

SECURITIES AND EXCHANGE COMMISSION

**FORM 485APOS**

Post-effective amendments [Rule 485(a)]

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**FILER**

**INVESCO EMERGING GROWTH FUND INC**

CIK: **870781** | IRS No.: **841183699** | State of Incorpor.: **MD** | Fiscal Year End: **1231**  
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Business Address  
7800 E UNION AVE SUITE 800  
DENVER CO 80237  
3037791233

As filed on July 12, 1995

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 X  
--  
Pre-Effective Amendment No. --  
Post-Effective Amendment No. 5 X  
--

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 X  
--  
Amendment No. 7 X  
--

INVESCO EMERGING OPPORTUNITY FUNDS, INC.  
(formerly known as INVESCO Emerging Growth Fund, Inc.)  
(Exact Name of Registrant as Specified in Charter)

7800 E. Union Avenue, Denver, Colorado 80237  
(Address of Principal Executive Offices)

P.O. Box 173706, Denver, Colorado 80217-3706  
(Mailing Address)

Registrant's Telephone Number, including Area Code: (303) 930-6300  
Glen A. Payne, Esq.  
7800 E. Union Avenue  
Denver, Colorado 80237  
(Name and Address of Agent for Service)

-----  
Copies to:  
Ronald M. Feiman, Esq.  
Gordon Altman Butowsky  
Weitzen Shalov & Wein  
114 W. 47th St.  
New York, New York 10036  
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Approximate Date of Proposed Public Offering: As soon as practicable after this post-effective amendment becomes effective.

It is proposed that this filing will become effective (check appropriate box) immediately upon filing pursuant to paragraph (b) on \_\_\_\_\_, pursuant to paragraph (b) 60 days after filing pursuant to paragraph (a) (1)  
X on September 11, 1995, pursuant to paragraph (a) (1) 75 days after filing pursuant to paragraph (a) (2) on \_\_\_\_\_, pursuant to paragraph (a) (2) of rule 485.

If appropriate, check the following box:

this post-effective amendment designates a new effective date for a previously filed post-effective amendment.

Registrant has previously elected to register an indefinite number of shares of its common stock pursuant to Rule 24f-2 under the Investment Company Act. Registrant's Rule 24f-2 Notice for the fiscal year ended May 31, 1995, will be filed on or about July 21, 1995.

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INVESCO EMERGING OPPORTUNITY FUNDS, INC.

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CROSS-REFERENCE SHEET

Form N-1A

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| 3.....  | Financial Highlights; Performance Data   |
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| 7.....  | How Shares Can Be Purchased; Services Provided by the Fund   |
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Form N-1A  
Item

|         | Caption  |
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| 17..... | Investment Practices; Investment Policies and Restrictions   |
| 18..... | Additional Information   |
| 19..... | How Shares Can Be Purchased; How Shares Are Valued; Services Provided by the Fund; Tax-Deferred Retirement Plans; How to Redeem Shares |
| 20..... | Dividends, Capital Gain Distributions, and Taxes   |
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Part C Other Information

Information required to be included in Part C is set forth under the appropriate Item, so numbered, in Part C to this Registration Statement.

PROSPECTUS  
September 11, 1995

INVESCO EMERGING GROWTH FUND, INC.

INVESCO EMERGING GROWTH FUND, Inc. (the "Fund") seeks long-term capital growth. It pursues this objective by investing its assets principally in a diversified group of equity securities of emerging growth companies with market capitalizations of \$1 billion or less at the time of initial purchase ("small cap companies"). In managing the Fund's investments, the Fund's investment adviser or sub-adviser seeks to identify securities that are undervalued in the marketplace, and/or have earnings that may be expected to grow faster than the U.S. economy in general. Under normal circumstances, the Fund invests at least 65% of its total assets in the equity securities of small cap companies (including common and preferred stocks, convertible debt securities, and other securities having equity features). The balance of the Fund's assets may be invested in the equity securities of companies with market capitalizations in excess of \$1 billion, debt securities and short-term investments. The Fund is designed for investors seeking long-term capital appreciation with little or no current income. The Fund cannot guarantee that it will achieve its investment objective.

The Fund is a series of INVESCO Emerging Opportunity Funds, Inc. (the "Company"), a no-load mutual fund consisting of two separate portfolios of investments. A separate prospectus is available upon request from INVESCO Funds Group, Inc. for the Company's other fund, INVESCO Worldwide Emerging Markets Fund. Investors may purchase shares of either or both of the Funds. Additional funds may be offered in the future.

Investors should carefully consider the relative risks involved in investing in the Fund and should be advised that such investment is not meant to be a complete investment program and may not be suitable for all investors (see

"Investment Objective and Policies" and "Risk Factors").

This Prospectus provides you with the basic information you should know before investing in the Fund. You should read it and keep it for future reference. A Statement of Additional Information containing further information about the Fund, dated September 11, 1995, has been filed with the Securities and Exchange Commission and is incorporated by reference into this Prospectus. You can obtain a copy without charge by writing INVESCO Funds Group, Inc., P.O. Box 173706, Denver, Colorado, 80217-3706; or by calling 1- 800-525-8085.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. SHARES OF THE FUND ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, ANY BANK OR OTHER FINANCIAL INSTITUTION. THE SHARES OF THE FUND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER AGENCY.

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ANNUAL FUND EXPENSES

The Fund is no-load; there are no fees to purchase, exchange or redeem shares. The Fund, however, is authorized to pay a distribution fee, pursuant to Rule 12b-1 under the Investment Company Act of 1940. (See "How Shares Can Be Purchased -- Distribution Expenses.") Lower expenses benefit Fund shareholders by increasing the Fund's total return.

|   |      |
|---|------|
| Shareholder Transaction Expenses            |      |
| Sales load "charge" on purchases            | None |
| Sales load "charge" on reinvested dividends | None |
| Redemption fees                             | None |
| Exchange fees                               | None |

|   |       |
|---|-------|
| Annual Fund Operating Expenses<br>(as a percentage of average net assets) |       |
| Management Fee  | 0.75% |
| 12b-1 Fees  | 0.25% |
| Other Expenses<br>(after voluntary expense limitation) (1)                | 0.49% |
| Transfer Agency Fee (2)   | 0.35% |
| General Services, Administrative<br>Services, Registration, Postage (3)   | 0.14% |
| Total Fund Operating Expenses<br>(after voluntary expense limitation) (1) | 1.49% |

(1) Certain Fund expenses are voluntarily absorbed by the Fund's investment adviser in order to ensure that the Fund's total expenses do not exceed 1.50% of the Fund's average net assets. In the absence of such voluntary expense limitation, the Fund's "Other Expenses" and "Total Fund Operating Expenses" in the above table would have been 0.52% and 1.52%, respectively, of the Fund's average net assets based on the Fund's actual expenses for the fiscal year ended May 31, 1995.

(2) Consists of the transfer agency fee described under "Additional Information - Transfer and Dividend Disbursing Agent."

(3) Includes, but is not limited to, fees and expenses of directors, custodian bank, legal counsel and auditors, a securities pricing service, costs of administrative services furnished under an Administrative Services Agreement, costs of registration of Fund shares under applicable laws, and costs of printing and distributing reports to shareholders.

Example

A shareholder would pay the following expenses on a \$1,000 investment for the periods shown, assuming (1) a 5% annual return and (2) redemption at the end of each time period:

|        |         |         |          |
|--------|---------|---------|----------|
| 1 Year | 3 Years | 5 Years | 10 Years |
| \$15   | \$47    | \$82    | \$179    |

The purpose of the foregoing table is to assist investors in understanding

the various costs and expenses that an investor in the Fund will bear directly or indirectly. Such expenses are paid from the Fund's assets. (See "The Fund and Its Management.") The Fund charges no sales load, redemption fee or exchange fee. The Example should not be considered a representation of future expenses, and actual expenses may be greater or less than those shown. The assumed 5% annual return is hypothetical and should

not be considered a representation of past or future annual returns, which may be greater or less than the assumed amount.

As a result of the 0.25% Rule 12b-1 fee paid by the Fund, investors who own Fund shares for a long period of time may pay more than the economic equivalent of the maximum front-end sales charge permitted for mutual funds by the National Association of Securities Dealers, Inc.

#### FINANCIAL HIGHLIGHTS

(For a Fund Share Outstanding throughout each Period)

The following information has been audited by Price Waterhouse LLP, independent accountants. This information should be read in conjunction with the audited financial statements and the independent accountants' report appearing in the Fund's 1995 Annual Report to Shareholders. The Annual Report also contains more information about the Fund's performance. The Annual Report is available without charge by contacting INVESCO Funds Group, Inc., at the address or telephone number shown on the cover of this Prospectus.

INVESCO Emerging Opportunity Funds, Inc. -  
Emerging Growth Fund  
Financial Highlights  
(For a Fund Share Outstanding throughout Each Period)

<TABLE>

<CAPTION>

|  | Year<br>Ended<br>May 31<br>-----<br><C> | -----<br><C> | Period<br>Ended<br>May 31<br>-----<br><C> | -----<br><C> |
|--|---|--------------|---|--------------|
| <S>  | 1995                                    | 1994         | 1993                                      | 1992^        |
| PER SHARE DATA   |   |              |   |              |
| Net Asset Value -  |   |              |   |              |
| Beginning of Period                                      | \$11.40                                 | \$9.89       | \$7.55                                    | \$7.50       |
| INCOME FROM INVESTMENT OPERATIONS                        |   |              |   |              |
| Net Investment Income (Loss)                             | 0.04                                    | (0.01)       | (0.04)                                    | (0.02)       |
| Net Gain on Securities<br>(Both Realized and Unrealized) | 0.46                                    | 1.53         | 2.38                                      | 0.07         |
| Total from Investment Operations                         | 0.50                                    | 1.52         | 2.34                                      | 0.05         |
| LESS DISTRIBUTIONS                                       |   |              |   |              |
| Dividends from Net Investment Income                     | 0.04                                    | 0.00         | 0.00                                      | 0.00         |
| Distributions from Capital Gains                         | 2.49                                    | 0.01         | 0.00                                      | 0.00         |



|   |           |           |           |          |
|---|-----------|-----------|-----------|----------|
| Total Distributions   | 2.53      | 0.01      | 0.00      | 0.00     |
| Net Asset Value - End of Period                                 | \$9.37    | \$11.40   | \$9.89    | \$7.55   |
| TOTAL RETURN  | 4.98%     | 15.34%    | 30.95%    | 0.68%*   |
| RATIOS  |           |           |           |          |
| Net Assets - End of Period<br>(\$000 Omitted)                   | \$153,727 | \$176,510 | \$103,029 | \$25,579 |
| Ratio of Expenses to<br>Average Net Assets#                     | 1.49%     | 1.37%     | 1.54%     | 1.93%~   |
| Ratio of Net Investment Income<br>(Loss) to Average Net Assets# | 0.41%     | (0.26%)   | (0.70%)   | (0.95%)~ |
| Portfolio Turnover Rate   | 228%      | 196%      | 153%      | 50%*     |
| <FN>  |           |           |           |          |

^ From December 27, 1991, commencement of operations, to May 31, 1992.

\* These amounts are based on operations for the period shown and, accordingly, are not representative of a full year.

~ Annualized

# Various expenses of the Fund were voluntarily absorbed by INVESCO Funds Group, Inc. for the year ended May 31, 1995. If such expenses had not been voluntarily absorbed, ratio of expenses to average net assets would have been 1.52% and ratio of net investment income to average net assets would have been 0.38%.

</FN>

</TABLE>

#### PERFORMANCE DATA

From time to time, the Fund advertises its total return performance. Performance figures are based upon historical earnings and are not intended to indicate future performance. The "total return" of the Fund refers to the average annual rate of return of an investment in the Fund. This figure is computed by calculating the percentage change in value of an investment of \$1,000, assuming reinvestment of all income dividends and other distributions to the end of a specified period. Periods of one year and life of the Fund are used.

Statements of the Fund's total return performance are based upon investment results during a specified period and assume reinvestment of all income dividends and other distributions, if any, paid during that period. Thus, any given report of total return performance should not be considered as representative of future performance. The Fund charges no sales load, redemption fee, or exchange fee which would affect the total return computation.

In conjunction with performance reports and/or analyses of shareholder service for the Fund, comparative data between the Fund's performance for a given period and recognized indices of investment results for the same period,

and/or assessments of the quality of shareholder service may be provided to shareholders. Such indices include indices provided by Dow Jones & Company, Standard & Poor's, Lipper Analytical Services, Inc., Lehman Brothers, National Association of Securities Dealers Automated Quotations, Frank Russell Company, Value Line Investment Survey, the American Stock Exchange, Morgan Stanley Capital International, Wilshire Associates, the Financial Times-Stock Exchange, the New York Stock Exchange, the Nikkei Stock Average and Deutcher Aktienindex, all of which are unmanaged market indicators. In addition, rankings, ratings and comparisons of investment performance and assessments of the quality of shareholder service appearing in publications such as Money, Forbes, Kiplinger's Personal Finance, Financial World, and similar sources which utilize information compiled (i) internally; (ii) by Lipper Analytical Services, Inc.; or (iii) by other recognized analytical services, may be used in advertising. The Lipper Analytical Services, Inc. mutual fund rankings and comparisons, which may be used by the Fund in performance reports will be drawn from the Small Company Growth Funds mutual fund grouping, in addition to the broad-based Lipper general fund groupings.

#### INVESTMENT OBJECTIVE AND POLICIES

The investment objective of the Fund, which may be changed only by a vote of its shareholders, is to seek long-term capital growth. The Fund pursues this objective by investing its assets principally in a diversified group of equity securities of emerging growth companies with market capitalizations (i.e., the market value of all equity securities issued by a company) of \$1 billion or less at the time of initial purchase ("small cap companies"). In selecting investments for the Fund, the Fund's investment adviser or sub-adviser (collectively, "Fund Management") seeks to identify small cap companies that are undervalued in the marketplace, have earnings that may be expected to grow faster than the U.S. economy in general, and/or offer the possibility of accelerating earnings growth because of management changes, rapid growth of sales, new products or structural

changes in the economy. These companies typically pay no or only minimal dividends and possess a relatively high rate of return on invested capital so that future growth can be financed from internal sources. This Fund entails an element of risk that may not be appropriate for all investors; this Fund is also not intended to be a complete investment program. (See "Risk Factors").

Under normal circumstances, the Fund invests at least 65% of its total assets in equity securities of small cap companies, consisting of common and preferred stocks, convertible debt securities, and other securities having equity features (consisting of warrants and rights). The balance of the Fund's assets may be invested in the equity securities of companies with market capitalizations in excess of \$1 billion, debt securities and short-term investments.

In selecting the small cap companies in which the Fund invests, Fund Management attempts to identify companies in any industry that are thought to have the best opportunity for capital appreciation within their industry groupings, subject to the additional requirement that the companies are

determined to be in the developing stages of their life cycle, and have demonstrated, or are expected to achieve, long-term earnings growth. In selecting investments in equity securities of companies with market capitalizations in excess of \$1 billion at the time of initial purchase, Fund Management seeks securities that are consistent with the Fund's objective of long-term capital growth. The equity securities purchased for the Fund are traded principally in the over-the-counter ("OTC") market, although the Fund may purchase securities traded on national, regional or foreign stock exchanges.

The Fund's investments in debt securities include U.S. government and corporate debt securities. Investments in U.S. government securities may consist of securities issued or guaranteed by the U.S. government and any agency or instrumentality of the U.S. government. In some cases, these securities are direct obligations of the U.S. government, such as U.S. Treasury bills, notes and bonds. In other cases, these securities are obligations guaranteed by the U.S. government, consisting of Government National Mortgage Association obligations, or obligations of U.S. government authorities, agencies or instrumentalities, consisting of the Federal National Mortgage Association, Federal Home Loan Bank, Federal Financing Bank and Federal Farm Credit Bank, which are supported only by the assets of the issuer. The Fund may invest in both investment grade and lower-rated corporate debt securities. However, the Fund will not invest more than 5% of its total assets (measured at the time of purchase) in corporate debt securities that are rated below BBB by Standard & Poor's Ratings Group ("Standard & Poor's") or Baa by Moody's Investors Service, Inc. ("Moody's") or, if unrated, are judged by Fund Management to be equivalent in quality to debt securities having such ratings. In no event will the Fund invest in a debt security rated below CCC by Standard & Poor's or Caa by Moody's. The risks of investing in debt securities are discussed below under "Risk Factors." For a description of each corporate bond rating category, please refer to Appendix B to the Statement of Additional Information.

The short-term investments of the Fund may consist of U.S. government and agency securities, domestic bank certificates of deposit and bankers' acceptances, and commercial paper rated A-1 by Standard and Poor's or P-1 by Moody's, as well as repurchase agreements with banks and registered broker-dealers and registered government securities dealers with respect to the foregoing securities. The Fund's assets invested in U.S. government securities and short-term investments will be used to meet current cash requirements, such as to satisfy requests to redeem shares of the Fund and to preserve investment flexibility. A commercial paper rating of A-1 by Standard & Poor's or P-1 by Moody's is the highest rating category assigned by such rating organizations and indicates that the issuer has a very strong capacity to make timely payments of principal and interest on its commercial paper obligations. All bank certificates of deposit and bankers' acceptances at the time of purchase by the Fund must be issued by domestic banks (i) which are members of the Federal Reserve System having total assets in excess of \$5 billion, (ii) which have received at least a B ranking from Thomson Bank Watch Credit Rating

Service or International Bank Credit Analysis, and (iii) which either directly or through parent holding companies have securities outstanding which have been rated Aaa, Aa or P-1 by Moody's or AAA, AA or A-1 by Standard & Poor's. A repurchase agreement is a means of investing monies for a short period. In a repurchase agreement, a seller -- a U.S. commercial bank, registered government

securities dealer or broker dealer which is deemed creditworthy -- sells securities to the Fund and agrees to repurchase the securities at the Fund's cost plus interest within a specified period (normally one day). In the event that the original seller defaults on its obligation to repurchase the security, the Fund could incur costs or delays in seeking to sell such security. To minimize risk, the securities underlying each repurchase agreement will be maintained with the Fund's custodian in an amount at least equal to the repurchase price under the agreement (including accrued interest), and such agreements will be effected only with parties that meet certain creditworthiness standards established by the Company's board of directors.

In addition, when Fund Management believes that market conditions warrant such action, the Fund may assume a defensive position and invest up to 100% of its assets in high grade (defined as a rating of AA or higher by Standard & Poor's or Aa by Moody's) corporate bonds or notes, U. S. government securities, those types of short-term investments described above, or equity securities (as defined above) of larger, more established companies, or hold its assets in cash or cash equivalents. While the Fund is in a temporary defensive position, the opportunity to achieve capital growth will be limited and, to the extent that this assessment of market conditions is incorrect, the Fund will be foregoing the opportunity to benefit from capital growth resulting from increases in the value of equity investments; however, the ability to maintain a temporary defensive investment position provides the flexibility for the Fund to seek to avoid capital loss during market downturns.

#### Foreign Securities

The Fund's investments in equity securities and corporate debt obligations may consist of securities issued by foreign issuers. Up to 25% of the Fund's total assets, measured at the time of purchase, may be invested directly in foreign securities. Securities of Canadian issuers and securities purchased by means of American Depositary Receipts ("ADRs") are not subject to this 25% limitation. Investments in foreign securities involve certain risks. For U.S. investors, the returns on foreign securities are influenced not only by the returns on the foreign investments themselves, but also by currency fluctuations (i.e., changes in the value of the currencies in which the securities are denominated relative to the U.S. dollar). In a period when the U.S. dollar generally rises against foreign currencies, the returns on foreign securities for a U.S. investor are diminished. By contrast, in a period when the U.S. dollar generally declines, the returns on foreign securities generally are enhanced.

Other risks and considerations of international investing include the following: differences in accounting, auditing and financial reporting standards which may result in less publicly available information than is generally available with respect to U.S. issuers; generally higher commission rates on foreign portfolio transactions and, in some cases, longer settlement periods; the smaller trading volumes and generally lower liquidity of foreign stock markets, which may result in greater price volatility; foreign withholding taxes payable on the Fund's foreign securities, which may reduce dividend income payable to shareholders; the possibility of expropriation or confiscatory taxation; adverse changes in investment or exchange control regulations; political instability which could affect U.S. investment in foreign countries; potential restrictions on the flow of international capital; and the possibility of the Fund experiencing difficulties in pursuing legal remedies and collecting judgments. Certain of these risks, as well as currency risks, also apply to Canadian securities, which are not subject to the 25% limitation even though they are foreign securities. The Fund's investments in foreign securities may

include investments in developing countries.

Many of these securities are speculative and their prices may be more volatile than those of securities issued by companies located in more developed countries.

ADRs are receipts, typically issued by a U.S. bank or trust company, evidencing ownership of the underlying foreign securities. ADRs are denominated in U.S. dollars and trade in the U.S. securities markets. ADRs may be issued in sponsored or unsponsored programs. In sponsored programs, the issuer makes arrangements to have its securities traded in the form of ADRs; in unsponsored programs, the issuer may not be directly involved in the creation of the program. Although the regulatory requirements with respect to sponsored and unsponsored programs are generally similar, the issuers of unsponsored ADRs are not obligated to disclose material information in the United States and, therefore, such information may not be reflected in the market value of the ADRs. ADRs are subject to certain of the same risks as direct investments in foreign securities, including the risk that changes in the value of the currency in which the security underlying an ADR is denominated relative to the U.S. dollar may adversely affect the value of the ADR.

#### Other Investment Practices

**When-Issued Securities.** The Fund may make commitments in an amount of up to 10% of the value of its total assets at the time any commitment is made to purchase or sell securities on a when-issued or delayed delivery basis (i.e., securities may be purchased or sold by the Fund with settlement taking place in the future, often a month or more later). The securities purchased or sold on a when-issued or delayed delivery basis will consist principally of common stocks and common stock equivalents. The payment obligation and the interest rate that will be received on the securities generally are fixed at the time the Fund enters into the commitment. As is described under "Risk Factors," purchasing or selling securities on such a basis involves risks. The Fund attempts to limit these risks when it purchases securities on a when-issued basis by maintaining in a segregated account with its custodian cash, U.S. government securities or other high-grade debt obligations readily convertible into cash having an aggregate value equal to the amount of such purchase commitments, until payment is made.

**Warrants.** The Fund also may invest up to 5% of its total assets in warrants, valued at the lower of cost or market, but not more than 2% of its total assets in warrants which are not listed on the New York or American Stock Exchange or another U.S. securities exchange. Warrants acquired in units or attached to securities are not included in these percentage restrictions.

#### Illiquid and Rule 144A Securities

The Fund is authorized to invest in securities which are illiquid because they are subject to restrictions on their resale ("restricted securities") or because, based upon their nature or the market for such securities, they are not readily marketable. However, the Fund will not purchase any such security if the purchase would cause the Fund to invest more than 10% of its total assets, measured at the time of purchase, in illiquid securities. Repurchase agreements maturing in more than seven days will be considered as illiquid for purposes of this restriction. Investments in illiquid securities involve certain risks to the extent that the Fund may be unable to dispose of such a security at the time desired or at a reasonable price. In addition, in order to resell a restricted security, the Fund might have to bear the expense and incur the delays associated with effecting registration.

Certain restricted securities that are not registered for sale to the general public, but that can be resold to institutional investors ("Rule 144A Securities"), may be purchased without regard to the foregoing 10% limitation if a liquid institutional trading market exists. The liquidity of the Fund's investments in Rule 144A Securities could be impaired if dealers or institutional investors become uninterested in purchasing these securities. The Company's board of directors has

delegated to Fund Management the authority to determine the liquidity of Rule 144A Securities pursuant to guidelines approved by the board. For more information concerning Rule 144A Securities, see the Statement of Additional Information.

**Securities Lending.** Another practice in which the Fund may engage is to lend its securities to qualified institutional investors. This practice permits the Fund to earn income, that, in turn, can be invested in additional securities to pursue the Fund's investment objective. Loans of securities by the Fund will be collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities, marked-to-market on a daily basis. Lending securities involves certain risks, the most significant of which is the risk that a borrower may fail to return a portfolio security. The Fund monitors the creditworthiness of borrowers in order to minimize such risks. The Fund will not lend any security if, as a result of such loan, the aggregate value of securities then on loan would exceed 33-1/3% of the Fund's total assets.

#### Portfolio Turnover

While the Fund purchases portfolio securities with the view of retaining

them on a long-term basis, and does not intend to purchase securities with the intent to engage in short-term securities trading, based on market conditions it may sell any security without regard to the period of time it has been held. This trading policy may cause the Fund's portfolio turnover rate to exceed that of other investment companies seeking capital growth. Increased portfolio turnover may cause the Fund to incur greater brokerage commissions than would otherwise be the case, and may result in the acceleration of capital gains that are taxable when distributed to shareholders. The Fund's portfolio turnover rate is set forth under "Financial Highlights." See the section of this Prospectus entitled, "Taxes, Dividends and Capital Gain Distributions" for a discussion of the potential tax consequences of the Fund's sale of securities.

#### Investment Restrictions

The Fund is subject to a variety of restrictions regarding its investments that are set forth in this Prospectus and in the Statement of Additional Information. Certain of the Fund's investment restrictions are fundamental, and may not be altered without the approval of the Fund's shareholders. Such fundamental investment restrictions include the restrictions that limit the percentage of Fund assets subject to securities loans and the restrictions described in the Statement of Additional Information that limit the percentages of the value of the Fund's total assets which may be invested in any one company or in any one industry, under which the Fund is required to operate as a diversified investment company that does not concentrate its investments in any one particular industry, and limitations on the Fund's borrowing of money. However, unless otherwise noted, the Fund's investment restrictions and its investment policies are not fundamental and may be changed by action of the Company's board of directors. Unless otherwise noted, all percentage limitations contained in the Fund's investment policies and restrictions apply at the time an investment is made. Thus, subsequent changes in the value of an investment after purchase or in the value of the Fund's total assets will not cause any such limitation to have been violated or to require the disposition of any investment, except as otherwise required by law. If the credit ratings of an issuer are lowered below those specified for investment by the Fund, the Fund is not required to dispose of the obligations of that issuer. The determination of whether to sell such an obligation will be made by Fund Management based upon an assessment of credit risk and the prevailing market price of the investment.

#### RISK FACTORS

The investment performance of the Fund will be primarily dependent upon the investment return of the securities in which the Fund invests. The ability of Fund Management to select equity securities for investment which increase in market value will determine whether the Fund will be able to achieve its objective of long-term capital growth. In this regard, it should be noted that companies in which the Fund is likely to invest may have limited product lines, markets or financial resources, may be in the early stages of development, and may lack management depth. The securities of these companies in some cases may have limited marketability and may be subject to more abrupt or erratic market

movements than securities of larger, more established companies or the market averages in general. In addition, the securities of many such companies are traded in the over-the-counter ("OTC") market, and will not be listed on any national, regional or foreign stock exchange. While the OTC market has grown rapidly in recent years, many OTC securities trade less frequently and in smaller volume than exchange-listed securities. The values of these securities may fluctuate more sharply than exchange-listed securities, and the Fund may experience some difficulty in acquiring or disposing of positions in these securities at prevailing market prices. There is no assurance that the Fund will attain its investment objective.

The Fund's investments in debt securities generally are subject to both credit risk and market risk. Credit risk relates to the ability of the issuer to meet interest or principal payments, or both, as they come due. Market risk relates to the fact that the market values of the debt securities generally will be affected by changes in the level of interest rates. An increase in interest rates will tend to reduce the market values of debt securities, whereas a decline in interest rates will tend to increase their values. Although Fund Management limits the Fund's investments in debt securities to securities it believes are not highly speculative, both kinds of risk are increased by investing in debt securities rated BBB or lower by Standard & Poor's, Baa or lower by Moody's or, if unrated, securities determined by Fund Management to be of equivalent quality.

In addition to these investment performance risks, it should be recognized that certain of the Fund's investment practices involve various risks. These include the risks of investing in foreign securities and illiquid securities and the risks involved in purchasing or selling securities on a when-issued or delayed delivery basis. When purchasing or selling securities on a when-issued or delayed delivery basis, the price and yield are normally fixed on the date of the purchase commitment. During the period between purchase and settlement, no payment is made by the Fund and no interest accrues to the Fund. At the time of settlement, the market value of the security may be more or less than the purchase price, and the Fund bears the risk of such market value fluctuations. An additional risk is that, when the Fund enters into a repurchase agreement or makes a securities loan, the other party to the transaction may default on its obligation to repurchase or return the security involved in such transaction. See "Foreign Securities" and "Other Investment Practices." The Fund's practice of obtaining appropriate collateral in these transactions provides protection against this risk, but the Fund could suffer a loss in the event its ability to promptly dispose of the collateral is delayed or restricted.

#### THE FUND AND ITS MANAGEMENT

The Company is a no-load mutual fund, registered with the Securities and Exchange Commission as an open-end, diversified, management investment company. It was incorporated on December 6, 1990, under the laws of Maryland. The overall supervision of the Fund is the responsibility of the Company's board of directors.

Pursuant to an agreement with the Company, INVESCO Funds Group, Inc. ("INVESCO"), 7800 E. Union Avenue, Denver, Colorado, serves as the Fund's investment adviser. INVESCO is primarily responsible for providing the Fund with



various administrative services and supervising the Fund's daily business affairs. These services are subject to review by the Company's board of directors.

INVESCO is an indirect wholly-owned subsidiary of INVESCO PLC. INVESCO PLC is a financial holding company that, through its subsidiaries, engages in the business of investment management on an international basis. INVESCO was established in 1932 and, as of May 31, 1995, managed 14 mutual funds, consisting of 38 separate portfolios, with combined assets of approximately \$9.9 billion on behalf of approximately 797,000 shareholders.

Pursuant to an agreement with INVESCO, INVESCO Trust Company ("INVESCO Trust"), 7800 E. Union Avenue, Denver, Colorado, serves as the Fund's sub-adviser. INVESCO Trust, a trust company founded in 1969, is a wholly-owned subsidiary of INVESCO that served as adviser or sub-adviser to 41 investment portfolios as of May 31, 1995, including 27 portfolios in the INVESCO group. These 41 portfolios had aggregate assets of approximately \$9.5 billion as of May 31, 1995. In addition, INVESCO Trust provides investment management services to private clients, including employee benefit plans that may be invested in a collective trust sponsored by INVESCO Trust. INVESCO Trust, subject to the supervision of INVESCO, is primarily responsible for selecting and managing the Fund's investments. Although the Company is not a party to the sub-advisory agreement, the agreement has been approved by the shareholders of the Company.

The following individual serves as the portfolio manager for the Fund and is primarily responsible for the day-to-day management of the Fund's portfolio of securities:

|              |   |
|--------------|---|
| John Schroer | Portfolio manager of the Fund since 1995; co-portfolio manager of the Health Sciences Portfolio of INVESCO Strategic Portfolios, Inc.; vice president (since 1995) and portfolio manager (1993 to present) of INVESCO Trust Company. Formerly (1990 to 1993), assistant vice president with Trust Company of the West; began investment career in 1990; B.S. and M.B.A., University of Wisconsin-Madison. |
|--------------|---|

Fund Management permits investment and other personnel to purchase and sell securities for their own accounts, subject to a compliance policy governing personal investing. This policy requires investment and other personnel to conduct their personal investment activities in a manner that Fund Management believes is not detrimental to the Fund or Fund Management's other advisory clients. See the Statement of Additional Information for more detailed information.

The Fund pays INVESCO a monthly fee which is based upon a percentage of the Fund's average net assets determined daily. The fee is computed at the annual rate of 0.75% on the first \$350 million of the Fund's average net assets, 0.65% on the next \$350 million of the Fund's average net assets, and 0.55% on the Fund's average net assets over \$700 million. For the fiscal year ended May 31, 1995, investment advisory fees paid by the Fund amounted to 0.75% of the Fund's average net assets.

Out of its advisory fee which it receives from the Fund, INVESCO pays INVESCO Trust, as the Fund's sub-adviser, a monthly fee, which is computed at

the annual rate of 0.25% on the first \$200 million of the average net assets of the Fund, and 0.20% on the Fund's average net assets in excess of \$200 million. No fee is paid by the Fund to INVESCO Trust. While the portions of INVESCO's fees which are equal to or higher than 0.75% of the Fund's net assets are higher than those generally charged by investment advisers to mutual funds, they are not higher than those charged by most other investment advisers to funds of comparable asset levels to the Fund, or funds that invest primarily in equity securities of emerging growth companies.

The Company also has entered into an Administrative Services Agreement, dated December 31, 1991 (the "Administrative Agreement"), with INVESCO. Pursuant to the Administrative Agreement, INVESCO performs certain administrative, recordkeeping and internal sub-accounting services, including without limitation, maintaining general ledger and capital stock accounts, preparing a daily trial balance, calculating net asset value daily, providing selected general ledger reports and providing sub-accounting and recordkeeping services for shareholder accounts maintained by certain retirement and employee benefit plans for the benefit of participants in such plans. For such services, the Fund pays INVESCO a fee consisting of a base fee of \$10,000 per year, plus an additional incremental fee computed at the annual rate of 0.015% per year of the average net assets of the Fund. INVESCO also is paid a fee by the Fund for providing transfer agent services. See "Additional Information."

The Fund's expenses, which are accrued daily, are deducted from total income before dividends are paid. Total expenses of the Fund for the fiscal year ended May 31, 1995, including investment advisory fees (but excluding brokerage commissions, which are a cost of acquiring securities), amounted to 1.49% of the Fund's average net assets. Certain Fund expenses are voluntarily absorbed by INVESCO in order to ensure that the Fund's total expenses do not exceed 1.50% of the Fund's average net assets. In the absence of such voluntary expense limitation, the Fund's total expenses for the fiscal year ended May 31, 1995 would have been 1.52% of the Fund's average net assets.

Fund Management places orders for the purchase and sale of portfolio securities with brokers and dealers based upon Fund Management's evaluation of their financial responsibility coupled with their ability to effect transactions at the best available prices. As discussed under "How Shares Can be Purchased - Distribution Expenses," the Company may market shares of the Fund through intermediary brokers or dealers that have entered into Dealer Agreements with INVESCO, as the Company's distributor. The Fund may place orders for portfolio transactions with qualified broker/dealers that recommend the Fund, or sell shares of the Fund, to clients, or act as agent in the purchase of Fund shares for clients, if Fund Management believes that the quality of the execution of the transaction and level of commission are comparable to those available from other qualified brokerage firms.

#### HOW SHARES CAN BE PURCHASED

Shares of the Fund are sold on a continuous basis by INVESCO, as the Fund's Distributor, at the net asset value per share next calculated after receipt of a purchase order in good form. No sales charge is imposed upon the

sale of shares of the Fund. To purchase shares of the Fund, send a check made payable to INVESCO Funds Group, Inc., together with a completed application form, to:

INVESCO FUNDS GROUP, INC.  
Post Office Box 173706  
Denver, Colorado 80217-3706

Purchase orders must specify the Fund in which the investment is to be made.

The minimum initial purchase must be at least \$1,000, with subsequent investments of not less than \$50, except that: (1) those shareholders establishing an EasiVest or direct payroll purchase account, as described below in the Prospectus section entitled "Services Provided by the Fund," may open an account without making any initial investment if they agree to make regular, minimum purchases of at least \$50; (2) Fund management may permit a lesser amount to be invested in the Fund under a federal income tax-deferred retirement plan (other than an Individual Retirement Account ("IRA")), or under a group investment plan qualifying as a sophisticated investor; (3) those shareholders investing in an IRA, or through omnibus accounts where individual shareholder recordkeeping and sub-accounting are not required, may make initial minimum purchases of \$250; and (4)

Fund Management reserves the right to reduce or waive the minimum purchase requirements in its sole discretion where it determines such action is in the best interests of the Fund. The minimum initial purchase requirement of \$1,000, as described above, does not apply to shareholder account(s) in any of the INVESCO funds opened prior to January 1, 1993, and, thus, is not a minimum balance requirement for those existing accounts. However, for shareholders already having accounts in any of the INVESCO funds, all initial share purchases in a new Fund account, including those made using the exchange privilege, must meet the Fund's applicable minimum investment requirement.

The purchase of Fund shares can be expedited by placing bank wire, overnight courier or telephone orders. Overnight courier orders must meet the above minimum investment requirements. In no case can a bank wire order or a telephone order be in an amount less than \$1,000. For further information, the purchaser may call the Fund's office by using the telephone number on the cover of this Prospectus. Orders sent by overnight courier, including Express Mail, should be sent to the street address, not Post Office Box, of INVESCO Funds Group, Inc., at 7800 E. Union Avenue, Suite 800, Denver, CO 80237.

Orders to purchase Fund shares can be placed by telephone. Shares of the Fund will be issued at the net asset value next determined after receipt of telephone instructions. Generally, payments for telephone orders must be received by the Fund within three business days or the transaction may be cancelled. In the event of such cancellation, the purchaser will be held responsible for any loss resulting from a decline in the value of the shares. In order to avoid such losses, purchasers should send payments for telephone purchases by overnight courier or bank wire. INVESCO has agreed to indemnify the

Fund for any losses resulting from the cancellation of telephone purchases.

If your check does not clear, or if a telephone purchase must be cancelled due to nonpayment, you will be responsible for any related loss the Fund or INVESCO incurs. If you are already a shareholder in the INVESCO funds, the Fund has the option to redeem shares from any identically registered account in the Fund or any other INVESCO fund as reimbursement for any loss incurred. You may also be prohibited or restricted from making future purchases in any of the INVESCO funds.

Persons who invest in the Fund through a securities broker may be charged a commission or transaction fee by the broker for the handling of the transaction, if the broker so elects. Any investor may deal directly with the Fund in any transaction. In that event, there is no such charge.

The Fund reserves the right in its sole discretion to reject any order for purchase of its shares (including purchases by exchange) when, in the judgment of Fund Management, such rejection is in the best interest of the Fund.

Net asset value per share of the Fund is computed once each day that the New York Stock Exchange is open as of the close of regular trading on that Exchange (usually 4:00 p.m., New York time) and also may be computed on other days under certain circumstances. Net asset value per share is calculated by dividing the market value of all of the Fund's securities plus the value of its other assets (including dividends, and interest accrued but not collected), less all liabilities (including accrued expenses), by the number of outstanding shares of the Fund. If market quotations are not readily available, a security or other asset will be valued at fair value as determined in good faith by the board of directors. Debt securities with remaining maturities of 60 days or less at the time of purchase will be valued at amortized cost, absent unusual circumstances, so long as the Company's board of directors believes that such value represents fair value.

Distribution Expenses. The Fund is authorized under a Plan and Agreement of Distribution adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940 (the "Plan") to use its assets to finance certain activities relating to the distribution of its shares to investors. Under the Plan, monthly payments may be

made by the Fund to INVESCO to reimburse it for particular expenditures incurred by INVESCO during the rolling 12-month period in which that month falls in connection with the distribution of the Fund's shares to investors. These expenditures may include the payment of compensation (including incentive compensation and/or continuing compensation based on the amount of customer assets maintained in the Fund) to securities dealers and other financial institutions and organizations to obtain various distribution-related and/or administrative services for the Fund. Such services may include, among other things, processing new shareholder account applications, preparing and transmitting to the Fund's Transfer Agent computer processable tapes of all transactions by customers, and serving as the primary source of information to customers in answering questions concerning the Fund, and their transactions with the Fund.

In addition, other reimbursable expenditures include those incurred for advertising, the preparation and distribution of sales literature, the cost of printing and distributing prospectuses to prospective investors, and such other services and promotional activities as may from time to time be agreed upon by the Fund and its board of directors, including public relations efforts and marketing programs to communicate with investors and prospective investors.

Under the Plan, the Company's reimbursement to INVESCO on behalf of the Fund is limited to an amount computed at the annual rate of 0.25% of 1% of the Fund's average net assets during the month. INVESCO is not entitled to reimbursement for overhead expenses under the Plan, but may be reimbursed for all or a portion of the compensation paid for salaries and other employee benefits for the personnel of INVESCO, whose primary responsibilities involve marketing shares of the INVESCO funds, including the Fund. Payment amounts by the Fund under the Plan, for any month, may only be made to reimburse or pay expenditures incurred during the rolling 12-month period in which that month falls; therefore, any reimbursable expenses incurred by INVESCO in excess of the limitation described above are not reimbursable and will be borne by INVESCO. In addition, INVESCO may from time to time make additional payments from its revenues to securities dealers and other financial institutions that provide distribution-related and/or administrative services for the Fund. No further payments will be made by the Fund under the Plan in the event of its termination. Also, any payments made by the Fund may not be used to finance the distribution of shares of any other mutual fund advised by INVESCO. Payments made by the Fund under the Plan for compensation of marketing personnel, as noted above, are based on an allocation formula designed to ensure that all such payments are appropriate.

#### SERVICES PROVIDED BY THE FUND

**Shareholder Accounts.** INVESCO maintains a share account that reflects the current holdings of each shareholder. Share certificates will be issued only upon specific request. Since certificates must be carefully safeguarded, and must be surrendered in order to exchange or redeem Fund shares, most shareholders do not request share certificates in order to facilitate such transactions. Each shareholder is sent a detailed confirmation of each transaction in shares of the Fund. Shareholders whose only transactions are through the EasiVest, direct payroll purchase, automatic monthly exchange or periodic withdrawal programs, or are reinvestments of dividends or capital gains in the same or another Fund, will receive confirmations of those transactions on their quarterly statements. For information regarding a shareholder's account and transactions, the shareholder may call the Fund's office by using the telephone number on the cover of this Prospectus.

**Reinvestment of Distributions.** Dividends and other distributions are automatically reinvested in additional shares of the Fund at the net asset value per share in effect on the ex-dividend date. A shareholder may, however, elect to reinvest dividends and other distributions in certain of the other no-load mutual funds advised and distributed by INVESCO, or to receive payment of all dividends and other distributions in excess of \$10.00 by check by giving written notice to

INVESCO at least two weeks prior to the record date on which the change is to take effect. Further information concerning these options can be obtained by contacting INVESCO.

Periodic Withdrawal Plan. A Periodic Withdrawal Plan is available to shareholders who own or purchase shares of any mutual funds advised by INVESCO having a total value of \$10,000 or more; provided, however, that at the time the Plan is established, the shareholder owns shares having a value of at least \$5,000 in the fund from which withdrawals will be made. Under the Periodic Withdrawal Plan, INVESCO, as agent, will make specified monthly or quarterly payments of any amount selected (minimum payment of \$100) to the party designated by the shareholder. Notice of all changes concerning the Periodic Withdrawal Plan must be received by INVESCO at least two weeks prior to the next scheduled check. Further information regarding the Periodic Withdrawal Plan and its requirements and tax consequences can be obtained by contacting INVESCO.

Exchange Privilege. Shares of the Fund may be exchanged for shares of the other Fund of the Company, as well as for shares of any of the following other no-load mutual funds, which are also advised and distributed by INVESCO, on the basis of their respective net asset values at the time of the exchange: INVESCO Diversified Funds, Inc., INVESCO Dynamics Fund, Inc., INVESCO Growth Fund, Inc., INVESCO Income Funds, Inc., INVESCO Industrial Income Fund, Inc., INVESCO International Funds, Inc., INVESCO Money Market Funds, Inc., INVESCO Multiple Asset Funds, INVESCO Specialty Funds, Inc., INVESCO Strategic Portfolios, Inc., INVESCO Tax-Free Income Funds, Inc. and INVESCO Value Trust.

An exchange involves the redemption of shares in the Fund and investment of the redemption proceeds in shares of the other Fund of the Company or in shares of one of the funds listed above. Exchanges will be made at the net asset value per share next determined after receipt of an exchange request in proper order. Any gain or loss realized on an exchange is recognizable for federal income tax purposes by the shareholder. Exchange requests may be made either by telephone or by written request to INVESCO Funds Group, Inc., using the telephone number or address on the cover of this Prospectus. Exchanges made by telephone must be in an amount of at least \$250, if the exchange is being made into an existing account of one of the INVESCO Funds. All exchanges that establish a new account must meet the Fund's applicable minimum initial investment requirements. Written exchange requests into an existing account have no minimum requirements other than the Fund's applicable minimum subsequent investment requirements.

The privilege of exchanging Fund shares by telephone is available to shareholders automatically unless expressly declined. By signing the new account Application, a Telephone Transaction Authorization Form or otherwise utilizing telephone exchange privileges, the investor has agreed that the Fund will not be liable for following instructions communicated by telephone that it reasonably believes to be genuine. The Fund employs procedures, which it believes are reasonable, designed to confirm that exchange instructions are genuine. These may include recording telephone instructions and providing written confirmations of exchange transactions. As a result of this policy, the investor may bear the risk of any loss due to unauthorized or fraudulent instructions; provided, however, that if the Fund fails to follow these or other reasonable procedures, the Fund may be liable.

In order to prevent abuse of this privilege to the disadvantage of other

shareholders, the Fund reserves the right to terminate the exchange privilege of any shareholder who requests more than four exchanges a year. The Fund will determine whether to do so based on a consideration of both the number of exchanges any particular shareholder or group of shareholders has requested and the time period over which those exchange requests have been made, together with the level of expense to the Fund which will result from effecting additional exchange requests. The exchange privilege also may be modified or terminated at any time. Except for those limited instances where redemptions of the exchanged security are

suspended under Section 22(e) of the Investment Company Act of 1940, or where sales of the fund into which the shareholder is exchanging are temporarily stopped, notice of all such modifications or termination of the exchange privilege will be given at least 60 days prior to the date of termination or the effective date of the modification.

Before making an exchange, the shareholder should review the prospectuses of the funds involved and consider their differences, and should be aware that the exchange privilege may only be available in those states where exchanges may be legally made, which will require that the shares being acquired are registered for sale in the shareholder's state of residence. Shareholders interested in exercising the exchange privilege may contact INVESCO for information concerning their particular exchanges.

**Automatic Monthly Exchange.** Shareholders who have accounts in any one or more of the mutual funds distributed by INVESCO may arrange for a fixed dollar amount of their fund shares to be automatically exchanged for shares of any other INVESCO mutual fund listed under "Exchange Privilege" on a monthly basis. The minimum monthly exchange in this program is \$50.00. This automatic exchange program can be changed by the shareholder at any time by notifying INVESCO at least two weeks prior to the date the change is to be made. Further information regarding this service can be obtained by contacting INVESCO.

**EasiVest.** For shareholders who want to maintain a schedule of monthly investments, EasiVest uses various methods to draw a preauthorized amount from the shareholder's bank account to purchase Fund shares. This automatic investment program can be changed by the shareholder at any time by writing to INVESCO at least two weeks prior to the date the change is to be made. Further information regarding this service can be obtained by contacting INVESCO.

**Direct Payroll Purchase.** Shareholders may elect to have their employers make automatic purchases of Fund shares for them by deducting a specified amount from their regular paychecks. This automatic investment program can be modified or terminated at any time by the shareholder by notifying the employer. Further information regarding this service can be obtained by contacting INVESCO.

**Tax-Deferred Retirement Plans.** Shares of the Fund may be purchased for self-employed individual retirement plans, IRAs, simplified employee pension plans, and corporate retirement plans. In addition, shares can be used to fund tax qualified plans established under Section 403(b) of the Internal Revenue Code of 1986 by educational institutions, including public school systems and private schools, and certain types of non-profit organizations, which provide deferred compensation arrangements for their employees.

Prototype forms for the establishment of these various plans, including, where applicable, disclosure statements required by the Internal Revenue Service, are available from INVESCO. INVESCO Trust Company, a subsidiary of INVESCO, is qualified to serve as trustee or custodian under these plans and provides the required services at competitive rates. Retirement plans (other than IRAs) receive monthly statements reflecting all transactions in their Fund accounts. IRAs receive the confirmations and quarterly statements described under "Shareholder Accounts." For complete information, including prototype forms and service charges, call INVESCO at the telephone number listed on the cover of this Prospectus or send a written request to: Retirement Services, INVESCO Funds Group, Inc., Post Office Box 173706, Denver, Colorado 80217-3706.

#### HOW TO REDEEM SHARES

Shares of the Fund may be redeemed at any time at their current net asset value per share next determined after a request in proper form is received at the Fund's office. (See "How Shares Can Be Purchased.") Net asset value per share at

the time of the redemption may be more or less than the price you paid to purchase your shares, depending primarily upon the Fund's investment performance.

If the shares to be redeemed are represented by stock certificates, a written request for redemption signed by the registered shareholder(s) and the certificates must be forwarded to INVESCO Funds Group, Inc., Post Office Box 173706, Denver, Colorado 80217-3706. Redemption requests sent by overnight courier, including Express Mail, should be sent to the street address, not Post Office Box, of INVESCO Funds Group, Inc. at 7800 E. Union Avenue, Denver, CO 80237. If no certificates have been issued, a written redemption request signed by each registered owner of the account may be submitted to INVESCO at the address noted above. If shares are held in the name of a corporation, additional documentation may be necessary. Call or write for specifics. If payment for the redeemed shares is to be made to someone other than the registered owner(s), the signature(s) must be guaranteed by a financial institution which qualifies as an eligible guarantor institution. Redemption procedures with respect to accounts registered in the names of broker-dealers may differ from those applicable to other shareholders.

Be careful to specify the account from which the redemption is to be made. Shareholders have a separate account for each fund in which they invest.

Payment of redemption proceeds will be mailed within seven days following receipt of the required documents. However, payment may be postponed under unusual circumstances, such as when normal trading is not taking place on the New York Stock Exchange, or an emergency as defined by the Securities and Exchange Commission exists. If the shares to be redeemed were purchased by check and that check has not yet cleared, payment will be made after the Fund has allowed a reasonable time for clearance of the purchase check (which may take up to 12 days).

If a shareholder participates in EasiVest, the Fund's automatic monthly investment program, and redeems all of the shares in his Fund account, INVESCO



will terminate any further EasiVest purchases unless otherwise instructed by the shareholder.

Because of the high relative costs of handling small accounts, should the value of any shareholder's account fall below \$250 as a result of shareholder action, the Fund reserves the right to effect the involuntary redemption of all shares in such account, in which case the account would be liquidated and the proceeds forwarded to the shareholder. Prior to any such redemption, a shareholder will be notified and given 60 days to increase the value of the account to \$250 or more.

Fund shareholders (other than shareholders holding Fund shares in accounts of IRA plans) may request expedited redemption of shares having a minimum value of \$250 (or redemption of all shares if their value is less than \$250) held in accounts maintained in their name by telephoning redemption instructions to INVESCO, using the telephone number on the cover of this Prospectus. The redemption proceeds, at the shareholder's option, either will be mailed to the address listed for the shareholder's Fund account, or wired (minimum of \$1,000) or mailed to the bank which the shareholder has designated to receive the proceeds of telephone redemptions. The Fund charges no fee for effecting such telephone redemptions. Unless Fund Management permits a larger redemption request to be placed by telephone, a shareholder may not place a redemption request by telephone in excess of \$25,000. The Fund charges no fee for effecting such telephone redemptions. These telephone redemption privileges may be modified or terminated in the future at the discretion of Fund Management.

For INVESCO Trust Company-sponsored federal income tax-sheltered retirement plans, the term "shareholders" is defined to mean plan trustees that file a written request to be able to redeem Fund shares by telephone. Shareholders should understand that while the Fund will attempt to process all telephone redemption requests on an expedited basis, there may be times, particularly in periods of

severe economic or market disruption, when (a) they may encounter difficulty in placing a telephone redemption request, and (b) processing telephone redemptions may require up to seven days following receipt of the telephone redemption request, or additional time because of postponements resulting from the unusual circumstances set forth above.

The privilege of redeeming Fund shares by telephone is available to shareholders automatically unless expressly declined. By signing a new account Application, a Telephone Redemption Authorization Form or otherwise utilizing telephone redemption privileges, the shareholder has agreed that the Fund will not be liable for following instructions communicated by telephone that it reasonably believes to be genuine. The Fund employs procedures, which it believes are reasonable, designed to confirm that telephone instructions are genuine. These may include recording telephone instructions and providing written confirmation of transactions initiated by telephone. As a result of this policy, the investor may bear the risk of any loss due to unauthorized or fraudulent instructions; provided, however, that if the Fund fails to follow these or other reasonable procedures, the Fund may be liable.

## TAXES, DIVIDENDS AND CAPITAL GAIN DISTRIBUTIONS

Taxes. The Fund intends to distribute to shareholders substantially all of its net investment income, net capital gains and net gains from foreign currency transactions, if any, in order to qualify for tax treatment as a regulated investment company. Thus, the Fund does not expect to pay any federal income or excise taxes.

Unless shareholders are exempt from income taxes, they must include all dividends and capital gain distributions in taxable income for federal, state, and local income tax purposes. Dividends and other distributions are taxable whether they are received in cash or automatically invested in shares of the Fund or another fund in the INVESCO group.

The Fund may be subject to the withholding of foreign taxes on dividends or interest it receives on foreign securities. Foreign taxes withheld will be treated as an expense of the Fund unless the Fund meets the qualifications to enable it to pass these taxes through to shareholders for use by them as a foreign tax credit or deduction.

Shareholders may be subject to backup withholding of 31% on dividends, capital gain distributions and redemption proceeds. Unless a shareholder is subject to backup withholding for other reasons, the shareholder can avoid backup withholding on his Fund account by ensuring that INVESCO has a correct, certified tax identification number.

Dividends and Capital Gain Distributions. The Fund earns ordinary or net investment income, in the form of dividends and interest on its investments. The Fund's policy is to distribute substantially all of this income, less Fund expenses, to shareholders on an annual basis, at the discretion of the Company's board of directors.

In addition, the Fund realizes capital gains and losses when it sells securities for more or less than it paid. If total gains on sales exceed total losses (including losses carried forward from previous years), the Fund has a net realized capital gain. Net realized capital gains, if any, are distributed to shareholders at least annually, usually in December.

Dividends and capital gain distributions are paid to shareholders who hold shares on the record date of the distribution regardless of how long the shares have been held. The Fund's share price will then drop by the amount of the distribution on the day the distribution is made. If a shareholder purchases shares immediately prior to the distribution, the shareholder will, in effect, have

"bought" the distribution by paying full purchase price, a portion of which is then returned in the form of a taxable distribution.

At the end of each year, information regarding the tax status of dividends and capital gain distributions is provided to shareholders. Net realized capital gains are divided into short-term and long-term gains depending on how long the Fund held the security which gave rise to the gains. The capital gain distribution consists of long-term capital gains which are taxed at the capital gains rate. Short-term capital gains are included with income from dividends and interest as ordinary income and are paid to shareholders as dividends.

Shareholders also may realize capital gains or losses when they sell Fund shares at more or less than the price originally paid.

Shareholders are encouraged to consult their tax advisers with respect to these matters. For further information see "Dividends, Capital Gain Distributions and Taxes" in the Statement of Additional Information.

#### ADDITIONAL INFORMATION

**Voting Rights.** All shares of the Fund have equal voting rights, based on one vote for each share owned and a corresponding fractional vote for each fractional share owned. Voting with respect to certain matters, such as ratification of independent accountants and the election of directors, will be by both Funds of the Company voting together. In other cases, such as voting upon an investment advisory contract, voting is on a Fund-by-Fund basis. When both Funds are not affected by a matter to be voted upon, only shareholders of the Fund affected by the matter will be entitled to vote thereon. The Company is not generally required, and does not expect, to hold regular annual meetings of shareholders. However, the board of directors will call special meetings of shareholders for the purpose, among other reasons, of voting upon the question of removal of a director or directors when requested to do so in writing by the holders of 10% or more of the outstanding shares of the Company or as may be required by applicable law or the Company's Articles of Incorporation. The Company will assist shareholders in communicating with other shareholders as required by the Investment Company Act of 1940. Directors may be removed by action of the holders of a majority or more of the outstanding shares of the Company.

**Shareholder Inquiries.** All inquiries regarding the Fund should be directed to the Fund at the telephone number or mailing address set forth on the cover page of this Prospectus.

**Transfer and Dividend Disbursing Agent.** INVESCO Funds Group, Inc., 7800 E. Union Ave., Denver, Colorado 80237, acts as registrar, transfer agent, and dividend disbursing agent for the Fund pursuant to a Transfer Agency Agreement which provides that the Fund will pay an annual fee of \$14.00 per shareholder account or omnibus account participant. The transfer agency fee is not charged to each shareholder's or participant's account, but is an expense of the Fund to be paid from the Fund's assets. Registered broker-dealers, third party administrators of tax-qualified retirement plans and other entities, including affiliates of INVESCO, may provide sub-transfer agency services to the Fund which reduce or eliminate the need for identical services to be provided on behalf of the Fund by INVESCO. In such cases, INVESCO may pay the third party an annual sub-transfer agency fee of up to \$14.00 per participant in the third party's omnibus account out of the transfer agency fee which is paid to INVESCO by the Fund.

INVESCO EMERGING GROWTH FUND, INC.  
A no-load mutual fund seeking long-

term capital growth

PROSPECTUS  
SEPTEMBER 11, 1995

To receive general information and prospectuses on any of INVESCO's funds or retirement plans, or to obtain current account or price information, call toll-free:

1-800-525-8085

To reach PAL, your 24-hour Personal Account Line, call:

1-800-424-8085

Or write to:

INVESCO Funds Group, Inc., Distributor  
Post Office Box 173706  
Denver, Colorado 80217-3706

If you're in Denver, visit one of our convenient Investor Centers:

Cherry Creek  
155-B Fillmore Street

Denver Tech Center  
7800 East Union Avenue  
Lobby Level

SEPTEMBER 11, 1995

INVESCO EMERGING OPPORTUNITY FUNDS, INC.

Address:

7800 East Union Avenue

Mailing Address:

Post Office Box 173706

Telephone:

In Continental U.S., 1-800-525-8085

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INVESCO EMERGING OPPORTUNITY FUNDS, Inc. (the "Company") is an open-end, diversified management investment company ("mutual fund") consisting of two separate portfolios of investments, INVESCO Emerging Growth Fund (the "Emerging Growth Fund") and INVESCO Worldwide Emerging Markets Fund (the "Worldwide Emerging Markets Fund") (collectively, the "Funds" and individually, a "Fund").

The Emerging Growth Fund seeks long-term capital growth. It pursues this objective by investing its assets principally in a diversified group of equity securities of emerging growth companies with market capitalizations of \$1 billion or less at the time of initial purchase ("small cap companies"). In managing the Fund's investments the Fund's investment adviser or sub-adviser seeks to identify securities that are undervalued in the marketplace, and/or have earnings that may be expected to grow faster than the U.S. economy in general. Under normal circumstances, the Fund invests at least 65% of its total assets in the equity securities of small cap companies (consisting of common and preferred stocks, convertible debt securities, and other securities having equity features). The balance of the Fund's assets may be invested in the equity securities of companies with market capitalizations in excess of \$1 billion, debt securities and short-term investments. The Fund is designed for investors seeking long-term capital appreciation with little or no current income.

The Worldwide Emerging Markets Fund seeks capital appreciation. Under normal circumstances, the Fund will invest at least 65% of its total assets in securities of emerging country issuers.

Investors may purchase shares of either or both of the Funds. Additional funds may be offered in the future.

Prospectuses for the Funds, dated September 11, 1995, which provide the basic information you should know before investing in a Fund, may be obtained without charge from INVESCO Funds Group, Inc., Post Office Box 173706, Denver, Colorado 80217-3706. This Statement of Additional Information is not a Prospectus, but contains information in addition to and more detailed than that set forth in the Prospectuses. It is intended to provide you with additional information regarding the activities and operations of the Funds, and should be read in conjunction with the Prospectuses.

Investment Adviser and Distributor: INVESCO Funds Group, Inc.

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## INVESTMENT POLICIES AND RESTRICTIONS

As discussed in each Fund's Prospectus in the section entitled "Investment Objective and Policies," the Funds may invest in a variety of securities, and employ a broad range of investment techniques, in seeking to achieve their respective investment objectives. Such securities and techniques include the following:

### Types of Equity Securities

As described in the Prospectuses, equity securities which may be purchased by the Funds consist of common, preferred and convertible preferred stocks, and securities having equity characteristics such as rights, warrants and convertible debt securities. Common stocks and preferred stocks represent equity ownership interests in a corporation and participate in the corporation's earnings through dividends which may be declared by the corporation. Unlike common stocks, preferred stocks are entitled to stated dividends payable from the corporation's earnings, which in some cases may be "cumulative" if prior stated dividends have not been paid. Dividends payable on preferred stock have priority over distributions to holders of common stock, and preferred stocks generally have preferences on the distribution of assets in the event of the corporation's liquidation. Preferred stocks may be "participating" which means that they may be entitled to dividends in excess of the stated dividend in certain cases. The rights of common and preferred stocks are generally subordinate to rights associated with a corporation's debt securities. Rights and warrants are securities which entitle the holder to purchase the securities of a company (generally, its common stock) at a specified price during a specified time period. Because of this feature, the values of rights and warrants are affected by factors similar to those which determine the prices of common stocks and exhibit similar behavior. Rights and warrants may be purchased directly or acquired in connection with a corporate reorganization or exchange

offer.

Convertible securities which may be purchased by the Funds include convertible debt obligations and convertible preferred stock. A convertible security entitles the holder to exchange it for a fixed number of shares of common stock (or other equity security), usually at a fixed price within a specified period of time. Until conversion, the holder receives the interest paid on a convertible bond or the dividend preference of a preferred stock.

Convertible securities have an "investment value" which is the theoretical value determined by the yield they provide in comparison with similar securities without the conversion feature. Investment value changes are based upon prevailing interest rates and other factors. They also have a "conversion value" which is the worth in market value if the security were exchanged for the underlying equity security. Conversion value fluctuates directly with the price of the underlying security. If conversion value is substantially below investment value, the price of the convertible security is governed principally by its investment value. If the conversion value is near or above investment value, the price of the convertible security generally will rise above investment value and may represent a premium over conversion value due to the combination of the convertible security's right to interest (or dividend preference) and the possibility of capital appreciation from the conversion feature. A convertible security's price, when price is influenced primarily by its conversion value, generally will yield less than a senior non-convertible security of comparable investment value. Convertible securities may be purchased at varying price levels above their investment values or conversion values. However, there is no assurance that any premium above investment value or conversion value will be recovered because prices change and, as a result, the ability to achieve capital appreciation through conversion may be eliminated.

#### Foreign Securities

As discussed in the section of the Emerging Growth Fund's Prospectus entitled "Investment Objective and Policies--Foreign Securities," the Fund may invest up to 25% of its total assets, measured at the time of purchase, in foreign securities. Securities of Canadian issuers and securities purchased by means of sponsored American Depositary Receipts ("ADRs") are not subject to this 25% limitation. As discussed in the Worldwide Emerging Markets Fund's Prospectus, the Fund will invest at least 65% of its total assets in securities of emerging country issuers. There is generally less publicly available information, reports and ratings about foreign companies and other foreign issuers than that which is available about companies and issuers in the United States. Foreign issuers are also generally subject to fewer uniform accounting and auditing and financial reporting standards, practices, and requirements as compared to those applicable to United States issuers.

The Funds' investment adviser normally will purchase foreign securities in over-the-counter markets or on exchanges located in the countries in which the respective principal offices of the issuers of the various securities are located, as such markets or exchanges are generally the best available market for foreign securities. Foreign securities markets are generally not as developed or efficient as those in the United States. While growing in volume, they usually have substantially less volume than the New York Stock Exchange, and securities of some foreign issuers are less liquid and more volatile than

securities of comparable United States issuers. Fixed commissions on foreign exchanges are generally higher than negotiated commissions on United States exchanges, although the Funds will endeavor to achieve the most favorable net results on their portfolio transactions. There is generally less government supervision and regulation of securities exchanges, brokers and listed issuers than in the United States.

With respect to certain foreign countries, there is the possibility of adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, limitations on the removal of funds or other assets of the Funds, political or social instability, or diplomatic developments which could affect United States investments in those countries. Moreover, the economies of foreign countries may differ favorably or unfavorably from the United States' economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment position.

The dividends and interest payable on certain of the Funds' foreign portfolio securities may be subject to foreign withholding taxes, thus reducing the net amount of income available for distribution to the Funds' shareholders.

#### Illiquid and 144A Securities

As discussed in the section of each Fund's Prospectus entitled "Investment Objective and Policies," the Funds may invest in illiquid securities, including restricted securities and other investments which are not readily marketable. Restricted securities are securities which are subject to restrictions on resale because they have not been registered under the Securities Act of 1933 (the "1933 Act"). These limitations on resale and marketability may have the effect of preventing a Fund from disposing of such a security at the time desired or at a reasonable price. In addition, in order to resell a restricted security, a Fund might have to bear the expense and incur the delays associated with effecting registration. In purchasing restricted securities, the Funds do not intend to engage in underwriting activities, except to the extent the Funds may be deemed to be a statutory underwriter under the Securities Act in disposing of such securities. Restricted securities will be purchased for investment purposes only and not for the purpose of exercising control or management of other companies.

The Funds also may invest in restricted securities that can be resold to institutional investors pursuant to Rule 144A under the 1933 Act ("Rule 144A Securities"). In recent years, a large institutional market has developed for

Rule 144A Securities. Institutional investors generally will not seek to sell these instruments to the general public, but instead will often depend on an efficient institutional market in which Rule 144A Securities can readily be resold or on an issuer's ability to honor a demand for repayment. Therefore, the fact that there are contractual or legal restrictions on resale to the general public or certain institutions is not dispositive of the liquidity of such investments. Institutional markets for Rule 144A Securities may provide both readily ascertainable values for Rule 144A Securities and the ability to liquidate an investment in order to satisfy share redemption orders. An insufficient number of qualified institutional buyers interested in purchasing a Rule 144A Security held by a Fund, however, could adversely affect the marketability of such security, and the Fund might be unable to dispose of such



security promptly or at reasonable prices.

#### When-Issued and Delayed Delivery Securities

As discussed in the section of each Fund's Prospectus entitled "Investment Objective and Policies," the Funds may purchase and sell securities on a when-issued or delayed delivery basis. When-issued or delayed delivery transactions arise when securities (normally, equity obligations of issuers eligible for investment by the Funds) are purchased or sold by the Funds with payment and delivery taking place in the future in order to secure what is considered to be an advantageous price and yield. However, the yield on a comparable security available when delivery takes place may vary from the yield on the security at the time that the when-issued or delayed delivery transaction was entered into. When a Fund engages in when-issued and delayed delivery transactions, it relies on the seller or buyer, as the case may be, to consummate the sale. Failure to do so may result in the Fund missing the opportunity of obtaining a price or yield considered to be advantageous. When-issued and delayed delivery transactions generally may be expected to settle within one month from the date the transactions are entered into, but in no event later than 90 days. However, no payment or delivery is made by a Fund until it receives delivery or payment from the other party to the transaction.

To the extent that a Fund remains substantially fully invested at the same time that it has purchased when-issued securities, as it would normally expect to do, there may be greater fluctuations in its net assets than if the Fund set aside cash to satisfy its purchase commitments.

When a Fund purchases securities on a when-issued basis, it will maintain in a segregated account cash, U.S. government securities or other high-grade debt obligations readily convertible into cash having an aggregate value equal to the amount of such purchase commitments, until payment is made. If necessary, additional assets will be placed in the account daily so that the value of the account will equal or exceed the amount of the Fund's purchase commitments.

#### Repurchase Agreements

As discussed in the section of each Fund's Prospectus entitled "Investment Objective and Policies," the Funds may invest in repurchase agreements with commercial banks, registered brokers or registered government securities dealers. A repurchase agreement is an agreement under which a Fund acquires a debt instrument (generally a security issued by the U.S. government or an agency thereof, a banker's acceptance or a certificate of deposit) from a commercial bank, broker or dealer, subject to resale to the seller at an agreed upon price and date (normally, the next business day). A repurchase agreement may be considered a loan collateralized by securities. The resale price reflects an agreed upon interest rate effective for the period the instrument is held by the Fund and is unrelated to the interest rate on the underlying instrument. In these transactions, the securities acquired by the Fund (including accrued interest earned thereon) must have a total value in excess of the value of the repurchase agreement and are held by the Fund's custodian bank until repurchased. In

addition, the Company's board of directors monitors each Fund's repurchase agreement transactions and has established guidelines and standards for review by the investment adviser of the creditworthiness of any bank, broker or dealer

party to a repurchase agreement with the Fund. The Emerging Growth Fund and the Worldwide Emerging Markets Fund will not enter into repurchase agreements maturing in more than seven days if as a result more than 10% and 15%, respectively, of their total assets would be invested in such repurchase agreements and other illiquid securities.

The use of repurchase agreements involves certain risks. For example, if the other party to the agreement defaults on its obligation to repurchase the underlying security at a time when the value of the security has declined, a Fund may incur a loss upon disposition of the security. If the other party to the agreement becomes insolvent and subject to liquidation or reorganization under the Bankruptcy Code or other laws, a court may determine that the underlying security is collateral for a loan by the Fund not within the control of the Fund and therefore the realization by the Fund on such collateral may automatically be stayed. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying security and may be deemed an unsecured creditor of the other party to the agreement. While the Funds' management acknowledges these risks, it is expected that they can be controlled through careful monitoring procedures.

#### Lending of Securities

Each Fund may lend its securities to qualified institutional investors who need to borrow securities in order to complete certain transactions, such as covering short sales, avoiding failures to deliver securities, or completing arbitrage operations. By lending its securities, a Fund will be attempting to generate income through the receipt of interest on the loan which, in turn, can be invested in additional securities to pursue the Fund's investment objective. Any gain or loss in the market price of the securities loaned that might occur during the term of the loan would be for the account of the Fund. A Fund may lend its portfolio securities to qualified brokers, dealers, banks or other financial institutions, so long as the terms, structure and the aggregate amount of such loans are not inconsistent with the Investment Company Act of 1940, as amended (the "1940 Act") or the rules and regulations or interpretations of the Securities and Exchange Commission (the "Commission") thereunder. Loans of securities by a Fund will be collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. government or its agencies equal to at least 100% of the current market value of the loaned securities, determined on a daily basis. Cash collateral will be invested only in high quality short-term investments offering maximum liquidity. Lending securities involves certain risks, the most significant of which is the risk that a borrower may fail to return a portfolio security. The Funds monitor the creditworthiness of borrowers in order to minimize such risks. A Fund will not lend any security if, as a result of the loan, the aggregate value of securities then on loan would exceed 33-1/3% of the Fund's total assets (taken at market value).

At the present time, a Fund may pay reasonable negotiated finders fees in connection with loaned securities, so long as such fees are set forth in a written contract and approved by the Company's board of directors. In addition, voting rights may pass with the loaned securities, but if a material event (e.g., proposed merger, sale of assets, or liquidation) will occur affecting an investment on loan, the loan must be called and the securities voted.

#### U.S. Government Obligations

These securities consist of treasury bills, treasury notes, and treasury bonds, which differ only in their interest rates, maturities, and dates of issuance. Treasury bills have a maturity of one year or less. Treasury notes generally have a maturity of one to ten years, and treasury bonds generally have

maturities of more than ten years. As discussed in each Fund's Prospectus, U.S. government obligations also include securities issued or guaranteed by agencies or instrumentalities of the U.S. government.

Some obligations of United States government agencies, which are established under the authority of an act of Congress, such as Government National Mortgage Association (GNMA) participation certificates, are supported by the full faith and credit of the United States Treasury. GNMA Certificates are mortgage-backed securities representing part ownership of a pool of mortgage loans. These loans -- issued by lenders such as mortgage bankers, commercial banks and savings and loan associations -- are either insured by the Federal Housing Administration or guaranteed by the Veterans Administration. A "pool" or group of such mortgages is assembled and, after being approved by GNMA, is offered to investors through securities dealers. Once approved by GNMA, the timely payment of interest and principal on each mortgage is guaranteed by GNMA and backed by the full faith and credit of the U.S. government. The market value of GNMA Certificates is not guaranteed. GNMA Certificates differ from bonds in that principal is paid back monthly by the borrower over the term of the loan rather than returned in a lump sum at maturity. GNMA Certificates are called "pass-through" securities because both interest and principal payments (including prepayments) are passed through to the holder of the Certificate. Upon receipt, principal payments will be used by the Fund to purchase additional securities under its investment objective and investment policies.

Other United States government obligations, such as securities of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the Treasury to repay its obligations. Still others, such as bonds issued by the Federal National Mortgage Association, a federally chartered private corporation, are supported only by the credit of the instrumentality.

#### Obligations of Domestic Banks

These obligations consist of certificates of deposit ("CDs") and bankers' acceptances issued by domestic banks (including their foreign branches) having total assets in excess of \$5 billion, which meet the Funds' minimum rating requirements. CDs are issued against deposits in a commercial bank for a specified period and rate and are normally negotiable. Eurodollar CDs are certificates issued by a foreign branch (usually London) of a U.S. domestic bank, and, as such, the credit is deemed to be that of the domestic bank.

Bankers' acceptances are short-term credit instruments evidencing the promise of the bank (by virtue of the bank's "acceptance") to pay at maturity a draft which has been drawn on it by a customer (the "drawer"). These instruments are used to finance the import, export, transfer, or storage of goods and reflect the obligation of both the bank and the drawer to pay the face amount.

#### Commercial Paper

These obligations are short-term promissory notes issued by domestic corporations to meet current working capital requirements. Such paper may be unsecured or backed by a bank letter of credit. Commercial paper issued with a letter of credit is, in effect, "two party paper," with the issuer directly responsible for payment, plus a bank's guarantee that if the note is not paid at maturity by the issuer, the bank will pay the principal and interest to the

buyer. Commercial paper is sold either as interest-bearing or on a discounted basis, with maturities not exceeding 270 days.

## Futures and Options on Futures and Securities

As described in the Worldwide Emerging Markets Fund's Prospectus, the Fund may enter into futures contracts, and purchase and sell ("write") options to buy or sell futures contracts and other securities, which are included among the types of instruments sometimes known as derivatives. The Fund will comply with and adhere to all limitations in the manner and extent to which it effects transactions in futures and options on such futures currently imposed by the rules and policy guidelines of the Commodity Futures Trading Commission (the "CFTC") as conditions for exemption of a mutual fund, or investment advisers thereto, from registration as a commodity pool operator. Under those restrictions, the Fund will not, as to any positions, whether long, short or a combination thereof, enter into futures and options thereon for which the aggregate initial margins and premiums exceed 5% of the fair market value of the Fund's total assets after taking into account unrealized profits and losses on options it has entered into. In the case of an option that is "in-the-money," as defined in the Commodity Exchange Act (the "CEA"), the in-the-money amount may be excluded in computing such 5%. (In general a call option on a future is "in-the-money" if the value of the future exceeds the exercise ("strike") price of the call; a put option on a future is "in-the-money" if the value of the future which is the subject of the put is exceeded by the strike price of the put.) The Fund may use futures and options thereon solely for bona fide hedging or for other non-speculative purposes within the meaning and intent of the applicable provisions of the CEA and the regulations thereunder. As to long positions which are used as part of the Fund's portfolio management strategies and are incidental to its activities in the underlying cash market, the "underlying commodity value" of the Fund's futures and options thereon must not exceed the sum of (i) cash set aside in an identifiable manner, or short-term U.S. debt obligations or other dollar-denominated high-quality, short-term money instruments so set aside, plus sums deposited on margin; (ii) cash proceeds from existing investments due in 30 days; and (iii) accrued profits held at the futures commission merchant. The "underlying commodity value" of a future is computed by multiplying the size of the future by the daily settlement price of the future. For an option on a future, that value is the underlying commodity value of the future underlying the option.

Unlike when the Worldwide Emerging Markets Fund purchases or sells a security, no price is paid or received by the Fund upon the purchase or sale of a futures contract. Instead, the Fund will be required to deposit in a segregated asset account with the broker an amount of cash or qualifying securities (currently U.S. Treasury bills), currently in a minimum amount of \$15,000. This is called "initial margin." Such initial margin is in the nature of a performance bond or good faith deposit on the contract. However, since losses on open contracts are required to be reflected in cash in the form of variation margin payments, the Fund may be required to make additional payments during the term of the contracts to its broker. Such payments would be required, for example, where, during the term of an interest rate futures contract purchased by the Fund, there was a general increase in interest rates, thereby making the Fund's portfolio securities less valuable. In all instances involving the purchase of financial futures contracts by the Fund, an amount of cash

together with such other securities as permitted by applicable regulatory authorities to be utilized for such purpose, at least equal to the market value of the futures contracts, will be deposited in a segregated account with the Fund's custodian to collateralize the position. At any time prior to the expiration of a futures contract, the Fund may elect to close its position by taking an opposite position which will operate to terminate the Fund's position in the futures contract. For a more complete discussion of the risks involved in futures and options on futures and other securities, refer to Appendix A ("Description of Futures and Options Contracts").

Where futures are purchased to hedge against a possible increase in the price of a security before a Fund is able in an orderly fashion to invest in the security, it is possible that the market may decline instead. If the Fund, as a result, concluded not to make the planned investment at that time because of

concern as to possible further market decline or for other reasons, the Fund would realize a loss on the futures contract that is not offset by a reduction in the price of securities purchased.

In addition to the possibility that there may be an imperfect correlation or no correlation at all between movements in the futures contract and the portion of the portfolio being hedged, the price of futures may not correlate perfectly with movements in the prices due to certain market distortions. All participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions which could distort the normal relationship between the underlying securities and the value of the futures contract. Moreover, the deposit requirements in the futures market are less onerous than margin requirements in the securities market and may therefore cause increased participation by speculators in the futures market. Such increased participation may also cause temporary price distortions. Due to the possibility of price distortion in the futures market and because of the imperfect correlation between movements in the value of the underlying securities and movements in the prices of futures contracts, the value of futures contracts as a hedging device may be reduced.

In addition, if the Worldwide Emerging Markets Fund has insufficient available cash, it may at times have to sell securities to meet variation margin requirements. Such sales may have to be effected at a time when it may be disadvantageous to do so.

#### Options on Futures Contracts

The Worldwide Emerging Markets Fund may buy and write options on futures contracts for hedging purposes, which are included among the types of instruments sometimes known as derivatives. The purchase of a call option on a futures contract is similar in some respects to the purchase of a call option on an individual security. Depending on the pricing of the option compared to either the price of the futures contract upon which it is based or the price of the underlying instrument, ownership of the option may or may not be less risky than ownership of the futures contract or the underlying instrument. As with the purchase of futures contracts, when the Fund is not fully invested it may buy a call option on a futures contract to hedge against a market advance.

The writing of a call option on a futures contract constitutes a partial

hedge against declining prices of the security or foreign currency which is deliverable under, or of the index comprising, the futures contract. If the futures price at the expiration of the option is below the exercise price, the Worldwide Emerging Markets Fund will retain the full amount of the option premium which provides a partial hedge against any decline that may have occurred in the Fund's portfolio holdings. The writing of a put option on a futures contract constitutes a partial hedge against increasing prices of the security or foreign currency which is deliverable under, or of the index comprising, the futures contract. If the futures price at expiration of the option is higher than the exercise price, the Fund will retain the full amount of the option premium which provides a partial hedge against any increase in the price of securities which the Fund is considering buying. If a call or put option the Fund has written is exercised, the Fund will incur a loss which will be reduced by the amount of the premium it received. Depending on the degree of correlation between change in the value of its portfolio securities and changes in the value of the futures positions, the Fund's losses from existing options on futures may to some extent be reduced or increased by changes in the value of portfolio securities.

The purchase of a put option on a futures contract is similar in some respects to the purchase of protective put options on portfolio securities. For example, the Worldwide Emerging Markets Fund may buy a put option on a futures contract to hedge the Fund's portfolio against the risk of falling prices.

The amount of risk the Worldwide Emerging Markets Fund assumes when it buys an option on a futures contract is the premium paid for the option plus related transaction costs. In addition to the correlation risks discussed above, the purchase of an option also entails the risk that changes in the value of the underlying futures contract will not be fully reflected in the value of the options bought.

#### Forward Foreign Currency Contracts

The Worldwide Emerging Markets Fund may enter into forward currency contracts, which are included among the types of instruments sometimes known as derivatives, to purchase or sell foreign currencies (i.e., non-U.S. currencies) as a hedge against possible variations in foreign exchange rates. A forward foreign currency contract is an agreement between the contracting parties to exchange an amount of currency at some future time at an agreed upon rate. The rate can be higher or lower than the spot rate between the currencies that are the subject of the contract. A forward contract generally has no deposit requirement, and such transactions do not involve commissions. By entering into a forward contract for the purchase or sale of the amount of foreign currency invested in a foreign security transaction, the Fund can hedge against possible variations in the value of the dollar versus the subject currency either between the date the foreign security is purchased or sold and the date on which payment is made or received or during the time the Fund holds the foreign security. Hedging against a decline in the value of a currency in the foregoing manner does not eliminate fluctuations in the prices of portfolio securities or prevent losses if the prices of such securities decline. Furthermore, such hedging transactions preclude the opportunity for gain if the value of the hedged currency should rise. The Fund will not speculate in forward currency contracts. Although the Fund has not adopted any limitations on its ability to use forward contracts as a hedge against fluctuations in foreign exchange rates, the Fund

does not attempt to hedge all of its non-U.S. portfolio positions and will enter into such transactions only to the extent, if any, deemed appropriate by its investment adviser or sub-adviser (collectively, "Fund Management"). The Fund will not enter into forward contracts for a term of more than one year.

#### Swaps and Swap-Related Products

Interest rate swaps involve the exchange by the Worldwide Emerging Markets Fund with another party of their respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed rate payments. The exchange commitments can involve payments to be made in the same currency or in different currencies. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a contractually-based principal amount from the party selling the interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a contractually-based principal amount from the party selling the interest rate floor.

The Worldwide Emerging Markets Fund may enter into interest rate swaps, caps and floors, which are included among the types of instruments sometimes known as derivatives, on either an asset-based or liability-based basis, depending upon whether it is hedging its assets or its liabilities, and usually will enter into interest rate swaps on a net basis, i.e., the two payment streams are netted out, with the Fund receiving or paying, as the case may be, only the net amount of the two payments. The net amount of the excess, if any, of the Fund's obligations over its entitlement with respect to each interest rate swap will be calculated on a daily basis, and an amount of cash or high-grade liquid assets having an aggregate net asset value at least equal to the accrued excess will be maintained in a segregated account by the Fund's custodian. If the Fund enters into an interest rate swap on other than a net basis, the Fund would maintain a segregated account in the full amount accrued on a daily basis of the Fund's obligations with

respect to the swap. The Fund will not enter into any interest rate swap, cap or floor transaction unless the unsecured senior debt or the claims-paying ability of the other party thereto is rated in one of the three highest rating categories of at least one nationally recognized statistical rating organization at the time of entering into such transaction. Fund Management will monitor the creditworthiness of all counterparties on an ongoing basis. If there is a default by the other party to such a transaction, the Fund would have contractual remedies pursuant to the agreements related to the transaction.

The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. Caps and floors are more recent innovations for which standardized documentation has not yet been developed and, accordingly, they are less liquid than swaps. To the extent the Worldwide Emerging Markets Fund sells (i.e., writes) caps and floors, it will maintain in a segregated account cash or high-grade liquid assets having an aggregate net asset value at least equal to the full amount, accrued on a daily basis, of the Fund's obligations with respect to any caps or floors.

There is no limit on the amount of interest rate swap transactions that may be entered into by the Worldwide Emerging Markets Fund. These transactions

may in some instances involve the delivery of securities or other underlying assets by the Fund or its counterparty to collateralize obligations under the swap. The documentation currently used in those markets attempts to limit the risk of loss with respect to interest rate swaps to the net amount of the payments that a party is contractually obligated to make. If the other party to an interest rate swap that is not collateralized defaults, the Fund would anticipate losing the net amount of the payments that the Fund contractually is entitled to receive over the payments that the Fund is contractually obligated to make. The Fund may buy and sell (i.e., write) caps and floors without limitation, subject to the segregated account requirement described above as well as the Fund's other investment restrictions set forth below.

Investment Restrictions. As described in the section of the Emerging Growth Fund's Prospectus entitled "Investment Objective and Policies," the Fund has adopted certain fundamental investment restrictions. Under these restrictions, which may not be changed without prior approval by the holders of a majority, as defined in the 1940 Act, of the outstanding voting securities of the Emerging Growth Fund, the Emerging Growth Fund may not:

- (1) sell short or buy on margin, except if the Fund ever commences writing put or call options (which the Fund currently does not anticipate doing) and except for such short-term credits as are necessary for the clearance of purchases of securities;
- (2) issue senior securities as defined in the Investment Company Act of 1940 or borrow money, except that the Fund may borrow from banks in an amount not in excess of 10% of the value of its total assets (including the amount borrowed) less liabilities (not including the amount borrowed) at the time the borrowing is made, as a temporary measure for emergency purposes (the Fund will not purchase securities while any such borrowings exist);
- (3) invest in the securities of any other investment company except for a purchase or acquisition in accordance with a plan of reorganization, merger or consolidation;
- (4) purchase the securities of any one issuer (other than U.S. government securities) if as a result more than 5% of the value of its total assets would be invested in the securities of any one issuer or the Fund would own more than 10% of the voting securities of such issuer;
- (5) lend money or securities to any person, provided, however, that this shall not be deemed to prohibit the purchase of debt securities or entering into repurchase agreements in accordance with the Fund's investment policies, or to prohibit the Fund from lending portfolio securities in an amount up to 33-1/3% of the Fund's total assets (taken at current value);
- (6) buy or sell commodities, commodity contracts or real estate (however, the Fund may purchase securities of companies investing in real estate);
- (7) invest in any company for the purpose of exercising control or



management;

- (8) engage in the underwriting of any securities (except to the extent the Fund may be deemed an underwriter under the Securities Act of 1933 in disposing of a security);
- (9) purchase securities of any company in which any officer or director of the Fund or its investment adviser owns more than 1/2 of 1% of the outstanding securities, or in which all of the officers and directors of the Fund and its investment adviser, as a group, own more than 5% of such securities;
- (10) invest more than 25% of the value of the Fund's assets in one particular industry.
- (11) pledge, hypothecate, mortgage or otherwise encumber its assets, except as necessary to secure permitted borrowings;
- (12) purchase oil, gas or other mineral leases, rights or royalty contracts or development programs (except that the Fund may invest in the securities of issuers engaged in the foregoing activities);
- (13) purchase the securities (other than United States government securities) of an issuer having a record, together with predecessors, of less than three years' continuous operations, if as a result of such purchase more than 5% of the value of the Fund's total assets would be invested in such securities.

The Emerging Growth Fund is not prohibited from purchasing or writing put and call options on securities, but does not anticipate doing so in the foreseeable future.

In applying restriction (10) above, the Emerging Growth Fund uses an industry classification system based on the O'Neil Database published by William O'Neil & Co., Inc.

The Company also has given the following undertaking to the State of Texas. The Emerging Growth Fund will not buy or sell real property (including limited partnership interests therein), but may buy or sell readily marketable interests in real estate investment trusts or readily marketable securities of companies which invest in real estate.

The Company also has given an undertaking to the State of Arkansas that the Emerging Growth Fund may purchase or write put and call options on securities, or straddles, spreads, or combinations thereof, only if by reason thereof the value of its aggregate investment in such classes of securities will be 5% or less of its total assets.

As described in the section of the Worldwide Emerging Markets Fund's Prospectus entitled "Investment Objective and Policies," the Fund has adopted certain fundamental investment restrictions. Under these restrictions, which may

not be changed without prior approval by the holders of a majority, as defined in the 1940 Act, of the outstanding voting securities of the Worldwide Emerging Markets Fund, the Worldwide Emerging Markets Fund may not:

1. With respect to seventy-five percent (75%) of the Fund's total assets, purchase the securities of any one issuer (except cash items and "Government securities" as defined under the 1940 Act), if the purchase would cause the Fund to have more than 5% of the value of its total assets invested in the securities of such issuer or to own more than 10% of the outstanding voting securities of such issuer;
2. Borrow money or issue senior securities (as defined in the 1940 Act), except that the Fund may borrow money for temporary or emergency purposes (not for leveraging or investment) and may enter into reverse repurchase agreements in an aggregate amount not exceeding 33-1/3% of the value of its total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed 33-1/3% of the value of the Fund's total assets by reason of a decline in total assets will be reduced within three business days to the extent necessary to comply with the 33-1/3% limitation. This restriction shall not prohibit deposits of assets to margin or guarantee positions in futures, options, swaps or forward contracts, or the segregation of assets in connection with such contracts.
3. Invest directly in real estate or interests in real estate; however, the Fund may own debt or equity securities issued by companies engaged in those businesses.
4. Purchase or sell physical commodities other than foreign currencies unless acquired as a result of ownership of securities (but this shall not prevent the Fund from purchasing or selling options, futures, swaps and forward contracts or from investing in securities or other instruments backed by physical commodities).
5. Lend any security or make any other loan if, as a result, more than 33-1/3% of its total assets would be lent to other parties (but this limitation does not apply to purchases of commercial paper, debt securities or to repurchase agreements.)
6. Act as an underwriter of securities issued by others, except to the extent that it may be deemed an underwriter in connection with the disposition of portfolio securities of the Fund.
7. Invest more than 25% of the value of its total assets in any particular industry (other than Government securities).

As a fundamental policy in addition to the above, the Worldwide Emerging Markets Fund may, notwithstanding any other investment policy or limitation (whether or not fundamental), invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objectives, policies and limitations as the Fund.

In applying restriction 7, above, the Worldwide Emerging Markets Fund uses an industry classification system for international securities based on information obtained from Bloomberg L.P., Moody's International and the O'Neil Database published by William O'Neil & Co., Inc.

Furthermore, the Company's board of directors has adopted additional investment restrictions for the Worldwide Emerging Markets Fund. These restrictions are operating policies of the Fund and may be changed by the board of directors without shareholder approval. The additional investment restrictions adopted by the board of directors to date with respect to the Worldwide Emerging Markets Fund include the following:

- (a) The Fund's investments in warrants, valued at the lower of cost or market, may not exceed 5% of the value of its net assets. Included within that amount, but not to exceed 2% of the value of the Fund's net assets, may be warrants that are not listed on the New York or American Stock Exchanges. Warrants acquired by the Fund in units or attached to securities shall be deemed to be without value unless such warrants are separately transferable and current market prices are available, or unless otherwise determined by the board of directors.
- (b) The Fund will not (i) enter into any futures contracts or options on futures contracts if immediately thereafter the aggregate margin deposits on all outstanding futures contracts positions held by the Fund and premiums paid on outstanding options on futures contracts, after taking into account unrealized profits and losses, would exceed 5% of the market value of the total assets of the Fund, or (ii) enter into any futures contracts if the aggregate net amount of the Fund's commitments under outstanding futures contracts positions of the Fund would exceed the market value of the total assets of the Fund.
- (c) The Fund does not currently intend to sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short without the payment of any additional consideration therefor, and provided that transactions in options, swaps and forward futures contracts are not deemed to constitute selling securities short.
- (d) The Fund does not currently intend to purchase securities on margin, except that the Fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments and other deposits in connection with transactions in options, futures, swaps and forward contracts shall not be deemed to constitute purchasing securities on margin.
- (e) The Fund does not currently intend to (i) purchase securities of closed-end investment companies, except in the open market where no commission except the ordinary broker's commission is paid, or (ii) purchase or retain securities issued by other open-end investment companies other than money market funds or funds which are the only practical means, or one of the few practical means, of investing in a particular emerging country. Limitations (i) and (ii) do not apply to securities received as dividends, through offers of exchange, or as a result of a reorganization, consolidation, or merger.
- (f) The Fund may not mortgage or pledge any securities owned or held by the Fund in amounts that exceed, in the aggregate, 15% of the Fund's net assets, provided that this limitation does not apply to reverse repurchase agreements or in the case of assets deposited to margin or guarantee positions in futures, options, swaps or forward contracts or placed in a segregated account in connection with such contracts.

- (g) The Fund does not currently intend to purchase securities of any issuer (other than U.S. Government agencies and instrumentalities or instruments guaranteed by an entity with a record of more than three years' continuous operation, including that of predecessors) with a record of less than three years' continuous operation (including that of predecessors) if such purchase would cause the Fund's investments in all such issuers to exceed 5% of the Fund's total assets taken at market value at the time of such purchase.
- (h) The Fund does not currently intend to invest directly in oil, gas, or other mineral development or exploration programs or leases; however, the Fund may own debt or equity securities of companies engaged in those businesses.
- (i) The Fund does not currently intend to purchase any security or enter into a repurchase agreement if, as a result, more than 15% of its net assets would be invested in repurchase agreements not entitling the holder to payment of principal and interest within seven days and in securities that are illiquid by virtue of legal or contractual restrictions on resale or the absence of a readily available market. The board of directors, or the Fund's investment adviser acting pursuant to authority delegated by the board of directors, may determine that a readily available market exists for securities eligible for resale pursuant to Rule 144A under the Securities Act of 1933, or any successor to such rule, and therefore that such securities are not subject to the foregoing limitation.
- (j) The Fund may not invest in companies for the purpose of exercising control or management, except to the extent that exercise by the Fund of its rights under agreements related to portfolio securities would be deemed to constitute such control.

With respect to investment restriction (i) above, the board of directors has delegated to Fund Management the authority to determine whether a liquid market exists for securities eligible for resale pursuant to Rule 144A under the 1933 Act, or any successor to such rule, and whether such securities are subject to restriction (i) above. Under guidelines established by the board of directors, Fund Management will consider the following factors, among others, in making this determination: (1) the unregistered nature of a Rule 144A security, (2) the frequency of trades and quotes for the security; (3) the number of dealers willing to purchase or sell the security and the number of other potential purchasers; (4) dealer undertakings to make a market in the security; and (5) the nature of the security and the nature of marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

Unless otherwise noted, each Fund's investment restrictions and its investment policies are not fundamental and may be changed by action of the Company's board of directors. Unless otherwise noted, all percentage limitations contained in the Fund's investment policies and restrictions apply at the time an investment is made. Thus, subsequent changes in the value of an investment after purchase or in the value of the Fund's total assets will not cause any such limitation to have been violated or to require the disposition of any investment, except as otherwise required by law.

## THE FUNDS AND THEIR MANAGEMENT

The Company. The Company was incorporated under the laws of Maryland on December 6, 1990. On December 2, 1994, the Company's name was changed from "INVESCO Emerging Growth Fund, Inc." to "INVESCO Emerging Opportunity Funds, Inc."

The Investment Adviser. INVESCO Funds Group, Inc. ("INVESCO") is employed as the Funds' investment adviser. INVESCO was established in 1932 and also serves as an investment adviser to INVESCO Diversified Funds, Inc., INVESCO Dynamics Fund, Inc., INVESCO Growth Fund, Inc., INVESCO Income Funds, Inc., INVESCO Industrial Income Fund, Inc., INVESCO International Funds, Inc., INVESCO Money Market Funds, Inc., INVESCO Multiple Asset Funds, Inc., INVESCO Specialty Funds, Inc., INVESCO Strategic Portfolios, Inc., INVESCO Tax-Free Income Funds, Inc., INVESCO Value Trust and INVESCO Variable Investment Funds, Inc.

The Sub-Advisers. INVESCO, as investment adviser, has contracted with INVESCO Trust Company ("INVESCO Trust") to provide investment advisory and research services on behalf of the Emerging Growth Fund. INVESCO Trust has the primary responsibility for providing portfolio investment management services to that Fund. INVESCO Trust, a trust company founded in 1969, is a wholly-owned subsidiary of INVESCO.

Additionally, INVESCO, as investment adviser, has contracted with MIM International Limited ("MIL") to provide investment advisory and research services on behalf of the Worldwide Emerging Markets Fund. MIL has the primary responsibility for providing portfolio investment management services to that Fund. MIL is an indirect wholly-owned subsidiary of INVESCO PLC.

INVESCO is an indirect, wholly-owned subsidiary of INVESCO PLC, a publicly-traded holding company organized in [1935]. Through subsidiaries located in London, Denver, Atlanta, Boston, Louisville, Dallas, Tokyo, Hong Kong, and the Channel Islands, INVESCO PLC provides investment services around the world. INVESCO was acquired by INVESCO PLC in 1982 and as of May 31, 1995, managed 14 mutual funds, consisting of 38 separate portfolios, on behalf of approximately 797,000 shareholders. INVESCO PLC's other North American subsidiaries include the following:

--INVESCO Capital Management, Inc. of Atlanta, Georgia, manages institutional investment portfolios, consisting primarily of discretionary employee benefit plans for corporations and state and local governments, and endowment funds. INVESCO Capital Management, Inc. is the sole shareholder of INVESCO Services, Inc., a registered broker-dealer whose primary business is the distribution of shares of two registered investment companies.

--INVESCO Management & Research, Inc. (formerly Gardner and Preston Moss, Inc.) of Boston, Massachusetts, primarily manages pension and endowment accounts

--PRIMCO Capital Management, Inc. of Louisville, Kentucky, specializes in managing stable return investments, principally on behalf of Section 401(k) retirement plans.

--INVESCO Realty Advisors of Dallas, Texas, is responsible for providing advisory services in the U.S. real estate markets for INVESCO PLC's clients worldwide. Clients include corporate plans, public pension funds as well as endowment and foundation accounts.

The corporate headquarters of INVESCO PLC are located at 11 Devonshire

Square, London, EC2M 4YR, England.

As indicated in the Prospectuses, INVESCO and INVESCO Trust permit investment and other personnel to purchase and sell securities for their own accounts in accordance with a compliance policy governing personal investing by directors, officers and employees of INVESCO, INVESCO Trust and their North American affiliates. The policy requires officers, inside directors, investment and other personnel of INVESCO, INVESCO Trust and their North American affiliates to pre-clear all transactions in securities not otherwise exempt under the policy. Requests for trading authority will be denied when, among other reasons, the proposed personal transaction would be contrary to the provisions of the policy or would be deemed to adversely affect any transaction then known to be under consideration for or to have been effected on behalf of any client account, including the Funds. MIL is subject to a similar policy.

In addition to the pre-clearance requirement described above, the policy subjects officers, inside directors, investment and other personnel of INVESCO, INVESCO Trust and their North American affiliates to various trading restrictions and reporting obligations. All reportable transactions are reviewed for compliance with the policy. The provisions of this policy are administered by and subject to exceptions authorized by INVESCO or INVESCO Trust.

Investment Advisory Agreement. INVESCO serves as investment adviser pursuant to an investment advisory agreement (the "Agreement") with the Company which was

approved on April 24, 1991, by a vote cast in person by all of the directors of the Company, including all of the directors who are not "interested persons" of the Company or INVESCO at a meeting called for such purpose. The Agreement was approved by INVESCO on December 31, 1991 as the then sole shareholder of the Emerging Growth Fund, and was approved by that Fund's public shareholders on May 24, 1993. The Agreement was approved by INVESCO on September \_\_, 1995 as the then sole shareholder of the Worldwide Emerging Markets Fund. The Agreement was for an initial term of two years expiring December 31, 1993, and has been continued by action of the board of directors until April 30, 1996. Thereafter, the Agreement may be continued from year to year as to each Fund as long as each such continuance is specifically approved at least annually by the board of directors of the Company, or by a vote of the holders of a majority, as defined in the 1940 Act, of the outstanding shares of the Fund. Each such continuance also must be approved by a majority of the directors who are not parties to the Agreement or interested persons (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such continuance. The Agreement may be terminated at any time without penalty by either party upon sixty (60) days' written notice, and terminates automatically in the event of an assignment to the extent required by the 1940 Act and the rules thereunder.

The Agreement provides that INVESCO shall manage the investment portfolios of the Funds in conformity with the Funds' investment policies (either directly or by delegation to a sub-adviser which may be a company affiliated with INVESCO). Further, INVESCO shall perform all administrative, internal accounting (including computation of net asset value), clerical, statistical, secretarial, and all other services necessary or incidental to the administration of the affairs of the Funds excluding, however, those services that are the subject of separate agreement between the Company and INVESCO or any affiliate thereof, including the distribution and sale of Fund shares and provision of transfer

agency, dividend disbursing agency, and registrar services, and services furnished under an Administrative Services Agreement dated as of April 30, 1991, with INVESCO. Services provided under the Agreement include, but are not limited to: supplying the Company with officers, clerical staff and other employees, if any, who are necessary in connection with the Funds' operations; furnishing office space, facilities, equipment, and supplies; providing personnel and facilities required to respond to inquiries related to shareholder accounts; conducting periodic compliance reviews of the Funds' operations; preparation and review of required documents, reports and filings by INVESCO's in-house legal and accounting staff (including the prospectus, statement of additional information, proxy statements, shareholder reports, tax returns, reports to the SEC, and other corporate documents of the Funds), except insofar as the assistance of independent accountants or attorneys is necessary or desirable; supplying basic telephone service and other utilities; and preparing and maintaining certain of the books and records required to be prepared and maintained by the Funds under the 1940 Act. Expenses not assumed by INVESCO are borne by the Funds.

As full compensation for its advisory services provided to the Company under the Agreement, INVESCO receives a monthly fee. The fee is based upon a percentage of each Fund's average net assets, determined daily. With respect to the Emerging Growth Fund, the fee is calculated at an annual rate of 0.75% on the first \$350 million of the Fund's average net assets, 0.65% on the next \$350 million of the Fund's average net assets, and 0.55% on the Fund's average net assets over \$700 million. With respect to the Worldwide Emerging Markets Fund, the fee is calculated at the annual rate of 0.75% on the first \$500 million of the Fund's average net assets, 0.65% on the next \$500 million of the Fund's average net assets, and 0.55% on the Fund's average net assets over \$1 billion. For the fiscal years ended May 31, 1995, 1994 and 1993, the Emerging Growth Fund paid INVESCO advisory fees of \$1,370,549 (prior to the voluntary absorption of certain Fund expenses by INVESCO), \$1,359,701 and \$564,219, respectively. The Worldwide Emerging Markets Fund has not paid INVESCO any advisory fees as of the date of this Statement of Additional Information, since the Fund did not commence a public offering of its securities until September 11, 1995.

Certain states in which the shares of the Funds are qualified for sale currently impose limitations on the expenses of the Funds. At the date of this Statement of Additional Information, the most restrictive state-imposed annual expense limitation requires that INVESCO absorb any amount necessary to prevent a Fund's aggregate ordinary operating expenses (excluding interest, taxes, Rule 12b-1 fees, brokerage fees and commissions, and extraordinary charges such as litigation costs) from exceeding in any fiscal year 2.5% on the Fund's first \$30 million of average net assets, 2.0% on the next \$70 million of average net assets and 1.5% on the remaining average net assets. No payment of the investment advisory fee will be made to INVESCO which would result in a Fund's expenses exceeding on a cumulative annualized basis this state limitation. During the past fiscal year, INVESCO did not absorb any amounts under this provision.

Sub-Advisory Agreements. INVESCO Trust serves as sub-adviser to the Emerging Growth Fund pursuant to a sub-advisory agreement (the "Emerging Growth Sub-Agreement") with INVESCO which was approved on April 24, 1991, by a vote

cast in person by all of the directors of the Company, including all of the directors who are not "interested persons" of the Company, INVESCO, or INVESCO Trust at a meeting called for such purpose. The Emerging Growth Sub-Agreement was approved on December 31, 1991, by INVESCO as the then sole shareholder of the Fund, and by the Fund's public shareholders on May 24, 1993. The Emerging Growth Sub-Agreement was for an initial term of two years expiring December 31, 1993, and has been continued by action of the board of directors until April 30, 1996. Thereafter, the Emerging Growth Sub-Agreement may be continued from year to year as long as each such continuance is specifically approved by the board of directors of the Company, or by a vote of the holders of a majority, as defined in the 1940 Act, of the outstanding shares of the Fund. Each such continuance also must be approved by a majority of the directors who are not parties to the Emerging Growth Sub-Agreement or interested persons (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such continuance. The Emerging Growth Sub-Agreement may be terminated at any time without penalty by either party or the Company upon sixty (60) days' written notice, and terminates automatically in the event of an assignment to the extent required by the 1940 Act and the rules thereunder.

MIL serves as sub-adviser to the Worldwide Emerging Markets Fund pursuant to a sub-advisory agreement (the "Worldwide Sub-Agreement") with INVESCO which was approved on April 19, 1995, by a vote cast in person by a majority of the directors of the Company, including a majority of the directors who are not "interested persons" of the Company, INVESCO or MIL at a meeting called for such purpose. The Worldwide Sub-Agreement was approved on September \_\_, 1995, by INVESCO as the then sole shareholder of the Worldwide Emerging Markets Fund for an initial term expiring April 30, 1996. Thereafter, the Worldwide Sub-Agreement may be continued from year to year as long as each such continuance is specifically approved by the board of directors of the Company, or by a vote of the holders of a majority, as defined in the 1940 Act, of the outstanding shares of the Fund. Each such continuance also must be approved by a majority of the directors who are not parties to the Worldwide Sub-Agreement or interested persons (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such continuance. The Worldwide Sub-Agreement may be terminated at any time without penalty by either party or the Company upon sixty (60) days' written notice, and terminates automatically in the event of an assignment to the extent required by the 1940 Act and the rules thereunder.

The Sub-Agreements provide that INVESCO Trust and MIL, subject to the supervision of INVESCO and the Company's board of directors, shall manage the investment portfolios of the respective Funds in conformity with each Fund's investment policies. These management services include: (a) managing the investment and reinvestment of all the assets, now or hereafter acquired, of the Funds, and executing all purchases and sales of portfolio securities; (b) maintaining a continuous investment program for the Funds, consistent with (i)

each Fund's investment policies as set forth in the Company's Articles of Incorporation, Bylaws, and Registration Statement, as from time to time amended, under the 1940 Act, and in any prospectus and/or statement of additional information of the Company, as from time to time amended and in use under the 1933 Act, and (ii) the Company's status as a regulated investment company under the Internal Revenue Code of 1986, as amended; (c) determining what securities are to be purchased or sold for each of the Funds, unless otherwise directed by the directors of the Company or INVESCO, and executing transactions accordingly;



(d) providing the Funds the benefit of all of the investment analysis and research, the reviews of current economic conditions and trends, and the consideration of long-range investment policy now or hereafter generally available to investment advisory customers of the Sub-Advisers; (e) determining what portion of each of the Funds should be invested in the various types of securities authorized for purchase by each Fund; and (f) making recommendations as to the manner in which voting rights, rights to consent to Company action and any other rights pertaining to the portfolio securities of each Fund shall be exercised.

The Emerging Growth Sub-Agreement provides that as compensation for its services, INVESCO Trust shall receive from INVESCO, at the end of each month, a fee based upon the average daily value of the Emerging Growth Fund's net assets at the following annual rate: 0.25% on the first \$200 million of the average net assets of the Fund, and 0.20% on the Fund's average net assets over \$200 million. The Worldwide Sub-Agreement provides that as compensation for its services, MIL shall receive from INVESCO, at the end of each month, a fee based upon the average daily value of the Worldwide Emerging Markets Fund's net assets at the following annual rate: 0.375% on the first \$500 million of the Fund's average net assets, 0.325% on the next \$500 million of the Fund's average net assets, and 0.275% on the Fund's average net assets over \$1 billion. The Sub-Advisory fees are paid by INVESCO, NOT the Funds.

Administrative Services Agreement. INVESCO, either directly or through affiliated companies, provides certain administrative, sub-accounting, and recordkeeping services to the Funds pursuant to an Administrative Services Agreement dated December 31, 1991 (the "Administrative Agreement"). The Administrative Agreement was approved on April 24, 1991, by a vote cast in person by all of the directors of the Company, including all of the directors who are not "interested persons" of the Company or INVESCO at a meeting called for such purpose. The Administrative Agreement was for an initial term of one year expiring December 31, 1992, and has been continued by action of the board of directors until April 30, 1996. The Administrative Agreement may be continued from year to year thereafter as long as each such continuance is specifically approved by the board of directors of the Company, including a majority of the directors who are not parties to the Administrative Agreement or interested persons (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such continuance. The Administrative Agreement may be terminated at any time without penalty by INVESCO on sixty (60) days' written notice, or by the Company upon thirty (30) days' written notice, and terminates automatically in the event of an assignment unless the Company's board of directors approves such assignment.

The Administrative Agreement provides that INVESCO shall provide the following services to the Funds: (A) such sub-accounting and recordkeeping services and functions as are reasonably necessary for the operation of the Funds; and (B) such sub-accounting, recordkeeping, and administrative services and functions, which may be provided by affiliates of INVESCO, as are reasonably necessary for the operation of Fund shareholder accounts maintained by certain retirement plans and employee benefit plans for the benefit of participants in such plans.

As full compensation for services provided under the Administrative Agreement, each Fund pays a monthly fee to INVESCO consisting of a base fee of \$10,000 per year, plus an additional incremental fee computed daily and paid

monthly at an annual rate of 0.015% per year of the average net assets of the Fund. For the fiscal years ended May 31, 1995, 1994 and 1993, the Emerging Growth Fund paid INVESCO administrative services fees in the amount of \$37,411 (prior to the voluntary absorption of certain Fund expenses by INVESCO), \$37,194 and \$21,284, respectively. The Worldwide Emerging Markets Fund has not paid INVESCO any administrative services fees as of the date of this Statement of Additional Information, since it did not commence a public offering of its securities until September 11, 1995.

Transfer Agency Agreement. INVESCO also performs transfer agent, dividend disbursing agent, and registrar services for the Funds pursuant to a Transfer Agency Agreement dated December 31, 1991, which was approved by the board of directors of the Company, including a majority of the Company's directors who are not parties to the Transfer Agency Agreement or "interested persons" of any such party, in April 1992, for a term of one year. The Transfer Agency Agreement has been continued by action of the board of directors until April 30, 1996, and thereafter may be continued from year to year as long as such continuance is specifically approved at least annually by the board of directors of the Company. Any such continuance also must be approved by a majority of the Company's directors who are not parties to the Transfer Agency Agreement or interested persons (as defined by the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such continuance. The Transfer Agency Agreement may be terminated at any time without penalty by either party upon sixty (60) days' written notice and terminates automatically in the event of assignment.

The Transfer Agency Agreement provides that the Funds shall pay to INVESCO an annual fee of \$14.00 per shareholder account or omnibus account participant. This fee is paid monthly at 1/12 of the annual fee and is based upon the number of shareholder accounts and omnibus account participants in existence at any time during each month. For the fiscal years ended May 31, 1995, 1994 and 1993, the Emerging Growth Fund paid INVESCO transfer agency fees of \$635,770 (prior to the voluntary absorption of certain Fund expenses by INVESCO), \$362,259 and \$203,346, respectively. The Worldwide Emerging Markets Fund has not paid INVESCO any transfer agency fees as of the date of this Statement of Additional Information, since it did not commence a public offering of securities until September 11, 1995.

Officers and Directors of the Company. The overall direction and supervision of the Company is the responsibility of the board of directors, which has the primary duty of seeing that the general investment policies and programs of each of the Funds are carried out and that the Funds are properly administered. The officers of the Company, all of whom are officers and employees of, and are paid by, INVESCO, are responsible for the day-to-day administration of the Company and each of the Funds. The investment adviser for each Fund has the primary responsibility for making investment decisions on behalf of that Fund. These investment decisions are reviewed by the investment committee of INVESCO.

All of the officers and directors of the Company hold comparable positions with INVESCO Diversified Funds, Inc., INVESCO Dynamics Fund, Inc., INVESCO Growth Fund, Inc., INVESCO Income Funds, Inc., INVESCO Industrial Income Fund, Inc., INVESCO International Funds, Inc., INVESCO Money Market Funds, Inc.,

INVESCO Multiple Asset Funds, Inc., INVESCO Specialty Funds, Inc., INVESCO Strategic Portfolios, Inc., INVESCO Tax-Free Income Funds, Inc. and INVESCO Variable Investment Funds, Inc. All of the directors of the Company are also trustees of INVESCO Value Trust. In addition, all of the directors of the Company also are, with the exception of Messrs. Hesser and Sim, trustees of INVESCO Treasurer's Series Trust and directors of The EBI Funds, Inc. All of the officers of the Company also hold comparable positions with INVESCO Value Trust. Set forth below is information with respect to each of the Company's officers and directors. Unless otherwise indicated, the address of the directors and officers is Post Office Box 173706, Denver, Colorado 80217-3706. Their affiliations represent their principal occupations during the past five years.

CHARLES W. BRADY,\*+ Chairman of the Board. Chief Executive Officer and Director of INVESCO PLC, London, England, and of various subsidiaries thereof; Chairman of the Board of The EBI Funds, Inc., INVESCO Treasurer's Series Trust, and The Global Health Sciences Fund. Address: 1315 Peachtree Street, NE, Atlanta, Georgia. Born May 11, 1935.

FRED A. DEERING,+# Vice Chairman of the Board. Vice Chairman of The EBI Funds, Inc. and INVESCO Treasurer's Series Trust. Trustee of The Global Health Sciences Fund. Chairman of the Executive Committee and, formerly, Chairman of the Board of Security Life of Denver Insurance Company, Denver, Colorado; Director of NN Financial, Toronto, Ontario, Canada; Director and Chairman of the Executive Committee of ING America Life, Life Insurance Co. of Georgia and Southland Life Insurance Company. Address: Security Life Center, 1290 Broadway, Denver, Colorado. Born: January 12, 1928.

DAN J. HESSER,\*+ President and Director. Chairman of the Board, President, and Chief Executive Officer of INVESCO Funds Group, Inc., and Director of INVESCO Trust Company. Trustee of The Global Health Sciences Fund. Born: December 27, 1939.

VICTOR L. ANDREWS,\*\* Director. Mills Bee Lane Professor of Banking and Finance and Chairman of the Department of Finance at Georgia State University, Atlanta, Georgia, since 1968; since October 1984, Director of the Center for the Study of Regulated Industry at Georgia State University; formerly, member of the faculties of the Harvard Business School and the Sloan School of Management of MIT. Dr. Andrews is also a director of The Southeastern Thrift and Bank Fund, Inc. and The Sheffield Funds, Inc. Address: Department of Finance, Georgia State University, University Plaza, Atlanta, Georgia. Born: June 23, 1930.

BOB R. BAKER,+\*\* Director. President and Chief Executive Officer of AMC Cancer Research Center, Denver, Colorado, since January 1989; until mid-December 1988, Vice Chairman of the Board of First Columbia Financial Corporation (a financial institution), Englewood, Colorado. Formerly, Chairman of the Board and Chief Executive Officer of First Columbia Financial Corporation. Address: 1775 Sherman Street, #1000, Denver, Colorado. Born: August 7, 1936.

FRANK M. BISHOP,\* Director. President and Chief Operating Officer of INVESCO Inc. since February, 1993; Director of INVESCO Funds Group, Inc. since March 1993; Director (since February 1993), Vice President (since December 1991), and Portfolio Manager (since February 1987), of INVESCO Capital Management, Inc. (and predecessor firms) Atlanta, Georgia. Address: 1315 Peachtree Street, N.E., Atlanta, Georgia. Born: December 7, 1943.

LAWRENCE H. BUDNER,# Director. Trust Consultant; prior to June 30, 1987, Senior Vice President and Senior Trust Officer of InterFirst Bank, Dallas, Texas Address: 7608 Glen Albens, Dallas, Texas. Born: July 25, 1930.

DANIEL D. CHABRIS,+# Director. Financial Consultant; Assistant Treasurer of Colt Industries Inc., New York, New York, from 1966 to 1988. Address: 15 Sterling Road, Armonk, New York. Born: August 1, 1923.

A. D. FRAZIER, JR.,\*\* Director. Chief Operating Officer of the Atlanta Committee for the Olympic Games. From 1982 to 1991, Mr. Frazier was employed in various capacities by First Chicago Bank, most recently as Executive Vice President of the North American Banking Group. Trustee of The Global Health Sciences Fund. Address: 250 Williams Street, Suite 6000, Atlanta, Georgia 30301. Born: June 29, 1944.

KENNETH T. KING,\*\* Director. Formerly, Chairman of the Board of The Capitol Life Insurance Company, Providence Washington Insurance Company, and Director of numerous subsidiaries thereof in the U.S. Formerly, Chairman of the Board of The Providence Capitol Companies in the United Kingdom and Guernsey. Chairman of the Board of the Symbion Corporation (a high technology company) until 1987. Address: 4080 North Circulo Manzanillo, Tucson, Arizona. Born: November 16, 1925.

JOHN W. MCINTYRE,# Director. Retired. Formerly, Vice Chairman of the Board of Directors of the Citizens and Southern Corporation and Chairman of the Board and Chief Executive Officer of the Citizens and Southern Georgia Corporation and Citizens and Southern National Bank. Director of Golden Poultry Co., Inc. Trustee of The Global Health Sciences Fund and Gables Residential Trust. Address: Seven Piedmont Center, Suite 100, Atlanta, Georgia 30305. Born: September 14, 1930.

R. DALTON SIM\*, Director. Chairman of the Board (since March 1993) and President (since January 1991) of INVESCO Trust Company; Director since June 1987 and, formerly, Executive Vice President and Chief Investment Officer (June 1987 to January 1991) of INVESCO Funds Group, Inc.; President (since 1994) and Trustee (since 1991) of The Global Health Sciences Fund. Born: July 18, 1939.

GLEN A. PAYNE, Secretary. Senior Vice President, General Counsel and Secretary of INVESCO Funds Group, Inc. and INVESCO Trust Company; formerly, employee of a U.S. regulatory agency, Washington, D.C., (June 1973 through May 1989). Born: September 25, 1947.

RONALD L. GROOMS, Treasurer. Senior Vice President and Treasurer of INVESCO Funds Group, Inc. and INVESCO Trust Company. Born: October 1, 1946.

WILLIAM J. GALVIN, JR., Assistant Secretary. Vice President of INVESCO Funds Group, Inc. and Trust Officer of INVESCO Trust Company since August 1992; Vice President of 440 Financial Group from June 1990 to August 1992; Assistant Vice President of Putnam Companies from November 1986 to June 1990. Born: August 21, 1956.

ALAN I. WATSON, Assistant Secretary. Vice President of INVESCO Funds Group, Inc. and Trust Officer of INVESCO Trust Company. Born: September 14, 1941.

JUDY P. WIESE, Assistant Treasurer. Vice President of INVESCO Funds Group, Inc. and Trust Officer of INVESCO Trust Company. Born: February 3, 1948.

#Member of the audit committee of the Company.

+Member of the executive committee of the Company. On occasion, the executive committee acts upon the current and ordinary business of the Company between meetings of the board of directors. Except for certain powers which, under applicable law, may only be exercised by the full board of directors, the executive committee may exercise all powers and authority of the board of directors in the management of the business of the Company. All decisions are subsequently submitted for ratification by the board of directors.

\*These directors are "interested persons" of the Company as defined in the 1940 Act.

\*\*Member of the management liaison committee of the Company.

As of June 30, 1995, the officers and directors of the Company, as a group, beneficially owned less than 1% of the Company's outstanding shares and less than 1% of each Fund's outstanding shares.

#### Director Compensation

The following table sets forth, for the fiscal year ended May 31, 1995: the compensation paid by the Company to its eight independent directors for services rendered in their capacities as directors of the Company; the benefits accrued as Company expenses with respect to the Defined Benefit Deferred Compensation Plan

discussed below; and the estimated annual benefits to be received by these directors upon retirement as a result of their service to the Company. In addition, the table sets forth the total compensation paid by all of the mutual funds distributed by INVESCO Funds Group, Inc. (including the Company), The EBI Funds, Inc., INVESCO Treasurer's Series Trust and The Global Health Sciences Fund (collectively, the "INVESCO Complex") to these directors for services rendered in their capacities as directors or trustees during the year ended December 31, 1994. As of December 31, 1994, there were 45 funds in the INVESCO Complex.

|   | Aggregate<br>Compensa-<br>tion From<br>Company <sup>1</sup> | Benefits<br>Accrued As<br>Part of<br>Company<br>Expenses <sup>2</sup> | Estimated<br>Annual<br>Benefits<br>Upon<br>Retirement <sup>3</sup> | Total<br>Compensa-<br>tion From<br>INVESCO<br>Complex<br>Paid To<br>Directors <sup>1</sup> |
|---|---|---|--|--|
| Fred A. Deering,<br>Vice Chairman of<br>the Board | \$1,763   | \$698   | \$388  | \$89,350   |
| Victor L. Andrews                                 | 1,554   | 660   | 449  | 68,000   |
| Bob R. Baker                                      | 1,691   | 589   | 602  | 75,350   |

|                                 |                      |                      |         |                      |
|---------------------------------|----------------------|----------------------|---------|----------------------|
| Lawrence H. Budner              | 1,554                | 660                  | 449     | 68,000               |
| Daniel D. Chabris               | 1,654                | 753                  | 319     | 73,350               |
| A. D. Frazier, Jr. <sup>4</sup> | 355                  | 0                    | 0       | 32,500               |
| Kenneth T. King                 | 1,626                | 725                  | 352     | 71,000               |
| John W. McIntyre <sup>4</sup>   | 355                  | 0                    | 0       | 33,000               |
| Total                           | \$10,552             | \$4,085              | \$2,559 | \$510,550            |
| % of Net Assets                 | 0.0069% <sup>5</sup> | 0.0027% <sup>5</sup> |         | 0.0052% <sup>6</sup> |

<sup>1</sup>The vice chairman of the board, the chairmen of the audit, management liaison and compensation committees, and the members of the executive and valuation committees each receive compensation for serving in such capacities in addition to the compensation paid to all independent directors.

<sup>2</sup>Represents benefits accrued with respect to the Defined Benefit Deferred Compensation Plan discussed below, and not compensation deferred at the election of the directors.

<sup>3</sup>These figures represent the Company's share of the estimated annual benefits payable by the INVESCO Complex (excluding the Global Health Sciences Fund which does not participate in any retirement plan) upon the directors' retirement, calculated using the current method of allocating director compensation among the funds in the INVESCO Complex. These estimated benefits assume retirement at age 72 and that the basic retainer payable to the directors will be adjusted periodically for inflation, for increases in the number of funds in the INVESCO Complex, and for other reasons during the period in which retirement benefits are accrued on behalf of the respective directors. This results in lower estimated benefits for directors who are closer to retirement and higher estimated benefits for directors who are further from retirement. With the exception of Messrs. Frazier and McIntyre, each of these directors has served as a director/trustee of one or more of the funds in the INVESCO Complex for the minimum five-year period required to be eligible to participate in the Defined Benefit Deferred Compensation Plan.

<sup>4</sup>Messrs. Frazier and McIntyre began serving as directors of the Company on April 19, 1995.

<sup>5</sup>Totals as a percentage of the Company's net assets as of May 31, 1995.

<sup>6</sup>Total as a percentage of the net assets of the INVESCO Complex as of December 31, 1994.

Messrs. Bishop, Brady, Hesser, and Sim, as "interested persons" of the Company and other funds in the INVESCO Complex, receive compensation as officers or employees of INVESCO or its affiliated companies, and do not receive any director's fees or other compensation from the Company or other funds in the INVESCO Complex for their services as directors.

The boards of directors/trustees of the mutual funds managed by INVESCO, The EBI Funds, Inc. and INVESCO Treasurer's Series Trust have adopted a Defined

Benefit Deferred Compensation Plan for the non-interested directors and trustees of the funds. Under this plan, each director or trustee who is not an interested person of the funds (as defined in the 1940 Act) and who has served for at least five years (a "qualified director") is entitled to receive, upon retiring from the boards at the retirement age of 72 (or the retirement age of 73 to 74, if the retirement date is extended by the boards for one or two years, but less than three years) continuation of payment for one year (the "first year retirement benefit") of the annual basic retainer payable by the funds to the qualified director at the time of his retirement (the "basic retainer"). Commencing with any such director's second year of retirement, and commencing with the first year of retirement of a director whose retirement has been extended by the board for three years, a qualified director shall receive quarterly payments at an annual rate equal to 25% of the basic retainer. These payments will continue for the remainder of the qualified director's life or ten years, whichever is longer (the "reduced retainer payments"). If a qualified director dies or becomes disabled after age 72 and before age 74 while still a director of the funds, the first year retirement benefit and the reduced retainer payments will be made to him or to his beneficiary or estate. If a qualified director becomes disabled or dies either prior to age 72 or during his/her 74th year while still a director of the funds, the director will not be entitled to receive the first year retirement benefit; however, the reduced retainer payments will be made to his beneficiary or estate. The plan is administered by a committee of three directors who are also participants in the plan and one director who is not a plan participant. The cost of the plan will be allocated among the INVESCO, EBI and Treasurer's Series funds in a manner determined to be fair and equitable by the committee. The Company is not making any payments to directors under the plan as of the date of this Statement of Additional Information. The Company has no stock options or other pension or retirement plans for management or other personnel and pays no salary or compensation to any of its officers.

The Company has an audit committee comprised of four of the directors who are not interested persons of the Company. The committee meets periodically with the Company's independent accountants and officers to review accounting principles used by the Company, the adequacy of internal controls, the responsibilities and fees of the independent accountants, and other matters.

The Company also has a management liaison committee which meets quarterly with various management personnel of INVESCO in order (a) to facilitate better understanding of management and operations of the Company, and (b) to review legal and operational matters which have been assigned to the committee by the board of directors, in furtherance of the board of directors' overall duty of supervision.

#### HOW SHARES CAN BE PURCHASED

Shares of each Fund are sold on a continuous basis at the respective net asset value per share of the Fund next calculated after receipt of a purchase order in good form. The net asset value per share is computed separately for each Fund and is determined once each day that the New York Stock Exchange is open as of the close of regular trading on that Exchange, but may also be computed at other times. See "How Shares Are Valued." INVESCO acts as the Funds' Distributor under a distribution agreement with the Company under which it receives no compensation and bears all expenses, including the costs of printing

and distributing prospectuses, incident to marketing of the Funds' shares, except for such distribution expenses which are paid out of Fund assets under the Company's Plan of Distribution which has been adopted by the Company in accordance with Rule 12b-1 under the 1940 Act.

Distribution Plan. As discussed under "How Shares Can Be Purchased" in the Prospectuses, the Company has adopted a Plan and Agreement of Distribution (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. The Plan provides that each of the Funds may make monthly payments to INVESCO of amounts computed at an annual rate no greater than 0.25% on the Fund's average net assets during any 12-month period to reimburse it for expenses incurred by it in connection with the distribution of each Fund's shares to investors. For the fiscal year ended May 31, 1995, the Emerging Growth Fund made payments to INVESCO under the Plan in the amount of \$459,782. In addition, as of May 31, 1995, \$35,518 of additional distribution expenses had been incurred for the Emerging Growth Fund and are subject to payment upon approval of the Company's directors. As noted in the Prospectuses, one type of reimbursable expenditure is the payment of compensation to securities companies and other financial institutions and organizations in order to obtain various distribution-related and/or administrative services for the Funds. Each Fund is authorized by the Plan to use its assets to finance the payments made to obtain those services. Payments may be made by INVESCO to broker-dealers, who sell shares of the Funds and may be made to banks, savings and loan associations and other depository institutions. Although the Glass-Steagall Act limits the ability of certain banks to act as underwriters of mutual fund shares, the Company does not believe that these limitations affect the ability of such banks to enter into arrangements with INVESCO, but can give no assurance in this regard. However, to the extent it is determined otherwise in the future, arrangements with banks might have to be modified or terminated, and, in that case, the size of one or both of the Funds possibly could decrease to the extent that the banks would no longer invest customer assets in a particular Fund. Neither the Company nor its investment adviser will give any preference to banks or other depository institutions which enter into such arrangements when selecting investments to be made by each Fund.

For the 12 months ended May 31, 1995, allocation of 12b-1 amounts paid by the Emerging Growth Fund for the following categories of expenses were: advertising-- \$40,948; sales literature, printing, and postage--\$108,698; direct mail--\$47,180; public relations/promotion--\$48,793 compensation to securities dealers and other organizations--\$68,311; and marketing personnel--\$145,852. The Worldwide Emerging Markets Fund has not paid any 12b-1 fees as of the date of this Statement of Additional Information since it did not commence a public offering of its securities until September 11, 1995.

The nature and scope of services which are provided by securities dealers and other organizations may vary by dealer but include, among other things, processing new stockholder account applications, preparing and transmitting to the Company's Transfer Agent computer-processable tapes of each Fund's transactions by customers, serving as the primary source of information to customers in answering questions concerning each Fund, and assisting in other customer transactions with each Fund.

The Plan was approved on April 24, 1991, at a meeting called for such purpose by a majority of the directors of the Company, including a majority of the directors who neither are "interested persons" of the Company nor have any



financial interest in the operation of the Plan ("12b-1 directors"). The Plan was approved by INVESCO on December 31, 1991, as the then sole shareholder of the Emerging Growth Fund, and by the public shareholders of the Fund on May 24, 1993. Continuation of the Plan for another year was approved by the board of directors of the Company, including a majority of the 12b-1 directors, on April 19, 1995. With respect to the Worldwide Emerging Markets Fund, the Plan was approved by INVESCO on September \_\_, 1995 as the then sole shareholder of the Fund.

The Plan provides that it shall continue in effect for so long as such continuance is approved at least annually by the vote of the board of directors, including a majority of the 12b-1 directors of the Company cast in person at a meeting called for the purpose of voting on such continuance. The Plan can be terminated at any time with respect to any Fund, without penalty, if a majority of the 12b-1 directors, or shareholders of such Fund, vote to terminate the Plan. The Company may, in its absolute discretion, suspend, discontinue or limit the offering of the shares of any Fund at any time. In determining whether any such action should be taken, the board of directors intends to consider all relevant factors including, without limitation, the size of the Funds, the investment climate for any particular Fund, general market conditions, and the volume of sales and redemptions of Fund shares. The Plan may continue in effect and payments may be made under the Plan following any such temporary suspension or limitation of the offering of a Fund's shares; however, the Company is not contractually obligated to continue the Plan for any particular period of time. Suspension of the offering of a Fund's shares would not, of course, affect a shareholder's ability to redeem his shares. So long as the Plan is in effect, the selection and nomination of persons to serve as independent directors of the Company shall be committed to the independent directors then in office at the time of such selection or nomination. The Plan may not be amended to increase materially the amount of any Fund's payments thereunder without approval of the shareholders of that Fund, and all material amendments to the Plan must be approved by the board of directors of the Company, including a majority of the 12b-1 directors. Under the agreement implementing the Plan, INVESCO or the Funds, the latter by vote of a majority of the 12b-1 directors or of the holders of a majority of any Fund's outstanding voting securities, may terminate such agreement without penalty upon 30 days' written notice to the other party. No further payments will be made by any Fund under the Plan in the event of its termination as to that Fund.

To the extent that the Plan constitutes a plan of distribution adopted pursuant to Rule 12b-1 under the 1940 Act, it shall remain in effect as such, so as to authorize the use of each Fund's assets in the amounts and for the purposes set forth therein, notwithstanding the occurrence of an assignment, as defined by the 1940 Act, and rules thereunder. To the extent it constitutes an agreement pursuant to a plan, each Fund's obligation to make payments to INVESCO under the Plan shall terminate automatically, in the event of an "assignment," in which event the Funds may continue to make payments, pursuant to the Plan, to INVESCO or another organization only upon the approval of new arrangements, which may or may not be with INVESCO, regarding the use of the amounts authorized to be paid by it under the Plan, by the directors, including a majority of the 12b-1 directors, by a vote cast in person at a meeting called for such purpose.

Information regarding the services rendered under the Plan and the amounts paid therefor by each Fund are provided to, and reviewed by, the directors on a quarterly basis. In the quarterly review, the directors determine whether, and to what extent, INVESCO will be reimbursed for expenditures which it has made

that are reimbursable under the Company's Rule 12b-1 Plan. On an annual basis, the directors consider the continued appropriateness of the Plan and the level of compensation provided therein.

The only directors or interested persons, as that term is defined in Section 2(a)(19) of the 1940 Act, of the Company who have a direct or indirect financial interest in the operation of the Plan are the officers and directors of the

Company listed under "Officers and Directors of the Company" who are also officers either of INVESCO or companies affiliated with INVESCO. The benefits which the Company believes will be reasonably likely to flow to the Funds and their shareholders under the Plan include the following:

- (1) Enhanced marketing efforts, if successful, should result in an increase in net assets through the sale of additional shares and afford greater resources with which to pursue the investment objectives of the Funds;
- (2) The sale of additional shares reduces the likelihood that redemption of shares will require the liquidation of securities of the Funds in amounts and at times that are disadvantageous for investment purposes;
- (3) The positive effect which increased Fund assets will have on its revenues could allow INVESCO:
  - (a) To have greater resources to make the financial commitments necessary to improve the quality and level of each Fund's shareholder services (in both systems and personnel),
  - (b) To increase the number and type of mutual funds available to investors from INVESCO (and support them in their infancy), and thereby expand the investment choices available to all shareholders, and
  - (c) To acquire and retain talented employees who desire to be associated with a growing organization; and
- (4) Increased Fund assets may result in reducing each investor's share of certain expenses through economies of scale (e.g. exceeding established breakpoints in the advisory fee schedule and allocating fixed expenses over a larger asset base) thereby partially offsetting the costs of the Plan.

#### HOW SHARES ARE VALUED

As described in the section of the Funds' Prospectuses entitled "How

Shares Can Be Purchased," the net asset value of shares of each Fund of the Company is computed once each day that the New York Stock Exchange is open as of the close of regular trading on that Exchange (usually 4:00 p.m., New York time) and applies to purchase and redemption orders received prior to that time. Net asset value per share is also computed on any other day on which there is a sufficient degree of trading in the securities held by a Fund that the current net asset value per share of such Fund might be materially affected by changes in the value of the securities held, but only if on such day the Fund receives a request to purchase or redeem shares. Net asset value per share is not calculated on days the New York Stock Exchange is closed, such as federal holidays, including New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas.

The net asset value per share of each Fund is calculated by dividing the value of all securities held by the Fund and its other assets (including dividends and interest accrued but not collected), less the Fund's liabilities (including accrued expenses), by the number of outstanding shares of the Fund. Securities traded on national securities exchanges, the NASDAQ National Market System, the NASDAQ Small Cap Market and foreign markets are valued at their last sale prices on the exchanges or markets where such securities are primarily traded. Securities traded in the over-the-counter market for which last sale prices are not available, and listed securities for which no sales were reported on a particular date, are valued at their highest closing bid prices (or, for debt securities, yield equivalents thereof) obtained from one or more dealers making markets for such securities. If market quotations are not readily available, securities will be valued at their fair values as determined in good faith by the board of directors or pursuant to procedures adopted by the board of directors. The above procedures may include the use of valuations furnished by a pricing service which employs a matrix to determine valuations for normal institutional-size trading units of debt securities. Prior to utilizing a pricing service, the Company's board of directors reviews the methods used by such service to assure itself that securities will be valued at their fair values. The Company's board of directors also periodically monitors the methods used by such pricing services. Debt securities with remaining maturities of 60 days or less at the time of purchase are normally valued at amortized cost.

The values of securities held by the Funds, and other assets used in computing net asset value, generally are determined as of the time regular trading in such securities or assets is completed each day. Since regular trading in most foreign securities markets is completed simultaneously with, or prior to, the close of regular trading on the New York Stock Exchange, closing prices for foreign securities usually are available for purposes of computing the Funds' net asset value. However, in the event that the closing price of a foreign security is not available in time to calculate a Fund's net asset value on a particular day, the Company's board of directors has authorized the use of the market price for the security obtained from an approved pricing service at an established time during the day which may be prior to the close of regular trading in the security. The value of all assets and liabilities initially expressed in foreign currencies will be converted into U.S. dollars at the spot rate of such currencies against U.S. dollars provided by an approved pricing service.

#### FUND PERFORMANCE

As discussed in the Funds' Prospectuses, the Company advertises the total return performance of the Funds. Average annual total return performance for the Emerging Growth Fund for the one-year period ended May 31, 1995 and the period December 27, 1991 (commencement of operations of the Fund) to May 31, 1995 (life of the Fund), was 4.98% and 14.31%, respectively. The Worldwide Emerging Markets

Fund did not commence a public offering of its securities until September 11, 1995, so it does not have any investment results for the period indicated.

Average annual total return performance is computed by finding the average annual compounded rates of return that would equate the initial amount invested to the ending redeemable value, according to the following formula:

$$P(1 + T)^n = ERV$$

where: P = initial payment of \$1000  
T = average annual total return  
n = number of years  
ERV = ending redeemable value of initial payment

The total return performance figures shown are determined by solving the above formula for "T" for a particular time period.

In conjunction with performance reports, comparative data between the Funds' performance for a given period and other types of investment vehicles, including certificates of deposit, may be provided to prospective investors and shareholders.

From time to time, evaluations of performance made by independent sources may also be used in advertisements, sales literature or shareholder reports, including reprints of, or selections from, editorials or articles about the Funds. Sources for Fund performance information and articles about the Funds include, but are not limited to, the following:

American Association of Individual Investors' Journal  
Banxquote  
Barron's  
Business Week  
CDA Investment Technologies  
CNBC  
CNN  
Consumer Digest  
Financial Times  
Financial World  
Forbes  
Fortune  
Ibbotson Associates, Inc.  
Institutional Investor  
Investment Company Data, Inc.  
Investor's Business Daily  
Kiplinger's Personal Finance  
Lipper Analytical Services, Inc.'s Mutual Fund  
Performance Analysis  
Money  
Morningstar  
Mutual Fund Forecaster  
No-Load Analyst  
No-Load Fund X  
Personal Investor

Smart Money  
The New York Times  
The No-Load Fund Investor  
U.S. News and World Report  
United Mutual Fund Selector  
USA Today  
The Wall Street Journal  
Wiesenberger Investment Companies Services  
Working Woman  
Worth

#### SERVICES PROVIDED BY THE FUNDS

Periodic Withdrawal Plan. As described in the section of the Funds' Prospectuses entitled "Services Provided by the Funds," each Fund offers a Periodic Withdrawal Plan. All dividends and distributions on shares owned by shareholders participating in this Plan are reinvested in additional shares. Since withdrawal payments represent the proceeds from sales of shares, the amount of shareholders' investments in a Fund will be reduced to the extent that withdrawal payments exceed dividends and other distributions paid and reinvested. Any gain or loss on such redemptions must be reported for tax purposes. In each case, shares will be redeemed at the close of business on or about the 20th day of each month preceding payment and payments will be mailed within five business days thereafter.

The Periodic Withdrawal Plan involves the use of principal and is not a guaranteed annuity. Payments under such a Plan do not represent income or a return on investment.

A Periodic Withdrawal Plan may be terminated at any time by sending a written request to INVESCO. Upon termination, all future dividends and capital gain distributions will be reinvested in additional shares unless a shareholder requests otherwise.

Exchange Privilege. As discussed in the section of the Funds' Prospectuses entitled "Services Provided by the Funds," the Funds offer shareholders the privilege of exchanging shares of a Fund for shares of the other Fund or for shares of certain other no-load mutual funds advised by INVESCO. Exchange requests may be made either by telephone or by written request to INVESCO Funds Group, Inc. using the telephone number or address on the cover of this Statement of Additional Information. Exchanges made by telephone must be in an amount of at least \$250, if the exchange is being made into an existing account of one of the INVESCO funds. All exchanges that establish a new account must meet the fund's applicable minimum initial investment requirements. Written exchange requests into an existing account have no minimum requirements other than the fund's applicable minimum subsequent investment requirements. Any gain or loss realized on an exchange is recognized for federal income tax purposes. This privilege is not an option or right to purchase securities, but is a revocable privilege permitted under the present policies of each of the funds and is not available in any state or other jurisdiction where the shares of the mutual fund into which transfer is to be made are not qualified for sale, or when the net asset value of the shares presented for exchange is less than the minimum dollar purchase required by the appropriate prospectus.

## TAX-DEFERRED RETIREMENT PLANS

As described in the section of the Funds' Prospectuses entitled "Services Provided by the Fund," shares of a Fund may be purchased as the investment medium for various tax-deferred retirement plans. Persons who request information regarding these plans from INVESCO will be provided with prototype documents and other supporting information regarding the type of plan requested. Each of these plans involves a long-term commitment of assets and is subject to possible regulatory penalties for excess contributions, premature distributions or for insufficient distributions after age 70-1/2. The legal and tax implications may vary according to the circumstances of the individual investor. Therefore, the investor is urged to consult with an attorney or tax adviser prior to the establishment of such a plan.

## HOW TO REDEEM SHARES

Normally, payments for shares redeemed will be mailed within seven (7) days following receipt of the required documents as described in the section of the Funds' Prospectuses entitled "How to Redeem Shares." The right of redemption may be suspended and payment postponed when: (a) the New York Stock Exchange is closed for other than customary weekends and holidays; (b) trading on that exchange is restricted; (c) an emergency exists as a result of which disposal by a Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets; or (d) the Securities and Exchange Commission by order so permits.

It is possible that in the future conditions may exist which would, in the opinion of the Company's investment adviser, make it undesirable for a Fund to pay for redeemed shares in cash. In such cases, the investment adviser may authorize payment to be made in portfolio securities or other property of the Fund. However, the Company is obligated under the 1940 Act to redeem for cash all shares of a Fund presented for redemption by any one shareholder having a value up to \$250,000 (or 1% of the Fund's net assets if that is less) in any 90-day period. Securities delivered in payment of redemptions are selected entirely by the investment adviser based on what is in the best interests of the Fund and its shareholders, and are valued at the value assigned to them in computing the Fund's net asset value per share. Shareholders receiving such securities are likely to incur brokerage costs on their subsequent sales of the securities.

## DIVIDENDS, CAPITAL GAIN DISTRIBUTIONS, AND TAXES

Each Fund intends to conduct its business and satisfy the applicable diversification of assets and source of income requirements to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. The Emerging Growth Fund so qualified in the fiscal year ended May 31, 1995, and both Funds intend to qualify during the current fiscal year. (The Worldwide Emerging Markets Fund did not commence a public offering of its securities until September 11, 1995, so it was not subject to the requirements of Subchapter M during the fiscal year ended May 31, 1995.) As a result, it is anticipated that the Funds will pay no federal income or excise taxes and will be accorded conduit or "pass through" treatment for federal income tax purposes.

Dividends paid by the Funds from net investment income as well as distributions of net realized short-term capital gains and net-realized gains from certain foreign currency transactions are, for federal income tax purposes, taxable as ordinary income to shareholders. After the end of each calendar year, each Fund sends shareholders information regarding the amount and character of dividends paid in the year, including the dividends eligible for the dividends-received deduction for corporations. Such amounts will be limited to the aggregate amount of qualifying dividends which each Fund derives from its portfolio investments.

Distributions by the Funds of net capital gain (the excess of long-term capital gain over net short-term capital loss) are, for federal income tax purposes, taxable to the shareholder as long-term capital gains regardless of how long a shareholder has held shares of a Fund. Such distributions are identified as such and are not eligible for the dividends-received deduction.

All dividends and other distributions are regarded as taxable to the investor, whether or not such dividends and distributions are reinvested in additional shares. If the net asset value of the shares of the Funds should be reduced below a shareholder's cost as a result of a distribution, such distribution would be taxable to the shareholder although a portion would be, in effect, a return of invested capital. The net asset value of shares of the Funds reflects accrued net investment income and undistributed realized capital and foreign currency gain; therefore, when a distribution is made, the net asset value

is reduced by the amount of the distribution. If shares are purchased shortly before a distribution, the full price for the shares will be paid and some portion of the price may then be returned to the shareholder as a taxable dividend or capital gain. However, the net asset value per share will be reduced by the amount of the distribution, which would reduce any gain (or increase any loss) for tax purposes on any subsequent redemption of shares.

Dividends and interest received by the Funds may give rise to withholding and other taxes imposed by foreign countries. Tax treaties between certain countries and the United States may reduce or eliminate such taxes.

INVESCO may provide Fund shareholders with information concerning the average cost basis of their shares in order to help them prepare their tax returns. This information is intended as a convenience to shareholders, and will not be reported to the Internal Revenue Service (the "IRS"). The IRS permits the use of several methods to determine the cost basis of mutual fund shares. The cost basis information provided by INVESCO will be computed using the single-category average cost method, although neither INVESCO nor the Company recommends any particular method of determining cost basis. Other methods may result in different tax consequences. If a shareholder has reported gains or losses for a Fund in past years, the shareholder must continue to use the method previously used, unless the shareholder applies to the IRS for permission to change methods.

If a Fund's shares are sold at a loss after being held for six months or less, the loss will be treated as long-term, instead of short-term, capital loss to the extent of any capital gain distributions received on those shares.

The Fund will be subject to a nondeductible 4% excise tax to the extent it

fails to distribute by the end of any calendar year substantially all of its ordinary income for that year and capital gain net income for the one-year period ending on October 31 of that year, plus certain other amounts.

Dividends and interest received by a Fund may be subject to income, withholding or other taxes imposed by foreign countries and U.S. possessions that would reduce the yield on its securities. Tax conventions between certain countries and the United States may reduce or eliminate these foreign taxes, however, and many foreign countries do not impose taxes on capital gains in respect of investments by foreign investors. If more than 50% of the value of a Fund's total assets at the close of any taxable year consists of securities of foreign corporations, the Fund will be eligible to, and may, file an election with the Internal Revenue Service that will enable its shareholders, in effect, to receive the benefit of the foreign tax credit with respect to any foreign and U.S. possessions income taxes paid by it. Each Fund will report to its shareholders shortly after each taxable year their respective shares of the Fund's income from sources within, and taxes paid to, foreign countries and U.S. possessions if it makes this election.

Each Fund may invest in the stock of "passive foreign investment companies" (PFICs). A PFIC is a foreign corporation that, in general, meets either of the following tests: (1) at least 75% of its gross income is passive or (2) an average of at least 50% of its assets produce, or are held for the production of, passive income. Under certain circumstances, a Fund will be subject to federal income tax on a portion of any "excess distribution" received on the stock of a PFIC or of any gain on disposition of the stock (collectively "PFIC income"), plus interest thereon, even if the Fund distributes the PFIC income as a taxable dividend to its shareholders. The balance of the PFIC income will be included in the Fund's investment company taxable income and, accordingly, will not be taxable to it to the extent that income is distributed to its shareholders.

Gains or losses (1) from the disposition of foreign currencies, (2) from the disposition of debt securities denominated in foreign currency that are attributable to fluctuations in the value of the foreign currency between the date

of acquisition of each security and the date of disposition, and (3) that are attributable to fluctuations in exchange rates that occur between the time a Fund accrues interest, dividends or other receivables or accrues expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects the receivables or pays the liabilities, generally will be treated as ordinary income or loss. These gains or losses may increase or decrease the amount of the Fund's investment company taxable income to be distributed to its shareholders.

Shareholders should consult their own tax advisers regarding specific questions as to federal, state and local taxes. Dividends and capital gain distributions will generally be subject to applicable state and local taxes. Qualification as a regulated investment company under the Internal Revenue Code of 1986, as amended, for income tax purposes does not entail government supervision of management or investment policies.

#### INVESTMENT PRACTICES



Portfolio Turnover. There are no fixed limitations regarding the portfolio turnover of the Funds. The rate of portfolio turnover can fluctuate under constantly changing economic conditions and market circumstances. Securities initially satisfying the basic policies and objectives of a Fund may be disposed of when they are no longer suitable. Brokerage costs to the Funds are commensurate with the rate of portfolio activity. As of the date of this Statement of Additional Information, the Worldwide Emerging Markets Fund had not commenced a public offering of its shares and therefore had not experienced any portfolio turnover. The portfolio turnover rates for the Emerging Growth Fund for the fiscal years ended May 31, 1995, 1994 and 1993 were 228%, 196% and 153%, respectively. In computing the portfolio turnover rate, all investments with maturities or expiration dates at the time of acquisition of one year or less are excluded. Subject to this exclusion, the turnover rate is calculated by dividing (A) the lesser of purchases or sales of portfolio securities for the fiscal year by (B) the monthly average of the value of portfolio securities owned by the Fund during the fiscal year.

Placement of Portfolio Brokerage. Either INVESCO, as the Company's investment adviser, or INVESCO Trust or MIL, as the Company's sub-advisers, places orders for the purchase and sale of securities with brokers and dealers based upon INVESCO's, INVESCO Trust's or MIL's evaluation of their financial responsibility, subject to their ability to effect transactions at the best available prices. INVESCO, INVESCO Trust or MIL evaluates the overall reasonableness of brokerage commissions or underwriting discounts (the difference between the full acquisition price to acquire the new offering and the discount offered to members of the underwriting syndicate) paid by reviewing the quality of executions obtained on portfolio transactions of the respective Funds, viewed in terms of the size of transactions, prevailing market conditions in the security purchased or sold, and general economic and market conditions. In seeking to ensure that the commissions charged the Funds are consistent with prevailing and reasonable commissions or discounts, INVESCO, INVESCO Trust or MIL also endeavor to monitor brokerage industry practices with regard to the commissions or discounts charged by brokers and dealers on transactions effected for other comparable institutional investors. While INVESCO, INVESCO Trust or MIL seek reasonably competitive rates, the Funds do not necessarily pay the lowest commission, spread or discount available.

Consistent with the standard of seeking to obtain the best execution on portfolio transactions, INVESCO, INVESCO Trust or MIL may select brokers that provide research services to effect such transactions. Research services consist of statistical and analytical reports relating to issuers, industries, securities and economic factors and trends, which may be of assistance or value to INVESCO, INVESCO Trust or MIL in making informed investment decisions. Research services prepared and furnished by brokers through which the Funds effect securities transactions may be used by INVESCO, INVESCO Trust or MIL in servicing all of their accounts and not all such services may be used by INVESCO, INVESCO Trust or MIL in connection with the Funds.

In recognition of the value of the above-described brokerage and research services provided by certain brokers, INVESCO, INVESCO Trust or MIL, consistent with the standard of seeking to obtain the best execution on portfolio

transactions, may place orders with such brokers for the execution of transactions for the Funds on which the commissions or discounts are in excess of those which other brokers might have charged for effecting the same transactions.

Portfolio transactions may be effected through qualified broker/dealers who recommend the Funds to their clients, or who act as agent in the purchase of the Fund's shares for their clients. When a number of brokers and dealers can provide comparable best price and execution on a particular transaction, the Company's adviser or sub-adviser may consider the sale of Fund shares by a broker or dealer in selecting among qualified broker/dealers.

Charles Schwab & Co., Inc. ("Schwab") is paid a fee for recordkeeping, shareholder communications and other services provided by Schwab to investors purchasing shares of the Funds through the OneSource(R) program offered by Schwab as part of its Mutual Fund Marketplace(R). This fee is based on the average daily value of the investments in each Fund made by Schwab on behalf of investors participating in the Schwab program. The directors of the Company have authorized the Funds to apply dollars generated from the Company's Plan and Agreement of Distribution pursuant to 12b-1 under the 1940 Act to pay this fee to Schwab. The directors of the Company have further authorized INVESCO to place a portion of the Emerging Growth Fund's brokerage transactions with Schwab, if INVESCO reasonably believes that, in effecting the Fund's transactions in portfolio securities, Schwab is able to provide the best execution of orders at the most favorable prices. Commissions earned by Schwab from executing portfolio transactions on behalf of the Emerging Growth Fund may be credited by Schwab against the fee charged by Schwab to that Fund, on a basis which has resulted from negotiations between INVESCO and Schwab. Any Rule 12b-1 fees which are not expended as a result of the application of any such credit may be used to reimburse INVESCO for other expenses incurred by INVESCO in distributing the Emerging Growth Fund's shares to the extent contemplated by the Fund's Plan and Agreement of Distribution.

The Worldwide Emerging Markets Fund has paid no brokerage commissions as of the date of this Statement of Additional Information, since the Fund did not commence a public offering of its securities until September 11, 1995. The aggregate dollar amounts of brokerage commissions paid by the Emerging Growth Fund for the fiscal years ended May 31, 1995, 1994 and 1993 were \$1,223,859, \$2,276,525 and \$1,028,661, respectively. For the fiscal year ended May 31, 1995, brokers providing research services received \$458,026 in commissions on portfolio transactions effected for the Fund. The aggregate dollar amount of such portfolio transactions was \$127,727,666. Commissions of \$53,533 were allocated to certain brokers in recognition of their sales of shares of the Fund on portfolio transactions of the Fund effected during the fiscal year ended May 31, 1995.

At May 31, 1995, the Emerging Growth Fund held securities of its regular brokers or dealers, or their parents, as follows:

| Broker or Dealer                        | Value of Securities<br>at 5/31/95 |
|---|-----------------------------------|
| Associates Corporation of North America | 6,954,000.00                      |
| Chevron Oil Finance                     | 7,096,000.00                      |
| American Express Credit                 | 6,964,000.00                      |
| Prudential Funding                      | 6,430,000.00                      |

Neither INVESCO, INVESCO Trust or MIL receives any brokerage commissions on portfolio transactions effected on behalf of the Funds, and there is no affiliation between INVESCO, INVESCO Trust, MIL, or any person affiliated with INVESCO, INVESCO Trust, MIL or the Funds and any broker or dealer that executes transactions for the Funds.

#### ADDITIONAL INFORMATION

Common Stock. The Company was incorporated with 600,000,000 authorized shares of common stock, with a par value of \$0.01 per share. Of the Company's authorized shares, 200,000,000 shares have been allocated to each of the two series, representing the Company's two Funds. As of May 31, 1995, 16,401,894 shares of the Emerging Growth Fund were outstanding and no shares of the Worldwide Emerging Markets Fund were outstanding. The board of directors has the authority to designate additional series of common stock without seeking the approval of shareholders, and may reclassify any authorized but unissued shares.

Shares of each series represent the interests of the shareholders of such series in a particular portfolio of investments of the Company. Each series of the Company's shares is preferred over all other series in respect of the assets specifically allocated to that series, and all income, earnings, profits and proceeds from such assets, subject only to the rights of creditors, are allocated to shares of that series. The assets of each series are segregated on the books of account and are charged with the liabilities of that series and with a share of the Company's general liabilities. The board of directors determines those assets and liabilities deemed to be general assets or liabilities of the Company, and these items are allocated among series in a manner deemed by the board of directors to be fair and equitable. Generally, such allocation will be made based upon the relative total net assets of each series. In the unlikely event that a liability allocable to one series exceeds the assets belonging to the series, all or a portion of such liability may have to be borne by the holders of shares of the Company's other series.

All shares, regardless of series, have equal voting rights. Voting with respect to certain matters, such as ratification of independent accountants or election of directors, will be by all series of the Company. When not all series are affected by a matter to be voted upon, such as approval of an investment advisory contract or changes in a Fund's investment policies, only shareholders of the series affected by the matter may be entitled to vote. Company shares have noncumulative voting rights, which means that the holders of a majority of the shares voting for the election of directors can elect 100% of the directors if they choose to do so. In such event, the holders of the remaining shares voting for the election of directors will not be able to elect any person or persons to the board of directors. After they have been elected by shareholders, the directors will continue to serve until their successors are elected and have qualified or they are removed from office, in either case by a shareholder vote, or until death, resignation, or retirement. They may appoint their own successors, provided that always at least a majority of the directors have been elected the Company's shareholders. It is the intention of the Company not to hold annual meetings of shareholders. The directors will call annual or special meetings of shareholders for action by shareholder vote as may be required by

the 1940 Act or the Company's Articles of Incorporation, or at their discretion.

Principal Shareholders. As of June 30, 1995, the following entities held more than 5% of the Emerging Growth Fund's outstanding equity securities.

| Name and Address                            | Amount and Nature of Ownership | Class and Percent of Class |
|---|--------------------------------|----------------------------|
| Charles Schwab & Co. Inc.<br>Reinvest Acct. | 3,818,228.1<br>Record          | 23.5%                      |

101 Montgomery St.  
San Francisco, CA 94104

|  |                                       |      |
|--|---------------------------------------|------|
| Connecticut General Life Ins.<br>P.O. Box 2975<br>Hartford, CT 06104 | 980,264.3<br>Record and<br>Beneficial | 6.0% |
|--|---------------------------------------|------|

Independent Accountants. Price Waterhouse LLP, 950 Seventeenth Street, Denver, Colorado, has been selected as the independent accountants of the Company. The independent accountants are responsible for auditing the financial statements of the Company.

Custodian. State Street Bank and Trust Company, P.O. Box 351, Boston, Massachusetts, has been designated as custodian of the cash and investment securities of the Company. The bank is also responsible for, among other things, receipt and delivery of the Funds' investment securities in accordance with procedures and conditions specified in the custody agreement.

Transfer Agent. The Company is provided with transfer agent, registrar, and dividend disbursing agent services by INVESCO Funds Group, Inc., 7800 E. Union Avenue, Denver, Colorado 80237, pursuant to the Transfer Agency Agreement described in "The Funds and Their Management." Such services include the issuance, cancellation, and transfer of shares of the Funds, and the maintenance of records regarding the ownership of such shares.

Reports to Shareholders. The Company's fiscal year ends on May 31. The Company distributes reports at least semiannually to its shareholders. Financial statements regarding the Company, audited by the independent accountants, are sent to shareholders annually.

Legal Counsel. The firm of Kirkpatrick & Lockhart LLP, Washington, D.C., is legal counsel for the Company. The firm of Moye, Giles, O'Keefe, Vermeire & Gorrell, Denver, Colorado, acts as special counsel to the Company.

Financial Statements. The following audited financial statements of the Emerging Growth Fund and the notes thereto for the fiscal year ended May 31, 1995, and the report of Price Waterhouse LLP with respect to such financial statements, are incorporated herein by reference from the Company's Annual Report to Shareholders for the fiscal year ended May 31, 1995: Statement of Investment Securities as of May 31, 1995; Statement of Assets and Liabilities as of May 31, 1995; Statement of Operations for the year ended May 31, 1995; Statement of Changes in Net Assets for each of the two years in the period ended

May 31, 1995; Financial Highlights for each of the three years ended May 31, 1995 and the period from commencement of the Fund's operations (December 27, 1991) until May 31, 1992.

Prospectus. The Company will furnish, without charge, a copy of either Fund's Prospectus upon request. Such requests should be made to the Company at the mailing address or telephone number set forth on the first page of this Statement of Additional Information.

Registration Statement. This Statement of Additional Information and the related Prospectuses do not contain all of the information set forth in the Registration Statement the Company has filed with the Securities and Exchange Commission. The complete Registration Statement may be obtained from the Securities and Exchange Commission upon payment of the fee prescribed by the rules and regulations of the Commission.

## APPENDIX A

### DESCRIPTION OF FUTURES AND OPTIONS CONTRACTS

#### Options on Securities

An option on a security provides the purchaser, or "holder," with the right, but not the obligation, to purchase, in the case of a "call" option, or sell, in the case of a "put" option, the security or securities underlying the option, for a fixed exercise price up to a stated expiration date. The holder pays a non-refundable purchase price for the option, known as the "premium." The maximum amount of risk the purchaser of the option assumes is equal to the premium plus related transaction costs, although the entire amount may be lost. The risk of the seller, or "writer," however, is potentially unlimited, unless the option is "covered," which is generally accomplished through the writer's ownership of the underlying security, in the case of a call option, or the writer's segregation of an amount of cash or securities equal to the exercise price, in the case of a put option. If the writer's obligation is not so covered, it is subject to the risk of the full change in value of the underlying security from the time the option is written until exercise.

Upon exercise of the option, the holder is required to pay the purchase price of the underlying security, in the case of a call option, or to deliver the security in return for the purchase price, in the case of a put option. Conversely, the writer is required to deliver the security, in the case of a call option, or to purchase the security, in the case of a put option. Options on securities which have been purchased or written may be closed out prior to exercise or expiration by entering into an offsetting transaction on the exchange on which the initial position was established, subject to the availability of a liquid secondary market.

Options on securities are traded on national securities exchanges, such as the Chicago Board of Options Exchange and the New York Stock Exchange, which are regulated by the Securities and Exchange Commission. The Options Clearing Corporation ("OCC") guarantees the performance of each party to an exchange-traded option, by in effect taking the opposite side of each such

option. A holder or writer may engage in transactions in exchange-traded options on securities and options on indices of securities only through a registered broker/dealer which is a member of the exchange on which the option is traded.

An option position in an exchange-traded option may be closed out only on an exchange which provides a secondary market for an option of the same series. Although the Worldwide Emerging Markets Fund will generally purchase or write only those options for which there appears to be an active secondary market, there is no assurance that a liquid secondary market on an exchange will exist for any particular option at any particular time. In such event it might not be possible to effect closing transactions in a particular option with the result that the Fund would have to exercise the option in order to realize any profit. This would result in the Fund incurring brokerage commissions upon the disposition of underlying securities acquired through the exercise of a call option or upon the purchase of underlying securities upon the exercise of a put option. If the Fund as a covered call option writer is unable to effect a closing purchase transaction in a secondary market, unless the Fund is required to deliver the securities pursuant to the assignment of an exercise notice, it will not be able to sell the underlying security until the option expires.

Reasons for the potential absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options or underlying securities; (iv) unusual or unforeseen circumstances may

interrupt normal operations on an exchange; (v) the facilities of an exchange or a clearing corporation may not at all times be adequate to handle current trading volume or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or particular class or series of options) in which event the secondary market on that exchange (or in the class or series of options) would cease to exist, although outstanding options on that exchange which had been issued by a clearing corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms. There is no assurance that higher than anticipated trading activity or other unforeseen events might not, at a particular time, render certain of the facilities of any of the clearing corporations inadequate and thereby result in the institution by an exchange of special procedures which may interfere with the timely execution of customers' orders. However, the OCC, based on forecasts provided by the U.S. exchanges, believes that its facilities are adequate to handle the volume of reasonably anticipated options transactions, and such exchanges have advised such clearing corporation that they believe their facilities will also be adequate to handle reasonably anticipated volume.

In addition, options on securities may be traded over-the-counter through financial institutions dealing in such options as well as the underlying instruments. OTC options are purchased from or sold (written) to dealers or financial institutions which have entered into direct agreements with the Worldwide Emerging Markets Fund. With OTC options, such variables as expiration date, exercise price and premium will be agreed upon between the Fund and the transacting dealer, without the intermediation of a third party such as the OCC. If the transacting dealer fails to make or take delivery of the securities

underlying an option it has written, in accordance with the terms of that option as written, the Fund would lose the premium paid for the option as well as any anticipated benefit of the transaction. The Fund will engage in OTC option transactions only with primary U.S. Government securities dealers recognized by the Federal Reserve Bank of New York.

## Futures Contracts

A futures contract is a bilateral agreement providing for the purchase and sale of a specified type and amount of a financial instrument or foreign currency, or for the making and acceptance of a cash settlement, at a stated time in the future, for a fixed price. By its terms, a futures contract provides for a specified settlement date on which, in the case of the majority of interest rate and foreign currency futures contracts, the fixed income securities or currency underlying the contract are delivered by the seller and paid for by the purchaser, or on which, in the case of stock index futures contracts and certain interest rate and foreign currency futures contracts, the difference between the price at which the contract was entered into and the contract's closing value is settled between the purchaser and seller in cash. Futures contracts differ from options in that they are bilateral agreements, with both the purchaser and the seller equally obligated to complete the transaction. In addition, futures contracts call for settlement only on the expiration date, and cannot be "exercised" at any other time during their term.

The purchase or sale of a futures contract also differs from the purchase or sale of a security or the purchase of an option in that no purchase price is paid or received. Instead, an amount of cash or cash equivalent, which varies but may be as low as 5% or less of the value of the contract, must be deposited with the broker as "initial margin." Subsequent payments to and from the broker, referred to as "variation margin," are made on a daily basis as the value of the index or instrument underlying the Futures Contract fluctuates, making positions in the futures contract more or less valuable, a process known as "marking to market."

A futures contract may be purchased or sold only on an exchange, known as a "contract market," designated by the Commodity Futures Trading Commission for the

trading of such contract, and only through a registered futures commission merchant which is a member of such contract market. A commission must be paid on each completed purchase and sale transaction. The contract market clearing house guarantees the performance of each party to a futures contract, by in effect taking the opposite side of such contract. At any time prior to the expiration of a futures contract, a trader may elect to close out its position by taking an opposite position on the contract market on which the position was entered into, subject to the availability of a secondary market, which will operate to terminate the initial position. At that time, a final determination of variation margin is made and any loss experienced by the trader is required to be paid to the contract market clearing house while any profit due to the trader must be delivered to it.

Interest rate futures contracts currently are traded on a variety of fixed income securities, including long-term U.S. Treasury Bonds, Treasury Notes, Government National Mortgage Association modified pass-through mortgage-backed securities, U.S. Treasury Bills, bank certificates of deposit and commercial

paper. In addition, interest rate futures contracts include contracts on indices of municipal securities. Foreign currency futures contracts currently are traded on the British pound, Canadian dollar, Japanese yen, Swiss franc, West German mark and on Eurodollar deposits.

#### Options on Futures Contracts

An option on a futures contract provides the holder with the right to enter into a "long" position in the underlying futures contract, in the case of a call option, or a "short" position in the underlying futures contract, in the case of a put option, at a fixed exercise price to a stated expiration date. Upon exercise of the option by the holder, the contract market clearing house establishes a corresponding short position for the writer of the option, in the case of a call option, or a corresponding long position, in the case of a put option. In the event that an option is exercised, the parties will be subject to all the risks associated with the trading of futures contracts, such as payment of variation margin deposits. In addition, the writer of an option on a futures contract, unlike the holder, is subject to initial and variation margin requirements on the option position.

A position in an option on a futures contract may be terminated by the purchaser or seller prior to expiration by effecting a closing purchase or sale transaction, subject to the availability of a liquid secondary market, which is the purchase or sale of an option of the same series (i.e., the same exercise price and expiration date) as the option previously purchased or sold. The difference between the premiums paid and received represents the trader's profit or loss on the transaction.

An option, whether based on a futures contract, a stock index or a security, becomes worthless to the holder when it expires. Upon exercise of an option, the exchange or contract market clearing house assigns exercise notices on a random basis to those of its members which have written options of the same series and with the same expiration date. A brokerage firm receiving such notices then assigns them on a random basis to those of its customers which have written options of the same series and expiration date. A writer therefore has no control over whether an option will be exercised against it, nor over the time of such exercise.

#### APPENDIX B

##### BOND RATINGS

The following is a description of Standard & Poor's Ratings Group ("Standard & Poor's") and Moody's Investors Service, Inc. ("Moody's") bond rating categories:

##### Moody's Investors Service, Inc. Corporate Bond Ratings

Aaa - Bonds rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt-edged." Interest payments are protected by a large or by an exceptionally stable margin, and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to



impair the fundamentally strong position of such issues.

Aa - Bonds rated Aa are judged to be of high quality by all standards. Together with the Aaa group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risk appear somewhat larger than in Aaa securities.

A - Bonds rated A possess many favorable investment attributes, and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa - Bonds rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba - Bonds rated Ba are judged to have speculative elements. Their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B - Bonds rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or maintenance of other terms of the contract over any longer period of time may be small.

Caa - Bonds rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

#### Standard & Poor's Ratings Group Corporate Bond Ratings

AAA - This is the highest rating assigned by Standard & Poor's to a debt obligation and indicates an extremely strong capacity to pay principal and interest.

AA - Bonds rated AA also qualify as high-quality debt obligations. Capacity to pay principal and interest is very strong, and in the majority of instances they differ from AAA issues only in small degree.

A - Bonds rated A have a strong capacity to pay principal and interest, although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than bonds in higher rated categories.

BBB - Bonds rated BBB are regarded as having an adequate capability to pay principal and interest. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay principal and interest for bonds in this category than for bonds in higher rated categories.

BB - Bonds rated BB have less near-term vulnerability to default than other speculative issues. However, they face major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments.

B - Bonds rated B have a greater vulnerability to default but currently have the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal.

CCC - Bonds rated CCC have a currently identifiable vulnerability to default and are dependent upon favorable business, financial, and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, they are not likely to have the capacity to pay interest and repay principal.

#### PART C. OTHER INFORMATION

##### Item 24. Financial Statements and Exhibits

###### (a) Financial Statements:

Page in  
Prospectus

- (1) Financial statements and schedules included in Prospectus (Part A):

Financial Highlights for the Emerging Growth Fund for each of the three years ended May 31, 1995 and the period from commencement of the Fund's operations (December 27, 1991) until May 31, 1992.

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- (2) The following audited financial statements of the Emerging Growth Fund and the notes thereto for the fiscal year ended May 31, 1995, and the report of Price Waterhouse LLP with respect to such financial statements, are incorporated in the Statement of Additional Information by reference from the Company's Annual Report to Shareholders for the fiscal year ended May 31, 1995: Statement of Investment Securities as of May 31, 1995; Statement of Assets and Liabilities as of May 31, 1995; Statement of Operations for the year ended May 31, 1995; Statement of Changes in Net Assets for each of the two years in the period ended May 31, 1995; Financial Highlights for each of the three years ended May 31, 1995 and the period from commencement of the Fund's operations (December 27, 1991) until May 31, 1992.

- (3) Financial statements and schedules included in Part C:

None: Schedules have been omitted as all information has been presented in the financial statements.

(b) Exhibits:

- (1) Articles of Incorporation (Charter);1 Amendment to Articles of Incorporation;2 Amendment to Articles of Incorporation;3 Amendment to Articles of Incorporation.5

(a) Articles of Amendment of Articles of Incorporation, filed December 2, 1994.6

(b) Articles of Amendment of Articles of Incorporation, filed January 20, 1995.6

(c) Articles Supplementary to Articles of Incorporation, filed July 7, 1995.

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- (2) Bylaws, as amended July 21, 1993.5

- (3) Not applicable.

- (4) Revised specimen stock certificate.4

- (5) (a) Investment Advisory Agreement Between Registrant and INVESCO Funds Group, Inc. dated December 31, 1991.2 Amendment to Investment Advisory Agreement dated July 11, 1995 to be filed by amendment.

(b) Sub-Advisory Agreement Between INVESCO Funds Group, Inc. and INVESCO Trust Company dated December 31, 1991.2

(c) Form of Sub-Advisory Agreement Between INVESCO Funds Group, Inc. and MIM International Limited, dated July 11, 1995.

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- (6) General Distribution Agreement Between Registrant and INVESCO Funds Group, Inc. dated December 31, 1991.2

- (7) Defined Benefit Deferred Compensation Plan for Non-Interested Directors and Trustees.5
- (8) Custody Agreement Between Registrant and State Street Bank and Trust Company dated December 31, 1991.3
- (9) (a) Transfer Agency Agreement Between Registrant and INVESCO Funds Group, Inc. dated December 31, 1991.2 Amendment to Fee Schedule dated April 1, 1994.6
- (b) Administrative Services Agreement Between Registrant and INVESCO Funds Group, Inc. dated December 31, 1991.2
- (10) Opinion and consent of counsel as to the legality of the securities being registered, indicating whether they will, when sold, be legally issued, fully paid and non-assessable.3
- (11) Consent of Independent Accountants. 86
- (12) Not applicable.
- (13) Not applicable.
- (14) Copies of model plans used in the establishment of retirement plans as follows: Non-standardized Profit Sharing Plan; Non-standardized Money Purchase Pension Plan; Standardized Profit Sharing Plan Adoption Agreement; Standardized Money Purchase Pension Plan; Non-standardized 401(k) Plan Adoption Agreement; Standardized 401(k) Paired Profit Sharing Plan; Standardized Simplified Profit Sharing Plan; Standardized Simplified Money Purchase Plan; Defined Contribution Master Plan & Trust Agreement; and Financial 403(b) Retirement Plan, all filed with Registration Statement of INVESCO International Funds, Inc. (File No. 33-63498), filed May 27, 1993, and herein incorporated by reference.
- (15) Plan and Agreement of Distribution dated April 30, 1991 adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940.2
- (16) Schedule for computation of performance data.3
- (17) Financial Data Schedule. 87

(18) Not Applicable.

1Previously filed with the Registrant's Registration Statement dated December 21, 1990 and incorporated herein by reference.

2Previously filed with Pre-Effective Amendment No. 1 to the Registrant's Registration Statement on October 31, 1991, and incorporated herein by reference.

3Previously filed with Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on December 24, 1991, and incorporated herein by reference.

4Previously filed with Post-Effective Amendment No. 2 to the Registrant's Registration Statement on June 24, 1993, and incorporated herein by reference.

5Previously filed with Post-Effective Amendment No. 3 to the Registrant's Registration Statement on July 26, 1994, and incorporated herein by reference.

6Previously filed with Post-Effective Amendment No. 4 to the Registrant's Registration Statement on June 27, 1995, and incorporated herein by reference.

Item 25. Persons Controlled by or Under Common Control With Registrant

No person is presently controlled by or under common control with Registrant.

Item 26. Number of Holders of Securities

| Title of Class                  | Number of Record Holders as of May 31, 1995 |
|---------------------------------|---|
| Emerging Growth Fund            | 23,163                                      |
| Worldwide Emerging Markets Fund | 0   |

Item 27. Indemnification

Indemnification provisions for officers, directors and employees of Registrant are set forth in Article VII, Section 2 of the Articles of Incorporation and are hereby incorporated by reference. See Item 24(b)(1) above. Under this Article, officers and directors will be indemnified to the fullest extent permitted to directors by the Maryland General Corporation Law, subject only to such limitations as may be required by the 1940 Act and the rules thereunder. Under the 1940 Act, Fund directors and officers cannot be protected against liability to the Company or its shareholders to which they would be subject because of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties of their office. The Company also maintains liability insurance policies covering its directors and officers.

Item 28. Business and Other Connections of Investment Adviser

See "The Funds and Their Management" in the Funds' Prospectuses and in the Statement of Additional Information for information regarding the business of the investment adviser. For information as to the business, profession, vocation or employment of a substantial nature of each of the officers and directors of INVESCO Funds Group, Inc., reference is made to Schedule Ds to Form ADV, filed under the Investment Advisers Act of 1940 by INVESCO Funds Group, Inc., which schedules are herein incorporated by reference.

Item 29. Principal Underwriters

- (a) INVESCO Diversified Funds, Inc.
- INVESCO Dynamics Fund, Inc.
- INVESCO Growth Fund, Inc.
- INVESCO Income Funds, Inc.
- INVESCO Industrial Income Fund, Inc.
- INVESCO International Funds, Inc.
- INVESCO Money Market Funds, Inc.
- INVESCO Multiple Asset Funds, Inc.
- INVESCO Specialty Funds, Inc.
- INVESCO Strategic Portfolios, Inc.
- INVESCO Tax-Free Income Funds, Inc.
- INVESCO Value Trust
- INVESCO Variable Investment Funds, Inc.

(b)

| Name and Principal Business Address                                   | Positions and Offices with Underwriter  | Positions and Offices with Registrant |
|---|---|---------------------------------------|
| David W. Altimont<br>7800 E. Union Avenue<br>Denver, CO 80237         | Regional Vice President                 |                                       |
| David D. Barrett<br>7800 E. Union Avenue<br>Denver, CO 80237          | Vice President                          |                                       |
| Frank M. Bishop<br>1315 Peachtree Street NE<br>Atlanta, GA 30309      | Director                                |                                       |
| Charles W. Brady<br>1315 Peachtree St. NE<br>Atlanta, GA 30309        |   | Chairman of the Board                 |
| Kenneth R. Christoffersen<br>7800 E. Union Avenue<br>Denver, CO 80237 | Vice President<br>Asst. General Counsel |                                       |
| Craig D. Cloyed<br>7800 E. Union Avenue<br>Denver, CO 80237           | Senior Vice President                   |                                       |

M. Anthony Cox  
1315 Peachtree St. N.E.  
Atlanta, GA 30309

Senior Vice  
President

Steven T. Cox, Jr.  
7800 E. Union Avenue  
Denver, CO 80237

Regional Vice  
President

Robert D. Cromwell  
7800 E. Union Ave.  
Denver, CO 80237

Asst. Vice President

Philip J. Crosley  
7800 E. Union Avenue  
Denver, CO 80237

Regional Vice  
President

Samuel T. DeKinder  
1315 Peachtree Street NE  
Atlanta, GA 30309

Director

William H. Eigen  
7800 E. Union Avenue  
Denver, CO 80237

Regional Vice  
President

Name and Principal  
Business Address

Positions and  
Offices with  
Underwriter

Positions and  
Offices with  
Registrant

William J. Galvin, Jr.  
7800 E. Union Avenue  
Denver, CO 80237

Vice President

Asst. Sec.

Linda J. Gieger  
7800 E. Union Avenue  
Denver, CO 80237

Vice President

Ronald L. Grooms  
7800 E. Union Avenue  
Denver, CO 80237

Sr. Vice President  
& Treasurer

Treasurer &  
Chief Fin'l.  
Officer and  
Chief Acct'g.  
Officer

Wylie G. Hairgrove  
7800 E. Union Avenue  
Denver, CO 80237

Vice President

David S. Harris  
1315 Peachtree Street, N.E.  
Atlanta, GA 30309

Regional Vice  
President

Dan J. Hesser  
7800 E. Union Avenue  
Denver, CO 80237

Chairman of the  
Board, President,  
Chief Executive  
Officer & Director

President &  
Director

Mark A. Jones  
7800 E. Union Avenue  
Denver, CO 80237

Regional Vice  
President

Jeraldine E. Kraus  
7800 E. Union Avenue  
Denver, CO 80237

Assistant Secretary

Michael D. Legoski  
7800 E. Union Avenue  
Denver, CO 80237

Assistant Vice  
President

Walter R. Lewis, Jr.  
1315 Peachtree Street NE  
Atlanta, GA 30309

Regional Vice  
President

Dennis J. McCarthy  
7800 E. Union Avenue  
Denver, CO 80237

Regional Vice  
President

Name and Principal  
Business Address

Positions and  
Offices with  
Underwriter

Positions and  
Offices with  
Registrant

David G. Mertens  
1315 Peachtree Street NE  
Atlanta, GA 30309

Regional Vice  
President

Timothy J. Milligan  
7800 E. Union Avenue  
Denver, CO 80237

Regional Vice  
President

Robert J. O'Connor  
1315 Peachtree Street NE  
Atlanta, GA 30309

Director

Laura M. Parsons  
7800 E. Union Avenue  
Denver, CO 80237

Vice President

Glen A. Payne  
7800 E. Union Avenue  
Denver, CO 80237

Sr. Vice President,  
Secretary &  
General Counsel

Secretary

M. Ellen Phillips  
7800 E. Union Avenue  
Denver, CO 80237

Regional Vice  
President

R. Dalton Sim  
7800 E. Union Avenue  
Denver, CO 80237

Director

James S. Skesavage  
1315 Peachtree Street NE

Regional Vice  
President



Atlanta, GA 30309

Terri Berg Smith Vice President  
7800 E. Union Avenue  
Denver, CO 80237

Katha Hall Stuart Regional Vice  
1315 Peachtree Street, N.E. President  
Atlanta, GA 30309

Alan I. Watson Vice President Asst. Sec.  
7800 E. Union Avenue  
Denver, CO 80237

Judy P. Wiese Vice President Asst. Treas.  
7800 E. Union Avenue  
Denver, CO 80237

| Name and Principal<br>Business Address | Positions and<br>Offices with<br>Underwriter | Positions and<br>Offices with<br>Registrant |
|--|--|---|
|--|--|---|

|   |                |  |
|---|----------------|--|
| John F. Yeager, III<br>7800 E. Union Avenue<br>Denver, CO 80237 | Vice President |  |
|---|----------------|--|

|   |                |  |
|---|----------------|--|
| Allyson B. Zoellner<br>7800 E. Union Avenue<br>Denver, CO 80237 | Vice President |  |
|---|----------------|--|

(c) Not applicable.

Item 30. Location of Accounts and Records

Dan J. Hesser  
7800 E. Union Avenue  
Denver, CO 80237

Item 31. Management Services

Not applicable.

Item 32. Undertakings

(a) The registrant hereby undertakes that the board of directors will call such meetings of shareholders for action by shareholder vote, including acting on the question of removal of a director or directors, as may be requested in writing by the holders of at least 10% of the outstanding shares of the Company or as may be required by applicable law or the Company's Articles of Incorporation, and to assist shareholders in communicating with other shareholders as required by the Investment Company Act of 1940.

- (b) The Registrant shall furnish each person to whom a prospectus is delivered with a copy of the Registrant's latest annual report to shareholders, upon request and without charge.
- (c) The Registrant hereby undertakes to file a post-effective amendment, containing reasonably current financial statements for INVESCO Worldwide Emerging Markets Fund which need not be certified, within four to six months from the effective date of Post-Effective Amendment No. 4.
- (d) Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the registrant has duly caused this post-effective amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Denver, County of Denver, and State of Colorado, on the 12th day of July, 1995.

Attest: INVESCO EMERGING OPPORTUNITY FUNDS, INC.

|  |  |
|--|--|
| /s/ Glen A. Payne<br>-----<br>Glen A. Payne, Secretary | /s/ Dan J. Hesser<br>-----<br>Dan J. Hesser, President |
|--|--|

Pursuant to the requirements of the Securities Act of 1933, this post-effective amendment to Registrant's Registration Statement has been signed by the following persons in the capacities indicated on this 12th day of July, 1995.

|  |   |
|--|---|
| /s/ Dan J. Hesser<br>-----<br>Dan J. Hesser, President &<br>Director (Chief Executive Officer) | /s/ Lawrence H. Budner<br>-----<br>Lawrence H. Budner, Director |
|--|---|

|                      |                       |
|----------------------|-----------------------|
| /s/ Ronald L. Grooms | /s/ Daniel D. Chabris |
|----------------------|-----------------------|

-----  
Ronald L. Grooms, Treasurer  
(Chief Financial and Accounting Officer)

/s/ Victor L. Andrews  
-----

Victor L. Andrews, Director

/s/ Bob R. Baker  
-----

Bob R. Baker, Director

/s/ Frank M. Bishop  
-----

Frank M. Bishop, Director

/s/ Charles W. Brady  
-----

Charles W. Brady, Director

-----  
Daniel D. Chabris, Director

/s/ Fred A. Deering  
-----

Fred A. Deering, Director

/s/ A. D. Frazier, Jr.  
-----

A. D. Frazier, Jr., Director

/s/ Kenneth T. King  
-----

Kenneth T. King, Director

/s/ John W. McIntyre  
-----

John W. McIntyre, Director

/s/ R. Dalton Sim  
-----

R. Dalton Sim, Director

/s/ Glen A. Payne  
-----

By\*-----  
Edward F. O'Keefe  
Attorney in Fact

By\*-----  
Glen A. Payne  
Attorney in Fact

\* Original Powers of Attorney authorizing Edward F. O'Keefe and Glen A. Payne, and each of them, to execute this post-effective amendment to the Registration Statement of the Registrant on behalf of the above-named directors and officers of the Registrant have been filed with the Securities and Exchange Commission on May 22, 1992, June 9, 1992, October 13, 1992, July 26, 1994 and June 27, 1995.

### Exhibit Index

| Exhibit Number | Page in<br>Registration Statement |
|----------------|-----------------------------------|
| 1(c)           | 77                                |
| 5(c)           | 80                                |
| 11             | 86                                |
| 17             | 87                                |

ARTICLES SUPPLEMENTARY TO  
ARTICLES OF INCORPORATION OF  
INVESCO EMERGING OPPORTUNITY FUNDS, INC.

INVESCO Emerging Opportunity Funds, Inc., a corporation organized and existing under the General Corporation Law of the State of Maryland (the "Company"), hereby certifies that:

FIRST: The total number of shares of capital stock of all classes that the Company has the authority to issue both immediately before and after the filing of these Articles Supplementary is six hundred million (600,000,000) shares of capital stock.

SECOND: Immediately before the filing of these Articles Supplementary, the Company's capital stock consisted of one (1) class of capital stock designated as the INVESCO Emerging Growth Fund, consisting of six hundred million (600,000,000) shares of capital stock. The Company hereby reduces the number of authorized shares of capital stock allocated to the INVESCO Emerging Growth Fund class from six hundred million (600,000,000) shares to two hundred million (200,000,000) shares. All shares of the Company's capital stock issued and outstanding at the time these Articles Supplementary are filed shall continue to belong to the INVESCO Emerging Growth Fund class.

THIRD: Pursuant to Section 3 of Article III of the Company's Articles of Incorporation, the board of directors of the Company has established and designated an additional class of capital stock known as the INVESCO Worldwide Emerging Markets Fund, and has classified two hundred million (200,000,000) shares of the Company's unissued capital stock as belonging to such class. The remaining two hundred million (200,000,000) unissued shares are not being allocated to the INVESCO Emerging Growth Fund class or the INVESCO Worldwide Emerging Markets Fund class, but such shares hereafter may be allocated to such classes or to any additional class or series designated by the board of directors, pursuant to Section 3 of Article III of the Company's Articles of Incorporation.

FOURTH: Both immediately before and after the filing of these Articles Supplementary, the par value of the shares of the Company's capital stock, regardless of series or class, is one cent (\$.01) per share, with the aggregate par value of the Company's six hundred million authorized shares of capital stock being six million dollars (\$6,000,000.00).

FIFTH: The Company is registered as an open-end company under the Investment Company Act of 1940.

SIXTH: The total number of shares of capital stock that the Company has authority to issue has not been increased or decreased by the board of

directors, but the board of directors has decreased the total number of authorized shares of capital stock in the INVESCO Emerging Growth Fund class in accordance with Sec. 2-105(c) of the General Corporation Law of the State of Maryland.

The undersigned, President of the Company, who is executing on behalf of the Company the foregoing Articles Supplementary, of which this paragraph is made a part, hereby acknowledges, in the name and on behalf of the Company, the foregoing Articles Supplementary to be the corporate act of the Company and further verifies under oath that, to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects, under the penalties of perjury.

IN WITNESS WHEREOF, INVESCO Emerging Opportunity Funds, Inc. has caused these Articles Supplementary to be signed in its name and on its behalf by its President and witnessed by its Secretary on the 6th day of July, 1995.

These Articles of Amendment shall be effective upon acceptance by the Maryland State Department of Assessments and Taxation.

INVESCO EMERGING OPPORTUNITY FUNDS, INC.

BY:

[SEAL]

/s/ Dan J. Hesser

-----  
DAN J. HESSER, President

WITNESSED:

/s/ Glen A. Payne

-----  
GLEN A. PAYNE, Secretary

#### CERTIFICATION

I, Allen G. French, a notary public in and for the County of Denver, City of Denver, and State of Colorado, do hereby certify that Dan J. Hesser, personally known to me to be the person whose name is subscribed to the foregoing Articles of Amendment, appeared before me this date in person and acknowledged that he signed, sealed and delivered said instrument as his free and voluntary act and deed for the uses and purposes therein set forth.

Given my hand and official seal this 6th day of July, 1995.

/s/ Allen G. French

[SEAL]

-----  
Notary Public  
7800 E. Union Avenue  
Denver, Colorado 80237

My commission expires November 23, 1997

## FORM OF SUB-ADVISORY AGREEMENT

AGREEMENT made this 11th day of July, 1995, by and between INVESCO Funds Group, Inc. ("INVESCO"), a Delaware corporation, and MIM International Limited, a United Kingdom corporation ("the Sub-Adviser").

### W I T N E S S E T H:

WHEREAS, INVESCO EMERGING OPPORTUNITY FUNDS, INC. (the "Company") is engaged in business as a diversified, open-end management investment company registered under the Investment Company Act of 1940, as amended (hereinafter referred to as the "Investment Company Act") and has one class of shares (the "Shares"), which is divided into series, each representing an interest in a separate portfolio of investments, with one such series being designated the INVESCO Worldwide Emerging Markets Fund (the "Fund"); and

WHEREAS, INVESCO and the Sub-Adviser are engaged in rendering investment advisory services and are registered as investment advisers under the Investment Advisers Act of 1940; and

WHEREAS, the Sub-Adviser is a member of the Investment Management Regulatory Organization Limited ("IMRO") in the United Kingdom and as such is regulated by IMRO in the conduct of its business; further the Sub-Adviser shall provide services to INVESCO as a "Business Investor" as defined under the Rules of IMRO and as such certain rules designed for the protection of private customers shall not apply; and

WHEREAS, INVESCO has entered into an Investment Advisory Agreement with the Company (the "INVESCO Investment Advisory Agreement"), pursuant to which INVESCO is required to provide investment advisory services to the Company, and, upon receipt of written approval of the Company, is authorized to retain companies which are affiliated with INVESCO to provide such services; and

WHEREAS, the Sub-Adviser is willing to provide investment advisory services to the Company on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, INVESCO and the Sub-Adviser hereby agree as follows:

### ARTICLE I

#### DUTIES OF THE SUB-ADVISER

INVESCO hereby employs the Sub-Adviser to act as investment adviser to the Company and to furnish the investment advisory services described below, subject to the broad supervision of INVESCO and Board of Directors of the Company, for the period and on the terms and conditions set forth in this Agreement. The Sub-Adviser hereby accepts such assignment and agrees during such period, at its own expense, to render such services and to assume the obligations herein set forth

for the compensation provided for herein. The Sub-Adviser shall for all purposes herein be deemed to be an independent contractor and, unless otherwise expressly provided or authorized herein, shall have no authority to act for or represent the Company in any way or otherwise be deemed an agent of the Company.

The Sub-Adviser hereby agrees to manage the investment operations of the Fund, subject to the supervision of the Company's directors (the "Directors") and INVESCO. Specifically, the Sub-Adviser agrees to perform the following services:

- (a) to manage the investment and reinvestment of all the assets, now or hereafter acquired, of the Fund, and to execute all purchases and sales of portfolio securities;
- (b) to maintain a continuous investment program for the Fund, consistent with (i) the Fund's investment policies as set forth in the Company's Articles of Incorporation, Bylaws, and Registration Statement, as from time to time amended, under the Investment Company Act of 1940, as amended (the "1940 Act"), and in any prospectus and/or statement of additional information of the Fund, as from time to time amended and in use under the Securities Act of 1933, as amended, and (ii) the Company's status as a regulated investment company under the Internal Revenue Code of 1986, as amended;
- (c) to determine what securities are to be purchased or sold for the Fund, unless otherwise directed by the Directors of the Company or INVESCO, and to execute transactions accordingly;
- (d) to provide to the Fund the benefit of all of the investment analysis and research, the reviews of current economic conditions and trends, and the consideration of long-range investment policy now or hereafter generally available to investment advisory customers of the Sub-Adviser;
- (e) to determine what portion of the Fund should be invested in the various types of securities authorized for purchase by the Fund; and
- (f) to make recommendations as to the manner in which voting rights, rights to consent to Fund action and any other rights pertaining to the Fund's portfolio securities shall be exercised.

With respect to execution of transactions for the Fund, the Sub-Adviser is authorized to employ such brokers or dealers as may, in the Sub-Adviser's best judgment, implement the policy of the Fund to obtain prompt and reliable execution at the most favorable price obtainable. In assigning an execution or negotiating the commission to be paid therefor, the Sub-Adviser is authorized to



consider the full range and quality of a broker's services which benefit the Fund, including but not limited to research and analytical capabilities, reliability of performance, and financial soundness and responsibility. Research services prepared and furnished by brokers through which the Sub-Adviser effects securities transactions on behalf of the Fund may be used by the Sub-Adviser in servicing all of its accounts, and not all such services may be used by the Sub-Adviser in connection with the Fund. In the selection of a broker or dealer for execution of any negotiated transaction, the Sub-Adviser shall have no duty or obligation to seek advance competitive bidding for the most favorable negotiated commission rate for such transaction, or to select any broker solely on the basis of its purported or "posted" commission rate for such transaction, provided, however, that the Sub-Adviser shall consider such "posted" commission rates, if any, together with any other information available at the time as to the level of commissions known to be charged on comparable transactions by other qualified brokerage firms, as well as all other relevant factors and circumstances, including the size of any contemporaneous market in such securities, the importance to the Fund of speed, efficiency, and confidentiality of execution, the execution capabilities required by the circumstances of the particular transactions, and the apparent knowledge or familiarity with sources from or to whom such securities may be purchased or sold. Where the commission rate reflects services, reliability and other relevant factors in addition to the cost of execution, the Sub-Adviser shall have the burden of demonstrating that such expenditures were bona fide and for the benefit of the Fund.

Advice on investments may extend to investments not traded or exchanges recognized or designated by the Securities and Investments Board.

Both parties acknowledge that the advice given under this Agreement may involve liabilities in one currency matched by assets in another currency and that accordingly movements in rates of exchange may have a separate effect, unfavorable as well as favorable on the gain or loss experienced on an investment.

In carrying out its duties hereunder, the Sub-Adviser shall comply with all instructions of INVESCO in connection therewith such instructions may be given by letter, telex, telephone or facsimile by any Director or Officer of INVESCO or by any other person authorized by INVESCO.

Any instructions which appear to conflict with the terms of this Agreement may be confirmed by the Sub-Adviser with INVESCO prior to execution.

## ARTICLE II

### ALLOCATION OF CHARGES AND EXPENSES

The Sub-Adviser assumes and shall pay for maintaining the staff and personnel necessary to perform its obligations under this Agreement, and shall, at its own

expense, provide the office space, equipment and facilities necessary to perform its obligations under this Agreement. Except to the extent expressly assumed by the Sub-Adviser herein and except to the extent required by law to be paid by the Sub-Adviser, INVESCO and/or the Company shall pay all costs and expenses in connection with the operations of the Fund.

### ARTICLE III

#### COMPENSATION OF THE SUB-ADVISER

For the services rendered, facilities furnished, and expenses assumed by the Sub-Adviser, INVESCO shall pay to the Sub-Adviser a fee, computed daily and paid as of the last day of each month, using for each daily calculation the most recently determined net asset value of the Fund, as determined by a valuation made in accordance with the Fund's procedures for calculating its net asset value as described in the Fund's Prospectus and/or Statement of Additional Information. The advisory fee to the Sub-Adviser shall be computed at the annual rate of 0.375% of the Fund's daily net assets up to \$500 million; 0.325% of the Fund's daily net assets in excess of \$500 million but not more than \$1 billion; and 0.275% of the Fund's daily net assets in excess of \$1 billion. During any period when the determination of the Fund's net asset value is suspended by the Directors of the Fund, the net asset value of a share of the Fund as of the last business day prior to such suspension shall, for the purpose of this Article III, be deemed to be the net asset value at the close of each succeeding business day until it is again determined. However, no such fee shall be paid to the Sub-Adviser with respect to any assets of the Fund which may be invested in any other investment company for which the Sub-Adviser serves as investment adviser or sub-adviser. The fee provided for hereunder shall be prorated in any month in which this Agreement is not in effect for the entire month. The Sub-Adviser shall be entitled to receive fees hereunder only for such periods as the INVESCO Investment Advisory Agreement remains in effect.

### ARTICLE IV

#### ACTIVITIES OF THE SUB-ADVISER

The services of the Sub-Adviser to the Fund are not to be deemed to be exclusive, the Sub-Adviser and any person controlled by or under common control with the Sub-Adviser (for purposes of this Article IV referred to as "affiliates") being free to render services to others. It is understood that directors, officers, employees and shareholders of the Fund are or may become interested in the Sub-Adviser and its affiliates, as directors, officers, employees and shareholders or otherwise and that directors, officers, employees and shareholders of the Sub-Adviser, INVESCO and their affiliates are or may become interested in the Fund as directors, officers and employees.

### ARTICLE V

## AVOIDANCE OF INCONSISTENT POSITIONS AND COMPLIANCE WITH APPLICABLE LAWS

In connection with purchases or sales of securities for the investment portfolio of the Fund, neither the Sub-Adviser nor any of its directors, officers or employees will act as an agent for any party other than the Fund or receive any commissions. The Sub-Adviser will comply with all applicable laws in acting hereunder including, without limitation, the 1940 Act; the Investment Advisers Act of 1940, as amended; the Rules and Regulations of IMRO; and all rules and regulations duly promulgated under the foregoing.

## ARTICLE VI

### DURATION AND TERMINATION OF THIS AGREEMENT

This Agreement shall become effective as of the date it is approved by a majority of the outstanding voting securities of the Fund of the Company. Thereafter, this Agreement shall remain in force for an initial term expiring April 30, 1996, and from year to year thereafter until its termination in accordance with this Article VI, but only so long as such continuance is specifically approved at least annually by (i) the Directors of the Company, or by the vote of a majority of the outstanding voting securities of the Fund, and (ii) a majority of those Directors who are not parties to this Agreement or interested persons of any such party cast in person at a meeting called for the purpose of voting on such approval.

This Agreement may be terminated at any time, without the payment of any penalty, by INVESCO, the Fund by vote of the Directors of the Company, or by vote of a majority of the outstanding voting securities of the Fund, or by the Sub-Adviser. A termination by INVESCO or the Sub-Adviser shall require sixty days' written notice to the other party and to the Company, and a termination by the Company shall require such notice to each of the parties. This Agreement shall automatically terminate in the event of its assignment to the extent required by the Investment Company Act of 1940 and the Rules thereunder.

The Sub-Adviser agrees to furnish to the Directors of the Company such information on an annual basis as may reasonably be necessary to evaluate the terms of this Agreement.

Termination of this Agreement shall not affect the right of the Sub-Adviser to receive payments on any unpaid balance of the compensation described in Article III hereof earned prior to such termination.

## ARTICLE VII

### LIABILITY

The Sub-Adviser agrees to use its best efforts and judgement and due care in carrying out its duties under this Agreement provided however that the Sub-Adviser shall not be liable to INVESCO for any loss suffered by INVESCO or the Fund advised in connection with the subject matter of this Agreement unless

such loss arises from the willful misfeasance, bad faith or negligence in the performance of the Sub-Adviser's duties and subject and without prejudice to the foregoing. INVESCO hereby undertakes to indemnify and to keep indemnified the Sub-Adviser from and against any and all liabilities, obligations, losses, damages, suits and expenses (collectively, "Losses") which may be incurred by or asserted against the Sub-Adviser for which it is responsible pursuant to Article I hereof; provided, that INVESCO shall not be required to indemnify the Sub-Adviser for any Losses arising from the willful misfeasance, bad faith or negligence of Sub-Adviser and, provided further, that the Sub-Adviser shall send to INVESCO as soon as possible all claims, letters, summonses, writs or documents which it receives from third parties and provide whatever information and assistance INVESCO may require and no liability of any sort shall be admitted and no undertaking shall be given nor

shall any offer, promise or payment be made or legal expenses incurred by the Sub-Adviser without written consent of INVESCO which shall be entitled if it so desires to take over and conduct in the name of the Sub-Adviser the defense of any action or to prosecute any claim for indemnity or damages or otherwise against any third party.

#### ARTICLE VIII

##### AMENDMENTS OF THIS AGREEMENT

No provision of this Agreement may be orally changed or discharged, but may only be modified by an instrument in writing signed by the Sub-Adviser and INVESCO. In addition, no amendment to this Agreement shall be effective unless approved by (1) the vote of a majority of the Directors of the Company, including a majority of the Directors who are not parties to this Agreement or interested persons of any such party cast in person at a meeting called for the purpose of voting on such amendment and (2) the vote of a majority of the outstanding voting securities of the Fund (other than an amendment which can be effective without shareholder approval under applicable law).

#### ARTICLE IX

##### DEFINITIONS OF CERTAIN TERMS

In interpreting the provisions of this Agreement, the terms "vote of a majority of the outstanding voting securities," "assignments," "affiliated person" and "interested person," when used in this Agreement, shall have the respective meanings specified in the Investment Company Act and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

#### ARTICLE X

GOVERNING LAW

This Agreement shall be construed in accordance with the laws of the State of Colorado and the applicable provisions of the Investment Company Act. To the extent that the applicable laws of the State of Colorado, or any of the provisions herein, conflict with the applicable provisions of the Investment Company Act, the latter shall control.

ARTICLE XI

MISCELLANEOUS

Advice. Any recommendation or advice given by the Sub-Adviser to INVESCO hereunder shall be given in writing or by mail, telex, telefacsimile or by telephone, such telephone advice to be confirmed by mail, telex, telefacsimile or in writing to such place as INVESCO shall from time to time require; further the Sub-Adviser shall be free to telephone INVESCO as it sees fit in the performance of its duties.

Complaints. The Sub-Adviser has in operation a written procedure for the proper handling of complaints from clients; if the matter of complaint cannot be resolved to INVESCO's satisfaction, INVESCO has the right of recourse to IMRO.

Notice. Any notice under this Agreement shall be in writing, addressed and delivered or mailed, postage prepaid, to the other party at such address as such other party may designate for the receipt of such notice.

Severability. Each provision of this Agreement is intended to be severable. If any provision of this Agreement shall be held illegal or made invalid by a court decision, statute, rule or otherwise, such illegality or invalidity shall not affect the validity or enforceability of the remainder of this Agreement.

Headings. The headings in this Agreement are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the size, extent or intent of this Agreement or any provision hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

INVESCO FUNDS GROUP, INC.

By:

-----

Dan J. Hesser  
President

ATTEST:

-----

Glen A. Payne  
Secretary

MIM INTERNATIONAL LIMITED

By:

-----

David C. Gillan  
Managing Director

ATTEST:

-----

Graeme J. Proudfoot

## Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Prospectus and Statement of Additional Information constituting parts of this Post-Effective Amendment No. 5 to the registration statement on Form N-1A (the "Registration Statement") of our report dated June 30, 1995, relating to the financial statements and financial highlights appearing in the May 31, 1995 Annual Report to Shareholders of INVESCO Emerging Growth Fund (constituting the INVESCO Emerging Opportunity Funds, Inc.) which is also incorporated by reference into the Registration Statement. We also consent to the references to us under the heading "Financial Highlights" in the Prospectus and under the headings "Independent Accountants" and "Financial Statements" in the Statement of Additional Information.

Price Waterhouse LLP

Denver, Colorado  
July 12, 1995

[ARTICLE] 6

[LEGEND]

THIS SCHEDULE CONTAINS FINANCIAL INFORMATION EXTRACTED FROM INVESCO EMERGING OPPORTUNITY FUNDS, INC. AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH INVESCO EMERGING OPPORTUNITY FUNDS, INC'S FINANCIAL STATEMENTS.

[/LEGEND]

[CIK] 0000870781

[NAME] INVESCO EMERGING OPPORTUNITY FUNDS, INC.

[SERIES]

[NUMBER] 1

[NAME] INVESCO EMERGING GROWTH FUND

<TABLE>

| <S>                       | <C>         |
|---------------------------|-------------|
| [PERIOD-TYPE]             | 12-MOS      |
| [FISCAL-YEAR-END]         | MAY-31-1995 |
| [PERIOD-END]              | MAY-31-1995 |
| [INVESTMENTS-AT-COST]     | 181265070   |
| [INVESTMENTS-AT-VALUE]    | 180630026   |
| [RECEIVABLES]             | 241147      |
| [ASSETS-OTHER]            | 50067       |
| [OTHER-ITEMS-ASSETS]      | 20964       |
| [TOTAL-ASSETS]            | 180942204   |
| [PAYABLE-FOR-SECURITIES]  | 26845587    |
| [SENIOR-LONG-TERM-DEBT]   | 0           |
| [OTHER-ITEMS-LIABILITIES] | 369300      |
| [TOTAL-LIABILITIES]       | 27214887    |
| [SENIOR-EQUITY]           | 0           |
| [PAID-IN-CAPITAL-COMMON]  | 158684201   |
| [SHARES-COMMON-STOCK]     | 16401894    |
| [SHARES-COMMON-PRIOR]     | 15477755    |
| [ACCUMULATED-NII-CURRENT] | 15532       |
| [OVERDISTRIBUTION-NII]    | 0           |
| [ACCUMULATED-NET-GAINS]   | (4337372)   |
| [OVERDISTRIBUTION-GAINS]  | 0           |
| [ACCUM-APPREC-OR-DEPREC]  | (635044)    |
| [NET-ASSETS]              | 153727317   |
| [DIVIDEND-INCOME]         | 964369      |
| [INTEREST-INCOME]         | 2503153     |
| [OTHER-INCOME]            | (1406)      |
| [EXPENSES-NET]            | 2715149     |
| [NET-INVESTMENT-INCOME]   | 750967      |
| [REALIZED-GAINS-CURRENT]  | (4319462)   |
| [APPREC-INCREASE-CURRENT] | 10422490    |
| [NET-CHANGE-FROM-OPS]     | 6103028     |
| [EQUALIZATION]            | 0           |
| [DISTRIBUTIONS-OF-INCOME] | 735435      |
| [DISTRIBUTIONS-OF-GAINS]  | 37702557    |
| [DISTRIBUTIONS-OTHER]     | 0           |
| [NUMBER-OF-SHARES-SOLD]   | 22648812    |



|                             |            |
|-----------------------------|------------|
| [NUMBER-OF-SHARES-REDEEMED] | 25866344   |
| [SHARES-REINVESTED]         | 4141671    |
| [NET-CHANGE-IN-ASSETS]      | (22782449) |
| [ACCUMULATED-NII-PRIOR]     | 70484      |
| [ACCUMULATED-GAINS-PRIOR]   | 0          |
| [OVERDISTRIB-NII-PRIOR]     | 37659494   |
| [OVERDIST-NET-GAINS-PRIOR]  | 0          |
| [GROSS-ADVISORY-FEES]       | 1370549    |
| [INTEREST-EXPENSE]          | 0          |
| [GROSS-EXPENSE]             | 2779007    |
| [AVERAGE-NET-ASSETS]        | 182597546  |
| [PER-SHARE-NAV-BEGIN]       | 11.40      |
| [PER-SHARE-NII]             | 0.21       |
| [PER-SHARE-GAIN-APPREC]     | 0.17       |
| [PER-SHARE-DIVIDEND]        | 0.04       |
| [PER-SHARE-DISTRIBUTIONS]   | 0.46       |
| [RETURNS-OF-CAPITAL]        | 0          |
| [PER-SHARE-NAV-END]         | 9.37       |
| [EXPENSE-RATIO]             | 2          |
| [AVG-DEBT-OUTSTANDING]      | 0          |
| [AVG-DEBT-PER-SHARE]        | 0          |

</TABLE>