

High Yield Fund

August 2017

Covering the month of July 2017

On 31 December 2016, Thomas Moore became a co-manager of the Invesco Perpetual High Yield Fund.



Fund Managers: Paul Causer & Thomas Moore

Key facts¹

Paul Causer

Managed fund since	June 2001
Industry experience	33 years
Based in	Henley-on-Thames

Thomas Moore

Managed fund since	December 2016
Industry experience	17 years
Based in	Henley-on-Thames

Fund launch date 14 May 1999

Fund size £145.96m

Legal status UK authorised ICVC

Yield (Z Accumulation share class)

Running yield² 5.61%

Redemption yield² 4.57%

Distribution yield² 5.30%

Underlying yield² 4.55%

Income distribution date(s)
31 March
30 June
30 September
31 December

Accounting period ends
30 April
31 October

Available within an ISA? Yes

Sector IA £ High Yield NR

Investment opportunities

- Potentially higher levels of income in a growing asset class.
- The global high yield universe has more than doubled in the past 10 years to over US\$2.5trn* across countries and industries.
- High yield issuers are often less widely researched. Through dedicated and thorough analysis the fund managers, supported by our team of credit analysts, aim to discover investment opportunities.

*Based on the Barclays Bloomberg Global High Yield Bond Index as at 31 March 2017

Fund objective

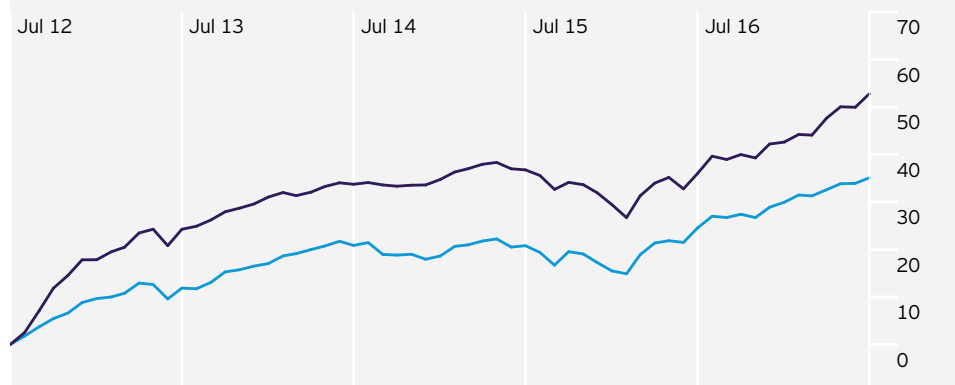
- The objective of the fund is to achieve a high level of income together with capital growth over the medium to long term.
- The fund invests in high yielding corporate and government fixed interest and other debt securities (which may be sub-investment grade or have no credit rating) and shares of companies.
- 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

Fund strategy is currently based around three themes. First, maintaining a good degree of liquidity through cash or government bonds. This helps mitigate the impact of market stress, but also means we are well placed to exploit any potential opportunities that arise. Second, we are focusing on companies with predictable earnings and recurring cash flows. Many of these companies are in the cable, consumer staples and utility sectors. Finally, we are investing in bonds where performance is more tied to company performance. For example, a company that has undergone a restructuring that we now think can become more cash generative.

Five year performance

— Invesco Perpetual High Yield Fund (Z Accumulation share class)
— IA £ High Yield NR Sector



Performance

	% growth					
	1 year	3 years	5 years	5 year ACR*	10 years	10 year ACR*
Fund (Z Accumulation share class)	12.33	14.23	52.79	8.85	106.67	7.53
Sector	8.47	11.78	35.11	6.20	n/a	n/a

* ACR - Annual Compound Return

Standardised rolling 12-month performance

	% growth					
	30.6.12 30.6.13	30.6.13 30.6.14	30.6.14 30.6.15	30.6.15 30.6.16	30.6.16 30.6.17	
Fund (Z Accumulation share class)	23.99	10.95	2.20	-3.08	12.93	
Sector	11.81	11.07	-1.01	0.81	10.24	

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

Top 10 bond issuers ¹		%	
Lloyds	3.97	RBS	2.28
Co-Op	3.57	Tesco	2.28
US	3.12	Virgin	2.14
Unicredit	2.89	Virgin Money	2.13
Commerzbank	2.69	AMC	1.81
Total top 10 issuers (%)		26.89	
Total number of holdings		138	

Credit rating breakdown ¹	%
AAA	3.12
BBB	3.33
BB	34.10
B	34.23
CCC	9.16
CC	1.07
Not Rated	8.68
Equities	1.80
Cash	4.51
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

Telephone 0800 085 8677
 Facsimile 01491 416000
 Email enquiry@invescoperpetual.co.uk
www.invescoperpetual.co.uk

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

Important information

- ¹ All fund portfolio figures within this leaflet are as at 31 July 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 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.

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.