



Fund Managers: Paul Causer & Paul Read

Key facts¹

Paul Causer	citywire	A
Paul Read	citywire	A
Fund launch date	14 May 1999	
Fund size	£132.35m	
Legal status	UK authorised ICVC	
Yield (Accumulation share class)		
Running yield ²	5.05%	
Redemption yield ²	2.33%	
Distribution yield ²	4.36%	
Underlying yield ²	2.92%	
Income distribution dates	30 June 30 September 31 December 31 March	
Accounting period ends	30 April 31 October	
Available within an ISA?	Yes	

Market commentary

High yield bonds saw negative returns in July. The wider bond market was supported by the persistence of relatively weak inflation in the major developed economies but this was offset by further signs of strengthening growth in the UK and US economies and, in particular, by concern over the credit problems in Portuguese group Espirito Santo. This raised volatility across corporate bonds and pushed up yields in the high yield market into month-end. According to data from Merrill Lynch, European high yield bonds had a total return for the month of -1.2% (all returns stated in sterling terms). The aggregate yield of this market rose 19 basis points to 4.62%. This return compares to -0.6% for euro investment grade bonds and -0.5% for Bunds. Supply was slower in July, with Barclays estimating there was £5.6bn of European high yield issuance in July, across all currencies. However, at £61.7bn, year-to-date supply is up 38% on the same period in 2013.

Fund strategy

High yield bond yields are low by historical standards. But they remain relatively high compared to the yields available on core government bonds, like UK Gilts and German Bunds, and the highest credit quality corporates. We believe we can still find some opportunities, notably in banks and other financials, where we think aggregate yields continue to offer value relative to the wider market. In our view, ongoing structural and regulatory reform should continue to be supportive of subordinated bank debt. Our strategy is relatively defensive. The fund has a sizable allocation to liquid assets, including cash and very high credit quality government bonds. This positions the fund to react quickly as market opportunities arise.

Investment objective

The Invesco Perpetual High Yield Fund aims to achieve a high level of income together with capital growth over the medium to long term. The Fund seeks to achieve its objective by investing primarily in high yielding corporate and government debt securities (which may include unrated or sub-investment grade), and equities. The Fund may also invest in cash, cash equivalents, money market instruments, collective investment schemes and other transferable securities. Financial derivative instruments can be used for investment purposes and for efficient portfolio management. They may include derivatives on currencies, interest rates, credit and equities and can be used to achieve both long and short positions.

Performance

	% growth							
	3 months	6 months	1 year	3 years	5 years	ACR*	10 years	ACR*
Fund (Accumulation share class)	1.10	1.72	6.98	40.60	93.95	14.16	117.72	8.09
IMA Sector	0.60	3.22	7.82	21.92	56.34	9.34	n/a	n/a

* ACR - Annual Compound Return

Standardised rolling 12-month performance

	% growth				
	30.06.09 30.06.10	30.06.10 30.06.11	30.06.11 30.06.12	30.06.12 30.06.13	30.06.13 30.06.14
Fund (Accumulation share class)	35.34	11.14	2.78	23.62	10.30

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. As the High Yield Fund changed sector on 1 March 2009, sector performance figures are only shown since that date. 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.

High Yield Fund

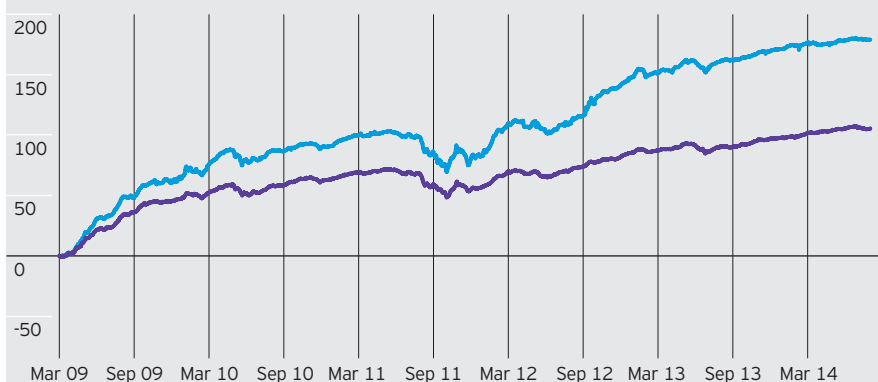
August 2014

Top 10 bond issuers ¹	%
Lloyds	5.82
Tel Italia	5.27
RBS	5.11
Portugal	4.49
Co-Op	4.18
Abengoa	4.15
BBVA	3.37
GMAC	3.34
Virgin	3.04
AIB	2.88
Total Top 10 bond issuers (%)	41.65
Total number of holdings	116

Credit rating breakdown ¹	%
BBB	4.43
BB	53.38
B	24.03
CCC	3.98
D	0.39
Equities	2.32
Not Rated	3.25
Derivatives	-2.07
Cash	10.29
Total	100

Five year performance

— Invesco Perpetual High Yield Fund (Accumulation Share Class)
— IMA £ High Yield 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 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 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 running yield for this fund is gross of the ongoing charge, which is charged to capital.

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 redemption yield is net of the ongoing charge.

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). The distribution yield for this fund is gross of the ongoing charge, which is charged to capital.

The underlying yield is calculated in the same way as the distribution yield, but is always net of the ongoing charge. The underlying yield for this fund is, therefore, lower than the distribution yield by the amount of the ongoing charge.

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.

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, may mean that it is not easy to buy or sell securities.

These risks increase where the fund invests in high yield 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.

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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