



# Invesco Corporate Bond Fund (UK)

June 2020

Covering the month of May 2020



**Fund managers:** Paul Causer & Michael Matthews

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

### Paul Causer

Managed fund since	July 1995
Industry experience	36 years
Based in	Henley -on- Thames

### Michael Matthews

Managed fund since	March 2013
Industry experience	26 years
Based in	Henley -on- Thames

Fund launch date 24 July 1995

Fund size £3,380.46m

Legal status UK authorised ICVC

Yield (Z Accumulation share class)

Distribution yield<sup>2</sup> 2.89%

Income distribution 30 June

date(s) 31 December

Accounting period ends 30 April

31 October

Available with an ISA? Yes

## Benchmark

Benchmark: Investment Association Sterling Corporate Bond 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.

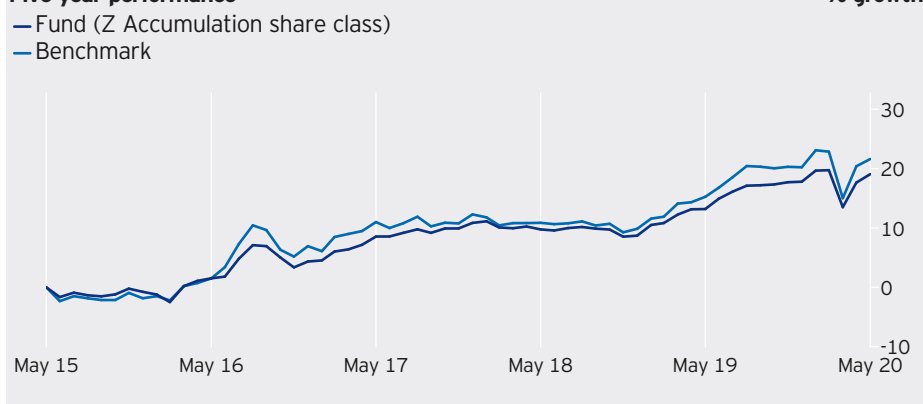
## Fund investment objective and policy

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 investment grade corporate debt securities. 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.

## Fund strategy

The fund retains a relatively low level of interest rate risk and high level of liquidity. Within the bond element the highest allocation is to subordinated financials (both banks and insurers). We also hold some exposure to US dollar denominated corporates. Smaller allocations are currently held in corporate hybrids.

## Five year performance



## Performance

	% growth					
	1 year	3 years	5 years	5 years ACR*	10 years	10 years ACR*
Fund (Z Accumulation share class)	5.20	9.69	19.07	3.55	63.58	5.04
Benchmark	5.54	9.58	21.62	3.99	66.26	5.21

\*ACR - Annual Compound Return

## Standardised rolling 12-month performance

	% growth					
	31.03.15	31.03.16	31.03.17	31.03.18	31.03.19	31.03.20
Fund (Z Accumulation share class)	-0.27	6.18	3.34	2.09	1.12	
Benchmark	-1.19	8.78	1.67	2.97	0.84	

**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 31 May 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.

<b>Top 10 bond issuers<sup>1</sup></b>	<b>%</b>	<b>Credit rating breakdown<sup>1,3</sup></b>	<b>%</b>
Lloyds	3.23	AAA	2.67
Barclays	2.79	AA	3.24
EDF	2.44	A	23.44
Nationwide	2.30	BBB	59.05
Rabobank	2.26	BB	6.46
RBS	2.18	Not Rated	2.77
HSBC	2.00	Derivatives	0.02
Orange	2.00	Cash	2.35
Tesco	1.96	<b>Total</b>	<b>100</b>
Vodafone	1.96		
<b>Total Top 10 Issuers (%)</b>	<b>23.14</b>		
<b>Total number of holdings</b>	<b>237</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.
- 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.
- The fund's performance may be adversely affected by variations in interest rates.
- 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.

### Contact information

#### Client services

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www.invesco.co.uk

Telephone calls may be recorded.

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### Important information

- <sup>1</sup> All fund portfolio figures within this leaflet are as at 31 May 2020 (source: Invesco).
- <sup>2</sup> The yield shown is expressed as % per annum of current NAV of the fund. It is an estimate 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. It is not guaranteed. It is shown net of the ongoing charge. 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). For this fund the distribution yield is the same as the underlying yield.  
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.
- <sup>3</sup> Exposure to the credit risk of investment grade issuers through Credit Default Swaps may be included in the Derivatives figure.

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.

### 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 medium to 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.