



Global Targeted Returns Strategy

Quarterly update covering 3 months to 30 June 2023

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Please refer to Investment risks on page 06.

Key facts

Strategy inception	9 September 2013
Total strategy assets	GBP £2.61bn
Reference Index ³	UK 3-month SONIA
Expected portfolio risk ^{1,3}	5.70%
Total independent risk ^{2,3}	19.85%

Available investment vehicles (domicile)

Pooled vehicle (UK)
Segregated account

Investment team

The strategy is managed by the Invesco Multi Asset team. The investment team has a wealth of experience in running multi asset strategies. Portfolio managers Georgina Taylor, Richard Batty, Sebastian Mackay and Gwilym Satchell have more than 85 years of investment expertise between them, including a combined total of 30 years' experience in delivering targeted absolute returns.

Distinguishing attributes

- **Unconstrained research agenda and genuine diversification**
We believe changing market dynamics require access to an unconstrained research agenda in order to generate positive returns over the long term. The strategy seeks to offer a targeted return for investors through genuine diversification with exposure to a wide array of asset types, geographies, sectors and currencies.
- **Dedicated macro specialists**
The strategy is run by a dedicated team of macro specialists who have a fundamental, long-term investment horizon, consistent with the philosophy across the Henley-based investment centre.
- **Diversified alpha sources**
The strategy has access to diversified alpha sources across the Invesco product range.
- **Truly global organisation**
The team is embedded in a truly global investment management organisation underpinned by a global infrastructure across distribution, dealing, oversight, and global third party relationships.

Investment objective

The strategy aims to achieve a positive total return in all market conditions over a rolling three year period.

The strategy targets a gross return of 5% per annum above UK 3-month SONIA (or an equivalent reference rate) and aims to achieve this with less than half the volatility of global equities, over the same rolling three-year period. There is no guarantee that the strategy will achieve a positive return or its target.

Investment philosophy

The team believes that positive total returns can be achieved in all market environments over a rolling three-year period through an unconstrained approach to sourcing return ideas and through robust risk management.

Investment strategy

The team considers a wide array of asset classes, geographies, sectors and currencies to identify what they consider to be, the most attractive investment ideas. The strategy can have up to around 50 investment ideas in its portfolio at any time. The average is expected to be between 20 and 30. The strategy uses a wide range of financial instruments to implement these investment ideas, including derivatives. It invests around 60% of assets under management in other eligible investment strategies from our Henley investment centre and the wider Invesco group, with the remaining 40% in cash or near-cash instruments as cover for derivatives exposure.

The team's approach follows a rigorous three-step process:

Step 1. Researching and approving ideas

The team considers the risk/reward associated with each idea, including the asset classes and instruments which could be used and any wider economic trends that could affect the idea.

Step 2. Risk-based portfolio management - combining ideas

Every idea must contribute the right blend of risk and return. Each idea is assessed to see how volatile it is in isolation, how it affects every other idea and its impact on overall volatility of the portfolio.

Step 3. Dealing and governance - implementing ideas

The implementation of each investment idea goes through four phases: order, comply, execute and review.

Second quarter commentary

Equities continued to move higher, delivering positive returns in Q2 across most regions with US markets rising most. One notable exception was China, where the reopening from COVID lockdown has disappointed. Japanese equities were also strong, as a combination of supportive growth-policy mix helped the currency fall nearly 10%, which in turn helped drive local stocks higher. Some exposure to Tech/AI also likely helped, given it was a major contributor to the strong performance of US indices, particularly the NASDAQ, also up double-digits. Europe delivered mild positive returns across its core markets, however the region lagged the US meaningfully due to weak economic momentum and a lower tech weighting, with the UK especially struggling.

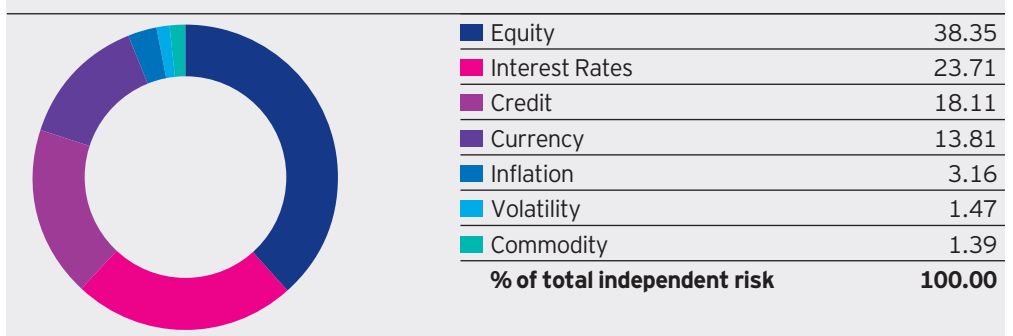
It was a mixed quarter for corporate bonds. While the credit spread for global investment grade bonds narrowed, their greater sensitivity to changes in interest rates pushed returns for high quality bonds into negative territory. There was better news in the high yield market where returns were positive. With core inflation remaining sticky, expectations that central banks will have to increase interest rates further weighed on the performance of government bonds. Finally, with the US Federal Reserve pausing its monetary tightening while other Central banks continued to hike, the USD lost ground during the second quarter.

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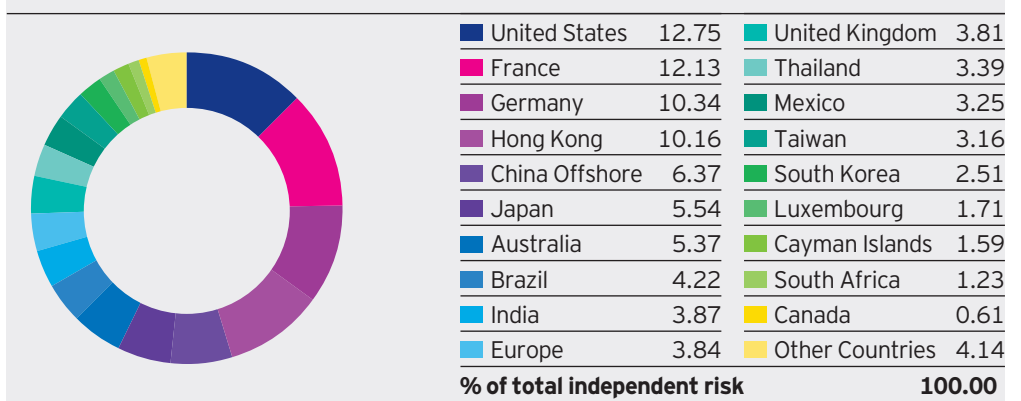
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Independent risk breakdown by idea ^{2,3}		
Idea	Independent risk	% of total independent risk
Commodity - Commodity Carry	0.28	1.39
Credit - Selective Credit	1.65	8.29
Credit - US High Yield	1.37	6.91
Credit - US Investment Grade	0.58	2.91
Currency - Indian Rupee vs Chinese Renminbi	0.49	2.46
Currency - Long Japanese Yen	0.87	4.36
Currency - Thai Baht vs Chinese Renminbi	0.54	2.72
Currency - US Dollar vs Asia	0.56	2.82
Equity - Diversified Alpha	1.01	5.10
Equity - Equity Optionality	0.94	4.76
Equity - Germany vs France	1.44	7.24
Equity - Healthcare vs Staples	1.45	7.31
Equity - Short US	1.36	6.83
Equity - Strong Balance Sheets vs Market	1.41	7.11
Inflation - US vs Europe	0.63	3.16
Interest Rates - Australia	1.17	5.89
Interest Rates - Global Steepener	0.52	2.63
Interest Rates - Selective EM Debt	1.47	7.40
Interest Rates - Short Japan	0.45	2.25
Interest Rates - UK	0.60	3.01
Interest Rates - US Real Yields	0.50	2.53
Volatility - Global FX Volatility	0.29	1.45
Volatility - US Variance	0.00	0.02
Cash & Residual FX ⁴	0.29	1.45
Total independent risk	19.85	

Independent risk² breakdown by asset type %³



Independent risk² breakdown by region %³



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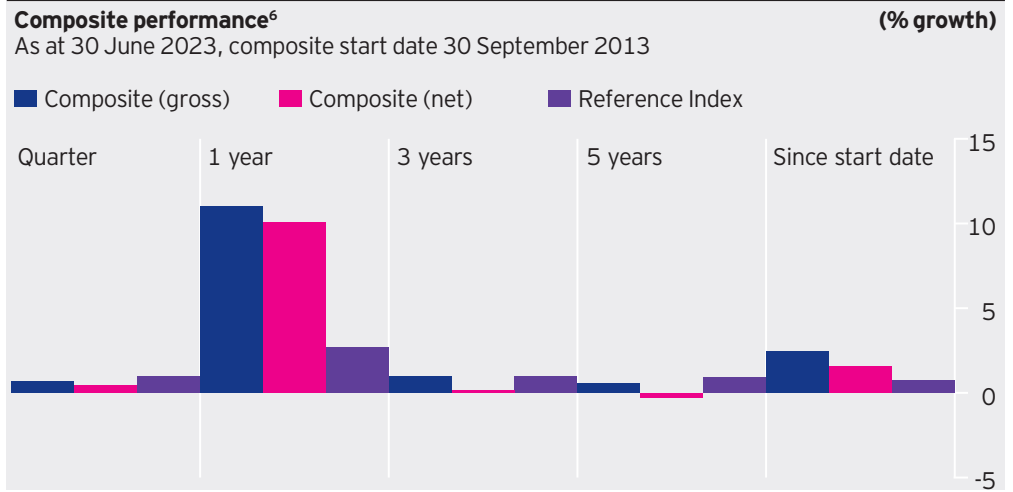
Performance contribution by idea Q2 2023 ^{3,5}	Basis points
Commodity - Commodity Carry	-5
Credit - Selective Credit	30
Credit - US High Yield	52
Credit - US Investment Grade	34
Currency - Indian Rupee vs Chinese Renminbi	15
Currency - Long Japanese Yen	-99
Currency - Thai Baht vs Chinese Renminbi	14
Currency - US Dollar vs Asia	28
Currency - US Dollar vs South Africa	6
Currency - US Dollar vs UK Pound	-9
Equity - Diversified Alpha	29
Equity - Equity Optionality	0
Equity - European Infrastructure	-8
Equity - Germany vs France	-9
Equity - Healthcare vs Staples	17
Equity - Short US	-37
Equity - Strong Balance Sheets vs Market	54
Inflation - US vs Europe	-8
Interest Rates - Australia	-27
Interest Rates - Global Steepener	-12
Interest Rates - Japan	-14
Interest Rates - Selective EM Debt	105
Interest Rates - UK	-56
Interest Rates - US Real Yields	-7
Volatility - Global FX Volatility	-22
Volatility - US Variance	5
Cash & Residual FX	-1
Total quarterly contribution	74

The attribution/contribution figures are estimates and should be used for indicative purposes only. Data cleansing and retrospective information availability may cause changes.

- ¹ Expected portfolio risk is the expected volatility as measured by the standard deviation of the current portfolio of ideas over the last three and a half years.
- ² Independent risk is the expected volatility of an individual idea as measured by its standard deviation over the last three and a half years.
- ³ The details shown relate to a representative account managed in accordance with the Global Targeted Returns strategy and are subject to change. Each portfolio may differ due to specific investment restrictions and guidelines.
- ⁴ Residual FX refers to risk arising from unhedged currency exposure rather than an individual investment idea.
- ⁵ Portfolio Return is calculated by the attribution system, Barclays POINT, using a portfolio constructed by a daily feed of positions.

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Composite performance⁶ (%)

	Quarter	1 year	3 years	5 years	Since start date
Composite (gross)	0.69	11.03	1.00	0.58	2.47
Composite (net)	0.47	10.07	0.13	-0.28	1.59
Reference Index	1.00	2.66	0.99	0.89	0.71

Standardised rolling 12-month performance (% growth)

	30.06.18 30.06.19	30.06.19 30.06.20	30.06.20 30.06.21	30.06.21 30.06.22	30.06.22 30.06.23
Composite (gross)	-0.66	0.59	-0.33	-6.90	11.03
Composite (net)	-1.51	-0.28	-1.19	-7.71	10.07
Reference Index	0.83	0.66	0.06	0.26	2.66

Returned 0.13% p.a. net (1.00% p.a. gross) vs. 6.04% p.a. for the target of 3-m SONIA + 5% with less than half the volatility vs. MSCI World 100% GBP hdg over the last 3 years.

Past performance is not a guide to future returns.

Past performance is not a guide to future returns. All performance as at 30 June 2023, and returns for periods greater than 12 months are annualised. Reported in GBP £. Gross performance figures are gross of management fees and expenses. Net performance figures are net of the representative retail management fee of 1.57%.

⁶ The representative composite used for this strategy is the Global Targeted Returns UK Composite. The composite reference index is the UK 3-month SONIA. This is supplemental information to the GIPS-compliant Global Targeted Returns UK Composite presentation on page 05.

Composite performance results

Composite: Global Targeted Returns UK
Reference Index: UK 3-month SONIA

Base currency: GBP £
Returns as of 30 June 2023
Composite start date 30 September 2013

	Gross rate of return (%)	Net rate of return (%)	Reference Index return (%)	Composite 3-Yr Ann St Dev (%)	Reference Index 3-Yr Ann St Dev (%)	Number of portfolios (throughout period)	Dispersion (%)	Market value at end of period £ m	Percentage of firm assets (%)	Total firm assets £ bn
YTD 2023	2.90	2.45	1.82	4.73	0.39	1 (1)	n/a	407.17	n/a	n/a
Q2 2023	0.69	0.47	1.00	4.73	0.39	1 (1)	n/a	407.17	n/a	n/a
Q1 2023	2.19	1.97	0.81	4.78	0.28	1 (1)	n/a	502.96	n/a	n/a
2022	-0.26	-1.12	1.03	4.80	0.18	1 (1)	n/a	520.77	0.07	719.14
2021	0.36	-0.51	0.09	3.43	0.10	1 (1)	n/a	1,229.93	0.17	719.88
2020	-0.55	-2.09	0.29	3.06	0.08	1 (1)	n/a	6,239.68	0.97	640.81
2019	4.21	3.48	0.81	2.72	0.06	1 (1)	n/a	9,539.34	1.53	623.42
2018	-3.01	-3.69	0.72	3.49	0.05	1 (1)	n/a	11,848.19	2.61	454.58
2017	2.20	1.49	0.37	4.03	0.03	1 (1)	n/a	12,069.67	2.47	488.13
2016	4.53	3.80	0.53	4.20	0.02	1 (1)	n/a	8,414.92	1.74	484.77
2015	2.55	1.83	0.57	n/a	n/a	1 (1)	n/a	4,732.88	1.21	390.16
2014	9.54	8.54	0.54	n/a	n/a	1 (1)	n/a	860.20	0.23	375.12
2013 (Oct)	2.84	2.43	0.13	n/a	n/a	1 (1)	n/a	170.72	0.05	345.86

Past performance is not a guide to future returns.

Invesco Worldwide claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Invesco Worldwide has been independently verified for the periods 1st January 2003 through 31st December 2020. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. The composite creation date is 4 February 2014.

1. Invesco Worldwide ("The Firm") is defined as follows: For purposes of compliance with Global Investment Performance Standards (GIPS®), "Invesco Worldwide" refers collectively to all direct or indirect subsidiaries of Invesco Ltd. that provide discretionary investment advice with the exception of the following entities: Invesco Investment Management Ltd., Invesco Investment Advisers LLC, Invesco Asset Management Australia (Holdings) Ltd., Invesco Global Real Estate Asia Pacific, Inc., IRE (Cayman) Ltd., Invesco Senior Secured Management, Inc., Invesco Private Capital, Inc., and Invesco Capital Management LLC. Invesco Great Wall Fund Management Company Limited is compliant with GIPS but is not part of Invesco Worldwide. Invesco Canada Ltd. was added to the firm effective December 31, 2021.

2. Portfolios within this composite are in

GBP base currency and aim to achieve a positive total return in all market conditions over a rolling 3 year period. The composite portfolios target a gross return of 5% per annum above 3 month UK SONIA (or an equivalent reference rate) and aim to achieve this with less than half the volatility of global equities, over the same rolling 3 year period. The composite portfolios seek to achieve their objective by using a range of investment strategies and techniques to invest actively in a broad selection of asset classes across all economic sectors worldwide.

3. The benchmark, SONIA 3M Compounded Average (LIBOR 3M GBP thru 12/31/21), is used for comparative purposes only and generally reflects the risk or investment style of the product. Investments made by the Firm for the portfolios it manages according to respective strategies may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of the benchmark. Accordingly, investment results and volatility will differ from those of the benchmark.

4. Valuations and portfolio total returns are computed and stated in U.K. Sterling. The Firm consistently values all portfolios each day on a trade date basis. Portfolio level returns are calculated as time-weighted total returns on daily basis. Accrual accounting is used for all interest and dividend income. Past performance is not an indication of future results. Foreign currency exchange rates for calculation of the composite and benchmark are based on the WM/Reuters Closing Spot Rates TM that are fixed at approximately 4:00 p.m. London time.

5. Composite dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year. The three-year annualized standard deviation measures the variability of the composite and the

benchmark returns over the preceding 36-month period. The standard deviation is not presented where there is less than 36 months or fewer than three portfolios in the composite. All risk measures are calculated using gross of fee returns. The Firm consistently values all portfolios each month on a trade date basis. Accrual accounting is used for all interest and dividend income. Past performance is not an indication of future results. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request.

6. Gross-of-fee performance results are presented before management and custodial fees but after all trading commissions and withholding taxes on dividends, interest and capital gains, when applicable. Net-of-fee performance results are calculated by subtracting the highest fee of an active portfolio within the composite from the monthly gross-of-fee returns. The highest management fee of a portfolio included in the composite is 87bps. The institutional management fee schedule is as follows: Assets up to 100 mln GBP 70bps, Next 150 mln GBP 65bps, Next 250 mln GBP 60bps. (Or equivalent local currency)

7. Net-of-fee performance was calculated using a flat fee of 70bps and was changed effective 31 December 2020 to a flat fee of 87bps. Net-of-fee performance was restated retroactively.

8. The minimum portfolio size for the composite is US Dollar 5,000,000.

9. The following are available on request:
* Policies for valuing investments, calculating performance and preparing GIPS reports
* List of composite descriptions
* List of limited distribution pooled fund descriptions
* List of broad distribution pooled funds

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Further information

About us

Invesco forms part of one of the world's leading independent global investment managers - Invesco Ltd. With £1,209.93bn⁷ of assets (30 June 2023) managed by investment professionals, we are recognised for developing global ideas and tailoring them for the benefit of local markets.

Our sole focus is investment management. With no distractions from competing interests, we are able to focus all our global resources on providing our clients with the investment expertise and personal service they expect.

⁷ Preliminary results are subject to adjustment.

Investment risks

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.

The strategy uses derivatives (complex instruments) for investment purposes, which may result in a portfolio being significantly leveraged and may result in large fluctuations in value. The strategy may hold debt instruments which are of lower credit quality which may result in large fluctuations in value.

Changes in interest rates will result in fluctuations in the value.

As a portion of the strategy may be exposed to less developed countries, you should be prepared to accept large fluctuations in value.

Important information

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Telephone calls may be recorded.

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Data as at 30 June 2023 unless otherwise stated.

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Further information on our products is available using the contact details shown.

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