



Fund Manager: Osamu Tokuno

### Key facts<sup>1</sup>

Osamu Tokuno	<b>citywire</b> +
Fund launch date	06 September 1983
Fund size	£45.06m
Legal status	UK authorised ICVC
Yield (Accumulation share class)	
Historic yield <sup>2</sup>	Nil
Income distribution date	n/a
Accounting period ends	31 July 31 January
Available within an ISA?	Yes

### Market commentary

Japanese small/mid cap equity markets maintained their upward trajectory in July approaching the upper bounds of a trading range they have been in since the beginning of the year. In spite of heightened geopolitical tensions investors have become more constructive on Japanese equities in the face of strong US stock market performance and an encouraging start to the April-June earnings season. Four months have now passed since the consumption tax hike in April and economic conditions appear to have returned to normal after the tax brought forward demand. There do remain however some exceptions for example Machinery Orders, which fell sharply with some commenting that this might be a sign of a pause in capital expenditure over the second quarter.

### Fund strategy

We expect that in the near term there is the potential for an increase in volatility in Japanese small cap equity share prices, which are currently in the upper bounds of their recent trading range. Investors will likely increasingly shift their focus from the macro economy to corporate earnings, realizing that earnings prospects are better than what they heard from management three months ago. Furthermore, the government is in our view likely to announce additional stimulus measures in order to make sure that they can raise a consumption tax in October 2015. Although some investors might stay on the sidelines due to geopolitical tensions in the Middle East and Ukraine we think that with aggressive support by the Bank of Japan the majority of investors will continue to pour the money into the market. Against this background, we continue to focus on growth stocks in the small/mid cap space, paying particular attention to companies with steady and strong earnings momentum.

### Investment objective

The Invesco Perpetual Japanese Smaller Companies Fund aims to achieve capital growth, primarily through a portfolio of investments in smaller Japanese companies. 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)	8.39	-6.45	1.96	27.84	52.34	8.78	5.28	0.52
IMA Sector	12.10	2.69	5.37	41.43	77.76	12.19	52.03	4.28

\*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
	30.6.10	30.6.11	30.6.12	30.6.13	30.6.14	
Fund (Accumulation share class)	13.09	7.58	-8.08	33.58	5.77	

**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

## Japanese Smaller Companies Fund

August 2014

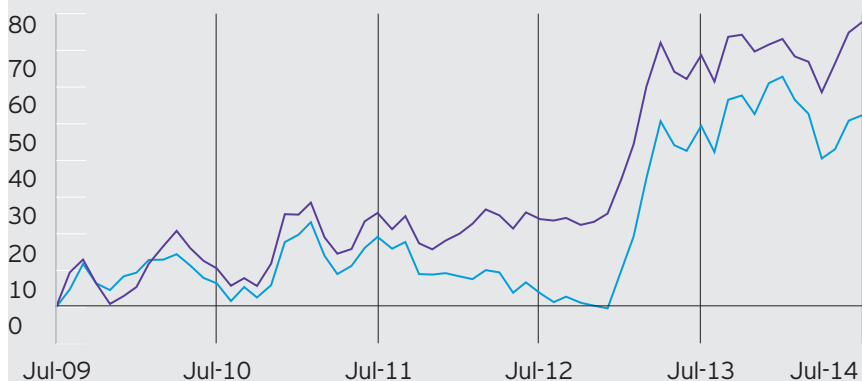
Top 10 holdings <sup>1</sup>	%
AI Holdings	5.29
WirelessGate	4.55
Asahi Intecc	4.29
ELECOM	4.12
Sun Frontier	3.95
HIS	3.86
SRG Takamiya	3.47
Open House	3.30
Nippon Ceramic	2.98
Yushin Precision Equipment	2.84
<b>Total Top 10 Holdings (%)</b>	<b>38.64</b>
<b>Total number of holdings</b>	<b>47</b>

Industry breakdown <sup>1,3</sup>	%
Manufacturing	36.82
Services	18.08
Transport and Communications	17.96
Commerce	10.78
Real Estate	8.79
Finance and Insurance	3.28
Construction	1.72
Cash	2.57
<b>Total</b>	<b>100</b>

Country of investment breakdown <sup>1</sup>	%
Japan	97.43
Cash	2.57
<b>Total</b>	<b>100</b>

## Five year performance

— Invesco Perpetual Japanese Smaller Companies Fund (Accumulation share class)  
— IMA Japanese 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.

## Contact information

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