



## Invesco Mid Cap Core Portfolio

### Third Quarter

#### Portfolio Management Team

**Ronald S. Sloan, CFA**

Senior Portfolio Manager

Industry since 1971

B.S., M.B.A., University of Missouri

**Brian Nelson, CFA**

Portfolio Manager

Industry since 1988

B.A., University of California – Santa Barbara

Supported by a Global Research Team

Our mandate is to act as a conservative cornerstone within a diversified portfolio – delivering strong upside participation with stronger downside protection over a full market cycle.

#### Current Portfolio Positioning

Equity markets withstood a wide range of geopolitical issues during the third quarter and finished modestly lower, despite a difficult final month. US equities, as represented by the Russell Midcap Index, declined 1.66% during the three-month period, despite a turbulent macro environment and a loss of over 3% in September. Headlines during the quarter focused on the arrival of the Ebola virus in the US, continued Middle East violence and the use of air strikes against terrorists in Syria and Iraq by the US and allies, an unsuccessful vote for independence in Scotland and student protests in Hong Kong. Economically, falling oil prices, slowing growth in China, weakness in Europe and a rising US Dollar also drew investor's attention and concern. During the period, Invesco's Mid Cap Core Portfolio trailed the benchmark.

The strongest contributor to performance during the period was stock selection in the financials sector. Fears of higher interest rates pushed several groups lower, including REITs, an area in which we are not invested. Conversely, the portfolio's diversified exposure to insurance companies helped performance as the industry is less sensitive to rising rates.

Health care continued its relative strength outperforming all sectors. The "defensive growth" characteristics of this segment have attracted investors' support, as has an increase in M&A activity. The portfolio benefited from holdings in several hospital companies which outperformed. Additionally, an underweight allocation to utilities aided performance as the sector lagged meaningfully.

Energy lagged all other sectors, punished by falling oil prices and concerns of a slowing global economy, particularly in China and Europe. While energy was one of the market's strongest areas during the first half of 2014, inconsistent economic growth trends and a quickly rising US Dollar have pushed the price of a barrel of oil below \$90, lowering expectations for the group. The portfolio remains overweight energy, which detracted from performance.

Stock selection in the consumer discretionary sector was the biggest detractor during the three-month period. A few stocks in multiple industries such as retail, automotive and apparel, disappointed following weak quarterly earnings.

Despite a large number of risky storylines during the past few months and the third quarter's decline, investors have enjoyed a fairly smooth ride as the market remains up almost 7% year-to-date, as represented by the Russell Midcap Index. While there are segments of the market that we continue to find attractive, particularly with a long-term perspective, valuations for the broader market are not cheap. We remain cautious and selective, mindful of our mandate to provide protection in challenging markets.

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## Invesco Mid Cap Core Wrap Composite

Year	"Pure" Gross Return*	Net Return	Russell Midcap® Index Return	Composite Dispersion	Number of Accounts	Composite Assets (\$ millions)	Total Firm Assets (\$ billions)	% Wrap Assets
2013	32.66%	28.83%	34.76%	0.25%	691	\$182	\$573	100%
2012	9.65	6.43	17.28	0.28	1,043	243	500	100
2011	-7.43	-10.19	-1.55	0.62	1,873	455	480	100
2010	15.52	12.14	25.48	0.52	813	194	475	100
2009	37.17	33.21	40.48	0.58	1,102	230	2	100
2008	-29.59	-31.74	-41.46	0.78	1,075	159	2	100
2007	11.80	8.52	5.60	0.25	1,327	285	3	100
2006	12.24	8.95	15.26	0.39	1,946	417	3	100
2005	10.35	7.11	12.65	0.29	2,968	583	3	100
2004	15.15	11.78	20.22	0.26	2,545	483	3	100

### Quarterly Returns

Period	"Pure" Gross Return*	Net Return	Russell Midcap® Index Return
YTD	5.88%	3.54%	6.87%
3Q14	-2.89	-3.62	-1.66
2Q14	5.45	4.67	4.97
1Q14	3.40	2.63	3.53

### Annualized Compound Returns

Period	"Pure" Gross Return*	Net Return	Russell Midcap® Index Return
1 Year	14.02%	10.68%	15.83%
3 Years	17.88	14.44	23.79
5 Years	11.78	8.50	17.19
10 Years	9.08	5.88	10.34
Since Inception (11/01/00)	8.36	5.36	8.39

as of Sept. 30, 2014

\* "Pure" gross of fees returns do not reflect the deduction of any expenses, including trading costs. "Pure" gross of fees returns are supplemental to net returns. See note 5.

### Invesco Worldwide has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

- Invesco Worldwide ("The Firm") manages a broad array of investment strategies around the world. The Firm comprises U.S.-based Invesco Advisers, Inc. (excluding Unit Investment Trusts) 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 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.
- 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 January 1, 2003 through December 31, 2013. 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.
- A complete list and description of Firm composites and performance results is available upon request. Additional information regarding policies for calculating and reporting returns is available upon request. All returns are expressed in U.S. dollars and are gross of nonreclaimable withholding tax, if applicable.
- For periods after January 1, 2011, the Invesco Mid Cap Core Wrap Composite includes all discretionary, fee-paying wrap accounts styled after the Invesco Mid Cap Core Model Portfolio, which seeks long-term capital growth by investing in medium-sized companies, as defined by the Russell Midcap® Index. Prior to January 1, 2011, the composite included all discretionary, nontaxable and fee-paying wrap accounts. The composite is managed in comparison to, not duplication of, the benchmark. The composite was created in November 2000.
- "Pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. Performance results are presented both net and gross of total wrap fees. Net returns reflect the deduction of the maximum total wrap fee a client could pay which is currently 3.00% per annum. A model fee is the highest wrap fee a client could pay (3.00% annually as charged by the program sponsor, inclusive of up to a maximum investment advisory fee of 0.75%) is used. The total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. The standard wrap fee schedule currently in effect is as follows: 3.00% on total assets. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.
- The Russell Midcap® Index measures the performance of the 800 smallest companies in Russell 1000® Index, which represent approximately 30% of the total market capitalization of the Russell 1000® Index. The Russell Midcap® Index is a trademark of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company. The returns of the Russell Midcap® Index are provided to represent the investment environment that existed during the time periods shown. The benchmark is used for comparative purposes only and generally reflects the risk or investment style of the product. For comparison purposes the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.
- Prior to January 1, 2009, the dispersion of annual returns is measured by the asset-weighted standard deviation of account returns included in the composite for the full year. For periods after January 1, 2009, the dispersion of annual returns is measured by the equal-weighted standard deviation of account returns included in the composite for the full year. For periods with five or fewer accounts included for the entire year, dispersion is not presented as it is not considered meaningful.
- The three-year annualized ex-post standard deviation measures the variability of the monthly returns of the composite and benchmark over the preceding 36 months. The three-year annualized ex-post standard deviation of the composite and the benchmark as of each year-end are:

Year	Composite	Benchmark
2013	13.45%	14.23%
2012	15.40	17.44
2011	18.46	21.86

Past performance is not indicative of future results. As with any investment vehicle there is always the potential for gains as well as the possibility of losses.

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## Supplemental Information to Invesco Mid Cap Core Wrap Composite

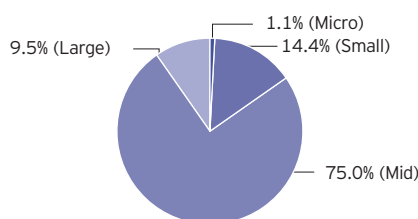
Portfolio Characteristics	Portfolio	Russell Midcap Index
Number of Holdings	64	838
Weighted Average 12-Month Forward EPS Growth	17.0%	16.2%
Weighted Average Long-Term EPS Growth	13.6%	12.9%
Weighted Average Return on Equity	13.0%	14.4%
Weighted Average Long-Term Debt to Capital	32.2%	38.7%
Weighted Average 12-Month Forward P/E	15.2	17.8
Weighted Average 12-Month Trailing P/E	17.7	20.1
Weighted Average Price/Book	3.3	4.2
Weighted Average Dividend Yield (Trailing 12 Months)	1.3%	1.6%
Weighted Average Market Cap (\$M)	\$9,677	\$12,039
Median Market Cap (\$M)	\$7,356	\$5,963
Annualized Turnover Ratio (as of 8/31/14)	25.90%	N/A

Portfolio characteristics are subject to change.

### Performance Characteristics (Five year)

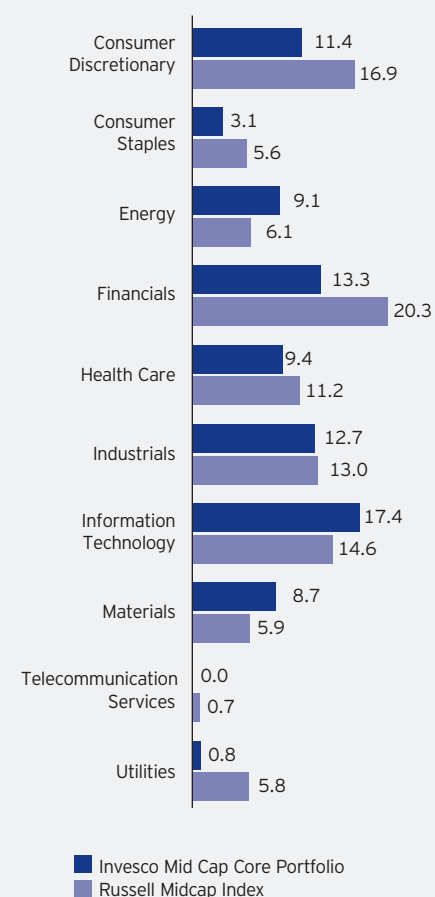
Alpha (vs. Russell Midcap Index)	-2.57%
Beta (vs. Russell Midcap Index)	0.86
R2 (vs. Russell Midcap Index)	0.93
Information Ratio (vs. Russell Midcap Index)	-1.28
Sharpe Ratio	0.86
Up/Down Capture Ratio (vs. Russell Midcap Index)	77.71/ 94.94
Standard Deviation Portfolio	13.61%
Benchmark	15.27%

### Market Capitalization Breakdown



Securities are grouped into giant, large, mid, small or micro cap depending on the company's region and the market capitalization breakpoints within that region, as determined by Morningstar.

### Sector Weightings (% of total net assets)



### Asset Allocation

	9/30/14	6/30/14	3/31/14
Stocks	86.0%	89.1%	86.2%
Cash/Other	14.0	10.9	13.8

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**Sample Portfolio** (Supplemental Information to Invesco Mid Cap Core Wrap Composite on Page 2)

Top 10 Holdings			% of Total Net Assets	Other Sample Holdings (continued)		
Ticker	Company	Sector		Ticker	Company	Sector
1. PGR	Progressive Corp.	Financials	2.57	ENDP US	Endo International PLC	Health Care
2. NTRS	Northern Trust Corp.	Financials	2.54	PRGO	Perrigo Company PLC	Health Care
3. TER	Teradyne Inc.	Information Technology	2.39	RMD	ResMed Inc.	Health Care
4. SWK	Stanley Black & Decker Inc.	Industrials	2.38	THC	Tenet Healthcare Corp.	Health Care
5. TAP	Molson Coors Brewing Co.	Consumer Staples	2.35	CBI	Chicago Bridge & Iron Co. NV	Industrials
6. TMK	Torchmark Corp.	Financials	1.96	FLS	Flowserve Corp.	Industrials
7. FFIV	F5 Networks Inc.	Information Technology	1.91	JOY	Joy Global Inc.	Industrials
8. XLNX	Xilinx Inc.	Information Technology	1.85	KMT	Kennametal Inc.	Industrials
9. FRC	First Republic Bank	Financials	1.82	KEX	Kirby Corp.	Industrials
10. DAN	Dana Holding Corp.	Consumer Discretionary	1.77	RBC	Regal Beloit Corp.	Industrials
<b>Other Sample Holdings</b>				RSG	Republic Services Inc.	Industrials
ANF	Abercrombie & Fitch Co.	Consumer Discretionary		TEX	Terex Corp.	Industrials
EAT	Brinker International Inc.	Consumer Discretionary		WCC	WESCO International Inc.	Industrials
DHI	D.R. Horton Inc.	Consumer Discretionary		APH	Amphenol Corp.	Information Technology
DKS	Dick's Sporting Goods Inc.	Consumer Discretionary		JNPR	Juniper Networks Inc.	Information Technology
GME	GameStop Corp.	Consumer Discretionary		KLAC	KLA-Tencor Corp.	Information Technology
HAR	Harman International Industries Inc.	Consumer Discretionary		LRCX	Lam Research Corp.	Information Technology
M	Macy's Inc.	Consumer Discretionary		LLTC	Linear Technology Corp.	Information Technology
NCLH	Norwegian Cruise Line Holdings Ltd.	Consumer Discretionary		MCHP	Microchip Technology Inc.	Information Technology
WWW	Wolverine World Wide Inc.	Consumer Discretionary		NTAP	NetApp Inc.	Information Technology
SJM	J.M. Smucker Co.	Consumer Staples		RVBD	Riverbed Technology Inc.	Information Technology
CAM	Cameron International Corp.	Energy		AL	Albemarle Corp.	Materials
CXO	Concho Resources Inc.	Energy		ATI	Allegheny Technologies Inc.	Materials
DRC	Dresser-Rand Group Inc.	Energy		CRH	CRH PLC	Materials
NBR	Nabors Industries Ltd.	Energy		IFF	International Flavors & Fragrances Inc.	Materials
ROSE	Rosetta Resources Inc.	Energy		MOS	Mosaic Co.	Materials
RDC	Rowan Companies PLC	Energy		PKG	Packaging Corporation of America	Materials
TTI	TETRA Technologies Inc.	Energy		SIAL	Sigma-Aldrich Corp.	Materials
WFT	Weatherford International PLC	Energy		TMST	TimkenSteel Corp.	Materials
ACGL	Arch Capital Group Ltd.	Financials		CMS	CMS Energy Corp.	Utilities
BRO	Brown & Brown Inc.	Financials				
MCO	Moody's Corp.	Financials				
A	Agilent Technologies Inc.	Health Care				
CAH	Cardinal Health Inc.	Health Care				
CYH	Community Health Systems Inc.	Health Care				

This table illustrates the composition of a model portfolio as of the date listed and should not be considered as a recommendation to purchase or sell a particular security; additionally, there is no assurance that the securities purchased remain in the portfolio or that securities sold have not been repurchased. Past performance does not guarantee future results. Holdings may vary depending on program sponsor restrictions or specific client guidelines. Top 10 holdings and percentages are listed in the shaded area above and represent 22% of total holdings. For additional holdings disclosure, see the Global Industry Classification Standard disclosure on page 3. To obtain a list of all recommendations made by Invesco Advisers, Inc. in this investment style during the last year, please contact Invesco Advisers, Inc. at 800 349 0953.

**Top Quarterly Contributors to/Detractors from Performance**

as of Sept. 30, 2014

Top 5 Contributors	Average Weight (%)	Contribution (%)	Top 5 Detractors	Average Weight (%)	Contribution (%)
1. Sigma-Aldrich Corp.	1.27	0.41	1. Dana Holding Corp.	2.07	-0.46
2. Dresser-Rand Group Inc.	0.97	0.27	2. Nabors Industries Ltd.	1.39	-0.34
3. Tenet Healthcare Corp.	1.15	0.26	3. Allegheny Technologies Inc.	1.33	-0.24
4. NetApp Inc.	1.38	0.23	4. Chicago Bridge & Iron Co.	1.42	-0.23
5. Northern Trust Corp.	2.46	0.15	5. Rosetta Resources Inc.	1.07	-0.22

For more information on the calculation methodology and a complete list of each holding's contribution to the overall account's performance during this time period, please contact Invesco Advisers, Inc. at 800 349 0953. The holdings identified do not represent all of the securities purchased, sold or recommended for advisory clients. Past performance does not guarantee future results.

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