



## Invesco Growth and Income SMA

### First Quarter

#### Portfolio Management Team

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Senior Portfolio Manager  
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Portfolio Manager  
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Industry since 1994  
B.S., Clemson University  
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Portfolio Manager  
Industry since 2002  
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The Growth and Income SMA is an actively managed strategy that invests typically in large, well established companies that we feel are undervalued, but that are also experiencing a positive catalyst such as a management change to an increase in operational efficiency. The key focus of our investment process, and where the most value is added, is the uncovering of the catalyst within the company that may lead to improved earnings.

#### Current Portfolio Positioning

In the first quarter, the post-election equity market rally continued amid optimism about the new administration's plans for tax reform, regulatory easing, and infrastructure spending, which investors believed would encourage economic growth. In fact, it was the best first quarter for equities since 2013, while volatility was generally absent. Market leadership during the quarter reversed somewhat from the immediate post-election period, with growth outperforming value, and the information technology sector posting the highest returns. For the quarter, the S&P 500 index returned 6.07%, while the NASDAQ, with its significant tilt towards technology stocks, returned 9.82%. Oil prices declined during the quarter amid an increase in inventories and concerns that OPEC may decline to extend production cuts past the original agreement. As anticipated, the US Federal Reserve (the Fed) raised interest rates by another 25 basis points in March, following a similar rate increase in December.

Within the Russell 1000 Value Index, information technology and health care had the highest returns, while energy and telecommunications were the only sectors with losses for the quarter.

The portfolio performed approximately in line with the Russell 1000 Value Index during the first quarter. Strong stock selection in the consumer discretionary sector was the largest contributor to the portfolio's relative return for the quarter. Stock selection and an underweight in the telecommunications services sector also benefitted relative performance. An underweight and stock selection in the consumer staples sector was the largest detractor. Stock selection in the energy sector also detracted from the portfolio's relative return.

The largest overall contributor during the quarter was CSX, a freight rail transportation company. Amid pressure from activist investors, the company appointed a new CEO during the quarter. Shares of the company rose amid investor optimism that the new management team would improve the company's operating performance.

A number of the portfolio's largest detractors were in the energy sector, including Apache, Devon Energy and Baker Hughes. After trading in a range for much of the quarter, higher inventories caused oil prices to decline sharply in March, which generally weighed on shares of energy companies.

The portfolio's overall positioning was largely unchanged during the quarter. Relative to the Russell 1000 Value Index, the portfolio's largest overweights at quarter end were in the financials, consumer discretionary and information technology sectors, and its largest underweights were in utilities, real estate and consumer staples.

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**Invesco Growth and Income SMA Wrap Composite**

| Year   | "Pure" Gross Return* | Net Return | Russell 1000® Value 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** | 18.68%               | 15.21%     | 17.34%                                 | N/A                  | 12.90%   | 10.93%   | <5                 | \$0.13                         | \$599                              | 0%            |
| 2015   | -3.99                | -6.84      | -3.83                                  | N/A                  | 11.51  | 10.83  | <5                 | 0.60                           | 575                                | 100           |
| 2014   | 7.70                 | 4.53       | 13.45                                  | N/A                  | 9.30   | 9.33   | <5                 | 0.70                           | 585                                | 100           |
| 2013   | 33.83                | 29.96      | 32.53                                  | N/A                  | 12.48  | 12.88  | <5                 | 1.30                           | 573                                | 100           |
| 2012   | 14.65                | 11.29      | 17.51                                  | N/A                  | 15.62  | 15.73  | <5                 | 1.60                           | 500                                | 100           |
| 2011   | -0.08                | -3.04      | 0.39                                   | N/A                  | 19.75  | 20.98  | <5                 | 1.40                           | 480                                | 100           |
| 2010   | 12.48                | 9.18       | 15.51                                  | N/A                  | N/A  | N/A  | <5                 | 1.40                           | 475                                | 100           |
| 2009   | 22.07                | 18.51      | 19.69                                  | N/A                  | N/A  | N/A  | <5                 | 1.20                           | 224                                | 100           |

**Quarterly Returns**

| Period | "Pure" Gross Return* | Net Return | Russell 1000® Value Index Total Return |
|--------|----------------------|------------|--|
| 1Q17   | 3.29%                | 2.53%      | 3.27%                                  |

**Annualized Compound Returns\*\***

as of March 31, 2017

| Period                     | "Pure" Gross Return* | Net Return | Russell 1000® Value Index Total Return |
|----------------------------|----------------------|------------|--|
| 1 Year                     | 26.32%               | 22.65%     | 19.22%                                 |
| 3 Years                    | 7.51                 | 4.34       | 8.67                                   |
| 5 Years                    | 12.09                | 8.80       | 13.13                                  |
| Since Inception (12/31/08) | 12.63                | 9.33       | 13.57                                  |

\* "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.

\*\* For periods beginning April 1, 2016, the Invesco Growth and Income SMA Wrap Composite is composed of 100% non-fee-paying discretionary institutional accounts. For periods prior to April 1, 2016, the composite was composed of 100% non-fee paying discretionary wrap accounts.

**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, 2015. 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, 2016, the Invesco Growth and Income SMA Wrap Composite (previously named the Invesco Large Cap Relative Value Wrap Composite) is composed of 100% non-fee paying discretionary institutional accounts styled after the Invesco Growth and Income SMA Model Portfolio (previously named the Invesco Large Cap Relative Value Model Portfolio), which seeks capital growth and income by emphasizing a value style of investing seeking well-established, undervalued companies believed to possess the potential for capital growth and income as defined by the Russell 1000® Value Index Total Return (TR). For all periods prior to April 1, 2016, the Invesco Growth and Income SMA Wrap Composite (previously named the Invesco Large Cap Relative Value Wrap Composite) was composed of 100% non-fee-paying discretionary wrap accounts. The performance results beginning April 1, 2016 are those of the Invesco Growth and Income SMA Institutional Composite. The composite is managed in comparison to, not duplication of, the benchmark. The composite was created in December 2008.
- "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, which is currently 3.00% per annum or 0.25% monthly, from the "pure" gross return. 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 1000® Value Index TR measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000® Value 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® Value 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 the benchmark over the preceding 36 months.
- Effective June 1, 2010, Invesco acquired Morgan Stanley's retail asset management business. Assets and returns prior to June 1, 2010, represent the accounts managed by Morgan Stanley. All the investment decision makers are currently employed by Invesco.

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.

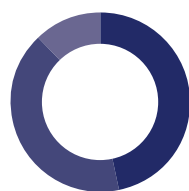
## Supplemental Information to Invesco Growth and Income SMA Wrap Composite

| Portfolio Characteristics                            | Portfolio | Russell 1000 Value Index |
|--|-----------|--------------------------|
| Number of Holdings                                   | 52        | 692                      |
| Median Market Cap (\$M)                              | \$55,636  | \$8,698                  |
| Weighted Average Market Cap (\$M)                    | \$111,305 | \$120,967                |
| Weighted Average Price/Book                          | 2.4       | 2.6                      |
| Weighted Harmonic Average 12-Month Forward P/E       | 16.0      | 16.6                     |
| Weighted Harmonic Average 12-Month Trailing P/E      | 19.0      | 18.6                     |
| Weighted Average Dividend Yield (Trailing 12 Months) | 2.2%      | 2.4%                     |
| Weighted Average 12-Month Forward EPS Growth         | 18.8%     | 13.6%                    |
| Weighted Average Long-Term EPS Growth                | 11.3%     | 9.3%                     |
| Weighted Average Return on Equity                    | 8.7%      | 10.3%                    |
| Weighted Average Long-Term Debt to Capital           | 35.9%     | 39.0%                    |
| Annualized Turnover Ratio                            | 20.7%     | N/A                      |

Portfolio characteristics are subject to change.

| Performance Characteristics (Five year)              |                  |
|--|------------------|
| Alpha (vs. Russell 1000 Value Index)                 | -1.61%           |
| Beta (vs. Russell 1000 Value Index)                  | 1.06             |
| R <sup>2</sup> (vs. Russell 1000 Value Index)        | 0.91             |
| Information Ratio (vs. Russell 1000 Value Index)     | -0.30            |
| Sharpe Ratio   | 1.02             |
| Up/Down Capture Ratio (vs. Russell 1000 Value Index) | 99.72/<br>107.94 |
| Standard Deviation                                   |                  |
| Portfolio  | 11.73%           |
| Benchmark  | 10.53%           |

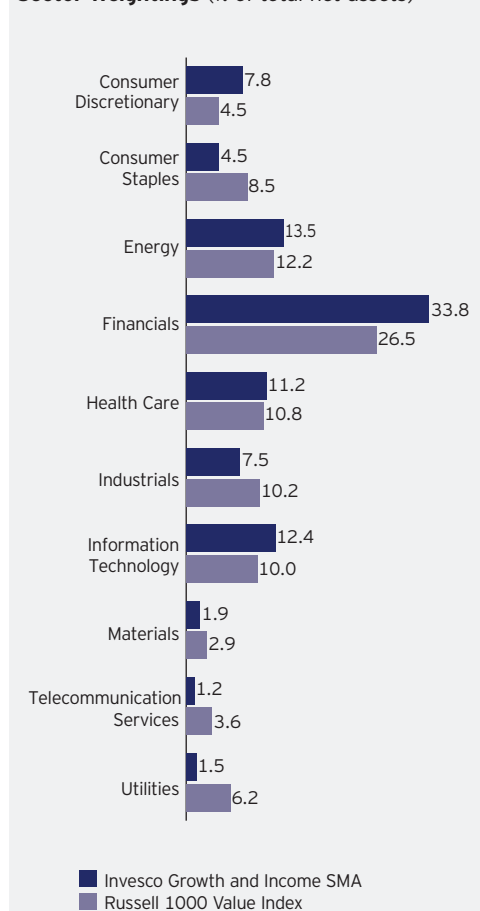
## Market Capitalization Breakdown (%)



|         |      |
|---------|------|
| (Giant) | 46.8 |
| (Large) | 41.2 |
| (Mid)   | 12.0 |

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

|            | 3/31/17 | 12/31/16 | 9/30/16 |
|------------|---------|----------|---------|
| Stocks     | 95.2%   | 96.0%    | 95.4%   |
| Cash/Other | 4.8     | 4.0      | 4.6     |

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**Sample Portfolio** (Supplemental Information to Invesco Growth and Income SMA Wrap Composite on Page 2)**Top 10 Holdings**

| Ticker   | Security                          | Sector                 | % of Total Net Assets | Other Sample Holdings (continued) |                             |             |
|----------|-----------------------------------|------------------------|-----------------------|-----------------------------------|-----------------------------|-------------|
| 1. C     | Citigroup Inc.                    | Financials             | 4.78                  | NTRS                              | Northern Trust Corp.        | Financials  |
| 2. BAC   | Bank of America Corp.             | Financials             | 4.44                  | STT                               | State Street Corp.          | Financials  |
| 3. JPM   | JPMorgan Chase & Co.              | Financials             | 4.23                  | ANTM                              | Anthem Inc.                 | Health Care |
| 4. MS    | Morgan Stanley                    | Financials             | 3.12                  | BAX                               | Baxter International Inc.   | Health Care |
| 5. PNC   | PNC Financial Services Group Inc. | Financials             | 3.09                  | ESRX                              | Express Scripts Holding Co. | Health Care |
| 6. RDS/A | Royal Dutch Shell PLC             | Energy                 | 2.48                  | MDT                               | Medtronic PLC               | Health Care |
| 7. SCHW  | Charles Schwab Corp.              | Financials             | 2.44                  | MRK                               | Merck & Co. Inc.            | Health Care |
| 8. CCL   | Carnival Corp.                    | Consumer Discretionary | 2.37                  | NVS                               | Novartis AG                 | Health Care |
| 9. CFG   | Citizens Financial Group Inc.     | Financials             | 2.33                  | PFE                               | Pfizer Inc.                 | Health Care |
| 10. APA  | Apache Corp.                      | Energy                 | 2.22                  | SNY                               | Sanofi SA                   | Health Care |

**Other Sample Holdings**

|       |                                  |                        |  |      |                                    |                            |
|-------|----------------------------------|------------------------|--|------|------------------------------------|----------------------------|
| CHTR  | Charter Communications Inc.      | Consumer Discretionary |  | CAT  | Caterpillar Inc.                   | Industrials                |
| CMCSA | Comcast Corp.                    | Consumer Discretionary |  | CSX  | CSX Corp.                          | Industrials                |
| GM    | General Motors Co.               | Consumer Discretionary |  | GD   | General Dynamics Corp              | Industrials                |
| KGFHY | Kingfisher PLC                   | Consumer Discretionary |  | GE   | General Electric Co.               | Industrials                |
| MDLZ  | Mondelez International Inc.      | Consumer Staples       |  | JCI  | Johnson Controls International PLC | Industrials                |
| PM    | Philip Morris International Inc. | Consumer Staples       |  | CSCO | Cisco Systems Inc.                 | Information Technology     |
| WBA   | Walgreens Boots Alliance Inc.    | Consumer Staples       |  | CTSH | Cognizant Tech Solutions Crp       | Information Technology     |
| BHI   | Baker Hughes Inc.                | Energy                 |  | EBAY | eBay Inc.                          | Information Technology     |
| DVN   | Devon Energy                     | Energy                 |  | INTC | Intel Corp.                        | Information Technology     |
| CNQ   | Canadian Natural Resources Ltd.  | Energy                 |  | MSFT | Microsoft Corp.                    | Information Technology     |
| XOM   | Exxon Mobil Corp.                | Energy                 |  | ORCL | Oracle Corp.                       | Information Technology     |
| OXY   | Occidental Petroleum Corp.       | Energy                 |  | PYPL | PayPal Holdings Inc.               | Information Technology     |
| AON   | AON PLC                          | Financials             |  | QCOM | QUALCOMM Inc.                      | Information Technology     |
| CMA   | Comerica Inc.                    | Financials             |  | MOS  | Mosaic Co.                         | Materials                  |
| FITB  | Fifth Third Bancorp              | Financials             |  | VOD  | Vodafone Group PLC                 | Telecommunication Services |
| GS    | Goldman Sachs Group Inc.         | Financials             |  | PCG  | PG&E Corp.                         | Utilities                  |

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 30% 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 March 31, 2017

| Top 5 Contributors                  | Average Weight (%) | Contributors (%) | Top 5 Detractors        | Average Weight (%) | Contributors (%) |
|-------------------------------------|--------------------|------------------|-------------------------|--------------------|------------------|
| 1. CSX Corp.                        | 1.66               | 0.41             | 1. Apache Corp.         | 2.45               | -0.51            |
| 2. Applied Materials Inc.           | 1.67               | 0.35             | 2. Devon Energy Corp.   | 2.22               | -0.19            |
| 3. Philip Morris International Inc. | 1.39               | 0.31             | 3. Baker Hughes Inc.    | 2.22               | -0.18            |
| 4. Bank of America Corp.            | 4.48               | 0.30             | 4. QUALCOMM Inc.        | 1.24               | -0.16            |
| 5. Carnival Corp.                   | 2.25               | 0.30             | 5. General Electric Co. | 2.22               | -0.13            |

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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