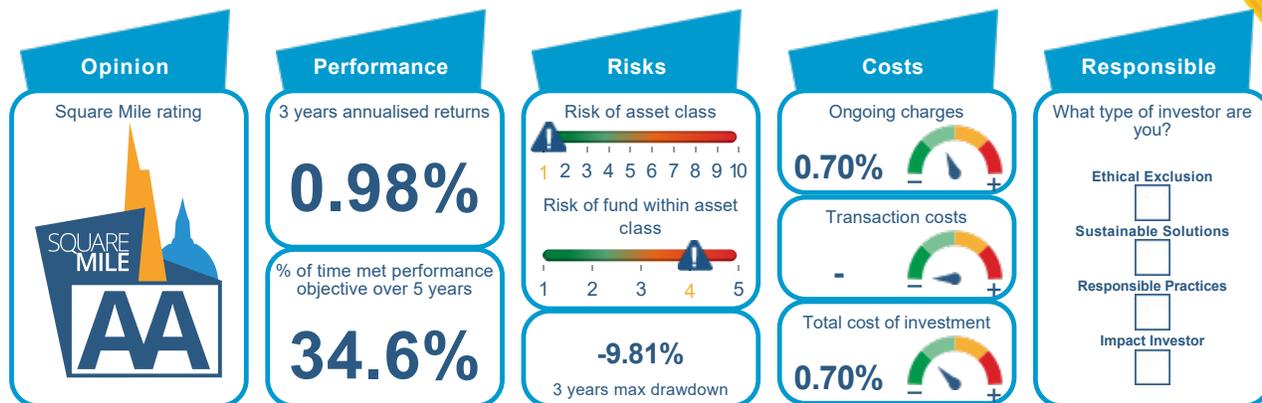


Invesco Tactical Bond (UK) Z Inc

September 2024



Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

Overview

This fund generates income through investment into government and corporate bonds. The level of income is not explicitly targeted and will vary depending on the market environment. The current level of yield is relatively low compared to the fund's history, reflecting the interest rate environment. There is potential for some capital appreciation, though this is a secondary consideration.

In practice, we believe the managers aim to generate a total return at least 2.5% ahead of cash rates over a full interest rate cycle, rotating through the various parts of the fixed income markets as the cycle progresses. The managers are indifferent between capital return and income.

Square Mile's Opinion

The team's careful process seeks to identify value opportunities which have generated good risk adjusted returns for investors over time, these opportunities can take some time to play out and in the short to medium term the fund's performance may differ substantially from that of the wider market. The managers run this as a high conviction strategy, and are not afraid to express their opinions through the fund's positioning when they see value.

The conservative stance towards interest rate and credit risk over recent years has led to a more defensive risk-return profile relative to its sector, which was particularly beneficial in the market pull backs of 2022 and the first quarter of 2020. As such, the fund has tended to lag when the corporate bond market rises but has outperformed at periods of market distress. The fund is likely to be suitable for investors looking for income with the potential for some capital upside, and who are prepared to hold the fund for medium to long-term periods (at least 5 years).

While the retirement of Paul Causer and Paul Read, co-heads of the Invesco Fixed Income team, at the end of 2021 was a loss to the team, we believe the fund is in excellent hands under Stuart Edwards and Julien Eberhardt. The managers well understand the fund's long-term philosophy and process, having both been members of the team for over 10 years, and have made an exceptional start to their tenure given the fund's outperformance of the wider market in challenging conditions for fixed income investors. Our conviction in this fund rests on a combination of the managers high conviction, valuation aware approach, and Invesco's large and impressive wider fixed income team that supports the strategy.

Fund Manager's Formal Objective

The objective of the Fund is to achieve income and capital growth over the medium to long term (three to five years plus). The Fund invests through a flexible allocation to corporate and government debt securities (which may be investment grade, non-investment grade or have no credit rating) and cash.

Outcome: Capital Accumulation, Income	Domicile: UK
Active/Passive: Active	Benchmark: 3 month UK Treasury bills
Asset Class: Fixed Income	IA Sector: IA Sterling Strategic Bond
Yield: 3.82%	Fund size: £903 M
Fund Manager: Julien Eberhardt, Stuart Edwards	Distribution Pay Date: June, December
Fund Price: 2.2 Pounds	Dividend Frequency: Semi-annual
Currency of Share Class: GBP	Share Class Launch Date: 12/11/2012

Asset Manager Overview

Based in Henley-upon-Thames, Invesco is one of the largest investment management groups in the UK and is part of the Invesco Ltd Group (founded in 1973), a leading global investment manager listed on the New York Stock Exchange.

Invesco's specialised investment teams manage investments across a comprehensive range of asset classes, investment styles and geographies. They focus on client needs globally, whilst retaining a close proximity to ensure a strong relationship. Invesco hold a long-term strategy for both their clients and their own business. The company offer strategies across the full spectrum of asset classes, and can be tailored directly to the needs of their clients. As well as equities, bonds and real assets, Invesco also have multi-asset strategies and liability-driven investments. Invesco UK (previously Invesco Perpetual) manages assets on behalf of individual clients, fund platforms, nominees, pension funds and corporate institutions.

Fund Manager/Team Overview

As of January 2022, existing co-manager Stuart Edwards and Julien Eberhardt assumed full responsibility for the fund following the retirement of Invesco's previous Co-Heads of Fixed Interest Paul Read and Paul Causer, who had managed the fund since its launch in 2010. Mr Edwards has been a fixed interest fund manager at Invesco since 2010, and was added to co-manager on the strategy in August 2020. Mr Eberhardt joined the team in 2008 as a fixed interest credit analyst specialising in financials and was appointed fund manager of several portfolios in December 2016 and to this fund in September 2021. The promotions reflect their contribution to the team and process over the years and provide continuity to the fund's philosophy and process. In addition, the managers can draw upon a team of credit analysts, risk analysts and the wider resources of Invesco.

Investment Philosophy & Process Overview

The team's investment philosophy is built upon the premise that markets are mostly efficient but continually present opportunities. This may be because markets overshoot, moving prices away from

fundamental value, because of the different objectives of investors, or because of mandate constraints. The managers attempt to exploit such inefficiencies through fundamental analysis with a strong emphasis on valuation, assessing potential risk versus potential return. The process is designed to be flexible and will change according to market conditions, recognising that different factors drive markets at different points in time. The investment process looks to combine three elements: macroeconomic analysis, company analysis and value assessment. The process begins with top-down economic analysis, seeking to understand the current macroeconomic environment and to make informed forecasts of future conditions. This work focuses on the path of interest rates and trends in the pricing of credit risk. These views then form the foundations for the positioning of the fund, including asset allocation (across government, investment grade corporate and sub-investment grade corporate bonds), interest rate risk, yield curve positioning and corporate credit risk. Having decided their positioning of these broad risk factors, the managers then turn their attention to bottom-up stock selection. This analysis assesses whether or not an issuer can meet its obligations in terms of interest on and repayment of debt. The result of this analysis should be a thorough understanding of the risks of a given investment, which will enable the managers to create a portfolio where they look to maximise returns from acceptable and well understood credit risk exposures. The final step in the process is to assess value, on both a relative and absolute basis, taking into account the risks identified in the previous step. This should enable the managers to identify and invest in the bonds with the best returns on an absolute risk-adjusted basis, within the parameters of the fund.

This fund has a flexible mandate, allowing it to invest across fixed income markets worldwide depending on the managers' views. The fund can, at times, take large positions and could in theory be 100% invested in, for example, government bonds or sub-investment grade debt. In reality however, it is likely to have positions in various markets, and will usually have a focus on corporate bonds. At least 80% of the fund must be invested in instruments denominated in or whose currency exposure is hedged back to sterling. Derivatives may be used both for hedging and investment purposes.

ESG Integration

Fund ESG Integration

The managers do not currently use any responsible investing factors as explicit inputs to the fund. That said, both the managers and analysts, in the course of meeting companies and conducting research into the underlying securities in the fund, will assess any environmental, social and governance (ESG) factors which they believe could have an impact on a security's valuation or where they believe it is in the best interests of clients to explore such factors. ESG is only used as one of many inputs into the decision of whether to buy or sell a bond and is unlikely, except in very extreme circumstances, to be overriding.

Risk Summary

The fund's managers invest in fixed interest instruments and so the major risks are likely to be interest rate risk and credit risk. The managers attempt to moderate these risks through active asset allocation, interest rate management and credit analysis. However, investors should be aware that they are always likely to be present. Despite the team's careful analysis of the bonds in the fund, all corporate bonds carry a risk of default and investors should be aware that it is possible that a bond in the fund could default on its obligations. Though, as this fund is well diversified, the impact of any one bond defaulting should be small. Given the flexible nature of the fund's mandate, different risks may dominate at different times depending on the managers' views. Whilst there will always be risks present in a fund such as this, ultimately we believe that the managers of the fund are skilled at managing them and will only take on risk where they believe that the potential rewards adequately compensate them for doing so.

Additional Information

Annualised Return: 0.98%

Annualised Volatility: 5.26%

Max Drawdown: -9.81%

Max Gain: 5.68%

Max Loss: -3.73%

Sharpe Ratio: 0.03

Sortino Ratio: 0.03

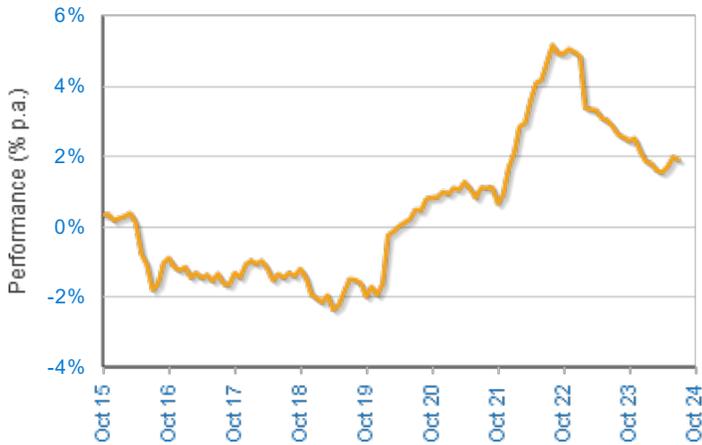
(3 years data to last month end unless otherwise stated)

Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk			
Interest Rate Risk			
Credit Risk			
Exchange Rate Risk			
Liquidity Risk			
Emerging Markets Risk			
Derivative Risk			
Manager Risk			

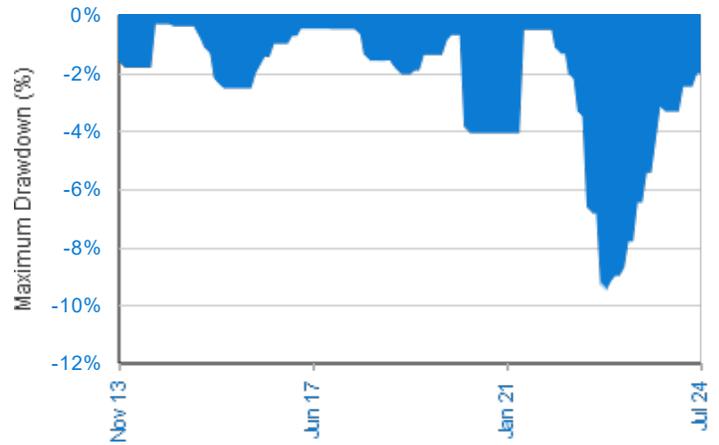
For the full summary of the risks, [click here](#)

3 Year Rolling Sector Outperformance



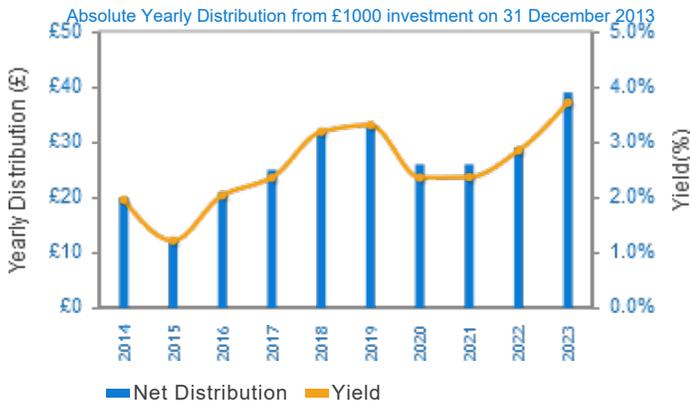
Source: Square Mile and Refinitiv, Data as at: 6th September 2024. Share price total return.

Maximum Drawdown (Rolling 12 Months)



Source: Square Mile and Refinitiv, Data as at: 6th September 2024

Income



This graph assumes that income is distributed to shareholders and not reinvested. Yield represents share price fluctuations.

Source: Square Mile and Refinitiv, Data as at:

Calendar Year Performance To Quarter End

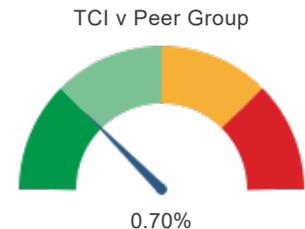
Period	Fund (%)	Sector (%)
2023	6.5	7.9
2022	-4.7	-12.0
2021	1.6	0.9
2020	12.9	6.4
2019	4.6	8.9

Source: Square Mile and Refinitiv, Data as at: 14th September 2024

Value for Money

The total cost of investment (TCI) of this fund is marginally below the median for the peer group. We believe that this represents good value for money over the long term, given the experienced management team and the investment process applied, which is both well thought-out and closely adhered to.

Following the introduction of MiFID II regulations, asset management firms are required to disclose all costs and charges related to the running and administration of funds. This can include items outside of the OCF, such as research costs. Invesco absorbs the costs associated with its research, which slightly reduces the overall fee paid by investors.



Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

The Square Mile ratings are reviewed every 6 months. For full details on the methodologies, [click here](#).

For a full list of all Square Mile rated funds, [click here](#).

Disclaimer

This document is issued by Square Mile Investment Consulting and Research Limited which is registered in England and Wales (08791142) and is a wholly owned subsidiary of Titan Wealth Holdings Limited (Registered Address: 101 Wigmore Street, London, W1U 1QU).

Unless otherwise agreed by Square Mile, this factsheet is only for internal use by the permitted recipients and shall not be published or be provided to any third parties. This factsheet is for the use of professional advisers and other regulated firms only and should not be relied upon by any other persons. It is published by, and remains the copyright of, Square Mile Investment Consulting and Research Ltd ("SM"). SM makes no warranties or representations regarding the accuracy or completeness of the information contained herein. This information represents the views and forecasts of SM at the date of issue but may be subject to change without reference or notification to you. SM does not offer investment advice or make recommendations regarding investments and nothing in this factsheet shall be deemed to constitute financial or investment advice in any way and shall not constitute a regulated activity for the purposes of the Financial Services and Markets Act 2000. This factsheet shall not constitute or be deemed to constitute an invitation or inducement to any person to engage in investment activity. Should you undertake any investment activity based on information contained herein, you do so entirely at your own risk and SM shall have no liability whatsoever for any loss, damage, costs or expenses incurred or suffered by you as a result. SM does not accept any responsibility for errors, inaccuracies, omissions, or any inconsistencies herein. Unless indicated, all figures are sourced by Lipper, a Refinitiv Company (all rights reserved). Past performance is not a guide to future returns.