

Invesco CurrencyShares British Pound Sterling Trust  
Form 10-Q  
September 07, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended July 31, 2018

or

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

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number 001-32906

**Invesco CurrencyShares® British Pound Sterling Trust**

**Sponsored by Invesco Specialized Products, LLC**

(Exact name of registrant as specified in its charter)

**New York**  
(State or other jurisdiction of  
incorporation or organization)

**3500 Lacey Road, Suite 700**

**Downers Grove, Illinois**  
(Address of principal executive offices)

**(800) 983-0903**

(Registrant's telephone number, including area code)

**03-6118853**  
(IRS Employer Identification No.)

**60515**  
(Zip Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (d232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

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

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



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**INVESCO CURRENCYSHARES® BRITISH POUND STERLING TRUST**

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**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Invesco CurrencyShares® British Pound Sterling Trust****Statements of Financial Condition**

	<b>July 31, 2018 (Unaudited)</b>	<b>October 31, 2017</b>
<b><u>Assets</u></b>		
Current Assets:		
British Pound Sterling deposits, interest bearing	\$ 159,133,007	\$ 213,160,593
British Pound Sterling deposits, non-interest bearing		
Receivable from accrued interest	11,525	
Total Current Assets	\$ 159,144,532	\$ 213,160,593
<b><u>Liabilities, Redeemable Capital Shares and Shareholders' Equity</u></b>		
Current Liabilities:		
Accrued Sponsor's fee	\$ 54,682	\$ 72,617
Total Current Liabilities	54,682	72,617
<b>Commitments and Contingent Liabilities (note 8)</b>		
Redeemable Capital Shares, at redemption value, no par value, 18,000,000 authorized 1,250,000 and 1,650,000 issued and outstanding, respectively	159,089,850	213,087,976
<b>Shareholders' Equity:</b>		
Retained Earnings		
Cumulative Translation Adjustment		
Total Liabilities, Redeemable Capital Shares and Shareholders' Equity	\$ 159,144,532	\$ 213,160,593

*See Notes to Financial Statements.*

**Table of Contents****Invesco CurrencyShares® British Pound Sterling Trust****Statements of Comprehensive Income****(Unaudited)**

	<b>Three months ended July 31, 2018</b>	<b>Three months ended July 31, 2017</b>	<b>Nine months ended July 31, 2018</b>	<b>Nine months ended July 31, 2017</b>
<b>Income</b>				
Interest Income	\$ 35,141	\$	\$ 126,437	\$
<b>Total Income</b>	<b>35,141</b>		<b>126,437</b>	
<b>Expenses</b>				
Sponsor's fee	(169,448)	(256,279)	(569,814)	(852,590)
<b>Total Expenses</b>	<b>(169,448)</b>	<b>(256,279)</b>	<b>(569,814)</b>	<b>(852,590)</b>
<b>Net Loss</b>	<b>\$ (134,307)</b>	<b>\$ (256,279)</b>	<b>\$ (443,377)</b>	<b>\$ (852,590)</b>
Basic and Diluted Earnings per Share	\$ (0.10)	\$ (0.13)	\$ (0.31)	\$ (0.37)
Weighted-average Shares Outstanding	1,298,913	2,014,130	1,440,476	2,320,147
Cash Dividends per Share	\$	\$	\$	\$
<b>Other Comprehensive Income/(Loss):</b>				
Currency translation adjustment	1,922	(5,389)	(4,641)	(19,688)
<b>Total Comprehensive Loss</b>	<b>\$ (132,385)</b>	<b>\$ (261,668)</b>	<b>\$ (448,018)</b>	<b>\$ (872,278)</b>

*See Notes to Financial Statements.*

**Table of Contents****Invesco CurrencyShares® British Pound Sterling Trust****Statements of Changes in Shareholders' Equity**

	<b>Nine months ended July 31, 2018 (Unaudited)</b>	<b>Year ended October 31, 2017</b>
Retained Earnings, Beginning of Period	\$	\$
Net Loss	(443,377)	(1,081,379)
Adjustment of redeemable capital shares to redemption value	443,377	1,081,379
Retained Earnings, End of Period	\$	\$
Cumulative Translation Adjustment, Beginning of Period	\$	\$
Currency translation adjustment	(4,641)	(21,853)
Adjustment of redeemable capital shares to redemption value	4,641	21,853
Cumulative Translation Adjustment, End of Period	\$	\$

*See Notes to Financial Statements.*

Table of Contents**Invesco CurrencyShares® British Pound Sterling Trust****Statements of Cash Flows****(Unaudited)**

	<b>Nine months ended July 31, 2018</b>	<b>Nine months ended July 31, 2017</b>
<b><u>Cash flows from operating activities</u></b>		
Cash received for accrued income	\$ 114,351	\$
Cash paid for Sponsor's fee	(587,279)	(865,655)
Net cash used in operating activities	(472,928)	(865,655)
<b><u>Cash flows from financing activities</u></b>		
Cash received to purchase redeemable shares	26,422,001	55,315,521
Cash paid to redeem redeemable shares	(79,236,503)	(147,481,796)
Net cash used in financing activities	(52,814,502)	(92,166,275)
Adjustment to period cash flows due to currency movement	(740,156)	20,968,141
Decrease in cash	(54,027,586)	(72,063,789)
Cash at beginning of period	213,160,593	315,997,529
Cash at end of period	\$ 159,133,007	\$ 243,933,740
<b><u>Reconciliation of net loss to net cash used in operating activities</u></b>		
Net Loss	\$ (443,377)	\$ (852,590)
Adjustments to reconcile net loss to net cash used in operating activities:		
Receivable from accrued interest	(11,525)	
Currency translation adjustment	(91)	(8,278)
Accrued Sponsor's fee	54,682	87,990
Prior period accrued Sponsor's fee	(72,617)	(92,777)
Net cash used in operating activities	\$ (472,928)	\$ (865,655)

*See Notes to Financial Statements.*

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**Invesco CurrencyShares® British Pound Sterling Trust**

**Notes to Financial Statements**

**(Unaudited)**

**1. Background**

On September 28, 2017, Guggenheim Capital, LLC ( Guggenheim ) and Invesco Ltd. entered into a Transaction Agreement (the Transaction Agreement ), pursuant to which Guggenheim agreed to transfer all of the membership interests of Guggenheim Specialized Products, LLC (the Sponsor ) to Invesco Capital Management LLC ( Invesco Capital Management ).

The Transaction Agreement was consummated on April 6, 2018 (the Closing ) and immediately following the Closing, Invesco Capital Management changed the name of the Sponsor to Invesco Specialized Products, LLC.

**2. Organization and Description of the Trust**

The Invesco CurrencyShares® British Pound Sterling Trust (the Trust ) was formed under the laws of the State of New York on June 8, 2006 when the Sponsor deposited 100 British Pounds Sterling in the Trust 's primary deposit account held by JPMorgan Chase Bank, N.A., London Branch (the Depository ). The Sponsor is a Delaware limited liability company whose sole member is Invesco Capital Management. The Sponsor is responsible for, among other things, overseeing the performance of The Bank of New York Mellon (the Trustee ) and the Trust 's principal service providers, including the preparation of financial statements. The Trustee is responsible for the day-to-day administration of the Trust.

The investment objective of the Trust is for the Trust 's shares (the Shares ) to reflect the price in U.S. Dollars ( USD ) of the British Pound Sterling plus accrued interest, if any, less the Trust 's expenses and liabilities. The Shares are intended to provide investors with a simple, cost-effective means of gaining investment benefits similar to those of holding British Pounds Sterling. The Trust 's assets primarily consist of British Pounds Sterling on demand deposit in two deposit accounts maintained by the Depository: a primary deposit account which may earn interest and a secondary deposit account which does not earn interest. The secondary deposit account is used to account for any interest that may be received and paid out on creations and redemptions of blocks of 50,000 Shares ( Baskets ). The secondary account is also used to account for interest earned, if any, on the primary deposit account, pay Trust expenses and distribute any excess interest to holders of Shares ( Shareholders ) on a monthly basis.

The accompanying unaudited financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ) for interim financial information and with the instructions for Form 10-Q and the rules and regulations of the U.S. Securities and Exchange Commission. In the opinion of management, all material adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement of the interim period financial statements have been made. Interim period results are not necessarily indicative of results for a full-year period. These financial statements and the notes thereto should be read in conjunction with the Trust 's financial statements included in the Form 10-K as filed on January 11, 2018.

### **3. Significant Accounting Policies**

#### **A. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosures of contingent liabilities at the date of the financial statements, the reported amounts of revenue and expenses during the period and the evaluation of subsequent events through the issuance date of the financial statements. Actual results could differ from those estimates.

#### **B. Foreign Currency Translation**

For NAV calculation purposes, British Pound Sterling deposits (cash) are translated at the Closing Spot Rate, which is the British Pound Sterling/USD exchange rate as determined and published by The WM Company at 4:00 PM (London time / London fixing) on each day that NYSE Arca, Inc. ( NYSE Arca ) is open for regular trading.

The Trust maintains its books and records in British Pound Sterling. For financial statement reporting purposes, the U.S. Dollar is the reporting currency. As a result, the financial records of the Trust are translated from British Pounds Sterling to USD. The Closing Spot Rate on the last day of the period is used for translation in the statements of financial condition. The average Closing Spot Rate for the period is used for translation in the statements of comprehensive income and the statements of cash flows. Any currency translation adjustment is included in comprehensive income.

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**C. Federal Income Taxes**

The Trust is treated as a grantor trust for federal income tax purposes and, therefore, no provision for federal income taxes is required. Interest, gains and losses are passed through to the Shareholders.

Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro-rata share of the assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro-rata portion of the Trust's income, if any, and as if they directly incurred their respective pro-rata portion of the Trust's expenses. The acquisition of Shares by a U.S. Shareholder as part of a creation of a Basket will not be a taxable event to the Shareholder.

The Sponsor's fee accrues daily and is payable monthly. For U.S. federal income tax purposes, an accrual-basis U.S. Shareholder generally will be required to take into account as an expense its allocable portion of the USD-equivalent of the amount of the Sponsor's fee that is accrued on each day, with such USD-equivalent being determined by the currency exchange rate that is in effect on the respective day. To the extent that the currency exchange rate on the date of payment of the accrued amount of the Sponsor's fee differs from the currency exchange rate in effect on the day of accrual, the U.S. Shareholder will recognize a currency gain or loss for U.S. federal income tax purposes.

The Trust does not expect to generate taxable income except for interest income (if any) and gain (if any) upon the sale of British Pounds Sterling. A non-U.S. Shareholder generally will not be subject to U.S. federal income tax with respect to gain recognized upon the sale or other disposition of Shares, or upon the sale of British Pounds Sterling by the Trust, unless: (1) the non-U.S. Shareholder is an individual and is present in the United States for 183 days or more during the taxable year of the sale or other disposition, and the gain is treated as being from United States sources; or (2) the gain is effectively connected with the conduct by the non-U.S. Shareholder of a trade or business in the United States.

A non-U.S. Shareholder's portion of any interest income earned by the Trust generally will not be subject to U.S. federal income tax unless the Shares owned by such non-U.S. Shareholder are effectively connected with the conduct by the non-U.S. Shareholder of a trade or business in the United States.

**D. Revenue Recognition**

Interest on the primary deposit account, if any, accrues daily as earned and is received or paid on a monthly basis. Any interest below zero for the period is reflected as interest expense. The Depository may change the rate at which interest accrues, including reducing the interest rate to zero or below zero, based upon changes in the Sterling Overnight Index Average, other market conditions or the Depository's liquidity needs. Interest charged on the primary deposit account will be disclosed as interest expense.

**E. Dividends**

To the extent that the interest earned by the Trust, if any, exceeds the sum of the Sponsor's fee for the prior month plus other Trust expenses, if any, the Trust will distribute, as a dividend (herein referred to as dividends or distributions), the excess interest earned in British Pounds Sterling effective on the first business day of the subsequent month. The Trustee will direct that the excess British Pounds Sterling be converted into USD at the prevailing market rate and the Trustee will distribute the USD as promptly as practicable to Shareholders on a pro-rata basis (in accordance with the number of Shares that they own).

#### **4. British Pound Sterling Deposits**

British Pound Sterling principal deposits are held in a British Pound Sterling-denominated, interest-bearing demand account. The interest rate in effect as of July 31, 2018 was an annual nominal rate of 0.08%. For the nine months ended July 31, 2018, there were British Pound Sterling principal deposits of 19,439,377, British Pound Sterling principal redemptions of 58,296,427 and British Pound Sterling withdrawals (to pay expenses) of 347,946, resulting in an ending British Pound Sterling principal balance of 121,313,458. This equates to 159,133,007 USD. For the year ended October 31, 2017, there were British Pound Sterling principal deposits of 43,876,831, British Pound Sterling principal redemptions of 141,309,219 and British Pound Sterling withdrawals (to pay expenses) of 872,623, resulting in an ending British Pound Sterling principal balance of 160,518,454. This equates to 213,160,593 USD.

Net interest, if any, associated with creation and redemption activity is held in a British Pound Sterling-denominated non-interest-bearing account, and any balance is distributed in full as part of the monthly income distributions, if any.

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Shares are classified as redeemable for financial statement purposes, since they are subject to redemption. Shares are issued and redeemed continuously in Baskets in exchange for British Pounds Sterling. Individual investors cannot purchase or redeem Shares in direct transactions with the Trust. Only Authorized Participants (as defined below) may place orders to create and redeem Baskets. An Authorized Participant is a Depository Trust Company ( DTC ) participant that is a registered broker-dealer or other institution eligible to settle securities transactions through the book-entry facilities of the DTC and which has entered into a contractual arrangement with the Trust and the Sponsor governing, among other matters, the creation and redemption process. Authorized Participants may redeem their Shares at any time in Baskets.

Due to expected continuing creations and redemptions of Baskets and the two-day period for settlement of each creation or redemption, the Trust reflects Shares created as a receivable on the trade date. Shares redeemed are reflected as a liability on the trade date. Outstanding Shares are reflected at a redemption value, which is the NAV per Share at the period end date. Adjustments to redeemable capital Shares at redemption value are recorded against retained earnings or, in the absence of retained earnings, by charges against the cumulative translation adjustment.

Activity in redeemable capital Shares is as follows:

	Nine months ended July 31, 2018 (Unaudited)		Year ended October 31, 2017	
	Shares	U.S. Dollar Amount	Shares	U.S. Dollar Amount
<b>Opening Balance</b>	1,650,000	\$ 213,087,976	2,650,000	\$ 315,904,752
Shares issued	200,000	26,422,001	450,000	55,921,021
Shares redeemed	(600,000)	(79,236,503)	(1,450,000)	(180,098,599)
Adjustment to period Shares due to currency movement and other		(1,183,624)		21,360,802
<b>Ending Balance</b>	1,250,000	\$ 159,089,850	1,650,000	\$ 213,087,976

The Trustee calculates the Trust's NAV each business day. To calculate the NAV, the Trustee subtracts the Sponsor's accrued fee through the previous day from the British Pounds Sterling held by the Trust (including all unpaid interest, if any, accrued through the preceding day) and calculates the value of the British Pounds Sterling in USD based upon the Closing Spot Rate. If, on a particular evaluation day, the Closing Spot Rate has not been determined and announced by 6:00 PM (London time), then the most recent Closing Spot Rate will be used to determine the NAV of the Trust unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate to use as the basis for the valuation. If the Trustee and the Sponsor determine that the most recent Closing Spot Rate is not an appropriate basis for valuation of the Trust's British Pounds Sterling, they will determine an alternative basis for the valuation. The Trustee also determines the NAV per Share, which equals the NAV of the Trust, divided by the number of outstanding Shares. Shares deliverable under a purchase order are considered outstanding for purposes of determining NAV per Share; Shares deliverable under a redemption order are not considered outstanding for this purpose.

**6. Related Party Agreements**

The Sponsor is a related party of the Trust. The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the British Pounds Sterling in the Trust (including all unpaid interest but excluding unpaid fees, each as accrued through the immediately preceding day) and is paid monthly.

The Sponsor assumes and pays the following administrative and marketing expenses incurred by the Trust: the Trustee's monthly fee, NYSE Arca listing fees, SEC registration fees, typical maintenance and transaction fees of the Depository, printing and mailing costs, audit fees and expenses, up to \$100,000 per year in legal fees and expenses, and applicable license fees.

In certain exceptional cases the Trust will pay for some expenses in addition to the Sponsor's fee. These exceptions include expenses not assumed by the Sponsor (i.e., expenses other than those identified in the preceding paragraph), expenses resulting from a negative interest rate, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Trustee or the Sponsor on behalf of the Trust or action taken by the Trustee or the Sponsor to protect the Trust or the interests of Shareholders, indemnification of the Sponsor under the Depository Trust Agreement, audit fees and legal expenses in excess of \$100,000 per year.

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**7. Concentration Risk**

All of the Trust's assets are British Pounds Sterling, which creates a concentration risk associated with fluctuations in the price of the British Pound Sterling. Accordingly, a decline in the British Pound Sterling to USD exchange rate will have an adverse effect on the value of the Shares. Factors that may have the effect of causing a decline in the price of the British Pound Sterling include national debt levels and trade deficits, domestic and foreign inflation rates, domestic and foreign interest rates, investment and trading activities of institutions and global or regional political, economic or financial events and situations. Substantial sales of British Pounds Sterling by the official sector (central banks, other governmental agencies and related institutions that buy, sell and hold British Pounds Sterling as part of their reserve assets) could adversely affect an investment in the Shares.

All of the Trust's British Pounds Sterling are held by the Depository. Accordingly, a risk associated with the concentration of the Trust's assets in accounts held by a single financial institution exists and increases the potential for loss by the Trust and the Trust's beneficiaries in the event that the Depository becomes insolvent.

Furthermore, on June 23, 2016, the citizens of the United Kingdom voted to leave the European Union. In February 2017, the British Parliament voted in favor of allowing the British government to begin negotiating the terms of the United Kingdom's withdrawal from the European Union, and, in March 2017, the British government invoked Article 50, which, per the terms of the treaty, formally triggered the two-year negotiation process. In March 2018, the European Union and the United Kingdom agreed to a transition process of 21 months from March 29, 2019 until the end of 2020 before the United Kingdom leaves the European Union completely. Following the vote of the United Kingdom to leave the European Union in 2016, the USD price paid for British Pound Sterling has been highly volatile. The long-term consequences for the United Kingdom economy of the United Kingdom exiting the European Union are unknown and unpredictable, as is the future direction of the value of British Pound Sterling and the Shares. These uncertainties could further increase volatility in the market prices of the British Pound Sterling and the Shares. Increased volatility could, in itself, decrease the value of the Shares.

**8. Commitments and Contingencies**

Under the Trust's organizational documents, the Sponsor is indemnified against any liability or expense it incurs without negligence, bad faith or willful misconduct on its part. The Trust's maximum exposure under this arrangement is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

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

#### **Cautionary Statement Regarding Forward-Looking Information**

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as anticipate, expect, intend, plan, believe, outlook and estimate and other similar words. Forward-looking statements are based upon our current expectations and beliefs concerning future developments and their potential effects on us. Such forward-looking statements are not guarantees of future performance. Various factors may cause our actual results to differ materially from those expressed in our forward-looking statements. These factors include fluctuations in the price of the British Pound Sterling, as the value of the Shares relates directly to the value of the British Pounds Sterling held by the Trust and price fluctuations could materially adversely affect an investment in the Shares. Readers are urged to review the Risk Factors section contained in the Trust's most recent annual report on Form 10-K for a description of other risks and uncertainties that may affect an investment in the Shares.

Neither Invesco Specialized Products, LLC (the Sponsor) nor any other person assumes responsibility for the accuracy or completeness of forward-looking statements contained in this report. The forward-looking statements are made as of the date of this report, and will not be revised or updated to reflect actual results or changes in the Sponsor's expectations or predictions.

#### **Trust Overview**

The Invesco CurrencyShares® British Pound Sterling Trust (the Trust) is a grantor trust that was formed on June 8, 2006. The Trust issues shares (the Shares) in blocks of 50,000 (a Basket) in exchange for deposits of British Pound Sterling and distributes British Pound Sterling in connection with the redemption of Baskets. The Shares commenced trading on the New York Stock Exchange under the ticker symbol FXB on June 26, 2006. The primary listing of the Shares was transferred to NYSE Arca on October 30, 2007.

The investment objective of the Trust is for the Shares to reflect the price of the British Pound Sterling plus accrued interest, if any, of the securities are uncertain, and the Internal Revenue Service or a court might not agree with the treatment of the securities as pre-paid cash-settled derivative contracts. If the Internal Revenue Service were successful in asserting an alternative treatment of the securities, the tax consequences of the ownership and disposition of the securities might be materially and adversely affected. As described under Certain U.S. Federal Income Tax Consequences in the underlying supplement, the U.S. Treasury Department and the Internal Revenue Service released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of prepaid forward contracts and similar instruments. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, including the character and timing of income or loss and the degree, if any, to which income realized by non-U.S. persons should be subject to withholding tax, possibly with retroactive effect.

Furthermore, Section 871(m) of the Internal Revenue Code imposes a withholding tax of up to 30% on dividend equivalents paid to non-U.S. investors in respect of certain financial instruments linked to U.S. equities. As of the date of this preliminary pricing supplement, the securities should not be subject to withholding under Section 871(m).

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Both U.S. and non-U.S. persons considering an investment in the securities should review carefully Summary of U.S. Federal Income Tax Consequences in this pricing supplement and Certain U.S. Federal Income Tax Consequences in the underlying supplement and consult their tax advisors regarding the U.S. federal tax consequences of an investment in the securities (including possible alternative treatments and the issues presented by the notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

### **There Can Be No Assurance That The Canadian Federal Income Tax Consequences Of An Investment In The Securities Will Not Change In The Future.**

There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, or the administrative policies and assessing practices of the Canada Revenue Agency will not be changed in a manner that adversely affects investors. For a discussion of the Canadian federal income tax consequences of investing in the securities, please read the section entitled Certain Canadian Federal Income Tax Considerations in this pricing supplement as well as the section entitled Material Income Tax Consequences Canadian Taxation in the accompanying prospectus. You should consult your tax advisor with respect to your own particular situation.

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## Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020

### HYPOTHETICAL RETURNS

The following table illustrates, for a hypothetical Capped Value of 116.00% or \$1,160.00 per security (the midpoint of the specified range of the Capped Value), a Starting Level of 100.00, a Threshold Level of 90.00, a Participation Rate of 125%, a term to maturity of 1.5 years and a range of hypothetical Ending Levels of the Basket:

- the hypothetical percentage change from the Starting Level to the hypothetical Ending Level;
- the hypothetical Redemption Amount payable at maturity per security; and
- the hypothetical pre-tax total rate of return.

Hypothetical Ending Level	Hypothetical Percentage Change From the Starting Level to the Hypothetical Ending Level	Hypothetical Redemption Amount Payable At Maturity Per Security	Hypothetical Pre-Tax Total Rate of Return
175.00	75.00%	\$1,160.00	16.00%
150.00	50.00%	\$1,160.00	16.00%
140.00	40.00%	\$1,160.00	16.00%
130.00	30.00%	\$1,160.00	16.00%
120.00	20.00%	\$1,160.00	16.00%
115.00	15.00%	\$1,160.00	16.00%
112.80	12.80%	\$1,160.00	16.00%
105.00	5.00%	\$1,062.50	6.25%
100.00(1)	0.00%	\$1,000.00	0.00%
95.00	-5.00%	\$1,000.00	0.00%
90.00	-10.00%	\$1,000.00	0.00%
89.00	-11.00%	\$990.00	-1.00%
80.00	-20.00%	\$900.00	-10.00%
75.00	-25.00%	\$850.00	-15.00%
50.00	-50.00%	\$600.00	-40.00%
25.00	-75.00%	\$350.00	-65.00%
0.00	-100.00%	\$100.00	-90.00%

(1) The Starting Level.

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The above figures are for purposes of illustration only and may have been rounded for ease of analysis. The actual amount you receive at maturity and the resulting pre-tax rate of return will depend on the actual Ending Level and Capped Value.

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## Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020

### HYPOTHETICAL PAYMENTS AT MATURITY

Set forth below are four examples of payment at maturity calculations, reflecting a hypothetical Capped Value of 116.00% or \$1,160.00 per security (the midpoint of the specified range for the Capped Value), a Participation Rate of 125%, a Starting Level of 100, a Threshold Level of 90% of the Starting Level, and assuming hypothetical Initial Component Levels, Final Component Levels and Component Returns as indicated in the examples. The terms used for purposes of these hypothetical examples do not represent the actual Initial Component Level of any Basket Component. The hypothetical Initial Component Level of 100.00 for each Basket Component has been chosen for illustrative purposes only and does not represent the actual Initial Component Level of any Basket Component. The actual Initial Component Level for each Basket Component will be determined on the Pricing Date and will be set forth under Terms of the Securities above. For historical data regarding the actual Closing Levels of the Basket Components, see the historical information set forth herein. These examples are for purposes of illustration only and the values used in the examples may have been rounded for ease of analysis.

**Example 1. The Redemption Amount is greater than the principal amount but less than the Capped Value:**

	SPX	SX5E
<b>Initial Component Level:</b>	100.00	100.00
<b>Final Component Level:</b>	110.00	100.00
<b>Component Return:</b>	10.00%	0.00%

Based on the Component Returns set forth above, the hypothetical Ending Level would equal:

$$100 \times [1 + (50\% \times 10.00\%) + (50\% \times 0.00\%)] = 105.00$$

Since the hypothetical Ending Level is greater than the Starting Level, the Redemption Amount would equal:

On the Stated Maturity Date, you would receive \$1,062.50 per security.

**Example 2. The Redemption Amount is equal to the Capped Value:**

	SPX	SX5E
<b>Initial Component Level:</b>	100.00	100.00
<b>Final Component Level:</b>	120.00	150.00
<b>Component Return:</b>	20.00%	50.00%

Based on the Component Returns set forth above, the hypothetical Ending Level would equal:

$$100 \times [1 + (50\% \times 20.00\%) + (50\% \times 50.00\%)] = 135.00$$

The Redemption Amount would be equal to the Capped Value since the Capped Value is less than:

On the Stated Maturity Date, you would receive \$1,160.00 per security.

In addition to limiting your return on the securities, the Capped Value limits the positive effect of the Participation Rate. If the Ending Level is greater than the Starting Level, you will participate in the performance of the Basket at a rate of 125% up to a certain point. However, the effect of the Participation Rate will be progressively reduced for Ending Levels that are greater than 112.80% of the Starting Level (assuming a Capped Value of 116.00% or \$1,160.00 per security, the midpoint of the specified range for the Capped Value) since your return on the securities for any Ending Level greater than 112.80% of the Starting Level will be limited to the Capped Value.

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## Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside

### Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020

**Example 3. The Redemption Amount is equal to the principal amount:**

	SPX	SX5E
<b>Initial Component Level:</b>	100.00	100.00
<b>Final Component Level:</b>	115.00	80.00
<b>Component Return:</b>	15.00%	-20.00%

Based on the Component Returns set forth above, the hypothetical Ending Level would equal:

$$100 \times [1 + (50\% \times 15.00\%) + (50\% \times -20.00\%)] = 97.50$$

In this example, the hypothetical final component level of the SPX is less than its hypothetical initial component level, while the hypothetical final component level of the SX5E is greater than its hypothetical initial component level. Although the SX5E appreciated, the large decline in the SPX completely offsets the appreciation of the SX5E and results in the hypothetical Ending Level of the Basket being less than its Starting Level.

Since the hypothetical Ending Level is less than the Starting Level, but not by more than 10%, you would not lose any of the principal amount of your securities.

On the Stated Maturity Date, you would receive \$1,000.00 per security.

**Example 4. The Redemption Amount is less than the principal amount:**

	SPX	SX5E
<b>Initial Component Level:</b>	100.00	100.00
<b>Final Component Level:</b>	60.00	40.00
<b>Component Return:</b>	-40.00%	-60.00%

Based on the Component Returns set forth above, the hypothetical Ending Level would equal:

$$100 \times [1 + (50\% \times -40.00\%) + (50\% \times -60.00\%)] = 50.00$$

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Since the hypothetical Ending Level is less than the Starting Level by more than 10%, you would lose a portion of the principal amount of your securities and receive the Redemption Amount equal to:

On the Stated Maturity Date, you would receive \$600.00 per security.

To the extent that the actual Component Returns, Ending Level and Capped Value differ from the values assumed above, the results indicated above would be different.

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

**Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

### **ADDITIONAL TERMS OF THE SECURITIES**

The definitions and provisions below supersede and replace the relevant definitions and provisions set forth in the underlying supplement.

#### **Certain Definitions**

A Trading Day with respect to the SPX means a day, as determined by the calculation agent, on which (i) the relevant stock exchanges with respect to each security underlying the SPX are scheduled to be open for trading for their respective regular trading sessions and (ii) each related futures or options exchange with respect to the SPX is scheduled to be open for trading for its regular trading session.

A Trading Day with respect to the SX5E means a day, as determined by the calculation agent, on which (i) the relevant index sponsor is scheduled to publish the level of the SX5E and (ii) each related futures or options exchange with respect to the SX5E is scheduled to be open for trading for its regular trading session.

The relevant stock exchange for any security underlying a Basket Component means the primary exchange or quotation system on which such security is traded, as determined by the calculation agent.

The related futures or options exchange for a Basket Component means an exchange or quotation system where trading has a material effect (as determined by the calculation agent) on the overall market for futures or options contracts relating to such Basket Component.

#### **Market Disruption Events**

With respect to the SPX, a market disruption event means any of the following events as determined by the calculation agent in its sole discretion:

- (A) The occurrence or existence of a material suspension of or limitation imposed on trading by the relevant stock exchanges or otherwise relating to securities which then comprise 20% or more of the level of such Basket Component or any successor equity index at any time during the one-hour period that ends at the close of trading on that day, whether by reason of movements in price exceeding limits permitted by those relevant stock exchanges or

otherwise.

- (B) The occurrence or existence of a material suspension of or limitation imposed on trading by any related futures or options exchange or otherwise in futures or options contracts relating to such Basket Component or any successor equity index on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on that day, whether by reason of movements in price exceeding limits permitted by the related futures or options exchange or otherwise.
- (C) The occurrence or existence of any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, securities that then comprise 20% or more of the level of such Basket Component or any successor equity index on their relevant stock exchanges at any time during the one-hour period that ends at the close of trading on that day.
- (D) The occurrence or existence of any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, futures or options contracts relating to such Basket Component or any successor equity index on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on that day.
- (E) The closure on any exchange business day of the relevant stock exchanges on which securities that then comprise 20% or more of the level of such Basket Component or any successor equity index are traded or any related futures or options exchange with respect to such Basket Component or any successor equity index prior to its scheduled closing time unless the earlier closing time is announced by the relevant stock exchange or related futures or options exchange, as applicable, at least one hour prior to the earlier of (1) the actual closing time for the regular trading session on such relevant stock exchange or related futures or options exchange, as applicable, and (2) the submission deadline for orders to be entered into the relevant stock exchange or related futures or options exchange, as applicable, system for execution at such actual closing time on that day.
- (F) The relevant stock exchange for any security underlying such Basket Component or successor equity index or any related futures or options exchange with respect to such Basket Component or any successor equity index fails to open for trading during its regular trading session.

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## **Market Linked Securities Leveraged Upside Participation**

### **to a Cap and Fixed Percentage Buffered Downside**

#### **Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

For purposes of determining whether a market disruption event has occurred with respect to the SPX:

- (1) the relevant percentage contribution of a security to the level of such Basket Component or any successor equity index will be based on a comparison of (x) the portion of the level of such index attributable to that security and (y) the overall level of such Basket Component or successor equity index, in each case immediately before the occurrence of the market disruption event;
- (2) the close of trading on any Trading Day for such Basket Component or any successor equity index means the scheduled closing time of the relevant stock exchanges with respect to the securities underlying such Basket Component or successor equity index on such Trading Day; provided that, if the actual closing time of the regular trading session of any such relevant stock exchange is earlier than its scheduled closing time on such Trading Day, then (x) for purposes of clauses (A) and (C) of the definition of market disruption event above, with respect to any security underlying such Basket Component or successor equity index for which such relevant stock exchange is its relevant stock exchange, the close of trading means such actual closing time and (y) for purposes of clauses (B) and (D) of the definition of market disruption event above, with respect to any futures or options contract relating to such Basket Component or successor equity index, the close of trading means the latest actual closing time of the regular trading session of any of the relevant stock exchanges, but in no event later than the scheduled closing time of the relevant stock exchanges;
- (3) the scheduled closing time of any relevant stock exchange or related futures or options exchange on any Trading Day for such Basket Component or any successor equity index means the scheduled weekday closing time of such relevant stock exchange or related futures or options exchange on such Trading Day, without regard to after hours or any other trading outside the regular trading session hours; and
- (4) an exchange business day means any Trading Day for such Basket Component or any successor equity index on which each relevant stock exchange for the securities underlying such Basket Component or any successor equity index and each related futures or options exchange are open for trading during their respective regular trading sessions, notwithstanding any such relevant stock exchange or related futures or options exchange with respect to such Basket Component or any successor equity index closing prior to its scheduled closing time.

With respect to the SX5E, a market disruption event means any of (A), (B), (C) or (D) below, as determined by the calculation agent in its sole discretion:

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(A) Any of the following events occurs or exists with respect to any security included in such Basket Component or any successor equity index, and the aggregate of all securities included in such Basket Component or successor equity index with respect to which any such event occurs comprise 20% or more of the level of such Basket Component or successor equity index:

- a material suspension of or limitation imposed on trading by the relevant stock exchange for such security or otherwise at any time during the one-hour period that ends at the scheduled closing time for the relevant stock exchange for such security on that day, whether by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise;
- any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, such security on its relevant stock exchange at any time during the one-hour period that ends at the scheduled closing time for the relevant stock exchange for such security on that day; or
- the closure on any exchange business day of the relevant stock exchange for such security prior to its scheduled closing time unless the earlier closing is announced by such relevant stock exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such relevant stock exchange and (ii) the submission deadline for orders to be entered into the relevant stock exchange system for execution at the scheduled closing time for such relevant stock exchange on that day.

(B) Any of the following events occurs or exists with respect to futures or options contracts relating to such Basket Component or any successor equity index:

- a material suspension of or limitation imposed on trading by any related futures or options exchange or otherwise at any time during the one-hour period that ends at the close of trading on such related futures or options exchange on that day, whether by reason of movements in price exceeding limits permitted by the related futures or options exchange or otherwise;

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## **Market Linked Securities Leveraged Upside Participation**

### **to a Cap and Fixed Percentage Buffered Downside**

#### **Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

- any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, futures or options contracts relating to such Basket Component or successor equity index on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on such related futures or options exchange on that day; or
  - the closure on any exchange business day of any related futures or options exchange prior to its scheduled closing time unless the earlier closing time is announced by such related futures or options exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such related futures or options exchange and (ii) the submission deadline for orders to be entered into the related futures or options exchange system for execution at the close of trading for such related futures or options exchange on that day.
- (C) The relevant index sponsor fails to publish the level of such Basket Component or any successor equity index (other than as a result of the relevant index sponsor having discontinued publication of such Basket Component or successor equity index and no successor index being available).
- (D) Any related futures or options exchange fails to open for trading during its regular trading session.

For purposes of determining whether a market disruption event has occurred with respect to such Basket Component:

- (1) the relevant percentage contribution of a security included in such Basket Component or any successor equity index to the level of such Basket Component will be based on a comparison of (x) the portion of the level of such Basket Component attributable to that security to (y) the overall level of such Basket Component, in each case using the official opening weightings as published by the relevant index sponsor as part of the market opening data;
- (2) the scheduled closing time of any relevant stock exchange or related futures or options exchange on any Trading Day means the scheduled weekday closing time of such relevant stock exchange or related futures or options exchange on such Trading Day, without regard to after hours or any other trading outside the regular trading session hours; and
- (3) an exchange business day means any Trading Day on which (i) the relevant index sponsor publishes the level of such Basket Component or any successor equity index and (ii) each related futures or options exchange is open for trading during its regular trading session, notwithstanding any related futures or options exchange closing prior to its scheduled closing time.

If a market disruption event occurs or is continuing with respect to a Basket Component on the Final Valuation Date, then the Final Valuation Date for such Basket Component will be postponed to the first succeeding Trading Day for such Basket Component on which a market disruption event for such Basket Component has not occurred and is not continuing; however, if such first succeeding Trading Day has not

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occurred as of the eighth Trading Day for such Basket Component after the originally scheduled Final Valuation Date, that eighth Trading Day shall be deemed to be the Final Valuation Date for such Basket Component. If the Final Valuation Date has been postponed eight Trading Days for a Basket Component after the originally scheduled Final Valuation Date and a market disruption event occurs or is continuing with respect to such Basket Component on such eighth Trading Day, the calculation agent will determine the Closing Level of such Basket Component on such eighth Trading Day in accordance with the formula for and method of calculating the Closing Level of such Basket Component last in effect prior to commencement of the market disruption event, using the closing price (or, with respect to any relevant security, if a market disruption event has occurred with respect to such security, its good faith estimate of the value of such security at (i) with respect to the SPX, the scheduled closing time of the relevant stock exchange for such security or, if earlier, the actual closing time of the regular trading session of such relevant stock exchange or (ii) with respect to the SX5E, the time at which the official closing level of the SX5E is calculated and published by the index sponsor) on such date of each security included in the SX5E. As used herein, closing price means, with respect to any security on any date, the relevant stock exchange traded or quoted price of such security as of (i) with respect to the SPX, the scheduled closing time of the relevant stock exchange for such security or, if earlier, the actual closing time of the regular trading session of such relevant stock exchange or (ii) with respect to the SX5E, the time at which the official closing level of the SX5E is calculated and published by the index sponsor. Notwithstanding the postponement of the Final Valuation Date for a particular Basket Component due to a market disruption event with respect to such Basket Component, the originally scheduled Final Valuation Date will remain the Final Valuation Date for any Basket Component not affected by a market disruption event.

### **Adjustments to a Basket Component**

If at any time the method of calculating a Basket Component or a successor equity index, or the closing level thereof, is changed in a material respect, or if a Basket Component or a successor equity index is in any other way modified so that such Basket Component does not, in the opinion of the calculation agent, fairly represent the level of such Basket Component had those changes or modifications not been made, then the calculation agent will, at the close of business in New York, New York, on each date that the Closing Level of such Basket Component is to be calculated, make such calculations and adjustments as, in the good faith judgment of

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

### **Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

the calculation agent, may be necessary in order to arrive at a level of a Basket Component comparable to such Basket Component or successor equity index as if those changes or modifications had not been made, and the calculation agent will calculate the Closing Level of such Basket Component or successor equity index with reference to such Basket Component, as so adjusted. Accordingly, if the method of calculating a Basket Component or successor equity index is modified so that the level of such Basket Component is a fraction or a multiple of what it would have been if it had not been modified (*e.g.*, due to a split or reverse split in such related equity index), then the calculation agent will adjust such Basket Component or successor equity index in order to arrive at a level of such Basket Component as if it had not been modified (*e.g.*, as if the split or reverse split had not occurred).

#### **Discontinuance of a Basket Component**

If a sponsor or publisher of a Basket Component (each, an index sponsor ) discontinues publication of a Basket Component, and such index sponsor or another entity publishes a successor or substitute Basket Component that the calculation agent determines, in its sole discretion, to be comparable to such Basket Component (a successor equity index ), then, upon the calculation agent's notification of that determination to the trustee and CIBC, the calculation agent will substitute the successor equity index as calculated by the relevant index sponsor or any other entity and calculate the final component level of such Basket Component as described above. Upon any selection by the calculation agent of a successor equity index, CIBC will cause notice to be given to holders of the securities.

In the event that an index sponsor discontinues publication of a Basket Component prior to, and the discontinuance is continuing on, the Final Valuation Date and the calculation agent determines that no successor equity index is available at such time, the calculation agent will calculate a substitute Closing Level for such Basket Component in accordance with the formula for and method of calculating such Basket Component last in effect prior to the discontinuance, but using only those securities that comprised such Basket Component immediately prior to that discontinuance. If a successor equity index is selected or the calculation agent calculates a level as a substitute for such Basket Component, the successor equity index or level will be used as a substitute for such Basket Component for all purposes, including the purpose of determining whether a market disruption event exists.

If on the Final Valuation Date an index sponsor fails to calculate and announce the level of a Basket Component, the calculation agent will calculate a substitute Closing Level of such Basket Component in accordance with the formula for and method of calculating such Basket Component last in effect prior to the failure, but using only those securities that comprised such Basket Component immediately prior to that failure; *provided* that, if a market disruption event occurs or is continuing on such day with respect to such Basket Component, then the provisions set forth above under Market Disruption Events shall apply in lieu of the foregoing.

Notwithstanding these alternative arrangements, discontinuance of the publication of, or the failure by the relevant index sponsor to calculate and announce the level of, a Basket Component may adversely affect the value of the securities.

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

**Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

### **HYPOTHETICAL HISTORICAL PERFORMANCE OF THE BASKET**

The Basket will represent an equally weighted portfolio of the following Basket Components, with the return of each Basket Component noted parenthetically: the S&P 500® Index (50%) and the EURO STOXX 50® Index (50%). The value of the Basket will increase or decrease depending upon the performance of the Basket Components. For more information regarding the Basket Components, see the information provided herein and in the accompanying underlying supplement. The Basket does not reflect the performance of all major securities markets.

While historical information on the value of the Basket does not exist for dates prior to the Pricing Date, the following graph sets forth the hypothetical historical daily values of the Basket for the period from January 1, 2014 to April 30, 2019, assuming that the Basket was constructed on January 1, 2014 with a Starting Level of 100 and that each of the Basket Components had the applicable weighting as of such day. We obtained the Closing Levels and other information used by us in order to create the graph below from Bloomberg Professional® Service ( Bloomberg ) without independent verification.

The hypothetical historical Basket values, as calculated solely for the purposes of the offering of the securities, fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the value of the Basket during any period shown below is not an indication that the percentage change in the value of the Basket is more likely to be positive or negative during the term of the securities. The hypothetical historical values do not give an indication of future values of the Basket.

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

**Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

### **THE S&P 500® INDEX**

The S&P 500® Index (Bloomberg ticker: SPX <Index> ) is calculated, maintained and published by S&P Dow Jones Indices LLC ( SPDJI ). The SPX consists of stocks of 500 companies selected to provide a performance benchmark for the U.S. equity markets. The top 5 industry groups by market capitalization as of April 30, 2019 were: Information Technology, Health Care, Financials, Communication Services and Consumer Discretionary. See Index Descriptions The S&P U.S. Indices beginning on page S-44 of the accompanying underlying supplement for additional information about the SPX.

In addition, information about the SPX may be obtained from other sources including, but not limited to, SPDJI s website (including information regarding the SPX s sector weightings). We are not incorporating by reference into this pricing supplement the website or any material it includes. Neither we nor the agent makes any representation that such publicly available information regarding the SPX is accurate or complete.

### **Historical Data of the SPX**

We obtained the Closing Levels of the SPX in the graph below from Bloomberg without independent verification. The historical performance of the SPX should not be taken as an indication of future performance, and no assurances can be given as to the Closing Level of the SPX on the Final Valuation Date. We cannot give you assurance that the performance of the SPX will result in any positive return on your initial investment.

The following graph sets forth daily Closing Levels of the SPX for the period from January 1, 2014 to April 30, 2019. The Closing Level on April 30, 2019 was 2,945.83.

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

**Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

### **THE EURO STOXX 50® INDEX**

The EURO STOXX 50® Index (Bloomberg ticker: SX5E <Index> ) was created by STOXX Limited ( STOXX ), which is currently owned by Deutsche Börse AG. The SX5E represents the performance of the 50 largest companies among the 19 supersectors in terms of free-float market cap in 11 Eurozone countries. See Index Descriptions The EURO STOXX50® Index beginning on page S-11 of the accompanying underlying supplement for additional information about the SX5E.

In addition, information about the SX5E may be obtained from other sources including, but not limited to, STOXX's website (including information regarding the SX5E's sector weightings). We are not incorporating by reference into this pricing supplement the website or any material it includes. Neither we nor the agent makes any representation that such publicly available information regarding the SX5E is accurate or complete.

### **Historical Data of the SX5E**

We obtained the Closing Levels of the SX5E in the graph below from Bloomberg without independent verification. The historical performance of the SX5E should not be taken as an indication of future performance, and no assurances can be given as to the Closing Level of the SX5E on the Final Valuation Date. We cannot give you assurance that the performance of the SX5E will result in any positive return on your initial investment.

The following graph sets forth daily Closing Levels of the SX5E for the period from January 1, 2014 to April 30, 2019. The Closing Level on April 30, 2019 was 3,514.62.

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

**Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

### **THE ESTIMATED VALUE OF THE SECURITIES**

The estimated value of the securities set forth on the cover of this pricing supplement is equal to the sum of the values of the following hypothetical components: (1) a fixed-income debt component with the same maturity as the securities, valued using our internal funding rate for structured debt described below, and (2) the derivative or derivatives underlying the economic terms of the securities. The estimated value does not represent a minimum price at which Wells Fargo Securities or any other person would be willing to buy your securities in any secondary market (if any exists) at any time. The internal funding rate used in the determination of the Bank's estimated value generally represents a discount from the credit spreads for our conventional fixed-rate debt. The discount is based on, among other things, our view of the funding value of the securities as well as the higher issuance, operational and ongoing liability management costs of the securities in comparison to those costs for our conventional fixed-rate debt. For additional information, see **Risk Factors Our Estimated Value Is Not Determined By Reference To Credit Spreads For Our Conventional Fixed-Rate Debt** in this pricing supplement. The value of the derivative or derivatives underlying the economic terms of the securities is derived from the Bank's or a third party hedge provider's internal pricing models. These models are dependent on inputs such as the traded market prices of comparable derivative instruments and on various other inputs, some of which are market-observable, and which can include volatility, dividend rates, interest rates and other factors, as well as assumptions about future market events and/or environments. Accordingly, the Bank's estimated value of the securities is determined when the terms of the securities are set based on market conditions and other relevant factors and assumptions existing at that time. See **Risk Factors Our Estimated Value Does Not Represent Future Values Of The Securities And May Differ From Others' Estimates** in this pricing supplement.

The Bank's estimated value of the securities will be lower than the principal amount of the securities because costs associated with selling, structuring and hedging the securities are included in the principal amount of the securities. These costs include the selling commissions paid to affiliated or unaffiliated dealers, the projected profits that our hedge counterparties, which may include our affiliates, expect to realize for assuming risks inherent in hedging our obligations under the securities and the estimated cost of hedging our obligations under the securities. Because hedging our obligations entails risk and may be influenced by market forces beyond our control, this hedging may result in a profit that is more or less than expected, or it may result in a loss. We or one or more of our affiliates will retain any profits realized in hedging our obligations under the securities. See **Risk Factors Our Estimated Value of the Securities Will Be Lower Than The Original Offering Price Of The Securities** in this pricing supplement.

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

**Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

### **SUPPLEMENTAL PLAN OF DISTRIBUTION**

The securities will be purchased by Wells Fargo Securities as principal, pursuant to a distribution agreement between Wells Fargo Securities and us. We have agreed to pay certain of Wells Fargo Securities' expenses in connection with the offering of the securities.

Wells Fargo Securities proposes to offer the securities to certain securities dealers, including securities dealers acting as custodians, at the principal amount of the securities less a concession not in excess of \$15.00 per security. Such securities dealers may include WFA. In addition to the selling concession allowed to WFA, Wells Fargo Securities will pay \$0.75 per security of the underwriting discount to WFA as a distribution expense fee for each security sold by WFA.

We expect to deliver the securities against payment therefor in New York, New York on a date that is more than two Business Days following the Pricing Date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two Business Days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade securities on any date prior to two Business Days before delivery will be required to specify alternative settlement arrangements to prevent a failed settlement.

The principal amount of the securities includes the underwriting discount received by Wells Fargo Securities and the projected profit that our hedge counterparties expect to realize in consideration for assuming the risks inherent in hedging our obligations under the securities. We expect to hedge our obligations through an affiliate of Wells Fargo Securities, one of our affiliates and/or another unaffiliated counterparty. Because hedging our obligations entails risks and may be influenced by market forces beyond the counterparties' control, such hedging may result in a profit that is more or less than expected, or could result in a loss. The underwriting discount and projected profit of our hedge counterparties reduce the economic terms of the securities. In addition, the fact that the principal amount includes these items is expected to adversely affect the secondary market prices of the securities. These secondary market prices are also likely to be reduced by the cost of unwinding the related hedging transaction. See "Use of Proceeds and Hedging" in the underlying supplement.

The Bank, Wells Fargo Securities or any of our respective affiliates may use this pricing supplement in market-making transactions in the securities after their initial sale. However, it is not obligated to do so and may discontinue making a market at any time without notice.

### **Selling Restrictions**

#### *Argentina*

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CIBC's Senior Global Medium-Term Notes program and the related offer of securities and the sale of securities under the terms and conditions provided herein does not constitute a public offering in Argentina. Consequently, no public offering approval has been requested or granted by the Comisión Nacional de Valores, nor has any listing authorization of the securities been requested on any stock market in Argentina.

### *Brazil*

The securities may not be offered or sold to the public in Brazil. Accordingly, this pricing supplement and the accompanying underlying supplement, prospectus supplement and prospectus have not been submitted to the Comissão de Valores Mobiliários for approval. Documents relating to this offering may not be supplied to the public as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil.

### *Chile*

The securities have not been registered with the Superintendencia de Valores y Seguros in Chile and may not be offered or sold publicly in Chile. No offer, sales or deliveries of the securities, or distribution of this pricing supplement or the accompanying underlying supplement, prospectus supplement and prospectus, may be made in or from Chile except in circumstances that will result in compliance with any applicable Chilean laws and regulations.

### *China*

Neither this pricing supplement nor the accompanying underlying supplement, prospectus supplement or prospectus constitutes an offer to sell or the solicitation of an offer to buy any securities in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the PRC) to any person to whom it is unlawful to make the offer or solicitation in the PRC. The Issuer does not represent that this document may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Neither this document nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

**Principal at Risk Securities Linked to an Equity Index Basket due December 7, 2020**

### *European Economic Area*

The securities may not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression *retail investor* means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, *MiFID II*);
  - (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of *MiFID II*; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC; and
- (b) the expression *offer* includes the communication in any form and by any means of sufficient information on the terms of the offer and the securities offered so as to enable an investor to decide to purchase or subscribe the securities.

### *Mexico*

The securities have not been registered with the National Registry of Securities maintained by the Mexican National Banking and Securities Commission and may not be offered or sold publicly in Mexico. This pricing supplement and the accompanying underlying supplement, prospectus supplement and prospectus may not be publicly distributed in Mexico.

### *Paraguay*

This is a private and personal offering. The securities offered have not been approved by or registered with the National Securities Commission (Comisión Nacional de Valores) and are not part of a public offering as defined by the Paraguayan Securities Law. The information contained herein is for informational and marketing purposes only and should not be taken as an investment advice.

**Peru**

The securities have not been and will not be registered with the Capital Markets Public Registry of the Capital Markets Superintendence (SMV) nor the Lima Stock Exchange Registry (RBVL) for their public offering in Peru under the Peruvian Capital Markets Law (Law N°861/ Supreme Decree N°093-2002) and the decrees and regulations thereunder.

Consequently, the securities may not be offered or sold, directly or indirectly, nor may this pricing supplement, the accompanying supplements or any other offering material relating to the securities be distributed or caused to be distributed in Peru to the general public. The securities may only be offered in a private offering without using mass marketing, which is defined as a marketing strategy utilising mass distribution and mass media to offer, negotiate or distribute securities to the whole market. Mass media includes newspapers, magazines, radio, television, mail, meetings, social networks, Internet servers located in Peru, and other media or technology platforms.

**Taiwan**

The securities may be made available outside Taiwan for purchase by Taiwan residents outside Taiwan but may not be offered or sold in Taiwan.

**Uruguay**

The sale of the securities qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The securities must not be offered or sold to the public in Uruguay, except in circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The securities are not and will not be registered with the Financial Services Superintendency of the Central Bank of Uruguay.

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## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

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### **SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following discussion is a brief summary of the material U.S. federal income consequences relating to an investment in the securities. The following summary is not complete and is both qualified and supplemented by, or in some cases supplements, the discussion entitled "Certain U.S. Federal Income Tax Consequences" beginning on page S-59 of the underlying supplement, which you should carefully review prior to investing in the securities.

The U.S. federal income tax consequences of your investment in the securities are uncertain. No statutory, judicial or administrative authority directly discusses how the securities should be treated for U.S. federal income tax purposes. In the opinion of our tax counsel, Mayer Brown LLP, it would generally be reasonable to treat the securities as prepaid cash-settled derivative contracts. Pursuant to the terms of the securities, you agree to treat the securities in this manner for all U.S. federal income tax purposes. If your securities are so treated, you should generally recognize capital gain or loss upon the sale, exchange, redemption or payment on maturity in an amount equal to the difference between the amount you receive at such time and the amount that you paid for your securities. Such gain or loss should generally be long-term capital gain or loss if you have held your securities for more than one year.

The characterization described above is not binding on the U.S. Internal Revenue Service (the "IRS") or the courts. Thus, it is possible that the IRS would seek to characterize your securities in a manner that results in tax consequences to you that are different from those described above or in the accompanying underlying supplement. For a more detailed discussion of certain alternative characterizations with respect to your securities and certain other considerations with respect to your investment in the securities, you should consider the discussion set forth in "Certain U.S. Federal Income Tax Consequences" of the underlying supplement. We are not responsible for any adverse consequences that you may experience as a result of any alternative characterization of the securities for U.S. federal income tax or other tax purposes.

Regarding the discussion in the underlying supplement with respect to a dividend equivalent payment made with respect to a U.S. stock or equity-linked debt instrument under the section entitled *Tax Consequences to Non-U.S. Holders*, the IRS has issued a Notice that excludes financial products issued prior to 2021 that are not "delta-one" with respect to underlying securities that could pay withholdable dividend equivalent payments. Even if the securities should be treated as equity-linked instruments, since the securities should be considered to reference indices, each of which should be treated as a qualified index, the securities should be exempt from the withholding tax rules specified for dividend equivalents.

**You should consult your tax advisor as to the tax consequences of such characterization and any possible alternative characterizations of the securities for U.S. federal income tax purposes. You should also consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the securities in your particular circumstances, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.**

## **Market Linked Securities Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside**

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### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, our Canadian tax counsel, the following summary describes the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereto (the Canadian Tax Act) generally applicable at the date hereof to an investor who acquires beneficial ownership of a security pursuant to this pricing supplement and who for the purposes of the Canadian Tax Act and at all relevant times: (a) is neither resident nor deemed to be resident in Canada; (b) deals at arm's length with the Issuer and any transferee resident (or deemed to be resident) in Canada to whom the investor disposes of the security; (c) does not use or hold and is not deemed to use or hold the security in, or in the course of, carrying on a business in Canada; (d) is entitled to receive all payments (including any interest and principal) made on the security, and (e) is not a, and deals at arm's length with any, specified shareholder of the Issuer for purposes of the thin capitalization rules in the Canadian Tax Act (a Non-Resident Holder). A specified shareholder for these purposes generally includes a person who (either alone or together with persons with whom that person is not dealing at arm's length for the purposes of the Canadian Tax Act) owns or has the right to acquire or control or is otherwise deemed to own 25% or more of the Issuer's shares determined on a votes or fair market value basis. Special rules which apply to non-resident insurers carrying on business in Canada and elsewhere are not discussed in this summary.

This summary is supplemental to and should be read together with the description of material Canadian federal income tax considerations relevant to a Non-Resident Holder owning securities under Material Income Tax Consequences Canadian Taxation in the accompanying prospectus and a Non-Resident Holder should carefully read that description as well.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Non-Resident Holder. Non-Resident Holders are advised to consult with their own tax advisors with respect to their particular circumstances.**

Based on Canadian tax counsel's understanding of the Canada Revenue Agency's administrative policies, and having regard to the terms of the securities, interest payable on the securities should not be considered to be participating debt interest as defined in the Canadian Tax Act and accordingly, a Non-Resident Holder should not be subject to Canadian non-resident withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Issuer on a security as, on account of or in lieu of payment of, or in satisfaction of, interest.

Non-Resident Holders should consult their own tax advisors regarding the consequences to them of a disposition of the securities to a person with whom they are not dealing at arm's length for purposes of the Canadian Tax Act.

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