**Objective**
Seeks long-term growth of capital

**Universe**
Companies generally in the market-cap range of the MSCI World Index

**Team**
- Focuses on companies with above-average growth prospects
- Strives to provide solid upside participation with better downside protection
- Utilizes a valuation driven discipline
- 15 experienced investment professionals
- Research responsibilities divided by geographic and industry assignments

**Philosophy**
We believe attractively valued companies managed by good stewards of capital may outperform the market over the long term. We seek to achieve our core investment goals by identifying growth-value anomalies. We seek good businesses with high or increasing returns on capital that have strong future growth prospects and are temporarily mispriced.

**Process**
Our research-driven process seeks to achieve our core investment goals by identifying “growth-value anomalies” – companies with strong prospects to grow shareholder value that are managed by good stewards of capital and trade at attractive valuations.

The team seeks:
- To maintain a long-term, full-market-cycle perspective.
- To emphasize companies with attractive upside potential versus downside risk (3:1).
- To utilize a valuation driven discipline.
- A disciplined approach to risk management.

**Investment process overview**

<table>
<thead>
<tr>
<th>Step 1: Universe</th>
<th>Step 2: Analysis</th>
<th>Step 3: Valuation</th>
<th>Step 4: Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Screen across sectors, geography and size</td>
<td>- Return on invested capital</td>
<td>- Discounted cash flow</td>
<td>- Target stock selection for majority of alpha generation</td>
</tr>
<tr>
<td></td>
<td>- Management action</td>
<td>- Traditional multiples</td>
<td>- Focus on risk/reward profile</td>
</tr>
<tr>
<td></td>
<td>- Capital allocation</td>
<td>- Net asset value</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Free cash flow</td>
<td>- Gordon growth model</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Competitive advantages</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Industry challenges</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Business risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Scenario analysis</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
At a glance
Process:
- We screen to uncover ideas that warrant further review
- We strive to gain a thorough understanding of the prospects of each business

Step 1  Universe
We begin with a universe of stocks generally defined by the MSCI World Index but also include companies not in the Index (emerging market companies, for example).

We apply screens to help uncover ideas that warrant further review. Our screens are customized by sector/industry and focus on:
- Valuation
- Price movement
- Return on invested capital (ROIC)
- Growth

We seek companies trading at favorable valuations on both a current and historical basis relative to several measures, including ROIC, free cash flow, growth potential and operating margin. This defines our universe of potentially undervalued businesses, and guides our research efforts.

Step 2  Analysis
Through fundamental research, we strive to gain a thorough understanding of the prospects for each business, its appreciation potential and the degree to which it may sustain or grow ROIC.

Analysis provides insight into historical and potential ROIC, which we believe is an indicator of the quality of the business and the responsibility of its management. We also consider the sources of capital and the capital intensity of the firm to determine its financial flexibility.

Insight on the key drivers of a company and industry challenges help us evaluate the sustainability of competitive advantages. The financial and business analyses serve as a basis to construct the valuation models.

Step 3  Valuation
We estimate a company’s value using a combination of methods:
- Discounted cash flow
- Traditional valuation multiples (price-earnings ratio (P/E), enterprise value/ROIC, etc.)
- Net asset value (sum of the parts)
- Gordon growth model

The combination of these efforts results in the fundamental aspects of our risk management framework.

We target companies with upside potential of 50% over 3 years and 3:1 upside versus downside risk.
At a glance
Construction and risk management:
- Manage volatility and grow capital
- Approximately 60-80 stocks
- Consider downside
- Balance risk and reward

Step 4  Construction
Our portfolio construction process is designed to manage volatility and preserve and grow capital. We analyze the risk/reward profile of all investment candidates and incorporate sector relative considerations to help ensure the majority of portfolio returns come from stock selection.

Sell
We consider selling a stock if:
- Valuation exceeds target price.
- Assumptions used in determining fair value change or fail to materialize.
- Capital structure or earnings deteriorate.
- More compelling investment opportunities exist.

FOR PUBLIC USE
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  713 626 1919

tvesco.com/us  SMAGCE-IP-1-E  06/17  US6757