

# Invesco Unconstrained Tactical Allocation SMA Fourth quarter

Fact Sheet: Separately Managed Accounts  
Dec. 31, 2019



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## Portfolio management team

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Chief Investment Officer  
Industry since 1991  
B.Sc., Virginia Tech  
M.B.A., Duke University

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### Scott Hixon, CFA

Portfolio Manager  
Industry since 1992  
B.B.A., Georgia Southern University  
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### Mark Ahnrud, CFA

Portfolio Manager  
Industry since 1985  
B.Sc., Babson College  
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### Chris Devine, CFA

Portfolio Manager  
Industry since 1996  
B.A., Wake Forest University  
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### Christian Ulrich, CFA

Portfolio Manager  
Industry since 1987  
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## Market overview

Positive sentiment arising from finally reaching a US-China trade resolution, as well as evidence that prior central bank policy actions were beginning to have the intended effects, helped push the prices of risky assets higher over the quarter. Gains were

widespread as developed equity markets and all four commodity complexes appreciated in value. The positive sentiment dampened enthusiasm for bonds, as safe-haven assets were eschewed in favor of riskier fare.

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## Portfolio positioning

**Strategic Allocation:** Assets are selected with low correlations reflecting differing behavior as we move through the economic cycle. Risk is balanced within and across asset classes to construct the strategic allocation.

**Tactical Signal Generation:** A fundamental and consistent approach is used to analyze markets and consider the following factors: Valuation, Economic Environment and Investor Positioning. These have been rigorously tested through quantitative analysis. The Valuation phase seeks to determine whether assets are attractively priced relative to fundamentals. The Economic Environment assessment measures the impact of the economic environment on asset prices. Lastly, Investor Positioning takes advantage of behavioral biases as expressed in short- and long-term price movements.

**Portfolio Construction:** Through the portfolio construction process, the team attempts to control the frequency, depth and duration of portfolio losses and balance the risk contribution from the various markets. Utilizing the results of the signal generation, the team is able to assign a numerical rating between +1 and -1 to each asset. The signal is then mapped to allocation ranges that are inversely proportional to volatility.

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<b>Sample portfolio</b>		
<b>Ticker</b>	<b>Security</b>	<b>% of total net assets</b>
SPY	SPDR S&P 500 ETF Trust	20.32
EFA	iShares MSCI EAFE ETF	18.96
IWM	iShares Russell 2000 ETF IWM	18.70
EEM	iShares MSCI Emerging Market Inc ETF	12.30
ZROZ	PIMCO 25+ Year Zero Coupon Treasury Index ETF	8.31
JJC	Barclays Bank PLC iPath B Copper	5.41
IUS	Invesco RAFI Strategic US ETF	2.14
IUSS	Invesco RAFI Strategic US Small Co ETF	1.94
IAU	iShares Gold Trust	1.73
ISDX	Invesco RAFI Strategic Developed Ex US ETF	1.68
SPLV	Invesco S&P 500 Low Volatility ETF	1.43
XSLV	Invesco S&P Small Cap Low Volatility ETF	1.33
EELV	Invesco S&P Emerging Markets Low Volatility ETF	1.27
ISEM	Invesco RAFI Strategic Emerging Market ETF	1.11
IDLV	Invesco S&P International Developed Low Volatility ETF	1.10
IEFAPM	iShares Silver Trust iShares	0.96
JJG	Barclays Bank PLC iPath B Grains	0.15
OIL	Barclays Bank PLC iPath Series B S&P GSCI Crude Oil ETF	0.10

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. **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.**

#### Asset allocation

	<b>Dec. 31, 2019</b>
US Equity	45.86
Non-US Equity	21.74
Emerging Markets Equity	14.68
Fixed Income	8.31
Commodity	8.35
Cash	0.00

#### Quarterly returns

<b>Period</b>	<b>"Pure" gross return* (%)</b>	<b>Net return (%)</b>	<b>Bloomberg Barclays US Treasury Bellwethers 3-Month Index<sup>SM</sup></b>
			<b>Return (%)</b>
4Q19	7.40	6.88	0.47
3Q19	-3.57	-4.06	0.57
2Q19	3.12	2.61	0.64
1Q19	2.72	2.21	0.61

#### Annualized compound returns

<b>Period</b>	<b>"Pure" gross return* (%)</b>	<b>Net return (%)</b>	<b>Bloomberg Barclays US Treasury Bellwethers 3-Month Index<sup>SM</sup></b>
			<b>Return (%)</b>
1 Year	9.71	7.55	2.30
3 Year	8.87	6.73	1.68
5 Year	4.81	2.33	1.09
Since Inception (1/1/15)	4.81	2.33	1.09

Returns less than one year are not annualized.

\* "Pure" gross of fees returns reflect the deduction of trading costs but do not reflect any other expenses, and are supplemental to net returns. See note 5 on page 3.

**Invesco Unconstrained Tactical Allocation SMA Wrap composite**

Year	"Pure" gross return* (%)	Net return (%)	Bloomberg Barclays US Treasury 3-Month Index <sup>SM</sup> 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	1.30	-0.71	1.89	N/A	7.99	0.20	<5	0.11	579	0
2017	16.11	13.83	0.87	N/A	6.62	0.12	<5	0.11	660	0
2016	5.00	1.91	0.35	N/A	N/A	N/A	<5	0.09	599	0
2015	-6.63	-9.41	0.07	N/A	N/A	N/A	<5	0.01	575	0

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

Period	"Pure" gross return* (%)	Net return (%)	Bloomberg Barclays US Treasury 3-Month Index Return (%)
1 Year	1.30	-0.71	1.89
3 Year	7.29	4.83	1.03
Since Inception (1/1/15)	3.62	1.07	0.79

Returns less than one year are not annualized.

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

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2. 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.
3. 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.
4. The Invesco Unconstrained Tactical Allocation SMA Wrap Composite includes all discretionary accounts styled after the Invesco Unconstrained Tactical Allocation SMA Model Portfolio, which targets a positive absolute return over a complete economic and market cycle. For all periods, the composite was composed of 100% non-fee paying discretionary institutional accounts. The historical performance results are those of the Invesco Unconstrained Tactical Allocation SMA Institutional Composite. The composite is managed in comparison to, not duplication of, the benchmark. The composite was created in January 2015.
5. "Pure" gross of fees returns reflect the deduction of trading costs but do not reflect any other expenses, and are supplemental to net returns. Performance results are presented both net and gross of total wrap fees. For periods beginning January 1, 2017, the net returns reflect the deduction of the maximum total wrap fee, which is currently 2.00% per annum or 0.1667% monthly, from the "pure" gross return. A model fee is the highest wrap fee a client could pay (2.00% annually as charged by the program sponsor). Prior to January 1, 2017, the net returns reflect the deduction of the maximum total wrap fee of 3.00% per annum or 0.25% monthly, from the "pure" gross return. 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: 2.00% on total assets. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.
6. The Bloomberg Barclays U.S. Treasury Bellwethers 3-Month Index is designed to track the performance of 3-Month US Treasury Bills. 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.
7. 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 periods with five or fewer accounts included for the entire year, dispersion is not presented as it is not considered meaningful.
8. 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.

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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