

Invesco CurrencyShares British Pound Sterling Trust  
Form 10-KT  
March 11, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**

**FORM 10-K**

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

**or**

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

**For the transition period from November 1, 2018 to December 31, 2018**

**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)**

|   |                            |
|---|----------------------------|
| <b>New York</b><br><b>(State or other jurisdiction of</b>   | <b>03-6118853</b>          |
| <b>incorporation or organization)</b>                       | <b>(IRS Employer</b>       |
| <b>3500 Lacey Road, Suite 700</b>                           | <b>Identification No.)</b> |
| <b>Downers Grove, Illinois</b>                              | <b>60515</b>               |
| <b>(Address of principal executive offices)</b>             | <b>(Zip Code)</b>          |
| <b>(800) 983-0903</b>                                       |                            |
| <b>(Registrant's telephone number, including area code)</b> |                            |

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

|   |   |
|---|---|
| <b>British Pound Sterling Shares</b>                                    | <b>NYSE Arca</b>                              |
| <b>(Title of class)</b>   | <b>(Name of exchange on which registered)</b> |
| <b>Securities registered pursuant to Section 12(g) of the Act: None</b> |   |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

State the market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2018: \$166,504,000.

Number of Redeemable Capital Shares outstanding as of January 31, 2019: 1,050,000.

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**INVESCO CURRENCYSHARES® BRITISH POUND STERLING TRUST**

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**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 Pound 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 in this report for a description of other risks and uncertainties that may affect an investment in the Shares.

**EXPLANATORY NOTE REGARDING THIS TRANSITION REPORT**

On January 9, 2019, the Sponsor (as defined below) changed the Trust's (as defined below) fiscal year from the period beginning on November 1 and ending on October 31 to the period beginning on January 1 and ending on December 31. As a result, this report on Form 10-K is a transition report and includes financial information for the transition period from November 1, 2018 through December 31, 2018 (the Transition Period). Subsequent to this report, the Trust's reports on Form 10-K will cover the calendar year, January 1 to December 31, which will be the Trust's fiscal year. Unless otherwise noted, all references to years in this report refer to the twelve-month fiscal year, which prior to November 1, 2018 ended on October 31 and beginning after December 31, 2018 ends on December 31 of each year.

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### **PART I**

#### **Item 1. Business**

##### **Overview**

The Invesco CurrencyShares® British Pound Sterling Trust (the Trust) is a grantor trust that was formed on June 8, 2006. The Shares began 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, Inc. (NYSE Arca) on October 30, 2007. 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 investment objective of the Trust is for the Shares to reflect the price in USD of the British Pound Sterling plus accrued interest, if any, less the expenses of the Trust's operations. The Shares are intended to offer investors an opportunity to participate in the market for the British Pound Sterling through an investment in securities. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding the British Pound Sterling. The Shares are bought and sold on NYSE Arca like any other exchange-listed security. The Shares are backed by the assets of the Trust, which does not hold or use derivative products. The Trust is a passive investment vehicle and does not have any officers, directors or employees. The Trust does not engage in any activities designed to obtain profit from, or ameliorate losses caused by, changes in the price of the British Pound Sterling. Investing in the Shares does not insulate the investor from certain risks, including price volatility. The value of the holdings of the Trust is reported on the Trust's website, [www.invesco.com/etfs](http://www.invesco.com/etfs), each business day.

##### **The Trust**

###### *General*

The Trust holds British Pounds Sterling and, from time to time, issues Baskets in exchange for deposits of British Pounds Sterling and distributes British Pounds Sterling in connection with redemptions of Baskets. The British Pounds Sterling held by the Trust will be sold only (1) if needed to pay Trust expenses, (2) in the event the Trust terminates and liquidates its assets or (3) as otherwise required by law or regulation.

###### *The Sponsor*

The Sponsor of the Trust generally oversees the performance of the Trustee and the Trust's principal service providers. The Sponsor is Invesco Specialized Products, LLC, a Delaware limited liability company. The Sponsor changed its name from Rydex Specialized Products LLC to Guggenheim Specialized Products, LLC on March 30, 2012, and subsequently changed its name to Invesco Specialized Products, LLC as of April 6, 2018.

The Trust's only ordinary recurring expense is the Sponsor's fee. The Sponsor is responsible for payment of the following administrative and marketing expenses of the Trust: the Trustee's monthly fee, typical maintenance and transaction fees of the Depository, NYSE Arca listing fees, printing and mailing costs, audit fees and expenses, up to \$100,000 per year in legal fees and expenses, and applicable license fees. The Sponsor also paid the costs of the Trust's organization, including the applicable Securities and Exchange Commission (SEC) registration fees. 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). The Trust incurred \$94,658 for the two months ended December 31, 2018 in Sponsor's fees.

*The Trustee*

The Bank of New York Mellon, a banking corporation with trust powers organized under the laws of the State of New York, serves as the Trustee. The Trustee is responsible for the day-to-day administration of the Trust, including keeping the Trust's operational records.

*Net Asset Value*

The Trustee calculates, and the Sponsor publishes, the Trust's Net Asset Value ( NAV ) each business day. To calculate the NAV, the Trustee adds to the amount of British Pounds Sterling in the Trust at the end of the preceding day accrued but unpaid interest, if any, British Pounds Sterling receivable under pending purchase orders and the



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value of other Trust assets, and subtracts the accrued but unpaid Sponsor's fee, British Pounds Sterling payable under pending redemption orders and other Trust expenses and liabilities, if any. The NAV is expressed in U.S. Dollars ( USD ) based on the British Pound Sterling/USD exchange rate as determined by The WM Company at 4:00 PM (London time / London fixing) (the Closing Spot Rate ) on each day that NYSE Arca is open for regular trading. 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 is 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.

The Trustee also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. The NAV of the Trust and the NAV per Share are published by the Sponsor on each day that NYSE Arca is open for regular trading and are posted on the Trust's website, [www.invesco.com/etfs](http://www.invesco.com/etfs).

### *Depository and Deposit Accounts*

JPMorgan Chase Bank, N.A., London Branch, is the Depository. The Depository maintains two deposit accounts for the Trust, a primary deposit account that may earn interest and a secondary deposit account that does not earn interest (collectively, the Deposit Accounts ). Interest on the primary deposit account, if any, accrues daily and is paid monthly. If the Sponsor believes that the interest rate paid by the Depository is not competitive, the Sponsor's recourse is to remove the Depository by terminating the Deposit Account Agreement and closing the Deposit Accounts. The Depository is not paid a fee for its services to the Trust. The Depository may earn a spread or margin over the rate of interest it pays to the Trust on the British Pound Sterling deposit balances.

The secondary deposit account is used to account for any interest that may be received and paid on creations and redemptions of Baskets. The secondary deposit account is also used to account for interest earned on the primary deposit account, if any, pay Trust expenses and distribute any excess interest to Shareholders on a monthly basis. In the event that the interest deposited exceeds the sum of the Sponsor's fee for the prior month plus other Trust expenses, if any, then the Trustee will direct that the excess 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).

### *Trust Expenses*

In certain cases the Trust may pay expenses in addition to the Sponsor's fee. These include expenses not assumed by the Sponsor, 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, and legal expenses in excess of \$100,000 per year.

### *Termination*

The Trust will terminate upon the occurrence of any of the termination events listed in the Depository Trust Agreement and will otherwise terminate on June 8, 2046.

## **The Shares**

### *General*

Each Share represents a proportional interest, based on the total number of Shares outstanding, in the British Pounds Sterling owned by the Trust, plus accrued and unpaid interest, if any, less accrued but unpaid expenses (both asset-based and non-asset based) of the Trust. All Shares are of the same class with equal rights and privileges. Each Share is transferable, is fully paid and non-assessable and entitles the holder to vote on the limited matters upon which Shareholders may vote under the Depositary Trust Agreement.

*Limited Rights*

The Shares are not a traditional investment. They are dissimilar from the shares of a corporation operating a business enterprise, with management and a board of directors. Trust Shareholders do not have rights normally associated with owning shares of a business corporation, including, for example, the right to bring oppression or derivative actions. Shareholders have only those rights explicitly set forth in the Depositary Trust Agreement. The Shares do not entitle their holders to any conversion or pre-emptive rights or, except as described herein, any redemption or distribution rights.

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### *Voting and Approvals*

Shareholders have no voting rights under the Depositary Trust Agreement, except in limited circumstances. If the holders of at least 25% of the Shares outstanding determine that the Trustee is in material breach of its obligations under the Depositary Trust Agreement, they may provide written notice to the Trustee (or require the Sponsor to do so) specifying the default and requiring the Trustee to cure such default. If the Trustee fails to cure such breach within 30 days after receipt of such notice, the Sponsor, acting on behalf of the Shareholders, may remove the Trustee. The holders of at least 66 2/3% of the Shares outstanding may vote to remove the Trustee. The Trustee must terminate the Trust at the request of the holders of at least 75% of the outstanding Shares.

### *Creation and Redemption of Shares*

The creation and redemption of Baskets requires the delivery to the Trust or the distribution by the Trust of the amount of British Pounds Sterling represented by the Baskets being created or redeemed. This amount is based on the combined NAV per Share of the number of Shares included in the Baskets being created or redeemed, determined on the day the order to create or redeem Baskets is accepted by the Trustee.

Only Authorized Participants may place orders to create and redeem Baskets. An Authorized Participant is a Depositary Trust Company ( DTC ) participant that is a registered broker-dealer or other securities market participant, such as a bank or other financial institution that is not required to register as a broker-dealer to engage in securities transactions.

Before initiating a creation or redemption order, an Authorized Participant must have entered into a Participant Agreement with the Sponsor and the Trustee. The Participant Agreement provides the procedures for the creation and redemption of Baskets and for the delivery of British Pounds Sterling required for creations and redemptions. The Participant Agreements may be amended by the Trustee and the Sponsor. Authorized Participants pay a transaction fee of \$500 to the Trustee for each order that they place to create or redeem one or more Baskets. In addition to the \$500 transaction fee paid to the Trustee, Authorized Participants pay a variable fee to the Sponsor for creation orders and redemption orders of two or more Baskets to compensate the Sponsor for costs associated with the registration of Shares. The variable fee paid to the Sponsor by an Authorized Participant will not exceed \$2,000 for each creation or redemption order, as set forth in the Participant Agreement. Authorized Participants who make deposits with the Trust in exchange for Baskets receive no fees, commissions or other form of compensation or inducement of any kind from either the Sponsor or the Trust. No Authorized Participant has any obligation or responsibility to the Sponsor or the Trust to effect any sale or resale of Shares.

### **Change in Fiscal Year End**

On January 9, 2019, the Board of Managers of the Sponsor amended the Depositary Trust Agreement for the Trust to change the fiscal year end from October 31 to December 31. Accordingly, the Trust is filing this transition report on Form 10-K for the two month transition period ended December 31, 2018, including audited financial statements for the two months ended December 31, 2018.

### **Availability of SEC Reports and Other Information**

The Sponsor, on behalf of the Trust, files quarterly and annual reports and other information with the SEC. The reports and other information can be accessed through the Trust's website at [www.invesco.com/etfs](http://www.invesco.com/etfs).



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**Item 1A. Risk Factors**

*You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included in this report, including the Trust's financial statements and the related notes.*

**The value of the Shares relates directly to the value of the British Pounds Sterling held by the Trust. Fluctuations in the price of the British Pound Sterling could materially and adversely affect the value of the Shares.**

The Shares are designed to reflect the price of the British Pound Sterling, plus accumulated interest, if any, less the Trust's expenses. Several factors may affect the price of the British Pound Sterling, including:

Sovereign debt levels and trade deficits;

Domestic and foreign inflation rates and interest rates and investors' expectations concerning those rates;

Currency exchange rates;

Investment and trading activities of mutual funds, hedge funds and currency funds; and

Global or regional political, economic or financial events and situations.

In addition, the British Pound Sterling may not maintain its long-term value in terms of purchasing power in the future. When the price of the British Pound Sterling declines, the Sponsor expects the price of a Share to decline as well.

On June 23, 2016, the citizens of the United Kingdom, a European Union member that had not adopted the euro as its currency, voted to leave the European Union. In March 2017, the British government invoked Article 50 of the Treaty on European Union, which formally triggered a negotiation process with the European Union. In March 2018, the parties agreed to a transition period of 21 months – from March 29, 2019 until the end of 2020 – before the United Kingdom leaves the European Union completely, assuming approval of a withdrawal agreement. Withdrawal from the European Union is controversial in the United Kingdom notwithstanding the 2016 vote. In December 2018, the European Court of Justice ruled that, subject to certain conditions, a member state could revoke notification of its intention to withdraw from the European Union. The British government and the European Union previously negotiated a withdrawal agreement, but the British Parliament did not approve that agreement. The British government and the European Union are in the process of negotiating a new withdrawal agreement. As a result, there remains considerable uncertainty around the withdrawal. Failure to agree on a new withdrawal agreement and obtain parliamentary approval of the new withdrawal agreement would mean that the United Kingdom would leave the European Union on March 29, 2019, probably with no agreement (a so-called “hard Brexit”), unless the United Kingdom requests, and is granted, an extension of Article 50 from the European Union. An extension of Article 50 would need to be unanimously approved by the 27 European Union member states. The consequences for the economies of the European Union members of the United Kingdom exiting the European Union are unknown and unpredictable, especially in the case of a hard Brexit, as is the future direction of the value of the British Pound

Sterling and the Shares. These uncertainties could 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.

**The British Pound Sterling/USD exchange rate, like foreign exchange rates in general, can be volatile and difficult to predict. This volatility could materially and adversely affect the performance of the Shares.**

Foreign exchange rates are influenced by the factors identified in the preceding risk factor and may also be influenced by: changing supply and demand for a particular currency; monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); changes in balances of payments and trade; trade restrictions; and currency devaluations and revaluations. Also, governments from time to time intervene in the currency markets, directly and by regulation, in order to influence prices directly. These events and actions are unpredictable. The resulting volatility in the British Pound Sterling/USD exchange rate could materially and adversely affect the performance of the Shares.

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### **Changes to United States tariff and trade policies may increase the volatility of foreign exchange rates. This volatility could materially and adversely affect the performance of the Shares.**

There have been ongoing discussions and commentary regarding potential significant changes to United States trade policies, treaties and tariffs. The current administration, along with Congress, has created significant uncertainty about the future relationship between the United States and other countries with respect to trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may increase the volatility of foreign exchange rates, including the USD/British Pound Sterling exchange rate. The resulting volatility could materially and adversely affect the performance of the Shares.

### **If interest earned by the Trust does not exceed the Trust's expenses, the Trustee will withdraw British Pounds Sterling from the Trust to pay these excess expenses, which will reduce the amount of British Pounds Sterling represented by each Share on an ongoing basis and may result in adverse tax consequences for Shareholders.**

Each outstanding Share represents a fractional, undivided interest in the British Pounds Sterling held by the Trust. Recently, the amount of interest earned by the Trust has not exceeded the Trust's expenses; accordingly, the Trustee has been required to withdraw British Pounds Sterling from the Trust to pay these excess expenses. As long as the amount of interest earned does not exceed expenses, the amount of British Pounds Sterling represented by each Share will gradually decline over time. This is true even if additional Shares are issued in exchange for additional deposits of British Pounds Sterling into the Trust, as the amount of British Pounds Sterling required to create Shares will proportionately reflect the amount of British Pounds Sterling represented by the Shares outstanding at the time of creation. Assuming a constant British Pounds Sterling price, if expenses exceed interest earned, the trading price of the Shares will gradually decline relative to the price of the British Pounds Sterling as the amount of British Pounds Sterling represented by the Shares gradually declines. In this event, the Shares will only maintain their original price if the price of the British Pound Sterling increases. There is no guarantee that interest earned by the Trust in the future will exceed the Trust's expenses.

Investors should be aware that a gradual decline in the amount of British Pounds Sterling represented by the Shares may occur regardless of whether the trading price of the Shares rises or falls in response to changes in the price of the British Pound Sterling. The estimated ordinary operating expenses of the Trust, which accrue daily, are described in Business The Trust Trust Expenses.

The payment of expenses by the Trust will result in a taxable event to Shareholders. To the extent Trust expenses exceed interest paid to the Trust, a gain or loss may be recognized by Shareholders depending on the tax basis of the tendered British Pounds Sterling.

### **The interest rate paid by the Depository, if any, may not be the best rate available. If the Sponsor determines that the interest rate is inadequate, then its sole recourse is to remove the Depository and terminate the Deposit Accounts.**

The Depository is committed to endeavor to pay a competitive interest rate on the balance of British Pounds Sterling in the primary deposit account of the Trust, but there is no guarantee of the amount of interest that will be paid, if any, on this account. Interest on the primary deposit account, if any, accrues daily and is paid monthly. The Depository may change the rate at which interest accrues, including reducing the interest rate to zero or below zero, based upon the Depository's belief that Sterling Overnight Index Average (SONIA) does not accurately reflect the market, other market conditions or the Depository's liquidity needs. The Depository notifies the Sponsor of the interest rate applied each business day after the close of such business day. The Sponsor discloses the current interest rate on the Trust's

website. If the Sponsor believes that the interest rate paid by the Depository is not adequate, the Sponsor's sole recourse is to remove the Depository and terminate the Deposit Accounts. The Depository is not paid a fee for its services to the Trust; rather, it generates income or loss based on its ability to earn a spread or margin over the interest it pays to the Trust by using the Trust's British Pounds Sterling to make loans or in other banking operations. For these reasons, you should not expect that the Trust will be paid the best available interest rate at any time or over time.



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**If the Trust incurs expenses in USD, the Trust would be required to sell British Pounds Sterling to pay these expenses. The sale of the Trust's British Pounds Sterling to pay expenses in USD at a time of low British Pound Sterling prices could adversely affect the value of the Shares.**

The Trustee will sell British Pounds Sterling held by the Trust to pay Trust expenses, if any, incurred in USD, irrespective of then-current British Pound Sterling prices. The Trust is not actively managed and no attempt will be made to buy or sell British Pounds Sterling to protect against or to take advantage of fluctuations in the price of the British Pound Sterling. Consequently, if the Trust incurs expenses in USD, the Trust's British Pounds Sterling may be sold at a time when the British Pound Sterling price is low, resulting in a negative effect on the value of the Shares.

**The Deposit Accounts are not entitled to payment at any office of JPMorgan Chase Bank, N.A. located in the United States.**

The federal laws of the United States prohibit banks located in the United States from paying interest on unrestricted demand deposit accounts. Therefore, payments out of the Deposit Accounts will be payable only at the London branch of JPMorgan Chase Bank, N.A., located in England. The Trustee will not be entitled to demand payment of these accounts at any office of JPMorgan Chase Bank, N.A. that is located in the United States. JPMorgan Chase Bank, N.A. will not be required to repay the deposit if its London branch cannot repay the deposit due to an act of war, insurrection or civil strife or an action by a foreign government or instrumentality (whether *de jure* or *de facto*) in England.

**Shareholders do not have the protections associated with ownership of a demand deposit account insured in the United States by the Federal Deposit Insurance Corporation or the protection provided for bank deposits under English law.**

Neither the Shares nor the Deposit Accounts and the British Pounds Sterling deposited in them are deposits insured against loss by the FDIC, any other federal agency of the United States or the Financial Services Compensation Scheme of England.

**If the Depository becomes insolvent, its assets may not be adequate to satisfy a claim by the Trust or any Authorized Participant. In addition, in the event of the insolvency of the Depository or the U.S. bank of which it is a branch, there may be a delay and costs incurred in recovering the British Pounds Sterling held in the Deposit Accounts.**

British Pounds Sterling deposited in the Deposit Accounts by an Authorized Participant are commingled with British Pounds Sterling deposited by other Authorized Participants and are held by the Depository in either the primary deposit account or the secondary deposit account of the Trust. British Pounds Sterling held in the Deposit Accounts are not segregated from the Depository's other assets. The Trust has no proprietary rights in or to any specific British Pounds Sterling held by the Depository and will be an unsecured creditor of the Depository with respect to the British Pounds Sterling held in the Deposit Accounts in the event of the insolvency of the Depository or the U.S. bank of which it is a branch. In the event the Depository or the U.S. bank of which it is a branch becomes insolvent, the Depository's assets may not be adequate to satisfy a claim by the Trust or any Authorized Participant for the amount of British Pounds Sterling deposited by the Trust or the Authorized Participant and, in such event, the Trust and any Authorized Participant will generally have no right in or to assets other than those of the Depository.

In the case of insolvency of the Depository or JPMorgan Chase Bank, N.A., the U.S. bank of which the Depository is a branch, a liquidator may seek to freeze access to the British Pounds Sterling held in all accounts by the Depository, including the Deposit Accounts. The Trust and the Authorized Participants could incur expenses and delays in

connection with asserting their claims. These problems would be exacerbated by the fact that the Deposit Accounts are not held in the U.S. but instead are held at the London branch of a U.S. national bank, where they are subject to English insolvency law. Further, under U.S. law, in the case of the insolvency of JPMorgan Chase Bank, N.A., the claims of creditors in respect of accounts (such as the Trust's Deposit Accounts) that are maintained with an overseas branch of JPMorgan Chase Bank, N.A. will be subordinate to claims of creditors in respect of accounts maintained with JPMorgan Chase Bank, N.A. in the U.S., greatly increasing the risk that the Trust and the Trust's beneficiaries would suffer a loss.

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### **Shareholders do not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act of 1940.**

The Investment Company Act is designed to protect investors by preventing: insiders from managing investment companies to their benefit and to the detriment of public investors; the issuance of securities having inequitable or discriminatory provisions; the management of investment companies by irresponsible persons; the use of unsound or misleading methods of computing earnings and asset value; changes in the character of investment companies without the consent of investors; and investment companies from engaging in excessive leveraging. To accomplish these ends, the Investment Company Act requires the safekeeping and proper valuation of fund assets, restricts greatly transactions with affiliates, limits leveraging, and imposes governance requirements as a check on fund management.

The Trust is not registered as an investment company under the Investment Company Act and is not required to register under that act. Consequently, Shareholders do not have the regulatory protections afforded to investors in registered investment companies.

### **Shareholders do not have the rights enjoyed by investors in certain other financial instruments.**

As interests in a grantor trust, the Shares have none of the statutory rights normally associated with the ownership of shares of a business corporation, including, for example, the right to bring oppression or derivative actions. Apart from the rights afforded to them by federal and state securities laws, Shareholders have only those rights relative to the Trust, the Trust property and the Shares that are set forth in the Depositary Trust Agreement. In this connection, the Shareholders have limited voting and distribution rights. They do not have the right to elect directors. See [Business The Shares Limited Rights](#) for a description of the limited rights of the Shareholders.

### **The Shares may trade at a price which is at, above, or below the NAV per Share.**

The NAV per Share fluctuates with changes in the market value of the Trust's assets. The market price of Shares can be expected to fluctuate in accordance with changes in the NAV per Share, but also in response to market supply and demand. As a result, the Shares might trade at prices at, above or below the NAV per Share.

### **Disruptions in the ability to create and redeem Baskets may adversely impact the price of the Shares.**

It is generally expected that the public trading price per Share will track the NAV per Share closely over time. The relationship between the public trading price per Share and the NAV per Share depends, to a considerable degree, on the ability of Authorized Participants or their clients or customers to purchase and redeem Baskets in the ordinary course. If the Trust were to issue all Shares that have been registered or if the Trust does not have an effective registration statement with the SEC with sufficient Shares available, each of which may happen from time to time, the Trust would not be able to create new Baskets until it registered additional Shares and those additional Shares became available for sale. In addition, the Trust may, in its discretion, suspend the creation of Baskets for any reason and at any time. If the process for creating or redeeming Shares is impaired for any reason, Authorized Participants and their clients or customers may not be able to purchase and redeem Baskets. The inability to purchase and redeem Baskets could result in the Shares trading at a premium or discount to the NAV of the Trust. Such a premium or discount could be significant, depending upon the nature or duration of the impairment.

### **The Depositary owes no fiduciary duties to the Trust or the Shareholders, is not required to act in their best interest and could resign or be removed by the Sponsor, which would trigger early termination of the Trust.**

The Depository is not a trustee for the Trust or the Shareholders. As stated above, the Depository is not obligated to maximize the interest rate paid to the Trust. In addition, the Depository has no duty to continue to act as the depository of the Trust. The Depository can terminate its role as depository for any reason whatsoever upon 90 days' notice to the Trust. If directed by the Sponsor, the Trustee must terminate the Depository. Such a termination might result, for example, if the Sponsor determines that the interest rate paid by the Depository is inadequate. In the event that the Depository was to resign or be removed, the Trust will be terminated.

**Shareholders may incur significant fees upon the termination of the Trust.**

The occurrence of any one of several events would either require the Trust to terminate or permit the Sponsor to terminate the Trust. For example, if the Depository were to resign or be removed, then the Sponsor would be required to terminate the Trust. Shareholders tendering their Shares within 90 days of the Trust's termination will receive the amount of British Pounds Sterling represented by their Shares. Shareholders may incur significant fees if they choose to convert the British Pounds Sterling they receive to USD.

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**Redemption orders are subject to rejection by the Trustee under certain circumstances.**

The Trustee will reject a redemption order if the order is not in proper form as described in the Participant Agreement or if the fulfillment of the order, in the opinion of its counsel, might be unlawful. Any such rejection could adversely affect a redeeming Shareholder. For example, the resulting delay would adversely affect the value of the Shareholder's redemption distribution if the NAV were to decline during the delay. In the Depositary Trust Agreement, the Sponsor and the Trustee disclaim any liability for any loss or damage that may result from any such rejection.

**Substantial sales of British Pounds Sterling by the official sector could adversely affect an investment in the Shares.**

The official sector consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold British Pounds Sterling as part of their reserve assets. The official sector holds a significant amount of British Pounds Sterling that can be mobilized in the open market. In the event that future economic, political or social conditions or pressures require members of the official sector to sell their British Pounds Sterling simultaneously or in an uncoordinated manner, the demand for British Pounds Sterling might not be sufficient to accommodate the sudden increase in the supply of British Pounds Sterling to the market. Consequently, the price of the British Pound Sterling could decline, which would adversely affect an investment in the Shares.

**Shareholders that are not Authorized Participants may only purchase or sell their Shares in secondary trading markets.**

Only Authorized Participants may create or redeem Baskets through the Trust. All other investors that desire to purchase or sell Shares must do so through NYSE Arca or in other markets, if any, in which the Shares are traded.

**The liability of the Sponsor and the Trustee under the Depositary Trust Agreement is limited and, except as set forth in the Depositary Trust Agreement, they are not obligated to prosecute any action, suit or other proceeding in respect of any Trust property.**

The Depositary Trust Agreement provides that neither the Sponsor nor the Trustee assumes any obligation or is subject to any liability under the Trust Agreement to any Shareholder, except that they each agree to perform their respective obligations specifically set forth in the Depositary Trust Agreement without negligence or bad faith. Additionally, neither the Sponsor nor the Trustee is obligated to, although each may in its respective discretion, prosecute any action, suit or other proceeding in respect of any Trust property. The Depositary Trust Agreement does not confer upon Shareholders the right to prosecute any such action, suit or other proceeding.

**The Depositary Trust Agreement may be amended to the detriment of Shareholders without their consent.**

The Sponsor and the Trustee may amend most provisions (other than those addressing core economic rights) of the Depositary Trust Agreement without the consent of any Shareholder. Such an amendment could impose or increase fees or charges borne by the Shareholders. Any amendment that increases fees or charges (other than taxes and other governmental charges, registration fees or other expenses), or that otherwise prejudices any substantial existing rights of Shareholders, will not become effective until 30 days after written notice is given to Shareholders.

**The License Agreement with The Bank of New York Mellon may be terminated by The Bank of New York Mellon in the event of a material breach. Termination of the License Agreement might lead to early termination and liquidation of the Trust.**

The Bank of New York Mellon and the Sponsor have entered into a License Agreement granting the Sponsor a non-exclusive, personal and non-transferable license to certain patent applications made by The Bank of New York Mellon covering systems and methods for securitizing a commodity for the life of such patents and patent applications. The license grant is solely for the purpose of allowing the Sponsor to establish, operate and market a currency-based securities product based solely on the securitization, in whole or in part, of a single non-U.S. currency. The License Agreement provides that either party may provide notice of intent to terminate the License Agreement in the event the other party commits a material breach. If the License Agreement is terminated and one or more of The Bank of New York Mellon's patent applications issue as patents, then The Bank of New York Mellon may claim that the operation of the Trust violates its patent or patents and seek an injunction forcing the Trust to cease operation and the Shares to cease trading. In that case, the Trust might be forced to terminate and liquidate, which would adversely affect Shareholders.

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**Current Discussions between the SEC and PricewaterhouseCoopers LLP regarding PricewaterhouseCoopers LLP's Independence Could Have Potentially Adverse Consequences for the Trust.**

PricewaterhouseCoopers LLP informed the Trust that it has identified an issue related to its independence under Rule 2-01(c)(1)(ii)(A) of Regulation S-X (referred to as the Loan Rule). The Loan Rule prohibits accounting firms, such as PricewaterhouseCoopers LLP, from being deemed independent if they have certain financial relationships with their audit clients or certain affiliates of those clients. The Trust is required under various securities laws to have its financial statements audited by an independent accounting firm.

The Loan Rule specifically provides that an accounting firm would not be independent if it or certain affiliates and covered persons receives a loan from a lender that is a record or beneficial owner of more than ten percent of an audit client's equity securities (referred to as a "more than ten percent owner"). For purposes of the Loan Rule, audit clients include the Trust as well as all registered investment companies advised by the Sponsor and its affiliates, including other subsidiaries of the Sponsor's parent company, Invesco Ltd. (collectively, the "Invesco Fund Complex"). PricewaterhouseCoopers LLP informed the Trust it and certain affiliates and covered persons have relationships with lenders who hold, as record owner, more than ten percent of the shares of certain funds within the Invesco Fund Complex, which may implicate the Loan Rule.

On June 20, 2016, the SEC Staff issued a "no-action" letter to another mutual fund complex (see Fidelity Management & Research Company et al., No-Action Letter) related to the audit independence issue described above. In that letter, the SEC confirmed that it would not recommend enforcement action against a fund that relied on audit services performed by an audit firm that was not in compliance with the Loan Rule in certain specified circumstances. On May 2, 2018, the SEC proposed amendments to the Loan Rule that, if adopted as proposed, would address many of the issues that led to issuance of the no-action letter. In connection with prior independence determinations, PricewaterhouseCoopers LLP communicated, as contemplated by the no-action letter, that it believes that it remains objective and impartial and that a reasonable investor possessing all the facts would conclude that PricewaterhouseCoopers LLP is able to exhibit the requisite objectivity and impartiality to report on the Trust's financial statements as the independent registered public accounting firm. PricewaterhouseCoopers LLP also represented that it has complied with PCAOB Rule 3526(b)(1) and (2), which are conditions to the Trust relying on the no-action letter, and affirmed that it is an independent accountant within the meaning of PCAOB Rule 3520. Therefore, the Sponsor, the Trust and PricewaterhouseCoopers LLP concluded that PricewaterhouseCoopers LLP could continue as the Trust's independent registered public accounting firm. The Invesco Fund Complex relied upon the no-action letter in reaching this conclusion.

If in the future the independence of PricewaterhouseCoopers LLP is called into question under the Loan Rule by circumstances that are not addressed in the SEC's no-action letter, the Trust will need to take other action in order for the Trust's filings with the SEC containing financial statements to be deemed compliant with applicable securities laws. Such additional actions could result in additional costs, impair the ability of the Trust to issue new shares or have other material adverse effects on the Trust. The SEC no-action relief was initially set to expire 18 months from issuance but has been extended by the SEC without an expiration date, except that the no-action letter will be withdrawn upon the effectiveness of any amendments to the Loan Rule designed to address the concerns expressed in the letter.

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**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

The principal offices of the Sponsor and the Trust are the offices of Invesco Specialized Products, LLC at 3500 Lacey Road, Suite 700, Downers Grove, Illinois 60515, which is leased by an affiliate of the Sponsor. Neither the Sponsor nor the Trust owns or leases any other property.

**Item 3. Legal Proceedings**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The Shares began trading on the New York Stock Exchange on June 26, 2006 under the symbol **FXB**. The primary listing of the Shares was transferred to NYSE Arca, Inc. ( **NYSE Arca** ) on October 30, 2007.

The number of record holders of Shares of the registrant as of January 31, 2019 was approximately 84.

Although the Trust did not redeem Shares directly from its shareholders, the Trust redeemed Baskets from Authorized Participants in the Transition Period covered by this report as follows:

| <b>Month</b> | <b>Shares</b>  | <b>Average Price</b> |
|--------------|----------------|----------------------|
| November     | 250,000        | \$ 124.75            |
| December     | 50,000         | \$ 123.98            |
| <b>Total</b> | <b>300,000</b> | <b>\$ 124.62</b>     |



**Table of Contents****Item 6. Selected Financial Data**

On January 9, 2019, the Sponsor changed the Trust's fiscal year from the period beginning on November 1 and ending on October 31 to the period beginning on January 1 and ending on December 31. The following summary data is based in part on the financial statements and accompanying notes, and other schedules appearing elsewhere in this transition report on Form 10-K. The information for the fiscal years ended October 31, 2018, October 31, 2017 and the transition period from November 1, 2018 through December 31, 2018 is derived in part from, and should be read together with, the audited financial statements and notes thereto of the Trust that appear in this transition report on Form 10-K. The information for the fiscal years ended October 31, 2016, October 31, 2015 and October 31, 2014 is derived in part from audited financial statements that do not appear in this transition report on Form 10-K. The accompanying selected financial data from November 1, 2017 through December 31, 2017 is unaudited. The unaudited information, in the opinion of management, includes all adjustments necessary for a fair presentation of the Trust's financial position and results of its operations. Subsequent to this report, the Trust's reports on Form 10-K will cover the calendar year, January 1 to December 31, which will be the fiscal year.

|                                | <b>Two<br/>Months ended<br/>December 31,<br/>2018</b> | <b>Two<br/>Months ended<br/>December 31,<br/>2017</b> | <b>Fiscal Year ended<br/>October 31,<br/>2018</b> | <b>Fiscal Year ended<br/>October 31,<br/>2017</b> | <b>Fiscal Year ended<br/>October 31,<br/>2016</b> | <b>Fiscal Year ended<br/>October 31,<br/>2015</b> | <b>Fiscal Year ended<br/>October 31,<br/>2014</b> |
|--------------------------------|---|---|---|---|---|---|---|
| <b>Income</b>                  |   |   |   |   |   |   |   |
| Interest Income                | \$ 82,767   | \$ 31,775   | \$ 256,219  | \$  | \$ 52,864   | \$ 40,300   | \$ 38,379   |
| Total Income                   | 82,767  | 31,775  | 256,219   |   | 52,864  | 40,300  | 38,379  |
| <b>Expenses</b>                |   |   |   |   |   |   |   |
| Sponsor's fee                  | (94,658)  | (142,690)   | (722,792)   | (1,081,379)                                       | (487,630)   | (200,882)   | (278,701)   |
| Total Expenses                 | (94,658)  | (142,690)   | (722,792)   | (1,081,379)                                       | (487,630)   | (200,882)   | (278,701)   |
| Net Comprehensive Loss         | \$ (11,891)   | \$ (110,915)  | \$ (466,573)                                      | \$ (1,081,379)                                    | \$ (434,766)                                      | \$ (160,582)                                      | \$ (240,322)                                      |
| <b>Basic and Diluted</b>       |   |   |   |   |   |   |   |
| Earnings per Share             | \$ (0.01)   | \$ (0.07)   | \$ (0.34)   | \$ (0.50)   | \$ (0.47)   | \$ (0.48)   | \$ (0.56)   |
| <b>Weighted-average</b>        |   |   |   |   |   |   |   |
| Shares Outstanding             | 1,139,344   | 1,648,361   | 1,380,959   | 2,108,959   | 934,426   | 332,603   | 427,534   |
| <b>Cash Dividends per</b>      |   |   |   |   |   |   |   |
| Share                          | \$  | \$  | \$  | \$  | \$  | \$  | \$  |
| <b>Net</b>                     |   |   |   |   |   |   |   |
| (Decrease)/Increase<br>in Cash | \$ (6,652,402)  | \$ (2,722,510)  | \$ (70,607,292)                                   | \$ (102,836,936)                                  | \$ 255,464,461                                    | \$ (2,379,469)                                    | \$ 15,367,563                                     |
|                                | <b>As of December<br/>31, 2018</b>                    | <b>As of December<br/>31, 2017</b>                    | <b>As of October<br/>31, 2018</b>                 | <b>As of October<br/>31, 2017</b>                 | <b>As of October<br/>31, 2016</b>                 | <b>As of October<br/>31, 2015</b>                 | <b>As of October<br/>31, 2014</b>                 |
| <b>Redeemable Capital</b>      |   |   |   |   |   |   |   |
| <b>Shares at</b>               |   |   |   |   |   |   |   |
| Redemption value               | \$ 135,895,374  | \$ 210,380,158  | \$ 148,744,954                                    | \$ 213,087,976                                    | \$ 315,904,752                                    | \$ 60,518,104                                     | \$ 62,891,429                                     |
| Total Assets                   | \$ 135,941,949  | \$ 210,454,883  | \$ 148,793,383                                    | \$ 213,160,593                                    | \$ 315,997,529                                    | \$ 60,537,423                                     | \$ 62,916,331                                     |

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Introduction**

The following discussion and analysis was prepared to supplement information contained in the accompanying financial statements and is intended to explain certain items regarding the Trust's financial condition as of December 31, 2018, and its results of operations for the two months ended December 31, 2018 and 2017 (unaudited) and for the years ended October 31, 2018 and 2017. It should be read in conjunction with the Selected Financial Data and the accompanying audited financial statements and related notes thereto contained in this transition report.

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**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 in this report 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.

**Movements in the Price of the British Pound Sterling**

The investment objective of the Trust is for the Shares to reflect the price in USD of the British Pound Sterling plus accrued interest, if any, less the expenses of the Trust's operations. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding British Pounds Sterling. Each outstanding Share represents a proportional interest in the British Pounds Sterling held by the Trust. The following chart provides recent trends on the price of the British Pound Sterling. The chart illustrates movements in the price of the British Pound Sterling in USD and is based on the Closing Spot Rate:

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**NAV per Share; Valuation of the British Pound Sterling**

The following chart illustrates the movement in the price of the Shares based on (1) NAV per Share, (2) the bid and ask midpoint offered on NYSE Arca and (3) the Closing Spot Rate, expressed as a multiple of 100 British Pounds Sterling:

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### **Liquidity**

The Sponsor is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to the Trust's liquidity needs. The Trust's Depository, JPMorgan Chase Bank, N.A., London Branch, maintains two deposit accounts for the Trust, a primary deposit account that may earn interest and a secondary deposit account that does not earn interest. Interest on the primary deposit account, if any, accrues daily and is paid monthly. The interest rate in effect as of December 31, 2018 was an annual nominal rate of 0.35%. The following chart provides the daily rate paid by the Depository since October 31, 2013:

In exchange for a fee, the Sponsor bears most of the expenses incurred by the Trust. As a result, the only ordinary expense of the Trust during the periods covered by this report was the Sponsor's fee. Each month the Depository deposits into the secondary deposit account accrued but unpaid interest, if any, and the Trustee withdraws British Pounds Sterling from the secondary deposit account to pay the accrued Sponsor's fee for the previous month plus other Trust expenses, if any. When the interest deposited, if any, exceeds the sum of the Sponsor's fee for the prior month plus other Trust expenses, if any, the Trustee converts the excess into USD at the prevailing market rate and distributes the USD as promptly as practicable to Shareholders on a pro-rata basis (in accordance with the number of Shares that they own). The Trust did not make any distributions during the two months ended December 31, 2018.

### **Critical Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Sponsor's management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period covered by this report.

In addition to the description below, please refer to Note 3 to the financial statements for further discussion of our accounting policies.

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The functional currency of the Trust is the British Pound Sterling in accordance with ASC 830, Foreign Currency Translation.

## **Results of Operations**

### ***For the two months ended December 31, 2018 and the two months ended December 31, 2017***

During the two months ended December 31, 2017, an additional 100,000 Shares were created in exchange for 9,722,585 British Pounds Sterling and 150,000 Shares were redeemed in exchange for 14,582,659 British Pounds Sterling. In addition, 95,183 British Pounds Sterling were withdrawn to pay the portion of the Sponsor's fee that exceeded interest earned. As of October 31, 2018, the number of British Pounds Sterling owned by the Trust was 116,416,407, resulting in a redeemable capital Share value of \$148,744,954. During the two months ended December 31, 2018, an additional 200,000 Shares were created in exchange for 19,401,440 British Pounds Sterling and 300,000 Shares were redeemed in exchange for 29,102,021 British Pounds Sterling. In addition, 9,701 British Pounds Sterling were withdrawn to pay the portion of the Sponsor's fee that exceeded interest earned. As of December 31, 2018, the number of British Pounds Sterling owned by the Trust was 106,706,125, resulting in a redeemable capital Share value of \$135,895,374.

A decrease in the Trust's redeemable capital Share value from \$148,744,954 at October 31, 2018 to \$135,895,374 at December 31, 2018, was the result of a decrease in the number of Shares outstanding from 1,200,000 at October 31, 2018 to 1,100,000 at December 31, 2018 and a decrease in the Closing Spot Rate from 1.2778 at October 31, 2018 to 1.2736 at December 31, 2018.

Interest income increased from \$31,775 for the two months ended December 31, 2017 to \$82,767 for the two months ended December 31, 2018, attributable primarily to an increase in the annual nominal interest rate paid by the Depository, as set forth in the chart above.

The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the British Pounds Sterling in the Trust. Due primarily to a decrease in the weighted-average British Pounds Sterling in the Trust, the Sponsor's fee decreased from \$142,690 for the two months ended December 31, 2017 to \$94,658 for the two months ended December 31, 2018. The only expense of the Trust during the two months ended December 31, 2018 was the Sponsor's fee.

The Trust's net comprehensive loss for the two months ended December 31, 2018 was \$11,891 due to the Sponsor's fee of \$94,658 exceeding interest income of \$82,767. The Trust's net comprehensive loss for the two months ended December 31, 2017 was \$110,915 due to the Sponsor's fee of \$142,690 exceeding interest income of \$31,775.

Cash dividends were not paid by the Trust in the two months ended December 31, 2018 and the two months ended December 31, 2017 as the Trust's interest income did not exceed the Trust's expenses during those periods.

### ***For the fiscal years ended October 31, 2018 and October 31, 2017***

As of October 31, 2017, the number of British Pounds Sterling owned by the Trust was 160,518,454 resulting in a redeemable capital Share value of \$213,087,976. During the year ended October 31, 2018, an additional 250,000 Shares were created in exchange for 24,289,863 British Pounds Sterling and 700,000 Shares were redeemed in exchange for 67,997,931 British Pounds Sterling. In addition, 393,979 British Pounds Sterling were withdrawn to pay the portion of the Sponsor's fee that exceeded interest earned. As of October 31, 2018, the number of British Pounds Sterling owned by the Trust was 116,416,407, resulting in a redeemable capital Share value of \$148,744,954.

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A decrease in the Trust's redeemable capital Share value from \$213,087,976 at October 31, 2017 to \$148,744,954 at October 31, 2018, was the result of a decrease in the number of Shares outstanding from 1,650,000 at October 31, 2017 to 1,200,000 at October 31, 2018 and a decrease in the Closing Spot Rate from 1.3280 at October 31, 2017 to 1.2778 at October 31, 2018.

Interest income increased from \$0 for the year ended October 31, 2017 to \$256,219 for the year ended October 31, 2018, attributable primarily to an increase in the annual nominal interest rate paid by the Depository, as set forth in the chart above.

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The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the British Pounds Sterling in the Trust. Due primarily to a decrease in the weighted-average British Pounds Sterling in the Trust, the Sponsor's fee decreased from \$1,081,379 for the year ended October 31, 2017 to \$722,792 for the year ended October 31, 2018. The only expense of the Trust during the year ended October 31, 2018 was the Sponsor's fee.

The Trust's net comprehensive loss for the year ended October 31, 2018 was \$466,573 due to the Sponsor's fee of \$722,792 exceeding interest income of \$256,219. The Trust's net comprehensive loss for the year ended October 31, 2017 was \$1,081,379 due to the Sponsor's fee of \$1,081,379 exceeding interest income of \$0.

Cash dividends were not paid by the Trust in the years ended October 31, 2018 and October 31, 2017 as the Trust's interest income did not exceed the Trust's expenses during those periods.

## **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

Except as described above with respect to the British Pound Sterling/USD exchange rate and the nominal annual interest rate paid by the Depository on British Pounds Sterling held by the Trust, the Trust is not subject to market risk. The Trust does not hold securities and does not invest in derivative instruments.

## **Item 8. Financial Statements and Supplementary Data**

See Index to Financial Statements on page F-1 for a list of the financial statements filed with this report.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

None.

## **Item 9A. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of the management of the Sponsor, including Daniel Draper, its Principal Executive Officer, and Kelli Gallegos, its Principal Financial and Accounting Officer, Investment Pools, the Trust carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of December 31, 2018, the end of the period covered by this transition report, and, based upon that evaluation, Daniel Draper, the Principal Executive Officer of the Sponsor, and Kelli Gallegos, the Principal Financial and Accounting Officer, Investment Pools, of the Sponsor concluded that the Trust's disclosure controls and procedures were effective to provide reasonable assurance that information the Trust is required to disclose in the reports that it files or submits with the SEC under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that information required to be disclosed by the Trust in the reports that it files or submits under the Exchange Act is accumulated and communicated to management of the Sponsor, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

### **Changes in Internal Control Over Financial Reporting**

There has been no change in internal control over financial reporting (as defined in the Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended December 31, 2018 that has materially affected, or is



reasonably likely to materially affect, the Trust's internal control over financial reporting.

**Management's Report on Internal Control Over Financial Reporting**

Management of the Sponsor is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Rules 13a-15(f) and 15d-15(f) of the Exchange Act, for the Trust. Daniel Draper, the Principal Executive Officer of the Sponsor, and Kelli Gallegos, the Principal Financial and Accounting Officer, Investment Pools, of the Sponsor, assessed the effectiveness of the Trust's internal control over financial reporting as of December 31, 2018. Their report in connection with their assessment may be found in the Report of Management on Internal Control Over Financial Reporting on page F-2 of this Transition Report on Form 10-K.

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The Trust's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the Trust's internal control over financial reporting as of December 31, 2018, as stated in their report on page F-3 of this Form 10-K.

**Item 9B. Other Information**

Not applicable.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The following executive officers of the Sponsor serve in the capacities specified for them:

| <b>Name</b>     | <b>Capacity</b>  |
|-----------------|--|
| Daniel Draper   | Chief Executive Officer and Principal Executive Officer; Board of Managers |
| Kelli Gallegos  | Principal Financial and Accounting Officer – Investment Pools              |
| Annette J. Lege | Chief Financial Officer  |
| Melanie Zimdars | Chief Compliance Officer   |
| David C. Warren | Board of Managers  |
| John M. Zerr    | Board of Managers  |

The Sponsor is managed by a Board of Managers. The Board of Managers is composed of Messrs. Draper, Warren and Zerr.

**Daniel Draper** (50) currently serves as Chief Executive Officer and Principal Executive Officer of the Sponsor, and also serves as a member of the Sponsor's Board of Managers. He has served in such capacities since April 6, 2018. In his role, he has general oversight responsibilities for all of the Sponsor's business. Mr. Draper also serves as Chief Executive Officer of Invesco Capital Management ( Invesco Capital Management ), an affiliate of the Sponsor, and has served in such capacity since March 2016. In such capacity, Mr. Draper is responsible for managing the operations of various Invesco funds. Mr. Draper also presently serves as a member of the Board of Managers of Invesco Capital Management and has served in such capacity since September 2013. Previously, Mr. Draper was the Global Head of Exchange Traded Funds for Credit Suisse Asset Management ( Credit Suisse ) based in London from March 2010 until June 2013, followed by a three month non-compete period pursuant to his employment terms with Credit Suisse. Credit Suisse is an asset management business of Credit Suisse Group, a financial services company. From January 2007 to March 2010, he was the Global Head of Exchange Traded Funds for Lyxor Asset Management in London, an investment management business unit of Societe Generale Corporate & Investment Banking. Mr. Draper was previously registered as a Significant Influence Functions ( SIF ) person with the UK's Financial Conduct Authority. He withdrew SIF person status on June 30, 2013 when he left Credit Suisse. Mr. Draper received his MBA from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and his BA from the College of William and Mary in Virginia. Mr. Draper is currently registered with FINRA and holds the Series 7, 24 and 63 registrations.

**Kelli Gallegos** (48) currently serves as Principal Financial and Accounting Officer Investment Pools of the Sponsor and has served in this capacity since September 2018. Additionally, since September 2018, Ms. Gallegos has been Principal Financial and Accounting Officer Investment Pools of Invesco Capital Management LLC, the managing owner of a suite of commodity exchange-traded funds ( ICM ), Head of North America Fund Reporting of Invesco, Ltd., a global investment management company ( Invesco ), and Vice President and Treasurer of Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded

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Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust and Invesco Exchange-Traded Self-Indexed Fund Trust, each a registered investment company offering series of exchange-traded funds (the Invesco ETFs ). She has also served as Vice President (since March 2016), Principal Financial Officer (since March 2016) and Assistant Treasurer (since December 2008) for a suite of mutual funds advised by Invesco Advisers, Inc., a registered investment adviser (the Invesco Funds ). In her roles with the Sponsor, ICM, Invesco, the Invesco ETFs and the Invesco Funds, Ms. Gallegos has financial and administrative oversight responsibilities for, and serves as Principal Financial Officer of, the Invesco ETFs, the CurrencyShares Trusts sponsored by the Sponsor, of which the registrant is one (the CurrencyShares Trusts ), and the exchange-traded commodity funds for which ICM serves as managing owner (the Commodity Funds ). Previously, she was Director of Fund Financial Services from December 2008 to September 2018, Assistant Treasurer for ICM from January 2013 to September 2018, Assistant Treasurer of the Sponsor from April 2018 to September 2018, Assistant Treasurer for the Invesco ETFs from September 2014 to September 2018 and Assistant Vice President for the Invesco Funds from December 2008 to March 2016. In such roles, Ms. Gallegos managed the group of personnel responsible for the preparation of fund financial statements and other information necessary for shareholder reports, fund prospectuses, regulatory filings, and for the coordination and oversight of third-party service providers of the CurrencyShares Trusts, the Invesco ETFs, the Invesco Funds and the Commodity Funds. Ms. Gallegos earned a BBA in accounting from Harding University in Searcy, AR.

**Annette Lege** (49) currently serves as Chief Financial Officer of the Sponsor and has served in this capacity since April 6, 2018. Ms. Lege also serves as Chief Accounting Officer and Head of Finance and Corporate Services ( FCS ) Business Services for Invesco and has served in such capacity since March 2017. In her roles for the Sponsor and Invesco, she is responsible for all aspects of Corporate Accounting, including group financial reporting, internal controls and group accounting policies. Ms. Lege also manages Invesco's Finance operations and shared service centers and has held this role since September 2015. Previously, Ms. Lege was Head of FCS Transformation Office from October 2013 through September 2015, with responsibility for business transformation initiatives taking place across FCS at Invesco. Before assuming that role in October 2013, Ms. Lege held the position of North American Corporate Controller at Invesco from March 2007 to October 2013. Ms. Lege is a CPA, is licensed by FINRA as a Financial Operations Principal, and is a member of the Texas State Board of Public Accountants. Ms. Lege earned a BBA in accounting from the University of Houston.

**Melanie H. Zimdars** (42) currently serves as Chief Compliance Officer of the Sponsor and has served in this capacity since April 6, 2018. In her role, she is responsible for all aspects of regulatory compliance for the Sponsor. Ms. Zimdars has also served as Chief Compliance Officer of Invesco Capital Management, Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust and Invesco Actively Managed Exchange-Traded Commodity Fund Trust since November 2017. From September 2009 to October 2017, she served as Vice President and Deputy Chief Compliance Officer at ALPS Holdings, Inc. where she was Chief Compliance Officer for six different mutual fund complexes, including active and passive ETFs and open-end and closed-end funds. Through its subsidiary companies, ALPS Holdings, Inc. is a provider of investment products and customized servicing solutions to the financial services industry. Ms. Zimdars received a BS degree from the University of Wisconsin-La Crosse.

**David Warren** (61) currently serves as a member of the Board of Managers of the Sponsor and has served in this capacity since April 6, 2018. Mr. Warren also serves as Chief Administrative Officer, Americas, for Invesco. He was appointed to such position in January 2007, and also holds the roles of Director, Executive Vice President and Chief Financial Officer of Invesco Canada Ltd., a Canadian investment management subsidiary of Invesco, since January 2009. He has been a member of the Board of Managers and Chief Administrative Officer of Invesco Capital Management since January 2010, as well. In these capacities, Mr. Warren is responsible for general management support, in addition to executing on various strategic initiatives and overseeing the risk management framework for

the business units operating within the Americas division of Invesco. He obtained a Bachelor's Degree in Commerce from the University of Toronto as both a chartered accountant and a certified public accountant and is a member of the Chartered Professional Accountants of Canada.

**John Zerr** (56) currently serves as a member of the Board of Managers of the Sponsor and has served in this capacity since April 6, 2018. Mr. Zerr is also a member of the Board of Managers of Invesco Capital Management and the Chief Operating Officer of Americas for Invesco Ltd., and has served in these roles since March 2006 and February 2018, respectively. Mr. Zerr previously served as the Managing Director and General Counsel for U.S. Retail of Invesco Management Group, Inc., a registered investment adviser affiliated with the Sponsor, from March 2006 through February 2018. Mr. Zerr has also been a Senior Vice President and Secretary of IDI since March 2006

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and June 2006, respectively. He also served as a Director of that entity until February 2010. Mr. Zerr has served as Senior Vice President of Invesco Advisers, Inc., a registered investment adviser affiliated with the Sponsor, since December 2009. Mr. Zerr serves as a Director, Vice President and Secretary of Invesco Investment Services, Inc., a registered transfer agency since May 2007. Mr. Zerr has served as Director, Senior Vice President, General Counsel and Secretary of a number of other Invesco wholly-owned subsidiaries which service or serviced portions of Invesco's U.S. Retail business since May 2007 and since June 2010 with respect to certain Van Kampen entities engaged in the asset management business that were acquired by Invesco from Morgan Stanley. In each of the foregoing positions Mr. Zerr is responsible for overseeing legal operations. In such capacity, Mr. Zerr also is responsible for overseeing the legal activities of various Invesco funds. Mr. Zerr earned a BA degree in economics from Ursinus College. He graduated cum laude with a J.D. from Temple University School of Law.

**Item 11. Executive Compensation**

The Trust has no employees, officers or directors. The Sponsor receives a Sponsor's fee, which accrues daily at an annual nominal rate of 0.40% of the British Pound Sterling in the Trust (including all unpaid interest but excluding unpaid fees, each as accrued through the immediately preceding day) and is paid monthly.

For the two months ended December 31, 2018, the Trust has incurred Sponsor's Fees of \$94,658 of which \$48,083 had been paid at December 31, 2018. Sponsor's Fees of \$46,575 were unpaid at December 31, 2018 and are reported as a liability on the Statement of Financial Condition.

For the two months ended December 31, 2017, the Trust has incurred Sponsor's Fees of \$142,690 of which \$67,965 has been paid at December 31, 2017. Sponsor's Fees of \$74,725 were unpaid at December 31, 2017 and are reported as a liability on the Statement of Financial Condition.

For the year ended October 31, 2018, the Trust has incurred Sponsor's Fees of \$722,792 of which \$674,363 had been paid at October 31, 2018. Sponsor's Fees of \$48,429 were unpaid at October 31, 2018 and are reported as a liability on the Statement of Financial Condition.

For the year ended October 31, 2017, the Trust has incurred Sponsor's Fees of \$1,081,379 of which \$1,008,762 had been paid at October 31, 2017. Sponsor's Fees of \$72,617 were unpaid at October 31, 2017 and are reported as a liability on the Statement of Financial Condition.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The Trust has no officers or directors. The following table sets forth certain information regarding beneficial ownership of our Shares as of January 31, 2019, as known by management. No person is known by us to own beneficially more than 5% of outstanding Shares.

| <b>Title of Class</b> | <b>Name and Address of Beneficial Owner</b> | <b>Amount and Nature of Beneficial Ownership</b> | <b>Percent of Class</b> |
|-----------------------|---|--|-------------------------|
| Shares                |   |  | Less than 0.1%          |

Directors and Officers of Invesco Specialized  
Products, LLC as a group

The Trust has no securities authorized for issuance under equity compensation plans.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

See Item 11.

**Item 14. Principal Accountant Fees and Services**

On April 19, 2018, the Board of Managers of the Sponsor, on behalf of the Trust, approved the engagement of PricewaterhouseCoopers LLP ( PwC ) as the independent registered public accounting firm for the Trust, effective that same date. As previously disclosed on Form 8-K filed on April 9, 2018, on April 8, 2018, Ernst & Young LLP

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( EY ) resigned as the independent registered public accounting firm for the Trust as EY was no longer independent of the Trust as of that date under the applicable independence standards. The reports of EY on the Trust's financial statements as of and for the fiscal year ended October 31, 2017 did not contain any adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the Trust's fiscal year ended October 31, 2017 and the subsequent interim period through the date of EY's resignation, (i) there was no disagreement between the Trust and EY on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of EY, would have caused it to make a reference to the subject matter thereof in its report on the financial statements of the Trust for any such period, and (ii) there were no reportable events as described in Item 304(a)(1)(v) of Regulation S-K promulgated by the SEC.

**Audit and Non-Audit Fees**

The following table sets forth the fees for professional services rendered by PwC, the Trust's independent registered public accounting firm for the two months ended December 31, 2018 and for the year ended October 31, 2018.

|                    | <b>Two<br/>Months<br/>Ended<br/>December 31,<br/>2018</b> | <b>Fiscal Year<br/>Ended<br/>October 31,<br/>2018</b> |
|--------------------|---|---|
| Audit Fees         | \$ 35,000   | \$ 35,000   |
| Audit-Related Fees |   |   |
| Tax Fees           |   |   |
| All Other Fees     |   |   |
| <b>Total</b>       | <b>\$ 35,000</b>  | <b>\$ 35,000</b>                                      |

The following table sets forth the fees for professional services rendered by EY, the Trust's former independent registered public accounting firm for the years ended October 31, 2018 and 2017.

|                                   | <b>Fiscal Years Ended October 31,</b> |                  |
|-----------------------------------|---------------------------------------|------------------|
|                                   | <b>2018</b>                           | <b>2017</b>      |
| Audit Fees                        | \$                                    | \$ 26,767        |
| Audit-Related Fees <sup>(1)</sup> | 6,023                                 | 2,200            |
| Tax Fees                          |                                       |                  |
| All Other Fees                    |                                       |                  |
| <b>Total</b>                      | <b>\$ 6,023</b>                       | <b>\$ 28,967</b> |

(1) Audit-Related Fees for the years ended October 31, 2018 and 2017 include fees billed for reviewing regulatory filings.



**Approval of Independent Registered Public Accounting Firm Services and Fees**

The Sponsor approved all of the services provided by PwC and EY to the Trust described above. The Sponsor pre-approved all audit and allowed non-audit services of the Trust's independent registered public accounting firm, including all engagement fees and terms.

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**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

**(a)(1) Financial Statements**

See financial statements commencing on page F-1 hereof.

**(a)(2) Financial Statement Schedules**

No financial statement schedules are filed herewith because (i) such schedules are not required or (ii) the information required has been presented in the aforementioned financial statements.

**(a)(3) Exhibits**

The following documents (unless otherwise indicated) are filed herewith and made a part of this Transition Report:

**Exhibit**

| <b>No.</b> | <b>Description</b>  |
|------------|---|
| 3.1        | <u>Certificate of Formation of the Sponsor dated September 14, 2005, incorporated herein by reference to Exhibit 3.1 to the Registration Statement on Form S-1 (File number 333-132361) filed by the Trust on March 13, 2006.</u>   |
| 3.2        | <u>Certificate of Amendment to Certificate of Formation of the Sponsor dated March 27, 2012, incorporated herein by reference to Exhibit 3.2 to the Annual Report on Form 10-K filed by the Trust on January 14, 2013.</u>  |
| 3.3        | <u>Certificate of Amendment to the Certificate of Formation of the Sponsor dated April 6, 2018, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the Trust on April 9, 2018.</u>  |
| 3.4        | <u>Third Amended and Restated Limited Liability Company Agreement of the Sponsor, incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by the Trust on April 9, 2018.</u>  |
| 4.1        | <u>Depository Trust Agreement dated as of June 8, 2006 among the Sponsor, The Bank of New York Mellon, all registered owners and beneficial owners of British Pound Sterling Shares issued thereunder and all depositors, incorporated herein by reference to Exhibit 4.1 to the Annual Report on Form 10-K/A filed by the Trust on March 10, 2011.</u> |
| 4.2        | <u>Amendment to Depository Trust Agreement dated as of November 13, 2008 between the Sponsor and The Bank of New York Mellon, incorporated herein by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q filed by the Trust on September 9, 2010.</u>   |

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- 4.3 Global Amendment to Depositary Trust Agreements dated as of March 6, 2012 between the Sponsor and The Bank of New York Mellon, incorporated herein by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q filed by the Trust on March 12, 2012.
- 4.4 Global Amendment to Depositary Trust Agreements dated as of September 5, 2017 between the Sponsor and The Bank of New York Mellon, incorporated herein by reference to Exhibit 4.8 to the Quarterly Report on Form 10-Q filed by the Trust on September 11, 2017.
- 4.5 Global Amendment to Depositary Trust Agreements dated as of June 4, 2018 between the Sponsor and The Bank of New York Mellon, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Trust on June 4, 2018.
- 4.6 Form of Participant Agreement among The Bank of New York Mellon, the Sponsor, and the Authorized Participants listed in the Schedule attached thereto pursuant to Instruction 2 to Item 601 of Regulation S-K, incorporated herein by reference to Exhibit 4.6 to the Annual Report on Form 10-K filed by the Trust on January 11, 2019.
- 4.7 Global Amendment to Depositary Trust Agreements dated as of January 9, 2019 between the Sponsor and The Bank of New York Mellon, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Trust on January 11, 2019.
- 10.1 Deposit Account Agreement dated as of June 8, 2006 between The Bank of New York Mellon and the London Branch of JPMorgan Chase Bank, N.A., incorporated herein by reference to Exhibit 10.1 to the Annual Report on Form 10-K/A filed by the Trust on March 10, 2011.
- 10.2 Amendment to Deposit Account Agreement dated as of November 13, 2008 between The Bank of New York Mellon and the London Branch of JPMorgan Chase Bank, N.A., incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by the Trust on September 9, 2010.
- 10.3 License Agreement dated as of April 6, 2018 between The Bank of New York Mellon and the Sponsor, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Trust on April 9, 2018.
- 23.1 Consent of PricewaterhouseCoopers LLP.
- 23.2 Consent of Ernst & Young LLP.
- 31.1 Certification by Principal Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification by Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification by Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification by Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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|         |   |
|---------|---|
| 101.INS | XBRL Instance Document.                                 |
| 101.SCH | XBRL Taxonomy Extension Schema Document.                |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document.  |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document.   |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document.        |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document. |

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**Invesco CurrencyShares® British Pound Sterling Trust**

**Financial Statements as of December 31, 2018**

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| <u>Reports of Independent Registered Public Accounting Firms</u>   | F-3         |
| <u>Statements of Financial Condition at December 31, 2018, October 31, 2018 and October 31, 2017</u>   | F-5         |
| <u>Statements of Comprehensive Income for the two months ended December 31, 2018, the year ended October 31, 2018 and the year ended October 31, 2017</u>            | F-6         |
| <u>Statements of Changes in Shareholders' Equity for the two months ended December 31, 2018, the year ended October 31, 2018 and the year ended October 31, 2017</u> | F-7         |
| <u>Statements of Cash Flows for the two months ended December 31, 2018, the year ended October 31, 2018 and the year ended October 31, 2017</u>                      | F-8         |
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**Report of Management on Internal Control**

**Over Financial Reporting**

Management of Invesco Specialized Products, LLC, as sponsor (the Sponsor) of the Invesco CurrencyShares British Pound Sterling Trust (the Trust), is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We, Daniel Draper, Principal Executive Officer, and Kelli Gallegos, Principal Financial and Accounting Officer, Investment Pools, of the Sponsor, assessed the effectiveness of the Trust's internal control over financial reporting as of December 31, 2018. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework* (2013). Based on our assessment and those criteria, we have concluded that the Trust maintained effective internal control over financial reporting as of December 31, 2018.

The Trust's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the Trust's internal control over financial reporting as of December 31, 2018, as stated in their report on page F-3 of the Trust's Transition Report on Form 10-K.

By: /S/ DANIEL DRAPER  
Name: Daniel Draper  
Title: Principal Executive Officer

By: /S/ KELLI GALLEGOS  
Name: Kelli Gallegos  
Title: Principal Financial and Accounting  
Officer, Investment Pools

March 8, 2019

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**Report of Independent Registered Public Accounting Firm**

To the Board of Managers and Shareholders of Invesco CurrencyShares British Pound Sterling Trust

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying statements of financial condition of Invesco CurrencyShares British Pound Sterling Trust (the Trust) as of December 31, 2018 and October 31, 2018, and the related statements of comprehensive income, of changes in shareholders' equity and of cash flows for the two months ended December 31, 2018 and for the year ended October 31, 2018, including the related notes (collectively referred to as the financial statements). We also have audited the Trust's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2018 and October 31, 2018, and the results of its operations and its cash flows for the two months ended December 31, 2018 and for the year ended October 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

***Basis for Opinions***

The Trust's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Trust's financial statements and on the Trust's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A trust's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A trust's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the trust; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the trust are being made only in accordance with authorizations of management and directors of the trust; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the trust's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois

March 8, 2019

We have served as the Trust's auditor since 2018.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and the Shareholders of Invesco CurrencyShares® British Pound Sterling Trust (formerly, CurrencyShares® British Pound Sterling Trust):

We have audited the accompanying statement of financial condition of Invesco CurrencyShares® British Pound Sterling Trust (the Trust ) as of October 31, 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended October 31, 2017. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Invesco CurrencyShares® British Pound Sterling Trust at October 31, 2017, and the result of its operations and its cash flows for the year ended October 31, 2017, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Tysons, VA

January 11, 2018

**Table of Contents****Invesco CurrencyShares® British Pound Sterling Trust****Statements of Financial Condition**

|   | December 31,<br>2018  | October 31,<br>2018   | October 31,<br>2017   |
|---|-----------------------|-----------------------|-----------------------|
| <b><u>Assets</u></b>  |                       |                       |                       |
| Current Assets:   |                       |                       |                       |
| British Pound Sterling deposits, interest bearing   | \$ 135,900,899        | \$ 142,553,301        | \$ 213,160,593        |
| British Pound Sterling deposits, non-interest bearing   |                       |                       |                       |
| Subscriptions receivable  |                       | 6,197,706             |                       |
| Receivable from accrued interest  | 41,050                | 42,376                |                       |
| <b>Total Current Assets</b>   | <b>\$ 135,941,949</b> | <b>\$ 148,793,383</b> | <b>\$ 213,160,593</b> |
| <b><u>Liabilities, Redeemable Capital Shares and Shareholders Equity</u></b>  |                       |                       |                       |
| Current Liabilities:  |                       |                       |                       |
| Accrued Sponsor's fee   | \$ 46,575             | \$ 48,429             | \$ 72,617             |
| <b>Total Current Liabilities</b>  | <b>46,575</b>         | <b>48,429</b>         | <b>72,617</b>         |
| Commitments and Contingent Liabilities (note 9)   |                       |                       |                       |
| Redeemable Capital Shares, at redemption value, no par value,<br>18,000,000 authorized 1,100,000, 1,200,000 and 1,650,000 issued<br>and outstanding, respectively | 135,895,374           | 148,744,954           | 213,087,976           |
| Shareholders' Equity:   |                       |                       |                       |
| Retained Earnings   |                       |                       |                       |
| <b>Total Liabilities, Redeemable Capital Shares and Shareholders<br/>Equity</b>   | <b>\$ 135,941,949</b> | <b>\$ 148,793,383</b> | <b>\$ 213,160,593</b> |

*See Notes to Financial Statements.*

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

|                                      | <b>Two Months Ended<br/>December 31,<br/>2018</b> | <b>Year<br/>Ended<br/>October 31,<br/>2018</b> | <b>Year<br/>Ended<br/>October 31,<br/>2017</b> |
|--------------------------------------|---|--|--|
| <b><u>Income</u></b>                 |   |  |  |
| Interest Income                      | \$ 82,767   | \$ 256,219                                     | \$   |
| Total Income                         | 82,767  | 256,219  |  |
| <b><u>Expenses</u></b>               |   |  |  |
| Sponsor's fee                        | (94,658)  | (722,792)                                      | (1,081,379)                                    |
| Total Expenses                       | (94,658)  | (722,792)                                      | (1,081,379)                                    |
| Net Comprehensive Loss               | \$ (11,891)                                       | \$ (466,573)                                   | \$ (1,081,379)                                 |
| Basic and Diluted Earnings per Share | \$ (0.01)   | \$ (0.34)                                      | \$ (0.50)                                      |
| Weighted-average Shares Outstanding  | 1,139,344   | 1,380,959                                      | 2,180,959                                      |

*See Notes to Financial Statements.*

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

|   | <b>Two Months Ended<br/>December 31,<br/>2018</b> | <b>Year Ended<br/>October 31,<br/>2018</b> | <b>Year<br/>Ended<br/>October 31,<br/>2017</b> |
|---|---|--|--|
| Retained Earnings, Beginning of Period/Year                 | \$  | \$   | \$   |
| Net Comprehensive Loss                                      | (11,891)  | (466,573)                                  | (1,081,379)                                    |
| Adjustment of redeemable capital Shares to redemption value | 11,891  | 466,573                                    | 1,081,379                                      |
| Retained Earnings, End of Period/Year                       | \$  | \$   | \$   |

*See Notes to Financial Statements.*

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

|   | <b>Two Months Ended<br/>December 31,<br/>2018</b> | <b>Year Ended<br/>October 31,<br/>2018</b> | <b>Year Ended<br/>October 31,<br/>2017</b> |
|---|---|--|--|
| <b><u>Cash flows from operating activities</u></b>  |   |  |  |
| Cash received for accrued income  | \$ 83,960   | \$ 214,658                                 | \$   |
| Cash paid for Sponsor's fee   | (96,361)  | (744,087)                                  | (1,112,158)                                |
| Net cash used in operating activities   | (12,401)  | (529,429)                                  | (1,112,158)                                |
| <b><u>Cash flows from financing activities</u></b>  |   |  |  |
| Cash received to purchase redeemable Shares   | 31,155,241  | 26,122,634                                 | 55,921,021                                 |
| Cash paid to redeem redeemable Shares   | (37,386,164)                                      | (91,375,619)                               | (180,098,599)                              |
| Net cash used in financing activities   | (6,230,923)                                       | (65,252,985)                               | (124,177,578)                              |
| Adjustment to period cash flows due to currency movement  | (409,078)   | (4,824,878)                                | 22,452,800                                 |
| Decrease in cash  | (6,652,402)                                       | (70,607,292)                               | (102,836,936)                              |
| Cash at beginning of period/year  | 142,553,301                                       | 213,160,593                                | 315,997,529                                |
| Cash at end of period/year  | \$ 135,900,899                                    | \$ 142,553,301                             | \$ 213,160,593                             |
| <b><u>Reconciliation of net comprehensive loss to net cash used in operating activities</u></b> |   |  |  |
| Net Comprehensive Loss  | \$ (11,891)                                       | \$ (466,573)                               | \$ (1,081,379)                             |
| Adjustments to reconcile net comprehensive loss to net cash used in operating activities:       |   |  |  |
| Receivable from accrued interest  | (41,050)  | (42,376)                                   |  |
| Prior period receivable from accrued interest   | 42,376  |  |  |
| Effect of exchange rate on cash   | 18  | 3,708                                      | (10,619)                                   |
| Accrued Sponsor's fee   | 46,575  | 48,429                                     | 72,617                                     |
| Prior period accrued Sponsor's fee  | (48,429)  | (72,617)                                   | (92,777)                                   |
| Net cash used in operating activities   | \$ (12,401)                                       | \$ (529,429)                               | \$ (1,112,158)                             |

*See Notes to Financial Statements.*

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**Invesco CurrencyShares® British Pound Sterling Trust**

**Notes to Financial Statements**

**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.

On January 9, 2019, the Sponsor changed the Trust's fiscal year from the period beginning on November 1 and ending on October 31 to the period beginning on January 1 and ending on December 31. Unless otherwise noted, all references to years in this report refer to the twelve-month fiscal year, which prior to November 1, 2018 ended on October 31 and beginning after December 31, 2018 ends on December 31 of each year.

**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 audited financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ).

**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 Net Asset Value ( 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.

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The Trust maintains its books and records in British Pounds 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. The redeemable capital Shares are adjusted to redemption value and these adjustments are recorded against retained earnings.

### **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 on currency deposits. The Depository may change the rate at which interest accrues, including reducing the interest rate to zero or below zero, based upon the Depository's belief that Sterling Overnight Index Average (SONIA) does not accurately reflect the market, other market conditions or the Depository's liquidity needs. Interest charged on the primary deposit account will be disclosed as interest expense on currency deposits.



#### **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 December 31, 2018 was an annual nominal rate of 0.35%. For the two months ended December 31, 2018, there were British Pound Sterling principal deposits of 19,401,440, British Pound Sterling principal redemptions of 29,102,021 and British Pound Sterling withdrawals (to pay expenses) of 9,701, resulting in an ending British Pound Sterling principal balance of 106,706,125. This equates to 135,900,899 USD. For the year ended October 31, 2018, there were British Pound Sterling principal deposits of 24,289,863, British

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Pound Sterling principal redemptions of 67,997,931 and British Pound Sterling withdrawals (to pay expenses) of 393,979, resulting in an ending British Pound Sterling principal balance of 116,416,407. This equates to 148,751,007 USD (which includes USD subscriptions receivable). 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.

**5. Redeemable Capital Shares**

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.

Activity in redeemable capital Shares is as follows:

|  | Two Months Ended<br>December 31, 2018 |                       | Year Ended<br>October 31, 2018 |                       | Year Ended<br>October 31, 2017 |                       |
|--|---------------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
|  | Shares                                | U.S. Dollar<br>Amount | Shares                         | U.S. Dollar<br>Amount | Shares                         | U.S. Dollar<br>Amount |
| <b>Opening Balance</b>                                     | 1,200,000                             | \$ 148,744,954        | 1,650,000                      | \$ 213,087,976        | 2,650,000                      | \$ 315,904,752        |
| Shares Issued  | 200,000                               | 24,954,379            | 250,000                        | 32,640,718            | 450,000                        | 55,921,021            |
| Shares Redeemed  | (300,000)                             | (37,386,164)          | (700,000)                      | (91,375,619)          | (1,450,000)                    | (180,098,599)         |
| Adjustment to period<br>Shares due to currency<br>movement |                                       | (417,795)             |                                | (5,608,121)           |                                | 21,360,802            |
| <b>Ending Balance</b>                                      | 1,100,000                             | \$ 135,895,374        | 1,200,000                      | \$ 148,744,954        | 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.

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**Table of Contents****6. Selected Quarterly Information (Unaudited)**

Fiscal Periods Ended December 31, 2018 and October 31, 2018:

|  | Two months<br>ended<br>December 31, 2018 | Three months<br>ended<br>October 31, 2018 | Three months<br>ended<br>July 31,<br>2018 | Three months<br>ended<br>April 30, 2018 | Three months<br>ended<br>January 31, 2018 |
|--|--|---|---|---|---|
| <b>Income</b>  |  |   |   |   |   |
| Interest Income  | \$ 82,767                                | \$ 129,782                                | \$ 35,141                                 | \$ 44,017                               | \$ 47,279                                 |
| Total Income   | 82,767                                   | 129,782                                   | 35,141                                    | 44,017                                  | 47,279                                    |
| <b>Expenses</b>  |  |   |   |   |   |
| Sponsor's fee  | (94,658)                                 | (152,978)                                 | (169,448)                                 | (190,319)                               | (210,047)                                 |
| Total Expenses   | (94,658)                                 | (152,978)                                 | (169,448)                                 | (190,319)                               | (210,047)                                 |
| Net Comprehensive Loss                                 | \$ (11,891)                              | \$ (23,196)                               | \$ (134,307)                              | \$ (146,302)                            | \$ (162,768)                              |
| Basic and Diluted Earnings<br>per Share <sup>(1)</sup> | \$ (0.01)                                | \$ (0.02)                                 | \$ (0.10)                                 | \$ (0.10)                               | \$ (0.10)                                 |
| Weighted-average Shares<br>Outstanding                 | 1,139,344                                | 1,204,348                                 | 1,298,913                                 | 1,435,393                               | 1,586,957                                 |
| Cash Dividends per Share <sup>(1)</sup>                | \$                                       | \$  | \$  | \$                                      | \$  |

<sup>(1)</sup>The amount shown for a Share outstanding for quarterly statements may not correlate with year to date amounts due to timing of subscriptions and redemptions in relation to income earned or distributed.

Fiscal Period Ended October 31, 2017:

|                        | Three months<br>ended<br>October 31, 2017 | Three months<br>ended<br>July 31,<br>2017 | Three months<br>ended<br>April 30, 2017 | Three months<br>ended<br>January 31, 2017 |
|------------------------|---|---|---|---|
| <b>Income</b>          |   |   |   |   |
| Interest Income        | \$  | \$  | \$                                      | \$  |
| Total Income           |   |   |   |   |
| <b>Expenses</b>        |   |   |   |   |
| Sponsor's fee          | (228,789)                                 | (256,279)                                 | (283,156)                               | (313,155)                                 |
| Total Expenses         | (228,789)                                 | (256,279)                                 | (283,156)                               | (313,155)                                 |
| Net Comprehensive Loss | \$ (228,789)                              | \$ (256,279)                              | \$ (283,156)                            | \$ (313,155)                              |

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|   |    |           |    |           |    |           |    |           |
|---|----|-----------|----|-----------|----|-----------|----|-----------|
| Basic and Diluted Earnings per Share <sup>(1)</sup> | \$ | (0.13)    | \$ | (0.13)    | \$ | (0.12)    | \$ | (0.12)    |
| Weighted-average Shares Outstanding                 |    | 1,767,935 |    | 2,014,130 |    | 2,386,517 |    | 2,561,957 |
| Cash Dividends per Share <sup>(1)</sup>             | \$ |           | \$ |           | \$ |           | \$ |           |

- (1) The amount shown for a Share outstanding for quarterly statements may not correlate with year to date amounts due to timing of subscriptions and redemptions in relation to income earned or distributed.

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### **7. Related Parties**

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 cases the Trust will pay for some expenses in addition to the Sponsor's fee. These 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.

### **8. 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.

On June 23, 2016, the citizens of the United Kingdom, a European Union member that had not adopted the euro as its currency, voted to leave the European Union. In March 2017, the British government invoked Article 50 of the Treaty on European Union, which formally triggered a negotiation process with the European Union. In March 2018, the parties agreed to a transition period of 21 months from March 29, 2019 until the end of 2020 before the United Kingdom leaves the European Union completely, assuming approval of a withdrawal agreement. Withdrawal from the European Union is controversial in the United Kingdom notwithstanding the 2016 vote. In December 2018, the European Court of Justice ruled that, subject to certain conditions, a member state could revoke notification of its intention to withdraw from the European Union. The British government and the European Union previously negotiated a withdrawal agreement, but the British Parliament did not approve that agreement. The British government and the European Union are in the process of negotiating a new withdrawal agreement. As a result, there remains considerable uncertainty around the withdrawal. Failure to agree on a new withdrawal agreement and obtain parliamentary approval of the new withdrawal agreement would mean that the United Kingdom would leave the European Union on March 29, 2019, probably with no agreement (a so-called "hard Brexit"), unless the United Kingdom requests, and is granted, an extension of Article 50 from the European Union. An extension of Article 50 would need to be unanimously approved by the 27 European Union member states. The consequences for the

economies of the European Union members of the United Kingdom exiting the European Union are unknown and unpredictable, especially in the case of a hard Brexit, as is the future direction of the value of the British Pound Sterling and the Shares. These uncertainties could 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.

#### **9. Commitments and Contingencies**

The Trust's organizational documents provide for the Trust to indemnify the Sponsor and any affiliate of the Sponsor that provides services to the Trust to the maximum extent permitted by applicable law, subject to certain exceptions for disqualifying conduct by the Sponsor or such an affiliate. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Further, the Trust has not had prior claims or losses pursuant to these contracts. Accordingly, the Sponsor expects the risk of loss to be remote.

**Table of Contents****10. Comparative Data for the two months ended December 31, 2017 (Unaudited)**

|   | <b>Two Months<br/>Ended<br/>December 31,<br/>2017</b> |
|---|---|
| <b><u>Income</u></b>  |   |
| Interest Income   | \$ 31,775   |
| Total Income  | 31,775  |
| <b><u>Expenses</u></b>                                      |   |
| Sponsor's fee   | (142,690)   |
| Total Expenses  | (142,690)   |
| Net Comprehensive Loss                                      | \$ (110,915)  |
| Basic and Diluted Earnings per Share                        | \$ (0.07)   |
| Weighted-average Shares Outstanding                         | 1,648,361   |
|   | <b>Two Months<br/>Ended<br/>December 31,<br/>2017</b> |
| Retained Earnings, Beginning of Period                      | \$  |
| Net Comprehensive Loss                                      | (110,915)   |
| Adjustment of redeemable capital Shares to redemption value | 110,915   |
| Retained Earnings, End of Period                            | \$  |



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|   | <b>Two Months<br/>Ended<br/>December 31,<br/>2017</b> |
|---|---|
| <b><u>Cash flows from operating activities</u></b>  |   |
| Cash received for accrued income  | \$ 15,243   |
| Cash paid for Sponsor's fee   | (141,950)   |
| Net cash provided by operating activities   | (126,707)   |
| <b><u>Cash flows from financing activities</u></b>  |   |
| Cash received to purchase redeemable Shares   | 12,942,706  |
| Cash paid to redeem redeemable Shares   | (19,412,436)  |
| Net cash used in financing activities   | (6,469,730)   |
| Adjustment to period cash flows due to currency movement  | 3,873,927   |
| Decrease in cash  | (2,722,510)   |
| Cash at beginning of period   | 213,160,593   |
| Cash at end of period   | \$ 210,438,083  |
| <b><u>Reconciliation of net comprehensive income to net cash provided by operating activities</u></b> |   |
| Net Comprehensive Income  | \$ (110,915)  |
| Adjustments to reconcile net comprehensive income to net cash provided by operating activities:       |   |
| Receivable from accrued interest  | (16,800)  |
| Prior period receivable from accrued interest   |   |
| Effect of exchange rate on cash   | (1,100)   |
| Accrued Sponsor's fee   | 74,725  |
| Prior period accrued Sponsor's fee  | (72,617)  |
| Net cash provided by operating activities   | \$ (126,707)  |

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**SIGNATURES**

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

INVESCO CURRENCYSHARES®  
BRITISH POUND STERLING TRUST

By: Invesco Specialized Products, LLC  
Sponsor of the Invesco CurrencyShares®  
British Pound Sterling Trust

By: /s/ DANIEL DRAPER  
Daniel Draper  
Chief Executive Officer  
(Principal Executive Officer)

Date: March 8, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities\* and on the dates indicated.

| <b>Signature</b>    | <b>Capacity*</b>  | <b>Date</b>   |
|---------------------|---|---------------|
| /s/ DANIEL DRAPER   | Manager and Chief Executive Officer                               | March 8, 2019 |
| Daniel Draper       | (Principal Executive Officer)                                     |               |
| /s/ KELLI GALLEGOS  | Principal Financial and Accounting<br>Officer Investment Pools    |               |
| Kelli Gallegos      | (Principal Financial Officer and<br>Principal Accounting Officer) | March 8, 2019 |
| /s/ DAVID C. WARREN | Manager   | March 8, 2019 |
| David C. Warren     |   |               |
| /s/ JOHN M. ZERR    | Manager   | March 8, 2019 |
| John M. Zerr        |   |               |

\* The registrant is a trust and the persons are signing in their capacities as officers or directors of Invesco Specialized Products, LLC, the Sponsor of the registrant.