
Invesco Pan European High Income Fund

Monthly Report February 2025 (covering January)

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Summary of fund objective

The Fund is actively managed. The Fund aims to achieve a high level of income together with long-term capital growth. The Fund seeks to achieve its objective by investing primarily in European securities (debt and equity). At least 50% of the NAV will be invested in debt securities. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

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 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.

Fund Performance

The Invesco Pan European High Income Fund returned 1.68% in January. This placed the fund in the first quartile of its peer group, the EAA EUR Cautious Allocation, which returned 1.20%. The fund's allocation to equities was the main driver of performance. With US leadership in artificial intelligence being challenged by China's DeepSeek, the fund's exposure to European equities benefited from a rotation out of US technology stocks. Led by banks, financials was the strongest performing sector in Europe. Healthcare companies also performed well. Supported by a further narrowing in spreads, credit also delivered positive returns. Within credit, subordinated financials, followed by high yield and investment grade corporate bonds, were the biggest contributors. With lower-than-expected inflation in the US and UK raising hopes of further interest rate cuts this year from the Federal Reserve and Bank of England, duration contributed positively towards performance. The fund's biggest individual contributors were all equities - BBVA, CaixaBank, Roche and Sanofi. Over longer time periods of 3, 5 and 10 years, the fund is first quartile.

Fund Positioning

The fund is focused on higher yielding bonds but is avoiding companies that we think are likely to face significant challenges within an environment of higher borrowing costs and sluggish economic activity. The largest allocation by industry within the bond portion is financials. The biggest non-financial exposures are to utilities, telecoms and food. The fund also has investment grade corporate bonds. To broaden the opportunities for income and increase the opportunities for capital return, the fund holds an allocation of 19% in European equities. The focus here is on high-quality companies with strong balance sheets, healthy free cash flow generation and good management teams that are committed to and capable of returning that cash flow to shareholders where appropriate.

Outlook

European growth continues to face headwinds with uncertainties over US President Donald Trump's threat to impose import tariffs increasing the risk of a trade war. This could hamper the growth outlook for countries with US trade surpluses, for example Germany. To protect growth, however, we expect the European Central Bank to continue cutting interest rates in 2025. Credit fundamentals remain relatively healthy. Issuance of high yield bonds is strong and corporate balance sheets are robust. However, we need to consider the relatively low credit spread the market is trading on.

Fund Facts

Z-share ISIN	LU1625225666
Bloomberg	INPEHZA LX
Domicile	Luxembourg
AuM	6.49bn EUR
Launch Date	31 Mar 2006
Reference Index**	45% ICE BofA Euro High Yield Index (Total Return), 35% Bloomberg Pan European Aggregate Corp EUR Hedged Index (Total Return) & 20% MSCI Europe ex UK Index (Net Total Return)

Fund Managers***	Thomas H. Moore, Alexandra Ivanova and Oliver Collin
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** The benchmark index is shown for performance comparison purposes only. The fund does not track the index.

*** Thomas Moore since August 2020, Alexandra Ivanova since August 2021 and Oliver Collin since November 2022

Fund Characteristics

(Annualised Data)

	3Y	5Y
Gain/Loss Ratio	1.42	1.43
Sharpe Ratio	0.08	0.23
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



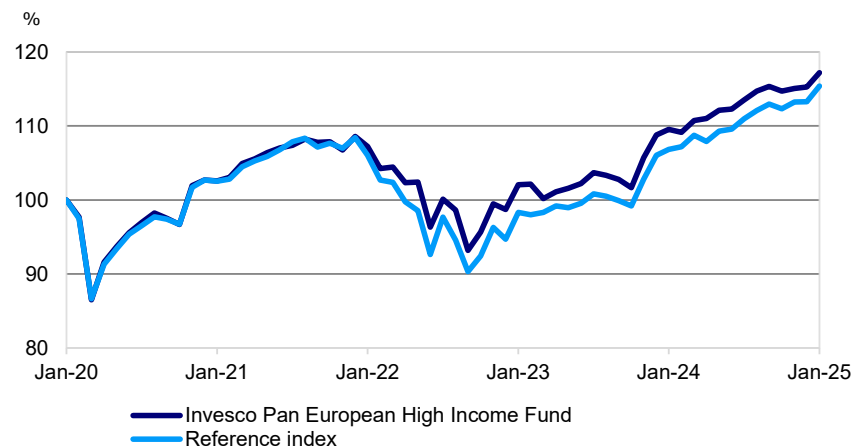
Morningstar Rating 31.01.25

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	YTQ	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	-	1.68	1.68	7.00	9.31	17.19
Reference Index	-	1.86	1.86	8.00	8.82	15.39
Active return	-	-0.18	-0.18	-1.00	0.49	1.80

Calendar Year	2020	2021	2022	2023	2024
Fund (Z-shares)	2.78	5.76	-9.11	10.21	5.95
Reference Index	3.15	5.60	-12.66	11.96	6.83

Rolling 12 Months	31.01.15	31.01.16	31.01.17	31.01.18	31.01.19
	31.01.16	31.01.17	31.01.18	31.01.19	31.01.20
Fund (Z-shares)	-3.31	8.94	6.30	-3.34	9.96
Reference Index	-1.77	8.54	6.73	-2.36	10.32
Peer Group	-2.09	3.05	3.21	-3.38	5.08

	31.01.20	31.01.21	31.01.22	31.01.23	31.01.24
	31.01.21	31.01.22	31.01.23	31.01.24	31.01.25
Fund (Z-shares)	2.59	4.50	-4.83	7.34	7.00
Reference Index	2.55	3.40	-7.28	8.67	8.00
Peer Group	0.36	2.05	-6.85	4.66	5.79

Source fund/sector: Morningstar as of 31 January 2025

Source index: RIMES + Bloomberg as at 31 January 2025, on a total return basis in EUR

Peer Group: Morningstar Category EAA Fund EUR Cautious Allocation

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 Benchmarks: Mstar GIF OS EUR Cautious Allocation up to 29 February 2020 and 20% MSCI Europe ex UK | 35% Barclays Pan European Agg (Eur Hedged) | 45% ICE BoA EUR HY up to 13 October 2021.

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EMEA 4231391