

## Invesco Corporate Bond

## Sterling Corporate Bond

### Introduction

The fund invests in investment grade corporate bonds and can invest up to 20% in non-investment grade corporates. The fund focuses mainly on the sterling bond sector but has the ability to buy non-sterling bonds if they see value. The team actively manage duration and credit risk and are benchmark agnostic which can see the fund positioned away from the benchmark and their peer group.



[Click here to read the Invesco approach to ESG investing.](#)

### Why RSMR Rate this Fund

- A stable, high-quality well-resourced investment management team.
- A proven track record in managing fixed interest funds.
- The fund management team is stable and readily accessible.
- A less volatile way to gain exposure to corporate bond markets.

### Fund Process

The Invesco Corporate Bond fund aims to achieve a high level of overall return, with relative security of capital. It invests primarily in fixed interest securities. The approach is open minded with the fund able to hold overseas bonds if the positioning requires this.

The investment philosophy is based on being able to identify opportunities in credit markets that the team believe are efficient, but still present opportunities, such as changes in investor behaviour which create anomalies, or markets that misprice stocks. The macroeconomic views are integral to the investment process. The focus of the team's macro work is on the development of a view about the general direction and structure of interest rates, and the trend in the pricing of credit risk. To a large extent these broad views set some important individual bond parameters, such as preferred maturities, yields, sectors, and overall credit risk tolerances. The macro view and analysis also provide the foundation on which duration, yield curve and credit strategies are built. This broad understanding then leads to more detailed research in specific areas which are identified as offering opportunities. Individual holdings are selected after bottom-up research by the team aided by external research. Risk reward evaluation is important in this process as is the absolute and relative value of the holdings.

The active and flexible approach in varying the fund's risk profile as required enables the management team to successfully rise to the challenge of constantly changing market conditions. Core technical analysis of the yield curve is an important part of the process as is the managers' access to wide ranging external sources.

The fund management team employs a pragmatic, valuation-oriented approach that allows investment freedom. The team can make their own stock selections free from the constraints of the holdings within an index. Their focus is on absolute rather than relative returns, as they prefer to adopt an unweighted view of the market and to invest where they see value and opportunity.

### Evaluation

The team actively manage duration and credit risk and are benchmark agnostic which can lead to large differences in performance relative to the benchmark. If credit risk and bond selection drive market returns it is likely that the fund will perform strongly.

### Application

The fund can be used as a core exposure to UK corporate bonds in a portfolio. It gives broad exposure to the corporate bond markets via a team who have an excellent track record in this space. The team are more defensive in nature and so can provide a lower volatility way to access this area of the market.

### Our Opinion

We have known the team for many years, and they have proven themselves as one of the highest quality teams within fixed interest. The team manage a number of different fixed interest funds which gives them a broad view of the market and helps them to identify opportunities across different markets. The fund has a solid track record since launch. We believe the fund is a good way to gain exposure to corporate bonds in a less volatile way.

### Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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