**Objective**
Seeks long-term capital growth

**Universe**
International ADRs with market capitalizations of more than $4 billion

**Team**
- 25-years strategy longevity
- 17-member seasoned, multinational and multilingual team
- Investments in international, global, regional and emerging markets in over 40 countries

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**Philosophy**
Our investment philosophy is built around these core principles: bottom-up stock selection, active management and a long-term investment horizon. We believe companies with strong earnings, quality and valuation (EQV) characteristics may deliver long-term success.

| Earnings | Sustainable earnings growth over a full investment cycle is a key driver of a company’s stock price |
| Quality | Companies with efficient capital allocation create long-term value |
| Valuation | Companies with underappreciated growth prospects provide relatively attractive risk/reward opportunities |

**Process**
Our disciplined investment process focuses on idea generation, fundamental research and portfolio construction.

**Investment process overview**

| **Step 1: Ideas** | **Step 2: Research** | **Step 3: Construction** |
| - Qualitative and quantitative analysis | - In-depth, bottom-up research | - Ongoing risk monitoring |
| - Focus on earnings, quality and valuation | - Focus on earnings, quality and valuation | - Disciplined sell method |
|  |  | - 55 - 75 holdings |

**Step 1: Ideas**
New ideas are identified and researched on an ongoing basis using numerous qualitative and quantitative sources.

**Qualitative**: The primary source of generating stock ideas. We interview over 500 company management teams annually for research purposes. We leverage global and local sell-side analysts and other third-party research to fully understand company and industry dynamics.

**Quantitative**: Quantitative screens measure and rank several key criteria that are central to our EQV investment process. These screens help identify potential new ideas and monitor existing holdings.

**Step 2: Research**
In-depth, fundamental research is the cornerstone of our investment process. Here we build deeper understanding of each companies’ EQV profile.

**Earnings (E)**: We seek companies with earnings growth catalysts and improving earnings news, and then identify the primary drivers of that growth.

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1. The Invesco International Growth ADR SMA no longer accepts new accounts.
We thoroughly analyze the fundamental drivers of these positive trends (e.g. revenue growth, pricing, cost savings, operating leverage, new products and market exposure, industry growth trends and competitive positioning, etc).

**Quality (Q):** We analyze the sustainability of earnings growth by targeting companies with strong balance sheets and proven management teams that have allocated capital in efficient and profitable ways.

**Valuation (V):** We consider several valuation metrics to identify stocks that have underappreciated growth prospects, and we avoid expensive stocks.

### Step 3 Construction

Portfolio construction is a function of our bottom-up process of identifying underappreciated growth opportunities combined with careful risk analysis. A stock that successfully passes our rigorous EQV driven idea generation and fundamental research process is a viable candidate for inclusion in the portfolio.

Our objective is to create a portfolio of 55 to 75 holdings that is broadly diversified across sectors, countries and market capitalizations.

We actively manage the portfolio by owning stocks based on merit, not index weight. We do not hedge currencies because we believe exposure to various currencies may help provide better portfolio diversification.

Individual stock position sizes reflect a combination of their perceived return potential, risk level and degree of conviction. Position sizes:
- Range from 0.75 to 3%
- Largest being <5%
- Top 10 holdings typically comprise 20% to 35% of the total portfolio
- Cash is generally <10% of assets and is not used for tactical asset allocation purposes

### Sell

We believe successful growth investing is in the sell decision. Using our EQV company profile, we consider selling a holding when:
- **Earnings (E):** Deteriorating earnings growth, disappointing earnings revisions or surprises due to poor underlying fundamentals.
- **Quality (Q):** Deteriorating company/industry fundamentals, weakening balance sheet, reduced competitive outlook and accounting errors.
- **Valuation (V):** Extended valuation.

We may also sell if a more attractive opportunity is identified and/or risk considerations emerge (e.g. a position becomes too large).