

## High Income Fund

August 2010 (covering the month of July 2010)

Key facts <sup>1</sup>	
S&P Fund Management Rating	'AAA'
OBSR Fund Rating	'AAA'
Citywire Fund Manager Rating	'A'
Fund launch date	06 February 1988
Share types	Accumulation and Income
Fund size	£9,510.54m
Mid price:	
Accumulation shares	£4.34
Income shares	£2.86
Historic yield <sup>3</sup>	4.10%
Income distribution dates	28 February 31 August
Accounting period ends	31 December 30 June
Available within an ISA?	Yes

Top 10 holdings <sup>1</sup>	%
AstraZeneca	9.9
GlaxoSmithKline	7.3
Reynolds American	6.4
British American Tobacco	5.8
National Grid	5.1
Vodafone	5.0
BG	4.8
BT	4.5
Tesco	4.3
Imperial Tobacco	3.7
<b>Total</b>	<b>56.8</b>
<b>Total number of holdings:</b>	<b>94</b>



Fund Management: Neil Woodford

### Regional commentary

UK equity markets gained in July, supported by a combination of positive earnings, a number of takeover offers and stronger than expected second quarter GDP data. Forecasts for economic growth in the three months to the end of June averaged 0.6%, a figure that was comfortably exceeded by the preliminary reading of 1.1%, helped by improving service sector activity. A decline in unemployment added to the more positive economic data, but stubbornly high inflation and falls in consumer confidence and house prices reinforced the uncertain economic outlook. Among stocks, International Power, SSL International and Tomkins were all targets of takeover approaches. Vodafone announced improvements in service and data revenues, while strong results from Capita and British American Tobacco were accompanied by dividend increases of 15% and 19% respectively. AstraZeneca delivered positive earnings, a doubling of its share buyback to \$2bn and the stock was further supported by a US advisory panel voting in favour of approving the group's Brilinta drug.

### Fund strategy

In our view, the UK equity market offers the opportunity to invest in a number of quality growth companies that are materially undervalued. We hold a cautious view on the outlook for the UK economy and accordingly the fund is biased towards those businesses that have strong fundamental characteristics; a sound balance sheet, resilient and transparent earnings and the potential to deliver consistent dividend growth. At the current time, we believe that businesses within the tobacco, pharmaceutical, utility and aerospace sectors fulfil these criteria and many also earn a significant part of their revenues overseas, which reduces the fund's reliance on domestic economic conditions. As the ongoing challenges that face the economy become increasingly apparent, we expect the companies we hold to be re-rated.

### Investment objective

The Invesco Perpetual High Income Fund aims to achieve a high level of income, together with capital growth. The fund intends to invest primarily in companies listed in the UK, with the balance invested internationally. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in Appendix 2 of the most recent Full Prospectus.

### ICVC Investment Series

The High Income Fund is a sub-fund of the Invesco Perpetual UK Investment Series, which is a UK authorised investment company with variable capital (ICVC).

Performance profile <sup>2</sup>								% growth	
	3 months	6 months	1 year	3 years	5 years	ACR	10 years	ACR	
Fund	0.1	2.8	16.0	-5.0	38.9	6.8	142.1	9.2	
IMA Sector	-3.2	4.1	18.1	-12.6	12.0	2.3	35.3	3.1	

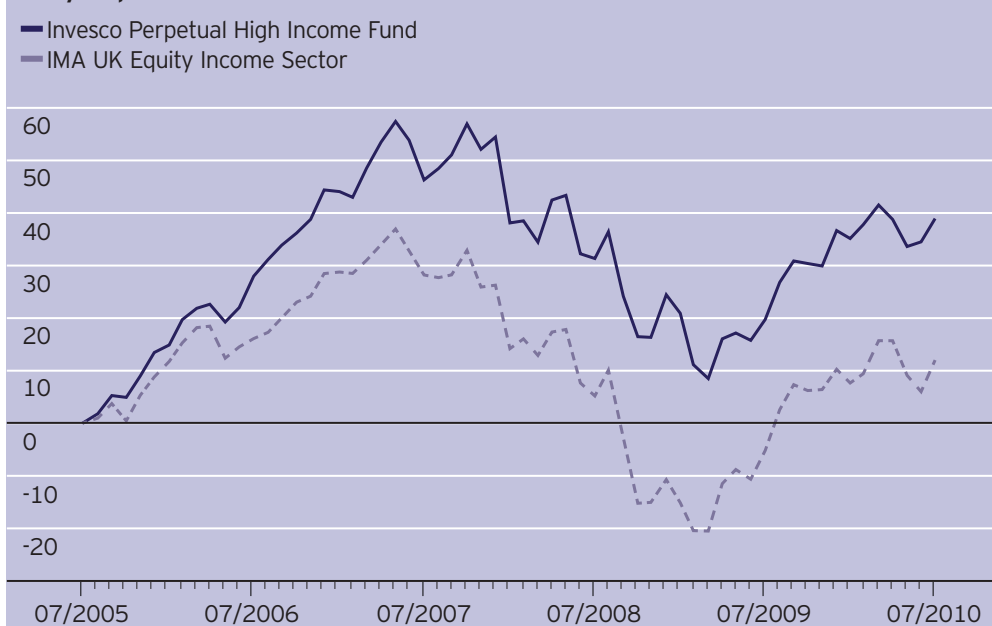
Standardised rolling 12-month performance <sup>2</sup>						% growth	
	30.6.05	30.6.06	30.6.07	30.6.08	30.6.09	30.6.09	30.6.10
Fund	23.5	26.1	-14.0	-12.5	16.2		

**Past performance is not a guide to future returns.** The standardised past performance information is updated on a quarterly basis. Should you require up-to-date past performance information this is available on our website [www.invescopetperpetual.co.uk](http://www.invescopetperpetual.co.uk) or by contacting us. 'No Trail' shares are available for this fund.

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## Five year performance<sup>2</sup>



**Past performance is not a guide to future returns.** The chart shown above should be viewed in conjunction with the 'Standardised rolling 12-month performance' table overleaf.

Breakdown by industry sector <sup>1</sup>	%
Consumer Goods	25.2
Health Care	21.0
Utilities	17.6
Industrials	10.8
Telecommunications	9.9
Financials	7.0
Consumer Services	6.0
Oil & Gas	4.9
Cash	-2.4
<b>Total</b>	<b>100</b>

Breakdown by country of investment <sup>1</sup>	%
United Kingdom	86.8
United States	9.9
Switzerland	2.6
Bermuda	1.7
Luxembourg	1.2
Cayman Islands	0.2
Cash	-2.4
<b>Total</b>	<b>100</b>

Breakdown by market cap <sup>1</sup>	%
£20 + Billion	43.9
£10 - 20 Billion	29.2
£5 - 10 Billion	2.8
£3 - 5 Billion	4.6
£1 - 3 Billion	10.2
£0 - 1 Billion	11.7
Cash	-2.4
<b>Total</b>	<b>100</b>

Within the market cap breakdown of the fund, warrant positions are included within the £0-£1 billion level. Warrant positions may be taken up to a maximum of 5% of the total portfolio position as part of our internal investment risk controls.

## Important information

<sup>1</sup> All fund portfolio figures within this leaflet are as at 30 July 2010 (source: Invesco Perpetual). The Industry Classification Benchmark is a joint product of FTSE International Limited and Dow Jones & Company, Inc. and has been licensed for use. S&P Fund Rating as at 30 July 2010, Copyright© 2010 Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. All rights reserved.

<sup>2</sup> Performance figures are shown in sterling on a mid-to-mid basis, inclusive of net reinvested income and net of the annual management charge and all other fund expenses to 30 July 2010. The figures do not reflect the initial (sales) charge paid by individual investors. Graph figures are as at the end of the relevant month unless otherwise stated. Standardised past performance figures are as at 30 June 2010. (Source: Lipper)

<sup>3</sup> The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market price of the fund, as at the date shown. It does not include any initial (sales) charge and investors may be subject to tax on their distributions.

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.

Past performance is not a guide to future returns.

The fund's AMC is charged to capital. This has the effect of increasing the distribution(s) for the year by the amount of the AMC and constraining the fund's capital performance to an equivalent extent.

Where Invesco Perpetual has expressed views and opinions, these may change.

Please refer to the latest Full Prospectus, Simplified Prospectuses and ISA Key Features, and latest Annual or Interim Short Reports for more information on our funds. Further information on our products is available using the contact details shown.

Invesco Perpetual's ISAs are managed by Invesco Asset Management Limited.

Telephone calls may be recorded.

## Contact information

### Broker Services

Telephone 0800 028 2121  
adviserenquiry@invescoperpetual.co.uk

### Investor Services

Telephone 0800 085 8677  
enquiry@invescoperpetual.co.uk  
www.invescoperpetual.co.uk

Invesco Perpetual is a business name of Invesco Fund Managers Limited and Invesco Asset Management Limited.

Authorised and regulated by the Financial Services Authority.  
Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK