

Invesco Global Investment Grade Corporate Bond Fund

Monthly Report June 2024 (covering May)

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Summary of fund objective

The Fund is actively managed. The Fund intends to achieve, in the medium to long term, a competitive overall investment return with relative security of capital in comparison to equities. The Fund will invest at least two thirds of its total assets in investment grade corporate bonds. Up to one third of the total assets of the Fund may be invested in cash, cash equivalent securities and other debt securities. For the full objectives and investment policy please consult the current prospectus. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

Investment Risks

For complete information on risks, refer to the legal documents.

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 certain securities listed in China which can involve significant regulatory constraints that may affect the liquidity and/or the investment performance of the fund. As this fund is invested in a particular sector, you should be prepared to accept greater fluctuations in the value of the fund than for a fund with a broader investment mandate. The fund may invest in contingent convertible bonds which may result in significant risk of capital loss based on certain trigger events.

Fund Performance

Over the course of May, the Invesco Global Investment Grade Corporate Bond Fund Z– Acc (USD) returned 0.90%, compared to the peer group and reference benchmark Bloomberg Global Aggregate Corporate Index USD-Hedged (Total Return) which returned 1% and 1.42%, respectively. Global government bond markets got off to a strong start, drawing support from a slowdown in US jobs growth and a push back from US Federal Reserve Chair Powell on the prospect of US interest rate hikes. Mid-month the rally started to fade on more upbeat economic data and sticky inflation figures, particularly in Europe. US treasuries led the gains for May; UK gilts also delivered positive returns. By contrast, returns from German bunds were negative. It was a positive month for corporate bond markets. Investment Grade spreads tightened slightly, with Europe outperforming the US in spread terms, however the opposite was true in total return terms given underlying government yield moves noted above. In this context, the Fund was up strongly, as was the reference benchmark. A strong market rally on the last afternoon of the month due to lower-than-expected US inflation figures impacted relative performance on an official NAV basis, however when measured on end-of-day returns, the Fund was slightly ahead of the index. The modest outperformance was driven by credit positioning; the contribution from rates was neutral as we were overweight duration overall but underweight in longer maturity USD which outperformed.

Fund Positioning

The Fund follows a Theme-based approach which drives relative value positioning versus the reference benchmark across the Thematic Risk Factors (region, sector, capital structure, credit curve term structure and currency basis). Despite a compression in credit spreads as investors reach for high quality income in a more buoyant growth scenario, the interest rate environment of “higher for longer” means the all-in yield of the asset class remains attractive by historical standards. Regionally, Europe and the UK look more attractive than the US. This, combined with our view that US companies will be more willing to re-leverage through capital investment and M&A whilst growth remains at or above trend, drives an ongoing underweight to the US in credit terms. During the month we took advantage of the financial outperformance by moderating our bank overweight and rotating into non financials via the primary issuance market. We also extended the Fund’s duration overweight on episodes of rates selling off.

Outlook

We are overweight duration in Europe and UK on expected weakness of economic activity and inflation falling into target ranges much earlier than the US, given sensitivity to goods rather than services and natural gas. The ECB saw fit to cut at its June meeting; further cuts are less certain however and will be data contingent. Even with the recent rally in government yields and tightening of spreads, yields on corporate credit remain at levels not seen for 15 years. For those concerned about interest rates remaining higher for longer, we note that the prevailing levels of yield offer a good starting position for returns whilst shielding against a retracement in interest rates. We are overweight Euro credit as we find it attractive to US but have been reducing spread risk given the outperformance year to date. That said, we still see relative value opportunities; on an industry basis we are overweight banks, TMT and energy over REITs and consumer cyclical names (i.e.: avoiding growth- and interest rate-sensitive sectors). Our approach in this environment involves prudently adding high quality income to the fund through the new issue market, whilst having scope to add risk as opportunities present themselves.

Fund Facts

Z-share ISIN	LU1642784927
Bloomberg	IGICZA LX
Domicile	Luxembourg
AuM	1.05bn USD
Launch Date	01 Sep 2009
Reference Index**	Bloomberg Global Aggregate Corporate Index USD-Hedged (Total Return)

Fund Managers*** Lyndon Man, Luke Greenwood and Michael Booth

** The benchmark index is shown for performance comparison purposes only. The fund does not track the index.

*** Luke Greenwood and Lyndon Man since August 2013, Michael Booth since January 2024

Fund Characteristics

(Annualised Data)

	3Y	5Y
Alpha (statistical)	-0.18	-0.12
Batting Average	58.33	63.33
Gain/Loss Ratio	0.84	1.15
Information Ratio	-0.14	-0.04
Sharpe Ratio	-0.62	-0.14
Tracking Error	2.29	1.94

Awards & Gradings



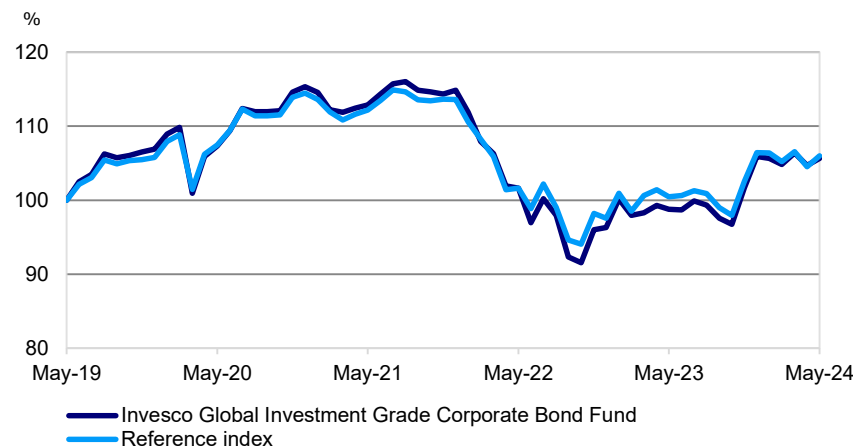
Morningstar Rating 31.05.24

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

Past performance does not predict future returns.

Performance (USD) ¹

5 Year Active Return



Cumulative	YTD	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	-0.25	0.44	0.90	6.94	-6.42	5.62
Reference Index	-0.39	0.10	1.42	5.50	-5.50	6.01
Active return	0.14	0.34	-0.52	1.44	-0.92	-0.39

Calendar Year	2019	2020	2021	2022	2023
Fund (Z-shares)	15.05	7.85	-0.37	-16.17	9.97
Reference Index	12.51	8.26	-0.79	-14.11	9.10

Rolling 12 Months	31.05.14	31.05.15	31.05.16	31.05.17	31.05.18
	31.05.15	31.05.16	31.05.17	31.05.18	31.05.19
Fund (Z-shares)	5.79	3.21	6.36	0.22	6.81
Reference Index	3.69	3.28	4.71	0.89	7.02
Peer Group	2.27	1.97	4.93	0.93	5.49

	31.05.19	31.05.20	31.05.21	31.05.22	31.05.23
	31.05.20	31.05.21	31.05.22	31.05.23	31.05.24
Fund (Z-shares)	7.31	5.18	-9.98	-2.79	6.94
Reference Index	7.47	4.38	-9.40	-1.14	5.50
Peer Group	6.34	5.32	-9.65	-1.62	5.56

Source fund/sector: Morningstar as of 31 May 2024

Source index: RIMES as at 31 May 2024, on a total return basis in USD

Peer Group: Morningstar Category EAA Fund Global Corporate Bond - USD Hedged

¹Fund returns are inclusive of gross income re-invested and net of the ongoing charge and portfolio transaction costs, cumulative, in fund currency. The figures do not reflect the entry charge payable by individual investors. Returns may increase or decrease as a result of currency fluctuations.

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