



**Fund managers:** Georgina Taylor, Richard Batty, Sebastian Mackay & Gwilym Satchell

#### Key facts<sup>1</sup>

Fund launch date	30 November 2016
Fund size	£81.94m
Legal status	UK authorised ICVC
Yield (Z Accumulation share class)	
Historic yield <sup>2</sup>	3.70%
Accounting period ends	31 December 30 June
Available with an ISA?	Yes
Expected fund risk <sup>3</sup>	2.96%
Total independent risk	14.51%

#### Fund investment objective and policy

The Fund aims to deliver a gross income of 3.5% p.a. above UK 3 month LIBOR (the Target Benchmark) before the deduction of corporation tax, whilst aiming to preserve capital in all market conditions over a rolling 3 year period. The Fund aims to achieve this with less than half the volatility (a measure of the size of short term changes in the value of an investment) of global equities, as measured by the MSCI World Index GBP Hedged Net Total Return (the Constraining Benchmark), over the same rolling 3 year period. There is no guarantee that the Fund will achieve these aims and an investor may not get back the full amount invested, as capital is at risk. The Fund uses a range of investment strategies and techniques to invest actively in a broad selection of asset classes across all economic sectors worldwide. The strategies make significant use of derivatives (complex instruments) for investment purposes and to manage the Fund more efficiently, with the aim of reducing risk, reducing costs and/or generating additional capital or income.

#### Benchmark

Please see last page for information on the Comparator, Target and Constraining Benchmark.

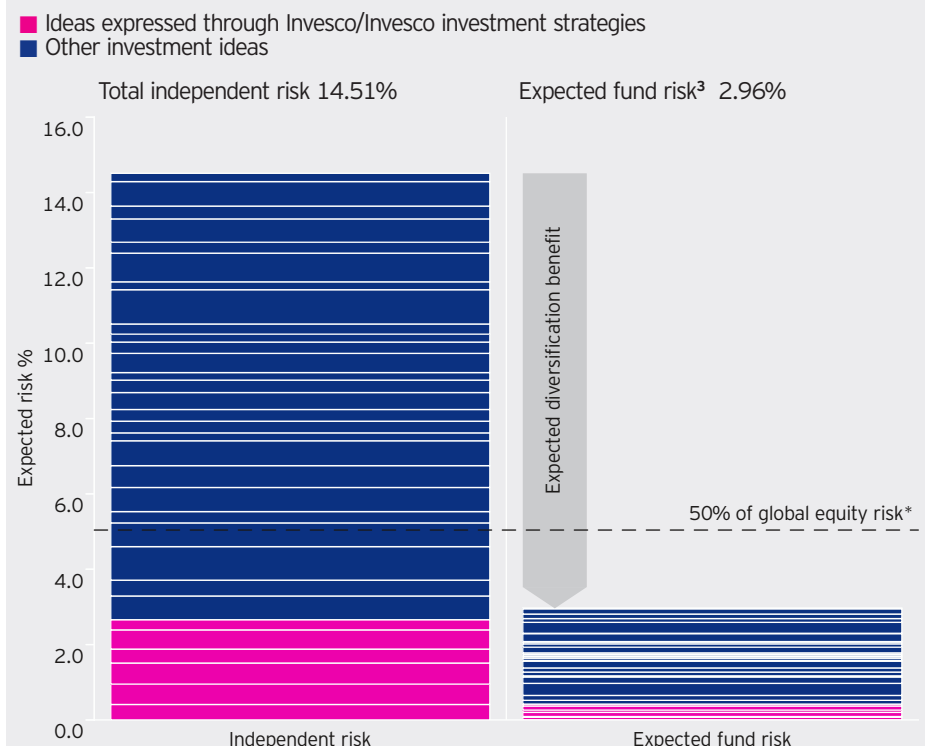
#### Market commentary

Global equity markets overcame concerns about an escalation in tension in the Middle East after a US drone strike resulted in the death of Iran's top military commander. However, the coronavirus outbreak in China precipitously reversed early equity market gains and sparked a flight to safety as investors worried about the overall impact on global growth. With China's position as a global growth engine posing a challenge to financial markets, commodity prices plummeted and confidence was knocked in a range of emerging market countries. Equity markets of China's neighbours and trading partners suffered, which also flowed over into developed markets, which took a big step backwards. Moreover, materials-related sectors were particularly hard hit and airlines were punished as the impact of suspending services into China sank in. On the upside, there were pockets of robust data in both the US and Europe. Fears of the economic fallout from coronavirus also dominated debt markets with yields on government bonds falling back towards previous lows. This in turn boosted government and investment grade corporate bonds, benefiting from demand for perceived "safe-haven" assets. Currency markets also saw a flight to safety with the Japanese yen and the US dollar performing.

#### Fund strategy

We made a number of changes over the month. This included the removal of two interest rates ideas: 'Interest Rates - Canada vs Australia' idea and 'Interest Rates - US Swap Spreads'. We have also sold S&P 500 and Euro Stoxx 50 variance positions within our 'Equity - Global' idea to benefit from the spike in volatility during the month. We have also removed our exposure to South Africa from our 'Interest Rates - Selective EM Debt' idea. This position has contributed well in recent months. A potential downgrade by Moody's has been looming over South Africa for a while. With most other rating agencies having classified South Africa's sovereign debt as below investment grade, we believe this could trigger large outflows by institutional investors.

#### Expected diversification from combining investment ideas<sup>1</sup>



\* Global equity risk is the expected volatility of the MSCI World GBP Hedged Index, Net Total Return, as measured by its standard deviation over the last three and a half years. This was 10.08% on 29 February 2020. Global equities represented by MSCI World GBP Hedged Index, Net Total Return.

## Fund performance

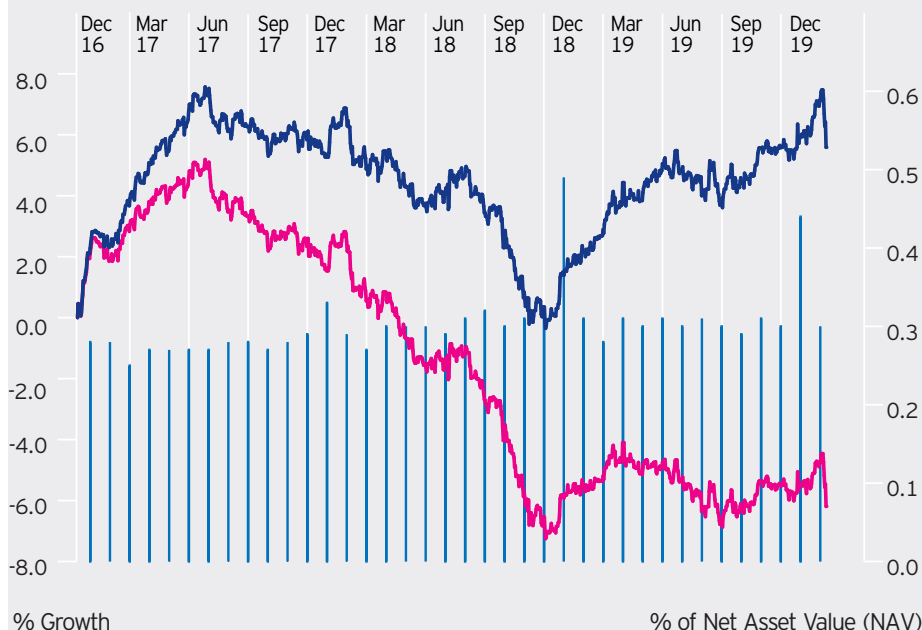
Fund performance was negative over the month. The collapse in treasury yields saw interest rates in the US move sharply towards those in France, which meant our 'Interest Rates - Yield Compression' boosted returns. Currencies gyrated over the month. Our 'Currency - Japanese Yen vs Korean Won' idea worked well as the Japanese yen benefited from the risk-off flavour of the markets. A currency where we have a negative view is the New Zealand dollar, which also lost ground, helping the portfolio over the month. On the downside, it was unsurprising to see our equity and credit ideas perform poorly over the month. These included our global, Japanese and UK equity ideas and our US high yield and selective credit ideas.

The fund's annualised volatility at the end of February was 2.72% (over the previous three years), which compared to 11.47% for global equities, as measured by the MSCI World GBP Hedged Index, Net Total Return.

## Since launch performance

Since inception, the fund has generated a steady monthly income (the light blue bars below) in line with its income target. To meet its capital preservation target the pink line needs to be around 0 after the first three-year period. The dark blue line shows the fund's total return, combining both the income and capital return.

■ Invesco Global Targeted Income Fund (UK) (LHS)  
■ Capital Return (LHS)  
■ Distributions (reinvested) (RHS)



Past performance is not a guide to future returns.

## Performance (Z Accumulation share class)

	3 months	6 months	1 year	3 years	Since 30.11.16	Since 30.11.16 ACR*	10 Year	10 Year ACR*
Fund	0.13	0.71	2.91	1.66	5.59	1.69	n/a	n/a
Capital return	-0.71	-0.55	-0.95	-9.85	-6.97	-2.02	n/a	n/a
Income return	0.84	1.27	3.87	11.51	12.56	3.71	n/a	n/a

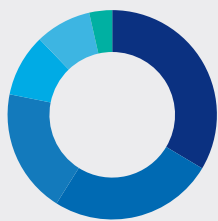
\*ACR - Annual Compound Return

## Standardised rolling 12-month performance (net)

	31.12.14 31.12.15	31.12.15 31.12.16	31.12.16 31.12.17	31.12.17 31.12.18	31.12.18 31.12.19
Fund	n/a	n/a	2.41	-4.57	4.70
Capital return	n/a	n/a	-0.96	-8.45	0.83
Income return	n/a	n/a	3.38	3.87	3.87

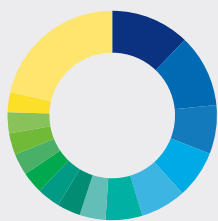
**Past performance is not a guide to future returns.** Fund performance figures are based on the Z Accumulation share class and are shown in sterling, inclusive of reinvested income and net of the ongoing charge and portfolio transaction costs to 29 February 2020. Investors may be subject to tax on their income. The standardised past performance information is updated on a quarterly basis. As the fund was launched on 30 November 2016, performance figures are not available for the complete period covered by the table. Source: Invesco. Performance figures for all share classes can be found in the relevant Key Investor Information Document available from our website.

### Independent risk breakdown by asset type %<sup>1,4</sup>



■ Currency	33.55
■ Equity	25.38
■ Interest Rates	19.21
■ Credit	9.67
■ Volatility	8.65
■ Inflation	3.54
<b>Total</b>	<b>100.00</b>

### Independent risk breakdown by region %<sup>1,4</sup>



■ United States	12.16
■ Europe	11.25
■ Germany	7.53
■ Japan	7.39
■ France	7.03
■ Mexico	5.66
■ Asia	4.02
■ United Kingdom	3.60
■ Canada	3.57
■ South Korea	3.36
■ Chile	3.35
■ Taiwan	3.33
■ Poland	3.25
■ Russia	3.09
■ Other	21.41
<b>Total</b>	<b>100.00</b>

### Independent risk and performance contribution by idea<sup>1</sup>

Idea name	Independent Risk % <sup>4</sup>	Performance contribution (basis points)
		Q4
Commodity - Commodity Short	n/a	4
Credit - Flatten Europe	0.63	24
Credit - Selective Credit	0.51	38
Credit - US High Yield	0.27	13
Currency - Japanese Yen vs Europe	0.42	-15
Currency - Japanese Yen vs Korean Won	0.89	-19
Currency - Mexican Peso vs Brazilian Real	0.63	3
Currency - Norwegian Krone vs Euro	n/a	-15
Currency - Poland vs Europe	0.30	20
Currency - Russian Ruble vs Canadian Dollar	0.64	-6
Currency - Short Canadian Dollar	n/a	0
Currency - Short New Zealand Dollar	0.58	-42
Currency - Swedish Krona vs Euro	n/a	0
Currency - US Dollar vs Chilean Peso	0.66	47
Currency - US Dollar vs Chinese Renminbi	0.21	-24
Currency - US Dollar vs Taiwan Dollar	0.31	-18
Equity - European Divergence	0.41	39
Equity - Global	0.54	39
Equity - India	0.31	-14
Equity - Japan	0.45	27
Equity - Selective Asia Exposure	0.56	-14
Equity - Short European Insurers vs Market	0.33	-2
Equity - UK	0.37	18
Equity - US Balance Sheets	0.20	6
Equity - US Homebuilders vs Small Cap	0.51	-15
Inflation - Short Europe	0.30	-21
Inflation - Short UK	0.21	7
Interest Rates - Canada vs Australia	n/a	3
Interest Rates - Global Yield Curves	0.91	1
Interest Rates - Italian Fly	0.21	1
Interest Rates - Selective EM Debt	0.76	-15
Interest Rates - Sweden vs Europe	n/a	-30
Interest Rates - US Real Yields	0.29	1
Interest Rates - US Swap Spreads	n/a	22
Interest Rates - Yield Compression	0.62	n/a
Volatility - Asian Equities vs US Equities	0.34	n/a
Volatility - Global Equity Volatility	n/a	-1
Volatility - Global FX Volatility	0.27	-4
Volatility - US Variance	0.65	-9
Cash & Residual FX <sup>5</sup>	0.22	-1
<b>Total</b>	<b>14.51</b>	<b>49</b>

Commodity - Commodity Short, Currency - Norwegian Krone vs Euro, Currency - Short Canadian Dollar, Currency - Swedish Krona vs Euro, Interest Rates - Canada vs Australia, Interest Rates - Sweden vs Europe, Interest Rates - US Swap Spreads and Volatility - Global Equity Volatility contributed to the performance during the quarter to 31 December 2019 and are no longer included in the portfolio.

<sup>1</sup> All fund portfolio figures within this leaflet are as at 29 February 2020 (source: Invesco).

<sup>2</sup> 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 distribution(s) for the year by the amount of the ongoing charge and constraining the fund's capital performance to an equivalent extent.

<sup>3</sup> Independent risk - the expected volatility of an individual idea as measured by its standard deviation over the last three and a half years.

<sup>4</sup> Performance contribution figures reflect each idea's contribution to the overall performance of the fund's portfolio of ideas. These figures are calculated before taking into account the accrued income of the fund, the ongoing charge and the portfolio transaction costs. Therefore the total performance contribution figures differ from the net fund performance figures shown on the page 2. (Source: POINT Portfolio Returns, Bloomberg PORT).

<sup>5</sup> Residual FX refers to risk arising from unhedged currency exposure rather than an individual investment idea.

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**Contact information****Client services**

Telephone 0800 085 8677  
Facsimile 01491 416000  
Email [enquiry@invesco.com](mailto:enquiry@invesco.com)

[www.invesco.co.uk](http://www.invesco.co.uk)

Issued by Invesco Fund Managers Limited.  
Perpetual Park, Perpetual Park Drive, Henley-on-Thames,  
Oxfordshire RG9 1HH, UK  
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**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 makes significant use of financial derivatives (complex instruments) which will result in the fund being leveraged and may 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. This counterparty risk is reduced by the Manager, through the use of collateral management.
- 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.
- 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.
- Although the Fund invests mainly in established markets, it can invest in emerging and developing markets, where there is potential for a decrease in market liquidity, which may mean that it is not easy to buy or sell securities. There may also be difficulties in dealing and settlement, and custody problems could arise.

**Benchmark**

- Comparator Benchmark: The Fund aims to preserve capital (a positive total return) in all market conditions over a rolling 3 year period. The Fund's performance can be compared against the Comparator Benchmark as a means to assess if the Fund's aim has been achieved.
- Target Benchmark: The Fund targets a gross income of 3.5% per annum above UK 3 month LIBOR (before deduction of corporation tax) over a rolling 3 year period. The Fund's performance can be measured against the Target Benchmark as a means to assess if the Fund's target has been achieved. There should not be an expectation that this target will be exceeded.
- Constraining Benchmark: The Fund aims for less than half the volatility of global equities (as measured by MSCI World GBP Hedged Index, Net Total Return) over a rolling 3 year period.

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**Important information**

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.

The contribution figures are estimates and should be used for indicative purposes only. Data cleansing and retrospective information availability may cause changes.

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.

Telephone calls may be recorded.

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**Who is this fund for?****The fund might be right for you if you:**

- Are a private or professional investor looking for income and capital preservation over the medium 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.