

### AIM Trimark Fund

#### Investment Process

##### Investable Universe

Global stocks with a market capitalization greater than \$1 billion



##### Fundamental Research

- Interview managements, buyers, customers and competitors
- Determine competitive position
- Determine barriers to entry
- Determine management quality
- Ascertain capital intensity



##### Valuation Analysis

- Scrutinize financial statements and valuation measures
- Compare to historic valuation levels
- Anticipate revenue, earnings and cash flow growth
- Build financial models
- Apply discounted-cash-flow analysis

##### Quality and Growth

##### Sustainability

##### Intrinsic Value Band\*



##### Portfolio Construction

##### Approximately 35-50 Stocks

- Stocks with market prices below or in the low end of the valuation band
- Companies with reliable long-term growth potential, shareholder-focused management teams, sustainable competitive advantage and high barriers to entry
- Industry diversification

\* The valuation band is a minimum and maximum intrinsic value estimate that we expect for the stock over the coming years based on a variety of possible scenarios.

#### Investment philosophy

We view ourselves as business people buying businesses and consider the purchase of a stock as the purchase of an ownership interest in a business. Our goal is to capture investment opportunities by purchasing businesses at a market price that represents a discount to their estimated intrinsic value<sup>1</sup> – the value of the business based on its future cash flows, management performance and business fundamentals. We strive to develop a relatively proprietary view about a company compared with what the market is focused on. We believe it is only through in-depth fundamental research, including careful financial statement analysis and meetings with company management teams, that these opportunities can be found.

Also central to our investment philosophy is our adherence to a long-term view, which is typically a three- to five-year investment horizon. We use this long-term investment approach because we believe good business strategies usually take time to implement and be fully leveraged. By adhering to a long-term investment view, we give the fund's holdings time to realize their potential and provide the opportunity to be fully rewarded.

#### Universe definition

We define our investment opportunities as primarily global stocks with the following characteristics:

- Market cap greater than \$1 billion
- Sustainable competitive advantage
- High barriers to entry
- Management teams with a proven track record
- Attractive valuations

#### Stock selection

Stock selection entails in-depth fundamental research and valuation analysis. Our fundamental research allows us to make a determination of the viability of each company by considering its management, competitive position and future growth prospects. Valuation analysis allows us to determine the worth of the business and future return potential.

#### Fundamental research

In conducting a comprehensive analysis of a company, we strive to identify sustainable competitive advantages, strong growth prospects, high barriers to entry and honest and capable management teams. Part of this effort includes meeting with company management teams. Our research is intended to support or reject any thesis for investment. We believe this is the crux of our competitive advantage. Our goal is to talk with company management on a semiannual or quarterly basis. We also try to learn from suppliers, customers, competitors and independent industry experts. We perform similar analysis on competitor companies of each investment candidate. This comparative analysis provides further insight into the relative strength, sustainability and profitability of the company's business.

1 Managers believe intrinsic value represents the inherent business value of portfolio holdings during a two- to three-year investment horizon based on their estimates of future cash flow. Intrinsic value estimates are independent of market price, and, as a result, market price may never reflect intrinsic value estimates, especially for an entire portfolio.



---

## Valuation analysis

The goal of our valuation analysis is to identify discrepancies between our estimate of a company's intrinsic value and the value being ascribed to the company's stock in the marketplace.

We closely scrutinize balance sheets, income statements and cash flow statements, with particular emphasis on valuation measures, including:

- Price-earnings (P/E) ratio.
- Price-to-sales (P/S) ratio.
- Price-to-cash flow (P/CF) ratio.
- Enterprise value-to-earnings before interest, taxes, depreciation and amortization (EBITDA).
- Discounted cash flow analysis.

We compare these current valuation measures to historical levels of the firm, its competitors and other alternatives. We then input these comparisons in our valuation analysis. Other inputs come from our fundamental research, through which we anticipate a variety of revenue, earnings and cash flow growth scenarios over the next three to five years and build financial models. Output from these models is included in a discounted cash flow analysis. Next, we combine these findings with insights from our valuation measures to establish an intrinsic value estimate band for each company.

The valuation band is an estimate of minimum and maximum intrinsic value the portfolio management team expects for the stock over the coming years. It is based on the possible scenarios identified through our fundamental research and incorporated in the fund's financial modeling. A band of valuations helps us account for possible future changes in factors that are important to determining each company's true value.

Ideal candidates for the portfolio often have characteristics such as:

- Market prices either below or in the low end of the valuation band.
- Reliable growth potential over at least a three- to five-year investment horizon.
- Management teams that care about shareholders and are highly regarded by managers.

---

## Portfolio construction

We construct portfolios of 35 to 50 stocks that are diversified across economic sectors and other risk factors. Our goal is to provide long-term growth of capital for the fund's shareholders by investing in companies with favorable long-term growth prospects that we believe are attractively priced. We follow a concentrated approach to allow each investment opportunity to materially affect the portfolio and to allow team members to maintain intimate knowledge of each company.

---

## Risk management

While deliberate efforts are made to manage risk through industry diversification, our primary method of attempting to manage risk is to purchase businesses at what we consider the appropriate price with a margin of safety.<sup>2</sup> This margin of safety comes from purchasing a company at a discount to our estimate of its intrinsic value and is emphasized when that company's estimated intrinsic value is growing over time due to astute management and strong or improving business fundamentals. We are focused on managing investment risk – the risk of loss of capital in any one investment – as opposed to benchmark risk. As a result, we do not mimic a benchmark in the construction of our portfolios. The fund will often have divergent sector weightings relative to public benchmarks.

<sup>2</sup> Fund managers believe Benjamin Graham's concept of margin of safety, defined as the difference between market price and the estimated intrinsic value of a business, is an important measure of risk and appreciation potential. A large margin of safety helps guard against permanent capital loss and improves the probability of capital appreciation; however, a margin of safety does not prevent market loss.

---

## Sell discipline

Holdings are considered for sale if:

- A more compelling investment opportunity exists.
- Full value of the investment is deemed to have been realized.

Holdings are also considered for sale if the original thesis for buying the company changes due to fundamental negative change in management strategy or the competitive environment.

---

## About risk

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 your investment in the fund.

The values of convertible securities in which the fund invests may be affected by market interest rates, the risk that the issuer may default on interest or principal payments and the value of the underlying common stock into which these securities may be converted.

Investing in developing countries can add additional risk, such as high rates of inflation or sharply devalued currencies against the U.S. dollar. Transaction costs are often higher, and there may be delays in settlement procedures.

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, the relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

---

## 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 advisor and read it carefully before investing.**

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

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

Discounted cash flow is an investment valuation method that considers the time value of money to estimate future cash flow.

EBITDA is an approximate measure of a company's operating cash flow based on data from the company's income statement.

Price-to-sales (P/S) ratio is a stock's capitalization divided by its sales over the trailing 12 months.

The price-earnings (P/E) ratio, the most common measure of how expensive a stock is, is equal to a stock's market capitalization divided by its after-tax earnings over a 12-month period.

The price-to-cash flow (P/CF) ratio is a stock's capitalization divided by its cash flow for the fiscal year.

Free cash flow is the amount of cash remaining after a company has paid all expenses related to maintaining and expanding its asset base.

Invesco Aim<sup>SM</sup> 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 advisors 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 subadvisors. 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.

---

## Supplemental Information

As of Sept. 30, 2009, Invesco Aim's assets under management were approximately \$157 billion and Invesco Ltd.'s assets under management were approximately \$417 billion.

---

### **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.

Invesco Aim<sup>SM</sup> 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](http://invescoaim.com) on or about the end of the fourth quarter of 2009.

