

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 August 2024 (covering July)

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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 1.54% in July 2024. This placed the fund in the fourth quartile of its peer group, the EAA Fund EUR Corporate Bond sector, which returned 1.62%. The 85% ICE BofA Euro Corporate Index (Total Return) and 15% ICE BofA Euro High Yield Index (Total Return) benchmark returned 1.64%. 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. Credit also contributed positively towards performance with subordinated financials, followed by investment grade bonds and senior bank debt, leading the way. Over longer time periods of 3, 5 and 10 years, the fund is first quartile.

### 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 new issues from Grand City Prospect (investment grade bond), Piraeus Bank (senior bank debt) and Nationwide (tier 3 bank debt). In the secondary market, we added some short-dated IG bonds from Arkema and Heineken. We also added an IG bond from Thames Water at a big discount to par. We sold Match, Merlin and Johnson & Johnson. 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 reduced from 5.2 to 5.1 over the month. By contrast, modified duration for the broader market is 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. However, 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	3.31bn 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	0.88	1.06
Sharpe Ratio	-0.44	-0.09
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



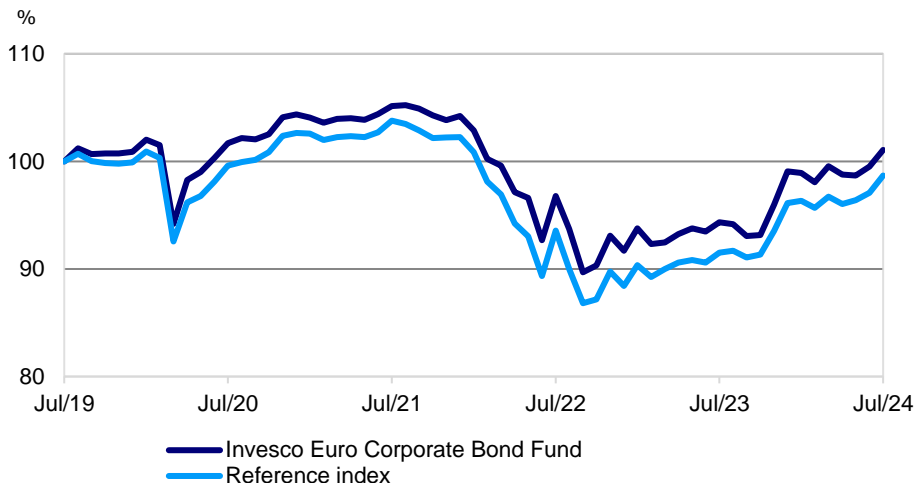
Morningstar Rating 31.07.24

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) <sup>1, 2</sup>

### 5 Year Active Return



Cumulative	YTD	YTQ	1M	1Y	3Y	5Y
Fund (Z-shares)	2.02	0.48	1.54	7.13	-3.89	1.06
Reference Index	2.65	0.98	1.65	7.83	-4.92	-1.31
Active return	-0.63	-0.50	-0.11	-0.70	1.03	2.37

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	31.07.14	31.07.15	31.07.16	31.07.17	31.07.18	31.07.19
	31.07.15	31.07.16	31.07.17	31.07.18	31.07.19	31.07.20
Fund (Z-shares)	2.75	2.96	1.35	0.12	6.03	
Reference Index	2.69	5.35	1.49	0.80	5.76	
Peer Group	2.21	3.97	1.01	-0.20	4.53	

	31.07.19	31.07.20	31.07.21	31.07.22	31.07.23	31.07.24
	31.07.20	31.07.21	31.07.22	31.07.23	31.07.24	
Fund (Z-shares)	1.70	3.39	-7.96	-2.53	7.13	
Reference Index	-0.38	4.18	-9.86	-2.18	7.83	
Peer Group	-0.71	3.15	-9.67	-2.76	7.40	

Source fund/sector: Morningstar as of 31 July 2024

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

Peer Group: Morningstar Category EAA Fund EUR Corporate Bond

<sup>1</sup>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.

<sup>2</sup>Previous Benchmark: Mstar GIF OS EUR Corporate Bond up to 29 February 2020.

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EMEA 3784323