

US Equity Fund

August 2014

Covering the month of July 2014



Fund Managers: Simon Laing (lead) & Simon Clinch

Key facts¹

Fund launch date	24 September 1983
Fund size	£410.45m
Legal status	UK authorised ICVC
Yield (Accumulation share class)	
Historic yield ²	Nil
Income distribution date	n/a
Accounting period ends	31 August 28 February
Available within an ISA?	Yes

Market commentary

US equity markets rose steadily until the last day of July when investor confidence, positive for most of this year, was punctuated by a broad based market retreat. The S&P 500 index fell 1.4% (in US\$ total return terms) in July, as geopolitical concerns in the Middle East and Ukraine together with Argentina's latest debt default abruptly spooked the market. Nervousness surrounding the general valuation of US equity markets relative to historic levels also encouraged profit taking. Sector leadership was mixed. The telecoms, technology and healthcare sectors rose during the month as well as year-to-date. Telecoms stocks were the clear leaders, in contrast to the previous month in which they fared the worst. Conversely, the utilities sector was the weakest sector in July, falling 6.8% (in US\$ total return terms). Despite the US equity market late setback, the US economy roared ahead in the second quarter with annualised growth of 4%, confirming that weakness earlier this year may have been an aberration and that the recovery was back on track.

Fund strategy

The fund is driven by a pragmatic bottom-up approach to stock selection based on valuations and fundamental research. The underlying US economy is showing clear signs of improvement, and fiscal headwinds are abating in the shorter term. The strength of the equity market in recent years has made finding value more challenging but nonetheless we continue to find investment opportunities via our active investment approach. The US is an entrepreneurial and dynamic market and the fund focuses on what we view to be high-quality companies with strong balance sheets and long-term cashflows that are mismatched with the current stock valuations. It also seeks to take advantage of long-term investment themes. In July, we introduced our only holding in the materials sector with a position in CF Industries, a fertiliser manufacturer. We increased the fund's exposure to healthcare by adding to our recent new holding in Gilead Sciences, as well as HCA and Laboartory Corp. We decreased the fund's exposure to financials by reducing our holdings in PNC Financial Services and Wells Fargo.

Investment objective

The Invesco Perpetual US Equity Fund aims to achieve capital growth in North America. The fund intends to invest primarily in shares of companies in the USA, but may also invest in Canada. It may include other North American related investments. 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)	6.01	7.66	7.25	52.84	93.50	14.11	58.42	4.71
IMA Sector	4.29	5.39	5.42	46.06	96.68	14.49	109.44	7.67

*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)	22.09	12.56	2.41	29.02	9.45	

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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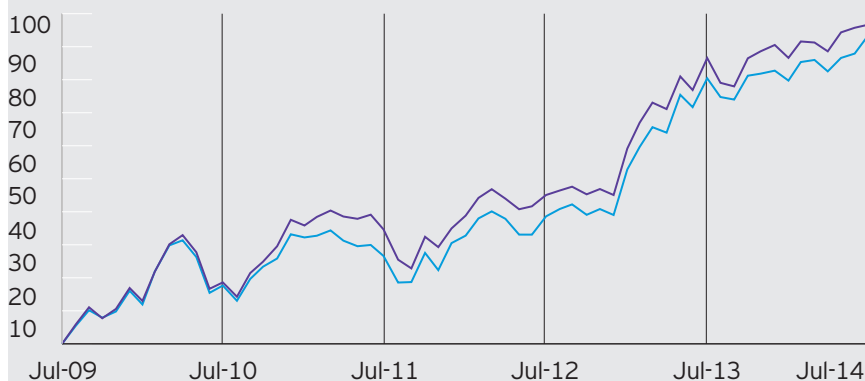
Top 10 holdings ¹	%
Citigroup	5.46
Amgen	5.36
Apache	4.99
United Rental	4.59
Ebay	4.18
Pfizer	3.44
Google	3.20
Target	3.14
WESCO International	3.14
EMC	3.05
Total Top 10 Holdings (%)	40.55
Total number of holdings	41

Industry breakdown ^{1,3}	%
Information Technology	24.34
Industrials	20.02
Health Care	17.08
Financials	16.05
Consumer Discretionary	11.83
Energy	7.11
Consumer Staples	1.93
Materials	1.56
Cash	0.08
Total	100

Country of investment breakdown ¹	%
United States	91.20
Bermuda	4.20
Netherlands	2.46
Switzerland	2.05
Cash	0.08
Total	100

Five year performance

— Invesco Perpetual US Equity Fund (Accumulation share class)
— IMA North America 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.

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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