

Corporate Bond Fund

July 2017

Covering the month of June 2017



Fund Managers: Paul Causer & Michael Matthews

Key facts¹

Paul Causer

| | |
|---------------------|------------------|
| Managed fund since | July 1995 |
| Industry experience | 33 years |
| Based in | Henley-on-Thames |

Michael Matthews

| | |
|---------------------|------------------|
| Managed fund since | March 2013 |
| Industry experience | 23 years |
| Based in | Henley-on-Thames |

Fund launch date 24 July 1995

Fund size £4,765.73m

Legal status UK authorised ICVC

Yield (Z Accumulation share class)

Running yield² 3.75%

Redemption yield² 2.63%

Distribution yield² 3.45%

Income distribution date(s) 30 June 31 December

Accounting period ends 30 April 31 October

Available within an ISA? Yes

Sector IA £ Corporate Bond NR

Investment opportunities

- The fund is managed by a highly experienced and stable investment team, with both co-managers of the fund having over 20 years' experience in bond markets.
- The corporate bond market provides a diverse universe of investment opportunities, with corporate bonds typically paying a higher level of income than government bonds.
- A long term investment approach, built on the idea that we will only invest your money if we think we are being appropriately compensated for doing so.

Fund objective

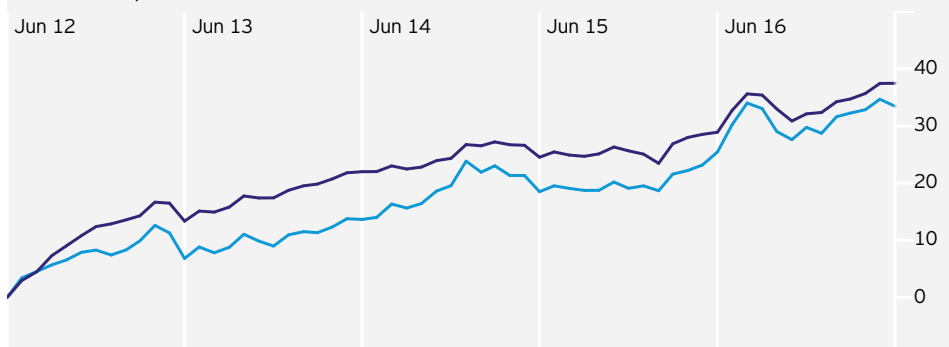
- The objective of the fund is to achieve a combination of income and capital growth over the medium to long term.
- The fund invests primarily in corporate fixed interest and other debt securities.
- The fund may use derivatives (complex instruments) and other financially linked instruments in order to meet the fund's investment objective and to reduce risk, minimise costs and/or generate additional capital or income.
- The fund is actively managed within its objectives and is not constrained by a benchmark.

Fund strategy

In the current low yield environment we remain cautious on interest rate risk (duration). Our bias is therefore toward sourcing income with lower levels of duration and good levels of income. Our preferred area to source income with this characteristic is the financial sector. Outside of this sector, bonds with equity like characteristics, known as corporate hybrids, can provide a similarly attractive level of income. We have some exposure in the fund to the US corporate bond market. The divergence in UK and US monetary policy means that these bonds currently pay a higher level of income than their sterling counterparts do.

Five year performance

— Invesco Perpetual Corporate Bond Fund (Z Accumulation share class)
— IA £ Corporate Bond NR Sector



Performance

| | % growth | | | | | |
|-----------------------------------|----------|---------|---------|-------------|----------|--------------|
| | 1 year | 3 years | 5 years | 5 year ACR* | 10 years | 10 year ACR* |
| Fund (Z Accumulation share class) | 6.64 | 12.67 | 37.46 | 6.57 | 80.19 | 6.07 |
| Sector | 6.37 | 17.42 | 33.45 | 5.94 | 66.47 | 5.23 |

* ACR - Annual Compound Return

Standardised rolling 12-month performance

| | % growth | | | | | |
|-----------------------------------|----------|---------|---------|---------|---------|---------|
| | 30.6.12 | 30.6.13 | 30.6.14 | 30.6.15 | 30.6.16 | 30.6.17 |
| Fund (Z Accumulation share class) | 13.35 | 7.63 | 2.08 | 3.51 | 6.64 | |
| Sector | 6.82 | 6.40 | 4.27 | 5.86 | 6.37 | |

Past performance is not a guide to future returns. Performance figures are based on the Z Accumulation share class. As this was launched on 12 November 2012, for the periods prior to this launch date, performance figures are based on the accumulation share class, without any adjustment for fees. Performance figures for all share classes can be found in the relevant Key Investor Information Document. Fund performance figures are shown in sterling, inclusive of reinvested income and net of the ongoing charge and portfolio transaction costs to 30 June 2017 unless otherwise stated. The figures do not reflect the entry charge paid by individual investors. Sector average performance is calculated on an equivalent basis. The standardised past performance information is updated on a quarterly basis. Source: Lipper.

| Top 10 bond issuers ¹ | | % | |
|----------------------------------|------|--------------|------|
| EIB | 4.68 | Vodafone | 2.51 |
| Lloyds | 4.53 | Telefonica | 2.22 |
| Barclays | 3.60 | BAA | 2.02 |
| Verizon | 2.68 | AXA | 1.95 |
| Tesco | 2.63 | Centrica | 1.88 |
| Total top 10 issuers (%) | | 28.70 | |
| Total number of holdings | | 250 | |

| Breakdown by credit rating ^{1,3} | % |
|---|------------|
| AAA | 6.19 |
| AA | 3.62 |
| A | 13.81 |
| BBB | 56.92 |
| BB | 11.57 |
| B | 0.79 |
| Not Rated | 2.74 |
| Derivatives | 0.22 |
| Cash | 4.13 |
| Total | 100 |

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 securities that the fund invests in may not always make interest and other payments nor is the solvency of the issuers guaranteed. Market conditions, such as a decrease in market liquidity for the securities in which the fund invests, may mean that the fund may not be able to sell those securities at their true value. These risks increase where the fund invests in high yield or lower credit quality bonds and where we use derivatives.

The fund has the ability to make use of financial derivatives (complex instruments) which may result in the fund being leveraged and can result in large fluctuations in the value of the fund. Leverage on certain types of transactions including derivatives may impair the fund's liquidity, cause it to liquidate positions at unfavourable times or otherwise cause the fund not to achieve its intended objective. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested resulting in the fund being exposed to a greater loss than the initial investment. The fund may be exposed to counterparty risk should an entity with which the fund does business become insolvent resulting in financial loss.

Contact information

Client services

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Invesco Perpetual is a business name of Invesco Fund Managers Limited. Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK
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Important information

- ¹ All fund portfolio figures within this leaflet are as at 30 June 2017 (source: Invesco Perpetual).
- ² The yields shown are expressed as % per annum of current NAV of the fund. They are estimates for the next 12 months, assuming that the fund's portfolio remains unchanged and there are no defaults or deferrals of coupon payments or capital repayments. They are not guaranteed. They are shown net of the ongoing charge and do not reflect the entry charge of the fund. Investors may be subject to tax on distributions. Cash income is estimated coupons from bonds and, where applicable, estimated dividends from equities. The running yield estimates expected cash income into the fund from coupons of current bond holdings and, where applicable, dividends from current equity holdings. The redemption yield estimates the annualised total return: in addition to expected cash income, it includes the amortised annual value of unrealised capital gains/losses of current bond holdings, calculated with reference to their current market price and expected redemption value. The distribution yield estimates the cash distribution to the shareholders: in addition to expected cash income, it includes the amortised annual value of unrealised capital gains/losses of current bond holdings, calculated with reference to their historic purchase price and expected redemption value (known as 'effective yield from purchase price' method). For this fund the distribution yield is the same as the underlying yield. Where, in the Manager's judgement, there is significant uncertainty that a bond holding will be redeemed at par, the amortised capital component for that holding is retained in the fund's capital and not distributed. This has the effect of reducing the estimated redemption, distribution and underlying yields and the actual distribution rate.
- ³ Exposure to the credit risk of investment grade issuers through Credit Default Swaps may be included in the Derivatives figure.

Where individuals or the business have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice. This document is marketing material and is not intended as a recommendation to invest in any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication. The information provided is for illustrative purposes only, it should not be relied upon as recommendations to buy or sell securities.

For the most up to date information on our funds, please refer to the relevant fund and share class-specific Key Investor Information Documents, the Supplementary Information Document, the ICVC ISA Terms and Conditions, the Annual or Interim Short Reports and the Prospectus, which are available using the contact details shown.

Telephone calls may be recorded.