

# Invesco Growth and Income SMA

## Fourth quarter

Fact Sheet: Separately Managed Accounts  
Dec. 31, 2023



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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 posted strong gains in the fourth quarter as investors anticipated a possible end to Federal Reserve (Fed) interest-rate hikes. Inflation slowed during the quarter as indicated by the Consumer Price Index 12-month headline inflation rate, which fell from 3.7% in September to 3.1% in November, significantly below its 2022 peak. Robust consumer spending contributed to a higher-than-expected estimate for third-quarter gross domestic product growth, according to the third estimate released by the Bureau of Economic Analysis. The Fed kept the federal funds rate steady at its mid-December meeting and signaled three rate cuts for 2024. Chairman Powell noted that "our policy rate is likely at or near its peak for this tightening cycle." His comment prompted a sharp decline in the 10-year US Treasury yield, which fell to 3.88% at the end of December, down from a high of nearly 5% early in October. Stocks also rallied on Powell's remarks, and the S&P 500 Index returned 11.69% for the fourth quarter.

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

Stock selection in industrials, health care and communication services detracted from relative performance for the quarter. In health care, Bristol Myers Squibb and Sanofi were key individual detractors. Shares of Bristol Myers came under pressure due to investor concerns about upcoming patent expirations for some of its best-selling products. Sanofi rescinded its long-term profit margin targets during the quarter, a move that was viewed skeptically by investors and caused a sharp decline in the stock.

Stock selection in financials and real estate, along with underweight in consumer staples, made a positive contribution to relative returns. The portfolio's holdings in Wells Fargo and Bank of America benefited from the higher interest rate environment. In real estate, shares of CBRE rallied in tandem with the overall real estate sector, which was the index's best-performing sector for the quarter.

During the quarter, the team purchased new holdings in energy and utilities, and sold positions in consumer staples, health care and utilities. At quarter-end, the strategy's largest overweights were in communication services and information technology while the largest underweights were in consumer staples and materials.

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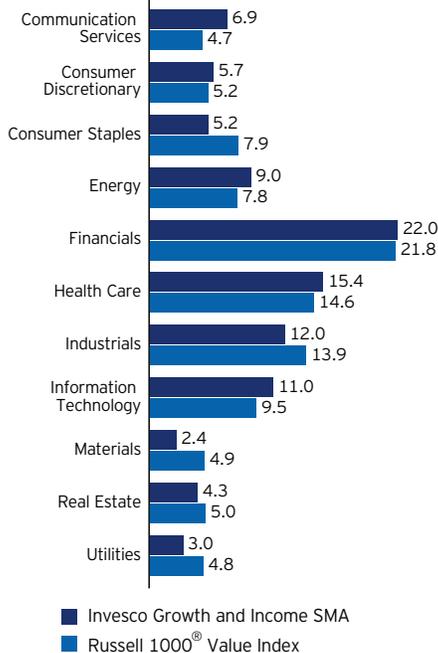
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The GIPS® Composite Report is located on the last page.

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

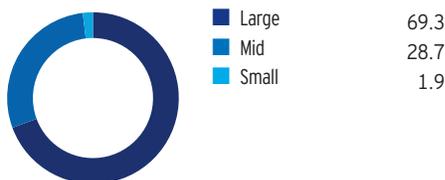


### Portfolio characteristics

|  | Portfolio | Russell 1000 Value Index |
|--|-----------|--------------------------|
| Number of Holdings                                   | 44        | 848                      |
| Median Market Cap (\$M)                              | \$103,447 | \$13,006                 |
| Weighted Average Market Cap (\$M)                    | \$192,884 | \$139,002                |
| Weighted Average Price/Book                          | 2.16      | 2.50                     |
| Weighted Harmonic Average 12-Month Forward P/E       | 12.99     | 15.26                    |
| Weighted Harmonic Average 12-Month Trailing P/E      | 14.25     | 16.53                    |
| Weighted Average Dividend Yield (Trailing 12 Months) | 2.15%     | 2.32%                    |
| Weighted Average 12-Month Forward EPS Growth         | 11.30%    | 7.80%                    |
| Weighted Average Long-Term EPS Growth                | 9.21%     | 6.62%                    |
| Weighted Average Return on Equity                    | 15.91%    | 15.41%                   |
| Weighted Average Long-Term Debt to Capital           | 41.20%    | 43.54%                   |
| Turnover (TTM)                                       | 42.30%    | N/A                      |

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

### Market capitalization breakdown (%)



### Performance characteristics (Five year)

|  |               |
|--|---------------|
| Alpha (vs. Russell 1000 Value Index)                 | 0.46          |
| 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)     | 0.24          |
| Sharpe Ratio   | 0.48          |
| Up/Down Capture Ratio (vs. Russell 1000 Value Index) | 114.13/102.69 |
| Standard Deviation                                   |               |
| Portfolio  | 21.50%        |
| Benchmark  | 18.93%        |

### Asset allocation

|            | 6/30/23 | 9/30/23 | 12/30/23 |
|------------|---------|---------|----------|
| Stocks     | 97.81%  | 96.41%  | 96.95%   |
| Cash/Other | 2.19%   | 3.59%   | 3.05%    |

### Quarterly returns

| Period | "Pure" gross return* (%) | Net return (%) | Russell 1000 Value Index Total Return (%) |
|--------|--------------------------|----------------|---|
| YTD    | 10.89                    | 7.63           | 11.46                                     |
| 4Q23   | 9.20                     | 8.41           | 9.50                                      |
| 3Q23   | -0.97                    | -1.71          | -3.16                                     |
| 2Q23   | 4.74                     | 3.97           | 4.07                                      |
| 1Q23   | -2.10                    | -2.84          | 1.01                                      |

### Annualized compound returns

| 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 on page 4.

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All data as of Dec. 31, 2023

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

| Ticker  | Security                           | Sector                 | % of total net assets |
|---------|------------------------------------|------------------------|-----------------------|
| 1. CBRE | CBRE Group Inc                     | Real Estate            | 4.27                  |
| 2. WFC  | Wells Fargo & Co                   | Financials             | 4.19                  |
| 3. COP  | ConocoPhillips                     | Energy                 | 3.10                  |
| 4. LRCX | Lam Research Corp                  | Information Technology | 3.02                  |
| 5. PPL  | PPL Corp                           | Utilities              | 3.02                  |
| 6. FERG | Ferguson PLC                       | Industrials            | 2.96                  |
| 7. MDT  | Medtronic PLC                      | Health Care            | 2.84                  |
| 8. JCI  | Johnson Controls International plc | Industrials            | 2.72                  |
| 9. PM   | Philip Morris International Inc    | Consumer Staples       | 2.72                  |
| 10. KKR | KKR & Co Inc                       | Financials             | 2.72                  |

**Other sample holdings**

|       |                                  |                        |
|-------|----------------------------------|------------------------|
| GOOGL | Alphabet Inc                     | Communication Services |
| CHTR  | Charter Communications Inc       | Communication Services |
| TMUS  | T-Mobile US Inc                  | Communication Services |
| DIS   | Walt Disney Co/The               | Communication Services |
| AMZN  | Amazon.com Inc                   | Consumer Discretionary |
| GM    | General Motors Co                | Consumer Discretionary |
| LVS   | Las Vegas Sands Corp             | Consumer Discretionary |
| SYU   | Sysco Corp                       | Consumer Staples       |
| XOM   | Exxon Mobil Corp                 | Energy                 |
| PSX   | Phillips 66                      | Energy                 |
| SHEL  | Shell PLC                        | Energy                 |
| AIG   | American International Group Inc | Financials             |
| BAC   | Bank of America Corp             | Financials             |
| SCHW  | Charles Schwab Corp/The          | Financials             |

**Other sample holdings (continued)**

|      |                                     |                        |
|------|-------------------------------------|------------------------|
| CFG  | Citizens Financial Group Inc        | Financials             |
| FI   | Fiserv Inc                          | Financials             |
| GS   | Goldman Sachs Group Inc/The         | Financials             |
| WTW  | Willis Towers Watson PLC            | Financials             |
| BMJ  | Bristol-Myers Squibb Co             | Health Care            |
| CNC  | Centene Corp                        | Health Care            |
| CI   | Cigna Group/The                     | Health Care            |
| JNJ  | Johnson & Johnson                   | Health Care            |
| MRK  | Merck & Co Inc                      | Health Care            |
| SNY  | Sanofi SA                           | Health Care            |
| CSX  | CSX Corp                            | Industrials            |
| FDX  | FedEx Corp                          | Industrials            |
| RTX  | RTX Corp                            | Industrials            |
| CSCO | Cisco Systems Inc                   | Information Technology |
| CTSH | Cognizant Technology Solutions Corp | Information Technology |
| INTC | Intel Corp                          | Information Technology |
| ORCL | Oracle Corp                         | Information Technology |
| CTVA | Corteva Inc                         | Materials              |
| DD   | DuPont de Nemours Inc               | Materials              |

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 31% 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 (%) |
|-----------------------|--------------------|------------------------------|--------------------|
| CBRE Group, Inc.      | 3.82               | Exxon Mobil Corp.            | 2.84               |
| Intel Corp.           | 2.34               | Sanofi                       | 2.44               |
| Wells Fargo & Company | 3.93               | Charter Communications, Inc. | 2.25               |
| KKR & Co. Inc.        | 2.38               | Bristol-Myers Squibb Company | 2.04               |
| Lam Research Corp.    | 2.82               | ConocoPhillips Company       | 3.66               |

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, 2022**

| 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 |
|------|--------------------------|----------------|--|--------------------------|--|--|--------------------|--------------------------------|---------------------------------|---------------|
| 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           |
| 2013 | 33.83                    | 29.96          | 32.53                                      | N/A                      | 12.48  | 12.88  | <5                 | 1.26                           | 573                             | 100           |

**Annualized compound returns as of Dec. 31, 2022**

| Period                   | "Pure" gross return* (%) | Net return (%) | Russell 1000® Value Index Total Return (%) |
|--------------------------|--------------------------|----------------|--|
| 1 Year                   | -3.39                    | -6.26          | -7.54                                      |
| 3 Year                   | 8.84                     | 5.63           | 5.96                                       |
| 5 Year                   | 6.72                     | 3.58           | 6.67                                       |
| 10 Year                  | 10.20                    | 6.96           | 10.29                                      |
| Since Inception (1/1/09) | 10.70                    | 7.45           | 11.06                                      |

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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- 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.
- The Russell 1000 Value Index is an unmanaged index considered representative of large-cap value stocks.
- "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.
- 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.
- All returns are expressed in U.S. dollars and are gross of nonreclaimable withholding tax, if applicable.
- 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 Dec. 31, 2023

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