Fund Performance
Over the course of July, the Invesco Pan European High Income fund delivered a return of 2.6%. This compares to the GIFS EUR Cautious Allocation sector, which returned 1.5%, placing the fund in the first quartile.

Corporate bond and equity markets continued to rebound from their post Brexit lows. Markets were buoyed by the ongoing support of the European Central Bank’s Corporate Sector Purchase Programme, expectations of monetary easing by the Bank of England and reduced UK political uncertainty following the appointment of Theresa May as UK Prime Minister. In this environment, the fund enjoyed positive performance across a broad range of sectors. The biggest contributors were our holdings in Additional Tier-1 bank bonds, high yield bonds and equities.

Data from Merrill Lynch showed European currency high yield bonds returned 2.4%, Euro financial bonds returned 1.5% underperforming euro non-financial bonds, which returned 1.8%. Global Contingent Convertible Bank Bonds (CoCos) returned 3.9%. This compares to a return of 0.2% for German Bunds. European equity markets, as represented by the MSCI Europe index returned 3.5%. (Total return, €).

In the months ahead, financial markets face two opposing forces. On the one hand, Brexit is, at least until the UK’s relationship with the rest of world is clarified, likely to be an ongoing potential source of uncertainty and therefore potential volatility. On the other hand, monetary easing by the Bank of England and the European Central Bank's Corporate Sector Purchase Programme (CSPP) should continue to be supportive of bond markets and sentiment in general. Meanwhile, bond yields are in many cases at historically low levels with euro investment grade corporate bonds for example yielding just 70bps as at 31 July 2016. Taking these factors and the wider macro picture into consideration, our overall position remains defensive. We maintain a significant allocation to high quality high yield bonds. At sector level banks, alongside subordinated bonds in the insurance, telecom and utilities sectors remain our favoured area to take exposure. Given the very low level of bond yields, equity markets have a low income hurdle rate to outperform in the medium to long term. We are therefore maintaining a significant allocation to equities.

Outlook
In the months ahead, financial markets face two opposing forces. On the one hand, Brexit is, at least until the UK’s relationship with the rest of world is clarified, likely to be an ongoing potential source of uncertainty and therefore potential volatility. On the other hand, monetary easing by the Bank of England and the European Central Bank’s Corporate Sector Purchase Programme (CSPP) should continue to be supportive of bond markets and sentiment in general. Meanwhile, bond yields are in many cases at historically low levels with euro investment grade corporate bonds for example yielding just 70bps as at 31 July 2016.

Taking these factors and the wider macro picture into consideration, our overall position remains defensive. We maintain a significant allocation to high quality high yield bonds. At sector level banks, alongside subordinated bonds in the insurance, telecom and utilities sectors remain our favoured area to take exposure. Given the very low level of bond yields, equity markets have a low income hurdle rate to outperform in the medium to long term. We are therefore maintaining a significant allocation to equities.
This marketing document is exclusively for use by Professional Clients and Financial Advisers in Continental Europe, Qualified Investors in Switzerland and Professional Clients in Dubai, Jersey, Guernsey, Ireland, Isle of Man, Malta, Cyprus and the UK. This document is not for consumer use, please do not redistribute. Data as at 31.07.2016, unless otherwise stated. This document is not subject to regulatory requirements that ensure impartiality of investment recommendations and investment strategy recommendations. Therefore, the prohibition of trading before the release of investment recommendations and investment strategy recommendations does not apply.

Past performance is not a guide to future returns. Where Invesco has expressed views and opinions, these may change and are not to be construed as investment advice. 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 may hold a significant amount of debt instruments which are of lower credit quality and may result in large fluctuations of the value of the fund.

Where securities are mentioned in this document they do not necessarily represent a specific portfolio holding and do not constitute a recommendation to purchase, hold or sell. For more information on our funds, please refer to the most up to date relevant fund and share class-specific Key Investor Information Documents, the latest Annual or Interim Reports and the latest Prospectus, and constituent documents. This information is available using the contact details of the issuer and is without charge. Further information on our products is available in English using the contact details shown.

Whilst great care has been taken to ensure that the information contained herein is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. The distribution and the offering of the fund or its share classes in certain jurisdictions may be restricted by law. Persons into whose possession this document may come are required to inform themselves about and to comply with any relevant restrictions. This does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. Persons interested in acquiring the fund should inform themselves as to (i) the legal requirements in the countries of their nationality, residence, ordinary residence or domicile; (ii) any foreign exchange controls and (iii) any relevant tax consequences. As with all investments, there are associated risks. This document is by way of information only. Asset management services are provided by Invesco in accordance with appropriate local legislation and regulations where applicable. The fund is available only in jurisdictions where its promotion and sale is permitted. Not all share classes of this fund may be available for public sale in all jurisdictions and not all share classes are the same nor do they necessarily suit every investor. Fee structure and minimum investment levels may vary dependent on share class chosen. Please be advised that the information provided in this document is referring to Class A (quarterly distribution - EUR) exclusively. This fund is domiciled in Luxembourg.

Denmark and Portugal: The fund is not registered for public distribution in these jurisdictions. This document is provided only at the request of a Professional Client or Qualified Investor and is intended for the sole use of this person. Germany, Austria and Switzerland: This document is issued in Germany by Invesco Asset Management Deutschland GmbH. This document is issued in Austria by Invesco Asset Management Österreich GmbH and in Switzerland by Invesco Asset Management (Schweiz) AG. Subscriptions of shares are only accepted on the basis of the most up to date legal offering documents. The legal offering documents (fund & share class specific Key Investor Information Document, prospectus, annual & semi-annual reports, articles and trustee deed) are available free of charge at our website and in hardcopy and local language from the issuers: Invesco Asset Management Deutschland GmbH, An der Welle 5, D-60322 Frankfurt am Main, Invesco Asset Management Österreich GmbH, Rotenturmstrasse 16-18, A-1010 Wien, and Invesco Asset Management (Schweiz) AG, Talacker 34, CH-8001 Zurich, who acts as a representative for the funds distributed in Switzerland. Paying agent for the fund distributed in Switzerland: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zürich.

www.invescoeurope.com

Dubai: Issued by Invesco Asset Management Limited, Po Box 506599, DIFC Precinct Building No 4, Level 3, Office 305, Dubai, United Arab Emirates. Regulated by the Dubai Financial Services Authority. Ireland: Issued by Invesco Global Asset Management DAC, Central Quay, Riverside IV, Sir John Rogerson's Quay, Dublin 2, Ireland. Regulated in Ireland by the Central Bank of Ireland. Jersey and Guernsey: Issued by Invesco International Limited, 2nd Floor, Orviss House, 17a Queen Street, St Helier, Jersey, JE2 4WD. Regulated by the Jersey Financial Services Commission. In Guernsey, the fund can only be promoted to Professional Clients. Isle of Man and Malta: Issued by Invesco Global Asset Management DAC, Central Quay, Riverside IV, Sir John Rogerson's Quay, Dublin 2, Ireland. Regulated in Ireland by the Central Bank of Ireland. Investments should be based on the full details of the Prospectuses. The Prospectuses, the fund and share class-specific Key Investor Information Documents and further information are available from Invesco Global Asset Management DAC. The Invesco Pan European High Income Fund is an unregulated scheme that cannot be promoted to retail clients in the Isle of Man. The participants in the scheme will not be protected by any statutory compensation scheme. UK: Issued by Invesco Global Investment Funds Limited. Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority. For the purposes of UK law, the fund is a recognised scheme under section 264 of the Financial Services & Markets Act 2000. The protections provided by the UK regulatory system, for the protection of Retail Clients, do not apply to offshore investments. Cyprus: Issued in Cyprus by Invesco Global Asset Management DAC, Central Quay, Riverside IV, Sir John Rogerson's Quay, Dublin 2, Ireland, which is regulated in Ireland by the Central Bank of Ireland. Any scheme provided by the Cyprus regulatory system, for the protection of retail clients, does not apply to offshore investments. Compensation under any such scheme will not be available. The Invesco Pan European High Income Fund is subject to the provisions of the European Directive 2009/65/EC. CE/UK473 2016

Invesco Pan European High Income Fund
Monthly Fund Report August 2016 (covering July)