
Invesco Pan European High Income Fund

Monthly Report August 2024 (covering July)

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Summary of fund objective

The Fund is actively managed. The Fund aims to achieve a high level of income together with long-term capital growth. The Fund seeks to achieve its objective by investing primarily in European securities (debt and equity). At least 50% of the NAV will be invested in debt securities. 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. Investments in debt instruments which are of lower credit quality 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. The Fund may invest in a dynamic way across assets/asset classes, which may result in periodic changes in the risk profile, underperformance and/or higher transaction costs.

Fund Performance

The Invesco Pan European High Income Fund returned 1.07% in July. This placed the fund in the second quartile of its peer group, the EAA EUR Cautious Allocation, which returned 1.03%. With the European Central Bank providing hints that September's meeting could see policymakers cut interest rates ("wide open" according to ECB President Christine Lagarde), duration was the main driver of performance. There was positive input, albeit modest, from credit, with subordinated financials performing well. However, this was tempered by weakness in investment grade corporate bonds. The fund's allocation to equities had a positive impact on returns. The top three positive individual contributors were all equity holdings - Roche, Teleperformance and Koninklijke.

Fund Positioning

The fund continues to be biased towards higher yielding parts of the bond market but avoiding companies that we think are likely to face significant challenges in dealing with higher borrowing costs and sluggish economic activity. The largest allocation by industry within the bond portion remains financials. By industry the biggest non-financial exposures are to utilities, telecoms and food. The fund also has exposure to relatively defensive credits such as investment grade corporate bonds. To broaden the opportunities for income and increase the opportunities for capital return, the fund holds an allocation of 19% in European equities. The focus here is on high-quality companies with strong balance sheets, healthy free cash flow generation and good management teams that are committed to and capable of returning that cash flow to shareholders where appropriate.

Outlook

While the recent cut in interest rates in the eurozone is a welcome development, we still need to remain focussed towards the broader impact that higher borrowing costs can have on the health of economies and companies due to the lagged effects of tighter monetary policy. For us, this is particularly relevant to the weaker parts of the high yield bond market. While economic growth has picked up in Europe, with external demand helping to end the stagnation of the past couple of years, significant uncertainties remain. Whilst we continue to enjoy the higher income that today's higher yields offer, our more cautious outlook for the European economy and for high yield bond markets remains unchanged.

Fund Facts

Z-share ISIN	LU1625225666
Bloomberg	INPEHZA LX
Domicile	Luxembourg
AuM	6.32bn EUR
Launch Date	31 Mar 2006
Reference Index**	45% ICE BofA Euro High Yield Index (Total Return), 35% Bloomberg Pan European Aggregate Corp EUR Hedged Index (Total Return) & 20% MSCI Europe ex UK Index (Net Total Return)
Fund Managers***	Thomas H. Moore, Alexandra Ivanova and Oliver Collin

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

*** Thomas Moore since August 2020, Alexandra Ivanova since August 2021 and Oliver Collin since November 2022

Fund Characteristics

(Annualised Data)

	3Y	5Y
Gain/Loss Ratio	1.25	1.46
Sharpe Ratio	0.02	0.29
Gain/Loss Ratio	N/A	N/A
Information Ratio	N/A	N/A
Sharpe Ratio	N/A	N/A
Tracking Error	N/A	N/A

Awards & Gradings



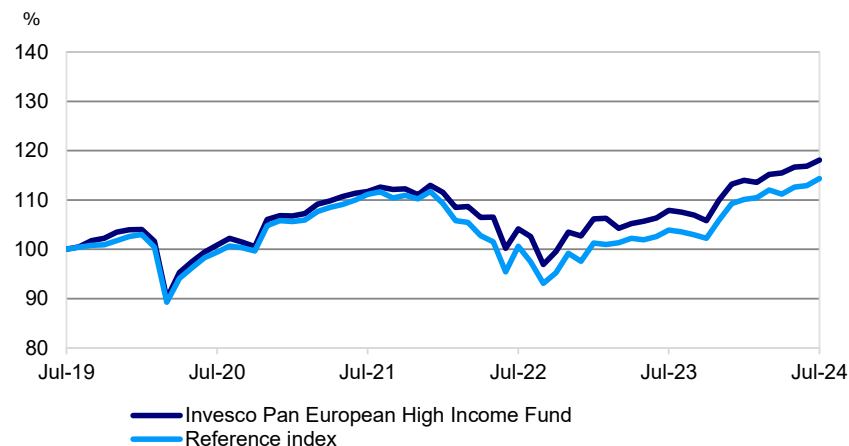
Morningstar Rating 31.07.24

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 (EUR) ^{1, 2}

5 Year Active Return



Cumulative	YTD	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	4.33	3.23	1.07	9.45	5.68	18.08
Reference Index	4.66	3.34	1.28	10.06	2.88	14.34
Active return	-0.33	-0.11	-0.21	-0.61	2.80	3.74

Calendar Year	2019	2020	2021	2022	2023
Fund (Z-shares)	13.19	2.78	5.76	-9.11	10.21
Reference Index	12.71	3.15	5.60	-12.66	11.96

Rolling 12 Months	31.07.14	31.07.15	31.07.16	31.07.17	31.07.18
	31.07.15	31.07.16	31.07.17	31.07.18	31.07.19
Fund (Z-shares)	6.95	-0.78	8.11	0.50	3.17
Reference Index	7.15	1.75	7.05	1.88	4.87
Peer Group	4.65	-1.07	2.69	0.15	1.07

	31.07.19	31.07.20	31.07.21	31.07.22	31.07.23
	31.07.20	31.07.21	31.07.22	31.07.23	31.07.24
Fund (Z-shares)	0.87	10.77	-6.80	3.60	9.45
Reference Index	-0.56	11.76	-9.45	3.24	10.06
Peer Group	-1.80	7.17	-6.78	-0.08	6.24

Source fund/sector: Morningstar as of 31 July 2024

Source index: RIMES + Bloomberg as at 31 July 2024, on a total return basis in EUR

Peer Group: Morningstar Category EAA Fund EUR Cautious Allocation

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.

²Previous Benchmarks: Mstar GIF OS EUR Cautious Allocation up to 29 February 2020 and 20% MSCI Europe ex UK | 35% Barclays Pan European Agg (Eur Hedged) | 45% ICE BoA EUR HY up to 13 October 2021.

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