



Invesco Global Equities

Capital and Income Growth Opportunities in Global Equity Markets

June 2018

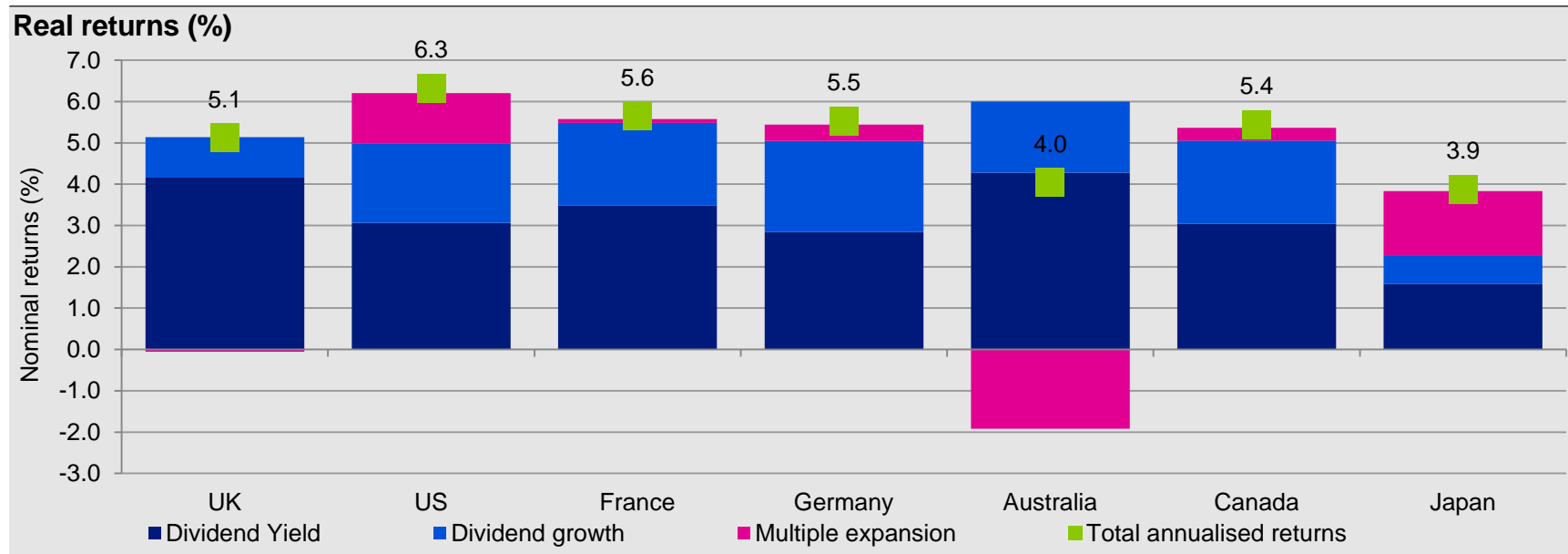
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Product Director

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The importance of dividends

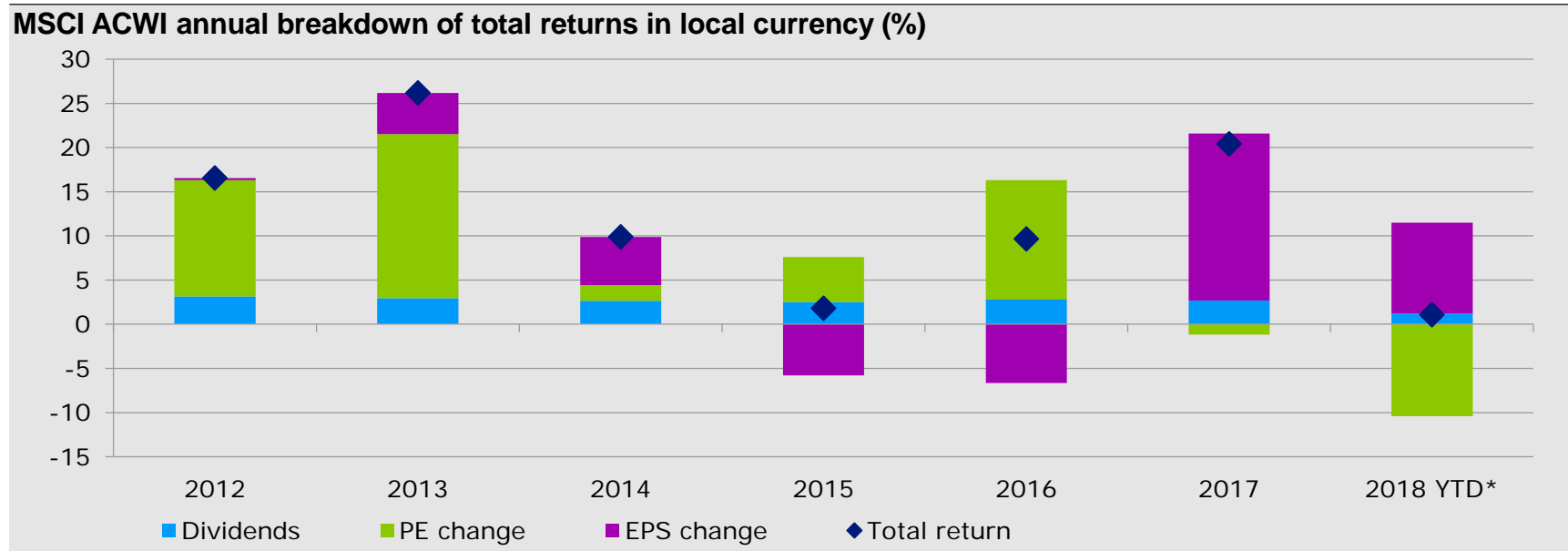
A significant proportion of long-term equity returns come from dividends



Source: Société Générale – data as at 11 October 2017. Data shown is since 1982

Global equity performance contribution

Earnings improvement being offset by valuation de-rating in 2018



Source: Datastream as at 1 June 2018. Past performance is not a guide to future returns. *YTD = to 31 May 2018.

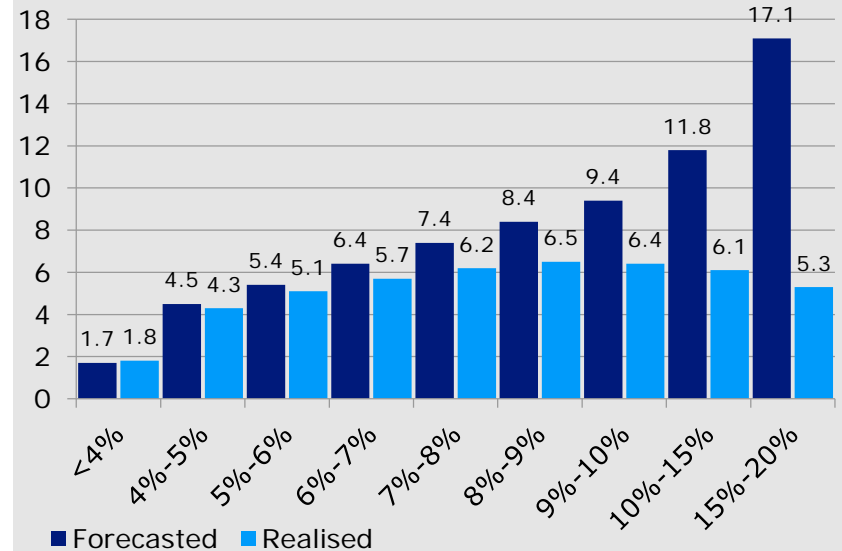
The importance of dividends

Why not just focus on the highest yielders?

- Because high yield can be a sign of financial weakness
- Higher yielding companies can be more volatile than the market average
- Our focus is on both capital and income growth, with below average volatility

Dividend yield (%)

Forecasted and realised Sep 1994 – Sep 2016

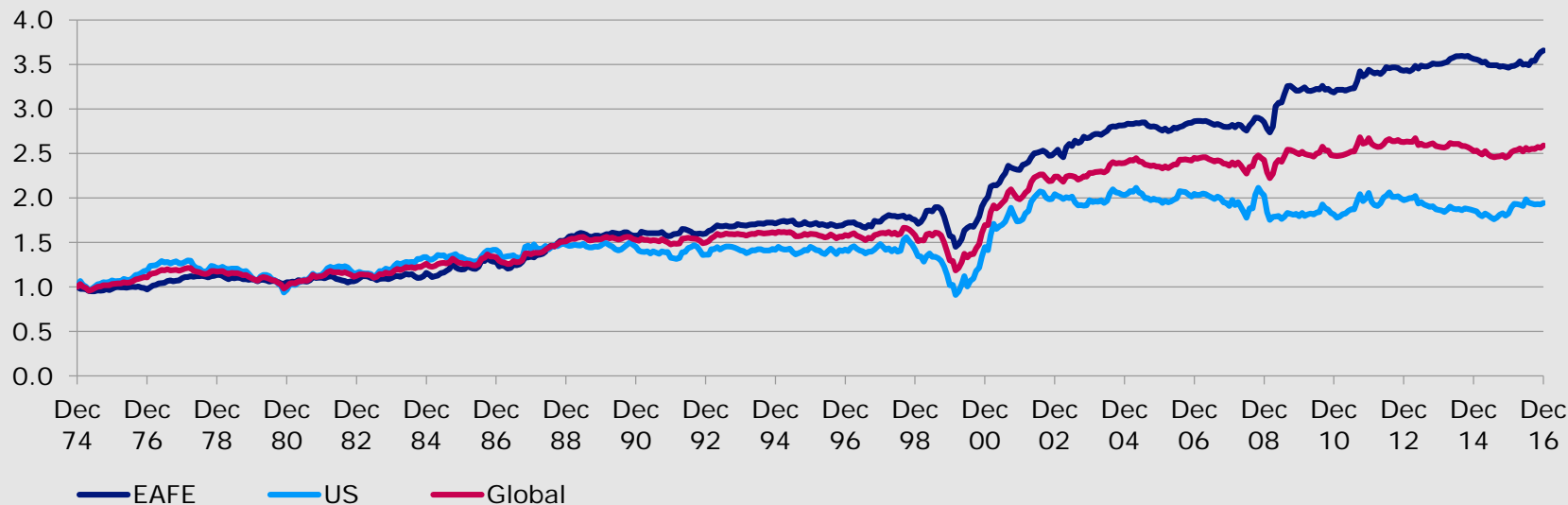


The importance of dividends

Equities paying higher than average yields tend to outperform over the longer term



High dividend yield stocks outperform globally (relative total returns, indexed in US dollars)



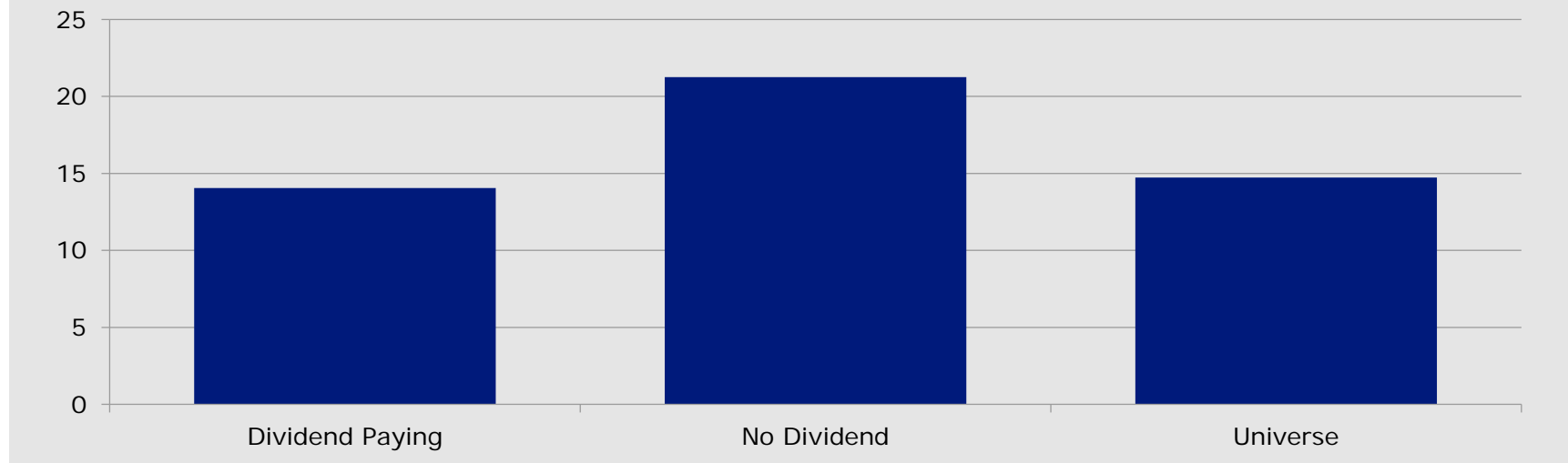
We believe we can further enhance returns and lower volatility by focusing on high quality, dividend paying companies

Source: Thomson Datastream, Kenneth R French as at 11 October 2017.

Volatility is lower for dividend paying stocks

Volatility of payers, non-payers and the market (%)

(Annualised, FTSE World 1989-2015, local currency)

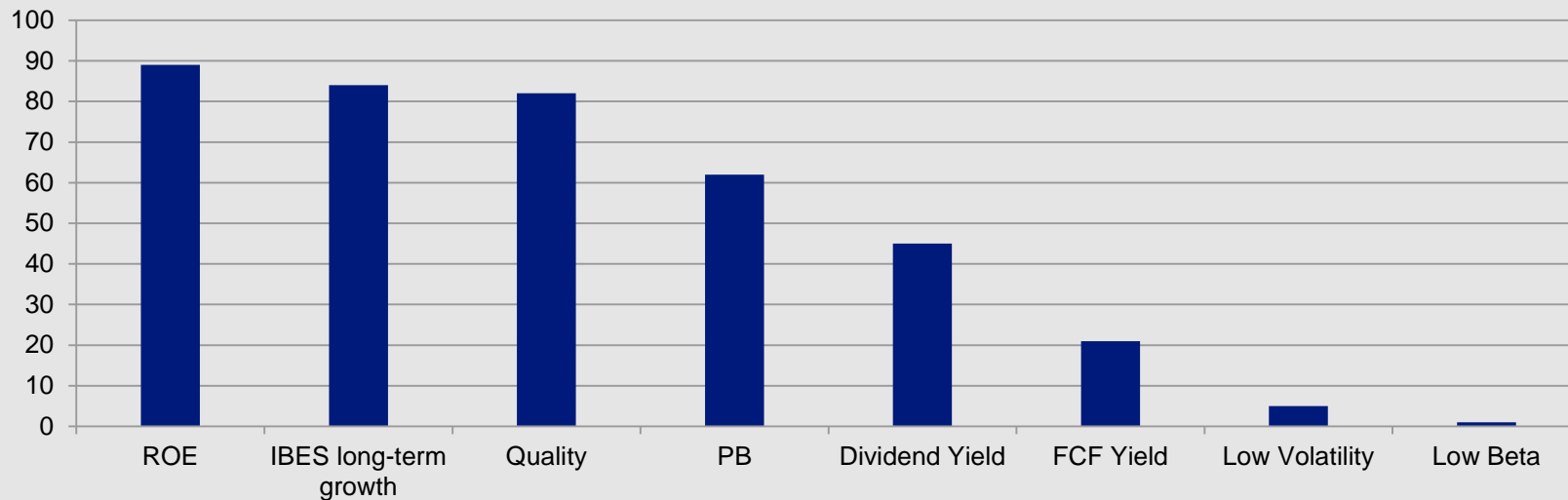


Source: Société Générale as at 11 October 2017.

Free cash flow and dividend yield are some of least crowded trades



History-relative crowding of low vol, quality and value (100 = most crowded vs history)



Source: Bernstein U.S. Quant Team as at June 2018.

Global equity market valuations



MSCI World Composite Valuation Indicator (Z Score)*



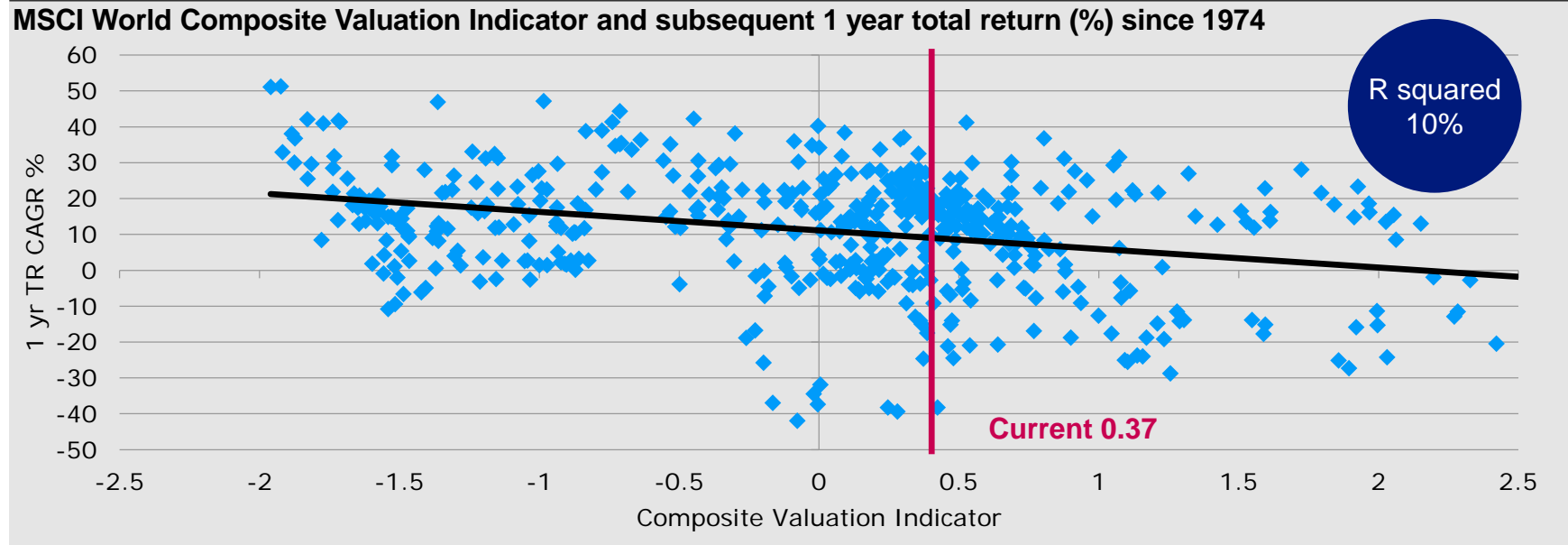
Components of composite valuation indicator

	Current	Average	Z score
Price to Earnings	19.74	18.15	0.26
Dividend Yield	2.41	2.88	0.45
Price to Book Value	2.36	2.09	0.40

Source: Datastream as at 1 May 2018. Past performance is not a guide to future returns. *Equally weighted Z Score of trailing PE, DY and PBV. R Squared based on 10 year subsequent returns.

Equity market valuations

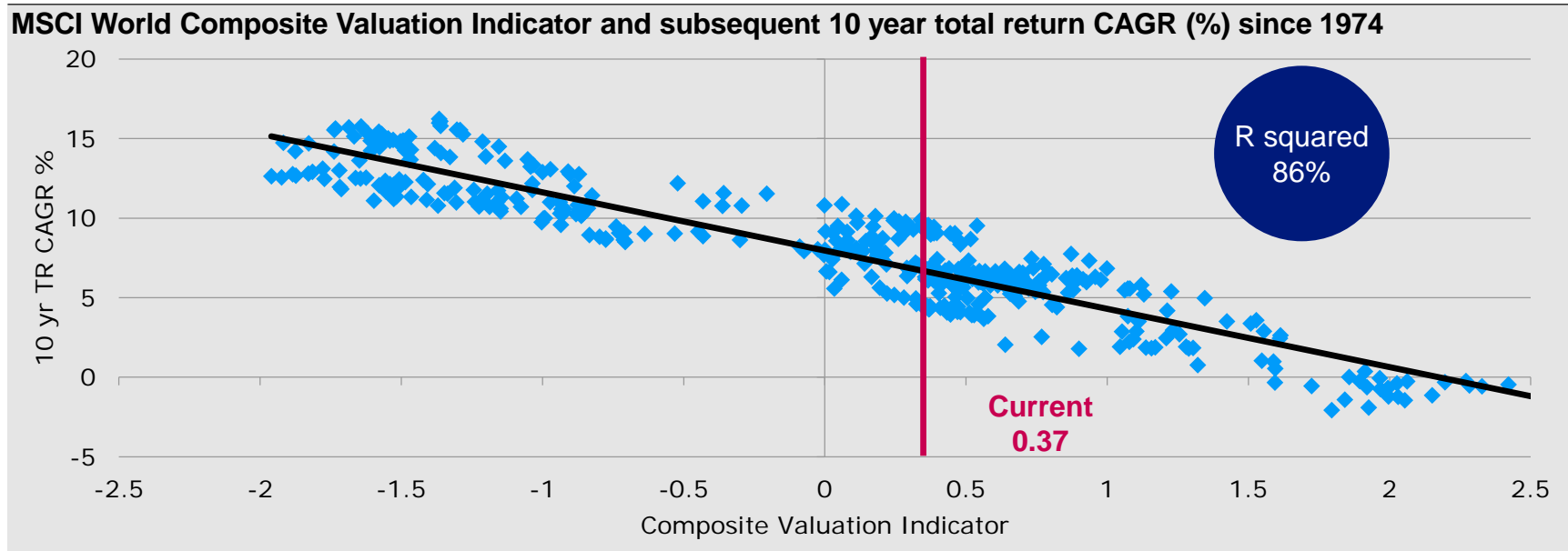
They have proved a poor guide historically to short-term returns...



Source: Datastream as at 2 May 2018. Past performance is not a guide to future returns. CAGR = Compound Annual Growth Rate. Past performance is not a guide to future returns.

Equity market valuations

...but a much better guide historically to long-term returns

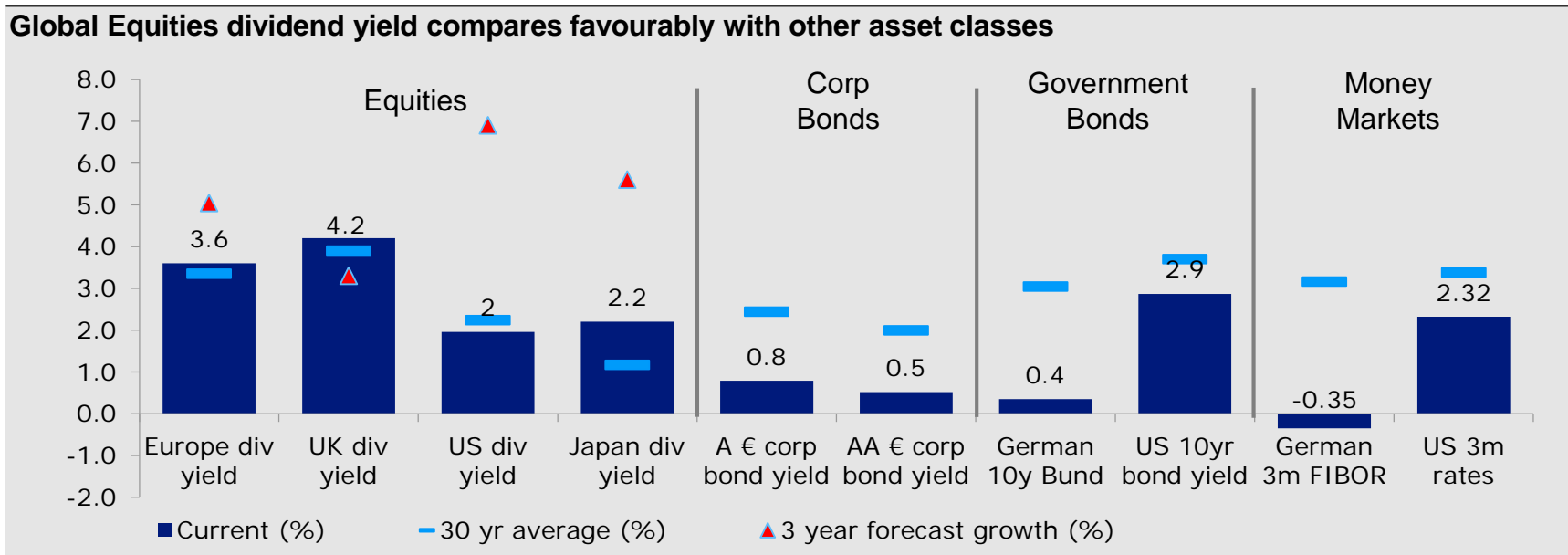


Source: Datastream as at 2 May 2018. Past performance is not a guide to future returns. CAGR = Compound Annual Growth Rate. Past performance is not a guide to future returns.

Global Equities one of the best sources of income internationally today



Global Equities dividend yield compares favourably with other asset classes

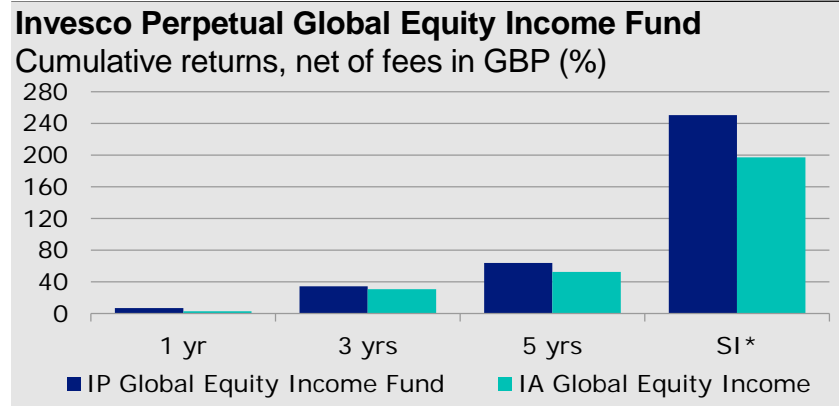


Source: UBS, Datastream, Bloomberg as at 19 June 2018. *Datastream indices used for trailing DY data until 2004 and IBES MSCI Indices from 2004 for forward DY. German 3m rates are 18 year data and US 3m rates, AA and A corporate bond yields are 15 year data. Europe here refers to the wider region rather than the EU or Eurozone specifically.

Invesco Perpetual Global Equity Income Fund Profile



Investment objective	Aims to generate a rising level of income, together with long-term capital growth, investing primarily in global equities
Strategy inception	2 March 2009 Invesco Perpetual Global Equity Income Fund has been managed by Invesco since 5 July 2010
Benchmark	MSCI World index
Fund manager	Nick Mustoe (Supported by the Invesco Perpetual Global Equity Income Group)
Investment philosophy and process	Unconstrained, valuation-led, bottom-up investment approach We aim to construct a high conviction portfolio of the best global quality income ideas
No. of holdings	40–70
Market cap	All cap
Average holding period	3 years



Rolling 12-month returns (%)	31/05/13	31/05/14	31/05/15	31/05/16	31/05/17
	31/05/14	31/05/15	31/05/16	31/05/17	31/05/18
IP Global Equity Income Fund	9.05	11.75	-1.23	27.64	6.73
IA Global Equity Income	5.71	10.39	-0.67	27.89	3.03

Past performance is not a guide to future returns. Source: Lipper as at 31 May 2018. Performance figures are based on the Z (Acc) share class. As this was launched on 12 November 2012, for the periods prior to this launch date, performance figures are based on the A Acc share class, without any adjustment for fees. Performance figures for all share classes can be found in the relevant Key Investor Information Document. Performance figures are shown in GBP, inclusive of reinvested income and net of the Ongoing Charge and portfolio transaction costs. The figures do not reflect the entry charge paid by individual investors. Sector average performance is calculated on an equivalent basis. *Inception date 2 March 2009.

Invesco Perpetual Global Equity Income Fund

Top ten holdings



Stocks	Portfolio weight (%)	Dividend yield ¹ (%)	3 year dividend CAGR ² (%)
Royal Dutch Shell	3.20	5.6	+2.1
BP	2.97	5.3	+4.4
Orange	2.95	5.6	+4.9
Chevron	2.94	3.6	+3.7
Total	2.76	4.9	+2.9
Equinor	2.70	3.6	+4.3
JP Morgan Chase	2.63	2.4	+9.2
NASDAQ	2.44	1.9	+11.7
Next	2.41	2.7	-17.0
Pfizer	2.40	3.9	+5.7
MSCI World index		2.4	+5.8

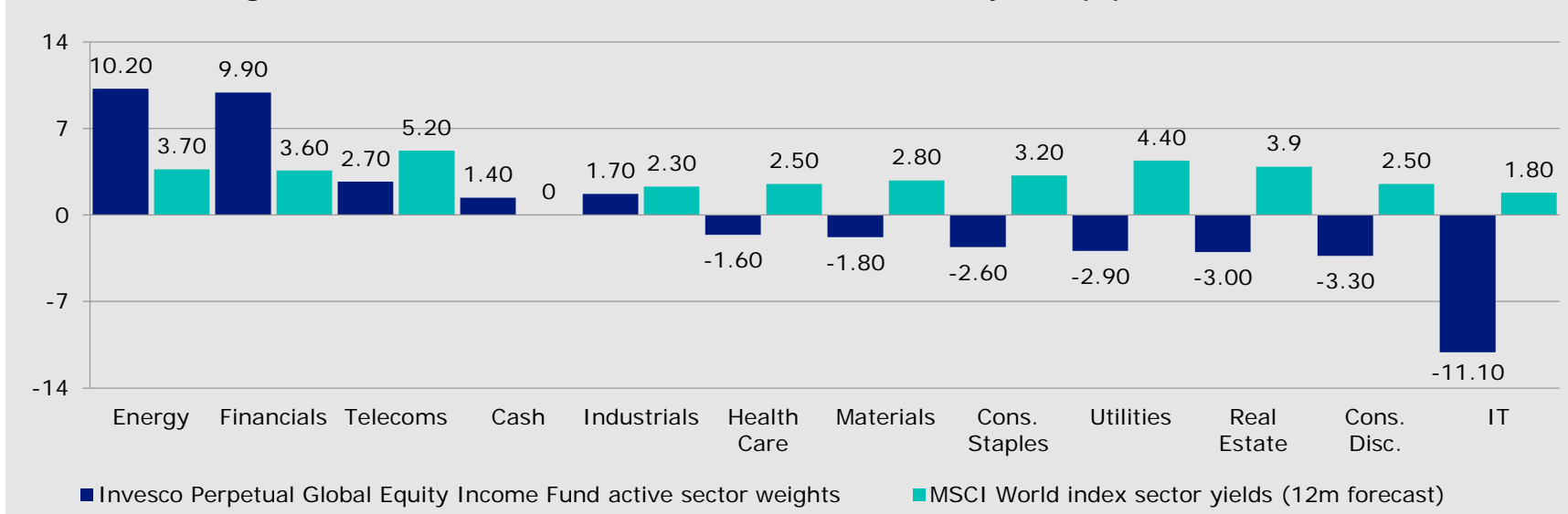
Source: Invesco Perpetual & Bloomberg as at 31 May 2018. ¹Next 12 month dividend yield. As at 19 June 2018. ²Based on Bloomberg projected compound annual growth rate of dividend over three years. As at 19 June 2018. Holdings may change without notice. Holdings may change without notice. This is not financial advice and no recommendation to buy / hold / sell these securities. There is no guarantee that Invesco will keep these securities within its funds.

Invesco Perpetual Global Equity Income Fund

We do not chase the highest yields, we seek to deliver an attractive total return



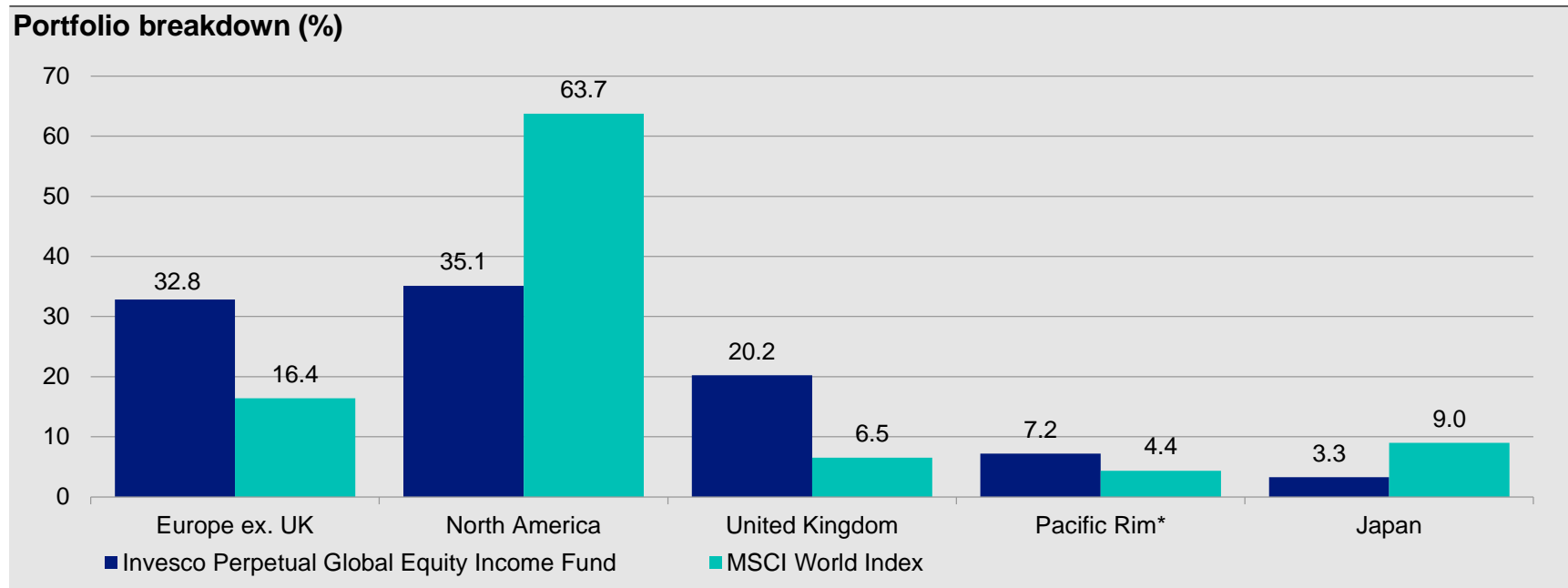
Active sector weights vs. MSCI World index next 12m estimated sector yields (%)



Source: Invesco Perpetual as at 31 May 2018. Portfolio weightings are subject to change without notice. Dividend yield (Source: Bloomberg) estimates as at 19 June 2018

Invesco Perpetual Global Equity Income Fund

Regional weightings



Source: Invesco Perpetual as at 31 May 2018. *Pacific Rim = Includes HK & China and Singapore. Holdings may change without notice.

Invesco Perpetual Global Equity Income Fund

Underlying portfolio characteristics



Characteristic	Portfolio	MSCI World index
Dividend Yield*	3.8%	2.6%
Price to Earnings	14.1x	18.9x
Free Cashflow Yield	7.6%	4.4%
Return on Equity	12.5%	12.4%

Source: Bloomberg as at 19 June 2018. Characteristics are trailing 12 month figures, except where noted (*) which are 12 month forward forecasts. Portfolio holdings /characteristics are subject to change without notice.

Invesco Perpetual Global Equity Income Fund

An attractive risk-return profile



Risk versus return (%)

3 years to 31 May 2018



Past performance is not a guide to future returns.

Source: Lipper as at 31 May 2018. Performance figures are provided for the Z Acc share class of the Invesco Perpetual Global Equity Income Fund and are shown in GBP, inclusive of reinvested income and net of Ongoing Charge and portfolio transaction costs. The figures do not reflect the entry charge paid by individual investors.

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.

Important information



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All data is as at 31.05.2018 and sourced from Invesco Perpetual unless otherwise stated.

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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 Annual or Interim Reports and the Prospectus, which are available using the contact details shown.

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