

Emerging Countries Fund

August 2014

Covering the month of July 2014



Fund Manager: Dean Newman

Key facts¹

Dean Newman

citywire A

Fund launch date 29 June 1987

Fund size £172.02m

Legal status UK authorised ICVC

Yield (Accumulation share class) Historic yield² 0.46%

Income distribution date 30 September

Accounting period ends 31 July 31 January

Available within an ISA? Yes

Market commentary

Emerging equity markets continued their positive momentum in July, aided by optimism over China's monetary stimulus and encouraging news on the economy, which expanded by 7.5% in Q2 2014. Emerging Asia was the best performing equity region, followed by Latin America. Sentiment towards emerging Europe, particularly Russia, was soured by concerns that trade in the region could be damaged by the imposition of new sanctions on Russia by the EU and the US. In a surprise move, Russia's central bank raised its key interest rate by 50 basis points to 8% on concerns over inflation and the effect of geopolitical tensions on the rouble. In Turkey, equities rose in value, drawing support from a further fall in local interest rates and a narrowing in the country's current account deficit. A weakening macroeconomic environment in Latin America failed to dent investor confidence with equity gains led by Brazil and Mexico.

Fund strategy

The fund invests in several emerging countries across a broad range of sectors. Our largest country exposure is in South Korea, followed by China and Brazil. One of our largest sector overweight positions versus the benchmark MSCI Emerging Markets Index is consumer discretionary, where we favour media-related stocks as well as car manufacturers. During July we took a position in BB Seguridade, a Brazilian insurance company. We believe that the company has attractive earnings growth potential, underpinned by a diversified product range and having exclusive access to Banco do Brasil's network. We also added Wumart Stores, a leading retail-chain store operator in Beijing to the fund. We believe the stock is undervalued, trading below most of its food retail peers.

Investment objective

The Invesco Perpetual Emerging Countries Fund aims to achieve capital growth primarily through a portfolio of shares in companies established and/or operating in countries where, in the opinion of the Manager, there is an emerging market. Exposure to such markets will partially be obtained through indirect investment in securities traded on other markets. 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)	8.51	13.62	6.49	9.27	49.03	8.31	234.95	12.85
IMA Sector	7.73	12.40	2.39	-2.43	35.87	6.32	224.32	12.49

*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
Fund (Accumulation share class)	30.6.10	30.6.11	30.6.12	30.6.13	30.6.14
	34.29	14.85	-14.51	15.73	4.15

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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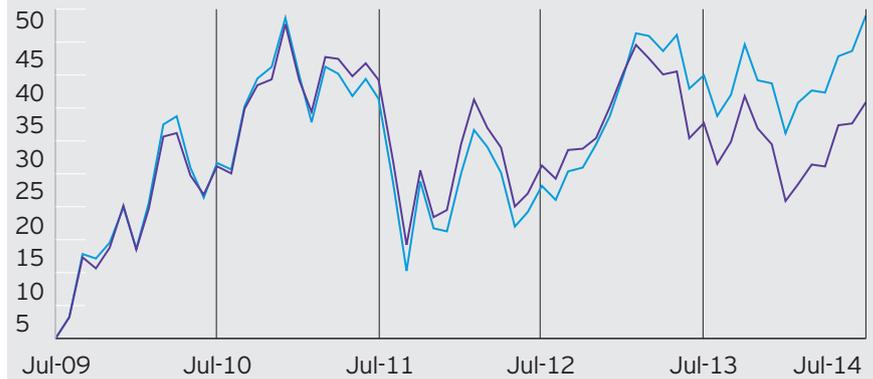
Top 10 holdings ¹	%
Samsung Electronics	4.48
TMSC	3.47
Hyundai	2.94
Naspers	2.92
Netease	2.25
Hikma	2.10
Kasikornbank	2.05
Hon Hai Precision Industry	1.94
ITC	1.83
Aspen Pharmacare	1.81
Total Top 10 Holdings (%)	25.79
Total number of holdings	77

Industry breakdown ^{1,3}	%
Financials	29.99
Information Technology	17.13
Consumer Discretionary	12.14
Materials	9.09
Energy	7.22
Industrials	6.87
Telecommunication Services	5.03
Health Care	4.76
Consumer Staples	4.32
Utilities	2.37
Cash	1.07
Total	100

Country of investment breakdown ¹	%
South Korea	16.96
China	10.36
Brazil	9.83
Taiwan	8.68
Hong Kong	7.79
India	6.84
South Africa	6.14
Russia	5.98
Mexico	4.11
Turkey	2.53
United Kingdom	2.10
Thailand	2.05
Israel	2.01
Philippines	1.77
Other Countries	11.77
Cash	1.07
Total	100

Five year performance

— Invesco Perpetual Emerging Countries Fund (Accumulation share class)
— IMA Global Emerging Mkts 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.

As this is an emerging market fund, you should be prepared to accept a higher degree of risk than for a fund with a broader investment mandate as there is potential for a decrease in market liquidity, which may mean that it is not easy to buy or sell securities. There may also be operational difficulties.

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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