



# PRODUCT KEY FACTS

## Invesco Emerging Market Corporate Bond Fund

A sub-fund of Invesco Funds (SICAV)

FOR THE ATTENTION OF HONG KONG INVESTORS

Issuer: Invesco Hong Kong Limited

29 April 2020

*This statement provides you with key information about this product.  
This statement is a part of the Hong Kong Offering Document.  
You should not invest in this product based on this statement alone.*

### Quick Facts

<b>Fund Manager/ Management Company:</b>	Invesco Management S.A.	
<b>Investment Manager(s):</b>	Invesco Advisers, Inc., located in the USA. (Internal delegation)	
<b>Base Currency:</b>	US Dollar	
<b>Custodian (Depository):</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch	
<b>Dealing Frequency :</b>	Daily	
<b>Financial Year End:</b>	The last day of February	
<b>Ongoing charges over a year:</b>	Class A (EUR hedged) accumulation - EUR	1.81% <sup>+</sup>
	Class A accumulation - USD	1.81% <sup>+</sup>
	Class A fixed monthly distribution - USD	1.81% <sup>+</sup>
	Class C (EUR hedged) accumulation - EUR	1.21% <sup>+</sup>
	Class C accumulation - USD	1.21% <sup>+</sup>

<sup>+</sup> The ongoing charges figure is calculated based on annualised expenses for the period ending 31 August 2019 divided by the average net assets over the same period. This figure may vary from year to year. It excludes portfolio transaction costs.

**Dividend Policy:** Accumulation (Dividends, if any, will be re-invested into the Fund)  
Fixed distribution (Dividends, if any, of a fixed yield will be paid to investors monthly. Such yield will be re-set on at least a semi-annual basis. The SICAV may at its discretion pay dividends out of gross income while paying all or part of the share class's fees and expenses, together with miscellaneous expenses, out of the capital of the share class, resulting in an increase in distributable income for the payment of dividends by the share class and therefore, the share class may effectively pay dividends out of capital and may reduce the net asset value per share of this share class immediately after the monthly distribution date)

### Minimum Investment/ Minimum Subscription Amount:

Share class	A	C
Initial (in any of the dealing currencies listed in the Application Form)	USD1,500	USD1,000,000
	EUR1,000	EUR800,000
	GBP1,000	GBP600,000
	HKD10,000	HKD8,000,000
	JPY120,000	JPY80,000,000
	AUD1,500	AUD1,000,000
	CAD1,500	CAD1,000,000
	NZD2,000	NZD1,200,000
<b>Additional</b>	-	-

### What is this product?

Invesco Emerging Market Corporate Bond Fund (the "Fund") is a fund constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is the CSSF, Luxembourg supervisory authority.

## Objectives and Investment Strategy

The objective of the Fund is to achieve a high income yield and long-term capital appreciation by investing primarily (at least 70% of the net asset value of the Fund) in debt securities of emerging market corporate issuers. The Investment Manager intends to invest in securities and financial derivative instruments within the investment universe which is defined as all cash, debt securities (including asset backed securities), equities, financial derivative instruments on debt and credit markets, equities and all currencies worldwide.

Equities and equity related instruments may be held up to a maximum of 20% of the net asset value of the Fund. The Fund can, in the best interest of shareholders and on a temporary basis under exceptional circumstances (including but not limited to global market crisis) own up to 100% of its net assets in cash, money market instruments including up to 10% of net asset value in money market funds.

The Fund may invest in debt instruments with loss-absorption features ("LAP"), including contingent convertible debt securities and debt instruments meeting the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules and debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions, in addition to senior non-preferred debt with a bail-in flag on Bloomberg or any other debt security with a bail-in flag, as classified by Bloomberg. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Fund's expected maximum investments in LAP will be up to 15% of its net asset value. The Fund may invest up to 10% of its net asset value in contingent convertibles.

The Fund may invest up to 20% of its net asset value in asset-backed securities.

The Fund may invest up to 20% of its net asset value in securities which are either in default or deemed to be at high risk of default as determined by the SICAV.

The Fund may access China onshore bonds in the China Interbank Bond Market ("CIBM") via Bond Connect for less than 10% of its net asset value.

Companies in emerging markets shall mean: (i) companies having their registered office in an emerging market, (ii) companies established or located elsewhere but carrying out their business activities predominantly in emerging markets or (iii) holding companies the interests of which are predominantly invested in equity of companies having their registered office in an emerging market.

For the purposes of the Fund, the Investment Manager has defined the emerging markets as all markets in the countries in the world other than (i) those members of the European Union that the Investment Manager regards as developed countries, (ii) United Kingdom, (iii) United States of America, (iv) Canada, (v) Japan, (vi) Australia, (vii) New Zealand, (viii) Norway and (ix) Switzerland.

The Fund may invest up to 100% of its net asset value in debt securities which are unrated (debt securities which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch) or rated below investment grade (below investment Grade is defined as credit rating that is below BBB- from Standard & Poor's and Fitch, or below Baa3 from Moody's or an equivalent rating from an internationally recognized rating agency).

The Fund may enter into financial derivatives instruments for efficient portfolio management and hedging purposes and not extensively for investment purposes. Financial derivatives instruments can be used to take both long and short positions in all markets within the investment universe. The long and short active financial derivative positions (including active currency/interest rate/credit positions) implemented by the Fund may not be correlated with the underlying securities positions held by the Fund (i.e. debt securities). Financial derivative instruments may include (but are not limited to) futures, forwards, non-deliverable forwards, and swaps such as credit default swaps, interest rate swaps and total return swaps. In addition, financial derivative instruments may incorporate structured notes including but not limited to credit linked notes, deposit linked notes or total return notes. The expected proportion of the net asset value of the Fund subject to total return swaps is 0%. Under normal circumstances, the maximum proportion of the net asset value of the Fund subject to total return swaps is 10%. The level of leverage of the Fund measured using the commitment approach will not exceed 40% of the net asset value of the Fund.

The Fund may also take active currency positions on all currencies worldwide through the use of derivatives. The level of leverage of the Fund using the commitment approach is expressed as a ratio between the market value of the equivalent position in the underlying assets of the financial derivative instruments (taking into account the possible netting and hedging arrangements) and its net asset value.

## Use of derivatives / investment in derivatives

The Fund's net derivative exposure<sup>1</sup> may be up to 50% of the Fund's net asset value.

<sup>1</sup> Please refer to the offering document for details regarding the calculation methodology of net derivative exposure.

## What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including the risks factors.

- **General investment risk** - There can be no assurance that the Fund will achieve its investment objective. The instruments invested by the Fund may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.
- **Currency exchange risk**
  - The Fund's assets may be invested in securities denominated in currencies other than the base currency of the Fund. Also, a class of shares may be designated in a currency other than the base currency of the Fund. The net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
  - For the hedged share classes, there is no guarantee that the exposure of the currency in which the shares are denominated can be fully hedged at all times against the base currency of the Fund or the currency or currencies in which the assets of the Fund are denominated. Investors should also note that the successful implementation of the strategy may substantially reduce the benefit to shareholders in the relevant class of shares as a result of decreases in the value of the share class currency against the base currency of the Fund. In the event that investors request payment of redemption proceeds in a currency other than the currency in which the shares are denominated, the exposure of that currency to the currency in which the shares are denominated will not be hedged.
- **Volatility risk** - Investors should note that volatility in the Fund's investment portfolio may result in large fluctuations in the net asset value of the Fund which may adversely affect the net asset value per share of the Fund and investors may as a result suffer losses.
- **Credit risk**
  - Investment in bonds, debt or other fixed income securities (including corporate and sovereign bonds) are subject to the risk that issuers do not make payments on interest and principal of such securities. An issuer suffering from an adverse change in its financial condition could lower the quality of a security leading to greater price volatility on that security.
  - Securities which were investment grade at the time of acquisition may be downgraded. The risk of any such downgrading will vary over time. The Fund's investment policy does not specifically require the Fund to sell such securities if they should fall below investment grade. Besides, the Investment Manager and/or Investment Sub-Manager (if applicable) may not be able to dispose of the debt instruments that are being downgraded. Investments in below investment grade securities carry a higher risk of default and therefore may adversely impact the Fund and/or the interests of investors.
- **Interest rate risk** - The bonds or fixed income securities that the Fund invests in may fall in value if the interest rates change and this will adversely impact the net asset value of the Fund. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.
- **Liquidity risk** - The Fund may be adversely affected by a decrease in market liquidity for the securities in which it invests where some of the Fund's securities may become illiquid and the Fund may experience difficulties in selling securities at a fair price within a timely manner.
- **Credit rating risk** - Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- **Concentration risk** - As the Fund will invest primarily in debt securities of emerging market corporate issuers, such concentration may exhibit a higher than usual degree of risk and the Fund may be subject to above average volatility. The diversification benefits that would ordinarily accrue from investment in a fund having a more diverse portfolio of investments, may not apply to this Fund.
- **Risk of investing in high yield bonds/non-investment grade bonds and un-rated bonds** - The Fund may invest in high yield bonds/ non-investment grade bonds and un-rated bonds which involve substantial risk. High yield bonds/ non-investment grade bonds and un-rated bonds are regarded as being predominantly speculative as to the issuer's ability to make payments of principal and interest. Issuers of high yield bonds/ non-investment grade bonds and un-rated bonds may be highly leveraged, subject to lower liquidity and higher volatility and may not have available to them more traditional methods of financing. An economic recession may adversely affect an issuer's financial condition and the market value of high yield bonds/ non-investment grade bonds and un-rated bonds issued by such entity. High yield bonds/ non-investment grade bonds and un-rated bonds are generally

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subject to greater loss of principal and interest than high-rated bonds. As such, this may adversely impact the Fund and/or the interests of investors.

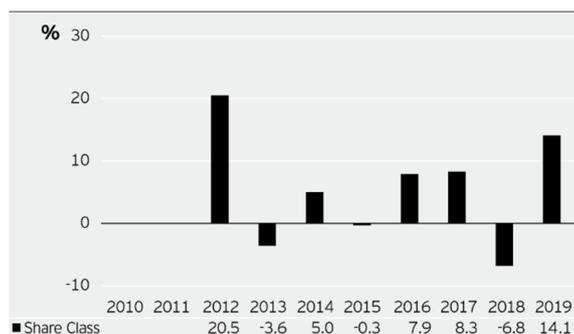
- **Emerging markets risk** - The Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets such as, liquidity risk, currency risks/ control, political and economic uncertainties, policy, legal or regulatory event affecting the relevant markets and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- **Risk associated with investment in Russia** - There are significant risks inherent in investing in Russia including: (a) delays in settling transactions and the risk of loss arising out of Russia's system of securities registration and custody; (b) the lack of corporate governance provisions or general rules or regulations relating to investor protection; (c) pervasiveness of corruption, insider trading, and crime in the Russian economic systems; (d) difficulties associated in obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information; (e) tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes; (f) the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt; (g) banks and other financial institutions are not well developed or regulated and as a result tend to be untested and have low credit ratings and (h) political and economic instability which can impact the valuation of investments in Russia; (i) Russian markets may lack liquidity and exhibit high price volatility meaning that the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices.
- **Counterparty risk** - The Fund will be exposed to credit risk on the counterparties with which it trades in relation to financial derivative instrument contracts (including foreign exchange currency contracts) that are not traded on a recognised exchange. Such instruments are not afforded the same protections as may apply to participants trading financial derivative instruments on organised exchanges, such as the performance of guarantee of an exchange clearing house and therefore the Fund will bear the risk of the counterparty's insolvency, bankruptcy or default or a delay in settlement due to a credit or liquidity problem affecting the counterparty.
- **Risk of investing in financial derivative instruments ("FDI") for efficient portfolio management and hedging purpose and for investment purposes** - Investments of the Fund may be composed of FDI used for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments. Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by the Fund. Exposure to FDI may lead to a high risk of significant loss by the Fund. As well as the risks identified above, the Fund may use derivatives for investment purposes and may be exposed to additional leveraged risk, which may result in significant fluctuations of the net asset value of the Fund and/or extreme losses where the Investment Manager is not successful in predicting market movements. This in turn may lead to an increase in the risk profile of the Fund.
- **Risks of implementing active FDI positions not correlated with underlying asset of the Fund** - As the active FDI positions (including active currency/interest rate/credit positions) implemented by the Fund may not be correlated with the underlying securities positions held by the Fund (i.e. debt securities), the Fund may suffer a significant or total loss even if there is no loss of the value of the underlying securities positions being debt securities held by the Fund.
- **Risks associated with payment of dividends and/or fees and expenses out of capital** - Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the net asset value per share in respect of such share class after the monthly distribution date.
- **Portfolio Turnover Risk** - The Fund may engage in significant turnover of the underlying securities held. This may involve the Investment Manager selling a security or entering into the close out of a derivative position when it believes it is appropriate to do so, regardless of how long the Fund has held the instrument. This practice may be carried out on a continuous basis, where the Investment Manager believes it is in the best interests of shareholders. These activities increase the Fund's portfolio turnover and may increase the Fund's transaction costs, however, any potential costs will be considered as part of the investment decision to ensure it is in the best interests of the Fund.
- **Contingent convertibles risk**
  - Contingent convertible bonds are a type of debt security, issued by a financial institution that may be converted into equity or could be forced to suffer a write down of principal upon the occurrence of a pre-determined trigger event. The trigger event is ordinarily linked to the financial position of the issuer. In

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stressed market conditions, the liquidity profile of the issuer can deteriorate significantly and a significant discount may be required in order to sell the contingent convertible bonds.

- Contingent convertible bonds can carry higher risk than investment in traditional debt instruments/convertibles and in certain cases equities since coupon payments may be discretionary and can be cancelled at any time for any reason.
- Contingent convertible bonds can also be exposed to several other risks, including but not limited to trigger level risk, capital structure inversion risk, call extension risk, unknown/uncertainty risk and valuation risk.

## How has the Fund performed?



- The Fund Manager views Class A fixed monthly distribution - USD (the "Share Class"), being the focus share class of the Fund available to the public of Hong Kong, as the most appropriate representative share class.
- Fund launch date: 04 May 2011.
- Share Class launch date: 04 May 2011.
- The base currency of the Fund is USD.
- Past performance of the Share Class is calculated in USD.
- Performance is calculated after deduction of ongoing charges and is inclusive of gross income reinvested. Any entry/exit charges shown are excluded from the calculation.
- Past performance is not a guide to future performance.
- Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Share Class increased or decreased in value during the calendar year being shown.
- Where no past performance is shown, there was insufficient data available in that year to provide performance.

## Is there any guarantee?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund.

Fee	What you pay
Subscription fee/ Initial charge	Class A: Not exceeding 5.00% of the gross investment amount. Class C: Not exceeding 5.00% of the gross investment amount.
Switching fee	Up to 1.00% of the value of the shares being switched.
Redemption fee	N/A

### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Fund's value)
Management fee*	Class A: 1.50% Class C: 1.00%
Custodian fee/ Depositary charge	Up to 0.0075%
Performance fee	N/A

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Administration fee	N/A
Distribution fee	Class A: N/A Class C: N/A
Service agents fee	Class A: Up to 0.27% Class C: Up to 0.20%

\*The fees can be increased subject to the prior approval of the Securities and Futures Commission ("SFC") and by giving not less than three months' prior notice to the investors.

### Other fees

You may have to pay other fees when dealing in the shares of the Fund.

### Additional Information

- The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Hong Kong Sub-Distributor and Representative on request and at [www.invesco.com.hk](http://www.invesco.com.hk). This website has not been reviewed by the SFC.
- You generally buy and redeem shares at the Fund's next-determined net asset value after the Hong Kong Sub-Distributor and Representative receives your request in good order on or before 5:00pm, Hong Kong time, being the Fund's dealing cut-off time. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal cut-off time (which may be earlier than the Fund's dealing cut-off time).
- The net asset value of the Fund is calculated each "Business Day" as defined in the Prospectus and the price of shares is published each Hong Kong business day (i.e. a day on which banks in Hong Kong are open for normal banking business) at [www.invesco.com.hk](http://www.invesco.com.hk). This website has not been reviewed by the SFC.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors at [www.invesco.com.hk](http://www.invesco.com.hk). This website has not been reviewed by the SFC.
- Investors may obtain other information of this product at [www.invesco.com.hk](http://www.invesco.com.hk). This website has not been reviewed by the SFC.

### Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.