



# Invesco Bond Income Plus Limited

## Delivering steady income in changing markets

**AJ Bell Investor Seminar**  
December 2024

**Edward Craven**  
Fund Manager

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# Biography – Edward Craven



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**Edward Craven, MPhys, FCA**  
Fund Manager

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Edward is a fund manager for the IFI Europe team, based in our Henley office.

He began his career with KPMG in 2003. In 2008 he moved to The Royal Bank of Scotland, where he worked in structured finance. In 2011 he joined Invesco's Henley Fixed Income team as a credit analyst and became a fund manager in 2020, managing multi-asset and high yield funds.

Edward holds a Master's degree in Physics from the University of Bath. He is an FCA qualified chartered accountant.

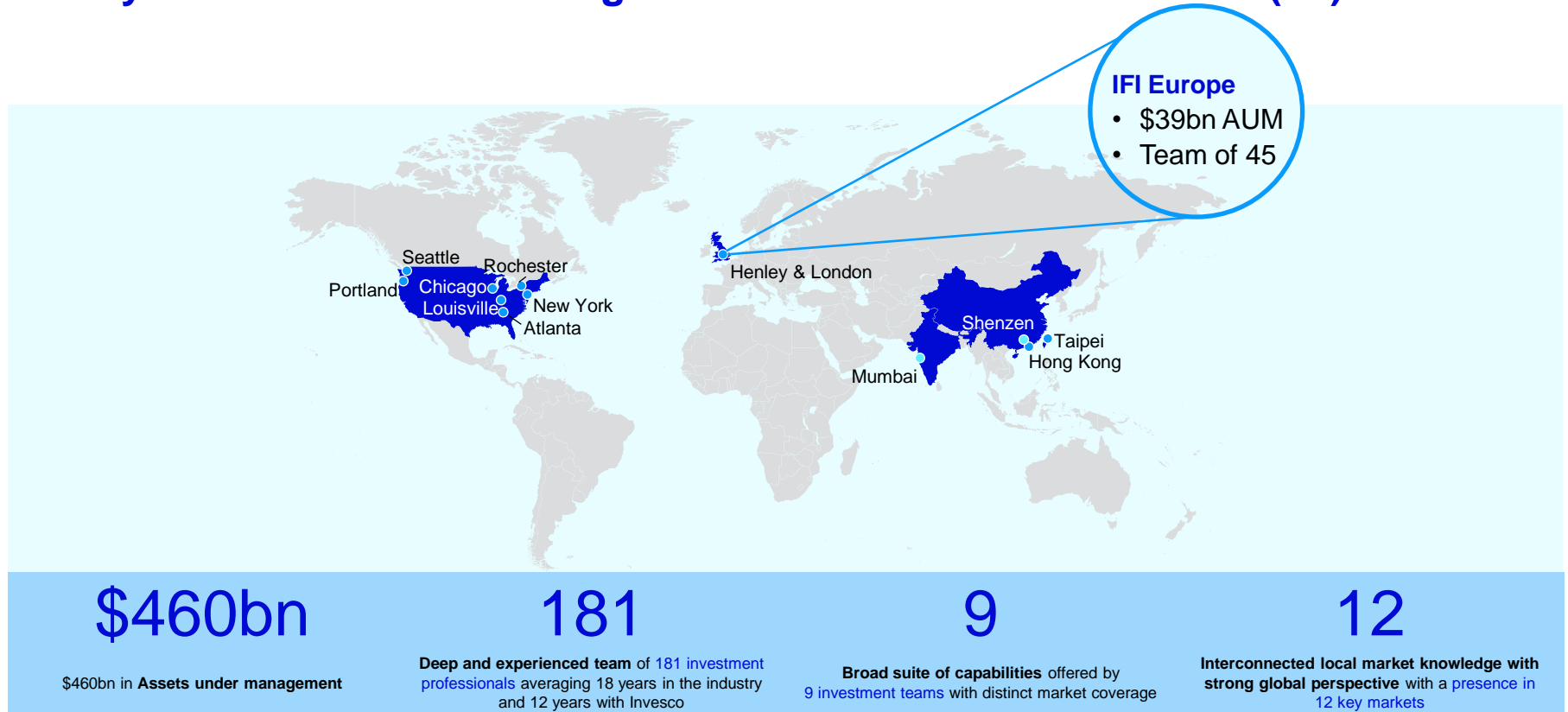
Source: Invesco. AUM as at 30 September 2024.

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<b>Products managed</b>	<b>AUM</b>	<b>Managed since</b>
Invesco Bond Income Plus Limited	£390m	2020
Invesco Distribution Fund (UK)	£1,632m	2020

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# Henley Fixed Income now integrated into Invesco Fixed Income (IFI)



Source: Invesco, 30 September 2024. Subject to change without notice. \$ = USD.

# Agenda

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**1** What are high income bonds?

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**2** The bond market today

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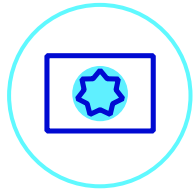
**3** What is Invesco Bond Income Plus Ltd (BIPS)?

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**4** Portfolio

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# Bonds compared to equities



## Bond

<b>Income</b>	Coupon: <b>Contractual obligation</b>
<b>Position in capital structure</b>	Senior
<b>Capital risk</b>	100%
<b>Potential capital appreciation</b>	Limited (par)



## Equity

<b>Income</b>	Dividend: <b>Discretionary</b>
<b>Position in capital structure</b>	Most junior
<b>Capital risk</b>	100%
<b>Potential capital appreciation</b>	Unlimited

Source: Invesco, November 2024.

# Credit quality

Credit Rating	
AAA	Investment Grade
AA	
A	
BBB	
BB	High Yield (Junk)
B	
CCC	
Below CCC	

Source: Invesco, credit ratings are S&P, November 2024.

# Subordinated bonds



## Bank Capital

Covered / Senior Debt

Lower / Upper Tier 2

Tier 1

Additional Tier 1

Equity



## Insurance capital

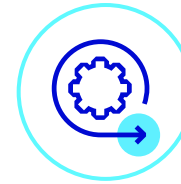
Senior Debt

Tier 3

Tier 2

Restricted Tier 1

Equity



## Hybrid Capital

Senior / Secured

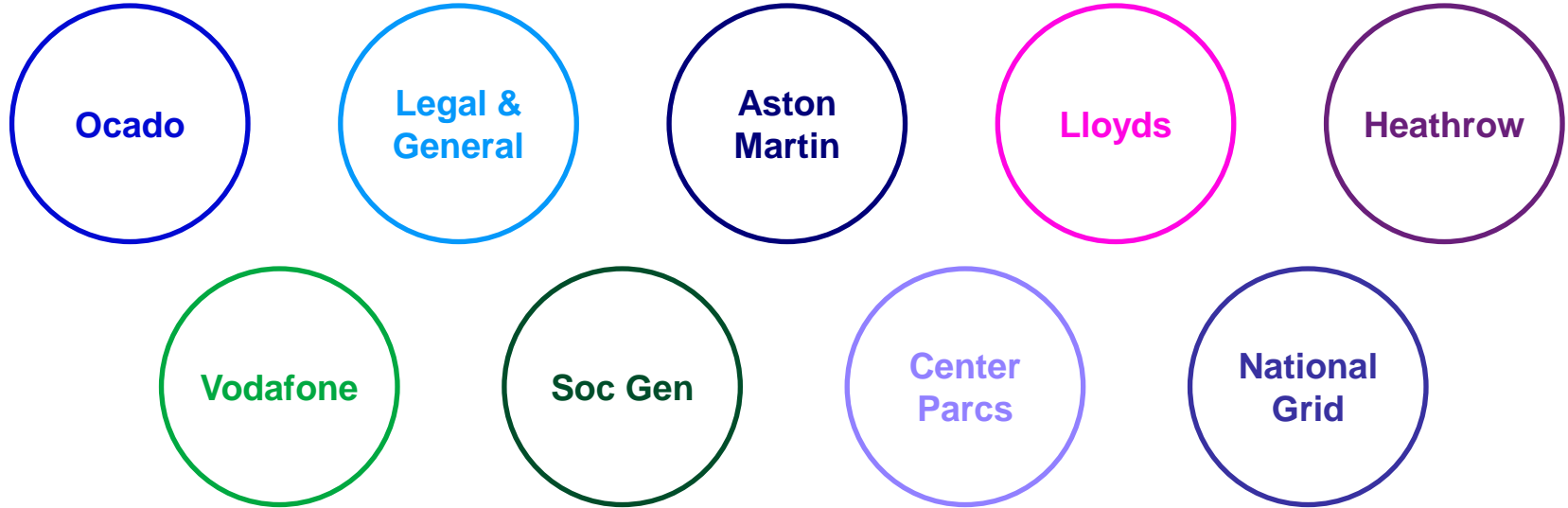
Hybrid Capital

Equity

Source: Invesco, November 2024.

# High income

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Source: Invesco, November 2024. For illustrative purposes only.



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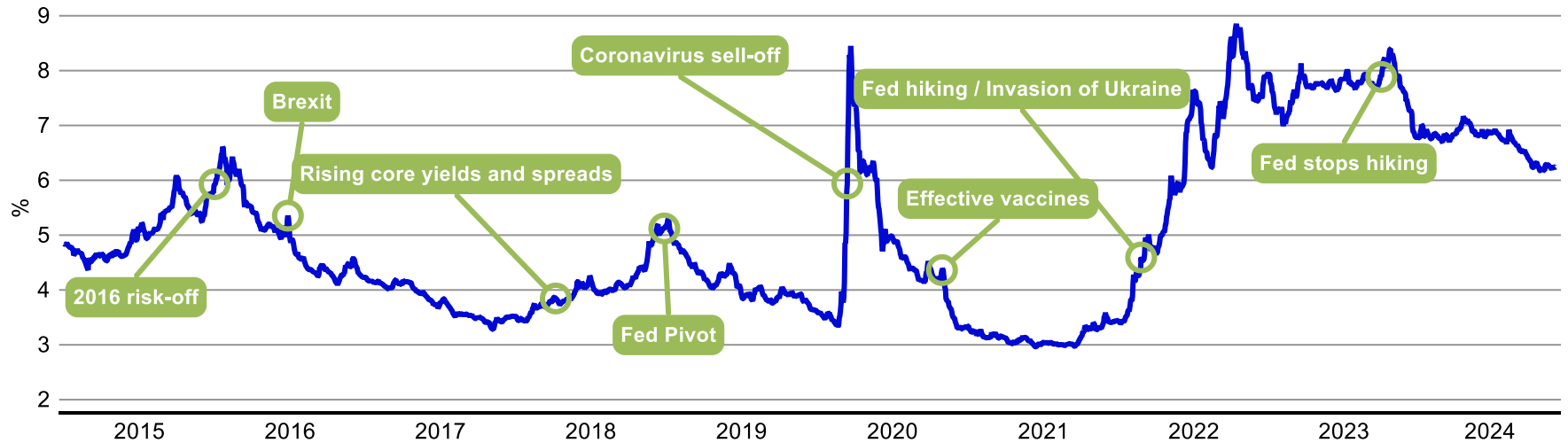
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**4** Portfolio

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# A higher yield environment

ICE BoAML European Currency High Yield index yield to maturity (%)



Source: Macrobond, 26 November 2024. Fed = US Federal Reserve.

# Spreads have tightened

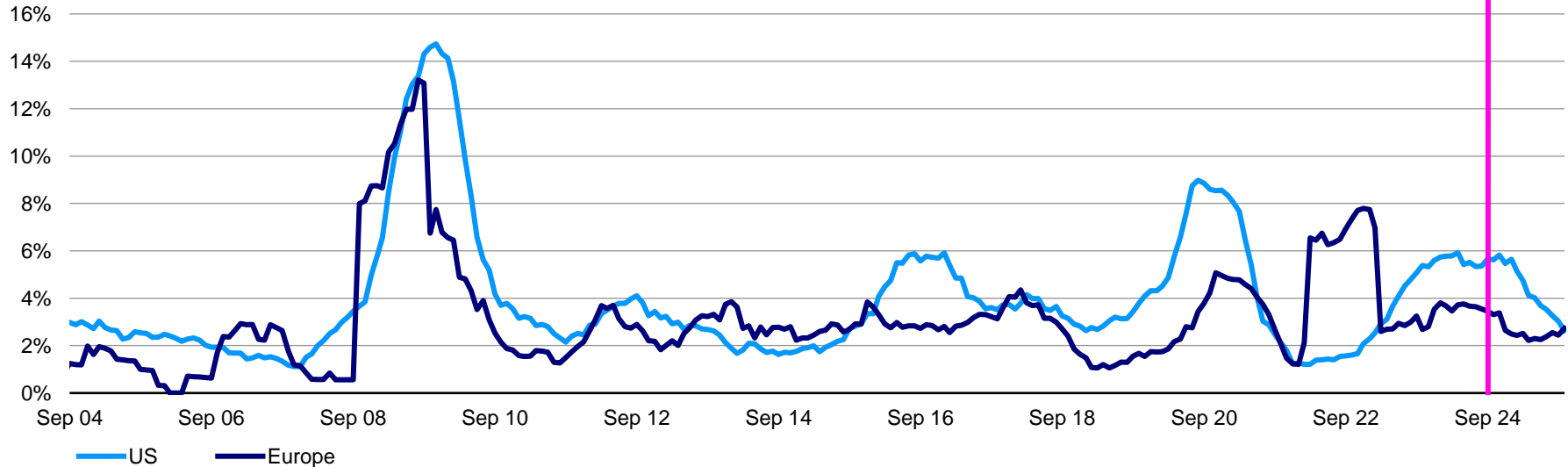
ICE BoAML European Currency High Yield index spread (dashed line is current level)



Source: Macrobond, 2 December 2024. Basis point = 0.01%. Spreads tightening = the difference in yield between a credit risk bond and an equivalent maturity government bond falling.

# No significant default rise forecast

## Moody's trailing 12-month high yield bond default rate and forecast



Source: Moody's Default Trends – Global, October 2024. A default is a failure by a bond issuer to honour one or more of the bonds contractual payments. The pink line marks the border between the historic rate and the forecast rate.

Past performance does not predict future returns.

### BT GBP 8.375% 2028 (call)



### Issuer: BT

- UK's incumbent telecoms provider
- High capex but this is very tax effective
- Low net leverage – 2.7x EBITDA
- Proven commitment to maintaining credit rating

### Bond: GBP 8.375% 2028 (call) (subordinated)

Rating	BB+
Issued	June 2023
Price / Yield today	107.4 / 7.5%

Source: Invesco, Macrobond, 3 December 2024. For illustrative purposes only. EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization. CAPEX = Capital Expenditure – funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. Call = means the issuer has the right to repurchase the bond on pre-defined terms at a specified date. A subordinated loan is any type of loan which is repaid only after the senior debt has been fully repaid in a situation where a borrower defaults on their loan obligations. Please see BIPS performance slide for further information.

# INEOS Quattro

Past performance does not predict future returns.

## INEOS Quattro USD 9.625% 2029



## Issuer: INEOS Quattro

- Global chemical (commodity and speciality) group
- Resilient cash flow over cycle
- Leverage expected to fall to 5.5x in 2024
- Earnings growth expected in 2024

## Bond: USD 9.625% 2029 (secured)

Rating	BB-
Issued	November 2023
Price / Yield today	106.6 / 7.8%

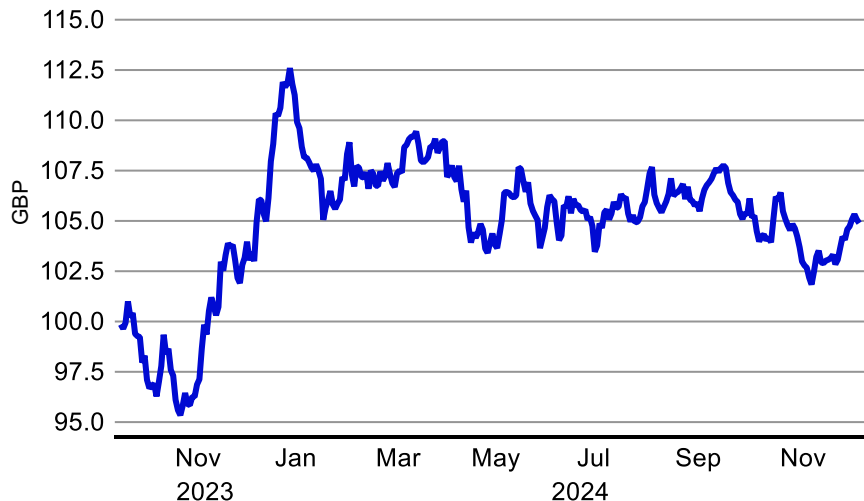
[Issued similar bond at 3.375% in 2021](#)

Source: Invesco, Macrobond, 3 December 2024. For illustrative purposes only. Please see BIPS performance slide for further information.

# Manchester Airport

Past performance does not predict future returns.

## Manchester Airport GBP 6.125% 2041



## Issuer: Manchester Airport Group

- Strong ownership and client roster
- EBITDA fully recovered from Covid
- Leverage 3.7x EBITDA (target range 3.5x-4.5x)
- Committed to IG rating

## Bond: GBP 6.125% 2041 (secured)

Rating	BBB+
Issued	Sept 2023
Price / Yield today	104.9 / 5.7%

[Issued similar bond at 2.875% in 2019](#)

Source: Invesco, Macrobond, 3 December 2024. For illustrative purposes only. EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization. Leverage/EBITDA = a ratio that compares a company's liabilities in the form of net debt to its earnings in the form of EBITDA. IG = Investment Grade. Please see BIPS performance slide for further information.

# Our outlook

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Inflation to continue to moderate

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Market fundamentals are strong

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Market yields still attractive but spreads tighter

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Attractive yields available from quality issuers

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Source: Invesco. For illustrative purposes only.



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# Invesco Bond Income Plus Limited

Ticker: BIPS

<b>£380m</b>	Total Assets
<b>6.7%</b>	Dividend Yield
<b>170.5p</b>	Share Price
<b>170.2p</b>	Estimated NAV

- Corporate and financial debt securities
- The largest company in the AIC\* sector (Debt – Loans and Bonds)
- A diverse portfolio of 147 issuers held
- Maximum borrowing level: 30%
- Current borrowing: 13.3%
- **6.7% dividend yield**

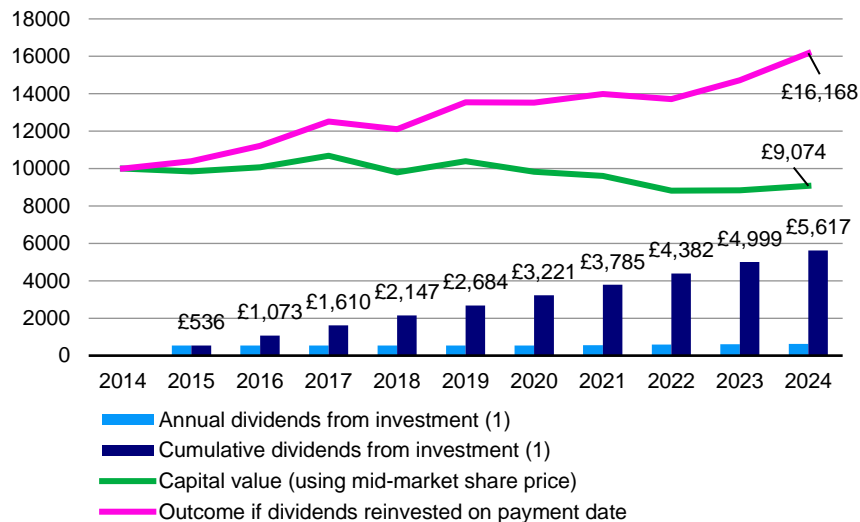
Source: Invesco as at 3 December 2024. Dividend yield is the total dividend divided by the current share price. Dividend policies and future dividend payments are determined by the Board and are not guaranteed. \*Association of Investment Companies.

# Delivering Consistent & Growing Income over time

## Board commitment to maintaining and / or increasing dividend

Past performance does not predict future returns.

### Invesco Bond Income Plus Ltd Returns on an Initial Investment of £10,000 in the Company Ten Years to 30 November 2024



Source: Refinitiv. Data to 30 November 2024.

<sup>1</sup>Cumulative dividends from inception of investment, calculated at end of November each year.

<sup>2</sup>Capital value to the end of each year as at end of November (using mid-market share price).

<sup>3</sup>Outcome if dividends reinvested on the same day as their payment date.

	Annual dividends per share	Total Income Earned <sup>1</sup>	Capital Performance <sup>2</sup>	Total Return (with dividend reinvested) <sup>3</sup>
	pence	£	£	£
<b>2014</b>	-	-	£10,000	£10,000
<b>2015</b>	10.00	536	£9,852	£10,394
<b>2016</b>	10.00	1,073	£10,067	£11,216
<b>2017</b>	10.00	1,610	£10,685	£12,521
<b>2018</b>	10.00	2,147	£9,799	£12,104
<b>2019</b>	10.00	2,684	£10,389	£13,536
<b>2020</b>	10.00	3,221	£9,826	£13,532
<b>2021</b>	10.50	3,785	£9,611	£13,988
<b>2022</b>	11.13	4,382	£8,819	£13,707
<b>2023</b>	11.50	4,999	£8,832	£14,720
<b>2024</b>	11.50	5,617	£9,074	£16,168

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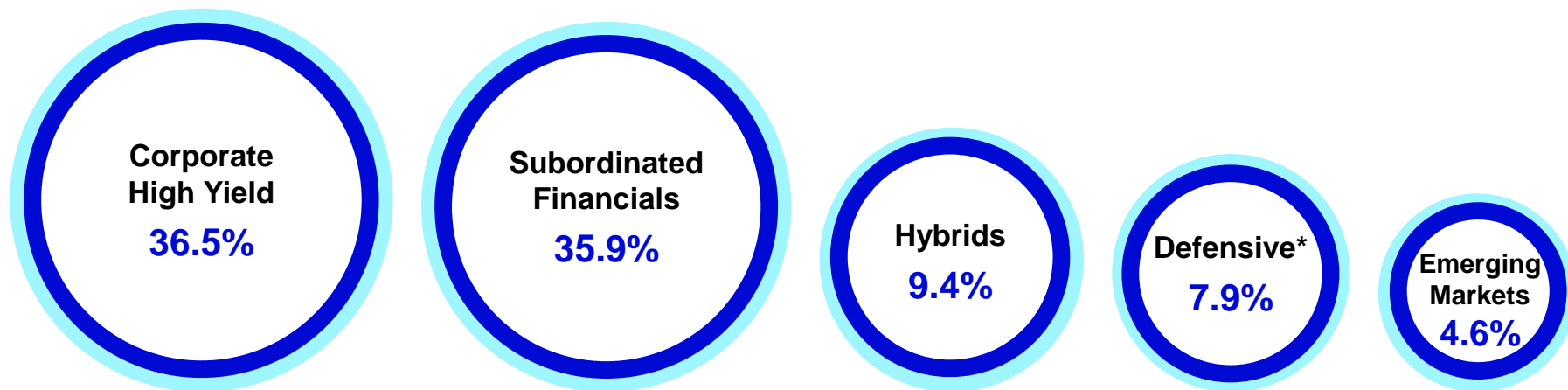
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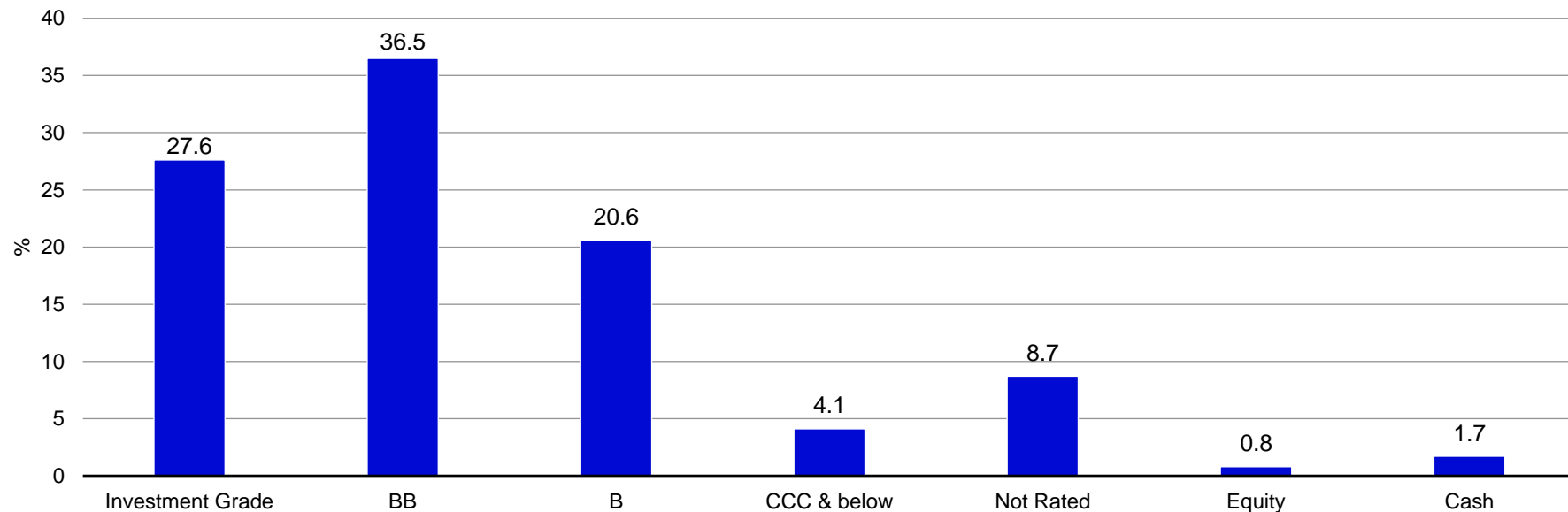
# Invesco Bond Income Plus Limited Allocations



Source: Invesco as at 31 October 2024. \*Defensive includes investment grade credit and senior bank.

# Invesco Bond Income Plus Limited

## Credit quality



Source: Invesco as at 31 October 2024.

# Performance

# Invesco Bond Income Plus Limited

## Performance at 31 October 2024 (%)

Past performance does not predict future returns.

Ordinary share price & NAV cumulative performance (% growth)	YTD	1 year	3 years	5 years	10 years
Share Price	7.0	14.3	12.2	21.9	65.3
<b>Net Asset Value</b>	<b>7.1</b>	<b>14.8</b>	<b>7.2</b>	<b>22.7</b>	<b>66.5</b>
ICE BofA European Currency High Yield Index, GBP hedged	8.7	15.3	11.1	21.4	59.0

Calendar year performance (% growth)	2019	2020	2021	2022	2023
Share Price	18.7	1.8	5.3	-5.2	10.5
Net Asset Value	13.4	6.9	4.2	-10.8	11.7
ICE BofA European Currency High Yield Index, GBP hedged	12.6	3.2	4.0	-10.5	13.8

Standardised rolling 12-month performance (% growth)	31/10/20	31/10/21	31/10/22	31/10/23	31/10/24
Share Price	1.8	6.7	-9.5	8.5	14.3
Net Asset Value	3.3	10.8	-13.5	7.5	14.8
ICE BofA European Currency High Yield Index, GBP hedged	0.2	9.0	-13.0	10.8	15.3

Source: Invesco, Bloomberg. All performance figures are in sterling. Ordinary share price performance figures have been calculated using daily closing prices with dividends reinvested. NAV performance figures have been calculated using daily NAV with dividends reinvested. The NAV used includes current period revenue and values debt at fair. The benchmark index is shown for performance comparison purposes only. The Fund does not track the index.



# Case studies

Past performance does not predict future returns.

Bond price	30/11/2020	30/11/2021	30/11/2022	30/11/2023	30/11/2024
Manchester Airport £ 6.125% 2041	N/A	N/A	N/A	103.041	105.079
INEOS Quattro USD 9.625% 2029	N/A	N/A	N/A	103.945	106.490
BT GBP 8.375% 2028 (call)	N/A	N/A	N/A	103.703	106.993
12 month total return	30/11/2019 30/11/2020	30/11/2020 30/11/2021	30/11/2021 30/11/2022	30/11/2022 30/11/2023	30/11/2023 30/11/2024
Manchester Airport £ 6.125% 2041	N/A	N/A	N/A	N/A	N/A
INEOS Quattro USD 9.625% 2029	N/A	N/A	N/A	N/A	N/A
BT GBP 8.375% 2028 (call)	N/A	N/A	N/A	N/A	N/A

Source: Invesco as at 30 November 2024. Performance figures are shown in sterling, % net total return basis.

# 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 portfolio has a significant proportion of high-yielding bonds, which are of lower credit quality and may result in large fluctuations in the NAV of the product.

The product may invest in contingent convertible bonds which may result in significant risk of capital loss based on certain trigger events.

The use of borrowings may increase the volatility of the NAV and may reduce returns when asset values fall.

The product uses derivatives for efficient portfolio management which may result in increased volatility in the NAV.

# Important information

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Views and opinions are based on current market conditions and are subject to change.

The yield shown is expressed as a % per annum of the current NAV of the fund. It is an estimate for the next 12 months, assuming that the fund's portfolio remains unchanged and there are no defaults or deferrals of coupon payments or capital repayments. The yield is not guaranteed. Nor does it reflect any charges. Investors may be subject to tax on distributions.

If investors are unsure if this product is suitable for them, they should seek advice from a financial adviser.

For more information on our products, please refer to the relevant Key Information Document (KID), Alternative Investment Fund Managers Directive document (AIFMD), and the latest Annual or Half-Yearly Financial Reports. This information is available using the contact details shown.

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EMEA 4071049/2024