City Merchants High Yield

Morningstar Peer Group Classification

Debt - Loans & Bonds

Investment Objective

To seek to obtain capital growth and high income from investment, predominantly in high-yielding fixed-interest securities.

Valuation statistics (NAV estimated)

<table>
<thead>
<tr>
<th>Date</th>
<th>Price</th>
<th>Par Cum NAV</th>
<th>Par Ex NAV</th>
<th>Par Ex Discount</th>
<th>Par Cum Discount</th>
<th>Fair Ex Discount</th>
<th>Fair Cum Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 Jun 2019</td>
<td>191.00</td>
<td>184.80</td>
<td>184.80</td>
<td>8.20</td>
<td>7.70</td>
<td>8.20</td>
<td>7.70</td>
</tr>
</tbody>
</table>

Total Expense Ratio (2018) 0.98%

Average Daily Value Traded (1yr) 0.227m

Average Daily Shares Traded (1yr) 0.119m

Net Gearing (31 Dec) 98

Gross Gearing (31 Dec) 100

Dividend Policy

The fund intends to pay quarterly dividends

Year-on-Year Dividend Growth % (financial year 31 Dec)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Dividend Growth % (annualised on current financial year)

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Directors

Timothy Scholefield (Chairman), Philip Austin, John Boothman, Philip Taylor

Fund Manager: Paul Causer (01 May 2003) / Rhys Davies (03 Jul 2014) / Paul Read (01 May 2003)

Invesco Fund Managers Limited

Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, UK, RG9 1HH

Telephone: +44 (0) (0) 1491471000

Website: www.invesco.co.uk/CityMerchants

Stockbroker: Winterflood Securities Limited

Management Fee Summary

Management fee 0.1875% of the NAV of the assets of Company under management at the end of the relevant quarter. The agreement is terminable on 3 months notice, or earlier in the event of a material breach or insolvency of either party.

Latest Dividend History (GBP)

<table>
<thead>
<tr>
<th>Type</th>
<th>Dividend Declared Date</th>
<th>Ex Div Date</th>
<th>Record Date</th>
<th>Payment Date</th>
<th>Financial Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>2500 27 Mar 19</td>
<td>18 Apr 19</td>
<td>23 Apr 19</td>
<td>23 May 19</td>
<td>2019</td>
</tr>
<tr>
<td>Income</td>
<td>2500 11 Dec 18</td>
<td>24 Jan 19</td>
<td>25 Jan 19</td>
<td>25 Feb 19</td>
<td>2018</td>
</tr>
<tr>
<td>Income</td>
<td>2500 27 Sep 18</td>
<td>19 Oct 18</td>
<td>20 Oct 18</td>
<td>20 Nov 18</td>
<td>2018</td>
</tr>
<tr>
<td>Income</td>
<td>2500 14 Jun 18</td>
<td>19 Jul 18</td>
<td>20 Jul 18</td>
<td>20 Aug 18</td>
<td>2018</td>
</tr>
<tr>
<td>Income</td>
<td>2500 22 Mar 18</td>
<td>19 Apr 18</td>
<td>20 Apr 18</td>
<td>20 May 18</td>
<td>2018</td>
</tr>
<tr>
<td>Income</td>
<td>2500 15 Jan 18</td>
<td>25 Jan 18</td>
<td>26 Jan 18</td>
<td>26 Feb 18</td>
<td>2017</td>
</tr>
<tr>
<td>Income</td>
<td>2500 09 Oct 17</td>
<td>19 Oct 17</td>
<td>20 Oct 17</td>
<td>20 Nov 17</td>
<td>2017</td>
</tr>
<tr>
<td>Income</td>
<td>2500 10 Jul 17</td>
<td>20 Jul 17</td>
<td>21 Jul 17</td>
<td>21 Aug 17</td>
<td>2017</td>
</tr>
<tr>
<td>Income</td>
<td>2500 11 Apr 17</td>
<td>20 Apr 17</td>
<td>21 Apr 17</td>
<td>21 May 17</td>
<td>2017</td>
</tr>
<tr>
<td>Income</td>
<td>2500 17 Jan 17</td>
<td>26 Jan 17</td>
<td>27 Jan 17</td>
<td>24 Feb 17</td>
<td>2016</td>
</tr>
<tr>
<td>Income</td>
<td>2500 12 Jul 16</td>
<td>21 Jul 16</td>
<td>22 Jul 16</td>
<td>22 Aug 16</td>
<td>2016</td>
</tr>
</tbody>
</table>

Initial Public Offering

15,000,000 Ordinary shares at 1.00 GBP on 31 May 1991 raising 15.0m gross and 14.7m net of expenses

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City Merchants High Yield

Risk & Return

- 1Y NAV/TR Performance %
- 1Y NAV Volatility %
- Sector Breakdown (%)
  - Fixed Interest 92.5%
  - General Equity 3.9%
  - Net Current Assets 3.6%

Geographic Breakdown (%)

- 53.9% Fixed Interest
- 22.2% UK
- 21.7% Ireland
- 0.2% France

Largest Holdings (% Portfolio) as at 31 Mar 2019

- Lloyds Banking Group 7.875% Perpetual, 7%
- Aviva 6.125% Perpetual, 8.875% Preference
- Afisco 6.625% 15 Feb 2023, 7.5% 15 May 2026
- Intesa Sanpaolo 8.375%FRN, 7.75% Dec 2076
- Koninklijke KPN 6.875%FRN 14 Mar 2073
- Vodafone Group 4.875% 03 Oct 2078
- Barclays 9.25% Perpetual, 7.785% Var, 8.125% Dec 2076
- Enel 7.75% 10 Sep 2075, 6.625% 15 Sep 2076
- STANDARD CHARTERED 5.7% 2044, 6.125% 2034
- Stonestate 8.475% 15 Mar 2022 (SNR)

Total 25.7%

Risk & Correlation

- 3 months
- 6 months
- 1 year
- 3 years
- 5 years
- Alpha (NAV) 0.04
- Beta (NAV) 1.06
- Sharpe (NAV) 2.56
- Price Volatility 2.28
- NAV Volatility 1.21
- Benchmark Volatility 0.75
- Peer Group Volatility 0.66

Additional Performance (Total Return) %

Period
- 2019
  - #y1prigbp
  - #y1navgbp
  - #y1pvgbp
  - #y1pgnbp
  - #y1bmgbp
- 2018
  - +9.89
  - +9.03
  - +1.12
  - +10.38
- 2017
  - +11.60
  - +12.06
  - +9.19
  - +10.77
  - +25.17
- 2016
  - +0.75
  - +2.85
  - +3.78
  - +6.04
  - -5.46
- 2015
  - +8.49
  - +5.17
  - +3.55
  - +3.81
  - +0.50
- 2014
  - +323.43
  - +297.81
  - +294.40
  - +288.87
  - +198.42
- 2013
  - 2012
  - 2011
  - 2010
  - 2009

Wind-up Provisions/Buy Back Policy

The Company has an unlimited life.

Capital Structure

- Number of Shares: 97,841,204
- Share Type: Ordinary
- Loan CCY: USD
- Redeemed: 0.02
- Coupon: -

1 NAV Estimation – Fair value of debt refers to the market price of the debt if it is traded or, if it is not traded, an estimation of its value calculated using points over gilt methodology. Cash income NAV includes net revenue in the financial year to date. All estimates are fully diluted for the effects of warrants, convertibles or treasury shares. NAV estimations are created and maintained by Morningstar. For more detailed methodology document please contact FDSupport@morningstar.com.

2 E-statistic - Shows whether the fund’s current discount is significantly higher or lower than the average over the past year, calculated as (Current Discount – Mean) / Std Dev.

3 Gross gearing – The ratio of estimated gross assets minus cash and fixed interest to the Net Assets, expressed as a percentage.

4 Net gearing – The ratio of estimated gross assets minus cash and fixed interest to the Net Assets, expressed as a percentage. Cash and fixed interest represents net-equity exposure.


6 Net Dividend Yield – This is calculated by dividing the current financial year dividends (this will include prospective dividends) by the current price.

7 Dividend Growth – The annualised percentage growth in dividends. Based upon the current financial year, including any future estimates or forecasts.

8 Performance – Calculated using start and end period Share Prices or NAV Dividends and reweighted on the ex-dividend date at the prevailing Share Price or NAV.

9 Risk & Return – 1 Year ex income par NAV total return performance against 1 Year NAV volatility. Please see notes 8 and 15 for performance and volatility definitions respectively.

10 Portfolio – In order to calculate the portfolio value we deduct any holdings in cash only (Note that Fixed Interest is not included).

11 Alpha – The difference between the fund’s average excess total return and the benchmark’s average excess total return.

12 Beta – The sensitivity of the fund to broad market movements. A Beta of 0.5 would imply the fund will move by half as much as the index.

13 R-squared – A measure of correlation between the fund and index. A value of 0.8 means that 80% of the fund’s NAV changes can be explained by changes in the index.

14 Sharpe – A risk-adjusted return measure, calculated by dividing the fund’s average monthly excess total return over the risk-free rate by the standard deviation of those returns. The figure shown is the annualised Sharpe Ratio.

15 Volatility – The annualised standard deviation of the logged daily returns, adjusting for distributions from capital.