

Income and Growth Fund

August 2014

Covering the month of July 2014



Fund Manager: Ciaran Mallon

Key facts¹

Ciaran Mallon

citywire A

Fund launch date 24 August 1973

Fund size £579.22m

Legal status UK authorised ICVC

Yield (Income share class) 3.52%

Income distribution dates 28 February 31 August

Accounting period ends 31 December 30 June

Available within an ISA? Yes

Market commentary

Year to date the FTSE All Share index remains broadly unchanged, falling by 0.3% in July. Whilst instability across Middle East is attracting ever more international attention, UK stock market volatility has remained low, arguably reflecting the lack of attractively valued alternative asset classes, and pitifully low deposit rates. Key contributors to performance over the month included HSBC which saw its share price rise in the run up to its recently published final results, Next which raised its full-year earnings forecast after reporting a strong first half helped by on-line sales expansion, and Drax Group's share price, having been hurt by the removal of a government subsidy earlier in the year, bounced on news that the government has been instructed to reconsider its decision. The main detractor to performance was Glaxo, which saw its share price fall on the back of weak half year results, which revealed increased competition in the US respiratory market.

Fund strategy

Although equity valuations have moved higher over the last year, within the UK company universe there has been a wide divergence of performance both at the company level and at the share price level, such that the fund manager continues to identify pockets of value, especially among the higher yielding segment of the market. We believe that corporate earnings can grow from here, albeit at a more modest pace and that with the ability to find value in individual companies, positive returns can be made over the medium term.

Investment objective

The Invesco Perpetual Income & Growth Fund aims to produce an above average level of income combined with long term capital growth by investing primarily in equities listed 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 (Income share class)	0.33	4.24	6.50	44.34	98.85	14.74	138.70	9.09
IMA Sector	-0.80	3.33	6.84	36.14	82.76	12.82	115.97	8.00

*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 (Income share class)	20.18	20.89	4.80	20.69	14.14

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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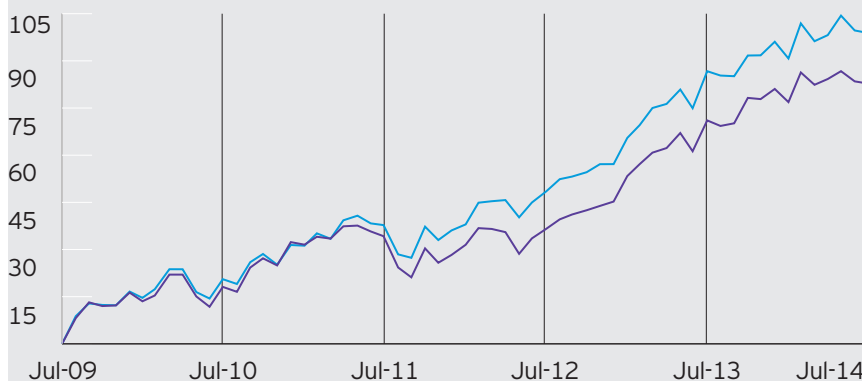
Top 10 holdings ¹	%
British American Tobacco	4.42
Imperial Tobacco	3.80
AstraZeneca	3.70
HSBC	3.59
Next	3.06
BP	2.74
Legal & General	2.66
GlaxoSmithKline	2.60
Pennoon	2.49
Young & Cos Brewery	2.47
Total Top 10 Holdings (%)	31.52
Total number of holdings	51

Industry breakdown ^{1,3}	%
Consumer Services	22.05
Industrials	16.87
Financials	14.49
Utilities	13.73
Consumer Goods	11.22
Health Care	9.53
Oil & Gas	8.65
Telecommunications	1.95
Basic Materials	1.86
Cash	-0.35
Total	100

Country of investment breakdown ¹	%
United Kingdom	100.35
Cash	-0.35
Total	100

Five year performance

— Invesco Perpetual Income and Growth Fund (Income share class)
— IMA UK Equity Income 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. The fund's ongoing charge is charged to capital. This has the effect of increasing the distributions for the year by the amount of the ongoing charge and constraining the fund's capital performance to an equivalent extent.
- 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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