Invesco Monthly Income Plus

Fund Research Centre
Recommended

Why we recommend the fund

- This Recommended fund benefits from the expertise of a well-established team (based in Henley) and follows a long-standing and thorough credit process.
- The fund was established in 1999 and has been managed steadily and thoughtfully through many different market cycles.
- Bond strategies are underpinned by the team's unerring search for value and income from across the different components of the fixed income universe. The equity component is small, at below 20%, but designed to complement the bond allocation, providing diversification of income sources and the potential for capital appreciation.
- Invesco's extensive risk teams and portfolio systems helps the team pinpoint risks in the fund and monitor liquidity.

Key characteristics and expected outcome

- The fund is biased to fixed income investments and managed with a strong focus upon income generation. It is managed with flexibility, and the team is prepared to express strong views on specific areas of value within fixed income.
- The portfolio has a structural bias to higher yielding bonds. However, the team is prepared to sacrifice some income at times when they deem bond pricing to offer inadequate value.
- The fund pays out its "natural" income each month and this means that distributions can fluctuate, according to the prevailing yield backdrop.
- Compared to peer group funds, it can display greater levels of volatility, given the nature of the bond portfolio and the exposure to equities. Equally, it has scope for greater total returns over the long run.
- The fund is an attractive option for investors seeking a regular income and for investors who are comfortable with the risks associated with higher yielding bonds and equities.

Risk commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 4. This is a regulatory measurement that is, where possible, calculated from the volatility of its weekly performance over a five-year period. A score of 4 means the fund's historic volatility is between 5% and 10%.

The investment mandate results in significant investments in higher yielding bonds and equities. As such, investors should expect this fund to exhibit higher volatility than the sector in aggregate. Historically, it has experienced larger drawdowns than some of its established peers in the sector. Different share classes could have different SRRI scores.



Key Fund Facts

Inception Date:	06 February 1999
Manager(s) Since:	Rhys Davies (Sep 20) Ciaran Mallon (Oct 13)
Fund Domicile:	United Kingdom
Base Currency:	£ Sterling
Fund Benchmark:	IA £ Strategic Bond
IA Sector:	£ Strategic Bond

Formal documentation, including the fund prospectus and the KIID, should be sought directly from the asset manager. A link to the asset manager's website can be found on the relevant fund page at fundresearchcentre.co.uk.

Fund Snapshot

A monthly income-paying fund that invests primarily in fixed income, but can also hold up to 20% in equities. The approach is value-driven, with the managers prepared to express high conviction views where they see the greatest opportunity. Within its sector, the fund features in our 'Income Priority' category.

Investment Team

The fund is co-managed by Rhys Davies and Ciaran Mallon. Mr Davies, working alongside his colleagues in Invesco's Henley-based Fixed Income Europe team, is responsible for the fund's bond allocation, as well as for the overall portfolio construction. He joined the team in 2003 and became a fund manager in 2014, managing high yield credit portfolios. He works closely with Samir Patel, who joined the team in 2018 and was appointed Associate Portfolio Manager in March 2026. A portion of the equity allocation is managed by Ciaran Mallon, a long-standing member of the UK & European Equities team.

Investment Philosophy

The team aims to deliver a high level of income relative to the prevailing market environment, whilst being mindful of capital volatility and overall portfolio risk. In pursuing this objective, they believe that a flexible mandate is important as it enables them to adjust positions according to their assessments of market conditions and valuations. In addition, this flexibility enables them to capitalise upon opportunities that arise because of the investment constraints under which other market participants operate. Above all, their decisions are always underpinned by their assessments of value.

Investment Process

The team are responsible for the fund's allocation between fixed income and equities, which is driven by their macro-economic views and their consequent identification of value across markets. At least 80% is invested in fixed income with a maximum of 20% in equities. The fixed income component is managed to provide income with due regard to capital preservation, while the equity portion provides income growth as well as capital growth.

The structure of the fixed income component is driven by the managers' macro-economic views and their consequent identification of value across the broad bond sectors, including government bonds, investment grade bonds and high yield credit. Their analysis of the economic cycle is designed to predict monetary policy developments and the trends in the pricing of credit. These factors inform the general strategy for the portfolio in terms of duration, credit risk and yield curve positioning. This research is complemented by bottom-up company research.

Mr Mallon manages a portion of the equity allocation, which typically features larger-cap stocks and has a structural value bias. He seeks to provide some income, alongside the steady accumulation of capital growth. Mr Davies will also allocate to equities via index derivatives when broader equity markets are deemed attractive. This is also helpful from the perspective of managing the size of the overall equity allocation.

Portfolio Construction and Risk Controls

The fixed income component is well diversified and typically has a bias to higher yielding fixed income securities. The equity allocation typically features between 30-40 stocks, as well as the use of index derivatives. Up to 20% may be held in cash, depending upon the managers' assessments of the opportunity set. A separate Investment Risk and Investment Oversight Team provides regular reviews of the portfolio and reports to senior management.

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