

Invesco Global Total Return (EUR) Bond Fund

Monthly Report June 2024 (covering May)

Fund manager(s)



Julien Eberhardt
Fund Manager



Asad Bhatti
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. 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 extensively 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.

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Summary of fund objective

The Fund is actively managed. The Fund aims to maximise total return primarily through investment in a flexible allocation of debt securities and cash. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

Fund Performance

The Invesco Global Total Return (EUR) Bond Fund returned 0.22% in May. This placed the fund in the fourth quartile of its peer group, the EAA Fund Global Flexible Bond - EUR Hedged, which returned 0.77%. The Bloomberg Global Aggregate EUR Hedged Total Return Index benchmark returned 0.75%. With US consumer prices increasing less than expected in April (core CPI slowed to a monthly pace of 0.3%), market expectations that the Federal Reserve could cut US interest rates in September increased. Against this backdrop, duration contributed positively towards performance. In credit, subordinated financials and corporate hybrids delivered positive returns although overall gains were held back by weakness in investment grade bonds.

Fund Positioning

More than a third of the fund is invested in developed market government bonds, both conventional and US TIPS. To benefit from the additional yield available, the fund currently has exposure to corporate bonds and emerging market bonds. Corporate bond exposure includes holdings in subordinated financials. We continue to seek opportunities in areas of market where we think the balance of reward to risk is most attractive. Utilising the fund's flexibility to position according to market conditions and the value on offer, we have been increasing the credit quality of the fund to a more cautious stance. We have done this by increasing exposure to conventional government bonds and adding to investment grade corporate bonds. We are more cautious on high yield bonds, preferring subordinated financials and corporate hybrids from better quality issuers.

Outlook

Sustained monetary tightening in the face of high inflation has put downward pressure on economic growth and increased market volatility. US interest rates are at their highest level in over 20 years still, highlighting how far central banks have hiked this cycle. While the tightening effect has helped to calm inflation, it is important to shift focus towards the broader negative impact that higher borrowing costs have on economies. Current market pricing suggests that interest rates have peaked and have started to come down in some countries. We are comfortable with a more interest rate-sensitive portfolio. We believe that it's still a bond-friendly backdrop and a good time to hold high-quality fixed income assets.

Fund Facts	
Z-share ISIN	LU1625225237
Bloomberg	INVGTRZ LX
Domicile	Luxembourg
AuM	1.55bn EUR
Launch Date	15 Sep 2010
Reference Index**	Bloomberg Global Aggregate EUR Hedged Total Return Index

Fund Managers*** Julien Eberhardt and Asad Bhatti

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

*** Julien Eberhardt since August 2020 and Asad Bhatti since August 2021

Fund Characteristics

(Annualised Data)

	3Y	5Y
Gain/Loss Ratio	1.02	1.26
Sharpe Ratio	-0.22	0.13
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



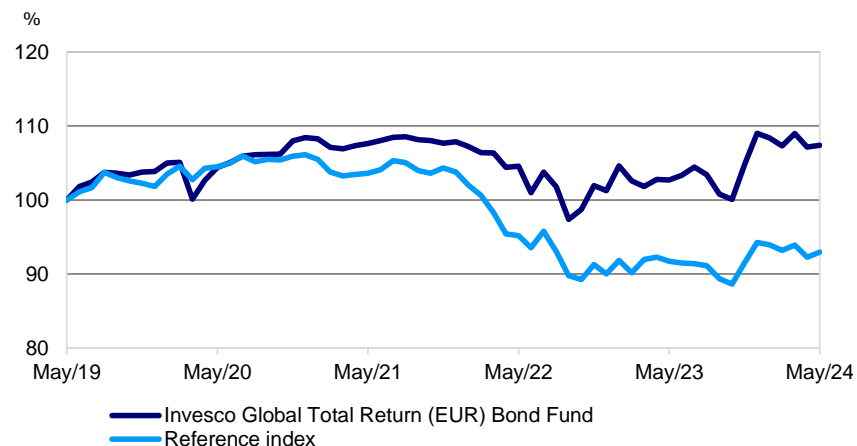
Morningstar Rating 31.05.24

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)	-1.49	-0.01	0.22	4.58	-0.25	7.37
Reference Index	-1.38	-0.37	0.75	1.36	-10.30	-7.05
Active return	-0.11	0.36	-0.53	3.22	10.05	14.42

Calendar Year	2019	2020	2021	2022	2023
Fund (Z-shares)	8.93	4.41	-0.54	-6.12	7.67
Reference Index	5.10	4.24	-2.23	-13.27	4.73

Rolling 12 Months	31.05.14	31.05.15	31.05.16	31.05.17	31.05.18
	31.05.15	31.05.16	31.05.17	31.05.18	31.05.19
Fund (Z-shares)	3.74	-1.57	3.33	-0.46	3.24
Reference Index	4.51	3.29	0.02	-1.10	3.36
Peer Group	1.60	-1.36	4.16	-1.34	1.10

	31.05.19	31.05.20	31.05.21	31.05.22	31.05.23
	31.05.20	31.05.21	31.05.22	31.05.23	31.05.24
Fund (Z-shares)	4.41	3.10	-2.86	-1.81	4.58
Reference Index	4.50	-0.85	-8.16	-3.64	1.36
Peer Group	-0.46	6.54	-7.40	-2.75	5.00

Source fund/sector: Morningstar as of 31 May 2024

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

Peer Group: Morningstar Category EAA Fund Global Flexible Bond - EUR Hedged

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: Euribor 3 Month Index (EUR) up to 29 November 2019.

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