



Invesco Emerging Local Currencies Debt Fund

Unlocking the potential of emerging market debt

This document is for Professional Clients only in Dubai, Jersey, Guernsey, Malta and the UK and is not for consumer use.

A growing market

The emerging market outlook remains positive and is well supported by strong growth, low financing needs, steady inflows and strong cash flows.

More resistant to sovereign debt crises

Emerging market fundamentals are strong and have proven to be the least affected by the current market turmoil in peripheral Europe.

Enhanced diversification

Movements in competing asset classes such as US Treasury bonds or US high-yield bonds tend to show a low correlation to movements in local currency debt markets. By adding local debt securities to a fixed income portfolio, investors could potentially help to diversify the overall risk of their portfolio.

Experienced management to uncover investment opportunities

Invesco Fixed Income's high-quality team of experienced emerging market professionals bring a wealth of experience and a disciplined approach to emerging market debt investing.

Key fund information

The main drivers for emerging market assets continue to be the global economic outlook and potential risks to growth. We believe that risk is over-estimated in emerging market debt while the market fully matures and recognises its actual value. The fund seeks to benefit from such inefficiency while strictly controlling risks.

Fund objective

The objective of the fund is to achieve long-term capital growth and high income. The fund will invest at least two thirds of its total assets (after deduction of ancillary liquid assets) in a flexible allocation of, debt securities (including corporate bonds, and bonds issued by supranational organisations) and financial derivative instruments which are denominated in the currency of emerging market countries.

Fund managers

Claudia Calich, New York
Eric Lindenbaum, New York

Fund launch date

14 December 2006

Domicile

Luxembourg

Reference index

JPM GBI-EM GL Diversified Composite (USD)

Legal structure

Sub-fund of Invesco Funds, SICAV with UCITS status

Base currency

USD

Unit type

Accumulation and Distribution

Initial charge

A and C shares: up to 5.25%
E shares: up to 3.0928%

Annual management fee

A: 1.50%
C: 1.00%
E: 2.00%

Minimum investment

A: US\$1,500
C: US\$250,000
E: EUR500
or currency equivalent

ISIN code

A dist: LU0275062080;
A acc: LU0275062247;
A €-hgd dist: LU0495688789;
A €-hgd acc: LU0367024865;
C acc: LU0275062593;
C €-hgd acc: LU0367024949;
E acc: LU0275060464

Performance profile

	% growth		
	1 yr	3 yrs	Since launch
Invesco Emerging Local Currencies Debt Fund	17.3%	26.4%	52.9%
JPM GBI-EM GL Diversified Composite (USD)	19.7%	38.9%	42.4%

Source: Morningstar¹, performance figures shown are for A shares on a mid-to-mid basis, gross income reinvested in fund currency, gross of initial charges and net of the annual management charge and all other fund expenses to 30 June 2011.

Since launch index figure, source: Datastream on a mid-to-mid basis, gross income reinvested in fund currency as at 30 June 2011.

Why consider investing in emerging market debt?

“We believe emerging markets still present a compelling diversification story away from core markets, given the relative strength of fundamentals versus the developed world.”

Claudia Calich and Eric Lindenbaum, Fund Managers

01

Strong economic foundations

Policy reforms across most emerging economies have resulted in a commitment to more prudent monetary and fiscal management (Figure 1), accumulation of foreign exchange reserves, increased resilience to market shocks and reduced risk of market contagion, providing a more stable investment environment.

02

A source of global stability

Emerging markets have been relatively resilient overall to the global financial crisis. Emerging market consumer and corporate balance sheets are much less leveraged than those of the developed countries, allowing continued lending into the economic cycle to fuel growth.

03

Growth from rising commodity prices

Most emerging market countries are commodity exporters and have enjoyed growth due to the rebound in commodity prices in the past year. This has helped their currencies and fiscal accounts and in turn has benefited their bond markets.

04

Evolution of emerging market

Although external debt spreads have narrowed considerably from their distressed levels, in general local currency yields are still attractive in comparison to the alternatives available.

Sovereign balance sheets remain generally robust, cash balances are good, leverage low and management strong - resulting in improving credit quality (Figure 2).

05

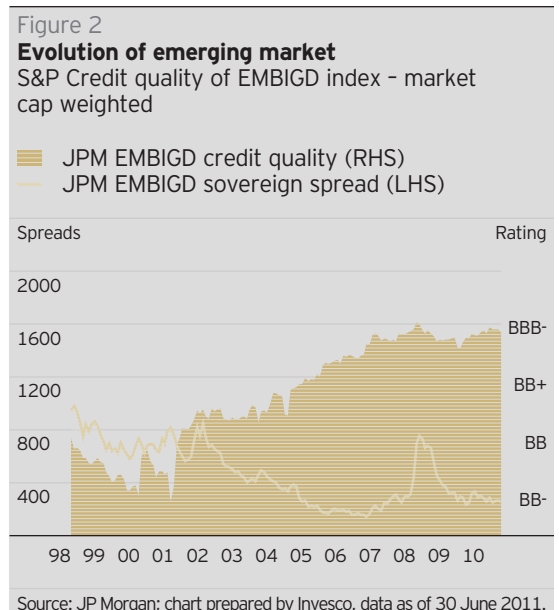
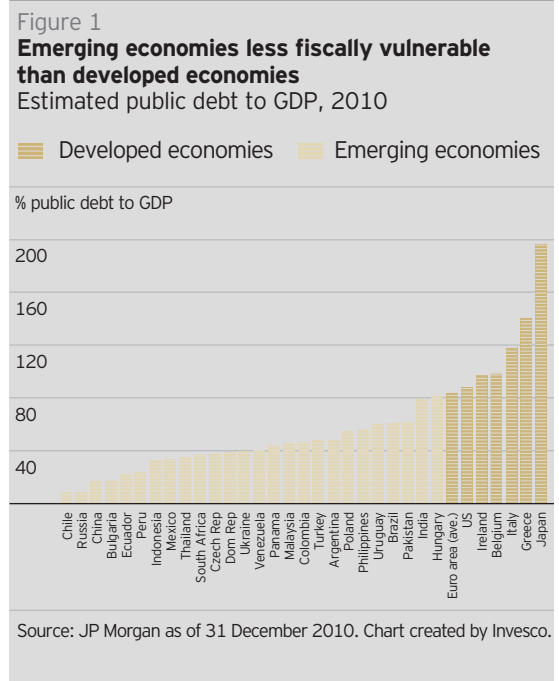
Well supported currencies

Emerging market currencies should be generally well supported as the interest rate differential versus core markets widens and seems likely to stay wider for the longer term.

06

A source of diversification

Local currency debt allows investors to participate in the ongoing maturation of emerging market debt and can enhance the total return and risk diversification of overall fixed income portfolios.



A credit rating is an assessment provided by a nationally recognised statistical rating organisation (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. NR indicates that a debtor is not rated, and should not be interpreted as indicating low quality. For more information on Standard & Poor's rating methodology, please visit www.standardandpoors.com and select "Understanding Ratings" under Rating Resources on the homepage.

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Telephone calls may be recorded.

Important information

All data sourced to Invesco as at 30 June 2011, unless otherwise stated.

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The fund invests in bonds and other fixed income securities that are subject to the risk that issuers do not make payments on such securities. The fund may be adversely affected by a decrease in market liquidity which may impair the fund's ability to acquire or to dispose of securities at their intrinsic value.

The fund may invest in high yield bonds which are regarded as being more speculative (than investment grade bonds) as to the issuer's ability to make payments of principal and interest.

The fund invests in derivatives. Therefore, the net asset value of the fund may, at times, be highly volatile.

A portion or all of the fees and expenses payable by and attributable to the fixed distribution share classes may be charged against capital in order to ensure there is sufficient income to meet the fixed distribution payments. Investors should note that the charging of fees to capital in this manner will result in capital erosion and constrain future capital growth for such share classes.

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The fund is available only in jurisdictions where its promotion and sale are permitted.

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Further information on our products is available using the contact details shown.

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