions	**Six months ended June 30, 2021**	**% of Total Operating Expenses**	**% of Operating Revenues**	**Six months ended June 30, 2020**	**% of Total Operating Expenses**	**% of Operating Revenues**
Third-party distribution, service and advisory	1,062.4	41.5 %	31.4 %	959.1	37.1 %	31.8 %
Employee compensation	976.2	38.0 %	28.9 %	876.5	33.9 %	29.0 %
Marketing	40.3	1.6 %	1.2 %	47.1	1.8 %	1.6 %
Property, office and technology	256.5	10.0 %	7.6 %	258.7	10.0 %	8.6 %
General and administrative	199.9	7.8 %	5.9 %	295.2	11.4 %	9.8 %
Transaction, integration and restructuring	(1.3)	(0.1) %	— %	116.1	4.5 %	3.9 %
Amortization of intangibles [1]	31.9	1.2 %	0.9 %	31.1	1.2 %	1.0 %
Total operating expenses	2,565.9	100.0 %	75.9 %	2,583.8	100.0 %	85.6 %

During the three months ended June 30, 2021, operating expenses decreased by $51.4 million (3.9%) to $1,250.5 million (three months ended June 30, 2020: $1,301.9 million). The impact of foreign exchange rate movements increased operating expenses by $38.1 million, or 3.0% of total operating expenses, during the three months ended June 30, 2021 as compared to the three months ended June 30, 2020.

During the six months ended June 30, 2021, operating expenses decreased by $17.9 million (0.7%) to $2,565.9 million (six months ended June 30, 2020: $2,583.8 million). The impact of foreign exchange rate movements increased operating expenses by $66.9 million, or 2.6% of total operating expenses, during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020.

Third-Party Distribution, Service and Advisory

Third party distribution, service and advisory expenses increased $95.6 million (21.5%) to $539.6 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $444.0 million). The impact of foreign exchange rate movements increased third party costs by $12.6 million during the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. After allowing for foreign exchange rate changes, the increase in costs was $83.0 million. Included are increases of $40.2 million in service fees (primarily 12b-1 fees), $13.5 million in transaction fees, $7.4 million in asset and sales based fees, $6.7 million in unitary fees, $6.6 million in renewal commissions, $5.1 million in fund expenses and $4.4 million in front end commissions. The increase is primarily driven by higher average AUM as discussed above. See "Schedule of Non-GAAP Information" for additional disclosures.

Third party distribution service and advisory expenses increased $103.3 million (10.8%) to $1,062.4 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $959.1 million). The impact of foreign exchange rate movements increased third party costs by $22.9 million during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. After allowing for foreign exchange rate changes, the increase in costs was $80.4 million. Included are increases of $44.4 million in service fees (primarily 12b-1 fees), $13.3 million in transaction fees, $7.9 million in front end commissions, $7.7 million in asset and sales based fees, $7.3 million in unitary fees and $6.0 million in fund expenses. These increases were partially offset by a decrease in sales commissions of $4.3 million. The increase is primarily driven by higher average AUM partially offset by AUM mix as discussed above. See "Schedule of Non-GAAP Information" for additional disclosures.

Employee Compensation

Employee compensation increased $32.4 million (7.1%) to $487.0 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $454.6 million). The impact of foreign exchange rate movements increased employee compensation by $15.6 million during the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. After allowing for foreign exchange rate changes, there was an increase in employee compensation of $16.8 million. This increase was due to an increase of $47.6 million in variable compensation due to improved performance of the company in 2021. The increase was partially offset by decreases of $12.2 million in base salaries, staffing benefits and other staff costs due to lower headcount, $9.9 million in share-based compensation costs and $8.1 million related to the mark-to-market on the deferred compensation liability.

Employee compensation increased $99.7 million (11.4%) to $976.2 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $876.5 million). The impact of foreign exchange rate movements increased employee compensation by $26.6 million during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. After allowing for foreign exchange rate changes, there was an increase in employee compensation of $73.1 million. This increase was due to increases of $78.8 million in variable compensation due to improved performance of the company in 2021 as well as $42.5 million related to the mark-to-market on the deferred compensation liability. These increases were partially offset by decreases of $35.0 million in base salaries, staffing benefits and other staff costs due to lower headcount and $13.3 million in share based compensation expenses.

Headcount at June 30, 2021 was 8,483 (June 30, 2020: 8,717), with the decrease primarily due to the strategic evaluation initiated in the third quarter of 2020.

Marketing

Marketing expenses increased $10.1 million (70.1%) to $24.5 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $14.4 million). The impact of foreign exchange rate movements increased marketing expenses by $1.3 million during the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. After

allowing for foreign exchange rate changes, the increase in marketing expenses was $8.8 million. The increase was related to increased advertising and client events.

Marketing expenses decreased $6.8 million (14.4%) to $40.3 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $47.1 million). The impact of foreign exchange rate movements increased marketing expenses by $1.9 million during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. After allowing for foreign exchange rate changes, the decrease in marketing expenses was $8.7 million. The decrease was related to decreased travel, client events and sales literature and research, as a result of the COVID-19 pandemic, partially offset by increased advertising.

Property, Office and Technology

Property, office and technology costs decreased by $1.1 million (0.9%) to $127.2 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $128.3 million). The impact of foreign exchange rate movements increased property, office and technology expenses by $4.0 million during the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. After allowing for foreign exchange rate movements, the decrease was $5.1 million. The decrease was driven by lower property expenses of $7.3 million and outsourced administration costs of $4.7 million, partially offset by higher software maintenance costs of $5.4 million.

Property, office and technology costs decreased by $2.2 million (0.9%) to $256.5 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $258.7 million). The impact of foreign exchange rate movements increased property, office and technology expenses by $7.2 million during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. After allowing for foreign exchange rate movements, the decrease was $9.4 million. The decrease was driven by lower property expenses of $12.3 million and outsourced administration costs of $10.4 million. These decreases were partially offset by increases in software maintenance costs of $11.5 million and depreciation expenses of $3.7 million.

General and Administrative

General and administrative expenses decreased by $85.6 million (45.3%) to $103.3 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $188.9 million). The impact of foreign exchange rate movements increased general and administrative expenses by $4.6 million during the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. After allowing for foreign exchange rate movements, the decrease was $90.2 million. The decrease was primarily driven by the $105.3 million S&P 500 equal weight funds rebalancing correction in 2020. The decrease was partially offset by increases of $7.7 million in fund expenses incurred by CIP, $2.8 million of market data services costs and $2.2 million in professional services costs.

General and administrative expenses decreased by $95.3 million (32.3%) to $199.9 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $295.2 million). The impact of foreign exchange rate movements increased general and administrative expenses by $8.3 million during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. After allowing for foreign exchange rate movements, the decrease was $103.6 million. The decrease was primarily driven by the $105.3 million S&P 500 equal weight funds rebalancing correction in 2020. Other decreases include $6.3 million in travel expenses, $3.2 million in indirect taxes and $2.3 million in fund expenses incurred by CIP. These decreases were partially offset by increases of $6.0 million in foreign currency revaluations and $4.4 million in professional services costs.

Transaction, Integration and Restructuring

For the three months ended June 30, 2021, transaction, integration and restructuring was a benefit to expense of $47.1 million (three months ended June 30, 2020: $56.5 million expense).

Transaction and integration expense (excluding restructuring) was a benefit of $70.7 million during the three months ended June 30, 2021 (three months ended June 30, 2020: $42.2 million expenses), primarily related to an $85.4 million reduction in the estimated OppenheimerFunds acquisition-related liability (See Note 11, "Commitments and Contingencies," for additional details). The benefit was partially offset by $4.7 million of compensation-related expenses and $10.0 million of non-compensation expenses primarily related to the OppenheimerFunds acquisition.

Restructuring costs were $23.7 million for the three months ended June 30, 2021 (three months ended June 30, 2020: $14.3 million). Restructuring costs related to the strategic evaluation were $20.1 million (three months ended June 30, 2020: none)

and are primarily composed of severance and other personnel-related charges (see Note 9, "Restructuring", for additional details).

For the six months ended June 30, 2021, transaction, integration and restructuring was a benefit to expense of $1.3 million (six months ended June 30, 2020: $116.1 million expense).

Transaction and integration expense (excluding restructuring) was a benefit of $58.4 million during the six months ended June 30, 2021 (six months ended June 30, 2020: $99.4 million expense), primarily related to an $85.4 million reduction in the estimated OppenheimerFunds acquisition-related liability (See Note 11, "Commitments and Contingencies," for additional details). The benefit was partially offset by $10.7 million of compensation-related expenses and $16.3 million of non-compensation expenses primarily related to the OppenheimerFunds acquisition.

Restructuring costs were $57.1 million for the six months ended June 30, 2021 (six months ended June 30, 2020: $16.7 million). Restructuring costs related to the strategic evaluation were $50.1 million (six months ended June 30, 2020: none) and are primarily composed of severance and other personnel-related charges (see Note 9, "Restructuring", for additional details).

Other Income and Expenses

The main categories of other income and expenses, and the dollar and percentage changes between periods are as follows:

	Three months ended June 30,		Variance 2021 vs 2020		Six months ended June 30,		Variance 2021 vs 2020	
$ in millions	**2021**	**2020**	**$ Change**	**% Change**	**2021**	**2020**	**$ Change**	**% Change**
Equity in earnings of unconsolidated affiliates	37.2	11.2	26.0	232.1 %	64.7	28.1	36.6	130.2 %
Interest and dividend income	0.4	2.4	(2.0)	(83.3)%	1.7	8.8	(7.1)	(80.7)%
Interest expense	(24.6)	(34.8)	10.2	(29.3)%	(48.4)	(71.1)	22.7	(31.9)%
Other gains and losses, net	43.4	60.0	(16.6)	(27.7)%	77.5	(46.5)	124.0	N/A
Other income/(expense) of CIP, net	122.0	(50.5)	172.5	N/A	216.7	(70.6)	287.3	N/A
Total other income and expenses	178.4	(11.7)	190.1	N/A	312.2	(151.3)	463.5	N/A

Equity in earnings of unconsolidated affiliates

Equity in earnings of unconsolidated affiliates increased by $26.0 million to $37.2 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $11.2 million). The increase is primarily driven by increases in our joint venture investments in China, real estate and private equity investments.

Equity in earnings of unconsolidated affiliates increased by $36.6 million to $64.7 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $28.1 million). The increase is primarily driven by increases in our joint venture investments in China and private equity investments, partially offset by decreases in our real estate investments.

Interest expense

Interest expense decreased by $10.2 million to $24.6 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $34.8 million). The decrease is primarily driven by the settlement of the forward contracts as of June 30, 2021 and lower interest expense on the credit facility, which had a zero balance as of June 30, 2021 compared to $325.6 million as of June 30, 2020.

Interest expense decreased by $22.7 million to $48.4 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $71.1 million). The decrease is primarily driven by the settlement of the forward contracts during the six months ended June 30, 2021 and lower interest expense on the credit facility, which had a zero balance as of June 30, 2021 compared to $325.6 million as of June 30, 2020.

Other gains and losses, net

Other gains and losses, net was a gain of $43.4 million in the three months ended June 30, 2021 (three months ended June 30, 2020: $60.0 million net gain). Included in the gain were $29.1 million of gains on investments and instruments held for our deferred compensation plans and $19.7 million of net gains related to the mark-to-market on seed money investments, partially offset by $4.4 million of net losses related to our defined benefit pension plan.

Other gains and losses, net was a gain of $77.5 million in the six months ended June 30, 2021 (six months ended June 30, 2020: $46.5 million net loss). Included in the gain were $44.7 million of gains on investments and instruments held for our deferred compensation plans, $8.1 million of gains on acquisition-related contingent consideration liabilities, $24.1 million of net gains related to the mark-to-market on seed money investments and $2.3 million of net foreign exchange gains on intercompany loans, partially offset by $2.1 million of net losses related to our defined benefit pension plan.

Other income/(expense) of CIP

Other income/(expense) of CIP includes interest and dividend income, interest expense and other gains/(losses) of CIP.

In the three months ended June 30, 2021, interest and dividend income of CIP decreased by $13.2 million (16.6%) to $66.5 million (three months ended June 30, 2020: $79.7 million). Interest expense of CIP decreased by $14.1 million (26.9%) to $38.4 million (three months ended June 30, 2020: $52.5 million).

In the six months ended June 30, 2021, interest and dividend income of CIP decreased by $29.7 million (18.0%) to $135.2 million (six months ended June 30, 2020: $164.9 million). Interest expense of CIP decreased by $30.1 million (27.5%) to $79.3 million (six months ended June 30, 2020: $109.4 million).

Included in other gains/(losses) of CIP, net, are realized and unrealized gains and losses on the underlying investments and debt of CIP. In the three months ended June 30, 2021, other gains and losses of CIP were net gains of $93.9 million as compared to net losses of $77.7 million in the three months ended June 30, 2020. In the six months ended June 30, 2021, other gains and losses of CIP were net gains of $160.8 million as compared to net losses of $126.1 million in the six months ended June 30, 2020. The net gains during the three and six months ended June 30, 2021 were attributable to market-driven gains on investments held by consolidated funds.

Net impact of CIP and related noncontrolling interests in consolidated entities

The net impact to net income attributable to Invesco Ltd. in each period primarily represents the changes in the value of the company's holding in its consolidated CLOs. The consolidation of investment products during the three months ended June 30, 2021 resulted in no net change in net income attributable to Invesco Ltd. (three months ended June 30, 2020: $0.1 million decrease). The consolidation of investment products during the six months ended June 30, 2021 resulted in no net change in net income attributable to Invesco Ltd. (six months ended June 30, 2020: $0.2 million decrease). CIP are taxed at the investor level and not at the product level; therefore, there is no tax provision reflected in the net impact of CIP.

Noncontrolling interests in consolidated entities represent the profit or loss amounts attributed to third-party investors in CIP. The impact of any gains or losses resulting from valuation changes in the investments of non-CLO CIP attributable to the interests of third-parties are offset by resulting changes in gains and losses attributable to noncontrolling interests in consolidated entities and therefore do not have a material effect on the financial condition, operating results (including earnings per common share), liquidity or capital resources of the company's common shareholders. Similarly, any gains or losses resulting from valuation changes in the investments of CLOs attributable to the interests of third-parties are offset by the calculated value of the notes issued by the CLOs (offsetting in other gains/(losses) of CIP) and therefore also do not have a material effect on the financial condition, operating results (including earnings per common share), liquidity or capital resources of the company's common shareholders.

Additionally, CIP represent less than 1% of the company's AUM. Therefore, the net gains or losses of CIP are not indicative of the performance of the company's aggregate AUM.

Income Tax Expense

The company's subsidiaries operate in several taxing jurisdictions around the world, each with its own statutory income tax rate. As a result, the blended average statutory tax rate will vary from year to year depending on the mix of the profits and losses from each jurisdiction.

Our effective tax rate decreased to 23.7% for the three months ended June 30, 2021 (three months ended June 30, 2020: 41.2%). The decrease in the effective tax rate was primarily due to a change in the mix of income and loss across taxing jurisdictions, partially offset by tax expense related to the remeasurement of the UK deferred tax assets and liabilities to reflect the increase in the UK corporate tax rate from 19% to 25% effective April 1, 2023.

Our effective tax rate decreased to 23.1% for the six months ended June 30, 2021 (six months ended June 30, 2020: 35.6%). The decrease in the effective tax rate was primarily due to a change in the mix of income and loss across taxing jurisdictions, partially offset by tax expense related to the remeasurement of the UK deferred tax assets and liabilities to reflect the increase in the UK corporate tax rate from 19% to 25% effective April 1, 2023.

Schedule of Non-GAAP Information

We utilize the following non-GAAP performance measures: net revenue (and by calculation, net revenue yield on AUM), adjusted operating income, adjusted operating margin, adjusted net income attributable to Invesco Ltd. and adjusted diluted earnings per common share (EPS). The company believes the adjusted measures provide valuable insight into the company's ongoing operational performance and assist in comparisons to its competitors. These measures also assist the company's management with the establishment of operational budgets and forecasts and assist the Board of Directors and management of the company in determining incentive compensation decisions. The most directly comparable U.S. GAAP measures are operating revenues (and by calculation, gross revenue yield on AUM), operating income, operating margin, net income attributable to Invesco Ltd. and diluted EPS. Each of these measures is discussed more fully below.

The following are reconciliations of operating revenues, operating income (and by calculation, operating margin) and net income attributable to Invesco Ltd. (and by calculation, diluted EPS) on a U.S. GAAP basis to a non-GAAP basis of net revenues, adjusted operating income (and by calculation, adjusted operating margin) and adjusted net income attributable to Invesco Ltd. (and by calculation, adjusted diluted EPS). These non-GAAP measures should not be considered as substitutes for any U.S. GAAP measures and may not be comparable to other similarly titled measures of other companies. Additional reconciling items may be added in the future to these non-GAAP measures if deemed appropriate. The tax effects related to the reconciling items have been calculated based on the tax rate attributable to the jurisdiction to which the transaction relates. Notes to the reconciliations follow the tables.

Reconciliation of Operating revenues to Net revenues:

	Three months ended June 30,		Six months ended June 30,	
$ in millions	**2021**	**2020**	**2021**	**2020**
Operating revenues, U.S. GAAP basis	1,721.4	1,419.0	3,381.1	3,017.9
Invesco Great Wall [1]	110.9	48.8	214.9	101.9
Revenue Adjustments [2]				
Investment management fees	(212.8)	(175.9)	(416.0)	(380.5)
Service and distribution fees	(269.7)	(228.5)	(531.2)	(485.1)
Other	(57.1)	(39.6)	(115.2)	(93.5)
Total Revenue Adjustments	(539.6)	(444.0)	(1,062.4)	(959.1)
CIP [3]	10.2	10.5	20.3	19.4
Net revenues	1,302.9	1,034.3	2,553.9	2,180.1

Reconciliation of Operating income to Adjusted operating income:

	Three months ended June 30,		Six months ended June 30,	
$ in millions	**2021**	**2020**	**2021**	**2020**
Operating income, U.S. GAAP basis	470.9	117.1	815.2	434.1
Invesco Great Wall [1]	62.0	25.6	128.5	57.7
CIP [3]	19.2	12.0	36.2	37.9
Transaction, integration and restructuring [4]	(47.1)	56.5	(1.3)	116.1
Amortization of intangible assets [5]	16.0	15.2	31.9	31.1
Compensation expense related to market valuation changes in deferred compensation plans [6]	19.5	28.0	33.0	(9.8)
Other reconciling items [7]	—	105.3	—	105.3
Adjusted operating income	540.5	359.7	1,043.5	772.4
Operating margin*	27.4 %	8.3 %	24.1 %	14.4 %
Adjusted operating margin**	41.5 %	34.8 %	40.9 %	35.4 %

Reconciliation of Net income attributable to Invesco Ltd. to Adjusted net income attributable to Invesco Ltd.:

	Three months ended June 30,		Six months ended June 30,	
$ in millions, except per common share data	**2021**	**2020**	**2021**	**2020**
Net income attributable to Invesco Ltd., U.S. GAAP basis	368.3	40.5	636.1	122.0
CIP [3]	—	0.1	—	0.2
Transaction, integration and restructuring, net of tax [4]	(34.8)	43.5	0.3	89.0
Amortization of intangible assets, net of tax [5]	21.8	21.2	43.6	43.1
Deferred compensation plan market valuation changes and dividend income less compensation expense, net of tax [6]	(7.6)	(22.6)	(9.5)	—
Other reconciling items, net of tax [7]	17.0	77.0	10.8	60.7
Adjusted net income attributable to Invesco Ltd.	364.7	159.7	681.3	315.0
Average common shares outstanding - diluted	466.2	463.1	465.3	461.0
Diluted EPS	$0.79	$0.09	$1.37	$0.26
Adjusted diluted EPS***	$0.78	$0.35	$1.46	$0.68

* Operating margin is equal to operating income divided by operating revenues.

** Adjusted operating margin is equal to adjusted operating income divided by net revenues.

*** Adjusted diluted EPS is equal to adjusted net income attributable to Invesco Ltd. divided by the weighted average number of common and restricted common shares outstanding. There is no difference between the calculated EPS amounts presented above and the calculated EPS amounts under the two class method.

(1) *Invesco Great Wall*

Management reflects 100% of Invesco Great Wall in its net revenues and adjusted operating expenses. The company's non-GAAP operating results reflect the economics of these holdings on a basis consistent with the underlying AUM and flows. Adjusted net income is reduced by the amount of earnings attributable to non-controlling interests.

(2) *Revenue Adjustments*

Management believes that adjustments to investment management fees, service and distribution fees and other revenues from operating revenues appropriately reflect these revenues as being passed through to external parties who perform functions on behalf of, and distribute, the company's managed funds. Further, these adjustments vary by geography due to the differences in distribution channels. The net revenue presentation assists in identifying the revenue contribution generated by the business, removing distortions caused by the differing distribution channel fees and allowing for a fair comparison with U.S. peer investment managers and within Invesco's own investment units. Additionally, management evaluates net revenue yield on AUM, which is equal to net revenues divided by average AUM during the reporting period. This financial measure is an indicator of the basis point net revenues we receive for each dollar of AUM we manage and is useful when evaluating the company's performance relative to industry competitors and within the company for capital allocation purposes.

Investment management fees are adjusted by renewal commissions and certain administrative fees. Service and distribution fees are primarily adjusted by distribution fees passed through to broker dealers for certain share classes and pass through fund-related costs. Other is primarily adjusted by transaction fees passed through to third parties. While the terms used for these types of adjustments vary by geography, they are all costs that are driven by the value of AUM and the revenue earned by Invesco from AUM. Since the company has been deemed to be the principal in the third-party arrangements, the company must reflect these revenues and expenses gross under U.S. GAAP on the Condensed Consolidated Statements of Income.

(3) *CIP*

See Part I, Item 1, Financial Statements - Note 12, "Consolidated Investment Products", for a detailed analysis of the impact to the company's Condensed Consolidated Financial Statements from the consolidation of CIP. The reconciling items add back the management and performance fees earned by Invesco from the consolidated products and remove the revenues and expenses recorded by the consolidated products that have been included in the U.S. GAAP Condensed Consolidated Statements of Income.

Management believes that the consolidation of investment products may impact a reader's analysis of our underlying results of operations and could result in investor confusion or the production of information about the company by analysts or external credit rating agencies that is not reflective of the underlying results of operations and financial condition of the company. Accordingly, management believes that it is appropriate to adjust operating revenues, operating income and net income for the impact of CIP in calculating the respective net revenues, adjusted operating income and adjusted net income.

(4) *Transaction, integration and restructuring related adjustments*

Management believes it is useful to investors and other users of our Condensed Consolidated Financial Statements to adjust for the transaction, integration and restructuring charges in arriving at adjusted operating income, adjusted operating margin and adjusted diluted EPS, as this will aid comparability of our results period to period, and aid comparability with peer companies that may not have similar acquisition and restructuring related charges. See "Results of Operations for the three and six months ended June 30, 2021 and 2020 -- Transaction, Integration and Restructuring" for additional details.

(5) *Amortization of intangible assets*

In prior periods, amortization of intangible assets was included in the transaction, integration and restructuring line item. Beginning in 2021, amortization of intangible assets is now presented as its own line item. There is no impact on operating expenses, operating income or net income.

While finite-lived intangible assets are amortized under U.S. GAAP, there is no amortization charge on goodwill and indefinite-lived intangibles. In certain qualifying situations, amortization can be recognized for goodwill and indefinite-lived intangibles for tax purposes, generally over a 15-year period, as is the case in the U.S. The tax benefit realized on the amortization is recognized as a deferred tax liability that is not reflected in the company's earnings absent an impairment charge or the disposal of the related business, which is not anticipated in the foreseeable future.

Management believes it is useful to investors and other users of our financial statements to adjust for amortization related to acquired assets and tax benefits resulting from tax amortization of goodwill and indefinite-lived intangible assets in arriving at adjusted operating income, adjusted operating margin and adjusted diluted EPS, as this will aid comparability of our results period to period, and aid comparability with peer companies that may not have similar acquisition-related charges.

(6) *Market movement on deferred compensation plan liabilities*

Certain deferred compensation plan awards involve a return to the employee linked to the appreciation (depreciation) of specified investments, typically the funds managed by the employee. Invesco hedges economically the exposure to market movements.

Since these plans are hedged economically, management believes it is useful to reflect the offset ultimately achieved from hedging the investment market exposure in the calculation of adjusted operating income (and by calculation, adjusted operating margin) and adjusted net income attributable to Invesco Ltd. (and by calculation, adjusted diluted EPS), to produce results that will be more comparable period to period.

See below for a reconciliation of deferred compensation related items:

$ in millions	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Market movement on deferred compensation plan liabilities:				
Compensation expense related to market valuation changes in deferred compensation liability	19.5	28.0	33.0	(9.8)
Adjustments to operating income	19.5	28.0	33.0	(9.8)
Market valuation changes and dividend income from investments and instruments held related to deferred compensation plans in other income/(expense)	(29.4)	(57.5)	(45.3)	9.9
Taxation:				
Taxation on deferred compensation plan market valuation changes and dividend income less compensation expense	2.3	6.9	2.8	(0.1)
Adjustments to net income attributable to Invesco Ltd.	(7.6)	(22.6)	(9.5)	—

(7) *Other reconciling items*

Each of these other reconciling items has been adjusted from U.S. GAAP to arrive at the company's non-GAAP financial measures for the reasons either outlined in the paragraphs above, due to the unique character and magnitude of the reconciling item, or because the item represents a continuation of a reconciling item adjusted from U.S. GAAP in a prior period.

$ in millions	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Other non-GAAP adjustments:				
Fund rebalancing correction [(a)]	—	105.3	—	105.3
Adjustments to operating income	—	105.3	—	105.3
Foreign exchange hedge	—	(0.2)	—	(1.2)
Change in contingent consideration estimates	—	(3.6)	(8.1)	(12.3)
Taxation:				
Taxation on fund rebalancing correction [(a)]	—	(25.3)	—	(25.3)
State tax uncertain tax position [(b)]	—	—	—	(9.0)
Impact of tax rate changes [(c)]	17.0	—	17.0	—
Taxation on foreign exchange hedge amortization	—	0.1	—	0.3
Taxation on change in consideration estimates	—	0.7	1.9	2.9
Adjustments to net income attributable to Invesco Ltd.	17.0	77.0	10.8	60.7

(a) The company recorded a charge of $105.3 million in the second quarter of 2020 due to a previously disclosed S&P 500 equal weight funds rebalancing correction. Due to the unique character and magnitude of this item, it has been adjusted from U.S. GAAP to arrive at the company's non-GAAP financial measures.

(b) The income tax provision for the six months ended June 30, 2020 includes a tax benefit of $9.0 million resulting from the reversal of an uncertain tax position due to the expiration of statute of limitations. This benefit has been removed from the company's non-GAAP results to be consistent with the exclusion of the original provision in a prior period.

(c) Represents a non-cash income tax expense of $17.0 million arising from the remeasurement of the UK deferred tax assets and liabilities due to the enactment of an increase in the UK corporate tax rate from 19% to 25% effective in 2023.

Balance Sheet Discussion [1]

The following table represents a reconciliation of the balance sheet information presented on a U.S. GAAP basis to the balance sheet information excluding the impact of CIP and policyholder balances for the reasons outlined in footnote 1 to the table:

Balance sheet information $ in millions	As of June 30, 2021				As of December 31, 2020			
	U.S. GAAP	Impact of CIP	Impact of Policyholders	As Adjusted	U.S. GAAP	Impact of CIP	Impact of Policyholders	As Adjusted
ASSETS								
Cash and cash equivalents	1,333.0	—	—	1,333.0	1,408.4	—	—	1,408.4
Unsettled fund receivables	287.6	—	—	287.6	109.4	—	—	109.4
Investments	965.2	(440.8)	—	1,406.0	826.8	(421.4)	—	1,248.2
Assets of CIP:								
Investments and other assets of CIP	8,793.1	8,793.1	—	—	8,085.5	8,085.5	—	—
Cash and cash equivalents of CIP	404.1	404.1	—	—	301.7	301.7	—	—
Assets held for policyholders	3,415.2	—	3,415.2	—	7,582.1	—	7,582.1	—
Goodwill and intangible assets, net	16,229.0	—	—	16,229.0	16,221.9	—	—	16,221.9
Other assets [2]	1,821.2	(5.4)	—	1,826.6	1,968.3	(5.1)	—	1,973.4
Total assets	33,248.4	8,751.0	3,415.2	21,082.2	36,504.1	7,960.7	7,582.1	20,961.3
LIABILITIES								
Liabilities of CIP:								
Debt of CIP	6,750.7	6,750.7	—	—	6,714.1	6,714.1	—	—
Other liabilities of CIP	1,118.6	1,118.6	—	—	588.6	588.6	—	—
Policyholder payables	3,415.2	—	3,415.2	—	7,582.1	—	7,582.1	—
Unsettled fund payables	286.9	—	—	286.9	98.4	—	—	98.4
Long-term debt	2,083.8	—	—	2,083.8	2,082.6	—	—	2,082.6
Other liabilities [3]	3,802.7	—	—	3,802.7	4,417.6	—	—	4,417.6
Total liabilities	17,457.9	7,869.3	3,415.2	6,173.4	21,483.4	7,302.7	7,582.1	6,598.6
EQUITY								
Total equity attributable to Invesco Ltd.	14,908.0	(0.1)	—	14,908.1	14,361.8	(0.1)	—	14,361.9
Noncontrolling interests [4]	882.5	881.8	—	0.7	658.9	658.1	—	0.8
Total equity	15,790.5	881.7	—	14,908.8	15,020.7	658.0	—	14,362.7
Total liabilities and equity	33,248.4	8,751.0	3,415.2	21,082.2	36,504.1	7,960.7	7,582.1	20,961.3

(1) These tables include non-GAAP presentations. Assets of CIP are not available for use by Invesco. Additionally, there is no recourse to Invesco for CIP debt. Policyholder assets and liabilities are equal and offsetting and have no impact on Invesco's shareholder's equity.

(2) Amounts include restricted cash, accounts receivable, prepaid assets, property, equipment and software, right-of-use assets and other assets.

(3) Amounts include accrued compensation and benefits, accounts payable and accrued expenses, lease liability and deferred tax liabilities.

(4) Amounts include redeemable noncontrolling interests in consolidated entities and equity attributable to nonredeemable noncontrolling interests in consolidated entities.

Cash and cash equivalents

Cash and cash equivalents decreased by $75.4 million from $1,408.4 million at December 31, 2020 to $1,333.0 million at June 30, 2021. See "Cash Flows Discussion" in the following section within this Management's Discussion and Analysis for additional discussion regarding the movements in cash flows during the period.

Investments

As of June 30, 2021, we had $965.2 million in total investments (December 31, 2020: $826.8 million). Included in investments are $219.7 million of seed money investments in affiliated funds used to seed funds as we launch new products, and $221.0 million of investments related to assets held for deferred compensation plans, which are also held primarily in affiliated funds. Seed investments increased by a net $66.2 million during the six months ended June 30, 2021. The increase in the period was related to purchases of $85.1 million, $24.2 million of market valuation changes and foreign exchange movements and a non-cash increase of $17.4 million due to the deconsolidation of certain CIP in the period (restoring the company's formerly eliminated investment balances), partially offset by redemptions of $60.5 million. Investments related to deferred compensation awards increased by a net $18.3 million during the period. Of the net $18.3 million increase, $17.3 million related to market valuation changes and foreign exchange movements.

Included in investments are $481.9 million in equity method investments in Invesco Great Wall and in certain of the company's private equity partnerships, real estate partnerships and other co-investments (December 31, 2020: $426.1 million). The increase of $55.8 million in equity method investments was driven by $64.7 million in current period earnings, an increase from partnership contributions of $38.4 million and $0.2 million in market valuation changes and foreign exchange rates. This increase was partially offset by $38.8 million related to the Invesco Great Wall dividend, $4.4 million related to capital distributions from partnership investments and $4.3 million related to distributions from partnership investments. Also included in investments are foreign time deposits of $28.3 million.

Assets held for policyholders and policyholder payables

One of our subsidiaries, Invesco Pensions Limited, is an insurance company that was established to facilitate retirement savings plans in the UK. The entity holds assets that are managed for its clients on its balance sheet with an equal and offsetting liability. The decrease in the balance of these accounts from $7,582.1 million at December 31, 2020 to $3,415.2 million at June 30, 2021 was the result of net business outflows of $4,278.5 million, offset by $59.8 million of positive market movements and $51.8 million in foreign exchange rate movements.

Liquidity and Capital Resources

Our capital structure, together with available cash balances, cash flows generated from operations, existing capacity under our credit facility and further capital market activities, if necessary, should provide us with sufficient resources to meet present and future cash needs, including operating, debt and other obligations as they come due and anticipated future capital requirements.

Capital Management

Our capital management priorities have evolved with the growth and success of our business and include:

- Reinvestment in the business;
- Maintain strong balance sheet;
- Moderate growth of dividends (as further discussed in the "Dividends" section below); and
- Share repurchases.

As of June 30, 2021, the balance on the $1.5 billion capacity credit facility was zero. On April 26, 2021, the company amended and restated the credit facility at favorable terms, extending the expiration date from August 11, 2022 to April 26, 2026.

On April 1, 2021, the company settled the remaining forward contracts entered into in July and August of 2019 for $309.4 million. The associated net collateral received of $104.1 million was returned to the counterparty and restricted cash of $208.0 million as of March 31, 2021 was released to cash and cash equivalents. There are no remaining forward contract liabilities (refer to Note 5, "Share Capital," for additional details).

The company did not repurchase any of its shares in the open market during the three months ended June 30, 2021. During the second quarter, an aggregate of 0.1 million common shares were withheld in the amount of $2.9 million related to tax withholding requirements on employee share vestings.

Our capital management process is executed in a manner consistent with our desire to maintain strong, investment grade credit ratings. As of the date of our filing, Invesco held credit ratings of BBB+/Stable, A3/Stable and A-/Stable from Standard

& Poor's Ratings Service ("S&P"), Moody's Investor Services ("Moody's") and Fitch Ratings ("Fitch"), respectively. Our ability to continue to access the capital markets in a timely manner depends on several factors, including our credit ratings, the condition of the global economy including the impact of COVID-19, investors' willingness to purchase our securities, interest rates, credit spreads and the valuation levels of equity markets. If we are unable to access capital markets in a timely manner, our business could be adversely impacted.

Other items

Certain of our subsidiaries are required to maintain minimum levels of capital. Such requirements may change from time-to-time as additional guidance is released based on a variety of factors, including balance sheet composition, assessment of risk exposures and governance, and review from regulators. These and other similar provisions of applicable laws and regulations may have the effect of limiting withdrawals of capital, repayment of intercompany loans and payment of dividends by such entities. Our financial condition or liquidity could be adversely affected if certain of our subsidiaries are unable to distribute funds to us.

All of our regulated EU and UK subsidiaries are subject to consolidated capital requirements under applicable EU and UK requirements, including those arising from the EU's Capital Requirements Directive and the UK's Internal Capital Adequacy Assessment Process (ICAAP), and we maintain capital within this European sub-group to satisfy these regulations. We meet these requirements in part by holding cash and cash equivalents. This retained cash can be used for general business purposes in the European sub-group in the countries where it is located. Due to the capital restrictions, the ability to transfer cash between certain jurisdictions may be limited. In addition, transfers of cash between international jurisdictions may have adverse tax consequences. We are in compliance with all regulatory minimum net capital requirements. As of June 30, 2021, the company's minimum regulatory capital requirement was $746.2 million (December 31, 2020: $763.6 million); the decrease was driven by a reduction in net capital requirements in the UK as a result of lower expenses and AUM levels, partially offset by the strengthening of the Pound Sterling against the U.S. Dollar. The total amount of non-U.S. cash and cash equivalents was $951.2 million at June 30, 2021 (December 31, 2020: $1,034.8 million).

The consolidation of $9,197.2 million and $6,750.7 million of assets and long-term debt of CIP as of June 30, 2021, respectively, did not impact the company's liquidity and capital resources. The majority of CIP balances related to consolidated CLOs. The collateral assets of the CLOs are held solely to satisfy the obligations of the CLOs. The company has no right to the benefits from, nor does it bear the risks associated with, the collateral assets held by the CLOs, beyond the company's direct investments in, and management and performance fees generated from these products, which are eliminated upon consolidation. If the company were to liquidate, the collateral assets would not be available to the general creditors of the company, and as a result, the company does not consider them to be company assets. Likewise, if the CLOs were to liquidate, their investors would have no recourse to the general credit of the company. The company therefore does not consider this debt to be an obligation of the company. See Part I, Item 1, Financial Statements - Note 12, "Consolidated Investment Products", for additional details.

Cash Flows Discussion

The ability to consistently generate cash flows from operations in excess of dividend payments, common share repurchases, capital expenditures and ongoing operating expenses is one of our company's fundamental financial strengths. Operations continue to be financed from current earnings and borrowings. Our principal uses of cash, other than for operating expenses, include dividend payments, capital expenditures, acquisitions, purchases of our common shares in the open market and investments in certain new investment products.

The following table represents a reconciliation of the cash flow information presented on a U.S. GAAP basis to the cash flows information, excluding the impact of the cash flows of Consolidated Investment Products for the reasons outlined in footnote 1 to the table:

Cash flows information [1]	**Six months ended June 30, 2021**			**Six months ended June 30, 2020**		
$ in millions	**U.S. GAAP**	**Impact of CIP**	**Excluding CIP**	**U.S. GAAP**	**Impact of CIP**	**Excluding CIP**
Cash, cash equivalents and restricted cash, beginning of the period [2]	1,839.3	301.7	1,537.6	1,701.2	652.2	1,049.0
Cash flows from operating activities [1]	480.8	(120.4)	601.2	260.9	(7.8)	268.7
Cash flows from investing activities	(215.0)	(160.3)	(54.7)	(743.0)	(687.5)	(55.5)
Cash flows from financing activities	(344.9)	396.5	(741.4)	71.3	318.1	(246.8)
Increase/(decrease) in cash and cash equivalents	(79.1)	115.8	(194.9)	(410.8)	(377.2)	(33.6)
Foreign exchange movement on cash and cash equivalents	(14.4)	(4.7)	(9.7)	(28.4)	(0.1)	(28.3)
Net cash inflows (outflows) upon consolidation/deconsolidation of CIP	(8.7)	(8.7)	—	9.2	9.2	—
Cash and cash equivalents, end of the period [2]	1,737.1	404.1	1,333.0	1,271.2	284.1	987.1
Cash and cash equivalents	1,333.0	—	1,333.0	987.1	—	987.1
Cash and cash equivalents of CIP	404.1	404.1	—	284.1	284.1	—
Total cash and cash equivalents per consolidated statement of cash flows [2]	1,737.1	404.1	1,333.0	1,271.2	284.1	987.1

(1) These tables include non-GAAP presentations. Cash held by CIP is not available for use by Invesco. Additionally, there is no recourse to Invesco for CIP debt. The cash flows of CIP do not form part of the company's cash flow management processes, nor do they form part of the company's significant liquidity evaluations and decisions. Policyholder assets and liabilities are equal and offsetting and have no impact on Invesco's shareholder's equity. The impact of cash inflows/outflows from policyholder assets and liabilities are reflected within cash flows from operating activities as changes in receivables and/or payables, as applicable.

(2) Restricted cash of $129.2 million as of December 31, 2020 is recorded in Other assets on the Condensed Consolidated Balance Sheets. There was no restricted cash at the end of the period for the six months ended June 30, 2021 and 2020.

Operating Activities

Operating cash flows include the receipt of investment management and other fees generated from AUM, offset by operating expenses and changes in operating assets and liabilities. Although some receipts and payments are seasonal, particularly bonus payments which are paid out during the first quarter, in general, after allowing for the change in cash held by CIP, and investment activities, our operating cash flows move in the same direction as our operating income.

During the six months ended June 30, 2021, cash provided by operating activities was $480.8 million compared to $260.9 million provided during the six months ended June 30, 2020. As shown in the tables above, the impact of CIP to cash provided by operating activities was $120.4 million of cash used during the six months ended June 30, 2021 compared to $7.8 million of cash used during the six months ended June 30, 2020. Excluding the impact of CIP, cash provided by operations was $601.2 million during the six months ended June 30, 2021 compared to $268.7 million of cash provided by operating activities during the six months ended June 30, 2020. Cash inflows included a $381.1 million increase in operating income. Inflows were partially offset by net outflows from changes in payables and receivables due to timing of payments and receipts compared to greater net outflows in the six months ended June 30, 2020 as well as net investment sales of $26.8 million, including seed money and deferred compensation investments (six months ended June 30, 2020: $165.2 million net redemptions).

Investing Activities

Net cash used in investing activities totaled $215.0 million for the six months ended June 30, 2021 (six months ended June 30, 2020: net cash used of $743.0 million). As shown in the tables above, the impact of CIP on investing activities, including investment purchases, sales and returns of capital, was $160.3 million of cash used (six months ended June 30, 2020: $687.5 million used). Excluding the impact of CIP cash flows, net cash used in investing activities was $54.7 million for the six months ended June 30, 2021 (six months ended June 30, 2020: net cash used of $55.5 million). Investing activities for the six months ended June 30, 2020 also included net collateral paid on the forward contracts of $28.7 million, as net collateral was in a receivable position as of June 30, 2020. At the time of settlement, the net collateral was in a payable position and reflected within financing activities.

Cash outflows for the six months ended June 30, 2021, excluding the impact of CIP, included purchases of investments of $107.5 million (six months ended June 30, 2020: $98.5 million purchases). These outflows were partially offset by proceeds of $100.0 million from sales and returns of capital of investments (six months ended June 30, 2020: $118.9 million proceeds).

During the six months ended June 30, 2021, the company had capital expenditures of $47.2 million (six months ended June 30, 2020: $47.0 million). Our capital expenditures related principally in each period to technology initiatives, including enhancements to platforms from which we maintain our portfolio management systems and fund accounting systems, improvements in computer hardware and software desktop products for employees, new telecommunications products to enhance our internal information flow and back-up disaster recovery systems. Also, in each period, a portion of these costs related to leasehold improvements made to the various buildings and workspaces used in our offices. These projects have been funded with proceeds from our operating cash flows.

Financing Activities

Net cash used in financing activities totaled $344.9 million for the six months ended June 30, 2021 (six months ended June 30, 2020: net cash provided of $71.3 million). As shown in the tables above, the impact of CIP on financing activities provided cash of $396.5 million (six months ended June 30, 2020: cash provided of $318.1 million). Excluding the impact of CIP, financing activities used net cash of $741.4 million in the six months ended June 30, 2021 (six months ended June 30, 2020: net cash used of $246.8 million).

Financing cash outflows during the six months ended June 30, 2021 included the $309.4 million settlement of the forward contracts (six months ended June 30, 2020: $190.6 million pre-payment on the forward contracts), $104.1 million of net collateral on the forward contracts returned to the counterparty (June 30, 2020: net collateral was in a receivable position and reflected within investing activities), $150.1 million of common dividend payments for the dividends declared in January and April (six months ended June 30, 2020: common dividends paid of $214.5 million), $118.4 million of preferred dividend payments for dividends declared in January and April (six months ended June 30, 2020: $118.4 million), the payment of $47.6 million to meet employees' withholding tax obligations on common share vestings (six months ended June 30, 2020: $34.9 million) and a payment of $11.8 million of contingent consideration (six months ended June 30, 2020: $14.0 million). The credit facility had no net borrowing during the six months ended June 30, 2021 (six months ended June 30, 2020: net borrowing of $325.6 million).

Dividends

When declared, Invesco pays dividends on a quarterly basis in arrears. Holders of our preferred shares are eligible to receive dividends at an annual rate of 5.9% of the liquidation preference of $1,000 per share, or $59 per share per annum. The preferred stock dividend is payable quarterly on a non-cumulative basis when, if and as declared by our board of directors. However, if we have not declared and paid or set aside for payment full quarterly dividends on the preferred stock for a particular dividend period, we may not declare or pay dividends on, or redeem, purchase or acquire, our common stock or other junior securities in the next succeeding dividend period. In addition, if we have not declared and paid or set aside for payment quarterly dividends on the preferred stock for six quarterly periods, whether or not consecutive, the number of directors of the company will be increased by two and the holders of the preferred shares shall have the right to elect such two additional members of the Board of Directors.

On July 27, 2021, the company announced a second quarter 2021 cash dividend of $0.17 per share to holders of common shares, payable on September 1, 2021, to shareholders of record at the close of business on August 13, 2021 with an ex-dividend date of August 12, 2021.

On July 27, 2021 the company announced a preferred dividend of $14.75 per share to the holders of preferred shares, representing the period from June 1, 2021 through August 31, 2021. The preferred dividend is payable on September 1, 2021 to shareholders of record at close of business on August 16, 2021.

The declaration, payment and amount of any future dividends will be declared by our board of directors and will depend upon, among other factors, our earnings, financial condition and capital requirements at the time such declaration and payment are considered. The board has a policy of managing dividends in a prudent fashion, with due consideration given to profit levels, overall debt levels and historical dividend payouts.

Long-term debt

The carrying value of our long-term debt at June 30, 2021 was $2,083.8 million (December 31, 2020: $2,082.6 million) and was comprised of the following:

$ in millions	June 30, 2021	December 31, 2020
$1.5 billion floating rate credit facility expiring April 26, 2026 [1]	—	—
Unsecured Senior Notes:		
$600 million 3.125% - due November 30, 2022	599.1	598.7
$600 million 4.000% - due January 30, 2024	597.3	596.8
$500 million 3.750% - due January 15, 2026	497.0	496.7
$400 million 5.375% - due November 30, 2043	390.4	390.4
Long-term debt	2,083.8	2,082.6

(1) On April 26, 2021, Invesco Ltd. and its indirect subsidiary, Invesco Finance PLC, amended and restated the $1.5 billion floating rate credit facility, extending the expiration date from August 11, 2022 to April 26, 2026 (see "Item 5. Other Information" for additional details).

For the six months ended June 30, 2021, the company's weighted average cost of debt was 3.95% (six months ended June 30, 2020: 3.68%).

Financial covenants under the credit agreement include: (i) the quarterly maintenance of an adjusted debt/EBITDA leverage ratio, as defined in the credit agreement, of not greater than 3.25:1.00, (ii) a coverage ratio (EBITDA, as defined in the credit agreement/interest payable for the four consecutive fiscal quarters ended before the date of determination) of not less than 4.00:1.00. As of June 30, 2021, we were in compliance with our financial covenants. At June 30, 2021, our leverage ratio was 0.93:1.00 (December 31, 2020: 1.37:1.00), and our interest coverage ratio was 19.08:1.00 (December 31, 2020: 11.83:1.00).

The June 30, 2021 coverage ratio calculations are as follows:

$ millions	Total	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net income attributable to Invesco Ltd.	1,038.9	368.3	267.8	211.1	191.7
Dividends on preferred shares	236.8	59.2	59.2	59.2	59.2
Impact of CIP on net income attributable to Invesco Ltd.	(9.6)	—	—	—	(9.6)
Tax expense	421.5	154.2	106.5	68.9	91.9
Amortization/depreciation	208.7	52.8	51.1	53.2	51.6
Interest expense	106.6	24.6	23.8	24.4	33.8
Common share-based compensation expense	166.1	34.2	38.6	50.3	43.0
Unrealized gains and losses from investments, net [1]	(50.1)	(10.4)	(1.3)	(20.0)	(18.4)
OppenheimerFunds acquisition-related matter [2]	(85.4)	(85.4)	—	—	—
EBITDA [3]	2,033.5	597.5	545.7	447.1	443.2
Adjusted debt [3]	$1,886.6				
Leverage ratio (Debt/EBITDA - maximum 3.25:1.00)	0.93				
Interest coverage (EBITDA/Interest Expense - minimum 4.00:1.00)	19.08				

(1) Adjustments for unrealized gains and losses from investments, as defined in our credit facility, may also include non-cash gains and losses on investments to the extent that they do not represent anticipated future cash receipts or expenditures.

(2) Unusual or otherwise non-recurring gains and losses, as defined in our credit facility, are adjusted for in the determination of EBITDA. The benefit to expense related to the change in the OppenheimerFunds acquisition related liability is considered unusual and has been deducted in the determination of EBITDA.

(3) EBITDA and Adjusted debt are non-GAAP financial measures that are used by management in connection with certain debt covenant calculations under our credit agreement. The calculation of EBITDA above (a reconciliation from net income attributable to Invesco Ltd.) is defined by our credit agreement, and therefore net income attributable to Invesco

Ltd. is the most appropriate GAAP measure from which to reconcile to EBITDA. The calculation of Adjusted debt is defined in our credit facility and equals long-term debt of $2,083.8 million plus $2.8 million in letters of credit less $200.0 million of excess unrestricted cash (cash and cash equivalents less the minimum regulatory capital requirement, not to exceed $200 million).

Credit and Liquidity Risk

Capital management involves the management of the company's liquidity and cash flows. The company manages its capital by reviewing annual and projected cash flow forecasts and by monitoring credit, liquidity and market risks, such as interest rate and foreign currency risks (as discussed in Part I, Item 3, Quantitative and Qualitative Disclosures About Market Risk), through measurement and analysis. The company is primarily exposed to credit risk through its cash and cash equivalent deposits, which are held by external firms. The company invests its cash balances in its own institutional money market products, as well as with external high credit-quality financial institutions. These arrangements create exposure to concentrations of credit risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. All cash and cash equivalent balances are subject to credit risk, as they represent deposits made by the company with external banks and other institutions. As of June 30, 2021, our maximum exposure to credit risk related to our cash and cash equivalent balances is $1,333.0 million. See Part I, Item 1, Financial Statements - Note 2, "Fair Value of Assets and Liabilities", for information regarding cash and cash equivalents invested in affiliated money market funds.

The company does not utilize credit derivatives or similar instruments to mitigate the maximum exposure to credit risk. The company does not expect any counterparties to its financial instruments to fail to meet their obligations.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities as the same become due. The company is exposed to liquidity risk through its $2,083.8 million in total debt. The company actively manages liquidity risk by preparing cash flow forecasts for future periods, reviewing them regularly with senior management, maintaining a committed credit facility, scheduling significant gaps between major debt maturities and engaging external financing sources in regular dialogue.

Effects of Inflation

Inflation can impact our organization primarily in two ways. First, inflationary pressures can result in increases in our cost structure, especially to the extent that large expense components such as compensation are impacted. To the degree that these expense increases are not recoverable or cannot be counterbalanced through pricing increases due to the competitive environment, our profitability could be negatively impacted. Secondly, the value of the assets that we manage may be negatively impacted when inflationary expectations result in a rising interest rate environment. Declines in the values of these AUM could lead to reduced revenues as management fees are generally calculated based upon the size of AUM.

Common Share Repurchase Plan

The company did not purchase shares in the open market during the three and six months ended June 30, 2021 and 2020, respectively. An aggregate of 0.1 million and 2.2 million common shares were withheld on vesting events during the three and six months ended June 30, 2021 to meet employees' withholding tax obligations (three and six months ended June 30, 2020: 0.1 million and 2.4 million shares). The fair value of these common shares withheld at the respective withholding dates was $2.9 million and $47.6 million during the three and six months ended June 30, 2021 (three and six months ended June 30, 2020: $3.4 million and $34.9 million). At June 30, 2021, approximately $732.2 million remains available under the share repurchase authorizations approved by the Board on July 22, 2016.

Off Balance Sheet Commitments

See Part I, Item 1, Financial Statements - Note 11, "Commitments and Contingencies - Legal Contingencies", for more information regarding undrawn capital commitments.

Contractual Obligations

We have future obligations under various contracts relating to debt and interest payments, financing and operating leases, long-term defined benefit pension, and acquisition contracts. During the six months ended June 30, 2021, there were no material changes to the company's contractual obligations.

Critical Accounting Policies and Estimates

There have been no significant changes to the critical accounting policies disclosed in our most recent Form 10-K for the year ended December 31, 2020. Critical accounting policies are those that require management's most difficult, subjective or complex judgments and would therefore be deemed the most critical to an understanding of our results of operations and financial condition.

Recent Accounting Standards

See Part I, Item 1, Financial Statements - Note 1, "Accounting Policies - Accounting Pronouncements Recently Adopted."

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

In the normal course of its business, the company is primarily exposed to market risk in the form of AUM market price risk, securities market risk, interest rate risk and foreign exchange rate risk. There have not been any material changes to the company's exposures to market risks during the period ended June 30, 2021 that would require an update to the disclosures provided in the most recent Form 10-K.

AUM Market Price Risk

The company's investment management revenues are comprised of fees based on the value of AUM. Declines in the market prices of equity and fixed income securities, commodities and derivatives, or other similar financial instruments held in client portfolios could cause revenues to decline because of lower investment management fees by:

- Causing the value of AUM to decrease.
- Causing the returns realized on AUM to decrease (impacting performance fees).
- Causing clients to withdraw funds in favor of investments in markets that they perceive to offer greater opportunity and that the company does not serve.
- Causing clients to rebalance assets away from investments that the company manages into investments that the company does not manage.
- Causing clients to reallocate assets away from products that earn higher revenues into products that earn lower revenues.

Underperformance of client accounts relative to competing products could exacerbate these factors.

Securities Market Risk

The company has investments in managed investment products that invest in a variety of asset classes. Investments are generally made to establish a track record for a new fund or investment vehicle or to hedge economically exposure to certain deferred compensation plans. The company's exposure to market risk from financial instruments measured at fair value arises from its investments.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk primarily through its external debt and cash and cash equivalent investments. See Part I, Item 1, Financial Statements - Note 4, "Long-Term Debt" for details of the company's long-term debt arrangements. As of June 30, 2021, the interest rates on 100.0% of the company's borrowings were fixed for a weighted average period of 6.4 years, and the company had a zero balance on its floating rate credit facility.

Foreign Exchange Rate Risk

The company has certain investments in foreign operations, whose net assets and results of operations are exposed to foreign currency translation risk when translated into U.S. Dollars upon consolidation into Invesco Ltd.

The company is exposed to foreign exchange revaluation into the Condensed Consolidated Statements of Income on monetary assets and liabilities that are held by subsidiaries in different functional currencies than the subsidiaries' functional currencies. Net foreign exchange revaluation losses were $2.3 million during the six months ended June 30, 2021 (six months ended June 30, 2020: $1.8 million losses), and are included in general and administrative expenses and other gains and losses, net on the Condensed Consolidated Statements of Income. We continue to monitor our exposure to foreign exchange revaluation.

Item 4. ***Controls and Procedures***

Our management is responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information the company is required to disclose in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in the reports that the company files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of June 30, 2021. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

We have evaluated any change in our internal control over financial reporting that occurred during the six months ended June 30, 2021 and have concluded that there was no change that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

See Part I, Item 1, Financial Statements - Note 11, "Commitments and Contingencies - Legal Contingencies", for information regarding legal proceedings.

Item 1A. ***Risk Factors***

The company has had no significant changes in its risk factors from those previously disclosed in its Annual Report on Form 10-K for the year ended December 31, 2020.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Repurchases of Equity Securities

The following table sets forth information regarding purchases of our common shares by us and any affiliated purchases during the three months ended June 30, 2021:

Month	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Maximum Number at end of period (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs [2] (millions)
April 1-30, 2021	46,172	$ 25.38	—	$732.2
May 1-31, 2021	56,125	$ 27.55	—	$732.2
June 1-30, 2021	17,998	$ 27.72	—	$732.2
Total	120,295		—	

(1) An aggregate of 120,295 shares were surrendered to us by Invesco employees to satisfy tax withholding obligations in connection with the vesting of equity awards.

(2) At June 30, 2021, a balance of $732.2 million remains available under the share repurchase authorization approved by the Board on July 22, 2016.

Item 6. ***Exhibits***

Exhibit Index

3.1	Memorandum of Association of Invesco Ltd., incorporating amendments up to and including December 4, 2007, incorporated by reference to exhibit 3.1 to Invesco's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 12, 2007
3.2	Third Amended and Restated Bye-Laws of Invesco Ltd., incorporating amendments up to and including May 11, 2017, incorporated by reference to exhibit 3.2 to Invesco's Quarterly Report on Form 10-Q for the period ended June 30, 2017, filed with the Securities and Exchange Commission on July 27, 2017
3.3	Certificate of Designation for the 5.900% fixed rate non-cumulative perpetual series A preference shares, par value $0.20 per share, of Invesco Ltd. incorporated by reference to Exhibit 3.1 to Invesco's Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 24, 2019
10.1	Form of Restricted Stock Award Agreement for Non-Executive Directors under the Invesco Ltd. 2016 Global Equity Incentive Plan, as amended and restated (May 2021)
10.2	Form of Restricted Stock Unit Award Agreement for Non-Executive Directors under the Invesco Ltd. 2016 Global Equity Incentive Plan, as amended and restated (May 2021)
10.3	Form of Restricted Stock Unit Award Agreement - Performance Vesting under the Invesco Ltd. 2016 Global Equity Incentive Plan, as amended and restated (May 2021)
10.4	Form of Restricted Stock Unit Award Agreement - Performance Vesting with respect to Martin L. Flanagan under the Invesco Ltd. 2016 Global Equity Incentive Plan, as amended and restated (May 2021)
22	Subsidiary Guarantors and Issuers of Guaranteed Securities, incorporated by reference to Exhibit 22 to Invesco's Quarterly Report on Form 10-Q for the period ended March 31, 2021, filed with the Securities and Exchange Commission on April 30, 2021
31.1	Certification of Martin L. Flanagan pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of L. Allison Dukes pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Martin L. Flanagan pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of L. Allison Dukes pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Changes in Equity, and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INVESCO LTD.

July 30, 2021 /s/ MARTIN L. FLANAGAN

Martin L. Flanagan
President and Chief Executive Officer

July 30, 2021 /s/ L. ALLISON DUKES

L. Allison Dukes
Senior Managing Director and Chief Financial Officer



INVESCO LTD. 2016 GLOBAL EQUITY INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT – TIME VESTING
NON-EXECUTIVE DIRECTORS
Non-transferable

Invesco Ltd. ("Company")

hereby awards to

[Participant Name]
("Participant" or "you")

[Number of Shares Granted]
Restricted Shares of the Company ("Award")

as of [Grant Date] ("Grant Date")

Subject to the conditions of the Invesco Ltd. 2016 Global Equity Incentive Plan as in effect from time to time ("Plan") and this Award Agreement, the Company hereby grants to you the number of Restricted Shares set forth above, which shall become vested, non-forfeitable and free of all restrictions on the first anniversary of the Grant Date. This Award is part of your compensation as a non-executive director of the Company.

This Award shall be effective as of the Grant Date set forth above. You acknowledge that you have received a copy of the Plan's prospectus, that you have read and understood the following Terms and Conditions, which are incorporated herein by reference, and that you agree to the following Terms and Conditions and the terms of the Plan. The Shares issued pursuant to this Award are subject to the provisions of the Non-Executive Director Stock Ownership Policy or any successor policy of the Company.

Continued on the following page

TERMS AND CONDITIONS – Restricted Shares – Non-Executive Directors - Time Vesting

1. Plan Controls; Restricted Shares. In consideration of this Award, you hereby promise to honor and to be bound by the Plan and this Award Agreement, including the following terms and conditions, which serve as the agreed basis for your Award. The terms contained in the Plan are incorporated into and made a part of this Award Agreement, and this Award Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and this Award Agreement, the provisions of the Plan shall control and be deemed to amend the Award Agreement. The "Restricted Shares" are the Shares specified on page 1 hereof that are issued to you pursuant to Section 9 of the Plan and the additional terms of this Award Agreement. Unless the context otherwise requires, and solely for purposes of these Terms and Conditions, the term "Company" means Invesco Ltd., its Affiliates and their respective successors and assigns, as applicable. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan.

2. Restrictions. Restricted Shares may not be sold, assigned, transferred, pledged or otherwise encumbered. Upon your Termination of Service for any reason other than as set forth in Paragraph 3 hereof, you shall forfeit all of your right, title and interest in and to the Restricted Shares as of the date of your Termination of Service.

3. Expiration and Termination of Restrictions. The restrictions imposed under Paragraph 2 hereof will expire, and the Restricted Shares will become unrestricted Shares, on the earliest to occur of the following:

(a) the first anniversary of the Grant Date, provided that you have not experienced a Termination of Service before such date, or
(b) in the event of your Termination of Service due to death or Disability, as of the date of your Termination of Service, or
(c) in the event of your Termination of Service due to resignation or retirement, as of the first anniversary of the Grant Date; provided, however, in the event such voluntary Termination of Service occurs before the first anniversary of the Grant Date, a prorated number of Restricted Shares (based on the proration of the one-year period between the Grant Date and the first anniversary of the Grant Date that you served as a director, rounded down to the nearest whole Share) will be converted to Shares as of the first anniversary of the Grant Date, and you will forfeit the remaining Restricted Shares; or
(d) in the event of a Change in Control and this Award Agreement is not assumed, converted or replaced in connection with the transaction that constitutes the Change in Control, as of the date of such Change in Control; or
(e) in the event of your Termination of Service following a Change in Control that occurs after the Grant Date but before the first anniversary of the Grant Date, by the Company other than for Cause, as of the first anniversary of the Grant Date.

Upon the expiration or termination of an applicable restriction set forth in this Paragraph 3, unrestricted Shares will be delivered to you as soon thereafter as practicable.

4. Shareholder Rights. Upon issuance of the Restricted Shares, you shall have all of the rights of a Shareholder with respect to the Restricted Shares, including voting and dividend rights.

5. Data Privacy. Pursuant to applicable personal data protection laws, the Company hereby notifies you of the following in relation to your personal data and the collection, use, processing and transfer (collectively, the "Use") of such data in relation to the Company's grant of the Restricted Shares and your participation in the Plan. The Use of your personal data is necessary for the Company's administration of the Plan and your participation in the Plan. Your denial and/or objection to the Use of personal data may affect your participation in the Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law), to the Use of personal data as described in this Paragraph 5.

The Company holds certain personal information about you, which may include your name, home address and telephone number, date of birth, social security number or other identification number, any Shares held by you, details of all Restricted Shares or any other entitlement to Shares awarded in your favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by you or collected, where lawful, from the Company, Affiliates or third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing your participation in the Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such data are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for your participation in the Plan.

The Company will transfer Data among its Affiliates as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. You hereby authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) oppose, for legal reasons, the collection,

processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the Plan and your participation in the Plan. You may seek to exercise these rights by contacting Invesco, Ltd., Manager, Sr. Executive Compensation, 1555 Peachtree Street, NE, Atlanta, Georgia 30309.

6. Notice. Notices and communications under this Award Agreement must be in writing and either personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Invesco Ltd., Sr. Manager, Executive Compensation, 1555 Peachtree Street, NE, Atlanta, Georgia 30309, or to any other address designated by the Company in a written notice to you. Notices to you will be directed to your address then currently on file with the Company, or to any other address given by you in a written notice to the Company.

7. Compliance with Laws. As a condition to the grant of these Restricted Shares, you agree to take any and all actions, and consent to any and all actions taken by the Company and the Company's local Affiliates, as may be required to allow the Company and the Company's local Affiliates to comply with local laws, rules and regulations in your country of residence. Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence.

8. Addendum to Award Agreement. Notwithstanding any provisions in this Award Agreement to the contrary, the Restricted Shares shall be subject to any special terms and conditions for your country of residence, as may be set forth in an addendum to this Award Agreement ("Addendum"). Further, if you transfer residency to another country as may be reflected in an Addendum to this Award Agreement, the special terms and conditions for such country will apply to your Restricted Shares to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the administration of the Restricted Shares and of the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). Any applicable Addendum shall constitute part of this Award Agreement.

9. Additional Requirements. The Company reserves the right to impose other requirements on the Restricted Shares, any Shares acquired pursuant to the Restricted Shares, and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Restricted Shares and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

10. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Shares by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.



INVESCO LTD. 2016 GLOBAL EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT – TIME VESTING
NON-EXECUTIVE DIRECTORS
Non-transferable

Invesco Ltd. ("Company")

hereby awards to

[Participant Name]
("Participant" or "you")

[Number of Shares Granted]
Restricted Stock Units

as of [Grant Date] ("Grant Date")

Subject to the conditions of the Invesco Ltd. 2016 Global Equity Incentive Plan as in effect from time to time ("Plan") and this Award Agreement (including any applicable addendum), the Company hereby grants to you the number of Restricted Stock Units set forth above, which shall become vested and non-forfeitable on the first anniversary of the Grant Date. This Award is part of your compensation as a non-executive director of the Company.

This Award shall be effective as of the Grant Date set forth above. You acknowledge that you have received a copy of the Plan's prospectus, that you have read and understood the following Terms and Conditions, which are incorporated herein by reference, and that you agree to the following Terms and Conditions and the terms of the Plan. The Shares issued pursuant to this Award are subject to the provisions of the Non-Executive Director Stock Ownership Policy or any successor policy of the Company.

Continued on the following page

TERMS AND CONDITIONS – Restricted Stock Units – Non-Executive Directors - Time Vesting

1. Plan Controls; Restricted Stock Units. In consideration of this Award, you hereby promise to honor and to be bound by the Plan and this Award Agreement, including the following terms and conditions, which serve as the agreed basis for your Award. The terms contained in the Plan are incorporated into and made a part of this Award Agreement, and this Award Agreement shall be governed by and construed in accordance with the Plan. The "Restricted Stock Units" (or "RSUs") represent a contractual obligation of the Company to deliver the number of Shares specified on page 1 hereof pursuant to the terms of Section 10 of the Plan and the additional terms and restrictions hereunder. Unless the context otherwise requires, and solely for purposes of these Terms and Conditions, the term "Company" means Invesco Ltd., its Affiliates and their respective successors and assigns, as applicable. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan.

2. Restrictions. RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered. Upon your Termination of Service for any reason other than as set forth in Paragraph 3 hereof, you shall forfeit all of your right, title and interest in and to any unvested RSUs as of the date of your Termination of Service.

3. Vesting and Conversion to Shares. The RSUs will vest and become nonforfeitable upon the earliest to occur of the following:

(a) the first anniversary of the Grant Date, provided that you have not experienced a Termination of Service before such date, or
(b) in the event of your Termination of Service due to death or Disability, as of the date of your Termination of Service, or
(c) in the event of your Termination of Service due to resignation or retirement, as of the first anniversary of the Grant Date; provided, however, in the event such voluntary Termination of Service occurs before the first anniversary of the Grant Date, a prorated number of RSUs (based on the proration of the one-year period between the Grant Date and the first anniversary of the Grant Date that you served as a director, rounded down to the nearest whole Share) will be converted to Shares as of the first anniversary of the Grant Date, and you will forfeit the remaining RSUs, or
(d) in the event of a Change in Control and this Award Agreement is not assumed, converted or replaced in connection with the transaction that constitutes the Change in Control, as of the date of such Change in Control, or
(e) in the event of your Termination of Service following a Change in Control that occurs after the Grant Date but before the first anniversary of the Grant Date, by the Company other than for Cause, as of the first anniversary of the Grant Date.

Upon the expiration or termination of an applicable restriction set forth in this Paragraph 3, unrestricted Shares will be delivered to you as soon thereafter as practicable.

3.1 Conversion and Payment. Unless the RSUs are forfeited, the RSUs will be converted into an equal number of Shares which will be delivered as soon as practicable thereafter. If you are subject to U.S. federal income tax on such Shares, such Shares will be delivered not later than March 15 of the year following the year in which the vesting occurs.

Notwithstanding anything in these Terms and Conditions or the Plan to the contrary, the Company may, in its sole discretion, settle the RSUs in the form of a cash payment to the extent settlement in Shares is prohibited under local law, rules and regulations, or would require the Company and/or you to secure any legal or regulatory approvals, complete any legal or regulatory filings, or is administratively burdensome. In addition, the Company may require you to sell any Shares acquired under the Plan at such times as may be required to comply with any local legal or regulatory requirements (in which case, you hereby expressly authorize the Company to issue sales instructions on your behalf).

4. No Shareholder Rights; Payment in Lieu of Dividends. You shall have none of the rights of a shareholder of the Company with respect to the RSUs, provided, however, that if and when cash dividends are paid with respect to the Shares while you serve as a Non-Executive Director, the Company shall pay to you as additional compensation an amount in cash equal to the amount of such dividends with respect to the number of Shares then underlying the RSUs.

5. Data Privacy. Pursuant to applicable personal data protection laws, the Company hereby notifies you of the following in relation to your personal data and the collection, use, processing and transfer (collectively, the "Use") of such data in relation to the Company's grant of the RSUs and your participation in the Plan. The Use of your personal data is necessary for the Company's administration of the Plan and your participation in the Plan. Your denial and/or objection to the Use of personal data may affect your participation in the Plan. As such, you voluntarily acknowledge, consent and agree (where required by applicable law) to the Use of personal data as described in this Paragraph 5.

The Company holds certain personal information about you, which may include your name, home address and telephone number, date of birth, social security number or other identification number, any Shares held by you, details of all RSUs or any other entitlement to Shares awarded in your favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by you or collected, where lawful, from the Company, Affiliates or third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing your participation in the Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such data are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for your participation in the Plan.

The Company will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or

elsewhere throughout the world, such as the United States. You hereby authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the Plan and your participation in the Plan. You may seek to exercise these rights by contacting Invesco, Ltd., Sr. Manager, Executive Compensation, 1555 Peachtree Street, NE, Atlanta, Georgia 30309.

6. Notice. Notices and communications under this Award Agreement must be in writing and either personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Invesco Ltd., Sr. Manager, Executive Compensation, 1555 Peachtree Street, NE, Atlanta, Georgia 30309, or to any other address designated by the Company in a written notice to you. Notices to you will be directed to your address then currently on file with the Company, or to any other address given by you in a written notice to the Company.

7. Compliance with Laws. As a condition to the grant of these RSUs, you agree to repatriate all amounts attributable to the RSUs in accordance with local foreign exchange rules and regulations in your country of residence. In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and the Company's local Affiliates, as may be required to allow the Company and the Company's local Affiliates to comply with local laws, rules and regulations in your country of residence. Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence.

8. Addendum to Award Agreement. Notwithstanding any provisions in this Award Agreement to the contrary, the RSUs shall be subject to any special terms and conditions for your country of residence, as may be set forth in an addendum to this Award Agreement ("Addendum"). Further, if you transfer residency to another country as may be reflected in an Addendum to this Award Agreement, the special terms and conditions for such country will apply to your RSUs to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations or to facilitate the administration of the RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). Any applicable Addendum shall constitute part of this Award Agreement.

9. Additional Requirements. The Company reserves the right to impose other requirements on the RSUs, any Shares acquired pursuant to the RSUs, and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the RSUs and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

10. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the RSUs by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.



INVESCO LTD. 2016 GLOBAL EQUITY INCENTIVE PLAN

ADDENDUM TO

RESTRICTED STOCK UNIT AGREEMENT – TIME VESTING
NON-EXECUTIVE DIRECTORS
Non-transferable

In addition to the terms of the Invesco Ltd. 2016 Global Equity Incentive Plan (the "Plan") and the Restricted Stock Unit Agreement – Time Vesting (the "Agreement"), the RSUs are subject to the following additional terms and conditions as set forth in this addendum (the "Addendum"). All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement. To the extent you relocate your residency to another country, the additional terms and conditions as set forth in the addendum for such country (if any) also shall apply to the RSUs to the extent the Company determines, in its sole discretion, that the application of such addendum is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

FRANCE

1. Nature of the Award. The RSUs are not granted under the French specific regime provided by Articles L225-197-1 and seq. of the French Commercial Code.

2. Use of English Language. By accepting the RSUs, you acknowledge and agree that it is your express wish that the Agreement, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs, either directly or indirectly, be drawn up in English.

L'utilisation de la langue anglaise. En acceptant le RSUs, le participant reconnaît et accepte que ce est la volonté expresse du participant que l'Accord, le présent addenda, ainsi que tous les autres documents, avis et procédures judiciaires exécutés, donnés ou engagée conformément à la RSUs, soit directement ou indirectement, être rédigés en anglais.

MASTER



INVESCO LTD. 2016 GLOBAL EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT – PERFORMANCE VESTING
Non-transferable

Invesco Ltd. ("Company")

hereby awards to

[Participant Name]
("Participant" or "you")

[Number of Shares Granted]

Restricted Stock Units ("**Target Total Award**")

as of [Grant Date] ("Grant Date")

Subject to the conditions of (i) the Invesco Ltd. 2016 Global Equity Incentive Plan as in effect from time to time ("Plan"), (ii) the Remuneration Policy of Invesco Ltd. or any of its Affiliates as in effect from time to time to the extent such policy is applicable to you (the "Remuneration Policy") and (iii) this Award Agreement, the Company hereby grants to you the number of Restricted Stock Units ("RSUs") set forth above, which shall become vested and non-forfeitable as follows:

On the third anniversary of the Grant Date (the "Determination Date"), the number of RSUs that shall become vested and non-forfeitable shall equal 100% of the Target Total Award multiplied by the Vesting Percentage (as defined in Exhibit 1), rounded down to the nearest full Share, all as calculated by the Committee in accordance with the Performance Vesting Formula set forth on Exhibit 1.

This Award shall be effective as of the Grant Date set forth above. By accepting this Award Agreement, you acknowledge that you have received a copy of the Plan's prospectus, that you have read and understood the following Terms and Conditions, which are incorporated herein by reference, and that you agree to the following Terms and Conditions and the terms of the Plan, the Remuneration Policy and this Award Agreement. If you fail to accept this Award Agreement within sixty (60) days after the Grant Date set forth above, the Company may determine that this Award has been forfeited.

ACCEPTED AND AGREED TO by the Participant as of the Grant Date set forth above.

Participant:

_____
Signature

Continued on the following page

TERMS AND CONDITIONS – Restricted Stock Units – Performance Vesting

1. Plan Controls; Restricted Stock Units. In consideration of this Award, you hereby promise to honor and to be bound by the Plan, the Remuneration Policy, and this Award Agreement, including the following terms and conditions, which serve as the agreed basis for your Award. The terms contained in the Plan are incorporated into and made a part of this Award Agreement, and this Award Agreement shall be governed by and construed in accordance with the Plan and, if applicable, the Remuneration Policy. The terms contained in the Plan and the Remuneration Policy are incorporated into and made a part of this Award Agreement, and this Award Agreement shall be governed by and construed in accordance with the Plan and, if applicable, the Remuneration Policy. In the event of any actual or alleged conflict between the provisions of any of the Plan, the Remuneration Policy, if applicable, and this Award Agreement, (i) the provisions of the Remuneration Policy, if applicable, shall control and, to the extent of any conflict, be deemed to amend the Plan and the Award Agreement, and (ii) the provisions of the Plan shall control and, to the extent of any conflict, be deemed to amend the Award Agreement. The RSUs represent a contractual obligation of the Company to deliver the number of Shares specified on page 1 hereof pursuant to the terms of Section 10 of the Plan and the additional terms and restrictions hereunder. Unless the context otherwise requires, and solely for purposes of these Terms and Conditions, the term "Company" means Invesco Ltd., its Affiliates and their respective successors and assigns, as applicable, and "Employer" means the Company or the Affiliate that employs you. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan.

2. Restrictions and Forfeiture. The RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered. Upon your Termination of Service for any reason, other than as set forth in paragraphs (b) – (e) of Paragraph 3 hereof, you shall forfeit all of your right, title and interest in and to all unvested RSUs, except as determined by the Committee pursuant to Paragraph 3.1 hereof. In addition, upon the Determination Date, you shall forfeit all of your right, title and interest in and to any RSUs that are eligible to vest and become non-forfeitable on such date, but which fail to vest and become non-forfeitable on such date pursuant to the Performance Vesting Formula.

3. Vesting and Conversion to Shares. The Target Total Award will vest and become non-forfeitable upon the earliest to occur of the following (the "Vesting Date"):

(a) the Determination Date, to the extent provided under the Performance Vesting Formula, if you have not experienced a Termination of Service before such date, or
(b) as of your Termination of Service due to death or Disability, or
(c) as of your involuntary Termination of Service, other than for Cause or unsatisfactory performance, as determined in the sole discretion by the Head of Human Resources, provided that you sign and do not revoke a severance agreement in the form stipulated by the Company within 60 days after your Termination of Service or such other time as the Company may determine and the severance agreement has become irrevocable, or
(d) immediately before a Change in Control, if this Award Agreement is not assumed, converted or replaced in connection with the transaction that constitutes the Change in Control, or
(e) your Termination of Service during the 24-month period following a Change in Control either (i) by the Company other than for Cause or unsatisfactory performance, or (ii) by you for Good Reason.

3.1 Discretionary Vesting. If any or all of your RSUs would be forfeited upon your voluntary Termination of Service, you may appeal the forfeiture pursuant to the procedures established by the Committee, and the Committee, in its sole discretion, may vest some or all of such RSUs to the extent permitted under the applicable guidelines adopted by the Committee.

3.2 Conversion and Payment. Unless the RSUs are forfeited on or before the Vesting Date, the RSUs will be converted into an equal number of Shares, which will be registered in your name as of the Vesting Date, and such Shares will be delivered as soon as practicable thereafter, but not later than March 15 of the year following the year in which the Vesting Date occurs if you are subject to U.S. federal income tax on such Shares. Notwithstanding anything in these Terms and Conditions or the Plan to the contrary, the Company may, in its sole discretion, settle the RSUs in the form of a cash payment to the extent settlement in Shares is prohibited under local law, rules and regulations, or would require the Company, the Employer and/or you to secure any legal or regulatory approvals, complete any legal or regulatory filings or is administratively burdensome.

4. No Shareholder Rights; Payment in Lieu of Dividends. You shall have none of the rights of a shareholder of the Company with respect to the RSUs. Dividend equivalents shall accrue at the same rate as cash dividends paid on the Shares and applied to the number of Shares that vest. Such dividend equivalents shall be paid to you in cash at the time the Shares are delivered to you, or as soon as administratively practicable thereafter, but not later than March 15 of the year following the year in which the Vesting Date occurs if you are subject to U.S. federal income tax on such dividends. No dividends will be paid with respect to RSUs that are forfeited for any reason.

5. Notice Period Requirement. During your employment with the Employer, you and, in the absence of Cause, the Employer shall be required to give to the other xxx (xx) days' advance written notice of the intent to terminate your employment relationship (the "Notice Period"). Your employment with the Employer shall not terminate until the expiration of the Notice Period, *provided, however,* that the Employer shall have the right, in its sole discretion, to relieve you of any or all of your duties and responsibilities by placing you on paid administrative leave during the Notice Period and shall not be required to provide you with work or access to the Employer's offices during such leave. You shall be entitled to continue to receive your salary and certain other employee benefits for the entire Notice Period, regardless of whether the Employer exercises its right to place you on paid administrative leave. You are prohibited from working in any capacity for yourself or any other business during the Notice Period without the prior written consent of the Company. Notwithstanding the foregoing, at any time during your employment

relationship the Employer may, effective immediately and without the benefit of the Notice Period, terminate the employment relationship for Cause. The date on which your employment terminates shall be your "Termination Date" for purposes of this Award Agreement.

6. Employment Matters. You agree that this Award Agreement is entered into and is reasonably necessary to protect the Company's investment in your advancement opportunity, training and development and to protect the goodwill and other legitimate business interests of the Company. You also agree that, in consideration of the confidential information, trade secrets and training and development provided to you, you will abide by the restrictions set forth in this Paragraph 6, and you further agree and acknowledge that the restrictions set forth in this Paragraph 6 are reasonably necessary to protect the confidential and trade secret information provided to you.

6.1 Nondisclosure. You agree that, in the event of your Termination of Service for any reason, whether during or following the period when the RSUs are subject to vesting restrictions (the "Restriction Period"), you shall not directly or indirectly use for yourself or any other business or disclose to any person any Confidential Information (as defined below) without the prior written consent of the Company during the period that it remains confidential and non public or a trade secret under applicable law. "Confidential Information" means all non-public information (whether a trade secret or not and whether proprietary or not) relating to the Company's business and its customers that the Company either treats as confidential or is of value to the Company or is important to the Company's business and operations, including but not limited to the following specific items: trade secrets (as defined by applicable law); actual or prospective customers and customer lists; marketing strategies; sales; actual and prospective pricing; products; know-how; research and development; intellectual property; information systems and software; business plans and projections; negotiations and contracts; financial or cost data; employment, compensation and personnel information; and any other non-public business information regarding the Company and the Company's Affiliates. In addition, trade secrets will be entitled to all of the protections and benefits available under applicable law.

6.2 Nonrecruitment; Nonsolicitation. You agree that during your employment with the Company and until six (6) months following your Termination Date, in the event of your Termination of Service for any reason, whether during or following the Restriction Period (the "Covenant Period"), you shall not directly or indirectly, individually or in concert with any other person or entity (i) recruit, induce or attempt to recruit or induce any employee of the Company with whom you worked or otherwise had Material Contact (as defined below) during your employment to leave the employ of the Company or otherwise lessen that party's affiliation with the Company, or (ii) solicit, divert, take away or attempt to solicit, divert or take away any then-current or proposed client or customer of the Company with whom you had Material Contact during your employment for purposes of offering, providing or selling investment management products or services offered by the Company at the date of your Termination of Service that were offered, provided and/or sold by you on the Company's behalf. For purposes of this provision, you had "Material Contact" with an employee if (i) you had a supervisory relationship with the employee or (ii) you worked or communicated with the employee on a regular basis; and you had "Material Contact" with a current or proposed client or customer if (i) you had business dealings with the current or proposed client or customer on behalf of the Company or (ii) you supervised or coordinated the dealings between the Company and the current or proposed client or customer.

6.3 Enforceability of Covenants. You acknowledge that the Company has a current and future expectation of business from the current and proposed customers of the Company. You acknowledge that the term and scope of the covenants set forth herein are reasonable, and you agree that you will not, in any proceeding, assert the unreasonableness of the premises, consideration or scope of the covenants set forth herein. You and the Company agree that if any portion of the foregoing covenants is deemed to be unenforceable because any of the restrictions contained in this Award Agreement are deemed too broad, the court shall be authorized to provide partial enforcement of such covenants, substitute an enforceable term or otherwise modify the Award Agreement in a manner that will enable the enforcement of the covenants to the maximum extent possible under applicable law. You agree that any breach of these covenants will result in irreparable damage and injury to the Company and that the Company will be entitled to injunctive relief without the necessity of posting any bond. You also agree that you shall be responsible for all damages incurred by the Company due to any breach of the restrictive covenants contained in this Award Agreement and that the Company shall be entitled to have you pay all costs and attorneys' fees incurred by the Company in enforcing the restrictive covenants in this Award Agreement.

7. Relationship to Other Agreements. Subject to the limitations set forth below, in the event of any actual or alleged conflict between the provisions of this Award Agreement and (i) any other agreement regarding your employment with the Employer ("Employment Agreement"), or (ii) any prior agreement or certificate governing any award of a direct or indirect equity interest in the Company (the documents described in clauses (i) and (ii) hereof being collectively referred to as the "Other Agreements"), the provisions of this Award Agreement shall control and, to the extent of any conflict, be deemed to amend such Other Agreements. Notwithstanding the foregoing, in the event that the Notice Period referred to in Paragraph 5 or the Nondisclosure Period or Covenant Period referred to in Paragraph 6 of this Award Agreement is shorter in duration than that provided in an Employment Agreement, the Notice Period, Nondisclosure Period or Covenant Period (as applicable) set forth in the Employment Agreement shall apply.

8. Employee Data Privacy. Pursuant to applicable personal data protection laws, the Company hereby notifies you of the following in relation to your personal data and the collection, use, processing and transfer (collectively, the "Use") of such data in relation to the Company's grant of the RSUs and your participation in the Plan. The Use of your personal data is necessary for the Company's administration of the Plan and your participation in the Plan. Your denial and/or objection to the Use of personal data may affect your participation in the Plan. As such, you voluntarily acknowledge, consent and agree (where required by applicable law) to the Use of personal data as described in this Paragraph 8.

The Company and the Employer hold certain personal information about you, which may include your name, home address and

telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares held by you, details of all RSUs or any other entitlement to Shares awarded in your favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by you or collected, where lawful, from the Company, Affiliates or third parties, and the Company or Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence (and country of employment, if different). Data processing operations will be performed minimizing the use of personal and identification data when such data are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for your participation in the Plan.

The Company and the Employer will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. You hereby authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) oppose, for legal reasons, the Use of the Data that is not necessary or required for the implementation, administration and/or operation of the Plan and your participation in the Plan. You may seek to exercise these rights by contacting your Employer's human resources manager or Invesco, Ltd., Manager, Executive Compensation, 1555 Peachtree Street, NE, Atlanta, Georgia 30309.

9. Income Taxes and Social Insurance Contribution Withholding. Regardless of any action the Company or the Employer takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the settlement of the RSUs, the subsequent sale of any Shares acquired pursuant to the RSUs and the receipt of any dividends or dividend equivalents; and (ii) does not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items.

If your country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a portion of the Shares otherwise issuable upon vesting of the RSUs that have an aggregate Fair Market Value on the vesting date sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. For purposes of the foregoing, no fractional Shares will be withheld or issued pursuant to the grant of the RSUs and the issuance of Shares hereunder. Alternatively (or in combination), the Company or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from your regular salary or other amounts payable to you, with no withholding of Shares, or may require you to submit payment equivalent to the minimum Tax-Related Items required to be withheld with respect to the Shares by means of certified check, cashier's check or wire transfer. By accepting the RSUs, you expressly consent to the methods of withholding as provided hereunder. All other Tax-Related Items related to the RSUs and any Shares delivered in payment thereof shall be your sole responsibility. Further, if you become subject to taxation in more than one country between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one country.

To the extent the Company or the Employer pays any Tax-Related Items that are your responsibility ("Advanced Tax Payments"), the Company or the Employer shall be entitled to recover such Advanced Tax Payments from you in any and all manner that the Company determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to you by the Company or the Employer (including regular salary/wages, bonuses, incentive payments and Shares acquired by you pursuant to any equity compensation plan that are otherwise held by the Company for your benefit).

10. Recovery Pursuant to Restatement of Financial Results. Notwithstanding any other provision of this Award Agreement or the Plan, if the Company issues a restatement of financial results to correct a material error and the Committee determines, in good faith, that fraud or willful misconduct by you was a significant contributing factor to the need to issue such restatement, you agree to return immediately to the Company and to forfeit all right, title and interest in and to the following, less any taxes paid or withheld thereon that in the good faith determination of the Committee cannot reasonably be expected to be recoverable by you or your estate: (i) any RSUs or Shares that are granted, become vested or are delivered pursuant to this Award Agreement that would not have been granted, become vested or been delivered, as applicable, based upon the restated financial results, as determined by the Committee in its sole

discretion, (ii) any cash dividends or dividend equivalents paid with respect to such RSUs or Shares (either before or after vesting) and (iii) if applicable, any proceeds from the disposition of the Shares described in clause (i) above (collectively, the "Repayment Obligation"). You agree that the Company shall have the right to enforce the Repayment Obligation by all legal means available, including without limitation, by withholding other amounts or property owed to you by the Company.

11. Code Section 409A. The RSUs granted under this Award Agreement are not intended to constitute a nonqualified deferred compensation plan within the meaning of Section 409A of the Code, and the Plan and this Award Agreement shall be interpreted, administered and deemed amended, if applicable, in a manner consistent with this intention. Notwithstanding the terms of this Award Agreement, if you are subject to U.S. federal income tax on any amounts payable hereunder and if any such amounts, including amounts payable pursuant to Paragraph 5 hereof, constitute nonqualified deferred compensation under Section 409A of the Code, those amounts shall be subject to the provisions of Section 13(g) of the Plan (as if the amounts were Awards under the Plan, to the extent applicable).

12. Notice. Notices and communications under this Award Agreement must be in writing and either personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Invesco Ltd., Manager, Executive Compensation, 1555 Peachtree Street, NE, Atlanta, Georgia 30309, or to any other address designated by the Company in a written notice to you. Notices to you will be directed to your address then currently on file with the Company, or to any other address given by you in a written notice to the Company.

13. Repatriation; Compliance with Laws. As a condition to the grant of these RSUs, you agree to repatriate all amounts attributable to the RSUs in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company, the Employer and the Company's local Affiliates, as may be required to allow the Company, the Employer and the Company's local Affiliates to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

14. Discretionary Nature of Plan; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled or terminated by the Company, in its sole discretion, at any time as provided under the Plan. The grant of the RSUs under the Plan is a one-time benefit and does not create any contractual or other right to receive RSUs or other awards or benefits in lieu of RSUs in the future. Future awards, if any, will be at the sole discretion of the Committee, including, but not limited to, the form and timing of an award, the number of Shares subject to an award and the vesting provisions.

15. Termination Indemnities. The value of the RSUs is an extraordinary item of compensation outside the scope of your employment contract, if any. As such, the RSUs are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments to which you may be otherwise entitled.

16. Compliance with Age Discrimination Rules. For purposes of this Award Agreement, if you are a local national of and employed in a country that is a member of the European Union, the grant of the RSUs and the terms and conditions governing the RSUs are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent a court or tribunal of competent jurisdiction determines that any provision of the RSUs or this Award Agreement or the Plan is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

17. Use of English Language. You acknowledge and agree that it is your express intent that this Award Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted with respect to the RSUs be drawn up in English. If you have received this Award Agreement, the Plan or any other documents related to the RSUs translated into a language other than English, and if the meaning of the translated version is different from the English version, the English version shall control.

18. Addendum to Award Agreement. Notwithstanding any provisions in this Award Agreement to the contrary, the RSUs shall be subject to any special terms and conditions for your country of residence (and country of employment, if different), as may be set forth in an addendum to this Award Agreement ("Addendum"). Further, if you transfer residency and/or employment to another country as may be reflected in an Addendum to this Award Agreement, the special terms and conditions for such country will apply to your RSUs to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan. Any applicable Addendum shall constitute part of this Award Agreement.

19. Additional Requirements. The Company reserves the right to impose other requirements on the Award and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

20. Electronic Delivery. The Committee may, in its sole discretion, decide to deliver any documents related to the RSUs by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or

electronic system established and maintained by the Company or a third party designated by the Company. Further, to the extent applicable, all references to signatures and delivery of documents in this Award Agreement can be satisfied by procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents, including this Award Agreement. Your electronic signature is the same as, and shall have the same force and effect as, your manual signature. Any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

Exhibit 1
to the
Invesco Ltd. 2016 Global Equity Incentive Plan
Restricted Stock Unit Award Agreement – Performance Vesting

I. Definitions

The term "**AOM Calculation**" means the adjusted operating margin of the Company as set forth in the Company's Form 10-K filed with the Securities and Exchange Commission for each fiscal year of the Grant Performance Measurement Period, which will not be adjusted for any accounting expense or credit associated with the Vesting Percentage falling below (or rising above) 100% with respect to any Award.

The term "**TSR Calculation**" means the total shareholder return ("TSR") of the Company and the constituents of the S&P 500 asset management sub-index.

The term "**Vesting Percentage**" means the percentage by which the Target Total Award is multiplied as set forth in the chart in Section II below.

The term "**Grant Performance Measurement Period**" means the period commencing January 1 of the grant year and ending December 31 of the second year after the grant.

The term "**Grant Average AOM**" means the sum of the AOM Calculation for each fiscal year of the Grant Performance Measurement Period divided by three.

The term "**Relative TSR Ranking**" means the percentile ranking of the TSR Calculation for the Grant Performance Measurement Period.

II. Performance Vesting Formula

On the third anniversary of the Grant Date, the number of RSUs that shall become vested and non-forfeitable shall equal 100% of the Target Total Award multiplied by the Vesting Percentage associated with the both Grant Average AOM and relative TSR ranking on the chart below, rounded down to the nearest full Share, as the same shall be calculated by the Committee. The Committee's good faith calculation of the number of RSUs that become vested and non-forfeitable pursuant to the Performance Vesting Formula shall be final and binding upon you and the Company. Vesting to range from 0% to 150%; straight line interpolation to be used for actual results.

Absolute 3-year Average AOM	Relative TSR [1]				
	Lowest	40% tile	55%tile	75%tile	Highest
≥41.0%	100%	116%	133%	142%	150%
40.0%	83%	103%	122%	133%	142%
39.0%	67%	90%	111%	123%	133%
37.5%	50%	75%	100%	113%	125%
36.0%	33%	58%	83%	100%	117%
34.5%	17%	42%	68%	88%	108%
≤33.0%	0%	25%	50%	75%	100%

1 Points between the stated data points are determined by ratable straight-line interpolation.



INVESCO LTD. 2016 GLOBAL EQUITY INCENTIVE PLAN

ADDENDUM TO

RESTRICTED STOCK UNIT AGREEMENT – PERFORMANCE VESTING
Non-transferable

In addition to the terms of the Invesco Ltd. 2016 Global Equity Incentive Plan (the "Plan") and the Restricted Stock Unit Agreement – Performance Vesting (the "Agreement"), the performance-vesting RSUs are subject to the following additional terms and conditions as set forth in this addendum (the "Addendum"). All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement. To the extent you relocate your residency and/or employment to another country, the additional terms and conditions as set forth in the addendum for such country (if any) also shall apply to the performance-vesting RSUs to the extent the Company determines, in its sole discretion, that the application of such addendum is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the performance-vesting RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

HONG KONG

1. Settlement in Shares. Notwithstanding anything to the contrary in the Agreement, Addendum or the Plan, the RSUs shall be settled only in Shares (and may not be settled in cash).

2. Lapse of Restrictions. If, for any reason, Shares are issued to you within six (6) months of the Grant Date, you may not sell or otherwise dispose of any such Shares prior to the six-month anniversary of the Grant Date.

2. Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the RSU shall be null and void.

3. Wages. The RSUs and Shares subject to the RSUs do not form part of your wages for the purposes of calculating any statutory or contractual payments under Hong Kong law.

4. IMPORTANT NOTICE. WARNING: The contents of the Agreement, the Addendum, the Plan, and all other materials pertaining to the RSUs and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. You are hereby advised to exercise caution in relation to the offer thereunder. If you have any doubts about any of the contents of the aforesaid materials, you should obtain independent professional advice.

UNITED KINGDOM

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 9 of the Agreement:

Regardless of any action the Company and the Employer takes with respect to any or all income tax, primary Class 1 National Insurance contributions, payroll tax or other tax-related withholding attributable to or payable in connection with or pursuant to the grant or vesting of any Restricted Shares or the release or assignment of any Restricted Shares for consideration, or the receipt of any other benefit in connection with the Restricted Shares ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility. Furthermore, the Company and the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Shares, including the grant or vesting of the Restricted Shares, the subsequent sale of any unrestricted Shares and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the Restricted Shares to reduce or eliminate your liability for Tax-Related Items.

As a condition of the lifting of restrictions on the Restricted Shares upon vesting of the Restricted Shares, the Company and/or the Employer shall be entitled to withhold and you agree to pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy, all obligations of the Company and/or the Employer to account to HM Revenue & Customs ("HMRC") for any Tax-

Related Items. In this regard, you authorize the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by you from any salary/wages or any other cash compensation payable to you. Alternatively, or in addition, if permissible under local law, you authorize the Company and/or the Employer, at its discretion and pursuant to such procedures as it may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items legally payable by you by one or a combination of the following: (a) withholding otherwise deliverable Shares; (b) arranging for the sale of Shares otherwise deliverable to you (on your behalf and at your direction pursuant to this authorization); or (c) withholding from the proceeds of the sale of Shares acquired upon the vesting of the Restricted Shares. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, you shall be deemed to have been issued the full number of Shares subject to the Restricted Shares, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Restricted Shares. If, by the date on which the event giving rise to the Tax-Related Items occurs (the "Chargeable Event"), you have relocated to a jurisdiction other than the United Kingdom, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction, including the United Kingdom. You also agree that the Company and the Employer may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which you may have to recover any overpayment from the relevant tax authorities.

You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the Chargeable Event that cannot be satisfied by the means previously described. If payment or withholding is not made within 90 calendar days of the Chargeable Event or such other period as required under U.K. law (the "Due Date"), you agree that the amount of any uncollected Tax-Related Items shall (assuming you are not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above.

2. Exclusion of Claim. You acknowledge and agree that you shall have no entitlement to compensation or damages insofar as such entitlement arises or may arise from you ceasing to have rights under or to be entitled to vest in your Restricted Shares as a result of such termination (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of your Restricted Shares. Upon the grant of your Restricted Shares, you shall be deemed to have waived irrevocably any such entitlement.



INVESCO LTD. 2016 GLOBAL EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT – PERFORMANCE VESTING
Non-transferable

Invesco Ltd. ("Company")

hereby awards to

Martin L. Flanagan
("Participant" or "you")

[Number of Shares Granted]

Restricted Stock Units ("**Target Total Award**")

as of [Grant Date] ("Grant Date")

Subject to the conditions of (i) the Invesco Ltd. 2016 Global Equity Incentive Plan as in effect from time to time ("Plan"), (ii) the Remuneration Policy of Invesco Ltd. or any of its Affiliates as in effect from time to time to the extent such policy is applicable to you (the "Remuneration Policy") and (iii) this Award Agreement, the Company hereby grants to you the number of Restricted Stock Units ("RSUs") set forth above, which shall become vested and non-forfeitable as follows:

On the third anniversary of the Grant Date (the "Determination Date"), the number of RSUs that shall become vested and non-forfeitable shall equal 100% of the Target Total Award multiplied by the Vesting Percentage (as defined in Exhibit 1), rounded down to the nearest full Share, all as calculated by the Committee in accordance with the Performance Vesting Formula set forth on Exhibit 1.

This Award shall be effective as of the Grant Date set forth above. By accepting this Award Agreement, you acknowledge that you have received a copy of the Plan's prospectus, that you have read and understood the following Terms and Conditions, which are incorporated herein by reference, and that you agree to the following Terms and Conditions and the terms of the Plan, the Remuneration Policy and this Award Agreement. If you fail to accept this Award Agreement within sixty (60) days after the Grant Date set forth above, the Company may determine that this Award has been forfeited.

ACCEPTED AND AGREED TO by the Participant as of the Grant Date set forth above.

Participant:

_____
Signature

Continued on the following page

TERMS AND CONDITIONS – Restricted Stock Units – Performance Vesting

1. Plan Controls; Restricted Stock Units. In consideration of this Award, you hereby promise to honor and to be bound by the Plan, the Remuneration Policy, and this Award Agreement, including the following terms and conditions, which serve as the agreed basis for your Award. The terms contained in the Plan are incorporated into and made a part of this Award Agreement, and this Award Agreement shall be governed by and construed in accordance with the Plan and, if applicable, the Remuneration Policy. The terms contained in the Plan and the Remuneration Policy are incorporated into and made a part of this Award Agreement, and this Award Agreement shall be governed by and construed in accordance with the Plan and, if applicable, the Remuneration Policy. In the event of any actual or alleged conflict between the provisions of any of the Plan, the Remuneration Policy, if applicable, and this Award Agreement, (i) the provisions of the Remuneration Policy, if applicable, shall control and, to the extent of any conflict, be deemed to amend the Plan and the Award Agreement, and (ii) the provisions of the Plan shall control and, to the extent of any conflict, be deemed to amend the Award Agreement. The RSUs represent a contractual obligation of the Company to deliver the number of Shares specified on page 1 hereof pursuant to the terms of Section 10 of the Plan and the additional terms and restrictions hereunder. Unless the context otherwise requires, and solely for purposes of these Terms and Conditions, the term "Company" means Invesco Ltd., its Affiliates and their respective successors and assigns, as applicable, and "Employer" means the Company or the Affiliate that employs you. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan.

2. Restrictions and Forfeiture. The RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered. Upon your Termination of Service for any reason, other than as set forth in paragraphs (b) – (e) of Paragraph 3 hereof, you shall forfeit all of your right, title and interest in and to all unvested RSUs, except as provided in the Second Amended and Restated Master Employment Agreement ("Employment Agreement") between you and Invesco Ltd., dated April 1, 2011, as amended from time to time, or as determined by the Committee pursuant to Paragraph 3.1 hereof. In addition, upon the Determination Date, you shall forfeit all of your right, title and interest in and to any RSUs that are eligible to vest and become non-forfeitable on such date, but which fail to vest and become non-forfeitable on such date pursuant to the Performance Vesting Formula.

3. Vesting and Conversion to Shares. The Target Total Award will vest and become non-forfeitable upon the earliest to occur of the following, or as otherwise provided in the Employment Agreement (the "Vesting Date"):

(a) the Determination Date, to the extent provided under the Performance Vesting Formula, if you have not experienced a Termination of Service before such date, or
(b) as of your Termination of Service due to death or Disability, or
(c) as of your involuntary Termination of Service, other than for Cause or unsatisfactory performance, as determined in the sole discretion by the Head of Human Resources, provided that you sign and do not revoke a severance agreement in the form stipulated by the Company within 60 days after your Termination of Service or such other time as the Company may determine and the severance agreement has become irrevocable, or
(d) immediately before a Change in Control, if this Award Agreement is not assumed, converted or replaced in connection with the transaction that constitutes the Change in Control, or
(e) your Termination of Service during the 24-month period following a Change in Control either (i) by the Company other than for Cause or unsatisfactory performance, or (ii) by you for Good Reason.

3.1 Discretionary Vesting. If any or all of your RSUs would be forfeited upon your voluntary Termination of Service, you may appeal the forfeiture pursuant to the procedures established by the Committee, and the Committee, in its sole discretion, may vest some or all of such RSUs to the extent permitted under the applicable guidelines adopted by the Committee.

3.2 Conversion and Payment. Unless the RSUs are forfeited on or before the Vesting Date, the RSUs will be converted into an equal number of Shares, which will be registered in your name as of the Vesting Date, and such Shares will be delivered as soon as practicable thereafter, but not later than March 15 of the year following the year in which the Vesting Date occurs if you are subject to U.S. federal income tax on such Shares. Notwithstanding anything in these Terms and Conditions or the Plan to the contrary, the Company may, in its sole discretion, settle the RSUs in the form of a cash payment to the extent settlement in Shares is prohibited under local law, rules and regulations, or would require the Company, the Employer and/or you to secure any legal or regulatory approvals, complete any legal or regulatory filings or is administratively burdensome.

4. No Shareholder Rights; Payment in Lieu of Dividends. You shall have none of the rights of a shareholder of the Company with respect to the RSUs. Dividend equivalents shall accrue at the same rate as cash dividends paid on the Shares and applied to the number of Shares that vest. Such dividend equivalents shall be paid to you in cash at the time the Shares are delivered to you, or as soon as administratively practicable thereafter, but not later than March 15 of the year following the year in which the Vesting Date occurs if you are subject to U.S. federal income tax on such dividends. No dividends will be paid with respect to RSUs that are forfeited for any reason.

5. [Reserved]

6. [Reserved]

6. [Reserved]

7. [Reserved]

8. Employee Data Privacy. Pursuant to applicable personal data protection laws, the Company hereby notifies you of the following in relation to your personal data and the collection, use, processing and transfer (collectively, the "Use") of such data in relation to the Company's grant of the RSUs and your participation in the Plan. The Use of your personal data is necessary for the Company's administration of the Plan and your participation in the Plan. Your denial and/or objection to the Use of personal data may affect your participation in the Plan. As such, you voluntarily acknowledge,

consent and agree (where required by applicable law) to the Use of personal data as described in this Paragraph 8.

The Company and the Employer hold certain personal information about you, which may include your name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares held by you, details of all RSUs or any other entitlement to Shares awarded in your favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by you or collected, where lawful, from the Company, Affiliates or third parties, and the Company or Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence (and country of employment, if different). Data processing operations will be performed minimizing the use of personal and identification data when such data are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for your participation in the Plan.

The Company and the Employer will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. You hereby authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) oppose, for legal reasons, the Use of the Data that is not necessary or required for the implementation, administration and/or operation of the Plan and your participation in the Plan. You may seek to exercise these rights by contacting your Employer's human resources manager or Invesco, Ltd., Manager, Executive Compensation, 1555 Peachtree Street, NE, Atlanta, Georgia 30309.

9. Income Taxes and Social Insurance Contribution Withholding. Regardless of any action the Company or the Employer takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the settlement of the RSUs, the subsequent sale of any Shares acquired pursuant to the RSUs and the receipt of any dividends or dividend equivalents; and (ii) does not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items.

If your country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a portion of the Shares otherwise issuable upon vesting of the RSUs that have an aggregate Fair Market Value on the vesting date sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. For purposes of the foregoing, no fractional Shares will be withheld or issued pursuant to the grant of the RSUs and the issuance of Shares hereunder. Alternatively (or in combination), the Company or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from your regular salary or other amounts payable to you, with no withholding of Shares, or may require you to submit payment equivalent to the minimum Tax-Related Items required to be withheld with respect to the Shares by means of certified check, cashier's check or wire transfer. By accepting the RSUs, you expressly consent to the methods of withholding as provided hereunder. All other Tax-Related Items related to the RSUs and any Shares delivered in payment thereof shall be your sole responsibility. Further, if you become subject to taxation in more than one country between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one country.

To the extent the Company or the Employer pays any Tax-Related Items that are your responsibility ("Advanced Tax Payments"), the Company or the Employer shall be entitled to recover such Advanced Tax Payments from you in any and all manner that the Company determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to you by the Company or the Employer (including regular salary/wages, bonuses, incentive payments and Shares acquired by you pursuant to any equity compensation plan that are otherwise held by the Company for your benefit).

10. Recovery Pursuant to Restatement of Financial Results. Notwithstanding any other provision of this Award Agreement or the Plan, if the Company issues a restatement of financial results to correct a material error and the Committee determines, in good faith, that fraud or willful misconduct by you was a significant contributing factor to the need to issue such restatement, you agree to return immediately to the Company and to forfeit all right, title and interest in and to the following, less any taxes paid or withheld thereon that in the good faith determination of the Committee cannot reasonably be expected to be recoverable by you or your estate: (i) any RSUs or Shares that are granted, become vested or are delivered pursuant to this Award Agreement that would not have been granted, become

vested or been delivered, as applicable, based upon the restated financial results, as determined by the Committee in its sole discretion, (ii) any cash dividends or dividend equivalents paid with respect to such RSUs or Shares (either before or after vesting) and (iii) if applicable, any proceeds from the disposition of the Shares described in clause (i) above (collectively, the "Repayment Obligation"). You agree that the Company shall have the right to enforce the Repayment Obligation by all legal means available, including without limitation, by withholding other amounts or property owed to you by the Company.

11. [Reserved]

12. Notice. Notices and communications under this Award Agreement must be in writing and either personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Invesco Ltd., Manager, Executive Compensation, 1555 Peachtree Street, NE, Atlanta, Georgia 30309, or to any other address designated by the Company in a written notice to you. Notices to you will be directed to your address then currently on file with the Company, or to any other address given by you in a written notice to the Company.

13. Repatriation; Compliance with Laws. As a condition to the grant of these RSUs, you agree to repatriate all amounts attributable to the RSUs in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company, the Employer and the Company's local Affiliates, as may be required to allow the Company, the Employer and the Company's local Affiliates to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

14. Discretionary Nature of Plan; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled or terminated by the Company, in its sole discretion, at any time as provided under the Plan. The grant of the RSUs under the Plan is a one-time benefit and does not create any contractual or other right to receive RSUs or other awards or benefits in lieu of RSUs in the future. Except as otherwise provided in the Employment Agreement, future awards, if any, will be at the sole discretion of the Committee, including, but not limited to, the form and timing of an award, the number of Shares subject to an award and the vesting provisions.

15. [Reserved]

16. [Reserved]

17. Use of English Language. You acknowledge and agree that it is your express intent that this Award Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted with respect to the RSUs be drawn up in English. If you have received this Award Agreement, the Plan or any other documents related to the RSUs translated into a language other than English, and if the meaning of the translated version is different from the English version, the English version shall control.

18. Addendum to Award Agreement. Notwithstanding any provisions in this Award Agreement to the contrary, the RSUs shall be subject to any special terms and conditions for your country of residence (and country of employment, if different), as may be set forth in an addendum to this Award Agreement ("Addendum"). Further, if you transfer residency and/or employment to another country as may be reflected in an Addendum to this Award Agreement, the special terms and conditions for such country will apply to your RSUs to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan. Any applicable Addendum shall constitute part of this Award Agreement.

19. Additional Requirements. The Company reserves the right to impose other requirements on the Award and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

20. Electronic Delivery. The Committee may, in its sole discretion, decide to deliver any documents related to the RSUs by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. Further, to the extent applicable, all references to signatures and delivery of documents in this Award Agreement can be satisfied by procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents, including this Award Agreement. Your electronic signature is the same as, and shall have the same force and effect as, your manual signature. Any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

Exhibit 1

to the
Invesco Ltd. 2016 Global Equity Incentive Plan
Restricted Stock Unit Award Agreement – Performance Vesting

I. Definitions

The term "**AOM Calculation**" means the adjusted operating margin of the Company as set forth in the Company's Form 10-K filed with the Securities and Exchange Commission for each fiscal year of the Grant Performance Measurement Period, which will not be adjusted for any accounting expense or credit associated with the Vesting Percentage falling below (or rising above) 100% with respect to any Award.

The term "**TSR Calculation**" means the total shareholder return ("TSR") of the Company and the constituents of the S&P 500 asset management sub-index.

The term "**Vesting Percentage**" means the percentage by which the Target Total Award is multiplied as set forth in the chart in Section II below.

The term "**Grant Performance Measurement Period**" means the period commencing January 1 of the grant year and ending December 31 of the second year after the grant.

The term "**Grant Average AOM**" means the sum of the AOM Calculation for each fiscal year of the Grant Performance Measurement Period divided by three.

The term "**Relative TSR Ranking**" means the percentile ranking of the TSR Calculation for the Grant Performance Measurement Period.

II. Performance Vesting Formula

On the third anniversary of the Grant Date, the number of RSUs that shall become vested and non-forfeitable shall equal 100% of the Target Total Award multiplied by the Vesting Percentage associated with the both Grant Average AOM and relative TSR ranking on the chart below, rounded down to the nearest full Share, as the same shall be calculated by the Committee. The Committee's good faith calculation of the number of RSUs that become vested and non-forfeitable pursuant to the Performance Vesting Formula shall be final and binding upon you and the Company. Vesting to range from 0% to 150%; straight line interpolation to be used for actual results.

Absolute 3-year Average AOM	Relative TSR [1]				
	Lowest	40%tile	55%tile	75%tile	Highest
≥41.0%	100%	116%	133%	142%	150%
40.0%	83%	103%	122%	133%	142%
39.0%	67%	90%	111%	123%	133%
37.5%	50%	75%	100%	113%	125%
36.0%	33%	58%	83%	100%	117%
34.5%	17%	42%	68%	88%	108%
≤33.0%	0%	25%	50%	75%	100%

1 Points between the stated data points are determined by ratable straight-line interpolation.



INVESCO LTD. 2016 GLOBAL EQUITY INCENTIVE PLAN

ADDENDUM TO

RESTRICTED STOCK UNIT AGREEMENT – PERFORMANCE VESTING
Non-transferable

In addition to the terms of the Invesco Ltd. 2016 Global Equity Incentive Plan (the "Plan") and the Restricted Stock Unit Agreement – Performance Vesting (the "Agreement"), the performance-vesting RSUs are subject to the following additional terms and conditions as set forth in this addendum (the "Addendum"). All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement. To the extent you relocate your residency and/or employment to another country, the additional terms and conditions as set forth in the addendum for such country (if any) also shall apply to the performance-vesting RSUs to the extent the Company determines, in its sole discretion, that the application of such addendum is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the performance-vesting RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

HONG KONG

1. Settlement in Shares. Notwithstanding anything to the contrary in the Agreement, Addendum or the Plan, the RSUs shall be settled only in Shares (and may not be settled in cash).

2. Lapse of Restrictions. If, for any reason, Shares are issued to you within six (6) months of the Grant Date, you may not sell or otherwise dispose of any such Shares prior to the six-month anniversary of the Grant Date.

2. Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the RSU shall be null and void.

3. Wages. The RSUs and Shares subject to the RSUs do not form part of your wages for the purposes of calculating any statutory or contractual payments under Hong Kong law.

4. IMPORTANT NOTICE. WARNING: The contents of the Agreement, the Addendum, the Plan, and all other materials pertaining to the RSUs and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. You are hereby advised to exercise caution in relation to the offer thereunder. If you have any doubts about any of the contents of the aforesaid materials, you should obtain independent professional advice.

UNITED KINGDOM

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 9 of the Agreement:

Regardless of any action the Company and the Employer takes with respect to any or all income tax, primary Class 1 National Insurance contributions, payroll tax or other tax-related withholding attributable to or payable in connection with or pursuant to the grant or vesting of any Restricted Shares or the release or assignment of any Restricted Shares for consideration, or the receipt of any other benefit in connection with the Restricted Shares ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility. Furthermore, the Company and the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Shares, including the grant or vesting of the Restricted Shares, the subsequent sale of any unrestricted Shares and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the Restricted Shares to reduce or eliminate your liability for Tax-Related Items.

As a condition of the lifting of restrictions on the Restricted Shares upon vesting of the Restricted Shares, the Company and/or the Employer shall be entitled to withhold and you agree to pay, or make adequate arrangements satisfactory to the Company and/or

the Employer to satisfy, all obligations of the Company and/or the Employer to account to HM Revenue & Customs ("HMRC") for any Tax-Related Items. In this regard, you authorize the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by you from any salary/wages or any other cash compensation payable to you. Alternatively, or in addition, if permissible under local law, you authorize the Company and/or the Employer, at its discretion and pursuant to such procedures as it may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items legally payable by you by one or a combination of the following: (a) withholding otherwise deliverable Shares; (b) arranging for the sale of Shares otherwise deliverable to you (on your behalf and at your direction pursuant to this authorization); or (c) withholding from the proceeds of the sale of Shares acquired upon the vesting of the Restricted Shares. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, you shall be deemed to have been issued the full number of Shares subject to the Restricted Shares, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Restricted Shares. If, by the date on which the event giving rise to the Tax-Related Items occurs (the "Chargeable Event"), you have relocated to a jurisdiction other than the United Kingdom, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction, including the United Kingdom. You also agree that the Company and the Employer may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which you may have to recover any overpayment from the relevant tax authorities.

You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the Chargeable Event that cannot be satisfied by the means previously described. If payment or withholding is not made within 90 calendar days of the Chargeable Event or such other period as required under U.K. law (the "Due Date"), you agree that the amount of any uncollected Tax-Related Items shall (assuming you are not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above.

2. Exclusion of Claim. You acknowledge and agree that you shall have no entitlement to compensation or damages insofar as such entitlement arises or may arise from you ceasing to have rights under or to be entitled to vest in your Restricted Shares as a result of such termination (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of your Restricted Shares. Upon the grant of your Restricted Shares, you shall be deemed to have waived irrevocably any such entitlement.

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Martin L. Flanagan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Invesco Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2021

/s/ MARTIN L. FLANAGAN

Martin L. Flanagan
President and Chief Executive Officer

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, L. Allison Dukes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Invesco Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2021

/s/ L. ALLISON DUKES

L. Allison Dukes
Senior Managing Director and Chief Financial Officer

CERTIFICATION OF MARTIN L. FLANAGAN
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Invesco Ltd.'s (the "Company") Quarterly Report on Form 10-Q for the period ended June 30, 2021 (the "Report"), I, Martin L. Flanagan, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 30, 2021

/s/ MARTIN L. FLANAGAN

Martin L. Flanagan
President and Chief Executive Officer

CERTIFICATION OF L. ALLISON DUKES
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Invesco Ltd.'s (the "Company") Quarterly Report on Form 10-Q for the period ended June 30, 2021 (the "Report"), I, L. Allison Dukes, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 30, 2021

/s/ L. ALLISON DUKES

L. Allison Dukes
Senior Managing Director and Chief Financial Officer