

# Invesco Growth and Income SMA

## First quarter

Fact Sheet: Separately Managed Accounts  
Mar. 31, 2024



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### Portfolio management team

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#### Brian Jurkash

Portfolio Manager  
Industry since 2000  
B.B.A., Stephen F. Austin State University  
M.B.A., University of Houston

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#### Sergio Marcheli

Portfolio Manager  
Industry since 1995  
B.B.A., University of Houston  
M.B.A., University of St. Thomas

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#### Matthew Titus, CFA

Portfolio Manager  
Industry since 2002  
B.S., Luther College  
M.B.A., Ohio State University

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### Current portfolio positioning

US equity markets rallied in the first quarter. In February, the S&P 500 Index closed above the 5,000 milestone for the first time. The US economy defied recession predictions, achieving a growth rate of 2.5% in 2023 as fourth-quarter gross domestic product (GDP) growth was 3.4%. The labor market remained robust, with continued payroll gains and unemployment still historically low – below 4%. Inflation, however, remained persistent. January and February increases in the Consumer Price Index were higher than expected, leading the Federal Reserve to defer its proposed interest rate cuts to the second half of 2024. Though overall inflation is below its peak, consumers exercised caution in spending, likely due to “cost fatigue” as evidenced by declining retail sales. Still, investors were mostly pleased by corporate earnings growth, except for three of the so-called “Magnificent Seven” stocks. Apple, Alphabet and Tesla’s stock prices suffered due to disappointing earnings, sales and/or revenue or weak forward guidance. In this environment, the S&P 500 Index returned 10.56%, driven by strength in the communication services and energy sectors. Real estate was the only sector to decline for the quarter.

The portfolio outperformed the Russell 1000 Value Index for the quarter. Within the Russell 1000 Value Index, energy and financials had the highest returns, while real estate was the only sector to decline.

Relative outperformance was driven by stock selection in the consumer discretionary, financials and health care sectors. Within consumer discretionary, Amazon was a key contributor. The company reported a sharp revenue increase in its retail e-commerce business across geographies, along with growth in its Amazon Web Services cloud business. Stock selection and an underweight in real estate also made a meaningful contribution to relative performance.

Stock selection in communication services, information technology (IT) and consumer staples detracted from relative performance. Charter Communications was the top detractor for the quarter. The cable and broadband operator’s earnings fell short of expectations due to continued loss of broadband subscribers. We sold this position during the quarter. The strategy’s cash position, while approximately 3% on average, dampened relative return given the strong market environment.

During the quarter, the team purchased new holdings in IT and industrials and sold positions in industrials and communication services. At quarter-end, the strategy’s largest overweights were in communication services and IT while the largest underweights were in consumer staples and industrials.

We believe normalizing interest rates should reduce the risk of a deep recession; however, higher bank lending standards and rising corporate defaults may weaken the US economy in the second half of 2024. Regardless of the macroeconomic environment, we seek to invest in companies with attractive valuations and strong fundamentals, qualities that we believe will ultimately be reflected in those companies’ stock prices.

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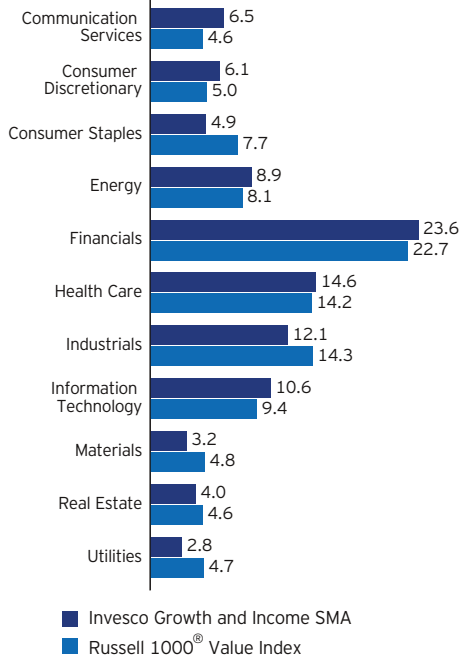
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The GIPS® Composite Report is located on the last page.

## Sector weightings (% of total net assets)

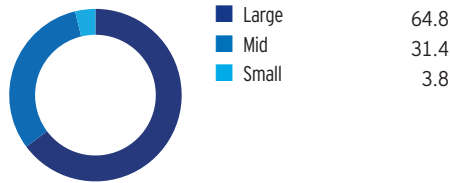


## Portfolio characteristics

Portfolio characteristics	Portfolio	Russell 1000 Value Index
Number of Holdings	44	846
Median Market Cap (\$M)	\$115,879	\$13,602
Weighted Average Market Cap (\$M)	\$234,252	\$158,409
Weighted Average Price/Book	2.26	2.63
Weighted Harmonic Average 12-Month Forward P/E	14.62	16.47
Weighted Harmonic Average 12-Month Trailing P/E	15.24	16.97
Weighted Average Dividend Yield (Trailing 12 Months)	1.98%	2.16%
Weighted Average 12-Month Forward EPS Growth	10.89%	7.47%
Weighted Average Long-Term EPS Growth	10.11%	8.02%
Weighted Average Return on Equity	14.23%	15.02%
Weighted Average Long-Term Debt to Capital	39.36%	42.46%
Turnover (TTM)	41.18%	N/A

Portfolio characteristics are based on a representative account of the strategy and are subject to change.

## Market capitalization breakdown (%)



## Asset allocation

	9/30/23	12/31/23	9/31/24
Stocks	96.41%	96.95%	97.32%
Cash/Other	3.59%	3.05%	2.68%

## Performance characteristics (Five year)

Alpha (vs. Russell 1000 Value Index)	0.81
Beta (vs. Russell 1000 Value Index)	1.11
R <sup>2</sup> (vs. Russell 1000 Value Index)	0.96
Information Ratio (vs. Russell 1000 Value Index)	0.31
Sharpe Ratio	0.46
Up/Down Capture Ratio (vs. Russell 1000 Value Index)	116.14/102.69
Standard Deviation Portfolio	21.31%
Benchmark	18.79%

## Quarterly returns

Period	"Pure" gross return* (%)	Net return (%)	Russell 1000 Value Index Total Return (%)
YTD	10.08	9.29	8.99
1Q24	10.08	9.29	8.99

## Annualized compound returns

Period	"Pure" gross return* (%)	Net return (%)	Russell 1000 Value Index Total Return (%)
1 Year	24.70	21.07	20.27
3 Year	10.66	7.41	8.11
5 Year	11.80	8.52	10.32
10 Year	8.97	5.76	9.01
Since Inception (1/1/09)	11.23	7.96	11.52

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 4.

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All data as of Mar. 31, 2024

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Sample portfolio						
Top 10 holdings				Other sample holdings (continued)		
Ticker	Security	Sector	% of total net assets			
1. WFC	Wells Fargo & Co	Financials	4.48	KKR	KKR & Co Inc	Financials
2. CBRE	CBRE Group Inc	Real Estate	4.05	WTW	Willis Towers Watson PLC	Financials
3. BAC	Bank of America Corp	Financials	3.71	BMJ	Bristol-Myers Squibb Co	Health Care
4. JCI	Johnson Controls International plc	Industrials	3.06	CNC	Centene Corp	Health Care
5. GOOGL	Alphabet Inc	Communication Services	2.95	CI	Cigna Group/The	Health Care
6. PPL	PPL Corp	Utilities	2.78	JNJ	Johnson & Johnson	Health Care
7. COP	ConocoPhillips	Energy	2.78	MRK	Merck & Co Inc	Health Care
8. MDT	Medtronic PLC	Health Care	2.73	SNY	Sanofi SA	Health Care
9. AMZN	Amazon.com Inc	Consumer Discretionary	2.72	FERG	Ferguson PLC	Industrials
10. FDX	FedEx Corp	Industrials	2.69	JBHT	JB Hunt Transport Services Inc	Industrials
Other sample holdings				RTX	RTX Corp	Industrials
TMUS	T-Mobile US Inc	Communication Services		CSCO	Cisco Systems Inc	Information Technology
DIS	Walt Disney Co/The	Communication Services		CTSH	Cognizant Technology Solutions Corp	Information Technology
GM	General Motors Co	Consumer Discretionary		INTC	Intel Corp	Information Technology
LVS	Las Vegas Sands Corp	Consumer Discretionary		LRCX	Lam Research Corp	Information Technology
PM	Philip Morris International Inc	Consumer Staples		ORCL	Oracle Corp	Information Technology
SYT	Sysco Corp	Consumer Staples		CRM	Salesforce Inc	Information Technology
XOM	Exxon Mobil Corp	Energy		CTVA	Corteva Inc	Materials
PSX	Phillips 66	Energy		DD	DuPont de Nemours Inc	Materials
SHEL	Shell PLC	Energy				
AIG	American International Group Inc	Financials				
SCHW	Charles Schwab Corp/The	Financials				
CFG	Citizens Financial Group Inc	Financials				
FI	Fiserv Inc	Financials				
GS	Goldman Sachs Group Inc/The	Financials				

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 32% of total holdings. **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 (%)	Top 5 detractors		Average weight (%)
Wells Fargo & Company		4.31	Charter Communications, Inc.		0.79
Amazon.com, Inc.		2.69	Intel Corporation		1.92
Bank of America Corporation		3.17	Sanofi		2.02
General Motors Company		1.84	Philip Morris International Inc.		2.60
Fiserv, Inc.		2.24	Cognizant Technology Solutions Corporation		1.57

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. Top 5 contributors and detractors are sorted and shown in order of the security's contribution to, or deduction from, the overall performance of the portfolio for the quarter. The average weight is also shown for each of these top 5 holdings.

**Invesco Growth and Income SMA Wrap composite as of Dec. 31, 2023**

Year	"Pure" gross return* (%)	Net return (%)	Russell 1000® Value 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
2023	10.89	7.63	11.46	N/A	17.54	16.74	<5	0.23	900	0
2022	-3.39	-6.26	-7.54	N/A	24.69	21.55	<5	0.21	865	0
2021	30.98	27.18	25.16	N/A	23.04	19.33	<5	0.22	975	0
2020	1.89	-1.14	2.80	N/A	24.03	19.90	<5	0.17	876	0
2019	23.81	20.20	26.54	N/A	14.49	12.02	<5	0.16	826	0
2018	-13.26	-15.86	-8.27	N/A	13.69	10.98	<5	0.13	579	0
2017	16.11	12.71	13.66	N/A	12.52	10.34	<5	0.15	660	0
2016	18.68	15.21	17.34	N/A	12.90	10.93	<5	0.13	599	0
2015	-3.99	-6.84	-3.83	N/A	11.51	10.83	<5	0.63	575	100
2014	7.70	4.53	13.45	N/A	9.30	9.33	<5	0.66	585	100

**Annualized compound returns as of Dec. 31, 2023**

Period	"Pure" gross return* (%)	Net return (%)	Russell 1000® Value Index Total Return (%)
1 Year	10.89	7.63	11.46
3 Year	11.95	8.67	8.86
5 Year	12.10	8.81	10.91
10 Year	8.14	4.96	8.40
Since Inception (1/1/09)	10.72	7.46	11.09

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.

1. 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 1st January 2003 through 31st December 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
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3. For periods beginning April 1, 2016, the Invesco Growth and Income SMA Wrap Composite is composed of 100% non-fee paying discretionary institutional accounts styled after the Invesco Growth and Income SMA Model Portfolio, which seeks capital growth and income by emphasizing a value style of investing seeking well-established, undervalued companies believed to possess the potential for capital growth and income as defined by the Russell 1000® Value Index Total Return (TR). For all periods prior to April 1, 2016, the Invesco Growth and Income SMA Wrap Composite was composed of 100% non-fee-paying discretionary wrap accounts. The performance results beginning April 1, 2016 are those of the Invesco Growth and Income SMA Institutional Composite. The composite is managed in comparison to, not duplication of, the benchmark. The composite was created in January 2009.
4. The Russell 1000 Value Index is an unmanaged index considered representative of large-cap value stocks.
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. 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 0.75%). 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.
6. The dispersion of annual "pure" gross returns is measured by the equal-weighted standard deviation of account's "pure" gross 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. The three-year annualized ex-post standard deviation measures the variability of the monthly "pure" gross 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.
7. All returns are expressed in U.S. dollars and are gross of nonreclaimable withholding tax, if applicable.
8. The following are available on request: Policies for valuing investments, calculating performance and preparing GIPS reports; List of composite descriptions; List of limited distribution pooled fund descriptions; List of broad distribution pooled funds.

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All data as of Mar. 31, 2024

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