

Fund manager(s)



Julien Eberhardt
Fund Manager



Tom Hemmant
Fund Manager

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 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.

Monthly Report July 2024 (covering June)

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Summary of fund objective

The Fund is actively managed. The Fund aims to achieve a combination of income and capital growth over the medium to long-term. The Fund seeks to achieve its objective by investing primarily in debt securities denominated in Euro issued by corporate issuers. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

Fund Performance

The Invesco Euro Corporate Bond Fund returned 0.85% in June 2024. This placed the fund in the first quartile of its peer group, the EAA Fund EUR Corporate Bond sector, which returned 0.61%. The 85% ICE BofA Euro Corporate Index (Total Return) and 15% ICE BofA Euro High Yield Index (Total Return) benchmark returned 0.73%. Duration was the main driver of performance as the European Central Bank eased the pressure on borrowers across the eurozone after cutting its deposit rate, putting it ahead of the US Federal Reserve. By contrast, credit detracted from performance with subordinated financials, investment grade corporate bonds and corporate hybrids delivering negative returns.

Fund Positioning

The fund holds a diversified portfolio of investment grade corporate bonds, with an allocation to subordinated financials, corporate hybrid bonds and non-investment grade corporate bonds. In terms of fund activity, we participated in a new issue from El Corte Ingles (Spanish retailer). In the secondary market we added an investment grade corporate bond from TenneT (Dutch grid operator) and some lower tier 2 bank debt from BPER Banca (Italian bank). The biggest allocation by sector remains financials with a third of the fund held in banks and insurance companies. Around 7% of the fund is held in US dollar denominated bonds. The currency exposure from these positions is hedged back to euros. The fund's modified duration was decreased from 5.4 to 5.2 over the month. By contrast, modified duration for the broader market remained unchanged at 4.5.

Outlook

We believe that it's still a bond-friendly backdrop and a good time to hold high-quality fixed income assets. Price pressures are falling in the eurozone and interest rates have been cut for the first time in almost five years. Despite this more dovish backdrop, the economies in Europe appear sufficiently resilient to avoid recession although economic growth will likely remain subdued. Bond market yields are attractive and the fund is taking advantage of these, especially in the new issuance market, although the opportunity to buy new bonds at attractive coupons is lessening. We also need to consider the relatively low credit spread the market is trading on.

Fund Facts

| | |
|-------------------|--|
| Z-share ISIN | LU0955863922 |
| Bloomberg | INECZAC LX |
| Domicile | Luxembourg |
| AuM | 3.21bn EUR |
| Launch Date | 31 Mar 2006 |
| Reference Index** | 85% ICE BofA Euro Corporate Index (Total Return) and 15% ICE BofA Euro High Yield Index (Total Return) |

Fund Managers*** Julien Eberhardt and Tom Hemmant

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

*** Julien Eberhardt since December 2016 and Tom Hemmant since August 2020

Fund Characteristics

(Annualised Data)

| | 3Y | 5Y |
|-------------------|-------|-------|
| Gain/Loss Ratio | 0.85 | 1.05 |
| Sharpe Ratio | -0.47 | -0.08 |
| 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



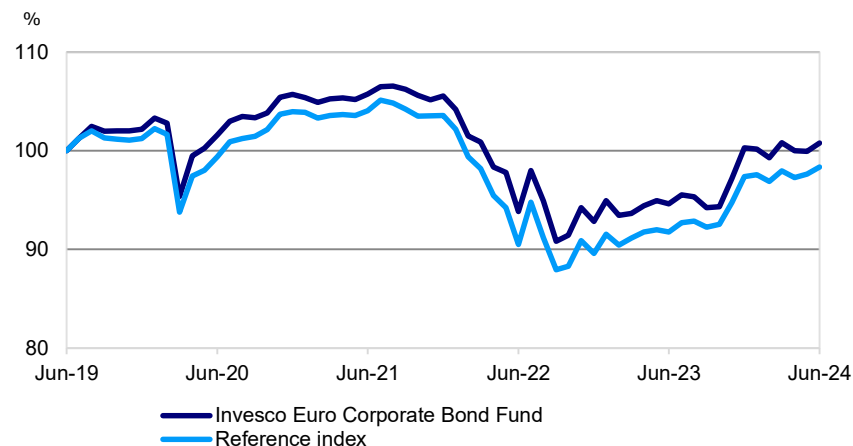
Morningstar Rating 30.06.24

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) | 0.48 | 0.48 | 0.85 | 6.49 | -4.67 | 0.78 |
| Reference Index | 0.98 | 0.98 | 0.73 | 7.18 | -5.48 | -1.65 |
| Active return | -0.50 | -0.50 | 0.12 | -0.69 | 0.81 | 2.43 |

| Calendar Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------|------|------|-------|--------|------|
| Fund (Z-shares) | 8.89 | 3.44 | -0.15 | -12.02 | 8.03 |
| Reference Index | 7.00 | 2.72 | -0.37 | -13.52 | 8.72 |

| Rolling 12 Months | 30.06.14 | 30.06.15 | 30.06.16 | 30.06.17 | 30.06.18 |
|-------------------|----------|----------|----------|----------|----------|
| | 30.06.15 | 30.06.16 | 30.06.17 | 30.06.18 | 30.06.19 |
| Fund (Z-shares) | 2.28 | 1.81 | 2.76 | 0.19 | 5.34 |
| Reference Index | 1.80 | 4.77 | 2.47 | 1.13 | 4.89 |
| Peer Group | 1.51 | 3.25 | 2.11 | 0.06 | 3.69 |

| | 30.06.19 | 30.06.20 | 30.06.21 | 30.06.22 | 30.06.23 |
|-----------------|----------|----------|----------|----------|----------|
| | 30.06.20 | 30.06.21 | 30.06.22 | 30.06.23 | 30.06.24 |
| Fund (Z-shares) | 1.58 | 4.07 | -11.24 | 0.85 | 6.49 |
| Reference Index | -0.61 | 4.69 | -13.02 | 1.39 | 7.18 |
| Peer Group | -0.84 | 3.56 | -12.41 | 0.23 | 6.70 |

Source fund/sector: Morningstar as of 30 June 2024

Source index: RIMES as at 30 June 2024, on a total return basis in EUR

Peer Group: Morningstar Category EAA Fund EUR Corporate Bond

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 Benchmark: Mstar GIF OS EUR Corporate Bond up to 29 February 2020.

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