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Invesco Select Trust Plc Restructuring Proposals

The Board of Invesco Select Trust Plc (the “**Company**”) has undertaken a review of the Company and its strategy, with the objective of broadening the appeal of the Company as well as improving liquidity and narrowing the discount at which the Company’s shares trade. Consequently, the Board intends to put forward proposals to the Company’s shareholders (“**Shareholders**”) to simplify the Company’s corporate structure and to introduce certain features that it believes will appeal to a broad investor base (the “**Proposals**”).

Background

The Company was launched in 2006 with a multi-share class structure to enable Shareholders to invest in a wide array of asset classes and to rebalance their portfolio by allowing them to convert, tax-efficiently between share classes. However, in recent years, the Company has seen a limited take-up of the conversion opportunities between the existing four share classes: Global Equity Income (“**Global Share Class**”); UK Equity Income (“**UK Share Class**”); Balanced Risk Allocation (“**Balanced Risk Class**”); and Managed Liquidity (“**Managed Liquidity Class**”). The Balanced Risk Class and the Managed Liquidity Class (together, the “**Smaller Share Classes**”) now amount to, in aggregate, only circa 3.6 per cent. of the net assets of the Company as at 12 December 2023. Further, with demand from investors for larger, more liquid investment vehicles, the Board believes it could be increasingly challenging to market separately the Global Share Class and the UK Share Class in their current form, with the structure potentially presenting an additional hurdle for those looking to invest.

The Proposals

The Board believes that the Global universe offers the broadest set of investment opportunities for equity investors whilst also providing diversification benefits for UK investors. Additionally, the Board has confidence in its award-winning Global Equity Income fund manager, Stephen Anness, to continue to seek out investment opportunities for the ongoing benefit of shareholders. The Board believes his approach to be rigorous, differentiated and balanced. Under Stephen’s stewardship the Global Equity Income portfolio has delivered strong, sector-leading NAV total return performance:

	Global Share Class NAV Total Return	MSCI World Index £GBP Total Return	Outperformance	AIC Global Equity Income Sector rank
One year to 30 November 2023	16.8%	6.3%	10.5%	1 st
Three years to 30 November 2023	52.2%	29.3%	22.9%	1 st

Source: LSEG Data Analytics / AIC

Accordingly, the Board has concluded that it would be in the best interests of shareholders as a whole to consolidate the UK Share Class and the Smaller Share Classes into the Global Share Class (the “**Consolidation**”). As part of the Consolidation the Board will undertake a 15 per cent. tender offer on the UK Share Class. Additionally, given the Smaller Share Classes offer significantly differentiated risk profiles and asset exposures to the Global Share Class, the Board will provide the Smaller Share Classes with the opportunity for a full cash exit through a tender offer. The tender offer prices will be based on the NAVs of the respective share class less the costs of the Proposals less a 2 per cent. discount.

The Consolidation would result in the Company having net assets of approximately £182 million¹. As compared with any of the Company’s current share classes individually, the Board believes this should increase the appeal to investors and would be expected to have a beneficial impact on liquidity, and potentially on the discount of the enlarged Global Share Class.

The investment objective and investment policy of the Global Share Class will be retained, reflecting the Board’s confidence in Stephen’s investment process as well as the strength and depth of his team.

Dividend enhancement

In recognition of the increasing importance of dividends to Shareholders in the current economic environment, the Board intends, subject to shareholder approval of the Proposals, to enhance the current dividend policy of the Global Share Class which consists of three equal interim dividends and a ‘wrap-up’ fourth interim dividend. The new policy will involve paying at least 1 per cent. of cum-income net asset value (“**NAV**”), paid quarterly, calculated on the unaudited year end NAV. The intention would be that these dividends would be paid from the Company’s revenues and capital reserves as required. The Board believes that this should provide both an enhanced dividend compared to current levels on the Global Share Class and, once the relevant NAV is known, a smoother, predictable income stream to Shareholders.

Continuation votes and discount management

If the Proposals are approved, the Board intends to put forward a vote at the Company’s AGM in 2026 for the continuation of the Company (the “**2026 Continuation Vote**”). If the 2026 Continuation Vote is passed the Board will put forward a continuation vote at the AGM in 2031 and, if passed, at each fifth AGM thereafter.

The Board also intends to introduce a discount control policy in the enlarged Global Share Class which will seek to maintain the discount at less than 10 per cent., in normal market conditions.

Next steps

The Proposals will require the approval of Shareholders. The Board has received indications of support for the Proposals from those Shareholders it was able to consult through market soundings. The Company currently anticipates being able to publish a circular and notice of meeting(s) in connection with the Proposals in Q1 2024.

In order to facilitate the Proposals, the Board has determined to postpone the conversion that would have taken place in February 2024.

For further information please contact:

¹ Based on the NAV as at 12 December 2023 and an assumption that both of the Smaller Share Classes and the UK Share Class take up their respective tender offers in full.

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