

SHINING A LIGHT ON THE.....
Invesco Perpetual Global Targeted Income Fund

AT A GLANCE

Investment Objective	
The Fund aims to deliver a gross income of 3.5% per annum above UK 3-month LIBOR, whilst aiming to preserve capital in all market conditions over a rolling 3-year period. The Fund aims to achieve this with less than half the volatility of global equities, over the same rolling 3-year period. There is no guarantee that the Fund will achieve these aims and an investor may not get back the full amount invested.	

Inception Date	30 November 2016
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000XPYD

Management	
Manager Name	Start Date
Sebastian Mackay, Richard Batty and Gwilym Satchell	30 November 2016

Volatility Measurements	
3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

FUND PERFORMANCE

Performance from 30 November 2016 to 30 April 2018.

	2016	2017	2018
Invesco Perpetual Global Targeted Income Fund	2.78%	2.45%	-0.49%
Vanguard Global Bond Index	-0.03%	2.00%	-0.93%

Performance over 1 year and since launch:

	1 year	Since launch (p.a.)
Invesco Perpetual Global Targeted Income Fund	-1.11%	3.36%
Vanguard Global Bond Index	0.18%	0.72%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

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UPDATE....

This comes from the stable of targeted return funds and focuses on delivering an income 3.5% p.a. over a rolling 3-year period. The returns shown are inclusive of reinvested income. The aim of the fund is to preserve capital and deliver an income.

We discussed the capital preservation side and the manager explained that they would like to achieve 1 to 1.5% growth on the capital so with the income the return is like the growth strategy they manage. They explained that achieving income is easy as there are plenty of opportunities out there, but the challenge is achieving income without taking on too much capital risk.

The fund is based on ideas and has 26 currently, 2/3rds are there to generate income. The current themes include Russian Rubble vs US Dollar, Commodities (to preserve capital), US vs UK Inflation, and EM debt.

The income tends to come from 4 asset types – credit, currency, equity and interest rates.

In terms of performance they need to aim to get a positive hit rate of 60% to hit the target return. As it stands the fund is struggling to achieve this. Part of this has been to do with the currency exposure which in the past had performed well for the fund but has now started to underperform. In particular US dollar and Japanese vs Korea currency exposure hampered performance.

Another negative area was volatility exposure which became more expensive during the year (2017), however having this exposure helped the fund in February 2018. Moving forward with greater volatility this should be a good investment.

Asian equities helped the fund in 2017 but have pulled back slightly coming into 2018.

In summary, the idea behind this is to deliver an income stream plus a small amount of growth over a rolling three-year period. The fund hasn't hit its three-year anniversary and certainly in the short term like similar strategies it has failed to deliver on its stated objectives. Having said that it has kept volatility low and outperformed the index since its launch. The index is the Global Bond Index and the idea is to provide similar characteristics.

The source of information in this note has been provided by Invesco and is correct as at May 2018. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.