



Invesco Euro Corporate Bond Fund

Capture value, control risk



LIPPER
FUND AWARDS 2010
NETHERLANDS

Best Fund over 3 years
Category: Bond Euro - Corporates



Paul Causer and Paul Read, fund managers of the Invesco Euro Corporate Bond Fund

Corporate bond markets have improved considerably in recent months following the stabilization of the banking sector and the global economy. Although we do not expect a repeat of such strong gains, underlying conditions are still supportive of credit markets. Both inflation and interest rates remain low and corporates are managing their balance sheets cautiously. Spreads remain relatively wide by historical standards and, in our opinion, credit remains attractive for those investors prepared to take a medium-term view.

Reasons to invest in the Invesco Euro Corporate Bond Fund

- **Solid track record:** The fund ranked in the second quartile in the YTD period, and first quartile in the one-year and three year periods through 31 December 2009. Our primary performance target is to be top quartile within the fund's peer group.
- **Focus on total returns:** A long-term focus, with the ability to exploit short-term opportunities, allows fund managers to manage credit and duration according to market conditions over a full market cycle.
- **Valuation opportunity:** European corporate bonds currently look attractive, in our view. We believe current debt markets offer opportunities for capital growth alongside attractive yields.
- **Active and flexible management approach:** The fund is not managed against a tracking error target, but follows an unconstrained approach, maximising opportunities for generating returns.

Investment team

Invesco Perpetual's seven-person Fixed Income team consists of portfolio managers, credit analysts and strategists. The team has average industry experience of 14 years, and average tenure with the company of nine years. The team managed USD 19,2 billion in assets as at 31 December 2009.

In total, the Invesco Perpetual investment team currently comprises 37 fund managers and analysts who manage USD 77,2 billion for clients worldwide. Responsibilities are divided by geographic region and asset class. This ensures that every portfolio receives the best possible specialist management resource available. The investment team, based in Henley, UK, features many typical boutique firm advantages: small, high quality teams away from the main UK investment team, encouraging a culture of independent thinking. (Data as at 31 December 2009)

Fixed income at Invesco Perpetual

The Invesco Perpetual Fixed Income team's investment philosophy is built on a belief that fixed interest markets are mostly efficient, but continually present opportunities. For example:

- Markets have a tendency to overshoot, moving prices away from fundamental value.
- Investors have different objectives - for instance specific duration requirements.
- Some investors may have rigid investment constraints - changes in the credit rating of an issuer may force some investors to sell.

By exploiting market inefficiencies such as these through fundamental analysis and a strong emphasis on valuation, we strive to deliver long-term outperformance.

Invesco Euro Corporate Bond Fund key features

- Euro-denominated, invested predominantly in investment grade corporate debt securities.
- Flexibility to invest across the risk spectrum: up to 30% in high yield bonds and 30% in government bonds, with no duration restrictions.
- Little or no currency risk (non-euro denominated investments are intended to be hedged back into euros).

Investment process

The investment process comprises three key elements which drive portfolio construction - macroeconomic analysis, credit analysis and value assessment:

- **Macroeconomic analysis:** The main elements of top down analysis that are important for the fund are the:
 - General direction of monetary policy and developments in interest rates,
 - Shape of the yield curve and its likely development,
 - General trends in the pricing of credit risk.
- **Credit analysis:** The assessment of individual corporate credits is central to the investment process - the emphasis is on the dynamics and evolution of credit quality measures. For example, a company that is actively taking steps to reduce excessively high leverage will be more attractive than one with the same degree of leverage but taking few steps to address the situation.

Invesco Euro Corporate Bond Fund

Standard & Poor's Fund Management Rating:



Source: Standard & Poor's, as at 31 December 2009.

Morningstar Rating™:

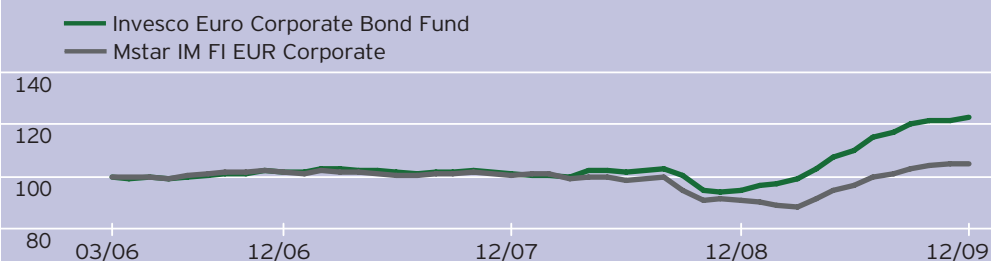


Source: Morningstar, as at 31 December 2009.



Performance (A share class, accumulation, EUR, as at 31 December 2009)

Indexed performance



In %	1 year	3 years	Since inception*
Invesco Euro Corporate Bond Fund	30.22	20.73	22.90
Mstar IM FI EUR Corporate	15.58	3.60	-

* Inception date: 31 March 2006

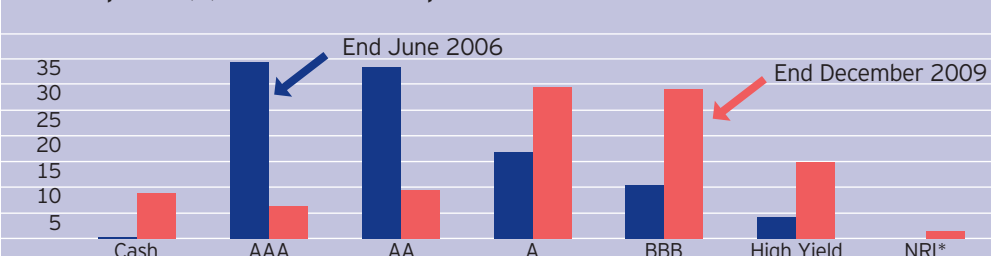
Source: Morningstar, mid to mid, gross income re-invested in fund currency. The figures do not reflect the initial charge payable by individual investors. Past performance is not an indication of future performance, provides no guarantee for the future and is not constant over time. The value of investments and income will fluctuate and investors may not get back the full amount invested. Current tax levels may change. Depending on individual circumstances, this may affect investment returns.

- **Value assessment:** In keeping within our total risk and return framework, we determine whether potential returns sufficiently justify the risks. We consider the risk/return profile of a bond in relation to cash and government bonds, as well as corporate bonds. At the same time, we seek to understand why an opportunity may exist, including:
 - Market overreaction to one aspect of a company's situation,
 - Effects of credit rating changes,
 - Issuance patterns and market supply and demand conditions.

Portfolio construction

The aim of the portfolio construction process is to gain exposure to the most attractive ideas within the investment parameters of the portfolio and to express our views on fixed interest markets. The process is pragmatic and valuation oriented, bringing together the output of the team's top-down and bottom-up analysis.

Credit exposure (%) - Invesco Euro Corporate Bond Fund



Source: Invesco Perpetual, as at 31/12/2009.

*NRI is un-rated investment grade.

Fund objectives

The fund is invested to achieve, in the medium-to-long term, a competitive overall investment return in euros with relative security of capital compared to equities. The fund invests predominantly in euro-denominated investment grade corporate bonds, but also has the flexibility to invest in high yield bonds and government bonds, including non-euro-denominated bonds of international public issuers. Investments not denominated in euros are intended to be hedged back into euros at the discretion of the Investment Adviser. The fund is actively managed in terms of credit and duration, aiming to beat peers in strong and weak market conditions.

Fund facts

Fund name: Invesco Euro Corporate Bond Fund
Fund manager: Paul Causer & Paul Read, Henley, UK
Launch date: March 2006
Domicile: Luxembourg
Legal structure: Sub-fund of Invesco Funds, SICAV with UCITS status
Base currency: EUR
Unit type: Accumulation & distribution
Initial charge: (A & C) up to 5.25%; (E) up to 3.0928%
Annual mgmt fee: (A) 1.00%; (C) 0.65%; (E) 1.25%
Minimum investment: (A) USD 1,500; (C) USD 250,000; (E) EUR 500
Reference index: Mstar IM FI Europe-Corp.
ISIN code: (A dist) LU0248037169; (A acc) LU0243957825; (C acc) LU0243958047; (E acc) LU0243958393

Risk considerations

The fund's performance may be adversely affected by variations in the relative strength of individual world currencies or if the euro strengthens against other currencies. The fund invests mainly in fixed interest bonds, which are generally viewed as lower risk investments than equities. The solvency of organisations with whom the fund invests cannot be guaranteed and any difficulty may adversely affect performance. The fund portfolio has a significant proportion of high-yielding bonds, which means that there is more risk to investors' capital and income than from a fund investing in government or investment-grade bonds. The income from the investment may vary due to differing tax arrangements and fluctuations in market conditions.



Invesco in the Netherlands

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www.invescoeurope.com

Invesco Perpetual is a division of Invesco Asset Management Limited.

Additional information for professional clients in the Netherlands:

For further information on the fund(s) registered for sale in the Netherlands, please refer to the Full Prospectus, Simplified Prospectus and Reports available free of charge from Invesco Asset Management SA, Avenue Louise 326 B31, B-1050 Brussels. This document is issued in the Netherlands by Invesco Asset Management S.A., J.C. Geesinkweg 999, 1096 AZ Amsterdam.