

Invesco delivers "Income today, income tomorrow" approach to UK equity high income

- **Invesco delivers for income seeking investors**
- **UK equity income funds are showing signs of renewed momentum as investors search for resilient and inflation-adjusted returns**
- **¹Invesco UK Equity High Income Fund (UK) has delivered strong returns over 1, 3 and 5 years, via its approach centered on a balance of "Income Today" and "Income Tomorrow"**

LONDON, 10 July 2025 – Invesco, one of the world's leading asset managers, believes there is a revival in UK equity income funds, as market volatility and persistent inflation drive investors in their quest for reliable, real returns.

Investors are reappraising their views on markets outside of the US. This includes the UK, where there is an abundance of good quality, cash generative businesses with solid earnings visibility and a favourable dividend landscape and which trade on extremely attractive relative valuations.

On taking over the management of the Invesco UK Equity High Income Fund in 2020, Ciaran Mallon and James Goldstone identified 54% of the portfolio which they wanted to change; this saw a number of new holdings added and the weightings of existing holdings adjusted. Since then, the Fund Managers have managed the portfolio around the central tenets of "Income Today" and "Income Tomorrow", a balance which enables the fund to adapt to different market conditions and which they believe is both resilient and forward-looking. The fund aims to deliver a yield more than the FTSE All Share index, while also growing both the distribution and the underlying capital over time.

To achieve this, considerable attention has been paid to the capital allocation policy of each holding, together with that stock's role in the overall portfolio. Some companies – those with limited reinvestment prospects – are better suited to paying out the excess capital they generate via a dividend, 'Income Today'. Other companies are investing in projects that they believe will generate attractive returns into the future and, although they may have lower yields today, have the potential to grow their dividends meaningfully into the future as their investments bear fruit, i.e. 'Income Tomorrow'. The portfolio is also well-diversified across and within sectors creating a more stable and reliable income stream, not relying on any single company, sector or theme for dividends or dividend growth.

The **Invesco UK Equity High Income Fund (UK)** has delivered strong returns over **1, 3, and 5* years¹**, comfortably outpacing the comparator benchmark. Supported by resilient earnings from high-quality UK-listed companies and attractive valuations across sectors such as consumer discretionary and financials, the Fund Managers believe now is the time to reinvest in UK equities and that this Fund delivers the income investors are seeking.

Ciaran Mallon, Co-Manager of Invesco UK Equity High Income Fund (UK) says: *"We want the dividends from our portfolio to grow over time, ideally keeping up with or beating inflation. To do this, we think about companies in two groups: 'Income Today' and 'Income Tomorrow.' 'Income Today' companies help us generate a strong portfolio yield now, supporting the current dividend. 'Income Tomorrow' companies may offer lower yields today but have the potential to grow their dividends in the future, helping us increase income over time.*

"Equity income has become a more prominent focus for investors recently due to the elevated inflation experienced over the past few years. Dividends from equities have the potential to keep pace with or even outstrip inflation. For those who rely on investment income, this can potentially help preserve, or even enhance, their purchasing power over time. Meanwhile, investors who don't need the income immediately can reinvest dividends, allowing the power of compounding to drive long-term capital growth."

A notable contributor to recent outperformance of the Fund has been an overweight position in UK financials and consumer discretionary stocks. For example, the Fund's long-standing exposure to financials has been a key source of dividend strength. Lloyds, a top 5 holding in the portfolio, reflects the Fund Managers' confidence in high-quality UK banks with sustainable capital return strategies – including dividends and share buybacks. An example of the Fund's 'Income Today' holding.

In consumer discretionary, the clothing and homewares retailer Next has demonstrated robust cash generation and capital discipline. It has invested in high return growth opportunities over the long-term thereby strengthening its position in a sector that has seen less strong companies struggle or even cease to exist. This is an example of a position that the team classify as 'Income Tomorrow'.

James Goldstone, Co-Manager of the Invesco UK Equity High Income Fund (UK), concludes: *"Some consumer discretionary stocks are benefiting from resilient demand which they are able to capitalise on thanks to the efficient operations and the decisions taken by a forward-thinking management team. In financials, we're seeing banks ration capital within their businesses which has unlocked significant capital returns to shareholders. Our focus is on high-quality UK businesses that generate consistent cash flows and reward shareholders responsibly. The recent market shift is a reminder that valuation and income matter."*

"We have been making strategic portfolio changes over the past five years and, by sticking to our investment philosophy and ensuring we've created a balanced portfolio investing in companies that take capital allocation seriously, this has resulted in top quartile performance."

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Press contact:

Michelle Ballington
Head of UK Media Relations
Invesco
michelle.ballington@invesco.com
+44(0)1491 416353

Beth Hall

Invesco
Beth.hall@invesco.com
+44(0) 1491417324

Notes to editors:

About Invesco Ltd.

Invesco is a global independent investment management firm. Our distinctive investment teams deliver a comprehensive range of active, passive and alternative investment capabilities. With offices in more than 20 countries, Invesco managed \$1.84 trillion in assets on behalf of clients worldwide as of March 31, 2025. For more information, visit [invesco.com](https://www.invesco.com).

You can view the fund factsheet [here](#)

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 Fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the Fund. The Manager, however, will ensure that the use of derivatives within the Fund does not materially alter the overall risk profile of the Fund.

As one of the key objectives of the Fund is to provide income, the ongoing charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth.

The Fund is invested in companies primarily domiciled in one country, any unfavourable conditions presented on them through country-specific conditions such as changes in regulation, business or economic policy may have a more negative impact on the Fund's performance than on the performance of a Fund that is geographically diversified.

The Fund may invest in private and unlisted equities which may involve additional risks such as lack of liquidity and concentrated ownership. These investments may result in greater fluctuations of the value of the Fund. The Manager, however, will ensure that any investments in private and unlisted equities do not materially alter the overall risk profile of the Fund.

Past performance does not predict future returns.

You can view the fund factsheet [here](#)

Performance (%)				
	1 year	3 years	5 years	5 years ACR*
Fund	12.20	28.59	68.28	10.97
Comparator Benchmark	5.81	18.19	49.79	8.42

*ACR - Annual Compound Return

Target Benchmark: Over a rolling 5 year period the income return of the fund was 3.59% and the income return of the target benchmark was 3.78%.

Standardised rolling 12-month performance

as of 31-May-25

	Invesco UK Equity High Income Fund (UK) Z (Acc)	IA UK All Companies-NR
May 2024 - May 2025	12.20%	5.81%
May 2023 - May 2024	13.69%	13.30%
May 2022 - May 2023	0.80%	-1.41%
May 2021 - May 2022	6.33%	-1.55%
May 2020 - May 2021	23.08%	26.73%
May 2019 - May 2020	-26.50%	-9.55%
May 2018 - May 2019	-8.66%	-4.69%
May 2017 - May 2018	-3.73%	6.70%
May 2016 - May 2017	14.97%	21.82%
May 2015 - May 2016	-3.03%	-5.71%

¹Target Benchmark: FTSE All Share Index (Net Total Return). The Fund aims to achieve a high level of income (greater than the income return of the FTSE All Share Index over a rolling 5 year period) and capital growth over the long term (5 years plus). The Fund's performance can be measured against the Benchmark. FTSE All-Share Index information is source: Thomson Reuters Datastream, total return, Sterling.

The sector is the IA UK All Companies NR sector. This is a Comparator Benchmark. Given its geographic focus the Fund's performance can be compared against the Benchmark. However, the Fund is actively managed and is not constrained by any benchmark.

Returns may increase or decrease as a result of currency fluctuations.

Please note there is no guarantee this performance target will be achieved.

The benchmark index is shown for performance comparison purposes only. The Fund does not track the index

Important Information

This marketing communication is for trade press only.

All data is as of 31 May 2025, sourced from Invesco unless otherwise stated. Fund and benchmark performance data is source: Lipper. Fund performance is in Sterling, inclusive of income reinvested and net of the Ongoing Charge and portfolio transaction costs to date shown. Sector average performance is calculated on an equivalent basis. Fund performance figures are based on the Z accumulation share class. Performance figures for all share classes can be found in the relevant Key Investor Information Document.

This is marketing material and not financial advice. It is not intended as a recommendation to buy or sell any particular asset class, security, or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication.

Views and opinions are based on current market conditions and are subject to change.

Telephone calls may be recorded.

For the most up to date information on our funds, please refer to the relevant fund and share class-specific Key Investor Information Documents, the Supplementary Information Document, the ICVC ISA

Terms and Conditions, the financial reports and the Prospectus, which are available using the contact details shown. For details of fund specific risks, please refer to the relevant Key Investor Information Documents.

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