



Investment Philosophy and Process

Invesco Global Equity Fund

Fund objective

The fund seeks long-term growth of capital.

Investment philosophy

We believe we can add value for our clients through the systematic application of fundamental and behavioral insights. To apply this philosophy to our quantitative stock selection model, each factor employed must have a sustainable investment rationale and be quantifiable, predictive and complementary. We seek to achieve a consistent and competitive long-term return relative to an appropriate benchmark, but at lower levels of index-relative volatility (risk).

Our strategy combines an active research-based stock selection process with rigorous risk management. The strategy uses a proprietary model which seeks to consistently capture excess return (alpha) through the systematic application of:

- **Key financial indicators.** Improving earnings, long-term price strength, cash flow yield, etc.
- **Behavioral concepts.** We attempt to take advantage of investor over/underreaction to market news; models remove human sentiment from the equation.
- **Active risk management.** The degree of acceptable risk is predetermined; models help allocate risk to stock selection and guide buy/sell decisions.
- **Low transaction costs.** A specialized trading process helps minimize costs so portfolio alpha may be maximized.

The portfolio is structured to capitalize on stock selection while minimizing exposure to other residual risks, such as beta, sector/industry exposures and style (growth, value and size). Disciplined portfolio construction and cost-effective trading are integral to our investment process, which may help us maintain the value added from stock selection and reduce the probability of significant underperformance.

Universe definition

Invesco Global Quantitative Equity focuses on holdings within the MSCI World Index and liquid investments outside the benchmark.

Stock selection

Our stock selection model is based on four concepts that are supported by several factors. Each concept is weighted based on its forecasting reliability and the geographic region to which it applies. Each of the stocks in the universe is evaluated based on these indicators. The result is a forecast of the expected return potential in excess of the benchmark for each stock.

Favorable stock factors include:

- Improving earnings that suggest further upside potential.
- Expectations reflected in improving stock price.
- Management action that supports shareholder value.
- Reasonable stock price relative to earnings and cash-generating ability.

Portfolio construction

We input the return, risk and transaction cost forecasts into an optimizer. The objective is to maximize expected return, while targeting expected risk and minimizing cost. The portfolio construction & trading and the research teams review the output to ensure the optimization is reasonable. After each team approves the optimization, we aggregate the generated transactions and trade the portfolio.

Investment Process

Universe Definition

A large-cap universe that focuses on holdings within the MSCI World Index and liquid investments outside the benchmark

Stock Selection

- Earnings momentum
- Price trend
- Management action
- Relative value

Forecast Return

Risk Assessment

(by risk factor model)

Risks captured:

- Local market beta
- Country/Currency
- Sector/Industry
- Style
- Stock specific

Risks not captured:

- Litigation
- Regulatory investigations
- Subindustry risk
- Liquidity risk

Stock Risk Forecast

Portfolio Construction

Construct portfolio to meet desired return-risk characteristics

Trading

Preserve value added through cost-effective trading

Portfolio Holdings

Typically 70-120 holdings

Invesco Global Equity Fund process: inputs and targets

Alpha, tracking error and beta targets are inputs in the portfolio construction process. While actual alpha, tracking error and beta may be greater or less than the targets listed, over the long term, fund managers target the ranges defined below.

	Benchmark Index	Targets		
		Alpha	Tracking Error	Beta
Invesco Global Equity Fund	MSCI World Index	3.0%	5.0%	0.95 to 1.05
Targets are gross of fees.				

Sell discipline

Sell decisions are also driven by our stock selection model. A stock will be sold when more highly rated stocks are available, taking into account the trade-off between alpha pick-up and trading costs. We will also sell a stock for risk management purposes or if a corporate action such as a takeover bid has occurred and the stock will no longer respond to the model.

About risk

Securities issued by foreign companies and governments located in developing countries may be affected more negatively by inflation, devaluation of their currencies, higher transaction costs, delays in settlement, adverse political developments, the introduction of capital controls, withholding taxes, nationalization of private assets, expropriation, social unrest, war or lack of timely information than those in developed countries.

The fund is subject to currency/exchange rate risk because it may buy or sell currencies other than the U.S. dollar.

Prices of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

There is no guarantee that the investment techniques and risk analysis used by the fund's portfolio managers will produce the desired results.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisers for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

Note: Not all products, materials or services available at all firms. Advisers, please contact your home office.

The MSCI World IndexSM is an unmanaged index considered representative of stocks of developed countries. An investment cannot be made directly in an index.

Alpha (cash adjusted) is a measure of performance on a risk-adjusted basis.

Tracking error measures the difference between returns of a portfolio and its benchmark index.

Beta (cash adjusted) is a measure of relative risk and the slope of regression.