

Money Fund

August 2014

Covering the month of July 2014



Fund Manager: Stuart Edwards

Key facts¹

Stuart Edwards	citywire / AA
Fund launch date	25 July 1994
Fund size	£48.14m
Legal status	UK authorised ICVC
Yield (Accumulation share class)	
Distribution yield ²	0.19%
Income distribution date	n/a
Accounting period ends	31 May 30 November
Available within an ISA?	Cash ISA only

Market commentary

UK inflation (annual change in CPI) was 1.8% in June, up from 1.5% in May. Commentators suggest some of this rise may be accounted for by the timing of retail discounting. The first estimate for GDP growth in the second quarter of 2014 was 0.8%, which means the economy has finally recovered all the ground lost in the recession of 2008-9. Recent data suggest that the economic recovery is set to continue. Business activity surveys remain very positive and employment is growing strongly, with over 250,000 jobs added in the three months to the end of May. However, average annual earnings growth is still low, at just 0.4% according to the latest figures. The Bank of England's Monetary Policy Committee remains unanimous in support of the 0.5% bank rate; however, minutes of the committee's most recent meeting suggest the arguments for and against interest rate rises are becoming more finely balanced for some members. Gilt yields fell, following a rise in June. The 10 year Gilt yield closed July 7 basis points (bps) lower at 2.60%. The 2 year yield was 3bps lower at 0.84%. Sterling three month LIBOR, the interest rate at which the largest banks lend money to one another, was virtually unchanged at 0.56%.

Fund strategy

We continue to believe that UK interest rates will remain near their current low levels for a considerable time. We think any policy adjustments will be gradual and drawn out. The fund has positions in a number of government, quasi-government and corporate bonds. These have higher interest coupons than those currently available on Floating Rate Notes. In order to limit the exposure to interest rate risk and credit risk (the likelihood of an issuer defaulting), these bonds are both short dated and of high quality.

Investment objective

Invesco Perpetual Money Fund is a money market fund as defined in the COLL Sourcebook which aims to produce a level of income return in line with money market rates combined with maintenance of capital. The fund intends to invest in Sterling based or related money market fund assets. 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. So that dealing in shares in the fund will not be subject to stamp duty or stamp duty reserve tax, the fund will hold only investments which are 'exempt investments' within the meaning of schedule 19 of the Finance Act 1999. In particular, the fund will not hold any investment in respect of which a charge to ad valorem stamp duty or stamp duty reserve tax would arise on its transfer or on an agreement for its transfer to the fund.

Performance

	% growth							
	3 months	6 months	1 year	3 years	5 years	ACR*	10 years	ACR*
Fund (Accumulation share class)	0.03	0.09	0.20	1.14	2.93	0.58	21.29	1.95
IMA Sector	0.04	0.10	0.23	1.14	2.03	0.40	15.92	1.49

*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	30.6.14
Fund (Accumulation share class)	1.46	0.66	0.52	0.41	0.23	

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

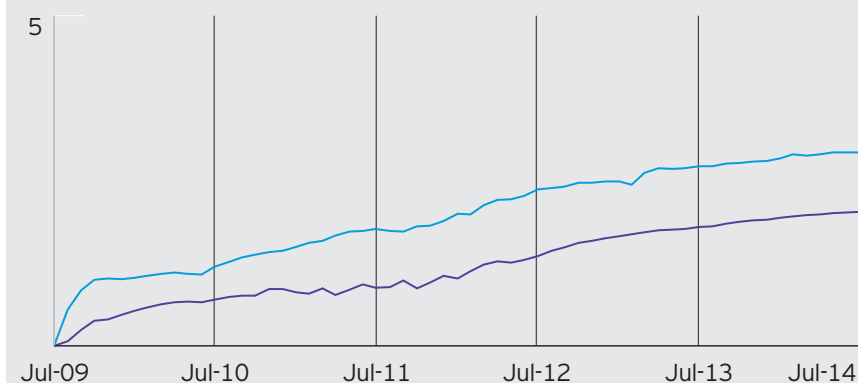
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Top 10 holdings ¹	%
UK Treasury 5.00 £ Bonds 07 Sep 14	6.38
Suncorp-Metway Ltd 5.13 £ Bonds 27 Oct 14	5.44
Ge Capital UK Fund 5.13 £ Bonds 03 Mar 15	4.99
Merrill Lynch 5.75 £ Bonds 12 Dec 14	4.92
Euro Inv Bank 0.63 £ Bonds 19 Feb 2015	4.78
Centrica 5.13 £ Bonds 10 Dec 14	4.78
Deutsche Telekom I 4.88 £ Bonds 23 Sep 14	4.78
Vodafone Group 4.63 £ Bonds 08 Sep 14	4.77
ASB Finance London 1.39 £ Bonds 23 Oct 2015	4.61
Amer Express Cred 5.38 £ Bonds 01 Oct 14	4.59
Total Top 10 Holdings (%)	50.04
Total number of holdings	19

Five year performance

— Invesco Perpetual Money Fund (Accumulation share class)
— IMA Money Market 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 yield shown is expressed as % per annum of current NAV of the fund. It is an estimate for the next 12 months, assuming that the fund's portfolio remains unchanged and there are no defaults or deferrals of coupon payments or capital repayments. It is not guaranteed. It is shown net of the ongoing charge. Investors may be subject to tax on distributions. Cash income is estimated coupons from bonds and, where applicable, estimated dividends from equities.

The distribution yield estimates the cash distribution to the shareholders: in addition to expected cash income, it includes the amortised annual value of unrealised capital gains/losses of current bond holdings, calculated with reference to their historic purchase price and expected redemption value (known as 'effective yield from purchase price' method). For this fund the distribution yield is the same as the underlying yield.

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.

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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