

# INVESCO PERPETUAL Distribution (OEIC)

**OBSR Fund Rating**  
**AAA /  Gold**

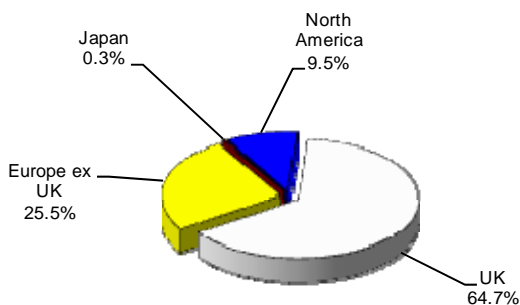
**obsr** FUND  
RATINGS

## Key Information

<b>Launch Date</b>	26 January 2004	
<b>Fund Size</b>	£1422.1m	
<b>Type of Shares Available</b>	Income & Accumulation	
<b>Distribution Dates</b>	Monthly	
<b>Distribution Yield</b>	6.98%	
<b>ISA</b>	Yes	
<b>ISA Transfer</b>	Yes	
<b>Standard Fund Management Charges</b>	<b>Initial</b>	5.00%
	<b>Annual</b>	1.375%

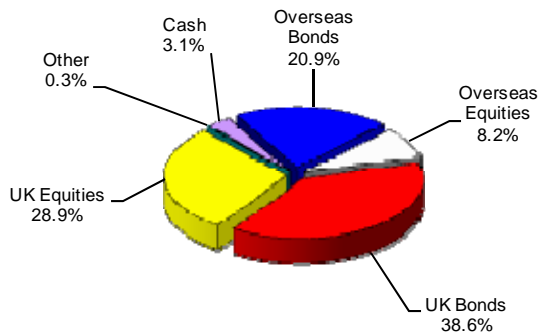
## Asset Distribution

Source: Invesco Perpetual



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Source: Invesco Perpetual



## Top Ten Bond Issuers

%

Lloyds Banking Group	6.1
RBS	3.0
Barclays Bank	1.7
Bank of Ireland	1.3
UPC	1.2
AIB	1.1
Citigroup	1.0
Ziggo	0.9
SMFG	0.9
Kingdom of Spain	0.9
<b>Concentration (Top 10)</b>	<b>18.1</b>
<b>Total Number of Holdings</b>	<b>329</b>

Source: Invesco Perpetual

## Classification

<b>Sector</b>	Cautious Managed
<b>Benchmark/Index</b>	IMA Cautious Managed Sector

## Management/Investment Style

<b>Fund Managers</b>	Paul Causer (January 2004) Paul Read (January 2004)
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The fund offers investors a widely-diversified portfolio of fixed and variable income securities and equities, managed on a total return basis. The allocation between bonds and equities is actively managed, as is the asset mix within the bond component, with a view to optimising risk-adjusted returns. The portfolio's natural income stream is distributed, but investors should note that the level of income is not managed and may fluctuate up or down.

## Investment Objective & Methodology

The fund aims to achieve a good overall return in the medium to long term with relative security of capital, by investing in a diversified portfolio of fixed and variable income securities and equities. The fund seeks to secure immediate income coupled with potential future growth of income and capital from the equity element, while the bond element is managed with a view to creating income with due regard to capital preservation. The managers have considerable discretion regarding the mix between equities and bonds, as well as wide powers to invest in both UK and overseas assets. However in order to qualify as a distributing fund at least 60% of the assets must be held in fixed income securities.

The fund is managed by Paul Causer and Paul Read, who are co-heads of fixed interest at Invesco Perpetual based in Henley. They have worked together since 1995 and have a great deal of experience in fixed income markets. They work alongside fund manager Michael Matthews and they are supported by a team of credit analysts and a strategist. They are responsible for decisions on asset allocation for this fund and also manage the fixed income portion of the fund. The equity portion of the fund is currently delegated to Neil Woodford, Head of Investments.

The bond team meets regularly to consider the current macroeconomic environment and to identify global and business trends. The lead managers consider a wide range of inputs, including: key economic data (GDP growth, industrial capacity and utilisation rates, unemployment levels, business & consumer confidence); political developments; Government policies (spending, tax, and monetary policies); and technical analysis of markets. After setting this macro framework, the lead managers will determine the allocation between bonds and equities. They will then reflect their overall views on bond markets in the balance between investment grade and high yield bonds. They make use of extensive external broker contacts to supplement their own market analysis.

The lead managers emphasise their desire to pursue a flexible asset allocation policy within the fund, to meet changing economic and investment conditions. At least 60% of the fund will be held in bonds, while exposure to equities will typically lie between 20% and 37.5%. The appreciation and control of risk is embedded in the decision as to how much to invest in equities, as well as the managers' security selection within bonds. If they place greater importance on relative security and capital preservation, investment grade bonds are likely to predominate. Conversely when they believe that high yield bonds offer superior relative performance potential, these are likely to predominate. While UK bonds will generally form a large portion of the fund's assets, opportunities in overseas bond markets will also be taken.

Management of the equity component of the fund is currently delegated to Neil Woodford, whose style tends to reflect a bias towards "value" investing and combines a top-down thematic framework with stock selection based on fundamental research. Mr Woodford is the lead manager for Invesco Perpetual's flagship equity income funds, and he employs a very similar set of criteria when selecting equities for inclusion in this portfolio. He prefers companies with sound business models, effective management, and the ability to generate strong cash flows that can be distributed to shareholders. This includes companies that he believes the market has misunderstood or mispriced, but where he can see good scope for future growth of earnings and dividends as well as potential for a market re-rating. The lead managers also seek equity ideas from other members of the Henley-based global investment team and overseas equities may feature from time to time.

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Data as at 30 December 2011  
Last Updated January 2012