

Invesco Insured California Municipal Securities  
Form N-CSR  
January 07, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM N-CSR  
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES  
Investment Company Act file number 811-07111  
Invesco Insured California Municipal Securities**

(Exact name of registrant as specified in charter)  
1555 Peachtree Street, N.E., Atlanta, Georgia 30309

(Address of principal executive offices) (Zip code)  
Philip A. Taylor 1555 Peachtree Street, N.E., Atlanta, Georgia 30309

(Name and address of agent for service)

Registrant's telephone number, including area code: (713) 626-1919

Date of fiscal year end: 10/31

Date of reporting period: 10/31/10

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Item 1. Reports to Stockholders.

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**Annual Report to Shareholders**

**October 31, 2010**

Letters to Shareholders  
Performance Summary  
Management Discussion  
Supplemental Information  
Dividend Reinvestment Plan  
Schedule of Investments  
Financial Statements  
Notes to Financial Statements  
Financial Highlights  
Auditor's Report  
Tax Information  
Results of Proxy  
Trustees and Officers

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## Letters to Shareholders

Philip Taylor

Dear Shareholders:

Enclosed is important information about your Trust and its performance. I hope you find it useful. Whether you're a long-time Invesco client or a shareholder who joined us as a result of our June 1 acquisition of Morgan Stanley's retail asset management business, including Van Kampen Investments, I'm glad you're part of the Invesco family.

Near the end of this letter, I've provided the number to call if you have specific questions about your account; I've also provided my email address so you can send a general Invesco-related question or comment to me directly.

### **The benefits of Invesco**

As a leading global investment manager, Invesco is committed to helping investors worldwide achieve their financial objectives. I believe Invesco is uniquely positioned to serve your needs.

We are committed to investment excellence. We believe the best investment insights come from specialized investment teams with discrete investment perspectives, each operating under a disciplined philosophy and process with strong risk oversight and quality controls. This approach enables our portfolio managers, analysts and researchers to pursue consistent results across market cycles.

We are a strong organization with a single focus: investment management. At Invesco, we believe that focus brings success, and that's why investment management is all we do. We direct all of our intellectual capital and global resources toward helping investors achieve their long-term financial objectives.

Remember that a trusted financial adviser is also an invaluable partner as you pursue your financial goals. Your financial adviser is familiar with your individual goals and risk tolerance, and can answer questions about changing market conditions and your changing investment needs.

### **Our customer focus**

Short-term market conditions can change from time to time, sometimes suddenly and sometimes dramatically. But regardless of market trends, our commitment to putting you first, helping you achieve your financial objectives and providing you with excellent customer service will not change.

If you have questions about your account, please contact one of our client services representatives at 800 341 2929. If you have a general Invesco-related question or comment for me, please email me directly at [phil@invesco.com](mailto:phil@invesco.com).

I want to thank our existing Invesco clients for placing your faith in us. And I want to welcome our new Invesco clients: We look forward to serving your needs in the years ahead. Thank you for investing with us.

Sincerely,

Philip Taylor

Senior Managing Director, Invesco

**2 Invesco Insured California Municipal Securities**

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Bruce Crockett

Dear Fellow Shareholders:

Although the global markets have improved since their lows of 2009, they remain challenging as governments around the world work to ensure the recovery remains on track. In this volatile environment, it is comforting to know that your Board is committed to putting your interests first. We realize you have many choices when selecting a money manager, and your Board is working hard to ensure you feel you've made the right choice.

To that end, I'm pleased to share the news that Invesco has completed its acquisition of Morgan Stanley's retail asset management business, including Van Kampen Investments. This acquisition greatly expands the breadth and depth of investment strategies we can offer you. Another key advantage of this combination is the highly complementary nature of our cultures. This is making it much easier to bring our organizations together while ensuring that our investment teams remain focused on managing your money.

We view this addition as an excellent opportunity for you, our shareholders, to have access to an even broader range of well-diversified mutual funds. Now that the acquisition has closed, Invesco is working to bring the full value of the combined organization to shareholders. The key goals of this effort are to ensure that we have deeply resourced and focused investment teams, a compelling line of products and enhanced efficiency, which will benefit our shareholders now and over the long term.

It might interest you to know that the mutual funds of the combined organization are overseen by a single fund Board composed of 17 current members, including four new members who joined us from Van Kampen/Morgan Stanley. This expanded Board will continue to oversee the funds with the same strong sense of responsibility for your money and your continued trust that we have always maintained.

As always, you are welcome to contact me at [bruce@brucecrockett.com](mailto:bruce@brucecrockett.com) with any questions or concerns you may have. We look forward to representing you and serving your interests.

Sincerely,

Bruce L. Crockett

Independent Chair

Invesco Funds Board of Trustees

**3 Invesco Insured California Municipal Securities**

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## Management's Discussion of Trust Performance

### Performance summary

As part of Invesco's June 1, 2010, acquisition of Morgan Stanley's retail asset management business, including Van Kampen Investments, Morgan Stanley Insured California Municipal Securities was renamed Invesco Insured California Municipal Securities.

The Trust's return can be calculated based on either the market price or the net asset value (NAV) of its shares. NAV per share is determined by dividing the value of the Trust's portfolio securities, cash and other assets, less all liabilities and preferred shares, by the total number of common shares outstanding, while market price reflects the supply and demand for Trust shares. As a result, the two returns can differ, as they did during the reporting period.

Main contributors to returns on an NAV basis included our yield curve positioning and our exposure to long duration bonds.

### Performance

*Total returns, 10/31/09 to 10/31/10*

Trust at NAV	9.34%
Trust at Market Value	11.96
Market Price Discount to NAV as of 10/31/10	-7.89

*The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or higher. Investment return, net asset value and common share market price will fluctuate so that you may have a gain or loss when you sell shares. Please visit [invesco.com/performance](http://invesco.com/performance) for the most recent month-end performance. Performance figures reflect Trust expenses, the reinvestment of distributions (if any) and changes in net asset value (NAV) for performance based on NAV and changes in market price for performance based on market price.*

*Since the Trust is a closed-end management investment company, shares of the Trust may trade at a discount or premium from the NAV. This characteristic is separate and distinct from the risk that NAV could decrease as a result of investment activities and may be a greater risk to investors expecting to sell their shares after a short time. The Trust cannot predict whether shares will trade at, above or below NAV. The Trust should not be viewed as a vehicle for trading purposes. It is designed primarily for risk-tolerant long-term investors.*

### How we invest

We seek to provide California investors with a high level of current income exempt from federal and California income tax, with liquidity and safety of principal, primarily by investing in a non-diversified portfolio of California municipal securities that are insured at the time of purchase.

We seek to achieve the Trust's investment objective by investing primarily in insured municipal obligations that are rated A or higher by at least one nationally recognized statistical rating organization and are exempt from federal and/or California income tax. Municipal obligations include municipal bonds, municipal notes, municipal commercial paper and lease obligations. The Trust may invest in taxable or tax-exempt investment grade securities, or if not rated, securities we determine to be of comparable quality. From time to time, we may invest in municipal securities that pay interest that is subject to the federal alternative minimum tax.

We employ a bottom-up, research-driven approach to identify securities that have attractive risk/reward characteristics for the sectors in which we invest. We also integrate macroeconomic analysis and forecasting into our evaluation and ranking of various sectors and individual securities.

Sell decisions are based on:

- n A deterioration or likely deterioration of an individual issuer's capacity to meet its debt obligations on a timely basis.
- n A deterioration or likely deterioration of the broader fundamentals of a particular industry or sector.
- n Opportunities in the secondary or primary market to swap into a security with better relative value.

### **Market conditions and your Trust**

Market conditions during the 12-month period covered by this report were influenced by two broad themes: private sector recovery and concerns over sovereign creditworthiness. In the U.S. and across the developed world, a gradual and somewhat lackluster recovery continued, with central banks keeping interest rates at low levels, and few of them withdrawing their quantitative easing measures. This helped private sector companies improve their balance sheets and earnings following the global financial crisis that began to dissipate in early 2009. Recently, however, investor skepticism of global governments' abilities to retire huge amounts of debt without affecting economic growth rates caused sovereign debt distress (especially for Greece and other southern eurozone countries) and became a focal point of investor concern in the first half of 2010.

In the U.S., economic recovery was present, although uneven and possibly slowing, as stubbornly high unemployment and export weakness continued to weigh on the U.S. economy. Real gross domestic product (GDP), the broadest measure of overall U.S. economic activity, increased at an annual rate of 2.5% in the third quarter of 2010 (that is, from the second quarter to the third quarter).<sup>1</sup> In the second quarter, real GDP increased at an annual rate of 1.7%.<sup>1</sup> The U.S. Federal Reserve (the Fed) maintained a very accommodative monetary policy throughout the period, with the federal funds target rate unchanged in a range of zero to 0.25%.<sup>2</sup> The Fed recently described its view of the U.S. economy by saying, "Financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad."<sup>2</sup> As such, it was widely expected that the Fed would continue to keep rates low for an extended period.

### **Portfolio Composition**

*By credit sector, based on total investments*

Revenue Bonds	67.3%
General Obligation Bonds	25.9
Pre-refunded Bonds	3.9
Variable Rate Demand Notes	2.9
Total Net Assets	\$50.4 million
Total Number of Holdings	98

**Top Five Fixed Income Holdings**

*Based on total net assets applicable to common shares*

1. Yosemite Community College District	5.2%
2. San Francisco City & County Public Utilities Commission	4.0
3. California Infrastructure & Economic Development Bank	3.7
4. California State Department of Veterans Affairs	3.0
5. University of California	3.0

The Trust's holdings are subject to change, and there is no assurance that the Trust will continue to hold any particular security.

**4 Invesco Insured California Municipal Securities**

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While many states currently face budgetary challenges, perhaps California has received more press than most. The state still benefits from its large and diverse economic base and above-average wealth. However, its large exposure to the housing crisis, falling tax revenues and recent budgetary shortfalls pose considerable challenges. Although rating agencies have downgraded the state's credit rating and the market has reacted accordingly, the negative impact has been tempered somewhat by the issuance of taxable Build America Bonds.

Municipal fund flows remained elevated after a record 2009 and this provided a positive catalyst for both the net asset values and market prices of closed end municipal funds. In addition, year to date through October 31, municipal issuance was about 2% ahead of last year's pace, at \$339.7 billion versus \$333.0 billion. However, approximately 30% of supply since the beginning of the year was in the form of taxable municipals, which further supported tax-exempt municipal bond prices by decreasing their relative supply.<sup>3</sup>

The Trust's exposure to the 15- to 20-year part and the long end (20+ years) of the yield curve contributed to returns. The Trust's long duration profile was also a contributor as yields declined during most of the reporting period. Some of our yield curve and duration positioning was obtained through the use of inverse floating rate securities. Inverse floating rate securities are instruments which have an inverse relationship to a referenced interest rate. Inverse floating rate securities can be a more efficient means by which to manage duration, yield curve exposure and credit exposure and can potentially enhance yield.

At the sector level, our allocations to pre-refunded bonds and local general obligation bonds contributed to returns for the reporting period. However, this was offset by our state general obligation bond exposure.

As stated earlier, the Trust trades at a market price and also has an NAV. For the entire reporting period, the Trust traded at a discount to its underlying NAV. This discount was highest during the first half of the reporting period. After a market rally that began in late May, the Trust traded at its narrowest discount in early September, which corresponded with the peak in the rally.

After the close of the Trust's fiscal year, market volatility increased significantly across the municipal asset class. Since the November elections, there are expectations that the Bush federal income tax cuts will be extended, which may diminish investor appetite for tax-free bonds. Additionally, market volatility has been amplified as U.S. Treasury yields have increased while states and municipalities are flooding the market with new issues, including large issuance from the state of California.

Thank you for investing in Invesco Insured California Municipal Securities and for sharing our long-term investment horizon.

1 Bureau of Economic Analysis

2 U.S. Federal Reserve

3 Barclays Capital

*The views and opinions expressed in management's discussion of Trust performance are those of Invesco Advisers, Inc. These views and opinions are subject to change at any time based on factors such as market and economic conditions. These views and opinions may not be relied upon as investment advice or recommendations, or as an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Trust. Statements of fact are from sources considered reliable, but Invesco Advisers, Inc. makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

See important Trust and, if applicable, index disclosures later in this report.

**Thomas Byron**

Portfolio manager, is manager of Invesco Insured California Municipal Securities. Mr. Byron joined Invesco in June 2010. He was associated with the Trust's previous investment adviser or its investment advisory affiliates in an investment management capacity from 1981 to June 2010 and began managing the Trust in 2009. He earned a B.S. in finance from Marquette University and an M.B.A. in finance from DePaul University.

**Robert Stryker**

Chartered Financial Analyst, portfolio manager, is manager of Invesco Insured California Municipal Securities. Mr. Stryker joined Invesco in June 2010. He was associated with the Trust's previous investment adviser or its investment advisory affiliates in an investment management capacity from 1994 to June 2010 and began managing the

Trust in 2009. He earned a B.S. in finance from the University of Illinois, Chicago.

**Robert Wimmel**

Portfolio manager, is manager of Invesco Insured California Municipal Securities. Mr. Wimmel joined Invesco in June 2010. He was associated with the Trust's previous investment adviser or its investment advisory affiliates in an investment management capacity from 1996 to June 2010 and began managing the Trust in 2009. He earned a B.A. in anthropology from the University of Cincinnati and an M.A. in economics from the University of Illinois, Chicago.

**5 Invesco Insured California Municipal Securities**

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**Invesco Insured California Municipal Securities investment objective is to provide current income which is exempt from both federal and California income taxes.**

n Unless otherwise stated, information presented in this report is as of October 31, 2010, and is based on total net assets.

n Unless otherwise noted, all data provided by Invesco.

n To access your Trust's reports, visit [invesco.com/fundreports](http://invesco.com/fundreports).

**Principal risks of investing in the Trust**

n The prices of securities held by the Trust may decline in response to market risks.

n Other risks are described and defined later in this report.

**Other information**

n The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.

n The returns shown in management's discussion of Trust performance are based on net asset values calculated for shareholder transactions. Generally accepted accounting principles require adjustments to be made to the net assets of the Trust at period end for financial reporting purposes, and as such, the net asset values for shareholder transactions and the returns based on those net asset values may differ from the net asset values and returns reported in the Financial Highlights.

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

**NYSE Symbol**

**ICS**

**6 Invesco Insured California Municipal Securities**

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### **Dividend Reinvestment Plan**

The dividend reinvestment plan (the Plan) offers you a prompt and simple way to reinvest your dividends and capital gains distributions (Distributions) into additional shares of your Trust. Under the Plan, the money you earn from dividends and capital gains distributions will be reinvested automatically in more shares of your Trust, allowing you to potentially increase your investment over time.

#### **Plan benefits**

##### **n Add to your account**

You may increase the amount of shares in your Trust easily and automatically with the Plan.

##### **n Low transaction costs**

Transaction costs are low because the new shares are bought in blocks and the brokerage commission is shared among all participants.

##### **n Convenience**

You will receive a detailed account statement from Computershare Trust Company, N.A. (the Agent) which administers the Plan. The statement shows your total distributions, date of investment, shares acquired, and price per share, as well as the total number of shares in your reinvestment account. You can also access your account via the Internet. To do this, please go to [invesco.com](http://invesco.com).

##### **n Safekeeping**

The Agent will hold the shares it has acquired for you in safekeeping.

### **How to participate in the Plan**

If you own shares in your own name, you can participate directly in the Plan. If your shares are held in street name in the name of your brokerage firm, bank, or other financial institution you must instruct that entity to participate on your behalf. If they are unable to participate on your behalf, you may request that they reregister your shares in your own name so that you may enroll in the Plan.

### **How to enroll**

To enroll in the Plan, please read the Terms and Conditions in the Plan brochure. You can obtain a copy of the Plan Brochure and enroll in the Plan by visiting [invesco.com](http://invesco.com), calling toll-free 800 341 2929 or notifying us in writing at Invesco Closed-End Funds, Computershare Trust Company, N.A. P.O. Box 43078, Providence, RI 02940-3078. Please include your Trust name and account number and ensure that all shareholders listed on the account sign these written instructions. Your participation in the Plan will begin with the next Distribution payable after the Agent receives your authorization, as long as they receive it before the record date, which is generally one week before such Distributions are paid. If your authorization arrives after such record date, your participation in the Plan will begin with the following Distributions.

### **How the Plan Works**

If you choose to participate in the Plan, whenever your Trust declares such Distributions, it will be invested in additional shares of your Trust that are purchased on the open market.

### **Costs of the Plan**

There is no direct charge to you for reinvesting Distributions because the Plan's fees are paid by your Trust. However, you will pay your portion of any per share fees incurred when the new shares are purchased on the open market. These fees are typically less than the standard brokerage charges for individual transactions, because shares are purchased for all Participants in blocks, resulting in lower commissions for each individual Participant. Any per share or service fees are averaged into the purchase price. Per share fees include any applicable brokerage commissions the Agent is required to pay.

### **Tax implications**

The automatic reinvestment of Distributions does not relieve you of any income tax that may be due on Distributions. You will receive tax information annually to help you prepare your federal income tax return.

*Invesco does not offer tax advice. The tax information contained herein is general and is not exhaustive by nature. It was not intended or written to be used, and it cannot be used, by any taxpayer for avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws. Federal and state tax laws are complex and constantly changing. Shareholders should always consult a legal or tax adviser for information concerning their individual situation.*

### **How to withdraw from the Plan**

You may withdraw from the Plan at any time by calling 800 341 2929, visiting [invesco.com](http://invesco.com) or by writing to Invesco Closed-End Funds, Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078. Simply indicate that you would like to withdraw from the Plan, and be sure to include your Trust name and account number. Also, ensure that all shareholders listed on the account have signed these written instructions. If you withdraw, you have three options with regard to the shares held in the Plan:

1. If you opt to continue to hold your non-certificated shares, whole shares will be held by the Agent and fractional shares will be sold. The proceeds will be sent via check to your address of record after deducting per share fees. Per share fees include any applicable brokerage commissions the Agent is required to pay.
2. If you opt to sell your shares through the Agent, we will sell all full and fractional shares and send the proceeds via check to your address of record after deducting per share fees. Per share fees include any applicable brokerage commissions the Agent is required to pay.
3. You may sell your shares through your financial adviser through the Direct Registration System (DRS). DRS is a service within the securities industry that allows Trust shares to be held in your name in electronic format. You retain full ownership of your shares, without having to hold a stock certificate. You should contact your financial adviser to learn more about any restrictions or fees that may apply.

**To obtain a complete copy of the Dividend Reinvestment Plan, please call our Client Services department at 800 341 2929 or visit [invesco.com](http://invesco.com).**

**Schedule of Investments***October 31, 2010*

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal Amount (000)</b>	<b>Value</b>
<b>Municipal Obligations 107.9%</b>				
California 105.2%				
Alameda County Joint Powers Authority, Ser 2008 (AGM Insd) <sup>(a)</sup>	5.00%	12/01/24	\$ 235	\$ 251,920
Alhambra Unified School District, Ser 2009 B (AGC Insd) <sup>(a)(b)</sup>	0.00%	08/01/35	280	62,852
Alhambra Unified School District, Ser 2009 B (AGC Insd) <sup>(a)(b)</sup>	0.00%	08/01/36	450	95,382
Alvord Unified School District, Ser 2008 A (AGM Insd) <sup>(a)</sup>	5.00%	08/01/28	185	196,524
Anaheim Public Financing Authority, Electric System Ser 2007 A (NATL RE Insd) <sup>(d)</sup>	4.50%	10/01/37	750	738,120
Bay Area Toll Authority, San Francisco Bay Area Ser 2009 F-1 <sup>(c)</sup>	5.25%	04/01/26	680	765,870
Bay Area Toll Authority, San Francisco Bay Area Ser 2009 F-1 <sup>(c)</sup>	5.25%	04/01/29	760	843,105
Beverly Hills Unified School District, Election of 2008 Ser 2009 <sup>(b)</sup>	0.00%	08/01/26	205	98,751
Beverly Hills Unified School District, Election of 2008 Ser 2009 <sup>(b)</sup>	0.00%	08/01/32	430	141,642
California Health Facilities Financing Authority, Childrens Hospital, Ser 2010 A (AGM Insd) <sup>(a)</sup>	5.25%	07/01/38	450	460,418
California Health Facilities Financing Authority, Scripps Memorial Hospital Ser 2010 A	5.00%	11/15/36	250	256,210
	5.00%	01/01/28	1,500	1,869,226

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California Infrastructure & Economic Development Bank, Bay Area Toll Bridges Seismic Retrofit 1st Lien Ser 2003 A (FGIC Insd) (ETM) <sup>(a)(d)</sup>				
California Municipal Finance Authority, Community Hospitals Central California (COP)	5.00%	02/01/19	250	259,355
California Municipal Finance Authority, Eisenhower Med Ctr Ser 2010 A	5.75%	07/01/40	250	254,055
California Pollution Control Financing Authority, San Jose Water Control Project Ser 2010	5.10%	06/01/40	300	304,191
California State Department of Veterans Affairs, Home Purchase Ser 2002 A (AMBAC Insd) <sup>(a)</sup>	5.35%	12/01/27	1,500	1,533,825
California State Public Works Board, Department of Mental Health Coaling Ser 2004 A	5.00%	06/01/25	230	230,927
California State University, Ser 2005 A (AMBAC Insd) <sup>(a)</sup>	5.00%	11/01/35	500	509,890
California State University, Systemwide Ser 2008 A (AGM Insd) <sup>(a)</sup>	5.00%	11/01/39	450	464,629
California Statewide Communities Development Authority, American Baptist Homes West Ser 2010	6.25%	10/01/39	250	254,600
California Statewide Communities Development Authority, Cottage Health Obligation Group Ser 2010	5.25%	11/01/30	275	288,756
Campbell Union High School District, Election of 2006 Ser 2008 B (AGC Insd) <sup>(a)</sup>	5.00%	08/01/35	590	612,420
Chino Basin Regional Financing Authority, Ser 2008 A (AMBAC Insd) <sup>(a)</sup>	5.00%	11/01/33	250	258,198
City & County of San Francisco, Laguna Honda Hospital Ser 2005 I (AGM Insd) <sup>(a)</sup>	5.00%	06/15/30	1,360	1,408,090
City of Los Angeles, Ser 2004 A (NATL RE Insd) <sup>(a)</sup>	5.00%	09/01/24	1,030	1,109,052
City of Redding, Electric System Ser 2008 A (COP) (AGM Insd) <sup>(a)</sup>	5.00%	06/01/27	360	377,939
City of Riverside, Issue of 2008 D (AGM Insd) <sup>(a)</sup>	5.00%	10/01/28	500	528,950
City of San Jose, Airport Ser 2001 (NATL RE & FGIC Insd) <sup>(a)</sup>	5.00%	03/01/25	1,000	1,004,030
City of Simi Valley, Public Financing Authority Ser 2004 (COP) (AMBAC Insd) <sup>(a)</sup>	5.00%	09/01/30	1,000	1,017,560

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Clovis Unified School District, Election of 2004 Ser A (NATL RE & FGIC Insd) <sup>(a)(b)</sup>	0.00%	08/01/29	105	36,726
Corona-Norco Unified School District, Election of 2006 Ser 2009 B (AGC Insd) <sup>(a)(b)</sup>	0.00%	08/01/28	890	329,229
County of Sacramento, Airport Systems Ser 2010	5.00%	07/01/40	350	358,064
Dry Creek Joint Elementary School District, Election 2008 Ser 2009 E <sup>(b)</sup>	0.00%	08/01/48	2,860	254,168
El Segundo Unified School District, Election of 2008 Ser 2009 A <sup>(b)</sup>	0.00%	08/01/33	615	161,185
Fontana Unified School District, Ser 2008 B (AGM Insd) <sup>(a)(b)</sup>	0.00%	02/01/33	1,055	276,990
Gilroy Unified School District, Election of 2008 Ser 2009 A (AGC Insd) <sup>(a)(b)</sup>	0.00%	08/01/29	750	256,650
Golden State Tobacco Securitization Corp., Enhanced Asset Backed Ser 2005 A (FGIC Insd) <sup>(a)</sup>	5.00%	06/01/38	1,000	959,510
Grossmont Union High School District, Ser 2006 (NATL RE Insd) <sup>(a)(b)</sup>	0.00%	08/01/24	775	379,432
Grossmont-Cuyamaca Community College District, Election of 2002 Ser 2008 C (AGC Insd) <sup>(a)(b)</sup>	0.00%	08/01/30	775	251,433
Huntington Beach Union High School District, Ser 2004 (AGM Insd) <sup>(a)</sup>	5.00%	08/01/26	1,280	1,363,430

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**8 Invesco Insured California Municipal Securities**

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	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal Amount (000)</b>	<b>Value</b>
Kern County Board of Education, Refg Ser 2006 A (COP) (NATL RE Insd <sup>§</sup> )	5.00%	06/01/31	\$ 1,110	\$ 1,121,533
Kern County Water Agency Improvement District No. 4, Ser 2008 A (COP) (AGC Insd) <sup>(a)</sup>	5.00%	05/01/28	245	257,103
La Quinta Financing Authority, Local Agency Ser 2004 A (AMBAC Insd) <sup>(a)</sup>	5.25%	09/01/24	1,100	1,121,142
Los Angeles County Metropolitan Transportation Authority, Ser 2005 A (AMBAC Insd) <sup>(a)</sup>	5.00%	07/01/35	450	467,910
Los Angeles County Metropolitan Transportation Authority, Ser 2006 A (AGM Insd) <sup>(a)</sup>	4.50%	07/01/29	500	510,895
Los Angeles Department of Airports, Los Angeles International Airport Ser A	5.00%	05/15/35	250	260,000
Los Angeles Department of Water & Power, Ser 2001 A (AGM Insd) <sup>(a)</sup>	5.25%	07/01/21	1,000	1,025,240
Metropolitan Water District of Southern California, Ser 2009 B <sup>(c)</sup>	5.00%	07/01/27	1,240	1,385,402
Moorpark Unified School District, Election of 2008 Ser 2009 A (AGC Insd) <sup>(a)(b)</sup>	0.00%	08/01/31	2,000	581,620
Moreland School District, Ser 2014 C (AMBAC Insd) <sup>(a)(b)</sup>	0.00%	08/01/29	315	103,541
Murrieta Valley Unified School District Public Financing Authority, Election of 2006 Ser 2008 (AGM Insd) <sup>(a)(b)</sup>	0.00%	09/01/31	1,020	295,157
Murrieta Valley Unified School District Public Financing Authority, Election of 2006 Ser 2008 (AGM Insd) <sup>(a)(b)</sup>	0.00%	09/01/33	820	207,878
Oakland Joint Powers Financing Authority, Oakland Administration Buildings Refg 2008 B (AGC Insd) <sup>(a)</sup>	5.00%	08/01/26	235	248,115
Oxnard Financing Authority, Redwood Trunk Sewer & Headworks Ser 2004 A (NATL RE & FGIC Insd <sup>§</sup> )	5.00%	06/01/29	1,000	1,029,110
Patterson Joint Unified School District, Election of 2008 Ser 2009 B (AGM Insd) <sup>(a)(b)</sup>	0.00%	03/01/49	3,920	334,729

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Planada Elementary School District, Ser 2009 B (AGC Insd) <sup>(a)(b)</sup>	0.00%	07/01/49	2,095	182,935
Poway Unified School District, School Facilities Improvement District No. 07-1, 2008 Election Ser A <sup>(b)</sup>	0.00%	08/01/30	790	251,425
Poway Unified School District, School Facilities Improvement District No. 07-1, 2008 Election Ser A <sup>(b)</sup>	0.00%	08/01/31	730	217,927
Rancho Mirage Redevelopment Agency, Ser 2003 A (NATL RE Insd) <sup>(b)</sup>	5.00%	04/01/33	1,000	946,450
Rocklin Unified School District Community Facilities District, No. 2 Ser 2007 (NATL RE Insd) <sup>(b)</sup>	0.00%	09/01/34	1,235	262,536
Rocklin Unified School District Community Facilities District, No. 2 Ser 2007 (NATL RE Insd) <sup>(b)</sup>	0.00%	09/01/35	1,255	249,293
Rocklin Unified School District Community Facilities District, No. 2 Ser 2007 (NATL RE Insd) <sup>(b)</sup>	0.00%	09/01/36	1,230	228,534
Rocklin Unified School District Community Facilities District, No. 2 Ser 2007 (NATL RE Insd) <sup>(b)</sup>	0.00%	09/01/37	1,025	177,192
Roseville Joint Union High School District, Election of 2004 Ser 2007 C (AGM Insd) <sup>(a)(b)</sup>	0.00%	08/01/25	675	320,409
Sacramento City Financing Authority, 1999 Solid Waste & Redevelopment (AMBAC Insd) <sup>(a)</sup>	5.75%	12/01/22	180	181,328
Sacramento Municipal Utility District, Election Ser U (AGM Insd) <sup>(a)</sup>	5.00%	08/15/24	1,000	1,104,090
San Diego County Regional Airport Authority, Ser 2010 A	5.00%	07/01/40	250	258,115
San Diego County Water Authority, Ser 2004 A (COP) (AGM Insd) <sup>(a)</sup>	5.00%	05/01/29	700	744,527
San Francisco City & County Airports Commission, Ser 2010 F	5.00%	05/01/40	500	508,325
San Francisco City & County Public Utilities Commission, Water Refg Ser A 2001 (AGM Insd) <sup>(a)</sup>	5.00%	11/01/31	2,000	2,022,380
San Jose Evergreen Community College District, Election Ser 2008 B (AGM Insd) <sup>(a)(b)</sup>	0.00%	09/01/32	1,000	270,930
Simi Valley Unified School District, Election of 2004 Ser 2007 C (AGM Insd) <sup>(a)(b)</sup>	0.00%	08/01/28	480	174,979
	0.00%	08/01/30	380	115,987

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Simi Valley Unified School District, Election of 2004 Ser 2007 C (AGM Insd) <sup>(a)(b)</sup>				
Southern California Public Power Authority, Ser 2000 A (AGM Insd) <sup>(a)(e)</sup>	0.28%	07/01/23	1,500	1,500,000
Southern California Public Power Authority, Transmission Refg Ser 2002 A (AGM Insd) <sup>(a)</sup>	5.25%	07/01/18	1,000	1,063,650
Southern California Public Power Authority, Windy Flats Project Ser 2010-1	5.00%	07/01/30	250	271,863
Turlock Irrigation District, Ser 2010 A	5.00%	01/01/35	300	310,014
Tustin Unified School District, No. 2002-1 Election of 2002 Ser 2008 C (AGM Insd) <sup>(a)</sup>	5.00%	06/01/28	250	267,313
Twin Rivers Unified School District, School Facility Bridge Project Ser 2007 (COP) (AGM Insd) <sup>(a)</sup>	3.50%	06/01/41	500	499,985
Twin Rivers Unified School District, Ser 2009 (BANs) <sup>(b)</sup>	0.00%	04/01/14	250	227,615
University of California, Ser 2007 A (NATL RE Insd) <sup>(g)</sup>	4.50%	05/15/37	1,000	963,950
University of California, Ser 2007 J (AGM Insd) <sup>(a)</sup>	4.50%	05/15/31	500	502,060
University of California, Ser 2009 O	5.25%	05/15/39	500	545,035
University of California, Ser 2009 W <sup>(c)(f)</sup>	5.00%	05/15/34	1,435	1,530,944
Upland Unified School District, Election 2000 Ser 2001 B (AGM Insd) <sup>(a)</sup>	0.125%	08/01/25	1,000	1,076,590

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**9 Invesco Insured California Municipal Securities**

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	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal Amount (000)</b>	<b>Value</b>
Val Verde Unified School District, Ser 2005 B (COP) (NATL RE & FGIC Insd <sup>3</sup> )	5.00%	01/01/30	\$ 675	\$ 642,566
Washington Unified School District-Yolo County, Ser 2004 A (NATL RE & FGIC Insd <sup>3</sup> )	5.00%	08/01/22	1,375	1,479,954
West Basin Municipal Water District, Refg Ser 2008 B (COP) (AGC Insd) <sup>(a)</sup>	5.00%	08/01/27	245	260,847
Yosemite Community College District, Election of 2004 Ser 2008 C (AGM Insd) <sup>(a)(b)</sup>	0.00%	08/01/25	570	270,722
Yosemite Community College District, Election of 2004 Ser 2008 C (AGM Insd) <sup>(a)(c)</sup>	5.00%	08/01/32	2,515	2,644,296
Yucaipa Valley Water District, Ser 2004 A (COP) (NATL RE Insd <sup>3</sup> )	5.25%	09/01/24	1,000	1,020,980
				53,068,425
<b>Guam 0.2%</b>				
Territory of Guam Section 30, Ser A	5.625%	12/01/29	95	99,644
<b>Puerto Rico 1.4%</b>				
Puerto Rico Electric Power Authority, Ser XX	5.25%	07/01/40	200	208,774
Puerto Rico Sales Tax Financing Corp., Ser 2009 A <sup>(d)</sup>	5.00%	08/01/11	240	248,589
Puerto Rico Sales Tax Financing Corp., Ser 2010 C	5.00%	08/01/35	250	257,375
				714,738
<b>Virgin Islands 1.1%</b>				
Virgin Islands Public Finance Authority, Matching Fund Loan Diago A	6.625%	10/01/29	240	273,794
Virgin Islands Public Finance Authority, Ser 2010 A	5.00%	10/01/25	250	258,288

	532,082
TOTAL INVESTMENTS 107.9% (Cost \$52,580,232)	54,414,889
OTHER ASSETS LESS LIABILITIES 0.9%	435,192
FLOATING RATE NOTE AND DEALER TRUSTS OBLIGATIONS RELATED TO SECURITIES HELD (8.8)%	
Notes with interest rates ranging from 0.25% to 0.29% at 10/31/2010 and contractual maturities of collateral ranging from 04/01/26 to 05/15/34 (See Note 1H) <sup>(g)</sup>	(4,415,000)
NET ASSETS 100.0%	\$ 50,435,081

Investment Abbreviations:

AGC	Assured Guaranty Corp.
AGM	Assured Guaranty Municipal Corp.
AMBAC	AMBAC Assurance Corp.
BANs	Bond Anticipation Notes
COP	Certificates of Participation
ETM	Escrowed to Maturity
FGIC	Financial Guaranty Insurance Co.
NATL-RE	National Public Finance Guarantee Corp.

Notes to Schedule of Investments:

- (a) Principal and/or interest payments are secured by the bond insurance company listed.
- (b) Capital appreciation bond.
- (c) Underlying security related to inverse floater entered into by the Fund (See Note 1H).
- (d) Advance refunded; secured by an escrow fund of U.S. Government obligations or other highly rated collateral.
- (e) Demand security payable upon demand by the Fund at specified time intervals no greater than thirteen months. Interest rate is redetermined periodically. Rate shown is the rate in effect on October 31, 2010.
- (f) Security is subject to a shortfall agreement which may require the Trust to pay amounts to a counterparty in the event of a significant decline in the market value of the security underlying the inverse floater. In case of a shortfall, the maximum potential amount of payments the Trust could ultimately be required to make under the agreement is \$955,000. However, such shortfall payment would be reduced by the proceeds from the sale of the security underlying the inverse floater.
- (g) Floating rate note obligations related to securities held. The interest rates shown reflect the rates in effect at October 31, 2010. At October 31, 2010, the Fund's investments with a value of \$7,169,619 are held by the Dealer Trusts and serve as collateral for the \$4,415,000 in floating rate note and dealer trust obligations outstanding at that date.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**10 Invesco Insured California Municipal Securities**

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**Statement of Assets and Liabilities**

*October 31, 2010*

**Assets:**

Investments, at value (Cost \$52,580,232)	\$ 54,414,889
Interest receivable	661,843
Total assets	55,076,732

**Liabilities:**

Floating rate note and dealer trusts obligations	4,415,000
Payable for:	
Accrued fees to affiliates	727
Accrued other operating expenses	62,368
Trustee deferred compensation and retirement plans	109
Amount due to custodian	163,447
Total liabilities	4,641,651
Net assets applicable to shares outstanding	\$ 50,435,081

**Net Assets consist of:**

Shares of beneficial interest	\$ 48,360,362
Undistributed net investment income	534,969
Undistributed net realized gain (loss)	(294,907)
Unrealized appreciation	1,834,657
	\$ 50,435,081

**Shares outstanding, \$0.01 par value, unlimited number of shares authorized:**

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Outstanding	3,399,956
Net asset value per share	\$ 14.83
Market value per share	\$ 13.66
Market price premium (discount) to net asset value per share	(7.89)%

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**11 Invesco Insured California Municipal Securities**

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**Statement of Operations**

*For the year ended October 31, 2010*

**Investment income:**

Interest	\$ 2,602,020
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**Expenses:**

Advisory fees	133,799
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Administrative services fees	43,806
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Custodian fees	1,518
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Transfer agent fees	8,075
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Trustees and officers fees and benefits	5,204
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Professional fees	59,314
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Reports to shareholder fees	23,803
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Interest expense	39,822
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Other	43,490
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Total expenses	358,831
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Net investment income	2,243,189
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**Realized and unrealized gain (loss) from:**

Net realized gain (loss) from: Investment securities	(429,747)
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Futures contracts	405,235
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	(24,512)
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Change in net unrealized appreciation (depreciation) of: Investment securities	2,079,811
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Futures contracts	(274,043)
	1,805,768
Net realized and unrealized gain	1,781,256
Net increase in net assets resulting from operations	\$ 4,024,445

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**12 Invesco Insured California Municipal Securities**

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**Statements of Changes in Net Assets***For the years ended October 31, 2010 and 2009*

	<b>2010</b>	<b>2009</b>
<b>Operations:</b>		
Net investment income	\$ 2,243,189	\$ 2,113,777
Net realized gain (loss)	(24,512)	1,452,672
Net change in unrealized appreciation	1,805,768	3,963,896
Net increase in net assets resulting from operations	4,024,445	7,530,345
Dividends to shareholders from net investment income	(1,945,030)	(2,049,352)
Distributions to shareholders from net realized gains	(1,486,611)	(12,901)
Increase (decrease) from transactions in common shares of beneficial interest	(356,091)	
Net Increase in net assets	236,713	5,468,092
<b>Net assets applicable to common shareholders:</b>		
Beginning of year	50,198,368	44,730,276
End of year (including accumulated undistributed net investment income of \$534,969 and \$240,775, respectively)	\$ 50,435,081	\$ 50,198,368

**Notes to Financial Statements***October 31, 2010***NOTE 1 Significant Accounting Policies**

Invesco Insured California Municipal Securities (the Trust), a Massachusetts business trust, is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end management investment company. Effective June 1, 2010, the Trust name changed from Morgan Stanley Insured California Municipal Securities to Invesco Insured California Municipal Securities.

The Trust's investment objective is to provide current income which is exempt from both federal and California income taxes.

The Trust may be affected by economic and political developments in the state of California.

The following is a summary of the significant accounting policies followed by the Trust in the preparation of its financial statements.

**A. Security Valuations** Securities, including restricted securities, are valued according to the following policy.

Securities are fair valued using an evaluated quote provided by an independent pricing service approved by the Board of Trustees. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices and may reflect appropriate factors such as institution-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Securities with a demand feature exercisable within one to seven days are valued at par. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and principal payments.

Securities for which market quotations either are not readily available or are unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Some of the factors which may be considered in determining fair value are fundamental analytical data relating to the investment; the nature and duration of any restrictions on transferability or disposition; trading in similar securities by the same issuer or comparable companies; relevant political, economic or issuer specific news; and other relevant factors under the circumstances.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

**B. Securities Transactions and Investment Income** Securities transactions are accounted for on a trade date basis.

Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes.

The Trust may periodically participate in litigation related to Trust investments. As such, the Trust may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Trust's net asset value and, accordingly, they

**13 Invesco Insured California Municipal Securities**

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reduce the Trust's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and Statement of Changes in Net Assets, or the net investment income per share and ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Trust and the investment adviser.

- C. Country Determination** For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.
- D. Distributions** Distributions to common shareholders from income are declared and paid monthly. Distribution of net realized capital gain, if any are generally paid annually and recorded on the ex-dividend date.
- E. Federal Income Taxes** The Trust intends to comply with the requirements of Subchapter M of the Internal Revenue Code necessary to qualify as a regulated investment company and to distribute substantially all of the Trust's taxable earnings to shareholders. As such, the Trust will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.
- The Trust files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally the Trust is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.
- F. Accounting Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ( GAAP ) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.
- G. Indemnifications** Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts, including the Trust's servicing agreements that contain a variety of indemnification clauses. 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. The risk of material loss as a result of such indemnification claims is considered remote.
- H. Inverse Floating Rate Obligations** The Trust may invest in inverse floating rate securities, such as Residual Interest Bonds ( RIBs ) or Tender Option Bonds ( TOBs ) for investment purposes and to enhance the yield of the Trust. Inverse floating rate investments tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Such transactions may be purchased in the secondary market without first owning the underlying bond or by the sale of fixed rate bonds by the Trust to Special Purpose Trusts established by a broker dealer ( Dealer Trusts ) in exchange for cash and residual interests in the Dealer Trusts' assets and cash flows, which are in the form of inverse floating rate obligations. The Dealer Trusts finance the purchases of the fixed rate bonds by issuing floating rate notes to third parties and allowing the Trust to retain residual interest in the bonds. The floating rate notes issued by the Dealer Trusts have interest rates that reset weekly and the floating rate note holders have the option to tender their notes to the Dealer Trusts for redemption at par at each reset date. The residual interests held by the Trust (inverse floating rate investments) include the right of the Trust (1) to

cause the holders of the floating rate notes to tender their notes at par at the next interest rate reset date, and (2) to transfer the municipal bond from the Dealer Trusts to the Fund, thereby collapsing the Dealer Trusts.

TOBs are presently classified as private placement securities. Private placement securities are subject to restrictions on resale because they have not been registered under the Securities Act of 1933, as amended or are otherwise not readily marketable. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the Trust or less than what may be considered the fair value of such securities.

The Trust accounts for the transfer of bonds to the Dealer Trusts as secured borrowings, with the securities transferred remaining in the Trust's investment assets, and the related floating rate notes reflected as Trust liabilities under the caption *Floating rate note and dealer trust obligations* on the Statement of Assets and Liabilities. The Trust records the interest income from the fixed rate bonds under the caption *Interest* and records the expenses related to floating rate obligations and any administrative expenses of the Dealer Trusts under the caption *Interest expense* on the Statement of Operations.

The Trust generally invests in inverse floating rate obligations that include embedded leverage, thus exposing the Trust to greater risks and increased costs. The primary risks associated with inverse floating rate obligations are varying degrees of liquidity and the changes in the value of such securities in response to changes in market rates of interest to a greater extent than the value of an equal principal amount of a fixed rate security having similar credit quality, redemption provisions and maturity which may cause the Trust's net asset value to be more volatile than if it had not invested in inverse floating rate investments. In certain instances, the short-term floating rate interests created by the special purpose trust may not be able to be sold to third parties or, in the case of holders tendering (or putting) such interests for repayment of principal, may not be able to be remarketed to third parties. In such cases, the special purpose trust holding the long-term fixed rate bonds may be collapsed. In the case of RIBs or TOBs created by the contribution of long-term fixed income bonds by the Trust, the Trust will then be required to repay the principal amount of the tendered securities. During times of market volatility, illiquidity or uncertainty, the Trust could be required to sell other portfolio holdings at a disadvantageous time to raise cash to meet that obligation.

- I. Futures Contracts** The Trust may enter into futures contracts to manage exposure to interest rate, equity and market price movements and/or currency risks. A futures contract is an agreement between two parties to purchase or sell a specified underlying security, currency or commodity (or delivery of a cash settlement price, in the case of an index future) for a fixed price at a future date. The Trust currently invests only in exchange-traded

futures and they are standardized as to maturity date and underlying financial instrument. Initial margin deposits required upon entering into futures contracts are satisfied by the segregation of specific securities or cash as collateral at the futures commission merchant (broker). During the period the futures contracts are open, changes in the value of the contracts are recognized as unrealized gains or losses by recalculating the value of the contracts on a daily basis. Subsequent or variation margin payments are received or made depending upon whether unrealized gains or losses are incurred. These amounts are reflected as receivables or payables on the Statement of Assets and Liabilities. When the contracts are closed or expire, the Trust recognizes a realized gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the Trust's basis in the contract. The net realized gain (loss) and the change in unrealized gain (loss) on futures contracts held during the period is included on the Statement of Operations. The primary risks associated with futures contracts are market risk and the absence of a liquid secondary market. If the Trust were unable to liquidate a futures contract and/or enter into an offsetting closing transaction, the Trust would continue to be subject to market risk with respect to the value of the contracts and continue to be required to maintain the margin deposits on the futures contracts. Futures contracts have minimal counterparty risk since the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Risks may exceed amounts recognized in the Statement of Assets and Liabilities.

## **NOTE 2 Advisory Fees and Other Fees Paid to Affiliates**

Effective June 1, 2010, the Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the Adviser or Invesco). Under the terms of the investment advisory agreement, the Trust pays an advisory fee to the Adviser based on the annual rate 0.27% of the Trust's average weekly net assets. Prior June 1, 2010, the Trust paid an advisory fee of \$77,133 to Morgan Stanley Investment Advisors Inc. (MSIA) based on the annual rate above of the Trust's average weekly net assets.

Effective June 1, 2010, under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Trimark Ltd. (collectively, the Affiliated Sub-Advisers) the Adviser, not the Trust, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide discretionary investment management services to the Trust based on the percentage of assets allocated to such Sub-Adviser(s).

Effective June 1, 2010, the Adviser has contractually agreed, through at least June 30, 2012, to waive advisory fees and/or reimburse expenses to the extent necessary to limit the Trust's expenses (excluding certain items discussed below) to 0.70%. In determining the Adviser's obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the Trust's expenses to exceed the limit reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items; and (5) expenses that the Trust has incurred but did not actually pay because of an expense offset arrangement. Unless the Board of Trustees and Invesco mutually agree to amend or continue the fee waiver agreement, it will terminate on June 30, 2012. The Adviser did not waive fees and/or reimburse expenses during the period under this expense limitation.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Trust has agreed to pay Invesco for certain administrative costs incurred in providing accounting services to the Trust. Prior to June 1, 2010, the Trust paid an administration fee of \$22,847 to Morgan Stanley Services Company, Inc. For the year ended October 31, 2010, expenses incurred under these agreements are shown in the Statement of Operations as administrative services fees. Also, Invesco has entered into service agreements whereby State Street Bank and Trust Company (SSB) serves as the custodian and fund accountant and provides certain administrative services to the Trust.

Certain officers and trustees of the Trust are officers and directors of Invesco, IIS and/or IDI.

## **NOTE 3 Additional Valuation Information**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3) generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 Prices are determined using quoted prices in an active market for identical assets.

Level 2 Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of October 31, 2010. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Municipal Obligations	\$	\$ 54,414,889	\$	\$ 54,414,889

**NOTE 4 Derivative Investments**

The Trust has implemented the required disclosures about derivative instruments and hedging activities in accordance with GAAP. This disclosure is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position and financial performance. The enhanced disclosure has no impact on the results of operations reported in the financial statements.

**Effect of Derivative Instruments for the year ended October 31, 2010**

The table below summarizes the gains (losses) on derivative instruments, detailed by primary risk exposure, recognized in earnings during the period:

	<b>Location of Gain (Loss) on Statement of Operations Futures*</b>
Realized Gain	
Interest rate risk	\$ 405,235
Change in Unrealized Appreciation (Depreciation)	
Interest rate risk	(274,043)
Total	\$ 131,192

\* The average value of futures outstanding during the period was \$2,957,399.

**NOTE 5 Trustees and Officers Fees and Benefits**

Trustees and Officers Fees and Benefits include amounts accrued by the Trust to pay remuneration to certain Trustees and Officers of the Trust. Trustees have the option to defer compensation payable by the Trust, and Trustees and Officers Fees and Benefits also include amounts accrued by the Trust to fund such deferred compensation amounts. Those Trustees who defer compensation have the option to select various Invesco Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides for benefits to be paid upon retirement to Trustees over a period of time based on the number of years of service. The Trust may have certain former Trustees who also participate in a retirement plan and receive benefits under such plan. Trustees and Officers Fees and Benefits include amounts accrued by the Trust to fund such retirement benefits. Obligations under the deferred compensation and retirement plans represent unsecured claims against the general assets of the Trust.

For the period June 1, 2010 to October 31, 2010, the Trust paid legal fees of \$58 for services rendered by Kramer, Levin, Naftalis & Frankel LLP as counsel to the Independent Trustees. A member of that firm is a Trustee of the Trust.

**NOTE 6 Cash Balances and Borrowings**

The Trust is permitted to temporarily carry a negative or overdrawn balance in its account with The State Street Bank and Trust Company, the custodian bank. To compensate the custodian bank for such overdrafts, the overdrawn Trust may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by



earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.

Inverse floating rate note obligations resulting from the transfer of bonds to Dealer Trusts are accounted for as secured borrowings. The average floating rate notes outstanding and average annual interest and fees related to inverse floating rate note obligations during the period ending October 31, 2010 were \$4,415,000 and 0.90%, respectively.

**NOTE 7 Distributions to Shareholders and Tax Components of Net Assets**

**Tax Character of Distributions to Shareholders Paid During the Years Ended October 31, 2010 and 2009:**

	<b>2010</b>	<b>2009</b>
Tax-exempt income	\$ 1,941,245	\$ 2,039,395
Ordinary income	558,393	9,957
Long-term capital gain	932,003	12,901
Total distributions	\$ 3,431,641	\$ 2,062,253

**Tax Components of Net Assets at Period-End:**

	<b>2010</b>
Undistributed ordinary income	\$ 508,391
Net unrealized appreciation investments	1,861,052
Temporary book/tax differences	(131)
Capital loss carryforward	(294,593)
Shares of beneficial interest	48,360,362
Total net assets	\$ 50,435,081

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is due to differences in the timing of recognition of gains and losses on investments for tax and book purposes. The Trust's net unrealized appreciation difference is attributable primarily to bond premium amortization/accretion.

The temporary book/tax differences are a result of timing differences between book and tax recognition of income and/or expenses. The Trust's temporary book/tax differences are the result of the trustee deferral of compensation and retirement plan benefits.

The Trust has a capital loss carryforward as of October 31, 2010 which expires as follows.

<b>Expiration</b>	<b>Capital Loss Carryforward*</b>
October 31, 2018	\$ 294,593

\* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

**NOTE 8 Investment Securities**

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Trust during the year ended October 31, 2010 was \$6,313,702 and \$8,950,148, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed Federal income tax reporting period-end.

**Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis**

Aggregate unrealized appreciation of investment securities	\$ 2,538,387
Aggregate unrealized (depreciation) of investment securities	(677,235)

Net unrealized appreciation of investment securities \$ 1,861,052

Cost of investments for tax purposes is \$52,553,837.

**NOTE 9 Reclassification of Permanent Differences**

Primarily as a result of differing book/tax treatment of discount amortization on bonds, on October 31, 2010, undistributed net investment income was decreased by \$3,965 and undistributed net realized gain (loss) was increased by \$3,965. This reclassification had no effect on the net assets of the Trust.

**NOTE 10 Preferred Shares of Beneficial Interest**

The Trust is authorized to issue up to 1,000,000 non-participating preferred shares of beneficial interest having a par value of \$.01 per share, in one or more series, with rights as determined by the Trustees, without approval of the common shareholders. The preferred shares have a liquidation value of \$50,000 per share plus the redemption premium, if any, plus accumulated but unpaid dividends, whether or not declared, thereon to the date of distribution. The Trust may redeem such shares, in whole or in part, at the original purchase price of \$50,000 per share plus accumulated but unpaid dividends, whether or not declared, thereon to the date of redemption.

The Trust is subject to certain restrictions relating to the preferred shares. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of preferred shares at liquidation value.

The preferred shares, which are entitled to one vote per share, generally vote with the common shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

As of October 31, 2010, there were no preferred shares outstanding.

**17 Invesco Insured California Municipal Securities**

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**NOTE 11 Common Shares of Beneficial Interest**

Transactions in shares of beneficial interest were as follows:

	<b>Shares</b>	<b>Par Value of Shares</b>	<b>Capital Paid In Excess of Par Value</b>
Balance, October 31, 2008	3,427,554	\$ 34,276	\$ 48,682,177
Shares Repurchased			
Balance, October 31, 2009	3,427,554	34,276	48,682,177
Shares Repurchased (Weighted average discount of 10.13%)+	(27,598)	(275)	(355,816)
Balance, October 31, 2010	3,399,956	\$ 34,001	\$ 48,326,361

The Trustees have approved share repurchases whereby the Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase.

+ The Trustees have voted to retire the shares purchased.

**NOTE 12 Dividends**

The Trust declared the following dividends from net investment income subsequent to October 31, 2010:

<b>Declaration Date</b>	<b>Amount per Share</b>	<b>Record Date</b>	<b>Payable Date</b>
November 09, 2010	0.0475	November 19, 2010	November 26, 2010
December 07, 2010	0.0475	December 17, 2010	December 23, 2010

**NOTE 13 Financial Highlights**

The following schedule presents financial highlights for a common share of the Trust outstanding throughout the periods indicated.

	<b>For the year ended October 31,</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Selected per share data:					
Net asset value, beginning of period	\$ 14.65	\$ 13.05	\$ 14.86	\$ 15.15	\$ 15.17
Income (loss) from investment operations:					
Net investment income <sup>(a)</sup>	0.66	0.62	0.59	0.60	0.59
Net realized and unrealized gain (loss)	0.52	1.58	(1.65)	(0.26)	0.32
Total income (loss) from investment operations	1.18	2.20	(1.06)	0.34	0.91
Less dividends and distributions from:					
Net investment income	(0.57)	(0.60)	(0.65)	(0.60)	(0.61)
Net realized gains	(0.43)	0.00 <sup>(b)</sup>	(0.11)	(0.04)	(0.35)
Total dividends and distributions	(1.00)	(0.60)	(0.76)	(0.64)	(0.96)
Anti-dilutive effect of acquiring treasury shares <sup>(a)</sup>			0.01	0.01	0.03
Net asset value, end of period	\$ 14.83	\$ 14.65	\$ 13.05	\$ 14.86	\$ 15.15
Market value, end of period	\$ 13.66	\$ 13.17	\$ 12.55	\$ 14.19	\$ 14.06
Total return at NAV <sup>(c)</sup>	9.27%	10.11%	(6.46)%	5.54%	7.68%
Total return at market value <sup>(c)</sup>	11.96%				
Ratios of expenses to average net assets of common shareholders:					
With fee waivers and/or expense reimbursements	0.72% <sup>(d)</sup>	0.72%	0.66% <sup>(e)</sup>	0.76% <sup>(f)</sup>	0.61% <sup>(f)</sup>
	0.64% <sup>(d)</sup>	0.71%	0.66% <sup>(e)</sup>	0.62% <sup>(f)</sup>	0.61% <sup>(f)</sup>

With fee waivers and/or expense reimbursements, excluding interest expense

Ratio of net investment income to average net assets	4.53% <sup>(d)</sup>	4.41%	4.10%	4.05%	4.07%
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Supplemental data:

Net assets applicable to common shareholders, end of period, in thousands	\$ 50,435	\$ 50,198	\$ 44,730	\$ 51,282	\$ 52,872
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Portfolio turnover rate <sup>(g)</sup>	12%	16%	18%	25%	5%
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(a) Calculated using average shares outstanding.

(b) Amount is less than \$0.005.

(c) Net asset value return includes adjustments in accordance with accounting principles generally accepted in the United States of America and measures the change in common shares' value over the period indicated, taking into account dividends are reinvested. Market value total return is computed based on the New York Stock Exchange market price of the Fund's common shares and excludes the effects of brokerage commissions. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan.

(d) Ratios are based on average daily net assets (000's omitted) of \$49,565.

(e) Does not reflect the effect of expense offset of 0.02%.

(f) Does not reflect the effect of expense offset of 0.01%.

(g) Portfolio turnover is not annualized for periods less than one year, if applicable.

#### NOTE 14 Change in Independent Registered Public Accounting Firm

The Audit Committee of the Board of Trustees of the Trust appointed, and the Board of Trustees ratified thereafter and approved, PricewaterhouseCoopers LLP ( "PWC" ) as the independent registered public accounting firm of the Trust for the fiscal year following May 31, 2010. Prior to May 31, 2010, the Trust's financial statements were audited by a different independent registered public accounting firm (the "Prior Auditor" ). The Board of Trustees selected a new independent auditor for the Trust's current fiscal year in connection with the appointment of Invesco Advisers as investment adviser to the Trust ( "New Advisory Agreement" ).

Effective June 1, 2010, the Prior Auditor resigned as the independent registered public accounting firm of the Trust. The Prior Auditor's report on the financial statements of the Trust for the past two years did not contain an adverse or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles. During the period the Prior Auditor was engaged, there were no disagreements with the Prior Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the Prior Auditor's satisfaction, would have caused it to make reference to that matter in connection with its report.

#### 19 Invesco Insured California Municipal Securities

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## **Report of Independent Registered Public Accounting Firm**

To the Board of Trustees and Shareholders of Invesco Insured California Municipal Securities:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Invesco Insured California Municipal Securities (formerly known as Morgan Stanley Insured California Municipal Securities, hereafter referred to as the Trust ) at October 31, 2010, the results of its operations and the changes in its net assets and the financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as 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 of these financial statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at October 31, 2010 by correspondence with the custodian, provides a reasonable basis for our opinion. The statement of changes in net assets for the year ended October 31, 2009 and the financial highlights of the Trust for the periods ended October 31, 2009 and prior were audited by other independent auditors whose report dated December 24, 2009 expressed an unqualified opinion on those financial statements.

PRICEWATERHOUSECOOPERS LLP

December 22, 2010  
Houston, Texas

**20 Invesco Insured California Municipal Securities**

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## Tax Information

Form 1099-DIV, Form 1042-S and other year-end tax information provide shareholders with actual calendar year amounts that should be included in their tax returns. Shareholders should consult their tax advisors.

The following distribution information is being provided as required by the Internal Revenue Code or to meet a specific state's requirement.

The Trust designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended October 31, 2010:

### Federal and State Income Tax

Long-Term Capital Gain Dividends	\$ 932,003
Qualified Dividend Income*	0%
Corporate Dividends Received Deduction*	0%
Tax-Exempt Interest Dividends	99.84%

\* The above percentages are based on ordinary income dividends paid to shareholders during the Trust's fiscal year.

## 21 Invesco Insured California Municipal Securities

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**Proxy Results**

An Annual Meeting ( Meeting ) of Shareholders of Invesco Insured California Municipal Securities was held on Friday, July 16, 2010. The Meeting was held for the following purpose:

- (1) Elect five Trustees of the Common Shares, each of whom will serve for a three year term or until a successor has been duly elected and qualified.

The results of the voting on the above matters were as follows:

<b>Matters</b>	<b>Votes For</b>	<b>Votes Withheld</b>
(1) Albert R. Dowden	2,999,685	60,558
Prema Mathai-Davis	3,003,641	56,602
Lewis F. Pennock	2,997,452	62,791
Hugo F. Sonnenschein	3,001,408	58,835
Raymond Stickel, Jr.	2,999,685	60,558

**22 Invesco Insured California Municipal Securities**

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**Trustees and Officers**

The address of each trustee and officer is 1555 Peachtree, N.E., Atlanta, Georgia 30309. The trustees serve for the life of the Trust, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Trust's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

<b>Name, Year of Birth and Position(s) Held with the Trust</b>	<b>Trustee and/ or Officer Since</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Funds in Fund Complex Overseen by Trustee</b>	<b>Other Directorship(s) Held by Trustee</b>
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**Independent Trustees**

Martin L. Flanagan <sup>1</sup> Trustee	1960 2010	Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco and a global investment management firm); Advisor to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The Invesco Funds; Vice Chair, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business  Formerly: Chairman, Invesco Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco and a global	207	None
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			investment management firm); Director, Invesco Ltd.; Chairman, Investment Company Institute and President, Co-Chief Executive Officer, Co-President, Chief Operating Officer and Chief Financial Officer, Franklin Resources, Inc. (global investment management organization)		
Philip A. Taylor <sup>2</sup>	1954	2010	Head of North American Retail and Senior Managing Director, Invesco Ltd.; Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Director, Chief Executive Officer and President, 1371 Preferred Inc. (holding company); Director, Chairman, Chief Executive Officer and President, Invesco Management Group, Inc. (formerly Invesco Aim Management Group, Inc.) (financial services holding company); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent) and AIM GP Canada Inc. (general partner for limited partnerships); Director and Chairman, Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services,	207	None

Inc.) (registered transfer agent) and IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.) (registered broker dealer); Director, President and Chairman, INVESCO Inc. (holding company) and Invesco Canada Holdings Inc. (holding company); Chief Executive Officer, Invesco Trimark Corporate Class Inc. (corporate mutual fund company) and Invesco Trimark Canada Fund Inc. (corporate mutual fund company); Director and Chief Executive Officer, Invesco Trimark Ltd./Invesco Trimark Ltèe (registered investment adviser and registered transfer agent) and Invesco Trimark Dealer Inc. (registered broker dealer); Trustee, President and Principal Executive Officer, The Invesco Funds (other than AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust) and Short-Term Investments Trust); Trustee and Executive Vice President, The Invesco Funds (AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust) and Short-Term Investments Trust only); Director, Van Kampen Asset Management; Director, Chief Executive Officer and President, Van Kampen Investments Inc. and Van Kampen

Exchange Corp.; Director and Chairman, Van Kampen Investor Services Inc. and Director and President, Van Kampen Advisors, Inc.

Formerly: Director, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.) (registered broker dealer); Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltèe; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Trustee and Executive Vice President, Tax-Free Investments Trust; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The Invesco Funds (AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust), Short-Term Investments Trust and

			Tax-Free Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.		
Wayne M. Whalen <sup>3</sup> Trustee	1939	2010	Of Counsel, and prior to 2010, partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, legal counsel to funds in the Fund Complex	225	Director of the Abraham Lincoln Presidential Library Foundation
<b>Independent Trustees</b>					
Bruce L. Crockett Trustee and Chair	1944	2010	Chairman, Crockett Technology Associates (technology consulting company)  Formerly: Director, Captaris (unified messaging provider); Director, President and Chief Executive Officer COMSAT Corporation; and Chairman, Board of Governors of INTELSAT (international communications company)	207	ACE Limited (insurance company); and Investment Company Institute
David C. Arch Trustee	1945	2010	Chairman and Chief Executive Officer of Blistex Inc., a consumer health care products manufacturer.	225	Member of the Heartland Alliance Advisory Board, a nonprofit organization serving human needs based in Chicago. Board member of the Illinois Manufacturers Association. Member of the Board of Visitors, Institute for the Humanities, University of Michigan

<sup>1</sup> Mr. Flanagan is considered an interested person of the Trust because he is an officer of the adviser to the Trust, and an officer and a director of Invesco Ltd., ultimate parent of the adviser to the Trust.

- <sup>2</sup> Mr. Taylor is considered an interested person of the Trust because he is an officer and a director of the adviser to, and a director of the principal underwriter of, the Trust.
- <sup>3</sup> Mr. Whalen is considered an interested person (within the meaning of Section 2(a)(19) of the 1940 Act) of certain Funds in the Fund Complex by reason of he and his firm currently providing legal services as legal counsel to such Funds in the Fund Complex.

**T-1**

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**Trustees and Officers** (continued)

<b>Name, Year of Birth and Position(s) Held with the Trust</b>	<b>Trustee and/ or Officer Since</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Funds in Fund Complex Overseen by Trustee</b>	<b>Other Directorship(s) Held by Trustee</b>
<b>Independent Trustees</b>				
Bob R. Baker 1936 Trustee	2010	Retired  Formerly: President and Chief Executive Officer, AMC Cancer Research Center; and Chairman and Chief Executive Officer, First Columbia Financial Corporation	207	None
Frank S. Bayley 1939 Trustee	2010	Retired  Formerly: Director, Badgley Funds, Inc. (registered investment company) (2 portfolios) and Partner, law firm of Baker & McKenzie	207	None
James T. Bunch 1942 Trustee	2010	Managing Member, Grumman Hill Group LLC (family office private equity management)  Formerly: Founder, Green, Manning & Bunch Ltd. (investment banking firm)(1988-2010); Executive Committee, United States Golf Association; and Director, Policy Studies, Inc. and Van Gilder Insurance Corporation	207	Vice Chairman, Board of Governors, Western Golf Association/Evans Scholars Foundation and Director, Denver Film Society
Rodney Dammeyer 1940 Trustee	2010	President of CAC, LLC, a private company offering capital investment and	225	Director of Quidel Corporation and Stericycle, Inc. Prior to May 2008, Trustee of



			management advisory services.		The Scripps Research Institute. Prior to February 2008, Director of Ventana Medical Systems, Inc. Prior to April 2007, Director of GATX Corporation. Prior to April 2004, Director of TheraSense, Inc.
			Formerly: Prior to January 2004, Director of TeleTech Holdings Inc.; Prior to 2002, Director of Arris Group, Inc.; Prior to 2001, Managing Partner at Equity Group Corporate Investments. Prior to 1995, Chief Executive Officer of Intel Corporation. Prior to 1985, experience includes Senior Vice President and Chief Financial Officer of Household International, Inc, Executive Vice President and Chief Financial Officer of Northwest Industries, Inc. and Partner of Arthur Andersen & Co.		
Albert R. Dowden Trustee	1941	2010	Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); Reich & Tang Funds (5 portfolios) (registered investment company); and Homeowners of America Holding Corporation/ Homeowners of America Insurance Company (property casualty company)	207	Board of Nature s Sunshine Products, Inc.
			Formerly: Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security		

market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations; Chairman, DHJ Media, Inc.; Director Magellan Insurance Company; and Director, The Hertz Corporation, Genmar Corporation (boat manufacturer), National Media Corporation; Advisory Board of Rotary Power International (designer, manufacturer, and seller of rotary power engines); and Chairman, Cortland Trust, Inc. (registered investment company)

<p>Jack M. Fields Trustee</p>	<p>1952</p>	<p>2010</p>	<p>Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); and Owner and Chief Executive Officer, Dos Angelos Ranch, L.P. (cattle, hunting, corporate entertainment), Discovery Global Education Fund (non-profit) and Cross Timbers Quail Research Ranch (non-profit)</p> <p>Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company) and member of the U.S. House of Representatives</p>	<p>207</p>	<p>Administaff</p>
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Carl Frischling Trustee	1937	2010	Partner, law firm of Kramer Levin Naftalis and Frankel LLP	207	Director, Reich & Tang Funds (16 portfolios)
Prema Mathai-Davis Trustee	1950	2010	Retired  Formerly: Chief Executive Officer, YWCA of the U.S.A.	207	None
Lewis F. Pennock Trustee	1942	2010	Partner, law firm of Pennock & Cooper	207	None
Larry Soll Trustee	1942	2010	Retired  Formerly, Chairman, Chief Executive Officer and President, Synergen Corp. (a biotechnology company)	207	None

T-2

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**Trustees and Officers** (continued)

<b>Name, Year of Birth and Position(s) Held with the Trust</b>	<b>Trustee and/ or Officer Since</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Funds in Fund Complex Overseen by Trustee</b>	<b>Other Directorship(s) Held by Trustee</b>
<b>Independent Trustees</b>				
Hugo F. Sonnenschein Trustee	1940 2010	President Emeritus and Honorary Trustee of the University of Chicago and the Adam Smith Distinguished Service Professor in the Department of Economics at the University of Chicago. Prior to July 2000, President of the University of Chicago.	225	Trustee of the University of Rochester and a member of its investment committee. Member of the National Academy of Sciences, the American Philosophical Society and a fellow of the American Academy of Arts and Sciences
Raymond Stickel, Jr. Trustee	1944 2010	Retired  Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios) and Partner, Deloitte & Touche	207	None
<b>Other Officers</b>				
Russell C. Burk Senior Vice President and Senior Officer	1958 2010	Senior Vice President and Senior Officer of Invesco Funds	N/A	N/A
John M. Zerr Senior Vice President, Chief Legal Officer and Secretary	1962 2010	Director, Senior Vice President, Secretary and General Counsel, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.), Van Kampen Investments Inc. and Van Kampen Exchange Corp., Senior Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional	N/A	N/A

(N.A.), Inc.) (registered investment adviser); Senior Vice President and Secretary, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Vice President and Secretary, Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) and IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.); Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The Invesco Funds; Manager, Invesco PowerShares Capital Management LLC; Director, Secretary and General Counsel, Van Kampen Asset Management; Director and Secretary, Van Kampen Advisors Inc.; Secretary and General Counsel, Van Kampen Funds Inc.; Director, Vice President, Secretary and General Counsel, Van Kampen Investor Services Inc.; and General Counsel, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust

Formerly: Director,  
Invesco Distributors, Inc.  
(formerly known as  
Invesco Aim  
Distributors, Inc.);  
Director, Senior Vice  
President, General  
Counsel and Secretary,  
Invesco Advisers, Inc.;  
Director, Vice President  
and Secretary, Fund  
Management Company;  
Director, Senior Vice  
President, Secretary,  
General Counsel and  
Vice President, Invesco  
Aim Capital  
Management, Inc.; Chief  
Operating Officer and  
General Counsel, Liberty  
Ridge Capital, Inc. (an  
investment adviser); Vice  
President and Secretary,  
PBHG Funds (an  
investment company) and  
PBHG Insurance Series  
Fund (an investment  
company); Chief  
Operating Officer,  
General Counsel and  
Secretary, Old Mutual  
Investment Partners (a  
broker-dealer); General  
Counsel and Secretary,  
Old Mutual Fund  
Services (an  
administrator) and Old  
Mutual Shareholder  
Services (a shareholder  
servicing center);  
Executive Vice President,  
General Counsel and  
Secretary, Old Mutual  
Capital, Inc. (an  
investment adviser); and  
Vice President and  
Secretary, Old Mutual  
Advisors Funds (an  
investment company)

N/A

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Lisa O. Brinkley Vice President	1959	2010	<p>Global Compliance Director, Invesco Ltd.; Chief Compliance Officer, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.), Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) and Van Kampen Investor Services Inc.; and Vice President, The Invesco Funds</p>	N/A	N/A
			<p>Formerly: Senior Vice President, Invesco Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. and The Invesco Funds; Vice President and Chief Compliance Officer, Invesco Aim Capital Management, Inc. and Invesco Distributors, Inc.; Vice President, Invesco Investment Services, Inc. and Fund Management Company</p>		
Sheri Morris Vice President, Principal Financial Officer and Treasurer	1964	2010	<p>Vice President, Treasurer and Principal Financial Officer, The Invesco Funds; and Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser)</p>	N/A	N/A
			<p>Formerly: Vice President, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private</p>		

Asset Management, Inc.;  
Assistant Vice President  
and Assistant Treasurer,  
The Invesco Funds and  
Assistant Vice President,  
Invesco Advisers, Inc.,  
Invesco Aim Capital  
Management, Inc. and  
Invesco Aim Private  
Asset Management, Inc.

**T-3**

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**Trustees and Officers** (continued)

<b>Name, Year of Birth and Position(s) Held with the Trust</b>	<b>Trustee and/ or Officer Since</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Funds in Fund Complex Overseen by Trustee</b>	<b>Other Directorship(s) Held by Trustee</b>
<b>Other Officers</b>				
Karen Dunn Kelley Vice President	1960 2010	Head of Invesco's World Wide Fixed Income and Cash Management Group; Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.), Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser) and Van Kampen Investments Inc.; Executive Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Invesco Mortgage Capital Inc.; Vice President, The Invesco Funds (other than AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust); and President and Principal Executive Officer, The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust only).  Formerly: Vice President, Invesco Advisers, Inc.	N/A	N/A

(formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Advisers, Inc. and Invesco Aim Capital Management, Inc.; President and Principal Executive Officer, Tax-Free Investments Trust; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Advisers, Inc. and The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust), Short-Term Investments Trust and Tax-Free Investments Trust only)

Lance A. Rejsek 1967  
Anti-Money Laundering  
Compliance Officer

2010

Anti-Money Laundering  
Compliance Officer,  
Invesco Advisers, Inc.  
(formerly known as  
Invesco Institutional  
(N.A.), Inc.) (registered  
investment adviser);  
Invesco Distributors, Inc.  
(formerly known as  
Invesco Aim  
Distributors, Inc.),  
Invesco Investment  
Services, Inc. (formerly  
known as Invesco Aim  
Investment Services,  
Inc.), The Invesco Funds,  
PowerShares

N/A

N/A

Exchange-Traded Fund Trust, PowerShares Exchange-Traded Trust II, PowerShares India Exchange-Traded Fund Trust, PowerShares Actively Managed Exchange-Traded Fund Trust, Van Kampen Asset Management, Van Kampen Investor Services Inc., and Van Kampen Funds Inc.

Formerly: Anti-Money Laundering Compliance Officer, Fund Management Company, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.

Todd L. Spillane 1958  
Chief Compliance Officer

2010

Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.), Van Kampen Investments Inc. and Van Kampen Exchange Corp.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The Invesco Funds, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Trust II, PowerShares India Exchange-Traded Fund Trust, PowerShares Actively Managed Exchange-Traded Fund

N/A

N/A

Trust, INVESCO Private Capital Investments, Inc. (holding company) and Invesco Private Capital, Inc. (registered investment adviser); Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.), Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) and Van Kampen Investor Services Inc.

Formerly: Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc. and Invesco Senior Secured Management, Inc. (registered investment adviser); Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company

**Office of the Fund**

1555 Peachtree Street, N.E.

Atlanta, GA 30309

**Investment Advisor**

Invesco Advisers, Inc.

1555 Peachtree Street, N.E.  
Atlanta, GA 30309

**Transfer Agent**

Computershare Trust Company, N.A.

P.O. Box 43078  
Providence, RI  
02940-3078

**Custodian**

State Street Bank and Trust Company  
225 Franklin

Boston, MA  
02110-2801

**Counsel to the Fund**

Stradley Ronon Stevens & Young, LLP

2600 One Commerce Square

**Distributor**

Invesco Distributors, Inc.

11 Greenway Plaza,  
Suite 2500

**Auditors**

PricewaterhouseCoopers LLP

1201 Louisiana Street,  
Suite 2900

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Philadelphia, PA 19103

Houston, TX  
77046-1173

Houston, TX 77002-5678

**T-4**

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### **Invesco privacy policy**

You share personal and financial information with us that is necessary for your transactions and your account records. We take very seriously the obligation to keep that information confidential and private.

Invesco collects nonpublic personal information about you from account applications or other forms you complete and from your transactions with us or our affiliates. We do not disclose information about you or our former customers to service providers or other third parties except to the extent necessary to service your account and in other limited circumstances as permitted by law. For example, we use this information to facilitate the delivery of transaction confirmations, financial reports, prospectuses and tax forms.

Even within Invesco, only people involved in the servicing of your accounts and compliance monitoring have access to your information. To ensure the highest level of confidentiality and security, Invesco maintains physical, electronic and procedural safeguards that meet or exceed federal standards. Special measures, such as data encryption and authentication, apply to your communications with us on our website. More detail is available to you at [invesco.com/privacy](http://invesco.com/privacy).

### **Trust holdings and proxy voting information**

The Trust provides a complete list of its holdings four times in each fiscal year, at the quarter-ends. For the second and fourth quarters, the lists appear in the Trust's semiannual and annual reports to shareholders. For the first and third quarters, the Trust files the lists with the Securities and Exchange Commission (SEC) on Form N-Q. The most recent list of portfolio holdings is available at [invesco.com/completeqtrholdings](http://invesco.com/completeqtrholdings). Shareholders can also look up the Trust's Forms N-Q on the SEC website at [sec.gov](http://sec.gov). Copies of the Trust's Forms N-Q may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 551 8090 or 800 732 0330, or by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov). The SEC file number for the Trust is 811-07111.

A description of the policies and procedures that the Trust uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 959 4246 or at [invesco.com/proxyguidelines](http://invesco.com/proxyguidelines). The information is also available on the SEC website, [sec.gov](http://sec.gov).

Information regarding how the Trust voted proxies related to its portfolio securities during the 12 months ended June 30, 2010, is available at [invesco.com/proxysearch](http://invesco.com/proxysearch). In addition, this information is available on the SEC website at [sec.gov](http://sec.gov).

Invesco Advisers, Inc. is an investment adviser; it provides investment advisory services to individual and institutional clients and does not sell securities. Invesco Distributors, Inc. is the U.S. distributor for Invesco Ltd.'s retail mutual funds, exchange-traded funds and institutional money market funds. Both are wholly owned, indirect subsidiaries of Invesco Ltd.

MS-CE-ICAMS-AR-1

Invesco Distributors, Inc.

## ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the Registrant had adopted a code of ethics (the Code) that applies to the Registrant's principal executive officer (PEO) and principal financial officer (PFO). The Code was amended in June, 2010, to (i) add an individual to Exhibit A and (ii) update the names of certain legal entities.

The Registrant did not grant any waivers, including implicit waivers, from any provisions of the Code to the PEO or PFO during the period covered by this report.

## ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Trustees has determined that the Registrant has at least one audit committee financial expert serving on its Audit Committee. The Audit Committee financial experts are David C. Arch, James T. Bunch, Bruce L. Crockett, Rodney Dammeyer and Raymond Stickel, Jr. Messrs. Arch, Bunch, Crockett, Dammeyer and Stickel are independent within the meaning of that term as used in Form N-CSR.

## ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

**Fees Billed by Principal Accountant Related to the Registrant**

The information set forth below for the 2010 fiscal year relates to fees billed by the Fund's Prior and Current Auditors:

	Fees Billed for Services Rendered to the Registrant for fiscal year end 10/31/2010	Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 10/31/2010 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>	Fees Billed for Services Rendered to the Registrant for fiscal year end 10/31/2009	Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 10/31/2009 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>
Audit Fees	\$ 29,900	N/A	\$ 38,450	N/A
Audit-Related Fees	\$ 0	0%	\$ 0	0%
Tax Fees <sup>(2)</sup>	\$ 4,300	0%	\$ 5,501	0%
All Other Fees	\$ 0	0%	\$ 0	0%
<b>Total Fees</b>	<b>\$ 34,200</b>	<b>0%</b>	<b>\$ 43,951</b>	<b>0%</b>

PWC billed the Registrant aggregate non-audit fees of \$4,300 for the fiscal year ended October 31, 2010. D&T billed the Registrant aggregate non-audit fees of \$5,501 for the fiscal year ended October 31, 2009.

- (1) With respect to the provision of non-audit services, the pre-approval requirement is waived pursuant to a de minimis exception if (i) such services were not recognized as non-audit services by the Registrant at the time of engagement, (ii) the aggregate amount of all such services provided is no more than 5% of the aggregate audit and non-audit fees paid by the Registrant to PWC during a fiscal year; and (iii) such services are promptly brought to the attention of the Registrant's Audit Committee and approved by the Registrant's Audit Committee prior to the completion of the audit.
- (2) Tax fees for the fiscal year end October 31, 2010 includes fees billed for reviewing tax returns. Tax fees for the fiscal year end October 31, 2009 includes fees billed for reviewing tax returns.





**Fees Billed by PWC Related to Invesco and Invesco Affiliates**

PWC billed Invesco Advisers, Inc. ( Invesco ), the Registrant's adviser, and any entity controlling, controlled by or under common control with Invesco that provides ongoing services to the Registrant ( Invesco Affiliates ) aggregate fees for pre-approved non-audit services rendered to Invesco and Invesco Affiliates for the last two fiscal years as follows:

	Fees Billed for Non- Audit Services Rendered to Invesco and Invesco Affiliates for fiscal year end 10/31/2010 That Were Required to be Pre-Approved by the Registrant's Audit Committee	Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 10/31/2010 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>	Fees Billed for Non- Audit Services Rendered to Invesco and Invesco Affiliates for fiscal year end 10/31/2009 That Were Required to be Pre-Approved by the Registrant's Audit Committee	Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 10/31/2009 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>
Audit-Related Fees	\$ 0	0%	\$ 0	0%
Tax Fees	\$ 0	0%	\$ 0	0%
All Other Fees	\$ 0	0%	\$ 0	0%
Total Fees <sup>(2)</sup>	\$ 0	0%	\$ 0	0%

- (1) With respect to the provision of non-audit services, the pre-approval requirement is waived pursuant to a de minimis exception if (i) such services were not recognized as non-audit services by the Registrant at the time of engagement, (ii) the aggregate amount of all such services provided is no more than 5% of the aggregate audit and non-audit fees paid by the Registrant, Invesco and Invesco Affiliates to PWC during a fiscal year; and (iii) such services are promptly brought to the attention of the Registrant's Audit Committee and approved by the Registrant's Audit Committee prior to the completion of the audit.
- (2) Including the fees for services not required to be pre-approved by the registrant's audit committee, PWC billed Invesco and Invesco Affiliates aggregate non-audit fees of \$0 for the fiscal year ended October 31, 2010, and \$0 for the fiscal year ended October 31, 2009, for non-audit services rendered to Invesco and Invesco Affiliates.

The Audit Committee also has considered whether the provision of non-audit services that were rendered to Invesco and Invesco Affiliates that were not required to be pre-approved pursuant to SEC regulations, if any, is compatible with maintaining PWC's independence. To the extent that such services were provided, the Audit Committee determined that the provision of such services is compatible with PWC maintaining independence with respect to the Registrant.



**PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES  
POLICIES AND PROCEDURES**

As adopted by the Audit Committees of  
the Invesco Funds (the Funds )

Last Amended May 4, 2010

***Statement of Principles***

Under the Sarbanes-Oxley Act of 2002 and rules adopted by the Securities and Exchange Commission ( SEC ) ( Rules ), the Audit Committees of the Funds (the Audit Committees ) Board of Trustees (the Board ) are responsible for the appointment, compensation and oversight of the work of independent accountants (an Auditor ). As part of this responsibility and to assure that the Auditor s independence is not impaired, the Audit Committees pre-approve the audit and non-audit services provided to the Funds by each Auditor, as well as all non-audit services provided by the Auditor to the Funds investment adviser and to affiliates of the adviser that provide ongoing services to the Funds ( Service Affiliates ) if the services directly impact the Funds operations or financial reporting. The SEC Rules also specify the types of services that an Auditor may not provide to its audit client. The following policies and procedures comply with the requirements for pre-approval and provide a mechanism by which management of the Funds may request and secure pre-approval of audit and non-audit services in an orderly manner with minimal disruption to normal business operations.

Proposed services either may be pre-approved without consideration of specific case-by-case services by the Audit Committees ( general pre-approval ) or require the specific pre-approval of the Audit Committees ( specific pre-approval ). As set forth in these policies and procedures, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committees. Additionally, any fees exceeding 110% of estimated pre-approved fee levels provided at the time the service was pre-approved will also require specific approval by the Audit Committees before payment is made. The Audit Committees will also consider the impact of additional fees on the Auditor s independence when determining whether to approve any additional fees for previously pre-approved services.

The Audit Committees will annually review and generally pre-approve the services that may be provided by each Auditor without obtaining specific pre-approval from the Audit Committee generally on an annual basis. The term of any general pre-approval runs from the date of such pre-approval through September 30<sup>th</sup> of the following year, unless the Audit Committees consider a different period and state otherwise. The Audit Committees will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of these policies and procedures is to set forth the guidelines to assist the Audit Committees in fulfilling their responsibilities.

***Delegation***

The Audit Committees may from time to time delegate pre-approval authority to one or more of its members who are Independent Trustees. All decisions to pre-approve a service by a delegated member shall be reported to the Audit Committees at the next quarterly meeting.

***Audit Services***

The annual audit services engagement terms will be subject to specific pre-approval of the Audit Committees. Audit services include the annual financial statement audit and other procedures such as tax provision work that is required to be performed by the independent auditor to be able to form an opinion on the Funds financial statements. The Audit Committees will obtain, review and consider sufficient information concerning the proposed Auditor to make a reasonable evaluation of the Auditor s qualifications and independence.

In addition to the annual Audit services engagement, the Audit Committees may grant either general or specific pre-approval of other audit services, which are those services that only the independent auditor reasonably can provide. Other Audit services may include services such as issuing consents for the inclusion of audited financial statements with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

### ***Non-Audit Services***

The Audit Committees may provide either general or specific pre-approval of any non-audit services to the Funds and its Service Affiliates if the Audit Committees believe that the provision of the service will not impair the independence of the Auditor, is consistent with the SEC's Rules on auditor independence, and otherwise conforms to the Audit Committees' general principles and policies as set forth herein.

### **Audit-Related Services**

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements or that are traditionally performed by the independent auditor. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as Audit services; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; and agreed-upon procedures related to mergers, compliance with ratings agency requirements and interfund lending activities.

### **Tax Services**

Tax services include, but are not limited to, the review and signing of the Funds' federal tax returns, the review of required distributions by the Funds and consultations regarding tax matters such as the tax treatment of new investments or the impact of new regulations. The Audit Committees will scrutinize carefully the retention of the Auditor in connection with a transaction initially recommended by the Auditor, the major business purpose of which may be tax avoidance or the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committees will consult with the Funds' Treasurer (or his or her designee) and may consult with outside counsel or advisors as necessary to ensure the consistency of Tax services rendered by the Auditor with the foregoing policy.

No Auditor shall represent any Fund or any Service Affiliate before a tax court, district court or federal court of claims.

Under rules adopted by the Public Company Accounting Oversight Board and approved by the SEC, in connection with seeking Audit Committees' pre-approval of permissible Tax services, the Auditor shall:

1. Describe in writing to the Audit Committees, which writing may be in the form of the proposed engagement letter:
  - a. The scope of the service, the fee structure for the engagement, and any side letter or amendment to the engagement letter, or any other agreement between the Auditor and the Fund, relating to the service; and
  - b. Any compensation arrangement or other agreement, such as a referral agreement, a referral fee or fee-sharing arrangement, between the Auditor and any person (other than the Fund) with respect to the promoting, marketing, or recommending of a transaction covered by the service;
2. Discuss with the Audit Committees the potential effects of the services on the independence of the Auditor; and
3. Document the substance of its discussion with the Audit Committees.

### **All Other Auditor Services**

The Audit Committees may pre-approve non-audit services classified as All other services that are not categorically prohibited by the SEC, as listed in Exhibit 1 to this policy.

### **Pre-Approval Fee Levels or Established Amounts**

Pre-approval of estimated fees or established amounts for services to be provided by the Auditor under general or specific pre-approval policies will be set periodically by the Audit Committees. Any proposed fees exceeding 110% of the maximum estimated pre-approved fees or established amounts for pre-approved audit and non-audit services will be reported to the Audit Committees at the quarterly Audit Committees meeting and will require specific approval by the Audit Committees before payment is made. The Audit Committees will always factor

in the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services and in determining whether to approve any additional fees exceeding 110% of the maximum pre-approved fees or established amounts for previously pre-approved services.

**Procedures**

Generally on an annual basis, Invesco Advisers, Inc. ( Invesco ) will submit to the Audit Committees for general pre-approval, a list of non-audit services that the Funds or Service Affiliates of the Funds may request from the Auditor. The list will describe the non-audit services in reasonable detail and will include an estimated range of fees and such other information as the Audit Committee may request.

Each request for services to be provided by the Auditor under the general pre-approval of the Audit Committees will be submitted to the Funds' Treasurer (or his or her designee) and must include a detailed description of the services to be rendered. The Treasurer or his or her designee will ensure that such services are included within the list of services that have received the general pre-approval of the Audit Committees. The Audit Committees will be informed at the next quarterly scheduled Audit Committees meeting of any such services for which the Auditor rendered an invoice and whether such services and fees had been pre-approved and if so, by what means.

Each request to provide services that require specific approval by the Audit Committees shall be submitted to the Audit Committees jointly by the Fund's Treasurer or his or her designee and the Auditor, and must include a joint statement that, in their view, such request is consistent with the policies and procedures and the SEC Rules.

Each request to provide tax services under either the general or specific pre-approval of the Audit Committees will describe in writing: (i) the scope of the service, the fee structure for the engagement, and any side letter or amendment to the engagement letter, or any other agreement between the Auditor and the audit client, relating to the service; and (ii) any compensation arrangement or other agreement between the Auditor and any person (other than the audit client) with respect to the promoting, marketing, or recommending of a transaction covered by the service. The Auditor will discuss with the Audit Committees the potential effects of the services on the Auditor's independence and will document the substance of the discussion.

Non-audit services pursuant to the *de minimis* exception provided by the SEC Rules will be promptly brought to the attention of the Audit Committees for approval, including documentation that each of the conditions for this exception, as set forth in the SEC Rules, has been satisfied.

On at least an annual basis, the Auditor will prepare a summary of all the services provided to any entity in the investment company complex as defined in section 2-01(f)(14) of Regulation S-X in sufficient detail as to the nature of the engagement and the fees associated with those services.

The Audit Committees have designated the Funds' Treasurer to monitor the performance of all services provided by the Auditor and to ensure such services are in compliance with these policies and procedures. The Funds' Treasurer will report to the Audit Committees on a periodic basis as to the results of such monitoring. Both the Funds' Treasurer and management of Invesco will immediately report to the chairman of the Audit Committees any breach of these policies and procedures that comes to the attention of the Funds' Treasurer or senior management of Invesco.

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**Exhibit 1 to Pre-Approval of Audit and Non-Audit Services Policies and Procedures**

**Conditionally Prohibited Non-Audit Services (not prohibited if the Fund can reasonably conclude that the results of the service would not be subject to audit procedures in connection with the audit of the Fund's financial statements)**

**Bookkeeping or other services related to the accounting records or financial statements of the audit client**

**Financial information systems design and implementation**

**Appraisal or valuation services, fairness opinions, or contribution-in-kind reports**

**Actuarial services**

**Internal audit outsourcing services**

**Categorically Prohibited Non-Audit Services**

**Management functions**

**Human resources**

**Broker-dealer, investment adviser, or investment banking services**

**Legal services**

**Expert services unrelated to the audit**

**Any service or product provided for a contingent fee or a commission**

**Services related to marketing, planning, or opining in favor of the tax treatment of confidential transactions or aggressive tax position transactions, a significant purpose of which is tax avoidance**

**Tax services for persons in financial reporting oversight roles at the Fund**

**Any other service that the Public Company Oversight Board determines by regulation is impermissible.**

**ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.**

- (a) The registrant has a separately-designed standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. Members of the audit committee are: David C. Arch, Frank S. Bayley, James T. Bunch, Bruce L. Crockett, Rodney Dammeyer, Larry Soll and Raymond Stickel, Jr.

- (b) Not applicable.

**ITEM 6. SCHEDULE OF INVESTMENTS.**

Investments in securities of unaffiliated issuers is included as part of the reports to stockholders filed under Item 1 of this Form.

**ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

**I.1. PROXY POLICIES AND PROCEDURES INSTITUTIONAL**

<b>Applicable to</b>	Institutional Accounts
<b>Risk Addressed by Policy</b>	breach of fiduciary duty to client under Investment Advisers Act of 1940 by placing Invesco personal interests ahead of client best economic interests in voting proxies
<b>Relevant Law and Other Sources</b>	Investment Advisers Act of 1940
<b>Last Tested Date</b>	
<b>Policy/Procedure Owner</b>	Advisory Compliance, Proxy Committee
<b>Policy Approver</b>	Invesco Risk Management Committee
<b>Approved/Adopted Date</b>	January 1, 2010

The following policies and procedures apply to all institutional accounts, clients and funds managed by Invesco Advisers, Inc. ( Invesco ). These policies and procedures do not apply to any of the retail funds managed by Invesco. See Section I.2 for the proxy policies and procedures applicable to Invesco s retail funds.

**A. POLICY STATEMENT**

Invesco has responsibility for making investment decisions that are in the best interests of its clients. As part of the investment management services it provides to clients, Invesco may be authorized by clients to vote proxies appurtenant to the shares for which the clients are beneficial owners.

Invesco believes that it has a duty to manage clients assets in the best economic interests of its clients and that the ability to vote proxies is a client asset.

Invesco reserves the right to amend its proxy policies and procedures from time to time without prior notice to its clients.

**Voting of Proxies**

Invesco will vote client proxies relating to equity securities in accordance with the procedures set forth below unless a non-ERISA client retains in writing the right to vote, the named fiduciary (e.g., the plan sponsor) of an ERISA client retains in writing the right to direct the plan trustee or a third party to vote proxies, or Invesco determines that any benefit the client might gain from voting a proxy

January 2010

I.1 1

would be outweighed by the costs associated therewith. In addition, due to the distinct nature of proxy voting for interests in fixed income assets and stable value wrap agreements, the proxies for such fixed income assets and stable value wrap agreements will be voted in accordance with the procedures set forth in the Proxy Voting for Fixed Income Assets and Stable Value Wrap Agreements section below.

**Best Economic Interests of Clients**

In voting proxies, Invesco will take into consideration those factors that may affect the value of the security and will vote proxies in a manner in which, in its opinion, is in the best economic interests of clients. Invesco endeavors to resolve any conflicts of interest exclusively in the best economic interests of clients.

**B. OPERATING PROCEDURES AND RESPONSIBLE PARTIES**

**RiskMetrics Services**

Invesco has contracted with RiskMetrics Group ( RiskMetrics, formerly known as ISS), an independent third party service provider, to vote Invesco's clients' proxies according to RiskMetrics' proxy voting recommendations determined by RiskMetrics pursuant to its then-current US Proxy Voting Guidelines, a summary of which can be found at <http://www.riskmetrics.com> and which are deemed to be incorporated herein. In addition, RiskMetrics will provide proxy analyses, vote recommendations, vote execution and record-keeping services for clients for which Invesco has proxy voting responsibility. On an annual basis, the Proxy Committee will review information obtained from RiskMetrics to ascertain whether RiskMetrics (i) has the capacity and competency to adequately analyze proxy issues, and (ii) can make such recommendations in an impartial manner and in the best economic interests of Invesco's clients. This may include a review of RiskMetrics' Policies, Procedures and Practices Regarding Potential Conflicts of Interest and obtaining information about the work RiskMetrics does for corporate issuers and the payments RiskMetrics receives from such issuers.

Custodians forward to RiskMetrics proxy materials for clients who rely on Invesco to vote proxies. RiskMetrics is responsible for exercising the voting rights in accordance with the RiskMetrics proxy voting guidelines. If Invesco receives proxy materials in connection with a client's account where the client has, in writing, communicated to Invesco that the client, plan fiduciary or other third party has reserved the right to vote proxies, Invesco will forward to the party appointed by client any proxy materials it receives with respect to the account. In order to avoid voting proxies in circumstances where Invesco, or any of its affiliates have or may have any conflict of interest, real or perceived, Invesco has engaged RiskMetrics to provide the proxy analyses, vote recommendations and voting of proxies.

In the event that (i) RiskMetrics recuses itself on a proxy voting matter and makes no recommendation or (ii) Invesco decides to override the RiskMetrics vote recommendation, the Proxy Committee will review the issue and direct RiskMetrics how to vote the proxies as described below.

January 2010

I.1 2



**Proxy Voting for Fixed Income Assets and Stable Value Wrap Agreements**

Some of Invesco's fixed income clients hold interests in preferred stock of companies and some of Invesco's stable value clients are parties to wrap agreements. From time to time, companies that have issued preferred stock or that are parties to wrap agreements request that Invesco's clients vote proxies on particular matters. RiskMetrics does not currently provide proxy analysis or vote recommendations with respect to such proxy votes. Therefore, when a particular matter arises in this category, the investment team responsible for the particular mandate will review the matter and make a recommendation to the Proxy Manager as to how to vote the associated proxy. The Proxy Manager will complete the proxy ballots and send the ballots to the persons or entities identified in the ballots.

**Proxy Committee**

The Proxy Committee shall have seven (7) members, which shall include representatives from portfolio management, operations, and legal/compliance or other functional departments as deemed appropriate and who are knowledgeable regarding the proxy process. A majority of the members of the Proxy Committee shall constitute a quorum and the Proxy Committee shall act by a majority vote of those members in attendance at a meeting called for the purpose of determining how to vote a particular proxy. The Proxy Committee shall keep minutes of its meetings that shall be kept with the proxy voting records of Invesco. The Proxy Committee will appoint a Proxy Manager to manage the proxy voting process, which includes the voting of proxies and the maintenance of appropriate records.

The Proxy Manager shall call for a meeting of the Proxy Committee (1) when override submissions are made; and (2) in instances when RiskMetrics has recused itself or has not provided a vote recommendation with respect to an equity security. At such meeting, the Proxy Committee shall determine how proxies are to be voted in accordance with the factors set forth in the section entitled "Best Economic Interests of Clients," above.

The Proxy Committee also is responsible for monitoring adherence to these procedures and engaging in the annual review described in the section entitled "RiskMetrics Services," above.

**Recusal by RiskMetrics or Failure of RiskMetrics to Make a Recommendation**

When RiskMetrics does not make a recommendation on a proxy voting issue or recuses itself due to a conflict of interest, the Proxy Committee will review the issue and determine whether Invesco has a material conflict of interest as determined pursuant to the policies and procedures outlined in the "Conflicts of Interest" section below. If Invesco determines it does not have a material conflict of interest, Invesco will direct RiskMetrics how to vote the proxies. If Invesco determines it does have a material conflict of interest, the Proxy Committee will follow the policies and procedures set forth in such section.

January 2010

I.1 3

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**Override of RiskMetrics Recommendation**

There may be occasions where Invesco investment personnel, senior officers or a member of the Proxy Committee seek to override a RiskMetrics recommendation if they believe that a RiskMetrics recommendation is not in accordance with the best economic interests of clients. In the event that an individual listed above in this section disagrees with a RiskMetrics recommendation on a particular voting issue, the individual shall document in writing the reasons that he/she believes that the RiskMetrics recommendation is not in accordance with clients' best economic interests and submit such written documentation to the Proxy Manager for consideration by the Proxy Committee along with the certification attached as Appendix A hereto. Upon review of the documentation and consultation with the individual and others as the Proxy Committee deems appropriate, the Proxy Committee may make a determination to override the RiskMetrics voting recommendation if the Committee determines that it is in the best economic interests of clients and the Committee has addressed any conflict of interest.

**Proxy Committee Meetings**

When a Proxy Committee Meeting is called, whether because of a RiskMetrics recusal or request for override of a RiskMetrics recommendation, the Proxy Committee shall request from the Chief Compliance Officer as to whether any Invesco person has reported a conflict of interest.

The Proxy Committee shall review the report from the Chief Compliance Officer to determine whether a real or perceived conflict of interest exists, and the minutes of the Proxy Committee shall:

- (1) describe any real or perceived conflict of interest,
- (2) determine whether such real or perceived conflict of interest is material,
- (3) discuss any procedure used to address such conflict of interest,
- (4) report any contacts from outside parties (other than routine communications from proxy solicitors), and
- (5) include confirmation that the recommendation as to how the proxies are to be voted is in the best economic interests of clients and was made without regard to any conflict of interest.

Based on the above review and determinations, the Proxy Committee will direct RiskMetrics how to vote the proxies as provided herein.

**Certain Proxy Votes May Not Be Cast**

In some cases, Invesco may determine that it is not in the best economic interests of clients to vote proxies. For example, proxy voting in certain countries outside

the United States requires share blocking. Shareholders who wish to vote their proxies must deposit their shares 7 to 21 days before the date of the meeting with a designated depository. During the blocked period, shares to be voted at the meeting cannot be sold until the meeting has taken place and the shares have been returned to the Custodian/Sub-Custodian bank. In addition, voting certain international securities may involve unusual costs to clients, some of which may be related to requirements of having a representative in person attend the proxy meeting. In other cases, it may not be possible to vote certain proxies despite good faith efforts to do so, for instance when inadequate notice of the matter is provided. In the instance of loan securities, voting of proxies typically requires termination of the loan, so it is not usually in the best economic interests of clients to vote proxies on loaned securities. Invesco typically will not, but reserves the right to, vote where share blocking restrictions, unusual costs or other barriers to efficient voting apply. Invesco will not vote if it determines that the cost of voting exceeds the expected benefit to the client. The Proxy Manager shall record the reason for any proxy not being voted, which record shall be kept with the proxy voting records of Invesco.

### **CONFLICTS OF INTEREST**

#### **Procedures to Address Conflicts of Interest and Improper Influence**

In order to avoid voting proxies in circumstances where Invesco or any of its affiliates have or may have any conflict of interest, real or perceived, Invesco has contracted with RiskMetrics to provide proxy analyses, vote recommendations and voting of proxies. Unless noted otherwise by RiskMetrics, each vote recommendation provided by RiskMetrics to Invesco shall include a representation from RiskMetrics that RiskMetrics has no conflict of interest with respect to the vote. In instances where RiskMetrics has recused itself or makes no recommendation on a particular matter, or if an override submission is requested, the Proxy Committee shall determine how to vote the proxy and instruct the Proxy Manager accordingly, in which case the conflict of interest provisions discussed below shall apply.

In effecting the policy of voting proxies in the best economic interests of clients, there may be occasions where the voting of such proxies may present a real or perceived conflict of interest between Invesco, as the investment manager, and Invesco's clients. For each director, officer and employee of Invesco ( Invesco person ), the interests of Invesco's clients must come first, ahead of the interest of Invesco and any Invesco person, including Invesco's affiliates. Accordingly, no Invesco person may put personal benefit, whether tangible or intangible, before the interests of clients of Invesco or otherwise take advantage of the relationship with Invesco's clients. Personal benefit includes any intended benefit for oneself or any other individual, company, group or organization of any kind whatsoever, except a benefit for a client of Invesco, as appropriate. It is imperative that each Invesco person avoid any situation that might compromise, or call into question, the exercise of fully independent judgment that is in the interests of Invesco's clients.

January 2010

I.1 5

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Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may exist if Invesco has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Additional examples of situations where a conflict may exist include:

**Business Relationships** where Invesco manages money for a company or an employee group, manages pension assets or is actively soliciting any such business, or leases office space from a company;

**Personal Relationships** where an Invesco person has a personal relationship with other proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships; and

**Familial Relationships** where an Invesco person has a known familial relationship relating to a company (e.g. a spouse or other relative who serves as a director of a public company or is employed by the company).

In the event that the Proxy Committee determines that Invesco (or an affiliate) has a material conflict of interest, the Proxy Committee will not take into consideration the relationship giving rise to the conflict of interest and shall, in its sole discretion, either (a) decide to vote the proxies pursuant to RiskMetrics' general proxy voting guidelines, (b) engage an independent third party to provide a vote recommendation, or (c) contact Invesco's client(s) for direction as to how to vote the proxies.

In the event an Invesco person has a conflict of interest and has knowledge of such conflict of interest, it is the responsibility of such Invesco person to disclose the conflict to the Chief Compliance Officer. When a Proxy Committee meeting is called, the Chief Compliance Officer will report to the Proxy Committee all real or potential conflicts of interest for the Proxy Committee to review and determine whether such conflict is material. If the Proxy Committee determines that such conflict is material and involves a person involved in the proxy voting process, the Proxy Committee may require such person to recuse himself or herself from participating in the discussions regarding the proxy vote item and from casting a vote regarding how Invesco should vote such proxy. An Invesco person will not be considered to have a material conflict of interest if the Invesco person did not know of the conflict of interest and did not attempt to influence the outcome of a proxy vote.

In order to ensure compliance with these procedures, the Proxy Manager and each member of the Proxy Committee shall certify annually as to their compliance with this policy. In addition, any Invesco person who submits a RiskMetrics override recommendation to the Proxy Committee shall certify as to their compliance with this policy concurrently with the submission of their override recommendation. A form of such certification is attached as Appendix A.

January 2010

I.1 6

In addition, members of the Proxy Committee must notify Invesco's Chief Compliance Officer, with impunity and without fear of retribution or retaliation, of any direct, indirect or perceived improper influence exerted by any Invesco person or by an affiliated company's representatives with regard to how Invesco should vote proxies. The Chief Compliance Officer will investigate the allegations and will report his or her findings to the Invesco Risk Management Committee. In the event that it is determined that improper influence was exerted, the Risk Management Committee will determine the appropriate action to take, which actions may include, but are not limited to, (1) notifying the affiliated company's Chief Executive Officer, its Management Committee or Board of Directors, (2) taking remedial action, if necessary, to correct the result of any improper influence where clients have been harmed, or (3) notifying the appropriate regulatory agencies of the improper influence and cooperating fully with these regulatory agencies as required. In all cases, the Proxy Committee shall not take into consideration the improper influence in determining how to vote proxies and will vote proxies solely in the best economic interests of clients.

### **C. RECORDKEEPING**

Records are maintained in accordance with Invesco's Recordkeeping Policy.

#### **Proxy Voting Records**

The proxy voting statements and records will be maintained by the Proxy Manager on-site (or accessible via an electronic storage site of RiskMetrics) for the first two (2) years. Copies of the proxy voting statements and records will be maintained for an additional five (5) years by Invesco (or will be accessible via an electronic storage site of RiskMetrics). Clients may obtain information about how Invesco voted proxies on their behalf by contacting their client services representative. Alternatively, clients may make a written request for proxy voting information to: Proxy Manager, 1555 Peachtree Street, N.E., Atlanta, Georgia 30309.

January 2010

I.1 7

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**APPENDIX A**

**ACKNOWLEDGEMENT AND CERTIFICATION**

I acknowledge that I have read the Invesco Proxy Voting Policy (a copy of which has been supplied to me, which I will retain for future reference) and agree to comply in all respects with the terms and provisions thereof. I have disclosed or reported all real or potential conflicts of interest to the Invesco Chief Compliance Officer and will continue to do so as matters arise. I have complied with all provisions of this Policy.

Print Name

Date

Signature

I.1 Proxy Policy Appendix A

Acknowledgement and Certification

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**ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

The following individuals are jointly and primarily responsible for the day-to-day management of the Trust:

Thomas Byron, Portfolio Manager, who has been responsible for the Trust since 2009 and has been associated with Invesco and/or its affiliates since 2010. From 1981 to 2010, Mr. Byron was associated with Morgan Stanley Investment Advisors Inc. in an investment management capacity.

Robert Stryker, Portfolio Manager, who has been responsible for the Trust since 2009 and has been associated with Invesco and/or its affiliates since 2010. From 1994 to 2010, Mr. Stryker was associated with Morgan Stanley Investment Advisors Inc. in an investment management capacity.

Robert Wimmel, Portfolio Manager, who has been responsible for the Trust since 2009 and has been associated with Invesco and/or its affiliates since 2010. From 1996 to 2010, Mr. Wimmel was associated with Morgan Stanley Investment Advisors Inc. in an investment management capacity.

***Portfolio Manager Fund Holdings and Information on Other Managed Accounts***

Invesco's portfolio managers develop investment models which are used in connection with the management of certain Invesco Funds as well as other mutual funds for which Invesco or an affiliate acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals. The following chart reflects the portfolio managers' investments in the Funds that they manage. The chart also reflects information regarding accounts other than the Funds for which each portfolio manager has day-to-day management responsibilities. Accounts are grouped into three categories: (i) other registered investment companies, (ii) other pooled investment vehicles and (iii) other accounts. To the extent that any of these accounts pay advisory fees that are based on account performance (performance-based fees), information on those accounts is specifically broken out. In addition, any assets denominated in foreign currencies have been converted into U.S. Dollars using the exchange rates as of the applicable date.

The following information is as of October 31, 2010:

Portfolio Manager	Dollar Range of Investments in Each Fund <sup>1</sup>	Other Registered Investment Companies Managed (assets in dollars in millions)		Other Pooled Investment Vehicles Managed (assets in dollars in millions)		Other Accounts Managed (assets in dollars in millions)	
		Number of Accounts	Assets	Number of Accounts	Assets	Number of Accounts	Assets
<b>Invesco Insured California Municipal Securities</b>							
Thomas Byron	None	28	\$10,885.0	None	None	None	None
Robert Stryker	None	33	\$11,608.1	None	None	None	None
Robert Wimmel	None	29	\$11,503.8	None	None	None	None

***Potential Conflicts of Interest***

<sup>1</sup> This column reflects investments in a Fund's shares owned directly by a portfolio manager or beneficially owned by a portfolio manager (as determined in accordance with Rule 16a-1(a) (2) under the Securities Exchange Act of 1934, as amended). A portfolio manager is presumed to be a beneficial owner of securities that are held by his or her immediate family members sharing the same household.

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one Fund or other account. More specifically, portfolio managers who manage multiple Funds and/or other accounts may be presented with one or more of the following potential conflicts:

The management of multiple Funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each Fund and/or other account. The Adviser and each Sub-Adviser seek to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the Funds.

If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one Fund or other account, a Fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible Funds and other accounts. To deal with these situations, the Adviser, each Sub-Adviser and the Funds have adopted procedures for allocating portfolio transactions across multiple accounts.

The Adviser and each Sub-Adviser determine which broker to use to execute each order for securities transactions for the Funds, consistent with its duty to seek best execution of the transaction. However, for certain other accounts (such as mutual funds for which Invesco or an affiliate acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals), the Adviser and each Sub-Adviser may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, trades for a Fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of the Fund or other account(s) involved.

Finally, the appearance of a conflict of interest may arise where the Adviser or Sub-Adviser has an incentive, such as a performance-based management fee, which relates to the management of one Fund or account but not all Funds and accounts for which a portfolio manager has day-to-day management responsibilities.

The Adviser, each Sub-Adviser, and the Funds have adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

#### ***Description of Compensation Structure***

##### ***For the Adviser and each affiliated Sub-Adviser***

The Adviser and each Sub-Adviser seek to maintain a compensation program that is competitively positioned to attract and retain high-caliber investment professionals. Portfolio managers receive a base salary, an incentive bonus opportunity and an equity compensation opportunity. Portfolio manager compensation is reviewed and may be modified each year as appropriate to reflect changes in the market, as well as to adjust the factors used to determine bonuses to promote competitive Fund performance. The Adviser and each Sub-Adviser evaluate competitive market compensation by reviewing compensation survey results conducted by an independent third party of investment industry compensation. Each portfolio manager's compensation consists of the following three elements:

***Base Salary.*** Each portfolio manager is paid a base salary. In setting the base salary, the Adviser and each Sub-Adviser's intention is to be competitive in light of the particular portfolio manager's experience and responsibilities.

***Annual Bonus.*** The portfolio managers are eligible, along with other employees of the Adviser and each Sub-Adviser, to participate in a discretionary year-end bonus pool. The Compensation Committee of Invesco Ltd. reviews and approves the amount of the bonus pool available for the Adviser and each of the Sub-Adviser's investment centers. The Compensation Committee considers investment performance and financial results in its review. In addition, while having no direct impact on



individual bonuses, assets under management are considered when determining the starting bonus funding levels. Each portfolio manager is eligible to receive an annual cash bonus which is based on quantitative (i.e. investment performance) and non-quantitative factors (which may include, but are not limited to, individual performance, risk management and teamwork).

Each portfolio manager's compensation is linked to the pre-tax investment performance of the Funds/accounts managed by the portfolio manager as described in Table 1 below.

Table 1

<b>Sub-Adviser</b>	<b>Performance time period<sup>2</sup></b>
Invesco <sup>3,4,5</sup> Invesco Australia Invesco Deutschland	One-, Three- and Five-year performance against Fund peer group.
Invesco Senior Secured	N/A
Invesco Trimark <sup>3</sup>	One-year performance against Fund peer group.  Three- and Five-year performance against entire universe of Canadian funds.
Invesco Hong Kong <sup>3</sup> Invesco Asset Management	One-, Three- and Five-year performance against Fund peer group.
Invesco Japan <sup>6</sup>	One-, Three- and Five-year performance against the appropriate Micropol benchmark.

Invesco Senior Secured's bonus is based on annual measures of equity return and standard tests of collateralization performance.

High investment performance (against applicable peer group and/or benchmarks) would deliver compensation generally associated with top pay in the industry (determined by reference to the third-party provided compensation survey information) and poor investment performance (versus applicable peer group) would result in low bonus compared to the applicable peer group or no bonus at all. These decisions are reviewed and approved collectively by senior leadership which has responsibility for executing the compensation approach across the organization.

*Equity-Based Compensation.* Portfolio managers may be granted an award that allows them to select receipt of shares of certain Invesco Funds with a vesting period as well as common shares and/or restricted shares of Invesco Ltd. stock from pools determined from time to time by the

<sup>2</sup> Rolling time periods based on calendar year-end.

<sup>3</sup> Portfolio Managers may be granted a short-term award that vests on a pro-rata basis over a four year period and final payments are based on the performance of eligible Funds selected by the portfolio manager at the time the award is granted.

<sup>4</sup> Portfolio Managers for Invesco Global Real Estate Fund, Invesco Real Estate Fund, Invesco Select Real Estate Income Fund and Invesco V.I. Global Real Estate Fund base their bonus on new operating profits of the U.S. Real Estate Division of Invesco.

<sup>5</sup> Portfolio Managers for Invesco Balanced Fund, Invesco Basic Balanced Fund, Invesco Basic Value Fund, Invesco Fundamental Value Fund, Invesco Large Cap Basic Value Fund, Invesco Large Cap Relative Value

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Fund, Invesco Mid Cap Basic Value Fund, Invesco Mid-Cap Value Fund, Invesco U.S. Mid Cap Value Fund, Invesco Value Fund, Invesco Value II Fund, Invesco V.I. Basic Balanced Fund, Invesco V.I. Basic Value Fund, Invesco V.I. Select Dimensions Balanced Fund, Invesco V.I. Income Builder Fund, Invesco Van Kampen American Value Fund, Invesco Van Kampen Comstock Fund, Invesco Van Kampen Equity and Income Fund, Invesco Van Kampen Growth and Income Fund, Invesco Van Kampen Value Opportunities Fund, Invesco Van Kampen V.I. Comstock Fund, Invesco Van Kampen V.I. Growth and Income Fund, Invesco Van Kampen V.I. Equity and Income Fund, Invesco Van Kampen V.I. Mid Cap Value Fund and Invesco Van Kampen V.I. Value Fund's compensation is based on the one-, three- and five-year performance against the Fund's peer group. Furthermore, for the portfolio manager(s) formerly managing the predecessor funds to the Funds in this footnote 5, they also have a ten-year performance measure.

- <sup>6</sup> Portfolio Managers for Invesco Pacific Growth Fund's compensation is based on the one-, three- and five-year performance against the appropriate Micropol benchmark. Furthermore, for the portfolio manager(s) formerly managing the predecessor fund to Invesco Pacific Growth Fund, they also have a ten-year performance measure.
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Compensation Committee of Invesco Ltd.'s Board of Directors. Awards of equity-based compensation typically vest over time, so as to create incentives to retain key talent.

Portfolio managers also participate in benefit plans and programs available generally to all employees.

**ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.**

Not applicable.

**ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

None.

**ITEM 11. CONTROLS AND PROCEDURES.**

(a) As of December 14, 2010, an evaluation was performed under the supervision and with the participation of the officers of the Registrant, including the Principal Executive Officer (PEO) and Principal Financial Officer (PFO), to assess the effectiveness of the Registrant's disclosure controls and procedures, as that term is defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act), as amended. Based on that evaluation, the Registrant's officers, including the PEO and PFO, concluded that, as of December 14, 2010, the Registrant's disclosure controls and procedures were reasonably designed to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter of the period covered by the report that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**ITEM 12. EXHIBITS.**

12(a) Not applicable.

(1)

12(a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a)  
(2) under the Investment Company Act of 1940.

12(a) Not applicable.

(3)

12(b) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b)  
under the Investment Company Act of 1940.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.  
Registrant: Invesco Insured California Municipal Securities

By: /s/ Philip A. Taylor  
Philip A. Taylor  
Principal Executive Officer

Date: January 7, 2011

Pursuant to the requirements of the Securities and Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Philip A. Taylor  
Philip A. Taylor  
Principal Executive Officer

Date: January 7, 2011

By: /s/ Sheri Morris  
Sheri Morris  
Principal Financial Officer

Date: January 7, 2011

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EXHIBIT INDEX

- 12(a)(1) Code of Ethics.
- 12(a)(2) Certifications of principal executive officer and principal Financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
- 12(a)(3) Not applicable.
- 12(b) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.