

# Invesco High Yield Fund (UK)

September 2019

Covering the month of August 2019

On 7 August 2019, we updated the Prospectus to make the investment objective and policy clearer and more specific. We have also added a description of the fund's strategy and the benchmark(s) it uses. These changes are also reflected on the Key Investor Information Document and this Factsheet. Further details of the changes can be found on our website at: [www.invesco.co.uk](http://www.invesco.co.uk).



Fund manager: Thomas Moore

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

<b>Thomas Moore</b>	
Managed fund since	December 2016
Industry experience	20 years
Based in	Henley -on- Thames
Fund launch date	14 May 1999
Fund size	£157.20m
Legal status	UK authorised ICVC
Yield (Z Accumulation share class)	
Distribution yield <sup>2</sup>	5.80%
Underlying yield <sup>2</sup>	5.05%
Income distribution date(s)	31 March 30 June 30 September 31 December
Accounting period ends	30 April 31 October
Available with an ISA?	Yes

## 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\$2.3trn\* 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 30 November 2018

## Benchmark

Benchmark: Investment Association Sterling High Yield Sector\*

This is a Comparator Benchmark. Given its asset allocation 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.

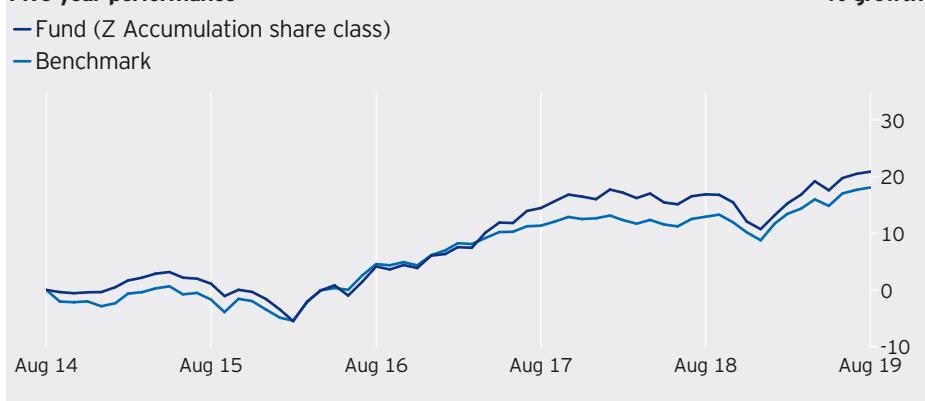
## Fund objective

The objective of the Fund is to achieve income and capital growth over the medium to long term (3 to 5 years plus). The Fund invests at least 80% of its assets in corporate and government debt securities which are either non-investment grade or have no credit rating. The Fund may use 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. The Fund has an active investment approach based on fund manager judgement supported by macroeconomic and credit risk analysis with an emphasis on valuation, has a flexible approach with a preference for the high yield bond market and is not constrained by a benchmark.

## Fund strategy

Within the high yield bond market, we are focusing on companies with predictable earnings and recurring cash flows. In addition, we are investing in some bonds where returns are more tied to company performance. For example, this might be a company that has undergone a restructuring that we now think can become more cash generative. At a sector level, our largest exposure is to financials. In our view, the regulatory changes and balance sheet improvements made by the banks along with relatively attractive yields mean that this sector continues to provide an attractive balance of risk and reward.

## Five year performance



## Performance

	% growth					
	1 year	3 years	5 years	5 years ACR*	10 years	10 years ACR*
Fund (Z Accumulation share class)	3.43	16.06	20.87	3.86	128.23	8.60
Benchmark	4.57	12.93	18.08	3.38	85.76	6.38

\*ACR - Annual Compound Return

## Standardised rolling 12-month performance

	% growth					
	30.06.14	30.06.15	30.06.16	30.06.17	30.06.18	30.06.19
Fund (Z Accumulation share class)	2.20	-3.08	12.93	2.95	4.01	
Benchmark	-1.01	0.81	10.24	0.85	5.17	

**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 August 2019 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.

<b>Top 10 bond issuers<sup>1</sup></b>	<b>%</b>	<b>Credit rating breakdown<sup>1</sup></b>	<b>%</b>
Commerzbank	2.87	BBB	7.19
Lloyds	2.79	BB	33.36
Matalan	2.55	B	38.29
Co-Op	2.55	CCC	11.05
Shop Direct	2.30	CC	0.12
Co-Operative Bank	2.23	Not Rated	6.75
Premier Food	2.21	Equities	2.23
Burger King France	1.83	Cash	1.01
Dutch Lion	1.80	<b>Total</b>	<b>100</b>
Unicredit	1.64		
<b>Total top 10 issuers (%)</b>	<b>22.77</b>		
<b>Total number of holdings</b>	<b>153</b>		

### 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.
- The fund may invest in contingent convertible bonds which may result in significant risk of capital loss based on certain trigger events.
- Changes in interest rates will result in fluctuations in the value of the fund.

### Contact information

#### Client services

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### Important information

<sup>1</sup> All fund portfolio figures within this leaflet are as at 31 August 2019 (source: Invesco).

<sup>2</sup> 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 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 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 Reports and the Prospectus, which are available using the contact details shown.

Telephone calls may be recorded.