



Fund Manager: Jonathan Brown

Key facts¹

Jonathan Brown	citywire A
Fund launch date	09 May 1992
Fund size	£471.17m
Legal status	UK authorised ICVC
Yield (Accumulation share class)	
Historic yield ²	0.59%
Income distribution date	30 September
Accounting period ends	31 July 31 January
Available within an ISA?	Yes

Market commentary

The UK FTSE indices for both large and smaller companies suffered small falls in July which meant that the recent trend of low volatility has been maintained. Notwithstanding this, the economic news remains encouraging. The preliminary estimate of GDP for Q2 was released which showed a rise of 0.8%. The latest unemployment figures were also released which showed a further fall to 6.5% and this rate was the lowest since December 2008. Additionally, CPI inflation showed a rise from 1.5% in May to 1.9% in June. Within the fund Howden Joinery and Vertu Motors performed well. Howden reported results for its half year in which it said that sales and profit increased significantly and that the second half of the year had started well. In its AGM statement Vertu Motors said that trading in the first four months of the year was ahead of expectations whereas RPS, within its interim results statement, said that conditions remained challenging in the Australian resources market.

Fund strategy

A relatively cautious stance is currently being adopted by the fund manager after a material re-rating in UK equity valuations over the last year. Whilst the market is now pricing in a significant acceleration in profit growth, the fund manager believes that the improvement could be more muted. The on-going pressure on public sector spending resulting from the requirement to reduce government deficits and the continued pressure on consumers from the increased cost of living is likely to limit the pace of economic growth. The emphasis in the fund is on companies that can sustainably generate profitable growth in excess of the wider economy through market share gains, exposure to higher growth niches and by re-investment of cash flows with the potential for higher rates of return.

Investment objective

The Invesco Perpetual UK Smaller Companies Equity Fund aims to achieve capital growth in the UK. The fund intends to invest primarily in shares of smaller companies in the UK. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Prospectus.

Performance

% growth

	3 months	6 months	1 year	3 years	5 years	ACR*	10 years	ACR*
Fund (Accumulation share class)	-2.29	-1.81	10.53	45.71	126.32	17.75	226.38	12.56
IMA Sector	-3.77	-3.29	14.50	43.66	133.33	18.47	178.55	10.79

*ACR - Annual Compound Return

Standardised rolling 12-month performance

% growth

	30.6.09	30.6.10	30.6.11	30.6.12	30.6.13
	30.6.10	30.6.11	30.6.12	30.6.13	30.6.14
Fund (Accumulation share class)	24.52	29.86	-4.48	28.67	18.36

Past performance is not a guide to future returns. Performance figures are shown in sterling on a mid-to-mid basis, inclusive of net reinvested income and net of the ongoing charge and portfolio transaction costs to 31 July 2014. The figures do not reflect the entry charge paid by individual investors. Chart figures overleaf are as at the end of the relevant month unless otherwise stated. The standardised past performance information is updated on a quarterly basis. Source: Lipper

UK Smaller Companies Equity Fund

August 2014

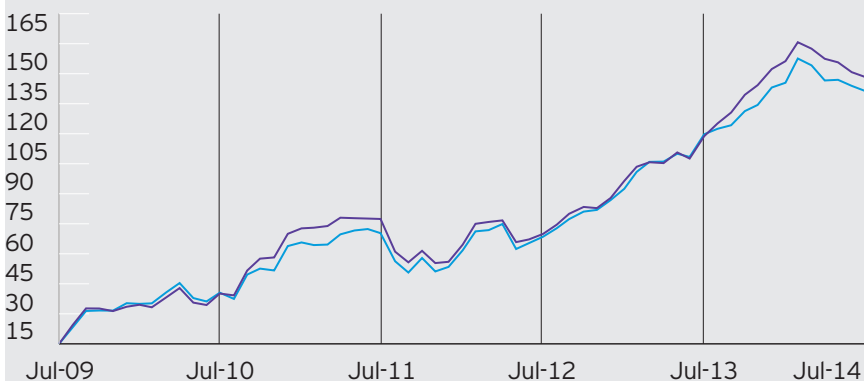
Top 10 holdings ¹	%
Synergy Health	3.72
Senior	2.66
CVS	2.59
Howden Joinery	2.31
Diploma	2.22
Elementis	2.13
Amerisur Resources	1.87
Ultra Electronics	1.83
Mears	1.78
Bovis Homes	1.71
Total Top 10 Holdings (%)	22.83
Total number of holdings	100

Industry breakdown ^{1,3}	%
Industrials	27.53
Consumer Services	13.90
Financials	13.80
Health Care	11.70
Technology	11.29
Oil & Gas	7.60
Consumer Goods	5.92
Basic Materials	3.80
Unit/Investment Trust/Other	0.03
Cash	4.42
Total	100

Country of investment breakdown ¹	%
United Kingdom	95.11
Canada	0.47
Cash	4.42
Total	100

Five year performance

— Invesco Perpetual UK Smaller Companies Equity Fund (Accumulation share class)
— IMA UK Smaller Companies Sector



Past performance is not a guide to future returns. The chart shown above should be viewed in conjunction with the 'Standardised rolling 12-month performance' table overleaf.

- 1 All fund portfolio figures within this leaflet are as at 31 July 2014 (source: Invesco Perpetual).
- 2 The Historic Yield reflects distributions declared over the past twelve months as a percentage of the mid-market price of the fund, as at the date shown. It does not include any entry charge and investors may be subject to tax on their distributions.
- 3 The Industry Classification Benchmark is a joint product of FTSE International Limited and Dow Jones & Company, Inc. and has been licensed for use in our industry sector breakdown.

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Smaller company funds are higher risk than funds that can invest in larger company sizes. Market conditions, such as a decrease in market liquidity, may mean that it is not easy to buy or sell securities.

The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund.

Important information

Where Invesco Perpetual has expressed views and opinions, these may change.

For more information on our funds and available share classes, please refer to the most up to date relevant fund and share class-specific Key Investor Information Documents, the Supplementary Information Document, the ICVC ISA Key Features and Terms & Conditions, the latest Annual or Interim Short Reports and the latest Prospectus. This information is available using the contact details shown.

Invesco Perpetual's ISAs are managed by Invesco Asset Management Limited.

Telephone calls may be recorded.

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