



Invesco Global Financial Capital Fund (UK)

July 2019

Covering the month of June 2019

The name of this fund changed from Invesco Perpetual Global Financial Capital Fund on 1 October 2018. The fund objective and strategy remain unchanged.



Fund manager: Julien Eberhardt

Key facts¹

Julien Eberhardt	
Managed fund since	March 2014
Industry experience	13 years
Based in	Henley -on- Thames
Fund launch date	25 January 2012
Fund size	£71.59m
Legal status	UK authorised ICVC
Yield (Z Accumulation share class)	
Distribution yield ²	4.62%
Underlying yield ²	3.85%
Income distribution date(s)	30 June 31 December
Accounting period ends	30 April 31 October
Available with an ISA?	Yes

Investment opportunities

- The fund provides investors with access to investments across the capital structure of banks, insurance companies and other financial institutions.
- The rising interest rate environment and the ongoing repair of bank balance sheets in our view provide a supportive backdrop for the financial sector.
- Access to relatively high levels of yield and the potential for capital return.

Fund objective

The objective of the fund is to achieve a combination of income and capital growth over the medium to long term. The fund invests primarily in the fixed interest and other debt securities and shares of banks and of other financial institutions globally (which may be sub-investment grade or have no credit rating) as well as cash and near cash instruments. 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

The fund is invested across the capital structure of banks, insurers and other financials, but has a focus on lower ranked Additional Tier 1 and Tier 1 bank bonds. To fully exploit opportunities in the sector the fund also invests in equities with exposure currently focused on a select group of European banks.

Five year performance



Performance

	% growth					
	1 year	3 Years	5 years	5 years ACR*	10 years	10 years ACR*
Fund (Z Accumulation share class)	-1.44	25.55	20.58	3.81	n/a	n/a

*ACR - Annual Compound Return

There is no suitable IA peer group or benchmark index for this fund.

Standardised rolling 12-month performance

	% growth					
	30.06.14	30.06.15	30.06.16	30.06.17	30.06.18	30.06.19
	30.06.15	30.06.16	30.06.17	30.06.18	30.06.19	
Fund (Z Accumulation share class)	4.61	-8.19	26.30	0.86	-1.44	

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 30 June 2019 unless otherwise stated. The standardised past performance information is updated on a quarterly basis. Source: Lipper.

Top 10 bond issuers¹	%	Credit rating breakdown¹	%
Lloyds	4.48	BBB	17.88
Banco BPM	3.78	BB	24.46
BNP Paribas	3.72	B	6.76
Unicredit	3.63	CCC	0.76
Barclays	3.44	Not Rated	8.24
Co-operative Bank Holdings Ltd	3.23	Equities	27.83
Caixabank	3.06	Cash	14.07
Nationwide	2.89	Total	100
Commerzbank	2.86		
Credit Agricole	2.80		
Total Top 10 bond issuers (%)	33.9		
Total number of holdings	94		

Industry breakdown¹	%
Bank	47.25
Insurance	10.43
Financial	0.41
Equities	27.83
Cash	14.07
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.

As this is a theme-based fund, which only invests in fixed interest and other debt securities and shares of banks and other financial institutions, investors should be prepared to accept a higher degree of risk than for a fund that is more widely diversified across different sectors.

The fund may invest extensively in contingent convertible bonds which may result in significant risk of capital loss based on certain trigger events.

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.

Changes in interest rates will result in fluctuations in the value of the fund.

Contact information

Client services

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Important information

- ¹ All fund portfolio figures within this leaflet are as at 30 June 2019 (source: Invesco).
- 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 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.