



Invesco UK Strategic Income Fund (UK)

July 2020

Covering the month of June 2020

On 15 May 2020, Ciaran Mallon and James Goldstone became co-fund managers of the Invesco UK Strategic Income Fund (UK).



Fund managers: Ciaran Mallon & James Goldstone

Key facts¹

Ciaran Mallon

Managed fund since	May 2020
Industry experience	25 years
Based in	Henley -on- Thames

James Goldstone

Managed fund since	May 2020
Industry experience	19 years
Based in	Henley -on- Thames

Fund launch date 25 June 1971

Fund size £91.46m

Legal status UK authorised ICVC

Yield (Z Accumulation share class)

Historic yield² 5.50%

Income distribution 31 May

date(s) 30 November

Accounting period ends 31 March

30 September

Available with an ISA? Yes

Fund investment objective and policy

The objective of the Fund is to produce an above average income together with capital growth over the long-term (5 years plus). The Fund invests at least 80% of its assets in shares of companies incorporated, domiciled or carrying out the main part of their economic activity in the UK. The Fund may also invest in private and unlisted equities and non-UK companies. The Fund may use derivatives (complex instruments) to manage the Fund more efficiently, with the aim of reducing risk, reducing costs and/or generating additional capital or income.

Fund strategy

The fund managers pursue an active investment approach, which is based on individual stock selection, with a particular focus on income generating shares. The fund managers seek to identify undervalued businesses that can offer capital appreciation and growth in income over time. The fund managers have a flexible and pragmatic approach, whilst the fund has no inbuilt sector, style or market capitalisation bias.

The fund managers remain convinced that, in a changing global environment, the interests of investors are best served by employing a well-tested investment process, which is based on fundamental company analysis and a prudent approach to valuation. They continue to evaluate and re-evaluate the holdings in the portfolio, seeking the best opportunities to create a sustainable flow of dividend income for investors. The fund managers believe that the most compelling opportunities rest within domestic sectors, where political uncertainty has weighed on sentiment towards companies with UK revenue exposure.

Five year performance



Performance

	1 year	3 years	5 years	5 years ACR*	10 years	10 years ACR*
Fund (Z Accumulation share class)	-23.56	-34.24	-26.81	-6.05	54.28	4.43
Benchmark	-11.20	-5.15	11.75	2.24	97.43	7.03

*ACR - Annual Compound Return

Standardised rolling 12-month performance

	30.06.15	30.06.16	30.06.17	30.06.18	30.06.19	30.06.20
Fund (Z Accumulation share class)	-0.67	12.04	-1.58	-12.60	-23.56	-23.56
Benchmark	-3.98	22.72	9.11	-2.12	-11.20	-11.20

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 income 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 2020 unless otherwise stated. Sector average performance is calculated on an equivalent basis. The standardised past performance information is updated on a quarterly basis. Source: Lipper.

Benchmark

Benchmark: Investment Association UK All Companies Sector*

This is a Comparator Benchmark. Given its geographic focus the Fund's performance can be compared against the Benchmark. However, the Fund is actively managed and is not constrained by any benchmark.

* Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to facilitate comparison between funds with broadly similar characteristics.

Top 10 holdings¹	%	Country of investment breakdown¹	%
PureTech Health	5.94	United Kingdom	86.14
British American Tobacco	4.63	Canada	3.38
BP	4.62	United States	2.75
Tesco	3.43	France	2.72
Barrick Gold	3.38	Guernsey	2.06
GlaxoSmithKline	2.96	Cash	2.95
Legal & General	2.91	Total	100
Total	2.72		
Pollen Street Secured Lending	2.62		
Scottish & Southern Energy	2.39	Quoted/Unquoted breakdown	%
Total Top 10 holdings (%)	35.6	Quoted	93.75
Total number of holdings	74	Unquoted	3.30
		Cash	2.95
		Total	100
Industry breakdown^{1,3}	%		
Financials	20.77		
Consumer Services	15.98		
Industrials	13.17		
Consumer Goods	10.22		
Health Care	10.00		
Oil & Gas	7.51		
Utilities	7.24		
Basic Materials	5.71		
Unit/Investment Trust/Other	2.80		
Telecommunications	2.48		
Technology	1.17		
Cash	2.95		
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 fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing and/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.
- As one of the key objectives of the fund is to provide income, the ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth.
- The Fund invests in smaller companies which may result in a higher level of risk than a fund that invests in larger companies. Securities of smaller companies may be subject to abrupt price movements and may be less liquid, which may mean they are not easy to buy or sell.
- The fund may invest in private and unlisted equities which may involve additional risks such as lack of liquidity and concentrated ownership. These investments may result in greater fluctuations of the value of the fund. The Manager, however, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the fund.
- As a result of COVID-19, markets have seen a noticeable increase in volatility as well as, in some cases, lower liquidity levels; this may continue and may increase these risks in the future. In addition, some companies are suspending, lowering or postponing their dividend payments, which may cause those funds that have an income objective to pay a lower income during this period.

Contact information

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Telephone calls may be recorded.

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Important information

- ¹ All fund portfolio figures within this leaflet are as at 30 June 2020 (source: Invesco).
- 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 breakdown.

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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 Reports and the Prospectus, which are available using the contact details shown.

Who is this fund for?

The fund might be right for you if you:

- Are a private or professional investor looking for income and growth over the long term.
- Are able to make an informed investment decision based on this document and the Key Investor Information Document (KIID).
- Are willing to accept that your capital is at risk and you may not get back the amount invested.

The fund will not be right for you if you:

- Require capital protection or have no appetite for risk.