

# Invesco Mid Cap Core SMA Third quarter

Fact Sheet: Separately Managed Accounts  
Sept. 30, 2019



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## Portfolio management team

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Industry since 1988  
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Portfolio Manager  
Industry since 1988  
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Our mandate is to act as a conservative cornerstone within a diversified portfolio with the objective of delivering strong upside participation with stronger downside protection over a full market cycle.

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## Current portfolio positioning

The broad stock market, as represented by the S&P 500 Index, produced modest gains during the third quarter of 2019, overcoming concerns around trade, the yield curve and political turmoil. The heightened volatility benefited the so-called bond proxies, with the utilities, real estate and consumer staples sectors the best-performing sectors within the S&P 500 Index during the third quarter. Year-to-date, accommodative monetary policy has helped to more than offset these headwinds, and the broad market has produced its highest return through the first three quarters of the year since 1997.

During the quarter, the Mid Cap Core SMA strategy outperformed its benchmark, the Russell Midcap Index. The outperformance was mainly driven by strong selection within the information technology and consumer discretionary sectors. This was partially offset by weaker stock selection within the industrials sector and underweight to the real estate sector.

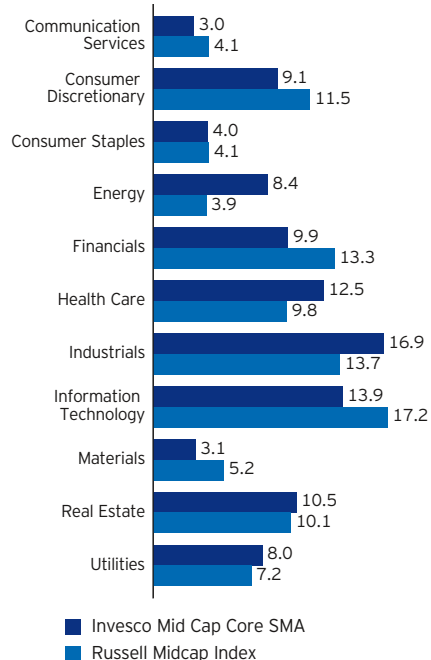
The key individual contributors to relative performance included Visteon, KLA Corp. and First Data. The key individual detractors included Spirit Airlines, Xilinx and Ulta Beauty.

In the short term, we expect the US economy to continue to show economic growth, albeit at slower rates than experienced in 2018, driven by favorable consumer confidence, falling regulatory hurdles and technological innovation. However, there are several warning signs on the horizon including global growth becoming less synchronized, weakening transport volumes, elevated levels of inventories as companies hedge their risk of tariffs and the flattening/inversion of the yield curve implying a slowing economy. While a recession late this year or early next year would not surprise us, it is not our base-case assumption at this time. We continue to maintain our discipline around valuation and focus on companies with skilled management teams that are out-executing peers as evidenced by high returns on invested capital, consistently strong pricing power and/or rising market share.

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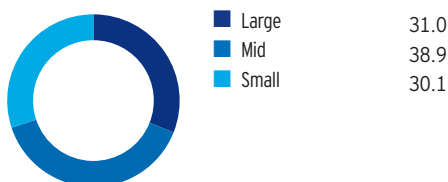
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**Sector weightings** (% of total net assets)

**Portfolio characteristics**

	Portfolio	Russell Midcap Index
Number of Holdings	45	804
Weighted Average 12-Month Forward EPS Growth	13.45%	10.67%
Weighted Average Long-Term EPS Growth	11.79%	10.80%
Weighted Average Return on Equity	16.18%	15.43%
Weighted Average Long-Term Debt to Capital	47.05%	44.20%
Weighted Harmonic Average 12-Month Forward P/E	17.27	17.86
Weighted Harmonic Average 12-Month Trailing P/E	19.1	19.33
Weighted Average Price/Book	4.44	4.55
Weighted Average Dividend Yield (Trailing 12 Months)	1.84%	1.77%
Weighted Average Market Cap (\$M)	\$21,456	\$16,240
Median Market Cap (\$M)	\$13,775	\$8,002
Annualized Turnover Ratio	111.39%	N/A

Portfolio characteristics are subject to change.

**Market capitalization breakdown** (%)

**Asset allocation**

	9/30/19	6/30/19	3/31/19
Stocks	99.29%	78.67%	76.98%
Cash/Other	0.71	21.33	23.02

**Performance characteristics** (Five year)

Alpha (vs. Russell Midcap Index)	-3.60%
Beta (vs. Russell Midcap Index)	0.72
R <sup>2</sup> (vs. Russell Midcap Index)	0.66
Information Ratio (vs. Russell Midcap Index)	-81.94%
Sharpe Ratio	0.17
Up/Down Capture Ratio (vs. Russell Midcap Index)	50.41 / 73.38
Standard Deviation	
Portfolio	11.40%
Benchmark	12.75%

**Quarterly returns**

Period	"Pure" gross		Russell Midcap®
	return* (%)	Net return (%)	Index Total Return (%)
YTD	17.64	15.06	21.93
3Q19	1.61	0.85	0.48
2Q19	2.18	1.42	4.13
1Q19	13.31	12.49	16.54

**Annualized compound returns**

Period	"Pure" gross		Russell Midcap®
	return* (%)	Net return (%)	Index Total Return (%)
1 Year	3.01	-0.03	3.19
3 Year	8.58	5.39	10.69
5 Year	6.96	3.81	9.10
10 Year	9.34	6.13	13.07
Since Inception (11/1/00)	7.98	4.95	8.58

Returns less than one year are not annualized.

\* "Pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. See note 5 on page 4.

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All data as of Sept. 30, 2019

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**Sample portfolio****Top 10 holdings**

Ticker	Security	Sector	% of total net assets
1. EMN	Eastman Chemical Co.	Materials	3.05
2. D	Dominion Energy Inc.	Utilities	3.03
3. RSG	Republic Services Inc.	Industrials	3.01
4. MMP	Magellan Midstream Partners LP	Energy	2.99
5. TM	T-Mobile US Inc.	Communication Services	2.98
6. WEN	Wendy's Co.	Consumer Discretionary	2.97
7. UGI	UGI Corp.	Utilities	2.97
8. LHX	L3Harris Technologies Inc	Industrials	2.95
9. NBL	Noble Energy Inc.	Energy	2.94
10. FAST	Fastenal Co.	Industrials	2.54

**Other sample holdings**

BURL	Burlington Stores Inc.	Consumer Discretionary
ORLY	O'Reilly Automotive Inc.	Consumer Discretionary
VC	Visteon Corp.	Consumer Discretionary
BJ	BJ's Wholesale Club Holdings Inc.	Consumer Staples
CCEP	Coca-Cola European Partners PLC	Consumer Staples
FANG	Diamondback Energy Inc.	Energy
AJG	Arthur J. Gallagher & Co.	Financials
EWBC	East West Bancorp Inc.	Financials
FNF	Fidelity National Financial Inc.	Financials
LNC	Lincoln National Corp.	Financials
SIVB	SVB Financial Group	Financials
BSX	Boston Scientific Corp.	Health Care
DXCM	DexCom Inc.	Health Care
ELAN	Elanco Animal Health Inc.	Health Care
HUM	Humana Inc.	Health Care
LHCG	LHC Group Inc.	Health Care
SGEN	Seattle Genetics Inc.	Health Care
ZBH	Zimmer Biomet Holdings Inc.	Health Care

**Other sample holdings (continued)**

KFY	Korn Ferry Co.	Industrials
SAVE	Spirit Airlines Inc.	Industrials
SWK	Stanley Black & Decker Inc.	Industrials
WAB	Wabtec Corp.	Industrials
DOX	Amdocs Ltd.	Information Technology
AMAT	Applied Materials Inc.	Information Technology
FISV	Fiserv Inc.	Information Technology
MCHP	Microchip Technology Inc.	Information Technology
MSI	Motorola Solutions Inc.	Information Technology
QTWO	Q2 Holdings Inc.	Information Technology
NOW	ServiceNow Inc.	Information Technology
EPR	EPR Properties	Real Estate
LAMR	Lamar Advertising Co.	Real Estate
OUT	Outfront Media Inc.	Real Estate
PLD	Prologis Inc.	Real Estate
SLG	SL Green Realty Corp.	Real Estate
PPL	PPL 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 above and represent 29% of total holdings. For additional holdings disclosure, see the Global Industry Classification Standard disclosure on page 4. **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**

Top 5 contributors	Average weight (%)	Contribution (%)	Top 5 detractors	Average weight (%)	Contribution (%)
KLA Corp.	1.70	0.56	Spirit Airlines Inc.	1.20	-0.53
Visteon Corp.	1.09	0.55	Wright Medical Group NV	1.14	-0.48
First Data Corp.	0.43	0.32	Ulta Beauty Inc.	0.70	-0.32
Seattle Genetics Inc.	0.55	0.31	Xilinx Inc.	1.66	-0.31
Dollar General Corp.	1.45	0.28	Sarepta Therapeutics Inc.	0.32	-0.27

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 is not a guarantee of future results.

**Invesco Mid Cap Core SMA Wrap composite**

Year	"Pure" gross return* (%)	Net return (%)	Russell Midcap® 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
2018	-9.93	-12.62	-9.06	0.23	10.37	12.15	233	69	579	100
2017	17.33	13.90	18.52	0.20	9.25	10.51	276	98	660	100
2016	15.64	12.26	13.80	0.54	10.74	11.72	312	100	599	100
2015	-2.31	-5.21	-2.44	0.46	10.59	11.00	374	95	575	100
2014	5.54	2.43	13.22	0.20	10.73	10.29	612	162	585	100
2013	32.66	28.83	34.76	0.25	13.45	14.23	691	182	573	100
2012	9.65	6.43	17.28	0.28	15.40	17.44	1,043	243	500	100
2011	-7.43	-10.19	-1.55	0.62	18.46	21.86	1,873	455	480	100
2010	15.52	12.14	25.48	0.52	N/A	N/A	813	194	475	100
2009	37.17	33.21	40.48	0.58	N/A	N/A	1,102	230	2	100

**Annualized compound returns as of Dec. 31, 2018**

Period	"Pure" gross return* (%)	Net return (%)	Russell Midcap® Index Total Return (%)
1 Year	-9.93	-12.62	-9.06
3 Years	6.91	3.76	7.04
5 Years	4.73	1.64	6.26
10 Years	10.40	7.15	14.03
Since Inception (11/1/00)	7.36	4.35	7.76

Returns less than one year are not annualized.

\* "Pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. See note 5.

\*\* Prior to January 1, 2010, the Invesco Mid Cap Core 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 ("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 Invesco India and Source Investment Management Limited). 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 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. On May 24, 2019 Invesco acquired Massachusetts Mutual Life Insurance Company's asset management affiliate OppenheimerFunds. As a result of this transaction assets previously part of the OFI Global Asset Management (OFI Global) GIPS® firm will now be part of Invesco Worldwide (IWW) GIPS® firm. Firm assets under management for OFI Global as of December 31, 2018 were \$214 billion. IWW historical firm assets have not been restated to reflect the acquisition. OFI Global was independently GIPS® verified through December 31, 2018.
- 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, 2018. 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 after January 1, 2011, the Invesco Mid Cap Core SMA Wrap Composite includes all discretionary and fee-paying wrap accounts styled after the Invesco Mid Cap Core SMA Model Portfolio, which seeks long-term capital growth by investing in medium-sized companies, as defined by the Russell Midcap® Index Total Return (TR). Prior to January 1, 2011, the composite included all discretionary, nontaxable and fee-paying wrap accounts. The composite is managed in comparison to, not duplication of, the benchmark. The composite was created in November 2000.
- "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 up to a maximum investment advisory fee of .75%). 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 Midcap® Index TR measures the performance of the 800 smallest companies in Russell 1000® Index TR, which represent approximately 30% of the total market capitalization of the Russell 1000® Index TR. The Russell Midcap® Index TR is a trademark of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company. The returns of the Russell Midcap® 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.
- 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.

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.

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All data as of Sept. 30, 2019

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