

# Invesco International Core Equity ADR SMA Third quarter

Fact Sheet: Separately Managed Accounts  
Sept. 30, 2019



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## Portfolio management team

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### Erik Esselink

Portfolio Manager  
Industry since 1997  
B.S., Rotterdam School of Economics

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### Jeff Everett, CFA

Co-CIO and Portfolio Manager  
Industry since 1987  
B.S., Pennsylvania State University

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### Bert van der Walt

Portfolio Manager  
Industry since 2003  
CFA Charter holder

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## Supported by a Global Research Team

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## Current portfolio positioning

Weakening global economic data and ongoing US-China trade conflict contributed to higher market volatility in the third quarter. Data releases during the quarter showed slowing manufacturing activity and declining business investment, evidence that trade tensions were stifling economic growth across both developed and emerging markets. Global recession concerns caused a sharp equity selloff in August as investors crowded into asset classes perceived to be safe havens, including US Treasuries and gold. In September, both the Federal Reserve and European Central Bank cut interest rate cuts, providing a measure of support for risk assets. Growing optimism about a potential trade deal also boosted equities in September. However, except for the US and Japan, most regions declined during the quarter. Uncertainty about the UK's withdrawal from the European Union continued to weigh on UK and European equities, while political and trade issues affected areas of Latin America and Asia. For the quarter, the MSCI EAFE Index was negative with a return of -1.07%. During this market environment, the International Core Equity SMA strategy lagged its benchmark.

The largest contributors to relative performance were holdings in the materials and utilities sectors, as stock selection was positive in these areas. In the utilities sector, the strategy benefited from a holding that remains on the forefront of transforming the traditional utility business model into a clean energy company. The focus on cleaner energy and environmental awareness is not transient in our opinion.

Conversely, the information technology (IT), industrials, health care, and consumer discretionary sectors were the biggest detractors from relative performance. Within the industrial sector, the market priced stocks with economic sensitivity very harshly during the quarter. The team's differentiated thesis from the market on select industrial holdings is that the market is not assessing key balance sheet improvements. Stock selection in the consumer staples sector also detracted. Stock selection in Japan was a key detractor as well as select European countries (Germany, the Netherlands, and Switzerland).

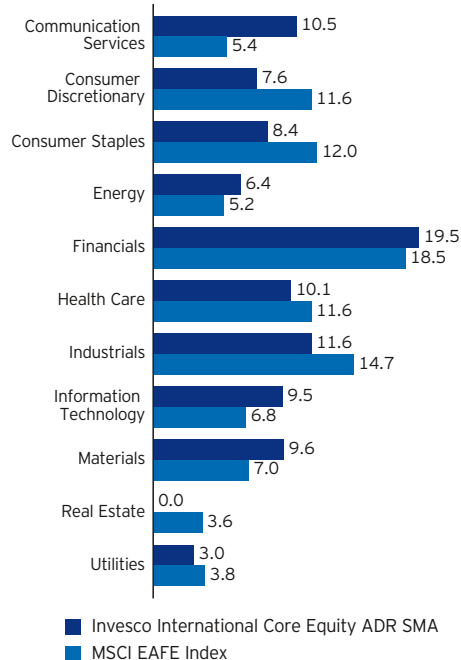
The combination of uncertainty and soft economic data allowed the portfolio to find durable companies at attractive entry levels. The investment process remains focused on the 3 Research Pillars of Durability, Asymmetry and Differentiated Thesis when making decisions. The team continues to be disciplined in managing outsized risks and look for potential asymmetric return opportunities. The portfolio is more exposed to stock specific risks and not to specific economic predictions.

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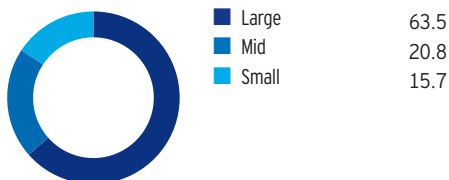
**Sector weightings (% of total net assets)**

**Portfolio characteristics**

	Portfolio	MSCI EAFE Index
Number of Holdings	52	922
Weighted Average Return on Equity	11.99%	14.79%
Weighted Harmonic Average 12-Month Forward P/E	12.69	13.77
Weighted Harmonic Average 12-Month Trailing P/E	13.66	14.66
Weighted Average Price/Book	2.58	3.31
Weighted Average Dividend Yield (Trailing 12 Months)	3.14%	3.40%
Weighted Average Market Cap (\$M)	\$53,032	\$63,509
Median Market Cap (\$M)	\$34,395	\$10,118
Annualized Turnover Ratio	27.17%	N/A
Emerging Markets Exposure (%TNA)	1.47	0.67

Portfolio characteristics are subject to change.

**Top countries (% of total net assets)**

	Portfolio	MSCI EAFE Index
United Kingdom	24.2	15.8
Japan	22.2	24.6
China	9.0	0.4
Belgium	8.8	1.0
Chile	6.2	0.0
Hong Kong	5.2	3.2
South Africa	4.9	0.2
Canada	4.4	0.0
France	3.9	11.1
Denmark	3.2	1.8

**Market capitalization breakdown (%)**

**Asset allocation**

	9/30/19	6/30/19	3/31/19
Stocks	96.11%	95.15%	94.40%
US Equity	3.89	4.84	5.6

**Quarterly returns**

Period	"Pure" gross return* (%)	Net return (%)	MSCI EAFE® Index Net Return (%)
YTD	11.54	9.08	12.80
3Q19	-1.90	-2.64	-1.07
2Q19	2.55	1.79	3.68
1Q19	10.87	10.07	9.98

**Annualized compound returns**

Period	"Pure" gross return* (%)	Net return (%)	MSCI EAFE® Index Net Return (%)
1 Year	-4.88	-7.71	-1.34
3 Year	3.24	0.19	6.48
5 Year	2.57	-0.46	3.27
Since Inception (4/1/14)	2.30	-0.73	2.59

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	Country	% of total net assets
1. RDS/A	Koninklijke Dutch Shell PLC	Energy	United Kingdom	3.57
2. RBGLY	Reckitt Benckiser Group PLC	Consumer Staples	United Kingdom	3.11
3. NVS	Novartis AG	Health Care	Switzerland	3.06
4. SAP	SAP SE	Information Technology	Germany	2.97
5. ENLAY	Enel SpA	Utilities	Italy	2.95
6. KDDIY	KDDI Corp.	Communication Services	Japan	2.79
7. HTHIY	Hitachi Ltd.	Information Technology	Japan	2.79
8. NOMD	Nomad Foods Ltd.	Consumer Staples	United Kingdom	2.55
9. SNY	Sanofi SA	Health Care	France	2.50
10. SIEGY	Siemens AG	Industrials	Germany	2.49

### Other sample holdings

BIDU	Baidu Inc.	Communication Services	China
SFTBY	Softbank Group Corp.	Communication Services	Japan
VIVHY	Vivendi SA	Communication Services	France
VOD	Vodafone Group PLC	Communication Services	United Kingdom
APTV	Aptiv PLC	Consumer Discretionary	United States
CCL	Carnival Corp.	Consumer Discretionary	United States
MGGDY	Cie Generale des Etablissements Michelin SCA	Consumer Discretionary	France
JSTTY	Just Eat PLC	Consumer Discretionary	United Kingdom
MELI	MercadoLibre Inc.	Consumer Discretionary	Argentina
SMNNY	Shimano Inc.	Consumer Discretionary	Japan
HEINY	Heineken NV	Consumer Staples	Netherlands
KNBWY	Kirin Holdings Co. Ltd.	Consumer Staples	Japan
SU	Suncor Energy Inc.	Energy	Canada
WOPEY	Woodside Petroleum Ltd.	Energy	Australia
AAGIY	AIA Group Ltd.	Financials	Hong Kong
BNPQY	BNP Paribas SA	Financials	France

### Other sample holdings (continued)

CAIXY	Caixabank SA	Financials	Spain
CB	Chubb Ltd.	Financials	United States
DBSDY	DBS Group Holdings Ltd.	Financials	Singapore
ING	ING Groep NV	Financials	Netherlands
MURGY	Muenchener Ruckversicherungs-Gesellschaft AG in Muenchen	Financials	Germany
IX	ORIX Corp.	Financials	Japan
SMFG	Sumitomo Mitsui Financial Group Inc.	Financials	Japan
UBS	UBS Group AG	Financials	Switzerland
ANSLY	Ansell Ltd.	Health Care	Australia
LZAGY	Lonza Group	Health Care	Switzerland
NVO	Novo Nordisk A/S	Health Care	Denmark
EADSY	Airbus Group	Industrials	France
BXBLY	Brambles Ltd.	Industrials	Australia
FANUY	FANUC Ltd.	Industrials	Japan
KMTUY	Komatsu Ltd.	Industrials	Japan
PRYMY	Prysmian SpA	Industrials	Italy
RYAAY	Ryanair Holdings PLC	Industrials	Ireland
DASTY	Dassault Systèmes SE	Information Technology	France
IFNNY	Infineon Technologies AG	Information Technology	Germany
PAGS	PagSeguro Digital Ltd.	Information Technology	Brazil
MT	Arcelormittal	Materials	Luxembourg
GLNCY	Glencore PLC	Materials	Switzerland
JHX	James Hardie Industries PLC	Materials	Ireland
NNCHY	Nissan Chemical Industries Ltd.	Materials	Japan
RIO	Rio Tinto PLC	Materials	Australia
UMICY	Umicore N.V.	Materials	Belgium

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.** Investing in securities of foreign companies and governments involves considerations and potential risks not typically associated with investments in domestic corporations and obligations issued by the U.S. government. An investment could be subject to risks associated with changes in currency values; economic, political and social conditions; and the regulatory environment of the foreign country; as well as the difficulties of receiving current and accurate information.

### Top quarterly contributors to /detractors from performance

Top 5 contributors	Average weight (%)	Contribution (%)	Top 5 detractors	Average weight (%)	Contribution (%)
James Hardie Industries PLC	1.73	0.44	SoftBank Group Corp.	2.83	-0.58
Vodafone Group PLC	1.85	0.36	SAP SE	2.93	-0.43
Umicore NV	1.43	0.27	AIA Group Ltd.	2.68	-0.34
Enel S.p.A.	2.81	0.27	Royal Dutch Shell PLC	3.62	-0.34
Sanofi SA	1.86	0.23	ArcelorMittal SA	1.36	-0.32

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 International Core Equity ADR SMA Wrap composite**

Year	"Pure" gross return* (%)	Net return (%)	MSCI EAFE® Index Net 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	-19.59	-22.02	-13.79	0.28	12.27	11.40	74	18	579	100
2017	24.08	20.47	25.03	0.31	11.08	12.00	87	36	660	100
2016	4.69	1.60	1.00	0.23	N/A	N/A	105	33	599	100
2015	-1.07	-4.00	-0.81	0.21	N/A	N/A	116	36	575	100
2014**	-1.70	-3.89	-5.53	N/A	N/A	N/A	136	40	585	100

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

Period	"Pure" gross return* (%)	Net return (%)	MSCI EAFE® Index Net Return (%)
1 Year	-19.59	-22.02	-13.79
3 Year	1.46	-1.54	2.87
Since Inception (4/1/14)	0.33	-2.64	0.42

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.

\*\* Returns are for the period from April 1, 2014 (inception) through December 31, 2014.

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- 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 partial years, 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. The standard deviation is not presented where there is less than 36 months of performance history.

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All data as of Sept. 30, 2019

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