



Fund Manager: Stephanie Butcher

Key facts¹

Stephanie Butcher	citywire / AAA
Fund launch date	12 December 2007
Fund size	£312.20m
Legal status	UK authorised ICVC
Yield (Accumulation share class)	
Historic yield ²	2.33%
Income distribution dates	31 December 30 June
Accounting period ends	31 October 30 April
Available within an ISA?	Yes

Market commentary

European equity markets have been impacted in July by continued geo-political uncertainties and mixed corporate earnings results. Most continental European stock indices retreated, led by Portugal where Banco Espirito Santo (BES)'s share price collapsed - suffering heavy losses from exposure to its parent company which missed payments on debt obligations - triggering a bailout rescue package. Among industry segments, only technology and healthcare gained ground in July, while all the remaining sectors regressed. The oil & gas sector witnessed the biggest drop in price, amid a new set of economic sanctions against Russia, announced by European and American leaders. But despite prevailing challenges, the macro-environment in Europe is still showing a slow but steady positive momentum, especially in some 'periphery' markets. Latest jobless data showed figures decreasing (albeit modestly) and beating estimates, with very strong employment numbers from Spain. While France and Germany lagged, Purchasing Managers' Index outputs for the rest of Europe recorded the largest monthly increase in business activity since August 2007. Notwithstanding the still low level of inflation, we believe the combination of these factors should set the stage for improving growth in Europe.

Fund strategy

The fund strategy rests primarily on rigorous fundamental analysis, seeking what we believe to be high quality companies, with strong profit margins, attractive valuations, and offering sustainable and growing dividends. While we do not hold any Portuguese banks, we are overweight the financials sector relative to the benchmark. We see this sector as attractive from an income and growth perspective, and favour companies which, in our view, have rebuilt strong balance sheets, possess sound management and a positive dividend outlook (Regarding BES, we see recent events as more the result of lax corporate governance in one institution than anything systemic). The fund continues to be underweight the consumer goods and basic materials sectors. Geographically, Spain is the largest overweight country while Switzerland the most underweight versus the benchmark.

Investment objective

The Invesco Perpetual European Equity Income Fund aims to generate a rising level of income, together with long-term capital growth investing primarily into European equities, excluding 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 (Accumulation share class)	-3.24	2.12	11.18	46.63	73.18	11.61	N/A	N/A
IMA Sector	-4.23	1.25	3.10	25.53	59.06	9.73	N/A	N/A

*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)	10.52	22.17	-19.41	39.46	24.98	

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

European Equity Income Fund

August 2014

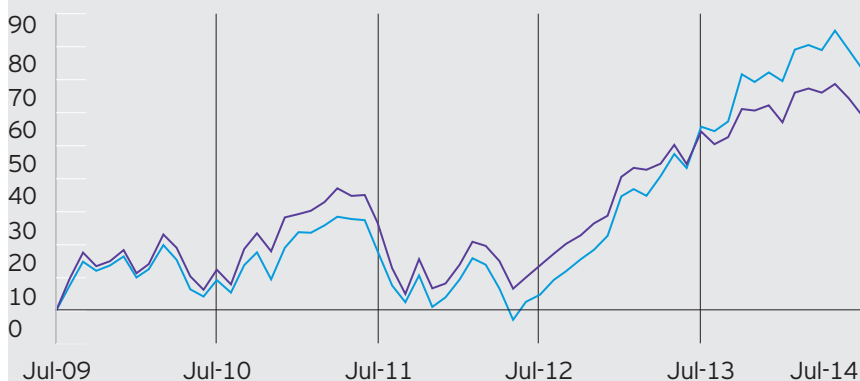
Top 10 holdings ¹	%
Novartis	4.87
Roche	3.69
Allianz	3.34
RTL Group	2.82
BNP Paribas	2.75
Sanofi-Aventis	2.61
ING	2.49
CaixaBank	2.47
Atlantia	2.43
Nordea Bank	2.27
Total Top 10 Holdings (%)	29.74
Total number of holdings	57

Industry breakdown ^{1,3}	%
Financials	35.35
Industrials	16.59
Health Care	12.69
Consumer Services	10.14
Oil & Gas	6.82
Telecommunications	5.39
Consumer Goods	4.96
Basic Materials	3.11
Technology	2.40
Utilities	1.33
Unit/Investment Trust/Other	0.12
Cash	1.11
Total	100

Country of investment breakdown ¹	%
France	17.54
Germany	14.74
Spain	14.30
Switzerland	13.82
Italy	7.33
Netherlands	6.08
Finland	5.42
Sweden	4.58
Norway	3.77
Luxembourg	2.82
United Kingdom	2.04
Belgium	1.92
Denmark	1.72
Austria	1.45
Other Countries	1.33
Cash	1.11
Total	100

Five year performance

— Invesco Perpetual European Equity Income Fund (Accumulation share class)
— IMA Europe Excluding UK 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.

Contact information

Broker Services

Telephone 0800 028 2121
adviserenquiry@invescoperpetual.co.uk

Investor Services

Telephone 0800 085 8677
enquiry@invescoperpetual.co.uk
www.invescoperpetual.co.uk

Invesco Perpetual is a business name of Invesco Fund Managers Limited and Invesco Asset Management Limited
Perpetual Park, Perpetual Park Drive,
Henley-on-Thames, Oxfordshire RG9 1HH, UK
Authorised and regulated by the
Financial Conduct Authority.