



# Invesco US Structured Equity Fund

**Invesco Quantitative Strategies**

Q1 2014

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# Section 1

## Organizational overview



# We have specialized investment teams with local knowledge of key markets across the globe



## US and Canada



## UK and Continental Europe



## Asia



## Australia



## A truly global firm with:

- US\$787.3 billion assets under management
- More than 750 investment professionals
- On the ground presence in more than 20 countries, including:

Australia	Italy
Austria	Japan
Belgium	Luxembourg
Canada	Netherlands
China	Singapore
Czech Republic	South Korea
France	Spain
Germany	Taiwan (ROC)
Hong Kong	United Arab Emirates
India	United Kingdom
Ireland	United States

Source: Invesco. Client-related data, investment professional and employee data are as of March 31, 2014. Invesco Ltd. assets under management are as of March 31, 2014, and include all assets under advisement, distributed and overseen by Invesco, including those of its affiliates Invesco Distributors, Inc. and Invesco PowerShares Capital Management LLC.

The countries of presence listed are mainly by way of wholly owned, indirect subsidiaries of Invesco Ltd., except ALPS Distributors Inc., Deutsche Bank and Invesco Great Wall in Shenzhen, which is a joint venture between Invesco and Great Wall Securities, and the Huaneng Invesco WLR Investment Consulting Company Ltd. in Beijing, which is a joint venture between Huaneng Capital Services and Invesco WLR Limited.

# Invesco Quantitative Strategies



- **Managing approximately USD 26 billion**
- **Experienced team** of over 40 investment professionals
- **Global research agenda** to continually improve forecasts
- **Unified approach** to stock return forecasting and portfolio construction

Passive	Enhanced	Active	Low Volatility	Balanced Solutions	Long/Short
Europe	European Core	Australian Core	Asia-Pac	European	Australian 130/30
Global	Global Core	Emerging Markets	European	Global	US Market Neutral
US	UK Core	Eurobloc Core	Global		Global Market Neutral
	US Core	European Core	US		Japanese Market Neutral*
	US Value	European Growth	Emerging Markets		US Long/Short
		Global Core			
		US Core			
		US Growth			
		US Small Cap Core			
	US Small Cap Value				

\* In development

Note: This is a representative list of products managed by Invesco Quantitative Strategies and is not inclusive of all products offered. Balanced Solutions mandates are managed in conjunction with Invesco's Global Asset Allocation investment team.

Source: Invesco. As of 3/31/2014.

## Bernhard Langer, CFA, CIO

<b>Research</b>	Michael Abata, CFA (BOS) Bob D' Amore (BOS) Karl Georg Bayer (FRA) Eric Cheng, CFA (NY) Bartholomäeus Ende (FRA) Anna Gulko, CFA (NY) Dr. Martin Hennecke (FRA)	Anne-Marie Hofmann (FRA) Dr. Stephan Holtmeier (FRA) Satoshi Ikeda (TYO) Jochen Jenkner (FRA) Dr. Matthias Kerling (FRA) Charles Ko, CFA (BOS) Dr. Jens Langewand (FRA)	Edward Leung, PhD (NY) Dr. Gangolf Mittelhäußer (FRA) Zhanar Omarova (FRA) Sergey Protchenko (BOS) Peter Secakusuma (BOS) Dr. Margit Steiner (FRA) Andrew Waisburd, PhD (BOS)
<b>Portfolio Management</b>	Manuela von Ditfurth (FRA) Uwe Draeger (FRA) Michael Fraikin (FRA) Nils Huter, CFA (FRA) Dr. Martin Kolrep (FRA) Helena Korczok-Nestorov (FRA) Ken Masse, CFA (BOS)	Anthony Munchak, CFA (BOS) Glen Murphy, CFA (BOS) Robert Nakouzi (FRA) Francis Orlando, CFA (BOS) Thorsten Paarmann, CFA (FRA) Nicole Schnuderl (MEL) Alexander Tavernaro, CFA (FRA)	Daniel Tsai, CFA (NY) Alexander Uhlmann, CFA (FRA) Anne Unflat (NY) Donna Wilson (NY) Hiroaki Yamazaki, CFA (TYO) Masayoshi Yoshihara (TYO)
<b>Portfolio Management Associates</b>	Jennifer An (BOS) Kara Buckley (NY)	Su-Jin Fabian (FRA) Julian Keuerleber (FRA)	Daveka Persaud (NY) Michael Rosentritt (FRA)

### Benefits of Group Structure:

- Team members located in Australia, Germany, Japan and US ensuring diversity of insights and broad geographic scope
- All portfolios are team-managed and benefit from the team's breadth and depth
- Incentives are aligned with team structure to maximize benefits of collaboration and idea sharing
- Average industry experience: 17 years  
Average tenure at firm: 11 years

City locations: BOS = Boston, US; FRA = Frankfurt, Germany; MEL = Melbourne, Australia; NY = New York, US; TYO = Tokyo, Japan. The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis. As of March 31, 2014

# Why Invesco Quantitative Strategies?



## Our clients receive:

- The best ideas from a team that values **independent thinking**
- An **engineered discipline** that balances the rigor of quantitative modeling with the insight of fundamental and behavioral analysis
- A commitment to renewal and **purposeful evolution** so that our process continues to capture the right opportunities

## The result:

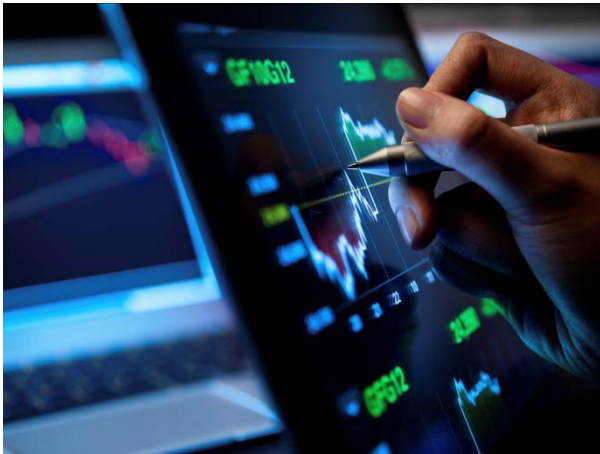
A **partnership** with an organization that understands your responsibility and is committed to creating long-term value

# Section 2

## Investment process overview

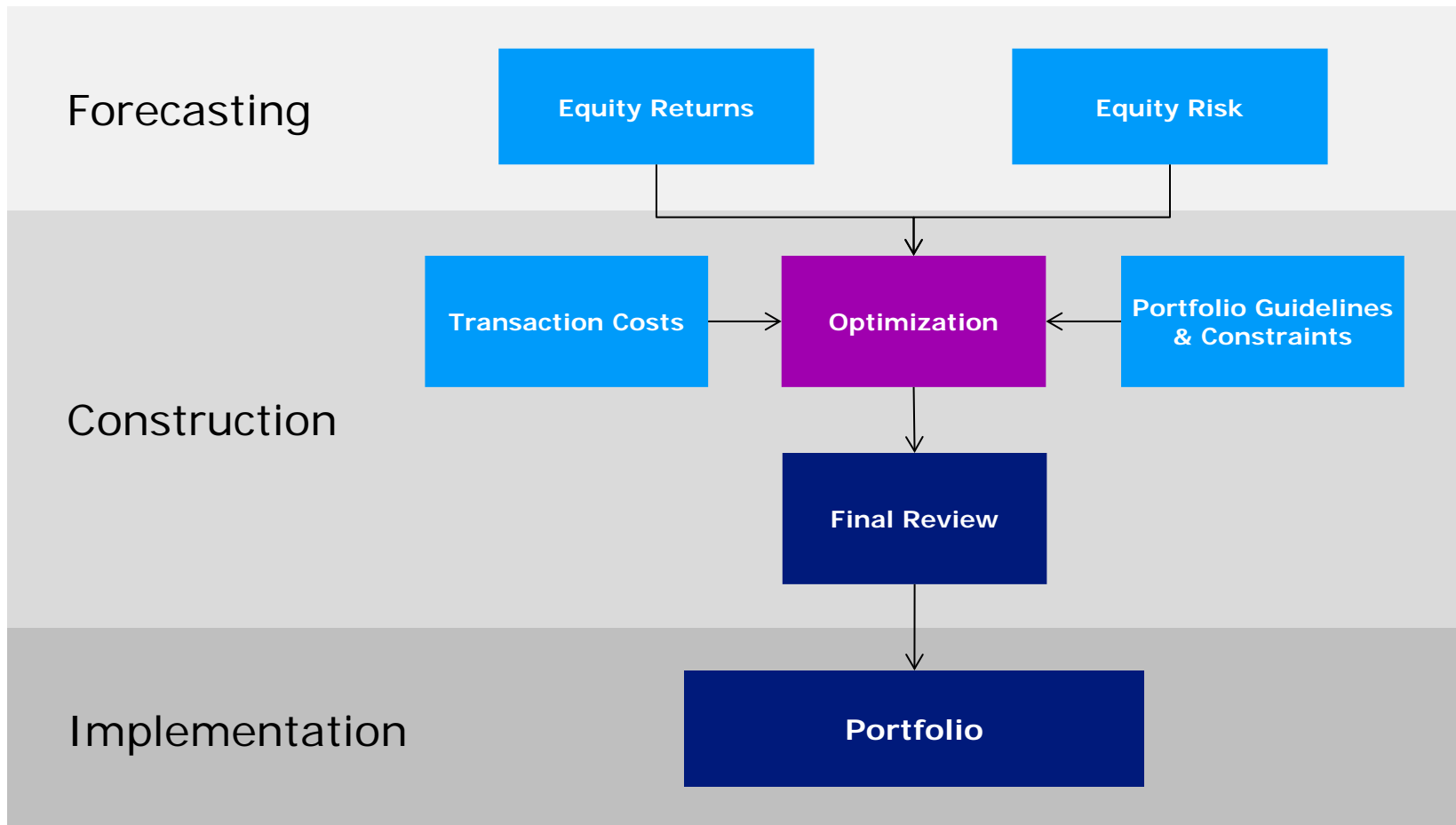




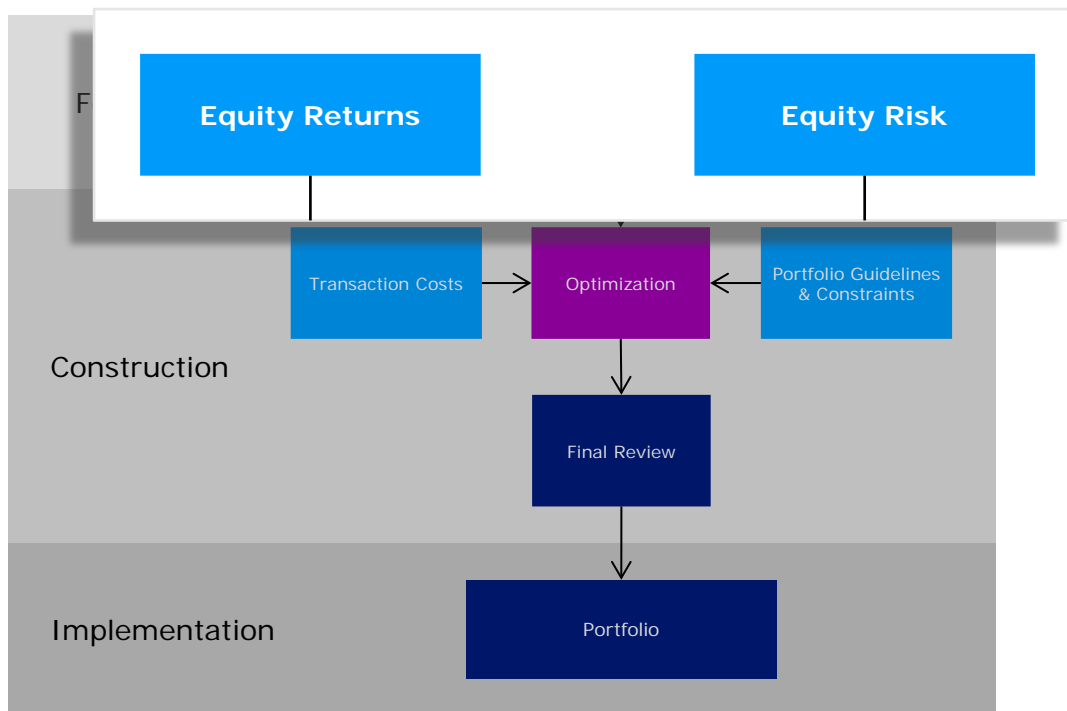


**We believe we can add value for our clients through the systematic application of fundamental and behavioral insights.**

# Proven investment process



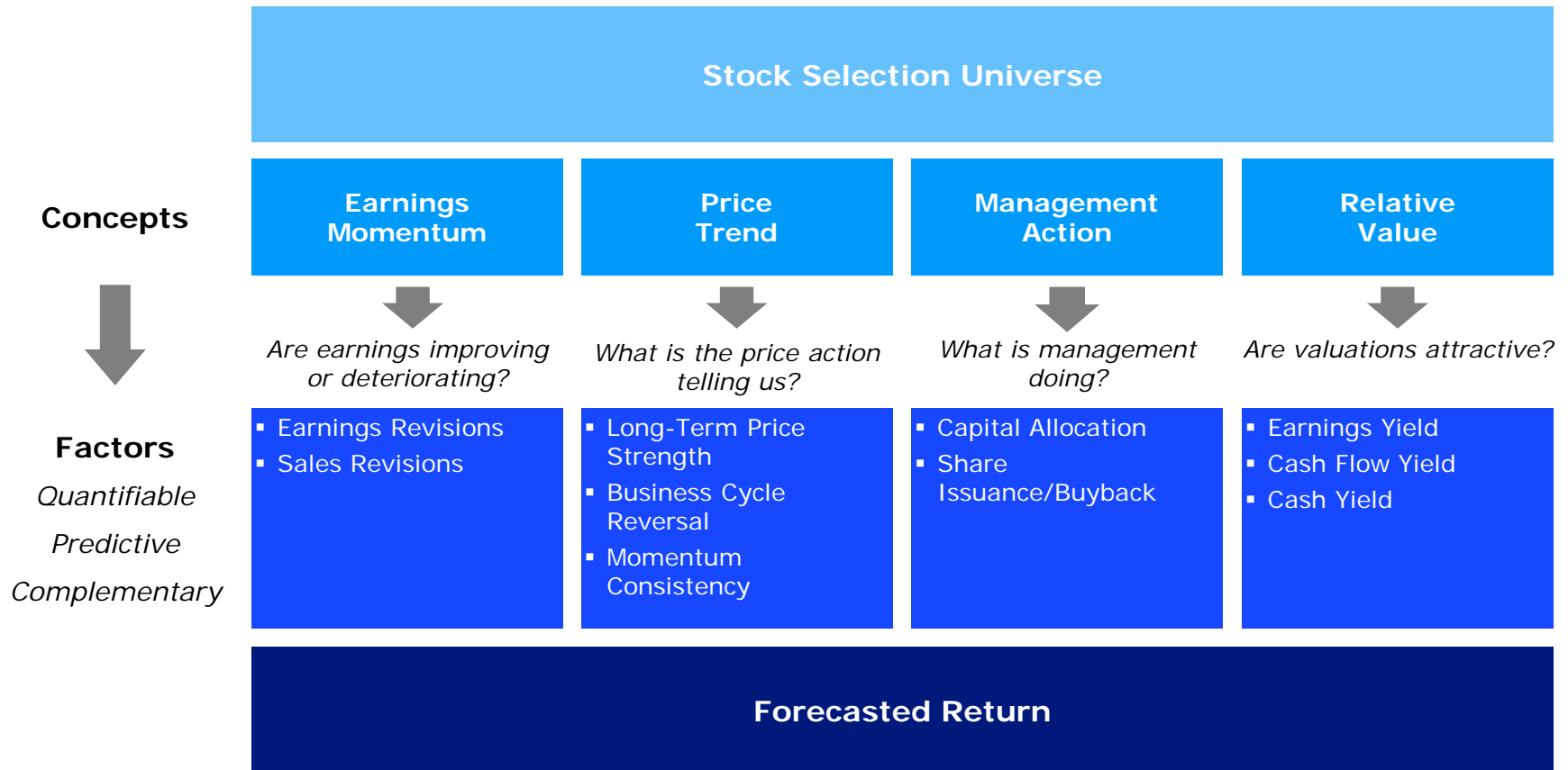
For illustrative purposes only.



## Our forecasting approach balances:

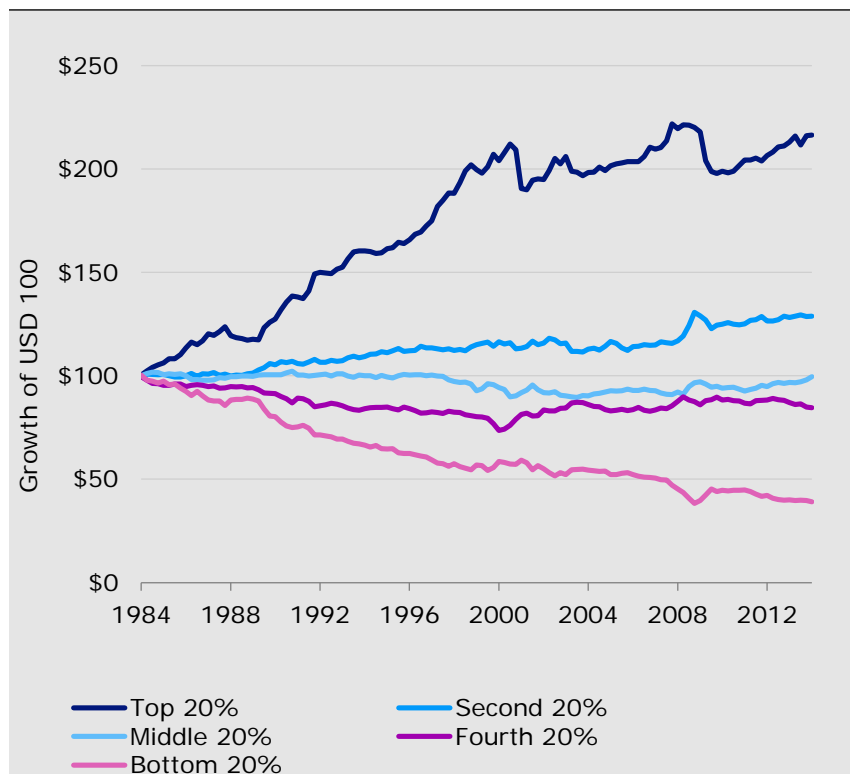
- Rigor of quantitative modeling
- Insight of fundamental and behavioral analysis

# Quantifying our insights: Stock Selection Model overview



For illustrative purposes only.

# Our Model has effectively ranked stocks



## Historically, successful differentiation between sector leaders and laggards

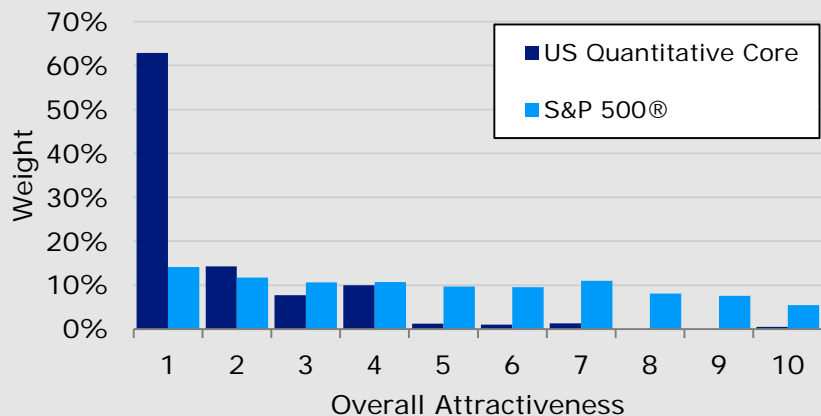
- Top 20% (highest-ranked stocks) meaningfully outperform
- Bottom 20% (lowest-ranked stocks) meaningfully underperform

Data calculated by Invesco on a quarterly basis using real time factor scores and weights applied on an industry neutral basis. Excess returns are calculated by comparing the Model's industry neutral forecast at quarter end with the actual industry neutral returns for the following quarter and then weighting all of the returns in each quintile by the square root of market cap. Results employ the Model and the large cap universe defined during applicable time periods; the Model and the stocks change over time. Model calculations are gross and do not deduct management fees, transaction costs or other expenses which will reduce the performance of actual portfolios. Model results are not the only factor considered by IQS in constructing portfolios. **Past performance is not indicative of future results.** As of March 31, 2014.

# Portfolio strategy dominated by highest-ranked stocks

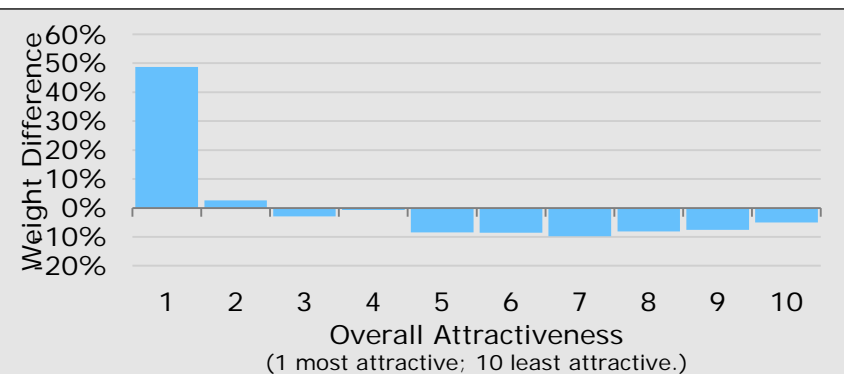


Exposure by Overall Attractiveness Ranking



## Portfolio significantly overweight highest-conviction stocks:

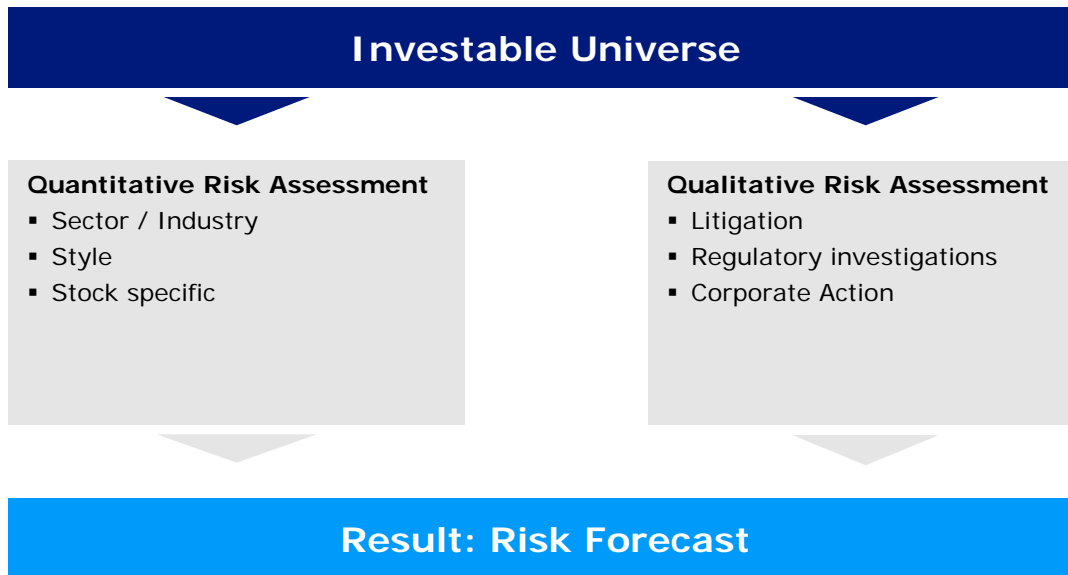
- 49% overweight in highest-ranked group
- Underweight ranks 3 - 10
- Portfolio wtd-average Attractiveness rank: 1.8



Source: Invesco Quantitative Strategies proprietary Stock Selection Model. Rankings as of March 26, 2014. The portfolio weight by overall attractiveness is based on a representative portfolio as of March 31, 2014. Portfolio strategies are subject to change without notice.

# Effective risk management

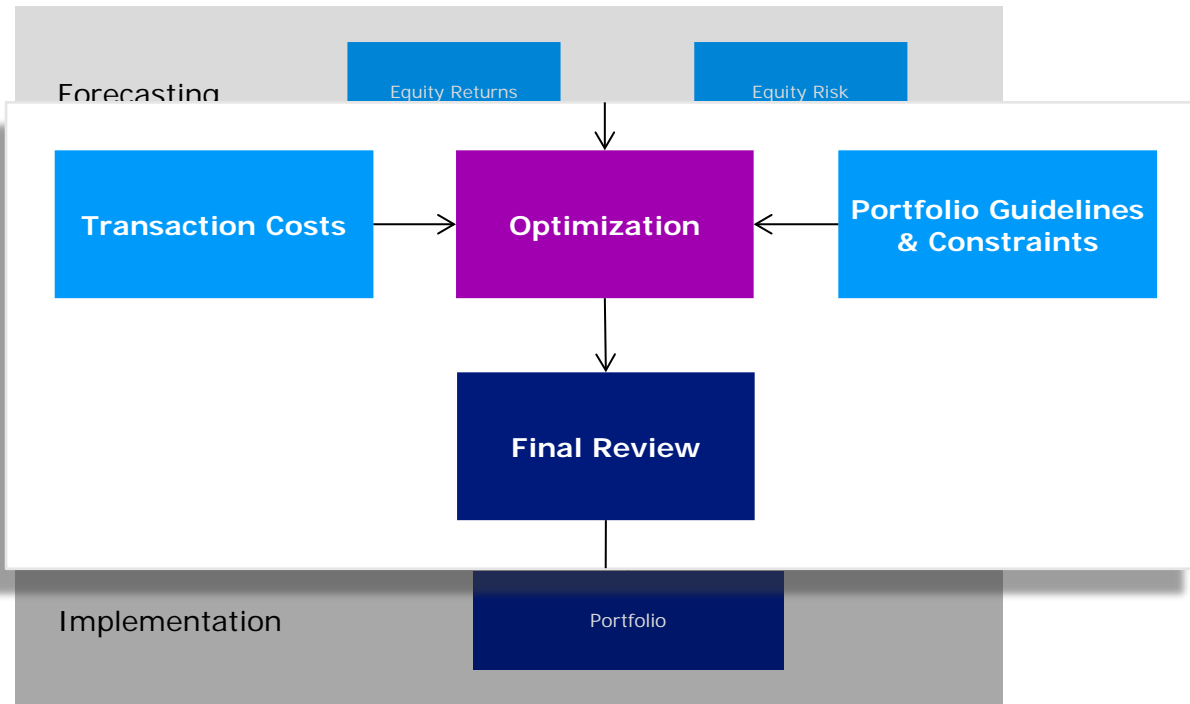
## Proprietary Risk Model



We deploy a risk forecast for every stock

- **Manage risk** we want to control:
  - Beta
  - Size
  - Sector
- **Adapt** to changing market conditions

Source: Invesco. For illustrative purposes only.



## Optimization simultaneously...

- Maximizes expected return
- Targets pre-established expected risk levels
- Minimizes transaction costs
- Adheres to portfolio guidelines and constraints



# Engineered discipline

## Constructing the optimal strategy portfolio<sup>1</sup>



US Quantitative Core	
Benchmark	S&P 500®
Target Tracking Error	3% <sup>2</sup>
Max Individual Position	±2.0%
Max Individual Weight on Non-Benchmark Names	+1.50
Max Industry/Sector Exposure <sup>3</sup>	±3.0
Max Beta Exposure <sup>2</sup>	0.90-1.10

### Target low tracking error relative to benchmark

- Maximizes Information Ratio

### Focus on stock selection

- Ensures diversification
- Controls risk of negative outlier stock returns
- Limits industry/sector/style/Beta exposures to fully capitalize on Risk budget

### When constructing the portfolio:

#### Buy

- Highly rated stocks within industry
- Alpha improvement must clear trading cost hurdle

#### Sell

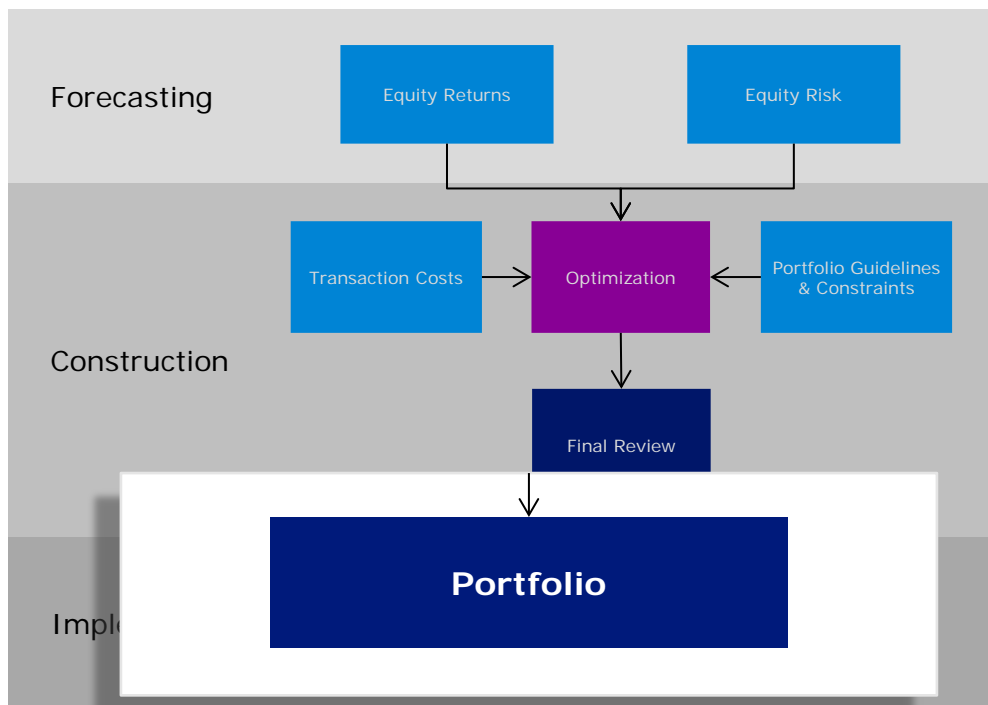
- Stocks with declining rating
- For risk control purposes
- When current events outweigh model ranking

<sup>1</sup> Other than tracking error, portfolio specifications are subject to change at our discretion.

<sup>2</sup> As from 8 September 2014 the objective will change from a tracking error target of 3% into a unconstrained approach

<sup>3</sup> At rebalancing.

As of March 31, 2014.



## Integrated portfolio construction process

### Global Portfolio Management System

- Proprietary portfolio management system used to construct portfolios
- Automated communication with Invesco's centralized trading desks

### Trading highlights

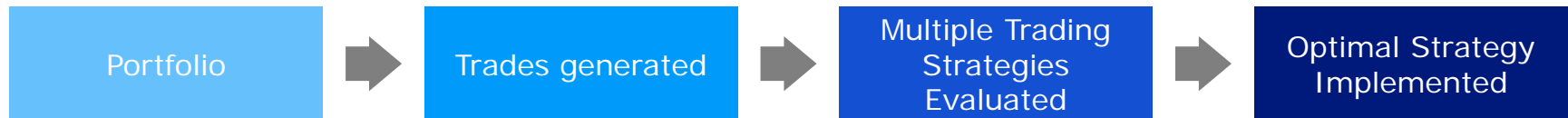
- Portfolios are typically rebalanced monthly
- Seeks lowest transaction cost trading strategy

For illustrative purposes only.

# Our approach to best execution



Source: ITG



## Trading Highlights:

- Portfolios rebalanced monthly
- Like-portfolios traded simultaneously
- Seek lowest transactions cost trading strategy

For illustrative purposes only.

# Portfolio strategy characteristics

As of March 31, 2014



	US Quantitative Core	S&P 500®
<b>Market Valuation</b>		
Beta	1.08	1.0
P/E 2014	15.0	17.6
P/E 2015	13.6	15.7
Cash Flow Yield	6.2	4.9
<b>Profitability</b>		
Return on Equity (last year)	16.1%	19.4%
Return on Equity (5 year)	18.8%	21.4%
<b>Construction</b>		
Number of Holdings	104	500
One Year Turnover	103.2%	-
Weighted Market Cap	\$75.8B	\$102.7B

The information above is derived from a representative portfolio and may not reflect the characteristics of the composite as a whole. Portfolio characteristics are subject to change. **Past performance is not indicative of future results.**

Source: Invesco and International Brokerage Estimate Service (IBES) as of March 31, 2014.

# Sector exposures

## As of March 31, 2014



Sector	Weight (%)			Difference
	Product	Benchmark		
Consumer Discretionary	7.9	10.7	-2.7	
Consumer Staples	7.2	9.6	-2.4	
Energy	13.3	10.4		2.8
Financials	17.5	16.3		1.2
Health Care	12.6	13.3	-0.7	
Industrials	13.6	10.7		2.9
Information Technology	23.2	19.9		3.3
Materials	1.7	3.5	-1.8	
Telecommunications	2.7	2.4		0.3
Utilities	0.2	3.1	-2.9	

Source: Invesco. Portfolio characteristics and holdings are subject to change without notice. Current holdings may differ.  
 Product: US Quantitative Core; Benchmark: S&P 500®. This is no financial advice and no recommendation to buy / hold / sell.

# Top ten overweights and underweights

## Minimum/maximum position at rebalancing $\pm 2\%$



### Top Ten Overweights

Name	Portfolio Weight	Benchmark Weight	Active Weight	Model Decile Ranks
Tyson Foods Inc (A)	2.24%	0.07%	2.17%	1
Hewlett Packard Co	2.42%	0.37%	2.06%	1
Northrop Grumman Corp	2.05%	0.16%	1.89%	1
Pfizer Inc	3.03%	1.22%	1.81%	1
McKesson Corp	1.97%	0.24%	1.73%	1
Microsoft Corp	3.53%	1.85%	1.69%	4
Raytheon Co	1.83%	0.19%	1.65%	1
GameStop Corp	1.67%	0.03%	1.64%	1
Lockheed Martin Corp	1.89%	0.26%	1.63%	1
Discover Financial Services	1.79%	0.16%	1.63%	1

### Top Ten Underweights

Name	Portfolio Weight	Benchmark Weight	Active Weight	Model Decile Ranks
Exxon Mobil Corp	0.99%	2.52%	-1.53%	7
Wells Fargo & Co	0.00%	1.42%	-1.42%	7
Google Inc	0.48%	1.88%	-1.40%	10
Chevron Corp	0.00%	1.36%	-1.36%	9
Procter & Gamble Co	0.00%	1.30%	-1.30%	8
Verizon Communications	0.00%	1.18%	-1.18%	6
IBM	0.00%	1.12%	-1.12%	3
Johnson & Johnson	0.64%	1.66%	-1.02%	6
Merck & Co	0.00%	1.00%	-1.00%	3
Apple Inc	1.97%	2.86%	-0.89%	1

The information above is derived from a representative portfolio and may not reflect the characteristics of the composite as a whole. This is not a complete list of holdings. The above portfolio characteristics are subject to change and current holdings may differ. It should not be assumed that any of the securities transactions, holdings, investment recommendations or decisions we make in the future will equal the investment performance of the past. This is no financial advice and no recommendation to buy / hold / sell these securities. Holdings as of March 31, 2014. Model ranks as of March 26, 2014.

# Invesco US Structured Equity Fund: From “Enhanced Index to “Low Volatility”



## Planned changes from September 2014:

### “Best ideas portfolio”

- Implementing Invesco Low Volatility strategy
- Even stronger focus on the most attractive stocks<sup>1</sup>
- No allocation of unattractive index heavyweights<sup>1</sup>

### Maximising impact of our core competence: stock selection

- Higher tracking error versus MSCI Europe due to more leeway in country, sector and industry weights

### Strong risk management

- Constrained portfolio volatility leading to an expected beta < 1
- We only take risks where we expect to be rewarded

<sup>1</sup> Based on Invesco's stock attractiveness forecast.  
Source: Invesco, as of 31<sup>st</sup> March, 2014.

# Why Invesco Quantitative Strategies?



## Our clients receive:

- The best ideas from a team that values **independent thinking**
- An **engineered discipline** that balances the rigor of quantitative modeling with the insight of fundamental and behavioral analysis
- A commitment to renewal and **purposeful evolution** so that our process continues to capture the right opportunities

## The result:

A **partnership** with an organization that understands your responsibility and is committed to creating long-term value

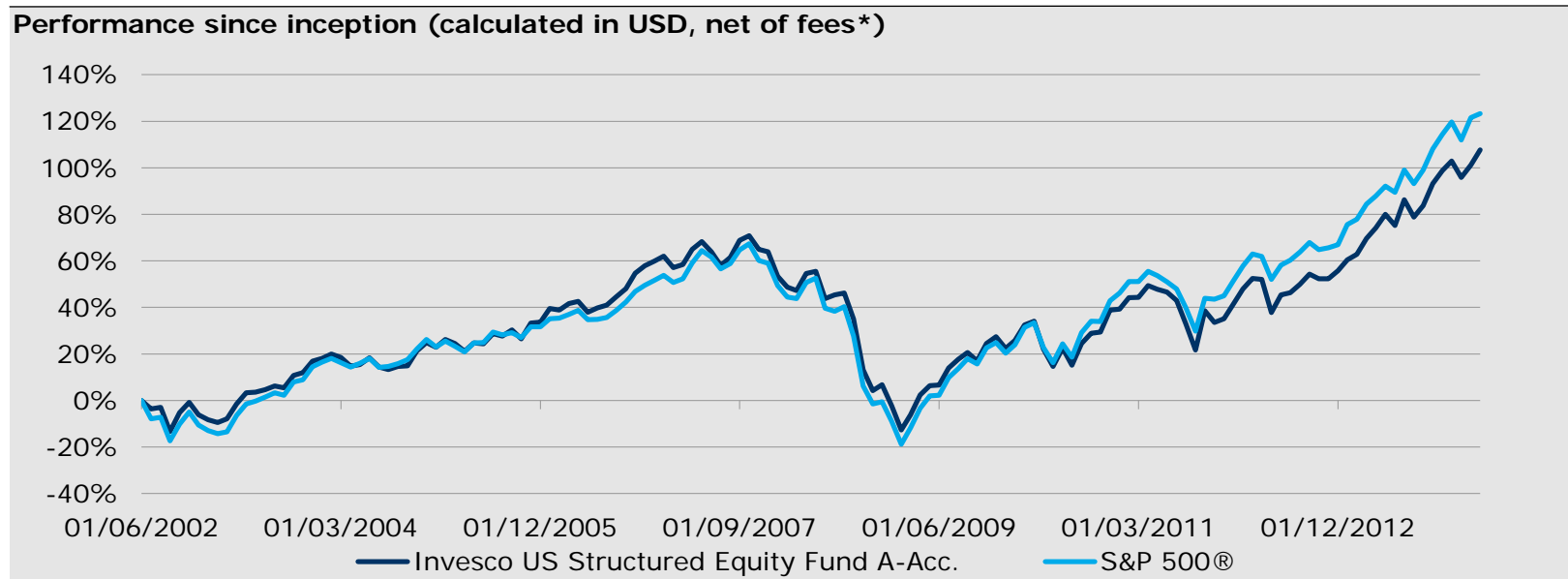


# Section 3

## Performance



# Invesco US Structured Equity Fund A-Acc.



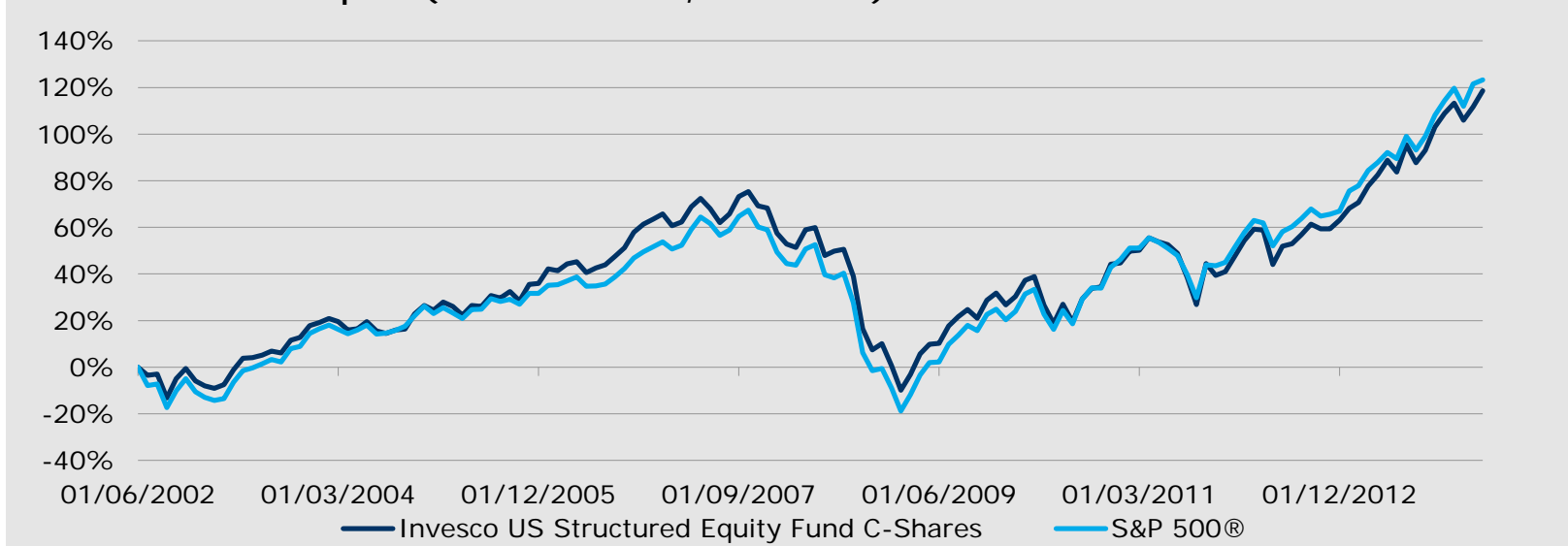
	1 month (%)	YTD (%)	1 year (%)	3 years <sup>1</sup> (%)	5 years <sup>1</sup> (%)	since 07/2002 <sup>1</sup> (%)
Invesco US Structured Equity Fund <sup>2</sup>	3.23	2.37	22.49	12.90	17.21	6.42
S&P500® NDR Index	0.80	1.65	21.09	13.91	20.38	7.08
Active Performance	2.43	0.72	1.40	-1.01	-3.17	-0.66

Source: Bloomberg (INVSLCA), net of fees, as of 31 March 2014. **Past performance is not an indication of future performance, provides no guarantee for the future and is not constant over time.** \*The figures do not reflect the entry charge payable by individual investors. <sup>1</sup>annualised, <sup>2</sup>Please note: NAV is shifted by one day to reduce valuation effects.

# Invesco US Structured Equity Fund C-Shares



Performance since inception (calculated in USD, net of fees\*)



	1 month (%)	YTD (%)	1 year (%)	3 years <sup>1</sup> (%)	5 years <sup>1</sup> (%)	since 07/2002 <sup>1</sup> (%)
Invesco US Structured Equity Fund <sup>2</sup>	3.26	2.49	22.98	13.34	17.67	6.88
S&P500® NDR Index	0.80	1.65	21.09	13.91	20.38	7.08
Active Performance	2.46	0.84	1.89	-0.57	-2.71	-0.20

Source: Bloomberg (INVSLCA), net of fees, as of 31 March 2014. **Past performance is not an indication of future performance, provides no guarantee for the future and is not constant over time.** \*The figures do not reflect the entry charge payable by individual investors. <sup>1</sup>annualised, <sup>2</sup>Please note: NAV is shifted by one day to reduce valuation effects.

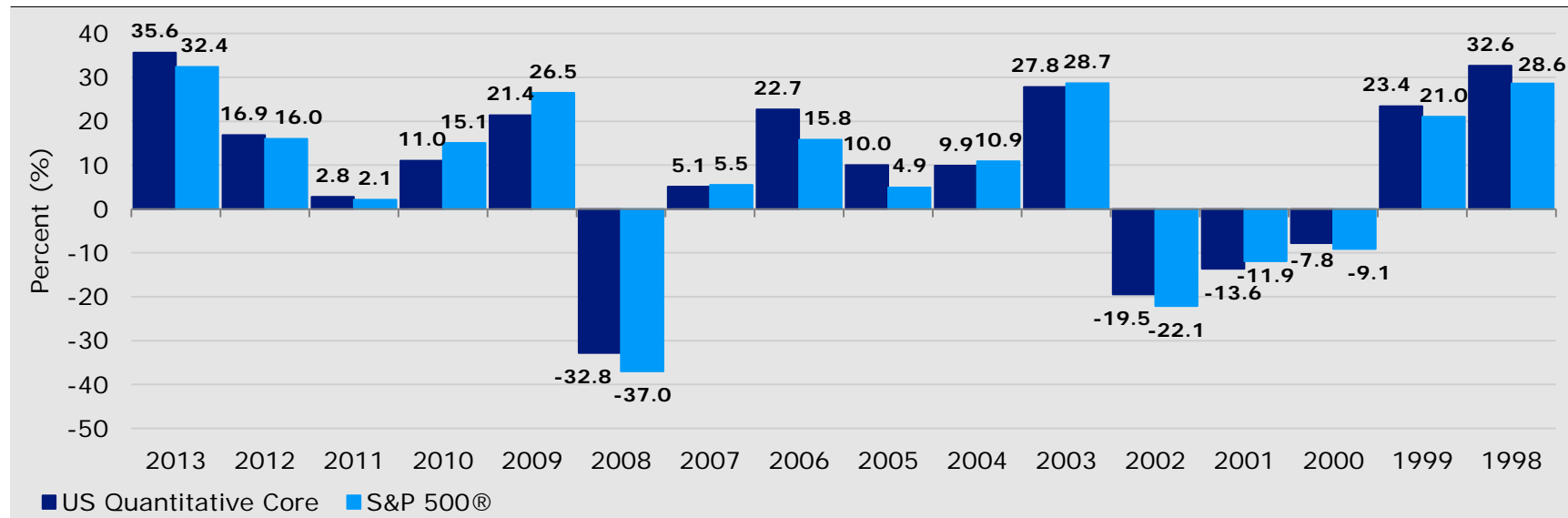
# Section 4

## Appendix



# US Quantitative Core

Composite performance calendar year and annualized returns (gross)



Annualized Periods Through March 2014 (%)	Q1	1 year	3 years	5 years	10 years	Inception 12/31/1983
US Quantitative Core	3.47	26.12	16.87	20.69	8.82	12.64
S&P 500®	1.81	21.86	14.66	21.16	7.42	11.06
<b>Excess Return</b>	<b>1.66</b>	<b>4.26</b>	<b>2.21</b>	<b>-0.47</b>	<b>1.41</b>	<b>1.57</b>

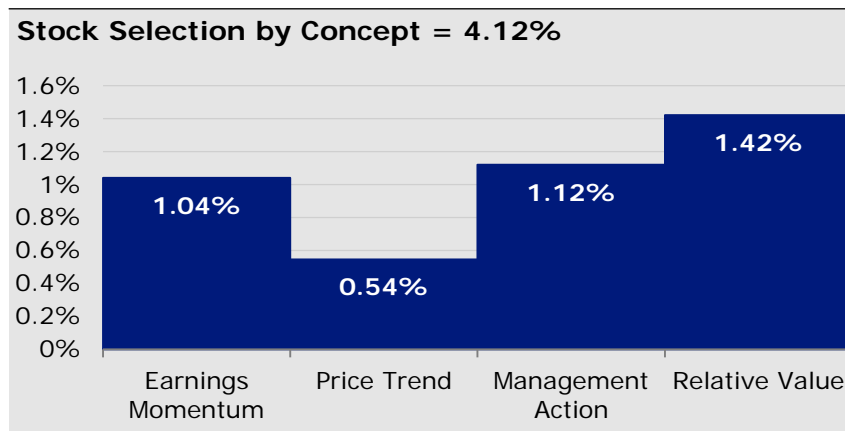
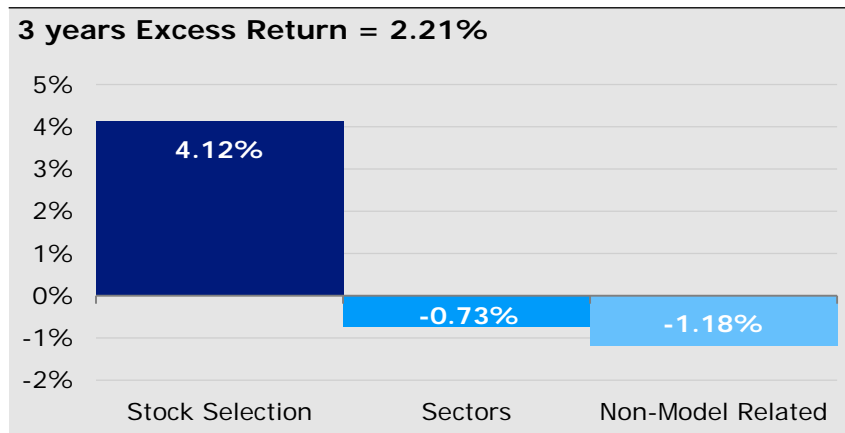
This presentation of Invesco is supplemental information to the GIPS® compliant presentations. Performance results do not reflect the deduction of investment advisory fees. A client's actual return will be reduced by the advisory fees and any other expenses which may be incurred in the management of an investment advisory account. **Past performance is not a guarantee of future results.** Returns for less than one year are not annualized.

# Portfolio performance attribution

## Summary



- Stock selection drove active returns
- Negative impact from active sector exposures
- Non-Model related sources weighed on returns
  
- Strong Stock Selection Model performance reflected in positive contribution from all four investment concepts
- Relative Value and Management Action combined to be best sources of excess return
- Earnings Momentum also a strong contributor, followed by Price Trend



The information above is derived from a representative portfolio and may not reflect the characteristics of the composite as a whole. Portfolio characteristics are subject to change. **Past performance is not indicative of future results.** Source: Invesco Quantitative Strategies proprietary performance attribution for periods ending March 31, 2014.

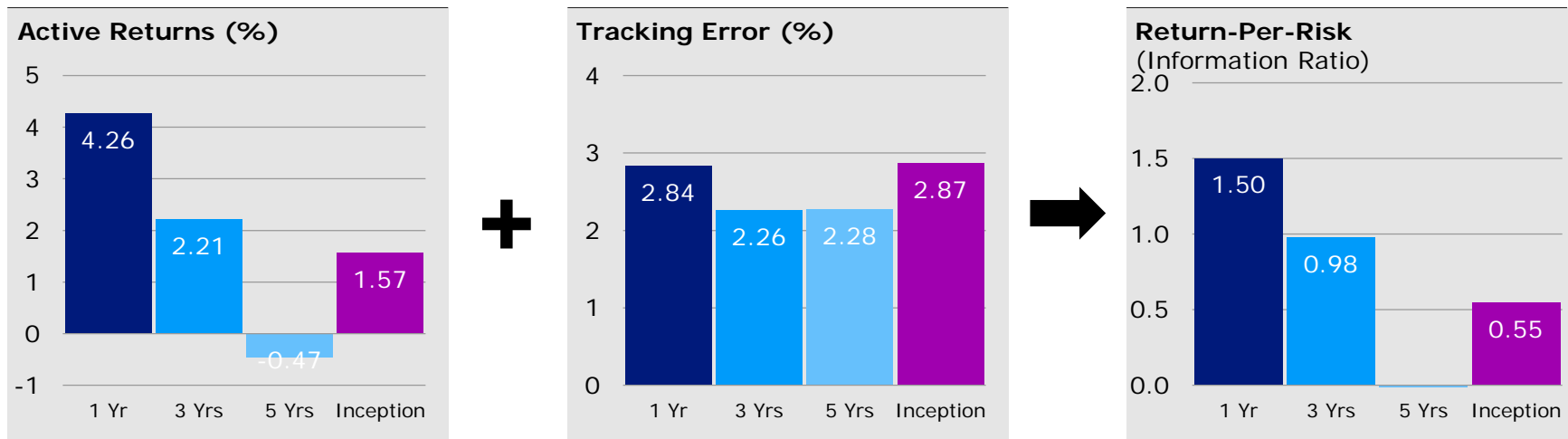
Given the April 1, 2013 transition to a Proprietary Risk Model the attribution includes 2 years of Barra-optimized portfolios, which may skew results.

# Seek to deliver competitive returns with low levels of tracking error

Periods ending March 31, 2014



*Attractive active returns + low tracking error → compelling return-per-risk profile*



Source: Invesco. Active returns and tracking error for US Quantitative Core are relative to S&P 500®.

Source Invesco as at 31 March 2014. **Past performance is not indicative of future results.**

As from 8 September 2014 the objective will change from a tracking error target of 3% into a unconstrained approach.

Inception date: . All periods greater than one year are annualized.

# Invesco Quantitative Strategies

## Global Management Committee



### **Bernhard Langer, CFA - Chief Investment Officer**

Bernhard Langer started his investment career in 1989 with Bayerische Vereinsbank, moving to their Asset Management function where he led the strategy team from 1992 on. He joined Invesco in 1994 as portfolio manager for equities and became head of equities in 1996 and Chief Investment Officer in 2000 for Germany. In 2002 he took over the responsibility for the Quantitative Strategies Group (International). In January 2009 Bernhard became CIO, Global Quantitative Equity and is responsible for the quantitative equity investment approach, related products and clients with team members in New York, Boston, Frankfurt, Melbourne and Tokyo. Bernhard holds a M.A. in Business Administration, Economics and Banking from University of Munich and is a CFA charter holder.

### **Karl Georg Bayer - Head of Research**

Karl Georg joined Invesco in 1991 as quantitative analyst. He became Head of International Quantitative Research in 1996 and Head of Global Research in 2011. Karl Georg began his career as a research fellow at Fraunhofer Institute in Karlsruhe in 1989. He received a "Diplom Kaufmann" and a "Diplom Ingenieur" degree from the University of Darmstadt in 1989.

### **Uwe Draeger - Director of Portfolio Management**

Uwe joined Invesco in 2005 as Head of Portfolio Construction and Trading. Previously, he held positions as Head of Applied Research at Metzler Investment and General Manager at Barra International in Frankfurt. He started as Consultant at Barra in 1995. Uwe received a "Diplom-Ökonom" degree from Hochschule für Ökonomie Berlin in 1984, a Master of Arts from City of London Polytechnic in 1991, and a Master of Business Administration from Anglia Business School in Cambridge, UK in 1995.

### **Michael Fraikin - Director of Portfolio Management**

Michael joined Invesco in 1997 as portfolio manager European equities and became head of European equities in 1999 and head of equities in 2000. He began his investment career in 1991 with Commerzbank as analyst in the buy side research for European equities. Michael became deputy head of quantitative research team in Commerzbank Asset Management. He received a M.S. Accounting & Finance from the London School of Economics, London in 1990 and a Bachelor of Arts (Hons) from the University of Reutlingen and Middlesex University, London in 1991 within the Combined European Study Program.

### **Jens Langewand, Ph.D. – Director of Research**

Jens joined Invesco in July 2007 and was promoted to Director of Research responsible for international research in 2011. Previously, he held positions at Credit Suisse Asset Management in Zurich as Head of Equity in Switzerland, Head of Global Equity and Head of European Structured Equity. Before joining Credit Suisse he was the General Manager at Barra International in Frankfurt where he started his career as an investment consultant in 1994. Jens received a "Diplom Kaufmann" degree from University of Münster in 1994 and his Doctorate from the University of Augsburg in 2000. Jens is a member of the programme committee of INQUIRE Europe.

### **Glen Murphy, CFA, Director of Portfolio Management**

Glen joined Invesco in 1995 and was promoted to portfolio manager in 1998. In 2010, Glen was promoted to lead the US portfolio management team, responsible for portfolio construction and trading. Prior to joining Invesco, Glen was a manager in the fund accounting department at The Boston Company. He received a B.A. from the University of Massachusetts at Amherst and an M.S. in Finance at Boston College. Glen is a CFA Charterholder and a member of the Boston Security Analysts Society. He is also registered with the National Futures Association (NFA) as an Associated Person of Invesco and as a Branch Manager.



# Invesco Quantitative Strategies

## Global Management Committee



### **Alexander Uhlmann, CFA - Senior Portfolio Manager**

Alexander began his investment career as an analyst with Invesco in 1997. He received a “Diplom Betriebswirt (FH)” degree from Frankfurt School of Finance and Management, Frankfurt in 2001. Alexander is a CFA Charterholder and a member of the German CFA Society.

### **Andrew Waisburd, Ph.D. - Director of Research**

Andy joined Invesco in June 2008 and was promoted to Director of Research responsible for US research in 2011. Following five years in academics as an Assistant Professor of finance at Texas Christian University, Andy became the Director of Research for Archipelago, now NYSE-Arca, in 2005. In 2007, Andy joined Harris Investment Management where he was a Senior Quantitative Analyst. Andy received a Ph.D. in Finance from Indiana University in 2000, an M.S. in Finance from Indiana University in 1998, and a B.S. in Statistics from Cornell University in 1993.

### **Donna Chapman Wilson – Director of Portfolio Management**

Donna joined Invesco in 1997. In 2004 she was promoted to Head of the US Client Portfolio Management team and in 2011 was named Director of Portfolio Management. She began her career in 1981 as a research assistant for the Money & Banking Group for the Federal Reserve Board in Washington, D.C. Subsequently, she has held investment positions with JP Morgan, General Motors Investment Management Corp., and William M. Mercer Investment Consulting. Donna received a B.A. from Hampton University in 1981 and an M.B.A. from the Wharton School of the University of Pennsylvania in 1985.

# US Quantitative Core composite

## Schedule of investment performance



	Gross Rate of Return (%)	Net Rate of Return (%)	Benchmark Return (%)	Composite St Dev (%)	3-Yr Benchmark St Dev (%)	3-Yr Number of Portfolios	Composite Assets (USD millions)	Total Firm Assets <sup>(1)</sup> (USD billions)	Composite Dispersion (%)
2013	35.62	34.88	32.39	13.27	12.11	10	930.3	572.8	0.44
2012	16.84	16.20	16.00	15.98	15.30	10	796.8	497.1	0.37
2011	2.80	2.24	2.11	18.82	18.97	12	1,122.0	479.8	0.15
2010	11.01	10.40	15.06	21.29	22.16	19	2,044.9	475.3	0.63
2009	21.35	20.69	26.46	19.08	19.91	26	2,768.1	298.2	0.36
2008	(32.83)	(33.20)	(37.00)	15.39	15.29	29	2,407.1	254.6	0.31
2007	5.07	4.50	5.49	8.92	7.79	26	3,164.4	328.6	0.31
2006	22.69	22.02	15.79	8.04	6.92	27	3,149.7	243.8	0.23
2005	10.01	9.41	4.91	8.97	9.17	33	3,164.1	174.6	0.25
2004	9.87	9.26	10.88	13.80	15.07	26	2,228.8	168.0	0.28

### Annualized Compound Rates of Return Ending December 31, 2013:

	Gross Rate of Return (%)	Net Rate of Return (%)	Benchmark Return (%)
1 Year	35.62	34.88	32.39
2 Year	25.88	25.19	23.93
3 Years	17.66	17.02	16.18
5 Years	17.02	16.38	17.94
10 Years	8.67	8.07	7.41
Since Inception (12/31/1983)	12.62	11.99	11.09

<sup>1</sup> Please see important composite notes on following page.

Source Invesco as at 31 December 2013. **Past performance is not indicative of future results.**

# US Quantitative Core

## Composite notes: GIPS® compliant



Invesco Worldwide claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Invesco Worldwide has been independently verified for the periods 1<sup>st</sup> January 2003 thru 31<sup>st</sup> December 2012. The legacy firms that constitute Invesco Worldwide have been verified since 2001 or earlier. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

### Notes:

- 1 *Invesco Worldwide ("The Firm") manages a broad array of investment strategies around the world. The Firm comprises U.S.-based Invesco Advisers, Inc. and all wholly owned Invesco firms outside of North America. All entities within the Firm are directly or indirectly owned by Invesco Ltd. Invesco Canada Ltd. is also a GIPS-compliant firm whose assets are managed by a subsidiary of Invesco Ltd. Invesco Senior Secured Management, Inc. Invesco Private Capital, Inc. and Invesco PowerShares Capital Management LLC are also affiliates of the Firm. Each is an SEC-registered investment adviser and is marketed as a separate entity. Invesco Great Wall Fund Management Co. Ltd IGW is a fund management company established under China Securities Regulatory Commission's approval. Their assets are excluded from total Firm assets. During 2012 new guidance was issued requiring firm assets be calculated net of leverage. This guidance will be applied for years ending 2012 and forward.*
- 2 *The U.S. Quantitative Core product targets to achieve a positive long-term return, relative to an appropriate benchmark, that is competitive, consistent, and predictable, with low volatility (tracking error). The process is focused on maximizing return by integrating a sharp focus on the three critical components of investment performance: return, risk, and transaction costs.*
- 3 *The Composite returns are benchmarked to the Standard & Poor's 500 Index. The benchmark is used for comparative purposes only and generally reflects the risk or investment style of the product. Investments made by the Firm for the portfolios it manages according to respective strategies may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of the benchmark. Accordingly, investment results and volatility will differ from those of the benchmark.*
- 4 *Stock index futures may be used to equitize cash balances as permitted by the client. Leverage is not permitted. Options may be used in special circumstances, where approved by the client, to manage the tax consequences associated with special dividend payments made on securities held by foreign accounts.*
- 5 *Valuations and portfolio total returns are computed and stated in U.S. Dollars. The firm consistently values all portfolios each day on a trade date basis. Portfolio level returns are calculated as time-weighted total returns on daily basis. Accrual accounting is used for all interest and dividend income. Past performance is not an indication of future results.*
- 6 *Composite dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months. The standard deviation is not presented when there is less than 36 months.*
- 7 *Gross-of-fee performance results are presented before management and custodial fees but after all trading commissions and withholding taxes on dividends, interest and capital gains, when applicable. Net-of-fee performance results are calculated by subtracting the highest tier of our published fee schedule for the product from the monthly returns. Alternative fee structures, including performance incentive fees, are available. The management fee schedule is as follows:  
55 basis points on the first \$50 million  
50 basis points on the next \$50 million  
40 basis points on the next \$100 million  
35 basis points thereafter*
- 8 *The minimum portfolio size for the Composite is \$2,000,000.*
- 9 *The composite creation date is December 31, 1983.*
- 10 *A complete list of composite descriptions is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request.*
- 11 *As of September 30, 2010, the Structured Core Equity composite was renamed the U.S. Quantitative Core composite.*

# Important information



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