Objective
Seeks total return

Universe
Equity and fixed income smart beta
Exchange Traded Funds (ETFs)

Team
- Deep experience in quantitative and fundamental skill sets
- Independent experts focused on evaluating capabilities across investment centers
- Dedicated team with more than a decade of industry experience on average

Philosophy
The investment team seeks to build long-term strategic portfolios that target pre-defined levels of risk exposure and provide access across a wide array of asset classes through smart beta exposure.

Our disciplined investment process

<table>
<thead>
<tr>
<th>Step 1: Strategic asset class allocation</th>
<th>Step 2: Security selection</th>
<th>Step 3: Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reflecting the three levels of risk across equities and fixed income:</td>
<td>Select fundamentally weighted and low volatility ETFs:</td>
<td>Active risk parity:</td>
</tr>
<tr>
<td>- Conservative Growth 40%/60%</td>
<td>- US fixed income</td>
<td>- Tracking error penalty</td>
</tr>
<tr>
<td>- Moderate Growth 60%/40%</td>
<td>- US large cap equity</td>
<td>- Credit score deviation penalty</td>
</tr>
<tr>
<td>- Growth 80%/20%</td>
<td>- US small cap equity</td>
<td>- Emerging market and Small cap limit</td>
</tr>
<tr>
<td></td>
<td>- Developed markets equity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Emerging markets equity</td>
<td></td>
</tr>
</tbody>
</table>

Step 1 Strategic asset class allocation
Within the three strategic portfolios, allocations between equity and fixed income are pre-set and weighted in proportion to the appropriate level of risk:
- Conservative Growth 40%/60% fixed income
- Moderate Growth 60%/40% fixed income
- Growth 80%/20% fixed income

The relevant ETFs are identified to provide the appropriate asset class exposure.

Step 2 Security selection
In seeking to express the strategic asset class allocations, we narrow the field of smart beta portfolios to two specific underlying factors, which have historically had low correlation:
- Fundamentally weighted ETFs, which have tended to perform well in up markets
- Low volatility ETFs, which have tended to perform well in down markets

We identify ETFs that express these factors across the following asset classes:
- US fixed income
- US large cap equity
- US small cap equity
- Developed markets equity
- Emerging markets equity
Step 3 Construction

Our portfolio construction process is optimized to balance the active risk of each ETF relative to its benchmark, such that the active risk contribution from each ETF should be equal. Each of the portfolios has a custom benchmark, comprised of the MSCI AC World Index (ACWI) and Barclays US Aggregate Bond Index (Barclays US Agg Index), reflecting the composition of equity and fixed income:

**Strategic SMAs custom benchmark**
- Conservative Growth 40% MSCI ACWI/60% Barclays US Agg Index
- Moderate Growth 60% MSCI ACWI/40% Barclays US Agg Index
- Growth 80% MSCI ACWI/20% Barclays US Agg Index

ETFs with higher tracking error relative to their benchmark are penalized, and their weight is reduced.

Within equities, the size of the emerging markets and US small cap allocations (across fundamental and low volatility ETFs) are limited to 10% of total net assets.

Within fixed income, we target a credit exposure that is similar to that of the Barclays US Aggregate Bond Index.

**Sell discipline**

We will consider selling a holding when:
- The risk-return relationship changes significantly
- A more attractive investment opportunity is identified

---

On June 30, 2016 the Invesco Strategic Balanced SMAs changed names. Invesco Aggressive Strategic Balanced SMA was renamed Invesco Growth Strategic Balanced SMA. Invesco Growth Strategic Balanced SMA was renamed Invesco Moderate Growth Strategic Balanced SMA. Invesco Conservative Strategic Balanced SMA was renamed Invesco Conservative Growth Strategic Balanced SMA.

---

For public use

Not FDIC insured | May lose value | No bank guarantee

All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be construed as an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment-making decision. As with all investments there are associated inherent risks. Please obtain and review all financial material carefully before investing.

*Invesco Advisers, Inc. is an investment adviser; it provides investment advisory services to individual and institutional clients and does not sell securities. It is an indirect, wholly owned subsidiary of Invesco Ltd.*

The Investment Advisers Act of 1940 requires investment advisory firms, such as Invesco Advisers, Inc., to file and keep current with the Securities and Exchange Commission a registration statement of Form ADV. Part II of Form ADV contains information about the background and business practices of Invesco Advisers, Inc. Under the Commission’s rules, we are required to offer to make available annually Part II of Form ADV to our clients along with our privacy policy. Accordingly, if you would like to receive a copy of this material, please write to Invesco Advisers, Inc., Managed Accounts Operations Department, 11 Greenway Plaza, Suite 1000, Houston, Texas 77046.

Invesco Advisers, Inc. ■ 11 Greenway Plaza, Suite 1000 ■ Houston, Texas 77046-1188 ■ 713 626 1919

invesco.com/us  SMASBP-IP-1-E  07/16  US7811