



# Invesco Perpetual Enhanced Index funds

Bringing investment skill to index investing



## Why consider enhanced index investing?

More and more investors are including index funds in their investment portfolios due to cost considerations by some and the diversification benefits they can offer alongside more traditional strategies by others. However, index funds will only ever perform in line with their index, and we believe that by adding investment skill to index investing, we can deliver a better return for investors.

Our enhanced index funds seek to capture both the return of the relevant index and achieve an additional return, while maintaining a similar level of risk.<sup>1</sup> We do this by identifying specific stock characteristics, or factors, which have been shown to be key drivers of a stock's price, providing the potential to outperform in the long term.

## Why consider the Invesco Perpetual enhanced index funds?

Our enhanced index funds offer a number of benefits and have the potential to make a valuable contribution to investors' portfolios:



### Targeted index outperformance

They aim to achieve long-term capital growth and outperform their relevant index, after fees, over a full market cycle



### Proven process

The approach used to select stocks for the funds has a successful, long-term track record



### Significant experience

As pioneers in enhanced index investing, the team managing the funds have a wealth of experience

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### Our fund range

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[Invesco Perpetual UK Enhanced Index Fund](#)

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[Invesco Perpetual European ex UK Enhanced Index Fund](#)

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[Invesco Perpetual Global ex UK Enhanced Index Fund](#)

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[Invesco Perpetual US Enhanced Index Fund](#)

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<sup>1</sup> There is no guarantee that the funds will achieve their target and investors may not get back the full amount invested.

## What is the investment approach?

Using a systematic approach, we seek to build funds which have a high correlation with, but which can outperform, their respective indices. Each fund is actively managed and will not replicate the index in its entirety.

Using a model developed in-house, every day over 3,000 stocks are ranked from the most to the least attractive. We use a range of factors to evaluate the relative attractiveness of each stock - factors that have been key drivers of a stock's price in the past. These factors are grouped into four broad concepts (Figure 1).

The factors we use are constantly evolving. Through ongoing research and analysis, we strive to stay ahead of the curve, and will add, change or replace factors to ensure they continue to work.

Once the stocks are ranked, they are then risk rated by another in-house model. Our proprietary portfolio construction model is then used to select portfolios of the stocks that should ensure each fund delivers an 'index-like experience', but with the potential to outperform.

“We always seek to outperform the index, but with very controlled risk and in a cost effective manner.”

**Michael Fraikin**  
Global Head of Research  
Invesco Quantitative Strategies

**Figure 1**  
Four broad concepts

### Earnings expectations

Analyses how the earnings expectations of a company are changing

### Market sentiment

Examines past performance of a company relative to its peers

### Management and quality

Examines a company's operational and financial health

### Value

Measures the attractiveness of a company relative to its peers

## Who manages the funds? A wealth of experience

For over 30 years our pioneering Invesco Quantitative Strategies team has been successfully managing a range of funds, including enhanced index, using quantitative techniques. With an innovative approach and a proven track record, the team consists of more than 40 experts who bring a range of skills and in-depth local market knowledge to their core functions of research and portfolio management.

- **Research  
20+ members**  
Responsible for maintaining and developing the quantitative models, as well as researching and analysing data to ensure the factors used are relevant to today's markets.
- **Portfolio management  
20+ members**  
Responsible for constructing the funds, managing the trading costs and investment communication.



### Part of a renowned investment management company

With a pure focus on investment management, the team are part of Invesco Ltd., one of the world's leading independent global investment managers.

Invesco offers a diverse range of investment strategies which are managed across various investment centres worldwide, each of which focus on distinct asset classes, investment styles and geographies. With a proven management team and a solid track record, we have the global capability to deliver our best ideas to investors around the world.

- 6,500+ employees focused on client needs across the globe
- On the ground presence in 20+ countries
- Manage US\$770bn+ on behalf of clients

### Delivering investment excellence through experience

The Invesco Perpetual UK and Global ex UK Enhanced Index funds have been available to institutional clients for over 10 years, but, together with two newly launched enhanced index funds, are now available to consumers.

**You can find more information on the funds' performance, charges and risk profiles at [www.invescoetperpetual.co.uk](http://www.invescoetperpetual.co.uk)**

## 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 Invesco Perpetual UK Enhanced Index, European ex UK Enhanced Index, Global ex UK Enhanced Index and US Enhanced Index funds may use derivatives (complex instruments) in an attempt to reduce the overall risk of their 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 funds. The Manager, however, will ensure that the use of derivatives within the funds does not materially alter the overall risk profile of the funds.

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**Further information**

Although Invesco Perpetual cannot offer advice on whether the funds are appropriate for you, we're happy to answer any questions you may have on the funds themselves.

If you are unsure whether these funds are suitable for you, you should seek advice from a financial adviser.

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**Client Services**

Telephone 0800 085 8677

Email [enquiry@invescoperpetual.co.uk](mailto:enquiry@invescoperpetual.co.uk)

[www.invescoperpetual.co.uk](http://www.invescoperpetual.co.uk)

Telephone calls may be recorded.

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**Important information**

All information sourced from Invesco Perpetual as at 30 June 2016 unless otherwise specified.

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 Short Reports<sup>1</sup> and the Prospectus, which are available using the contact details shown at the end of this brochure.

- <sup>1</sup> As the funds below launched on 28 July 2016, the first reports will be issued on or before the following dates:
- Invesco Perpetual European ex UK Enhanced Index Fund:  
Interim - 30 June 2017; Annual - 31 December 2017
  - Invesco Perpetual US Enhanced Index Fund:  
Interim - 30 April 2017; Annual - 31 October 2017

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

Invesco Perpetual is a business name of Invesco Fund Managers Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK  
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