

INVESCO CORPORATE BOND FUND - GBP

INVESTMENT RESEARCH NOTE
FEBRUARY 2024

Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).

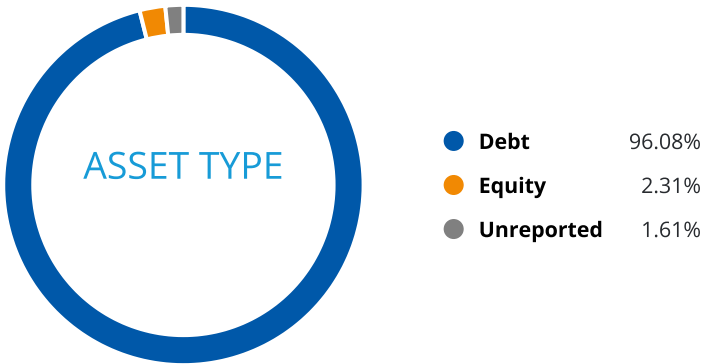
SUMMARY

Invesco is a leading global investment firm, solely focused on investment management. The Company runs more than £90bn in assets worldwide. The Corporate Bond Fund is part of the £6.7bn investment grade corporate bond strategy run from Invesco's Henley Investment Centre, employing 75 investment professionals with an average 18 years' experience.

The Fund is managed by the co-head of Fixed Interest, Paul Causer and fund manager, Michael Matthews, who have 26 and 24 years' experience respectively. Paul has run the Fund from inception, and Michael became co-manager on 1st April 2013.

The objective of the Fund is to achieve a combination of income and capital growth over the medium to long term. The managers seek to achieve this by investing primarily in investment grade corporate debt securities. The Fund may also invest in government, unrated high yield debt securities, cash and equivalents, money market instruments. Derivatives may be used for investment purposes and for efficient portfolio management, including derivatives on currencies, interest rates and credit.

The managers do not link the Fund to a benchmark, and instead, adopt an unconstrained approach, allowing them the freedom to pursue opportunities across the markets wherever they perceive value to exist. Returns are mostly in sterling but any foreign currency exposures are hedged at the managers' discretion.



INVESTMENT PROCESS

The managers believe that the fixed income markets are generally efficient, but still continually presents both short-term and long-term opportunities. They see active management as the best way to take advantage of these opportunities. The team's approach is based on fundamental analysis, with a strong emphasis on value. This investment approach has not changed since the Fund's launch in 1995.

The investment process comprises four key elements which drive portfolio construction. These are macroeconomic analysis, credit analysis, value assessment & risk considerations.

Macroeconomic analysis: This focuses on central banks' monetary policy, the shape of the yield curve and its likely development, and the pricing of credit risk and credit spreads. The team contains specialist macro analysts who contribute to this part of the process.

Credit analysis: The team has seven credit analysts, who look at the characteristics of individual bonds and issuers. A new issuer will necessitate meetings with management and detailed examination of the offer documents. Where an issuer is well-known to the team, they may focus on other information, such as ratings agency reports, external research and equity research.

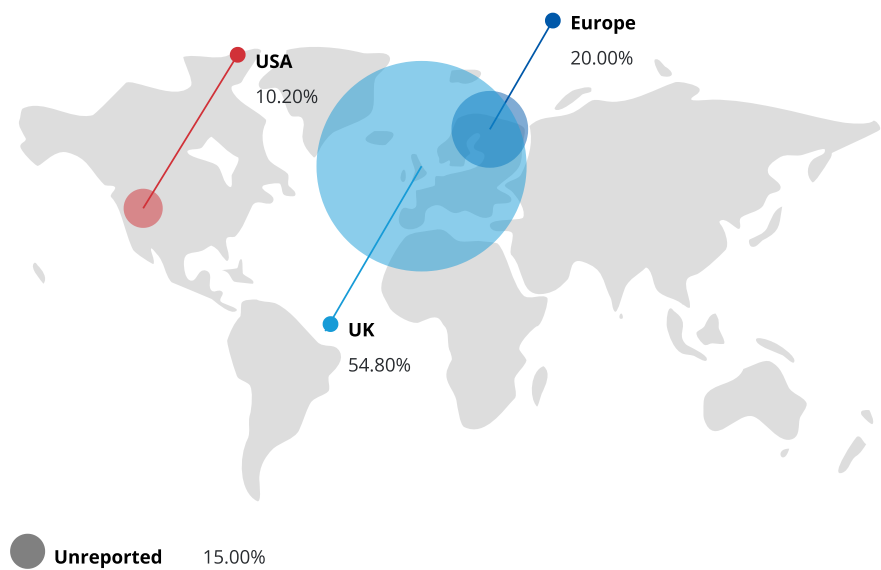
Value assessment: Once a detailed credit risk opinion has been produced, the team will consider the current circumstances of the bond, including news flow, changes in credit rating, issuance patterns and the mis-pricing of risk, vis-a-vis covenant protection.

Risk considerations: The investment team employs a multi-faceted approach to oversight and risk management with processes bolstered and overseen by multi-dimensional independent controls. Risk management is an integral part of the management process, and includes market risk, currency risk, counterparty risk, liquidity risk, interest rate risk and issuer risk.

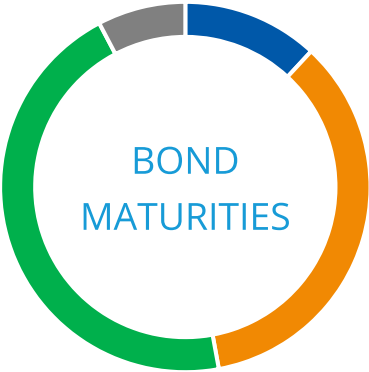
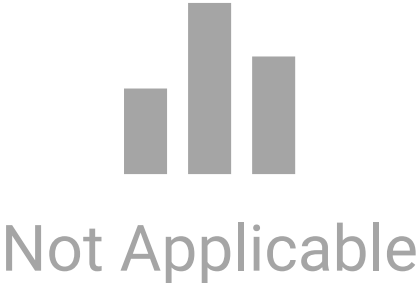
ESG also forms a very important part of the assessment of a potential investment. Invesco is a strong advocate of responsible investment, and is a signatory to the UNPRI as well as being a member of more than 20 external ESG/RI associations. Whilst bondholders may not vote, Invesco does vote its shareholdings, and actively engages with investee companies on sustainability issues.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



Short Term (1-3 yr)	11.90%
Intermediate Term (3-10 yr)	35.20%
Long Term (>10 yr)	45.20%
Unreported	7.70%



Investment Grade	81.83%
Speculative Grade/High Yield	13.72%
Unreported	4.45%

OVERALL PERFORMANCE

● Invesco Corporate Bond Fund (UK) Y Acc ● Global Corporate Total Return Hedged GBP

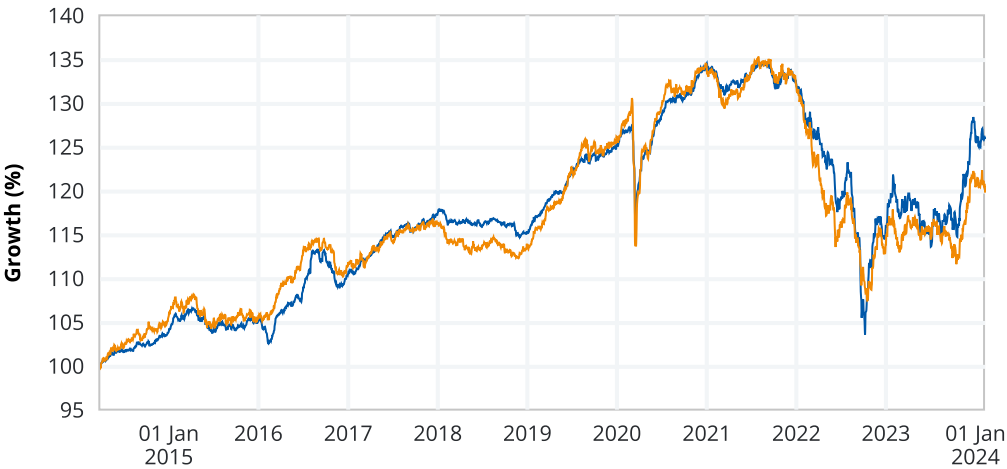
GROWTH (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



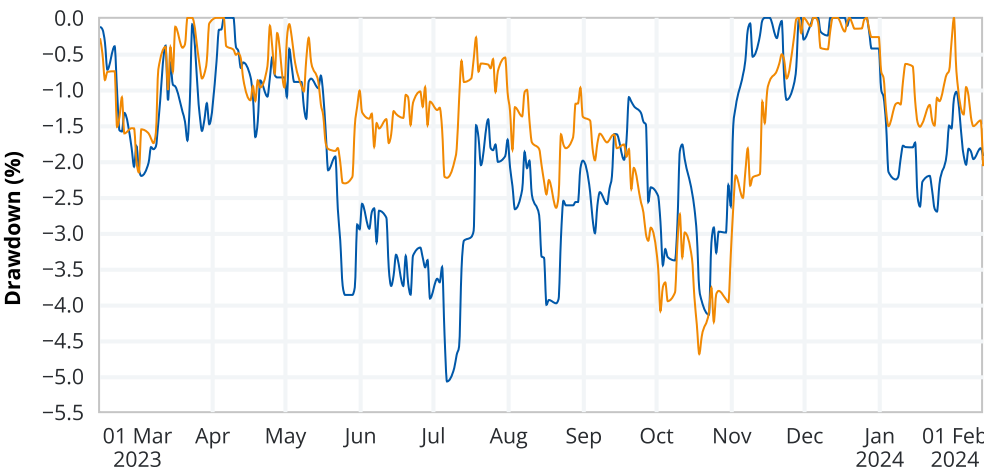
GROWTH (%) - FROM INCEPTION

1 Apr 2014 - 13 Feb 2024



DRAWDOWN (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



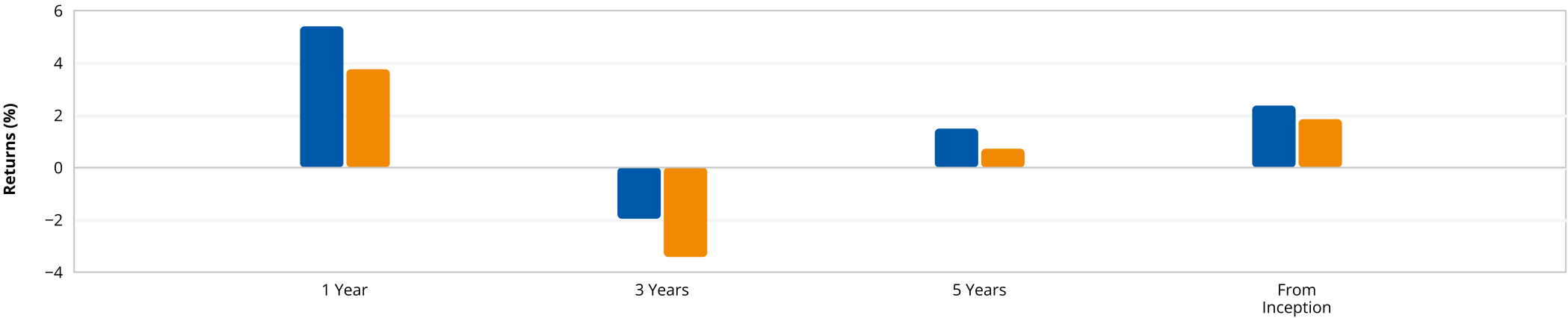
DRAWDOWN (%) - FROM INCEPTION

1 Apr 2014 - 13 Feb 2024



RETURNS

● Invesco Corporate Bond Fund (UK) Y Acc ● Global Corporate Total Return Hedged GBP



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-1.12	-0.39											-1.51
2023	4.13	-1.96	0.60	0.81	-2.07	-1.06	2.07	-0.17	-0.27	0.03	4.42	4.76	11.53
2022	-1.68	-2.05	-0.65	-2.25	-0.37	-4.50	3.32	-4.51	-8.63	4.88	4.14	-1.30	-13.52
2021	-0.38	-1.74	0.00	0.60	0.18	0.65	0.69	0.20	-1.08	-0.45	0.49	-0.40	-1.26
2020	1.59	0.06	-5.20	3.65	1.22	1.65	1.57	-0.11	0.34	0.35	1.63	0.83	7.60
2019	1.66	0.30	1.29	0.80	0.03	1.55	1.06	0.85	0.06	0.12	0.32	0.08	8.42

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
	5.40	-1.96	1.49	2.37
	3.76	-3.42	0.72	1.85

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
	5.38	-5.74	7.64	25.92
	3.74	-9.88	3.66	19.76

● Invesco Corporate Bond Fund (UK) Y Acc ● Global Corporate Total Return Hedged GBP

PERFORMANCE - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024

	●	●
RETURNS (%)	5.40	3.76
VOLATILITY (%)	6.85	5.73
ALPHA	0.13 *	
BETA	1.03 *	1.00
CORRELATION	0.84 *	1.00
SHARPE RATIO	0.10	-0.06
SORTINO RATIO	0.15	-0.09
MAX DRAWDOWN (%)	-5.07	-4.69

*Calculated over a 3 year period where history permits.

PERFORMANCE - FROM INCEPTION

1 Apr 2014 - 13 Feb 2024

	●	●
RETURNS (%)	2.37	1.85
VOLATILITY (%)	4.02	4.52
ALPHA	0.05	
BETA	0.90	1.00
CORRELATION	0.85	1.00
SHARPE RATIO	0.32	0.18
SORTINO RATIO	0.44	0.25
MAX DRAWDOWN (%)	-23.10	-20.56

SIMPLE STRESS TEST DRAWDOWN (%)

14 Feb 2023 - 13 Feb 2024



Stress test notes

The chart shows the calculated drawdown over a trailing 12-month period. The Review Point is a potential intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown exceed the Review Point, then this indicates that market conditions may be abnormal. This is the point at which immediate action should be considered.

DISCLAIMER

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