# 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 September 30, 2022**
**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 September 30, 2022, the most recent practicable date, the number of Common Shares outstanding was 454,784,608.

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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 September 30, 2022 | As of December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 1,023.6 | 1,896.4 |
| Accounts receivable | 701.2 | 785.0 |
| Investments | 906.7 | 926.3 |
| Assets of consolidated investment products (CIP): | | |
| Cash and cash equivalents of CIP | 202.4 | 250.7 |
| Accounts receivable and other assets of CIP | 178.6 | 532.6 |
| Investments of CIP | 8,497.1 | 9,042.5 |
| Assets held for policyholders | 754.3 | 1,893.6 |
| Other assets | 952.2 | 729.9 |
| Property, equipment and software, net | 504.0 | 518.1 |
| Intangible assets, net | 7,145.5 | 7,228.0 |
| Goodwill | 8,406.3 | 8,882.5 |
| Total assets | 29,271.9 | 32,685.6 |
| **LIABILITIES** | | |
| Accrued compensation and benefits | 680.4 | 1,062.3 |
| Accounts payable and accrued expenses | 1,332.4 | 1,157.1 |
| Liabilities of CIP: | | |
| Debt of CIP | 6,548.7 | 7,336.1 |
| Other liabilities of CIP | 286.7 | 846.3 |
| Policyholder payables | 754.3 | 1,893.6 |
| Debt | 1,487.1 | 2,085.1 |
| Deferred tax liabilities, net | 1,678.8 | 1,626.3 |
| Total liabilities | 12,768.4 | 16,006.8 |
| Commitments and contingencies (See Note 12) | | |
| **TEMPORARY EQUITY** | | |
| Redeemable noncontrolling interests in consolidated entities | 990.4 | 510.8 |
| **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 September 30, 2022 and December 31, 2021) | 4,010.5 | 4,010.5 |
| Common shares ($0.20 par value; 1,050.0 million authorized; 566.1 million shares issued as of September 30, 2022 and December 31, 2021) | 113.2 | 113.2 |
| Additional paid-in-capital | 7,547.0 | 7,688.0 |
| Treasury shares | (3,052.2) | (3,043.6) |
| Retained earnings | 7,416.2 | 7,169.2 |
| Accumulated other comprehensive income/(loss), net of tax | (1,131.0) | (441.5) |
| Total equity attributable to Invesco Ltd. | 14,903.7 | 15,495.8 |
| Equity attributable to nonredeemable noncontrolling interests in consolidated entities | 609.4 | 672.2 |
| Total permanent equity | 15,513.1 | 16,168.0 |
| Total liabilities, temporary and permanent equity | 29,271.9 | 32,685.6 |

See accompanying notes.

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

| $ in millions, except per common share data | Three months ended September 30, 2022 | Three months ended September 30, 2021 | Nine months ended September 30, 2022 | Nine months ended September 30, 2021 |
|---|---|---|---|---|
| **Operating revenues:** | | | | |
| Investment management fees | 1,057.3 | 1,275.5 | 3,351.3 | 3,729.5 |
| Service and distribution fees | 340.2 | 409.1 | 1,073.0 | 1,191.2 |
| Performance fees | 3.0 | 4.8 | 13.2 | 22.0 |
| Other | 45.2 | 60.6 | 168.0 | 188.4 |
| Total operating revenues | 1,445.7 | 1,750.0 | 4,605.5 | 5,131.1 |
| **Operating expenses:** | | | | |
| Third-party distribution, service and advisory | 451.3 | 546.4 | 1,438.9 | 1,608.8 |
| Employee compensation | 420.8 | 476.7 | 1,260.9 | 1,452.9 |
| Marketing | 27.6 | 20.3 | 83.1 | 60.6 |
| Property, office and technology | 133.2 | 134.2 | 400.2 | 390.7 |
| General and administrative | 48.7 | 105.0 | 270.6 | 304.9 |
| Transaction, integration and restructuring | (0.6) | (12.0) | 34.8 | (13.3) |
| Amortization of intangibles | 14.5 | 15.6 | 44.4 | 47.5 |
| Total operating expenses | 1,095.5 | 1,286.2 | 3,532.9 | 3,852.1 |
| Operating income | 350.2 | 463.8 | 1,072.6 | 1,279.0 |
| **Other income/(expense):** | | | | |
| Equity in earnings of unconsolidated affiliates | 20.2 | 54.6 | 78.3 | 119.3 |
| Interest and dividend income | 3.3 | 1.9 | 6.6 | 3.6 |
| Interest expense | (18.6) | (23.1) | (67.6) | (71.5) |
| Other gains/(losses), net | (34.6) | (12.1) | (170.1) | 65.4 |
| Other income/(expense) of CIP, net | (65.4) | 200.2 | (62.5) | 416.9 |
| Income before income taxes | 255.1 | 685.3 | 857.3 | 1,812.7 |
| Income tax provision | (86.8) | (139.7) | (232.6) | (400.4) |
| Net income | 168.3 | 545.6 | 624.7 | 1,412.3 |
| Net (income)/loss attributable to noncontrolling interests in consolidated entities | 68.3 | (156.3) | 49.0 | (268.5) |
| Dividends declared on preferred shares | (59.2) | (59.2) | (177.6) | (177.6) |
| Net income attributable to Invesco Ltd. | 177.4 | 330.1 | 496.1 | 966.2 |
| | | | | |
| **Earnings per common share:** | | | | |
| -basic | $0.39 | $0.71 | $1.08 | $2.09 |
| -diluted | $0.39 | $0.71 | $1.08 | $2.08 |

See accompanying notes.

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

| $ in millions | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net income | 168.3 | 545.6 | 624.7 | 1,412.3 |
| | | | | |
| **Other comprehensive income/(loss), net of tax:** | | | | |
| Currency translation differences on investments in foreign subsidiaries | (330.1) | (108.7) | (690.2) | (73.0) |
| Other comprehensive income/(loss), net of tax | 0.2 | 1.2 | 0.7 | 0.2 |
| Other comprehensive income/(loss) | (329.9) | (107.5) | (689.5) | (72.8) |
| | | | | |
| Total comprehensive income/(loss) | (161.6) | 438.1 | (64.8) | 1,339.5 |
| | | | | |
| Comprehensive loss/(income) attributable to noncontrolling interests in consolidated entities | 68.3 | (156.3) | 49.0 | (268.5) |
| Dividends declared on preferred shares | (59.2) | (59.2) | (177.6) | (177.6) |
| Comprehensive income/(loss) attributable to Invesco Ltd. | (152.5) | 222.6 | (193.4) | 893.4 |

See accompanying notes.

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

| $ in millions | Nine months ended September 30, 2022 | 2021 |
|---|---|---|
| **Operating activities:** | | |
| Net income | 624.7 | 1,412.3 |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: | | |
| Amortization and depreciation | 146.7 | 154.9 |
| Common share-based compensation expense | 83.1 | 106.0 |
| Other (gains)/losses, net | 170.1 | (65.4) |
| Other (gains)/losses of CIP, net | 173.2 | (323.3) |
| Equity in earnings of unconsolidated affiliates | (78.3) | (119.3) |
| Distributions from equity method investees | 64.3 | 43.9 |
| Changes in operating assets and liabilities: | | |
| (Purchase)/sale of investments by CIP, net | (397.2) | (176.2) |
| (Purchase)/sale of investments, net | (20.5) | 99.6 |
| (Increase)/decrease in receivables | 721.9 | 5,251.3 |
| Increase/(decrease) in payables | (1,248.3) | (5,302.0) |
| **Net cash provided by/(used in) operating activities** | 239.7 | 1,081.8 |
| **Investing activities:** | | |
| Purchase of property, equipment and software | (119.8) | (73.2) |
| Purchase of investments by CIP | (2,335.7) | (4,795.5) |
| Sale of investments by CIP | 2,274.5 | 4,321.6 |
| Purchase of investments | (173.5) | (149.6) |
| Sale of investments | 73.4 | 103.8 |
| Capital distributions from equity method investees | 38.7 | 13.5 |
| Net cash inflows/(outflows) upon consolidation/deconsolidation of CIP | 4.4 | (8.7) |
| **Net cash provided by/(used in) investing activities** | (238.0) | (588.1) |
| **Financing activities:** | | |
| Purchases of treasury shares | (240.1) | (58.1) |
| Dividends paid - preferred | (177.6) | (177.6) |
| Dividends paid - common | (249.1) | (228.9) |
| Third-party capital invested into CIP | 608.8 | 475.1 |
| Third-party capital distributed by CIP | (191.2) | (351.5) |
| Borrowings of debt by CIP | 54.3 | 2,752.6 |
| Repayments of debt by CIP | (3.9) | (1,972.1) |
| Repayments of senior notes | (600.0) | — |
| Settlement of forward contracts on treasury shares | — | (309.4) |
| Collateral received/(returned), net | — | (104.1) |
| Payment of contingent consideration | — | (11.8) |
| **Net cash provided by/(used in) financing activities** | (798.8) | 14.2 |
| Increase/(decrease) in cash and cash equivalents | (797.1) | 507.9 |
| Foreign exchange movement on cash and cash equivalents | (114.0) | (28.6) |
| Foreign exchange movement on cash and cash equivalents of CIP | (10.0) | (9.1) |
| Cash, cash equivalents and restricted cash, beginning of period | 2,147.1 | 1,839.3 |
| **Cash and cash equivalents, end of period** | 1,226.0 | 2,309.5 |
| Cash and cash equivalents | 1,023.6 | 1,773.2 |
| Cash and cash equivalents of CIP | 202.4 | 536.3 |
| **Total cash and cash equivalents per condensed consolidated statement of cash flows** | 1,226.0 | 2,309.5 |

See accompanying notes.

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

**Three months ended September 30, 2022**

| | Equity Attributable to Invesco Ltd. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **$ in millions, except 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** |
| July 1, 2022 | 4,010.5 | 113.2 | 7,563.2 | (3,095.3) | 7,323.2 | (801.1) | 15,113.7 | 681.1 | 15,794.8 | 892.8 |
| Net income | — | — | — | — | 236.6 | — | 236.6 | (59.6) | 177.0 | (8.7) |
| Other comprehensive income/(loss) | — | — | — | — | — | (329.9) | (329.9) | — | (329.9) | — |
| Change in noncontrolling interests in consolidated entities, net | — | — | — | — | — | — | — | (12.1) | (12.1) | 106.3 |
| Dividends declared - preferred ($14.75 per share) | — | — | — | — | (59.2) | — | (59.2) | — | (59.2) | — |
| Dividends declared - common ($0.1875 per share) | — | — | — | — | (84.4) | — | (84.4) | — | (84.4) | — |
| Employee common share plans: | | | | | | | | | | |
| Common share-based compensation | — | — | 26.0 | — | — | — | 26.0 | — | 26.0 | — |
| Vested common shares | — | — | (36.6) | 36.6 | — | — | — | — | — | — |
| Other common share awards | — | — | (5.6) | 12.2 | — | — | 6.6 | — | 6.6 | — |
| Purchase of common shares | — | — | — | (5.7) | — | — | (5.7) | — | (5.7) | — |
| September 30, 2022 | 4,010.5 | 113.2 | 7,547.0 | (3,052.2) | 7,416.2 | (1,131.0) | 14,903.7 | 609.4 | 15,513.1 | 990.4 |

**Three months ended September 30, 2021**

| | Equity Attributable to Invesco Ltd. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **$ in millions, except 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** |
| July 1, 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 |
| Net income | — | — | — | — | 389.3 | — | 389.3 | 135.8 | 525.1 | 20.5 |
| Other comprehensive income/(loss) | — | — | — | — | — | (107.5) | (107.5) | — | (107.5) | — |
| Change in noncontrolling interests in consolidated entities, net | — | — | — | — | — | — | — | (2.5) | (2.5) | 158.2 |
| Dividends declared - preferred $14.75 per share) | — | — | — | — | (59.2) | — | (59.2) | — | (59.2) | — |
| Dividends declared - common ($0.170 per share) | — | — | — | — | (79.0) | — | (79.0) | — | (79.0) | — |
| Employee common share plans: | | | | | | | | | | |
| Common share-based compensation | — | — | 33.2 | — | — | — | 33.2 | — | 33.2 | — |
| Vested common shares | — | — | (36.3) | 36.2 | — | — | (0.1) | — | (0.1) | — |
| Other common share awards | — | — | (1.1) | 7.0 | — | — | 5.9 | — | 5.9 | — |
| Purchase of common shares | — | — | — | (10.5) | — | — | (10.5) | — | (10.5) | — |
| September 30, 2021 | 4,010.5 | 113.2 | 7,660.1 | (3,047.6) | 6,821.2 | (477.3) | 15,080.1 | 651.9 | 15,732.0 | 542.6 |

See accompanying notes.

**Nine months ended September 30, 2022**

| $ in millions, except 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, 2022 | 4,010.5 | 113.2 | 7,688.0 | (3,043.6) | 7,169.2 | (441.5) | 15,495.8 | 672.2 | 16,168.0 | 510.8 |
| Net income | — | — | — | — | 673.7 | — | 673.7 | (6.9) | 666.8 | (42.1) |
| Other comprehensive income/(loss) | — | — | — | — | — | (689.5) | (689.5) | — | (689.5) | — |
| Change in noncontrolling interests in consolidated entities, net | — | — | — | — | — | — | — | (55.9) | (55.9) | 521.7 |
| Dividends declared - preferred ($44.25 per share) | — | — | — | — | (177.6) | — | (177.6) | — | (177.6) | — |
| Dividends declared - common ($0.5450 per share) | — | — | — | — | (249.1) | — | (249.1) | — | (249.1) | — |
| Employee common share plans: | | | | | | | | | | |
| Common share-based compensation | — | — | 83.1 | — | — | — | 83.1 | — | 83.1 | — |
| Vested common shares | — | — | (219.3) | 219.3 | — | — | — | — | — | — |
| Other common share awards | — | — | (4.8) | 12.2 | — | — | 7.4 | — | 7.4 | — |
| Purchase of common shares | — | — | — | (240.1) | — | — | (240.1) | — | (240.1) | — |
| September 30, 2022 | 4,010.5 | 113.2 | 7,547.0 | (3,052.2) | 7,416.2 | (1,131.0) | 14,903.7 | 609.4 | 15,513.1 | 990.4 |

**Nine months ended September 30, 2021**

| $ in millions, except 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 | — | — | — | — | 1,143.8 | — | 1,143.8 | 230.4 | 1,374.2 | 38.1 |
| Other comprehensive income/(loss) | — | — | — | — | — | (72.8) | (72.8) | — | (72.8) | — |
| Change in noncontrolling interests in consolidated entities, net | — | — | — | — | — | — | — | (25.6) | (25.6) | 292.7 |
| Dividends declared - preferred ($44.25 per share) | — | — | — | — | (177.6) | — | (177.6) | — | (177.6) | — |
| Dividends declared - common ($0.495 per share) | — | — | — | — | (230.0) | — | (230.0) | — | (230.0) | — |
| Employee common share plans: | | | | | | | | | | |
| Common share-based compensation | — | — | 106.0 | — | — | — | 106.0 | — | 106.0 | — |
| Vested common shares | — | — | (256.2) | 256.1 | — | — | (0.1) | — | (0.1) | — |
| Other common share awards | — | — | (1.1) | 8.2 | — | — | 7.1 | — | 7.1 | — |
| Purchase of common shares | — | — | — | (58.1) | — | — | (58.1) | — | (58.1) | — |
| September 30, 2021 | 4,010.5 | 113.2 | 7,660.1 | (3,047.6) | 6,821.2 | (477.3) | 15,080.1 | 651.9 | 15,732.0 | 542.6 |

See accompanying notes.

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

## 1. ACCOUNTING POLICIES

***Corporate Information***

Invesco Ltd. (Parent) and 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, 2021 (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***

None.

***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 13, "Consolidated Investment Products". See the company's most recently filed Form 10-K for additional disclosures on valuation methodology and fair value.

| $ in millions | September 30, 2022 Fair Value | December 31, 2021 Fair Value |
|---|---|---|
| Cash and cash equivalents | 1,023.6 | 1,896.4 |
| Equity investments | 273.9 | 337.9 |
| Foreign time deposits [1] | 21.7 | 30.4 |
| Assets held for policyholders | 754.3 | 1,893.6 |
| Policyholder payables [1] | (754.3) | (1,893.6) |
| Total return swaps related to deferred compensation plans | (26.6) | 1.6 |

(1) These financial instruments are not measured at fair value. 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. 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 September 30, 2022 and December 31, 2021, respectively:

| $ in millions | As of September 30, 2022 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] | 579.0 | 579.0 | — | — |
| Investments [2]: | | | | |
| Equity investments: | | | | |
| Seed money | 105.5 | 105.5 | — | — |
| Investments related to deferred compensation plans | 167.4 | 167.4 | — | — |
| Other equity securities | 1.0 | 1.0 | — | — |
| Assets held for policyholders [3] | 754.3 | 754.3 | — | — |
| Total | 1,607.2 | 1,607.2 | — | — |
| **Liabilities:** | | | | |
| Total return swaps related to deferred compensation plans | (26.6) | — | (26.6) | — |
| Total | (26.6) | — | (26.6) | — |

| $ 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) |
|---|---|---|---|---|
| | As of December 31, 2021 | | | |
| **Assets:** | | | | |
| Cash equivalents: | | | | |
| Money market funds [1] | 1,270.0 | 1,270.0 | — | — |
| Investments [2]: | | | | |
| Equity investments: | | | | |
| Seed money | 109.4 | 109.4 | — | — |
| Investments related to deferred compensation plans | 226.6 | 226.6 | — | — |
| Other equity securities | 1.9 | 1.9 | — | — |
| Assets held for policyholders [3] | 1,893.6 | 1,893.6 | — | — |
| Total return swaps related to deferred compensation plans | 1.6 | — | 1.6 | — |
| Total | 3,503.1 | 3,501.5 | 1.6 | — |
| **Liabilities:** | | | | |
| Contingent consideration liability | (1.3) | — | — | (1.3) |
| Total | (1.3) | — | — | (1.3) |

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

(2) Foreign time deposits of $21.7 million (December 31, 2021: $30.4 million) are excluded from this table. Equity method and other investments of $605.6 million and $5.5 million, respectively, are also excluded from this table (December 31, 2021: $550.1 million and $7.9 million, respectively). 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.

***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 TRS at September 30, 2022 was $304.9 million, and the fair value of the TRS was a liability of $26.6 million (December 31, 2021 notional value was $343.1 million and the fair value was an asset of $1.6 million). The company's net collateral paid balance related to the TRS was $23.8 million at September 30, 2022 (December 31, 2021: $20.5 million). During the three and nine months ended September 30, 2022, market valuation losses related to the TRS of $19.8 million and $91.9 million were recognized in Other gains/(losses), net (three and nine months ended September 30, 2021: $7.7 million net loss and $18.3 million net gains).

## 3. INVESTMENTS

The disclosures below include details of the company's investments. Investments held by CIP are detailed in Note 13, "Consolidated Investment Products".

| $ in millions | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Equity investments: | | |
| Seed money | 105.5 | 109.4 |
| Investments related to deferred compensation plans | 167.4 | 226.6 |
| Other equity securities | 1.0 | 1.9 |
| Equity method investments | 605.6 | 550.1 |
| Foreign time deposits | 21.7 | 30.4 |
| Other | 5.5 | 7.9 |
| Total investments [1] | 906.7 | 926.3 |

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

***Equity investments***

The unrealized gains and losses for the three and nine months ended September 30, 2022 that relate to equity investments still held at September 30, 2022, were a $14.4 million net loss and a $84.1 million net loss, respectively (three and nine months ended September 30, 2021: $21.8 million net loss and $22.7 million net gain).

## 4. DEBT

The disclosures below include details of the company's debt. Debt of CIP is detailed in Note 13, "Consolidated Investment Products".

| | September 30, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| $ in millions | Carrying Value [3] | Fair Value | Carrying Value [3] | Fair Value |
| $1.5 billion floating rate credit facility expiring April 26, 2026 | — | — | — | — |
| Unsecured Senior Notes [1]: | | | | |
| $600 million 3.125% - due November 30, 2022 [2] | — | — | 599.4 | 613.8 |
| $600 million 4.000% - due January 30, 2024 | 598.6 | 591.9 | 597.8 | 633.7 |
| $500 million 3.750% - due January 15, 2026 | 497.8 | 480.4 | 497.3 | 541.2 |
| $400 million 5.375% - due November 30, 2043 | 390.7 | 359.7 | 390.6 | 536.8 |
| Debt | 1,487.1 | 1,432.0 | 2,085.1 | 2,325.5 |

(1) 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.

(2) On May 6, 2022, Invesco Finance PLC, an indirect subsidiary of Invesco Ltd., completed redemption of the $600 million Senior Notes due on November 30, 2022.

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

## 5. SHARE CAPITAL

The preferred shares 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:

| in millions | As of September 30, 2022 | As of December 31, 2021 |
|---|---|---|
| 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:

| in millions | As of September 30, 2022 | As of December 31, 2021 |
|---|---|---|
| Common shares issued | 566.1 | 566.1 |
| Less: Treasury shares for which dividend and voting rights do not apply | (111.3) | (104.9) |
| Common shares outstanding | 454.8 | 461.2 |

## 6. OTHER COMPREHENSIVE INCOME/(LOSS)

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

| $ in millions | For the three months ended September 30, 2022: 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 | (330.1) | — | — | — | (330.1) |
| Other comprehensive income, net | — | 0.2 | — | — | 0.2 |
| Other comprehensive income/(loss), net of tax | (330.1) | 0.2 | — | — | (329.9) |
| Beginning balance | (712.7) | (89.1) | — | 0.7 | (801.1) |
| Other comprehensive income/(loss), net of tax | (330.1) | 0.2 | — | — | (329.9) |
| Ending balance | (1,042.8) | (88.9) | — | 0.7 | (1,131.0) |

| $ in millions | For the nine months ended September 30, 2022: 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 | (690.2) | — | — | — | (690.2) |
| Other comprehensive income/(loss), net | — | 0.7 | — | — | 0.7 |
| Other comprehensive income/(loss), net of tax | (690.2) | 0.7 | — | — | (689.5) |
| Beginning balance | (352.6) | (89.6) | — | 0.7 | (441.5) |
| Other comprehensive income/(loss), net of tax | (690.2) | 0.7 | — | — | (689.5) |
| Ending balance | (1,042.8) | (88.9) | — | 0.7 | (1,131.0) |

| $ in millions | For the three months ended September 30, 2021 | | | | |
|---|---|---|---|---|---|
| | 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 | (108.7) | — | — | — | (108.7) |
| Other comprehensive income, net | — | 1.2 | — | — | 1.2 |
| Other comprehensive income/(loss), net of tax | (108.7) | 1.2 | — | — | (107.5) |
| Beginning balance | (243.6) | (126.9) | 0.1 | 0.6 | (369.8) |
| Other comprehensive income/(loss), net of tax | (108.7) | 1.2 | — | — | (107.5) |
| Ending balance | (352.3) | (125.7) | 0.1 | 0.6 | (477.3) |

| $ in millions | For the nine months ended September 30, 2021 | | | | |
|---|---|---|---|---|---|
| | 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 | (73.0) | — | — | — | (73.0) |
| Other comprehensive income, net | — | 0.3 | — | (0.1) | 0.2 |
| Other comprehensive income/(loss), net of tax | (73.0) | 0.3 | — | (0.1) | (72.8) |
| Beginning balance | (279.3) | (126.0) | 0.1 | 0.7 | (404.5) |
| Other comprehensive income/(loss), net of tax | (73.0) | 0.3 | — | (0.1) | (72.8) |
| Ending balance | (352.3) | (125.7) | 0.1 | 0.6 | (477.3) |

**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 September 30, 2022 and December 31, 2021, £130 million ($147.6 million and $176.1 million, respectively) of intercompany debt was designated as a net investment hedge. For the three and nine months ended September 30, 2022, the company recognized foreign currency gains of $12.8 million and $28.5 million (three and nine months ended September 30, 2021: gains of $3.6 million and losses of $4.3 million) 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 nine months ended September 30, 2022 and 2021 are presented below. There are no revenues attributed to the company's country of domicile, Bermuda.

| $ in millions | For the three months ended September 30, | |
|---|---|---|
| | 2022 | 2021 |
| Americas | 1,125.1 | 1,329.8 |
| Asia Pacific | 63.2 | 81.5 |
| EMEA[(1)] | 257.4 | 338.7 |
| Total operating revenues | 1,445.7 | 1,750.0 |

| $ in millions | For the nine months ended September 30, 2022 | 2021 |
|---|---|---|
| Americas | 3,553.2 | 3,842.8 |
| Asia Pacific | 218.7 | 260.8 |
| EMEA[1] | 833.6 | 1027.5 |
| Total operating revenues | 4,605.5 | 5,131.1 |

(1) Includes UK revenue of $124.3 million and $157.7 million for the three month periods ended September 30, 2022 and 2021 and $404.7 million and $486.0 million for the nine month periods ended September 30, 2022 and 2021.

***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 nine months ended September 30, 2022, yield support waivers resulted in a reduction of total gross operating revenues of $1.4 million and $33.7 million (three and nine months ended September 30, 2021: $40.8 million and $111.2 million). 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 $83.1 million and $106.0 million related to equity-settled common share-based payment transactions in the nine months ended September 30, 2022 and 2021, respectively.

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

| millions of common shares, except fair values | For the nine months ended September 30, 2022 | | | For the nine months ended September 30, 2021 | |
|---|---|---|---|---|---|
| | Time- Vested | Performance- Vested | Weighted Average Grant Date Fair Value ($) | Time- Vested | Performance- Vested |
| Unvested at the beginning of period | 13.5 | 1.9 | 18.88 | 18.1 | 1.6 |
| Granted during the period | 3.6 | 1.0 | 21.23 | 3.4 | 0.6 |
| Forfeited during the period | (0.3) | (0.1) | 19.33 | (0.4) | — |
| Vested and distributed during the period | (6.2) | (0.4) | 20.20 | (7.3) | (0.3) |
| Unvested at the end of the period | 10.6 | 2.4 | 19.02 | 13.8 | 1.9 |

The total fair value of common shares that vested during the nine months ended September 30, 2022 was $131.7 million (nine months ended September 30, 2021: $182.9 million). The weighted average grant date fair value of the common share awards that were granted during the nine months ended September 30, 2022 was $21.23 (nine months ended September 30, 2021: $22.61).

At September 30, 2022, there was $168.6 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 2.4 years.

## 9. RETIREMENT BENEFIT PLANS

On June 28, 2022, the company entered into a pension buy-in agreement for the UK defined benefit pension plan with a third party insurer. The agreement does not relieve the company of the primary responsibility to fund the pension obligations. The company transferred plan assets of £88.8 million ($107.4 million) in exchange for an insurance asset, which was recorded at fair value. The transaction did not have a material impact on the company's results of operations or financial condition for the nine months ended September 30, 2022.

## 10. 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 $5.4 million and $32.4 million, respectively, for the three and nine months ended September 30, 2022 (three and nine months ended September 30, 2021: $17.9 million and $68.0 million, respectively). Restructuring expenses are recorded to transaction, integration and restructuring expenses on the Condensed Consolidated Statements of Income.

The company will continue to incur restructuring expenses related to the strategic evaluation through the first quarter of 2023, primarily comprised of property, office and technology costs and general and administrative costs. These costs are not expected to be material.

The following table shows a roll-forward of the restructuring liability as of September 30, 2022 and December 31, 2021 and the total restructuring charges for the periods then ended. The company recorded the liability to accrued compensation and benefits, and accounts payable and accrued liabilities on the Condensed Consolidated Balance Sheets.

| | For the nine month period ended September 30, 2022 | For the twelve month period ended December 31, 2021 |
|---|---|---|
| Beginning balance | 34.8 | 44.5 |
| Accrued charges | 7.2 | 78.0 |
| Payments | (38.4) | (87.7) |
| Ending balance | 3.6 | 34.8 |
| Non-cash charges [1] | 72.6 | 47.4 |
| Cumulative charges incurred | 251.9 | 219.5 |

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

## 11. EARNINGS PER COMMON SHARE

The calculation of earnings per common share is as follows:

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| In millions, except per common share data | 2022 | 2021 | 2022 | 2021 |
| Net income attributable to Invesco Ltd. | 177.4 | 330.1 | 496.1 | 966.2 |
| **Invesco Ltd:** | | | | |
| Weighted average common shares outstanding - basic | 457.0 | 463.3 | 457.7 | 462.6 |
| Dilutive effect of non-participating common share-based awards | 2.5 | 2.7 | 2.3 | 3.0 |
| Weighted average common shares outstanding - diluted | 459.5 | 466.0 | 460.0 | 465.6 |
| **Earnings per common share:** | | | | |
| -basic | $0.39 | $0.71 | $1.08 | $2.09 |
| -diluted | $0.39 | $0.71 | $1.08 | $2.08 |

See Note 8, “Common Share-Based Compensation,” for a summary of common share awards outstanding under the company’s common share-based payment programs. These programs could result in the issuance of common shares that would affect the measurement of basic and diluted earnings per common share.

## 12. 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 September 30, 2022, the company's undrawn co-invest capital commitments were $346.5 million (December 31, 2021: $488.8 million).

Certain of our managed investment products have entered into revolving credit facilities with financial institutions. Pursuant to these arrangements, the company provided equity commitments and guarantees to certain of these investment products that are temporary in nature. The revolving credit facilities look first to the respective investment products for repayment and servicing. The company's equity commitment or guarantee would only be called in the event a particular investment product is unable to meet its obligation. The company believes the likelihood of being required to fund its equity commitments or guarantees under these arrangements to be remote. To date, the company has not been required to fund any equity commitments under these arrangements. The maximum amount of future payments under the commitments is $270.1 million and under the guarantees is $30 million. The fair value of the guarantee liability is not significant to the consolidated financial statements.

The company 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.

**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 September 30, 2022 to provide for any such losses that may arise from matters for which the company could reasonably estimate an amount and are deemed probable. 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.

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.

## 13. CONSOLIDATED INVESTMENT PRODUCTS (CIP)

The balances related to CIP are identified on the Consolidated Balance Sheets. At September 30, 2022, the company's net interests in CIP were $443.6 million (December 31, 2021: $461.2 million). The consolidation of investment products had no impact on net income attributable to the company during the three and nine months ended September 30, 2022 and 2021.

***Non-consolidated VIEs***

At September 30, 2022, the company's carrying value and maximum risk of loss with respect to variable interest entities (VIEs) in which the company holds a variable interest, but is not the primary beneficiary was $132.5 million (December 31, 2021: $134.1 million).

***Changes to consolidation of VIEs/VOEs***

During the nine months ended September 30, 2022, the company invested in and consolidated five new VIEs and one new voting rights entity (VOE) (September 30, 2021: the company invested in and consolidated nine new VIEs and three new VOEs). Additionally, during the nine months ended September 30, 2022, the company determined it was no longer the primary beneficiary of three VIEs and four VOEs (September 30, 2021: the company determined that it was no longer the primary beneficiary of five VIEs and four VOEs). The tables below illustrate the net impact of these consolidation changes to our condensed consolidated summary balance sheets.

| | For the nine months ended September 30, 2022 | | For the nine months ended September 30, 2021 | |
|---|---|---|---|---|
| **$ in millions** | **VIEs** | **VOEs** | **VIEs** | **VOEs** |
| Net increase (decrease) in assets of CIP | 178.4 | (22.2) | 244.8 | 104.6 |
| Net increase (decrease) in liabilities of CIP | 3.3 | — | 67.1 | 1.0 |

The following tables present the fair value hierarchy levels of certain CIP balances which are measured at fair value as of September 30, 2022 and December 31, 2021:

| | As of September 30, 2022 | | | | |
|---|---|---|---|---|---|
| **$ 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 | 6,251.4 | — | 6,029.8 | 221.6 | — |
| Bonds | 750.0 | 40.5 | 709.5 | — | — |
| Equity securities | 271.9 | 132.0 | 40.3 | 99.6 | — |
| Equity and fixed income mutual funds | 208.8 | 4.3 | 204.5 | — | — |
| Investments in other private equity funds | 452.7 | — | — | 7.6 | 445.1 |
| Real estate investments | 562.3 | — | — | — | 562.3 |
| Total assets at fair value | 8,497.1 | 176.8 | 6,984.1 | 328.8 | 1,007.4 |

| $ in millions | As of December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | 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 | 7,132.4 | — | 6,993.6 | 138.8 | — |
| Bonds | 714.9 | 22.3 | 692.4 | 0.2 | — |
| Equity securities | 219.1 | 103.9 | 29.7 | 85.5 | — |
| Equity and fixed income mutual funds | 243.2 | 20.1 | 223.1 | — | — |
| Investments in other private equity funds | 454.9 | — | — | 8.1 | 446.8 |
| Real estate investments | 278.0 | — | — | — | 278.0 |
| Total assets at fair value | 9,042.5 | 146.3 | 7,938.8 | 232.6 | 724.8 |

See the company's most recently filed Form 10-K for additional disclosures on valuation methodology and fair value.

**14. RELATED PARTIES**

MassMutual has an approximate 17.9% 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.

Affiliated operating revenue, which includes investment management fees, service and distribution fees, performance fees and other revenue on the Condensed Consolidated Statements of Income is $1,321.3 million and $4,201.8 million for the three and nine months ended September 30, 2022 ($1,604.6 million and $4,696.7 million three and nine months ended September 30, 2021).

Due from affiliates, which is included within accounts receivable and other assets on the Condensed Consolidated Balance Sheets is $716.5 million and $681.4 million at September 30, 2022 and December 31, 2021 respectively, primarily comprised of receivables from affiliated Invesco funds, accrued income and other receivable balances from affiliates.

Due to affiliates, which is included within accounts payable and accrued compensation on the Condensed Consolidated Balance Sheets is $131.2 million and $146.5 million at September 30, 2022 and December 31, 2021, respectively, primarily comprised of payables to unconsolidated affiliated Invesco funds and other payables to related parties, including current and former company executive employees and directors.

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

**15. SUBSEQUENT EVENTS**

On October 25, 2022, the company announced a third quarter 2022 dividend of $0.1875 per common share, payable on December 2, 2022, to common shareholders of record at the close of business on November 11, 2022 with an ex-dividend date of November 9, 2022

On October 25, 2022, the company declared a preferred dividend of $14.75 per share representing the period from September1, 2022 through November 30, 2022. The preferred dividend is payable on December 1, 2022 to preferred shareholders of record at the close of business on November 15, 2022.

**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. None of this information should be considered in isolation from, or as a substitute for, historical financial 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.

Invesco Ltd. (Invesco or the company) is an independent investment management firm dedicated to delivering an investment experience that helps people get more out of life. Our comprehensive range of active, passive and alternative investment capabilities has been constructed over many years to help clients achieve their investment objectives. We draw on this comprehensive range of capabilities to provide customized solutions designed to deliver key outcomes aligned to client needs. 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.

The challenging industry backdrop continued in the third quarter, and investors continued to behave cautiously. Uncertainty associated with rising recession fears, higher inflation, interest rate hikes in most major economies and geopolitical tensions drove most global market indices lower. The table below summarizes returns based on price appreciation/(depreciation) of several major market indices for the three and nine months ended September 30, 2022 and 2021:

| Equity Index | Index expressed in currency | Three months ended September 30, 2022 | Three months ended September 30, 2021 | Nine months ended September 30, 2022 | Nine months ended September 30, 2021 |
|---|---|---|---|---|---|
| S&P 500 | U.S. Dollar | (5.3)% | 0.2 % | (24.8)% | 14.7 % |
| FTSE 100 | British Pound | (3.8)% | 0.7 % | (6.7)% | 9.7 % |
| FTSE 100 | U.S. Dollar | (12.1)% | (1.8)% | (23.2)% | 8.2 % |
| Nikkei 225 | Japanese Yen | (1.7)% | 2.3 % | (9.9)% | 7.3 % |
| Nikkei 225 | U.S. Dollar | (7.9)% | 2.0 % | (28.3)% | (0.6)% |
| MSCI Emerging Markets | U.S. Dollar | (12.5)% | (8.8)% | (28.9)% | (3.0)% |
| **Bond Index** | | | | | |
| Barclays U.S. Aggregate Bond | U.S. Dollar | (4.8)% | 0.1 % | (14.6)% | (1.6)% |

Despite the volatile markets, our diversified product lineup maintained net inflows in certain key capability areas, notably Active Fixed Income, Greater China, and the Institutional Channel. These areas, in addition to ETFs and private markets capabilities, have garnered net long-term inflows on a year-to-date basis.

We remain highly focused on our capital priorities, investing in our key growth areas, and efficiently allocating our resources. Consistent with our commitment to improve our leverage profile, we continue to manage our debt to lower levels. We ended the quarter with no balance on our credit facility and our cash and cash equivalents balance increased to over $1 billion. The progress we have made in our efforts to build financial flexibility has Invesco well-positioned to navigate near-term volatility and deliver long-term growth.

**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 owned by these 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 13, "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 Assets Under Management discussion:

- Results of Operations (three and nine months ended September 30, 2022 compared to three and nine months ended September 30, 2021);
- 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 September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| **U.S. GAAP Financial Measures Summary** | **2022** | **2021** | **2022** | **2021** |
| Operating revenues | 1,445.7 | 1,750.0 | 4,605.5 | 5,131.1 |
| Operating income | 350.2 | 463.8 | 1,072.6 | 1,279.0 |
| Operating margin | 24.2 % | 26.5 % | 23.3 % | 24.9 % |
| Net income attributable to Invesco Ltd. | 177.4 | 330.1 | 496.1 | 966.2 |
| Diluted EPS | 0.39 | 0.71 | 1.08 | 2.08 |
| | | | | |
| **Non-GAAP Financial Measures Summary[(1)]** | | | | |
| Net revenues | 1,110.6 | 1,333.5 | 3,536.9 | 3,887.4 |
| Adjusted operating income | 369.4 | 561.6 | 1,275.9 | 1,605.1 |
| Adjusted operating margin | 33.3 % | 42.1 % | 36.1 % | 41.3 % |
| Adjusted net income attributable to Invesco Ltd. | 155.8 | 358.6 | 595.4 | 1,039.9 |
| Adjusted diluted EPS | 0.34 | 0.77 | 1.29 | 2.23 |
| | | | | |
| **Assets Under Management** | | | | |
| Ending AUM (billions) | 1,323.3 | 1,528.6 | 1,323.3 | 1,528.6 |
| Average AUM (billions) | 1,416.2 | 1,540.5 | 1,472.8 | 1,471.9 |

(1) Net revenues, Adjusted Operating Income (and by calculation, adjusted operating margin), and Adjusted Net Income (and by calculation, adjusted diluted EPS) are non-GAAP financial measures, based on methodologies other than US GAAP. See “Schedule of Non-GAAP Information” for a reconciliation of the most directly comparable US GAAP measures to the non-GAAP measures.

**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 (4%) | 42 % | 30 % | 16 % | 16 % | 21 % | 16 % | 15 % | — % |
| U.S. Growth (6%) | 19 % | 46 % | 46 % | 46 % | 32 % | 43 % | 43 % | 37 % |
| U.S. Value (7%) | 91 % | 60 % | 91 % | 87 % | 81 % | 55 % | 41 % | 37 % |
| Sector (1%) | 8 % | 9 % | 2 % | 53 % | 52 % | 30 % | 23 % | 54 % |
| UK (1%) | 56 % | 37 % | 39 % | 43 % | 98 % | 29 % | 37 % | 37 % |
| Canadian (<1%) | 100 % | 100 % | 66 % | 58 % | 87 % | 79 % | — % | — % |
| Asian (3%) | 60 % | 78 % | 85 % | 91 % | 53 % | 38 % | 63 % | 87 % |
| Continental European (1%) | 76 % | 47 % | 7 % | 93 % | 85 % | 37 % | 19 % | 91 % |
| Global (5%) | 19 % | 14 % | — % | 79 % | 14 % | 5 % | 1 % | 22 % |
| Global Ex U.S. and Emerging Markets (8%) | 12 % | 20 % | 30 % | 99 % | 10 % | 1 % | 10 % | 12 % |
| **Fixed Income [2]** | | | | | | | | |
| Money Market (26%) | 82 % | 96 % | 97 % | 100 % | 84 % | 82 % | 82 % | 98 % |
| U.S. Fixed Income (12%) | 27 % | 78 % | 79 % | 97 % | 19 % | 54 % | 85 % | 92 % |
| Global Fixed Income (7%) | 41 % | 84 % | 80 % | 90 % | 65 % | 69 % | 76 % | 92 % |
| Stable Value (6%) | 100 % | 100 % | 100 % | 100 % | 97 % | 97 % | 97 % | 100 % |
| **Other [2]** | | | | | | | | |
| Alternatives (6%) | 22 % | 40 % | 30 % | 33 % | 62 % | 40 % | 49 % | 42 % |
| Balanced (7%) | 47 % | 94 % | 61 % | 62 % | 57 % | 59 % | 82 % | 94 % |

(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 September 30, 2022. AUM measured in the one, three, five and ten year quartile rankings represents 46%, 46%, 45% and 41% of total Invesco AUM, respectively, and AUM measured versus benchmark on a one, three, five and ten year basis represents 60%, 58%, 57% and 51% of total Invesco AUM. 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) and asset-weighted in USD. 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 five-year peer group ($598.3 billion).

**Assets Under Management**

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, 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 and 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 upon 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 the flows are particularly sensitive to short-term interest rate movements.

Changes in AUM were as follows:

| | For the three months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| **$ in billions** | **Total AUM** | **Active** | **Passive** | **Total AUM** | **Active** | **Passive** |
| June 30 | 1,390.4 | 957.9 | 432.5 | 1,525.0 | 1,066.0 | 459.0 |
| Long-term inflows | 68.7 | 44.5 | 24.2 | 91.7 | 60.3 | 31.4 |
| Long-term outflows | (76.4) | (51.8) | (24.6) | (78.4) | (53.5) | (24.9) |
| Net long-term flows | (7.7) | (7.3) | (0.4) | 13.3 | 6.8 | 6.5 |
| Net flows in non-management fee earning AUM | 1.9 | — | 1.9 | 5.5 | — | 5.5 |
| Net flows in money market funds | 10.0 | 10.0 | — | 2.6 | 2.6 | — |
| Total net flows | 4.2 | 2.7 | 1.5 | 21.4 | 9.4 | 12.0 |
| Reinvested distributions | 0.9 | 0.9 | — | 0.8 | 0.8 | — |
| Market gains and losses | (55.1) | (32.0) | (23.1) | (14.6) | (13.1) | (1.5) |
| Foreign currency translation | (17.1) | (15.4) | (1.7) | (4.0) | (3.1) | (0.9) |
| September 30 | 1,323.3 | 914.1 | 409.2 | 1,528.6 | 1,060.0 | 468.6 |
| **Average AUM** | | | | | | |
| Average long-term AUM | 1,071.9 | 793.0 | 278.9 | 1,203.6 | 930.5 | 273.1 |
| Average AUM | 1,416.2 | 961.6 | 454.6 | 1,540.5 | 1,065.6 | 474.9 |
| Average QQQ AUM | 165.9 | N/A | 165.9 | 186.2 | N/A | 186.2 |

| | For the three months ended September 30, | |
|---|---|---|
| | 2022 | 2021 |
| **Revenue yield (bps)** [1] | | |
| U.S. GAAP Gross revenue yield | 43.7 | 48.1 |
| Net revenue yield ex performance fees ex QQQ | 35.3 | 39.1 |
| Active net revenue yield ex performance fees | 40.6 | 44.3 |
| Passive net revenue yield ex QQQ | 17.8 | 19.7 |

| | For the nine months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| $ in billions | Total AUM | Active | Passive | Total AUM | Active | Passive |
| December 31 | 1,610.9 | 1,082.5 | 528.4 | 1,349.9 | 979.3 | 370.6 |
| Long-term inflows | 256.4 | 155.0 | 101.4 | 326.3 | 197.7 | 128.6 |
| Long-term outflows | (253.7) | (172.8) | (80.9) | (257.4) | (181.3) | (76.1) |
| Net long-term flows | 2.7 | (17.8) | 20.5 | 68.9 | 16.4 | 52.5 |
| Net flows in non-management fee earning AUM | (1.1) | — | (1.1) | 8.1 | — | 8.1 |
| Net flows in money market funds | 26.3 | 26.3 | — | 29.7 | 29.7 | — |
| Total net flows | 27.9 | 8.5 | 19.4 | 106.7 | 46.1 | 60.6 |
| Reinvested distributions | 3.5 | 3.5 | — | 2.6 | 2.6 | — |
| Market gains and losses | (278.3) | (143.6) | (134.7) | 75.6 | 36.4 | 39.2 |
| Foreign currency translation | (40.7) | (36.8) | (3.9) | (6.2) | (4.4) | (1.8) |
| September 30 | 1,323.3 | 914.1 | 409.2 | 1,528.6 | 1,060.0 | 468.6 |
| **Average AUM** | | | | | | |
| Average long-term AUM | 1,125.6 | 839.4 | 286.2 | 1,162.6 | 914.9 | 247.7 |
| Average AUM | 1,472.8 | 1,000.3 | 472.5 | 1,471.9 | 1,041.0 | 430.9 |
| Average QQQ AUM | 174.6 | N/A | 174.6 | 167.3 | N/A | 167.3 |

| | For the nine months ended September 30, | |
|---|---|---|
| | 2022 | 2021 |
| **Revenue yield (bps) [(1)]** | | |
| U.S. GAAP Gross revenue yield | 44.6 | 49.2 |
| Net revenue yield ex performance fees ex QQQ | 36.0 | 39.4 |
| Active net revenue yield ex performance fees | 41.3 | 44.2 |
| Passive net revenue yield ex QQQ | 18.2 | 20.4 |

(1) U.S. GAAP gross revenue yield is not considered a meaningful effective fee rate measure. Gross revenue yield on AUM is equal to U.S. GAAP annualized total operating revenues divided by average AUM, excluding Invesco Great Wall (IGW) AUM. It is appropriate to exclude the average AUM of IGW as the revenues resulting from these AUM are not presented in our operating revenues. The average AUM for IGW in the three and nine months ended September 30, 2022 was $93.1 billion and $95.4 billion (three and nine months ended September 30, 2021: $85.5 billion and $81.1 billion). The U.S. GAAP gross revenue yield is not a good measure because the numerator of the U.S. GAAP gross revenue yield excludes the management fees earned from CIP; however, the denominator of the measure includes the AUM of these investment products. Net revenue yield metrics include the net revenues and average AUM of IGW and CIP. 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.

*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 nine months ended September 30, 2022 and 2021.

*Foreign Exchange Rates*

During the three and nine months ended September 30, 2022, we experienced a decrease in AUM of $17.1 billion and $40.7 billion respectively, due to changes in foreign exchange rates. During the three months and nine months ended September 30, 2021, AUM decreased by $4.0 billion and $6.2 billion, respectively, due to changes in foreign exchange rates.

**Total AUM by Channel** [(1)]

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Retail | Institutional |
|---|---|---|---|
| June 30, 2022 | 1,390.4 | 898.8 | 491.6 |
| Long-term inflows | 68.7 | 47.3 | 21.4 |
| Long-term outflows | (76.4) | (58.9) | (17.5) |
| Net long-term flows | (7.7) | (11.6) | 3.9 |
| Net flows in non-management fee earning AUM | 1.9 | 1.8 | 0.1 |
| Net flows in money market funds | 10.0 | (1.0) | 11.0 |
| Total net flows | 4.2 | (10.8) | 15.0 |
| Reinvested distributions | 0.9 | 0.8 | 0.1 |
| Market gains and losses | (55.1) | (47.4) | (7.7) |
| Foreign currency translation | (17.1) | (7.4) | (9.7) |
| September 30, 2022 | 1,323.3 | 834.0 | 489.3 |
| | | | |
| June 30, 2021 | 1,525.0 | 1,060.7 | 464.3 |
| Long-term inflows | 91.7 | 62.3 | 29.4 |
| Long-term outflows | (78.4) | (60.5) | (17.9) |
| Net long-term flows | 13.3 | 1.8 | 11.5 |
| Net flows in non-management fee earning AUM | 5.5 | 5.7 | (0.2) |
| Net flows in money market funds | 2.6 | (0.4) | 3.0 |
| Total net flows | 21.4 | 7.1 | 14.3 |
| Reinvested distributions | 0.8 | 0.8 | — |
| Market gains and losses | (14.6) | (15.5) | 0.9 |
| Foreign currency translation | (4.0) | (1.5) | (2.5) |
| September 30, 2021 | 1,528.6 | 1,051.6 | 477.0 |

***As of and for the Nine Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Retail | Institutional |
|---|---|---|---|
| December 31, 2021 | 1,610.9 | 1,106.5 | 504.4 |
| Long-term inflows | 256.4 | 190.8 | 65.6 |
| Long-term outflows | (253.7) | (200.3) | (53.4) |
| Net long-term flows | 2.7 | (9.5) | 12.2 |
| Net flows in non-management fee earning AUM | (1.1) | 2.4 | (3.5) |
| Net flows in money market funds | 26.3 | 1.5 | 24.8 |
| Total net flows | 27.9 | (5.6) | 33.5 |
| Reinvested distributions | 3.5 | 3.2 | 0.3 |
| Market gains and losses | (278.3) | (254.3) | (24.0) |
| Foreign currency translation | (40.7) | (15.8) | (24.9) |
| September 30, 2022 | 1,323.3 | 834.0 | 489.3 |
| | | | |
| December 31, 2020 | 1,349.9 | 947.1 | 402.8 |
| Long-term inflows | 326.3 | 232.0 | 94.3 |
| Long-term outflows | (257.4) | (199.5) | (57.9) |
| Net long-term flows | 68.9 | 32.5 | 36.4 |
| Net flows in non-management fee earning AUM | 8.1 | 7.5 | 0.6 |
| Net flows in money market funds | 29.7 | 3.6 | 26.1 |
| Total net flows | 106.7 | 43.6 | 63.1 |
| Reinvested distributions | 2.6 | 2.4 | 0.2 |
| Market gains and losses | 75.6 | 59.0 | 16.6 |
| Foreign currency translation | (6.2) | (0.5) | (5.7) |
| September 30, 2021 | 1,528.6 | 1,051.6 | 477.0 |

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See accompanying notes immediately following these AUM tables.

**Active AUM by Channel** [(1)]

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Retail | Institutional |
|---|---|---|---|
| June 30, 2022 | 957.9 | 509.0 | 448.9 |
| Long-term inflows | 44.5 | 23.6 | 20.9 |
| Long-term outflows | (51.8) | (35.8) | (16.0) |
| Net long-term flows | (7.3) | (12.2) | 4.9 |
| Net flows in money market funds | 10.0 | (1.0) | 11.0 |
| Total net flows | 2.7 | (13.2) | 15.9 |
| Reinvested distributions | 0.9 | 0.8 | 0.1 |
| Market gains and losses | (32.0) | (27.1) | (4.9) |
| Foreign currency translation | (15.4) | (6.7) | (8.7) |
| September 30, 2022 | 914.1 | 462.8 | 451.3 |
| | | | |
| June 30, 2021 | 1,066.0 | 649.3 | 416.7 |
| Long-term inflows | 60.3 | 35.5 | 24.8 |
| Long-term outflows | (53.5) | (37.9) | (15.6) |
| Net long-term flows | 6.8 | (2.4) | 9.2 |
| Net flows in money market funds | 2.6 | (0.4) | 3.0 |
| Total net flows | 9.4 | (2.8) | 12.2 |
| Reinvested distributions | 0.8 | 0.8 | — |
| Market gains and losses | (13.1) | (13.8) | 0.7 |
| Foreign currency translation | (3.1) | (1.3) | (1.8) |
| September 30, 2021 | 1,060.0 | 632.2 | 427.8 |

***As of and for the Nine Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Retail | Institutional |
|---|---|---|---|
| December 31, 2021 | 1,082.5 | 631.7 | 450.8 |
| Long-term inflows | 155.0 | 91.6 | 63.4 |
| Long-term outflows | (172.8) | (123.0) | (49.8) |
| Net long-term flows | (17.8) | (31.4) | 13.6 |
| Net flows in money market funds | 26.3 | 1.5 | 24.8 |
| Total net flows | 8.5 | (29.9) | 38.4 |
| Reinvested distributions | 3.5 | 3.2 | 0.3 |
| Market gains and losses | (143.6) | (128.0) | (15.6) |
| Foreign currency translation | (36.8) | (14.2) | (22.6) |
| September 30, 2022 | 914.1 | 462.8 | 451.3 |
| | | | |
| December 31, 2020 | 979.3 | 601.1 | 378.2 |
| Long-term inflows | 197.7 | 129.3 | 68.4 |
| Long-term outflows | (181.3) | (127.8) | (53.5) |
| Net long-term flows | 16.4 | 1.5 | 14.9 |
| Net flows in money market funds | 29.7 | 3.6 | 26.1 |
| Total net flows | 46.1 | 5.1 | 41.0 |
| Reinvested distributions | 2.6 | 2.4 | 0.2 |
| Market gains and losses | 36.4 | 23.7 | 12.7 |
| Foreign currency translation | (4.4) | (0.1) | (4.3) |
| September 30, 2021 | 1,060.0 | 632.2 | 427.8 |

See accompanying notes immediately following these AUM tables.

**Passive AUM by Channel** [(1)]

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Retail | Institutional |
|---|---|---|---|
| June 30, 2022 | 432.5 | 389.8 | 42.7 |
| Long-term inflows | 24.2 | 23.7 | 0.5 |
| Long-term outflows | (24.6) | (23.1) | (1.5) |
| Net long-term flows | (0.4) | 0.6 | (1.0) |
| Net flows in non-management fee earning AUM | 1.9 | 1.8 | 0.1 |
| Total net flows | 1.5 | 2.4 | (0.9) |
| Market gains and losses | (23.1) | (20.3) | (2.8) |
| Foreign currency translation | (1.7) | (0.7) | (1.0) |
| September 30, 2022 | 409.2 | 371.2 | 38.0 |
| | | | |
| June 30, 2021 | 459.0 | 411.4 | 47.6 |
| Long-term inflows | 31.4 | 26.8 | 4.6 |
| Long-term outflows | (24.9) | (22.6) | (2.3) |
| Net long-term flows | 6.5 | 4.2 | 2.3 |
| Net flows in non-management fee earning AUM | 5.5 | 5.7 | (0.2) |
| Total net flows | 12.0 | 9.9 | 2.1 |
| Market gains and losses | (1.5) | (1.7) | 0.2 |
| Foreign currency translation | (0.9) | (0.2) | (0.7) |
| September 30, 2021 | 468.6 | 419.4 | 49.2 |

***As of and for the Nine Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Retail | Institutional |
|---|---|---|---|
| December 31, 2021 | 528.4 | 474.8 | 53.6 |
| Long-term inflows | 101.4 | 99.2 | 2.2 |
| Long-term outflows | (80.9) | (77.3) | (3.6) |
| Net long-term flows | 20.5 | 21.9 | (1.4) |
| Net flows in non-management fee earning AUM | (1.1) | 2.4 | (3.5) |
| Total net flows | 19.4 | 24.3 | (4.9) |
| Market gains and losses | (134.7) | (126.3) | (8.4) |
| Foreign currency translation | (3.9) | (1.6) | (2.3) |
| September 30, 2022 | 409.2 | 371.2 | 38.0 |
| | | | |
| December 31, 2020 | 370.6 | 346.0 | 24.6 |
| Long-term inflows | 128.6 | 102.7 | 25.9 |
| Long-term outflows | (76.1) | (71.7) | (4.4) |
| Net long-term flows | 52.5 | 31.0 | 21.5 |
| Net flows in non-management fee earning AUM | 8.1 | 7.5 | 0.6 |
| Total net flows | 60.6 | 38.5 | 22.1 |
| Market gains and losses | 39.2 | 35.3 | 3.9 |
| Foreign currency translation | (1.8) | (0.4) | (1.4) |
| September 30, 2021 | 468.6 | 419.4 | 49.2 |

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See accompanying notes immediately following these AUM tables.

**Total AUM by Asset Class** [2]

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Equity | Fixed Income | Balanced | Money Market | Alternatives |
|---|---|---|---|---|---|---|
| June 30, 2022 | 1,390.4 | 644.8 | 309.1 | 72.9 | 164.0 | 199.6 |
| Long-term inflows | 68.7 | 25.0 | 30.4 | 3.2 | — | 10.1 |
| Long-term outflows | (76.4) | (32.4) | (23.9) | (4.7) | — | (15.4) |
| Net long-term flows | (7.7) | (7.4) | 6.5 | (1.5) | — | (5.3) |
| Net flows in non-management fee earning AUM | 1.9 | 1.8 | 0.1 | — | — | — |
| Net flows in money market funds | 10.0 | — | 0.3 | — | 9.7 | — |
| Total net flows | 4.2 | (5.6) | 6.9 | (1.5) | 9.7 | (5.3) |
| Reinvested distributions | 0.9 | 0.2 | 0.4 | 0.1 | — | 0.2 |
| Market gains and losses | (55.1) | (36.1) | (7.0) | (5.2) | 0.2 | (7.0) |
| Foreign currency translation | (17.1) | (5.8) | (5.1) | (2.7) | (1.8) | (1.7) |
| September 30, 2022 | 1,323.3 | 597.5 | 304.3 | 63.6 | 172.1 | 185.8 |
| Average AUM | 1,416.2 | 669.5 | 311.4 | 69.9 | 168.8 | 196.6 |
| % of total average AUM | 100.0 % | 47.3 % | 22.0 % | 4.9 % | 11.9 % | 13.9 % |
| | | | | | | |
| June 30, 2021 | 1,525.0 | 795.5 | 317.6 | 88.5 | 135.7 | 187.7 |
| Long-term inflows | 91.7 | 41.8 | 27.3 | 9.5 | — | 13.1 |
| Long-term outflows | (78.4) | (42.8) | (16.3) | (8.5) | — | (10.8) |
| Net long-term flows | 13.3 | (1.0) | 11.0 | 1.0 | — | 2.3 |
| Net flows in non-management fee earning AUM | 5.5 | 5.8 | (0.3) | — | — | — |
| Net flows in money market funds | 2.6 | — | — | — | 2.6 | — |
| Total net flows | 21.4 | 4.8 | 10.7 | 1.0 | 2.6 | 2.3 |
| Reinvested distributions | 0.8 | 0.2 | 0.3 | 0.1 | — | 0.2 |
| Market gains and losses | (14.6) | (12.1) | (1.0) | (3.7) | 0.3 | 1.9 |
| Foreign currency translation | (4.0) | (2.1) | (0.7) | (0.4) | (0.1) | (0.7) |
| September 30, 2021 | 1,528.6 | 786.3 | 326.9 | 85.5 | 138.5 | 191.4 |
| Average AUM | 1,540.5 | 805.8 | 322.6 | 85.7 | 135.2 | 191.2 |
| % of total average AUM | 100.0 % | 52.3 % | 20.9 % | 5.6 % | 8.8 % | 12.4 % |

***As of and for the Nine Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Equity | Fixed Income | Balanced | Money Market | Alternatives |
|---|---|---|---|---|---|---|
| December 31, 2021 | 1,610.9 | 841.6 | 334.8 | 88.6 | 148.8 | 197.1 |
| Long-term inflows | 256.4 | 111.5 | 88.9 | 11.8 | — | 44.2 |
| Long-term outflows | (253.7) | (121.0) | (72.8) | (16.4) | — | (43.5) |
| Net long-term flows | 2.7 | (9.5) | 16.1 | (4.6) | — | 0.7 |
| Net flows in non-management fee earning AUM | (1.1) | 2.4 | (3.5) | — | — | — |
| Net flows in money market funds | 26.3 | — | 0.3 | — | 26.0 | — |
| Total net flows | 27.9 | (7.1) | 12.9 | (4.6) | 26.0 | 0.7 |
| Reinvested distributions | 3.5 | 1.4 | 1.1 | 0.3 | — | 0.7 |
| Market gains and losses | (278.3) | (224.5) | (31.3) | (15.3) | 1.2 | (8.4) |
| Foreign currency translation | (40.7) | (13.9) | (13.2) | (5.4) | (3.9) | (4.3) |
| September 30, 2022 | 1,323.3 | 597.5 | 304.3 | 63.6 | 172.1 | 185.8 |
| Average AUM | 1,472.8 | 716.0 | 317.5 | 75.8 | 161.0 | 202.5 |
| % of total average AUM | 100.0 % | 48.6 % | 21.6 % | 5.2 % | 10.9 % | 13.7 % |
| | | | | | | |
| December 31, 2020 | 1,349.9 | 689.6 | 296.4 | 78.9 | 108.5 | 176.5 |
| Long-term inflows | 326.3 | 158.6 | 86.5 | 40.9 | — | 40.3 |
| Long-term outflows | (257.4) | (134.8) | (54.3) | (34.4) | — | (33.9) |
| Net long-term flows | 68.9 | 23.8 | 32.2 | 6.5 | — | 6.4 |
| Net flows in non-management fee earning AUM | 8.1 | 7.8 | 0.3 | — | — | — |
| Net flows in money market funds | 29.7 | — | — | — | 29.7 | — |
| Total net flows | 106.7 | 31.6 | 32.5 | 6.5 | 29.7 | 6.4 |
| Reinvested distributions | 2.6 | 0.6 | 1.1 | 0.3 | — | 0.6 |
| Market gains and losses | 75.6 | 67.3 | (0.9) | (0.2) | 0.1 | 9.3 |
| Foreign currency translation | (6.2) | (2.8) | (2.2) | — | 0.2 | (1.4) |
| September 30, 2021 | 1,528.6 | 786.3 | 326.9 | 85.5 | 138.5 | 191.4 |
| Average AUM | 1,471.9 | 762.5 | 311.5 | 86.4 | 126.2 | 185.3 |
| % of total average AUM | 100.0 % | 51.8 % | 21.1 % | 5.9 % | 8.6 % | 12.6 % |

See accompanying notes immediately following these AUM tables.

**Active AUM by Asset Class** [(2)]

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Equity | Fixed Income | Balanced | Money Market | Alternatives |
|---|---|---|---|---|---|---|
| June 30, 2022 | 957.9 | 287.5 | 270.6 | 72.0 | 164.0 | 163.8 |
| Long-term inflows | 44.5 | 10.4 | 25.2 | 3.2 | — | 5.7 |
| Long-term outflows | (51.8) | (16.9) | (21.5) | (4.7) | — | (8.7) |
| Net long-term flows | (7.3) | (6.5) | 3.7 | (1.5) | — | (3.0) |
| Net flows in money market funds | 10.0 | — | 0.3 | — | 9.7 | — |
| Total net flows | 2.7 | (6.5) | 4.0 | (1.5) | 9.7 | (3.0) |
| Reinvested distributions | 0.9 | 0.2 | 0.4 | 0.1 | — | 0.2 |
| Market gains and losses | (32.0) | (16.5) | (5.6) | (5.1) | 0.2 | (5.0) |
| Foreign currency translation | (15.4) | (4.7) | (4.7) | (2.7) | (1.8) | (1.5) |
| September 30, 2022 | 914.1 | 260.0 | 264.7 | 62.8 | 172.1 | 154.5 |
| Average AUM | 961.6 | 290.7 | 271.7 | 69.0 | 168.8 | 161.4 |
| % of total average AUM | 100.0 % | 30.2 % | 28.3 % | 7.1 % | 17.6 % | 16.8 % |
| | | | | | | |
| June 30, 2021 | 1,066.0 | 412.0 | 274.6 | 87.4 | 135.7 | 156.3 |
| Long-term inflows | 60.3 | 16.0 | 25.0 | 9.5 | — | 9.8 |
| Long-term outflows | (53.5) | (23.0) | (14.0) | (8.5) | — | (8.0) |
| Net long-term flows | 6.8 | (7.0) | 11.0 | 1.0 | — | 1.8 |
| Net flows in money market funds | 2.6 | — | — | — | 2.6 | — |
| Total net flows | 9.4 | (7.0) | 11.0 | 1.0 | 2.6 | 1.8 |
| Reinvested distributions | 0.8 | 0.2 | 0.3 | 0.1 | — | 0.2 |
| Market gains and losses | (13.1) | (10.8) | (0.7) | (3.7) | 0.3 | 1.8 |
| Foreign currency translation | (3.1) | (1.5) | (0.5) | (0.4) | (0.1) | (0.6) |
| September 30, 2021 | 1,060.0 | 392.9 | 284.7 | 84.4 | 138.5 | 159.5 |
| Average AUM | 1,065.6 | 406.4 | 280.0 | 84.6 | 135.2 | 159.4 |
| % of total average AUM | 100.0 % | 38.1 % | 26.3 % | 7.9 % | 12.7 % | 15.0 % |

***As of and for the Nine Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Equity | Fixed Income | Balanced | Money Market | Alternatives |
|---|---|---|---|---|---|---|
| December 31, 2021 | 1,082.5 | 389.6 | 293.1 | 87.4 | 148.8 | 163.6 |
| Long-term inflows | 155.0 | 43.2 | 73.5 | 11.8 | — | 26.5 |
| Long-term outflows | (172.8) | (65.6) | (65.1) | (16.3) | — | (25.8) |
| Net long-term flows | (17.8) | (22.4) | 8.4 | (4.5) | — | 0.7 |
| Net flows in money market funds | 26.3 | — | 0.3 | — | 26.0 | — |
| Total net flows | 8.5 | (22.4) | 8.7 | (4.5) | 26.0 | 0.7 |
| Reinvested distributions | 3.5 | 1.4 | 1.1 | 0.3 | — | 0.7 |
| Market gains and losses | (143.6) | (97.2) | (25.9) | (15.0) | 1.2 | (6.7) |
| Foreign currency translation | (36.8) | (11.4) | (12.3) | (5.4) | (3.9) | (3.8) |
| September 30, 2022 | 914.1 | 260.0 | 264.7 | 62.8 | 172.1 | 154.5 |
| Average AUM | 1,000.3 | 320.8 | 277.7 | 75.0 | 161.0 | 165.8 |
| % of total average AUM | 100.0 % | 32.1 % | 27.8 % | 7.4 % | 16.1 % | 16.6 % |
| | | | | | | |
| December 31, 2020 | 979.3 | 383.2 | 259.4 | 77.9 | 108.5 | 150.3 |
| Long-term inflows | 197.7 | 55.9 | 74.8 | 40.8 | — | 26.2 |
| Long-term outflows | (181.3) | (73.0) | (48.5) | (34.4) | — | (25.4) |
| Net long-term flows | 16.4 | (17.1) | 26.3 | 6.4 | — | 0.8 |
| Net flows in non-management fee earning AUM | — | — | (0.1) | 0.1 | — | — |
| Net flows in money market funds | 29.7 | — | — | — | 29.7 | — |
| Total net flows | 46.1 | (17.1) | 26.2 | 6.5 | 29.7 | 0.8 |
| Reinvested distributions | 2.6 | 0.6 | 1.1 | 0.3 | — | 0.6 |
| Market gains and losses | 36.4 | 27.9 | (0.2) | (0.3) | 0.1 | 8.9 |
| Foreign currency translation | (4.4) | (1.7) | (1.8) | — | 0.2 | (1.1) |
| September 30, 2021 | 1,060.0 | 392.9 | 284.7 | 84.4 | 138.5 | 159.5 |
| Average AUM | 1,041.0 | 403.1 | 270.9 | 85.3 | 126.2 | 155.5 |
| % of total average AUM | 100.0 % | 38.7 % | 26.0 % | 8.3 % | 12.1 % | 14.9 % |

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See accompanying notes immediately following these AUM tables.

**Passive AUM by Asset Class** [(2)]

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Equity | Fixed Income | Balanced | Money Market | Alternatives |
|---|---|---|---|---|---|---|
| June 30, 2022 | 432.5 | 357.3 | 38.5 | 0.9 | — | 35.8 |
| Long-term inflows | 24.2 | 14.6 | 5.2 | — | — | 4.4 |
| Long-term outflows | (24.6) | (15.5) | (2.4) | — | — | (6.7) |
| Net long-term flows | (0.4) | (0.9) | 2.8 | — | — | (2.3) |
| Net flows in non-management fee earning AUM | 1.9 | 1.8 | 0.1 | — | — | — |
| Total net flows | 1.5 | 0.9 | 2.9 | — | — | (2.3) |
| Market gains and losses | (23.1) | (19.6) | (1.4) | (0.1) | — | (2.0) |
| Foreign currency translation | (1.7) | (1.1) | (0.4) | — | — | (0.2) |
| September 30, 2022 | 409.2 | 337.5 | 39.6 | 0.8 | — | 31.3 |
| Average AUM | 454.6 | 378.8 | 39.7 | 0.9 | — | 35.2 |
| % of total average AUM | 100.0 % | 83.3 % | 8.7 % | 0.3 % | — % | 7.7 % |
| | | | | | | |
| June 30, 2021 | 459.0 | 383.5 | 43.0 | 1.1 | — | 31.4 |
| Long-term inflows | 31.4 | 25.8 | 2.3 | — | — | 3.3 |
| Long-term outflows | (24.9) | (19.8) | (2.3) | — | — | (2.8) |
| Net long-term flows | 6.5 | 6.0 | — | — | — | 0.5 |
| Net flows in non-management fee earning AUM | 5.5 | 5.8 | (0.3) | — | — | — |
| Total net flows | 12.0 | 11.8 | (0.3) | — | — | 0.5 |
| Market gains and losses | (1.5) | (1.3) | (0.3) | — | — | 0.1 |
| Foreign currency translation | (0.9) | (0.6) | (0.2) | — | — | (0.1) |
| September 30, 2021 | 468.6 | 393.4 | 42.2 | 1.1 | — | 31.9 |
| Average AUM | 474.9 | 399.4 | 42.6 | 1.1 | — | 31.8 |
| % of total average AUM | 100.0 % | 84.1 % | 9.0 % | 0.2 % | — % | 6.7 % |

*As of and for the Nine Months Ended September 30, 2022 and 2021:*

| $ in billions | Total | Equity | Fixed Income | Balanced | Money Market | Alternatives |
|---|---|---|---|---|---|---|
| December 31, 2021 | 528.4 | 452.0 | 41.7 | 1.2 | — | 33.5 |
| Long-term inflows | 101.4 | 68.3 | 15.4 | — | — | 17.7 |
| Long-term outflows | (80.9) | (55.4) | (7.7) | (0.1) | — | (17.7) |
| Net long-term flows | 20.5 | 12.9 | 7.7 | (0.1) | — | — |
| Net flows in non-management fee earning AUM | (1.1) | 2.4 | (3.5) | — | — | — |
| Total net flows | 19.4 | 15.3 | 4.2 | (0.1) | — | — |
| Market gains and losses | (134.7) | (127.3) | (5.4) | (0.3) | — | (1.7) |
| Foreign currency translation | (3.9) | (2.5) | (0.9) | — | — | (0.5) |
| September 30, 2022 | 409.2 | 337.5 | 39.6 | 0.8 | — | 31.3 |
| Average AUM | 472.5 | 395.2 | 39.8 | 0.9 | — | 36.6 |
| % of total average AUM | 100.0 % | 83.6 % | 8.4 % | 0.2 % | — % | 7.8 % |
| | | | | | | |
| December 31, 2020 | 370.6 | 306.4 | 37.0 | 1.0 | — | 26.2 |
| Long-term inflows | 128.6 | 102.7 | 11.7 | 0.1 | — | 14.1 |
| Long-term outflows | (76.1) | (61.8) | (5.8) | — | — | (8.5) |
| Net long-term flows | 52.5 | 40.9 | 5.9 | 0.1 | — | 5.6 |
| Net flows in non-management fee earning AUM | 8.1 | 7.8 | 0.4 | (0.1) | — | — |
| Total net flows | 60.6 | 48.7 | 6.3 | — | — | 5.6 |
| Market gains and losses | 39.2 | 39.4 | (0.7) | 0.1 | — | 0.4 |
| Foreign currency translation | (1.8) | (1.1) | (0.4) | — | — | (0.3) |
| September 30, 2021 | 468.6 | 393.4 | 42.2 | 1.1 | — | 31.9 |
| Average AUM | 430.9 | 359.4 | 40.6 | 1.1 | — | 29.8 |
| % of total average AUM | 100.0 % | 83.4 % | 9.4 % | 0.3 % | — % | 6.9 % |

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See accompanying notes immediately following these AUM tables.

**Total AUM by Client Domicile [3]**

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Americas | Asia Pacific | EMEA[4] |
|---|---|---|---|---|
| June 30, 2022 | 1,390.4 | 973.5 | 224.4 | 192.5 |
| Long-term inflows | 68.7 | 34.8 | 20.1 | 13.8 |
| Long-term outflows | (76.4) | (44.7) | (15.0) | (16.7) |
| Net long-term flows | (7.7) | (9.9) | 5.1 | (2.9) |
| Net flows in non-management fee earning AUM | 1.9 | 2.8 | 0.6 | (1.5) |
| Net flows in money market funds | 10.0 | 10.9 | (0.4) | (0.5) |
| Total net flows | 4.2 | 3.8 | 5.3 | (4.9) |
| Reinvested distributions | 0.9 | 0.8 | — | 0.1 |
| Market gains and losses | (55.1) | (35.9) | (9.4) | (9.8) |
| Foreign currency translation | (17.1) | (1.4) | (10.0) | (5.7) |
| September 30, 2022 | 1,323.3 | 940.8 | 210.3 | 172.2 |
| | | | | |
| June 30, 2021 | 1,525.0 | 1,075.8 | 225.6 | 223.6 |
| Long-term inflows | 91.7 | 49.7 | 26.0 | 16.0 |
| Long-term outflows | (78.4) | (44.9) | (16.7) | (16.8) |
| Net long-term flows | 13.3 | 4.8 | 9.3 | (0.8) |
| Net flows in non-management fee earning AUM | 5.5 | 4.6 | 0.9 | — |
| Net flows in money market funds | 2.6 | 2.7 | (0.2) | 0.1 |
| Total net flows | 21.4 | 12.1 | 10.0 | (0.7) |
| Reinvested distributions | 0.8 | 0.7 | — | 0.1 |
| Market gains and losses | (14.6) | (8.7) | (4.2) | (1.7) |
| Foreign currency translation | (4.0) | (0.7) | (1.1) | (2.2) |
| September 30, 2021 | 1,528.6 | 1,079.2 | 230.3 | 219.1 |

***As of and for the Nine Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Americas | Asia Pacific | EMEA[4] |
|---|---|---|---|---|
| December 31, 2021 | 1,610.9 | 1,132.5 | 247.3 | 231.1 |
| Long-term inflows | 256.4 | 145.3 | 56.9 | 54.2 |
| Long-term outflows | (253.7) | (151.2) | (46.1) | (56.4) |
| Net long-term flows | 2.7 | (5.9) | 10.8 | (2.2) |
| Net flows in non-management fee earning AUM | (1.1) | (1.9) | 1.4 | (0.6) |
| Net flows in money market funds | 26.3 | 27.3 | 0.4 | (1.4) |
| Total net flows | 27.9 | 19.5 | 12.6 | (4.2) |
| Reinvested distributions | 3.5 | 3.3 | — | 0.2 |
| Market gains and losses | (278.3) | (212.2) | (25.3) | (40.8) |
| Foreign currency translation | (40.7) | (2.3) | (24.3) | (14.1) |
| September 30, 2022 | 1,323.3 | 940.8 | 210.3 | 172.2 |
| | | | | |
| December 31, 2020 | 1,349.9 | 959.9 | 171.3 | 218.7 |
| Long-term inflows | 326.3 | 163.6 | 107.8 | 54.9 |
| Long-term outflows | (257.4) | (143.8) | (53.5) | (60.1) |
| Net long-term flows | 68.9 | 19.8 | 54.3 | (5.2) |
| Net flows in non-management fee earning AUM | 8.1 | 6.3 | 1.8 | — |
| Net flows in money market funds | 29.7 | 25.5 | 4.3 | (0.1) |
| Total net flows | 106.7 | 51.6 | 60.4 | (5.3) |
| Reinvested distributions | 2.6 | 2.3 | 0.1 | 0.2 |
| Market gains and losses | 75.6 | 65.5 | 2.3 | 7.8 |
| Foreign currency translation | (6.2) | (0.1) | (3.8) | (2.3) |
| September 30, 2021 | 1,528.6 | 1,079.2 | 230.3 | 219.1 |

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See accompanying notes immediately following these AUM tables.

**Active AUM by Client Domicile** [3]

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Americas | Asia Pacific | EMEA[4] |
|---|---|---|---|---|
| June 30, 2022 | 957.9 | 649.1 | 191.3 | 117.5 |
| Long-term inflows | 44.5 | 20.6 | 18.9 | 5.0 |
| Long-term outflows | (51.8) | (31.1) | (13.3) | (7.4) |
| Net long-term flows | (7.3) | (10.5) | 5.6 | (2.4) |
| Net flows in money market funds | 10.0 | 10.9 | (0.4) | (0.5) |
| Total net flows | 2.7 | 0.4 | 5.2 | (2.9) |
| Reinvested distributions | 0.9 | 0.8 | — | 0.1 |
| Market gains and losses | (32.0) | (19.7) | (6.8) | (5.5) |
| Foreign currency translation | (15.4) | (1.3) | (8.8) | (5.3) |
| September 30, 2022 | 914.1 | 629.3 | 180.9 | 103.9 |
| | | | | |
| June 30, 2021 | 1,066.0 | 716.3 | 193.4 | 156.3 |
| Long-term inflows | 60.3 | 28.8 | 24.3 | 7.2 |
| Long-term outflows | (53.5) | (27.8) | (15.2) | (10.5) |
| Net long-term flows | 6.8 | 1.0 | 9.1 | (3.3) |
| Net flows in money market funds | 2.6 | 2.7 | (0.2) | 0.1 |
| Total net flows | 9.4 | 3.7 | 8.9 | (3.2) |
| Reinvested distributions | 0.8 | 0.7 | — | 0.1 |
| Market gains and losses | (13.1) | (7.2) | (4.4) | (1.5) |
| Foreign currency translation | (3.1) | (0.7) | (0.4) | (2.0) |
| September 30, 2021 | 1,060.0 | 712.8 | 197.5 | 149.7 |

***As of and for the Nine Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Americas | Asia Pacific | EMEA[4] |
|---|---|---|---|---|
| December 31, 2021 | 1,082.5 | 724.5 | 208.8 | 149.2 |
| Long-term inflows | 155.0 | 83.8 | 52.5 | 18.7 |
| Long-term outflows | (172.8) | (102.9) | (41.2) | (28.7) |
| Net long-term flows | (17.8) | (19.1) | 11.3 | (10.0) |
| Net flows in non-management fee earning AUM | — | — | 0.1 | (0.1) |
| Net flows in money market funds | 26.3 | 27.3 | 0.4 | (1.4) |
| Total net flows | 8.5 | 8.2 | 11.8 | (11.5) |
| Reinvested distributions | 3.5 | 3.3 | — | 0.2 |
| Market gains and losses | (143.6) | (104.5) | (18.2) | (20.9) |
| Foreign currency translation | (36.8) | (2.2) | (21.5) | (13.1) |
| September 30, 2022 | 914.1 | 629.3 | 180.9 | 103.9 |
| | | | | |
| December 31, 2020 | 979.3 | 656.9 | 163.4 | 159.0 |
| Long-term inflows | 197.7 | 87.8 | 83.3 | 26.6 |
| Long-term outflows | (181.3) | (92.7) | (50.2) | (38.4) |
| Net long-term flows | 16.4 | (4.9) | 33.1 | (11.8) |
| Net flows in non-management fee earning AUM | — | (0.1) | 0.1 | — |
| Net flows in money market funds | 29.7 | 25.5 | 4.3 | (0.1) |
| Total net flows | 46.1 | 20.5 | 37.5 | (11.9) |
| Reinvested distributions | 2.6 | 2.3 | 0.1 | 0.2 |
| Market gains and losses | 36.4 | 33.2 | (1.1) | 4.3 |
| Foreign currency translation | (4.4) | (0.1) | (2.4) | (1.9) |
| September 30, 2021 | 1060.0 | 712.8 | 197.5 | 149.7 |

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See accompanying notes immediately following these AUM tables.

**Passive AUM by Client Domicile [3]**

***As of and for the Three Months Ended September 30, 2022 and 2021:***

| $ in billions | Total | Americas | Asia Pacific | EMEA[4] |
|---|---|---|---|---|
| June 30, 2022 | 432.5 | 324.4 | 33.1 | 75.0 |
| Long-term inflows | 24.2 | 14.2 | 1.2 | 8.8 |
| Long-term outflows | (24.6) | (13.6) | (1.7) | (9.3) |
| Net long-term flows | (0.4) | 0.6 | (0.5) | (0.5) |
| Net flows in non-management fee earning AUM | 1.9 | 2.8 | 0.6 | (1.5) |
| Total net flows | 1.5 | 3.4 | 0.1 | (2.0) |
| Market gains and losses | (23.1) | (16.2) | (2.6) | (4.3) |
| Foreign currency translation | (1.7) | (0.1) | (1.2) | (0.4) |
| September 30, 2022 | 409.2 | 311.5 | 29.4 | 68.3 |
| | | | | |
| June 30, 2021 | 459.0 | 359.5 | 32.2 | 67.3 |
| Long-term inflows | 31.4 | 20.9 | 1.7 | 8.8 |
| Long-term outflows | (24.9) | (17.1) | (1.5) | (6.3) |
| Net long-term flows | 6.5 | 3.8 | 0.2 | 2.5 |
| Net flows in non-management fee earning AUM | 5.5 | 4.6 | 0.9 | — |
| Total net flows | 12.0 | 8.4 | 1.1 | 2.5 |
| Market gains and losses | (1.5) | (1.5) | 0.2 | (0.2) |
| Foreign currency translation | (0.9) | — | (0.7) | (0.2) |
| September 30, 2021 | 468.6 | 366.4 | 32.8 | 69.4 |

*As of and for the Nine Months Ended September 30, 2022 and 2021:*

| $ in billions | Total | Americas | Asia Pacific | EMEA[4] |
|---|---|---|---|---|
| December 31, 2021 | 528.4 | 408.0 | 38.5 | 81.9 |
| Long-term inflows | 101.4 | 61.5 | 4.4 | 35.5 |
| Long-term outflows | (80.9) | (48.3) | (4.9) | (27.7) |
| Net long-term flows | 20.5 | 13.2 | (0.5) | 7.8 |
| Net flows in non-management fee earning AUM | (1.1) | (1.9) | 1.3 | (0.5) |
| Total net flows | 19.4 | 11.3 | 0.8 | 7.3 |
| Market gains and losses | (134.7) | (107.7) | (7.1) | (19.9) |
| Foreign currency translation | (3.9) | (0.1) | (2.8) | (1.0) |
| September 30, 2022 | 409.2 | 311.5 | 29.4 | 68.3 |
| | | | | |
| December 31, 2020 | 370.6 | 303.0 | 7.9 | 59.7 |
| Long-term inflows | 128.6 | 75.8 | 24.5 | 28.3 |
| Long-term outflows | (76.1) | (51.1) | (3.3) | (21.7) |
| Net long-term flows | 52.5 | 24.7 | 21.2 | 6.6 |
| Net flows in non-management fee earning AUM | 8.1 | 6.4 | 1.7 | — |
| Total net flows | 60.6 | 31.1 | 22.9 | 6.6 |
| Market gains and losses | 39.2 | 32.3 | 3.4 | 3.5 |
| Foreign currency translation | (1.8) | — | (1.4) | (0.4) |
| September 30, 2021 | 468.6 | 366.4 | 32.8 | 69.4 |

(1) The Channel AUM tables reflect AUM aggregated based on the company's retail and institutional distribution teams which originated the AUM. This aggregation is a proxy for presenting AUM in the retail and institutional markets in which the company operates.

(2) The Asset classes AUM tables reflect AUM aggregated based on the common type of underlying investments.

(3) The Client domicile AUM tables reflect AUM aggregated based on the domicile of the underlying clients.

(4) In the third quarter of 2022, UK is now presented as part of EMEA. EMEA includes UK net long-term outflows of $1.3 billion and $5.4 billion for the three and nine months ended September 30, 2022, respectively. Ending AUM of UK as of September 30, 2022 was $39.5 billion .

**Results of Operations for the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021**

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:

| | Three months ended September 30, | | Variance 2022 vs 2021 | | Nine months ended September 30, | | Variance 2022 vs 2021 | |
|---|---|---|---|---|---|---|---|---|
| $ in millions | 2022 | 2021 | $ Change | % Change | 2022 | 2021 | $ Change | % Change |
| Investment management fees | 1,057.3 | 1,275.5 | (218.2) | (17.1)% | 3,351.3 | 3,729.5 | (378.2) | (10.1)% |
| Service and distribution fees | 340.2 | 409.1 | (68.9) | (16.8)% | 1,073.0 | 1,191.2 | (118.2) | (9.9)% |
| Performance fees | 3.0 | 4.8 | (1.8) | (37.5)% | 13.2 | 22.0 | (8.8) | (40.0)% |
| Other | 45.2 | 60.6 | (15.4) | (25.4)% | 168.0 | 188.4 | (20.4) | (10.8)% |
| Total operating revenues | 1,445.7 | 1,750.0 | (304.3) | (17.4)% | 4,605.5 | 5,131.1 | (525.6) | (10.2)% |
| Revenue Adjustments: | | | | | | | | |
| Investment management fees | (185.5) | (216.3) | 30.8 | (14.2)% | (584.5) | (632.3) | 47.8 | (7.6)% |
| Service and distribution fees | (232.1) | (278.0) | 45.9 | (16.5)% | (730.1) | (809.2) | 79.1 | (9.8)% |
| Other | (33.7) | (52.1) | 18.4 | (35.3)% | (124.3) | (167.3) | 43.0 | (25.7)% |
| Total Revenue Adjustments [1] | (451.3) | (546.4) | 95.1 | (17.4)% | (1,438.9) | (1,608.8) | 169.9 | (10.6)% |
| Invesco Great Wall | 104.6 | 118.7 | (14.1) | (11.9)% | 334.8 | 333.6 | 1.2 | 0.4 % |
| CIP | 11.6 | 11.2 | 0.4 | 3.6 % | 35.5 | 31.5 | 4.0 | 12.7 % |
| Net revenues [2] | 1,110.6 | 1,333.5 | (222.9) | (16.7)% | 3,536.9 | 3,887.4 | (350.5) | (9.0)% |

(1) Total revenue adjustments include 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 decreased operating revenues by $50.3 million during the three months ended September 30, 2022 when compared to the three months ended September 30, 2021.

The impact of foreign exchange rate movements decreased operating revenues by $108.3 million during the nine months ended September 30, 2022 when compared to the nine months ended September 30, 2021.

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. See the company's disclosures regarding the changes in AUM during the three and nine months ended September 30, 2022 and September 30, 2021 in the "Assets Under Management" section above for additional information.

Passive AUM generally earn a lower effective fee rate than active asset classes, and therefore, changes in the mix of AUM have an impact on revenues and net revenue yield. In addition, as a significant proportion of our AUM is based outside of the U.S., changes in foreign exchange rates can result in a change to the mix of U.S. Dollar denominated AUM for AUM denominated in other currencies. As fee rates differ across geographic locations, changes to exchange rates have an impact on revenues and net revenue yields.

Average AUM was $1,416.2 billion in the three months ended September 30, 2022, as compared to $1,540.5 billion in the three months ended September 30, 2021. In addition to the impact of the decrease in AUM on our revenues, changes in the mix of the AUM between the periods also impacts our revenues. At the industry level, investors continue to shift towards passive products such as ETFs. As a result of the decline in AUM and the change in AUM mix, revenues and the resulting net revenue yield ex performance fees ex QQQ has declined from 39.1 basis points for the three months ended September 30, 2021 to 35.3 basis points for the quarter ended September 30, 2022.

Average AUM was $1,472.8 billion in the nine months ended September 30, 2022, as compared to $1,471.9 billion in the nine months ended September 30, 2021. The impact of the increase in AUM on our revenues was offset by changes in the mix of the AUM between the periods. At the industry level, investors continue to shift towards passive products such as ETFs. As a result of this change in AUM mix, revenues and the resulting net revenue yield ex performance fees ex QQQ has declined from 39.4 basis points for the nine months ended September 30, 2021 to 36.0 basis points for the nine months ended September 30, 2022.

*Investment Management Fees*

Investment management fees were $1,057.3 million for the three months ended September 30, 2022 as compared to $1,275.5 million for the three months ended September 30, 2021. The impact of foreign exchange rate movements decreased investment management fees by $42.6 million during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. After allowing for foreign exchange movements, investment management fees decreased by $175.6 million. See discussion above on how AUM changes impact our investment management fees.

Investment management fees were $3,351.3 million for the nine months ended September 30, 2022 as compared to $3,729.5 million for the nine months ended September 30, 2021. The impact of foreign exchange rate movements decreased investment management fees by $90.1 million during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. After allowing for foreign exchange movements, investment management fees decreased by $288.1 million. See discussion above on how AUM changes impact our investment management fees.

The discretionary money market fee waivers (see Item 1. Financial Statements - Note 7, "Revenue") also impact our investment management fees. During the three months ended September 30, 2022, waivers reduced management fees by $1.4 million, an improvement from waivers of $40.8 million in the quarter ended September 30, 2021. During the nine months ended September 30, 2022, waivers reduced management fees by $33.7 million, an improvement from waivers of $111.2 million from the nine months ended September 30, 2021.

*Service and Distribution Fees*

Service and distribution fees were $340.2 million for the three months ended September 30, 2022 as compared to $409.1 million for the three months ended September 30, 2021. The impact of foreign exchange rate movements decreased service and distribution fees by $7.0 million during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. After allowing for foreign exchange movements, service and distribution fees decreased by $61.9 million. The decrease results from lower AUM to which these fees apply.

Service and distribution fees were $1,073.0 million. for the nine months ended September 30, 2022 as compared to $1,191.2 million for the nine months ended September 30, 2021. The impact of foreign exchange rate movements decreased service and distribution fees by $15.6 million during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. After allowing for foreign exchange movements, service and distribution fees decreased by $102.6 million. The decrease results from lower AUM to which these fees apply.

*Performance Fees*

Of our $1,323.3 billion in AUM at September 30, 2022, approximately $59.3 billion could potentially earn performance fees, including carried interests and performance fees related to partnership investments and separate accounts. Performance fees during the three and nine months ended September 30, 2022 were primarily generated from real estate products.

*Other Revenues*

Other revenues were $45.2 million for the three months ended September 30, 2022 as compared to $60.6 million for the three months ended September 30, 2021. The decrease in other revenues for the three months ended September 30, 2022 as compared to the three months ended September 20, 2021 was primarily driven by lower front end fees of $17.1 million and lower real estate transaction fees of $2.8 million which were partially offset by a $4.6 million increase in other revenues.

Other revenues were $168.0 million for the nine months ended September 30, 2022 as compared to $188.4 million for the nine months ended September 30, 2021. The decrease in other revenues for the nine months ended September 30, 2022 as compared to the nine months ended September 20, 2021was primarily driven by lower front end fees of $41.8 million which were partially offset by increases of $14.0 million in real estate transaction fees and $9.0 million in other revenues.

*Invesco Great Wall*

The company's most significant joint venture is our 49% investment in Invesco Great Wall Fund Management Company Limited (the "Invesco Great Wall" joint venture). Management reflects 100% of Invesco Great Wall's activity in its net revenues and adjusted operating expenses because it is important to evaluate the contribution that Invesco Great Wall is making to the business. 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 the 51% non-controlling interests. See "Schedule of Non-GAAP Information" for additional disclosures regarding the use of net revenues.

Net revenues from Invesco Great Wall were $104.6 million and average AUM was $93.1 billion for the three months ended September 30, 2022 (net revenues were $118.7 million and average AUM was $85.5 billion in the three months ended September 30, 2021). The impact of foreign exchange rate movements during the three months ended September 30, 2022 decreased net revenues by $5.9 million as compared to the three months ended September 30, 2021. After allowing for foreign exchange movements, net revenues from Invesco Great Wall were $110.5 million. The decrease in revenue is a result of a reduction in net revenue yield due to changes in the mix of AUM.

Net revenues from Invesco Great Wall were $334.8 million and average AUM was $95.4 billion for the nine months ended September 30, 2022 (net revenues were $333.6 million and average AUM was $81.1 billion in the nine months ended September 30, 2021). The impact of foreign exchange rate movements during the nine months ended September 30, 2022 decreased net revenues by $5.7 million as compared to the nine months ended September 30, 2021. After allowing for foreign exchange movements, net revenues from Invesco Great Wall were $340.5 million. The increase in revenue is a result of higher AUM, partially offset by a reduction in net revenue yield due to changes in the mix of AUM.

*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 $11.6 million in the three months ended September 30, 2022 (three months ended September 30, 2021: $11.2 million).

Management and performance fees earned from CIP were $35.5 million in the nine months ended September 30, 2022 (nine months ended September 30, 2021: $31.5 million).

***Operating Expenses***

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

| | Three months ended September 30, | | Variance 2022 vs 2021 | | Nine months ended September 30, | | Variance 2022 vs 2021 | |
|---|---|---|---|---|---|---|---|---|
| **$ in millions** | **2022** | **2021** | **$ Change** | **% Change** | **2022** | **2021** | **$ Change** | **% Change** |
| Third-party distribution, service and advisory | 451.3 | 546.4 | (95.1) | (17.4)% | 1,438.9 | 1,608.8 | (169.9) | (10.6)% |
| Employee compensation | 420.8 | 476.7 | (55.9) | (11.7)% | 1,260.9 | 1,452.9 | (192.0) | (13.2)% |
| Marketing | 27.6 | 20.3 | 7.3 | 36.0 % | 83.1 | 60.6 | 22.5 | 37.1 % |
| Property, office and technology | 133.2 | 134.2 | (1.0) | (0.7)% | 400.2 | 390.7 | 9.5 | 2.4 % |
| General and administrative | 48.7 | 105.0 | (56.3) | (53.6)% | 270.6 | 304.9 | (34.3) | (11.2)% |
| Transaction, integration and restructuring | (0.6) | (12.0) | 11.4 | (95.0)% | 34.8 | (13.3) | 48.1 | N/A |
| Amortization of intangibles | 14.5 | 15.6 | (1.1) | (7.1)% | 44.4 | 47.5 | (3.1) | (6.5)% |
| Total operating expenses | 1,095.5 | 1,286.2 | (190.7) | (14.8)% | 3,532.9 | 3,852.1 | (319.2) | (8.3)% |

The table below sets 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 September 30, 2022** | **% of Total Operating Expenses** | **% of Operating Revenues** | **Three months ended September 30, 2021** | **% of Total Operating Expenses** | **% of Operating Revenues** |
|---|---|---|---|---|---|---|
| Third-party distribution, service and advisory | 451.3 | 41.2 % | 31.2 % | 546.4 | 42.5 % | 31.2 % |
| Employee compensation | 420.8 | 38.4 % | 29.1 % | 476.7 | 37.1 % | 27.2 % |
| Marketing | 27.6 | 2.5 % | 1.9 % | 20.3 | 1.6 % | 1.2 % |
| Property, office and technology | 133.2 | 12.2 % | 9.2 % | 134.2 | 10.4 % | 7.7 % |
| General and administrative | 48.7 | 4.4 % | 3.4 % | 105.0 | 8.2 % | 6.0 % |
| Transaction, integration and restructuring | (0.6) | (0.1)% | — % | (12.0) | (0.9)% | (0.7)% |
| Amortization of intangibles | 14.5 | 1.4 % | 1.0 % | 15.6 | 1.1 % | 0.9 % |
| Total operating expenses | 1,095.5 | 100.0 % | 75.8 % | 1,286.2 | 100.0 % | 73.5 % |

| **$ in millions** | **Nine months ended September 30, 2022** | **% of Total Operating Expenses** | **% of Operating Revenues** | **Nine months ended September 30, 2021** | **% of Total Operating Expenses** | **% of Operating Revenues** |
|---|---|---|---|---|---|---|
| Third-party distribution, service and advisory | 1,438.9 | 40.7 % | 31.2 % | 1,608.8 | 41.8 % | 31.4 % |
| Employee compensation | 1260.9 | 35.7 % | 27.4 % | 1,452.9 | 37.7 % | 28.3 % |
| Marketing | 83.1 | 2.4 % | 1.8 % | 60.6 | 1.6 % | 1.2 % |
| Property, office and technology | 400.2 | 11.3 % | 8.7 % | 390.7 | 10.1 % | 7.6 % |
| General and administrative | 270.6 | 7.7 % | 5.9 % | 304.9 | 7.9 % | 5.9 % |
| Transaction, integration and restructuring | 34.8 | 1.0 % | 0.8 % | (13.3) | (0.3)% | (0.3)% |
| Amortization of intangibles | 44.4 | 1.2 % | 1.0 % | 47.5 | 1.2 % | 0.9 % |
| Total operating expenses | 3,532.9 | 100.0 % | 76.8 % | 3,852.1 | 100.0 % | 75.0 % |

The impact of foreign exchange rate movements decreased total operating expenses by $46.9 million during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021.

The impact of foreign exchange rate movements decreased total operating expenses by $100.3 million during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021.

*Third-Party Distribution, Service and Advisory*

Third-party distribution, service and advisory expenses were $451.3 million for the three months ended September 30, 2022 as compared to $546.4 million for the three months ended September 30, 2021. The impact of foreign exchange rate movements decreased third-party costs by $14.7 million during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. After allowing for foreign exchange rate changes, the decrease in costs was $80.4 million. The decrease is primarily due to decreases of $41.9 million in service fees due to lower average AUM, $19.7 million in renewal commissions, and $13.2 million in transaction fees.

Third-party distribution, service and advisory expenses were $1,438.9 million for the nine months ended September 30, 2022 as compared to $1,608.8 million for the nine months ended September 30, 2021. The impact of foreign exchange rate movements decreased third-party costs by $32.9 million during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. After allowing for foreign exchange rate changes, the decrease in costs was $137.0 million. The decrease was primarily due to decreases of $69.6 million in service fees due to lower average AUM, $42.0 million in renewal commissions, $28.4 million in transaction fees, and $14.3 million in front end commissions partially offset by $18.0 million of higher administrative and other third party management fees.

*Employee Compensation*

Employee compensation expenses were $420.8 million for the three months ended September 30, 2022 as compared to $476.7 million for the three months ended September 30, 2021. The impact of foreign exchange rate movements decreased employee compensation by $18.7 million during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. After allowing for foreign exchange rate changes, there was a decrease in employee compensation of $37.2 million. This decrease was primarily driven by $39.5 million in lower variable compensation which is in line with lower revenues in 2022 compared to 2021.

Employee compensation expenses were $1,260.9 million for the nine months ended September 30, 2022 as compared to $1,452.9 million for the nine months ended September 30, 2021. The impact of foreign exchange rate movements decreased employee compensation by $38.6 million during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. After allowing for foreign exchange rate changes, there was a decrease in employee compensation of $153.4 million. This decrease was driven by decreases of $90.1 million related to the mark-to-market on the deferred compensation liability and $92.6 million of lower variable compensation which is in line with lower revenues in 2022 compared to 2021, which were partially offset by an increase in staff costs and benefits.

Headcount at September 30, 2022 was 8,621 (September 30, 2021: 8,507).

*Marketing*

Marketing expenses were $27.6 million for the three months ended September 30, 2022 as compared to $20.3 million for the three months ended September 30, 2021. The impact of foreign exchange rate movements decreased marketing expenses by $1.5 million during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. After allowing for foreign exchange rate changes, the increase in marketing expenses was $8.8 million. The increase was related to higher marketing travel costs as travel activity returned to more normalized levels with the easing of COVID-19-related travel restrictions.

Marketing expenses were $83.1 million for the nine months ended September 30, 2022 as compared to $60.6 million for the nine months ended September 30, 2021. The impact of foreign exchange rate movements decreased marketing expenses by $3.6 million during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. After allowing for foreign exchange rate changes, the increase in marketing expenses was $26.1 million. The increase was related to increased client events and marketing travel and entertainment costs as travel activity returned to more normalized levels with the easing of COVID-19-related travel restrictions.

*Property, Office and Technology*

Property, office and technology expenses were $133.2 million for the three months ended September 30, 2022 as compared to $134.2 million for the three months ended September 30, 2021. The impact of foreign exchange rate movements decreased property, office and technology expenses by $6.1 million during the three months ended September 30, 2022 as

compared to the three months ended September 30, 2021. After allowing for foreign exchange rate movements, the increase was $5.1 million. The increase was driven by an increase in software maintenance costs of $3.8 million and higher property expenses.

Property, office and technology expenses were $400.2 million for the nine months ended September 30, 2022 as compared to $390.7 million for the nine months ended September 30, 2021. The impact of foreign exchange rate movements decreased property, office and technology expenses by $11.7 million during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. After allowing for foreign exchange rate movements, the increase was $21.2 million. The increase was driven by increases in software maintenance costs of $16.2 million, outsourced administration costs of $4.7 million, and depreciation expenses of $1.3 million.

*General and Administrative*

General and administrative expenses were $48.7 million for the three months ended September 30, 2022 as compared to $105.0 million for the three months ended September 30, 2021. The impact of foreign exchange rate movements decreased general and administrative expenses by $5.9 million during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. After allowing for foreign exchange rate movements, the decrease was $50.4 million. The decrease was primarily a result of insurance recoveries of $60 million received during the quarter relating to fund related losses incurred in prior periods. The decrease was partially offset by $3.6 million of increased travel costs as travel activity returned to more normalized levels with the easing of COVID-19-related travel restrictions, an increase of $6.6 million in professional service costs, and an increase of $2.7 million in other fund expenses.

General and administrative expenses were $270.6 million for the nine months ended September 30, 2022 as compared to $304.9 million for the nine months ended September 30, 2021. The impact of foreign exchange rate movements decreased general and administrative expenses by $13.5 million during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. After allowing for foreign exchange rate movements, the decrease was $20.8 million. The decrease was primarily a result of insurance recoveries of $60 million received during the year relating to fund related losses incurred in prior periods. The decrease was partially offset by a $22.1 million increase in professional services costs, and an increase of $10.2 million in travel and administrative expenses.

*Transaction, Integration and Restructuring*

Transaction and integration expense (excluding restructuring) was a benefit to expense of $15.0 million during the three months ended September 30, 2022 (three months ended September 30, 2021: a benefit of $37.6 million), primarily related to $15.0 million of ongoing insurance recoveries related to the previously disclosed OppenheimerFunds acquisition-related matter.

Restructuring costs were $14.4 million for the three months ended September 30, 2022 (three months ended September 30, 2021: $25.6 million). Restructuring costs related to the strategic evaluation were $5.4 million for the three months ended September 30, 2022 ( September 30, 2021: $17.9 million). See Note 10, "Restructuring", for additional details. The remaining restructuring costs are primarily composed of professional service costs related to other initiatives.

Transaction and integration expense (excluding restructuring) was a benefit to expense of $18.0 million during the nine months ended September 30, 2022 (nine months ended September 30, 2021: a benefit of $96.0 million), primarily related to $30.0 million of ongoing insurance recoveries related to the previously disclosed OppenheimerFunds acquisition-related matter. The benefit was partially offset by $8.6 million of compensation-related expenses and $3.1 million of professional fees.

Restructuring costs were $52.8 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021: $82.7 million). Restructuring costs related to the strategic evaluation were $32.4 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021: $68.0 million) and are primarily composed of non-cash property, office and technology costs and stock-based compensation (see Note 10, "Restructuring", for additional details). The remaining restructuring costs are primarily composed of professional service costs related to other initiatives.

***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 September 30, | | Variance 2022 vs 2021 | | Nine months ended September 30, | | Variance 2022 vs 2021 | |
|---|---|---|---|---|---|---|---|---|
| **$ in millions** | **2022** | **2021** | **$ Change** | **% Change** | **2022** | **2021** | **$ Change** | **% Change** |
| Equity in earnings of unconsolidated affiliates | 20.2 | 54.6 | (34.4) | (63.0)% | 78.3 | 119.3 | (41.0) | (34.4)% |
| Interest and dividend income | 3.3 | 1.9 | 1.4 | 73.7 % | 6.6 | 3.6 | 3.0 | 83.3 % |
| Interest expense | (18.6) | (23.1) | 4.5 | (19.5)% | (67.6) | (71.5) | 3.9 | (5.5)% |
| Other gains/(losses), net | (34.6) | (12.1) | (22.5) | 186.0 % | (170.1) | 65.4 | (235.5) | N/A |
| Other income/(expense) of CIP, net | (65.4) | 200.2 | (265.6) | N/A | (62.5) | 416.9 | (479.4) | N/A |
| Total other income and expenses | (95.1) | 221.5 | (316.6) | N/A | (215.3) | 533.7 | (749.0) | N/A |

*Equity in earnings of unconsolidated affiliates*

The decrease for three months ended September 30, 2022 is primarily driven by a decrease of $25.0 million in our real estate and private equity investments.

The decrease for nine months ended September 30, 2022 is primarily driven by a decrease of $40.3 million in our private equity investments partially offset by an increase of $9.2 million in our real estate investments.

*Other gains/(losses), net*

Included in the loss for the three months ended September 30, 2022 were $29.7 million of losses on investments and instruments held for our deferred compensation plans and $4.2 million of net losses related to the mark-to-market on seed money investments. Included in the losses for the three months ended September 30, 2021 were $9.4 million of losses on investments and instruments held for our deferred compensation plans and $5.0 million of investment losses, partially offset by $1.7 million of net gains related to the mark-to-market on seed money investments.

Included in the loss for the nine months ended September 30, 2022, were $151.8 million of losses on investments and instruments held for our deferred compensation plans and $26.3 million of net losses related to the mark-to-market on seed money investments. Included in the gain for the nine months ended September 30, 2021 were $35.3 million of gains on investments and instruments held for our deferred compensation plans, $25.8 million of net gains related to the mark-to-market on seed money investments and $8.1 million of gains on acquisition-related contingent consideration liabilities, partially offset by $5.3 million of investment losses.

*Other income/(expense) of CIP*

In the three months ended September 30, 2022, interest and dividend income of CIP increased by $18.7 million to $97.9 million (three months ended September 30, 2021: $79.2 million). Interest expense of CIP increased by $15.9 million to $57.4 million (three months ended September 30, 2021: $41.5 million).

In the nine months ended September 30, 2022, interest and dividend income of CIP increased by $40.6 million to $255.0 million (nine months ended September 30, 2021: $214.4 million). Interest expense of CIP increased by $24.1 million to $144.9 million (nine months ended September 30, 2021: $120.8 million).

Included in other income/(expense) of CIP are the realized and unrealized gains and losses on the underlying investments and debt of CIP. In the three months ended September 30, 2022, the realized and unrealized gains/(losses) of CIP were net losses of $105.9 million as compared to net gains of $162.5 million in the three months ended September 30, 2021. In the nine months ended September 30, 2022, the realized and unrealized gains/(losses) of CIP were net losses of $172.6 million as compared to net gains of $323.3 million in the nine months ended September 30, 2021. The net losses during the three and nine months ended September 30, 2022 were attributable to market-driven losses on investments held by the consolidated funds.

*Net impact of CIP and related noncontrolling interests in consolidated entities*

The consolidation of investment products does not have an impact on net income attributable to Invesco Ltd. 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.

The adjustment to net income for the net income/(loss) attributable to noncontrolling interests in consolidated entities represent the CIP profit or loss attributable to third-party investors. The impact of any realized or unrealized gains or losses attributable to the interests of third-parties which is reflected in other income/(expense) of CIP is offset by this adjustment to arrive at net income attributable to Invesco, Ltd.

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 increased to 34.0% for the three months ended September 30, 2022 (three months ended September 30, 2021: 20.4%). The increase in the third quarter of 2022 was primarily due to the unfavorable impact that the losses attributable to interests in CIP has on the effective tax rate and the change in the mix of income across tax jurisdictions, which was partially offset by the favorable impact of the remeasurement of the deferred tax liability for certain intangibles due to a change in future state tax rates.

Our effective tax rate increased to 27.1% for the nine months ended September 30, 2022 (nine months ended September 30, 2021: 22.1%). The increase in the effective tax rate was primarily due to the unfavorable impact that the losses attributable to interests in CIP has on the effective tax rate.

**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. 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 September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| **$ in millions** | **2022** | **2021** | **2022** | **2021** |
| Operating revenues, U.S. GAAP basis | 1,445.7 | 1,750.0 | 4,605.5 | 5,131.1 |
| Revenue Adjustments [2] | | | | |
| Investment management fees | (185.5) | (216.3) | (584.5) | (632.3) |
| Service and distribution fees | (232.1) | (278.0) | (730.1) | (809.2) |
| Other | (33.7) | (52.1) | (124.3) | (167.3) |
| Total Revenue Adjustments | (451.3) | (546.4) | (1,438.9) | (1,608.8) |
| Invesco Great Wall [1] | 104.6 | 118.7 | 334.8 | 333.6 |
| CIP [3] | 11.6 | 11.2 | 35.5 | 31.5 |
| Net revenues | 1,110.6 | 1,333.5 | 3,536.9 | 3,887.4 |

**Reconciliation of Operating income to Adjusted operating income:**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| **$ in millions** | **2022** | **2021** | **2022** | **2021** |
| Operating income, U.S. GAAP basis | 350.2 | 463.8 | 1,072.6 | 1,279.0 |
| Invesco Great Wall [1] | 61.8 | 70.4 | 197.7 | 198.9 |
| CIP [3] | 15.7 | 20.7 | 46.6 | 56.9 |
| Transaction, integration and restructuring [4] | (0.6) | (12.0) | 34.8 | (13.3) |
| Amortization of intangible assets [5] | 14.5 | 15.6 | 44.4 | 47.5 |
| Compensation expense related to market valuation changes in deferred compensation plans [6] | (12.2) | 3.1 | (60.2) | 36.1 |
| General and administrative [7] | (60.0) | — | (60.0) | — |
| Adjusted operating income | 369.4 | 561.6 | 1,275.9 | 1,605.1 |
| | | | | |
| Operating margin* | 24.2 % | 26.5 % | 23.3 % | 24.9 % |
| Adjusted operating margin** | 33.3 % | 42.1 % | 36.1 % | 41.3 % |

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

| $ in millions, except per common share data | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net income attributable to Invesco Ltd., U.S. GAAP basis | 177.4 | 330.1 | 496.1 | 966.2 |
| Transaction, integration and restructuring, net of tax [4] | (0.4) | (8.7) | 26.8 | (8.4) |
| Amortization of intangible assets and related tax benefits [5] | 18.3 | 21.3 | 55.7 | 64.9 |
| Deferred compensation plan market valuation changes and dividend income less compensation expense, net of tax [6] | 13.0 | 9.4 | 69.3 | (0.1) |
| Change in contingent consideration, net of tax | — | — | — | (6.2) |
| General and administrative, net of tax [7] | (45.7) | — | (45.7) | — |
| Impact of tax rate changes [8] | (6.8) | 6.5 | (6.8) | 23.5 |
| Adjusted net income attributable to Invesco Ltd. | 155.8 | 358.6 | 595.4 | 1,039.9 |
| | | | | |
| Average common shares outstanding - diluted | 459.5 | 466.0 | 460.0 | 465.6 |
| Diluted EPS | $0.39 | $0.71 | $1.08 | $2.08 |
| Adjusted diluted EPS*** | $0.34 | $0.77 | $1.29 | $2.23 |

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* 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 earnings per common share amounts presented above and the calculated earnings per common share amounts under the two class method.

(1) *Invesco Great Wall*

The company 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*

The company calculates net revenues by reducing operating revenues to exclude fees that are passed through to external parties who perform functions on behalf of, and distribute, the company's managed funds. The net revenue presentation assists in identifying the revenue contribution generated by the company, 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, as an indicator of the basis point net revenues we receive for each dollar of AUM we manage.

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.

(3) *CIP*

See Part I, Item 1, Financial Statements - Note 13, "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 increase net revenues to reflect the management and performance fees earned by Invesco on consolidated investment products, which are eliminated upon consolidation, and remove the underlying revenues and expenses of the consolidated products that have been included in the U.S. GAAP Condensed Consolidated Statements of Income.

The company 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 and operating income for the impact of CIP in calculating the respective net revenues and adjusted operating income.

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

The company 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 nine months ended September 30, 2022 and 2021 -- Transaction, Integration and Restructuring" for additional details.

(5) *Amortization of intangible assets and related tax benefits*

The company believes it is useful to investors and other users of our financial statements to remove amortization expense related to acquired assets net of the tax benefits realized on the tax amortization of goodwill and 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. Invesco hedges economically the exposure to market movements for these investments.

Since these plans are hedged economically, management believes it is useful to reflect the offset ultimately achieved from hedging the 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.

(7) *General and administrative*

Adjustment includes insurance recoveries related to fund-related losses incurred in previous periods that were not reflected in adjusted operating income and adjusted net income.

(8) *Impact of tax rate changes*

The company believes it is useful to investors and other users of our financial statements to remove the non-cash tax (benefits)/expenses related to the re-measurement of deferred tax assets and liabilities due to enactment of changes in corporate tax rates.

See below for a reconciliation of deferred compensation related items:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| **$ in millions** | **2022** | **2021** | **2022** | **2021** |
| **Market movement on deferred compensation plan liabilities:** | | | | |
| Compensation expense related to market valuation changes in deferred compensation liability | (12.2) | 3.1 | (60.2) | 36.1 |
| Adjustments to operating income | (12.2) | 3.1 | (60.2) | 36.1 |
| Market valuation changes and dividend income from investments and instruments held to hedge the deferred compensation plans reflected in other income/(expense) | 29.1 | 9.1 | 150.1 | (36.2) |
| Taxation on the net impact of the above adjustments | (3.9) | (2.8) | (20.6) | — |
| Adjustments to net income attributable to Invesco Ltd. | 13.0 | 9.4 | 69.3 | (0.1) |

**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 September 30, 2022 | | | | As of December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 1,023.6 | — | — | 1,023.6 | 1,896.4 | — | — | 1,896.4 |
| Investments | 906.7 | (433.7) | — | 1,340.4 | 926.3 | (454.8) | — | 1,381.1 |
| Assets of CIP: | | | | | | | | |
| Investments and other assets of CIP | 8,675.7 | 8,675.7 | — | — | 9,575.1 | 9,575.1 | — | — |
| Cash and cash equivalents of CIP | 202.4 | 202.4 | — | — | 250.7 | 250.7 | — | — |
| Assets held for policyholders | 754.3 | — | 754.3 | — | 1,893.6 | — | 1,893.6 | — |
| Goodwill and intangible assets, net | 15,551.8 | — | — | 15,551.8 | 16,110.5 | — | — | 16,110.5 |
| Other assets [2] | 2,157.4 | (9.9) | — | 2,167.3 | 2,033.0 | (6.4) | — | 2,039.4 |
| Total assets | 29,271.9 | 8,434.5 | 754.3 | 20,083.1 | 32,685.6 | 9,364.6 | 1,893.6 | 21,427.4 |
| **LIABILITIES** | | | | | | | | |
| Liabilities of CIP: | | | | | | | | |
| Debt of CIP | 6,548.7 | 6,548.7 | — | — | 7,336.1 | 7,336.1 | — | — |
| Other liabilities of CIP | 286.7 | 286.7 | — | — | 846.3 | 846.3 | — | — |
| Policyholder payables | 754.3 | — | 754.3 | — | 1,893.6 | — | 1,893.6 | — |
| Debt | 1,487.1 | — | — | 1,487.1 | 2,085.1 | — | — | 2,085.1 |
| Other liabilities [3] | 3,691.6 | — | — | 3,691.6 | 3,845.7 | — | — | 3,845.7 |
| Total liabilities | 12,768.4 | 6,835.4 | 754.3 | 5,178.7 | 16,006.8 | 8,182.4 | 1,893.6 | 5,930.8 |
| **EQUITY** | | | | | | | | |
| Total equity attributable to Invesco Ltd. | 14,903.7 | (0.1) | — | 14,903.8 | 15,495.8 | (0.1) | — | 15,495.9 |
| Noncontrolling interests [4] | 1,599.8 | 1,599.2 | — | 0.6 | 1,183.0 | 1,182.3 | — | 0.7 |
| Total equity | 16,503.5 | 1,599.1 | — | 14,904.4 | 16,678.8 | 1,182.2 | — | 15,496.6 |
| Total liabilities and equity | 29,271.9 | 8,434.5 | 754.3 | 20,083.1 | 32,685.6 | 9,364.6 | 1,893.6 | 21,427.4 |

(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, unsettled fund receivables, property, equipment and software, right-of-use assets and other assets.

(3) Amounts include accrued compensation and benefits, unsettled fund payables, 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 $872.8 million from $1,896.4 million at December 31, 2021 to $1,023.6 million at September 30, 2022. See "Cash Flows Discussion" in the "Liquidity and Capital Resources" section within this Management's Discussion and Analysis for additional discussion regarding the movements in cash flows during the period.

*Investments*

As disclosed in Note 3, Investments, balances comprise largely equity method investments in our Chinese joint venture, seed money and co-investments in affiliated funds, and investments related to the company's deferred compensation plans. During the nine months ended September 30, 2022, net purchases of investments and distributions from equity method investees, as disclosed on our Statement of Cash Flows, were offset by negative market valuations in the period.

As of September 30, 2022, the company had $911.8 million in seed capital and co-investments (December 31, 2021: $856.7 million), including direct investments in consolidated investment products. Total seed capital and co-investments is presented as a helpful measure for investors and represents our net investment interest including our net interest in CIP, net of deferred compensation investments, joint ventures and other investments. The following table reconciles the investment balance to the total seed capital and co-investment balance.

| | As of | |
|---|---|---|
| **$ in millions** | **September 30, 2022** | **December 31, 2021** |
| Investments | 906.7 | 926.3 |
| Net interest in consolidated investment products [(1)] | 433.7 | 454.8 |
| Less: Investments related to deferred compensation plans, joint ventures, and other investments | (428.6) | (524.4) |
| Total seed capital and co-investments [(2)] | 911.8 | 856.7 |

(1) Included in net interest in consolidated investment products as of September 30, 2022 is $198.8 million of seed capital and $234.9 million of co-investments (December 31, 2021: $195.3 million of seed capital and $259.5 million of co-investments).

(2) Included in the total seed and co-investment balance as of September 30, 2022 is $304.3 million of seed capital and $607.5 million of co-investments (December 31, 2021: $304.7 million of seed capital and $552.0 million of co-investments).

*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 $1,893.6 million at December 31, 2021 to $754.3 million at September 30, 2022 was the result of net business outflows of $903.6 million, negative market movements of $160.7 million, and negative foreign exchange rate movements of $75.0 million.

**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, in no particular order of priority: reinvestment in the business, maintaining a strong balance sheet and returning capital to our investors through moderate growth of dividends and share repurchases.

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, investors' willingness to purchase our securities, interest rates, credit spreads and the valuation levels of equity markets.

In line with our capital management priorities, the company increased our quarterly common dividend by 10% to $0.1875 per common share beginning with the dividend paid in the second quarter.

On May 6, 2022 the company completed the early redemption of the $600 million, 3.125% Senior Notes due on November 30, 2022. As of September 30, 2022, the balance on the $1.5 billion capacity credit facility was zero.

***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, 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 September 30, 2022, the company's minimum regulatory capital requirement was $596.3 million (December 31, 2021: $724.9 million); the decrease was primarily driven by a reduction in net capital requirements in the UK as a result of lower expenses and AUM levels as well as the weakening of the Pound Sterling against the U.S. Dollar. The total amount of non-U.S. cash and cash equivalents was $737.2 million at September 30, 2022 (December 31, 2021: $1,088.3 million).

The consolidation of $8,878.1 million and $6,548.7 million of assets and debt of CIP as of September 30, 2022, respectively, did not impact the company's liquidity and capital resources. See Part I, Item 1, Financial Statements - Note 13, "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.

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] | **Nine months ended September 30, 2022** | | | **Nine months ended September 30, 2021** | | |
|---|---|---|---|---|---|---|
| **$ 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] | 2,147.1 | 250.7 | 1,896.4 | 1,839.3 | 301.7 | 1,537.6 |
| Cash flows from operating activities [1] | 239.7 | (452.7) | 692.4 | 1,081.8 | (141.2) | 1,223.0 |
| Cash flows from investing activities | (238.0) | (53.6) | (184.4) | (588.1) | (519.2) | (68.9) |
| Cash flows from financing activities | (798.8) | 468.0 | (1,266.8) | 14.2 | 904.1 | (889.9) |
| Increase/(decrease) in cash and cash equivalents | (797.1) | (38.3) | (758.8) | 507.9 | 243.7 | 264.2 |
| Foreign exchange movement on cash and cash equivalents | (124.0) | (10.0) | (114.0) | (37.7) | (9.1) | (28.6) |
| **Cash, cash equivalents and restricted cash, end of the period** [2] | 1,226.0 | 202.4 | 1,023.6 | 2,309.5 | 536.3 | 1,773.2 |
| | | | | | | |
| Cash and cash equivalents | 1,023.6 | — | 1,023.6 | 1,773.2 | — | 1,773.2 |
| Cash and cash equivalents of CIP | 202.4 | 202.4 | — | 536.3 | 536.3 | — |
| **Total cash, cash and cash equivalents per condensed consolidated statement of cash flows** | 1,226.0 | 202.4 | 1,023.6 | 2,309.5 | 536.3 | 1,773.2 |

(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.

(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 nine months ended September 30, 2022 and 2021.

*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 during the first quarter, after allowing for the change in cash held by CIP and investment activities, our operating cash flows generally move in the same direction as our operating income.

During the nine months ended September 30, 2022, cash provided by operating activities was $239.7 million compared to $1,081.8 million provided by operating activities during the nine months ended September 30, 2021. Excluding the impact of CIP, cash provided by operations was $692.4 million during the nine months ended September 30, 2022 compared to $1,223.0 million of cash provided by operating activities during the nine months ended September 30, 2021. Cash inflows for 2022 included operating income of $1,072.6 million (nine months ended September 30, 2021: $1,279.0 million) as well as distributions of $82.6 million (nine months ended September 30, 2021: $55.4 million) driven by an Invesco Great Wall dividend of $65.5 million (nine months ended September 30, 2021: $38.8 million). Inflows were partially offset by net outflows from changes in payables and receivables due to timing of payments and receipts compared to lower net outflows for the nine months ended September 30, 2021. Also included in cash outflows were net investment purchases of $80.0 million, including seed money investments (nine months ended September 30, 2021: net investment redemptions of $81.5 million).

*Investing Activities*

Net cash used in investing activities totaled $238.0 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021: net cash used of $588.1 million). Excluding the impact of CIP cash flows, net cash used in investing activities was $184.4 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021: net cash used of $68.9 million).

Cash outflows for the nine months ended September 30, 2022, excluding the impact of CIP, included purchases of investments of $191.1 million (nine months ended September 30, 2021: $165.6 million purchases), partially offset by proceeds of $126.5 million from sales and returns of capital of investments (nine months ended September 30, 2021: $169.9 million proceeds).

During the nine months ended September 30, 2022, the company had capital expenditures of $119.8 million (nine months ended September 30, 2021: $73.2 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 client-facing systems including websites and client reporting tools, upgrades in computer hardware and software for employees, and improvements in the firm's data solutions. 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 $798.8 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021: net cash provided of $14.2 million). Excluding the impact of CIP, financing activities used net cash of $1,266.8 million in the nine months ended September 30, 2022 (nine months ended September 30, 2021: net cash used of $889.9 million).

Financing cash outflows during the nine months ended September 30, 2022 included the $600.0 million redemption of the senior notes due November 2022 (nine months ended September 30, 2021: none), purchases of common shares through the open market of $200.0 million (nine months ended September 30, 2021: none), $249.1 million of common dividend payments for the dividends declared in January, April and July (nine months ended September 30, 2021: common dividends paid of $228.9 million), $177.6 million of preferred dividend payments for dividends declared in January, April and July (nine months ended September 30, 2021: $177.6 million) and the payment of $40.1 million to meet employees' withholding tax obligations on common share vestings (nine months ended September 30, 2021: $58.1 million). There was no net borrowing on the credit facility during the nine months ended September 30, 2022 (nine months ended September 30, 2021: no net borrowing). Financing cash outflows during the nine months ended September 30, 2021 also included the $309.4 million settlement of the forward contracts, $104.1 million of net collateral on the forward contracts returned to the counterparty, and a payment of $11.8 million of contingent consideration.

**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 October 25, 2022, the company announced a third quarter 2022 cash dividend of $0.1875 per share to holders of common shares, payable on December 2, 2022, to shareholders of record at the close of business on November 11, 2022 with an ex-dividend date of November 9, 2022.

On October 25, 2022, the company announced a preferred dividend of $14.75 per share to the holders of preferred shares, representing the period from September 1, 2022 through November 30, 2022.The preferred dividend is payable on December 1, 2022 to shareholders of record at close of business on November 15, 2022.

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.

**Debt**

The carrying value of our debt at September 30, 2022 was $1,487.1 million (December 31, 2021: $2,085.1 million) and was comprised of the following:

| $ in millions | September 30, 2022 | December 31, 2021 |
|---|---|---|
| $1.5 billion floating rate credit facility expiring April 26, 2026 | — | — |
| Unsecured Senior Notes: | | |
| $600 million 3.125% - due November 30, 2022 | — | 599.4 |
| $600 million 4.000% - due January 30, 2024 | 598.6 | 597.8 |
| $500 million 3.750% - due January 15, 2026 | 497.8 | 497.3 |
| $400 million 5.375% - due November 30, 2043 | 390.7 | 390.6 |
| Debt | 1,487.1 | 2,085.1 |

For the nine months ended September 30, 2022, the company's weighted average cost of debt was 4.10% (nine months ended September 30, 2021: 3.95%).

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) an interest 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 September 30, 2022, we were in compliance with our financial covenants. At September 30, 2022, our leverage ratio was 0.67:1.00 (December 31, 2021: 0.79:1.00), and our interest coverage ratio was 21.18:1.00 (December 31, 2021: 25.21:1.00).

The September 30, 2022 coverage ratio calculations are as follows:

| $ in millions | Total | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|
| Net income attributable to Invesco Ltd. | 922.9 | 177.4 | 121.0 | 197.7 | 426.8 |
| Dividends on preferred shares | 236.8 | 59.2 | 59.2 | 59.2 | 59.2 |
| Tax expense | 363.3 | 86.8 | 63.0 | 82.8 | 130.7 |
| Amortization/depreciation | 197.1 | 47.9 | 49.3 | 49.5 | 50.4 |
| Interest expense | 90.8 | 18.6 | 25.8 | 23.2 | 23.2 |
| Common share-based compensation expense | 117.2 | 26.0 | 27.6 | 29.5 | 34.1 |
| Unrealized (gains)/losses from investments, net [1] | 125.0 | 24.6 | 68.8 | 26.4 | 5.2 |
| OppenheimerFunds acquisition-related matter insurance recoveries [2] | (130.0) | (15.0) | (15.0) | — | (100.0) |
| EBITDA [3] | 1,923.1 | 425.5 | 399.7 | 468.3 | 629.6 |
| Adjusted debt [3] | $1,289.7 | | | | |
| Leverage ratio (Adjusted debt/EBITDA - maximum 4.00:1.00) | 0.67 | | | | |
| Interest coverage (EBITDA/Interest expense - minimum 3.00:1.00) | 21.18 | | | | |

(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 insurance recoveries related to the OppenheimerFunds acquisition-related matter are considered unusual and have been removed from 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 facility 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 debt of $1,487.1 million plus $2.6 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 September 30, 2022, our maximum exposure to credit risk related to our cash and cash equivalent balances is $1,023.6 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 they become due. The company is exposed to liquidity risk through its $1,487.1 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 value of AUM could lead to reduced revenues as management fees are generally calculated based upon the size of AUM.

**Common Share Repurchases**

The company did not purchase shares in the open market during the three months ended September 30, 2022. During the nine months ended September 30, 2022, the company repurchased 8.9 million shares in the open market at a cost of $200 million (three and nine months ended September 30, 2021: none). At September 30, 2022, approximately $532.2 million remains available under the share repurchase authorizations approved by the Board on July 22, 2016.

Separately an aggregate of 0.5 million and 2.2 million common shares were withheld on vesting events during the three and nine months ended September 30, 2022 to meet employees' withholding tax obligations (three and nine months ended September 30, 2021: 0.4 million and 2.6 million shares). The fair value of these common shares withheld at the respective withholding dates was $5.7 million and $40.1 million during the three and nine months ended September 30, 2022 (three and nine months ended September 30, 2021: $10.5 million and $58.1 million).

**Off Balance Sheet Commitments**

See Part I, Item 1, Financial Statements - Note 12, "Commitments and Contingencies - Legal Contingencies", for more information regarding undrawn capital commitments.

**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, 2021. 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 September 30, 2022 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, Debt for details of the company's debt arrangements. As of September 30, 2022, the interest rates on 100% of the company's borrowings were fixed for a weighted average period of 7.21 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 in 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 gains were $4.1 million during the nine months ended September 30, 2022 (nine months ended September 30, 2021: $3.0 million losses) and are included in general and administrative expenses and Other gains/(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 September 30, 2022. 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.

During the three months ended September 30, 2022, we implemented new core financial systems. In connection with this implementation, we made changes to our internal control over financial reporting to align with the upgraded system functionality and updated processes. There were no other changes in internal control over financial reporting that occurred during the three months ended September 30, 2022 that have materially affected, or are 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 12, “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, 2021.

**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 September 30, 2022:

| 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) |
|---|---|---|---|---|
| July 1-31, 2022 | 397,821 | $16.29 | — | $532.2 |
| August 1-31, 2022 | 69,742 | $16.64 | — | $532.2 |
| September 1-30, 2022 | 75,539 | $15.11 | — | $532.2 |
| Total | 543,102 | | — | |

(1) An aggregate of 543,102 shares were surrendered to us by Invesco employees to satisfy tax withholding obligations in connection with the vesting of equity awards.

(2) At September 30, 2022, a balance of $532.2 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 |
| 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, 2022, 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 September 30, 2022, 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.

November 2, 2022 /s/ MARTIN L. FLANAGAN

Martin L. Flanagan
President and Chief Executive Officer

November 2, 2022 /s/ L. ALLISON DUKES

L. Allison Dukes
Senior Managing Director and Chief Financial Officer

**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.

**November 2, 2022**

/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.

**November 2, 2022**

/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 September 30, 2022 (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.

**November 2, 2022**

/s/ MARTIN L. FLANAGAN

**Martin L. Flanagan**
**President and Chief Executive Officer**

Exhibit 32.2

**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 September 30, 2022 (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.

**November 2, 2022**

/s/ L. ALLISON DUKES

**L. Allison Dukes**
**Senior Managing Director and Chief Financial Officer**