

# Invesco Sterling Bond Fund

## Z-QD Shares

30 September 2018

### Summary of fund objective

The Fund aims to generate income together with long term capital growth. The Fund invest a minimum of 50% of its net assets in debt instruments denominated in Pounds Sterling and may invest up to 50% in non-investment grade debt instruments. For the full objectives and investment policy please consult the current prospectus.

### Key facts



Michael Matthews  
Henley -on- Thames  
Managed fund since  
April 2006

#### Share class launch

21 August 2013

#### Original fund launch <sup>1</sup>

24 January 1997

#### Legal status

Mutual Fund - Irish Unit Trust authorised  
as UCITS

#### Share class currency

GBP

#### Share class type

Income

#### Fund size

GBP 728.26 mn

#### Reference index

Mstar GIF OS GBP Diversified Bond

#### Bloomberg code

INVSCZQ ID

#### ISIN code

IE00BBPJDT83

#### Settlement date

Trade Date + 3 Days

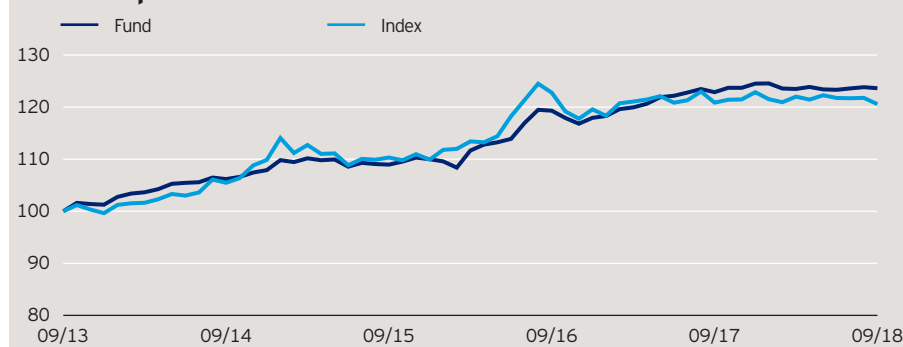
#### Morningstar Rating™

★★★

### Quarterly fund commentary

The fund will be merged from an Irish to a Luxembourg-domiciled fund vehicle on 5 October 2018. Sterling corporate bonds were negatively affected by rising Gilt yields during the third quarter of 2018. However, after narrowing during July, the premium over Gilts that companies need to pay to borrow in sterling remained relatively constant through August and September. The best performing area of the market was healthcare while services and transportation were the weakest sectors. Performance was strongest for higher yielding corporates with subordinated financials and non-financial high yield bonds both posting positive returns over the three-month period. The subordinated bonds of companies within the financial sector remain the fund's largest sectoral allocation. These are junior bonds within a company's capital structure that may have some equity like characteristics. The two largest non-financial exposures are to the utility and telecom sectors. Interest rate sensitivity (duration) remains low. To benefit from the additional yield currently available, the fund holds around 13% in US dollar denominated bonds. The majority of this exposure is hedged back to sterling. As at 30 September 2018, the fund had a modified duration of 3.9 compared to the sterling corporate bond market, which had a modified duration of 8.0.

### Indexed performance\*



Data points are as at month end.

### Cumulative performance\*

| in %  | YTD   | 1 month | 1 year | 3 years | 5 years |
|-------|-------|---------|--------|---------|---------|
| Fund  | -0.71 | -0.16   | 0.62   | 13.47   | 23.62   |
| Index | -1.87 | -0.99   | -0.25  | 9.29    | 20.56   |

### Calendar year performance\*

| in %  | 2013 | 2014  | 2015 | 2016 | 2017 |
|-------|------|-------|------|------|------|
| Fund  | -    | 6.56  | 1.95 | 7.22 | 5.57 |
| Index | -    | 10.26 | 0.05 | 8.78 | 2.76 |

### Standardised rolling 12 month performance\*

| in %  | 30.09.13<br>30.09.14 | 30.09.14<br>30.09.15 | 30.09.15<br>30.09.16 | 30.09.16<br>30.09.17 | 30.09.17<br>30.09.18 |
|-------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Fund  | 6.17                 | 2.62                 | 9.51                 | 2.98                 | 0.62                 |
| Index | 5.46                 | 4.60                 | 11.29                | -1.55                | -0.25                |

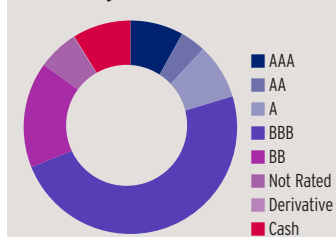
Past performance is not a guide to future returns.

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Credit ratings of the fund in %\*



### NAV and fees

#### Current NAV

GBP 10.31

#### 12 month price high

GBP 10.72 (08/11/2017)

#### 12 month price low

GBP 10.30 (25/09/2018)

#### Minimum investment <sup>2</sup>

GBP 1,000

#### Entry charge

Up to 5.00%

#### Annual management fee

0.38%

#### Ongoing charges

0.60% (30/11/2017)

### Top 10 issuers\*

(total holdings: 193)

|              | in % |
|--------------|------|
| Barclays     | 5.2  |
| Lloyds       | 4.0  |
| Vodafone     | 4.0  |
| Nat West     | 3.8  |
| Tesco        | 3.3  |
| EIB          | 2.8  |
| Santander UK | 2.6  |
| John Lewis   | 2.4  |
| Std Life     | 2.2  |
| RWE          | 1.7  |

### Credit ratings\*

(average rating: BBB-)

|            | in % |
|------------|------|
| AAA        | 8.1  |
| AA         | 3.9  |
| A          | 8.4  |
| BBB        | 48.6 |
| BB         | 16.0 |
| Not Rated  | 6.1  |
| Derivative | 0.1  |
| Cash       | 8.8  |

### Modified duration\*

in %

|                   |     |
|-------------------|-----|
| Modified duration | 3.9 |
|-------------------|-----|

### Yield %\*

|                        |      |
|------------------------|------|
| Gross Current Yield    | 4.42 |
| Gross Redemption Yield | 3.46 |

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### Risk Warnings

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. Debt instruments are exposed to credit risk which is the ability of the borrower to repay the interest and capital on the redemption date. Changes in interest rates will result in fluctuations in the value of the fund. The fund uses derivatives (complex instruments) for investment purposes, which may result in the fund being significantly leveraged and may result in large fluctuations in the value of the fund. The fund may invest in distressed securities which carry a significant risk of capital loss. The fund may invest in contingent convertible bonds which may result in significant risk of capital loss based on certain trigger events. Investments in debt instruments which are of lower credit quality may result in large fluctuations in the value of the fund.

### Important Information

<sup>1</sup>The Original Fund Launch date shown herein is different from the fund launch date shown in the KIID, as it indicates the launch date of a previous fund that was merged into the fund shown and therefore the track record starts with this previous fund. Further information can be found on our website: [www.invescointernational.co.uk](http://www.invescointernational.co.uk).

<sup>2</sup>The minimum investment amounts are: USD 1,500 / EUR 1,000 / GBP 1,000 / CHF 1,500 / SEK 10,000. Please contact us or refer to the most up to date Prospectus for details of minimum investment amounts in other currencies.

**"Z" shares are available to distributors and financial intermediaries, which according to regulatory requirements or based on individual fee arrangements with their clients, are not allowed to accept and keep commissions on management fee, subject to the approval of the Management Company. No commissions on management fee may be paid to any distributor or financial intermediary in relation to any of the "Z" Shares. Shareholders in the "Z" Shares who subscribed prior to 12 December 2017, when different share class access applied, are not subject to the above access requirements.** 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 marketing document is not an invitation to subscribe for shares in the fund and is by way of information only, it should not be considered financial advice. 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It excludes portfolio transaction costs except in the case of an entry or exit charge paid by the Fund when buying or selling shares/units in another fund. Please refer to the most up to date relevant fund and share class-specific Key Investor Information Document, the latest Prospectus and Annual or Interim Short Reports for more information on our funds. UK based investors should also refer to the relevant Supplementary Information Document. This information is available using the contact details shown. The yields shown are expressed as a % per annum of the current NAV of the fund. They are 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. Cash income is estimated coupons from bonds. The gross current yield is an indication of the expected cash income over the next 12 months. The estimated gross redemption yield is a longer-term picture indicating expected annual total return. This means that in addition to expected cash income, it includes the amortised annual value of unrealised capital gains or losses of bond holdings currently held by the fund, calculated with reference to their current market price and expected redemption value made upon maturity of the bonds. Neither of the yields is guaranteed. Nor do they reflect the fund charges or the entry charge of the fund. Investors may be subject to tax on distributions. Issued in Jersey and Guernsey by Invesco International Limited, 2nd Floor, Orviss House, 17a Queen Street, St Helier, Jersey, JE2 4WD. Regulated by the Jersey Financial Services Commission. Issued in the UK by Invesco Fund Managers Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority. 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