

# Invesco Comstock SMA Third quarter

Fact Sheet: Separately Managed Accounts  
Sept. 30, 2020



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## Portfolio management team

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Industry since 1989  
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M.B.A., University of Chicago

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### Umang Khetan, CFA

Portfolio Manager  
Industry since 2005  
B.S., University of California  
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## Performance Discussion

Despite a September sell-off, US equity markets posted gains in the third quarter as the US Federal Reserve extended its emergency stimulus programs and changed its inflation target policy, both of which supported equities. Activity was better than expected across many areas of the economy. The unemployment rate fell to 7.9% in September, down from 11.1% in June, showing that the job market was rebounding more quickly than anticipated. Corporate earnings were also better than anticipated, and a gradual decline in new COVID-19 infections in many regions, combined with optimism about progress on a coronavirus vaccine, further boosted stocks. The S&P 500 Index returned 8.93% for the quarter. The consumer discretionary sector led the way while energy lagged, and growth stocks again outperformed value stocks.

In the third quarter, the Comstock SMA portfolio underperformed the Russell 1000 Value Index. Nine out of 11 sectors within the index had gains, led by consumer discretionary, while energy and information technology (IT) had declines.

Strong security selection in the industrials sector was a key contributor to the portfolio's relative return. FedEx, a relatively new holding, was the largest individual contributor, returning almost 80% for the quarter. We invested in FedEx based on its ability to charge higher prices amid a reduction in international air capacity, its lower cost structures resulting from a more efficient fleet and lower operating costs stemming from the integration of TNT Express, all of which we believe will contribute to an eventual recovery in profit margins.

Within IT, QUALCOMM was a key contributor to relative return. QUALCOMM stock rallied after management reported better-than-expected earnings due to sales of its 5G-capable networking chips and 5G technology development.

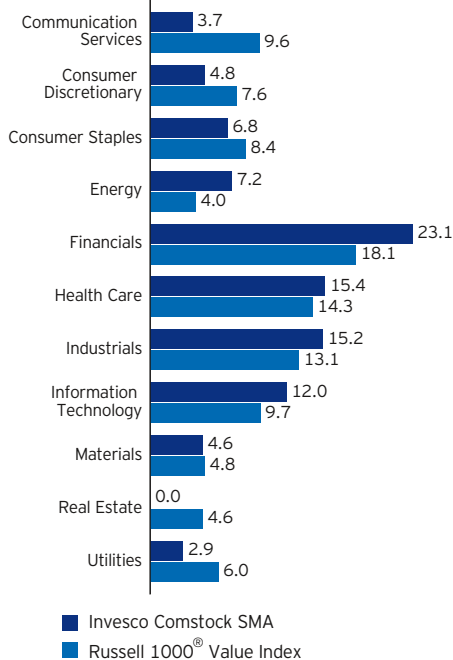
Stock selection in financials was a key detractor. Citigroup and AIG, the largest individual detractors, posted negative returns. As financials generally lagged, Citigroup stock declined despite reporting better-than-expected second-quarter earnings and revenues driven by robust trading revenue. An overweight in energy stocks also dampened relative performance. BP, Hess and Suncor Energy were key individual detractors. Energy was the worst-performing sector due to lower oil prices as COVID-19 led to anemic global demand. Stock selection within health care also hampered relative results. Sanofi and McKesson declined and underperformed the benchmark and health care sector.

The portfolio currently has a cyclical bias, with overweight exposures to financial, energy, IT, health care and industrial companies. Conversely, the portfolio is underweight real estate, utilities, communication services, consumer staples and consumer discretionary.

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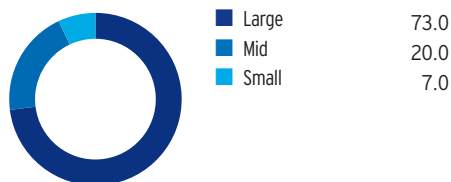
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**Sector weightings (% of total net assets)**

**Portfolio characteristics**

	Portfolio	Russell 1000 Value Index
Number of Holdings	52	850
Median Market Cap (\$M)	\$66,022	\$9,334
Weighted Average Market Cap (\$M)	\$125,007	\$122,161
Weighted Average Price/Book	1.32	2.17
Weighted Harmonic Average 12-Month Forward P/E	11.72	17.23
Weighted Harmonic Average 12-Month Trailing P/E	20.44	20.15
Weighted Average Dividend Yield (Trailing 12 Months)	3.15	2.45
Weighted Average 12-Month Forward EPS Growth	0.38	0.1
Weighted Average Long-Term EPS Growth	5.65	4.93
Weighted Average Return on Equity	13	16.16
Weighted Average Long-Term Debt to Capital	56.8	48.87
Turnover (TTM)	18.22%	N/A

Portfolio characteristics are subject to change.

**Market capitalization breakdown (%)**

**Asset allocation**

	9/30/20	6/30/20	3/31/20
Stocks	95.68%	94.26%	96.13%
Cash/Other	4.32	5.74	3.86

**Performance characteristics (Five year)**

Alpha (vs. Russell 1000 Value Index)	-1.88%
Beta (vs. Russell 1000 Value Index)	1.14
R <sup>2</sup> (vs. Russell 1000 Value Index)	0.95
Information Ratio (vs. Russell 1000 Value Index)	-0.3
Sharpe Ratio	0.28
Up/Down Capture Ratio (vs. Russell 1000 Value Index)	113.42 / 118.25
Standard Deviation Portfolio	18.19%
Benchmark	15.50%

**Quarterly returns**

Period	"Pure" gross return* (%)	Net return (%)	Russell 1000 Value Index Total Return (%)
3Q20	2.65	1.89	5.59
2Q20	16.34	15.51	14.29
1Q20	-30.70	-31.29	-26.73

**Annualized compound returns**

Period	"Pure" gross return* (%)	Net return (%)	Russell 1000 Value Index Total Return (%)
1 Year	-9.15	-11.87	-5.03
3 Year	-0.78	-3.72	2.63
5 Year	6.30	3.16	7.66
10 Year	8.96	5.76	9.95
Since Inception (6/1/01)	5.49	2.38	6.18

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, 2020

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

Ticker	Security	Sector	% of total net assets
1. FDX	FedEx Corp.	Industrials	3.76
2. BAC	Bank of America Corp.	Financials	3.72
3. C	Citigroup Inc.	Financials	3.60
4. PM	Philip Morris International Inc.	Consumer Staples	3.52
5. QCOM	QUALCOMM Inc.	Information Technology	3.33
6. MS	Morgan Stanley	Financials	2.73
7. CAT	Caterpillar Inc.	Industrials	2.62
8. HCA	HCA Healthcare, Inc.	Health Care	2.54
9. ANTM	Anthem Inc.	Health Care	2.48
10. SNY	Sanofi SA	Health Care	2.47

**Other sample holdings**

T	AT&T Inc.	Communication Services
CMCSA	Comcast Corp.	Communication Services
EBAY	eBay Inc.	Consumer Discretionary
GM	General Motors Co.	Consumer Discretionary
LVS	Las Vegas Sands Corp.	Consumer Discretionary
MO	Altria Group Inc.	Consumer Staples
ADM	Archer-Daniels-Midland Co.	Consumer Staples
BP	BP PLC	Energy
CVX	Chevron Corp.	Energy
DVN	Devon Energy Corp.	Energy
HES	Hess Corp.	Energy
MRO	Marathon Oil Corp.	Energy
SU	Suncor Energy Inc.	Energy
ALL	Allstate Corp.	Financials
AIG	American International Group Inc.	Financials
BK	Bank of New York Mellon Corp.	Financials
CFG	Citizens Financial Group Inc.	Financials
FITB	Fifth Third Bancorp	Financials

**Other sample holdings (continued)**

GS	Goldman Sachs Group Inc.	Financials
JPM	JPMorgan Chase & Co.	Financials
MET	MetLife Inc.	Financials
STT	State Street Corp.	Financials
WFC	Wells Fargo & Co.	Financials
BMY	Bristol-Myers Squibb Co.	Health Care
CVS	CVS Health Corp.	Health Care
JNJ	Johnson & Johnson	Health Care
MCK	McKesson Corp.	Health Care
ETN	Eaton Corp.	Industrials
EMR	Emerson Electric Co.	Industrials
GE	General Electric Co.	Industrials
JCI	Johnson Controls International PLC	Industrials
TXT	Textron Inc.	Industrials
CSCO	Cisco Systems Inc.	Information Technology
INTC	Intel Corp.	Information Technology
MSFT	Microsoft Corp.	Information Technology
NXPI	NXP Semiconductors NV	Information Technology
CF	CF Industries Holdings Inc.	Materials
CTVA	Corteva Inc.	Materials
IP	International Paper Co.	Materials
EXC	Exelon Corp.	Utilities
VST	Vistra Energy 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 31% 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 (%)
Target Corp.	2.75	0.77	Hill-Rom Holdings Inc.	1.42	-0.37
LHC Group Inc.	2.82	0.57	Magellan Midstream Partners LP	1.70	-0.35
Trane Technologies PLC	1.76	0.54	Valero Energy Corp.	1.09	-0.31
HCA Healthcare Inc.	1.84	0.44	Schlumberger NV	1.42	-0.21
Canadian Pacific Railway Ltd.	2.14	0.39	Dominion Energy Inc.	0.14	-0.14

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 Comstock SMA Wrap composite as of Dec. 31, 2019**

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
2019	25.51	21.86	26.54	0.26	14.82	12.02	19	20	826	100
2018	-12.60	-15.21	-8.27	0.17	13.61	10.98	16	6	579	100
2017	19.99	16.49	13.66	0.14	13.23	10.34	11	5	660	100
2016	18.87	15.40	17.34	0.38	13.37	10.93	13	6	599	100
2015	-6.05	-8.85	-3.83	0.29	12.03	10.83	450	133	575	100
2014	7.91	4.74	13.45	0.17	9.41	9.33	485	153	585	100
2013	35.23	31.32	32.53	0.34	12.79	12.88	521	155	573	100
2012	19.84	16.34	17.51	0.35	15.54	15.73	592	142	500	100
2011	0.43	-2.54	0.39	0.30	19.85	20.98	683	137	480	100
2010	14.56	11.20	15.51	0.36	N/A	N/A	852	168	475	100

**Annualized compound returns as of Dec. 31, 2019**

Period	"Pure" gross return* (%)	Net return (%)	Russell 1000® Value Index Total Return (%)
1 Year	25.51	21.86	26.54
3 Years	9.59	6.37	9.68
5 Years	8.01	6.37	8.29
10 Years	9.59	6.37	11.80
Since Inception (06/01/01)	6.81	3.66	7.14

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.

- Invesco Worldwide ("The Firm") is defined as follows: For purposes of compliance with the Global Investment Performance Standards (GIPS®), the "Firm" (Invesco Worldwide) refers to: U.S.-based Invesco Advisers, Inc.; Invesco Managed Accounts, LLC; and wholly owned Invesco firms outside of North America. This definition excludes: unit investment trusts; Invesco India; Source Investment Management Ltd.; Invesco Asset Management Australia (Holdings) Ltd.'s investments in Asia; Invesco Asset Management Australia (Holdings) Ltd.; Invesco Real Estate Investment Asia Pacific Ltd.; Invesco Real Estate Investment (Asia) LLC's Singapore branch; Invesco Global Real Estate Asia Pacific, Inc.'s Japan branch; Invesco Real Estate (Cayman) Ltd.; Invesco Great Wall Fund Management Co. Ltd., a fund management company established under China Securities Regulatory Commission's approval; and Invesco Senior Secured Management, Inc., Invesco Private Capital, Inc., and Invesco Capital Management LLC, which are SEC-registered investment advisers and affiliates of the Firm marketed as separate entities. Invesco Canada Ltd. is also a GIPS-compliant firm whose assets are managed by a subsidiary of Invesco Ltd. All entities within the Firm are directly or indirectly owned by Invesco Ltd. 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. IWW and OFI Global firm assets were combined beginning December 31, 2019.
- 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, 2019. 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.
- The Invesco Comstock SMA Wrap Composite includes all discretionary and fee-paying wrap accounts styled after the Invesco Comstock 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). The composite is managed in comparison to, not duplication of, the benchmark. The composite was created in June 2001.
- "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 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 Russell 1000® Value Index TR measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000® Value Index TR is a trademark/service mark of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company. The returns of the Russell 1000® Value 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.
- Effective June 1, 2010, Invesco acquired Morgan Stanley's retail asset management business. Assets and returns prior to June 1, 2010 represent the accounts managed by Morgan Stanley. All the investment decision makers were employed by Invesco at the time of the acquisition.

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, 2020

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