



# PRODUCT KEY FACTS

## Invesco Euro 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 Asset Management Limited, located in the UK. (Internal delegation)
<b>Base Currency:</b>	Euro
<b>Custodian (Depositary):</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</b>	Class A accumulation - EUR 1.27% <sup>+</sup>
	Class A annual distribution - EUR 1.27% <sup>+</sup>
<b>over a year:</b>	Class A monthly distribution - EUR 1.27% <sup>+</sup>
	Class C accumulation - EUR 0.92% <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.

<b>Dividend Policy:</b>	Net Income distribution (Dividends, if any, will be paid to investors) Accumulation (Dividends, if any, will be re-invested into the Fund)
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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 Euro 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 Fund aims to achieve a combination of income and capital growth over the medium to long-term.

The Fund seeks to achieve its objective by investing primarily (at least 70% of its net asset value of the Fund) in debt securities denominated in Euro issued by corporate issuers.

Up to 30% of the net asset value of the Fund may be invested in aggregate in cash, cash equivalents, money market instruments and debt securities issued by companies or other entities not meeting the above requirements.

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 30% of its net asset value. The Fund may invest up to 20% of its net asset value in contingent convertibles.

The Fund may invest up to 10% 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.

Up to 30% of the net asset value of the Fund may be invested in non-investment grade debt. For avoidance of doubt, the Fund may invest up to 30% 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).

Non-Euro denominated investments are intended to be hedged back into Euro at the discretion of the Investment Manager.

The Fund may enter into financial derivatives instruments for efficient portfolio management, hedging purposes and extensively for investment purposes. The Fund's use of derivatives may include derivatives on credit, rates and currencies and may be used to achieve both long and short positions, which overall will not result in the Fund being directionally short, or short any asset class. In addition, the Fund will not have uncovered short positions, in line with appropriate UCITS regulatory requirements. 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). The expected level of leverage of the Fund calculated using the commitment approach is 0 to 300% of the net asset value of the Fund.

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.

The expected proportion of the net asset value of the Fund 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 30%.

## Use of derivatives / investment in derivatives

The Fund's net derivative exposure<sup>1</sup> may be more than 100% of the Fund's net asset value.

## 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.
- **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

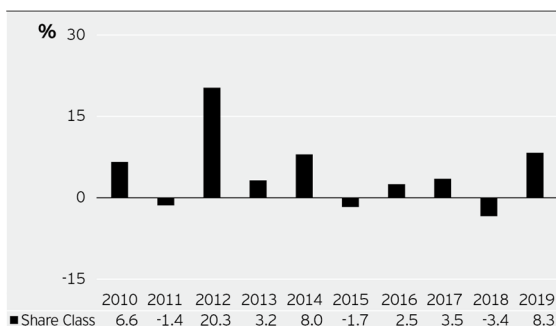
<sup>1</sup> Please refer to the offering document for details regarding the calculation methodology of net derivative exposure.

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 or instruments denominated in Euro issued by corporate issuers, such concentration may exhibit a higher than usual degree of risk and 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 convertibles/convertible bonds/convertible debts** - Convertibles/convertible bonds/convertible debts are a hybrid between debt and equity, typically permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles/convertible bonds/convertible debts may be exposed to equity movement and greater volatility than non-convertibles/convertible bonds/convertible debts investments. Investments in convertibles/convertible bonds/convertible debts are subject to the similar interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable non-convertibles/convertible bonds/convertible debts investments.
- **Risk of Eurozone crisis** - The Fund may have significant investment exposure to the Eurozone or the Euro. In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone or other adverse economic, political, policy, foreign exchange, tax, legal or regulatory event affecting the Eurozone markets, may have a negative impact on the value of the 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 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.
- **Sovereign debt risk** - The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Fund to participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.
- **Risks associated with investments in debt instruments with loss-absorption features (LAP)**
  - Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

- In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with LAP may also be exposed to liquidity, valuation and sector concentration risk.
- The Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
- The Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.
- **Risk of investing in perpetual bonds** - The Fund is permitted to invest in perpetual bonds. Perpetual bonds (bonds without a maturity date) may be exposed to additional liquidity risk in certain market conditions. The liquidity for such investments in stressed market environments may be limited, negatively impacting the price they may be sold at, which in turn may negatively impact the Fund's performance.
- **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.
- **High leverage risk** - The Fund may have net leveraged exposure of more than 100% of its net assets value and is therefore subject to high leverage risk. This will further magnify any potential negative impact of any change in the value of the underlying asset on the Fund and also increase the volatility of the Fund's price and may lead to significant losses.

## How has the Fund performed?



■ (From 08.03.2018) The performance shown in the chart above was based on an investment objective and policy that no longer applies, with certain changes being made to the Fund on 08 March 2018.

- The Fund Manager views Class A monthly distribution - EUR (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: 31 March 2006.
- Share Class launch date: 02 May 2006.
- The base currency of the Fund is EUR.
- Past performance of the Share Class is calculated in EUR.
- 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.

## 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: 1.00% Class C: 0.65%
Custodian fee/ Depositary charge	Up to 0.0075%
Performance fee	N/A
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

- 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.