

## Invesco UK Opportunities

UK All Companies

### Introduction

This fund aims to provide capital growth over the long-term with at least 80% of assets invested in the shares of companies incorporated, domiciled, or carrying out the main part of their economic activity in the UK. It is run with a bottom-up, high conviction, valuation focussed strategy.



[Click here to read the Invesco approach to ESG investing.](#)

### Why RSMR Rate this Fund

- Consistent investment process with long track record
- Strong long-term risk-adjusted returns
- High conviction approach, differentiated from active peers
- Focus on large cap core value style with little perceivable style drift

### Fund Process

The investment approach is underpinned by a belief that the valuation of a stock at the point of purchase is a key determinant in the success of an investment. Typically, this means looking for ideas away from the popular consensus picks, excluding companies from the fund if the investment case is not sufficiently compelling. The fund manager believes that market cycles exist in all industries, and this will create opportunities to buy companies below their intrinsic value. The large cap focus means good liquidity is maintained in the underlying assets, leading to greater flexibility to dynamically shift the portfolio quickly as the opportunity set changes.

The investment process has four stages, starting with idea generation. The investment team monitors market movements and industry commentary daily, as well as screening the investible universe for companies which may be undervalued. To understand the relative merits of each company they look at financial reports, quantitative screening tools, analyst notes, the ability for businesses to generate cash, and ESG considerations. Following internal debate, any ideas which look promising progress to the next stage of fundamental research. This consists of proprietary research encompassing information gathering, analyst meetings, ESG screening, modelling, valuation analysis, meetings with company management and site visits. This data is compiled into an investment case assessing the key risks and the strength of each company's competitive position. Stage three is portfolio construction, taking into account the impact each new position may have on the risk of the fund, the appropriate size of each position given the risk/reward profile, liquidity and conviction, as well as technical considerations around trading and execution. All stocks held are continually assessed and revisited when any new information comes to light and there is constant competition for capital within the fund. Independent data analytics are employed to mitigate the risk of cognitive dissonance. The fourth stage is ongoing monitoring with the team looking to sell stocks if they are no longer undervalued, the investment case no longer applies or there is a better use of the capital. The team tracks company results, news flow, industry trends and regulatory changes. There is weekly risk oversight to mitigate unintended risk with the team reviewing scenarios and undertaking valuation analysis. Company engagement is also important, with assistance from the ESG team at Invesco. Voting rights are exercised in order to maximise shareholder value.

### Evaluation

The fund will typically perform well when value is in vogue and will underperform in strongly rising markets led by growth stocks. The fund should outperform over a full cycle.

### Application

This fund is suitable as a core holding in a UK equity allocation, providing access to large cap value stocks with active fund management.

### Our Opinion

The Invesco UK Opportunities fund has been managed with a consistent, large cap, valuation led strategy for many years, producing strong risk-adjusted returns for investors. Bottom-up fundamental proprietary research leads to a high conviction fund that should outperform the peer group average over a full cycle.

#### Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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