

Invesco Perpetual Enhanced Income Limited

Terms of Reference of the Management Engagement Committee (‘the Committee’)

(November 2016)

1. Objective

- 1.1 It is the overall purpose of the Committee to regularly review the performance of the Manager, the terms of the investment management agreement and the structure of the Manager’s investment management and performance fees.

2. Membership

- 2.1. The Committee shall be appointed by the Board and shall comprise a Chairman and at least two other independent members.
- 2.2. All members of the Committee shall be non-executive Directors, independent of the Company and its advisers and the Manager.
- 2.3. The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
- 2.4. If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee and/or an appointed deputy may appoint another Director of the Company to serve as an alternate member.
- 2.5 The membership presently comprises: Mr Peter Yates – Chairman, Mr Michael Lombardi, Mr Gordon Neilly, Mr Clive Spears and Mr Donald Adamson.

3. Secretary

- 3.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

4. Committee Meeting Administration

- 4.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 4.2 The quorum for the transaction of business must be located in Jersey, Channel Islands, although other members/attendees of the Committee may attend by means of two-way electronic communication such as telephone or video conferencing.

- 4.3 The Committee shall meet not less than once a year and at such other times as the Chairman of the Committee shall require.
- 4.4 Meetings of Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 4.5 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no fewer than five working days prior to the date of the meeting.
- 4.6 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Minutes of Committee meetings shall be circulated to all Directors within 10 days, following approval by the Chairman of the Committee.

5. Annual General Meeting

- 5.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

Duties

- 5.2 The Committee shall:
 - 5.2.1 regularly review the Investment Management Agreement of the Company and make recommendations to the Board with regard to any adjustments that are deemed necessary;
 - 5.2.2 Consider for Board approval a statement in the Annual Report, prepared in accordance with Listing Rule 15.6.2(2), whereby the Directors' appointment of the Manager on the terms agreed is in the interests of shareholders as a whole, together with a statement of the reasons for this view.
 - 5.2.3 review and, if applicable, recommend to the Board any amendments to the investment management and/or performance fees;
 - 5.2.4 recommend to the Board whether there should be any changes to the Investment Manager or the Investment Management Agreement; and
 - 5.2.5 detail items that should be published in the Company's Annual Financial Report relating to the activities of the Committee.

6. Authority

- 6.1 The Committee is authorised to seek any information it requires from any relevant employee of the Manager in order to perform its duties.

6.2 The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference, up to a level of £10,000 without prior reference to the Board.