



Investment Philosophy and Process

AIM Large Cap Growth Fund

Investment philosophy

We seek to identify large-cap companies with the potential to meet or exceed consensus earnings estimates and that generate sustainable growth characteristics. To accomplish this goal, we use a rules-based approach that balances proprietary quantitative analysis with rigorous fundamental analysis. We also incorporate a proprietary sell model that seeks to identify and eliminate stocks at high risk of dramatic underperformance.

The result is a style-pure, large-cap growth portfolio designed to potentially provide consistent outperformance versus peers and benchmarks over a full market cycle.

Universe definition

The fund's investable universe includes large-cap stocks with market capitalizations greater than \$5 billion and long-term earnings-per-share growth of at least 10%.

Security selection

Distilling the universe

To narrow the investment universe, we use a 21-factor quantitative model that ranks all stock candidates based on a set of fundamental, valuation and timeliness factors. This proprietary model, developed in conjunction with our Quantitative Research Team, provides an objective approach to identifying new investment opportunities. We focus our fundamental analysis on the top 20% of the quantitative model.

Focused security analysis

Fundamental analysis. Focuses on identifying companies with the potential to meet or exceed consensus earnings estimates and that exhibit sustainable growth characteristics. We develop conviction in the strength of these characteristics by analyzing:

- **Consensus earnings estimates.** We analyze financial models to gain a critical understanding of growth drivers, allowing us to quantify earnings power. To accomplish this goal, we constantly challenge Wall Street and company assumptions.
- **Sustainability of growth.** We look for proprietary products, outstanding management and superior financial performance through company and analyst meetings, research reports and company filings.
- **Industry themes.** We analyze trends, growth rates and the competitive landscape.

Valuation analysis. We also closely analyze valuation levels to help reduce the risk of holding highly priced stocks and to determine the potential for capital appreciation.

We believe companies that make it through our balanced mix of quantitative and fundamental analysis have a significantly greater probability of meeting or exceeding consensus earnings estimates and producing sustainable growth over the long term.

Delineating the investment thesis

The conclusion of our focused security analysis is the development of an investment thesis for each potential holding. The investment thesis clearly articulates the critical drivers of growth, provides an outlook for the company and the stock, and considers the macro, industry and stock-specific risks.

Investment Process

Universe Definition

Stocks with market capitalizations of \$5 billion or more and long-term growth rates of at least 10%

Stock Selection

Distilling the Universe

A 21-factor quantitative model narrows the investment universe based on a series of fundamental, valuation and timeliness factors

Focused Security Analysis

■ Fundamental Analysis

- Researches stocks that are highly ranked in quantitative model
- Reviews financial models and performs extensive due diligence to:
 - Identify growth drivers to develop conviction in growth sustainability
 - Identify upside to earnings estimates

■ Valuation Analysis

- Reduces risk of holding highly priced stocks
- Determines potential for capital appreciation

Portfolio Architecture

■ Sector Level

- Active sector over- and underweights driven by investment process
- Maximum sector overweight capped at 1,000 basis points vs. Russell 1000 Growth Index sectors

■ Stock Level

- Typically 50-80 holdings
- Largest position typically less than 5%

Portfolio architecture

Portfolio construction plays an important role in risk management. We carefully construct the portfolio with a goal to minimize risk at both the sector and stock levels:

- **Sector level.** Sector over- and underweights are driven by our investment process. However, we cap the fund's maximum sector overweight at 1,000 basis points versus Russell 1000 Growth Index sectors.
- **Stock level.** We seek to limit stock-specific risk by building a diversified portfolio of typically 50 to 80 stocks. The largest position size is typically less than 5% of the portfolio.

Sell discipline

We consider selling a stock based on:

- Deterioration in fundamental business prospects.
- Negative changes to the investment thesis.
- Sell model signals. We developed a unique sell model that is designed to identify stocks at high risk of dramatic underperformance. The model analyzes factors such as poor sustainability of growth, excessive valuation, weak price momentum and accounting issues. Our research has shown that stocks possessing a combination of these factors have a high probability of underperforming. As a result, we sell stocks that show up in our proprietary sell model.

About risk

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.

Since a large percentage of the fund's assets may be invested in securities of a limited number of companies, each investment has a greater effect on the fund's overall performance, and any change in the value of those securities could significantly affect the value of an investment in the fund.

The prices of securities held by the fund may decline in response to market risks.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Consider the investment objectives, risks and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial adviser and read it carefully before investing.

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

A basis point is the movement of interest rates or yields expressed in hundredths of a point.

The Russell 1000® Growth Index is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000 Growth Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. An investment cannot be made directly in an index.

Diversification does not guarantee a profit or eliminate the risk of loss.

Invesco AimSM is a service mark of Invesco Aim Management Group, Inc. Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco PowerShares Capital Management LLC are the investment advisers for the products and services represented by Invesco Aim; they each provide investment advisory services to individual and institutional clients and do not sell securities. Please refer to each fund's prospectus for information on the fund's subadvisers. Invesco Aim Distributors, Inc. is the U.S. distributor for the retail mutual funds, exchange-traded funds and institutional money market funds represented by Invesco Aim. All entities are indirect, wholly owned subsidiaries of Invesco Ltd.

It is anticipated that on or about the end of the fourth quarter of 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. will be merged into Invesco Institutional (N.A.), Inc., and the consolidated adviser firm will be renamed Invesco Advisers, Inc. Additional information will be posted at invescoaim.com on or about the end of the fourth quarter of 2009.