



## Invesco Charter SMA

### Fourth Quarter

#### Portfolio Management Team

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Industry since 1971  
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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

The S&P 500 Index posted a strong fourth quarter gain after marking new highs during the period. Investor optimism soared in late December in response to newly passed tax reform that dropped the corporate tax rate to 21%. Third quarter US GDP rose by a healthy 3.2% and unemployment extended its multi-year decline, hitting a 17-year low of 4.1% in November. Given signs of economic improvement, the Federal Reserve raised the fed funds rate by 0.25% in December, the third increase for 2017. Within the S&P 500, all sectors posted positive returns, with consumer discretionary the best performing sector, followed by information technology (IT) and financials. Utilities was the worst performing sector for the quarter, followed by health care. Against this backdrop the Invesco Charter portfolio underperformed its benchmark.

During the fourth quarter stock selection in the real estate and telecommunications services sectors contributed to relative performance, as did underweights to each sector. Other areas of strength included stock selection in energy and utilities. An underweight to the latter also proved timely.

Conversely, stock selection in the consumer discretionary, financials, health care and IT detracted from relative performance. Within financials, a bias towards non-bank financials in an environment that favored traditional banks hurt results. Stock selection in the materials sector was also hurtful, albeit to a lesser extent, as was the portfolio's cash position.

There were no major shifts in sector allocations within the portfolio during the quarter. The portfolio remains most overweight consumer discretionary, financials and health care. Underweight positions are most notable in consumer staples, IT, materials, real estate and utilities, while more modest underweights are in place in energy and telecommunications. The underweights to real estate and utilities increased during the quarter and largely remained the same in consumer staples.

Despite optimism about continued global economic expansion, we remain cautious due to stock valuations. Given the team's emphasis on managing risk and giving investors a conservative cornerstone for their portfolios, we continue to focus on high-quality companies with attractive valuations and strong future growth prospects.

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## Invesco Charter SMA Wrap Composite

Year	"Pure" Gross Return*	Net Return	Russell 1000® Index Total Return	Composite Dispersion	Composite 3-Year Annualized Standard Deviation	Benchmark 3-Year Annualized Standard Deviation	Number of Accounts	Composite Assets (\$ millions)	Total Firm Assets (\$ billions)**	% Wrap Assets
2016	10.84%	7.58%	12.05%	N/A	10.08%	10.84%	<5	\$0.3	\$599	42%
2015	-4.58	-7.42	0.92	N/A	9.67	10.63	<5	0.3	575	42
2014	11.09	7.83	13.24	N/A	8.83	9.25	<5	0.3	585	42
2013	28.32	24.60	33.11	N/A	11.47	12.43	<5	0.4	573	56
2012	13.86	10.52	16.42	N/A	14.37	15.62	11	2.7	500	95
2011	-0.66	-3.61	1.50	N/A	18.45	19.22	5	1.3	480	91
2010	10.74	7.48	16.10	N/A	N/A	N/A	<5	0.3	475	53
2009	31.27	27.46	28.43	N/A	N/A	N/A	<5	0.1	2	0
2008	-27.65	-29.86	-37.60	N/A	N/A	N/A	<5	0.1	2	0
2007	6.75	3.60	5.77	N/A	N/A	N/A	<5	0.1	3	0

### Quarterly Returns

Period	"Pure" Gross Return*	Net Return	Russell 1000® Index Total Return
4Q17	2.24%	1.49%	6.59%
3Q17	2.28	1.52	4.48
2Q17	3.28	2.52	3.06
1Q17	4.14	3.37	6.03

### Annualized Compound Returns

as of Dec. 31, 2017

Period	"Pure" Gross Return*	Net Return	Russell 1000® Index Total Return
1 Year	12.48%	9.18%	21.69%
3 Year	5.95	2.83	11.23
5 Year	11.14	7.88	15.71
10 Year	7.27	4.11	8.59
Since Inception (09/01/04)	8.38	5.19	9.35

\* "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.

\*\* Prior to January 1, 2010, the Invesco Charter SMA Wrap Composite was part of Invesco AIM Private Asset Management, Inc. (IAPAM), formerly AIM Private Asset Management, Inc., which is now part of Invesco Worldwide ("The Firm"). The Total Firm Assets are reflected accordingly.

### 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 (excluding Religare Enterprises Ltd.). 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 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, and its assets are excluded from total Firm assets.
- 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, 2016. 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 beginning April 1, 2010, the Invesco Charter SMA Wrap Composite (previously named the Invesco Large Cap Core Wrap Composite) includes all discretionary, fee-paying wrap and non-fee paying institutional accounts styled after the Invesco Charter SMA Model Portfolio (previously named the Invesco Large Cap Core Model Portfolio), which seeks long-term capital growth by investing in large-sized U.S. companies at attractive valuation levels. For all periods prior to April 1, 2010, the Invesco Charter SMA Wrap Composite was composed of 100% non-fee paying discretionary institutional accounts. The historical performance results are those of the Invesco Charter SMA Institutional Composite (previously named the Invesco Large Cap Core Institutional Composite). The composite is managed in comparison to, not duplication of, the benchmark. The composite was created in September 1, 2004.
- For periods after April 1, 2010, "pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. Prior to April 1, 2010, "pure" gross of fees returns reflect the deduction of trading costs. Performance results are presented both net and gross of total wrap fees. Net returns reflect the deduction of the maximum total wrap fee which is currently 3.00% per annum or 0.25% monthly, from the "pure" gross return. A model fee equal to 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% of total assets. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.
- The Russell 1000® Index Total Return (TR) is comprised of 1000 of the largest capitalized U.S. domiciled companies whose common stock is traded in the United States. The Russell 1000® Index TR is a trademark/service mark of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company. The returns of the Russell 1000® Index TR 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.
- 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.

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.

## Supplemental Information to Invesco Charter SMA Wrap Composite

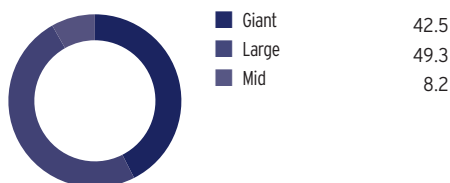
Portfolio Characteristics	Portfolio	Russell 1000® Index
Number of Holdings	52	977
Weighted Average 12-Month Forward EPS Growth	11.80%	15.40%
Weighted Average Long-Term EPS Growth	12.20%	12.00%
Weighted Average Return on Equity	22.00%	20.10%
Weighted Average Long-Term Debt to Capital	37.40%	40.60%
Weighted Harmonic Average 12-Month Forward P/E	17.6	18.7
Weighted Harmonic Average 12-Month Trailing P/E	19.4	21.1
Weighted Average Price/Book	4.6	5.2
Weighted Average Dividend Yield (Trailing 12 Months)	1.50%	1.80%
Weighted Average Market Cap (\$M)	\$122,139	\$177,373
Median Market Cap (\$M)	\$60,839	\$10,541
Annualized Turnover Ratio	28.00%	N/A

Portfolio characteristics are subject to change.

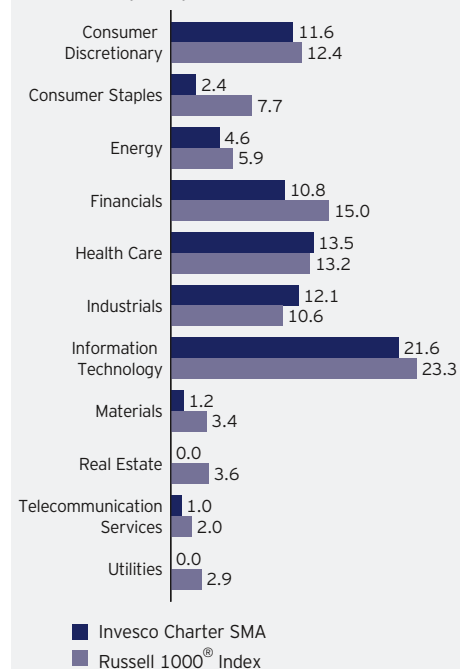
### Performance Characteristics (Five year)

Alpha (vs. Russell 1000® Index)	-2.30%
Beta (vs. Russell 1000® Index)	0.88
R <sup>2</sup> (vs. Russell 1000® Index)	0.91
Information Ratio (vs. Russell 1000® Index)	-1.58
Sharpe Ratio	1.23
Up/Down Capture Ratio (vs. Russell 1000® Index)	77.09/ 94.78
Standard Deviation Portfolio	8.83%
Benchmark	9.59%

### Market Capitalization Breakdown (%)



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



### Asset Allocation

	12/31/17	9/30/17	6/30/17
Stocks	84.12%	84.90%	87.00%
Cash/Other	15.88	15.1	13

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**Sample Portfolio** (Supplemental Information to Invesco Charter SMA on Page 2)

Top 10 Holdings				Other Sample Holdings (continued)		
Ticker	Security	Sector	% of Total Net Assets			
1. GOOG	Alphabet Inc.	Information Technology	2.96	UBS	UBS Group AG	Financials
2. AXP	American Express Co.	Financials	2.63	B	US Bancorp	Financials
3. AAGIY	AIA Group Ltd.	Financials	2.63	AGN	Allergan PLC	Health Care
4. CMCSA	Comcast Corp.	Consumer Discretionary	2.40	BIIB	Biogen Inc.	Health Care
5. DEO	Diageo PLC	Consumer Staples	2.39	BMRN	Biomarin Pharmaceutical Inc.	Health Care
6. TSM	Taiwan Semiconductor Manufacturing Co. Ltd.	Information Technology	2.35	CELG	Celgene Corp.	Health Care
7. ORCL	Oracle corp.	Information Technology	2.33	XRAY	Dentsply Sirona Inc.	Health Care
8. CTSH	Cognizant Technology Solutions Corp.	Information Technology	2.31	HCA	HCA Holdings Inc.	Health Care
9. SWK	Stanley Black & Decker Inc.	Industrials	2.20	MRK	Merck & Co. Inc.	Health Care
10. FB	Facebook Inc.	Information Technology	2.20	SHPG	Shire PLC	Health Care
<b>Other Sample Holdings</b>				TMO	Thermo Fisher Scientific Inc.	Health Care
DG	Dollar General Corp.	Consumer Discretionary		ZBH	Zimmer Biomet Holdings Inc.	Health Care
HD	Home Depot Inc.	Consumer Discretionary		DAL	Delta Air Lines Inc.	Industrials
NWL	Newell Brands Inc.	Consumer Discretionary		GD	General Dynamics Corp.	Industrials
NKE	Nike Inc.	Consumer Discretionary		HON	Honeywell International Inc.	Industrials
PCLN	Priceline Group Inc/The	Consumer Discretionary		ITW	Illinois Tool Works Inc.	Industrials
WHR	Whirlpool Corp.	Consumer Discretionary		SIEGY	Siemens AG	Industrials
WYNN	Wynn Resorts Ltd.	Consumer Discretionary		UPS	United Parcel Service Inc.	Industrials
APTV	Aptiv PLC	Consumer Discretionary		UTX	United Technologies Corp.	Industrials
CXO	Concho Resources Inc.	Energy		ADI	Analog Devices Inc.	Information Technology
HAL	Halliburton Co.	Energy		EBAY	eBay Inc.	Information Technology
SU	Suncor Energy Inc.	Energy		MA	Mastercard Inc.	Information Technology
FRC	First Republic Bank	Financials		MSFT	Microsoft Corp.	Information Technology
MMC	Marsh & McLennan Companies Inc.	Financials		QCOM	QUALCOMM Inc.	Information Technology
PGR	Progressive Corp.	Financials		TEL	TE Connectivity Ltd.	Information Technology
SVNLY	Svenska Handelsbanken AB	Financials		AIQY	L'Air Liquide SA	Materials
				VOD	Vodafone Group PLC	Telecommunication Services

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 24% 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 Dec. 31, 2017

Top 5 Contributors	Average Weight (%)	Contribution (%)	Top 5 Detractors	Average Weight (%)	Contribution (%)
AIA Group Ltd.	2.49	0.35	Celgene Corp.	1.80	-0.67
Progressive Corp.	1.94	0.30	Newell Brands Inc.	1.23	-0.43
Nike Inc.	1.37	0.27	Allergan PLC	1.57	-0.36
Qualcomm Inc.	1.07	0.27	First Republic Bank/CA	1.53	-0.29
Stanley Black & Decker Inc.	2.15	0.26	Hanesbrands Inc.	0.67	-0.24

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