Invesco Global Investment Grade Corporate Bond Fund

Monthly Report September 2024 (covering August)

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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

It was an eventful start to August following a weak US jobs report and worries over policy tightening in Japan. This quickly subsided however following subsequent positive US data and reassurance from the Bank of Japan. Faced with slowing job growth and easing inflation, the US Federal Reserve signalled readiness to start cutting interest rates in September. With markets pricing in additional rate cuts, it was a positive month for government bonds. US Treasuries led the gains, followed by UK gilts and German bunds. It was another positive month for corporate bonds with USD issues leading. While euro and sterling investment grade spreads widened, they modestly tightened for US debt. High yield outperformed investment grade. By sector, there was not much to separate financials, industrials and utilities on a spread basis, but the latter outperformed in total return given the longer duration. In this context, the Fund was up strongly for the month and ahead of the reference benchmark. Our overweight duration stance was beneficial as interest rates, particularly in the 1-5y range, declined. Our credit positioning was also additive, with some of our external sovereign and agencies featuring in the top contributors.

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). During the month the Fund continued to enjoy inflows. We took advantage of some new issue deals including names in food/beverage, healthcare, banking, and external sovereign bonds. We reserved the remainder in Treasuries as there should be substantial further new issuance opportunities heading into the Autumn. We maintained a bullish duration overweight and added to our US curve steepener exposure during the month. We continued to reduce our overweight in credit in this spread rally and rotate into higher quality and non-cyclical sectors in the portfolio as a result the average credit rating is now A-.

Outlook

With slowing growth and a disinflationary picture, together with declining policy rates, this creates a benign backdrop for high credit quality and duration-sensitive asset classes like Investment Grade. Even with the rally over the last few months, the yield on Investment Grade corporate bonds remains at levels not seen for 15 years, which means that investors can still lock-in potentially attractive income in high quality investments. As the US Federal Reserve looks poised to start cutting rates in September and continue through the first half of 2025, we expect investors to move some of the substantial accumulated reserves in cash and money market funds into longer dated bonds, which should be supportive for the asset class. We are overweight duration, especially Europe and UK in the short to medium part of the curve, together with a yield curve steepening stance in the US. Given the differentiation we see in a global universe, we believe that this presents opportunities for actively managed funds which can take advantage of divergent performance across region, sector and capital structure. We continue to prefer Europe vs. the US, as we believe the region is relatively less advanced in the credit cycle while offering better risk-reward. By sector, we favour banks and insurance and have allocations to select external sovereign and agencies over capital goods, consumer non-cyclical, and utilities. We also like short-dated callable subordinated bonds on reducing extension risk concerns.

Fund Facts

Z-share ISIN	LU1642784927
Bloomberg	IGIGCZA LX
Domicile	Luxembourg
AuM	1.21bn 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

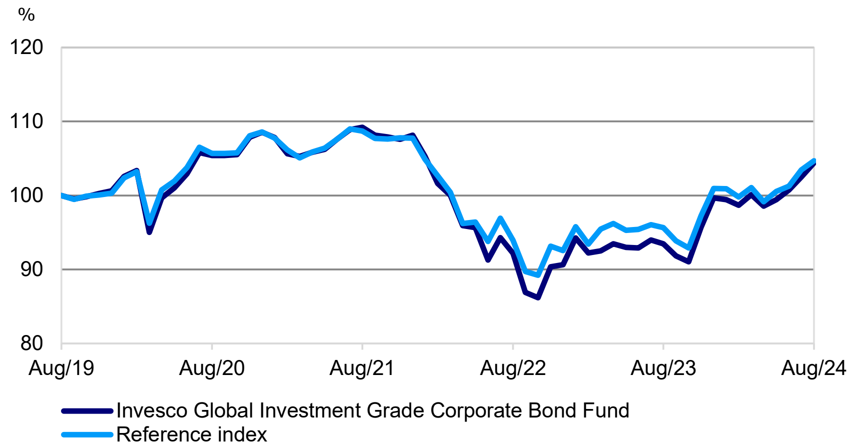
** The benchmark index is shown for performance comparison purposes only. The fund does not track the index.

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

Past performance does not predict future returns.

Performance (USD) [1]

5 Year Active Return



Cumulative	YTQ	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	1.07	4.74	1.88	11.69	-4.40	4.41
Reference Index	0.30	3.69	1.19	9.42	-3.71	4.68
Active return	0.77	1.05	0.69	2.27	-0.69	-0.27

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	31.08.14	31.08.15	31.08.16	31.08.17	31.08.18
	31.08.15	31.08.16	31.08.17	31.08.18	31.08.19
Fund (Z-shares)	2.08	10.40	2.70	-0.56	12.60
Reference Index	0.35	9.07	2.32	0.15	11.92
Peer Group	-0.75	7.71	2.78	-0.10	9.56

	31.08.19	31.08.20	31.08.21	31.08.22	31.08.23
	31.08.20	31.08.21	31.08.22	31.08.23	31.08.24
Fund (Z-shares)	5.39	3.63	-15.59	1.40	11.69
Reference Index	5.69	2.86	-13.58	1.82	9.42
Peer Group	5.81	3.16	-13.64	1.40	9.39

Source fund/sector: Morningstar as of 31 August 2024

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

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

Fund Characteristics

(Annualised Data)

	3Y	5Y
Alpha (statistical)	-0.13	-0.08
Batting Average	58.33	61.67
Gain/Loss Ratio	0.90	1.13
Information Ratio	-0.10	-0.03
Sharpe Ratio	-0.58	-0.18
Tracking Error	2.35	1.99

Awards & Gradings

★★★★

Morningstar Rating 31.08.24

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

[1]Fund 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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