

Invesco Monthly Income Plus

Sterling Strategic Bond

Introduction

Invesco Monthly Income Plus is a strategic bond fund which aims to achieve a high level of income and capital growth over the medium to long term. Unlike most strategic bond funds, this fund will also invest up to 20% of the assets under management in UK equities. This means that, at times, it may be more volatile than a conventional strategic bond fund. The fund does not have a benchmark, but the IA Sterling Strategic Bond sector is used for performance comparison purposes.



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

Why RSMR Rate this Fund

- The investment process is well defined and consistently applied. The fixed income portfolio reflects of the views of the fixed income team who have a strong track record across the fixed income spectrum.
- The fund management team is very experienced – they are specialists with long term track records of successful income focused investment.
- Whilst the fund does not have a benchmark or any predefined risk or return targets, it has a very credible long term track record relative to its peers.

Fund Process

The fund is managed through a combination of the fixed income team (who also determine the overall asset allocation) and the UK equity team.

The starting point for much of the fixed income team's work is an appreciation of the key inputs that influence government and corporate bond markets. These can include general developments in economies, central bank policy and political cycles. The team does not have to conform to a house view and has autonomy to form their own views. The team's macro-outlook guides their duration and sector calls as well as individual bond selection, though in bond selection, they may also be pragmatic in identifying opportunities outside of the central 'top down' scenario.

The team's credit analysts provide dedicated research across specific industry sectors. They also have the support and benefit of sharing research and investment ideas with the equity and multi asset investment teams located in Henley-on-Thames. The fund managers aim to express their individual ideas on fixed income markets, sectors, industries, regions, and investment themes. Being active, flexible, and unconstrained in nature results in gaining exposure to the most attractive ideas within the investment parameters of each portfolio.

In the equity portfolio, the team look to maximise exposure to the most attractive stocks and sectors. The team would normally expect bottom-up stock selection to be the main source of returns with the manager typically classifying holdings into one of three broad categories of stock: (1) Defensive growth, (2) Cyclical growth and (3) Special situations. The buy and sell decisions are driven by qualitative analysis. Quantitative disciplines are not used.

Evaluation

The aim of the investment approach is to provide consistent outperformance over the course of a market cycle relative to the peer group. As such, the investment team would expect the fund to deliver outperformance under most market conditions. The equity component means that the fund could be more volatile, at times, than a conventional strategic bond fund.

Application

For those willing to accept the higher degree of risk, this fund offers an alternative and diversified income source. While bond coupons will provide most of the income, equity dividends can offer an alternative source of a growing income.

Our Opinion

In our opinion, this is a slightly different fund to some in the sector with a focus on sub investment grade debt and a minimum bond holding as part of the total return package that the fund seeks to offer. The performance of this combination has been strong over most time periods. It offers a good alternative to some straightforward fixed income products with the equity portion of the fund offering future growth and income potential over and above traditional bond returns.

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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