

Invesco Global Equity Income Fund

To end August 2024

This marketing communication is for professional investors and qualified clients/sophisticated investors only. Investors should read the legal documents prior to investing.

Investment risks

For complete information on risks, refer to the legal documents

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations) and investors may not get back the full amount invested.

Proposition

A core global fund with a focus on dividends and capital growth

Income & Growth:

- Starting yield in excess of market
- Target dividend growth faster than market
- Ability to own stocks with no or low yield
- Seek to deliver outperformance v benchmark over market cycle

High conviction (c45 stocks) portfolio with focus on bottom-up stock picking, avoiding excessive style or factor risk

‘Cashflows drive share prices, the rest is noise’

Overview of our investment approach

Active, fundamental approach with a 3-5 year investment horizon

>10% per annum

We target a double-digit annualised return (income and growth) for each stock we buy in order to beat the market over the long term*

Valuation-driven

We aim to buy companies for less than they are worth and spend most of our time evaluating the 'fair value'

Contrarian

We tend to initiate positions in stocks temporarily out of favour, increasing the potential rewards without relying on undue optimism

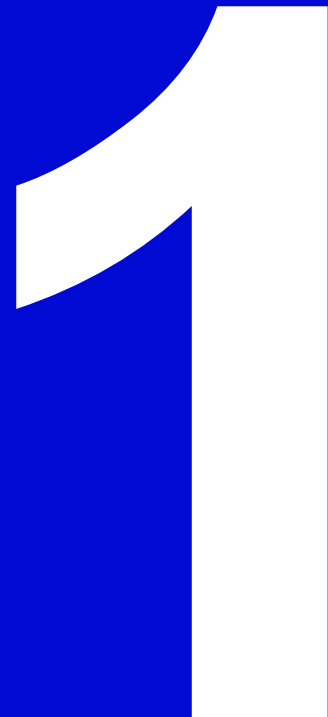
Balance sheet strength

We favour conservative balance sheets as a form of insurance should the investment case not play out as anticipated

A selection of c40-50 companies held in the Invesco Global Equity Income Fund

*Please note there is no guarantee this performance target will be achieved.

Organisation and team



Global Equity Income Team

Global Equity Team

Culture of collaboration and challenge, diversity of thought, ownership of ideas



Stephen Anness
Head of Global Equities
22 years experience
22 years tenure



Joe Dowling
Fund Manager
11 years experience
11 years tenure



Edward Zhou
Analyst
5 years experience
3 years tenure



Andrew Hall
Fund Manager
24 years experience
11 years tenure



Emily Roberts
Deputy Fund Manager
13 years experience
4 years tenure



John Morris
Analyst
7 years experience
7 years tenure



Yuyang Zhang
Analyst
6 years experience
<1 years tenure



Rob Stabler
Product Director
24 years experience
22 years tenure



Siddharth Shah
Product Director
10 years experience
7 years tenure

Other resources

Henley-based and Global Invesco

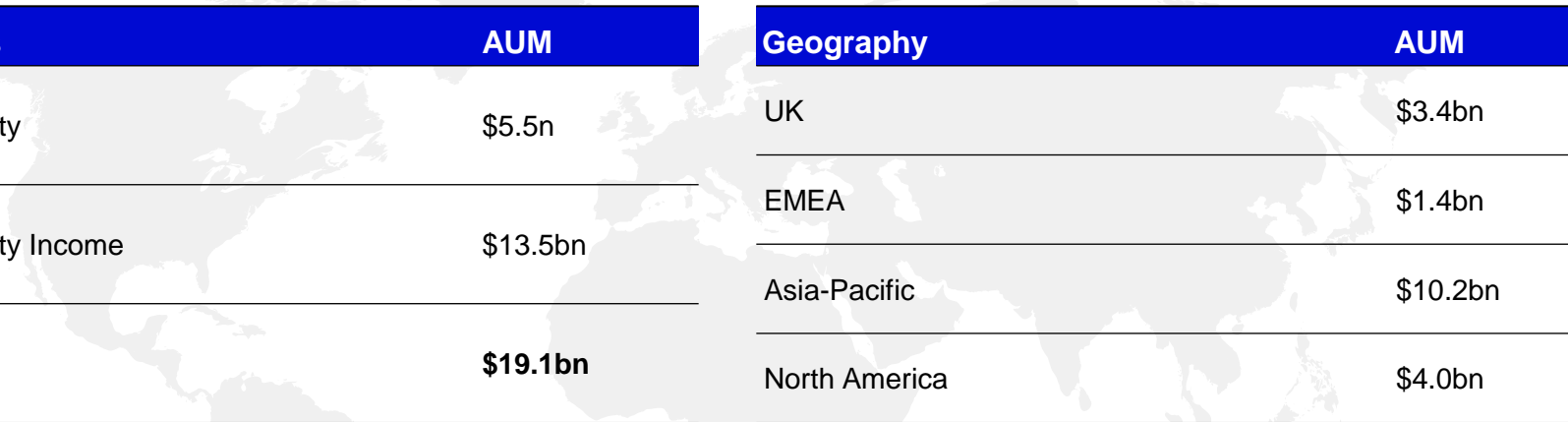


Invesco

Source: Invesco as at 30 June 2024. Years of experience are subject to rounding.

Henley-based Global Equities Team

Assets under management: by strategy and geography



Strategies	AUM	Geography	AUM
Global Equity	\$5.5n	UK	\$3.4bn
Global Equity Income	\$13.5bn	EMEA	\$1.4bn
Total	\$19.1bn	Asia-Pacific	\$10.2bn
		North America	\$4.0bn

Source: Invesco as at 30 June 2024.

Investment philosophy

2

Investment philosophy

Short term investor behaviour can create a wide divergence between perception and reality. This creates opportunity for the long term investor.

Investment philosophy



- Markets are broadly efficient, anomalies are rare
- To outperform you need to be different
- Anomalies can take a long-time to resolve
- Risk management must be considered through the entire process
- Dividends and dividend growth are key drivers of return

Portfolio approach



- Focused portfolio
- Active approach to stock selection
- Long time horizon
- Focus on capital preservation
- Focus on growing real dividends

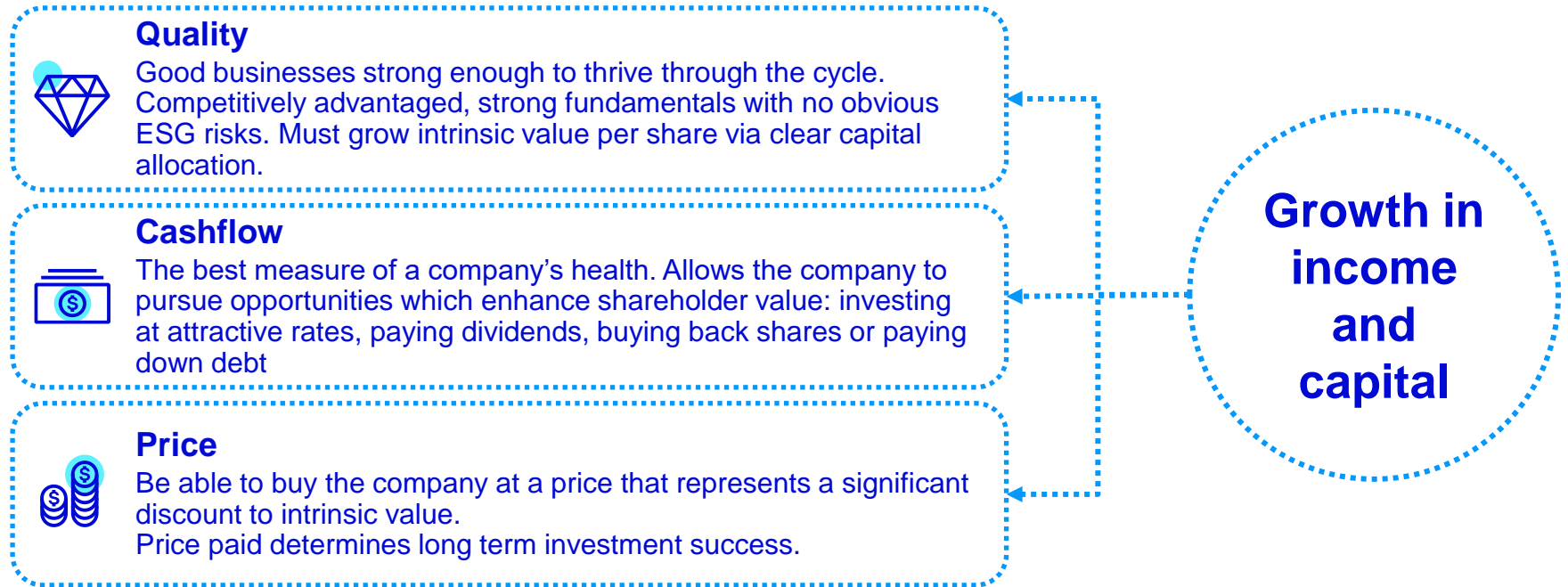
Output



- 40-50 stocks¹
- 90% active share
- 3-5 year average holding period, portfolio turnover 34%²
- Idiosyncratic stock selection, low portfolio correlation
- Attractive dividend and dividend growth characteristics versus market

Source: Invesco as at 31 December 2023. ¹Excluding Cash. For illustrative purposes only. ²Three-year average of a rep account of the Invesco Global Equity Strategy calculated using calculation: $\frac{\{[(\text{Purchases of securities} + \text{sales of securities}) - (\text{subscriptions of shares} + \text{redemption of shares})] / (\text{NAV at start of period} + \text{NAV at end of period})\}}{2} \times 100\%$. For illustrative purposes only. Portfolios managed in accordance with the strategy may differ due to specific investment restrictions and guidelines.

We look for quality companies at attractive prices that can grow cashflows



Source: Invesco as at 30 June 2024. For illustrative purposes only.

The types of IDEAS we look for

Three pools of opportunity

**Dividend
Compounders**

70-100%

Strong track record of dividend payment, with an attractive growing yield

**Low/no yield,
faster growth**

0-20%

Lower dividend yield yet excellent capital allocation with clear per share value creation

**Dividend
Restoration**

0-10%

Companies undergoing a temporary challenge with a clear route to dividend restoration

Source: Invesco as at 30 June 2024. For illustrative purposes only.

Investment process

3

Process focused on IDEAS

Sourcing ideas



Identify

potential ideas



Determine

the most promising ideas

Building conviction



Evaluate

the opportunity



Approve

the idea for the portfolio

Implementation



Structure

the portfolio

For illustrative purposes only.

IDEAS: Identify potential ideas

“Open-mindedness” is key

The SCS has ~100 companies where our research has been completed.

The Bench has ~80 companies with varying amounts of research that we are monitoring.

Our research will often lead us to new ideas and themes.

E.g. our meeting with Intel was a key part of our TSMC investment case.

**Stock
Comparison
Sheet (SCS)
& Bench**

**Quantitative
Tools**

**Proprietary
Research**

**External
Sources**

We typically screen for good companies on sale & great companies at fair prices.

These companies come in all shapes and sizes so we use a wide variety of tools to find them.

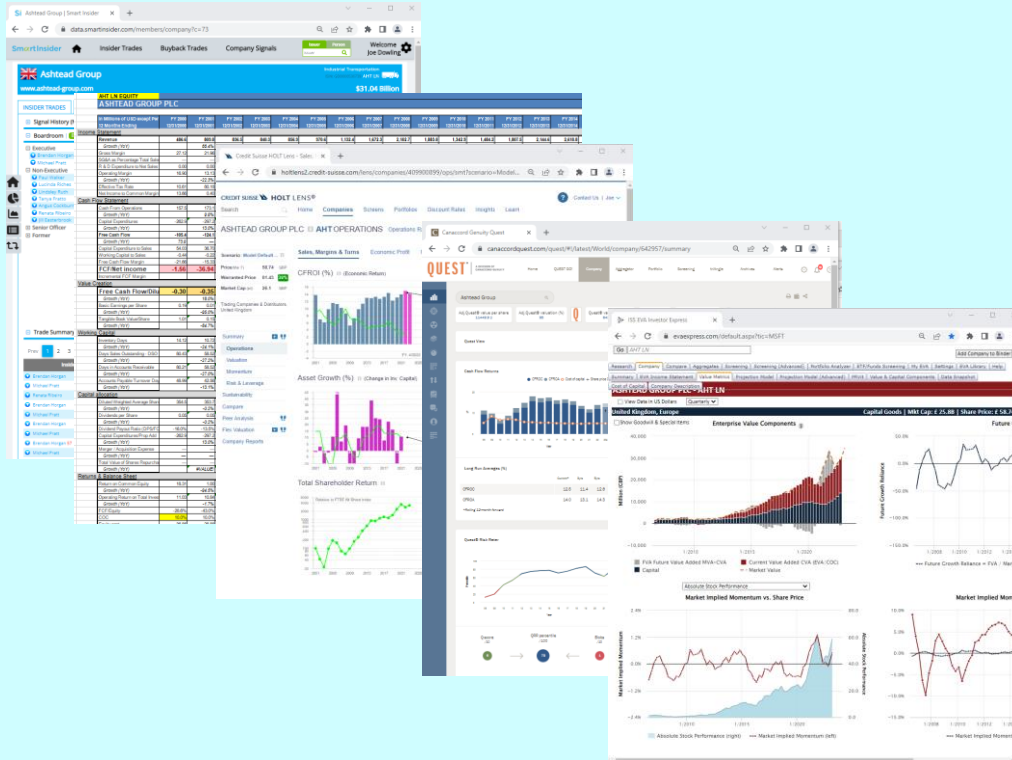
We don't have a monopoly on good ideas and want to cast our net wide in searching for them. This might include colleagues, sell side, podcasts, blogs and wider reading.

Ideas often come from multiple sources: Progressive came from a quantitative project and was mentioned at the Berkshire Hathaway AGM as the best competitor to Geico.

For illustrative purposes only.

IDEAS: Identify potential ideas

Screening



Screening

- Our 2019 deep dive on mistakes / successes highlighted repeating patterns.
- We are disciplined about eliminating companies that exhibit risk patterns during the pre-screening phase.
- Successes were drawn from a broad range of industries, geographies and “styles” but had repeating “patterns of success” around quality and accounting.
- De-emphasising and prioritising these respective patterns ensures we best focus our time.

IDEAS: Determine the most promising

Filter and look for red flags

10 Key questions

- | | | | |
|----------|---|-----------|--|
| 1 | Can we explain what the business does and why it has been successful? | 6 | Is the valuation attractive? |
| 2 | Is the balance sheet appropriate? | 7 | What are the ESG risks/ potential momentum? |
| 3 | Is the accounting clean? | 8 | Do we understand and articulate the bear case? |
| 4 | Does the business generate economic value? | 9 | How does it stack up against peers/ stocks we already own? |
| 5 | Has the company compounded cash flow and where appropriate dividends? | 10 | Are management aligned with shareholders? |

For illustrative purposes only.

IDEAS: Evaluate the opportunity

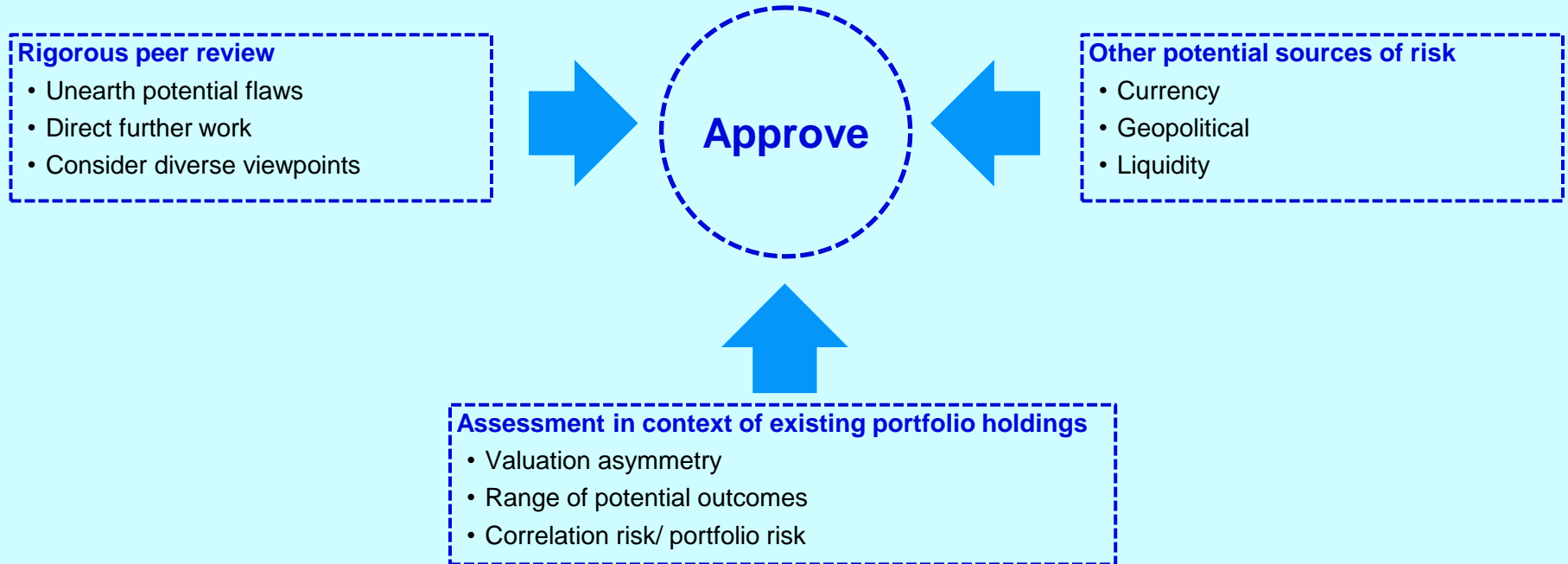
Deep dive, collaboration and challenge

Evaluate sections

- Investment case summary
 - Risk: What is the downside risk if we are wrong?
 - Risk: Is the balance sheet healthy and accounting clean?
 - Company: competitive advantages, sources of growth, margins, cash flow dynamics
 - Industry: competitive dynamics, capital cycle analysis
 - Management: operational and capital allocation track record, insider ownership and incentives
 - ESG: review of internal and external analysis, application to intrinsic value
 - Risk: further work on key bear cases, sensitivity to exogenous factors and potential hidden risks
 - Valuation: triangulating the intrinsic value, is there asymmetry, do we have a differentiated view?
-

For illustrative purposes only.

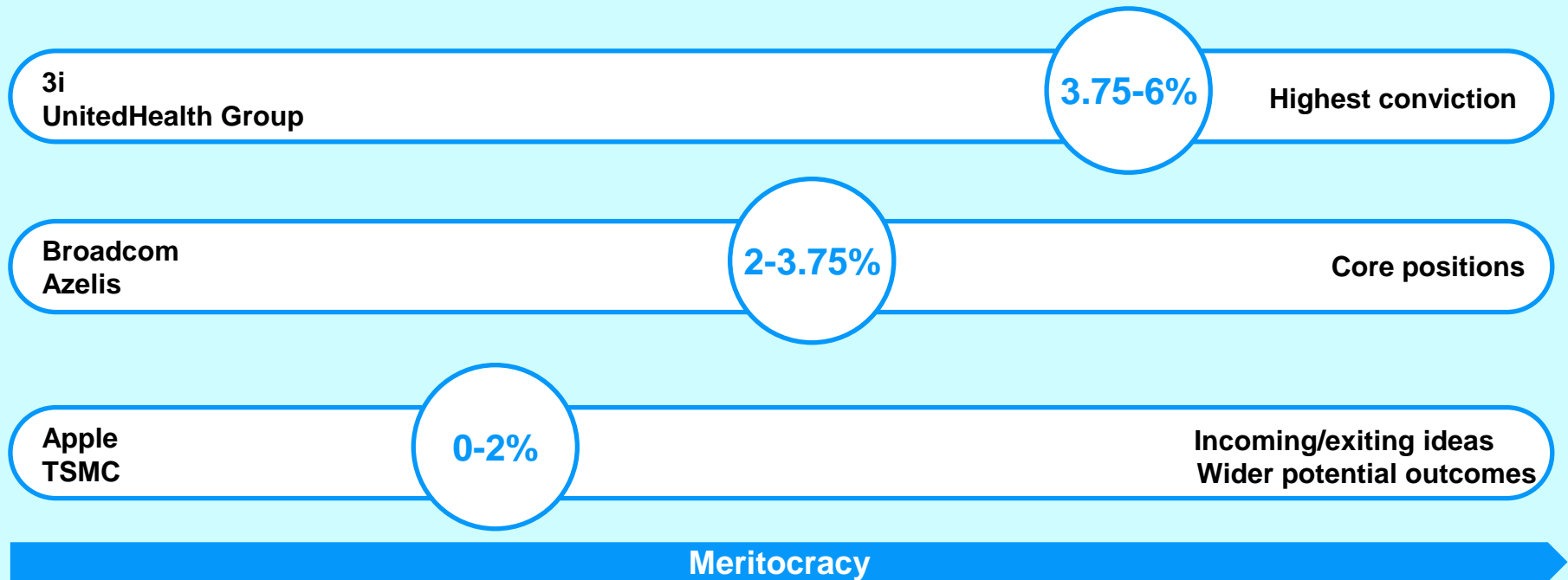
IDEAS: Approve the idea



For illustrative purposes only.

IDEAS: Structure the portfolio

Dynamic portfolio optimisation



For illustrative purposes only.

IDEAS: Structure the portfolio

Stock Comparison Sheet

Our company shortlist: ~100 stocks

3 components of total return

Company	Business Growth 3y CAGR* (estimate)	Multiple today	Fair Multiple in 3 years (estimate)	Re-rating 3y CAGR*	Dividends Yield p.a. (estimate)	Total return 3-y CAGR*
Stock A	7%	10x	14x	12%	3%	+22%
Stock B	8%	11x	12x	3%	4%	+15%
Stock C	20%	25x	20x	-7%	1%	+14%
Stock Y	12%	20x	16x	-7%	2%	+7%
Stock Z	6%	22x	20x	-3%	3%	+6%

Stocks are ranked by our estimated total annual return for the next 3 years

Source: Invesco. For illustrative purposes only. This table is an illustration and simplification of our proprietary stock comparison tool with earnings-per-share, earnings-based fair valuation ratio (P/E), and dividend yield estimates as inputs to derive a total return expectation for each stock. A more complete version of the stock comparison table, particularly for financial companies, would include return-on-equity estimates and asset-based valuation ratios such as the price-to-book ratio as inputs. *CAGR: cumulative annual growth rate.

IDEAS: Structure the portfolio

Sell decision



Fair value reached

Higher
opportunity cost or
portfolio risk/yield
consideration

Thesis change

For illustrative purposes only.

4

Risk philosophy

Embedded through the process

Stock level

- Detailed analysis and modelling of P&L and cash flow
- Independent accounting quality monitoring
- Formal monthly team meeting with daily team debate

Portfolio level

- Correlation analysis
- Style/factor bias monitoring
- Quarterly portfolio reviews with portfolio manager and risk manager

Centralised risk

- Annual CIO Challenge (Investment Oversight)
- Quarterly Independent Risk Function (IRF)
- Investment Risk

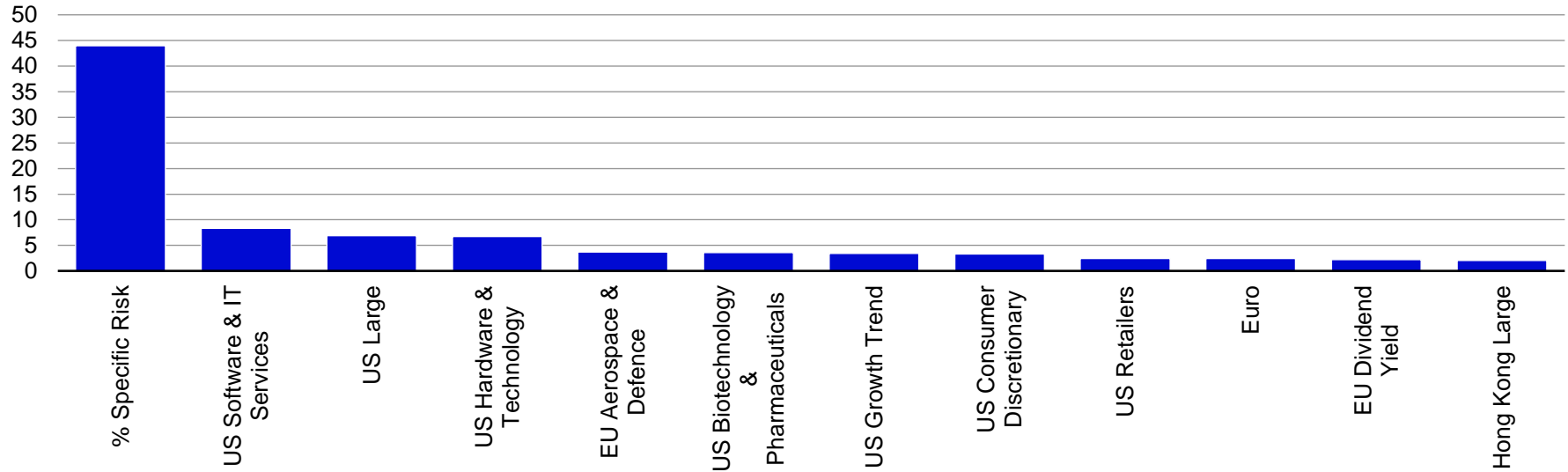
Risk is not just volatility, it is permanent loss of capital

Source: Invesco as at 30 June 2024. For illustrative purposes only.

Risk: Portfolio level

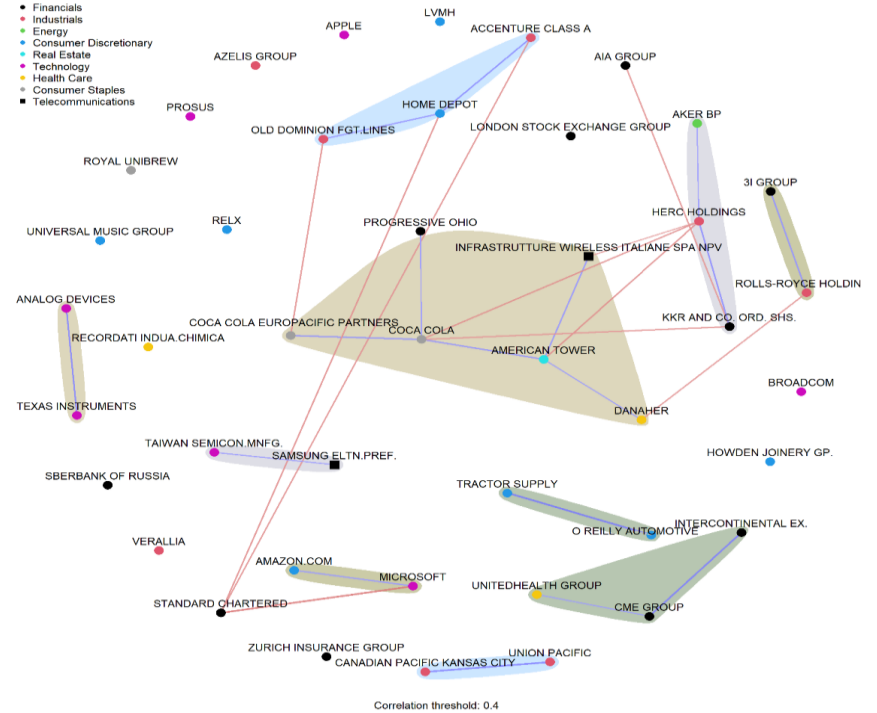
Factor contribution to tracking error – 2024

% contribution to the tracking error (Invesco Global Equity Income Fund)



Source: Invesco as at 30 June 2024. Tracking error is in relation to the MSCI World index.

Correlation of 13 week change over last 10 years Invesco Global Equity Income Fund



Source: ASR as at end June 2024.

The correlation of 13 week relative performance over the last 10 years shows that over a longer time period the portfolio has some hedges between the three more cyclical Finance related clusters and two Pharmaceutical orientated ones. Note: we require at least 7.5 years of price history to calculate a correlation. For illustrative purposes only.

Invesco Global Equity Income Fund

Portfolio parameters

- 40-50 stocks
- Minimum stock position size 1.0%, maximum 6%
- All holdings companies have >US\$2.5bn market cap
- Exposure to a minimum of 7 GICS sectors
- Maximum emerging markets exposure: 10% of portfolio
- Cash < 3%

Source: Invesco as at 30 June 2024. Internal limits, subject to change. The investment concerns the acquisition of units in an actively managed fund and not in a given underlying asset. The Fund may include investments such as transferable securities, money market instruments, warrants, undertakings for collective investment, deposits and other permitted investments.

Portfolio positioning

5

Invesco Global Equity Income Fund

Top ten holdings

- Active share 88%

Stocks	Fund (%)	MSCI World index (%)	Active +/- (%)	Project 12M Dividend Yield (%) ¹	3Y Dividend Growth Forecast (%) ¹
3i	5.2	0.1	5.1	2.1	4.7
UnitedHealthcare	4.7	0.8	3.9	1.4	9.3
Microsoft	4.0	4.3	-0.2	0.8	10.1
Rolls-Royce	4.0	0.1	3.9	n/a	n/a
Union Pacific	3.7	0.2	3.5	2.2	6.8
Texas Instruments	3.6	0.3	3.3	2.8	4.9
London Stock Exchange	3.4	0.1	3.3	1.3	8.8
Azelis Group	3.3	0.0	3.3	1.4	14.5
Coca-Cola Europacific Partners	3.2	0.0	3.2	2.9	4.4
Intercontinental Exchange	3.0	0.1	2.9	1.2	5.8
MSCI World Index				2.0	5.5

Source: Invesco as at 31 August 2024. Numbers are subject to rounding. Please note that the MSCI World index is not a target, constraining or comparator benchmark of the fund. The comparative information shown here is to illustrate the fund manager's active management investment approach. ¹Sourced from Bloomberg L.P. As at 9 September 2024. *Estimated, based on 2023 1yr growth.

3i

Dividend yield 2.1%

Company overview

Multinational private equity business based in London which has been running for over 70 years. Action, a European discount retailer, is the largest asset in the portfolio of companies and has over 2000 stores in 10 countries. US\$34bn market cap.

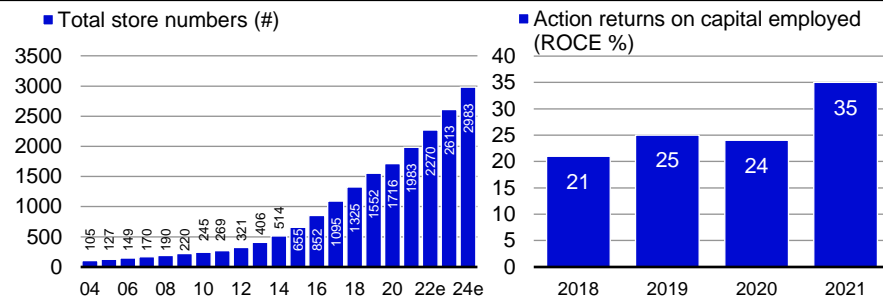
Key characteristics

- Well managed portfolio of assets run by a management team that has strong alignment to shareholders (CEO owns 1.6%), with a keen focus on cost control and has overseen consistent growth in book value per share.
- Largest asset, Action (leading non food retailer) is a high quality operation:
 - Quality: European retailer of the year, 3 years in a row
 - Cashflow: 1 year payback (1x P/E) on new store
 - Growth: 2,000 stores today
 - Climate: "clear leader in integrating ESG principles" MSCI
 - 10%+ dividend growth per annum over the last 5 years.

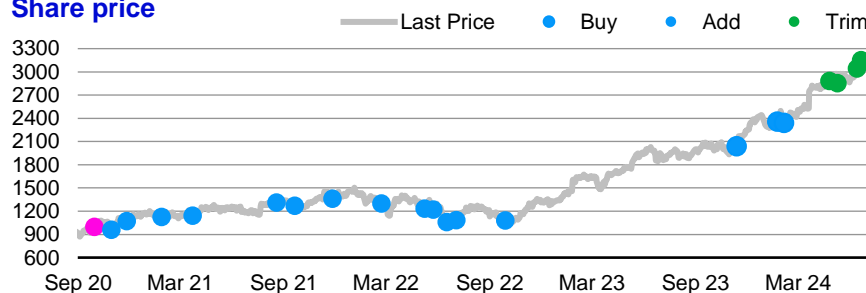


Investment insight

'One of the best businesses in Europe, hidden in a financial'



Share price



Top two charts source: BNP Paribas Exane estimates, return on capital employed = EBIT / (total assets (including RoU assets – current liabilities)). As at 8 July 2024. For illustrative purposes only.

Invesco Global Equity Income Fund

Sector weightings

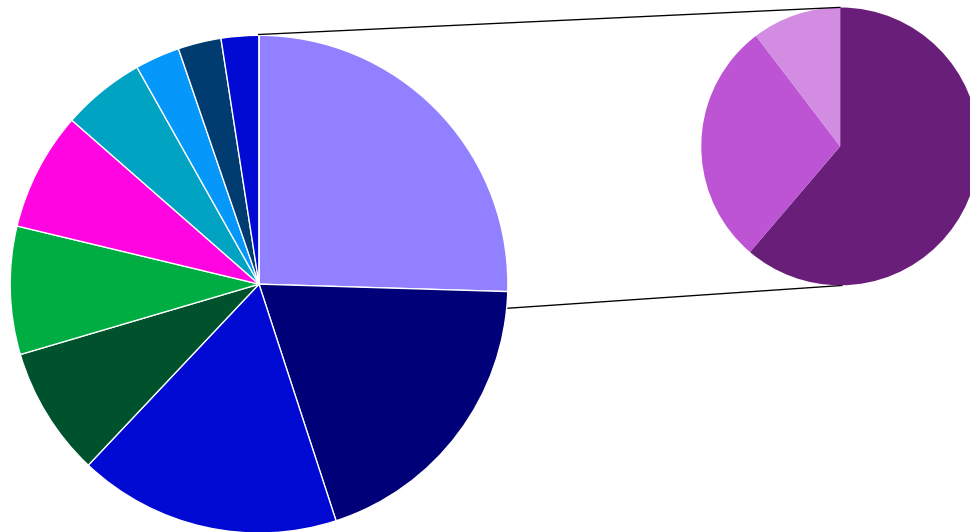
Sector	Portfolio (%)	Active weight (%)	MSCI World (%)
Financials	25.5	10.0	15.5
Industrials	19.2	8.3	11.0
Consumer Staples	7.5	0.9	6.5
Real Estate	2.7	0.4	2.3
Materials	2.3	-1.4	3.7
Consumer Discretionary	8.5	-1.4	9.9
Energy	2.2	-1.9	4.1
Communication Services	5.0	-2.3	7.4
Utilities	0.0	-2.6	2.6
Health Care	9.3	-3.0	12.3
Information Technology	15.7	-9.0	24.7

Source: Invesco as at 31 August 2024. Portfolio holdings/characteristics are subject to change without notice.

Invesco Global Equity Income Fund

Sector weightings

- Financials
- Industrials
- Information Technology
- Health Care
- Consumer Discretionary
- Consumer Staples
- Communication Services
- Materials
- Real Estate
- Energy
- Utilities

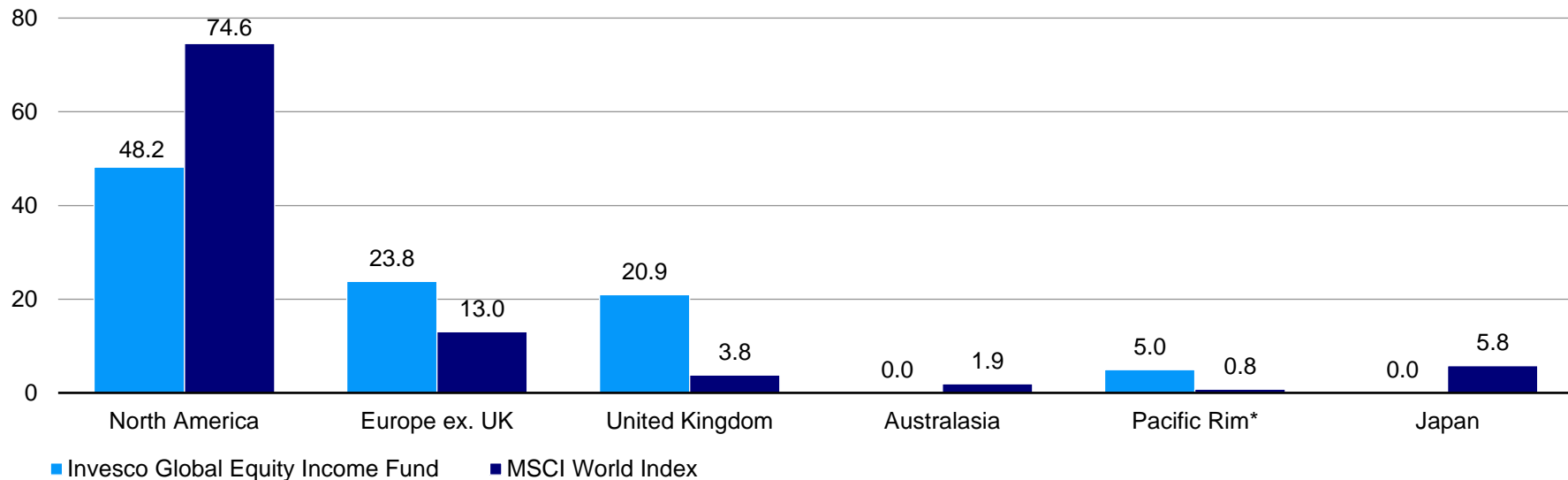


Source: Invesco as at 31 August 2024.

Invesco Global Equity Income Fund

Regional weights

Portfolio breakdown (%)



Source: Invesco as at 31 August 2024. *Pacific Rim = Includes HK & China and Singapore. Holdings may change without notice.

Invesco Global Equity Income Fund

Portfolio characteristics

Characteristic	Global Equity Income Fund	MSCI World index
Price to Earnings (12m fwd)	17.0x	18.7x
Return on Equity	15.9%	14.0%
Dividend Yield (12m fwd)	2.3%	1.9%
Debt/EBITDA	2.4x	3.1x

Source: Bloomberg as at 31 August 2024. Characteristics are trailing 12 month figures except Dividend Yield and Price to Earnings which are next 12 months.

6

Invesco Global Equity Income Fund

Net returns at 31 August 2024 (Z-Acc USD shares)

Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.

Calendar year returns USD (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Invesco Global Equity Income Fund	-0.09	0.36	1.89	23.08	-14.44	24.10	4.74	20.35	-10.95	28.51
MSCI World index	4.94	-0.87	7.51	22.40	-8.71	27.67	15.90	21.82	-18.14	23.79
EAA Fund Global Equity Income	1.16	-3.04	5.37	18.58	-11.39	21.61	4.87	17.13	-11.91	13.61

Annualised* returns USD (%)	Q2 2024	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Invesco Global Equity Income Fund	2.86	8.22	12.70	13.65	24.26	10.79	13.51	7.77
MSCI World index	2.63	6.58	10.65	16.72	24.43	6.90	13.11	9.57
EAA Fund Global Equity Income	0.48	6.31	9.88	12.28	18.43	4.83	8.80	5.64

Quartile ranking	1	1	1	2	1	1	1	1

12-month rolling net performance	31/08/15	31/08/16	31/08/17	31/08/19	31/08/19	31/08/20	31/08/21	31/08/22	31/08/23	31/08/24
Invesco Global Equity Income Fund	-3.75	0.63	15.75	6.77	-6.34	4.04	33.18	-12.96	25.73	24.26
MSCI World index	-4.13	6.68	16.19	13.10	0.26	16.79	29.76	-15.08	15.60	24.43
EAA Fund Global Equity Income	-7.61	5.85	11.68	5.80	-1.71	5.41	25.53	-12.70	11.44	18.43

Source: Morningstar © 2024. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Fund performance figures are shown for the Z Acc share class in USD, inclusive of reinvested income and net of ongoing charges and portfolio transaction costs. The performance data shown does not take account of the commissions and costs incurred on the issue and redemption of units. Benchmark source: Invesco, net return, in USD. *Periods over one year are annualised. As the Fund is actively managed, it is not intended that the performance of the Share Class will track the performance of MSCI World Index (Net Total Return) (the "Benchmark"). As at 2 August 2021, this share class is now the Primary share class for this fund. As this share class was launched on 21 August 2013, for the periods prior to this launch date, performance figures are that of the A share class, without any adjustment for fees. More information on the peer groups can be found at www.morningstar.com. Peer group: EAA Fund Global Equity Income. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time. Please note the EAA Fund Global Equity Income peer group is not a target, constraining or comparator benchmark of the fund. The comparative information shown here is to illustrate the fund manager's active investment approach and provide broader market context.

Invesco Global Equity Income Fund

Gross performance at 31 August 2024

Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.

Calendar year returns USD (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Invesco Global Equity Income Fund	0.92	1.38	2.92	24.29	-13.60	25.30	5.76	21.53	-10.08	29.78
MSCI World index	4.94	-0.87	7.51	22.40	-8.71	27.67	15.90	21.82	-18.14	23.79
Out/Underperformance	-4.02	+2.25	-4.59	+1.89	-4.89	-2.37	-10.15	-0.29	+8.06	+6.00

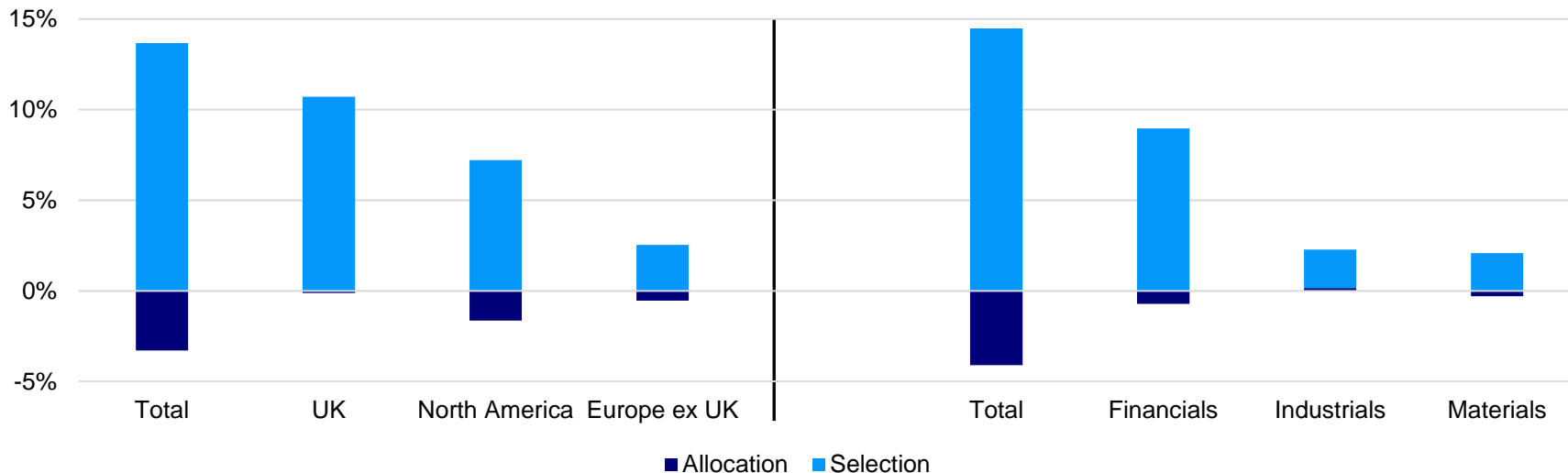
Annualised* returns USD (%)	Q2 2024	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Invesco Global Equity Income Fund	3.11	8.48	13.25	14.39	25.48	11.88	14.62	8.83
MSCI World index	2.63	6.58	10.65	16.72	24.43	6.90	13.11	9.57
Out/Underperformance	+0.48	+1.91	+2.61	-2.33	+1.05	+4.97	+1.51	-0.74

Source: Invesco. Performance figures are shown in USD, inclusive of reinvested income and gross of ongoing charges and portfolio transaction costs. The performance data shown does not take account of the commissions and costs incurred on the issue and redemption of units. Benchmark source: Invesco, net return, in USD. Exchange rate fluctuations may impact negatively the value of the investment. Please see Net Performance slide for the impact of all fund charges, including ongoing charges. *Periods over one year are annualised. As the Fund is actively managed, it is not intended that the performance of the Share Class will track the performance of MSCI World Index (Net Total Return) (the "Benchmark").

Evidence of Skill

Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.

Performance attribution (3-year)



Source: Invesco, as of 30 June 2024; monthly total returns in USD (gross of fees). Time period: 01/07/2021 to 30/06/2024. Attribution figures are estimates and should be used for indicative purposes only

Invesco Global Equity Income Fund

Performance attribution, impact (bps)

Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.

Attribution – 1 year			
Top five stocks by impact	(%)	Bottom five stocks by impact	(%)
3i Group Plc	2.23	NVIDIA Corporation	-2.68
Broadcom Inc.	1.85	Verallia S.A.	-1.94
Rolls-Royce Holdings plc	1.79	AIA Group Limited	-1.85
KKR & Co. Inc.	1.63	Azelis Group NV	-1.54
Progressive Corporation	1.33	Reckitt Benckiser Group plc	-1.04

Attribution – 3 years			
Top five stocks by impact	(%)	Bottom five stocks by impact	(%)
3i Group Plc	6.10	NVIDIA Corporation	-3.39
Broadcom Inc.	4.72	AIA Group Limited	-2.84
Progressive Corporation	2.50	American Tower Corporation	-2.06
Rolls-Royce Holdings plc	2.48	Reckitt Benckiser Group plc	-1.74
BE Semiconductor Industries N.V.	2.45	Aker BP	-1.66

Source: Invesco, 1 year from 31 July 2023 to 31 July 2024, 3 year from 31 July 2021 to 31 July 2024. GBP returns. Attribution figures are estimates and should be used for indicative purposes only. Data cleansing and retrospective information availability may cause changes.

7

Sustainability

- **We believe in ‘responsible ownership’**
 - Our Henley-based Investment Centre has a heritage of long-term ownership and engagement
 - Divestment should be a last resort as it eliminates the power to engage as owners
- **The ESG industry is relatively immature**
 - Data sets are incomplete, inconsistent and often make drawing comparisons difficult
 - ESG data can be used to aid judgements on company **culture, values and behaviour**
 - We believe thoughtful ESG analysis can help determine future risk and reward
 - We seek to use ESG data to highlight potential ‘red flags’
- **We believe ESG ‘momentum’ can be an important determinant of share price evolution**

Any investment decision should take into account all the characteristics of the fund as described in the legal documents. For sustainability related aspects, please refer to www.invesco.com

Investment strategy

The list of activities and their appropriate thresholds to define the exclusion are articulated below:

UN Global Compact	<ul style="list-style-type: none">• Non-compliant
International sanctions¹	<ul style="list-style-type: none">• Sanctioned investments are prohibited
Controversial weapons	<ul style="list-style-type: none">• 0%, including companies involved in the manufacture of nuclear warheads or whole nuclear missiles outside of the NPT
Coal	<ul style="list-style-type: none">• Thermal coal extraction: $\geq 5\%$ of revenue• Thermal coal power generation: $\geq 10\%$ of revenue
Unconventional oil & gas	<ul style="list-style-type: none">• $\geq 5\%$ of revenue on each of the following:• Arctic oil & gas exploration• Oil sands exploration• Shale energy extraction
Tobacco	<ul style="list-style-type: none">• Tobacco related products production: $\geq 5\%$ of revenue• Tobacco related products and services: $\geq 5\%$ of revenue
Others	<ul style="list-style-type: none">• Recreational cannabis: $\geq 5\%$ of revenue

¹At Invesco we continuously monitor any applicable sanctions, including those imposed by the UN, US, EU and UK. These sanctions may preclude investments in the securities of various governments/regimes/entities and as such will be included in our compliance guidelines and workflows designed to ensure compliance with such sanctions. The wording of international sanctions is something that we pay particular attention to as there are occasions where sanctions can exist in limited form, for example allowing investments in the secondary market. Any investment decision should take into account all the characteristics of the fund as described in the legal documents. For sustainability related aspects, please refer to www.invescomanagementcompany.lu

IDEAS: Structure the portfolio

Essentia – reducing behavioural bias

Latest Feedback

EPISODE KPMS | **Single Categoriser Performance**

Investigating KPMS when broken down by **Holding Period**.

01-Apr-2020 to 05-Jan-2023 | **Not annualised** | **Relative performance** | **Long positions**

ROI **9.1%** Hit Rate **61%** Payoff **110%** Impact **9.1%**
51 v 33

Holding Period		Episode Count	ROI	Hit Rate	Payoff	Impact
Long	Very Long	>565 days [24]	10.1%	71%	97%	6.35%
	Long	290-565 .. [24]	7.5%	58%	97%	1.84%
Short	Medium	103-289 .. [23]	-12.4%	57%	82%	0.20%
	Short	32-102 d.. [11]	-25.6%	45%	301%	0.66%
Very Short	Very Short	<32 days [2]	10.9%	100%		0.09%

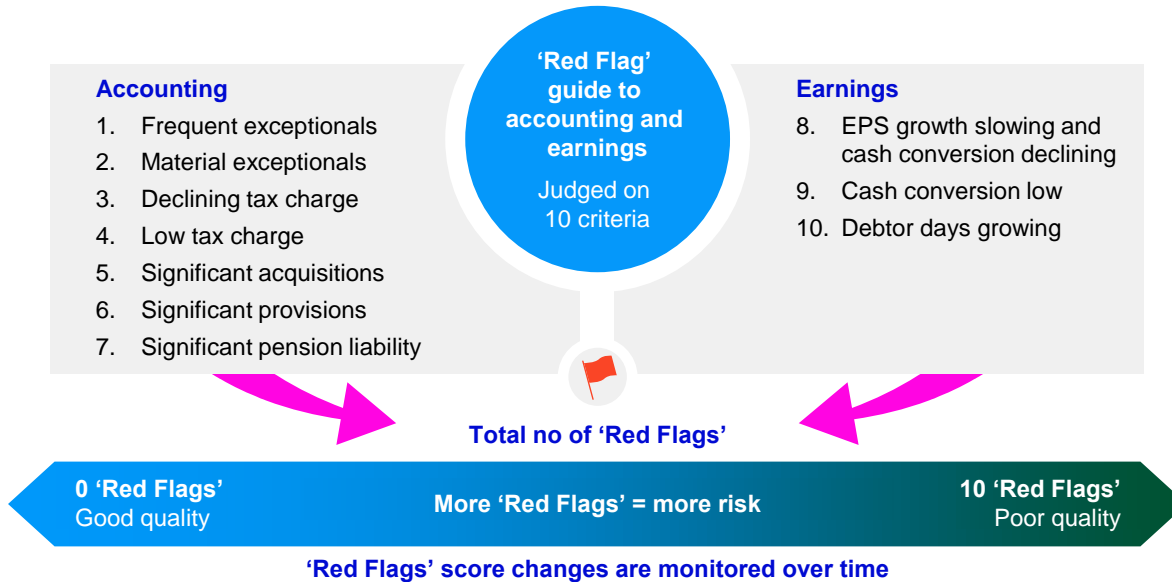
Click to sort -->

- “We have noted that Stephen and Joe have been **successful in generating alpha** through their duration strategy, **picking winners with a significantly high hit rate (71%) in stocks they own for longer than 2 years.**”
- “**Still more attention is needed in Exit timing**, especially into unfavourable momentum and scaling out into poor price momentum”

Source: James MacMillan at Essentia Analytics as at 13 January 2023.

Risk: Stock level

Accounting quality monitoring



- Reviewed quarterly
- Increase in red flags triggers further analysis
- Delta, not absolute number is key

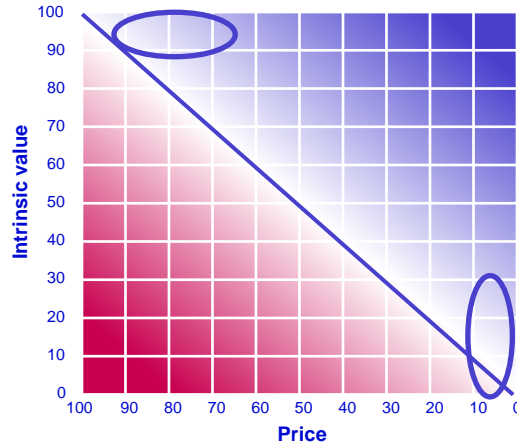
For illustrative purposes only.

Risk: Stock level

Avoiding value traps

Characteristics of a value-trap

- Consensus views generally lazy and backward looking
- Value-traps often 'look' cheap
- Potential competitive disruption
- High operational and financial gearing
- Aggressive accounting
- Weak alignment of management



Characteristics of a value stock

- Idea likely to be **contrarian** in nature
- Shares trade at **discount** to industry peers/market
- **Business economics** favourable and sustainable
- **Balance sheet** tends to be strong
- **Accounting** to be clean
- **Management** likely to have significant direct investment

Short term investor behaviour can create a wide divergence between perception and reality. This creates opportunity for the long term investor.

For illustrative purposes only.

Essentia, Behavioural Bias & Portfolio Construction

Mitigating Hindsight Bias

1 → I added to this stock because:

A Price down, earnings same = more attractive forecast return

B Earnings up more than price = more attractive forecast return

C Increased conviction in business, outcome, thesis, management

D Portfolio reasons > balancing factor, sector, geography, yield

E Cash flow

F Other

OK ✓

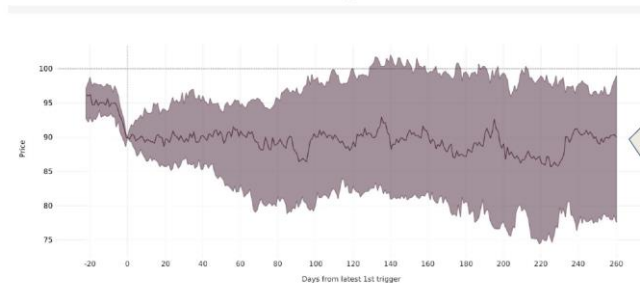
Tracking Outcomes



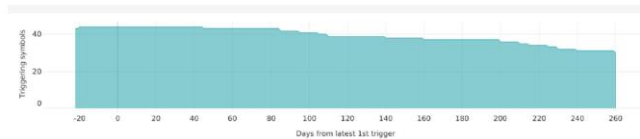
VPL - is it actually working as envisaged - from April 2020 as requested



(BETA) DECISION POINT | Vulnerable Positions Evolution
Symbols triggering 03-Apr-20 to 16-Sep-22 | Relative mode | 10.0% Drawdown | All positions |
Categorized by Portfolio Weight (Very High, High, Medium and 2 more categories)



This was the chart you requested - much less of an issue than the Jan 2020 start point.



CONFIDENTIAL | 30

Source: James MacMillan at Essentia Analytics – 28 November 2022.

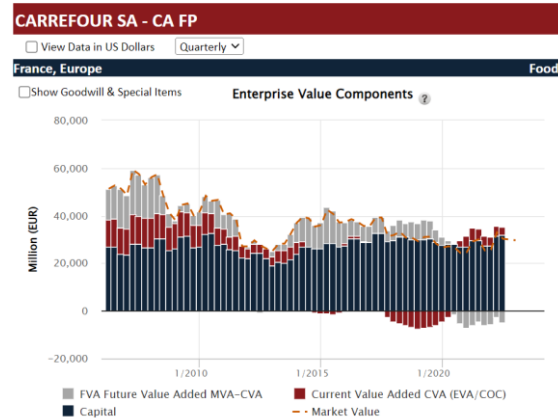
Where have we made mistakes?

Eliminating risk patterns

Common patterns

- **Risk.** Accounting red flags – “Red Zone”
- **Cash Flow.** Reported FCF overstates “owners” FCF
- **Quality.** Sporadic / No EVA Generation
- **Growth.** 0% EPS growth over 20 years
- **Narrative.** Too much trust in Management change story

Sporadic / No EVA Generation



Accounting red flags – “Red Zone”



Source: Middle chart: <https://www.evaexpress.com/Default.aspx?tic=&tab=> - accessed 06 March 2023.

RHS: <https://www.canaccordquest.com/quest/#!/latest/World/company/31473/summary> - accessed 06 March 2023.

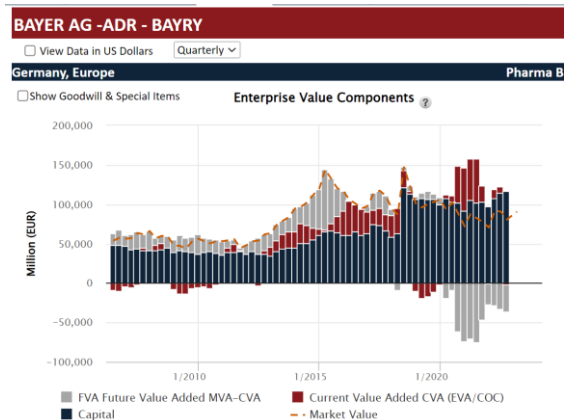
Where have we made mistakes?

Eliminating risk patterns

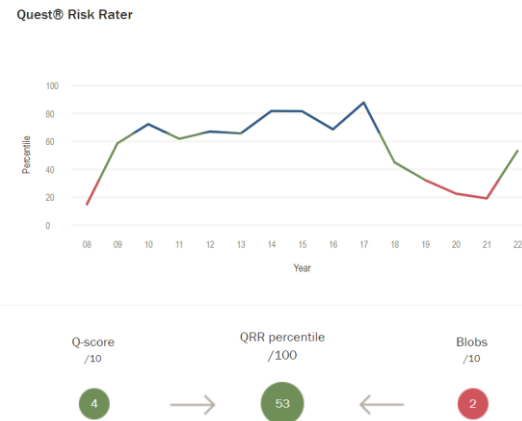
Common patterns

- **Risk.** Accounting red flags – “Red Zone”
- **Cash Flow.** Reported FCF overstates “owners” FCF
- **Quality.** Sporadic / No EVA Generation
- **Growth.** FCF per share growth of 0% since 2011
- **Narrative.** Too much trust in Management change story

Sporadic / No EVA Generation



Accounting red flags – “Red Zone”




Source: Middle chart: <https://www.evaexpress.com/Default.aspx?tic=&tab=> - accessed 06 March 2023.

RHS: <https://www.canaccordquest.com/quest/#/latest/World/company/31473/summary> - accessed 06 March 2023.

Qualitative Research confirms Quantitative Inputs

Determine – 10 Key Questions



Determine

Date	
Progress to Evaluate?	
Idea Source (specific screens/letter/person)	
Price alert @ price of & PE of	
Initial Interest (X/10)	
Sell-side analysts who have been useful	
Author	

Initial ESG View	Sustainalytics:	MSCI:	CDP:
------------------	-----------------	-------	------

1. What is the balance sheet like? (headline ND/EBITDA)
2. What is the QRR and what has the trend been? (screen clip; above 80 and stable preferred)
3. Is it an EVA compounder, with a discount to history on 3/5-year FGR?
4. Is this a management team and business generating positive feedback loops - ie growing and getting better? (Action/DHR etc) Prove why.

Evaluate – Deep Research



Evaluate

Company – price

Date	X
Recommendation	X
Out of 10	
Have you read the annual report cover to cover?	
Idea Source	X
Sell-side analysts spoken with	
Author	X
Industry E/S/G	Best in class / above average / average / below / worst
Company E/S/G	Best in class / above average / average / below / worst
CDP Score	
Investment thesis	•

“SCS” – Focus Capital on best r/r

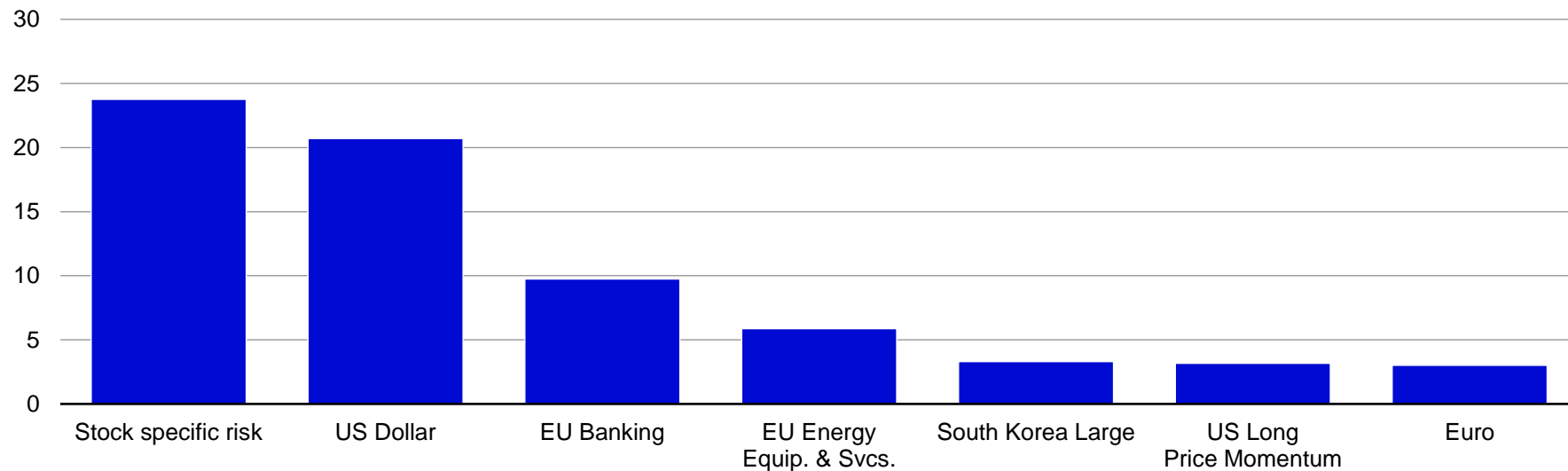
Name (Colour to highlight analyst conviction)	GGG	P/E (FCF) or P/B	2025 Est P/B (FCF)	Exit Multiple	Exit Price	Add net cash (net debt)	3 Year Total Div	3 Yr Holding Period Adj.	1Y TSR
3I GROUP PLC	GGG	P/B	2,423.00	1.0	2,423.00		146.0	3.2	21.5%
AMAZON.COM INC EV/EBITDA	GGG	EV/EBITDA	9.52	18.0	173.36			3.0	20.8%
VOLKSWAGEN AG-PREF	GGG	P/E	28.01	6.5	182.09	62.89	22.7	2.0	47.2%
BROADCOM INC	GGG	EV/EBITDA	57.59	16.0	921.47	-19.62	68.4	2.8	20.4%
VERALIA	GGG	P/E	3.8	14.0	52.64		3.8	2.0	32.3%
AMERICAN TOWER CORP	GGG	P/E	7.04	52.6	370.53		18.4	2.0	30.1%
TAIWAN SEMICONDUCTOR MANUFAC	GGG	P/E	46.00	15.0	690.00	46.00	45.0	3.0	16.1%
AIA GROUP LTD	GGG	P/B	128.50	1.0	128.50	0.00	5.3	2.0	25.7%
STANDARD CHARTERED PLC	GGG	P/B	18.99	0.7	12.35		0.7	2.0	23.8%
KKR & CO INC	GGG	P/E	3.05	16.0	48.80	46.27	2.8	3.0	22.5%
ALPHABET INC-CL A Includes net cash	GGG	P/E	6.80	20.0	136.00		10.49	3.0	17.6%
SAMSUNG ELECTRONICS CO LTD PE	GGG	P/E	7,336.00	13.5	99,636.00	27,863.00	4,332.00	3.0	19.6%
INSTALLED BUILDING PRODUCTS	GGG	P/E	7.89	15.0	114.45		7.0	2.0	8.5%
HERC HOLDINGS INC	GGG	P/E	16.38	12.0	196.56		8.1	2.0	18.1%
CANADIAN PACIFIC RAILWAY LTD	GGG	P/E	5.64	20.0	112.80		2.4	2.0	4.6%
PROGRESSIVE CORP	GGG	P/E	11.20	17.0	190.40		16.4	3.0	15.9%
PING AN INSURANCE GROUP CO-H	GGG	P/B	59.97	1.2	71.97		9.0	2.0	17.1%
UNIVERSAL MUSIC GROUP NY	GGG	EV/EBIT	1.26	22.5	28.29	1.13	1.57	2.0	15.5%
INTERCONTINENTAL EXCHANGE IN	GGG	P/FCF	7.18	21.0	150.78		6.7	3.0	11.8%
FERGUSON PLC	GGG	P/E	9.34	19.0	177.46		8.0	2.5	12.6%
MICROSOFT CORP	GGG	P/E	13.90	22.5	312.75		5.7	2.4	12.4%
HOME DEPOT INC	GGG	P/E	16.20	20.0	324.00		2.0	2.0	2.2%
ASTER BP ASA - DCF	GGG	P/E	0.0	37.00			22.3	3.0	11.2%
ZURICH INSURANCE GROUP AG	GGG	P/E	39.50	13.0	513.50		86.7	3.0	10.7%
JPMORGAN CHASE & CO	GGG	P/E	13.99	12.0	167.88		12.1	2.0	12.5%
TENCENT HOLDINGS LTD	GGG	P/B	18.80	20.0	376.00	148	5.0	2.0	5.5%
LINK REIT	GGG	P/NAV	48.26	1.0	48.26		13.2	3.2	8.5%
NVIDIA CORP	GGG	P/E	6.41	25.0	160.25	2.90	0.8	3.0	1.6%
AIRBUS SE	GGG	P/E	8.35	15.0	125.25		5.8	2.0	6.8%
DIAGEO PLC	GGG	P/E	194.30	21.0	4,080.30		272.0	2.4	6.8%
TEXAS INSTRUMENTS INC	GGG	P/E	7.12	20.0	142.40		14.7	2.0	4.5%
RELI PLAC	GGG	P/E	1.23	24.0	29.52	-3.12	1.5	2.0	8.0%

Source: Internal as at 17 January 2023.

Risk: Portfolio level

Factor contribution to tracking error – end 2019

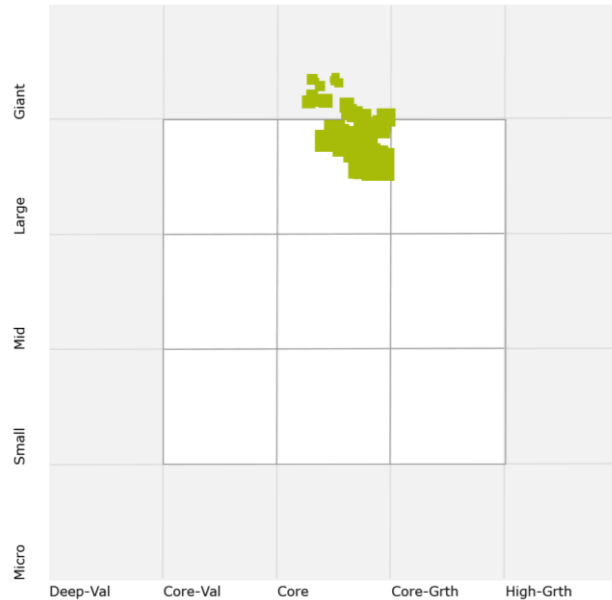
% contribution to the tracking error (Invesco Global Equity Income Fund)



Source: Invesco as at 31 December 2019. Tracking error is in relation to the MSCI World index.

Invesco Global Equity Income Fund

Holdings-based style trail



Source: Morningstar Direct, as at 31 December 2023. Covering the period of 31 December 2021 to 31 December 2023.

Important information (1)

This marketing communication is exclusively for use by professional investors in Continental Europe as defined below, Qualified Clients/Sophisticated Investors in Israel and Professional Clients in Dubai, Jersey, Guernsey, Isle of Man and the UK. It is not intended for and should not be distributed to the public.

For the distribution of this communication, Continental Europe is defined as Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden and Switzerland

Data as at 31.08.2024, unless otherwise stated. By accepting this material, you consent to communicate with us in English, unless you inform us otherwise. This is marketing material and not financial advice. It is not intended as a recommendation to buy or sell any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication. Views and opinions are based on current market conditions and are subject to change. For information on our funds and the relevant risks, refer to the Key Information Documents/Key Investor Information Documents (local languages) and Prospectus (English, French, German, Spanish, Italian), and the financial reports, available from www.invesco.eu. A summary of investor rights is available in English from www.invescomanagementcompany.lu. The management company may terminate marketing arrangements. Not all share classes of this fund may be available for public sale in all jurisdictions and not all share classes are the same nor do they necessarily suit every investor.

The Forecast Yield reflects distributions forecast for the next twelve months as a percentage of the mid-market price of the fund. The yield assumes that the fund's portfolio remains unchanged. It is not guaranteed and investors may be subject to tax on distributions. It does not reflect any charges.

Issued by Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg.

Important information (2)

Dubai: Invesco Asset Management Limited, Index Tower Level 6 - Unit 616, P.O. Box 506599, Al Mustaqbal Street, DIFC, Dubai, United Arab Emirates. Regulated by the Dubai Financial Services Authority. **Guernsey:** The fund can only be promoted to Professional Clients. **Israel:** Issued by Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority. No action has been taken or will be taken in Israel that would permit a public offering of the Fund or distribution of this document to the public. This Fund has not been approved by the Israel Securities Authority (the ISA). The Fund shall only be sold in Israel to an investor of the type listed in the First Schedule to the Israeli Securities Law, 1968, who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto and further that the Fund is being purchased for its own account and not for the purpose of re-sale or distribution, other than, in the case of an offeree which is an Sophisticated Investor, where such offeree is purchasing product for another party which is an Sophisticated Investor. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995 ("the Investment Advice Law"). Neither Invesco Ltd. nor its subsidiaries are licensed under the Investment Advice Law, nor does it carry the insurance as required of a licensee thereunder. This document does not constitute an offer to sell or solicitation of an offer to buy any securities or fund units other than the fund offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person

making such offer or solicitation is not qualified to do so, or to a person to whom it is unlawful to make such offer or solicitation. **Switzerland:** Issued by Invesco Asset Management (Schweiz) AG, Talacker 34, CH-8001 Zurich, who acts as representative for the funds distributed in Switzerland. Paying agent in Switzerland: BNP PARIBAS, Paris, Zurich Branch, Selnaustrasse 16 8002 Zürich. The Prospectus, Key Information Document, and financial reports may be obtained free of charge from the Representative. The funds are domiciled in Luxembourg. **Jersey:** Consent under the Control of Borrowing (Jersey) Order 1958 (the "COBO Order") has not been obtained for the circulation of this communication. The offer that is the subject of this communication may only be made in Jersey where it is valid in the United Kingdom.

EMEA3844143/2024