



Invesco Asset Management Limited

Firm Brochure (Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Invesco Asset Management Limited. If you have any questions about the contents of this brochure, please contact a member of our Compliance Department at:

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The information contained in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Invesco Asset Management Limited is available on the SEC's website at: www.adviserinfo.sec.gov

Registration does not imply a certain level of skill or training.

March 27, 2015

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

No material changes have occurred since the previous release of the firm brochure.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact a member of our Compliance Department by telephone at: +44 (0) 1491 417 031 or alternatively email: paul_campbell@invescoperpetual.co.uk

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Advisory Business

Firm Description

Invesco Asset Management Limited (IAML)

Invesco Asset Management Limited ("IAML") is an indirect wholly owned subsidiary of Invesco Limited ("Invesco Ltd"). Further details on Invesco Ltd can be found below.

The principal activity of IAML is the provision of investment management services on both a discretionary and non-discretionary basis to pension and profit sharing plans, educational institutions, investment companies, insurance companies, individuals and holding companies. IAML also acts as investment advisor for a number of mutual funds on a sub-advised basis.

IAML is authorized and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom. Additionally, IAML is registered with the United States Securities and Exchange Commission as a registered investment adviser.

Invesco Ltd (Invesco)

Invesco Ltd ("Invesco") is an independent global investment management organization serving retail, institutional and high-net-worth clients around the world and whose sole focus is investment management. With no distractions from competing interests, all global resources and local commitment can be focused on providing clients with the investment expertise and client service they seek.

Specialized investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes including real estate, private equity and commodities. These strategies are managed across investment centers worldwide, each of which focus on distinct asset classes, investment styles or regional expertise and adhere to clearly defined investment philosophies aligned with client expectations.

Through a distinctive combination of independent thought within individual investment centers and collaboration across investment centers, Invesco Ltd provides clients the reach and resources of a global organization and the focus and attention of a boutique firm. Invesco's investment capabilities are diverse and specialized, global in reach yet local in presence. Processes are disciplined yet can be delivered in customized ways.

History

The company was incorporated on 7th March 1969 as Cavalier Securities Limited. The name of the company was changed to Drayton Portfolio Management Limited on 11th October 1973, to Drayton Montagu Portfolio Management Limited on 2nd May 1974, to Montagu Investment Management Limited 29th October 1982, to MIM Limited on 1st August 1985, to Invesco MIM Management Ltd on 1st January 1991 and to Invesco Asset Management Limited on 21st June 1993.

Types of Advisory Services

IAML is an investment management company that manages segregated institutional accounts and other mutual pooled funds on a sub-advised basis.

IAML also provides investment advisory services to structured funds such as Collateralized Loan Obligations "CLOs".

IAML operates a number of different investment centers. These include:

Invesco Perpetual (IP)

Invesco Perpetual ("IP") is a business name of IAML in the United Kingdom. IAML manages assets for institutional investors and mutual funds (both onshore and outside the UK) through a broad product range.

Through a specialist institutional division IP is able to deliver multi-product, style and process solutions to institutions including public bodies, local authorities, corporate bodies, charities and other sophisticated investors.

Located in Henley on Thames the team structure exhibits many typical boutique firm advantages. Small high quality teams, a location away from the main UK investment centers fosters a culture of independent thought in an environment where challenge and discussion are encouraged.

Invesco Global Liquidity London (Global Liquidity)

Invesco Global Liquidity London ("Global Liquidity") is a specialist Money Market Fund manager based in the UK since 1994 with funds domiciled in the United States, Canada and Europe.

As a specialist in cash management Global Liquidity sub-advises on a range of money market pooled investment vehicles which actively invest their assets in a diversified portfolio of high grade, short-term money market instruments.

Invesco Fixed Income London (IFI)

The Invesco Fixed Income London ("IFI") investment management team operates worldwide, with operations in the United States, the United Kingdom, Continental Europe and Australia.

Product offerings cover an array of investor needs including money market funds, global bond funds, European focused funds, and specialty sectors such as broad alpha funds and emerging market funds.

IFI provides a full range of investment solutions for institutional clients including pension funds, insurance companies and sovereign wealth funds worldwide. It also sub-advises on a range of mutual pooled funds on behalf of IAML.

Please note that Global Liquidity and IFI form part of the same business area but are two distinct units. For the purposes of this document they have been referred to individually.

Invesco Real Estate (IRE)

Invesco Real Estate ("IRE") is the property investment management arm. It operates in the UK as a division of IAML. IRE has been providing full service investment solutions in the US since 1983, in Europe since 1996 and in Asia since 2006. Expertise ranges from fund management and structuring finance, acquisitions and asset management.

Through a network of 14 offices around the globe, IRE is ideally placed to provide a wide range of cross border real estate investment products and services to international institutional clients. Clients include:

- Insurance Companies
- Pension Funds
- Banks
- Asset Managers
- Fund of funds

IRE manages real estate assets on a separate account and a pooled fund basis. The choice of vehicle depends on the investor's requirement and investment goals. IRE currently manages real estate investment solutions for clients via a range of fund strategies investing in the office, retail, industrial and hotel sectors and in all European property markets.

Asset Management

Assets under management for IAML have been calculated as at December 31, 2014 and are detailed below:

	U.S. Dollar Amount
Discretionary:	\$139,670,095,155.00
Non-Discretionary:	\$0.00
Total:	\$139,670,095,155.00

Please Note:

Where necessary the information detailed throughout this brochure has been answered in respect of each investment center:

- Invesco Perpetual (IP)
- Invesco Global Liquidity London (Global Liquidity)
- Invesco Fixed Income London (IFI)
- Invesco Real Estate (IRE)

Fees and Compensation

The fees described in this section are strictly for the provision of investment advisory services and do not include other fees that a client account may incur, such as custody fees or fees charged by other service providers retained by the accounts. IAML does not receive, or participate in the sharing of custody fees or otherwise receive any benefit as a result of custodial arrangements entered into by its clients' accounts.

Description

Institutional Segregated Accounts

Where IAML manages segregated institutional accounts, management and performance fees are charged. Management fees are negotiated with the client and charged on a monthly basis or quarterly subject to agreement.

Performance fees are charged on an annual basis although subject to agreement can be charged quarterly.

Please refer to the Institutional Segregated Accounts IP fee schedule in [Appendix A](#) from which forms the basis from which negotiations can start.

Sub-Advised Accounts

Where IAML provides investment management services on a sub-advised basis i.e. on behalf of another investment adviser within the Invesco group, IAML will receive 40% of the net management and performance based fees charged (net management fees are fees net of any rebates).

Management fees are paid out of fund assets to the fund's investment adviser (or its affiliates) for managing the fund's investment portfolio. Clients are therefore not invoiced and do not have fees deducted from their accounts.

Fees are not charged in advance of any investment management service being provided.

Invesco Perpetual

Negotiations with the client will centre on the mandate's investment guidelines, client reporting requirements and access to the investment team.

Fees are agreed at the point of completing the Investment Management Agreement for an institutional mandate.

Please note that IP mutual funds do not accept US investors.

Invesco Fixed Income London

For the institutional market in the US, IFI will typically provide global or international bond solutions on a separate account basis. A standard fee schedule for such Global Aggregate strategies (those comprising government bonds and non-government bonds) is detailed below.

0.40% on the first \$50 million

0.30% on the next \$50 million

0.25% for additional amounts thereafter

For institutional separate accounts, fees can be negotiated based on other commercial factors which may include pricing trends observed within the competitive peer group for similar strategies, the strength of the client relationship and potential for asset growth going forward.

Fees are agreed upfront and may be reassessed at the end of the contract period or in exceptional circumstances i.e. where the mandate is at risk due to underperformance, lower fees may be considered.

Further details on fees can be found in the relevant fund prospectus.

Invesco Real Estate

Fees are not standard for IRE and are based on assets under management either calculated based on the net or the gross asset value. Property acquisition, disposal and performance fees may also be charged.

Fund fees vary and are set out clearly in each fund prospectus. Please refer to the relevant fund prospectus for further information.

Fees on separate accounts are negotiated with the client and agreed upfront in the investment management agreement. Negotiations are dependent on a number of variables including:

- size of mandate
- risk return criteria
- return targets
- level of discretion
- scope (geography)

Fees may be reassessed at the end of the mandate or unless there is a change to the mandate or the scope of work.

Potential Conflicts Generated from Varying Fee Structures

IAML does not operate a standard charging structure. IAML undertakes discretionary portfolio management for more than one client or fund and different fee structures e.g. performance related fees and fixed annual management charges may exist for client portfolios, which may potentially affect incentive for allocation of trades and opportunities.

How are Conflicts Addressed

IAML has in place strict allocation procedures to ensure fair allocation of opportunities. This is subject to monitoring. In addition, when carrying out client transactions, IAML will combine orders where this is considered to be in the best interest of the clients as a whole.

Any exceptions e.g. where an account would receive an uneconomical allocation, are justified and clearly documented.

Performance-Based Fees

Invesco Perpetual

Performance fees will be negotiated on a case by case basis with the client and only typically on accounts over \$100m.

Appendix B: Our Conflicts of Interest Policy details how conflicts are identified and managed. The section on Execution / order handling details how we execute trades on behalf of clients to ensure that one client is not favored to the detriment of another.

In addition, fund managers are compensated predominantly based on their three year performance returns. This system is designed specifically to avoid short-term risks being taken to achieve performance goals.

Invesco Global Liquidity London

Not applicable.

Invesco Fixed Income London

In new business proposals for institutional mandates, IFI is periodically required to submit a suggested performance fee or acknowledge a client's methodology for performance fees. IFI does not routinely charge performance fees but it is prepared to consider such fee structures on a client by client basis. IFI does not currently charge performance based fees on either pooled funds managed for US retail clients and sub-advised by IFI or on separate accounts for US institutional clients who either contract directly with IAML or on a sub-advised basis.

The way in which IFI's investment process is structured nullifies the potential for conflicts in how the portfolio manager approaches the management of accounts with performance and flat fees. The portfolio design process clearly sets out how each portfolio should be invested with reference to its excess return objective.

The portfolio manager then implements this considering all relevant investment recommendations from the analyst group according to each design. In this way, all accounts can be simultaneously managed as a group and in accordance with their different performance objectives. No preference is given to accounts with performance-based fees versus those with standard flat fee structures.

In instances where full allocation is not possible i.e. the final allocation of bonds may be less than originally put in for, the approach of the credit portfolio management team is allocate pro-rata across all of the funds

that can accept the bonds without breaching the mandate's constraints or guidelines. This allocation process is subject to de minimus limits such as whether the effective position size is an efficiently tradable size. Funds receive the same investment management approach regardless of whether the fund incurs a performance fee or flat fee, as the investment platform only stores each portfolio's investment constraints.

We do not pay fees to brokers however we may pay execution fees to external vendor as part of the bid/offer if traded on an electronic platform. This varies by product and platform used.

Invesco Real Estate

Dependent on the investment selected and the criteria of the mandate set up, performance fees may be charged. These will be negotiated and agreed in the investment management agreement.

No two strategies are the same therefore conflicts as a result of differing fees are mitigated

Types of Clients

Invesco Perpetual

Clients include: institutional investors including public bodies, local authorities, corporate bodies, charities and other sophisticated investors.

The minimum opening account size that would be considered for a segregated institutional mandate is typically:

- Invesco Perpetual Pan European Equity strategy - \$100m
- Invesco Perpetual Japanese Equity strategy - \$100m
- Invesco Perpetual Asian Equity strategy - \$100m
- Invesco Perpetual Asia Pacific Equity strategy - \$100m
- Invesco Perpetual Global Equity & ex US Equity strategies - \$100m
- Invesco Perpetual Global Smaller Companies strategy - \$100m
- Invesco Perpetual Fixed Interest strategy - \$200m
- Invesco Perpetual Emerging Equities strategy - \$100m
- Invesco Perpetual Global ex US Smaller Companies strategy (previously known as Invesco Perpetual International Small Cap Equities strategy) - \$100m
- Invesco Perpetual Global Equity Income strategy - \$100m
- Invesco Perpetual Europe ex UK Equities strategy - \$100m

- Invesco Perpetual Global Opportunities - \$100
- Invesco Perpetual Global Targeted Returns - \$825m

These limits are however subject to negotiation.

Invesco Global Liquidity London

This investment team provides investment management services on a sub-advised basis to a series of Irish domiciled money market funds (mutual funds).

Clients of the underlying fund include: insurance companies, Corporates, Banks, Pension Funds, Asset Management companies, Charities and Educational establishments.

Initial opening balance, minimum account size: US \$150,000; EURO 150,000; Sterling £100,000. There are no minimum balance requirements thereafter.

Invesco Fixed Income London

Clients include: institutional clients including pension funds, insurance companies, mutual funds on a sub-advised basis and sovereign wealth funds.

Initial opening balance, account size for global bond strategies for example is: US \$50 million for institutional clients seeking separate accounts.

Invesco Real Estate

IAML manages funds and segregated accounts on both a direct and sub-advised basis.

Clients include: international institutional clients including insurance companies, pension funds, banks, asset managers and fund of funds.

Minimum investment into a fund is typically €5-10m although there is discretion to waive this. The minimum investment for a separate account is not typically below €50-100m.

Methods of Analysis, Investment Strategies and Risk of Loss

Invesco Perpetual

Methods of Analysis & Investment Strategies

Please refer to the IP Product Profiles in [Appendix C](#) for further details.

- Invesco Perpetual Pan European Equity strategy
- Invesco Perpetual Japanese Equity strategy
- Invesco Perpetual Asian Equity strategy
- Invesco Perpetual Asia Pacific Equity strategy
- Invesco Perpetual Global Equity & ex US Equity strategies
- Invesco Perpetual Global Smaller Companies strategy
- Invesco Perpetual Fixed Interest strategy
- Invesco Perpetual Emerging Equities strategy (includes Latin America and Eastern Europe)
- Invesco Perpetual Global ex US Smaller Companies strategy (previously known as Invesco Perpetual International Small Cap Equities strategy)
- Invesco Perpetual Global Equity Income strategy
- Invesco Perpetual Europe ex UK Equities strategy
- Invesco Perpetual Global Opportunities strategy
- Invesco Perpetual Global Targeted Returns strategy

Risk of Loss

The following risks apply to all Invesco Perpetual (IP) strategies and will be managed by IP and/or its fund managers, unless otherwise stated, on behalf of their investors.

Basis risk is the risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions of each other. Any imperfect correlation between the offsetting investments in such a hedging strategy creates the potential for excess gains or losses and will add risk. Hedging strategies are rarely implemented, except in relation to potential adverse currency movements, usually in relation to a portfolio's base currency, and more often on fixed interest than equity portfolios. However, where they are implemented, basis risk will be managed daily by fund managers with the help of post-trade compliance

checking by Invesco's Compliance team of any derivative and forward hedge positions and any related cover. While this risk recognizes that exact matches or correlation of hedges and assets being hedged is not practical, B Wise (the firm's incident and breach reporting system) incidents are raised for over hedged positions and dealt with appropriately.

Credit or counterparty risk is the risk of loss if a portfolio's counterparty fails to meet its financial obligations. This is managed daily by fund managers and equity dealers monitoring and selecting reputable brokers through whom to execute trades. In any case where the reputation of a counterparty is in doubt, the use of that counterparty will be stopped by Invesco Perpetual's Chief Investment Officer until otherwise decided. The exceptional non DVP (Delivery versus Payment) trades are signed off by senior management and monitored on a quarterly basis. In addition, the selection process for each new counterparty means that checks are conducted by the firm's Finance team to assess their financial standing.

Legal and documentation risk is the risk of not having contractual certainty if issues arise on the assets of the portfolios or with portfolios' counterparties. This is managed by Invesco Perpetual Investment Management Operations, Legal and Trade Processing where required, specifically for new counterparty set ups either for cash equities or cash fixed income trading or for Over-the-Counter (OTC) derivatives by ensuring relevant documentation is in place. There is a documented account opening process in place for all counterparties which should mitigate any legal risk. Where OTC instruments are used, then appropriate documentation is reviewed and signed by Invesco's UK Legal team.

Regulatory risk is the risk of loss from not complying with relevant investment management agreements and investment guidelines. If any breaches are discovered, these are raised and resolved through Invesco's B Wise incident reporting process. If any of these breaches result in losses to investors, these are made good by Invesco Perpetual under the Invesco UK error policy. Details of all applicable investment restrictions are contained within the relevant Portfolio Operating Memorandum (POM) and Fund Manual.

Market risk is the risk of loss from fluctuations of or volatility in securities prices. This risk is not within the control of fund managers. However, it may be mitigated by investors by holding their investment

for the long term and then selling during a stable time in relevant markets.

Valuation risk is the risk of not valuing transactions and positions appropriately. The valuation and pricing department are separate to the fund management department ensuring appropriate segregation of duties. This specific risk is managed on a daily basis by the Invesco European Pricing team and Invesco's Transaction Processing team through the securities valuation, portfolio valuation, reconciliation and trade confirmation and settlement processes. This is done in accordance with the Invesco Securities Valuation Pricing Policy. It is also monitored by fund managers daily and signed off weekly. It is also monitored by the Invesco European Pricing Committee.

Invesco Global Liquidity London

Methods of Analysis & Investment Strategies

The strategy is to provide investors with as high a level of current income as is consistent with the preservation of capital and liquidity by investing in a diversified portfolio of high quality short-term money market instruments. The account sub-advised is managed in a modified barbell structure.

The structure is part cash investments (approximately 30%) and part core investments (approximately 70%). The cash investments provide liquidity as these are held for 1-7 days. The core investments have a maturity between 7 – 397 days and these provide return.

There is a credit approval process, structured to include initial screening, analytical research and the decision process. This is then followed by a daily credit monitoring process to ensure minimal credit risk.

Risk of Loss

Key risks are credit defaults and liquidity risk, however, a fund is managed with safety as the first priority.

The daily credit monitoring will highlight if issuers no longer meet minimal credit requirements and following analysis issuers may be taken off the approved purchase list.

Trading of Securities

The funds tend to invest in short-term money market instruments which are held to maturity.

Please refer to the Global Liquidity Product Profile in [Appendix D](#) for further details.

Invesco Fixed Income London

Methods of Analysis & Investment Strategies

IFI invests across global fixed income and currency markets employing a full spectrum of analysis techniques from macroeconomic and fundamental analysis, technical analysis to bottom-up credit analysis. Specialist decision-makers are assigned specific top down investment decisions that directly feed through to each portfolio which is permitted to gain exposure to that area. In credit research, individual analysts follow and make recommendations on an assigned list of bond issuers. Again, investment recommendations about the prospects for each issuer and its bonds are reflected in client accounts, which permit the portfolio manager to take positions in non-government debt.

Risk of Loss

Our portfolios are built around an assumption of long term investment skill at the overall investment strategy and individual decision level. Clearly, the risk, as with any investment approach, is that the level of investment skill is lower than expected. Within the process, investment decision-making is monitored daily with various safeguards built in though the investment technology platform and management oversight functions.

Interest rate risk is typically the most material risk that fixed income investment strategies face. Rising interest rates lead to falls in bond prices. The proportional impact on each investment strategy depends on the level of duration or interest rate sensitivity inherent in the portfolio. Duration risk may be actively managed by selling down longer maturity holdings in favor of short-dated securities or through the use of derivatives such as bond futures or interest rate swaps. Global fixed income strategies may also invest in bonds not issued or guaranteed by governments and as a result, are exposed to credit risk. Credit risk reflects the creditworthiness of the bond issuing entity. Changes in investors' perceptions of credit risk can cause non-government bonds to exhibit greater price volatility than government bonds. Credit risk can be mitigated in numerous ways such as selling down corporate bond exposures and investing in government bonds, allocating more assets to higher credit quality, more defensive issues or by buying protection against default through credit default swaps (CDS). Finally, global fixed income approaches invest in securities denominated in different

currencies, exposing the investor to currency risk if the investment strategy is un-hedged. Currency risks can be eliminated to an extent by using currency forward contracts to lock in current exchange rates for a specific period.

Trading of Securities

We do not believe that our process involves materially higher levels of turnover than other fixed income approaches practiced in the market. Where permitted by client or prospectus guidelines, positions are implemented or adjusted using derivatives (currency forward contracts, futures, interest rate swaps etc.) to minimize transaction costs.

Please refer to the IFI Product Profile in [Appendix E](#) for further details.

Invesco Real Estate

Methods of Analysis & Investment Strategies

IRE implement a variety of different strategies depending on the nature of the mandate, but the common theme is that they are all invested in private (unlisted) European real estate. IRE is research led and the real estate market research provides the basis for the strategic view which is then supplemented by the “on the ground” execution by the local European transaction and asset management teams.

IRE’s investment philosophy is underpinned by two fundamental principles – to maximize the predictability and consistency of investment returns and to control risk at every step of the investment process and portfolio design. This is achieved through a systematic approach that incorporates top-down economic and market research as well as in-depth bottom-up analysis based on the knowledge and skills of our experts in our well-established platform of local offices across Europe.

IRE’s investment mandates are spread across geography, risk return spectrum and sectors. This provides experience and access to most European markets across a range of strategies.

IRE’s experience and resources for managing both direct real estate and deal structuring and financing provides the ability to adopt different strategies depending on the mandate. However, at the core of all investments is the belief that it is the real estate that will ultimately underpin returns and therefore transactions will only be undertaken if the fundamental real estate investment is a sound one.

Risk of Loss

Direct Real Estate

Invesco Real Estate (“IRE”) has several methodologies and systems in

place to manage risk and to ensure consistent application of IREs investment philosophy and process.

The first process is our House View. On a semi-annual basis, our investment teams undertake a formal review of our House view and submit this to the investment committee for approval. The House View combines the empirical and anecdotal evidence from our investment disciplines, research, asset management and acquisitions and sets forth where we see the best relative value from both a property type allocation and market selection standpoint – two very key decisions in providing strong relative returns. Portfolio management then incorporates the House View into the clients'/funds' investment plans and is charged with implementation.

In addition, IRE utilizes a team-oriented investment process. The team includes members from Portfolio Management, Research, Acquisitions, Underwriting, Closing Services, and Asset Management. Each member of the investment team must sign-off on an investment. A potential investment may be vetoed at any time by one member of the team. The investment review process requires unanimous preliminary and final investment committee approval. We believe it is extremely important to provide several independent checks throughout our due diligence of each potential investment, and it is important to provide structural controls within the ownership documents which limit risk exposure.

To further manage and minimize risk within the account, IRE will take the following measures:

- Purchase assets in IREs qualified markets
- Acquire assets that possess institutional-quality physical and locational attributes that provide reasonable assurance of an adequate pool of potential purchasers upon sale of the property
- Structure the investment to maximize the account's control
- Place restrictions on the maximum size of any one investment
- Diversify the strategies employed within the program
- Put all investments through IREs rigorous investment and due diligence process
- Carefully monitor leverage levels and maturities consistent with the risk expectations
- Carefully monitor tenant and industry exposure
- IREs Asset Management resources establish processes throughout the holding period to mitigate risk and maximize value of each investment

The proposed account is also governed by the account documents which include the investment guidelines. The account's portfolio management team reviews compliance to guidelines as part of the quarterly reporting process. Any potential issues related to investment guidelines would be shared with the account's Advisory Committee as well as Compliance. Should a revision be needed, the change would be reflected as an

amendment to the account document and all investors would be notified of the change. All account personnel are Invesco employees and subject to Invesco Compliance policies.

For a comprehensive discussion on risk factors of the account, see the 'Risk Factors & Potential Conflicts of Interest' section in the Private Placement Memorandum.

Trading of Securities

It is not possible to trade real estate frequently, assets are typically held on average for 5 years.

Investing in securities involves risk of loss that clients should be prepared to bear.

Disciplinary Information

Legal and Disciplinary

On March 19, 2015, Finanstilsynet, the Financial Supervisory Authority of Norway, issued a violation penalty on Invesco Asset Management Limited, pursuant to section 4-3, ref. section 17-4, of the Securities Trading Act (STA).

The issue related to the late notification of a sale of stock that took the relevant holding below 5% reporting threshold. The penalty to be paid to the Norwegian Treasury was 100,000 Norwegian Krone.

On April 28, 2014, the Financial Conduct Authority (FCA), the UK Financial Services Regulator, announced the settlement of an investigation of Invesco Asset Management Limited and Invesco Fund Managers Limited (together Invesco Perpetual) that included the imposition of a financial penalty of £18.6 million.

The issues identified by the FCA related to the period may 2008 to November 2012 and included the following:

(1) Investment restriction breaches in UK-domiciled retail funds managed by Invesco perpetual. Such breaches had been identified by Invesco perpetual and reported to FCA, and the funds were promptly reimbursed where necessary.

(2) Disclosures regarding the use of, and risks associated with, derivatives were not made or inadequately made in disclosure documents

Other Financial Industry Activities and Affiliations

Financial Industry Activities

IAML is a registered investment adviser with the Securities and Exchange Commission and also authorized and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom.

IAML does not recommend or select third party investment advisers for our clients nor does it receive compensation directly or indirectly from those advisers.

Affiliations

IAML provides investment advisory services to structured funds such as Collateralized Loan Obligations "CLOs". CLOs invest in public and private debt instruments, primary floating rate corporate loans.

Related to CLOs, IAML's affiliate Invesco Senior Secured Management, Inc. ("ISSM") provides certain administrative and support services, including operational and accounting, to IAML. ISSM is a SEC registered investment adviser.

In November 2012, IAML entered into a sub-advisory agreement with Invesco National Trust Company (INTC). INTC is the trust company and institutional investment manager for two U.S. collective retirement trusts (CRT). IAML manage the CRT's.

Invesco Real Estate (the property management arm of Invesco) operates in the UK as a division of IAML and in the US as a division of Invesco Advisers, Inc. A member of the portfolio management team manages assets for US portfolios from the UK (London) office. This portfolio manager is registered with the FCA and approved to manage investments but reports directly to the US. For further information about Invesco Real Estate funds, please refer to filings made with the SEC by Invesco Advisers, Inc.

IAML has entered into various advisor/sub-advisor arrangements with the following related investment advisers:

- Invesco Asset Management (Japan) Limited
- Invesco Senior Secured Management, Inc
- Invesco Advisers, Inc
- Invesco Hong Kong Limited
- Invesco Trimark Limited
- Invesco Asset Management Deutschland, GMBH

Certain other registered investment adviser subsidiaries of Invesco Ltd. may from time to time have other arrangements not specified in this filing. For more complete information regarding these related persons, please refer to filings made with the SEC by the following related persons:

Invesco Canada Ltd.	File No.	801- 62166
Invesco Asset Management (Japan) Limited	File No.	801- 52601
Invesco Private Capital, Inc.	File No.	801- 45224
Invesco Senior Secured Management, Inc.	File No.	801- 38119
Invesco Advisers, Inc	File No.	801- 33949
Invesco Hong Kong Limited	File No.	801- 47856
Invesco PowerShares Capital Management LLC	File No.	801- 61851
Invesco Asset Management Deutschland, GMBH	File No.	801- 67712
WL Ross & Co. LLC	File No.	801- 67779
Invesco Investment Advisers LLC	File No.	801- 1669
Invesco Distributors, Inc.	File No.	801- 21323
Invesco Insurance Agency, Inc.	Tax ID No.	76- 0457666
Invesco Trust Company	File No.	N/A
Invesco Capital Markets, Inc.	File No.	8-19412
Invesco Global Real Estate Asia Pacific, Inc.	File No.	801 - 74650
IRE (CAYMAN) Limited	File No.	802 - 74648

Conflicts

Trades Executed Via Counterparties

IAML may manage segregated mandates of clients that may also be approved counterparty firms and may, at the same time, use such a firm for the execution of investment trades which will result in the payment of commissions to pay for research. This could incentivize the favoring of a particular broker or client when trading. Invesco mitigates this by having policies and procedures in place to ensure that best execution is achieved.

Group Funds

Transactions may be undertaken in units or shares of funds within the Group or any company of which Invesco or any other Associate is the manager, operator or adviser. Funds are only purchased on their investments merits or where mandated to do so and are disclosed.

Please refer to the Conflicts of Interest Policy in [Appendix B](#) for further details.

Execution/Client Order Handling

IAML undertakes discretionary portfolio management for more than one client or fund and different fee structures (e.g. performance related fees and fixed annual management charges) may exist for client portfolios, which may potentially affect incentive for allocation. IAML has in place strict allocation procedures to ensure fair allocation of stocks. This is subject to monitoring. In addition, when carrying out client transactions, IAML will combine orders where this is in the best interest of the clients as a whole.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics – Overview

The employees of IAML have committed to a Code of Ethics (the Code). The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

The IAML Code of Ethics applies to all employees and certain related parties (covered accounts) and covers the following topics:

- Prohibitions related to material, non-public information;
- Personal securities investing;
- Service as a director and other business opportunities;

This Code also imposes on employees certain personal account dealing restrictions and reporting obligations. Adherence to the Code, both letter and spirit, is a fundamental and absolute condition of employment with IAML.

It is appreciated that no Code of Ethics can address every circumstance that may give rise to a conflict, a potential conflict or an appearance of a conflict of interest. As a consequence, we request that every employee should be alert to any actual, potential or appearance of a conflict of interest with IAML's clients and we ask that they conduct themselves with good judgment. Failure to exercise good judgment, as well as violations of the Code, may result in the imposition of sanctions on an employee, including suspension or dismissal.

Statement of General Principles

A statement of general principles found in the Code denotes that;

As a fiduciary, IAML owes an undivided duty of loyalty to its clients. It is IAML's policy that all employees conduct themselves so as to avoid not only actual conflicts of interest with IAML's clients, but also that they refrain from conduct which could give rise to the appearance of a conflict of interest that may compromise the trust our clients have placed in us.

The Code is designed to ensure, among other things, that the personal securities transactions of all employees are conducted in accordance with the following general principles:

- A duty at all times to place the interests of IAML's clients first and foremost;
- The requirement that all personal securities transactions be conducted in a manner consistent with the Code and in such a manner as to avoid any actual, potential or appearance of a conflict of interest or any abuse of an employee's position of trust and responsibility; and
- The requirement that employees should not take inappropriate advantage of their positions.

IAML's policy is to avoid conflicts of interest and, where they unavoidably occur, to resolve them in a manner that clearly places our clients' interests first.

No employee should have ownership in or other interest in or employment by any outside concern which does business with IAML. This does not apply to stock or other investments in a publicly held company, *provided* that the stock and other investments do not, in the aggregate, exceed 5% of the outstanding ownership interests of such company. IAML may, following a review of the relevant facts, permit ownership interests which exceed these amounts if management or the Board of Directors, as appropriate, concludes that such ownership interests will not adversely affect Invesco's business interests or the judgment of the affected staff.

Preclearance of Personal Account Trading and Blackout Restrictions

All transactions by employees which are subject to preclearance requirements through Compliance are also subject to certain trading restrictions.

Blackout Restrictions – transactions generally will not be permitted during a specific period before and after a client account trades in the same security or instrument.

All transactions by employees which are subject to preclearance requirements through Compliance are also subject to certain trading restrictions.

Blackout Restrictions – transactions generally will not be permitted during a specific period before and after a client account trades in the same security or instrument.

Certain employees may generally not buy or sell a security or any instrument within 3 days before or after the day on which any client account trades in the same security or instrument or in a security convertible into or exchangeable for such security or instrument.

Conflicts

Fund Managers' Investments into Funds

Fund Managers can personally invest in the funds that they, or their colleagues, run; this is considered to be a positive thing and encouraged by IAML. However, such investment raises the potential for there to be an incentive for these funds to be managed to meet the personal objectives of the Fund Manager(s) rather than in the best interests of the other investors, and for the Fund Manager to favor the fund he has invested in over other funds he manages. In mitigation, IAML has strict allocation procedures to ensure the fair allocation of stocks, a Chief Investment Officer Challenge process, and a Dilution Policy with the ability to swing the price where necessary. Each of these controls is subject to compliance review.

Personal Account Dealing

An employee or director of IAML engages in personal account dealing, or is otherwise interested in any company whose securities are held or dealt in on the client's behalf, in respect of securities or services and Invesco has a client with an interest which potentially conflicts with such dealing. Invesco operates personal account dealing procedures which details requirements for pre-clearance and/or notification, blackout periods and restrictions, and annual declarations. All such transactions are recorded and monitored. In addition, periodic reports are produced by the Head of Compliance, which are submitted to the UK Executive Committee, identifying any violations and, where appropriate, making recommendations for procedural changes.

Business Entertainment and Gifts

Gifts and entertainment (including non-monetary gifts) are received and given that may influence behavior in a way that conflicts with the interests of IAML's clients. IAML has a Gifts, Benefits and Entertainment Policy which details what is acceptable. Only gifts and entertainment which do not impair IAML's duty to act in the best interests of our clients are allowed. Records are maintained and monitoring undertaken of gifts

non-public information concerning companies which may be price sensitive. We mitigate this by explicit disclosure and approval through strict personal account dealing rules and a Code of Ethics which applies to all employees. In addition, periodic compliance monitoring checks are carried out.

Brokerage Practices

Selecting Brokerage Firms / Best Execution

Trading counterparties must have undergone through the initial approval process and ongoing monitoring of the EMEA Counterparty Risk Committee (ECRC) before IAML can use them.

The decision making process concerning the routing of an order to a counterparty that achieves the best result will be considered by reference to various Execution Factors: price, costs, speed, likelihood of execution and settlement, size and nature of order and any other consideration relevant to its execution. The choice of relevant venue and the means of accessing that venue are assessed by professional, competent traders falling within the Financial Conduct Authority (FCA) Controlled Function Regime, weighing the main Execution Factors listed above. It is important to understand that the weightings considered, are dynamic and may depend upon several variables and characteristics including the specific security being traded, the order type and market/execution venue conditions.

Subject to the weightings given to the Execution Factors referred to above, IAML considers that the best possible result to the client will be driven by price considerations. Other Execution Factors, particularly size of order and likelihood of execution (both reflections of liquidity) will be considered in so much as they affect price.

Brokerage Fees

Invesco Perpetual

Brokerage fees are paid to the trading counterparties which we deal with for execution and research. Brokerage fees (including the split between execution and research elements) are confirmed on an annual basis. We assess peer research / benchmarking to ensure that our brokerage costs are not significantly different from other asset managers. This determines

the reasonableness of broker fees. The overriding control is ensuring that best execution is achieved for our clients.

Commission Sharing Agreements (CSA) are utilized in accordance with the UK Financial Conduct Authority's (FCA) Conduct of Business Rules (COBS).

CSAs are utilized to pay for third party services restricted to execution and research services. Oversight, independent of the fund management teams, is provided through the Dealing Commission Committee (DCC) which has its authority delegated from the Invesco Asset Management Ltd (IAML) Board. The DCC will monitor levels of research commissions generated on the funds under management are within pre-determined and capped budget levels and ensure only allowable services are paid for through research commissions.

Invesco Global Liquidity London & Invesco Fixed Income London

There is no transaction fee or commission paid on fixed income or cash management securities. The brokers involved in these transactions charge bid/ask spreads on the securities. Futures trades are subject to both a clearing and execution fee.

(IFI pays for third party research with cash (hard dollars)).

Invesco Real Estate

Not applicable.

Research and Other Soft Dollar Benefits

Soft Dollar benefits are not permitted in the UK under the rules of the Financial Conduct Authority (FCA). IAML may receive research and execution services as allowed under Conduct of Business Rules (COBS). The use of client brokerage commissions and the use of brokers is governed by our internal Dealing Commission Committee.

To mitigate the potential for unduly favouring any particular broker IAML will only enter into such arrangements where it believes that the research received will potentially enhance the quality of its service to clients, and there is no commitment on its part to place an agreed or enhanced amount of business with the broker to continue to have access to the research. Additionally, budgetary limits for research commissions are applied to individual brokers and subject to approval of the DCC.

Our best execution procedures are our primary driver for broker selection and to manage any potentially perceived conflicts of interest.

Directed Brokerage

Please Note

Client specific instructions are permitted within IAML. By directing brokerage, clients may be unable to achieve most favorable execution of transactions.

There is no client directed brokerage on our equity or global liquidity accounts.

If a client directs IAML to use a specific broker to execute transactions for its account, it is such client's responsibility to ensure the following:

- all services provided by the designated broker will inure solely to the benefit of the client's account and any beneficiaries of the account, and are proper and permissible expenses of the account, and may properly be provided in consideration for brokerage commissions or other remuneration paid to the designated broker-dealers;
- using the designated brokers in the manner directed is in the best interests of the client's account and any beneficiaries of the account, taking into consideration the services provided by the designated brokers;
- its directions will not conflict with any obligations persons acting for the clients account may have to the account, its beneficiaries or any third parties, including any fiduciary obligations persons acting for the account may have to obtain the most favorable price and execution for the account and its beneficiaries, and;
- persons acting for the client's account have the requisite power and authority to provide the directions on behalf of the account and have obtained all consents, approvals or authorizations from any beneficiaries of the account and third parties that may be required under application law or instruments governing the account.

In addition, it is a directed brokerage client's responsibility to:

- consider information concerning broker's execution capabilities and pricing or other information client considers relevant;
- conclude that broker is capable of providing best execution of transactions for client's account; and
- determine that the rates for commissions and other fees that apply to client's account are appropriate and reasonable, for all transactions in client's account, in relation to the value of broker services received by or made available to client.

Trade Aggregation

Invesco Asset Management Limited

IAML teams are responsible for implementing investment decisions for various portfolios. These portfolios may have differing investment objectives, strategies and/or targeted portfolio characteristics. Accordingly, at any time, investment centers may trade a specific security differently for different portfolios based on unique aspects of a portfolio's objectives, strategies and/or current or anticipated positioning.

Additionally, portfolios may have similar investment objectives, strategies and/or targeted characteristics or may be interested in purchasing or disposing of the same fixed income securities at the same time.

Accordingly, IAML may aggregate orders for fixed income securities for multiple portfolios in an effort to achieve best execution (please note that orders from each team are not combined). All aggregated trades, including financing transactions, shall be allocated among the portfolios in a fair and equitable manner over time.

Generally, when allocating an aggregated trade across multiple portfolios, IAML will seek to allocate such a trade across the participating portfolios on a pro rata basis. However, IAML may determine that such a pro rata allocation is not appropriate and may consider various factors in connection with allocating any trade across multiple portfolios. These factors include but are not limited to:

- Target portfolio characteristics;
- Investment objectives or strategies;
- Investment restrictions or limitations;
- Risk or investment concentrations;
- The size of the available investment;

- Regulatory restrictions;
- Cash availability;
- Ability to hedge a position;
- Minimum size constraints;
- Liquidity of the security in the market;
- Tax considerations;
- Availability and costs of financing the transactions; and
- Other factors that may be pertinent to the trade.

Any such decision would be documented.

Invesco Global Liquidity London

A number of trades will be placed at one time but amounts are determined with the broker at the time of placing the trade. We do not buy in bulk and allocate later.

Conflicts

Research Material

Subject to compliance with the FCA Rules on the use of dealing commission, IAML acquires research material from third parties which is paid for, in part, by commissions paid to brokers on fund and client account trades. The value of this research is subject to approval by the Dealing Commission Committee and payments are only made if we believe that such research has added value to the investment process and that the services meet the FCA rules.

In addition, complimentary or subsidized access to research may be provided to Invesco by brokers. To mitigate the potential for unduly favoring the broker in question, IAML will only enter into such arrangements where it believes that the research will potentially enhance the quality of its service to clients, and there is no commitment on its part to place an agreed or enhanced amount of business with the broker to continue to have access to the research. This will be subject to monitoring.

In addition, complimentary or subsidized access to research may be provided to Invesco by brokers. To mitigate the potential for unduly favoring the broker in question, IAML will only enter into such arrangements where it believes that the research will potentially enhance the quality of its service to clients, and there is no commitment on its part to place an agreed or enhanced amount of business with the broker to continue to have access to the research. This will be subject to monitoring.

Review of Accounts

Invesco Perpetual

Client Account Reviews

IAML has in place systems to monitor the investment guidelines and restrictions of all accounts it manages. A check is performed of each fund or mandate on a daily basis and any exceptions are investigated and rectified.

The Chief Investment Officer (CIO) challenge process provides oversight of the fund management processes. The challenge process takes the form of a meeting between the CIO, a senior member of the Investment Oversight Team and the Fund Manager or Investment Team under review. The objective is to review each manager on a yearly basis although where particular issues are identified with performance or investment process, these take precedence. The Investment Oversight Risk Team prepare papers for the meeting including; performance, attribution and/or contribution, risk, portfolio positioning and where warranted individual trading patterns. This enables the CIO to have focused meetings with each of the Fund Managers. Minutes of the CIO challenge meetings are taken and retained for internal use only. Any action points or issues are recorded and reviewed at the subsequent meeting.

Client Reporting

IAML offer either a standard account pack or client factsheet to their clients, there is however flexibility should additional bespoke reporting be required. Reporting would typically be quarterly, but subject to agreement could be more or less frequent.

These reports will typically contain performance data, valuations, commentary on markets and the portfolio. The clients can again, subject

Invesco Fixed Income London

Client Account Reviews

Client accounts are monitored on an ongoing basis by the portfolio manager responsible for implementing the portfolio design.

Formal reviews of all accounts by the investment team take place on a quarterly basis, led by the CEO of Invesco Fixed Income, Head of Global Macro and various heads of business.

Client Reporting

For separate accounts for institutional clients, valuation and administration reports are sent out on a monthly basis. Quarterly reports on investment performance and strategy complete the standard reporting suite.

Our monthly valuation and administration report includes, where appropriate:

- Month end net asset value
- Previous month's net asset value
- Country / asset allocation
- Stock holdings
- Transactions over the month
- Performance data
- Performance attribution
- Cash reconciliation
- Income information

The quarterly report will cover, where appropriate:

- Current investment strategy
- Market and portfolio review including outlook and strategy
- Full valuation of portfolio assets
- Asset allocation review
- Reconciliation of cash balances
- Report of income received
- Review of portfolio activity
- Analysis of portfolio performance

Reports for institutional clients are delivered in writing, either by hard copy or electronically.

- Asset allocation review
- Reconciliation of cash balances
- Report of income received
- Review of portfolio activity
- Analysis of portfolio performance

Reports for institutional clients are delivered in writing, either by hard copy or electronically.

Invesco Real Estate

Client Account Reviews

At least every six months each fund/mandate is subject to review by the "Fund Strategy Review Committee" (FSRC). The FSRC is a sub-set of the investment committee. For each review the portfolio manager is required to provide a full update of the fund and its proposed future strategy in accordance with a closely defined set of criteria. Prior to the update, the portfolio manager will have had to liaise with the asset management, research and acquisition teams in order to assess the overall fund strategy, individual asset business plans and then develop proposals for the fund's future strategy. The proposals are critically reviewed by the FSRC and if accepted, approved.

Client Reporting

At a minimum, client reports are delivered in writing on a quarterly basis although at times more frequently. The reports contain the profile of the portfolio plus an associated commentary.

Client Referrals and Other Compensation

Incoming Referrals

IAML receives a referral fee from its affiliate, Invesco Advisers, Inc. for introducing IAML clients into the Short Term Investment Trusts. Such fees are paid by Invesco Advisers rather than by the client. These fees typically involve the firm paying a portion of its investment management

Custody

Account Statements

IAML does not have custody of client assets. All assets are held by custodians appointed by the clients, who provide account statements directly to clients.

For segregated institutional accounts, the client selects the custodian where as for mutual funds; each fund has its own custodian/depository.

Investment Discretion

Invesco Perpetual

For institutional clients with segregated managed accounts, IP will typically have full discretion for all buying and selling investment decisions made. The discretionary investment decisions must be made in accordance with the investment objectives and restrictions agreed with the client who can include geographical, asset type, weightings and specific stock restrictions, within the Investment Management Agreement.

On occasion, clients may choose to retain the discretion to exercise the voting rights attached to their share holdings rather than delegating this responsibility to the investment manager.

Invesco Global Liquidity London

The investment objective and policies for each Portfolio, and the investment restrictions and distribution policies in relation thereto, will be formulated in all cases subject to the requirements of the UCITS Regulations by the Board of Directors in consultation with the Manager at the time of creation of each Portfolio and will be disclosed in the relevant prospectus.

Any changes to the investment objective or policies of a Portfolio will be the responsibility of the Board of Directors. The investment objective of a Portfolio may be changed with the approval of the shareholders of the relevant Portfolio by way of Ordinary Resolution. This also includes changes to the investment policies that are material in their nature.

Invesco Fixed Income London

Institutional clients with separately managed accounts may set constraints on portfolio composition that must be adhered to but IFI typically operates with full discretion from the client for all buy and sell decisions within these constraints.

These constraints typically more closely define the exact nature of the investment risks that the client is prepared to be exposed to. Common limitations for fixed income clients include:

- active duration exposures relative to benchmark
- currency risk (whether non-base currency positions are fully hedged, partially hedged or un-hedged)
- credit rating limits

For pooled funds offered to retail investors, IFI will operate with full discretion within the limits set out in the funds prospectuses.

Invesco Real Estate

There are different levels of discretion depending on the nature of the account. Some accounts and pooled funds have full discretion although it is more common for there to be some set constraints on the portfolio dependent on the investor's requirements and investment goal. Such constraints can include:

- size of the building that can be purchased
- markets permitted to buy in

Pooled funds are managed with discretion in line with the limits set out in the fund prospectus.

There are also mandates which are advisory where all decisions need to be ratified by the client.

Voting Client Securities

Invesco Perpetual

Options for Clients on Voting

Clients either give us the full discretion to exercise voting rights on their behalf or retain that discretion to make their own arrangements to exercise voting rights.

Obtaining Information on Voting

Clients with institutional segregated mandates, or investors in our pooled funds, can request voting information from their usual sales contacts. IP will provide the record of votes that will reflect the voting instruction of the relevant fund manager. This may not be the same as votes actually cast as IP is entirely reliant on third parties complying promptly with such instructions to ensure that such votes are cast correctly. Accordingly, the provision of information relating to an instruction does not mean that a vote was actually cast, just that an instruction was given in accordance with a particular view taken.

Please refer to Section 8 of the Invesco Perpetual Policy on Corporate Governance & Stewardship in [Appendix F](#) for further details.

Invesco Global Liquidity London and Invesco Fixed Income London

Short-term money market instruments and other fixed income securities do not attract voting rights.

Conflicts

IAML has a responsibility for making investment decisions that are in the best interests of its clients. As part of the investment management process, IAML may exercise its voting rights where authorized by clients, or in the collective interests of investors in a fund, to vote in respect of the shares/units for which the clients are beneficial owners.

Financial Information

Financial Condition

IAML does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because IAML does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Business Continuity Plan

General

Invesco Ltd ("Invesco") has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services and key people.

A disruptive event is classified as any event that materially limits the operations of Invesco thereof by denying critical infrastructure or business process. The declaration of a disruptive event is made by designated management on site, at the time, depending on the nature of the event.

Business Continuity is a standing department within Invesco and its personnel are dedicated full-time to Invesco's business continuity goals.

Invesco has established recovery teams that cover all departments within the company. Each team has responsibilities when it comes to business continuity:

- To participate in Business Continuity plan exercises and maintenance procedures.
- To understand and be able to follow the Business Continuity plan in times of disaster.
- For IT Services teams, to provide the technology needed to support a recovery effort.
- Major components of disaster recovery/ business continuity planning include:
 - Incident notification procedures
 - Disaster hotline
 - Recovery Plans
 - Recovery Facilities
 - Backing up IT Systems and Data
 - Recovery Exercises

Information Security Program

Information Security

Invesco Ltd ("Invesco") has a well-defined set of information security policies in place addressing areas including but not limited to:

- Acceptable Use
- Access Control
- Electronic Messaging Systems
- Asset ID and Access Control
- Physical Security

- Employment/Terminations
- Information Security Incident Response
- Third Party Vulnerability Assessments

Policies

These policies are developed, reviewed and approved in accordance with a defined Security Policy Lifecycle to ensure they remain in line with current security related risks and the direction of the business overall.

Invesco has an Information Security function made up of dedicated security professionals with the specific responsibility of overseeing and maintaining all aspects of information security for Invesco globally. Invesco Information Security closely coordinates its efforts with the business/functional units, Information Technology, Legal, Compliance and Human Resources. The information security and privacy programs within Invesco are reviewed regularly by internal and/or external auditors to ensure best practices are in place within the company.

As Invesco is a global company operating in many jurisdictions, our security and privacy programs are regularly reviewed by various regional/local regulatory agencies to verify compliance with relevant regulation and legislation relating to the safeguard of our investors and employee sensitive information.

Glossary of Terms

CLO	Collateralized Loan Obligation
COBS	The Financial Conduct Authority's, Conduct of Business rules
CSA	Commission Sharing Agreement
DCC	Dealing Commission Committee
FCA	Financial Conduct Authority, the UK regulator
Global Liquidity	Invesco Global Liquidity London
IAML	Invesco Asset Management Limited
IFI	Invesco Fixed Income London
Invesco	Invesco Limited
IP	Invesco Perpetual
ISSM	Invesco Senior Secured Management, Inc
SEC	Securities and Exchange Commission, the US regulator
UCITS	Undertakings for Collective Investment in Transferable Securities

Appendices

Appendix A

Invesco Perpetual Fee Schedule

Henley Team Pricing Schedule
as at March 2015

	Flat Fees			
	£0m-£100m	£100m-£250m	£250m-£500m	£500m+
Mark Barnett	80bps	75bps	70bps	By negotiation
All Cap unconstrained (ex MB)	70bps	65bps	60bps	By negotiation
All Cap constrained (ex MB)	60bps	55bps	50bps	By negotiation
Small Cap (ex MB)	65bps	60bps	55bps	By negotiation

All Henley Fixed Income	55bps	By negotiation	By negotiation	By negotiation
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Global Equities Core	55bps	50bps	45bps	By negotiation
Global Equities Small Cap / opportunity	65bps	55bps	50bps	By negotiation

European Equity Large Cap	70bps	60bps	55bps	By negotiation
European Equity Small Cap	80bps	70bps	By negotiation	By negotiation

Asia & Pacific Large Cap	65bps	60bps	55bps	By negotiation
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Japan Large Cap	65bps	55bps	45bps	By negotiation
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US Large Cap	55bps	50bps	45bps	By negotiation
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GTR	75bps	70bps	65bps	by negotiation
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Key:
Yes to Segregated
No to Segregated
Maybe to Segregated

Assumptions:

- 'No to segregated' mandates means clients will accept pooled funds' standard restrictions and servicing
- Bespoke (odd) investment restrictions are not accepted (for Henley, 'odd' would normally mean those different to standard UCITs or COLL restrictions and/or outside normal asset class investment process)
- The only bespoke investment restrictions that may be accepted by negotiation are client named specific securities (or standard sectors?) (eg EDF, banks; sectors such as sex industries, pork/pigs, alcohol, etc will need specific stocks being named as banned)
- Benchmarks and tracking objectives may be accepted as targets but not commitments
- Excessive calls (determined by IP) on fund managers' time are not accepted
- New manual process requirements are not accepted (ie should fit into existing manual and automated systems; eg post trade compliance restrictions that cannot be automated should not be accepted)
- Exceptions to IP polices are not accepted (mainly for TCF and conflicts reasons)
- Non standard client reporting requirements (formats and timings) are not accepted
- Restrictions on fund managers proxy voting and shareholder engagement are not accepted; this should also mean clients accept they will pay for reasonable costs incurred for shareholder engagement undertaken to protect their investments' value
- Fund manager capacity (determined by IP) is not compromised
- Redemption impacts will be manageable
- Indemnities are not given unless agreed to after negotiation and only then if capped

Performance Fees		
£0m-£100m	£100m-£250m	£250m+
30bps+20%	30bps+20%	30bps+20%
30bps+20%	30bps+20%	30bps+20%
30bps+20%	30bps+20%	30bps+20%
30bps+20%	30bps+20%	30bps+20%

By negotiation	By negotiation	By negotiation
----------------	----------------	----------------

25bps+20%	25bps+20%	25bps+20%
30bps+20%	30bps+20%	30bps+20%

By negotiation	By negotiation	By negotiation
By negotiation	By negotiation	By negotiation

30bps+20%	30bps+20%	30bps+20%
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30bps+20%	30bps+20%	30bps+20%
-----------	-----------	-----------

20bps+15%	20bps+15%	20bps+15%
-----------	-----------	-----------

by negotiation	by negotiation	By negotiation
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Appendix B

Invesco Perpetual Conflicts of Interest Policy

INVESCO UK
CONFLICTS OF INTEREST POLICY
JANUARY 2015

CONTENTS

1. Introduction
2. Conflict of interest defined
3. Types of conflict of interest
4. Activities and services carried out which may give rise to conflicts of interest and general mitigation arrangements
5. Specific potential conflicts of interest identified and associated mitigation arrangements
6. Disclosing conflicts of interest
7. Records of conflicts of interest.

1. INTRODUCTION

In the normal course of business, as in any large financial institution, situations resulting in potential or actual conflicts of interests may arise. There is nothing inherently unethical if and when such situations arise, subject to compliance with regulatory and legal requirements. However, the abuse of such situations is clearly improper and Invesco is committed to managing these conflicts of interest to prevent abuse and protect our clients, employees and other counterparties.

Invesco, as a fiduciary, are required to take all reasonable steps to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between ourselves (including our managers and employees and any person directly or indirectly linked) and our clients and between one client and another and to have in place a policy relating to conflicts of interest. This includes conflicts that may arise where Invesco undertakes a particular activity for both undertakings for collective investment in transferable securities (UCITS) schemes, non-UCITS Undertakings for Collective Investment (UCIs), alternative investment funds (AIFs) and any other client.

This Policy is applicable to and adopted by the following firms (together "Invesco") in respect of all regulated activities and ancillary activities and services provided to clients:

- Invesco Administration Services Limited
- Invesco Asset Management Limited
- Invesco Fund Managers Limited
- Invesco Global Investment Funds Limited
- Invesco Perpetual Life Limited.

This Policy also takes into account any conflicts between the interests of other companies within the wider Invesco Limited Group of companies (and persons connected thereto) and the duty Invesco owes to a client. Invesco will apply its Conflicts of Interest Policy to all relevant outsourcing and delegation arrangements entered into and in respect of services Invesco may provide to or receive from the wider Invesco Limited Group.

Integrity, fairness, impartiality and primacy of clients' interests occupy a leading place in our ethical rules and values.

This Policy is designed to address conflicts of interest management for Invesco appropriate to the nature, scale and complexity of its business. Specifically it has been prepared in the context of Invesco being a major UK retail fund manager, the manager of collective investment schemes and providing discretionary investment manager services to institutional clients.

Invesco will endeavour to manage any potential conflicts of interest in accordance with the objectives contained in our Treating Customers Fairly policy.

2. CONFLICT OF INTEREST DEFINED

A conflict of interest is a situation where there is a material risk of damage to the interests of a client arising because the interests of:

- Invesco (including its managers, employees and wider Invesco Group companies) and our clients (including UCITS schemes, AIFs and UCIs managed) differ; and
- any client (including UCITS schemes, AIFs and UCIs managed) and those of another client differ.

An interest is the source of any advantage, direct or indirect, of whatever nature, tangible or intangible, professional, commercial, financial, non-financial or personal. However, it should be noted that it is not enough that Invesco may gain a benefit if there is not also a possible disadvantage to a client, or that one client to whom Invesco owes a duty may make a gain or avoid a loss without there being a concomitant possible loss to another such client.

3. TYPES OF CONFLICT OF INTEREST

When identifying services and activities that may entail a material risk of damage to the interests of a client, Invesco will, as a minimum, take into account the following types of conflict:

- the likelihood of Invesco (including its managers, employees and wider Invesco Limited Group companies) making a financial gain or avoiding a loss at the expense of a client (including UCITS schemes, AIFs and UCIs managed);
- whether Invesco (including its managers, employees and wider Invesco Limited Group companies) has an interest in the outcome of a service or an activity provided to, or transaction carried out on behalf of, a client (including UCITS schemes, AIFs and UCIs managed) that is distinct from the client's interest in that outcome;
- whether Invesco (including its managers, employees and wider Invesco Limited Group companies) has a financial or other incentive to favour the interest of one client or group of clients over the interests of other clients or UCITS schemes, AIFs and UCIs managed;
- whether Invesco (including its managers, employees and wider Invesco Limited Group companies) carries out the same activities performed by our clients; or in the case of activities carried out for UCITS schemes or AIFs such activities are also carried out for non-UCITS/AIF clients; and
- whether there are inducements deriving from sources other than the client (including UCITS schemes, AIFs and UCIs managed) in relation to the services provided, in the form of monies, goods or services, other than the standard commission or fee for the services in question.

Having identified generic and specific conflict of interest risks and circumstances, Invesco establishes and implements effective organisational and administrative arrangements that demonstrate all reasonable steps have been taken to prevent such conflicts from constituting or giving rise to a material risk of damage to the interests of clients.

Invesco will try to avoid conflicts of interest and, when they cannot be avoided, seek to ensure that its clients, including UCITS schemes, AIFs and UCIs, are fairly treated.

Where a potential conflict arises, Invesco will always seek to ensure that transactions and services are effected on terms that are not materially less favourable to the client than those had the conflict, real or potential, had not existed.

Where internal arrangements maintained by Invesco are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, then appropriate disclosure will be made to all relevant parties (see section 6 below).

4. ACTIVITIES AND SERVICES CARRIED OUT WHICH MAY GIVE RISE TO CONFLICTS OF INTEREST AND GENERAL MITIGATION ARRANGEMENTS

Invesco provides and undertakes the following services and activities:

- a management company providing collective portfolio management for UCITS and non-UCITS schemes including AIFs;
- a common platform firm providing investment management services to UK and international institutional clients;
- holding client assets and client monies;
- marketing of own retail and institutional investment services;
- distribution of own retail and investment products both directly and through third parties;
- the development of investment research solely for use within the business;
- accounting and secretarial services to certain institutional clients such as Investment Trusts;
- the provision of unit linked investment products within a Life company;
- the execution of investment transactions through third-party counterparties;
- the purchase of third party investment research and other permitted services from execution counterparties under commission sharing arrangements;
- the provision of transfer agency services;
- the provision of distribution, investment management and administrative services to Invesco Limited Group companies and their clients;
- exercise of voting rights attaching to portfolio investments and other governance and stewardship activity; and
- the provision and receipt of business entertainment, non-monetary benefits and gifts.

In conducting its business activities, Invesco outsources key functions to third-parties. Key out-sourcing services include: Fund Accounting, Pensions Administration, and Transfer Agency.

Invesco does not deal, make markets, underwrite or otherwise act as principal in securities transactions (save in respect of units/shares in collective investment schemes as a management company); distribute or otherwise disseminate investment research; take deposits; provide investment advice; provide corporate finance services.

As part of its senior management governance framework, Invesco has established organisational and administrative arrangements and internal control systems, which are designed to manage potential conflicts and to prevent material risk of damage to the interests of its clients.

Senior Management of Invesco, with support from the Compliance, Risk, Internal Audit and Legal functions, has responsibility for careful and consistent identification and management of conflicts of interest situations, either actual or potential. Operational business areas are responsible on a more general basis for monitoring their risks.

The procedures and measures to manage conflicts of interest are both general and specific. Those of a general nature pervade the organisation and establish structures and cultures that

seek to ensure good business practice. Those that are specific are designed to address the key risks attributable to conflict circumstances identified. The general arrangements are set out below. The additional specific arrangements to address circumstances identified above are set out in the Conflicts Register maintained by the Compliance departments (see 7 Record of Conflicts below).

General mitigation arrangements

- Organisational arrangements detailing clear roles and responsibilities.
- Documented policies and procedures covering key business areas and processes.
- Segregation of key duties to provide control and oversight of processes.
- Maintenance of a conflicts of interest policy approved by the Board of Invesco UK Limited and which all employees are required to read and confirm their understanding.
- Directors and senior management emphasis on effective conflicts management.
- Confidential whistle-blowing arrangements for anyone concerned that a conflict has arisen that is not being properly addressed.
- Maintenance of codes of conduct and business ethics policies.
- Annual certification by all employees that all conflict circumstances actual and potential that they are aware of have been elevated and addressed.
- Provision of conflicts of interest training to all employees on joining the company and periodically thereafter.
- The use of physical means to protect against the inappropriate exchange of sensitive information between various parts of the business where applicable ("Chinese Walls").
- Active consideration of potential conflicts of interest and their effective management in relation to outsourcing arrangements with third parties (both external firms and other Invesco Group companies), and a requirement that these third parties either have an equivalent conflicts of interest policy or are guided by this policy.
- Active consideration of potential conflicts of interest and their effective management before launching a new fund/product or taking on a new client.
- A requirement on all employees to report all conflicts, potential or otherwise to Compliance.
- Monitoring of potential conflicts of interest and associated mitigations by independent and competent functions.
- Periodic reviews by Internal Audit.
- The establishment of a Conflicts of Interest Committee which meets quarterly, and ad hoc as required, which reports its findings and recommendations to the relevant Invesco UK Board.

All employees are responsible for identifying and recording the circumstances in which a conflict of interest may arise, or has arisen, as a result of activities carried out by Invesco. This record will be held centrally and subject to monitoring and review by the Compliance Department, executive management and the Board of Invesco UK Limited.

Employees are responsible for identifying and reporting any breaches of the policy to the Head of Compliance.

5. SPECIFIC POTENTIAL CONFLICTS OF INTEREST IDENTIFIED AND ASSOCIATED MITIGATION ARRANGEMENTS

To date, a number of specific sources of potential conflicts of interest have been identified as arising from the services provided and activities undertaken by Invesco UK. These are shown below along with a high-level description of the associated mitigating controls. For ease of understanding and clarity these are grouped into the following key categories: personal conduct and remuneration, the investment management process, and corporate interests.

Personal Conduct and Remuneration

- **Personal Account Dealing**

An employee or director of Invesco engages in personal account dealing, or is otherwise interested in any company whose securities are held or dealt in on the client's behalf, in respect of securities or services and Invesco has a client with an interest which potentially conflicts with such dealing. An employee or director of Invesco who works with real estate developers, intermediaries or financiers, who engages in the purchase of, or otherwise has a personal interest in, the associated real estate. Invesco operates personal account dealing procedures which details requirements for pre-clearance and/or notification, blackout periods and restrictions, and annual declarations. All such transactions are recorded and monitored. Where violations are identified, these are followed up immediately. In addition, periodic reports are produced by the Head of Compliance, which are submitted to the UK Executive Committee, identifying any violations and, where appropriate, making recommendations for procedural changes.

- **Business Entertainment and Gifts**

Gifts and entertainment (including non-monetary gifts) are received and given that may influence behaviour in a way that conflicts with the interests of Invesco's clients. Invesco has a Gifts, Benefits and Entertainment Policy which details what is acceptable. Only gifts and entertainment which do not impair Invesco's duty to act in the best interests of our clients are allowed. Records are maintained and monitoring undertaken of gifts and entertainment both received and given. In addition, Invesco will make any disclosures necessary under the Inducements regulations.

- **Remuneration**

Employees are remunerated on the basis of a variety of compensation components including base salary, cash bonuses, stock/fund deferral awards and long-term equity awards. Cash bonuses and deferral awards are variable components of compensation that are intended to motivate and reward individuals for their contribution to the annual results of the company and not to encourage inappropriate risk taking. Invesco Limited has a Compensation Committee that is comprised of at least three members of the Board each of whom is "independent" of the Company. The Committee meets regularly and is responsible for determining the components and level of compensation paid to our executive officers and for ensuring that compensation is aligned to the long-term interests of our clients and shareholders.

- **Outside Interests**

Invesco employees may be officers of companies not associated with the Invesco Limited Group. This association could potentially lead to the employee not acting in the best interests of Invesco or its clients. This is mitigated by the control that all outside associations are pre-cleared by the Compliance Department after ascertaining that no conflict of interest exists or is likely to exist in the future. In addition, there is an annual sign-off within the Invesco Code of Ethics which requires employees to detail any relevant outside interests. Where an employee has an interest in any company which is connected to Invesco, depending on the circumstances, any remuneration derived from that outside interest must be sacrificed by the employee.

Investment Management Process

- **Execution and Client Order Handling**

Invesco undertakes discretionary portfolio management for more than one client or fund and different fee structures (e.g. performance related fees and fixed annual management charges) may exist for client portfolios, which may potentially affect incentive for allocation. Invesco has in place strict allocation procedures to ensure fair allocation of investment opportunities to all clients. This is subject to monitoring. In addition, when carrying out client transactions, Invesco will arrange to execute orders in due turn but may combine orders where this is believed to be in the best interest of the clients as a whole. If there is insufficient liquidity for either purchases or sales, a pre-formulated allocation policy automatically attributes available liquidity proportionately across all client orders. This is also subject to monitoring. Any exceptions to this policy – e.g. where a client or fund would receive an uneconomical allocation – are justified and clearly documented. In addition, from time to time Invesco may, where permitted by mandate, sell an investment from one client to another. These are recorded and monitored.

- **Group Funds**

Transactions may be undertaken in units or shares of funds within the Group or any company of which Invesco or any other Associate is the manager, operator or adviser. Where Fund Managers plan to invest funds that they manage into other Invesco Funds, they must first document the rationale and the benefit to each of the impacted funds. Invesco funds are only purchased on their investments merits or where mandated to do so and are disclosed.

Where permitted, cross trades (contra orders in the same security between funds) can be carried out but these must be approved. Where the funds involved in the cross trade are managed by the same Fund Manager, pre-approval by the Chief Investment Officer (CIO) or delegate is required. Cross trades involving unlisted/unquoted investments require pre-approval by Compliance and the CIO. Other cross trades require post-trade Compliance sign-off. In all cases, cross trade rationales must be documented by the relevant approved dealer or Fund Manager and these are subject to review.

- **Research Material**

In respect of the Invesco firms within which commission is generated, subject to compliance with the FCA Rules on the use of dealing commission and inducements, Invesco acquires research material from third parties which is paid for, in part, by commissions paid to brokers on fund and client account trades. The value of this research is reviewed and payments are only made where it is believed that such research has been useful in managing client funds. In addition, complimentary or subsidised access to research may be provided to Invesco by brokers. To mitigate the potential for unduly favouring the broker in question, Invesco will only enter into such arrangements where it believes that the research will potentially enhance the quality of its service to clients, and there is no commitment on its part to place an agreed or enhanced amount of business with the broker to continue to have access to the research. This is subject to monitoring.

- **Portfolio Activity**

High turnover of clients' portfolios could generate higher levels of commission for Invesco. Portfolio activity levels are monitored and commission sharing agreements are negotiated with business partners independently of fund managers. Dealers have a fiduciary responsibility to obtain best possible results for clients when executing orders and have full discretion for placing deals on behalf of clients with a particular broker to ensure that best execution obligations are met. Portfolio turnover is monitored to ensure excessive commission is not being generated.

- **Inside Information**

A potentially significant conflict that arises on a permanent basis is that some of our employees, to varying degrees, have access to material, non-public information concerning companies which may be price sensitive and about real estate investments which may affect the market price. Where employees become aware of any inside information (and become "insiders"), the securities in question are placed on the Restricted List. Employees are not allowed to trade in respect of any securities on the Restricted List. There is an explicit disclosure and approval process enforced through strict personal account dealing rules and a code of ethics which applies to all employees. Any employees who are on both sides of a Chinese Wall due to their oversight responsibilities are subject to additional clearance requirements on personal account

dealing. In the case of real estate, the employee must, prior to any transaction taking place, fully disclose the details of any non-public information held to the local compliance officer who will decide whether the transaction can go ahead. In addition, periodic compliance checks are carried out.

- **Holdings in Brokers**

Invesco funds may invest in the securities of brokers whom Invesco also use to execute orders. These trades generate commissions for the broker concerned, which ultimately contribute to the broker's income. This could incentivise the direction of trades. In addition there could be an incentive for Invesco to support and involve itself in all initial public offerings sponsored by the broker, and for the broker to seek to influence Invesco's decision making in its capacity as a shareholder of the affected companies. Dealers have a fiduciary responsibility to obtain best possible results for clients when executing orders and have full discretion for placing deals on behalf of clients with a particular broker to ensure that best execution obligations are met. The dealing team is segregated from the fund managers such that the managers cannot exert any influence on the execution of orders. Invesco has policies and procedures in place to ensure that best execution is achieved. These policies and procedures are subject to monitoring. In addition, Invesco's involvement in new issues and unquoted companies is subject to consideration by the Chief Investment Officer or delegate.

- **Fund Managers' Investments Into Funds**

Fund Managers can personally invest in the funds that they, or their colleagues, run; this is considered to be a positive thing and is encouraged by Invesco. However, such investment raises the potential for there to be an incentive for these funds to be managed to meet the personal objectives of the fund manager(s) rather than in the best interests of the other investors, and for the fund manager to favour the fund he has invested in over other funds he manages. In mitigation, Invesco has strict allocation procedures to ensure the fair allocation of stocks. Additionally, in respect of the Invesco firms that have a Chief Investment Officer (CIO), there is a CIO Challenge process, and a Dilution Policy with the ability to swing the price where necessary. Each of these controls is subject to compliance review.

- **Trades Executed Via Counterparties**

Invesco manages the segregated mandates of approved counterparty firms and may, at the same time, use such a firm for the execution of investment trades which will result in the payment of commissions. This could incentivise the favouring of a particular broker or client when trading. Dealers have a fiduciary responsibility to obtain best possible results for clients when executing orders and have full discretion for placing deals on behalf of clients with a particular broker to ensure that best execution obligations are met. Fund managers cannot exert any influence and the dealing team is segregated from the fund managers. Invesco has policies and procedures in place to ensure that best execution is achieved. These policies and procedures are subject to monitoring.

- **Valuation of Securities**

A proportion of fund managers' remuneration is based on the performance of their funds. If fund managers were able to apply a value to individual securities a potential conflict of interest could arise. To mitigate this, the valuation of securities within portfolios is carried out by a department independent of the investment management area. This segregation of duties prevents fund managers from influencing the valuation of securities within portfolios. In addition, Invesco operates a pricing committee which has responsibility for pricing certain securities. This pricing committee does not contain any fund managers. This control mitigates the potential conflict which could exist if the investment managers were solely responsible for security valuation.

- **Voting Rights**

Invesco believes it has a responsibility for making investment decisions that are in the best interests of its clients. As part of the investment management process, Invesco may exercise its voting rights where authorised by clients, or in the collective interests of investors in a fund, to vote in respect of the shares/units for which the clients are beneficial owners.

- **Holdings in Client Investors**

Invesco funds may invest in Companies who are themselves client investors in Invesco funds. This could lead to the perception that a potential conflict could arise if the relevant fund managers were to feel under undue pressure to hold the investment solely to retain the Company as a client investor, when to do so might be inappropriate and not in the best interests of investors. In mitigation, fund managers are incentivised to perform well on behalf of investors and would therefore not be incentivised to hold onto an inappropriate investment because the firm wanted them to do so in order to retain clients' investments. Ultimately, in the unlikely event that inappropriate pressure is applied, the relevant fund managers would be able to escalate the matter to the Chief Investment Officer for the required support of their investment decisions.

- **Global Targeted Returns Fund**

The Prospectus of the Global Targeted Returns (GTR) fund allows for investments to be made into other funds managed by Invesco and into non-Invesco managed Collective Investment Schemes. There is the potential for Invesco managed funds to be favoured by the GTR fund despite there being more suitable non-Invesco managed alternatives available. To ensure that any investments made are suitable for the unit-holders of the GTR fund, investment decisions are based on an assessment of the underlying fund's long-term performance, track record, investment process and liquidity. In addition, GTR fund investments into other Invesco funds will not incur an additional charge, whereas this may be the case with investments made into non-Invesco managed Collective Investment Schemes. There are regulatory limits which restrict the amount that the GTR fund can invest into other funds. Where this limit is reached in respect of an Invesco managed fund, it is possible that the Fund Manager may wish to redeem the holding in that fund and seek to replicate the same exposure via the creation of a segregated mandate. Any associated disinvestment from the underlying fund could have a significant impact on the fund's short-term liquidity. In this scenario, the impact to the remaining unit-holders in the affected underlying fund will be mitigated by consulting with the relevant Fund Manager, and, where appropriate, swinging the price, effecting in-specie transfers and limiting the size of redemptions.

- **Market Timing**

Certain investors may seek to take advantage of timing differences relating to the closing of foreign stock exchanges to undertake market timing arbitrage, which would be at the potential cost of long-term shareholders. A Fair Value Pricing Policy is in place and adjustments are instigated when tolerances are exceeded against specific benchmarks used to monitor closed markets. These benchmark movements are monitored on a daily basis. Any fair value adjustments and fund impacts are taken into account as part of the pricing of the affected funds prior to the publication of the prices. In addition, there is an Excessive Trading Policy in place with an Excessive Trading Committee which oversees the Policy to ensure it is applied fairly and consistently in the interests of all investors. The Committee is empowered to take action against investors who are believed to be exhibiting patterns of Market Timing. Appropriate disclosure in relation to these procedures is made in the relevant Prospectus.

- **Dilution Adjustment**

The interests of existing shareholders (for sales) or remaining shareholders (for redemptions) may be adversely impacted by patterns of consistent inflows or outflows as well as market timing arbitrage. A Dilution Adjustment Policy is in place which is disclosed within the Prospectus. A Dilution Committee is in place to ensure the Policy is fairly and consistently applied in the interests of all investors. All monthly and daily decisions are documented and communicated to the Manager and the Depositary.

- **Excessive Trading**

Excessive trading by an investor may disrupt the management of the fund, which could be at the potential cost of long-term shareholders. An Excessive Trading Policy is in place, with an Excessive Trading Committee which oversees the Policy to ensure it is applied fairly and consistently in the interests of all investors. The Committee is empowered to take action against investors who are believed to be exhibiting patterns of excessive trading. Appropriate disclosure in relation to these procedures is made in the relevant Prospectus.

- **Portfolio Disclosures**

If portfolio disclosures are made to specific clients this may give them an information advantage over other investors. A Portfolio Disclosure Policy is in place to ensure that portfolio disclosures are made fairly and consistently in the interests of all investors and that selective disclosures are not made to specific clients. In addition, a Portfolio Disclosure Committee is in place which is responsible for reviewing any request for portfolio information against the policy.

Corporate Interests

- **Withdrawal of Seed Money**

Where Invesco provides Seed Money to facilitate the initial setting up of a fund, this Seed Money can subsequently be withdrawn once the fund is established. Where Invesco chooses to withdraw its Seed Money from a fund, this could potentially conflict with the interests of the remaining investors in that fund. Invesco operates a Dilution Committee which, whenever Seed Money is withdrawn, will carry out a review and decide whether a dilution levy needs to be applied to mitigate the cost of selling the underlying securities.

- **Fees**

Transactions may be in relation to an investment in respect of which Invesco may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the client, and Invesco may also be remunerated by the counterparty to any such transaction. Fees for our services are determined in advance and stipulated in contracts and acknowledgement letters and disclosed where necessary.

- **Allocation of costs**

Fund prospectuses and regulations may allow certain infrequent ad hoc costs, outside of normal operating costs, to be charged to the funds. There may be an incentive for the investment manager to charge excessive amounts of these ad hoc infrequent costs to the funds rather than pay for them directly. All infrequent ad hoc costs are reviewed on a case by case basis by both the Compliance and Legal departments to ensure they meet the requirements of both regulation and the prospectus. In addition, fund board approval is sought to ensure equitable treatment of clients.

- **Service Provider Firms**

In conducting its business activities, Invesco enters into contracts to outsource some of its key functions to Service Provider Firms. Where these Service Provider Firms are also Invesco clients, this could create the potential for Invesco to retain the services of an underperforming Service Provider Firm rather than dispensing with their services to avoid adversely affecting the client relationship. Invesco manages the service provider relationship and all aspects of quality of service provision. Service Level Agreements and management reporting are put in place to monitor service provider performance. Where this falls below acceptable standards, procedures are followed to escalate to senior management within Invesco and the Service Provider Firm for resolution. Persistent underperformance of a Service Provider Firm is not tolerated by Invesco and, should this occur, Invesco management will take appropriate action to ensure proper service levels are provided to clients, products and Invesco.

6. DISCLOSING CONFLICTS OF INTEREST

Where internal arrangements maintained by Invesco are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, then:

- the general nature and/or sources of the conflict will be disclosed to the relevant client(s) before undertaking relevant investment business for the client(s);
- in respect of a UCITS scheme, an AIF or UCI Invesco manages or of its unitholders, this will be promptly reported to the Invesco UK Board to take any necessary decision to ensure Invesco acts in the best interests of the UCITS scheme or UCI and its unitholders. Any such decision, and the reasons for it, will be reported to the unitholders of the UCITS scheme, AIF or UCI.

Disclosures made will include sufficient detail, taking into account the nature of the client to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises. Disclosures will be made in an appropriate durable medium such as the Report and Accounts, the Prospectus, letters, e-mail, etc.

The disclosure of a conflict of interest to a client does not exempt Invesco from maintaining and operating effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of its clients.

7. RECORDS OF CONFLICTS

This policy document will be reviewed when necessary, and at least annually, by the Invesco UK Limited Board to ensure it remains current based upon the scope of Invesco's activities, its operating structure, strategic plans, applicable regulatory changes and the nature of its clients.

A register of conflicts will be maintained detailing the nature of the conflict, how it gives rise to a material risk of disadvantage to clients, the mitigating action proposed, how this complies with the conflicts of interest policy, and assurance procedures undertaken to confirm effective implementation. Responsibility for maintaining this register rests with Compliance.

A report will be made by the Chairman of the Conflicts of Interest Committee which details all new conflicts recorded, proposes changes to previously identified conflicts and makes appropriate recommendations to the relevant Invesco UK Board.

Appendix C

Invesco Perpetual Product Profiles

- Invesco Perpetual Pan European Equity strategy
- Invesco Perpetual Japanese Equity strategy
- Invesco Perpetual Asian Equity strategy
- Invesco Perpetual Asia Pacific Equity strategy
- Invesco Perpetual Global Equity & ex US Equity strategies
- Invesco Perpetual Global Smaller Companies strategy
- Invesco Perpetual Fixed Interest strategy
- Invesco Perpetual Emerging Equities strategy
- Invesco Perpetual Global ex US Smaller Companies strategy
- Invesco Perpetual Global Equity Income strategy
- Invesco Perpetual Europe ex UK Equities strategy
- Invesco Perpetual Global Opportunities strategy
- Invesco Perpetual Global Targeted Returns strategy

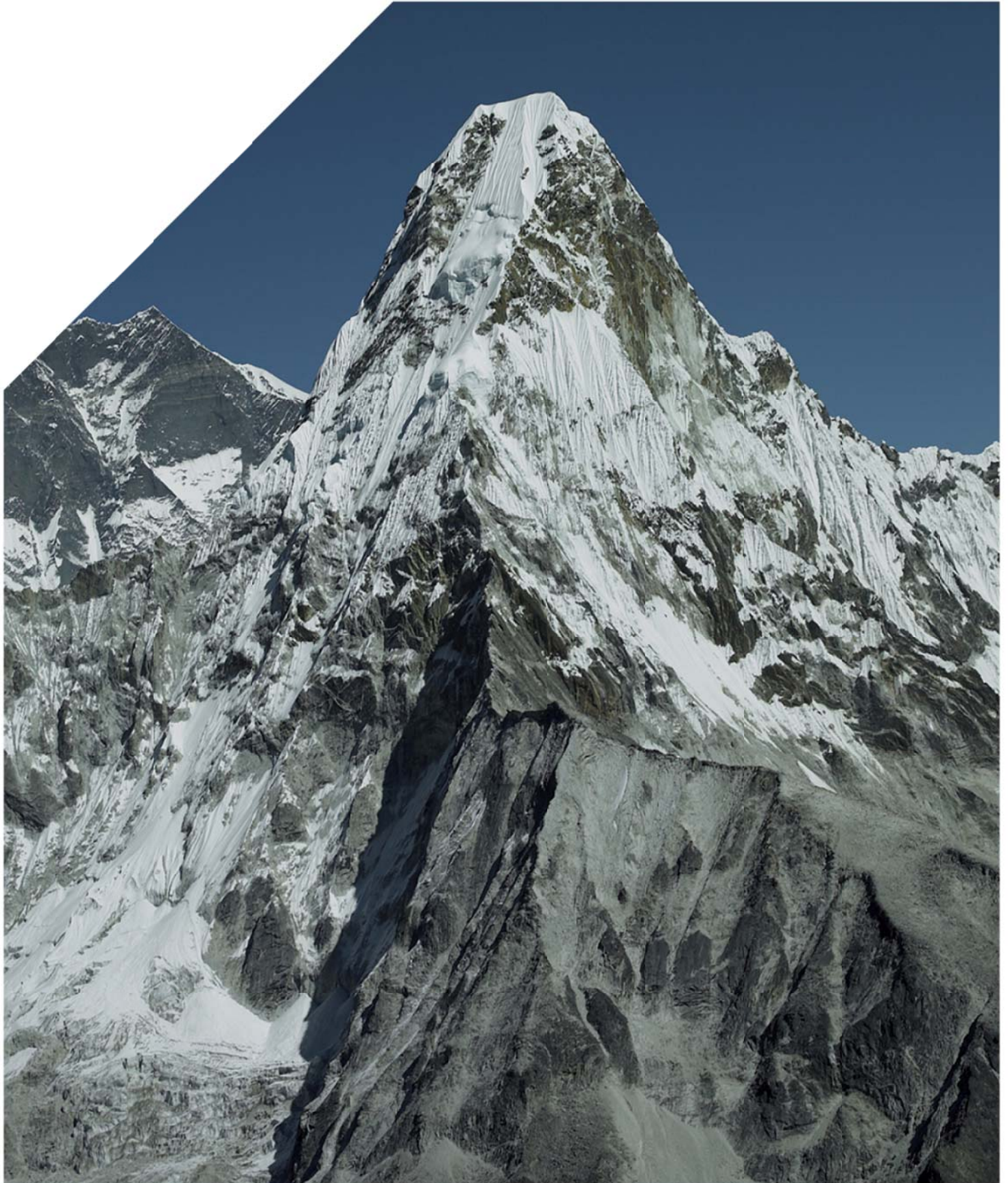


Strategy profile

Pan European equity strategies

Invesco Perpetual

February 2015



Pan European equity strategies

Invesco Perpetual

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Pan European equity strategies

Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Pan European equity strategies

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

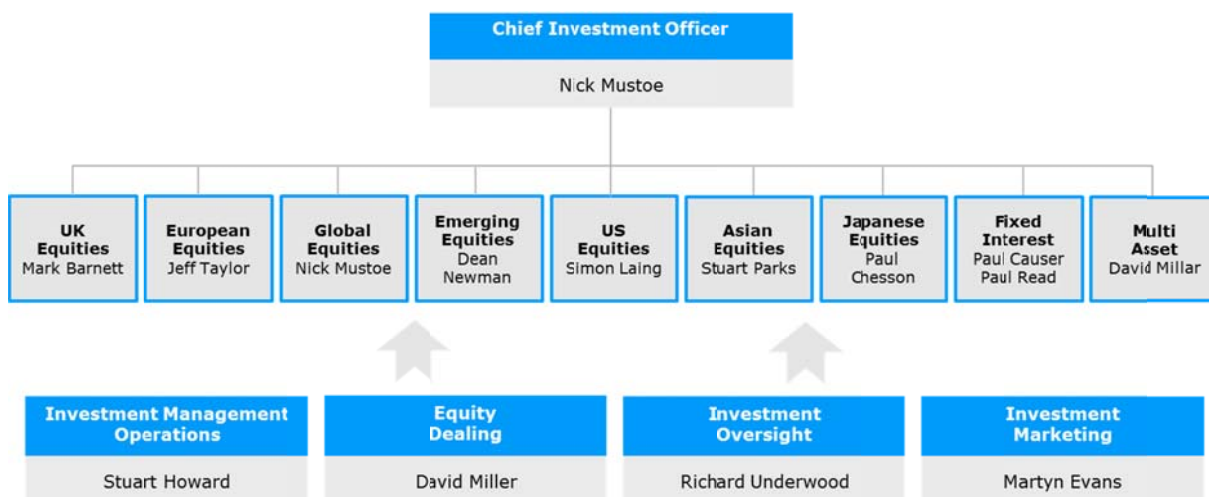
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Pan European equity strategies

Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Pan European equities team

The management of Invesco Perpetual's Pan European equity strategies is an integrated responsibility between its European and UK equities teams based in its Henley investment centre. This structure brings together Henley's extensive European and UK investment capabilities within a cohesive, collaborative framework. The fund managers involved in the management of these mandates are set out below:

Name	Role	Years' tenure	Years' industry experience
European Equities			
Jeff Taylor	Head of European Equities	18	29
John Surplice	European Equities Fund Manager	19	19
Stephanie Butcher	European Equities Fund Manager	11	21
Matthew Perowne	European Equities Fund Manager	5	5
Erik Esselink*	European Small Cap Equities Fund Manager	7	15
Adrian Bignell	European Small Cap Equities Fund Manager	11	20
UK Equities			
Martin Walker	UK Equities Fund Manager	15	18
Jonathan Brown	UK Small Cap Equities Fund Manager	14	17
James Goldstone	UK Equities Fund Manager	2	13

*based in Atlanta.

Source: Invesco Perpetual as at 30 September 2014. Years' tenure and industry experience may be subject to rounding up.

Pan European equity strategies

Invesco Perpetual

These fund managers are supported by the European and UK equities teams as follows:

European Equities

Name	Role	Years' tenure	Years' industry experience
European Equities team:			
Oliver Collin	European Equities Analyst	<1	14
Product Directors			
Joel Copp-Barton	European Equities Product Director	3	16
Nitesh Mistry	European Equities Assistant Product Director	9	15

Source: Invesco Perpetual as at 30 September 2014. Years' tenure and industry experience may be subject to rounding up.

The team's Product Directors are responsible for communicating Invesco Perpetual's European equities investment capabilities internally and externally. They are integral members of the team working closely with its fund managers.

UK Equities

Name	Role	Years' tenure	Years' industry experience
UK Equities team:			
Mark Barnett	Head of UK Equities	18	22
Ciaran Mallon	UK Equities Fund Manager	10	20
Robin West	UK Small Cap Equities Fund Manager	<1	19
Tim Marshall	UK Equities Senior Investment Analyst	<1	14
Frederick Bouverat	UK Equities Investment Analyst	1	5
Product Directors			
Hilary Cook	UK Equities Product Director	4	31
John Richards	UK Equities Product Director	1	31

Source: Invesco Perpetual as at 30 September 2014. Years' tenure and industry experience may be subject to rounding up.

The team's Product Directors are responsible for communicating Invesco Perpetual's UK equities investment capabilities internally and externally. They are integral members of the team working closely with its fund managers.

Team biographies have been provided in **Appendix 1**.

Pan European equity strategies

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Assets under management

Assets managed under Invesco Perpetual's Pan European equity strategy totalled US\$5.4 billion as at 31 December 2014, and can be categorised as follows:

Asset breakdown	US\$ million	£ million	EUR million
Pan European equity	5,221.2	3,348.5	4,314.8
Pan European small cap equity	168.5	108.1	139.3
Total Pan European Equity	5,389.8	3,456.6	4,454.1

Source: Invesco Perpetual as at 31 December 2014. May not sum to total due to rounding.

Pan European equity strategies

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Investment philosophy

There are a number of core beliefs underpinning the Pan European equities investment team's philosophy:

- Markets are inefficient, providing opportunities to buy companies below their fundamental worth
- The team believes a pragmatic approach to sourcing investments will lead to superior risk adjusted returns
- The team does not believe in one valuation metric nor is it beholden to one style of investing
- The team believes that 'bottom-up' and 'top-down' factors both add value

Market inefficiencies

Invesco Perpetual believes that investors' behavioural biases repeatedly give rise to market inefficiencies. To a large extent, these inefficiencies derive from three interlinked sources:

- Markets often overreact by placing undue focus on near-term issues
- Market expectations are often overly influenced by the extrapolation of current trends
- Markets respond to momentum and other technical drivers as well as to fundamentals

The investment team seeks to exploit these market inefficiencies through careful fundamental analysis and a strong emphasis on valuation.

Pan European equity strategies

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Investment process

Investment approach

The team's investment approach is to take advantage of inefficiencies in the market and buy stocks below their intrinsic value. This is achieved through fundamental research, drawing on internal proprietary research, selective use of external research and extensive company contact. This approach places a strong emphasis on valuation, a key determinant of future returns. The investment team takes a long-term approach to investing, typically a three to five year investment time horizon, which enables it to take advantage of any valuation anomalies. By not favouring any one particular investment style, the investment team can actively take advantage of the best mix of individual risk/reward opportunities in the market - at any point in time in whatever stock, sector or country they are to be found. As such, the benchmark is considered to be more of a point of reference as opposed to a determinant of investment decisions. This flexible approach aims to deliver consistent, positive performance under most market conditions.

There are a number of characteristics central to Invesco Perpetual's Pan European equity investment approach:

Active: Invesco Perpetual's fund managers are active investors, investing where they believe the best returns are to be found, with the benchmark considered to be more of a point of reference as opposed to a determinant of investment decisions.

Pragmatic and flexible: There is no inbuilt country, sector, stock, market cap or style bias within the investment approach. Exposure to these factors within portfolios is purely a function of where the fund managers believe the best opportunities are in the market place at any particular point in time. Consequently, exposures may change significantly over time.

Valuation focus: The investment team is valuation driven. Valuation determines whether a stock is an attractive investment or not. The focus is on identifying those companies whose current and future prospects are not reflected in their valuations and where there is a catalyst for this mis-valuation to be recognised by the market.

Bottom-up fundamental analysis within a "top down" framework: The investment team combines detailed top-down and bottom-up fundamental analysis, both for new idea generation and the ongoing evaluation of existing holdings. Bottom-up analysis is the main focus for both and is expected to be the largest contributor to alpha generation within portfolios. Notwithstanding this, understanding the macro background provides a critical component of the bottom-up research process, providing the context against which this research takes place. It may also influence portfolio construction, at the country and sector levels, particularly at inflection points in the market or economic cycle. In the investment team's fundamental analysis the fund managers incorporate internal proprietary research, selected externally sourced research and extensive company contact.

Interaction: The investment team leverages off the expertise of the other investment teams based in Henley, gaining an insight into trends in other equity markets and asset classes and how these might impact the fundamentals of European and UK equity markets at both a macro and micro level. Both John Surplice and Martin Walker are members of Invesco Perpetual's Global Equity Group, providing regional expertise in the construction of the firm's global equity core strategy.

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Idea generation

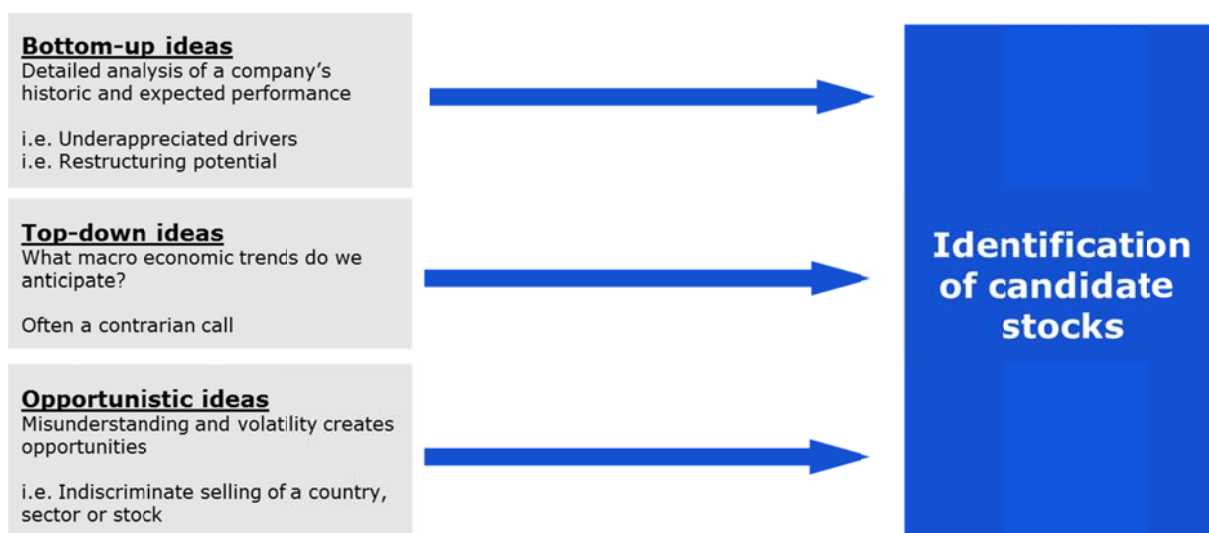
The investment process begins by identifying stocks that meet the team's investment criteria. The team adopts a flexible approach to sourcing ideas, and tries to avoid dismissing ideas for pre-conceived reasons. Indeed, it is this type of investor behaviour that often provides the investment team with opportunity to invest in undervalued companies.

Ideas are generated from a number of sources:

- Research capabilities and the individual and collective experience of the Henley-based regional equity investment teams
- Company meetings
- Research trips, visits and seminars
- Third party brokers/external research providing the investment team with an experienced network of sell side analysts, economists and strategists

The deliberately concentrated nature of the investment team promotes easy communication and information sharing.

Any stock specific ideas to be considered for the portfolio can include the following categories:



For illustrative purposes only.

Potential investment opportunities that meet the team's criteria then undergo thorough fundamental research. Whilst the market often invests on the basis of history, the team endeavours to understand the potential future of a business.

Research

Invesco Perpetual's European and UK Equities teams' research effort is structured to maximise its ability to identify and analyse the stocks that have the potential to add the most value to its portfolios. To achieve this, Invesco Perpetual combines the role of fund

Pan European equity strategies

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manager and analyst. This approach leverages from the experience of the fund managers in the analytic role, leads to a strong sense of ownership of the stocks held in portfolios and provides a detailed understanding that enhances an individual's effectiveness as a fund manager.

Many members of the European and UK teams have a generalist rather than specialist research role. By adopting a generalist approach to research responsibilities, the teams avoid the drawbacks of over specialisation and the subsequent loss of perspective on the overall market that this might encourage. It also allows them to leverage from their top-down macro work and allocate the research resource to where they believe the best investment opportunities lie, whilst at the same time ensuring that no area of the market is left uncovered. However, within the teams there clearly will be individuals who have particular expertise in certain sectors or stocks in the market, which the fund managers look to leverage from, complimented by any further research undertaken by other individual team members.

There are a number of key elements central to the team's approach to research:

- Internal proprietary research undertaken by an individual fund manager
- Extensive company contact
- Selective external research providers

The majority of the team's research is bottom-up stock specific, with a strong focus on valuation, incorporating its perception of the macro outlook.

Bottom-up research

At a stock level the research emphasis is on a detailed understanding of a company's key historical and future drivers, for example demand for products, pricing power, changes in market share, cashflow and management strategy. The main sources of this information are:

- Company meetings
- Corporate announcements and reporting material
- Research reports produced by external analysts

Meeting company management is critical in the information gathering process. From such meetings:

- The investment team believes that they can garner an improved understanding of the near- and longer-term prospects of a company and the quality of its management
- It also gives the investment team a forum to challenge their assumptions and predictions in person as well as ensuring that management understands their priorities as a shareholder
- Provides the investment team with valuable information regarding the state of the broader economy and the businesses of a company's suppliers, customers and competitors

Top-down macro analysis

Significant time is dedicated to the understanding and forecasting of current and future macroeconomic conditions. In particular, how this might impact the relative attractiveness of individual sectors and the impact it may have on stocks at the micro level. This recognises the fact that the influence of the changing macro environment on individual sector/company fundamentals will vary through the course of the economic cycle and that this needs to be reflected in portfolios and the bottom-up research emphasis.

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Understanding of the macroeconomic environment is primarily undertaken through:

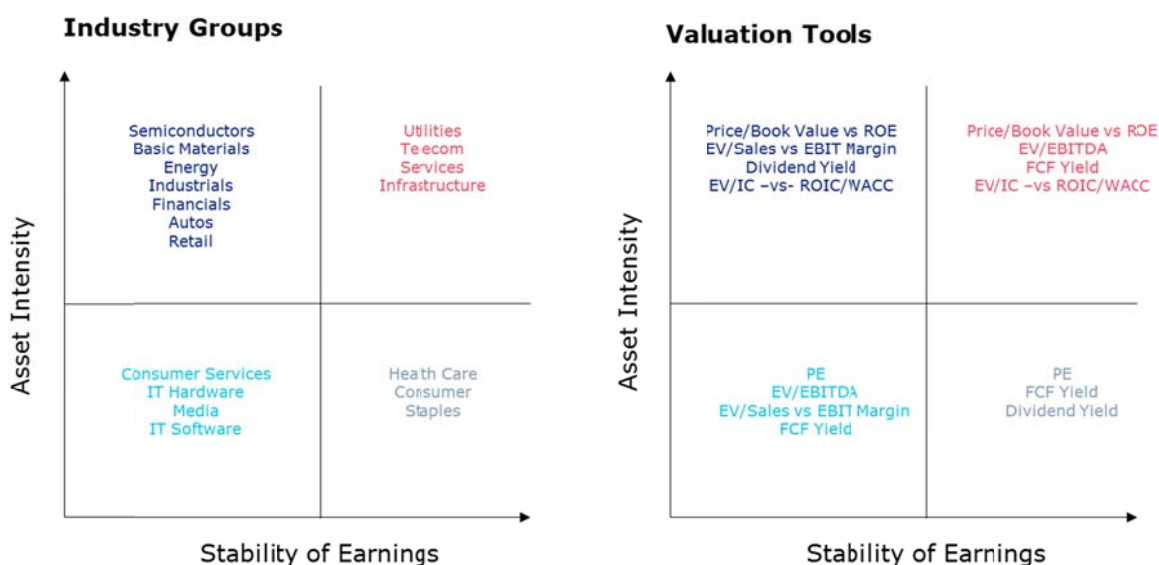
- Analysis of a broad range of leading global, regional and country level economic indicators
- Reviewing the analysis and expectations of external economists and strategists
- Company meetings

Valuation focus

The research stage, bringing together bottom-up and top-down analysis, incorporates a strong emphasis on valuation, a key determinant of future returns. For each individual stock or sector the most appropriate valuation techniques are selected, which can include:

- Multiples analysis e.g. P/E, EV/EBITDA, dividend yield and FCF yield set against the team's perception of profits, earnings and cashflow
- P/BV versus ROE
- EV/Sales versus EBIT margin
- Enterprise value/invested capital versus ROIC/WACC
- Sum of parts

The diagram below shows how the team's detailed strategic and financial analysis comes to a valuation conclusion:



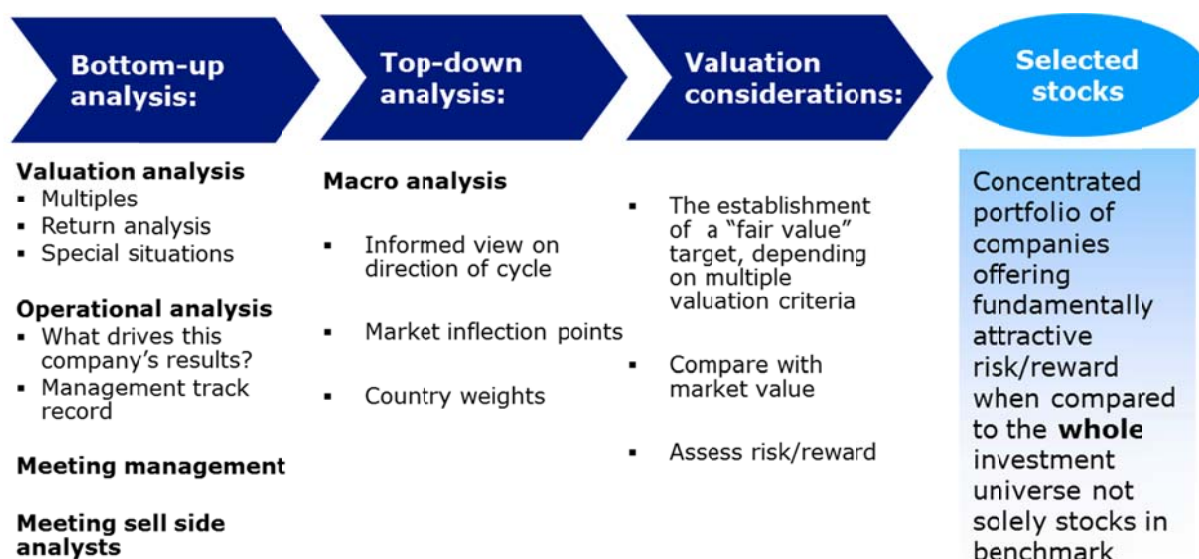
For illustrative purposes only.

As part of the valuation process, the investment team selectively uses valuation models generated by external analysts in order to fully understand the assumptions that they are incorporating into their valuation conclusions and as a structure into which the fund managers can input their own scenarios. This analysis, amongst other things, can highlight where there are sizeable differences between consensus expectations and the valuation scenarios generated by the investment team.

From this valuation work the fund managers derive a price expectation for a range of scenarios which is then considered in respect of a stock's current valuation, from which it can be determined whether the stock is attractively valued or not.

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External research

Invesco Perpetual emphasises the importance of internal proprietary research in combination with extensive company contact in the research stage. External research that is used is used purely as an input, as opposed to being a driver of the decision-making process.

This combination of in-house analysis with the use of well-placed and well-informed contacts within the broking community provides the fund managers with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'top-down' and 'bottom-up' investment analysis.

Fund management is a judgmental business and the major scope to add value is in the interpretation that our fund management teams place on the available information. The experience of fund managers in this respect is critical and key to the Pan European Equities team's success.

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Portfolio construction

The aim of the portfolio construction process is to have a portfolio of companies that offers the best mix of stock specific opportunities at any particular point in time. Portfolio construction is based on a combination of the outputs from the investment team's bottom-up and top-down research. The team would normally expect the bottom-up input to be the main contributor to the portfolio construction process, although there will clearly be times, such as inflection points in economic or market cycles, when the influence of the top-down input is likely to be greater. With the benchmark considered more of a point of reference, this process will result in significant over or underweight positions in individual countries/sectors when compared to the index.

Individual stock weightings are decided very much on a case-by-case basis using qualitative judgment and analysis. Stock weightings are based on potential upside set against:

- Perception of future direction of macro and micro environment
- Degree of conviction in the team's ability to assess risk and/or price
- Risk/reward in context of existing holdings

Portfolio constraints

There are no formal country, sector or stock limits set in the portfolio construction process, other than to meet regulatory or specific client investment restrictions. This gives the fund managers the freedom to position their strategies in response to underlying market conditions and the availability of investment opportunities. Consequently, they may change significantly over time.

Buy/sell discipline

The buy and sell decision-making process is driven by qualitative analysis. As quantitative buy and sell disciplines are not used, there therefore is no trigger or chain of events used to automatically induce a buy or sell.

Stocks will be purchased if they demonstrate sufficient potential for share price appreciation subject to the team's assessment of risk. At the stock level, the key risks are highlighted and assessed during the research stage. The resulting risk/reward will then be considered in context of a portfolio's existing holdings, and their inclusion in the portfolio is permitted under its investment parameters.

Once bought, portfolio holdings are very actively monitored. A stock will be considered for sale if it reaches or approaches the fund manager's price expectation, or if there is a fundamental change that negatively impacts its outlook or valuation. Any decision to sell will be the decision of the fund manager, normally following on from discussion and consultation with other members of the investment team. When purchasing/selling a position, fund managers will typically scale into and out of a stock over time rather than buy or sell a full position at once.

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

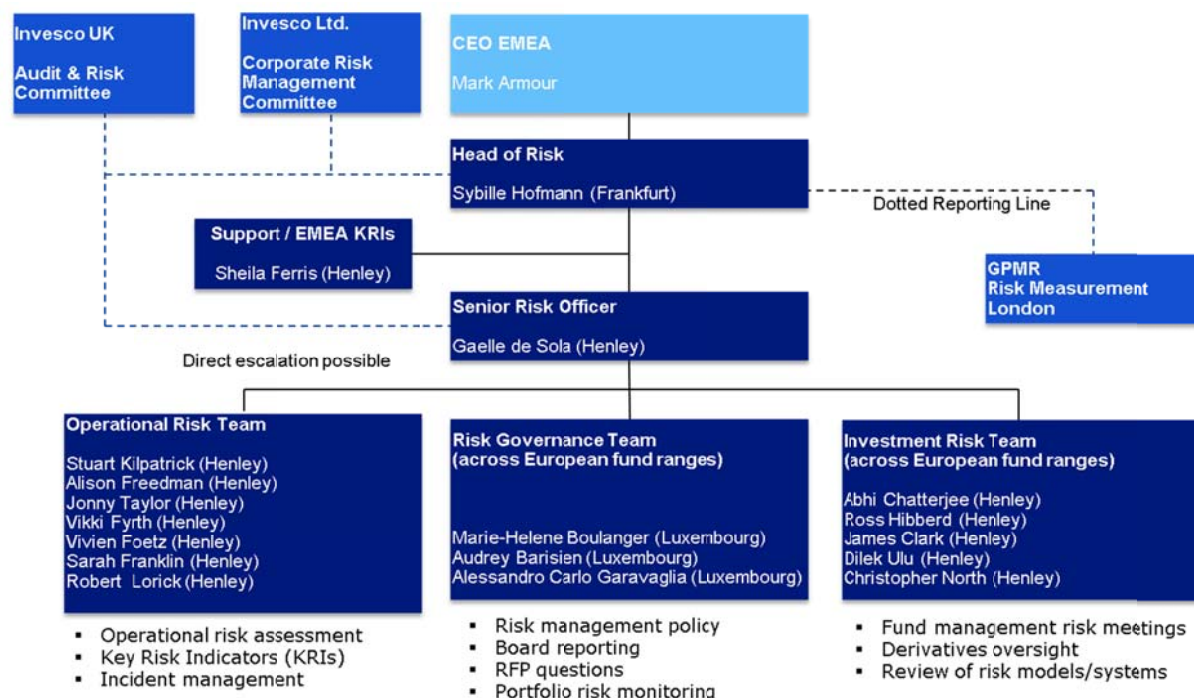
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Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

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- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

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Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

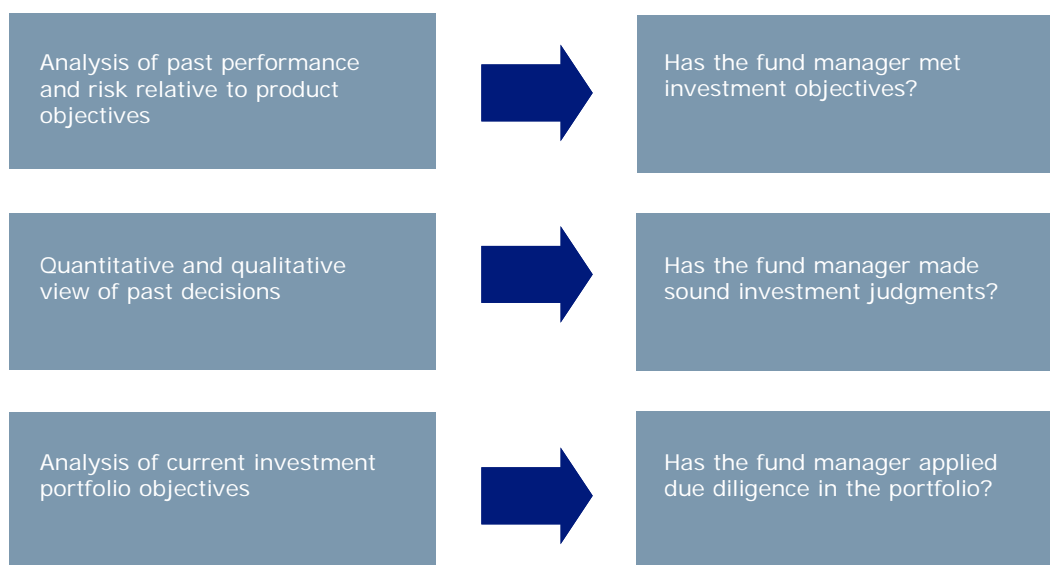
Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

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Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

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Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Pan European equity strategies

Invesco Perpetual

Strategy overview

Pan European equities

Strategy name , manager and objective	Benchmark	Concentration
Invesco Pan European equity strategy John Surplice/Martin Walker The strategy aims to provide long-term capital growth by investing in a portfolio of equity or equity related instruments of European companies with an emphasis on larger companies	MSCI Europe index	Typically 65 to 75 stocks
Invesco Pan European equity income strategy Stephanie Butcher/James Goldstone The strategy aims to generate income together with long-term capital growth, through investing primarily in European equities	MSCI Europe index	Typically 65 to 75 stocks

Pan European small cap equities

Strategy name , manager and objective	Benchmark	Concentration
Invesco Pan European small cap equity strategy Adrian Bignell/Jonathan Brown The strategy aims to provide long-term capital growth primarily from a portfolio of investments in smaller companies of any European stock market. The strategy may on occasion invest in special situations such as recovery stocks, take-over situations and, in due course, the emerging markets of Eastern Europe	Euromoney Smaller European Companies index	Typically 120 to 140 stocks

Appendix 1: Biographies

European Equities team

Jeff Taylor, Head of European Equities at Invesco Perpetual

Based in Henley-on-Thames, Jeff is Head of the European Equities team at Invesco Perpetual and is responsible for the management of a number of European equity portfolios. Jeff began his investment career in 1985, joining Williams de Broe as a European equity analyst. In 1987, he joined Dillon Read Securities as Director of Belgian Equities working as an Extel-rated analyst and salesman. Jeff joined our company in 1997 and became Head of European Equities at Invesco Perpetual in 2001. His responsibilities widened two years later as the Invesco European Equities team that was formerly based in London was integrated into the one team based in Henley-on-Thames. Jeff holds an MA in Modern Languages from Oxford University.

Stephanie Butcher, European Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Stephanie Butcher is responsible for a number of European equity portfolios, specialising in European equity income investing. She began her investment career at Lazard Asset Management as a graduate trainee in 1993 and progressed to become a US fund manager responsible for institutional and retail portfolios. Stephanie then joined Aberdeen Asset Management in 1997, initially as a US portfolio manager responsible for insurance and institutional funds, and then onto their European equities desk in 1998 as a fund manager responsible for a number of retail funds before joining our company in 2003. Stephanie holds an MA (Cantab.) in History from Cambridge University.

John Surplice, European Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, John Surplice is responsible for the management of a number of Pan European retail and institutional mandates. John began his career in 1992, joining Price Waterhouse, where he qualified as a chartered accountant before joining our company in 1995. John holds an MA (Honours) in Economics from Edinburgh University.

Matthew Perowne, European Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Matthew joined the company in June 2010 as a trainee analyst within our European Equities team taking on fund management responsibilities in June 2014. Matthew previously spent three years working for Jones Lang LaSalle, where he qualified as a Chartered Surveyor. Matthew holds a BA (Honours) in Combined Arts (majoring in Spanish) from the University of Durham, and an MSc in Real Estate from Southbank University.

Pan European equity strategies

Invesco Perpetual

Adrian Bignell, European Small Cap Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Adrian is responsible for a number of European equity portfolios, with a particular interest in the small cap sector. Adrian began his investment career at Cazenove in 1994 and became a director of the company and vice-head of their European Equities team. In September 2003, Adrian joined hedge fund manager, Park Place Capital, as a European small and mid cap analyst. He joined our company in 2003. He holds an MA (Honours) in French from St Andrews University.

Erik Esselink, European Small Cap Equities Fund Manager at Invesco Perpetual

Based in Atlanta, Erik specialises in the research and management of European small cap equities and is a member of Invesco Perpetual's European Equities team and Invesco's Global Core Equity team. His career started in 1997 and prior to joining our company in October 2007, Erik worked with Morgan Stanley, most recently as a pan European small and mid-cap equity specialist covering institutional equity sales into the Benelux region. Previously, he had worked for three years with ING Barings in Amsterdam, specialising in Dutch equities institutional sales. Erik graduated from the Rotterdam School of Economics (HES) where he studied Commercial Economics. He is fluent in English and Dutch with a working knowledge of French and German.

Oliver Collin, European Equities Analyst at Invesco Perpetual

Based in Henley-on-Thames, Oliver joined the company in July 2014 as an analyst within our European Equities team. His career started in September 2000 with ING Barings, initially within their graduate programme, before becoming a member of their Institutional Equity Sales team, specialising in Pan European mid-cap equities. In January 2006 he joined Berenberg Bank where he specialised in French mid-cap institutional equity sales. In November 2010 he joined Exane BNP Paribas where, as an Extel-rated salesman, he latterly led their Pan European Mid Cap Sales team after becoming a Partner in the firm in November 2011. Oliver holds a BSc (Honours) in Economics & Politics from the London School of Economics.

Joel Copp-Barton, European Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, Joel has responsibility for communicating Invesco Perpetual's European equities capabilities internally and externally. Joel joined the company as Product Director for Invesco Perpetual's European Equities team in March 2012, reporting directly to Jeff Taylor, Head of European Equities at Invesco Perpetual. He began his industry career in 1998, joining Dresdner Kleinwort as an analyst covering the Pan European Transportation sector before moving to Nomura in the same area of expertise. Joel holds a BA (Honours) in Business Studies from the Manchester Metropolitan University.

Nitesh Mistry, European Equities Assistant Product Director at Invesco Perpetual

Based in Henley-on-Thames, Nitesh has responsibility for communicating Invesco Perpetual's European equities capabilities internally and externally. He joined the company in June 2006 and supported the European Equities team as Product Manager before transferring to the team in March 2014 reporting to Jeff Taylor, Head of European Equities. He began his industry career in 2000, and prior to joining Invesco Perpetual was an Investment Communications Specialist at Old Mutual. Nitesh holds a BSc (Honours) in Economics and Finance from the University of York and the Investment Management Certificate from the CFA Society of the UK.

Pan European equity strategies

Invesco Perpetual

UK Equities team

Mark Barnett, Head of UK Equities at Invesco Perpetual

Based in Henley-on-Thames, Mark joined the company in 1996 as a fund manager within the UK Equities team and was appointed Head of UK Equities in 2014. He is the team's most experienced fund manager, specialising in UK equity income investing. Mark is responsible for the management of a number of UK equity portfolios, including both open and closed ended vehicles. Mark began his investment career with Mercury Asset Management in 1992. He graduated in French and Politics from Reading University in 1992 and has passed the associate examinations of the Association for Investment Management and Research (AIMR).

Ciaran Mallon, UK Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Ciaran is responsible for the management of a number of UK equity portfolios. Ciaran began his investment career in 1994, joining HSBC where he was an investment analyst before moving to United Friendly Asset Management (UFAM) in 1999 as a fund manager and joining our company in 2005. He holds an MA in Chemistry from Oxford University, the Securities Institute Diploma and is a CFA charterholder.

Martin Walker, UK Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Martin is responsible for the management of a number of UK equity portfolios. He began his investment career in 1997 after previous experience as an investment analyst with BWD Rensburg. Martin joined our company in 1999 as a trainee fund manager and has developed his career within the Henley-based UK Equities team, managing UK equity portfolios since 2003. Further recognition and a higher profile were provided as he took over some of the portfolio management responsibilities of veteran fund manager, Ed Burke, upon his retirement in 2008. Martin holds a BA in Financial Economics from Liverpool University and has also attained the Securities Institute Diploma.

James Goldstone, UK Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, James is responsible for the management of a number of UK equity portfolios. Prior to joining Invesco Perpetual in August 2012, James was co-head of pan-European sales at Banco Espirito Santo in London. James began his career in equity sales at Credit Lyonnais in 2001 and went on, via HSBC and Dresdner Kleinwort, to specialise in UK equity sales. James graduated with a BA in French from Manchester University.

Jonathan Brown, UK Small Cap Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Jonathan is responsible for the management of a number of UK small cap portfolios. Jonathan began his investment career with Lazard Asset Management in 1997, where he specialised in private client fund administration, before joining our company within a similar role in 2000. In 2004 Jonathan joined our UK Equities team as a trainee fund manager and, after three years specialising in the UK small cap sector, became a fund manager in his own right. Jonathan graduated with a BSc in Bio-Chemistry from UMIST and has also secured both the Investment Management Certificate from the CFA Society of the UK and the Securities Institute Diploma.

Robin West, CFA, UK Small Cap Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Robin works alongside Jonathan Brown and will be managing a number of UK smaller company equity portfolios*. He started his career at KPMG and joined Invesco 'first time around' in 1995, where he spent eight years as a smaller companies fund manager. Robin went on to join Oriel Securities where he worked as a small companies analyst and subsequently Aviva Investors in 2004 before returning to us in July 2014. Robin graduated from Cambridge University with a MA in Natural Sciences.

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He is also an Associate of the Institute of Chartered Accountants and is a CFA Charterholder.

Tim Marshall, UK Equities Senior Investment Analyst at Invesco Perpetual

Based in Henley-on-Thames, Tim joined the company in August 2014 as a senior investment analyst within our UK Equities team. Tim started his investment career with UBS, London in 2001. Specialising in Transport sector equity research, he became Head of European Transport Research in 2006 and was a number one rated transport analyst by both Institutional Investor and Extel. Three years later, he joined Redburn as an analyst, continuing his specialisation in the Transport sector, subsequently becoming a Partner at the company. Tim holds an MA (Hons) in International Relations and Modern History from the University of St Andrews, Scotland.

Frederick Bouverat, UK Equities Investment Analyst at Invesco Perpetual

Based in Henley-on-Thames, Frederick joined the company in 2014 and has specific responsibility for unquoted investments. He started his investment career in 2009 with Numis Securities in London, where he became an Associate Director in Equity Sales with a focus on technology & biotech companies. Frederick graduated with a BA in History from University College London.

Hilary Cook, UK Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, Hilary joined the company in 2011 and has responsibility for communicating Invesco Perpetual's UK equities investment capabilities internally and externally. Hilary began her investment career in 1983 and worked for Scottish Provident, Wood MacKenzie, Robert Fleming and UBS before moving to Barclays in 1991 - where she was Head of Research for Barclays Stockbrokers prior to becoming Director of Investment Strategy for Barclays Wealth in 1997. She gained an MA in Philosophy, Politics and Economics from the University of Oxford and was a Fulbright Scholar at the University of Utah, USA.

John Richards, UK Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, John joined the company in 2014 and has responsibility for communicating Invesco Perpetual's UK equities investment capabilities internally and externally. John began his investment career in 1983 at Mercury Asset Management where he became Head of Investment for UK institutions. He then co-founded and held the position of CIO at Société Générale Asset Management UK in 1997. After leaving Société Générale in 2007, John developed a hotel and restaurant business in France. John holds a BSc (Hons) degree in Economics from University College, London.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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Strategy profile
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February 2015



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Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Japanese equities

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

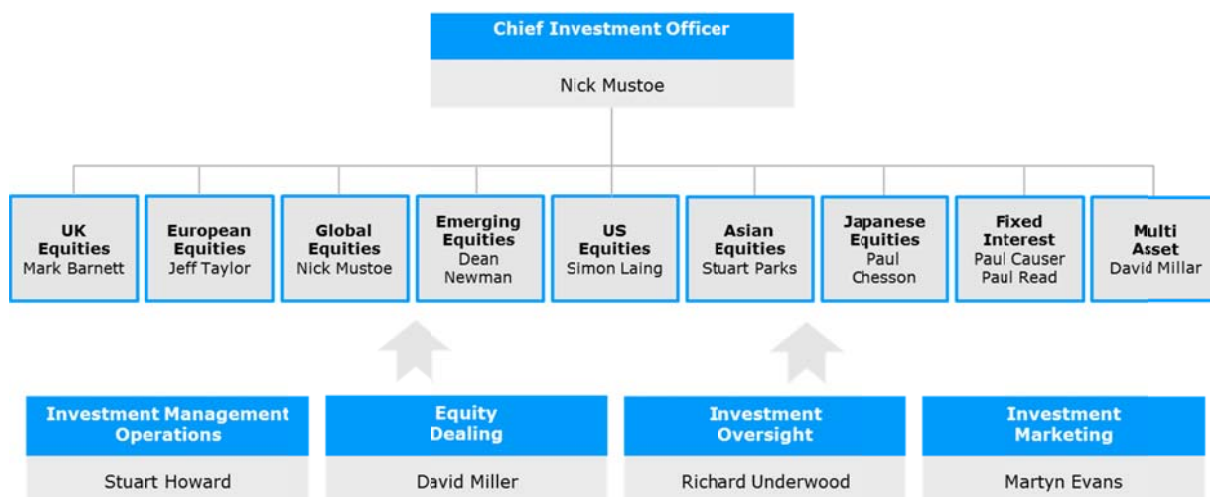
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

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Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Within the team, the fund manager of each portfolio determines, and has sole responsibility for, the investments in his portfolio. However, given the team structure and the collaborative approach to investment analysis, it is not uncommon to see significant overlap across the Japanese equity portfolios. We have set out below an overview of the decision makers within the team. Led by Paul Chesson, the Japanese Equities team comprises three members:

Name	Role	Years' industry experience	Years' tenure
Paul Chesson	Head of Japanese equities team	24	22
Tony Roberts	Japanese equities fund manager	19	15
Andy Tidby	Japanese equities fund manager	18	6

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up.

Biographies of team members are included within **Appendix 1**.

Japanese equities

Invesco Perpetual

Assets under management

As at 31 December 2014, the Japanese Equities team had US\$1.6 billion in assets under management. This covers all Japanese (sub-) portfolios within segregated and pooled investment vehicles⁴.

We provide in the table below a breakdown of the assets managed specifically under the Japanese equity strategy. Also detailed are the assets managed by the team in the Japanese portion of the Asia Pacific strategy:

Asset breakdown	US\$ million	£ million	EUR million
Japanese equity strategy only	1,132.1	726.0	932.5
Japanese equity sub-portfolios of broader Asia Pacific and Global equity mandates	427.6	289.9	372.3
Total	1,559.7	1,015.9	1,304.8

Source: Invesco Perpetual as at 31 December 2014.

⁴ Data includes all assets managed including carve-outs of international and multi-asset mandates

Investment philosophy

There are a number of core beliefs underpinning the Japanese Equities team's philosophy:

- Markets are inefficient in the short term, providing opportunities to buy companies below their fundamental worth
- The team believes that valuation determines investment returns
- The team views risk in absolute terms, not in reference to any equity benchmark
- The team does not believe in one valuation metric nor is it beholden to one style of investing

Market inefficiencies

Invesco Perpetual believes that investors' behavioural biases repeatedly give rise to market inefficiencies. To a large extent, these inefficiencies derive from three interlinked sources:

- Markets often overreact by placing undue focus on near-term issues
- Market expectations are often overly influenced by the extrapolation of current trends
- Markets respond to momentum and other technical drivers as well as to fundamentals

The investment team seeks to exploit these market inefficiencies through careful fundamental analysis and a strong emphasis on valuation.

Investment process

Investment universe

The Japanese Equities team researches all areas of the universe and considers the Topix 1st Section Index to be their primary universe of stocks.

Idea generation

The investment process begins by identifying stocks that meet the team's investment criteria. The team adopts a flexible approach to sourcing ideas, and tries to avoid dismissing ideas for pre-conceived reasons. Indeed, it is this type of investor behaviour that often provides the investment team with opportunity to invest in undervalued companies.

Ideas are generated from a number of sources:

- Research capabilities and the individual and collective experience of the Henley-based regional equity investment teams
- Third party brokers/external research providing the investment team with an experienced network of sell side analysts, economists and strategists
- Company meetings
- Research trips, visits and seminars
- Screening tools - technical analysis and quant screening
- Macro - companies do not operate in a vacuum so it is important to understand and have a view on how their profitability will be impacted by changes in the macro environment

The chart below illustrates the investment process in practice.



For illustrative purposes only.

Japanese equities

Invesco Perpetual

Potential investment opportunities that meet the team's criteria then undergo thorough fundamental research. Whilst the market often invests on the basis of history, the team endeavours to understand the potential future of a business.

Investment approach

The team's investment approach is to take advantage of inefficiencies in the market and buy stocks below their intrinsic value. By not favouring any one particular investment style, the investment team can actively take advantage of the best mix of individual risk/reward opportunities in the market - at any point in time in whatever stock, sector or country they are to be found. As such, the benchmark is considered to be more of a point of reference as opposed to a determinant of investment decisions. There are a number of characteristics central to the investment approach:

Active: Invesco Perpetual's fund managers are active investors, investing where they believe the best returns are to be found with the benchmark considered to be more of a point of reference as opposed to a determinant of investment decisions.

Pragmatic and flexible: There is no inbuilt country, sector, stock, market cap or style bias within the investment approach. Exposure to these factors within portfolios is purely a function of where the fund managers believe the best valuation opportunities are in the market place at any particular point in time. Consequently, exposures may change significantly over time.

Valuation focus: The investment team is valuation driven. Valuation determines whether a stock is an attractive investment or not. The focus is on identifying those companies whose current and future prospects are not reflected in their valuations and where there is a catalyst for this mis-valuation to be recognised by the market.

Bottom-up fundamental analysis within a "top down" framework: The investment team combines detailed top-down and bottom-up fundamental analysis, both for new idea generation and the ongoing evaluation of existing holdings. Bottom-up analysis is the main focus for both and is expected to be the largest contributor to alpha generation within portfolios. Notwithstanding this, understanding the macro background provides a critical component of the bottom-up research process, providing the context against which this research takes place. It may also influence portfolio construction, at the country and sector levels, particularly at inflection points in the market or economic cycle. In the investment team's fundamental analysis the fund managers incorporate internal proprietary research, selected externally sourced research (including central banks, political and economic advisers) and extensive company contact.

Conviction portfolios: The team often take contrarian views, but this is on a considered, not an automatic, basis. They believe in investing where the best potential returns are to be found, irrespective of the relative importance of a stock's weight in the benchmark and our portfolios will reflect the level of our conviction. They are prepared to stand by their views through a period of underperformance if they are confident that their strategy will deliver superior performance over a longer period.

Long-term investing: The team's philosophy is grounded in a view that prioritises a long-term, three to five year, investment period.

Stock research

Invesco Perpetual's Japanese Equities team's research effort is structured to maximise its ability to identify and analyse the stocks that have the potential to add the most value to the strategy. To achieve this, Invesco Perpetual combines the role of fund manager and analyst. This approach leverages from the experience of the fund managers in the analytic role, leads to a strong sense of ownership of the stocks held in portfolios and provides a detailed understanding that enhances an individual's effectiveness as a fund manager.

All members of the Japanese Equities team have a generalist rather than specialist research role. By adopting a generalist approach to research responsibilities, the teams avoid the drawbacks of over specialisation and the subsequent loss of perspective on the overall market that this might encourage. It also allows them to leverage from their top-down macro work and allocate the research resource to where they believe the best investment opportunities lie, whilst at the same time ensuring that no area of the market is left uncovered. However, within the teams there clearly will be individuals who have particular expertise in certain sectors or stocks in the market, which the fund managers look to leverage from.

There are a number of key elements central to the team's approach to research:

- Internal proprietary research undertaken by an individual fund manager
- Extensive company contact
- Selective external research providers

The majority of the team's research is bottom-up stock specific, with a strong focus on valuation, incorporating its perception of the macro outlook.

Bottom-up research

Fundamental analysis is the key input to the process and a principal driver of stock selection.

Stock ideas are driven by:

- Corporate news flow e.g. Nikkei, event and news monitors
- Share price movements
- Earnings revisions
- Company meetings
- Sell side analysts
- Screening for mispricing
- Macro analysis
- Discussions with colleagues

While we are looking for new investment ideas we are constantly applying the same scrutiny to the companies we already hold in our portfolios. At a stock level we are looking for companies we consider to be attractively valued and to have a positive outlook and/or improving growth prospects where we can find them. A broad evaluation of the quality and the prospects for the company is undertaken. This involves an understanding of the company's competitive positioning, strategic advantages and the quality and alignment of management. Our focus is on current, and future earnings, and where the team believes they may be different from market expectations.

The team does remain aware of the limitations of accounting earnings (e.g. the use of extraordinary items) and the assumptions inherent in the stock valuation. The team's views are usually expressed as a valuation target which includes a consideration of the absolute attractiveness of the stock as an investment. We do not formally document our research

Japanese equities

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and analysis, as we believe this can cause delays in the decision-making process. It can also inhibit flexibility when conditions change. However, our views are communicated and discussed on a timely and informal basis, with our focus being on producing useful outputs rather than documentation for its own sake.

Meeting company management is one of the most important parts of this information gathering process. The team have an extensive programme of company meetings and visits, with approximately 200 one-on-one company meetings per year, visiting Japan 8 times per year. These meetings provide an insight into issues and contributions of different divisions, especially the poorer performing ones and a view on how the financial position of the company is likely to develop. This enables the team to develop an understanding of a company's near and longer term prospects, to assess the quality of management as well as providing a forum through which they can challenge underlying assumptions most effectively. In addition these meetings provide the team with useful information about customers, competitors and the broader economy which provide input to their macroeconomic views.

Top-down macro analysis

The team dedicate significant time and effort to top-down analysis, seeking to understand the current macroeconomic environment and to make informed forecasts of future conditions.

Within their analysis they consider how the environment might impact the relative attractiveness of individual sectors and the impact it may have on stocks at the micro level. The team believe that a company's operating conditions are largely determined by the broader macro-economic environment, recognising that the influence of macro conditions on sector and stock fundamentals will vary over the course of the economic cycle. It is critical that the macro context is accurately reflected in the structure of their portfolios and in the emphasis of their bottom-up research.

Valuation focus

Valuation analysis is a key part of the team's process and determines whether a stock is attractive or not. A company's valuation is considered in the context of its expected earnings. The team's emphasis is on identifying companies with lower than average levels of valuation where they see this as unjustified. While they look at the stock valuation compared to the market as a whole, they also look for stocks that are attractively valued in absolute terms. In some cases, the prospects for a company will not have changed significantly; however, by comparing the current valuation against its history, and its competitors, the team may feel that the company is simply undervalued.

There is no one single valuation measure which can be used for this purpose. The valuation technique will depend on the type of company being analysed and what the team feel is most appropriate for the individual stock or the sector it is in. However, the core measure used is price/earnings, which they see as capturing a blend of other measures. In certain cases, asset based measures are useful, particularly in situations where corporate assets may become biddable.

External research

Invesco Perpetual emphasises the importance of internal proprietary research in combination with extensive company contact in the research stage. External research that is used is used purely as an input, as opposed to being a driver of the decision-making process.

Japanese equities

Invesco Perpetual

This combination of in-house analysis with the use of well-placed and well-informed contacts within the broking community provides the fund managers with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'top-down' and 'bottom-up' investment analysis.

Fund management is a judgmental business and the major scope to add value is in the interpretation that our fund management teams place on the available information. The experience of fund managers in this respect is critical and key to the Japanese Equities team's success.

Portfolio construction

The aim of the construction process is to maximise exposure to the most attractive stocks and sectors, within a portfolio structure which reflects the manager's view of the macroeconomic environment. The size of weightings reflects a manager's view of the attractiveness of a stock and the degree of conviction. Portfolio construction is based on a combination of the outputs from our bottom-up stock and top-down macro research.

The team would normally expect the bottom-up input to be the main contributor to the portfolio construction process, although there will clearly be times, such as inflection points in economic or market cycles, when the influence of the top-down input is likely to be greater. This process will result in potentially very significant over or underweight positions in individual sectors versus the benchmark.

Whilst the team are aware of the composition of the benchmark index, and this will influence their judgement about sector exposure, they are not driven by it. Sectors are not homogenous so sector weightings can be a poor guide to true exposures. If they do not consider a stock to be a good investment, then they will not own it, irrespective of its weight in the index. As a result, where possible within the context of the market, any stock held within their portfolios is an expression of a positive view.

Portfolio constraints

There are no formal sector, stock or market capitalisation limits set in the portfolio construction process, other than to meet regulatory or specific client investment restrictions. This gives the fund managers the freedom to position their strategies in response to underlying market conditions and the availability of investment opportunities. Consequently, they may change significantly over time.

Buy/sell discipline

The decision to sell a stock is based on the same principles as the decision to buy: valuation and business fundamentals. A stock will be sold if it meets one or more of the following criteria:

- It is no longer undervalued
- A more attractive opportunity has been identified elsewhere
- The investment case for the stock no longer applies

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

Japanese equities

Invesco Perpetual

Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

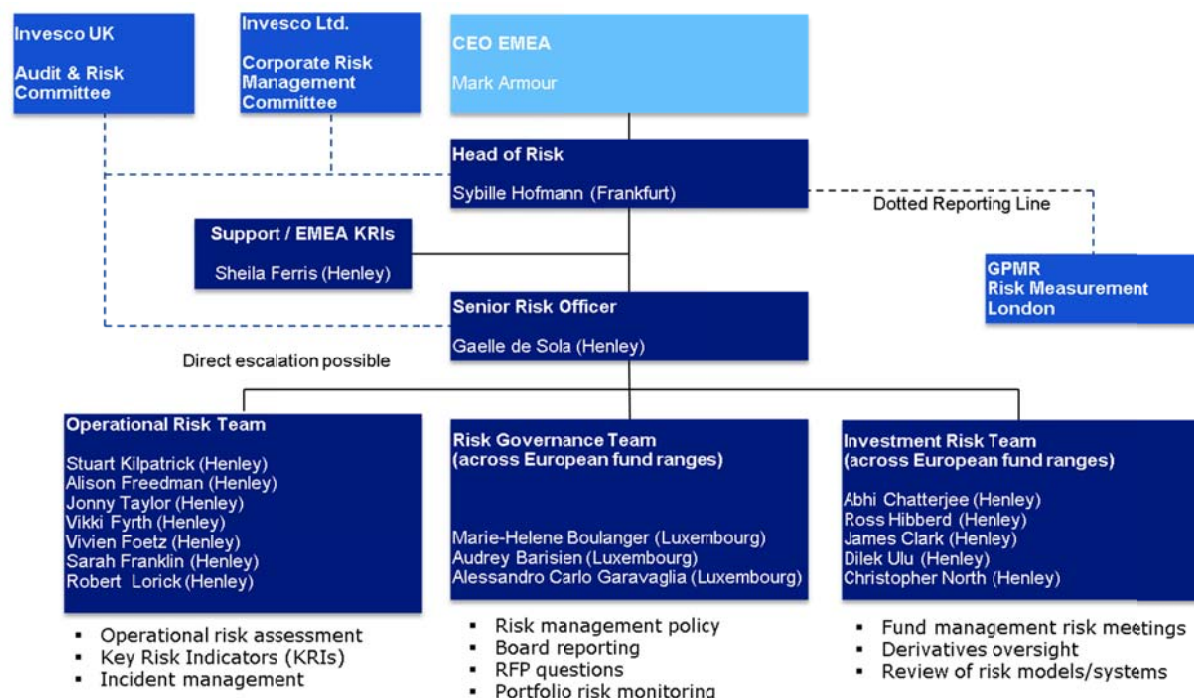
These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

Japanese equities Invesco Perpetual

Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

Japanese equities

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

Japanese equities Invesco Perpetual

- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Japanese equities

Invesco Perpetual

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

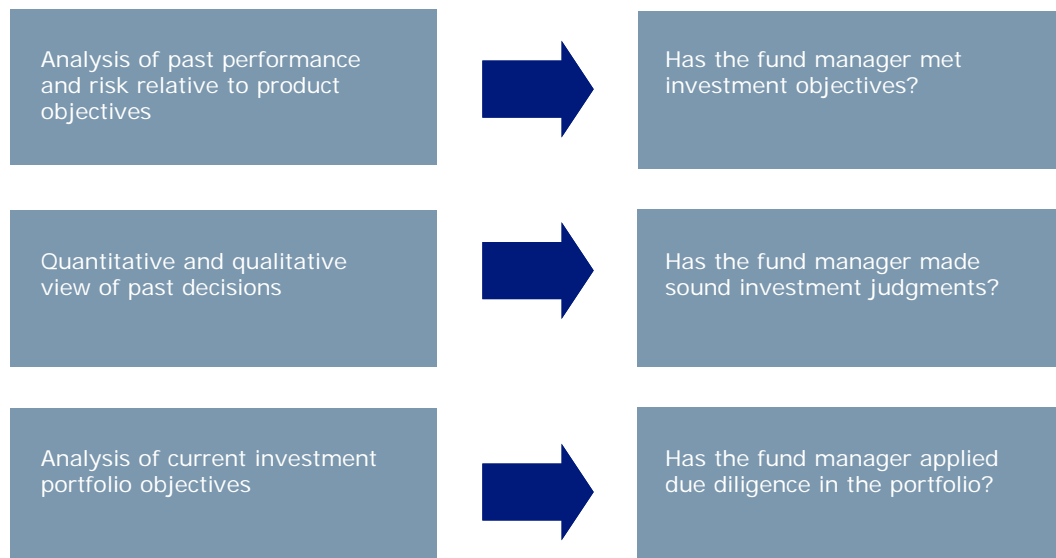
As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

Japanese equities Invesco Perpetual

Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

Japanese equities

Invesco Perpetual

Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Japanese equities

Invesco Perpetual

Strategy overview

Japanese equity

Strategy name, management and objective	Reference benchmark	Concentration
Invesco Japanese Equity Core strategy Paul Chesson & Tony Roberts The strategy is invested to achieve capital growth in Japan.	TOPIX 1st section	Typically 30 to 50 securities

Appendix 1: Biographies

Paul Chesson, Head of Japanese Equities at Invesco Perpetual

Based in Henley-on-Thames, Paul is Head of Japanese Equities at Invesco Perpetual and is responsible for the management of a number of Japanese equity portfolios alongside fellow fund manager, Tony Roberts. Paul began his investment career in 1990 at Touche Remnant, specialising in Japanese Equities before joining our company in 1993. He holds an MA in Law from Oxford University and is an associate member of the Association for Investment Management.

Tony Roberts, Japanese Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Tony is responsible for the management of a number of Japanese equity portfolios alongside fellow fund manager, Paul Chesson. Tony began his investment career in 1995 as an analyst and fund manager with Clerical Medical after two years with actuarial consultants, Godwins. He joined our company in 2000 to work alongside Paul Chesson, Head of Japanese Equities. He holds a BSc in Mathematics from Southampton University and is a member of the CFA Society of the UK.

Andy Tidby, Japanese Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Andy is a fund manager within Invesco Perpetual's Japanese Equities team and is also responsible for representing the team's investment capabilities to external and internal clients. Andy joined the company in September 2008 as an investment communication specialist for the Japanese and Asian equity teams. He joined the Japanese Equities team as an analyst at the beginning of 2011 and assumed fund management responsibilities, focusing on small cap companies, at the beginning of 2015. He began his investment career in 1997 as a client portfolio manager with HSBC Bank, where he was responsible for the management of private client portfolios. Subsequently, he joined HSBC Global Asset Management in 2003 where he was a senior investment writer, covering regulatory and marketing communications across the group's retail, intermediary and institutional clients. Andy holds the IMC qualification from the CFA Society of the UK and passed Level 1 of the CFA exam in December 2012.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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Strategy profile
Asia ex-Japan equities
Invesco Perpetual
February 2015



Asia ex-Japan equities

Invesco Perpetual

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Asia ex-Japan equities

Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Asia ex-Japan equities

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

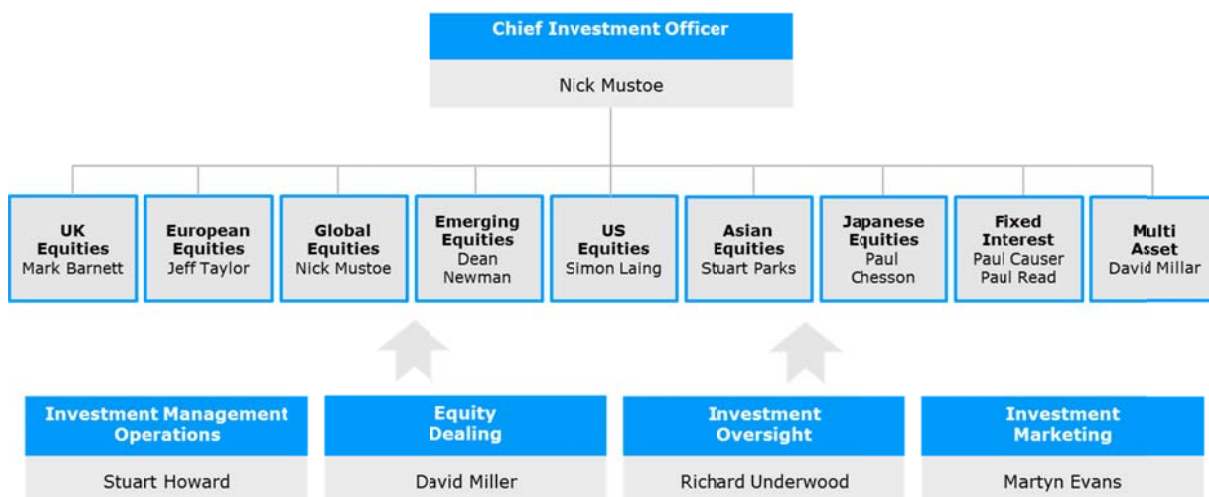
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Asia ex-Japan equities

Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Within the team, the fund manager of each portfolio determines, and has sole responsibility for, the investments in his portfolio. However, given the team structure and the collaborative approach to investment analysis, it is not uncommon to see significant overlap across our Asian equity portfolios.

We have set out below an overview of the decision makers within the team. Led by Stuart Parks, the Asian Equities team comprises five members:

Name	Role	Years' industry experience	Years' tenure
Stuart Parks	Head of Asian equities team	30	21
Ian Hargreaves	Asian equities fund manager	20	20
William Lam	Asian equities fund manager	14	9
Tim Dickson	Asian equities fund manager	22	6
Charles Bond	Analyst	4	3

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up.

Biographies of team members are included within **Appendix 1**.

Asia ex-Japan equities

Invesco Perpetual

Assets under management

As at 31 December 2014, the Asian Equities team had US\$16.5 billion in assets under management; this covers all Asian ex Japan (sub-) portfolios within segregated and pooled investment vehicles⁴.

We provide in the table below, a breakdown of the assets managed specifically under the Asia ex-Japan equity strategy:

Asset breakdown	US\$ million	£ million	EUR million
Asia ex-Japan equity mandates	16,000.5	10,285.4	13,219.2
Asia ex-Japan sub portfolios of broader global equity mandates	486.8	355.0	402.2
Total Asia ex-Japan equity	16,487.3	10,640.4	13,621.4

Source: Invesco Perpetual as at 31 December 2014. May not sum due to rounding

⁴ Data includes all assets managed including carve-outs of global equity and multi-asset mandates.

Investment philosophy

Invesco Perpetual believes that investors' behavioural biases repeatedly give rise to market inefficiencies. To a large extent, these inefficiencies derive from three interlinked sources:

- Markets often overreact by placing undue focus on near-term issues
- Market expectations are often overly influenced by the extrapolation of current trends
- Markets respond to momentum and other technical drivers as well as to fundamentals

The team's fund managers seek to exploit these market inefficiencies through careful fundamental analysis and a strong emphasis on valuation.

Market inefficiencies

Invesco Perpetual believes that investors' behavioural biases repeatedly give rise to market inefficiencies. To a large extent, these inefficiencies derive from three interlinked sources:

- Markets often overreact by placing undue focus on near-term issues
- Market expectations are often overly influenced by the extrapolation of current trends
- Markets respond to momentum and other technical drivers as well as to fundamentals

The investment team seeks to exploit these market inefficiencies through careful fundamental analysis and a strong emphasis on valuation.

Asia ex-Japan equities

Invesco Perpetual

Investment process

Investment universe

Within the restrictions as to where the team's strategies can invest, the universe theoretically covers all stocks that are quoted in Asia. In practice, Stuart Parks has created an investable universe of around 500 stocks, most of which has been covered in detail for a considerable period of time.

The investable universe has been narrowed down by eliminating companies on the basis of size, liquidity and quality of management and corporate governance. It can be summarised, as follows:

- Size: liquidity factors and the size of the strategies that we manage mean that we rarely hold companies with a market capitalisation of below US\$300m
- Liquidity: the team aim to be able to enter and exit the majority of positions over 10 trading days while accounting for no more than 1/3 of each day's trading volume
- Management quality/corporate governance: some companies are excluded from the investment universe due to concerns over quality of management and corporate governance issues

Team members are generalist fund managers and undertake original research into all companies in which they invest. This dual role delivers ownership and responsibility for each investment decision. The team believe that their expertise delivers a breadth of knowledge across stocks, sectors and countries.

Idea generation

The investment process begins by identifying stocks that meet the team's investment criteria. The team adopts a flexible approach to sourcing ideas, and tries to avoid dismissing ideas for pre-conceived reasons. Indeed, it is this type of investor behaviour that often provides the investment team with opportunity to invest in undervalued companies.

Ideas are generated from a number of sources:

- Research capabilities and the individual and collective experience of the Henley-based regional equity investment teams
- Third party brokers/external research providing the investment team with an experienced network of sell side analysts, economists and strategists
- Company meetings
- Research trips, visits and seminars
- Screening tools - technical analysis and quant screening
- Macro - companies do not operate in a vacuum so it is important to understand and have a view on how their profitability will be impacted by changes in the macro environment

Potential investment opportunities that meet the team's criteria then undergo thorough fundamental research. Whilst the market often invests on the basis of history, the team endeavours to understand the potential future of a business.

Asia ex-Japan equities

Invesco Perpetual

Investment approach

There are a number of characteristics central to Invesco Perpetual's Asian equities strategy:

Active: The investment team are conviction investors, actively managing portfolios and investing where we believe the best returns are to be found irrespective of the benchmark.

Top-down and bottom-up fundamental analysis: The investment team combines detailed top-down and bottom-up fundamental analysis, both for new idea generation and the ongoing evaluation of existing holdings in their portfolios. Bottom-up analysis is the main focus for both and is expected to be the largest contributor to alpha generation. Notwithstanding this, understanding the macro background provides a critical component of the bottom-up research process, providing the context against which this research takes place. It may also influence portfolio construction, at country and sector levels, particularly at inflection points in the market or economic cycle. In their fundamental analysis, they incorporate internal proprietary research, selected externally sourced research and extensive company contact.

Valuation: The investment team is valuation driven. Valuation determines whether a stock is an attractive investment or not. The focus is on identifying those companies whose current and future prospects are not reflected in their valuations and where there is confidence for this mis-valuation to be recognised by the market.

Pragmatic and flexible: There is no inbuilt country, sector, stock, market capitalisation or style bias within the investment approach. This gives the fund managers the freedom to position the strategies in response to underlying market conditions and the availability of investment opportunities. Consequently, they may change significantly over time.

Conviction portfolios: The investment team often take contrarian views, but this is on a considered, not an automatic, basis. They believe in investing where the best potential returns are to be found, irrespective of the relative importance of a stock's weight in the benchmark and their portfolios will reflect the level of their conviction. They are prepared to stand by their views through a period of underperformance if they are confident that their strategy will deliver superior performance over a longer period.

Liquidity trend analysis: Of particular importance is a focus on liquidity conditions, which in Asia perhaps more than any other region, is the key determinant in shaping the environment for equities.

- Liquidity is best gauged by changes to balance of payments conditions in individual countries (current account balance, Foreign Direct Investment and portfolio flows)
- Findings of liquidity trend analysis determine the portfolio bias to growth or value stocks, large vs. small caps
- A projected deterioration of liquidity conditions will emphasise the need for capital preservation

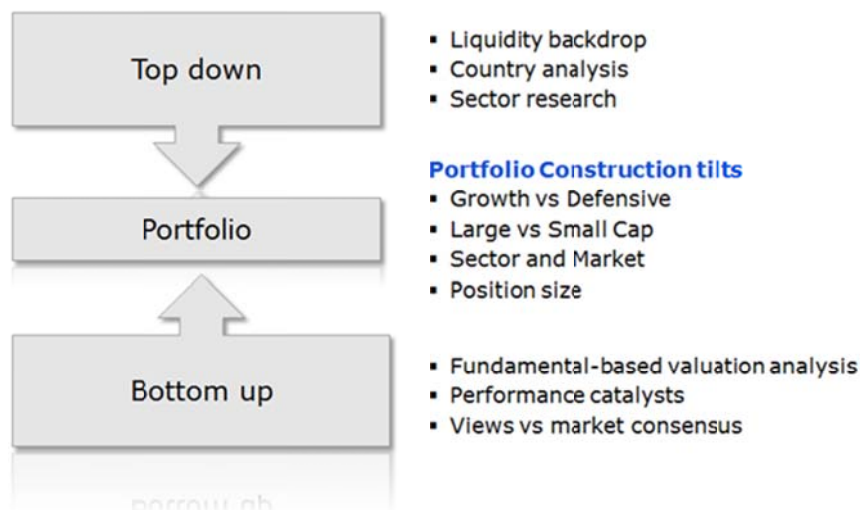
Due to the importance of liquidity flows as a driver of valuations in the region, the top-down macroeconomic view forms a key input into the investment and asset allocation process, influencing both portfolio construction and stock selection. However, the bottom-up analysis remains the key driver of the stock selection process and is expected to be the main contributor to alpha generation within portfolios.

Long-term investing: The philosophy is grounded in a view that prioritises a long-term, three to five year, investment period.

Asia ex-Japan equities

Invesco Perpetual

The process for Invesco Perpetual's Asian equity portfolios is illustrated below:



For illustrative purposes only.

Stock research

The majority of research is qualitative and divides naturally between top-down macro analysis and bottom-up stock research.

Top-down research

Significant time is dedicated to the understanding macroeconomic conditions, market valuations, capital flows and geopolitical events.

Within the investment team's analysis they consider how the environment might impact the relative attractiveness of individual sectors and the impact it may have on stocks at a micro level. The team believe that a company's operating conditions are largely determined by the broader macroeconomic environment, also recognising that the influence of macro conditions on sector and stock fundamentals will vary over the course of the economic cycle. It is critical that the macro context is accurately reflected in the structure of the team's portfolios and in the emphasis of its bottom-up research described below.

Bottom-up research

Fundamental analysis is the key input to the process and a principal driver of stock selection.

Stock ideas are generated from a number of sources. The team sources many ideas from the primary market, and their close network of specialist brokers and analysts regularly introduce them to potential investments. They also generate ideas in the secondary market through regular discussions with analysts and brokers, and through their macroeconomic views, which may highlight a particular area of the market for closer inspection. Company meetings are also an important aspect of idea generation, in that they often expose competitors, customers or suppliers that could be of interest to the team.

Asia ex-Japan equities

Invesco Perpetual

The investment decisions that shape each portfolio are the consequence of the fund manager's assessment of the information inputs. The process does not rely on the use of any proprietary analytical tools, rather, the team believes that value is added as a consequence of the insights of the fund manager, their understanding of market conditions and the quality of their interpretation of the data.

Once an idea has been generated, it is then subject to further analysis to allow a considered judgment to be reached on the stock's valuation and to arrive at an investment decision. This further analysis can be broken down into three components:

Proprietary research: This is to arrive at a judgment on valuation. A fund manager can look at quantitative measures as a guide to this, but it will also involve qualitative judgments on aspects such as the quality of a company's products and services, the risks to which it is exposed, the strength of its management team and the presence of any unique characteristics or tangible advantage over competitors.

Examination of broker research on the company, and discussion with relevant investment analysts: This external analysis is not used for its ultimate buy/sell recommendation; rather a fund manager compares the assumptions behind this research to their own, in order to form a judgment on valuation. Contact is maintained with industry analysts that a fund manager considers to have superior analytical insights.

Meeting company management: This is to obtain a better understanding of the nature of the business, its key drivers, competitive position and the achievability of management goals.

A fund manager's research is structured to give them a detailed understanding of a company's key historical and future business drivers, such as demand for its products, pricing power, market share trends, cashflow and management strategy. This enables a fund manager to form an opinion on a company's competitive position, its strategic advantages/disadvantages and the quality of its management.

From such meetings:

- The fund manager believes they can garner an improved understanding of the near- and longer-term prospects of a company and the quality of its management.
- Gives them a forum to challenge their assumptions and predictions in person as well as ensuring that management understands Invesco Perpetual's priorities as a shareholder.
- Provides the fund manager with valuable information regarding the state of the broader economy and the businesses of a company's suppliers, customers and competitors. This analysis is then considered in conjunction with a stock's current and prospective valuation, enabling the fund manager to determine whether or not the stock is attractively valued.
- Determine where there are sizable differences between consensus expectations and what the company expects to realistically achieve.

Valuation

In addition to proprietary research, as explained above, Invesco Perpetual's fund managers selectively use valuation models in order to understand the assumptions that the brokers/analysts have incorporated into their valuation conclusions and as a structure into which they can input their own scenarios.

Asia ex-Japan equities

Invesco Perpetual

External research

In addition to original research, Invesco Perpetual's fund managers devote considerable resource to the assessment of research produced by external organisations, including that of brokerage houses, independent research firms and analysts. We believe that the resulting relationship with these firms, based on mutual respect, enhances the quality of the investment dialogue. For each sector, fund managers typically have two or three external analysts with whom they maintain close contact and whose judgment they value. They are then able to compare their own research with consensus expectations, identifying opportunities where the market is overly-pessimistic or overly-optimistic. It should be emphasised that external research is used purely as an input, as opposed to being the driver of the decision-making process.

This combination of in-house analysis with the use of well-placed and well-informed contacts within the broking community provides our fund managers with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'bottom-up' and 'top-down' investment analysis.

Fund management is a judgmental business and the major scope to add value is in the interpretation of the available information by our investment team. The experience of fund managers in this respect is critical and key to the success of the investment team.

Portfolio construction

The aim of the construction process is to maximise exposure to the most attractive stocks and sectors, within a portfolio structure which reflects the manager's view of the macroeconomic environment. The size of weightings reflects a manager's view of the attractiveness of a stock and the degree of conviction. Portfolio construction is based on a combination of the outputs from our bottom-up stock and top-down macro research.

In summary, the fund manager employs a matrix approach to blend the following five key variables during the portfolio construction process:

- **Growth/value** – the style bias in the portfolio is tilted to either growth or value depending on liquidity conditions
- **Large/small cap** – the market cap bias in the portfolio is tilted to either large- or small-cap stocks depending on liquidity and valuation conditions
- **Sector** – industry fundamentals and global trends are key inputs when determining sector allocations
- **Market/geography** – exposure to certain markets will increase or decrease depending on the fund manager's assessment of its risk and potential return
- **Stock selection** – depending on the fund manager's level of conviction in the prospects of an individual company, a stock's weighting in the portfolio can deviate greatly from its benchmark weighting

Portfolio constraints

There are no formal country, sector, stock or market capitalisation limits set in the portfolio construction process, other than to meet regulatory or specific client investment restrictions. This gives the fund managers the freedom to position their strategies in response to underlying market conditions and the availability of investment opportunities. Consequently, they may change significantly over time.

Asia ex-Japan equities

Invesco Perpetual

Buy/sell discipline

The Asian Equities team actively monitors its portfolios on a continuous basis, making investment decisions based on the output of the investment process and the investment parameters applicable to each individual portfolio. The buy and sell decision-making process is driven by fundamental analysis, with responsibility for all decisions lying with the fund manager, although they are normally preceded by discussion and consultation with other members of the team. Sell decisions are typically driven by a:

- Change in liquidity conditions
- Stock becoming over-valued
- Deterioration in fundamentals
- More attractive opportunity elsewhere

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

Asia ex-Japan equities

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

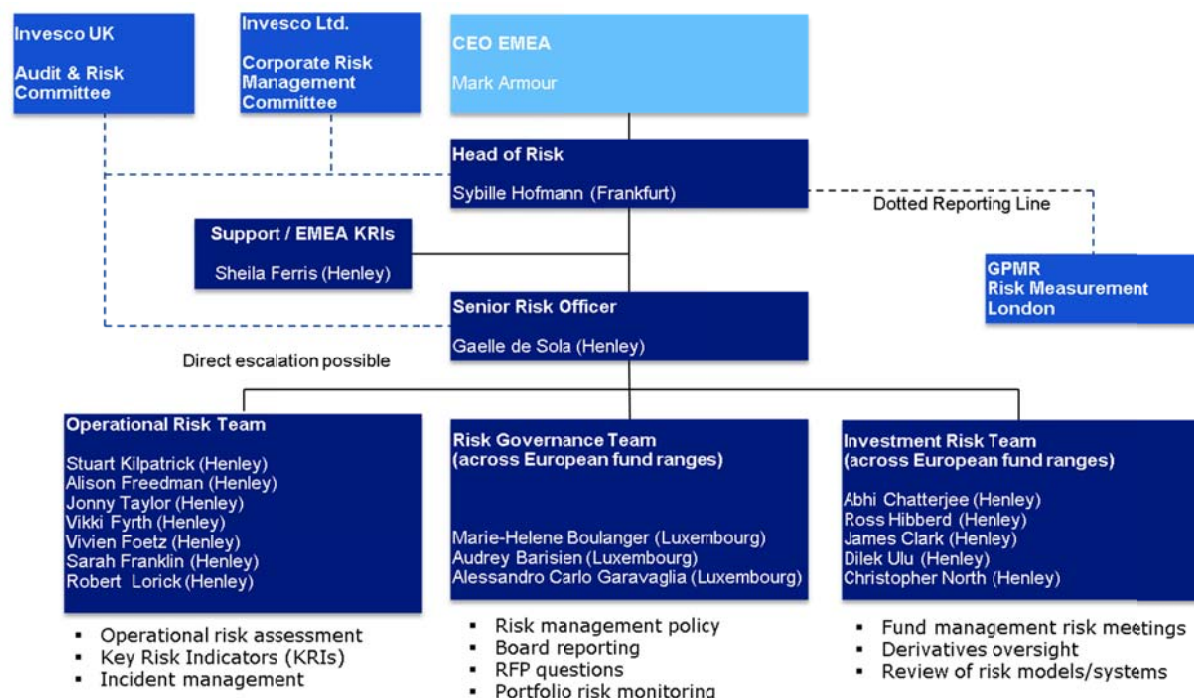
These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

Asia ex-Japan equities Invesco Perpetual

Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMP Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

Asia ex-Japan equities Invesco Perpetual

- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Asia ex-Japan equities

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Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

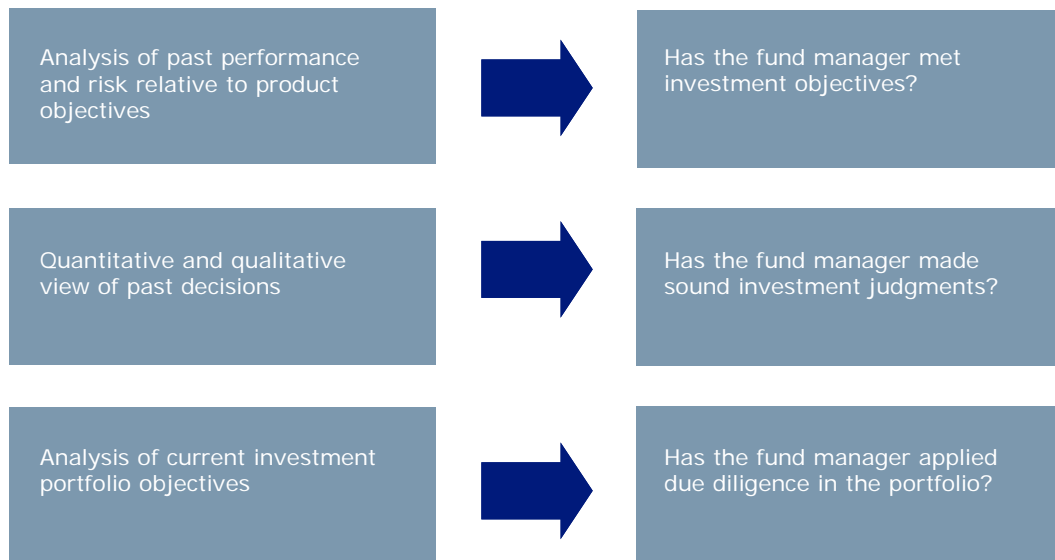
As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

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Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

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Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Asia ex-Japan equities

Invesco Perpetual

Strategy overview

Asian ex Japan equities – an unconstrained investment approach

Strategy name, manager and objective	Benchmark	Concentration
Asia ex- Japan Equity strategy Stuart parks The objective of this strategy is to achieve long-term capital growth by investing in securities of Asian companies (ex Japan and ex Australia).	MSCI AC Asia (ex-Japan)	Typically 55 to 85 stocks
Asia Pacific ex- Japan Equity strategy Stuart Parks The strategy aims to achieve a rising level of income together with long term capital growth by investing in the securities of companies throughout the Asia Pacific region including Australasia excluding Japan.	MSCI AC Asia Pacific (ex-Japan)	Typically 50 to 70

Appendix 1: Biographies

Stuart Parks, Head of Asian Equities at Invesco Perpetual

Based in Henley-on-Thames, Stuart is Head of Asian Equities at Invesco Perpetual and is one of the most experienced fund managers covering the region. He began his investment career in 1985 at Wood MacKenzie as a UK financial stocks analyst. From 1990 onwards Stuart has specialised in the Asian equity markets. In the first instance, he joined London Life as a Far Eastern fund manager before gaining further exposure to the region with Swiss Bank Portfolio Management International and GAN Fund Managers. He joined our company in 1994. Stuart holds an MA in Modern History from Oxford University and is an Associate of the CFA Society of the UK.

Ian Hargreaves, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Ian manages pan-Asian portfolios and covers the entire Asian region in his research. He started his investment career with Invesco Asia Pacific in Hong Kong in 1994 as an investment analyst where he was responsible for coverage of Indonesia, Korea and the Indian sub-continent, as well as managing several regional institutional client accounts. In January 2005, Ian decided to return to the UK to join Invesco Perpetual's Asian Equities team. Ian holds a BA (Honours) in Chinese Studies from Durham University and is a CFA charterholder.

Tim Dickson, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Tim is responsible for the management of a number of Asian equity mandates, specialising in Asian equity income investing. He began his career in 1993 with the Bank of England, where he joined its Banking Supervision team before specialising as an Asian analyst. Building on his central bank experience, in particular within the Asian region, Tim joined F&C Emerging Markets in 1998, where he became an assistant director on their Pacific equities desk. He later joined Scottish Widows Investment Partnership as an investment director covering global emerging markets and Asia before joining our company in August 2008. Tim holds a BSc in Economics from the City University, an MSc in Economics from Birkbeck College, University of London, and is a CFA charterholder.

William Lam, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, William is responsible for the management of a number of Asian equity mandates, and has co-managed the Pacific funds since the start of 2010. William began his career in 1995, joining the John Lewis Partnership, and then Deloitte in 1998, where he qualified as a chartered accountant. In 2001, he joined Orbis Investment Advisory Limited as a global investment analyst, specialising in the telecommunications and technology sectors before joining our company in May 2006. He holds an MA in Psychology and Philosophy from Oxford University and is a CFA charterholder.

Charles Bond, Analyst

Based in Henley-on-Thames, Charles is an analyst within Invesco Perpetual's Asian Equities team, providing stock and sector research with a focus on ASEAN markets. He joined our company in 2012 having started his investment career one year earlier with investment broker, Chelsea Financial Services. Charles holds a BSc in International Relations from the University of Manchester.

John Pellegry, CFA, Asian Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, John is responsible for representing Invesco Perpetual's Asian equities investment capabilities to external and internal clients. He began his investment career in 1996, joining The Bank of New York in Brussels, before joining Credit Agricole Indosuez, then JP Morgan Chase in Luxembourg, holding a variety of global custody positions. He then joined our company in 2003 as an investment communications specialist based in Brussels, before joining the Asian Equities team in Henley-on-Thames.

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in November 2007 as product manager. He holds a BSc in Management from the University of Massachusetts, an MBA from McGill University and is a CFA charterholder.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As a large portion of the Invesco Asian Equity Fund is invested in less developed countries, you should be prepared to accept significantly large fluctuations of the value of the fund.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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Strategy profile
Asia Pacific (Inc. Japan) equities
Invesco Perpetual
February 2015



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Asia Pacific (inc. Japan) equities

Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Asia Pacific (inc. Japan) equities

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

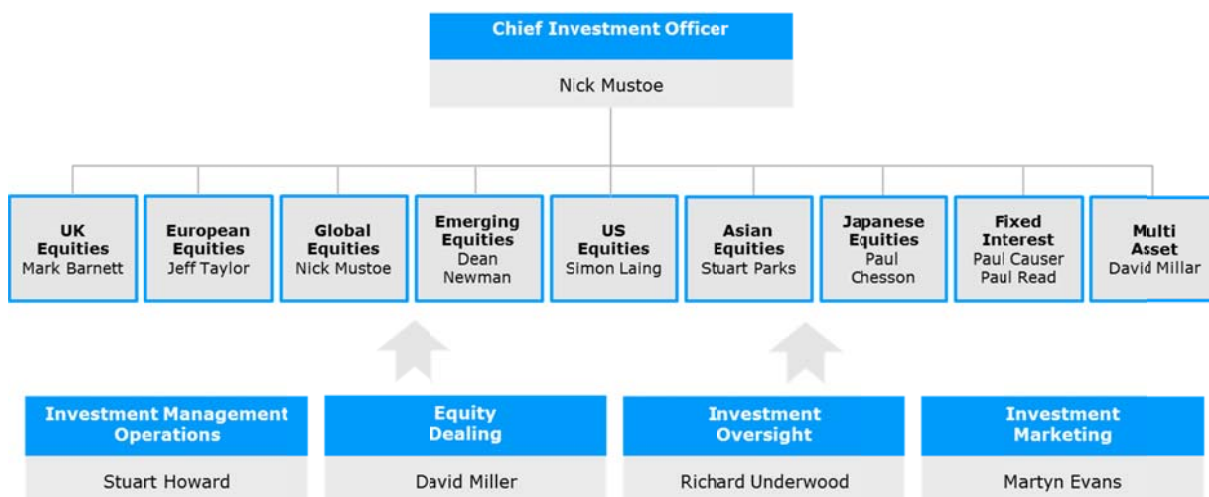
Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Asia Pacific (inc. Japan) equities Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Asia Pacific (inc Japan) equities portfolios are lead managed by Stuart Parks, Head of the Asia ex-Japan Equities team. While Stuart and William Lam (Asian equities fund manager) manage the Asia ex-Japan equity portion of the portfolios, Tony Roberts, Japanese equities fund manager based in the Henley investment centre, manages the Japanese equity portions.

Led by Stuart Parks, the Asia Pacific (inc Japan) team comprises eight members:

Name	Role	Years' industry experience	Years' tenure
Asian Equities team			
Stuart Parks	Head of Asian equities team	30	21
Ian Hargreaves	Asian equities fund manager	20	20
William Lam	Asian equities fund manager	14	9
Tim Dickson	Asian equities fund manager	22	6
Charles Bond	Analyst	4	3
Japanese Equities team			
Paul Chesson	Head of Japanese equities	24	22
Tony Roberts	Japanese equities fund manager	19	15
Andy Tidby	Japanese equities fund manager	18	6

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up.

Biographies of team members are included within **Appendix 1**.

Asia Pacific (inc. Japan) equities Invesco Perpetual

Assets under management

As at 31 December 2014, the Asia Pacific (inc Japan) Equities team had US\$18.1 billion in assets under management. This covers all Asian ex Japan (sub-) portfolios within segregated and pooled investment vehicles⁴.

We provide in the table below, a breakdown of the assets managed specifically under the Asia Pacific (inc Japan) equity strategy. Also detailed are the total assets managed by the Asian Equities team (ex-Asia Pacific) and the Japanese Equities team (ex-Asia Pacific):

Asset breakdown	US\$ million	£ million	EUR million
Asia Pacific (inc Japan) equity mandates only	569.8	365.4	470.2
Total assets managed by Asian Equities team (ex-Asia Pacific mandates)	16,144.5	10,420.6	13,338.1
Total assets managed by Japanese Equities team (ex-Asia Pacific mandates)	1,332.7	870.3	1,117.8
Total	18,047.0	11,656.3	14,926.1

Source: Invesco Perpetual as at 31 December 2014.

⁴ Data includes all assets managed including carve-outs of global equity and multi-asset mandates.

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Investment philosophy

At the core of the investment team's investment philosophy is a belief in active investment management. Fundamental principles drive a genuinely unconstrained investment approach, which aims to deliver attractive total returns over the long term.

Invesco Perpetual believes that investors' behavioural biases repeatedly give rise to market inefficiencies. To a large extent, these inefficiencies derive from three interlinked sources:

- Markets often overreact by placing undue focus on near-term issues
- Market expectations are often overly influenced by the extrapolation of current trends
- Markets respond to momentum and other technical drivers as well as to fundamentals

The team's fund managers seek to exploit these market inefficiencies through careful fundamental analysis and a strong emphasis on valuation.

Asia Pacific (inc. Japan) equities

Invesco Perpetual

Investment process

Investment universe

Within the restrictions as to where the team's portfolios can invest, the universe theoretically covers all stocks that are quoted in Asia and Japan. In practice, Stuart Parks has created an investable universe of around 500 stocks in Asia ex Japan, while Paul Chesson and the Japanese Equities team cover the primary constituents of the TOPIX index, most of which has been covered in detail for a considerable period of time.

In Asia ex Japan, the investable universe has been narrowed down further by eliminating companies on the basis of size, liquidity and quality of management and corporate governance. It can be summarised, as follows:

- Size: liquidity factors and the size of the portfolios that we manage mean that we rarely hold companies with a market capitalisation of below US\$300m.
- Liquidity: the team aim to be able to enter and exit the majority of positions over 5 trading days while accounting for no more than 50% of each day's trading volume.
- Management quality/corporate governance: some companies are excluded from the investment universe due to concerns over quality of management and corporate governance issues.

Idea generation

The investment process begins by identifying stocks that meet the team's investment criteria. The team adopts a flexible approach to sourcing ideas, and tries to avoid dismissing ideas for pre-conceived reasons. Indeed, it is this type of investor behaviour that often provides the investment team with opportunity to invest in undervalued companies.

Ideas are generated from a number of sources:

- Research capabilities and the individual and collective experience of the Henley-based regional equity investment teams
- Third party brokers/external research providing the investment team with an experienced network of sell side analysts, economists and strategists
- Company meetings
- Research trips, visits and seminars
- Screening tools - technical analysis and quant screening
- Macro - companies do not operate in a vacuum so it is important to understand and have a view on how their profitability will be impacted by changes in the macro environment

Potential investment opportunities that meet the team's criteria then undergo thorough fundamental research. Whilst the market often invests on the basis of history, the team endeavours to understand the potential future of a business.

Investment approach

The approach to Asia Pacific (inc Japan) equity investment comprises the following principal components:

Active:

The team are conviction investors, actively managing portfolios and investing where they believe the best returns are to be found irrespective of the benchmark.

Asia Pacific (inc. Japan) equities

Invesco Perpetual

Top-down and bottom-up fundamental analysis:

The team combine detailed top-down and bottom-up fundamental analysis, both for new idea generation and the ongoing evaluation of existing holdings in our portfolios. Bottom-up analysis is the main focus for both and is expected to be the largest contributor to alpha generation. Notwithstanding this, understanding the macro background provides a critical component of the bottom-up research process, providing the context against which this research takes place. It may also influence portfolio construction, at country and sector levels, particularly at inflection points in the market or economic cycle. In our fundamental analysis we incorporate internal proprietary research, selected externally sourced research and extensive company contact.

Valuation:

We are valuation driven. Valuation determines whether a stock is an attractive investment or not. Our focus is on identifying those companies whose current and future prospects are not reflected in their valuations and where there is confidence for this mis-valuation to be recognised by the market.

Pragmatic and flexible:

There is no inbuilt country, sector, stock, market capitalisation or style bias within our investment approach. This gives the portfolio managers the freedom to position the portfolios in response to underlying market conditions and the availability of investment opportunities. Consequently, they may change significantly over time.

Conviction portfolios:

We often take contrarian views, but this is on a considered, not an automatic, basis. We believe in investing where the best potential returns are to be found, irrespective of the relative importance of a stock's weight in the benchmark and our portfolios will reflect the level of our conviction. We are prepared to stand by our views through a period of underperformance if we are confident that our strategy will deliver superior performance over a longer period.

Liquidity trend analysis:

Of particular importance is a focus on liquidity conditions, which in Asia perhaps more than any other region, is the key determinant in shaping the environment for equities.

Liquidity is best gauged by changes to balance of payments conditions:

Findings of liquidity trend analysis determine the portfolio bias to growth or value stocks, large vs. small caps

A projected deterioration of liquidity conditions will emphasise the need for capital preservation

Due to the importance of liquidity flows as a driver of valuations in the region, the top-down macroeconomic view forms a key input into the investment and asset allocation process, influencing both portfolio construction and stock selection. However, the bottom-up analysis remains the key driver of the stock selection process and is expected to be the main contributor to alpha generation within portfolios.

Long-term investing:

Our philosophy is grounded in a view that prioritises a long-term, three to five year, investment period.

Asia Pacific (inc. Japan) equities

Invesco Perpetual

Stock research

The equity research function is not separated from the function of the portfolio manager. This is an important distinction and one we believe is central to the team's success. All members of the team have a generalist, rather than a specialist research role. By adopting a generalist approach to research responsibilities, the team avoids the drawbacks of over-specialisation and the subsequent loss of broad market perspective that this might entail.

It also allows us to take full advantage of our top-down macro work, by giving us the flexibility to focus our research in areas where we believe that the best investment opportunities are currently to be found, whilst at the same time ensuring that no part of the market is left uncovered. Additionally, individual team members will often have detailed knowledge of particular stocks or sectors of the market and we look to take full advantage of such expertise.

The majority of our research is qualitative and divides naturally between top-down macro analysis and bottom-up stock research.

Top-down research

Significant time is dedicated to the understanding macroeconomic conditions, market valuations, capital flows and geopolitical events.

Within the investment team's analysis they consider how the environment might impact the relative attractiveness of individual sectors and the impact it may have on stocks at a micro level. The team believe that a company's operating conditions are largely determined by the broader macroeconomic environment, also recognising that the influence of macro conditions on sector and stock fundamentals will vary over the course of the economic cycle. It is critical that the macro context is accurately reflected in the structure of the team's portfolios and in the emphasis of its bottom-up research described below.

Bottom-up research

Fundamental analysis is the key input to the process and a principal driver of stock selection.

Stock ideas are generated from a number of sources. The team sources many ideas from the primary market, and their close network of specialist brokers and analysts regularly introduce them to potential investments; for example, stock ideas are driven by corporate news flow, e.g. Nikkei, event and news monitors. They also generate ideas in the secondary market through regular discussions with analysts and brokers, and through their macroeconomic views, which may highlight a particular area of the market for closer inspection. Company meetings are also an important aspect of idea generation, in that they often expose competitors, customers or suppliers that could be of interest to the team.

The investment decisions that shape each portfolio are the consequence of the fund manager's assessment of the information inputs. The process does not rely on the use of any proprietary analytical tools, rather, the team believes that value is added as a consequence of the insights of the fund manager, their understanding of market conditions and the quality of their interpretation of the data.

Once an idea has been generated, it is then subject to further analysis to allow a considered judgment to be reached on the stock's valuation and to arrive at an investment decision.

Asia Pacific (inc. Japan) equities Invesco Perpetual

This further analysis can be broken down into three components:

- **Examination of broker research on the company, and discussion with the relevant investment analysts**

External analysis is not used for any ultimate buy or sell recommendation. Rather, we compare the assumptions behind the research to our own, in order to form a judgment on valuation.

- **Meeting company management**

This is to obtain a better understanding of the nature of the business, its key drivers, competitive position and the achievability of management goals. Our research is structured to give us a detailed understanding of a company's key historical and future business drivers, such as demand for its products, pricing power, market share trends, cash flow and management strategy. This enables us to form an opinion on a company's competitive position, its strategic advantages/disadvantages and the quality of its management.

From such meetings:

- We believe we can garner an improved understanding of the near- and longer-term prospects of a company and the quality of its management
- It also gives us a forum to challenge their assumptions and predictions in person as well as ensuring that management understands our priorities as a shareholder.
- Provides us with valuable information regarding the state of the broader economy and the businesses of a company's suppliers, customers and competitors. This analysis is then considered in conjunction with a stock's current and prospective valuation, enabling us to determine whether or not the stock is attractively valued.
- Determine where there are sizable differences between consensus expectations and what the company expects to realistically achieve.

Each portfolio manager of the Asian Equities team travels to the region between three and four times per year. In total the team has contact with around 700 companies a year. Approximately 250 of these meetings will be on-site, with the remainder split between conference calls and in-house meetings.

Our Japanese Equities team similarly has an extensive programme of company meetings and visits also, with approximately 200 one-on-one company meetings per year, visiting Japan 8 times per year.

- **Proprietary research**

This is to arrive at a judgement on valuation. We can look at quantitative measures as a guide to this, but it will also involve qualitative judgements on aspects such as the quality of a company's products and services, the risks to which it is exposed, the strength of its management team and the presence of any unique characteristics or tangible advantage over competitors.

Valuation

Valuation analysis is a key part of our process and it determines whether a stock is attractive or not. A company's valuation is considered in the context of its expected earnings. Our emphasis is on identifying companies with lower than average levels of valuation where we see this as unjustified. While we look at the stock valuation compared to the market as a whole, we also look for stocks that are attractively valued in absolute terms. In some cases, the prospects for a company will not have changed significantly, however by comparing the current valuation against its history, and its competitors, we may feel that the company is simply undervalued.

Asia Pacific (inc. Japan) equities Invesco Perpetual

There is no one single valuation measure which can be used for this purpose. The valuation technique will depend on the type of company being analysed and what we feel is most appropriate for the individual stock or the sector it is in. However, the core measure used is price/earnings, which we see as capturing a blend of other measures. In certain cases, asset based measures are useful, particularly in situations where corporate assets may become biddable.

External research

As mentioned, in addition to original research, our portfolio managers devote considerable resource to the assessment of research produced by external organisations, including that of brokerage houses, independent research firms and technical analysts. We believe that the resulting relationships with a small number of leading firms, based on mutual respect, enhances the quality of the investment dialogue. For each sector, portfolio managers typically have two or three external analysts with whom they maintain close contact and whose judgement they value. We are then able to compare our own research with consensus expectations, identifying gaps where the market is over-pessimistic and over-optimistic. It should be emphasised that external research is used purely as an input, as opposed to being the driver of the decision-making process.

This combination of in-house analysis with the use of well-placed and well-informed contacts within the broking community provides the portfolio managers with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'top down' and 'bottom-up' investment analysis.

Portfolio management is a judgemental business and the major scope to add value is in the interpretation that our portfolio management teams place on the available information. The experience of portfolio managers in this respect is critical and key to the Asian and Japanese Equities teams' success.

Portfolio construction

The aim of the construction process is to maximise exposure to the most attractive stocks and sectors, within a portfolio structure which reflects the manager's view of the macroeconomic environment. The size of weightings reflects a manager's view of the attractiveness of a stock and the degree of conviction. Portfolio construction is based on a combination of the outputs from our bottom-up stock and top-down macro research.

In summary, the fund manager employs a matrix approach to blend the following five key variables during the portfolio construction process:

- **Growth/value** – the style bias in the portfolio is tilted to either growth or value depending on liquidity conditions
- **Large/small cap** – the market cap bias in the portfolio is tilted to either large- or small-cap stocks depending on liquidity and valuation conditions
- **Sector** – industry fundamentals and global trends are key inputs when determining sector allocations
- **Market/geography** – exposure to certain markets will increase or decrease depending on the fund manager's assessment of its risk and potential return
- **Stock selection** – depending on the fund manager's level of conviction in the prospects of an individual company, a stock's weighting in the portfolio can deviate greatly from its benchmark weighting

Asia Pacific (inc. Japan) equities Invesco Perpetual

The Asia Pacific equity team would normally expect the bottom-up input to be the main contributor to the portfolio construction process, although there will clearly be times, such as inflection points in economic or market cycles, when the influence of the top-down input is likely to be greater. This process may result in potentially significant over or underweight positions in individual sectors versus the benchmark.

Portfolio constraints

There are no formal country, sector, stock or market capitalisation limits set in the portfolio construction process, other than to meet regulatory or specific client investment restrictions. This gives the fund managers the freedom to position their strategies in response to underlying market conditions and the availability of investment opportunities. Consequently, they may change significantly over time.

Buy/sell discipline

The buy and sell decision-making process is driven by qualitative analysis. As quantitative buy and sell disciplines are not used, there therefore is no trigger or chain of events used to automatically induce a buy or sell.

Stocks will be purchased if they demonstrate sufficient potential for share price appreciation subject to the team's assessment of risk. At the stock level, the key risks are highlighted and assessed during the research stage. The resulting risk/reward will then be considered in context of a portfolio's existing holdings, and their inclusion in the portfolio is permitted under its investment parameters.

Once bought, portfolio holdings are very actively monitored. A stock will be considered for sale if it reaches or approaches the fund manager's price expectation, or if there is a fundamental change that negatively impacts its outlook or valuation. Any decision to sell will be the decision of the fund manager, normally following on from discussion and consultation with other members of the investment team. When purchasing/selling a position, fund managers will typically scale into and out of a stock over time rather than buy or sell a full position at once.

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

Asia Pacific (inc. Japan) equities

Invesco Perpetual

Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

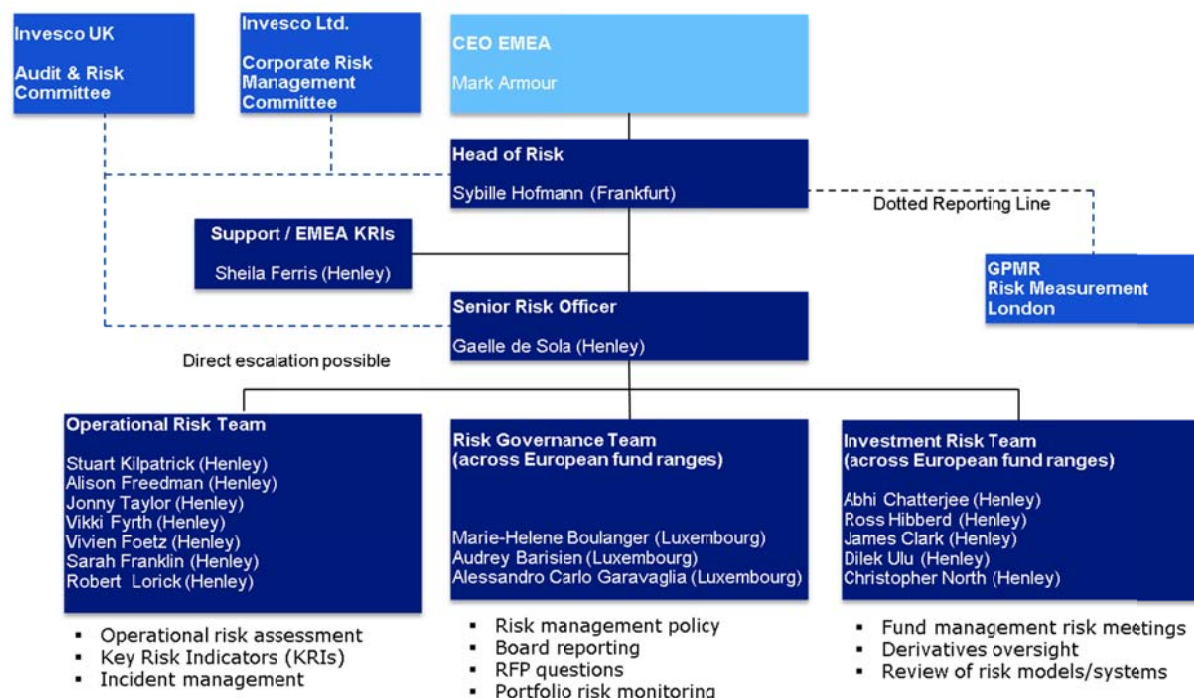
These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

Asia Pacific (inc. Japan) equities Invesco Perpetual

Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

Asia Pacific (inc. Japan) equities Invesco Perpetual

The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMP Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

Asia Pacific (inc. Japan) equities Invesco Perpetual

- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Asia Pacific (inc. Japan) equities Invesco Perpetual

Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

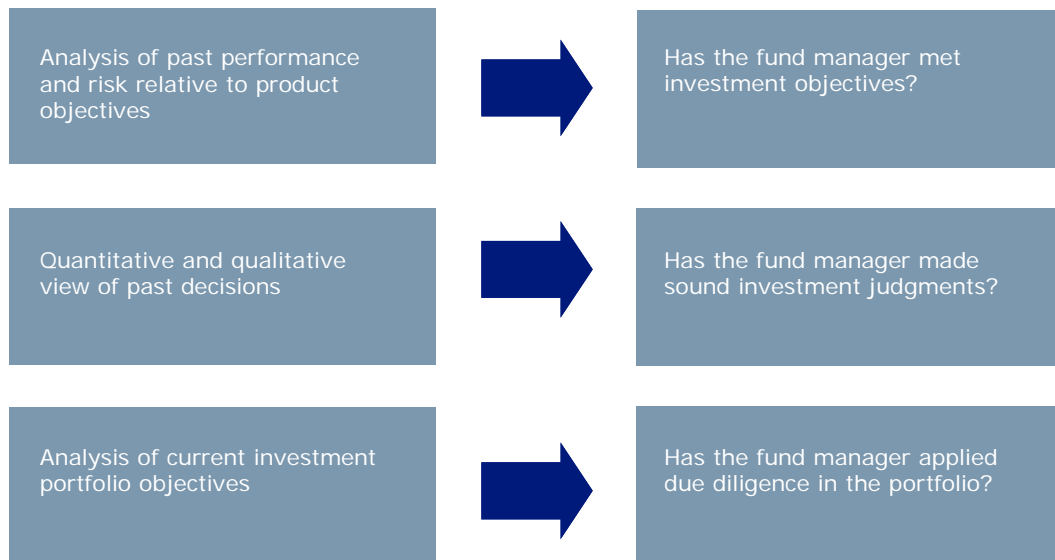
As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

Asia Pacific (inc. Japan) equities Invesco Perpetual

Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

Asia Pacific (inc. Japan) equities Invesco Perpetual

Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Asia Pacific (inc. Japan) equities

Invesco Perpetual

Strategy overview

Asian Pacific equities

Strategy name, manager and objective	Benchmark	Concentration
Asia Pacific (inc Japan) strategy Stuart Parks/William Lam / Tony Roberts The strategy aims to achieve long-term capital growth by investing in the securities of companies throughout Asia, but with particular emphasis on those based in the Asian Pacific region.	MSCI AC Pacific	Typically 85 – 105 stocks

Appendix 1: Biographies

Asian Equities team

Stuart Parks, Head of Asian Equities at Invesco Perpetual

Based in Henley-on-Thames, Stuart is Head of Asian Equities at Invesco Perpetual and is one of the most experienced fund managers covering the region. He began his investment career in 1985 at Wood MacKenzie as a UK financial stocks analyst. From 1990 onwards Stuart has specialised in the Asian equity markets. In the first instance, he joined London Life as a Far Eastern fund manager before gaining further exposure to the region with Swiss Bank Portfolio Management International and GAN Fund Managers. He joined our company in 1994. Stuart holds an MA in Modern History from Oxford University and is an Associate of the CFA Society of the UK.

Ian Hargreaves, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Ian manages pan-Asian portfolios and covers the entire Asian region in his research. He started his investment career with Invesco Asia Pacific in Hong Kong in 1994 as an investment analyst where he was responsible for coverage of Indonesia, Korea and the Indian sub-continent, as well as managing several regional institutional client accounts. In January 2005, Ian decided to return to the UK to join Invesco Perpetual's Asian Equities team. Ian holds a BA (Honours) in Chinese Studies from Durham University and is a CFA charterholder.

Tim Dickson, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Tim is responsible for the management of a number of Asian equity mandates, specialising in Asian equity income investing. He began his career in 1993 with the Bank of England, where he joined its Banking Supervision team before specialising as an Asian analyst. Building on his central bank experience, in particular within the Asian region, Tim joined F&C Emerging Markets in 1998, where he became an assistant director on their Pacific equities desk. He later joined Scottish Widows Investment Partnership as an investment director covering global emerging markets and Asia before joining our company in August 2008. Tim holds a BSc in Economics from the City University, an MSc in Economics from Birkbeck College, University of London, and is a CFA charterholder.

William Lam, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, William is responsible for the management of a number of Asian equity mandates, and has co-managed the Pacific funds since the start of 2010. William began his career in 1995, joining the John Lewis Partnership, and then Deloitte in 1998, where he qualified as a chartered accountant. In 2001, he joined Orbis Investment Advisory Limited as a global investment analyst, specialising in the telecommunications and technology sectors before joining our company in May 2006. He holds an MA in Psychology and Philosophy from Oxford University and is a CFA charterholder.

Charles Bond, Analyst

Based in Henley-on-Thames, Charles is an analyst within Invesco Perpetual's Asian Equities team, providing stock and sector research with a focus on ASEAN markets. He joined our company in 2012 having started his investment career one year earlier with investment broker, Chelsea Financial Services. Charles holds a BSc in International Relations from the University of Manchester.

John Pellegry, CFA, Asian Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, John is responsible for representing Invesco Perpetual's Asian equities investment capabilities to external and internal clients. He began his investment career in 1996, joining The Bank of New York in Brussels, before joining Credit Agricole Indosuez, then JP Morgan Chase in Luxembourg, holding a variety of global

Asia Pacific (inc. Japan) equities Invesco Perpetual

custody positions. He then joined our company in 2003 as an investment communications specialist based in Brussels, before joining the Asian Equities team in Henley-on-Thames in November 2007 as product manager. He holds a BSc in Management from the University of Massachusetts, an MBA from McGill University and is a CFA charterholder.

Japan Equities team

Paul Chesson - Head of Japanese Equities at Invesco Perpetual

Based in Henley-on-Thames, Paul is Head of Japanese Equities at Invesco Perpetual and is responsible for the management of a number of Japanese equity portfolios alongside fellow fund manager, Tony Roberts. Paul began his investment career in 1990 at Touche Remnant, specialising in Japanese Equities before joining our company in 1993. He holds an MA, Law from Oxford University and is an associate member of the Association for Investment Management.

Tony Roberts, Japanese Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Tony is responsible for the management of a number of Japanese equity portfolios alongside fellow fund manager, Paul Chesson. Tony began his investment career in 1995 as an analyst and fund manager with Clerical Medical after two years with actuarial consultants, Godwins. He joined our company in 2000 to work alongside Paul Chesson, Head of Japanese Equities. He holds a BSc, Mathematics from Southampton University and is a member of the CFA Society of the UK.

Andy Tidby, Japanese Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Andy is a fund manager within Invesco Perpetual's Japanese Equities team and is also responsible for representing the team's investment capabilities to external and internal clients. Andy joined the company in September 2008 as an investment communication specialist for the Japanese and Asian equity teams. He joined the Japanese Equities team as an analyst at the beginning of 2011 and assumed fund management responsibilities, focusing on small cap companies, at the beginning of 2015. He began his investment career in 1997 as a client portfolio manager with HSBC Bank, where he was responsible for the management of private client portfolios. Subsequently, he joined HSBC Global Asset Management in 2003 where he was a senior investment writer, covering regulatory and marketing communications across the group's retail, intermediary and institutional clients. Andy holds the IMC qualification from the CFA Society of the UK and passed Level 1 of the CFA exam in December 2012.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As a large portion of the fund is invested in less developed countries, you should be prepared to accept significantly large fluctuations of the value of the fund.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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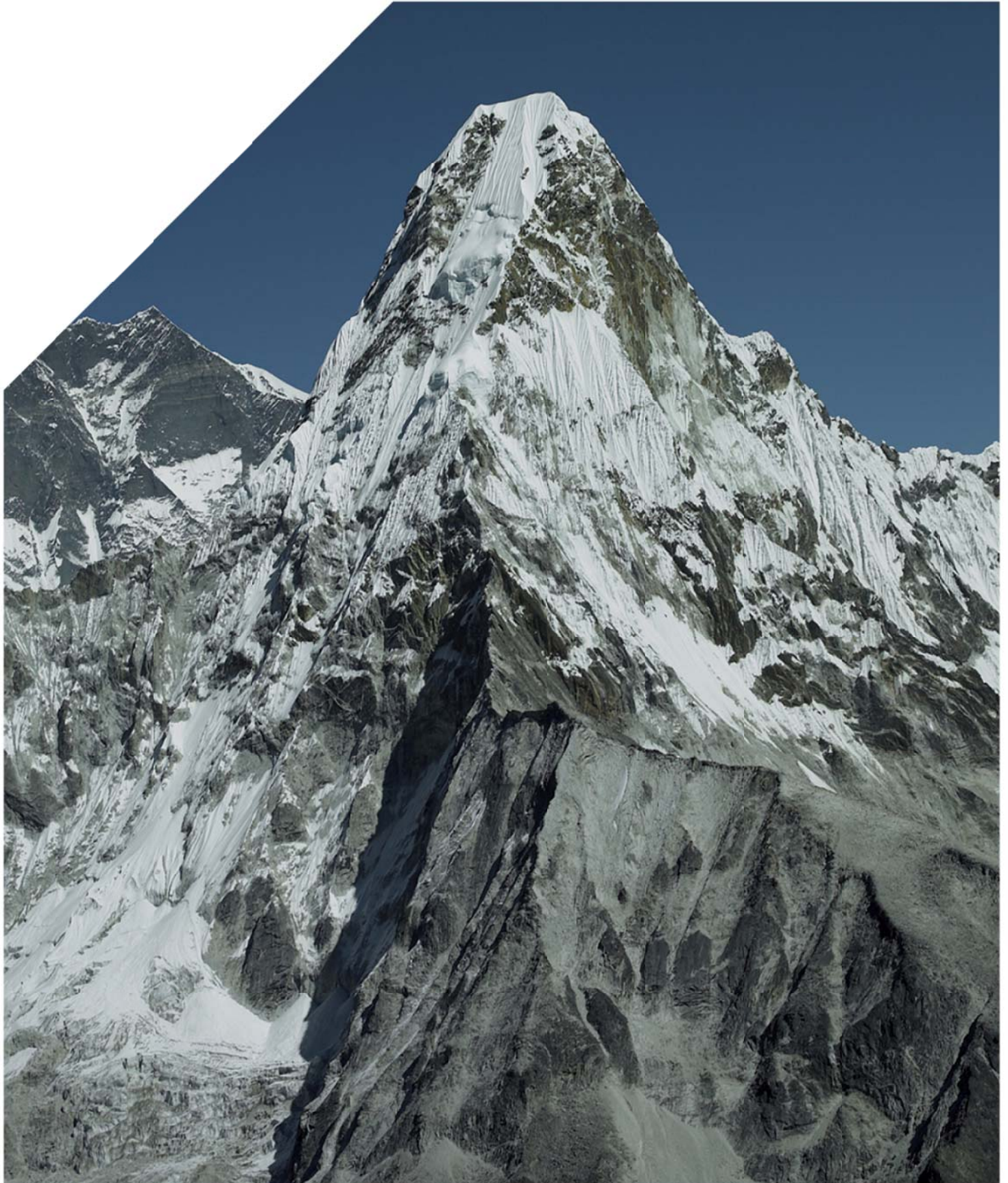
www.invescopetpetual.co.uk



Strategy profile

Global and Global ex US equity strategies
Invesco Perpetual

February 2015



Global and Global ex US equity strategies

Invesco Perpetual

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Global and Global ex US equity strategies

Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Global and Global ex US equity strategies

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

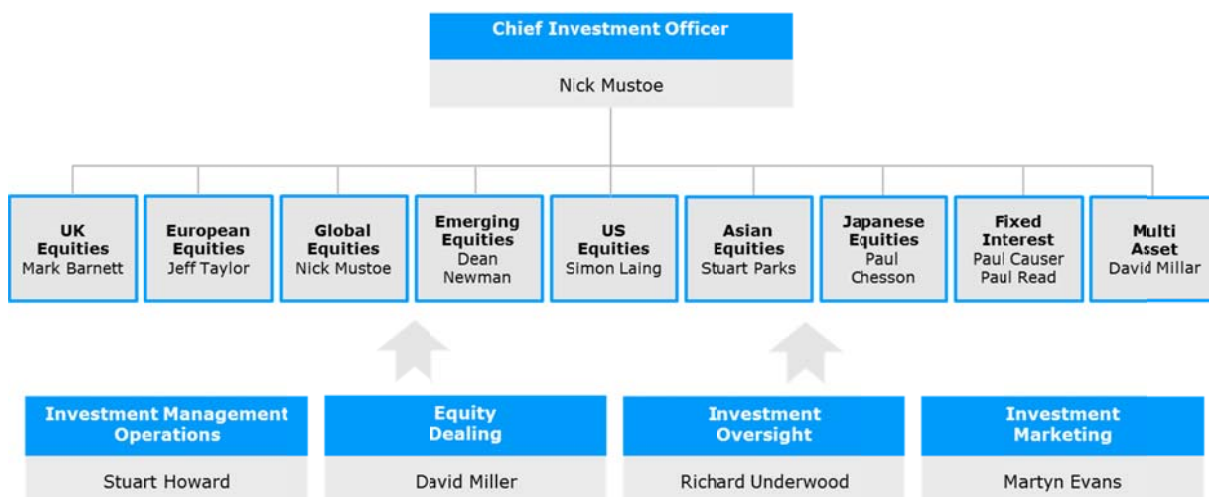
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Global and Global ex US equity strategies

Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Nick Mustoe, Chief Investment Officer (CIO) of Invesco Perpetual, leads the Invesco Perpetual Global Equity Group. This Group represents the wider Invesco Perpetual equity investment team in the construction of the firm's global equity core strategy. Details of the Group's structure and its members are provided below:

Name	Role	Years' industry experience	Years' tenure
Specialist regional fund managers			
Stephen Anness	Global specialist	12	12
Simon Laing	US regional specialist	17	3
Martin Walker	UK regional specialist	18	15
John Surplice	Europe ex UK regional specialist	19	19
Tony Roberts	Japan regional specialist	19	15
Ian Hargreaves	Asia regional specialist	20	20
Dean Newman	Emerging markets ex Asia regional specialist	29	21
Management			
Nick Mustoe	CIO Invesco Perpetual	30	5
Strategy oversight and implementation			
Martin Weiss	Investment Strategist	24	9
Arwel Green	Strategist, Global equities & fund of funds	14	14

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up.

Biographies of Group members are included within **Appendix 1**.

Global and Global ex US equity strategies

Invesco Perpetual

Assets under management

Assets under management for Invesco Perpetual's global equity core strategy totalled US\$2,452.1 million as at 31 December 2014.

Global and Global ex US equity strategies

Invesco Perpetual

Investment philosophy

Invesco Perpetual firmly believes that investors are best served by a focus on long-term investing, avoiding an over focus on current trends and consensus. Companies operate in long-term cycles and so does the focus of the firm's fund managers' research. The market's disproportionate focus on short-term factors allows an investor with a long-term horizon to buy stocks at attractive valuations. Invesco Perpetual believes that its philosophy, applied in a consistent and rigorous way should lead to outperformance over the longer term.

The firm's global equity core strategy is an active, bottom-up investment strategy focusing on constructing a diversified portfolio of the best valuation opportunities globally.

The Invesco Perpetual Global Equity Group's focus is on stock selection. Its assessment of a company and its valuation is the key driver. The Group's fund managers believe that stock prices often fail to reflect their intrinsic fair value because financial markets tend to focus on short-term factors. The Group aims to exploit these market inefficiencies by investing in quality companies that are trading at what they consider to be below intrinsic worth. Invesco Perpetual believes the key to identifying these companies is thorough proprietary fundamental research.

Global and Global ex US equity strategies

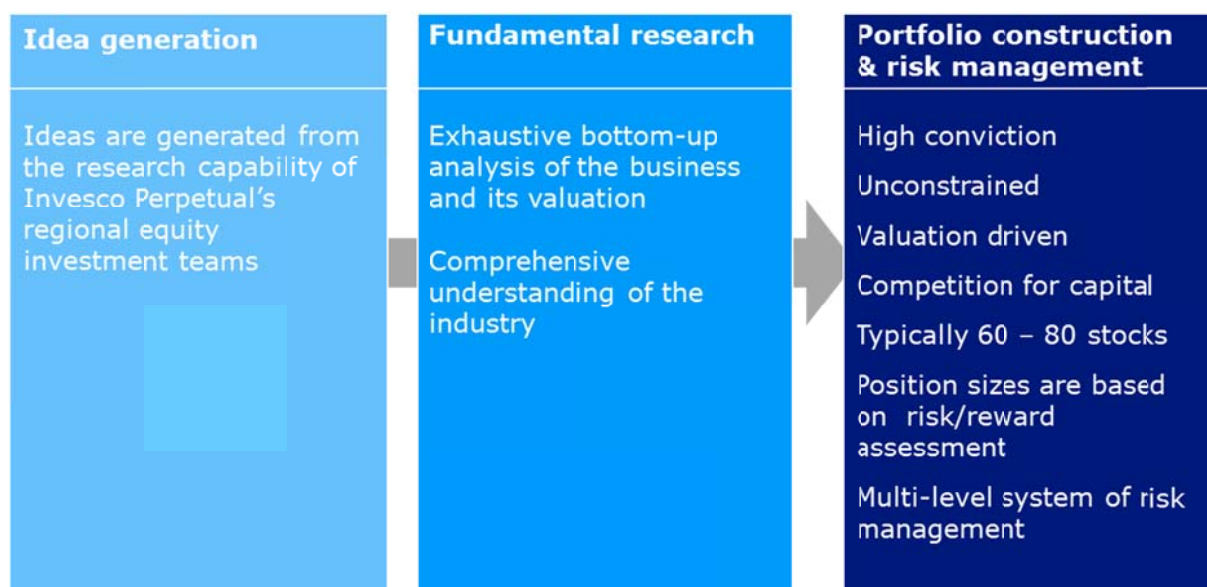
Invesco Perpetual

Investment process

Investment universe

The Invesco Perpetual Global Equity Group seeks the best investment ideas from around the world. As such, the global universe is made up of the investible universes of Invesco Perpetual's regional equity investment teams based in Henley. These regional universes cover stocks across all capitalisations, sectors and regions, and are not restricted to stocks from the main regional indices. The best ideas from each regional investment team are proposed by members of the Group for inclusion.

An overview of Invesco Perpetual's global equity core investment process is illustrated below:



For illustrative purposes only.

Idea generation

Ideas are generated from the research capabilities of the wider Invesco Perpetual regional equity investment teams, which provide the primary research for candidate investments. Invesco Perpetual believes that each regional investment team's expertise and knowledge delivers breadth of knowledge across stocks, sectors and countries.

Team members, who are specialists within their region, are generalist fund managers and undertake original research into all companies they invest into. This dual role delivers ownership and responsibility for each investment decision. The best investment ideas from our regional equity investment teams are presented to the Invesco Perpetual Global Equity Group.

Lead manager Nick Mustoe ensures that investments fully meet the global equity core strategy's investment criteria.

Global and Global ex US equity strategies

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Fundamental research

Fundamental analysis is the key input to the investment process and a principal driver of stock selection. The strategy's bottom-up research is driven by the investment work of Invesco Perpetual's regional equity investment teams. Each regional candidate investment idea undergoes rigorous fundamental research, in order to assess the quality of the business and arrive at an assessment of its valuation, before being proposed to the Invesco Perpetual Global Equity Group. There is no single or definable structure to each regional investment team's discovery and research process. Individuals are encouraged to adopt their own approach to style and investing, which Invesco Perpetual believes brings out the best in individuals and thereby strengthens the firm's investment capability.

However, in broad terms, each investment team focuses on the following:

- **Bottom-up, fundamental, proprietary research:** This is to assess the quality of a business and to arrive at a judgement on valuation. A fund manager can look at quantitative measures as a guide to this, but it will also involve qualitative judgements on aspects such as the quality of a company's products and services, the risks to which it is exposed, the strength of its management team and the presence of any unique characteristics or tangible advantage over competitors.
- **Meeting company management:** This is to obtain a better understanding of the nature of the business, its key drivers, competitive position and the achievability of management goals.
- **Examination of broker research on the company, and discussion with relevant investment analysts:** This external analysis is not used for its ultimate buy/sell recommendation; rather a fund manager compares the assumptions behind this research to their own, in order to form a judgement on valuation. In addition, fund managers maintain contact with industry analysts that they consider have superior analytical insights.

The majority of research undertaken is proprietary research. Areas considered when assessing a business are included below:

- **Franchise and business quality analysis:** Fund managers look for companies with competitive products or services that exhibit a durable demand and possess significant and sustainable market shares. Fund managers assess the intensity of the competitive environment in which firms operate, examining a broad array of factors such as barriers to entry and exit, product substitution and differentiation, and cost leadership for each company. Fund managers also consider relationships and bargaining power with suppliers, customers, regulators and shareholders. This allows fund managers to draw conclusions about the quality of a business, the intensity of competition and the company's ability to manage it.
- **Analysis of a company's financial position:** Fund managers look for companies that can grow margins and deliver sustainable returns through an economic cycle. When analysing financial strength they focus on balance sheet strength and the ability to generate strong and sustainable cashflow, particularly free cashflow. Free cashflow can be used to pay dividends, fund expansion - organic or via acquisitions - and to reduce leverage. Careful attention is paid to the consistency, clarity and fullness of a company's financial statements and their disclosures as an indication of the quality and strength of the company's management.

Global and Global ex US equity strategies

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- **Analysis of management quality:** Fund managers seek executives whose actions are likely to result in added value for shareholders. They look for managements' clear understanding of the principal dynamics of their business, especially in the context of global markets, and empathy with their shareholders' interests. In particular, fund managers consider whether they are efficient allocators of cash between capital expenditure, debt reduction and returns to shareholders.
- **Analysis of dividends:** Fund managers assess the attractiveness of a company's dividend and potential for dividend growth over time. Dividend yields reflect historical cash payments. Therefore future dividends are dependent on a company's operating performance. It is important to focus on the sustainability of a company's operating cashflow, from which the dividends are ultimately paid. In addition, the capital discipline that underpins the payment of dividends aligns to management discipline, an important trait of high performing companies.

Whilst the fund managers' primary focus is on bottom-up, fundamental research, significant time is dedicated to the understanding and forecasting of current and future macroeconomic conditions.

Portfolio construction

Portfolios are constructed on a bottom-up basis with the weights of each stock in the portfolio being conviction-led. Weightings represent a blend of the Invesco Perpetual Global Equity Group's fund managers' conviction in the merits of the investment case and the assessment of the relevant risks. Country and sector exposures are an important consequence of the search for what the Group's fund managers' view as the most attractive investment ideas globally. At times, this approach can lead to the portfolio being substantially different to the composition of the reference benchmark.

Investment decisions at an individual stock level are overseen and challenged in the context of their fit into the overall portfolio and to ensure that they meet the Group's investment criteria. Ultimate responsibility for this function lies with the Group's leader, CIO Nick Mustoe.

There is competition for capital and an environment of continual challenge to current and proposed investments. Ideas that are proposed for the portfolio are only selected for inclusion with the agreement of the Group's fund managers. The Group aims to efficiently allocate the available capital to the most attractive investment ideas. Ownership is a critical part of the portfolio and each investment made is owned by a fund manager who manages the position from purchase to sale, including the adding to and trimming of positions as valuation dictates.

Portfolio constraints

There are no formal sector, stock or market capitalisation limits set, other than to meet regulatory or specific client investment restrictions. This gives the Invesco Perpetual Group Equity Group the freedom to position the strategy's portfolios in response to underlying market conditions and the availability of investment opportunities.

Investment horizon

Decisions relating to stock selection are long-term in nature as the Invesco Perpetual Global Equity Group's specialist regional fund managers do not typically move into or out of positions in the short-term. The anticipated holding period for a stock is three years.

Global and Global ex US equity strategies

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Sell discipline

The decision to sell a stock is based on the same principles as the decision to buy: valuation and business fundamentals. A stock will be sold if it meets one or more of the following criteria:

- It is no longer undervalued
- A more attractive opportunity has been identified elsewhere
- The investment case for the stock no longer applies

Global and Global ex US equity strategies

Invesco Perpetual

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

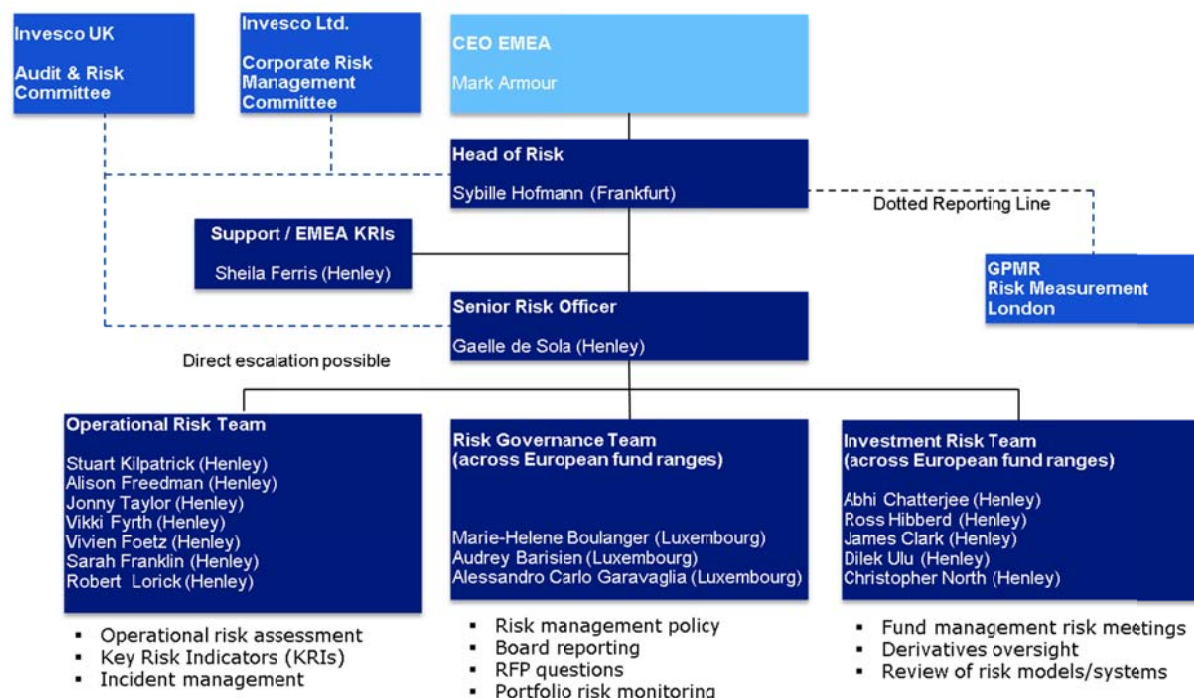
Global and Global ex US equity strategies

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Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMP Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

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- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

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Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

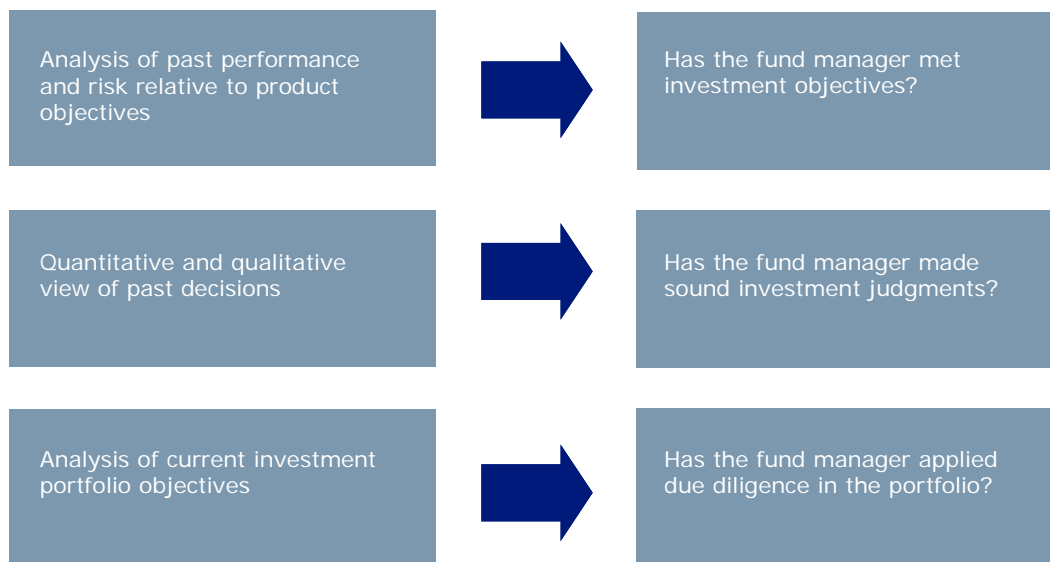
Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

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Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

Global and Global ex US equity strategies

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Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Global and Global ex US equity strategies

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Strategy overview

Global equity

Strategy name, management and objective	Reference benchmark	Concentration
Invesco Perpetual global equity strategy Invesco Perpetual Global Equity Group This strategy aims to achieve capital growth by investing in equities which are quoted on the world stockmarkets	MSCI AC World index	Typically 60 to 80 securities

Global ex US equity

Strategy name, management and objective	Reference benchmark	Concentration
Invesco Perpetual global ex US equity strategy Invesco Perpetual Global Equity Group This strategy aims to achieve capital growth by investing in equities which are quoted on the world's stockmarkets ex US	MSCI AC World ex US index	Typically 40 to 60 securities

Global and Global ex US equity strategies

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Appendix 1: Biographies

Management:

Nick Mustoe, Chief Investment Officer of Invesco Perpetual

Based in Henley-on-Thames, Nick is Chief Investment Officer of Invesco Perpetual. Nick joined the company in June 2010. His investment career spans over 25 years to date, having started with Phillips & Drew Fund Management as a UK equity manager in 1985. More recently, he was appointed CIO of Pictet Asset Management in 2006 after joining Hermes Pensions Management as CIO in 2002. He holds a first class honours degree in Business Studies from Bradford University.

Specialist regional fund managers:

Stephen Anness, Global Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Stephen is lead manager for Invesco Perpetual's global opportunities strategy. He specialises in managing concentrated global equity portfolios. Stephen has been a member of Invesco Perpetual's Global Equity Group since its inception in September 2009, and is a key contributor to its idea generation and stock selection process. Stephen began his investment career with Invesco Perpetual's UK Equities team, joining the company in July 2002 as a trainee analyst. Having come through the investment team ranks, Stephen started managing UK equity portfolios in September 2004. Further recognition and a higher profile were provided as he took on additional portfolio management responsibilities in 2008. Stephen holds a BSc in Economics from the University of Swansea, the Securities Institute Diploma, the Investment Management Certificate from the CFA Society of the UK, and has studied Corporate Finance at The London Business School.

Simon Laing, CFA, Head of US Equities at Invesco Perpetual

Based in Henley-on-Thames, Simon joined the company in January 2012 as the Head of US Equities. Upon graduating in 1997, Simon joined Newton Investment Management's research department as a global industrial analyst where he took responsibility for the consumer sector. In 2000, he joined their US Equities team as an assistant fund manager and was appointed lead fund manager at the end of 2002. Simon was a member of Newton Investment Management's Global Investment Group and also co-chaired their Equity Strategy Group. Simon graduated from Oxford University with a MEng in Engineering Science and is a CFA charterholder.

Martin Walker, UK Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Martin is responsible for the management of a number of UK equity portfolios. He began his investment career in 1997 after previous experience as an investment analyst with BWD Rensburg. Martin joined our company in 1999 as a trainee fund manager and has developed his career within the Henley-based UK Equities team, managing UK equity portfolios since 2003. Further recognition and a higher profile were provided as he took over some of the portfolio management responsibilities of veteran fund manager, Ed Burke, upon his retirement in 2008. Martin holds a BA in Financial Economics from Liverpool University and has also attained the Securities Institute Diploma.

John Surplice, European Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, John is responsible for the management of a number of pan European mandates. John began his career in 1992, joining Price Waterhouse, where he qualified as a chartered accountant before joining our company in 1995. John holds an MA (Honours) in Economics from Edinburgh University.

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Ian Hargreaves, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Ian manages pan-Asian portfolios and covers the entire Asian region in his research. He started his investment career with Invesco Asia Pacific in Hong Kong in 1994 as an investment analyst where he was responsible for coverage of Indonesia, Korea and the Indian sub-continent, as well as managing several regional institutional client accounts. In January 2005, Ian decided to return to the UK to join Invesco Perpetual's Asian Equities team. Ian holds a BA (Honours) in Chinese Studies from Durham University and is a CFA charterholder.

Tony Roberts, Japanese Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Tony is responsible for the management of a number of Japanese equity portfolios alongside fellow fund manager, Paul Chesson. Tony began his investment career in 1995 as an analyst and fund manager with Clerical Medical after two years with actuarial consultants, Godwins. He joined our company in 2000 to work alongside Paul Chesson, Head of Japanese Equities. He holds a BSc in Mathematics from Southampton University and is a member of the CFA Society of the UK.

Dean Newman, Head of Emerging Market Equities at Invesco Perpetual

Based in Henley-on-Thames, Dean is Head of Emerging Market Equities at Invesco Perpetual, with responsibility for the management of global emerging markets and Latin American equity portfolios. Dean began his investment career in 1985 joining Legal & General where he covered UK equity markets, moving to Japanese bank Sanwa in 1991 where he was Head of UK Equities. He became Head of Emerging Market Equities at Invesco Perpetual in April 2007, having joined the company in 1993 and the Emerging Market Equities team in 1994. Dean has been a driving force behind the team's investment strategy with his many years' experience of investing across all emerging market regions. Dean graduated from Durham University with a BA honours degree in Economics and Politics.

Strategy oversight and implementation:

Martin Weiss, Senior Investment Strategist for Global Equity Products at Invesco Perpetual

Based in Henley-on-Thames, Martin joined the company in July 2005 as product director for the International Equities team, moving into the role of senior investment strategist for global equity products in 2009. Martin began his investment career at Cazenove in 1990 as an analyst/salesman covering Japanese equities. Remaining with Cazenove, he transferred into fund management in 1996, specialising in Japanese equities until, in 2002, moving to their global team. Here, his responsibilities covered the management of all industrials and consumer staples investments within global equity funds. Martin graduated from Bristol University with a BSc honours degree in Economics.

Arwel Green, Global Equity and Fund-of-Fund Strategist at Invesco Perpetual

Based in Henley-on-Thames, Arwel joined the company in May 2001, and is responsible for providing support for the Global Equities team's global equity and fund-of-fund products. Arwel has held various positions since joining the company, including that of client service, RFP writer/marketing information specialist and product information specialist. He joined the global team in his current role in January 2008. Arwel graduated in 2000 from Cheltenham College of Higher Education (now known as the University of Gloucester) with a degree in Hospitality Management and holds the Investment Management Certificate qualification from the CFA Society of the UK.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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Strategy profile
Global smaller companies strategy
Invesco Perpetual
February 2015



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Invesco Perpetual

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Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

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Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

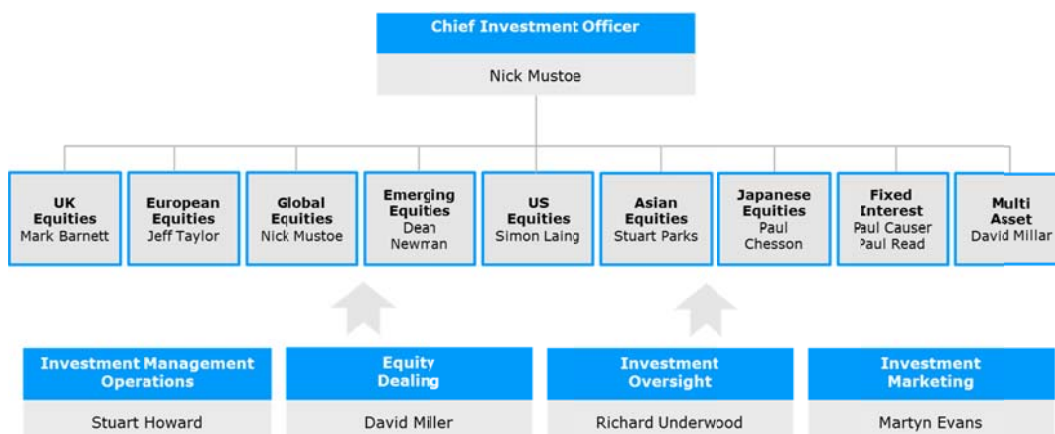
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Global smaller companies strategy

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Investment team and assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Invesco Perpetual's global smaller companies strategy is managed as a series of regional sub-portfolios, with asset allocation driven by the Invesco Perpetual Global Smaller Companies Group, as detailed in the table below. This Group is led by Chief Investment Officer (CIO) Nick Mustoe. Day-to-day discretion for stock selection lies with six specialist regional fund managers.

Name	Role	Years' industry experience	Years' tenure
Specialist regional fund managers: Company research and sub-portfolio construction			
Erik Esselink	Europe ex UK regional specialist	15	7
Juliet Ellis	North America regional specialist	34	11
Jonathan Brown	UK regional specialist	17	14
Ian Hargreaves	Asia Pacific regional specialist	20	20
Paul Chesson	Japan regional specialist	24	22
Dean Newman	Emerging Markets ex Asia regional specialist	29	21
Management: Asset allocation			
Nick Mustoe	CIO Invesco Perpetual	30	5
Strategy oversight and implementation			
Martin Weiss	Investment Strategist	24	9
Arwel Green	Strategist, Global equities & fund of funds	14	14
Product Director			
John Botham	Product Director, Global equities	22	1

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up. The Product Director is an integral member of the investment team, responsible for communicating Invesco Perpetual's global equities capabilities internally and externally.

Biographies of Group members are included within **Appendix 1**.

Global smaller companies strategy

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Assets under management

Assets under management for Invesco Perpetual's global smaller companies strategy totalled US\$1,516.6 million (all-markets US\$1,414.2 million / developed markets US\$102.4 million) as at 31 December 2014.

Global smaller companies strategy

Invesco Perpetual

Investment philosophy and process

Investment philosophy

Financial markets tend to focus on short-term factors, but the Invesco Perpetual Global Smaller Companies Group believes that concentrating on longer-term investing, rather than current consensus and trends, is essential to finding sound investments because companies within the under-researched small-cap global universe operate over long-term business cycles.

The Group believes that investing in global smaller companies favours a fundamental stock picking approach and that the under-researched nature of the market presents opportunities for thorough bottom-up research. The Group believes in building portfolios where each stock has the potential to deliver positive returns over a full market cycle. Relative valuation is assessed, but absolute valuation is a pre-requisite. As high conviction investors, if fund managers don't like a stock they don't hold it, regardless of how large its weighting in the index is.

The key focus is stock selection and the fund manager's assessment of a company and its valuation is the key driver in the investment team's decision-making process. As part of the investment process, the Group's fund managers consider the broader implications of macro issues across global markets and their potential impact on an individual stock price, but valuation is key. Stock selection is combined with a top-down capital allocation to deliver an all-markets globally diversified portfolio.

Market inefficiencies

Invesco Perpetual believes that investors' behavioural biases repeatedly give rise to market inefficiencies. To a large extent, these inefficiencies derive from three interlinked sources:

- Markets often overreact by placing undue focus on near-term issues
- Market expectations are often overly influenced by the extrapolation of current trends
- Markets respond to momentum and other technical drivers as well as to fundamentals

The Group's specialist regional fund managers seek to exploit these market inefficiencies through careful fundamental analysis and a strong emphasis on valuation.

Investment process

The global smaller companies (all-markets) strategy is managed as a series of six sub-portfolios with asset allocation driven by the Invesco Perpetual Global Smaller Companies Group. This Group is led by CIO Nick Mustoe. As leader of the Group, Nick Mustoe is ultimately responsible for all asset allocation decisions. Each regional allocation is managed by the appropriate regional specialist who has complete autonomy over that portion of the total portfolio. The asset allocation process is described below.

Asset allocation

Macro views of the regional economies and stock markets, taking into account the prevailing themes impacting stock selection and regional performance, are expressed at two levels; a global investment strategy meeting and a smaller companies asset allocation meeting. Within these forums the investment team dedicates significant time and effort to top-down analysis, seeking to understand the current macroeconomic and market valuation environment through:

Global smaller companies strategy

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- Consideration of a broad range of economic indicators
- Assessing the political landscape
- Reviewing analysis of external economists and strategists
- Company meetings
- Appraisal of market valuations across the globe using bespoke valuation data
- An appraisal of relevant money flow data in respect of key emerging markets

Global investment strategy

A monthly global investment strategy meeting is held, which is chaired by Invesco Perpetual's CIO. Attendees at this meeting include all members of Invesco Perpetual's investment team and Invesco Ltd.'s Chief Economist, John Greenwood. Using the meeting as a forum, key economic and market themes are considered and discussed. The geographic breadth of Invesco Perpetual's investment team is significant, and this meeting is seen as an ongoing conversation about individual markets with fund managers providing their own perceptions for their regions. Individuals are encouraged to actively challenge and debate ideas and views. The agenda for the Invesco Perpetual Global Smaller Companies Group monthly asset allocation meeting is influenced by the outcome of the topics discussed at this meeting.

Smaller companies asset allocation

The insights of the Group's specialist regional fund managers are important inputs into the decision around capital allocation across an investment portfolio. At this monthly meeting, a range of economic and market factors are considered, which the Group believes directly impact the smaller companies markets where it is invested. This information is combined with analysis of the Group's portfolios and each specialist regional fund managers' outlook. Asset allocation decisions are taken by the CIO who leads the meeting. Decisions are generally incremental and taken with a long-term perspective. Keeping portfolio turnover low is a factor that the Group believes tends to improve portfolio performance. Allocation decisions are led by valuation.

Once asset allocation has been agreed, each fund manager is then responsible for the stock, country and sector weights for their region.

In his role of leading the Group, Nick Mustoe is ultimately accountable for the performance of these portfolios. His main responsibilities include:

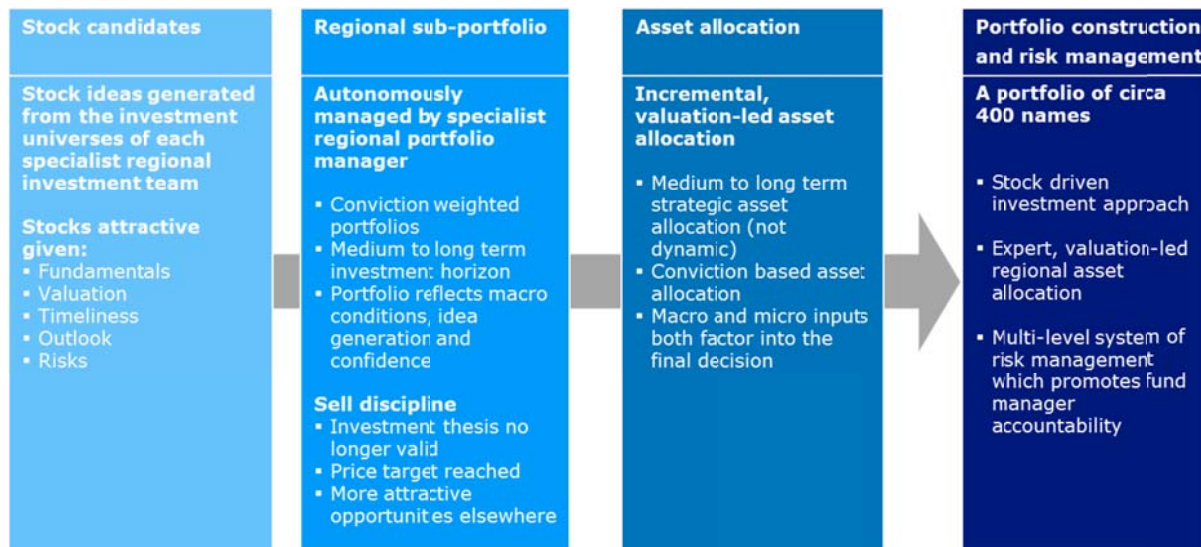
- Leading asset allocation decisions, reflecting top-down and bottom-up views
- Ensure effective implementation of asset allocation
- Challenge views and performance of the specialist regional fund managers

A comprehensive understanding of these portfolios is obtained through asset allocation and challenging the sub-portfolio fund manager's views and performance. An awareness of each of the regional portfolio sensitivities and market drivers enhances the asset allocation process.

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The investment process can be summarised as follows:



For illustrative purposes only.

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Research

The research effort is led by the Invesco Perpetual Global Smaller Companies Group's six specialist regional fund managers who are part of, or lead, teams that cover all global developed and emerging smaller company markets. Each regional fund manager within the Group is responsible for managing a portion of the total portfolio, with allocation determined during the monthly asset allocation investment meeting, as described above.

Security selection and research is a process that takes the investment team right across the world. Whilst exhaustive research is undertaken on company data and third-party data, company visits and time with the management of each company that Invesco Perpetual invests in is an important part of the research approach. As long-term investors the firm views its relationship with companies' management as a critical investment factor.

The research approach, undertaken by Invesco Perpetual's investment team is described below:

Top-down research

Significant time is dedicated to the understanding macroeconomic conditions, market valuations, capital flows and geopolitical events.

Within the investment team's analysis it considers how the environment might impact the relative attractiveness of individual sectors and the impact it may have on stocks at a micro level. The team believes that a company's operating conditions are largely determined by the broader macroeconomic environment, also recognising that the influence of macro conditions on sector and stock fundamentals will vary over the course of the economic cycle. It is critical that the macro context is accurately reflected in the structure of the team's portfolios and in the emphasis of its bottom-up research described below.

Monthly, the asset allocation process combines the fundamental views of the team's regional experts, with top-down inputs on markets, valuation and capital flows.

Bottom-up research

Bottom-up research is driven by the investment work of Invesco Perpetual's regional equity investment teams. Fundamental analysis is a key input to the investment process and the principal driver of stock selection.

Stock ideas are generated from a number of sources including proprietary market screens, brokerage houses, independent research firms and analysts. In some regions, particularly in Asia and in the emerging markets, macroeconomic views may highlight a particular area of the market for closer inspection. Company meetings are also an important aspect of idea generation, in that they often expose competitors, customers or suppliers that could be of interest.

The investment decisions that shape the portfolio are the consequence of a fund manager's assessment of the information inputs. Invesco Perpetual believes that value is added as a consequence of the insights of its fund managers, their understanding of market conditions and high quality investment research.

Once an idea has been generated, it is then subject to further analysis to allow a considered judgment to be reached on the stock's valuation and to arrive at an investment decision. This further analysis can be broken down into three components:

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- **Proprietary research**

This is to arrive at a judgment on valuation. A fund manager can look at quantitative measures as a guide to this, but it will also involve qualitative judgments on aspects such as the quality of a company's products and services, the risks to which it is exposed, the strength of its management team and the presence of any unique characteristics or tangible advantage over competitors.

- **Examination of broker research on the company, and discussion with relevant investment analysts**

This external analysis is not used for its ultimate buy/sell recommendation; rather a fund manager compares the assumptions behind this research to their own, in order to form a judgment on valuation. Contact is maintained with industry analysts that a fund manager considers having superior analytical insights.

- **Meeting company management**

This is to obtain a better understanding of the nature of the business, its key drivers, competitive position and the achievability of management goals.

A fund manager's research is structured to give them a detailed understanding of a company's key historical and future business drivers, such as demand for its products, pricing power, market share trends, cashflow and management strategy. This enables a fund manager to form an opinion on a company's competitive position, its strategic advantages/disadvantages and the quality of its management.

From such meetings:

- The fund manager believes they can garner an improved understanding of the near- and longer-term prospects of a company and the quality of its management
- Gives them a forum to challenge their assumptions and predictions in person as well as ensuring that management understands Invesco Perpetual's priorities as a shareholder
- Provides the fund manager with valuable information regarding the state of the broader economy and the businesses of a company's suppliers, customers and competitors. This analysis is then considered in conjunction with a stock's current and prospective valuation, enabling the fund manager to determine whether or not the stock is attractively valued
- Determine where there are sizable differences between consensus expectations and what the company expects to realistically achieve

Valuation

In addition to proprietary research, as explained above, Invesco Perpetual's fund managers selectively use valuation models in order to understand the assumptions that the brokers/analysts have incorporated into their valuation conclusions and as a structure into which they can input their own scenarios.

External research

In addition to original research, Invesco Perpetual's fund managers devote considerable resources to the assessment of research produced by external organisations, including that of brokerage houses, independent research firms and analysts. Invesco Perpetual believes that the resulting relationship with these firms, based on mutual respect, enhances the quality of the investment dialogue. For each sector, fund managers typically have two or three external analysts with whom they maintain close contact and whose judgment they value. They are then able to compare their own research with consensus expectations, identifying opportunities where the market is overly-pessimistic or overly-optimistic. It should be emphasised that external research is used purely as an input, as opposed to being the driver of the decision-making process.

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This combination of in-house analysis with the use of well-placed and well-informed contacts within the broking community provides our fund managers with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'bottom-up' and 'top-down' investment analysis.

Fund management is a judgmental business and the major scope to add value is in the interpretation of the available information by Invesco Perpetual's investment team. The experience of fund managers in this respect is critical and key to the success of the investment team.

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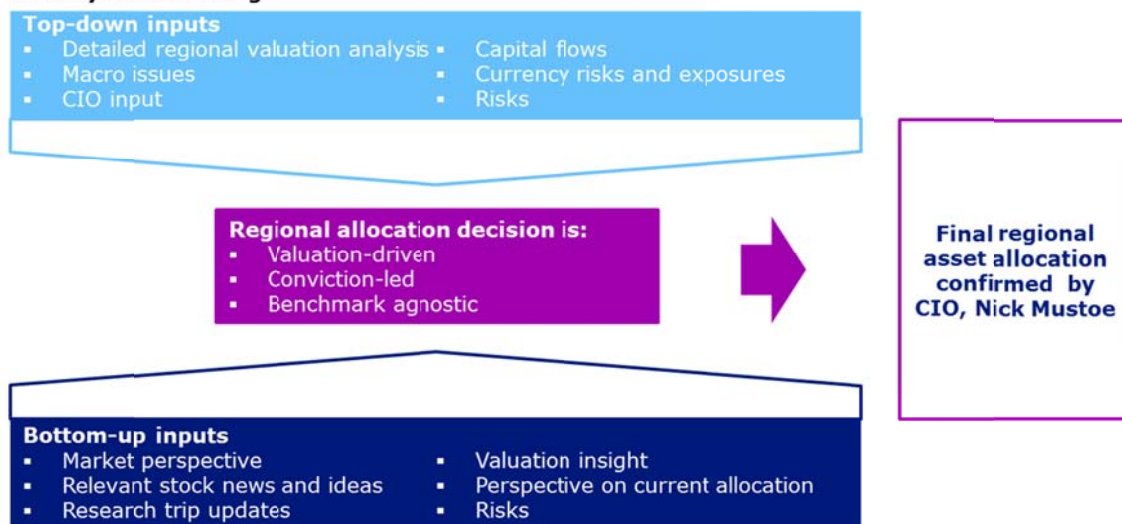
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Portfolio construction

The aim of the strategy's construction process is to maximise exposure to the most attractive countries, sectors and stocks within a portfolio's investment parameters. This globally diversified strategy combines expert top-down regional asset allocation with regional led, research driven, fundamental stock selection.

Regional asset allocation

Monthly team meeting



For illustrative purposes only.

Whilst no formal constraints apply, other than any regulatory requirements, the Invesco Perpetual Global Smaller Companies Group aims to have at least 80% of the all-markets strategy's portfolios in small capitalisation companies. Small capitalisation companies are defined as any company whose market capitalisation is less than the US\$ market capitalisation of the largest company included in the MSCI ACWI Small Cap index.

As the Group's leader, Nick Mustoe is ultimately responsible for all asset allocation decisions. Each regional allocation is managed by the appropriate specialist regional fund manager who has complete autonomy over that portion of the total portfolio.

The investment team allows the specialist regional fund managers discretion in developing systems and processes appropriate to their own market and investment approach. For example, top-down macro input plays a greater part in the Asian investment process as the region is much more diverse than, for example, the US equity market.

Each regional sub-portfolio is constructed from the bottom-up on a stock by stock basis. The decision-making process for each stock involves rigorous fundamental analysis. The weights of each stock in the sub-portfolio are conviction-led, based on the fund manager's considered view of the risk-adjusted upside. Weightings represent the fund manager's conviction in the investment case for the company and assessment of the potential downside risk. They can also be influenced by the number of attractive opportunities available, the value of the stock as a diversifier and regulatory/liquidity constraints.

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Average holding period

There is no typical holding period for a position. The Invesco Perpetual Global Smaller Companies Group's specialist regional fund managers believe in building portfolios where each holding has the potential to deliver absolute upside. Typically, their long-term approach to investing covers an investment horizon of between three and five years.

Sell discipline

The decision to sell a stock is based on the same principles as the decision to buy: valuation and business fundamentals. A stock will be sold if it meets one or more of the following criteria:

- It is no longer undervalued
- A more attractive opportunity has been identified elsewhere
- The investment case for the stock no longer applies

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Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

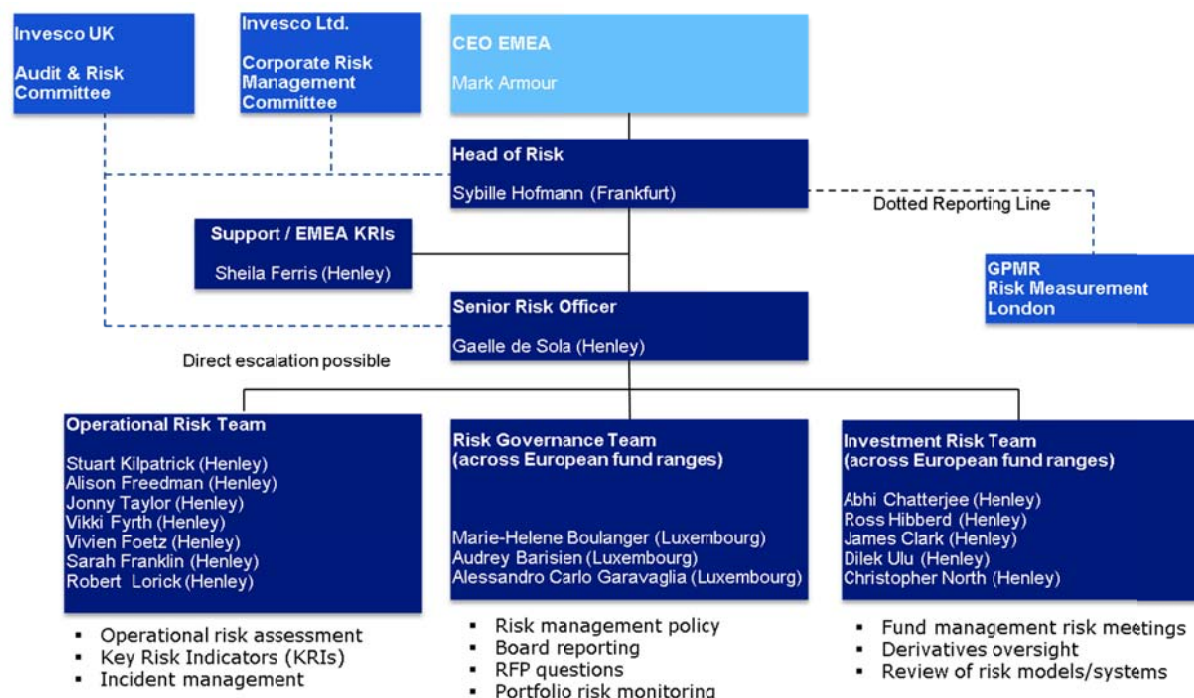
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Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

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- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Global smaller companies strategy

Invesco Perpetual

Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

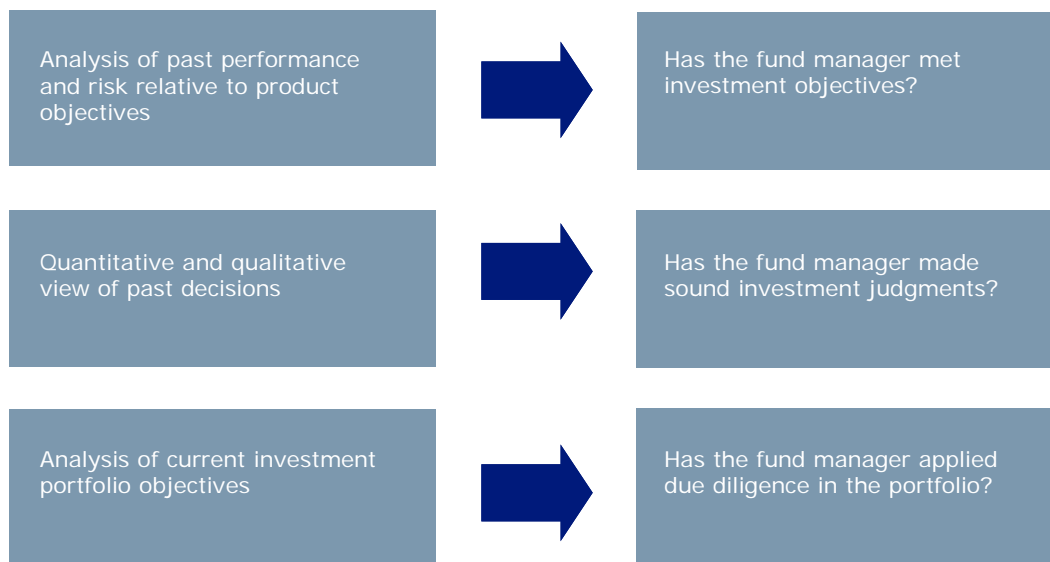
Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

Global smaller companies strategy

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Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

Global smaller companies strategy

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Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Global smaller companies strategy

Invesco Perpetual

Strategy overview

Global smaller companies

Strategy name, management and objective	Reference benchmark	Concentration
Invesco Perpetual global smaller companies strategy Invesco Perpetual Global Smaller Companies Group This strategy aims to achieve capital growth through a portfolio of investments in international securities. The strategy intends to invest mainly in shares of smaller companies, which are quoted on the world's stockmarkets	MSCI ACWI Small Cap index	Diversified

Appendix 1: Biographies

Management:

Nick Mustoe, Chief Investment Officer of Invesco Perpetual

Based in Henley-on-Thames, Nick is Chief Investment Officer of Invesco Perpetual. Nick joined the company in June 2010. His investment career spans over 25 years to date, having started with Phillips & Drew Fund Management as a UK equity manager in 1985. More recently, he was appointed CIO of Pictet Asset Management in 2006 after joining Hermes Pensions Management as CIO in 2002. He holds a first class honours degree in Business Studies from Bradford University.

Specialist regional fund managers based in Henley:

Jonathan Brown, UK Small Cap Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Jonathan is responsible for the management of a number of UK small cap portfolios. Jonathan began his investment career with Lazard Asset Management in 1997, where he specialised in private client fund administration, before joining our company within a similar role in 2000. In 2004 Jonathan joined our UK Equities team as a trainee fund manager and, after three years specialising in the UK small cap sector, became a fund manager in his own right. Jonathan graduated with a BSc in Bio-Chemistry from UMIST and has also secured both the Investment Management Certificate from the CFA Society of the UK and the Securities Institute Diploma.

Ian Hargreaves, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Ian manages pan-Asian portfolios and covers the entire Asian region in his research. He started his investment career with Invesco Asia Pacific in Hong Kong in 1994 as an investment analyst where he was responsible for coverage of Indonesia, Korea and the Indian sub-continent, as well as managing several regional institutional client accounts. In January 2005, Ian decided to return to the UK to join Invesco Perpetual's Asian Equities team. Ian holds a BA (Honours) in Chinese Studies from Durham University and is a CFA charterholder.

Paul Chesson, Head of Japanese Equities at Invesco Perpetual

Based in Henley-on-Thames, Paul is Head of Japanese Equities at Invesco Perpetual and is responsible for the management of a number of Japanese equity portfolios alongside fellow fund manager, Tony Roberts. Paul began his investment career in 1990 at Touche Remnant, specialising in Japanese Equities before joining our company in 1993. He holds an MA in Law from Oxford University and is an associate member of the Association for Investment Management.

Dean Newman, Head of Emerging Market Equities at Invesco Perpetual

Based in Henley-on-Thames, Dean is Head of Emerging Market Equities at Invesco Perpetual, with responsibility for the management of global emerging markets and Latin American equity portfolios. Dean began his investment career in 1985 joining Legal & General where he covered UK equity markets, moving to Japanese bank Sanwa in 1991 where he was Head of UK Equities. He became Head of Emerging Market Equities at Invesco Perpetual in April 2007, having joined the company in 1993 and the Emerging Market Equities team in 1994. Dean has been a driving force behind the team's investment strategy with his many years' experience of investing across all emerging market regions. Dean graduated from Durham University with a BA honours degree in Economics and Politics.

Global smaller companies strategy

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Specialist regional fund manager based in Atlanta, USA:

Erik Esselink, European Small Cap Equities Fund Manager at Invesco Perpetual

Based in Atlanta, Erik specialises in the research and management of European small cap equities and is a member of Invesco Perpetual's European Equities team and Invesco's Global Core Equity team. His career started in 1997 and prior to joining our company in October 2007, Erik worked with Morgan Stanley, most recently as a pan European small and mid-cap equity specialist covering institutional equity sales into the Benelux region. Previously, he had worked for three years with ING Barings in Amsterdam, specialising in Dutch equities institutional sales. Erik graduated from the Rotterdam School of Economics (HES) where he studied Commercial Economics. He is fluent in English and Dutch with a working knowledge of French and German.

Specialist regional fund manager based in Houston, USA:

Juliet Ellis, CFA

Senior Portfolio Manager

Managing Director

CIO of Invesco's US Growth Investment Management Unit

Juliet Ellis, Managing Director, is a senior portfolio manager for Invesco's small cap equity and growth funds. She also serves as CIO of Invesco's US Growth Investment Management Unit. Prior to joining Invesco in 2004, Juliet was a Managing Director with JP Morgan Fleming Asset Management where she served as a senior portfolio manager of their small cap equity and growth strategies. Juliet began her investment career in 1981 as a financial consultant with Merrill Lynch. She joined JP Morgan in 1987 as an equity analyst, and also served as assistant portfolio manager and Director of Equity Research before being promoted to senior portfolio manager in 1993 and Managing Director in 2000. Juliet graduated Cum Laude and is a Phi Beta Kappa graduate of Indiana University with a BA degree in Economics and Political Science. She is also a CFA charterholder.

Strategy oversight and implementation:

Martin Weiss, Senior Investment Strategist for Global Equity Products at Invesco Perpetual

Based in Henley-on-Thames, Martin joined the company in July 2005 as product director for the International Equities team, moving into the role of senior investment strategist for global equity products in 2009. Martin began his investment career at Cazenove in 1990 as an analyst/salesman covering Japanese equities. Remaining with Cazenove, he transferred into fund management in 1996, specialising in Japanese equities until, in 2002, moving to their global team. Here, his responsibilities covered the management of all industrials and consumer staples investments within global equity funds. Martin graduated from Bristol University with a BSc honours degree in Economics.

Arwel Green, Global Equity and Fund-of-Fund Strategist at Invesco Perpetual

Based in Henley-on-Thames, Arwel joined the company in May 2001, and is responsible for providing support for the Global Equities team's global equity and fund-of-fund products. Arwel has held various positions since joining the company, including that of client service, RFP writer/marketing information specialist and product information specialist. He joined the global team in his current role in January 2008. Arwel graduated in 2000 from Cheltenham College of Higher Education (now known as the University of Gloucester) with a degree in Hospitality Management and holds the Investment Management Certificate qualification from the CFA Society of the UK.

Global smaller companies strategy

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Product Director:

John Botham, Global Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, John joined the company as Product Director in November 2013 responsible for communicating Invesco Perpetual's global equities capabilities internally and externally. He started his industry career in 1993 upon joining Guardian Royal Exchange as a European equities fund manager before joining Henderson Investors in 1994, where he became Director of Pan European Equities. In 2007 he subsequently joined Aviva Investors as Head of European Equities. John gained a degree in Economics from Loughborough University in 1985, and qualified as a Chartered Accountant in 1989. He also holds the IMC qualification from the CFA Society of the UK.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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Strategy profile
Fixed Interest
Invesco Perpetual
February 2015



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Fixed Interest Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

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Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

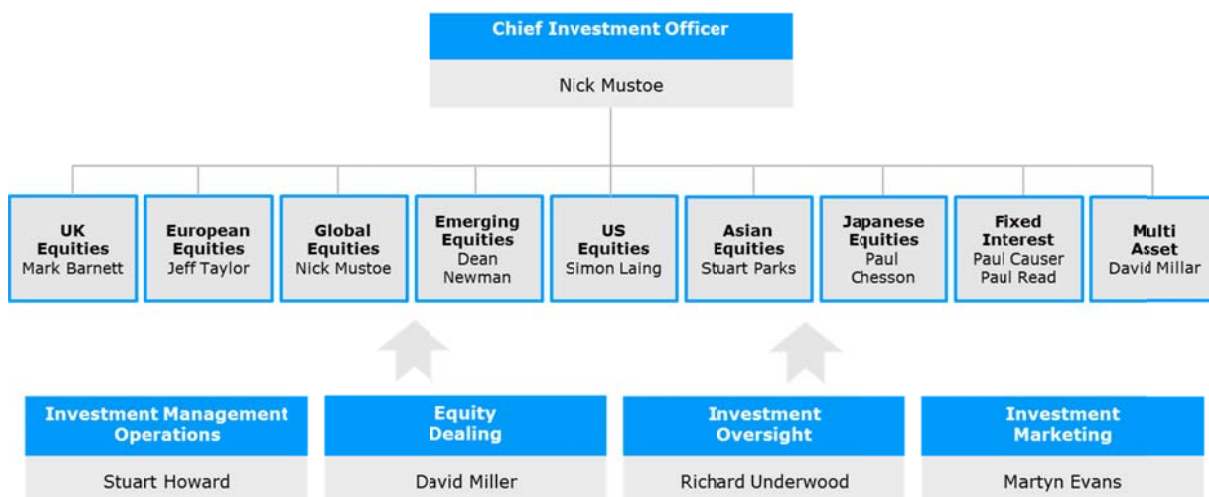
Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Fixed Interest Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Invesco Perpetual's Fixed Interest team

Name	Role	Years' tenure	Years' industry experience
Portfolio managers:			
Paul Causer	Co-Head of Fixed Interest	21	31
Paul Read	Co-Head of Fixed Interest	20	29
Michael Matthews	Fund Manager	21	21
Stuart Edwards	Fund Manager	11	18
Credit & risk analysts and dealers			
Asad Bhatti	Senior Analyst, CFA	12	14
Rhys Davies	Deputy Fund Manager & Senior Analyst, CFA	12	12
Julien Eberhardt	Deputy Fund Manager & Senior Analyst, CFA	6	9
Tom Hemmant	Analyst, ACA	3	12
Edward Craven	Analyst, ACA	4	6
Dominic de Ban	Head of Markets & Risk	3	26
Jack Parker	Macro Analyst/Trader, CFA	7	7
Simon Cheng	Desk Analyst	11	11
Dan Dewar	Senior Dealer	2	21

Fixed Interest Invesco Perpetual

Olivia Finch	Junior Dealer	4	4
Other members*:			
Lewis Aubrey-Johnson	Head of Fixed Income Products	14	17
Alister Brown	Product Director	8	25
Cathal Dowling	Product Strategist	4	16

Source: Invesco Perpetual as at 31 December 2014. Number of years is subject to rounding.

*The team's Head of Fixed Income Products, Product Director and Product Strategist are responsible for communicating Invesco Perpetual's Fixed Interest capabilities internally and externally. They are integral members of the team working closely with its fund managers.

Biographies of the team members are included within **Appendix 1**.

Fixed Interest Invesco Perpetual

Assets under management

As at 31 December 2014, the Fixed Interest team had US\$41.1 billion in assets under management. This covers all fixed interest (sub-) portfolios within segregated and pooled investment vehicles¹.

Asset breakdown	US\$ million	£ million	EUR million
Investment grade	17,326.8	11,111.7	14,319.2
High yield	13,167.3	8,444.2	10,881.7
Government bond	3,286.76	2,107.8	2,716.2
Equity	4,261.3	2,732.8	3,521.6
Cash	3,167.5	2,031.3	2,617.7
Derivatives	-127.1	-81.5	-105.0
Total	41,089.0	26,346.4	33,959.6

Source: Invesco Perpetual as at 31 December 2014. May not sum to total due to rounding.

¹ Data includes all assets managed including carve-outs of international and multi-asset mandates.

Fixed Interest Invesco Perpetual

Investment philosophy

At the core of Invesco Perpetual Fixed Interest team's investment philosophy is a belief in active management. Fundamental principles drive a genuinely unconstrained investment approach which aims to deliver attractive total returns over the long term.

The team's investment philosophy is built on a belief that fixed interest markets are mostly efficient but continually present opportunities. For example:

- Markets have a tendency to overshoot, moving prices away from fundamental value.
- Investors have different objectives – for instance, investors who are required to match liabilities of a certain duration, or central bank intervention.
- Some institutional investors can have rigid investment constraints – changes in the credit rating of an issuer can force some investors to sell.

By exploiting market inefficiencies such as these through fundamental analysis and a strong emphasis on valuation, the investment team strive to deliver long-term out-performance. This philosophy drives our flexible and pragmatic approach to investment.

Fixed Interest

Invesco Perpetual

Investment process

The Invesco Perpetual Fixed Interest team's approach to investment management can be summarised as follows:

Active	The Invesco Perpetual Fixed Interest team does not track indices and its focus is on absolute risk and return
Flexible and pragmatic	Its approach is informal, iterative, flexible and changes according to market conditions
Market driven	The team seek to exploit opportunities on a short-term as well as a longer-term basis
'All-weather' Portfolios	The products are designed to be managed through the market cycle
Valuation driven	They place strong emphasis on assessing value, based on fundamental analysis of potential risk versus potential return

This philosophy and approach have shaped an investment process which adheres to the core disciplines of logical thought processes, comprehensive analysis and constant re-questioning of underlying assumptions. The investment process comprises three key elements which drive portfolio construction – macroeconomic analysis, credit analysis and value assessment.

Research and analysis

The research function is not separated from the function of the fund manager. This is an important distinction and one the investment team believe is central to their success. In addition, the investment team includes a number of dedicated credit analysts who research specific sectors.

This allows the investment team to take full advantage of their top-down macro work, by giving them the flexibility to focus the research in areas where they believe that the best investment opportunities are currently to be found, whilst at the same time ensuring that no part of the relevant market is left uncovered.

The majority of the research is qualitative and divides naturally between top-down macro analysis and bottom-up stock research.

Top-down research

The investment team dedicates significant time and effort to top-down analysis, seeking to understand the current macroeconomic environment and to make informed forecasts of future conditions.

Within the analysis the investment team consider how the environment might impact the relative attractiveness of individual sectors and the impact it may have on securities at the micro level. Operating conditions in the fixed income markets are largely determined by the broader macro-economic environment, and the team recognise that the influence of macro conditions on sector fundamentals will vary over the course of the economic cycle. It is critical that the macro context is accurately reflected in the structure of our portfolios and in the emphasis of the bottom-up research.

Macroeconomic analysis

The investment team's macroeconomic views play an integral role in all the main portfolio decisions. The focus of the team's macro work is on the development of a view about the general direction and structure of interest rates, and the trend in the pricing of credit risk. To a large extent these broad views set some important individual bond parameters, such as preferred maturities, yields, sectors and overall credit risk tolerances. The macro view

Fixed Interest

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and analysis also provides the foundation on which duration, yield curve and credit strategies are built.

The main elements of top down analysis that are important for the portfolios are the:

- General direction of monetary policy and developments in official interest rates
- Shape of the yield curve and its likely development
- General trend in the pricing of credit risk and 'credit spreads'

The first two factors are influential in determining the overall interest rate (or duration) risk which the investment team take in the portfolio. The third factor will be a guiding force behind the level of credit risk the team takes in the portfolio.

However, the judgement on duration and credit risk is more refined than, say, simply lengthening duration in anticipation of falling interest rates or raising credit exposure in anticipation of credit spread narrowing. For example, there have been important and significant changes in the shape of yield curves around the world in recent years which have necessitated careful examination of the entire yield curve and the choice of strategies to capitalise from these developments.

Bottom-up research

The focus of the team's bottom-up research is determined by a combination of the output of their top down macro analysis and internally or externally generated bond ideas. Such ideas are derived from:

- Team generated analysis
- Contact with companies
- Corporate news flow
- Regular review of relative price and valuation movements
- Discussions with colleagues
- A network of selected external research providers

Credit analysis

The assessment of individual corporate credits is central to the investment process. The external sources of research to which the investment team have access are the starting point for that analysis. These external sources include the three main credit rating agencies – Standard and Poor's, Moodys and Fitch/IBCA. This external research often provides, however, a fairly "static" view of an individual credit and, as has been clearly demonstrated in recent years, credit assessment can change very quickly.

Partly for such reasons, the investment team's own analysis is of crucial importance. The emphasis, however, will be on the dynamics and the evolution of these measures, rather than on the numerical value of the ratios at a particular point in time. For example, a company that is actively taking steps to reduce excessively high leverage will be more attractive than one with the same degree of leverage but taking few steps to address the situation.

The quality of management is an important factor in the qualitative assessment of high yield issuers. In that light, company visits are becoming more important for the investment team. In this way, the research on companies is quite similar to that done by equity analysts. The financial measures the investment team looks at in assessing an individual company will tend to have a different focus to those used by equity analysts, emphasising the ability of a company to adequately service its debt. The measures the investment team looks at include: the extent of gearing; the relationship between a company's net debt and its EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation); and the relationship between EBITDA and the company's overall financing

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costs. EBITDA is used primarily as a proxy for a company's free cashflow and we will often make adjustments to EBITDA to take into account, for example, required capital expenditure. Different financial ratios will be appropriate for different companies operating in different sectors and at different stages of development. The emphasis, however, will be on the dynamics and the evolution of these measures, rather than on the numerical value of the ratios at a particular point in time. Other technical considerations such as issue size, dealer sponsorship, supply and numerous other technical factors will also be considered.

The credit risk process is not designed to minimise risk in isolation from return considerations. The investment team are looking to maximise returns from acceptable and well understood credit risk exposures.

Value assessment

Once a deep and informed credit risk opinion has been established about a particular corporate borrower, absolute and relative risk and value judgements can be made. The investment team seek to understand why an opportunity may exist, including:

- Market overreaction to one aspect of a company's situation
- The effects of ratings moving below investment grade
- Issuance patterns
- Mis-pricing of covenant protection

In keeping with an absolute risk and return mentality, a judgement is made about whether the potential returns (both from income and capital) sufficiently justify the risks. The investment team also consider the risk / return profile of a bond in relation to cash and government bonds, as well as corporate bonds. An appreciation of relative value enables the investment team to select the best value corporate bonds given pre-determined variables such as maturity, sector and credit rating. This also helps the team to identify credit trends and pricing anomalies.

External research

In addition to original research, the investment team devote considerable resource to the assessment of research produced by external organisations, including that of brokerage houses, independent research firms and technical analysts. This helps develop an understanding of economies, bond valuations, and credit quality. They believe that the resulting relationships with a small number of leading firms, based on mutual respect, enhances the quality of the investment dialogue. The investment team are then able to compare their own research with consensus expectations, identifying gaps where the market is over-pessimistic and over-optimistic.

This combination of in-house analysis with the use of well-placed and well-informed contacts within the broking community provides the fund managers with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'top down' and 'bottom-up' investment analysis.

Fund management is a judgemental business and the major scope to add value is in the interpretation that our fund management teams place on the available information. The experience of fund managers in this respect is critical and key to the team's success.

Portfolio construction

The aim of the portfolio construction process is to gain exposure to the most attractive ideas within the investment parameters of each portfolio and to express their views on fixed interest markets, sectors, industries, regions and themes are all considerations in the portfolio construction process.

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The process brings together the output of the team's top-down and bottom-up analysis. The emphasis between these two sources of added value changes over time.

Individual bond weightings are decided very much on a case-by-case basis using qualitative judgement and analysis.

The investment team believes this creates a portfolio sufficiently diverse to reduce risk and improve liquidity whilst maintaining its active nature. The number of securities held will vary according to the underlying investment strategy and preponderance of investment ideas. Generally, when the fund managers find more attractive opportunities in sectors of the market with a higher credit rating, the portfolio will tend to be less diversified. Conversely, if more attractive opportunities are found in the higher yielding areas of the market, they will tend to be more diversified. However, these are general considerations rather than tightly defined rules.

Scaling into and out of positions is sometimes viewed as appropriate, but once again is viewed on a case-by-case basis and not applied as a general rule.

Portfolio constraints

Sector exposures

The team feels no obligation to own any sector or bond because, for example, it is a constituent of one of the main bond indices. On occasions it may be that an individual bond's weighting may compensate for not owning other bonds in that sector. However, the limit on this is made on judgemental rather than quantitative grounds.

Liquidity considerations

The liquidity in individual bonds or sectors will affect the positions the team takes. This does not mean that they will avoid owning illiquid bonds at all times. The fund managers may be prepared to own illiquid bonds for a relatively long period of time if they judge that the degree of mispricing justifies the risk. Equally, if trading conditions for a bond or sector become more liquid, this will not be a reason, in itself, for selling the bond.

Cash holdings

The fund managers regard the use of cash or cash proxies as a useful fixed income portfolio allocation option and will therefore utilise this option from time to time.

Buy/sell discipline

Buy and sell decisions are made on a case-by-case basis, driven by qualitative judgement and analysis. Credits will be purchased if they offer good absolute and relative value, and the team believe they will be adequately rewarded for the associated risk. Credits will be considered for sale if they no longer sufficiently reward the associated risk, or if credit positions are rebalanced in line with macro views. The team tends to gradually scale in and out of major portfolio positions.

Any decision to sell will be the decision of the fund manager, normally following on from discussion and consultation with other members of the team.

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Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

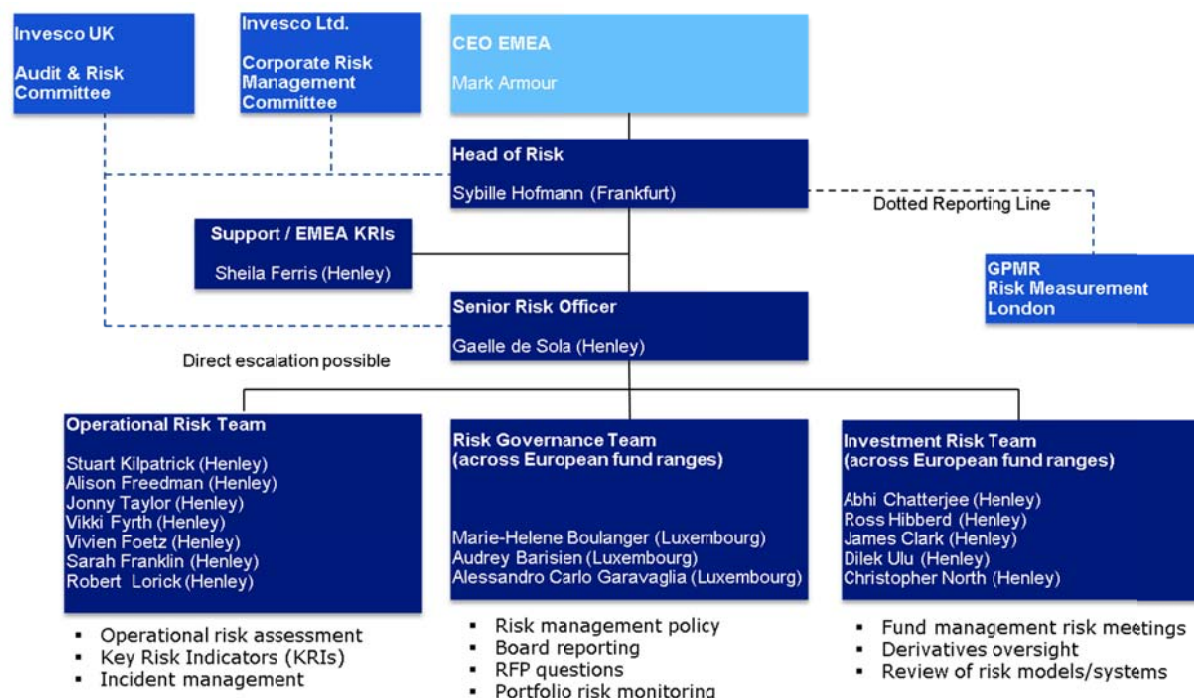
These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

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Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on B Wise.
- Active management and administration of the Risk Management module of B Wise.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of B Wise including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

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- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

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Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

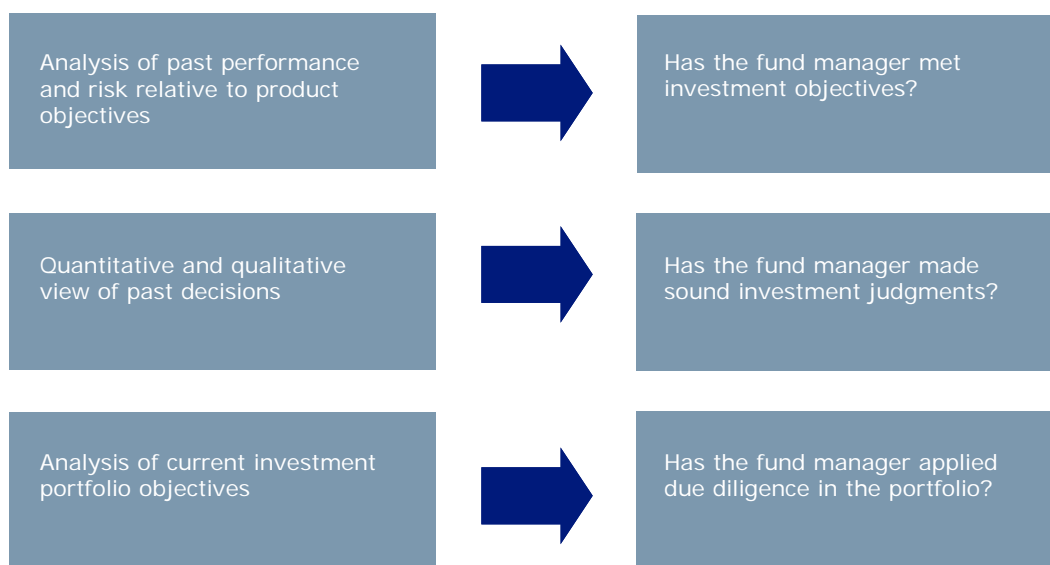
As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

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Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

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Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Barclays Point

The team uses its proprietary portfolio risk management tool which for each fund provides detailed position-level data as well as a range of aggregate exposures. Fund managers also analyse fund performance and contribution data. The Invesco Perpetual Fixed Interest team uses the Barclays Point performance contribution system for this.

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Strategy overview

Fixed Interest

Strategy name, management and objective

Invesco Perpetual Corporate Bond strategy
Michael Matthews, Paul Causer and Paul Read

The strategy aims to achieve a high level of overall return, with relative security of capital. It intends to invest primarily in fixed interest securities.

Invesco Perpetual Euro Corporate Bond strategy
Paul Causer and Paul Read

The strategy is invested to achieve, in the medium to long term, a competitive overall investment return in Euros with relative security of capital in comparison to equities. The strategy will invest at least two thirds of its total assets (without taking into account ancillary liquid assets) in debt securities or instruments denominated in Euro issued by corporate issuers.

Invesco Perpetual Global Unconstrained Bond strategy
Paul Causer and Paul Read

The strategy aims to maximise total return through investment in a flexible allocation of cash, debt securities and financial derivative instruments worldwide.

Invesco Perpetual Global Bond strategy
Stuart Edwards

The strategy aims to achieve a good overall investment return in the medium to long term with relative security of capital. The strategy intends to invest primarily in international bonds of differing interest yields and maturities.

Invesco Perpetual Global Distribution strategy
Paul Causer, Paul Read and Global Equity Income Group¹

The strategy aims to achieve a combination of income and capital growth over the medium to long term. The strategy seeks to achieve its objective by investing primarily in corporate and government debt securities globally (which may be unrated or sub-investment grade) and global equities, together with cash and cash equivalents.

Invesco Perpetual Global Financial Capital strategy
Paul Causer and Paul Read

The strategy aims to deliver an attractive total return, over the medium to long term, through a combination of income and capital growth by investing primarily in capital instruments (including equity and equity linked securities and instruments) and other debt securities issued by banks and financial institutions, cash and cash equivalents.

Invesco Perpetual High Yield strategy
Paul Causer and Paul Read

The strategy aims to achieve a high level of income whilst seeking to maximise total return through investing in high yielding Corporate and Government bonds, together with UK and European equities

Invesco Perpetual Pan European High Income strategy
Paul Causer and Paul Read

The strategy aims to provide to investors long-term total return growth from an actively managed, diversified portfolio investing primarily in higher yielding European debt securities and to a lesser extent, equities.

¹ The Invesco Perpetual Global Equity Income Group comprises Chief Investment Officer, Nick Mustoe, Mark Barnett, Head of UK Equities, together with fund managers Simon Clinch (US Equities), Stephanie Butcher (European Equities), Tim Dickson (Asian Equities) and Tony Roberts (Japan Equities).

Fixed Interest

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Appendix 1: Biographies

Paul Causer, Co-Head of Fixed Interest at Invesco Perpetual

Based in Henley-on-Thames, Paul co-leads Invesco Perpetual's Fixed Interest team with Paul Read, managing a number of government, corporate and non- investment grade portfolios. Paul began his investment career in 1983 in research and credit analysis with Asahi Bank, the large Japanese commercial bank. He then moved to the bank's treasury department and traded securities and derivative instruments until 1990 when he was given responsibility for managing the bank's multi-currency investment portfolio before joining our company in 1994. Paul holds a BSc in Economics from the London School of Economics.

Paul Read, Co-Head of Fixed Interest at Invesco Perpetual

Based in Henley-on-Thames, Paul co-leads Invesco Perpetual's Fixed Interest team with Paul Causer, managing a number of government, corporate and non- investment grade portfolios across the maturity spectrum. Paul began his investment career with UBS (Securities) Ltd in 1986, and then moved to Merrill Lynch International in 1988. Paul initially worked on the bond sales desk, covering institutional investment managers at Merrill Lynch, before moving on to debt trading and working as a director of fixed interest trading in Tokyo from 1991 and in Paris from 1993 before joining our company in 1995. He holds a BA in Economics and History from the University of Toronto and also has an MBA from INSEAD.

Michael Matthews, Fixed Interest Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Michael is responsible for the management of a number of government and corporate investment grade portfolios. Michael began his investment career in 1995, joining the co-heads of Invesco Perpetual's Fixed Interest team, Paul Read and Paul Causer, upon the team's foundation. He initially specialised in the team's money and foreign exchange market activities before predominantly focusing on government and investment grade credit markets. Michael has passed the associate examinations of the Association for Investment Management and Research (AIMR).

Stuart Edwards, Fixed Interest Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Stuart is responsible for a number of global bond and cash portfolios. Stuart began his investment career in 1997 at Standard & Poor's as an economist, initially specialising in analysis of the Benelux region and then covering the UK fixed income and money markets with responsibility for forecasting UK economic data and providing fixed income strategy. On joining our company in 2003, he was initially the fixed income specialist within our Investment Communication team before successfully transferring to the Fixed Interest team in January 2006 as a fixed income strategist, specialising in the analysis of macro-economic data and trends. In March 2010 Stuart was promoted to the role of fund manager. He holds a BSc (Honours) in Business Economics with Computing from the University of Surrey and an MSc in Finance from Birkbeck College, University of London.

Dominic de Ban, Head of Markets and Risk, Fixed Interest at Invesco Perpetual

Based in Henley-on-Thames, Dominic is responsible for managing all of Invesco Perpetual's Fixed Interest team's trading activity. Dominic began his investment career with Merrill Lynch International in 1989 before he moved to Salomon Brothers International in 1990, completing the firm's graduate training programme in 1991. He initially worked on their fixed income sales desk, covering UK-based financial institutions, before being awarded international responsibilities in June 1992, servicing the firm's Middle East-based institutional clients. During his 20 years at Salomon Brothers International (which subsequently became part of Citigroup), Dominic marketed a wide range fixed income, cash and derivatives products. Prior to joining our company in April 2011, Dominic was a director within Citigroup's Central and Eastern Europe, the Middle

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East and Africa Sales team, with special responsibility for sovereign wealth fund and central bank coverage. Dominic holds a BSc in Psychology from Portsmouth Polytechnic.

Edward Craven, Fixed Interest Analyst at Invesco Perpetual

Based in Henley-on-Thames, Edward is a credit analyst in Invesco Perpetual's Fixed Interest team. Edward began his career with KPMG in 2003 working in Assurance Services before transferring to their Corporate Finance department in 2006. In 2008 he moved to The Royal Bank of Scotland, where he worked in structured finance executing leveraged transactions for mid-market corporate and private equity backed businesses before joining Invesco Perpetual in 2011. He is an ACA qualified Chartered Accountant and holds a Masters Degree in Physics, MPhys, from the University of Bath.

Tom Hemmant, Fixed Interest Analyst at Invesco Perpetual

Based in Henley-on-Thames, Tom is a credit analyst in Invesco Perpetual's Fixed Interest team. Tom began his career with PricewaterhouseCoopers in 2002 where he worked in their financial services tax practice and trained as a chartered accountant. In 2005 he joined the Corporate Finance team of International Power plc working on the acquisition and project financing of power generation assets, and corporate funding projects. He is an ACA qualified Chartered Accountant and holds a BSc in Economics from the University of Southampton.

Asad Bhatti, CFA, Fixed Interest Senior Analyst at Invesco Perpetual

Based in Henley-on-Thames, Asad is a credit analyst within Invesco Perpetual's Fixed Interest team. Asad started his investment career with Arthur Anderson and after 18 months joined Abbey National Treasury Services before joining our company in November 2002. He holds a BAcc (Honours) in Accounting from the University of Glasgow and is a CFA charterholder.

Rhys Davies, CFA, Fixed Interest Deputy Fund Manager and Credit Analyst at Invesco Perpetual

Based in Henley-on-Thames, Rhys is a credit analyst within Invesco Perpetual's Fixed Interest team. Rhys began his investment career within Invesco Perpetual's Product Support team in January 2002 and transferred to the Henley-based Fixed Interest team in November 2003. He holds a BSc (Honours) in Management Science from the University of Manchester Management School and is a CFA charterholder.

Julien Eberhardt, CFA, Fixed Interest Deputy Fund Manager and Credit Analyst at Invesco Perpetual

Based in Henley-on-Thames, Julien shares responsibility for managing the global bank and financial capital portfolios. Julien began his investment career in 2005 at Moody's as an analyst specialising in high yield and investment grade corporate issuers in the EMEA region. He joined our company in 2008 as a fixed interest credit analyst specialising in financials before taking on the additional responsibility of deputy fund manager for financial capital portfolios managed by the Fixed Interest team in March 2014. He is a graduate of École Supérieure de Commerce de Montpellier (France) and holds Masters Degree in Finance from the University of Montpellier (France). He is also a CFA charterholder.

Jack Parker, Fixed Interest Desk Analyst at Invesco Perpetual

Based in Henley-on-Thames, Jack is currently a Desk Analyst within Invesco Perpetual's Fixed Interest team. Jack began his investment career with the firm within our investment operations functions in January 2008 before transferring to Invesco Perpetual's Fixed Interest team in August 2010. He graduated in 2007 and holds a BA (Honours) in Business Economics from the University of Exeter.

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Olivia Finch, Junior Dealer, Fixed Interest at Invesco Perpetual

Based in Henley-on-Thames, Olivia is a Junior Dealer within Invesco Perpetual's Fixed Interest team. She began her investment career in June 2011, working within the company's UK Transfer Agency department. After a brief period within its Client Services department she assumed her current responsibilities in May 2013. Olivia holds a BA (Hons) in Philosophy from the University of Birmingham.

Dan Dewar, Senior Dealer, Fixed Interest at Invesco Perpetual

Based in Henley-on-Thames, Dan is a senior dealer in the Fixed Interest team and joined our company in June 2013. He began his investment career in 1994 at Prolific Asset Management (which became part of Aberdeen Asset Managers in 1997), progressing to work in the treasury team, dealing in the money and foreign exchange markets and becoming head of foreign exchange in 2001. In 2006, Dan moved to Axa Investment Management as a foreign exchange and fixed interest dealer, working closely with fixed interest fund managers and trading a broad range of fixed interest products.

Lewis Aubrey-Johnson, Head of Fixed Income Products at Invesco Perpetual

Based in Henley-on-Thames, Lewis is responsible for representing Invesco Perpetual's fixed interest investment capabilities to external and internal clients. Lewis began with the firm within its Investment Communication team in 2000 before successfully transferring to Invesco Perpetual's Global Equities team as product manager in 2002 and then onto his current product director responsibilities with the Fixed Interest team in 2003. He holds a BA (Honours) in International Relations from Sussex University.

Alister Brown, Fixed Interest Product Director at Invesco Perpetual

Based in Henley-on-Thames, Alister is responsible for communicating Invesco Perpetual's fixed interest investment capabilities to external and internal clients. Alister began his investment career in 1990, working at HSBC Bank and HSBC Asset Management in various roles covering investment communications, fund selection, performance monitoring, unit pricing and fund accounting. He joined Invesco Perpetual in April 2007 and transferred to the Fixed Interest team in 2011.

Cathal Dowling, Fixed Interest Product Strategist at Invesco Perpetual

Based in Henley-on-Thames, Cathal supports the Invesco Perpetual Fixed Interest team's communications and the development of its investment views. Cathal began his investment career in 1998, in the Global Asset Allocation team at Alliance Capital, and later held positions at Morgan Stanley Investment Management and F&C Asset Management. He joined Invesco Perpetual in April 2011 and transferred to the Fixed Interest team in 2014. He holds a BA (honours) in History from University College, Dublin and an M.Phil in International Relations from the University of Cambridge.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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Strategy profile

Emerging market equities strategy

Invesco Perpetual

February 2015



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Invesco Perpetual

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Emerging equities strategies

Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

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Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

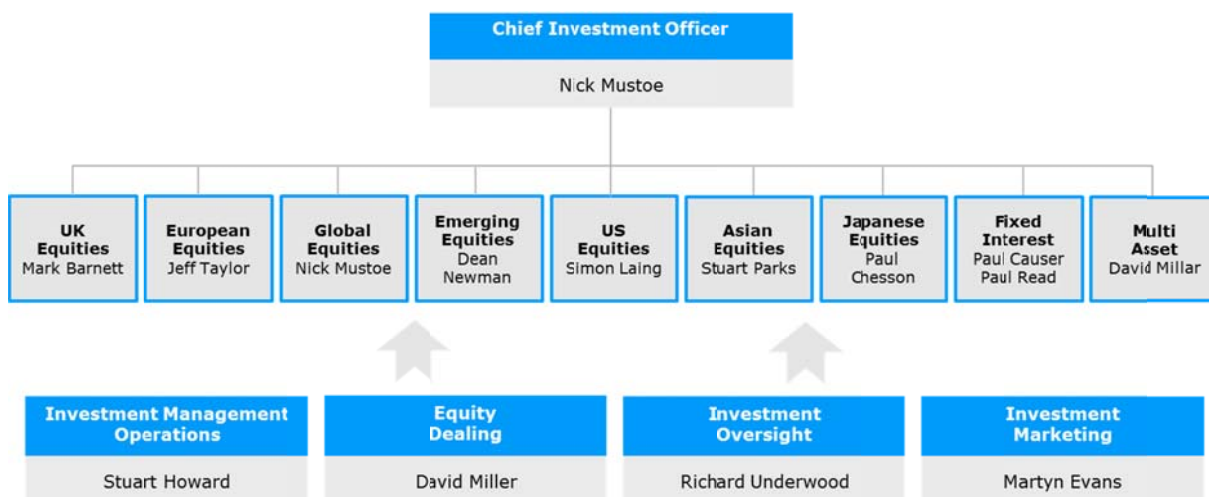
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Emerging equities strategies

Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Dean Newman is Head of Emerging Market Equities at Invesco Perpetual. In this role, he is supported by other members of the investment team, as detailed in the table below:

Name	Role	Years' industry experience	Years' tenure
Dean Newman	Head of Emerging Market equities	29	21
Nicholas Mason	Emerging Market equities fund manager	15	8
Syona Munz-Shingla	Emerging Market equities fund manager	9	6
James McDermottroe*	Emerging Market equities trainee analyst	1	1

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up.

*James McDermottroe worked for the Emerging Market Equities team in the summer of 2013 as an intern, and subsequently joined the company on a permanent basis in December 2013.

Biographies of team members are included within **Appendix 1**.

Emerging equities strategies

Invesco Perpetual

Assets under management

As at 31 December 2014, the Emerging Markets equities team had US\$967.1 million in assets under management. This covers all Emerging Markets (sub-) portfolios within segregated and pooled investment vehicles⁴.

We provide in the table below a breakdown of the assets under management for the Emerging Markets equities team by mandate.

Asset breakdown	US\$ million	£ million	EUR million
Global emerging markets	416.5	267.1	344.2
Global emerging market sub-portfolios of broader global equity mandates	117.4	75.3	97.0
Latin America	380.2	243.8	314.2
Emerging European	53.0	34.0	43.8
Total	967.1	620.2	799.2

Source: Invesco Perpetual as at 31 December 2014.

⁴Data includes all assets managed including carve-outs of international and multi-asset mandates

Emerging equities strategies

Invesco Perpetual

Investment philosophy

Invesco Perpetual firmly believes that investors are best served by a focus on long-term investing, avoiding an over focus on current trends and consensus. Companies operate in long-term cycles and so does the focus of the investment team's research.

The Emerging Market Equities team believes in building portfolios where each holding has the potential to deliver absolute upside. The team also assesses the relative valuation attractiveness of stocks at both a country and sector level within a benchmark aware approach. Against this background, its universe of opportunities is large and the team strives to invest in stocks where it has high conviction. The team's key focus is stock selection although fund managers consider the implications of macro issues across emerging equity markets and their potential impact; however, the assessment of a company and its valuation is the key driver in the team's decision-making process.

Market inefficiencies

The Emerging Market Equities team seeks to exploit the following market inefficiencies:

- Emerging markets have less coverage by sell side analysts and shareholder bases are often more concentrated, especially in small and mid-cap stocks
- Many investors trade in and out of emerging markets for non-fundamental reasons, leading to more volatile swings in share prices
- Volatility can increase the behavioural biases of investors

Emerging equities strategies

Invesco Perpetual

Investment process

Investment approach

The Emerging Market Equities team's investment approach is to seek to take advantage of inefficiencies in the market, as described above, and buy stocks below their intrinsic value. This is achieved through fundamental research, drawing on internal proprietary research, selective use of external research and extensive company contact. This approach places a strong emphasis on valuation, a key determinant of future returns. The team take a long term approach to investing, typically a one to three year investment time horizon, which enables it to take full advantage of any valuation anomalies. By not favouring any one particular investment style, the team can actively take advantage of the best mix of individual risk/reward opportunities in the market - at any point in time in whatever stock, sector or country they are to be found.

There are a number of characteristics central to the team's investment approach:

Active: The team invests where they feel the best returns are to be found, across markets, sectors and capitalisations, whether on index or off-index.

Top-down meets bottom-up analysis in an iterative process: Within its top-down analysis the team seeks to understand the macroeconomic, political and social environment, thereby providing a basis for its regional and country allocation decisions. Bottom-up analysis of a company's financial position, growth prospects and risk factors is a key driver of stock selection. Top-down analysis often informs the micro-level analysis of a specific company. Likewise, the bottom-up analysis of company fundamentals frequently provides valuable insight into broader macroeconomic drivers.

Fundamental analysis: Fundamental analysis is the key input to the process and a principal driver of stock selection. The team uses a combination of internal proprietary research and selected externally-sourced analysis including extensive company contacts.

Valuation driven: Valuation determines whether or not a stock is attractive. The team focuses its stock picking on those companies whose potential is not reflected in its valuations.

Pragmatic and flexible: The team's investment process has no inherent style bias favouring particular sectors, stocks or market caps. This gives the team the freedom to respond to changing market conditions and opportunities without restrictions, and to position its portfolios in response to underlying market conditions. Such flexibility is particularly important in emerging markets, where foreign investor sentiment is volatile and liquidity conditions can shift quickly, dramatically affecting equity valuations in the region.

Conviction investing: The team often take contrarian views but this is on a considered, not an automatic, basis. The composition of the team's portfolios reflects the level of its conviction. The trust the team have in a management team will often allow them the confidence to make an investment into a company that is in a period of underperformance and strongly out of favour with the market.

Benchmark aware: While the team is aware of the composition of the benchmark, and this will influence its judgement on country and sector exposure, it is not driven by it.

Emerging equities strategies

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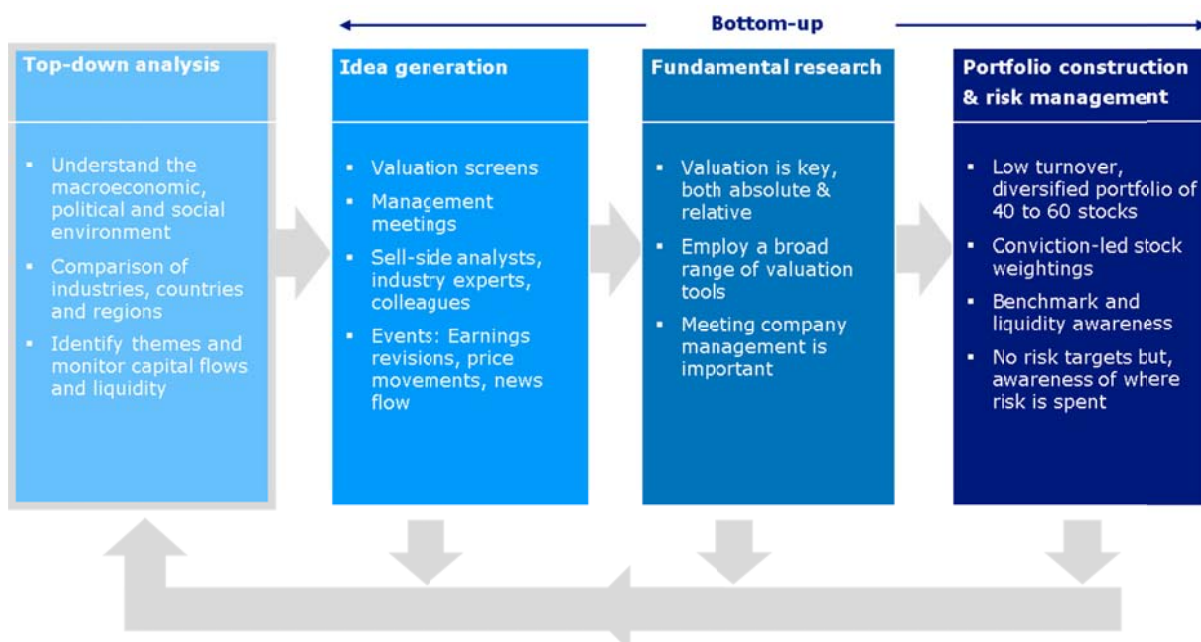
Asset allocation

Asset allocation for the Emerging Market Equities team's portfolios is driven by a series of bi-monthly stock and portfolios team meetings. Ahead of each meeting, comprehensive papers covering a number of investment indicators and valuation tools are produced. At these meetings the team will cover:

- **Top-down analysis:** comparison of industries, countries and regions
 - Performance and valuations
 - Macro, themes and trends
 - Capital flows and liquidity
- **Portfolio analysis:** current portfolio positioning
 - Performance and valuations of stocks held
 - Exposures, including over/underweights
 - Challenge conviction and opportunity cost
 - Diversification, liquidity and risk
- **Industry/country/region review:** analysis/discussion of a given industry or country
 - Stock screening
 - Feeds idea generation
 - Promotes cross-fertilisation of ideas

Research

The investment team's research process is illustrated as follows:



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Regional equity team members in the Henley investment centre are generalist fund managers and undertake original research into all companies into which they invest. This dual fund management/research role delivers ownership and responsibility for each investment decision that is made. This is an important distinction and one that Invesco Perpetual believes is central to the success of its investment team.

Top-down research

Macro analysis is both an input and output in all stages of the investment process. Whilst the time devoted to it is fluid and varies over time, significant time is dedicated to the understanding and forecasting of current and future macroeconomic conditions. Within its analysis the team considers how the environment might impact the relative attractiveness of individual sectors and the impact it may have on stocks at a micro level. It believes that a company's operating conditions are largely determined by the broader macroeconomic environment, also recognising that the influence of macro conditions on sector and stock fundamentals will vary over the course of the economic cycle. It is critical that the macro context is accurately reflected in the structure of the team's portfolios and in the emphasis of its bottom-up research described below.

In developing its outlook, the Emerging Market Equities team draws on the economic opinions from within Invesco Perpetual. There is a global investment strategy meeting held each month with contributions from Invesco Ltd.'s Chief Economist, John Greenwood and which is attended by all members of the investment team in Henley.

Bottom-up research

Fundamental analysis is the key input to the investment process and a principal driver of stock selection.

Stock ideas are generated from a number of sources including that of brokerage houses, independent research firms and analysts who will regularly introduce the team to potential investments. The team's macroeconomic views may also highlight a particular area of the market for closer inspection. Company meetings are also an important aspect of idea generation, in that they often expose competitors, customers or suppliers that could be of interest.

The investment decisions that shape each portfolio are the consequence of a fund manager's assessment of the information inputs. The Emerging Market Equities team's investment process does not rely on the use of any proprietary analytical tools; rather the team believes that value is added as a consequence of its insights, its understanding of market conditions and the quality of its data interpretation.

Once an idea has been generated by the team, it is then subject to further analysis to allow a considered judgement to be reached on the stock's valuation and to arrive at an investment decision. This further analysis can be broken down into three components:

Examination of broker research on the company, and discussion with relevant investment analysts

This external analysis is not used for its ultimate buy/sell recommendation; rather the team compares the assumptions behind this research to their own, in order to form a judgement on valuation.

Meeting company management

This is to obtain a better understanding of the nature of the business, its key drivers, competitive position and the achievability of management goals.

Emerging equities strategies

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The team's research is structured to give them a detailed understanding of a company's key historical and future business drivers, such as demand for its products, pricing power, market share trends, cashflow and management strategy. This enables the team to form an opinion on a company's competitive position, its strategic advantages/disadvantages and the quality of its management.

From such meetings:

- The team believes it can garner an improved understanding of the near- and longer-term prospects of a company and the quality of its management.
- Gives the team a forum to challenge its assumptions and predictions in person as well as ensuring that management understands Invesco Perpetual's priorities as a shareholder.
- Provides the team with valuable information regarding the state of the broader economy and the businesses of a company's suppliers, customers and competitors. This analysis is then considered in conjunction with a stock's current and prospective valuation, enabling the team to determine whether or not the stock is attractively valued.
- Determine where there are sizable differences between consensus expectations and what the company expects to realistically achieve.

For any stock held in its portfolios, the team would typically meet with the company's management at least twice per year. However, if there are complexities in a company's financial model or on-going changes in the investment case, it is possible that the team will speak with them far more often. Members of the team aim to have either met or talked with a company at least once before making a decision to invest, and regular contact is maintained subsequently.

Proprietary research

This is to arrive at a judgement on valuation. The team can look at quantitative measures as a guide to this, but it will also involve qualitative judgements on aspects such as the quality of a company's products and services, the risks to which it is exposed, the strength of its management team and the presence of any unique characteristics or tangible advantage over competitors.

Valuation

Valuation is a key part of the Emerging Market Equities team's investment process - it is considered in the context of expected earnings growth. The team is normally attracted to companies with lower than average levels of valuation, where this appears unjustified. The team focus on stocks that it believes are attractively valued in absolute and relative terms, and aims to understand the correct price for the anticipated growth or investment returns a stock can deliver. Meeting company management, as described above, is an integral part of the team's process.

In addition to proprietary research, the team selectively uses valuation models generated by external analysts in order to fully understand the underlying assumptions used to draw valuation conclusions, and as a structure into which the fund managers can input their own scenarios. This analysis, amongst other things, can highlight where there are sizeable differences between consensus expectations and the valuation scenarios generated by the investment team.

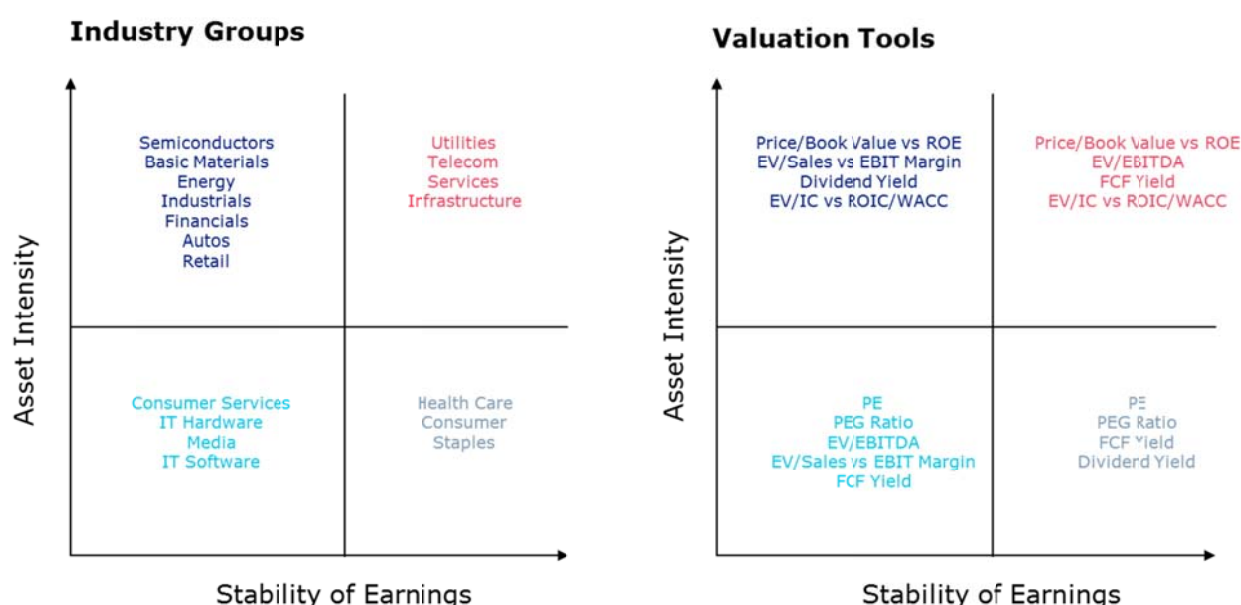
From this analysis the team aims to understand the likely valuation expectations for a range of scenarios. The team aims to have a clear sense of relative and absolute fair value for stocks that it owns or may buy. Note, however, this perception of fair value is dynamic and subject to potential changes in macro conditions, sector-wide valuation levels, regulatory changes, corporate governance and other factors.

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The team's approach to valuation will vary by company and by industry, and it looks at a broad range of valuation techniques/measures, which can include:

- Multiples analysis e.g. P/E, EV/EBITDA, dividend yield and FCF yield set against the team's perception of profits, earnings and cashflow
- P/BV versus ROE
- EV/Sales versus EBIT margin
- Enterprise value/invested capital versus ROIC/WACC
- Sum of parts



For illustrative purposes only.

The team's core measure is price/earnings, which it sees as capturing a blend of other measures. In certain cases, asset-based measures are useful, particularly where corporate assets may become biddable.

External research

The Emerging Market Equities team's combination of in-house analysis, with the use of well-placed and well-informed external contacts, provides them with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'top-down' and 'bottom-up' investment analysis. The team conducts its own analysis of economic, political and stockmarket data. A combination of internally-generated ideas and external research generated by a virtual research platform consisting of key brokers, analysts and researchers is used. The team will selectively use valuation models in order to understand the assumptions that the brokers/analysts have incorporated into their valuation conclusions and as a structure into which they can input their own scenarios. For each sector, fund managers typically have two or three external analysts with whom they maintain close contact and whose judgement they value. However, it should be emphasised that external research is used purely as an input, as opposed to being the driver of the team's decision-making process.

Emerging equities strategies

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Portfolio construction

The investment team aims to build a low turnover, diversified portfolio of 40 to 60 stocks. The aim of the construction process is to maximise exposure to the most attractive countries, sectors and stocks within the investment parameters of its portfolios. Portfolio construction is based on a combination of the outputs from the team's top-down macro analysis and bottom-up stock research. The former will be the primary influence on regional and country allocation, while the latter determines the stock selection within these countries/sectors.

Whilst individual stock weights are primarily influenced by the investment team's conviction on the degree of under-valuation of the stock and the potential impact on the portfolio, the investment team can also be influenced by the following factors:

- Number of attractive opportunities available
- Value of the stock as a diversifier
- Regulatory/liquidity constraints

There is no weighting of importance ascribed to these factors. The relative importance of these factors varies on a case by case basis.

Portfolio constraints

While the investment team is aware of the composition of the benchmark, and this will influence its judgement on country/sector exposure, it is not driven by it. The team is not afraid to deviate from the benchmark where its conviction is high. The investment team does not hold underweight positions in companies as expressions of negative views. If it does not consider a stock to be a good investment then it will not invest in it, irrespective of its weight in the benchmark.

Buy/sell discipline

The buy decision-making process is driven by qualitative analysis. As quantitative buy disciplines are not used, there therefore is no trigger or chain of events used to automatically induce a buy.

Stocks will be purchased if they demonstrate sufficient potential for share price appreciation subject to the team's assessment of risk. At the stock level, the key risks are highlighted and assessed during the research stage. The resulting risk/reward will then be considered in context of a portfolio's existing holdings, and its inclusion in the portfolio is permitted under its investment parameters.

Once bought, portfolio holdings are very actively monitored. When purchasing a position, the fund manager will typically scale into and out of a stock over time rather than buy or sell a full position at once.

Stock weights are influenced by its conviction on the perceived degree of under valuation of the stock, the need to ensure that the stock idea has the maximum impact on the portfolio's performance within the risk parameters of that portfolio.

The investment team uses an external quantitative consultant, Alethea Capital Management, to assist in its research and portfolio construction process. Alethea's models use inputs such as historical price, volatility and correlation data to help the investment team to achieve optimal, well-diversified portfolios.

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The decision to sell a stock is based on the same principles as the decision to buy: valuation and business fundamentals. A stock will be sold if it meets one or more of the following criteria:

- It is no longer undervalued
- A more attractive opportunity has been identified elsewhere
- The investment case for the stock no longer applies

Emerging equities strategies

Invesco Perpetual

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

Emerging equities strategies

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

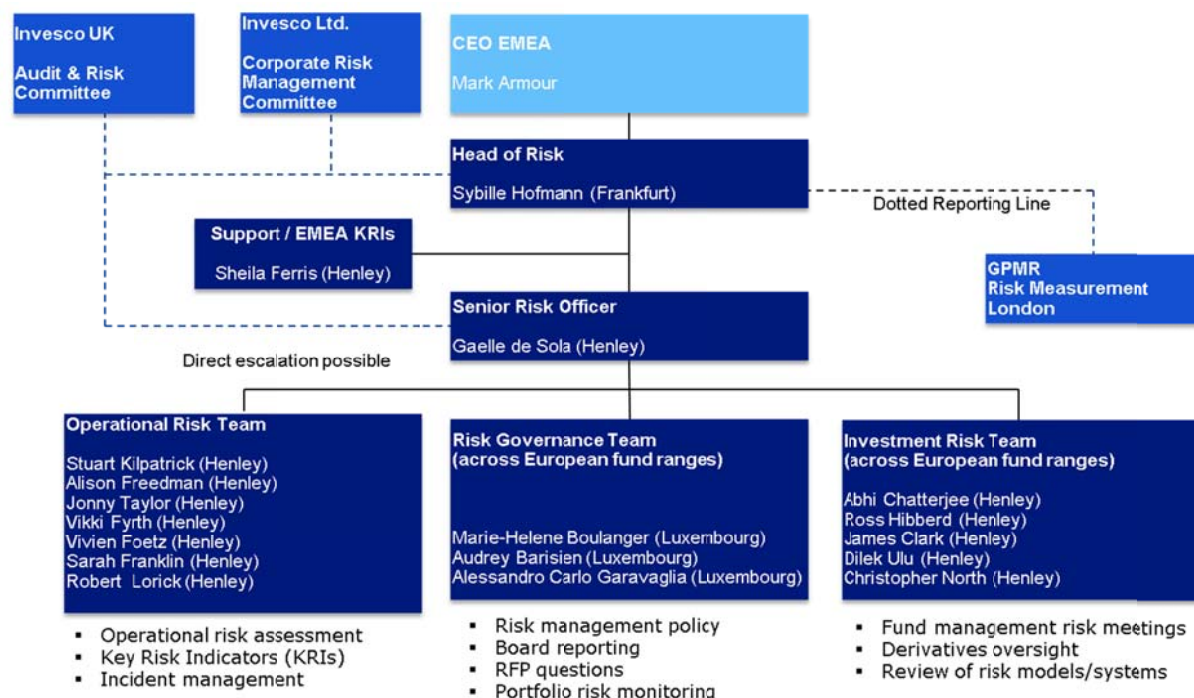
Emerging equities strategies

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Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

Emerging equities strategies

Invesco Perpetual

The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

Emerging equities strategies

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- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Emerging equities strategies

Invesco Perpetual

Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

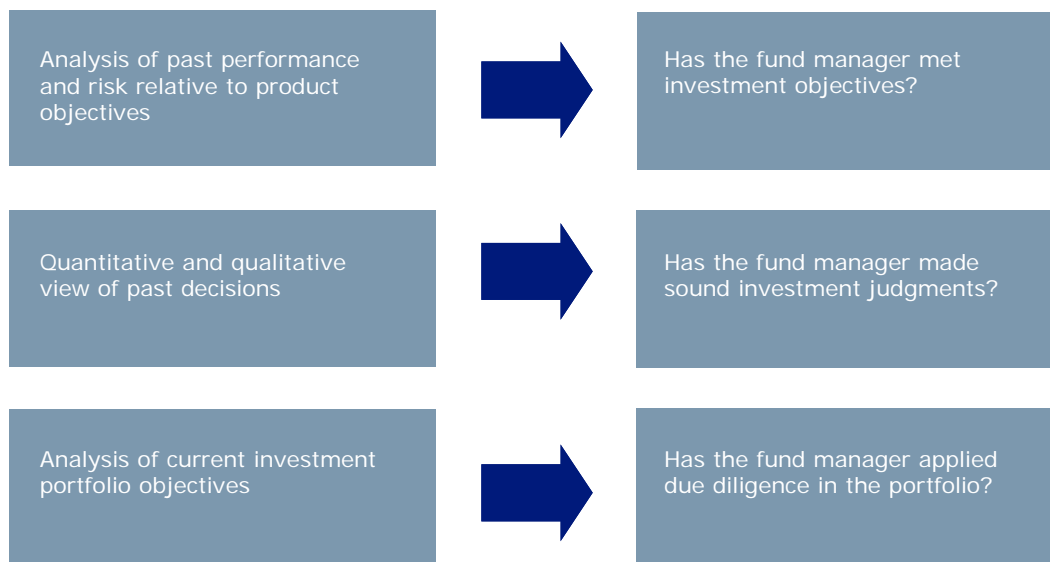
Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

Emerging equities strategies

Invesco Perpetual

Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

Emerging equities strategies

Invesco Perpetual

Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Emerging equities strategies

Invesco Perpetual

Strategy overview

Emerging market equities

Strategy name, management and objective	Reference benchmark	Concentration
Invesco Perpetual Global Emerging markets equity strategy Dean Newman The strategy aims to achieve capital growth primarily through a portfolio of shares in companies established and/or operating in countries where, in the opinion of the manager, there is an emerging market	MSCI Emerging Markets	Typically 60 to 90 securities
Invesco Perpetual Latin American equity strategy Dean Newman The strategy aims to achieve capital growth in Latin America. The strategy intends to invest primarily in shares of companies in South and Central America (including Mexico) and the Caribbean, although it may include other Latin American related investments	MSCI EM Latin America	Typically 60 to 90 securities
Invesco Perpetual Emerging European equity strategy Nicholas Mason The strategy aims to achieve long-term capital growth from investment primarily in shares of companies in emerging European countries, and also in Russia	MSCI EM Eastern Europe	Typically 35 to 40 securities

Appendix 1: Biographies

Dean Newman, Head of Emerging Market Equities at Invesco Perpetual

Based in Henley-on-Thames, Dean is Head of Emerging Market Equities at Invesco Perpetual, with responsibility for the management of global emerging market and Latin American equity portfolios. Dean began his investment career in 1985 joining Legal & General where he covered UK equity markets, moving to Japanese bank Sanwa in 1991 where he was Head of UK Equities. He became Head of Emerging Market Equities at Invesco Perpetual in April 2007, having joined the company in 1993 and the Emerging Market Equities team in 1994. Dean has been a driving force behind the team's investment strategy with his many years' experience of investing across all emerging market regions. Dean graduated from Durham University with a BA honours degree in Economics and Politics.

Nicholas Mason, Emerging Market Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Nicholas joined the company in September 2006 as a senior analyst/trainee fund manager within our Emerging Market Equities team, becoming a fund manager in August 2008. Nicholas took on responsibility for the management of emerging and Eastern European equity portfolios in October 2013. Nicholas began his investment career in the Global Growth Equities division at Putnam Investments in 1999, supporting a team of fund managers with equity research and portfolio analysis. From 2003, he worked as an investment strategist in the Development Department of the Scottish Executive, where he developed a strategic investment framework for the allocation of housing and area regeneration funds. Nicholas graduated with a BSc in Political Science from the Massachusetts Institute of Technology (MIT) and an MSc (Research) in Political and Social Studies from the University of Edinburgh. He also holds the IMC qualification from the CFA Society of the UK.

Syona Munz-Shingla, Emerging Market Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Syona joined the company in March 2009 as a senior analyst within our Emerging Market Equities team, becoming a fund manager in January 2015. Syona began her career in 2005 at Trucost Plc, an environmental research organisation, researching and analysing the environmental performance of companies in financial terms. In 2007, she joined Deutsche Insurance Asset Management where she was responsible for managing relationships for their UK-based clients. She also produced written research on prospective clients, and supported fund managers with market reviews and analysis. Syona graduated from the University of Delhi with a BA honours degree in Economics and the University of Exeter with an MA in Finance and Investments. She also holds the Investment Management Certificate qualification from the CFA Society of the UK.

James McDermottroe, Trainee Analyst, Emerging Market Equities at Invesco Perpetual

Based in Henley-on-Thames, James is a trainee analyst responsible for providing the Emerging Market Equities team with investment research. Joining Invesco Perpetual in August 2013 as an intern, James undertook internships with our Emerging Market Equities and US Equities teams before becoming a permanent member of the Emerging Market Equities team in December 2013. He holds an MSc in Finance and Banking and a BSc honours degree in Mathematics from the University of Bath, and the Investment Management Certificate from the CFA Society of the UK.

Invesco Perpetual believes that investment teams should focus on their principle activities on portfolio management, accordingly the majority of the team's effort is focused on research and day-to-day management of its portfolios.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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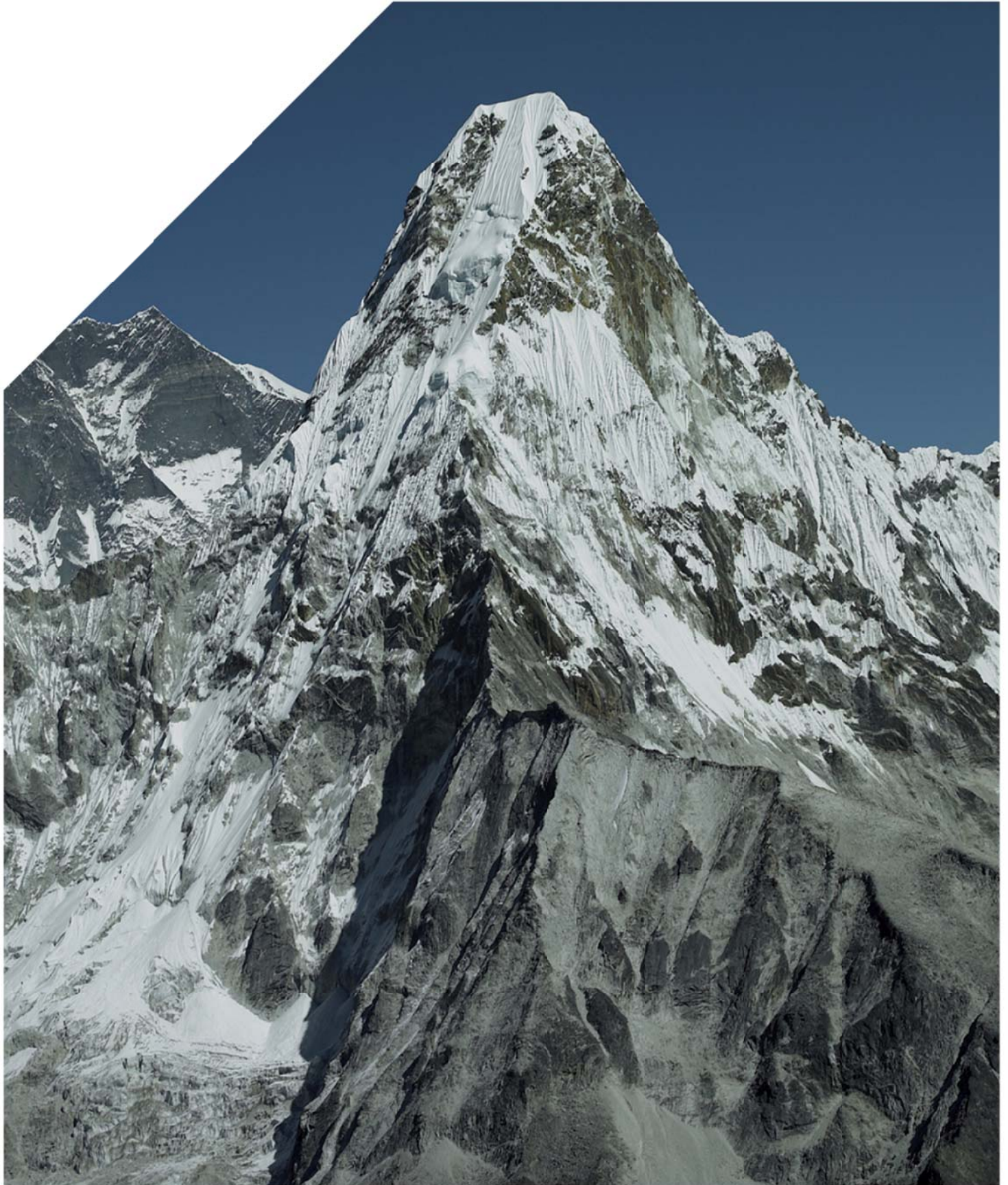


Strategy profile

Global ex US smaller companies strategy

Invesco Perpetual

February 2015



Global ex US smaller companies strategy

Invesco Perpetual

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Global ex US smaller companies strategy

Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Global ex US smaller companies strategy

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

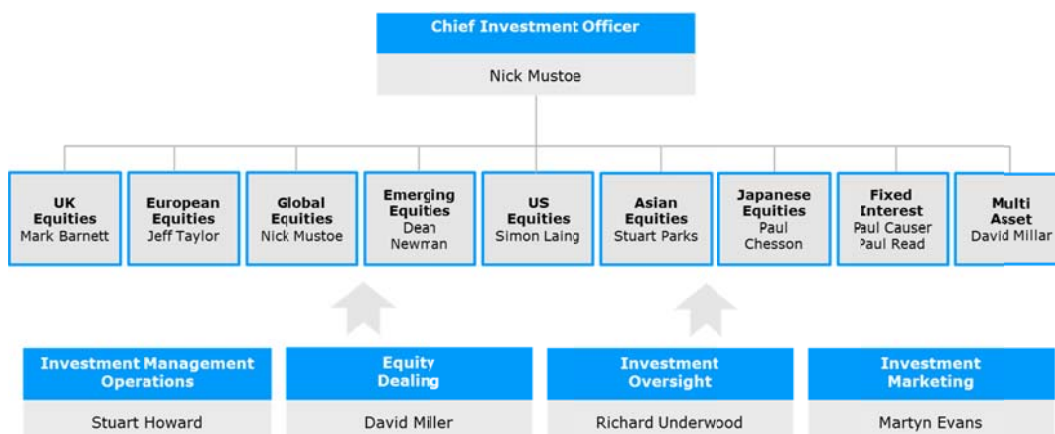
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Global ex US smaller companies strategy

Invesco Perpetual

Investment team and assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Invesco Perpetual's global ex US smaller companies strategy is managed as a series of regional sub-portfolios, with asset allocation driven by the Invesco Perpetual Global Smaller Companies Group, as detailed in the table below. This Group is led by Chief Investment Officer (CIO) Nick Mustoe. Day-to-day discretion for stock selection lies with five specialist regional fund managers.

Name	Role	Years' industry experience	Years' tenure
Specialist regional fund managers: Company research and sub-portfolio construction			
Erik Esselink	Europe ex UK regional specialist	15	7
Jonathan Brown	UK regional specialist	17	14
Ian Hargreaves	Asia Pacific regional specialist	20	20
Paul Chesson	Japan regional specialist	24	22
Dean Newman	Emerging Markets ex Asia regional specialist	29	21
Management: Asset allocation			
Nick Mustoe	CIO Invesco Perpetual	30	5
Strategy oversight and implementation			
Martin Weiss	Investment Strategist	24	9
Arwel Green	Strategist, Global equities & fund of funds	14	14
Product Director			
John Botham	Product Director, Global equities	22	1

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up. The Product Director is an integral member of the investment team, responsible for communicating Invesco Perpetual's global equities capabilities internally and externally.

Biographies of Group members are included within **Appendix 1**.

Global ex US smaller companies strategy

Invesco Perpetual

Assets under management

Assets under management for Invesco Perpetual's global smaller companies strategy totalled US\$1,516.6 million (all-markets US\$1,414.2 million / developed markets US\$102.4 million) as at 31 December 2014.

Please note that there are currently no assets under management within Invesco Perpetual's global ex US smaller companies strategy.

Global ex US smaller companies strategy

Invesco Perpetual

Investment philosophy and process

Investment philosophy

Financial markets tend to focus on short-term factors, but the Invesco Perpetual Global Smaller Companies Group believes that concentrating on longer-term investing, rather than current consensus and trends, is essential to finding sound investments because companies within the under-researched small-cap global universe operate over long-term business cycles.

The Group believes that investing in global smaller companies favours a fundamental stock picking approach and that the under-researched nature of the market presents opportunities for thorough bottom-up research. The Group believes in building portfolios where each stock has the potential to deliver positive returns over a full market cycle. Relative valuation is assessed, but absolute valuation is a pre-requisite. As high conviction investors, if fund managers don't like a stock they don't hold it, regardless of how large its weighting in the index is.

The key focus is stock selection and the fund manager's assessment of a company and its valuation is the key driver in the investment team's decision-making process. As part of the investment process, the Group's fund managers consider the broader implications of macro issues across global markets and their potential impact on an individual stock price, but valuation is key. Stock selection is combined with a top-down capital allocation to deliver a globally diversified (ex US) portfolio.

Market inefficiencies

Invesco Perpetual believes that investors' behavioural biases repeatedly give rise to market inefficiencies. To a large extent, these inefficiencies derive from three interlinked sources:

- Markets often overreact by placing undue focus on near-term issues
- Market expectations are often overly influenced by the extrapolation of current trends
- Markets respond to momentum and other technical drivers as well as to fundamentals

The Group's specialist regional fund managers seek to exploit these market inefficiencies through careful fundamental analysis and a strong emphasis on valuation.

Investment process

The global ex US smaller companies strategy is managed as a series of five sub-portfolios with asset allocation driven by the Invesco Perpetual Global Smaller Companies Group. This Group is led by CIO Nick Mustoe. As leader of the Group, Nick Mustoe is ultimately responsible for all asset allocation decisions. Each regional allocation is managed by the appropriate regional specialist who has complete autonomy over that portion of the total portfolio. The asset allocation process is described below.

Asset allocation

Macro views of the regional economies and stock markets, taking into account the prevailing themes impacting stock selection and regional performance, are expressed at two levels; a global investment strategy meeting and a smaller companies asset allocation meeting. Within these forums the investment team dedicates significant time and effort to top-down analysis, seeking to understand the current macroeconomic and market valuation environment through:

Global ex US smaller companies strategy

Invesco Perpetual

- Consideration of a broad range of economic indicators
- Assessing the political landscape
- Reviewing analysis of external economists and strategists
- Company meetings
- Appraisal of market valuations across the globe using bespoke valuation data
- An appraisal of relevant money flow data in respect of key emerging markets

Global investment strategy

A monthly global investment strategy meeting is held, which is chaired by Invesco Perpetual's CIO. Attendees at this meeting include all members of Invesco Perpetual's investment team and Invesco Ltd.'s Chief Economist, John Greenwood. Using the meeting as a forum, key economic and market themes are considered and discussed. The geographic breadth of Invesco Perpetual's investment team is significant, and this meeting is seen as an ongoing conversation about individual markets with fund managers providing their own perceptions for their regions. Individuals are encouraged to actively challenge and debate ideas and views. The agenda for the Invesco Perpetual Global Smaller Companies Group monthly asset allocation meeting is influenced by the outcome of the topics discussed at this meeting.

Smaller companies asset allocation

The insights of the Group's specialist regional fund managers are important inputs into the decision around capital allocation across an investment portfolio. At this monthly meeting, a range of economic and market factors are considered, which the Group believes directly impact the smaller companies markets where it is invested. This information is combined with analysis of the Group's portfolios and each specialist regional fund managers' outlook. Asset allocation decisions are taken by the CIO who leads the meeting. Decisions are generally incremental and taken with a long-term perspective. Keeping portfolio turnover low is a factor that the Group believes tends to improve portfolio performance. Allocation decisions are led by valuation.

Once asset allocation has been agreed, each fund manager is then responsible for the stock, country and sector weights for their region.

In his role of leading the Group, Nick Mustoe is ultimately accountable for the performance of these portfolios. His main responsibilities include:

- Leading asset allocation decisions, reflecting top-down and bottom-up views
- Ensure effective implementation of asset allocation
- Challenge views and performance of the specialist regional fund managers

A comprehensive understanding of these portfolios is obtained through asset allocation and challenging the sub-portfolio fund manager's views and performance. An awareness of each of the regional portfolio sensitivities and market drivers enhances the asset allocation process.

The investment process can be summarised as follows:

Global ex US smaller companies strategy

Invesco Perpetual



For illustrative purposes only.

Global ex US smaller companies strategy

Invesco Perpetual

Research

The global ex US strategy's research effort is led by the Invesco Perpetual Global Smaller Companies Group's five specialist regional fund managers who are part of, or lead, teams which cover all global ex US developed and emerging smaller company markets. Each regional fund manager within the Group is responsible for managing a portion of the total portfolio, with allocation determined during the monthly asset allocation investment meeting, as described above.

Security selection and research is a process that takes the investment team right across the world. Whilst exhaustive research is undertaken on company data and third-party data, company visits and time with the management of each company that Invesco Perpetual invests in is an important part of the research approach. As long-term investors the firm views its relationship with companies' management as a critical investment factor.

The research approach, undertaken by Invesco Perpetual's investment team is described below:

Top-down research

Significant time is dedicated to the understanding macroeconomic conditions, market valuations, capital flows and geopolitical events.

Within the investment team's analysis it considers how the environment might impact the relative attractiveness of individual sectors and the impact it may have on stocks at a micro level. The team believes that a company's operating conditions are largely determined by the broader macroeconomic environment, also recognising that the influence of macro conditions on sector and stock fundamentals will vary over the course of the economic cycle. It is critical that the macro context is accurately reflected in the structure of the team's portfolios and in the emphasis of its bottom-up research described below.

Monthly, the asset allocation process combines the fundamental views of the team's regional experts, with top-down inputs on markets, valuation and capital flows.

Bottom-up research

Bottom-up research is driven by the investment work of Invesco Perpetual's regional equity investment teams. Fundamental analysis is a key input to the investment process and the principal driver of stock selection.

Stock ideas are generated from a number of sources including proprietary market screens, brokerage houses, independent research firms and analysts. In some regions, particularly in Asia and in the emerging markets, macroeconomic views may highlight a particular area of the market for closer inspection. Company meetings are also an important aspect of idea generation, in that they often expose competitors, customers or suppliers that could be of interest.

The investment decisions that shape the portfolio are the consequence of a fund manager's assessment of the information inputs. Invesco Perpetual believes that value is added as a consequence of the insights of its fund managers, their understanding of market conditions and high quality investment research.

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Once an idea has been generated, it is then subject to further analysis to allow a considered judgment to be reached on the stock's valuation and to arrive at an investment decision. This further analysis can be broken down into three components:

- **Proprietary research**

This is to arrive at a judgment on valuation. A fund manager can look at quantitative measures as a guide to this, but it will also involve qualitative judgments on aspects such as the quality of a company's products and services, the risks to which it is exposed, the strength of its management team and the presence of any unique characteristics or tangible advantage over competitors.

- **Examination of broker research on the company, and discussion with relevant investment analysts**

This external analysis is not used for its ultimate buy/sell recommendation; rather a fund manager compares the assumptions behind this research to their own, in order to form a judgment on valuation. Contact is maintained with industry analysts that a fund manager considers having superior analytical insights.

- **Meeting company management**

This is to obtain a better understanding of the nature of the business, its key drivers, competitive position and the achievability of management goals.

A fund manager's research is structured to give them a detailed understanding of a company's key historical and future business drivers, such as demand for its products, pricing power, market share trends, cashflow and management strategy. This enables a fund manager to form an opinion on a company's competitive position, its strategic advantages/disadvantages and the quality of its management.

From such meetings:

- The fund manager believes they can garner an improved understanding of the near- and longer-term prospects of a company and the quality of its management
- Gives them a forum to challenge their assumptions and predictions in person as well as ensuring that management understands Invesco Perpetual's priorities as a shareholder
- Provides the fund manager with valuable information regarding the state of the broader economy and the businesses of a company's suppliers, customers and competitors. This analysis is then considered in conjunction with a stock's current and prospective valuation, enabling the fund manager to determine whether or not the stock is attractively valued
- Determine where there are sizable differences between consensus expectations and what the company expects to realistically achieve

Valuation

In addition to proprietary research, as explained above, Invesco Perpetual's fund managers selectively use valuation models in order to understand the assumptions that the brokers/analysts have incorporated into their valuation conclusions and as a structure into which they can input their own scenarios.

External research

In addition to original research, Invesco Perpetual's fund managers devote considerable resources to the assessment of research produced by external organisations, including that of brokerage houses, independent research firms and analysts. Invesco Perpetual believes that the resulting relationship with these firms, based on mutual respect, enhances the quality of the investment dialogue. For each sector, fund managers typically have two or three external analysts with whom they maintain close contact and whose judgment they value. They are then able to compare their own research with consensus

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expectations, identifying opportunities where the market is overly-pessimistic or overly-optimistic. It should be emphasised that external research is used purely as an input, as opposed to being the driver of the decision-making process.

This combination of in-house analysis with the use of well-placed and well-informed contacts within the broking community provides our fund managers with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'bottom-up' and 'top-down' investment analysis.

Fund management is a judgmental business and the major scope to add value is in the interpretation of the available information by Invesco Perpetual's investment team. The experience of fund managers in this respect is critical and key to the success of the investment team.

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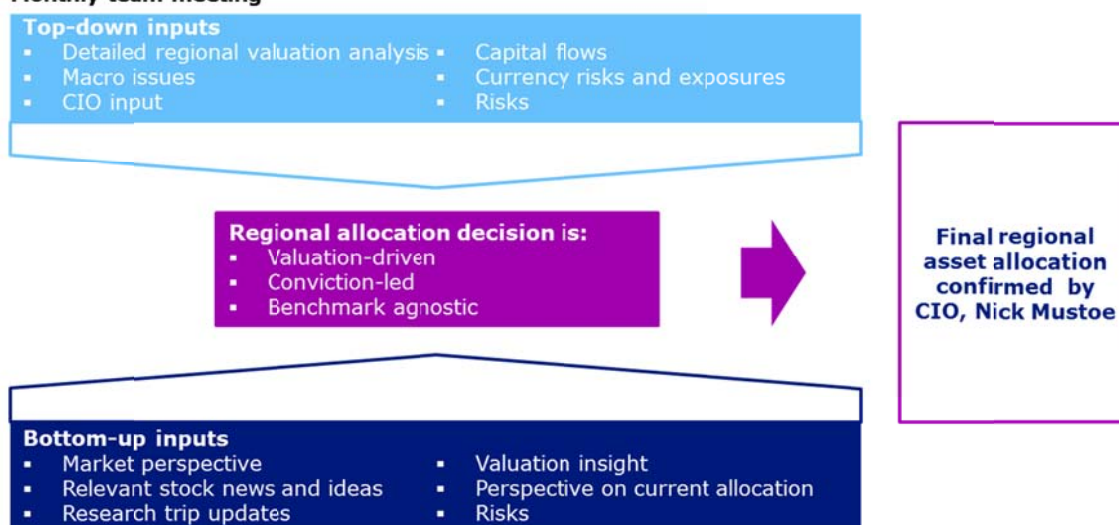
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Portfolio construction

The aim of the strategy's construction process is to maximise exposure to the most attractive countries, sectors and stocks within a portfolio's investment parameters. This globally diversified (ex US) strategy combines expert top-down regional asset allocation with regional led, research driven, fundamental stock selection.

Regional asset allocation

Monthly team meeting



For illustrative purposes only.

Whilst no formal constraints apply, other than any regulatory requirements, the Invesco Perpetual Global Smaller Companies Group aims to have at least 80% of the strategy's portfolios in companies whose market capitalisation qualifies for inclusion in the MSCI ACWI ex US Small Cap index.

As the Group's leader, Nick Mustoe is ultimately responsible for all asset allocation decisions. Each regional allocation is managed by the appropriate specialist regional fund manager who has complete autonomy over that portion of the total portfolio.

The investment team allows the specialist regional fund managers discretion in developing systems and processes appropriate to their own market and investment approach.

Each regional sub-portfolio is constructed from the bottom-up on a stock by stock basis. The decision-making process for each stock involves rigorous fundamental analysis. The weights of each stock in the sub-portfolio are conviction-led, based on the fund manager's considered view of the risk-adjusted upside. Weightings represent the fund manager's conviction in the investment case for the company and assessment of the potential downside risk. They can also be influenced by the number of attractive opportunities available, the value of the stock as a diversifier and regulatory/liquidity constraints.

Average holding period

There is no typical holding period for a position. The Invesco Perpetual Global Smaller Companies Group's specialist regional fund managers believe in building portfolios where each holding has the potential to deliver absolute upside. Typically, their long-term approach to investing covers an investment horizon of between three and five years.

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Sell discipline

The decision to sell a stock is based on the same principles as the decision to buy: valuation and business fundamentals. A stock will be sold if it meets one or more of the following criteria:

- It is no longer undervalued
- A more attractive opportunity has been identified elsewhere
- The investment case for the stock no longer applies

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Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

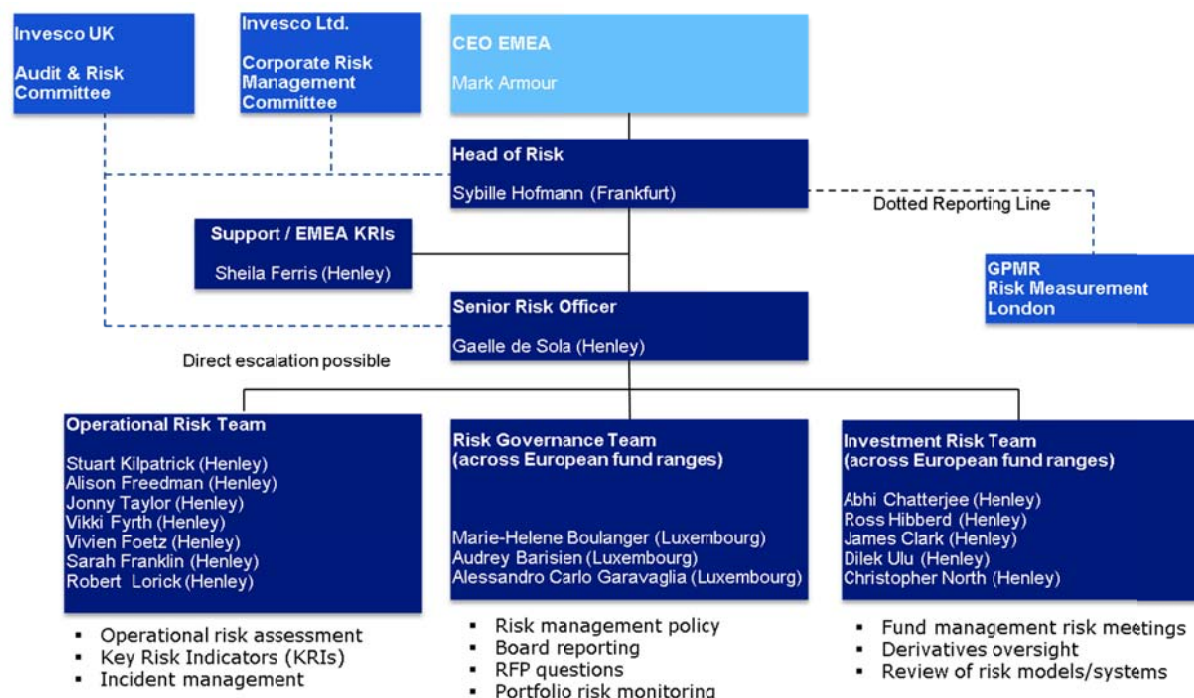
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Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

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- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

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Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

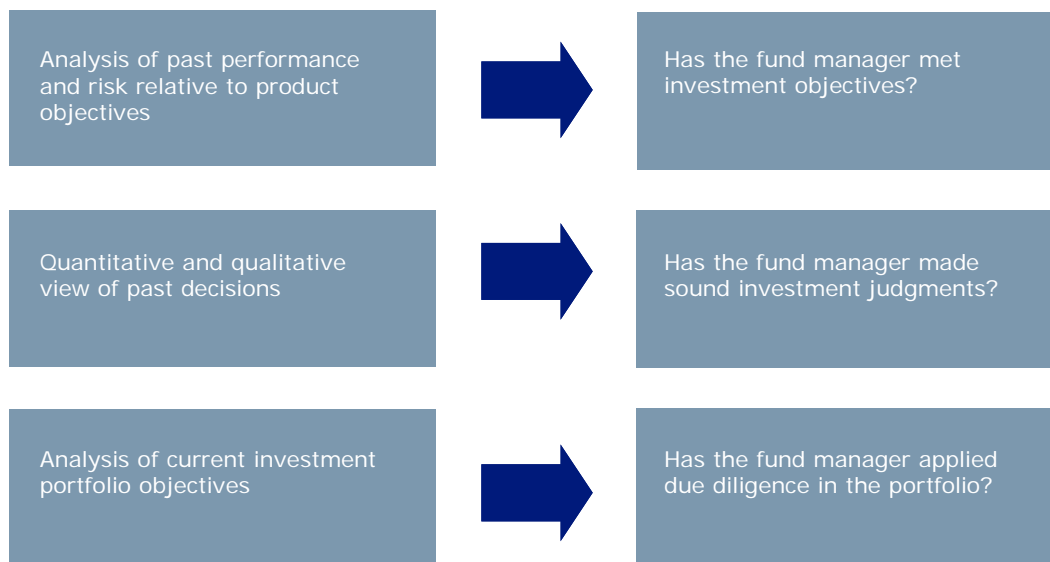
Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

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Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

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Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

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Strategy overview

Global ex US smaller companies

Strategy name, management and objective	Reference benchmark	Concentration
Invesco Perpetual global ex US smaller companies strategy Invesco Perpetual Global Smaller Companies Group This strategy aims to achieve capital growth through a portfolio of investments in international securities. The strategy intends to invest mainly in shares of smaller companies ex US, which are quoted on the world's stockmarkets	MSCI ACWI ex US Small Cap index	Diversified

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Appendix 1: Biographies

Management:

Nick Mustoe, Chief Investment Officer of Invesco Perpetual

Based in Henley-on-Thames, Nick is Chief Investment Officer of Invesco Perpetual. Nick joined the company in June 2010. His investment career spans over 25 years to date, having started with Phillips & Drew Fund Management as a UK equity manager in 1985. More recently, he was appointed CIO of Pictet Asset Management in 2006 after joining Hermes Pensions Management as CIO in 2002. He holds a first class honours degree in Business Studies from Bradford University.

Specialist regional fund managers based in Henley:

Jonathan Brown, UK Small Cap Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Jonathan is responsible for the management of a number of UK small cap portfolios. Jonathan began his investment career with Lazard Asset Management in 1997, where he specialised in private client fund administration, before joining our company within a similar role in 2000. In 2004 Jonathan joined our UK Equities team as a trainee fund manager and, after three years specialising in the UK small cap sector, became a fund manager in his own right. Jonathan graduated with a BSc in Bio-Chemistry from UMIST and has also secured both the Investment Management Certificate from the CFA Society of the UK and the Securities Institute Diploma.

Ian Hargreaves, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Ian manages pan-Asian portfolios and covers the entire Asian region in his research. He started his investment career with Invesco Asia Pacific in Hong Kong in 1994 as an investment analyst where he was responsible for coverage of Indonesia, Korea and the Indian sub-continent, as well as managing several regional institutional client accounts. In January 2005, Ian decided to return to the UK to join Invesco Perpetual's Asian Equities team. Ian holds a BA (Honours) in Chinese Studies from Durham University and is a CFA charterholder.

Paul Chesson, Head of Japanese Equities at Invesco Perpetual

Based in Henley-on-Thames, Paul is Head of Japanese Equities at Invesco Perpetual and is responsible for the management of a number of Japanese equity portfolios alongside fellow fund manager, Tony Roberts. Paul began his investment career in 1990 at Touche Remnant, specialising in Japanese Equities before joining our company in 1993. He holds an MA in Law from Oxford University and is an associate member of the Association for Investment Management.

Dean Newman, Head of Emerging Market Equities at Invesco Perpetual

Based in Henley-on-Thames, Dean is Head of Emerging Market Equities at Invesco Perpetual, with responsibility for the management of global emerging markets and Latin American equity portfolios. Dean began his investment career in 1985 joining Legal & General where he covered UK equity markets, moving to Japanese bank Sanwa in 1991 where he was Head of UK Equities. He became Head of Emerging Market Equities at Invesco Perpetual in April 2007, having joined the company in 1993 and the Emerging Market Equities team in 1994. Dean has been a driving force behind the team's investment strategy with his many years' experience of investing across all emerging market regions. Dean graduated from Durham University with a BA honours degree in Economics and Politics.

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Specialist regional fund manager based in Atlanta, USA:

Erik Esselink, European Small Cap Equities Fund Manager at Invesco Perpetual

Based in Atlanta, Erik specialises in the research and management of European small cap equities and is a member of Invesco Perpetual's European Equities team and Invesco's Global Core Equity team. His career started in 1997 and prior to joining our company in October 2007, Erik worked with Morgan Stanley, most recently as a pan European small and mid-cap equity specialist covering institutional equity sales into the Benelux region. Previously, he had worked for three years with ING Barings in Amsterdam, specialising in Dutch equities institutional sales. Erik graduated from the Rotterdam School of Economics (HES) where he studied Commercial Economics. He is fluent in English and Dutch with a working knowledge of French and German.

Strategy oversight and implementation:

Martin Weiss, Senior Investment Strategist for Global Equity Products at Invesco Perpetual

Based in Henley-on-Thames, Martin joined the company in July 2005 as product director for the International Equities team, moving into the role of senior investment strategist for global equity products in 2009. Martin began his investment career at Cazenove in 1990 as an analyst/salesman covering Japanese equities. Remaining with Cazenove, he transferred into fund management in 1996, specialising in Japanese equities until, in 2002, moving to their global team. Here, his responsibilities covered the management of all industrials and consumer staples investments within global equity funds. Martin graduated from Bristol University with a BSc honours degree in Economics.

Arwel Green, Global Equity and Fund-of-Fund Strategist at Invesco Perpetual

Based in Henley-on-Thames, Arwel joined the company in May 2001, and is responsible for providing support for the Global Equities team's global equity and fund-of-fund products. Arwel has held various positions since joining the company, including that of client service, RFP writer/marketing information specialist and product information specialist. He joined the global team in his current role in January 2008. Arwel graduated in 2000 from Cheltenham College of Higher Education (now known as the University of Gloucester) with a degree in Hospitality Management and holds the Investment Management Certificate qualification from the CFA Society of the UK.

Product Director:

John Botham, Global Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, John joined the company as Product Director in November 2013 responsible for communicating Invesco Perpetual's global equities capabilities internally and externally. He started his industry career in 1993 upon joining Guardian Royal Exchange as a European equities fund manager before joining Henderson Investors in 1994, where he became Director of Pan European Equities. In 2007 he subsequently joined Aviva Investors as Head of European Equities. John gained a degree in Economics from Loughborough University in 1985, and qualified as a Chartered Accountant in 1989. He also holds the IMC qualification from the CFA Society of the UK.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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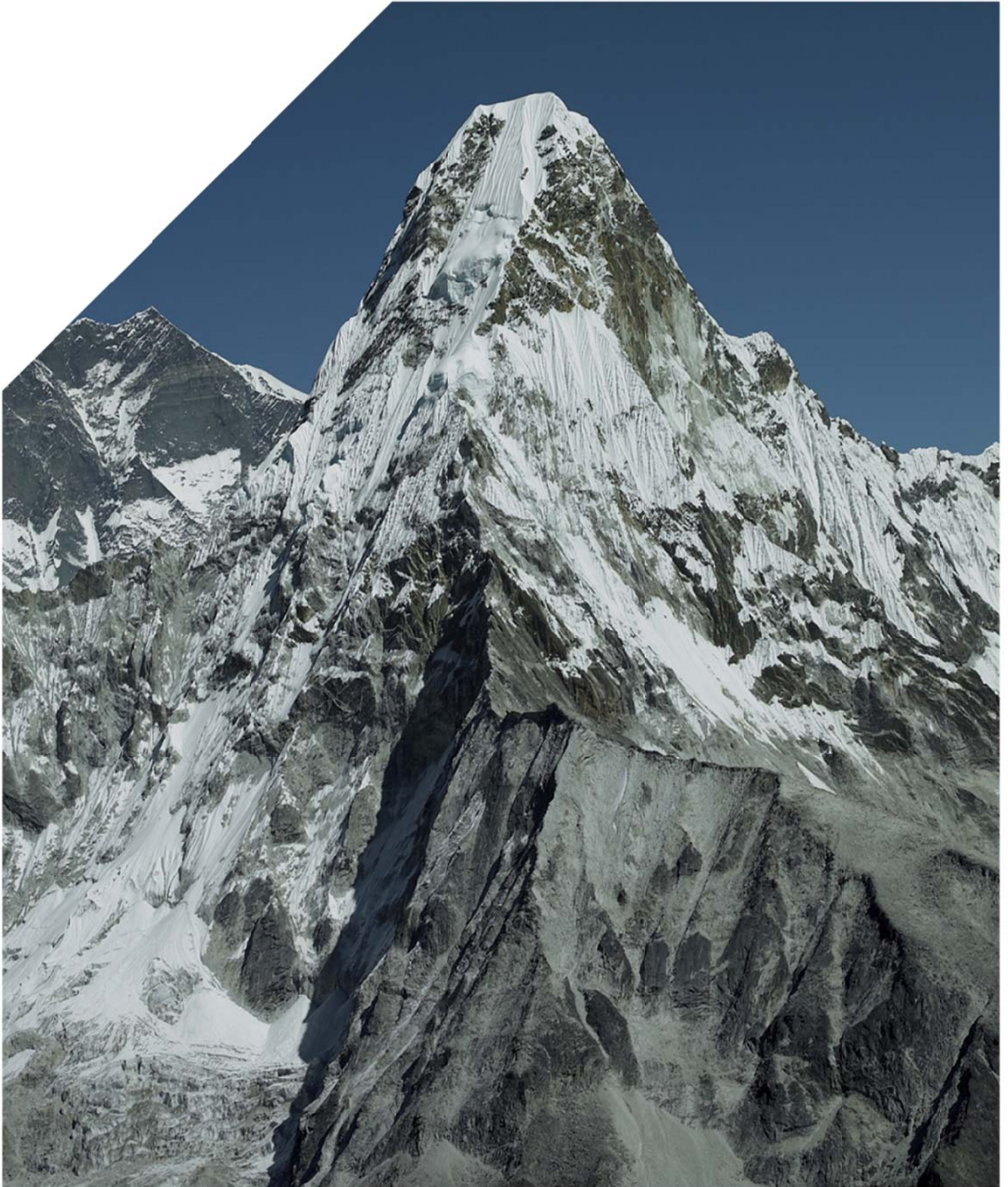
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Strategy profile
Global equity income strategy
Invesco Perpetual
February 2015



Global equity income strategy

Invesco Perpetual

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Global equity income strategy

Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Global equity income strategy

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

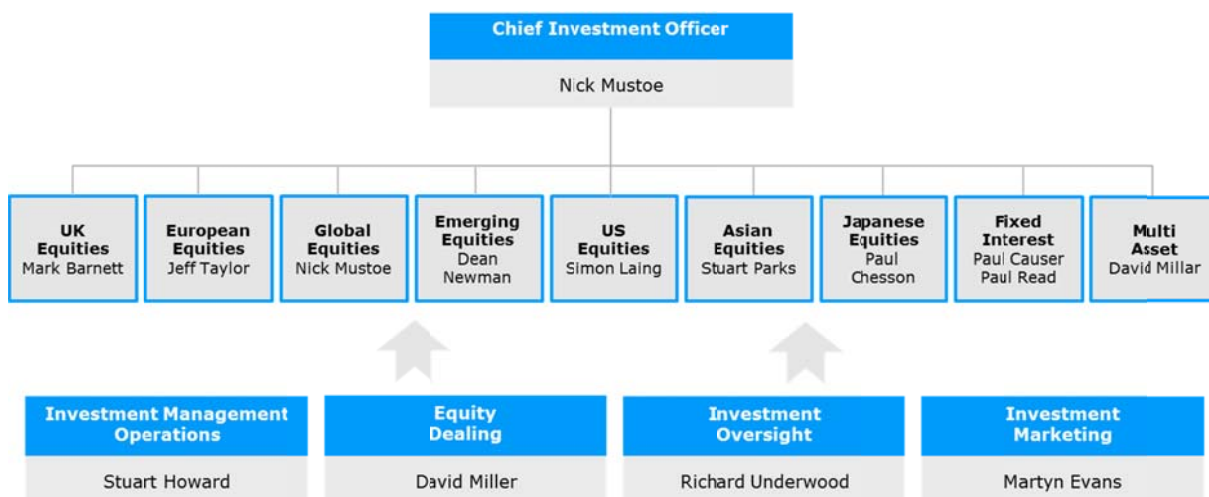
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Global equity income strategy

Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

Nick Mustoe, Chief Investment Officer (CIO) of Invesco Perpetual, is the lead manager for Invesco Perpetual's global equity income strategy. In the management of the strategy's portfolios he is supported by the Invesco Perpetual Global Equity Income Group. This Group represents the wider Henley-based equity investment team in the construction of the strategy. Details of the Group's structure and its members are provided below.

Name	Role	Years' industry experience	Years' tenure
Specialist regional income managers			
Simon Clinch	US - regional specialist	17	3
Stephanie Butcher	Europe ex UK - regional specialist	21	11
Mark Barnett	UK - regional specialist	22	18
Tim Dickson	Asia ex Japan - regional specialist	22	6
Tony Roberts	Japan - regional specialist	19	15
Management			
Nick Mustoe	CIO Invesco Perpetual	30	5
Strategy oversight and implementation			
Martin Weiss	Investment Strategist	24	9
Arwel Green	Strategist, Global equities & fund of funds	14	14
Product Director			
John Botham	Product Director, Global equities	22	1

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up. The Product Director is an integral member of the investment team, responsible for communicating Invesco Perpetual's global equities capabilities internally and externally.

Biographies of Group members are included within **Appendix 1**.

Global equity income strategy

Invesco Perpetual

Assets under management

Assets under management for Invesco Perpetual's global equity income strategy totalled US\$2,432.2 million as at 31 December 2014.

Global equity income strategy

Invesco Perpetual

Investment philosophy

Invesco Perpetual firmly believes that investors are best served by a focus on long-term investing, avoiding an over focus on current trends and consensus. Companies operate in long-term cycles and so does the focus of the firm's fund managers' research. The market's disproportionate focus on short-term factors allows an investor with a long-term horizon to buy stocks at attractive valuations. Invesco Perpetual believes that its philosophy, applied in a consistent and rigorous way should lead to outperformance over the longer term.

The firm's global equity income strategy is an active, bottom-up investment strategy focusing on constructing a portfolio which offers a compelling mix of income, dividend growth and capital appreciation. This is what the Invesco Perpetual Global Equity Income Group terms 'quality income'.

An unconstrained, bottom-up stock selection approach is employed based on fundamental research. The Group's aim is to create a diversified portfolio of global stocks with attractive dividend yields that demonstrate quality, and seeks to identify undervalued companies that exhibit the following features:

- Solid business franchises
- Strong management teams
- Strong balance sheets
- Disciplined capital allocation
- Attractive valuations

Valuation is key to the Invesco Perpetual Global Equity Income Group's approach. Fund managers believe that stock prices often fail to reflect their intrinsic fair value because financial markets tend to focus on short-term factors. Fund managers aim to exploit these market inefficiencies by investing in quality companies that are trading at what they consider to be good value. They also seek companies which offer attractive dividend yields. The key, in the Group's view, is to evaluate the fundamentals of the business as well as its balance sheet strength and its management discipline to assess the attractiveness of a company's dividend and potential for dividend growth. Invesco Perpetual believes the key to identifying these companies is thorough proprietary fundamental research.

Global equity income strategy

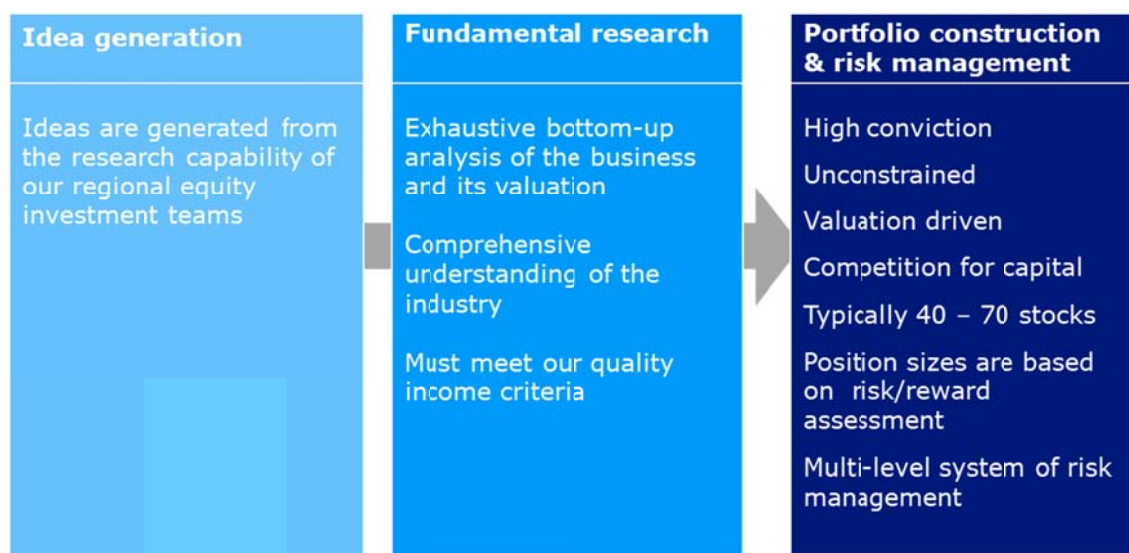
Invesco Perpetual

Investment process

Investment universe

Invesco Perpetual's Global Equity Income Group seeks the best quality income ideas from around the world. As such, the global universe is made up of the investible universes of Invesco Perpetual's regional equity investment teams based in Henley. These regional universes cover stocks across all capitalisations, sectors and regions, and are not restricted to stocks from the main regional indices. The best quality income ideas from each regional investment team are proposed by members of the Group for inclusion.

An overview of Invesco Perpetual's global equity income investment process is illustrated below:



For illustrative purposes only.

Idea generation

Ideas are generated from the research capabilities of the wider Henley-based regional equity investment teams, which provide the primary research for candidate investments. Invesco Perpetual believes that each regional investment team's expertise and knowledge delivers breadth of knowledge across stocks, sectors and countries.

Team members, who are specialists within their region, are generalist fund managers and undertake original research into all companies they invest into. This dual role delivers ownership and responsibility for each investment decision. The best quality income ideas from Invesco Perpetual's regional equity investment teams are presented to the Global Equity Income Group.

Lead manager Nick Mustoe ensures that investments fully meet the global equity income strategy's 'quality income' and value philosophy.

Global equity income strategy

Invesco Perpetual

Fundamental research

Fundamental analysis is the key input to the investment process and a principal driver of stock selection. The strategy's bottom-up research is driven by the investment work of Invesco Perpetual's regional equity investment teams. Each regional candidate investment idea undergoes rigorous fundamental research, in order to assess the quality of the business and arrive at an assessment of its valuation, before being proposed to the Invesco Perpetual Global Equity Income Group. There is no single or definable structure to each regional investment team's discovery and research process. Individuals are encouraged to adopt their own approach to style and investing, which Invesco Perpetual believes brings out the best in individuals and thereby strengthens the firm's investment capability.

However, in broad terms, each investment team focuses on the following:

- **Bottom-up, fundamental, proprietary research:** This is to assess the quality of a business and to arrive at a judgement on valuation. A fund manager can look at quantitative measures as a guide to this, but it will also involve qualitative judgements on aspects such as the quality of a company's products and services, the risks to which it is exposed, the strength of its management team and the presence of any unique characteristics or tangible advantage over competitors.
- **Meeting company management:** This is to obtain a better understanding of the nature of the business, its key drivers, competitive position and the achievability of management goals.
- **Examination of broker research on the company, and discussion with relevant investment analysts:** This external analysis is not used for its ultimate buy/sell recommendation; rather a fund manager compares the assumptions behind this research to their own, in order to form a judgement on valuation. In addition, fund managers maintain contact with industry analysts that they consider have superior analytical insights.

The majority of research undertaken is proprietary research. Areas considered when assessing a business are included below:

- **Franchise and business quality analysis:** Fund managers look for companies with competitive products or services that exhibit a durable demand and possess significant and sustainable market shares. Fund managers assess the intensity of the competitive environment in which firms operate, examining a broad array of factors such as barriers to entry and exit, product substitution and differentiation, and cost leadership for each company. Fund managers also consider relationships and bargaining power with suppliers, customers, regulators and shareholders. This allows fund managers to draw conclusions about the quality of a business, the intensity of competition and the company's ability to manage it.
- **Analysis of a company's financial position:** Fund managers look for companies that can grow margins and deliver sustainable returns through an economic cycle. When analysing financial strength they focus on balance sheet strength and the ability to generate strong and sustainable cashflow, particularly free cashflow. Free cashflow can be used to pay dividends, fund expansion - organic or via acquisitions - and to reduce leverage. Careful attention is paid to the consistency, clarity and fullness of a company's financial statements and their disclosures as an indication of the quality and strength of the company's management.

Global equity income strategy

Invesco Perpetual

- **Analysis of management quality:** Fund managers seek executives whose actions are likely to result in added value for shareholders. They look for managements' clear understanding of the principal dynamics of their business, especially in the context of global markets, and empathy with their shareholders' interests. In particular, fund managers consider whether they are efficient allocators of cash between capital expenditure, debt reduction and returns to shareholders.
- **Analysis of dividends:** Fund managers assess the attractiveness of a company's dividend and potential for dividend growth over time. Dividend yields reflect historical cash payments. Therefore future dividends are dependent on a company's operating performance. It is important to focus on the sustainability of a company's operating cashflow, from which the dividends are ultimately paid. In addition, the capital discipline that underpins the payment of dividends aligns to management discipline, an important trait of high performing companies.

Portfolio construction

Portfolios are constructed on a bottom-up basis with the weights of each stock in the portfolio being conviction-led. Weightings represent a blend of the Invesco Perpetual Global Equity Income Group's fund managers' conviction in the merits of the investment case and the assessment of the relevant risks. Country and sector exposures are an important consequence of the search for what the Group's fund managers' view as the most attractive quality income ideas globally. At times, this approach can lead to the portfolio being substantially different to the composition of the reference benchmark.

Investment decisions at an individual stock level are overseen and challenged in the context of their fit into the overall portfolio and to ensure that they meet the Group's quality income and value criteria. Ultimate responsibility for this function lies with lead manager, CIO Nick Mustoe.

There is competition for capital and an environment of continual challenge to current and proposed investments. Ideas that are proposed for the portfolio are only selected for inclusion with the agreement of the Group's fund managers. The Group aims to efficiently allocate the available capital to the most attractive quality income investment ideas. Ownership is a critical part of the portfolio and each investment made is owned by a fund manager who manages the position from purchase to sale, including the adding to and trimming of positions as valuation dictates.

Portfolio constraints

There are no formal sector, stock or market capitalisation limits set, other than to meet regulatory or specific client investment restrictions. This gives the Group Equity Income Group the freedom to position the strategy's portfolios in response to underlying market conditions and the availability of investment opportunities.

Investment horizon

Decisions relating to stock selection are long-term in nature as the Global Equity Income Group's specialist regional fund managers do not typically move into or out of positions in the short-term. The anticipated holding period for a stock ranges typically between three and five years.

Global equity income strategy

Invesco Perpetual

Sell discipline

The decision to sell a stock is based on the same principles as the decision to buy: valuation and business fundamentals. A stock will be sold if it meets one or more of the following criteria:

- It is no longer undervalued
- A more attractive opportunity has been identified elsewhere
- The investment case for the stock no longer applies

Global equity income strategy

Invesco Perpetual

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

Global equity income strategy

Invesco Perpetual

Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

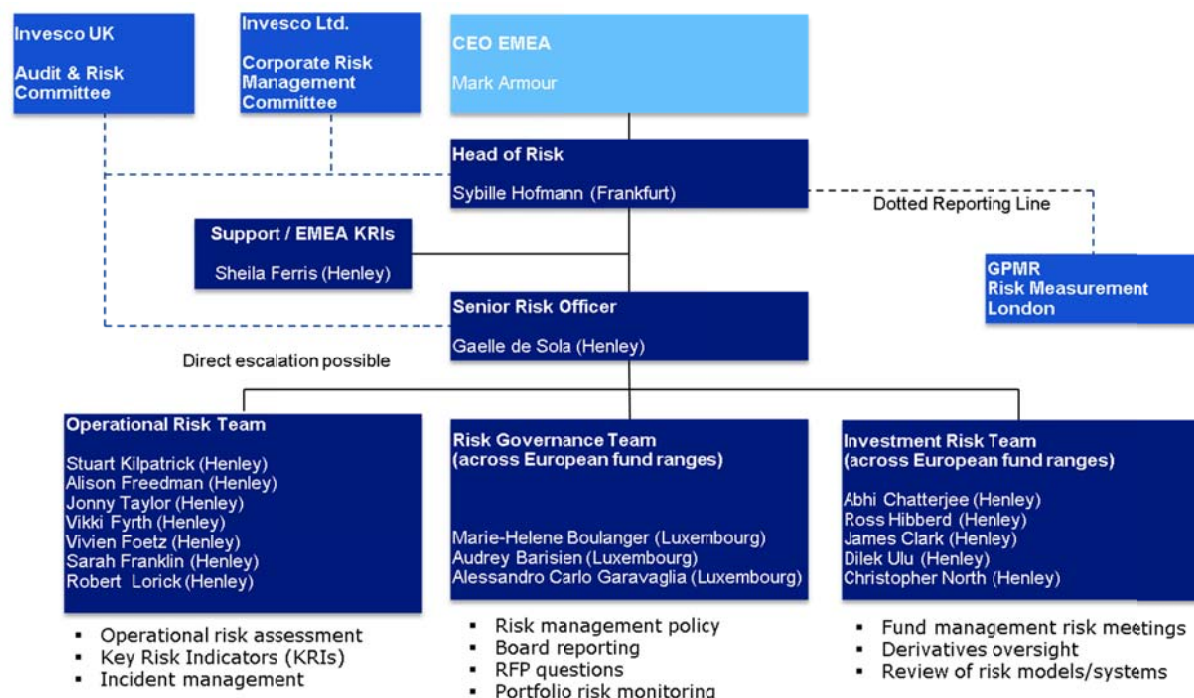
Global equity income strategy

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Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMP Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

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- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Global equity income strategy

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Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

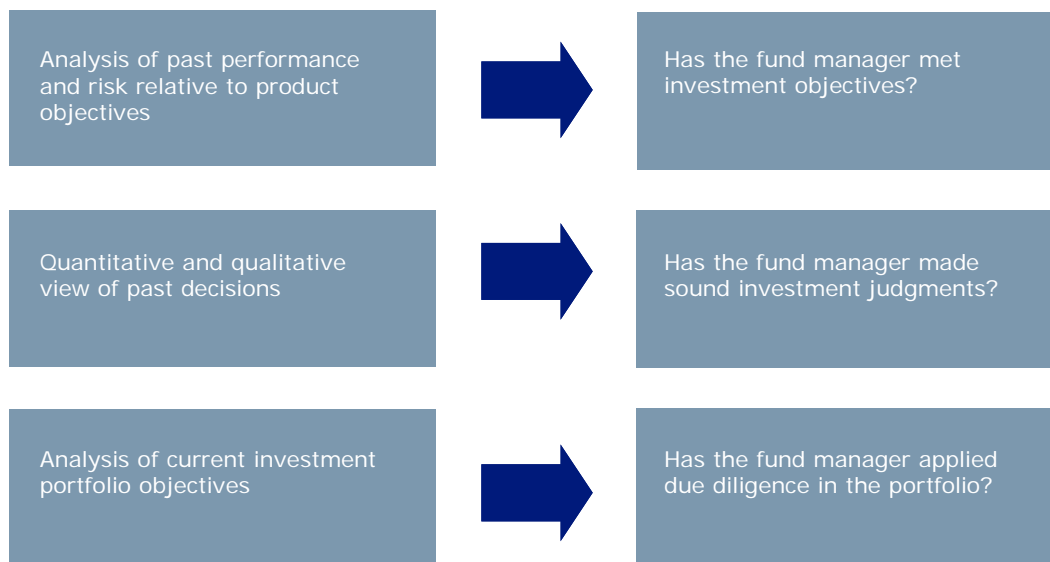
Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

Global equity income strategy

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Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

Global equity income strategy

Invesco Perpetual

Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Global equity income strategy

Invesco Perpetual

Strategy overview

Global equity income

Strategy name, management and objective	Reference benchmark	Concentration
Invesco Perpetual global equity income strategy Nick Mustoe supported by the Invesco Perpetual Global Equity Income Group This strategy aims to generate a rising level of income, together with long-term capital growth, investing primarily in global equities	MSCI World index	Typically 40 to 70 securities

Global equity income strategy

Invesco Perpetual

Appendix 1: Biographies

Management:

Nick Mustoe, Chief Investment Officer of Invesco Perpetual

Based in Henley-on-Thames, Nick is Chief Investment Officer of Invesco Perpetual. Nick joined the company in June 2010. His investment career spans over 25 years to date, having started with Phillips & Drew Fund Management as a UK equity manager in 1985. More recently, he was appointed CIO of Pictet Asset Management in 2006 after joining Hermes Pensions Management as CIO in 2002. He holds a first class honours degree in Business Studies from Bradford University.

Specialist regional income managers:

Simon Clinch, CFA, US Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Simon joined the company in March 2012 as a fund manager within our US Equities team. Upon graduating in 1997, Simon joined VenCap International, a manager of private equity funds-of-funds, where he worked as an analyst for a technology equities fund. In 2001, he joined Aberdeen Asset Management's US Equities team and was appointed Head of US Equities before moving to F&C Asset Management as Director of US Equities in 2005. In 2008, Simon joined J Rothschild Capital Management as a member of the global equities team, where he helped to manage the direct equity investments of RIT Capital Partners PLC (the Rothschild Investment Trust), as well as contributing to overall investment strategy and asset allocation for the trust. Simon graduated from Balliol College, Oxford, with a BA Hons (Oxon) in Mathematical Sciences and is a CFA charterholder.

Stephanie Butcher, European Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Stephanie is responsible for a number of European equity portfolios, specialising in European equity income investing. She began her investment career at Lazard Asset Management as a graduate trainee in 1993 and progressed to become a US fund manager responsible for institutional and retail portfolios. Stephanie then joined Aberdeen Asset Management in 1997, initially as a US portfolio manager responsible for insurance and institutional funds, and then onto their European equities desk in 1998 as a fund manager responsible for a number of retail funds before joining our company in 2003. Stephanie holds an MA (Honours) in History from Cambridge University.

Mark Barnett, Head of UK Equities at Invesco Perpetual

Based in Henley-on-Thames, Mark joined the company in 1996 as a fund manager within the UK Equities team and was appointed Head of UK Equities in 2014. He is the team's most experienced fund manager, specialising in UK equity income investing. Mark is responsible for the management of a number of UK equity portfolios, including both open and closed ended vehicles. Mark began his investment career with Mercury Asset Management in 1992. He graduated in French and Politics from Reading University in 1992 and has passed the associate examinations of the Association for Investment Management and Research (AIMR).

Tim Dickson, CFA, Asian Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Tim is responsible for the management of a number of Asian equity mandates, specialising in Asian equity income investing. He began his career in 1993 with the Bank of England, where he joined its Banking Supervision team before specialising as an Asian analyst. Building on his central bank experience, in particular within the Asian region, Tim joined F&C Emerging Markets in 1998, where he became an assistant director on their Pacific equities desk. He later joined Scottish Widows Investment Partnership as an investment director covering global emerging markets and Asia before joining our company in August 2008. Tim holds a BSc in Economics from the

Global equity income strategy

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City University, an MSc in Economics from Birkbeck College, University of London, and is a CFA charterholder.

Tony Roberts, Japanese Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Tony is responsible for the management of a number of Japanese equity portfolios alongside fellow fund manager, Paul Chesson. Tony began his investment career in 1995 as an analyst and fund manager with Clerical Medical after two years with actuarial consultants, Godwins. He joined our company in 2000 to work alongside Paul Chesson, Head of Japanese Equities. He holds a BSc in Mathematics from Southampton University and is a member of the CFA Society of the UK.

Strategy oversight and implementation:

Martin Weiss, Senior Investment Strategist for Global Equity Products at Invesco Perpetual

Based in Henley-on-Thames, Martin joined the company in July 2005 as product director for the International Equities team, moving into the role of senior investment strategist for global equity products in 2009. Martin began his investment career at Cazenove in 1990 as an analyst/salesman covering Japanese equities. Remaining with Cazenove, he transferred into fund management in 1996, specialising in Japanese equities until, in 2002, moving to their global team. Here, his responsibilities covered the management of all industrials and consumer staples investments within global equity funds. Martin graduated from Bristol University with a BSc honours degree in Economics.

Arwel Green, Global Equity and Fund-of-Fund Strategist at Invesco Perpetual

Based in Henley-on-Thames, Arwel joined the company in May 2001, and is responsible for providing support for the Global Equities team's global equity and fund-of-fund products. Arwel has held various positions since joining the company, including that of client service, RFP writer/marketing information specialist and product information specialist. He joined the global team in his current role in January 2008. Arwel graduated in 2000 from Cheltenham College of Higher Education (now known as the University of Gloucester) with a degree in Hospitality Management and holds the Investment Management Certificate qualification from the CFA Society of the UK.

Product Director:

John Botham, Global Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, John joined the company as Product Director in November 2013 responsible for communicating Invesco Perpetual's global equities capabilities internally and externally. He started his industry career in 1993 upon joining Guardian Royal Exchange as a European equities fund manager before joining Henderson Investors in 1994, where he became Director of Pan European Equities. In 2007 he subsequently joined Aviva Investors as Head of European Equities. John gained a degree in Economics from Loughborough University in 1985, and qualified as a Chartered Accountant in 1989. He also holds the IMC qualification from the CFA Society of the UK.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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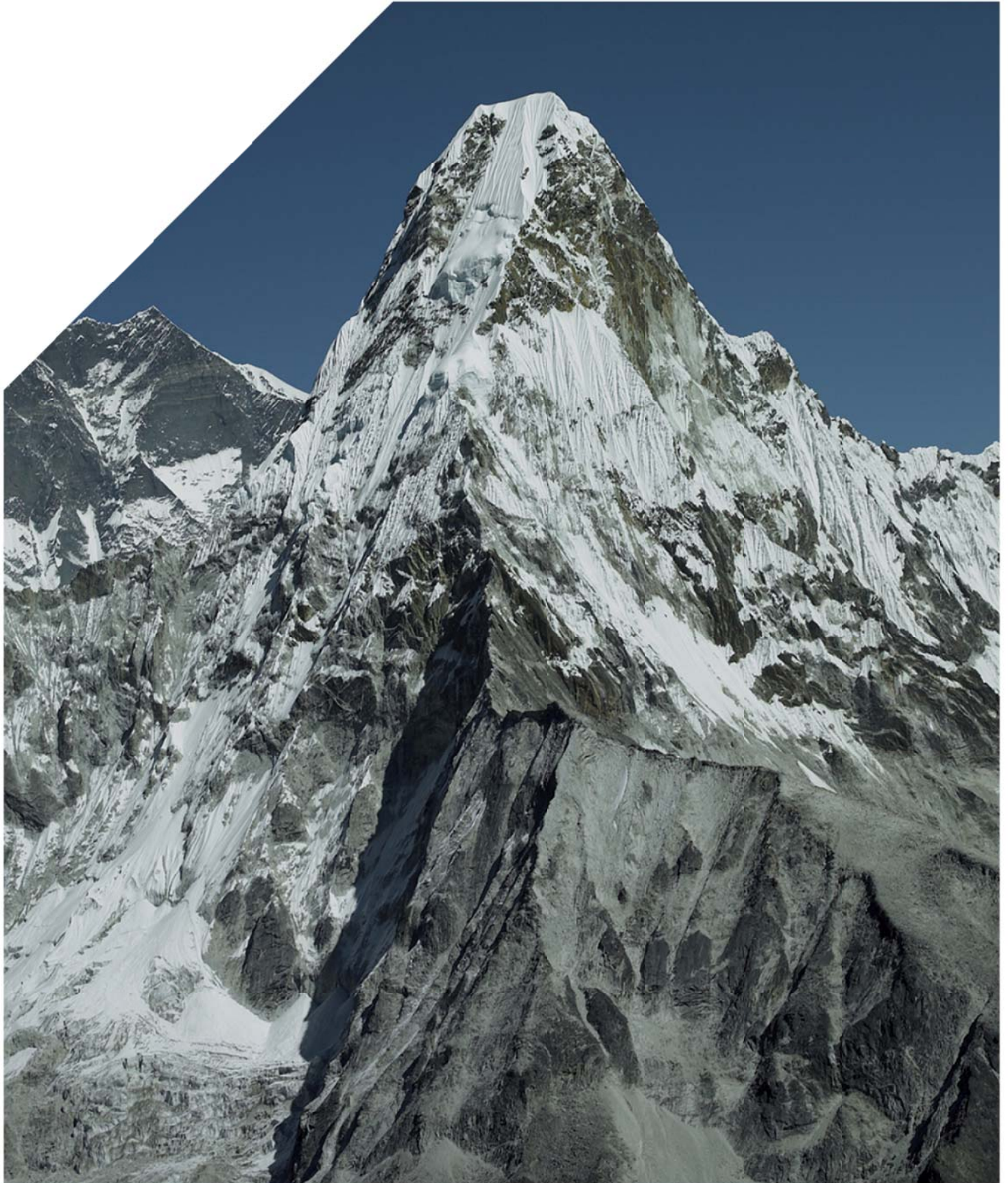


Strategy profile

Europe ex UK equities strategy

Invesco Perpetual

February 2015



Europe ex UK equities strategy

Invesco Perpetual

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Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Europe ex UK equities strategy

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

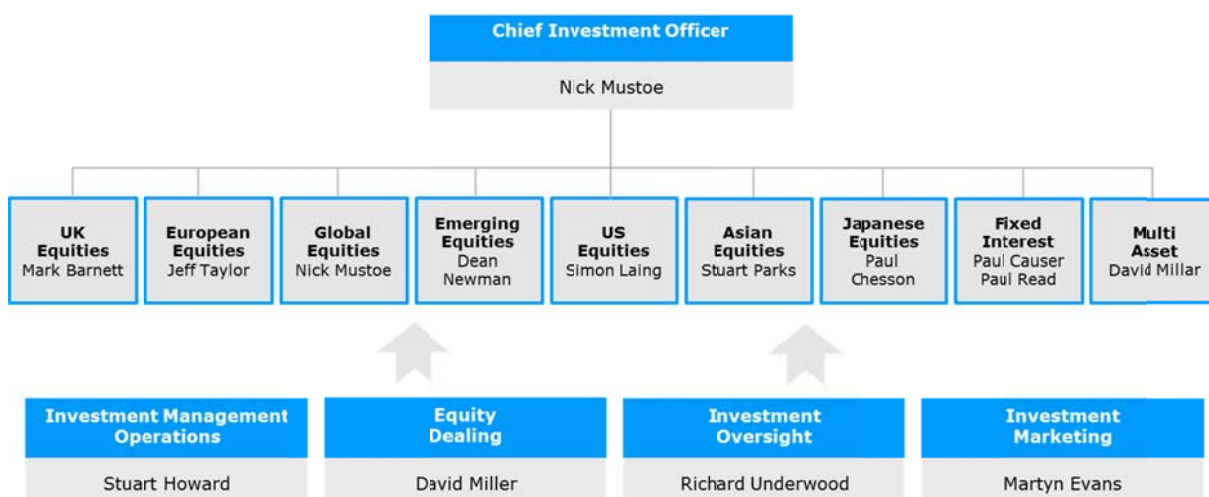
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Europe ex UK equities strategy

Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

The management of European equity ex UK mandates is the responsibility of Invesco Perpetual's European Equities team led by Jeff Taylor:

Name	Role	Years' tenure	Years' industry experience
Jeff Taylor	Head of European Equities	18	29
John Surplice	European Equities Fund Manager	19	19
Stephanie Butcher	European Equities Fund Manager	11	21
Matthew Perowne	European Equities Fund Manager	5	5
Adrian Bignell	European Small Cap Equities Fund Manager	11	20
Erik Esselink*	European Small Cap Equities Fund Manager	7	15
Oliver Collin	European Equities Analyst	<1	14
Product Directors			
Joel Copp-Barton	European Equities Product Director	3	16
Nitesh Mistry	European Equities Assistant Product Director	9	15

*based in Atlanta.

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience may be subject to rounding up. The team's Product Directors are responsible for communicating Invesco Perpetual's European equities capabilities internally and externally. They are integral members of the team working closely with its fund managers.

Biographies of team members are included within **Appendix 1**.

Europe ex UK equities strategy

Invesco Perpetual

Assets under management

Total assets managed by the Invesco Perpetual's European Equities team totalled US\$10.1 billion as at 31 December 2014. We provide in the table below, a breakdown of assets managed specifically under Europe ex UK equity mandates:

Mandate	AUM US\$ million	AUM £ million	AUM EUR million
European ex UK equity	2,752.4	1,765.1	2,274.6
European ex UK small cap equity	1,164.1	746.5	962.0
Total	3,916.5	2,511.7	3,236.6

Source: Invesco Perpetual as at 31 December 2014. May not sum due to rounding.

Europe ex UK equities strategy

Invesco Perpetual

Investment philosophy

There are a number of core beliefs underpinning the European Equities investment team's philosophy:

- Markets are inefficient, providing opportunities to buy companies below their fundamental worth
- The team believe a pragmatic approach to sourcing investments will lead to superior risk adjusted returns
- The team do not believe in one valuation metric nor is it beholden to one style of investing
- The team believe that 'bottom-up' and 'top-down' factors both add value

Market inefficiencies

Invesco Perpetual believes that investors' behavioural biases repeatedly give rise to market inefficiencies. To a large extent, these inefficiencies derive from three interlinked sources:

- Markets often overreact by placing undue focus on near-term issues
- Market expectations are often overly influenced by the extrapolation of current trends
- Markets respond to momentum and other technical drivers as well as to fundamentals

The investment team seeks to exploit these market inefficiencies through careful fundamental analysis and a strong emphasis on valuation.

Europe ex UK equities strategy

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Investment process

Investment approach

The European Equities team's investment approach is to take advantage of inefficiencies in the market, as identified above, and buy stocks below their intrinsic value. This is achieved through fundamental research, drawing on internal proprietary research, selective use of external research and extensive company contact. This approach places a strong emphasis on valuation, a key determinant of future returns. Typically the team's investment horizon is three years plus, however the flexibility of its approach allows the team to also take advantage of short-term valuation anomalies, if appropriate. By not favouring any one particular investment style, the investment team can actively take advantage of the best mix of individual risk/reward opportunities in the market - at any point in time in whatever stock, sector or country they are to be found. As such, the benchmark is considered to be more of a point of reference as opposed to a determinant of investment decisions. This flexible approach aims to deliver consistent, positive performance under most market conditions.

There are a number of characteristics central to the team's investment approach:

Active: Invesco Perpetual's fund managers are active investors, investing where they believe the best returns are to be found with the benchmark considered to be more of a point of reference as opposed to a determinant of investment decisions.

Pragmatic and flexible: There is no inbuilt country, sector, stock, market cap or style bias within the investment approach. Exposure to these factors within portfolios is purely a function of where the fund managers believe the best opportunities are in the market place at any particular point in time. Consequently, exposures may change significantly over time.

Valuation focus: The investment team is valuation driven. Valuation determines whether a stock is an attractive investment or not. The focus is on identifying those companies whose current and future prospects are not reflected in their valuations and where there is a catalyst for this mis-valuation to be recognised by the market.

Bottom-up fundamental analysis within a "top down" framework: The investment team combines detailed top-down and bottom-up fundamental analysis, both for new idea generation and the ongoing evaluation of existing holdings. Bottom-up analysis is the main focus for both and is expected to be the largest contributor to alpha generation within portfolios. Notwithstanding this, understanding the macro background provides a critical component of the bottom-up research process, providing the context against which this research takes place. It may also influence portfolio construction, at the country and sector levels, particularly at inflection points in the market or economic cycle. In the investment team's fundamental analysis the fund managers incorporate internal proprietary research, selected externally sourced research and extensive company contact.

Interaction: The investment team leverages off the expertise of the other investment teams based in Henley, gaining an insight into trends in other equity markets and asset classes and how these might impact the fundamentals of European equity markets at both a macro and micro level.

Europe ex UK equities strategy

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Idea generation

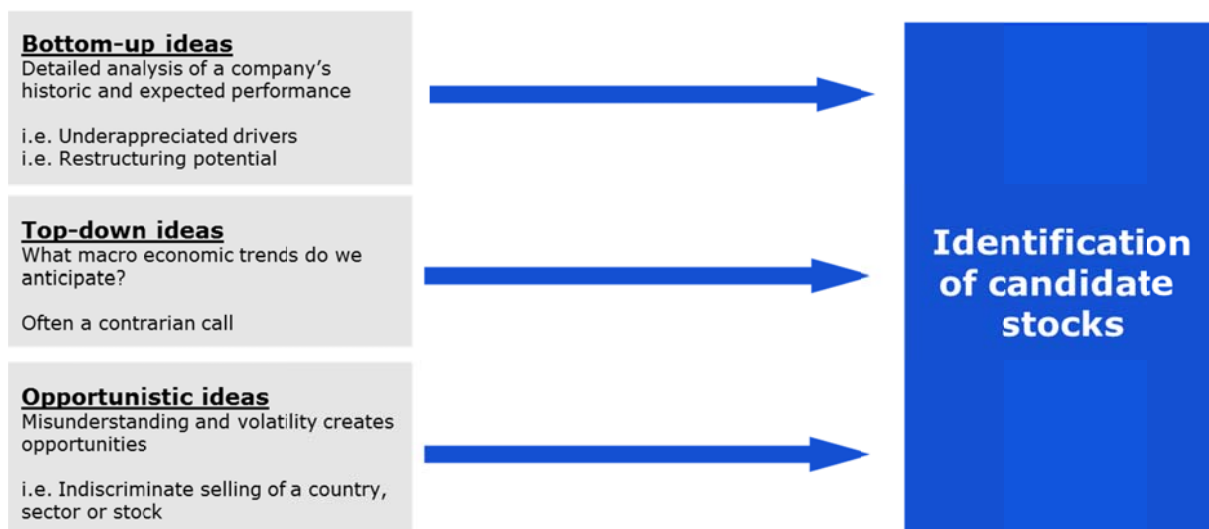
The European Equities team's investment process begins by identifying stocks that meet the team's investment criteria. The team adopts a flexible approach to sourcing ideas, and tries to avoid dismissing ideas for pre-conceived reasons. Indeed, it is this type of investor behaviour that often provides the investment team with opportunity to invest in undervalued companies.

Ideas are generated from a number of sources:

- Research capabilities and the individual and collective experience of the Henley-based regional equity investment teams
- Company meetings
- Research trips, visits and seminars
- Third party brokers/external research providing the investment team with an experienced network of sell side analysts, economists and strategists

The deliberately concentrated nature of the investment team promotes easy communication and information sharing.

Any stock specific ideas to be considered for the portfolio can include the following categories:



For illustrative purposes only.

Potential investment opportunities that meet the team's criteria then undergo thorough fundamental research. Whilst the market often invests on the basis of history, the team endeavours to understand the potential future of a business.

Research

Invesco Perpetual's European Equities team's research effort is structured to maximise its ability to identify and analyse the stocks that have the potential to add the most value to its portfolios. To achieve this, Invesco Perpetual combines the role of fund manager and analyst. This approach leverages from the experience of the fund managers in the analytic role, leads to a strong sense of ownership of the stocks held in portfolios and provides a detailed understanding that enhances an individual's effectiveness as a fund manager.

Europe ex UK equities strategy

Invesco Perpetual

All members of the European Equities team have a generalist rather than specialist research role. By adopting a generalist approach to research responsibilities, the team avoids the drawbacks of over specialisation and the subsequent loss of perspective on the overall market that this might encourage. It also allows them to leverage from their top-down macro work and allocate the research resource to where they believe the best investment opportunities lie, whilst at the same time ensuring that no area of the market is left uncovered. However, within the team there clearly will be individuals who have particular expertise in certain sectors or stocks in the market, which the fund managers look to leverage from, complimented by any further research undertaken by other individual team members.

There are a number of key elements central to the team's approach to research:

- Internal proprietary research undertaken by an individual fund manager
- Extensive company contact
- Selective external research providers

The majority of the team's research is bottom-up stock specific, with a strong focus on valuation, incorporating its perception of the macro outlook.

Bottom-up research

At a stock level the research emphasis is on a detailed understanding of a company's key historical and future drivers, for example demand for products, pricing power, changes in market share, cashflow and management strategy. The main sources of this information are:

- Company meetings
- Corporate announcements and reporting material
- Research reports produced by external analysts

Meeting company management is critical in the information gathering process. From such meetings:

- The investment team believes that they can garner an improved understanding of the near- and longer-term prospects of a company and the quality of its management
- It also gives the investment team a forum to challenge their assumptions and predictions in person as well as ensuring that management understands their priorities as a shareholder
- Provides the investment team with valuable information regarding the state of the broader economy and the businesses of a company's suppliers, customers and competitors

Top-down macro analysis

Significant time is dedicated to the understanding and forecasting of current and future macroeconomic conditions. In particular, how this might impact the relative attractiveness of individual sectors and the impact it may have on stocks at the micro level. This recognises the fact that the influence of the changing macro environment on individual sector/company fundamentals will vary through the course of the economic cycle and that this needs to be reflected in portfolios and the bottom-up research emphasis.

Understanding of the macroeconomic environment is primarily undertaken through:

- Analysis of a broad range of leading global, regional and country level economic indicators
- Reviewing the analysis and expectations of external economists and strategists
- Company meetings

Europe ex UK equities strategy

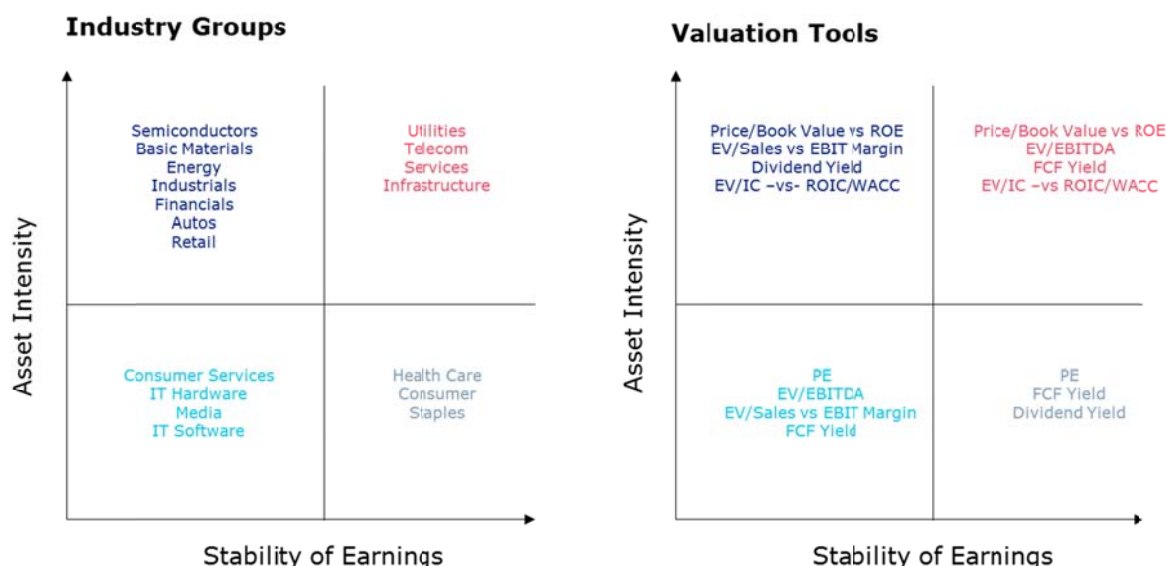
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Valuation focus

The research stage, bringing together bottom-up and top-down analysis, incorporates a strong emphasis on valuation, a key determinant of future returns. For each individual stock or sector the most appropriate valuation techniques are selected, which can include:

- Multiples analysis e.g. P/E, EV/EBITDA, dividend yield and FCF yield set against the team's perception of profits, earnings and cashflow
- P/BV versus ROE
- EV/Sales versus EBIT margin
- Enterprise value/invested capital versus ROIC/WACC
- Sum of parts

The diagram below shows how the team's detailed strategic and financial analysis comes to a valuation conclusion:



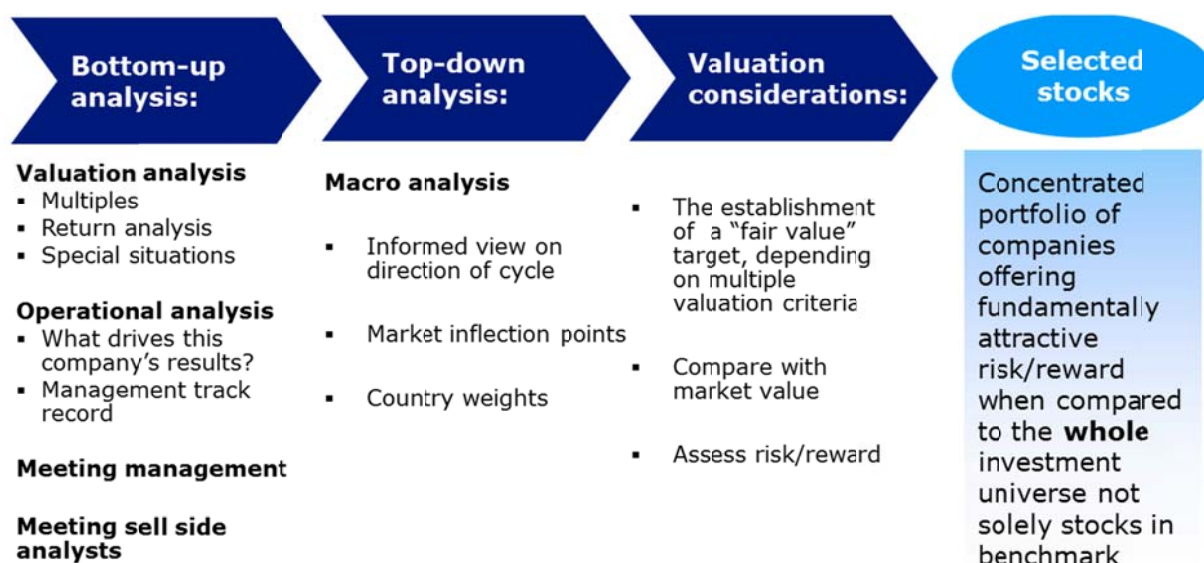
For illustrative purposes only.

As part of the valuation process, the investment team selectively uses valuation models generated by external analysts in order to fully understand the assumptions that they are incorporating into their valuation conclusions and as a structure into which the fund managers can input their own scenarios. This analysis, amongst other things, can highlight where there are sizeable differences between consensus expectations and the valuation scenarios generated by the investment team.

From this valuation work the fund managers derive a price expectation for a range of scenarios which is then considered in respect of a stock's current valuation, from which it can be determined whether the stock is attractively valued or not.

Europe ex UK equities strategy

Invesco Perpetual



For illustrative purposes only.

External research

Invesco Perpetual emphasises the importance of internal proprietary research in combination with extensive company contact in the research stage. External research that is used is used purely as an input, as opposed to being a driver of the decision-making process.

This combination of in-house analysis with the use of well-placed and well-informed contacts within the broking community provides the fund managers with the necessary basis for understanding their markets at all levels, allowing for a synthesis of 'top-down' and 'bottom-up' investment analysis.

Fund management is a judgmental business and the major scope to add value is in the interpretation that our fund management teams place on the available information. The experience of fund managers in this respect is critical and key to the European Equities team's success.

Portfolio construction

The aim of the portfolio construction process is to have a portfolio of companies which offers the best mix of stock specific opportunities at any particular point in time. Portfolio construction is based on a combination of the outputs from the investment team's bottom-up and top-down research. The team would normally expect the bottom-up input to be the main contributor to the portfolio construction process, although there will clearly be times, such as inflection points in economic or market cycles, when the influence of the top-down input is likely to be greater. With the benchmark considered more of a point of reference, this process will result in significant over or underweight positions in individual countries/sectors when compared to the index.

Individual stock weights are based on potential upside set against:

- Degree of conviction in the team's ability to assess risk and/or price
- Perception of future direction of macro and micro environment
- Risk/reward in context of existing holdings

Europe ex UK equities strategy

Invesco Perpetual

Portfolio constraints

There are no formal country, sector or stock limits set in the portfolio construction process, other than to meet regulatory or specific client investment restrictions. This gives the fund managers the freedom to position their strategies in response to underlying market conditions and the availability of investment opportunities. Consequently, they may change significantly over time.

Buy/sell discipline

The buy and sell decision-making process is driven by qualitative analysis. As quantitative buy and sell disciplines are not used, there therefore is no trigger or chain of events used to automatically induce a buy or sell.

Stocks will be purchased if they demonstrate sufficient potential for share price appreciation subject to the team's assessment of risk. At the stock level, the key risks are highlighted and assessed during the research stage. The resulting risk/reward will then be considered in context of a portfolio's existing holdings, and their inclusion in the portfolio is permitted under its investment parameters.

Once bought, portfolio holdings are very actively monitored. A stock will be considered for sale if it reaches or approaches the fund manager's price expectation, or if there is a fundamental change that negatively impacts its outlook or valuation. Any decision to sell will be the decision of the fund manager, normally following on from discussion and consultation with other members of the investment team. When purchasing/selling a position, fund managers will typically scale into and out of a stock over time rather than buy or sell a full position at once.

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

Europe ex UK equities strategy

Invesco Perpetual

Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

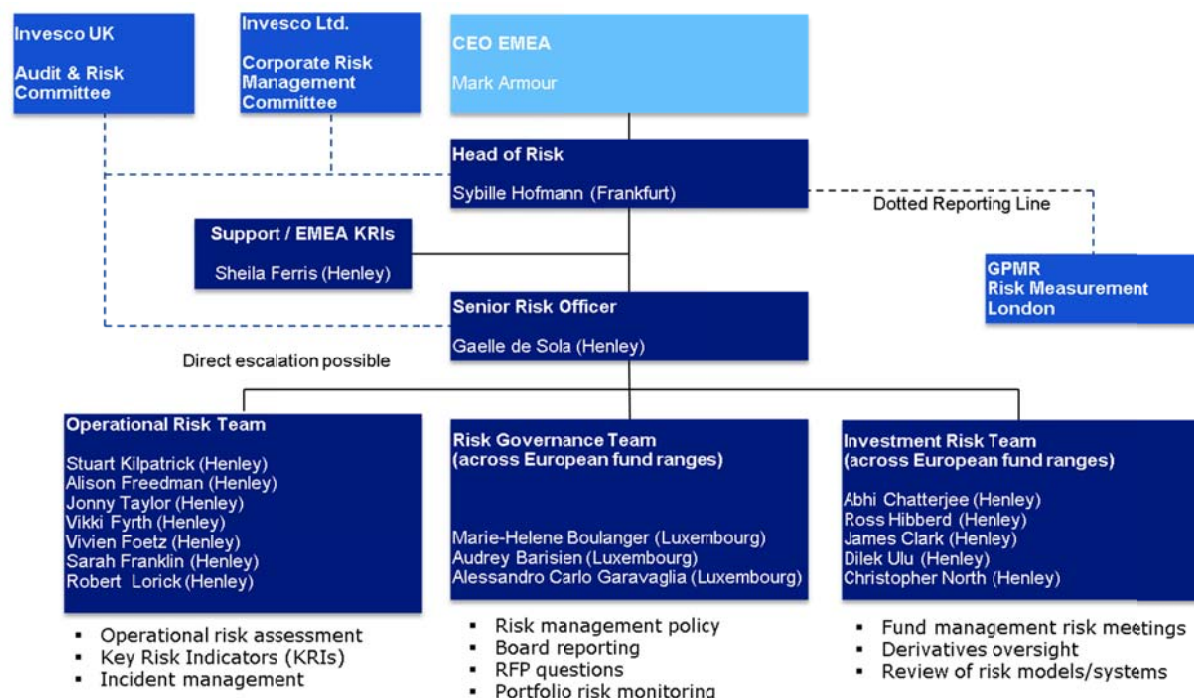
Europe ex UK equities strategy

Invesco Perpetual

Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

Europe ex UK equities strategy

Invesco Perpetual

The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMP Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

Europe ex UK equities strategy

Invesco Perpetual

- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Europe ex UK equities strategy

Invesco Perpetual

Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

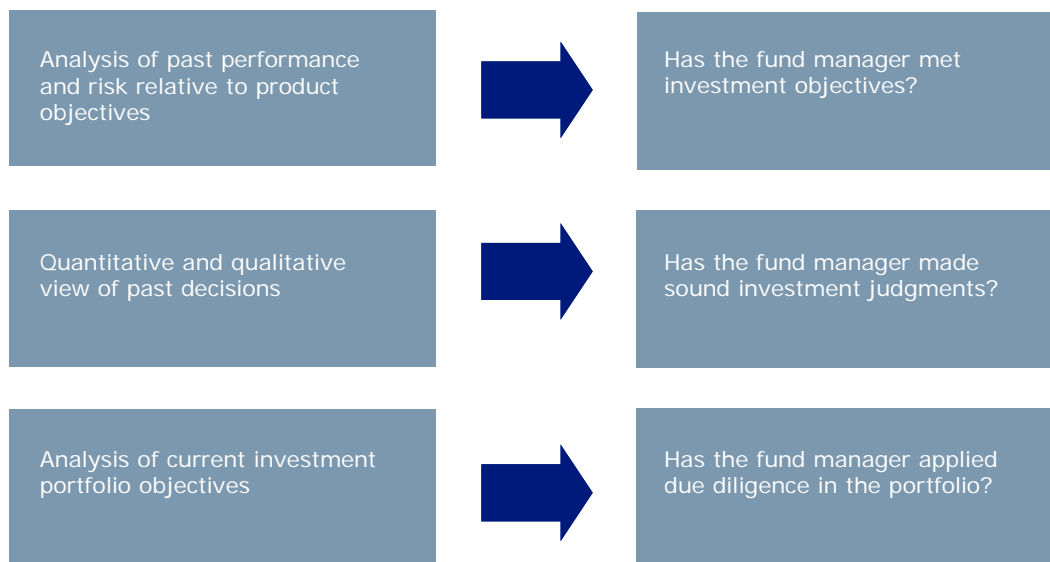
As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

Europe ex UK equities strategy Invesco Perpetual

Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

Europe ex UK equities strategy

Invesco Perpetual

Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Europe ex UK equities strategy

Invesco Perpetual

Strategy overview

European ex UK equities

Strategy name, manager and objective	Benchmark	Concentration
Invesco Perpetual European equity strategy Jeff Taylor and Stephanie Butcher The strategy aims to achieve capital growth in Continental Europe. The strategy intends to invest primarily in shares in companies in Continental Europe, although it may include other European related investments	FTSE Europe ex UK index	Typically 50 to 60 stocks
Invesco Continental European equity strategy Stephanie Butcher The strategy aims to achieve capital growth by investing in securities of Continental European companies	FTSE Europe ex UK index	Typically 50 to 60 stocks

European ex UK equities small cap strategies

Strategy name, manager and objective	Benchmark	Concentration
Invesco Perpetual European smaller companies strategy Adrian Bignell The strategy aims to achieve capital growth through a portfolio of investments primarily in smaller European companies, excluding the UK	Euromoney Smaller Europe (ex UK) index	Typically 70 to 90 stocks
Invesco Continental European small cap equity strategy Erik Esselink The strategy aims to achieve long-term capital growth by investing in small companies throughout Europe, but excluding the UK	Euromoney Smaller Europe (ex UK) index	Typically 50 to 80 stocks

Please note that the investment philosophy/process text provided in this submission is for Invesco Perpetual's European equity strategy managed by Jeff Taylor. The investment process for smaller companies strategies will differ in some aspects.

Appendix 1: Biographies**Jeff Taylor, Head of European Equities at Invesco Perpetual**

Based in Henley-on-Thames, Jeff is Head of the European Equities team at Invesco Perpetual and is responsible for the management of a number of European equity portfolios. Jeff began his investment career in 1985, joining Williams de Broe as a European equity analyst. In 1987, he joined Dillon Read Securities as Director of Belgian Equities working as an Extel-rated analyst and salesman. Jeff joined our company in 1997 and became Head of European Equities at Invesco Perpetual in 2001. His responsibilities widened two years later as the Invesco European Equities team that was formerly based in London was integrated into the one team based in Henley-on-Thames. Jeff holds an MA in Modern Languages from Oxford University.

Stephanie Butcher, European Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Stephanie Butcher is responsible for a number of European equity portfolios, specialising in European equity income investing. She began her investment career at Lazard Asset Management as a graduate trainee in 1993 and progressed to become a US fund manager responsible for institutional and retail portfolios. Stephanie then joined Aberdeen Asset Management in 1997, initially as a US portfolio manager responsible for insurance and institutional funds, and then onto their European equities desk in 1998 as a fund manager responsible for a number of retail funds before joining our company in 2003. Stephanie holds an MA (Cantab.) in History from Cambridge University.

John Surplice, European Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, John Surplice is responsible for the management of a number of Pan European retail and institutional mandates. John began his career in 1992, joining Price Waterhouse, where he qualified as a chartered accountant before joining our company in 1995. John holds an MA (Honours) in Economics from Edinburgh University.

Matthew Perowne, European Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Matthew joined the company in June 2010 as a trainee analyst within our European Equities team taking on fund management responsibilities in June 2014. Matthew previously spent three years working for Jones Lang LaSalle, where he qualified as a Chartered Surveyor. Matthew holds a BA (Honours) in Combined Arts (majoring in Spanish) from the University of Durham, and an MSc in Real Estate from Southbank University.

Europe ex UK equities strategy

Invesco Perpetual

Adrian Bignell, European Small Cap Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Adrian is responsible for a number of European equity portfolios, with a particular interest in the small cap sector. Adrian began his investment career at Cazenove in 1994 and became a director of the company and vice-head of their European Equities team. In September 2003, Adrian joined hedge fund manager, Park Place Capital, as a European small and mid cap analyst. He joined our company in 2003. He holds an MA (Honours) in French from St Andrews University.

Erik Esselink, European Small Cap Equities Fund Manager at Invesco Perpetual

Based in Atlanta, Erik specialises in the research and management of European small cap equities and is a member of Invesco Perpetual's European Equities team and Invesco's Global Core Equity team. His career started in 1997 and prior to joining our company in October 2007, Erik worked with Morgan Stanley, most recently as a pan European small and mid-cap equity specialist covering institutional equity sales into the Benelux region. Previously, he had worked for three years with ING Barings in Amsterdam, specialising in Dutch equities institutional sales. Erik graduated from the Rotterdam School of Economics (HES) where he studied Commercial Economics. He is fluent in English and Dutch with a working knowledge of French and German.

Oliver Collin, European Equities Analyst at Invesco Perpetual

Based in Henley-on-Thames, Oliver joined the company in July 2014 as an analyst within our European Equities team. His career started in September 2000 with ING Barings, initially within their graduate programme, before becoming a member of their Institutional Equity Sales team, specialising in Pan European mid-cap equities. In January 2006 he joined Berenberg Bank where he specialised in French mid-cap institutional equity sales. In November 2010 he joined Exane BNP Paribas where, as an Extel-rated salesman, he latterly led their Pan European Mid Cap Sales team after becoming a Partner in the firm in November 2011. Oliver holds a BSc (Honours) in Economics & Politics from the London School of Economics.

Joel Copp-Barton, European Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, Joel has responsibility for communicating Invesco Perpetual's European equities capabilities internally and externally. Joel joined the company as Product Director for Invesco Perpetual's European Equities team in March 2012, reporting directly to Jeff Taylor, Head of European Equities at Invesco Perpetual. He began his industry career in 1998, joining Dresdner Kleinwort as an analyst covering the Pan European Transportation sector before moving to Nomura in the same area of expertise. Joel holds a BA (Honours) in Business Studies from the Manchester Metropolitan University.

Nitesh Mistry, European Equities Assistant Product Director at Invesco Perpetual

Based in Henley-on-Thames, Nitesh has responsibility for communicating Invesco Perpetual's European equities capabilities internally and externally. He joined the company in June 2006 and supported the European Equities team as Product Manager before transferring to the team in March 2014 reporting to Jeff Taylor, Head of European Equities. He began his industry career in 2000, and prior to joining Invesco Perpetual was an Investment Communications Specialist at Old Mutual. Nitesh holds a BSc (Honours) in Economics and Finance from the University of York and the Investment Management Certificate from the CFA Society of the UK.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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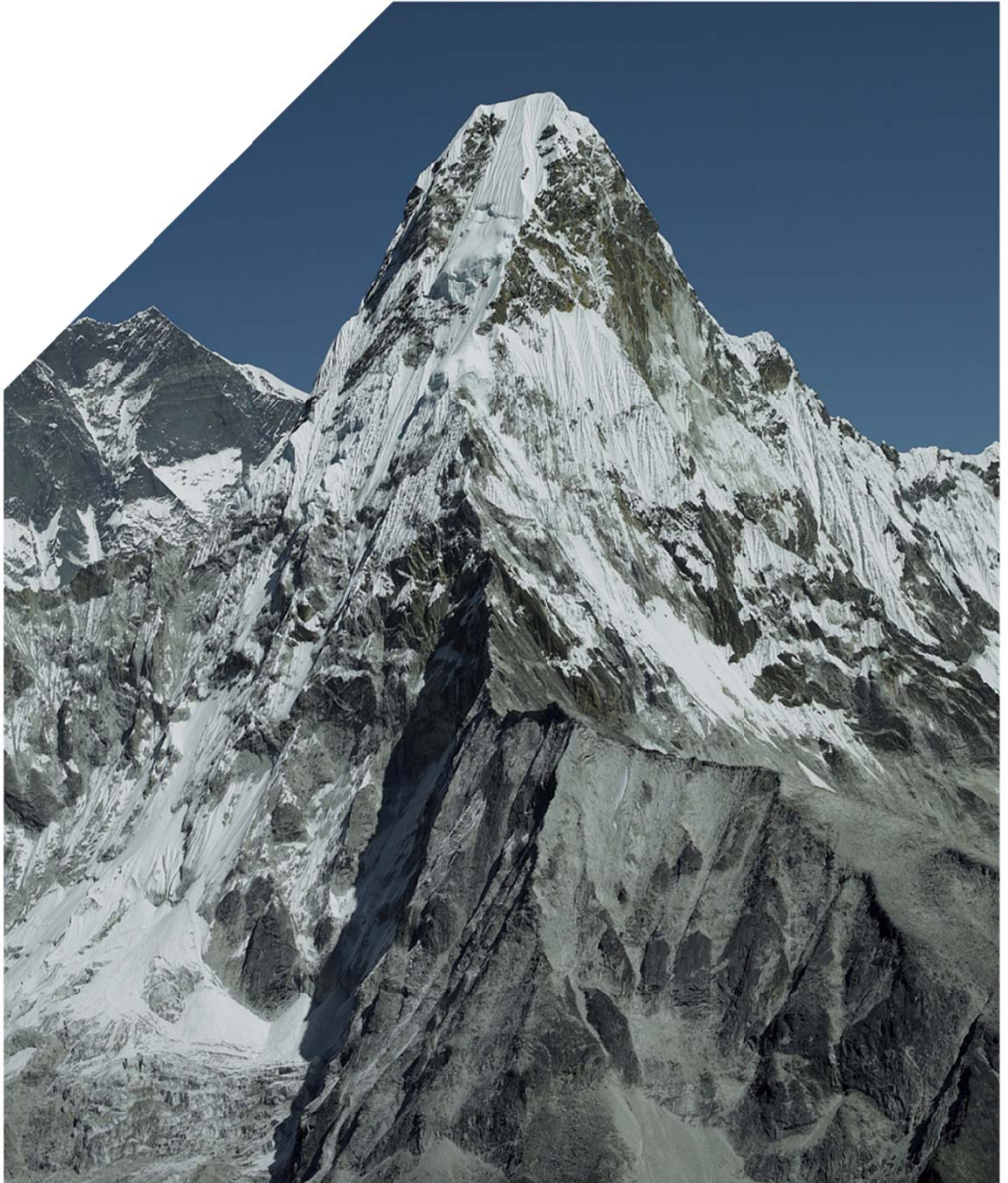


Strategy profile

Global opportunities strategy

Invesco Perpetual

February 2015



Global opportunities strategy

Invesco Perpetual

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Global opportunities strategy

Invesco Perpetual

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

Global opportunities strategy

Invesco Perpetual

Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

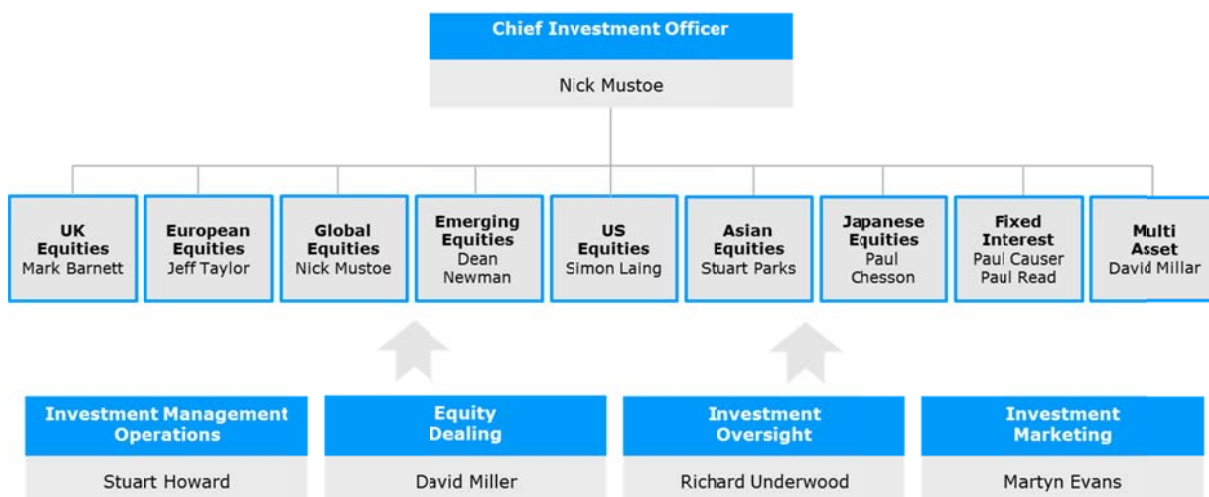
³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Global opportunities strategy

Invesco Perpetual

Investment team & assets under management

Invesco Perpetual's investment team is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

An overview of Invesco Perpetual's global opportunities strategy's investment team is provided below:

Name	Role	Years' tenure	Years' industry experience
Stephen Anness	Global equities fund manager (lead)	12	12
Andrew Hall	Global equities fund manager	2	14
Joe Dowling	Analyst	1	1
Product Director:			
Rob Stabler	Global Equities team Product Director	13	15

The team's Product Director is responsible for communicating Invesco Perpetual's global equities investment capabilities internally and externally. He is an integral member of the team working closely with its fund managers.

Source: Invesco Perpetual as at 31 December 2014. Years' tenure and industry experience are subject to rounding up.

Stephen Anness was appointed lead fund manager for Invesco Perpetual's global opportunities strategy on 1 January 2013, implementing its current investment process. He retains final decision-making authority. Stephen has been a member of Invesco Perpetual's Global Equity Group since its inception in September 2009. He is a key contributor to the Global Equities team's idea generation and stock selection process, and specialises in managing concentrated equity portfolios. He began his investment career within Invesco Perpetual's UK Equities team, joining the company in July 2002 as a trainee analyst. Having come through Invesco Perpetual's investment team ranks, Stephen started managing UK equity portfolios in September 2004. Further recognition and a higher profile were provided as he took on additional fund management responsibilities in 2008. Throughout this period, Stephen was mentored by a number of Invesco Perpetual's senior fund managers, who were stewards of the investment philosophy, individuals such as Neil Woodford, Bob Yerbury and Ed Burke.

Global opportunities strategy

Invesco Perpetual

Andrew Hall joined the company in May 2013 to support Stephen in the management of this strategy. He was appointed as co-manager for the strategy's portfolios effective 30 May 2014. The two have a long work history together. Andrew began his career on the sell-side (firstly at UBS Warburg and then at Merrill Lynch), where he developed relationships with institutional clients, most notably the Invesco Perpetual team. Throughout his career on the sell-side, Andrew maintained a close working relationship with Invesco Perpetual and shared a like-minded investment approach.

Joe Dowling joined the company in July 2013 and is an analyst supporting the Global Equities team.

Rob Stabler is the strategy's Product Director and has been with Invesco Perpetual since 2002, also joining the Global Equities team in July 2013.

Biographies are included within **Appendix 1**.

Assets under management

Assets under management for Invesco Perpetual's global opportunities strategy totalled US\$283.9 million as at 31 December 2014.

Global opportunities strategy

Invesco Perpetual

Investment philosophy

Invesco Perpetual believes in truly active management. Market participants, who are often short-termists, can cause stock prices to move notably above or below what the firm believes to be the true value of a company. The investment team for Invesco Perpetual's global opportunities strategy strives to identify and access these opportunities through a fundamentally driven, unconstrained investment process. The team focuses on investing in companies that it believes to be significantly undervalued (i.e. where the intrinsic value of the business is not reflected in the share price) and where there is asymmetry between the expected risk and reward.

The team believes that the market is particularly inefficient at valuing two types of business:

- **Value compounding companies (circa 80% of portfolio):**

The market believes that rates of return fade over time. The investment team disagrees with this view, believing that there are companies who have demonstrated the ability to invest and compound value faithfully over time. This portion of the portfolio emphasises those high quality companies that have excellent operating characteristics (cash balances, operating margins) as well as high and sustainable returns on capital. The team strives to purchase these desirable candidates at attractive prices, for instance during periods of market dislocation or stock underperformance.

- **Special situations (circa 20% of portfolio):**

These companies often face structural challenges, either in the firm's structure itself or in its leadership. These securities typically trade at a large discount, reflecting the market's view that the company is flawed. Among this group, the investment team focuses on those companies that, despite having challenges, still offer a product or service that continues to be relevant. These positions are often associated with a potential catalyst, which is expected to unlock the value of the security, for instance an imminent management change.

This investment approach leads to a benchmark agnostic, all-cap portfolio that reflects the investment team's conviction, and emphasises a long-term investment horizon, of typically three to five years.

Global opportunities strategy

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Investment process

The team employs a rigorous and repeatable investment process that is based on an “IDEAS” framework:

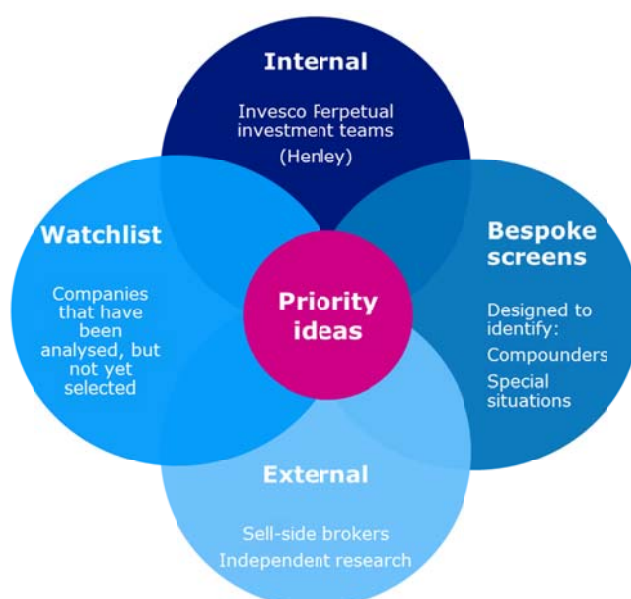
I	Identify	potential ideas
D	Determine	the most promising ideas
E	Evaluate	the opportunity
A	Approve	the idea for the portfolio
S	Structure	the portfolio

For illustrative purposes only.

IDEAS: **I**dentify potential ideas

There are over 50,000 companies listed on global equity markets. The strategy’s investment team focuses on those companies with a market capitalisation greater than US\$1 billion, and seeks to reduce the universe to those companies that it feels offer the strongest potential.

The investment team will initially undertake idea generation, prioritising ideas from multiple sources, as illustrated below:



For illustrative purposes only.

Global opportunities strategy

Invesco Perpetual

Bespoke screens

The team employs a number of screens to help it narrow the investment universe, and enable it to find potential ideas from several vantage points. The screens are designed specifically to identify the characteristics of those businesses described in the investment philosophy: compounders and special situations. In the compounder category the team seeks to find businesses with high and sustainable returns with low relative valuation. In the special situations category the team seeks to identify businesses that are undergoing change and hence the team looks for businesses that have historically delivered poor returns, but are now showing a significant degree of inflection and evidence of change.

The team does not rely on one screen over another, rather it is the combination of them, their internal colleagues and external contacts that help prioritise its work load. The team run the screens on a monthly basis, though it may increase this regularity in times of market volatility.

Invesco Perpetual's investment team

All professionals within Invesco Perpetual's investment team operate under a common and unified investment philosophy that emphasises bottom-up company analysis, high conviction positions, and the importance of valuation. Within its equity teams specifically, professionals are assigned either to regional specialties or operate as part of the global equity team. Regional specialties include UK, European, emerging market, US, Asian and Japanese equities.

The global opportunities strategy's investment team believes that its access to the broader Invesco Perpetual investment team constitutes one of the key strengths. Various mediums allow for the easy and continuous exchange of ideas, whether it is through the common Bloomberg Research Portal, weekly team meetings, or the more informal communication that occurs every day in Invesco Perpetual's open-plan office setting. The culture of the firm promotes idea-sharing and debate.

Therefore, the broader investment team is another potential source of ideas and/or challenge when the strategy's team are considering the universe of investable options.

External research

The investment team selectively refers to external sell-side research providers, who at times highlight securities of interest. The team's review of broker research is focused and selective: it provides a set list of criteria to a broker, who then acts as an additional source of ideas. The sell-side individuals that are considered active 'idea generators' are individuals that have demonstrated a clear understanding of the strategy's process via the ideas that are put forward and who are focused on research rather than sales.

The investment team underlines that sell-side research is selectively used for the sole purpose of idea generation. Securities included in the portfolio have all received in-depth research coverage by the team.

Watchlist

The investment team have a number of stocks for which it has completed fundamental analysis and it would like to own, however their absolute valuation and/or relative valuation are not attractive versus existing portfolio holdings. Watchlist constituents are constantly monitored on share price and valuation criteria to determine potential attractive entry points.

These four inputs - bespoke screens, consultation with the wider Invesco Perpetual investment team, external broker research and watchlist – assist the team in identifying circa 50 interesting ideas that warrant preliminary analysis (from approximately 5,000 securities with a minimum market cap of US\$1 billion).

Global opportunities strategy

Invesco Perpetual

IDEAS: Determine the most promising ideas

At this stage, the investment team conducts an initial fundamental screen, striving to eliminate securities based on the following criteria:

Understand the business/investment case

- Can the team understand the business model, industry position and key drivers?
- Can the team build a simple model to analyse key drivers/sensitivities?
- Can the team articulate the investment case in a few sentences?

Key risks

- Is the balance sheet appropriate to this business?
- Is the business cyclical, where is it in the cycle?
- Can it be easily disintermediated?
- Is there key man risk?
- Customer/product concentration risk?
- Is there regulatory risk?
- Is it over-earning in terms of margins relative to the value it adds to society?
- Are there any accounting red flags (working capital, auditors, NEDs, pensions, exceptionals, tax rates, leases etc.)
- What is the 'short' thesis?

Return potential

- Are cash returns on invested capital high and/or sustainable (Porters, moat/barriers to entry)?
- Can the business reinvest this cashflow at attractive rates? Is it capital intensive?
- What is the organic growth potential?
- Can management add value through M+A?
- How early or late are the team to the story? Is there an extreme in terms of sentiment?

Management & capital allocation

- Are management aligned with shareholders? How much stock do they own directly?
- Are management sensible and trustworthy? Do they have a good track record?
- Is capital allocated sensibly within the business? Are they shareholder friendly?

Establishing risk/reward asymmetry

- Is valuation attractive relative to the qualities of the business?
- Is the risk-adjusted compound return potential better than what is in the portfolio currently?
- Does it add to correlation/factor risks to the current portfolio?

The threshold to pass the 'idea generation' stage is high. The result is typically the identification of five to ten new investment ideas on which in-depth fundamental analysis is conducted.

IDEAS: Evaluate the opportunity

Fundamental analysis is a deep dive, rigorous investigation into the individual stocks. This stage takes up the majority of the investment team's time and is focused on building conviction, and is a critical part of the investment process.

Global opportunities strategy

Invesco Perpetual

The team's approach to fundamental analysis is distinctive in that it does not focus on a narrow set of characteristics. The team believes that in some instances, such narrow selection criteria are exactly what lead many investors to overlook interesting opportunities. While the market is focused on very short-term information, the team looks forward to a company's future to better understand its true prospects. The team concentrates on developing an understanding of the drivers of the business and the position of the company within the industry in which it operates. The team focuses on factors such as the outlook for revenues, margins, return on capital and cash generation. Its emphasis on future prospects underlines the importance of understanding the industry dynamics.

Fundamental research is broadly conducted via three research activities:

1. Financials analysis

The objective of financials analysis is to assess the financial stability and future prospects of the company. In considering any investment, the team studies the financial statements to confirm the strength of the company's cashflows, its asset backing, the return on capital versus the cost of capital, expected revenues and earnings over the next two to three years, as well as the company's ability to compound value. The team also wants to understand the company balance sheet and the optionality for mergers and acquisitions. The financial statements help substantiate the investment thesis behind why a company's value may be higher than the current view of the market, as captured by the price. As with other aspects of fundamental analysis, financials are considered within a long-term framework.

Specifically when dealing with special situations, the investment team clearly identifies early on the factors that signal that the thesis on a company has merit, for instance a relevant product line that is able to deliver a steady or growing return stream. Special situations often constitute restructuring stories. The team analyses the sustainability of the current situation, strives to understand potential change factors, and builds the conviction to purchase the security before the market has recognised the hidden potential or value of the stock. For instance, while the market often reacts positively to a management change, the team strives to identify companies susceptible of undergoing a management change before it has occurred.

The investment team is not a proponent of the development of standardised financial models. Instead, the team emphasises financial modelling that focuses on validation of the investment thesis. The team looks for areas where value is unrecognised by the market and hones its financial analysis on specific areas of interest. For instance, a company may present an opportunity due to the market's over-pessimism on the losses affecting one division. In this example, the team's area of focus could be the analysis of the potential resale value of the unprofitable division, the profitability of other business lines, the sustainability of the current situation and potential for directional change, etc. This example illustrates the team's approach to analysing financials: the area of focus depends on the thesis for holding the security.

Finally, the investment team conducts sensitivity analysis to better understand the impact of a change in business environment (expressed in its assumptions) on the company. Sensitivity analysis helps the team to better understand the impact of positive and negative surprises on the company. Variables may include macroeconomic or broader industry factors (detailed in macro/industry analysis overleaf).

The result of the team's financials analysis is a clear picture of the company's true value and its ability to compound over time.

Global opportunities strategy

Invesco Perpetual

2. Company management

Company management meetings are an important part of the fundamental research process. The objective of these meetings is to better understand the nature of the business, its key drivers, competitive position and the achievability of management goals. Ultimately the investment team wants company management to show consistency of message. Management meetings allow a forum for the following research opportunities to:

- Obtain an improved understanding of the near- and longer-term prospects of a company, as described by management.
- Assess the quality of the management team: does Invesco Perpetual trust the management team? Have they delivered good margins and created value for shareholders?
- Provide a forum to challenge management's assumptions and forecasts.
- Discuss in greater depth the economic environment in which the company operates, most notably the state of business across a company's suppliers, customers and competitors.
- Identify differences between short-term consensus expectations and what the company expects to realistically achieve over the long term.

Through discussions with company management, the investment team focuses on gaining a detailed understanding of a company's key historical and future business drivers, such as demand for its products, pricing power, market share trends, cashflow and management strategy.

Invesco Perpetual has a notable travel budget to support company management research. The investment team makes every attempt to meet company management before investing in a stock.

3. Macro/industry analysis

While the investment process is clearly driven by bottom-up, fundamental company analysis, consideration of macro and industry factors are an important risk input in better understanding a business' future potential. When evaluating a company, the investment team considers how the economic environment might impact its cost structure, its revenue stream, etc.

As is the case with fundamental company research, the investment team does not have any prescriptive views on macroeconomic analysis that dictates company or industry positioning. The team believes each economic crisis and environment is unique; it strives to understand the impact of a particular environment on a company. Also, different macroeconomic variables are considered according to their relevance to the company that is analysed.

The ultimate focus of the fundamental analysis process is to understand a company's valuation, or true worth. The investment team believes it is this strong valuation focus that helps reduce investment risk by limiting the downside of a position. Within a global stock universe, the team believes it is possible to take advantage of market anomalies to buy a portfolio of good businesses priced substantially below their intrinsic worth.

Global opportunities strategy

Invesco Perpetual

IDEAS: Approve the idea for the portfolio

To arrive at an investment decision the team undergoes a thorough process of questioning, discussion and challenge.

The critical questions asked at this stage of the investment process are illustrated below:



For illustrative purposes only.

IDEAS: Structure the portfolio

The result of the investment team's idea generation and fundamental analysis activities is the structuring of a focused high conviction portfolio of between 35 and 45 of its best stock ideas.

Portfolio construction involves:

- **Identifying risk-reward asymmetry.** Position sizes are not determined by having largest exposures to stocks deemed to have the most upside. The team spends a significant amount of time understanding the downside risk of individual companies and the cost of being wrong on its investment thesis. The team seeks to identify those stocks that have significant upside in combination with limited downside potential and the extent of this trade-off will determine weightings. The process involves a blend of art with science as the investment team make a judgement on the relative opportunity set alongside the scientific analysis.
- **Avoidance of dilution through meritocracy.** Each stock is judged on its individual merits and importantly relative to other stocks in the portfolio and those on the watch list. The portfolio is consistently viewed afresh in order to avoid bias.
- **Focus on idiosyncratic risk.** The team is focused on stock-specific risk, rather than having a portfolio which exposed to any particular macro theme or trend.

Global opportunities strategy

Invesco Perpetual

The team views portfolio construction as a dynamic process, with ongoing review and deliberation of absolute and relative position sizes. Portfolio construction parameters include:

- Minimum individual stock position size 1.2%, maximum weight 8% at market
- Maximum of 10% of the portfolio is held in companies with a market capitalisation less than US\$2.5 billion
- The portfolio is typically invested in a minimum of five GIC sectors where no single sector would typically ever represent more than 30% of the total portfolio
- The team typically does not invest in frontier markets. Maximum emerging markets exposure is 25% of the portfolio

Furthermore:

Turnover is kept to a minimum with little trading around core positions.

Sector, region and country exposures are a result of the team's bottom-up process.

The investment team manage on a fully invested basis, with cash kept well below 5%.

Currency exposures are generally left unhedged. However, the investment team has the flexibility to opportunistically hedge currency exposures when deemed appropriate.

Securities are sold or trimmed when there has been a change in the fundamental thesis on which the security was purchased, the stock has reached full valuation, or to finance the purchase of a more compelling security.

Global opportunities strategy

Invesco Perpetual

Investment team risk management

The investment team believes that 'risk' is the risk of losing clients' money (permanent loss of capital). It also believes that rigorous fundamental analysis and a focus on valuation best mitigates this risk.

The team focuses on both stock-specific and total portfolio risk, striving to structure the portfolio based on risk-adjusted returns at a stock level and correlation and factor bias at a portfolio level.

Stock-specific risk

▪ Detailed analysis and modelling of P&L and cashflow

The investment team believes that cashflows ultimately drive dividend paying capacity and that dividends (and dividend growth) drive share prices. The team is cautious of companies that use excessive provisioning, exceptional restructuring charges and pay low cash tax etc. Ultimately, the team believes that cashflow is virtually impossible to manipulate. In addition to checking that the P&L is a broadly accurate reflection of the health of a business or not, the team believes that having a good understanding of industry trends, competitive dynamics and disintermediation threats is key to avoiding "value-traps". Put simply, the team believes rigorous fundamental analysis is a primary risk mitigant.

▪ Independent accounting quality monitoring

The team uses the Cannaccord Quest Risk Rater (QRR), which provides a broad-based risk indicator that reflects a company's potential vulnerability to financial stress that can manifest itself in bankruptcy or poor company performance. The QRR highlights areas where companies may be using accounting policies and practices to obscure the true picture (i.e. revaluing assets, continually excluding "exceptionals", aggressive revenue recognition etc.). Whilst the QRR helps the investment team to identify potential 'red flags' in the companies that it is already invested in or may potentially invest in, it says nothing as to whether this risk is already priced into a stock. By monitoring the delta in the 'red flags' the investment team can identify if a company could be trying to hide something in its accounting (i.e. sudden uptick in exceptionals/ provisions etc.) or if their earnings quality is deteriorating (or improving) year-on-year. For any deterioration in the 'red flag' score, the investment team will conduct further analysis to understand the reason for this.

▪ Monthly stock challenge

A monthly stock challenge meeting is held during which the team undertakes a full review behind the investment of a single portfolio holding. As part of the challenge, one team member presents a short case for selling the stock and another defends the buy case. There is constructive debate about the merits of the particular investment, ensuring that the team:

- Avoids "falling in love" with a holding
- Determines whether the initial reasoning for investing remains
- Is being consistent with its investment thesis

On conclusion of the debate, the team then decides whether to continue holding the position or whether additional work is required to arrive at that decision. The team believes this process helps mitigate the risk of "value-traps".

Portfolio risk

- **Correlation analysis**

The investment team strives to build a portfolio of ideas that individually offer strong return potential, but that collectively are also well-diversified. To ensure the individual and collective contribution of each security to the portfolio, the team uses the paid services of Absolute Strategy Research (ASR), an independent macro research provider. The team obtains from ASR an independent and detailed correlation analysis between securities in the portfolio. The team is able to view correlations over different time periods. The objective is to receive independent confirmation of what it is striving to achieve during its fundamental analysis: identify various interesting investment opportunities that are unique and therefore diversifying.

- **Benchmark relative risk**

The investment team uses APT, a third-party risk model, to look at portfolio beta and sector and stock risk contribution. The team believes it is important to have an independent view of the risks inherent in the portfolio, and have used APT to model factor risk, for example modelling an expected return from a 100 basis point shift up in interest rates. It is this analysis that the team finds particularly helpful to explain how the portfolio can behave in different macro scenarios. As a general rule, the team aims not to construct a portfolio that is geared to a particular macro theme, either advertently or inadvertently.

- **Portfolio characteristics and style**

Style Research is used by the investment team to distinguish between the portfolio characteristics of the businesses described in the investment philosophy: compounders and special situations. The team typically finds that special situations exhibit a higher beta than the compounders; and as a result the contribution to risk from special situations tends to be moderately higher (relative to their absolute weight in the portfolio) than that of compounders. Although the team is not “style biased”, it believes it is insightful to monitor the style characteristics of the overall portfolio, over time, to understand how they change in different market conditions.

The above stock-specific and portfolio risk measures will not automatically lead to a change in the portfolio, but is regarded by the investment team as a ‘sense check’ that may prompt further analysis.

Global opportunities strategy

Invesco Perpetual

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

Global opportunities strategy

Invesco Perpetual

Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team Chief Investment Officers (CIOs) who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

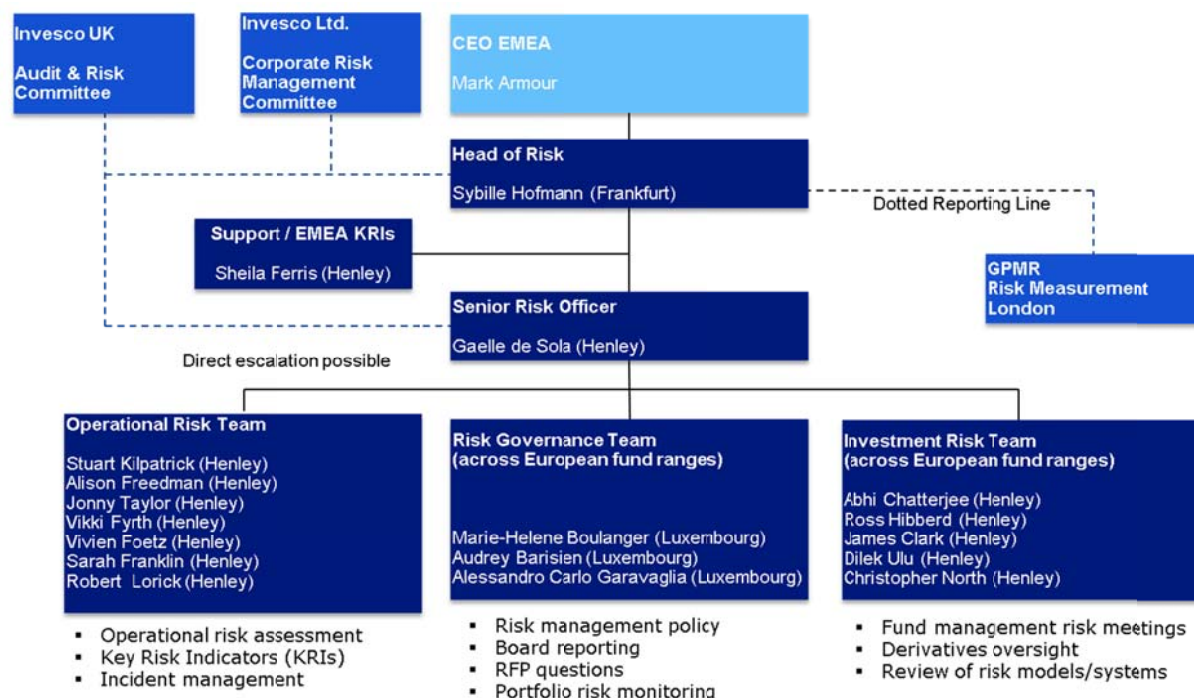
Global opportunities strategy

Invesco Perpetual

Invesco's Independent Risk Function (IRF) in EMEA

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios. Although this submission is not profiling a UCITS or AIF, many of the risk controls that apply to these vehicles also benefit the management of the underlying investment strategy.

Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014.
For illustrative purposes only.
EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

Global opportunities strategy

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The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly "risk challenge" sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks' aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their "risk challenge" sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.

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- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Key systems used by the IRF include:

- RC Banken's **Liquidity Analyser** is used to measure and provide an analysis of a portfolio's liquidity in both normal conditions and fire sale conditions. It is a dedicated web-based software application, that stores and monitors the subscriptions/redemptions of the portfolio, along with the assets held within the portfolio, that are then classified as liquid, semi-liquid or illiquid, according to their assigned bid-ask spread. All portfolios are then tested as and when required but at least on a weekly basis to check whether they have sufficient liquid assets to cover the 1-day 99% flow in normal conditions and the 1-day 99.9% flow in fire sale conditions.
- **Statpro Risk Management (SRM)** is used for daily VaR calculation, back-testing and monthly stress testing. Regular stress testing is viewed as a necessary complement to the use of VaR models.
- **Counterparty Database** is a proprietary database developed in-house to assess counterparty exposure covering OTC derivatives including FX forwards, P-Notes, term-deposits and cash.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Global opportunities strategy

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Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although the fund manager is always aware of the relative risk they are running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – they do not set out to manage the relative risk characteristics of their portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgments that were made while constructing the portfolio.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager. Where the CIO is the lead manager, Invesco Perpetual's Head of Investment Oversight undertakes the CIO challenge process. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

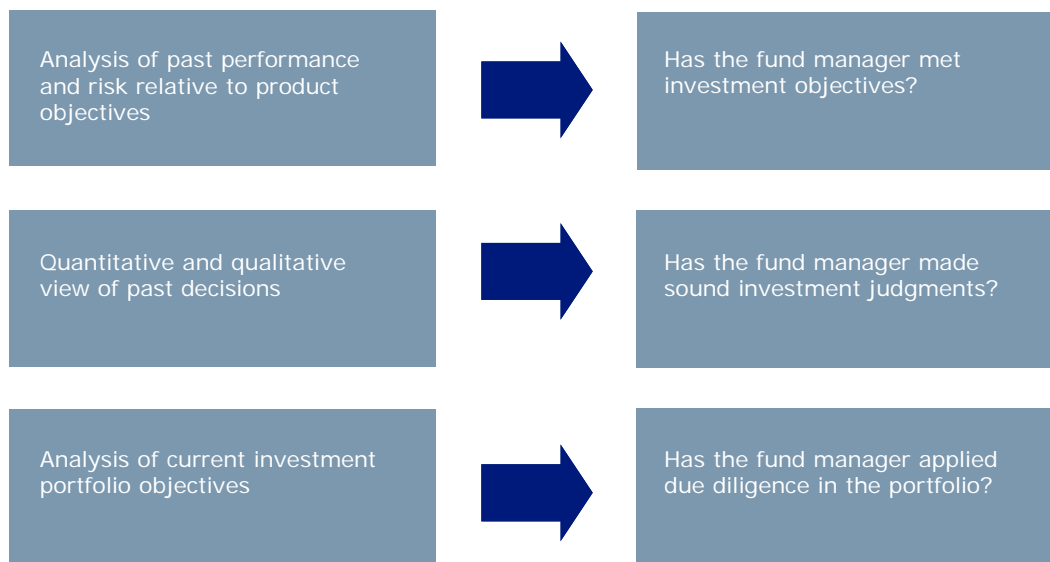
Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

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Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

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Investment monitoring

In assessing portfolio risk, Invesco Perpetual's Investment Oversight team measures performance analysis, portfolio contribution and attribution at both sector and individual stock level and portfolio characteristics, such as financial ratios.

The team's main proprietary tool is an in-house performance attribution and contribution system called **CAPeR** (Contribution, Attribution and Performance Reporting). The system is transaction-based for funds and daily-based for index data. The system can be used to create stock level bottom-up attribution or top-down attribution cut by the standard criteria (country, sector and industry etc.). The system outputs both stock level reports showing all portfolio and index stock attribution. It also outputs summary reports that give the main drivers of portfolio performance in graphical and tabular format. A user-defined prices file also allows the firm to avoid any timing issues between index close and its own internal valuation points.

The other internal system used is:

Perspective II, a proprietary internal fund management system, is used by fund managers for day-to-day management of portfolios and their analysis relative to benchmark on a country/sector/stock basis.

Externally-sourced risk software tools include:

Style Research is used on a monthly basis, or more frequently as required to analyse the 'style profile' of portfolios using measures such as book to price, dividend yield, earnings growth, market cap, debt/equity ratio etc. The system allows the Investment Oversight team to 'drill down' into the portfolio in order for it to see which stocks are within each of these buckets and also allows the team to see the changes through time of these measures. Style Research provides analytics such as coverage, beta, volatility, liquidity and risk contributors from which the team can build the risk profile of the fund. Both style and risk analytics are used as inputs into the CIO challenge process and for regular oversight of Invesco Perpetual's funds.

Statpro Analytics Composites is an AIMR-GIPS performance and risk metrics tool that is used on a daily basis to provide portfolio and composite performance analysis relative to a particular benchmark. Performance numbers are driven by market values and flows provided to the GPMR team via the firm's fund accounting system, FMC.

Morningstar and Lipper are providers of third-party-supplied retail fund performance analysis software providing performance analysis relative to the benchmark and competitor universe.

Global opportunities strategy

Invesco Perpetual

Strategy overview

Global opportunities

Strategy name, management and objective	Reference benchmark	Concentration
Invesco Perpetual global opportunities strategy Stephen Anness (lead) and Andrew Hall This strategy aims to achieve long-term capital growth through a portfolio of primarily global equities	MSCI AC World index	Focused portfolio of 35 to 45 securities

Global opportunities strategy

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Appendix 1: Biographies

Stephen Anness, Global Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Stephen is lead manager for Invesco Perpetual's global opportunities strategy. He specialises in managing concentrated global equity portfolios. Stephen has been a member of Invesco Perpetual's Global Equity Group since its inception in September 2009, and is a key contributor to its idea generation and stock selection process. Stephen began his investment career with Invesco Perpetual's UK Equities team, joining the company in July 2002 as a trainee analyst. Having come through the investment team ranks, Stephen started managing UK equity portfolios in September 2004. Further recognition and a higher profile were provided as he took on additional portfolio management responsibilities in 2008. Stephen holds a BSc in Economics from the University of Swansea, the Securities Institute Diploma, the Investment Management Certificate from the CFA Society of the UK, and has studied Corporate Finance at The London Business School.

Andrew Hall, Global Equities Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Andrew joined the company in May 2013 to work with Stephen Anness on Invesco Perpetual's global opportunities strategy. Andrew began his career in October 2000 in equity sales at UBS Warburg. He developed relationships with key UK-based institutional and hedge fund investors, including Invesco Perpetual's UK Equities team. In 2007 he moved to Merrill Lynch to help grow its UK equities franchise. In May 2009, he took on his first 'buy-side' role as a European equities analyst at Moore Europe Capital Management. Most recently, Andrew was a Partner at Bramshott Capital LLP, a spin-off of Moore Europe Capital Management. Andrew holds a BSc in Economics from Nottingham University and the Investment Management Certificate from the CFA Society of the UK.

Joe Dowling, Global Equities Analyst at Invesco Perpetual

Based in Henley-on-Thames, Joe is an analyst for Invesco Perpetual's global opportunities strategy. Having worked for Invesco Perpetual over two separate internships whilst studying at Bath University, Joe returned to work for the Global Equities team full-time in July 2013. Having rotated through Invesco Perpetual's Global Equity, Global Equity Income and Global Smaller Companies groups during his internships, Joe is now responsible for providing investment research and in-house screening for its global opportunities strategy. Joe holds a BSc in Business Administration from the University of Bath and the Investment Management Certificate from the CFA Society of the UK.

Rob Stabler, Global Equities Product Director at Invesco Perpetual

Based in Henley-on-Thames, Rob is a product director for Invesco Perpetual's Global Equities team, and is responsible for developing and delivering the team's investment message. Rob began his career in financial services in 2000, working as an independent financial adviser. He joined Invesco Perpetual in 2002, spending 11 years working as a regional sales manager within the Retail Sales team, where he developed and maintained relationships across a range of wealth managers, IFA and fund-of-fund clients. He joined the Global Equities team in July 2013. He holds a BA in Politics & Economics from Newcastle University and the Investment Management Certificate from the CFA Society of the UK.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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Strategy Profile

Global Targeted Returns

Invesco Perpetual

February 2014



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Corporate overview

Invesco Ltd.

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Invesco Perpetual

Invesco Perpetual is a business name of Invesco Asset Management Limited (IAML). IAML forms part of Invesco UK Limited, which itself forms part of Invesco.

With US\$120.8 billion in assets under management² and located in Henley-on-Thames (Henley), Invesco Perpetual's investment team structure exhibits many of the advantages of a boutique firm structure, albeit part of a larger organisation: small high-quality teams; the location of the team away from the main UK investment centres, fostering a culture of independent thought in an environment where challenge and discussion are encouraged, and thrive; the recognition of personal skill as a source of value; the 'world under one roof' – constant team-wide macroeconomic debate; typically roles of fund manager and analyst are combined.

¹ Source: Invesco as at 31 December 2014 (preliminary figure). Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

² Total assets managed by Invesco Perpetual's investment centre as at 31 December 2014.

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Invesco Perpetual's highly experienced investment team consists of 57 investment professionals with an average 16 years' investment experience³. The firm believes that a focused and highly-experienced team provides the best means of maximising value that it can generate for its clients by continuing to adopt a long-term, active approach to investment.

Invesco Perpetual's business

Investment firms can make claims regarding the benefits of their approach and organisation structure, whether that be an investment team that is centrally located, against one that is locally located, those that are aligned geographically versus those that are aligned by industry sector. Whilst there are pros and cons to each approach, Invesco Perpetual does not believe that this is an important factor in delivering long-term investment outperformance.

Invesco Perpetual's business is built on the following tenets:

Consistency:

Perpetual was founded in 1973 with the aim of being an autonomous global investment management team and today, as part of the larger Invesco group, the firm remains passionately focused on that original aim. Today, from its office in Henley, Oxfordshire, its investment team invests across 40 stock markets, over 500 companies globally and travels extensively to meet companies and their management.

Stability:

Turnover within Invesco Perpetual's investment team is low, and the stability of the team is a factor in helping the firm in its aim to deliver long-term sustainable outperformance. Invesco Perpetual believes that the unique location of its team in Henley, away from the main UK investment centres, between London and Oxford, assists in providing a balance between work, family and community that forms the basis of the team's stability.

Culture:

Another factor is the investment culture of the firm. Invesco Perpetual believes that investment management must be undertaken in a work environment where fund managers, who are focused on longer-term performance, are free to operate independently but with clear accountability and within a challenge culture. Fund managers must be given the opportunity to stand by their convictions. Invesco Perpetual believes that culture and environment are more important to "get right" than mapping a dogmatic process. The firm must be pragmatic and flexible.

Invesco Perpetual has always fostered a culture of accountability, with performance being the single largest contributor to a fund manager's remuneration. With that accountability comes greater responsibility, and the firm's fund managers are aided in this by a robust oversight and risk management process.

³ Investment professionals include CIO, fund managers, analysts and trainee analysts, strategists, Multi Asset product director, Multi Asset client portfolio manager and fixed income dealers.

Global Targeted Returns

Invesco Perpetual

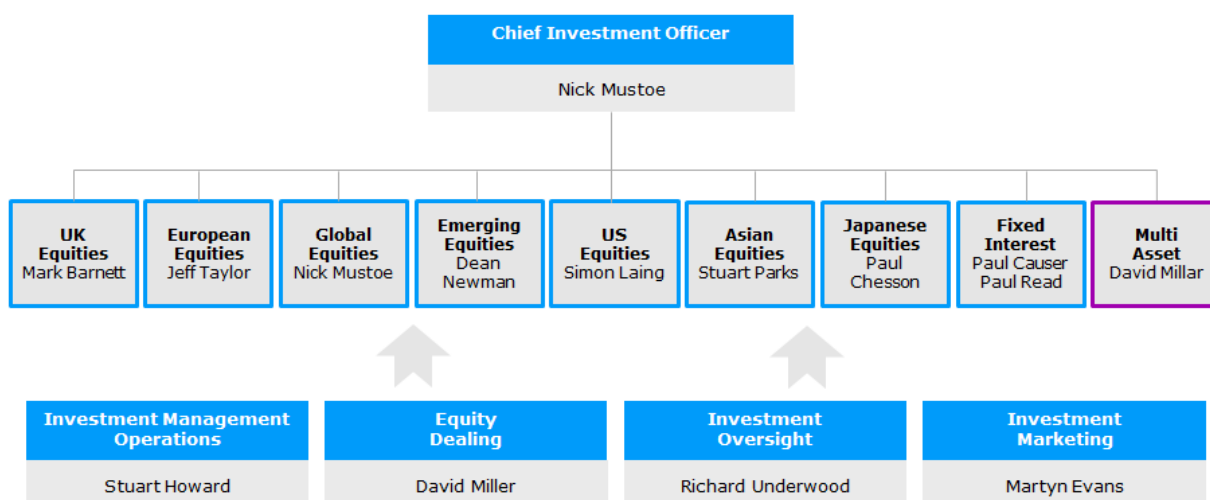
Investment team & assets under management

Invesco Perpetual Multi Asset team

Invesco Perpetual has extended its investment capability alongside its long-established equity and fixed income expertise. The Multi Asset investment team fits within Invesco Perpetual's investment culture with its focus on delivering long-term investment solutions for clients.

Based in Invesco's investment centre in Henley, the Multi Asset team is surrounded by fellow like-minded fundamental investment thinkers, with access to their intellectual capability and investment expertise.

The investment centre in Henley is structured as follows:



Source: Invesco Perpetual as at 31 December 2014.

As at 31 December 2014, the team consists of the following members, averaging 15 years' industry experience:

Investment team	Role	Years in industry
David Millar	Head of Multi Asset	26
David Jubb	Fund Manager	32
Richard Batty	Fund Manager	20
Gwilym Satchell	Risk Manager	6
Georgina Taylor	Product Director	14
Supported by		
Danielle Singer	Senior Client Portfolio Manager	13
Saul Shaul	Fund Analyst	8
Stephen Hawes	Trainee Analyst	4

Source: Invesco Perpetual as at 31 December 2014. Years in industry may be subject to rounding up.

Biographies are included within **Appendix 1**.

Global Targeted Returns Invesco Perpetual

Assets under management

As at 31 December 2014, the Multi Asset team had US\$2,719.9 million (€2,244.9 million / £1,744.2 million) in assets under management.

Global Targeted Returns

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Investment philosophy

The investment philosophy underlining the Invesco Perpetual Global Targeted Returns strategy is based on the belief that positive total returns can be achieved across all market environments over a rolling 3-year period through an unconstrained approach to sourcing return ideas and robust risk management.

Unconstrained approach:

- 2-3 year investment horizon
- High conviction macro investment ideas
- Across asset types and geographies

Robust risk management:

- Risk-based analysis
- True diversification
- Transparency and liquidity

Investment process

Invesco Perpetual's Multi Asset team seeks to generate investment ideas, identify the optimal way to gain exposure to them and combine them successfully into a risk-managed portfolio. The overall aim is to effectively harness the power of diversification and risk management, which should result in a smoother growth trajectory. The investment process adopted by the Multi Asset team follows a three-tier investment process:



For illustration purposes only.

Step 1: Research – approving ideas

The Multi Asset team benefits from an average of 15 years' industry experience, but being part of Invesco, the team can enhance its research by leveraging the firm's extensive infrastructure. Invesco's Chief Economist (John Greenwood) provides the Multi Asset team with economic updates, while meetings involving Invesco Perpetual's Chief Investment Officer (Nick Mustoe) as well as representatives of other investment teams at Invesco are intended to facilitate the sharing of investment views and themes within the firm. External research calls are conducted on a weekly basis, with the aim of filtering research available from investment banks and other external strategists.

The first step of the investment process involves the sourcing of investment ideas. These are generated from 'TEAM':

- **Thematic discussion** – the investment theme underlying each investment idea (why it will work in the Multi Asset team's central view), the asset class(es) and instruments that will be used to express the theme and the idea's return expectations.
- **Economic drivers** – the economic and macro drivers that will make the idea work, fiscal and monetary policy drivers, corporate cash-flow and profitability drivers, as well as economic risks.
- **Analytic drivers** – valuation metrics (industry standard and proprietary), supply and demand for assets, investor positioning and sentiment and asset class risks.

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- **Manager's input** – the views of asset class specialists within Invesco Perpetual and the wider Invesco group.

During this step of the investment process, the Multi Asset team establishes a macroeconomic view. This forms the basis of the strategy's central economic thesis, against which each investment idea is expected to deliver a positive return.

Each investment idea may be represented by more than one investment instrument. In such cases, the Multi Asset team does not look at an investment instrument on its own. What really matters is how all of them are expected to perform when combined into one single idea.

Details of new ideas (e.g. expected returns over two to three years, best case/worst case scenarios, notional size and suggested implementation method) are captured in a consistent template, for which the owner of the individual idea is responsible. All ideas are discussed during the monthly Multi Asset ideas meeting to which members of other teams at Invesco Perpetual are invited.

Each idea is evaluated on its ability to outperform 3-Month sterling LIBOR over a two-to three-year investment horizon before being approved to progress to the next step of the investment process.

Step 2: Strategy management – combining ideas

Once a new investment idea has passed the research phase, the Multi Asset team will test it against three key parameters:

- Diversification benefits & risk dynamics
- Impact of various stress-testing scenarios
- Optimum structure of the strategy

To do this, the Multi Asset team uses APT, an independent, third-party risk system provided by SunGard. Each idea's diversification benefits and risk dynamics are evaluated, including its standalone risk characteristics (independent risk), as well as its correlation with the overall portfolio on a 180-week look back basis. Risk, return and correlation are all important, and higher volatility could be offset by low correlation.

An investment idea's contribution to risk is examined by comparing portfolio volatility pre-inclusion and post-inclusion of the investment idea. In any case, total portfolio volatility is expected to be less than half of global equities, when the same look back period of 180 weeks is applied. To ensure diversification of risk, no one asset class or investment idea is allowed to contribute more than 50% and 25% respectively to total portfolio risk.

Further analysis on any new investment idea being considered for the portfolio involves a more detailed review of the overall change that idea may bring to the portfolio. In particular, the Multi Asset team will examine attributes such as theoretical portfolio income or carry, target return checks, geographical exposures and risk on/risk off characteristics. All findings are formally documented in a standard template.

The Multi Asset team will also perform scenario testing to see how hypothetical economic scenarios (e.g. a rise in interest rates) may impact the performance of the strategy. These scenarios will vary over time. In addition, historical stress-testing is performed by Invesco's Independent Risk Function (IRF), the results of which the Multi Asset team will take into consideration. The historical scenarios used by the IRF can be seen on the page overleaf, followed by the hypothetical scenarios used by the Multi Asset team.

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IRF's historical scenarios	From	To
9/11 Terrorist attack in the USA	10/09/2001	21/09/2001
Sub-prime crisis	20/07/2007	17/08/2007
Early 2008 credit crisis	02/01/2008	17/03/2008
Economy slowdown impacts Asian markets	08/05/2008	23/10/2008
Lehman Brothers default period	08/09/2008	18/09/2008
Black October 2008	08/09/2008	13/10/2008
Equity markets crisis	09/02/2009	09/03/2009
Asian market rebound	13/03/2009	05/06/2009
Sovereign debt crisis	16/04/2010	07/05/2010
Japanese earthquake	09/03/2011	14/03/2011
European sovereign debt crisis	01/07/2011	31/10/2011

Source: Invesco as at 31 October 2014.

Multi Asset team's hypothetical scenarios	Characteristics
Commodity Glut	Oil price falls (-30%), S&P 500 rallies (+20%), Brazilian real weakens (-20%)
China Bust	HSCEI underperforms S&P 500 (by 20%), vol spikes (VIX to 50), South African bond yields up (+300bps)
International QE	Yen falls (¥/\$ to 125), French yields fall to Japanese levels
Foreign Policy Failure	Oil prices rise (+20%), Polish zloty falls (-15%)
Cash is King	S&P 500 falls to 1000, yield on US 10-yr Treasuries rises to 5%
Melt Up	US equities up 10%, Brazilian equities rise (+50%)
Recession 2015	S&P 500 falls to 1000, German bond prices rise (yields to 0.4%)

Source: Invesco Perpetual as at 31 December 2014.

During this step of the investment process, the Multi Asset team determines the optimum structure to represent the investment idea (whether that be asset or derivative-based) after assessing the underlying market liquidity and relative size of the investment idea in the overall portfolio. This will be based on the expected return established in **Step 1** of the investment process.

Global Targeted Returns

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If an investment idea is deemed beneficial for the portfolio, it will graduate to the next step of the investment process.

Step 3: Implementation - Dealing/governance

All trades are made via the Charles River Development trading system (CRD). Prior to a trade being made, information about the trade is shared between the Multi Asset team, the IRF and the Invesco's Global Trading Desk. This will include the sharing of core details such as:

- Tier 1 description: Asset class
- Tier 2 description: Investment idea
- Instruments to be used to implement the idea
- Instrument maturity date, if applicable
- Overall portfolio size
- Instrument sizing
- Pricing/Dealing policy
- Hedging policy

This information in itself is not an instruction to trade, but serves as a core due diligence check to ensure appreciation for the idea before it is entered into CRD for execution. The Global Trading Desk will then be aware that a deal ticket is to follow shortly through CRD. This allows for a two-way dialogue between the Multi Asset team and the trading desk to ensure the idea is understood.

Any member of the investment team can input the trades into CRD. However, one of the named fund managers must sign it off, therefore ensuring a four-eye policy within the Multi Asset team. Each trade is checked against the information provided in the email previously shared between the Multi Asset team, the IRF and the trading desk.

Given the important interaction between the Multi Asset team and the trading team, a Service-Level Agreement (SLA) is in place between both teams.

5 to 50 investment ideas can be incorporated into the portfolio at any time. All of them are designed to be long-term thematic ideas in which the Multi Asset team has high convictions, but not all of them are expected to work simultaneously. Each investment idea is subject to review on at least a quarterly basis. This continual review and renewal of commitment challenges and then evidences the investment team's continued confidence in each idea.

Global Targeted Returns

Invesco Perpetual

Risk management

Each investment team, as a part of Invesco, employs a multi-faceted approach to oversight and risk management. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. Details of this as it pertains to Invesco Perpetual are provided under **Investment risk and Invesco Perpetual's Investment Oversight team subsection**.

Risk management at strategy level

As indicated in the previous section, the grouping of trades into ideas is key to the portfolio construction process of the Invesco Perpetual Global Targeted Returns Strategy. An idea may be implemented by one or many instruments but it is best considered as a single entity. When the investment team looks at returns, they evaluate them for an idea as a whole rather than for each instrument. They look at risk in a similar way, therefore keeping risk and return naturally linked. However, the team also considers other aggregations, which may reveal biases not immediately obvious at the idea level.

The key risks the Multi Asset team look at are:

- Total strategy volatility – the impact that a new idea has on the total volatility of the strategy
- Risk of each investment idea – this can be broken down three ways: independent risk (the risk of an idea on its own), risk impact (how much risk that idea is adding to the strategy as a whole) and contribution to risk (the allocation of strategy volatility to that particular idea, based on marginal changes to the portfolio). The latter two provide an understanding of the diversification the idea is providing
- Asset class risk – the risk attributed to each grouping of ideas by their nearest traditional asset class
- Market factor risk – each idea is given a simple 'risk-on', 'risk-off' or 'risk-neutral' label, so that the balance of risks in the portfolio can be assessed against the prevailing equity market conditions
- Geographical risk – trades are simply allocated to a geographical region and the balances of risks within are considered. This approach helps to mitigate unintended exposure to idiosyncratic risk in a particular region.

To gain a comprehensive understanding of strategy risks, a number of systems (both third party and internal) are used:

The primary system used for the purpose of risk monitoring is APT – an independent, third-party risk system provided by SunGard. APT uses a multi asset, multi-factor risk model using 97 independent statistical factors. This model is updated on a monthly basis through the delivery of a database containing the risk profiles of over 400,000 securities across different asset classes. For the Invesco Perpetual Global Targeted Returns Strategy, a medium-term model that calculates the risk from 180 weeks of equally-weighted historical returns is applied. Where a particular instrument of interest is not covered, a synthetic security is created within the database by providing a historic time series of returns matching the same dates as the other securities already found in the database.

APT is used by three parties: Invesco's IRF, the Investment Oversight Function (IOF) and the Multi Asset team. The IRF produces daily reports through APT, which are analysed and used to challenge the fund management as to the risks embedded in the portfolio. Historical stress testing is also performed through APT and discussed with the Multi Asset team on a monthly basis. For the IOF, APT provides a useful tool for carrying out bespoke

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analysis to assist them in their role of raising appropriate issues and questions with the fund managers.

The Multi Asset team use APT as a portfolio management tool to assess the risk characteristics of the portfolio and as a pre-trade risk analysis tool for assessing new ideas that may be introduced to the portfolio. The investment team hereby focuses on the independent risk of each idea, its risk impact and contribution, in order to construct a robust and diverse portfolio. It is also possible for the team to use APT to develop custom analytics and other outputs not supported by the standard user interface, either via MS Excel or numerical software such as MatLab.

StatPro is used to carry out regulatory risk reporting, in line with other strategies managed by Invesco. This system is maintained by Invesco's Global Performance Measurement and Risk Function (GPMR) and the results are monitored by IRF. Results are also made available to the Multi Asset team on a daily basis. StatPro has a fundamentally different methodology from APT. Instead of using a data window to calculate a covariance matrix, which implicitly assumes that risk factors are normally distributed, it uses a full re-pricing approach to calculate a strategy return for every day of the window (two years in the case of the Invesco Perpetual Global Targeted Returns Strategy) and returns statistics based on this distribution. While the differences in methodology and window will result in potentially very different results, this does provide a result, which is independent in terms of both methodology and data, and thereby can increase the robustness of the overall risk analysis.

A regular and on-going reconciliation process is carried out by IRF who meet with the Multi Asset team to review and understand the different results these two systems provide.

There is flexibility to develop internal systems and tools for additional risk analysis, should these type of analysis not be available in third party systems. A good example would be hypothetical scenario analysis – a necessarily subjective area, which can be greatly strengthened by the flexibility to develop and extend tools internally.

The Multi Asset team employs a robust risk management process as part of its day-to-day business activities and is supported by independent controls (e.g. GPMR, IRF and the IOF) at the wider firm level. Risk is monitored on a daily basis and enhanced by weekly, monthly and quarterly reviews.

Daily risk monitoring is performed by the Multi Asset team and the IRF. While the Multi Asset team and the IRF primarily use APT to monitor risk, IRF also uses Statpro. Using two independent risk systems should lead to stronger risk controls.

The Multi Asset team reviews the strategy's risk with the dealing team on a weekly basis. On a monthly basis, the team reviews the design and effectiveness of APT's risk analytics in light of previous and planned trades with the IRF. Reports from APT and StatPro will be compared and discrepancies will be explained.

Quarterly oversight meetings are also scheduled. Attended by Invesco Perpetual's CIO, representatives of other investment teams within the Henley investment centre and Multi Asset team, the oversight meetings offer an opportunity for the Multi Asset team to be challenged by its peers.

The IRF also conducts a quarterly review, whereby it will discuss key investment risks, the evolution of the strategy's Value at Risk (VaR) and any stress-test results with the Multi Asset team.

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In addition, Invesco Perpetual's CIO challenge process is implemented annually via challenge meetings that are attended by Invesco Perpetual's CIO, its Head of Investment Oversight and the Multi Asset team. For details of the CIO challenge process, please refer to **Investment risk and Invesco Perpetual's Investment Oversight team sub-section**.

Review and oversight

The investment team's processes are bolstered and overseen by firm-wide multi-dimensional independent controls. These controls include GPMR team with over 80 professionals dedicated to performance and risk activities. The GPMR team, independent from portfolio management teams, is charged with providing comprehensive reporting that facilitates better understanding of performance quality and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

Invesco's senior management oversight structures also include:

- Reporting lines running from investment team CIOs, who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
- Quarterly and monthly reviews are performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR. These reviews are conducted by the Chief Executive Officer (CEO) and those Senior Managing Directors who manage the investment teams.
- Review of operational controls and related corporate exposures by the Invesco Corporate Risk Management Committee.
- Regular review of investment matters by the Invesco Board of Directors, including quarterly reporting on investment performance data produced by the GPMR and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
- Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. Invesco's US Compliance group (Compliance) works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior leadership regularly or as necessary.

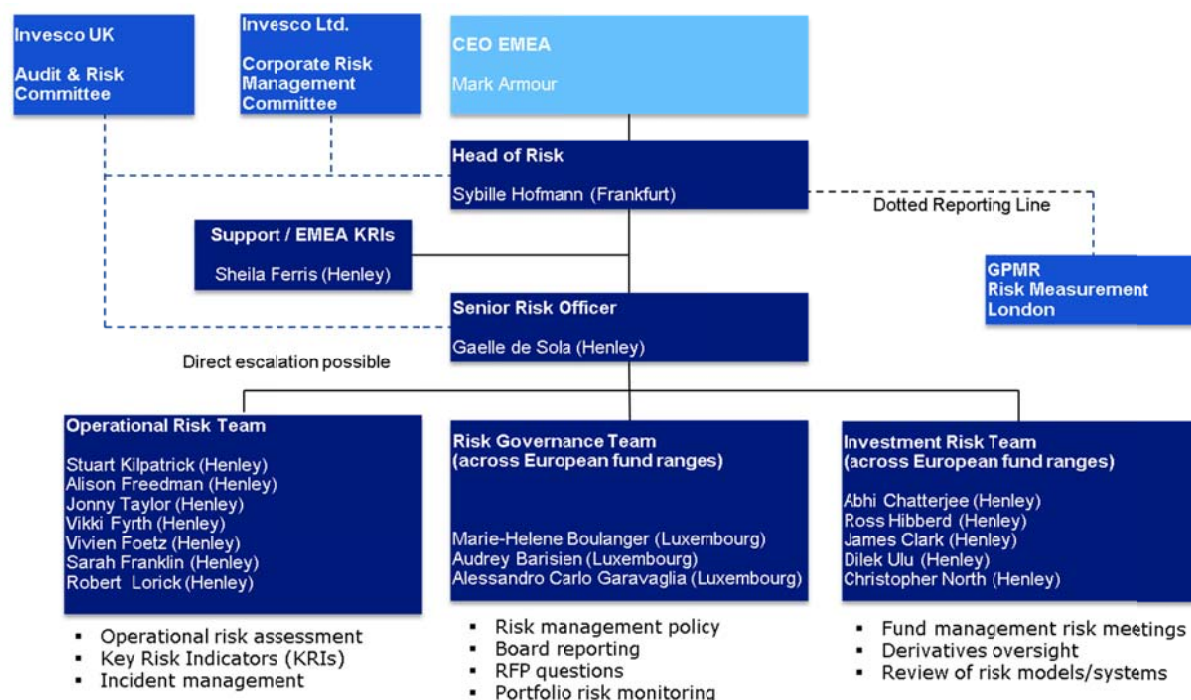
Invesco's Independent Risk Function (IRF) in Europe

Sybille Hofmann leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios.

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Sybille Hofmann, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 November 2014. For illustrative purposes only.
 EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

The role of the IRF is to undertake independent risk controlling duties at company and strategy level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

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The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly “risk challenge” sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks’ aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their “risk challenge” sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on BWISE.
- Active management and administration of the Risk Management module of BWISE.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of BWISE including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GPMR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.
- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.
- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

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The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Private Equity Committee as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Investment risk and Invesco Perpetual's Investment Oversight team

Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing investments are those made by the fund managers themselves. One of the key tasks of the Henley-based Investment Oversight team, who report directly to Invesco Perpetual's CIO, is to facilitate the CIO challenge process. As described in greater detail below, this process is implemented via challenge meetings that are attended by the CIO, a member of the Investment Oversight team and the fund manager and seeks to check that the individuals managing money are doing so in a way that adds value to the firm's clients, and that the risks taken on behalf of its clients are understood and are considered appropriate. The objective is to review each fund manager annually, although where particular issues are identified with performance or the investment process, these take precedence.

Risk management is an integral component of Invesco Perpetual's investment process and is the product of the following factors:

Fund manager understanding

Fund managers effectively control stock-specific risk by ensuring that portfolios are always appropriately diversified. In-depth, continual analysis of the fundamentals of all holdings gives fund managers a comprehensive understanding of the financial risks associated with any particular stock.

Although Invesco Perpetual is always aware of the relative risk the firm is running – where relative risk is defined as the holding of investment positions that differ from the structure of the benchmark – the company do not set out to manage the relative risk characteristics of its portfolios.

A portfolio's relative risk characteristics will simply be a function of the investment decisions and absolute risk judgements that were made while constructing the portfolio.

Trading systems

All quantifiable portfolio investment parameters are entered into the internal portfolio management system which, subject to certain limitations, is designed to prevent inadmissible trades and to issue warnings to fund managers if a trade is likely to result in a parameter breach.

Continuous monitoring

At the total portfolio level, monthly performance, attribution and risk reports are considered by Invesco Perpetual's Investment Oversight team, ensuring a culture of challenge and debate between fund managers regarding portfolio construction and risk.

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Invesco Perpetual

CIO challenge process

The CIO challenge process is implemented via challenge meetings that are attended by the CIO, the Head of Investment Oversight and the fund manager. The CIO challenge process has four main aims:

- **Transparency:** to understand a fund manager's rationale behind portfolio positioning and why certain decisions have been made.
- **Process:** to ensure that a fund manager is managing money in the way that has been clearly articulated to the firm's clients.
- **Strategy:** to check that portfolio construction is consistent with the overall investment strategy and views of the fund manager.
- **Environment:** to ensure that fund managers are given the best environment to optimise potential investment returns. This can range from exploring resourcing/personnel issues, looking at how teams are working/interacting together, ensuring that IT systems are adequate, individual contributions, capacity constraints, or any other issues that may adversely influence the firm's ability to deliver quality investment decisions.

The challenge process is not prescriptive in its approach; it is both a qualitative and quantitative assessment of an individual or team's ability to successfully manage investments.

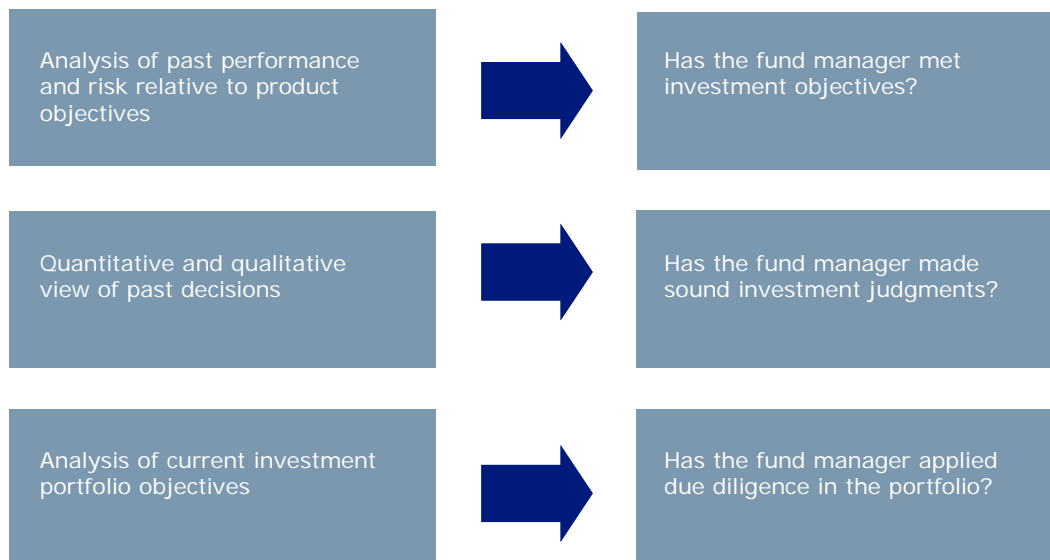
As mentioned, Invesco Perpetual's essential belief is that fund management is a skill and the inherent risks taken in managing money are those made by the fund managers themselves. The challenge process seeks to check that the individuals managing money are doing so in a way that strives to add value to the firm's clients.

Fund managers are given the autonomy to back their investment judgment within the scope of fund mandates and regulations. Invesco Perpetual does not wish to put in place unnecessary restrictions that limit a fund manager's ability to back his/her own convictions in a stock or investment strategy. In an environment that allows such free thought, traditional controls and processes are particularly important, but applied in a pragmatic way.

Although the CIO challenge process is a formal one, it is part of a cultural environment of challenge and rigor that exists on a day-to-day basis within Invesco Perpetual's Henley investment centre.

Global Targeted Returns Invesco Perpetual

The chart below illustrates this process:



For illustrative purposes only.

There is no set agenda for these challenge meetings; this is dependent on the findings of the Investment Oversight team through their continuous monitoring. The meeting may cover some or all of the following:

- **Performance attribution:** where have portfolio returns been derived from?
- **Trading activity:** portfolio changes. How successful has trading activity been?
- **Macro-economic views:** does the portfolio reflect the wider economic view of the fund manager?
- **Investment process:** is the fund manager working within the stated process?
- **Style analysis:** what style is the fund manager adopting? While fund managers do not usually stipulate a particular style bias to their overall process, this analysis seeks to explain where their portfolio is positioned relative to the market in terms of financial characteristics, momentum measures and market-cap bias. This enables the Investment Oversight team to check the understanding of a fund manager's active positions against their investable universe.
- **Risk reporting:** to challenge/support where the investment teams believe their excess returns will come from.
- **Active positions:** where are major stock, industry, country or asset class positions being taken?

The aim of the CIO challenge process is to ensure that there is sufficient investment oversight to monitor that risks taken on behalf of Invesco Perpetual's clients are understood and are considered appropriate. It is accepted that Invesco Perpetual's business is judgmental and that potential impacts of these risks may materialise. However, core to the process is that risks taken are not incidental but are understood and taken with conviction.

Global Targeted Returns

Invesco Perpetual

Strategy overview

Global Targeted Returns

Strategy name, management and objective	Benchmark	Concentration
<p>Global Targeted Return strategy Invesco Perpetual Multi Asset team</p> <p>The objective of this strategy is to achieve a positive total return in all market conditions over a rolling 3-year period. The strategy targets a gross return of 5% per annum above UK 3-month LIBOR (or an equivalent reference rate) and aims to achieve this with less than half the volatility of global equities, over the same rolling 3-year period.</p> <p>There is no guarantee that the portfolio will achieve a positive return or its target and an investor may not get back the full amount invested.</p>	UK 3-month LIBOR. (or equivalent reference rate)	5-50 investment ideas

Appendix 1 – Multi Asset team biographies

David Millar, Head of Multi Asset at Invesco Perpetual

Based in Henley-on-Thames, David joined the company in January 2013 and heads the Multi Asset team. After commencing his investment career with Scottish Widows in 1989, where he qualified as an actuary, David joined the Fixed Interest team at Scottish Widows Investment Partnership in 1996, becoming Head of Bond Strategy and chair of their Bond Policy Group. In 2008, he joined Standard Life Investments as Investment Director in their Multi-asset investment team. He was one of the fund managers within their Global Absolute Return strategy and was chair of their Bond Investment Group. David holds a BSc (Hons) in Mathematical Statistics from the University of Cape Town and is a Fellow of the Institute and Faculty of Actuaries.

Dave Jubb, Multi Asset Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Dave joined the company in March 2013, and serves as a fund manager within the Multi Asset team. Prior to this, he worked at Standard Life Investments where he was an Investment Director within their Multi Asset investment team, and was one of the fund managers within the firm's Global Absolute Return investment team. Dave joined Standard Life Group in 1982 as a computer programmer and after a period in the Actuarial Department of Standard Life Canada he joined Standard Life Investments where he held a position as a fixed income fund manager and strategist before joining their Multi Asset investment team in 2006. Dave graduated from St Andrews University in 1982 with a BSc (Hons) in Mathematics and is a Fellow of the Institute and Faculty of Actuaries.

Richard Batty, Multi Asset Fund Manager at Invesco Perpetual

Based in Henley-on-Thames, Richard joined the company in March 2013, and serves as a fund manager within the Multi Asset team. Previously, he had worked at Standard Life Investments since 2003 where he was the Global Investment Strategist in their Strategy team which is now part of Standard Life's Multi Asset investment team, gaining additional responsibilities for Global Tactical Asset Allocation in 2012. Prior to joining Standard Life Investments, he began his investment career at James Capel/HSBC as an equity strategist in 1995. During this part of his career, Richard became a highly-rated, senior member of its industry renowned Economics and Strategy group. In 1994, he was awarded a PhD in Financial Economics from Brunel University, where he was a part-time research assistant and taught both graduate and undergraduate students.

Gwilym Satchell, Risk Manager, Multi Asset at Invesco Perpetual

Based in Henley-on-Thames, Gwilym joined the company in March 2013, and serves as the Senior Risk Analyst for the Multi Asset team. Prior to this, he commenced his career in 2008 at Standard Life Investments, where he was involved in Multi Asset risk management, in particular the development of scenario analysis techniques. In addition, he was responsible for managing a range of liability-driven investment (LDI) funds. He graduated from Warwick University in 2005 with a degree in Computer Science, and gained a Master's degree at the University of Edinburgh Business School in 2008. Gwilym also holds the Professional Risk Manager (PRM) designation which is an independent validation of skills and commitment to the highest standard of professionalism, integrity, and best practices within the risk management profession.

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Invesco Perpetual

Georgina Taylor, Product Director, Multi Asset at Invesco Perpetual

Based in Henley-on-Thames, Georgina joined the company in June 2013, and serves as the Product Director for the Multi Asset team. Previously, she was Head of Equity Strategy at State Street Global Markets, where she was involved in enhancing the macro input to specific State Street products, and presenting this to clients. She commenced her career in 2001 as an equity strategist at HSBC, followed by a similar role at Goldman Sachs in 2004 where she was involved in global equity and asset allocation research. Georgina then gained asset management experience at Legal & General Investment Management, contributing to the overall asset allocation outlook for the firm and multi asset funds. She graduated from the University of Bath in 2000 with a BSc (Hons) in Economics.

Danielle Singer, Senior Client Portfolio Manager, Multi Asset at Invesco Perpetual

Based in New York, Danielle joined the company in June 2014, and serves as a Senior Client Portfolio Manager for Invesco Perpetual's Multi Asset team. Before joining the company, Danielle was a strategist and director of Global Investment Solutions (GIS) team at UBS, where she was involved in the review and setting of multi-asset and currency strategies, interacting with the investment team to coordinate investment strategy, and assisting clients as part of the GIS initiative. Previously, Danielle was an account manager for UBS's Institutional Investment Management group. Prior to joining UBS in 2004, she worked on the auction rate securities desk at Deutsche Bank. Danielle earned a BA degree at Middlebury College and an MBA at the University of Chicago with concentrations in analytic finance and econometrics. She holds the Series 3, 7 and 66 registrations. Danielle is also a CFA charterholder and a member of the New York Society of Security Analysts.

Saul Shaul, Fund Analyst, Multi Asset at Invesco Perpetual

Based in Henley-on-Thames, Saul joined the company in May 2012 as an IT contractor working in front office IT and was later assigned to the implementation project working on the technical build of Invesco Perpetual's Multi Asset investment platform. In January 2014 Saul joined the Multi Asset team as a fund analyst. Saul commenced his career in front office IT in 2006 and has worked as an IT contractor on several projects involving Fund Management and Trading systems. He graduated from The University of Portsmouth in 1998 with a degree in International Finance and Trade.

Steve Hawes, Trainee Analyst, Multi Asset at Invesco Perpetual

Based in Henley-on-Thames, Steve joined the company in July 2010, and since January 2014 has served as a Trainee Analyst within the Multi Asset team. Steve joined Invesco Perpetual as a Client Services Executive, specialising in investment performance. He graduated from the Sheffield Hallam University in 2010 with a BA (Hons) in Business and Financial Services and passed the Investment Management Certificate (IMC) in January 2013.

Important information

The information contained in this document relating to the composition of the portfolio of any portfolio advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco Perpetual/Invesco unless otherwise stated.

Where Invesco Perpetual/Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Invesco Perpetual is a business name of Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.

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Appendix D

Invesco Global Liquidity London Product Profile



Investment team profile

Invesco Global Liquidity - London

March 2015



Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

Corporate overview	3
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Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

¹ Source: Invesco as at 31 December 2014. Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

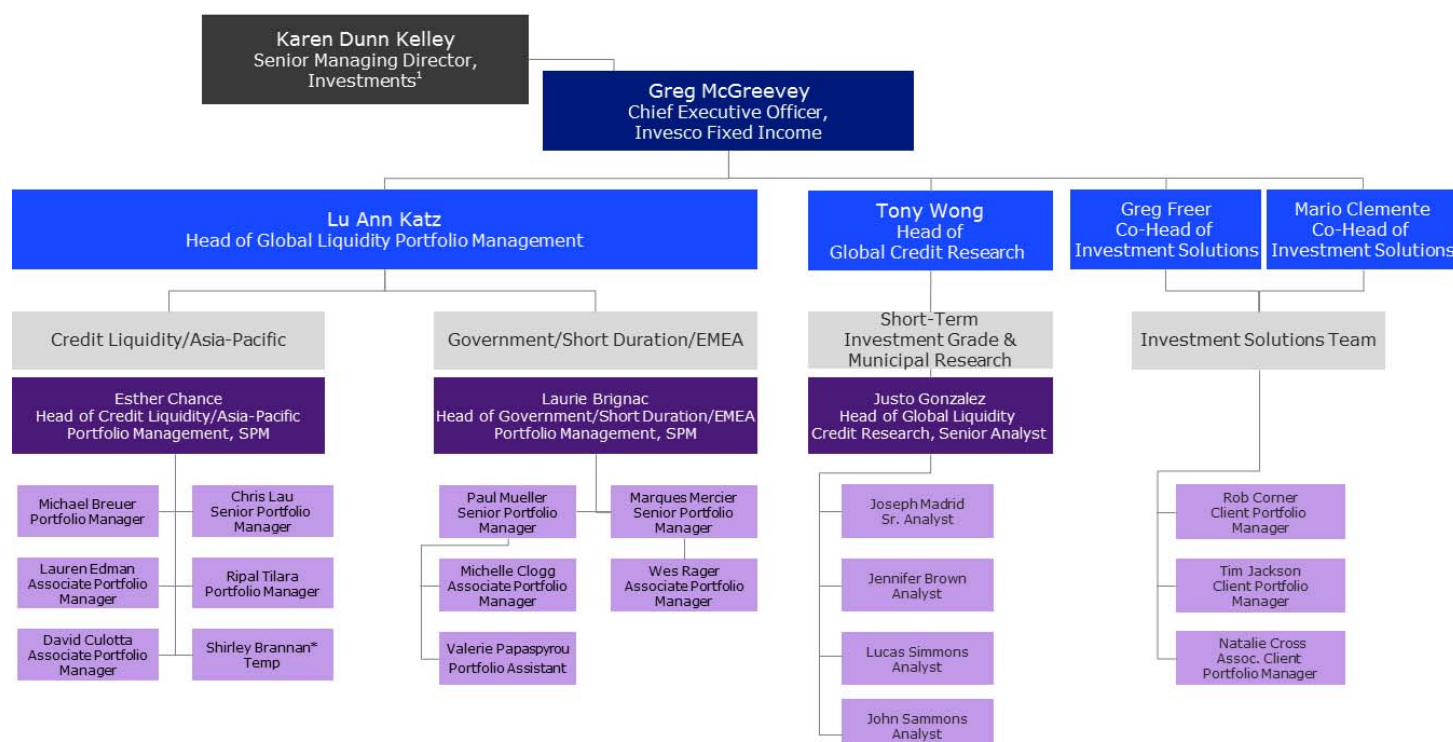
Investment team & assets under management

Invesco Global Liquidity (Global Liquidity) is a Money Market Fund manager led on the portfolio management side by Lu Ann Katz, Head of Global Liquidity, and on the credit research side by Tony Wong, Head of Global Credit Research. As a specialist in cash management Global Liquidity sub-advises on a range of money market pooled investment vehicles which actively invest their assets in a diversified portfolio of high grade, short-term money market instruments. As at 31 December 2014 Invesco Global Liquidity managed US\$80.8 billion in assets. For more than 30-years, Invesco Global Liquidity has worked to gain and keep the trust of its clients through its deep industry knowledge and its investment expertise.

Invesco Global Liquidity is a dedicated group that includes 17 investment professionals — with significant history in the business and an average of 17 years of industry experience. Their sole purpose is to manage and distribute short-term investment products worldwide.

Paul Mueller, based in London is the named portfolio manager for the Global liquidity strategies managed in London. He reports formally to Laurie Brignac, Head of Government/Short Duration/EMEA, who reports to Lu Ann Katz, Head of Global Liquidity based in Houston, as part of Invesco Fixed Income (IFI).

Tony Wong, Head of Global Credit Research, based in Houston, leads the short term investment grade and municipal research team. Please refer to the chart below for details of the organisation structure within Invesco Global Liquidity's management team:



¹Invesco Fixed Income, Invesco Global Strategies, Co-Chair of the Investor's Forum and Global Trading. Source: Invesco. Data as at 31 October 2014. Subject to change without notice. Offshore products are not available to US residents. Please contact your Invesco representative for more information. The primary responsibilities of the client portfolio manager (CPM) are to represent the investment team in the marketplace and to help manage the team's business responsibilities. The CPM does not manage fund assets. *Non-headcount employee.

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

Assets under management

The Invesco Global Liquidity team manages US\$80.8 billion² in assets worldwide as at 31 December 2014.

Investment philosophy

The Invesco Global Liquidity team utilise a highly disciplined investment approach to deliver high quality products to meet each of their clients' distinctive investment needs. The clients are globally diversified including Sovereign funds, Foundations and Financial Institutions as well as Corporates. Whilst cash management is core, bespoke reserve management is an established and growing segment of Invesco's business. When Invesco launched its first cash management fund in 1980, the determination was made to separate the portfolio management and research functions in order to ensure a discrete balance between the investment and research decisions. This model has served Invesco Global Liquidity well over the past 30 years and has been time tested over many interest rate and economic cycles.

This is one of the many reasons why institutions trust Invesco Global Liquidity to effectively and efficiently manage their cash reserves. Since Invesco Global Liquidity's first institutional cash management fund was introduced the investment philosophy has always been safety, liquidity and then yield – in that specific order.

Safety

Safety is paramount in the investment management process of Invesco Global Liquidity's cash management products. In fact, all of the portfolios managed by this team are triple-A rated by at least one of the following rating agencies: Standard & Poor's, Moody's and Fitch Ratings. The investment team do not sacrifice safety to capture yield. The team view safety whereby portfolio assets plus portfolio configuration plus operational risk form the overall safety equation; this standard is not compromised.

Liquidity

In the short-term market, it is important for Invesco Global Liquidity's clients to have a quick, dependable place to invest their cash. Equally critical is the length of time it takes to redeem funds. Portfolio managers are sensitive to the liquidity demands of their clients whether they are calendar-driven events such as quarter-ends and tax payment dates, or specific cash flows indicative of their type of business and manage the fund to meet their clients liquidity needs consistent with their objectives.

Yield

Throughout various economic conditions and despite very conservative safety and liquidity standards, the Invesco Global Liquidity team have been able to provide solid competitive performance. Through a combination of deep and broad market access and consistently low operational costs the team can pass along highly competitive rates to their clients. It is their goal to continue to meet their client's performance needs while maintaining their disciplined investment strategy.

Investment process

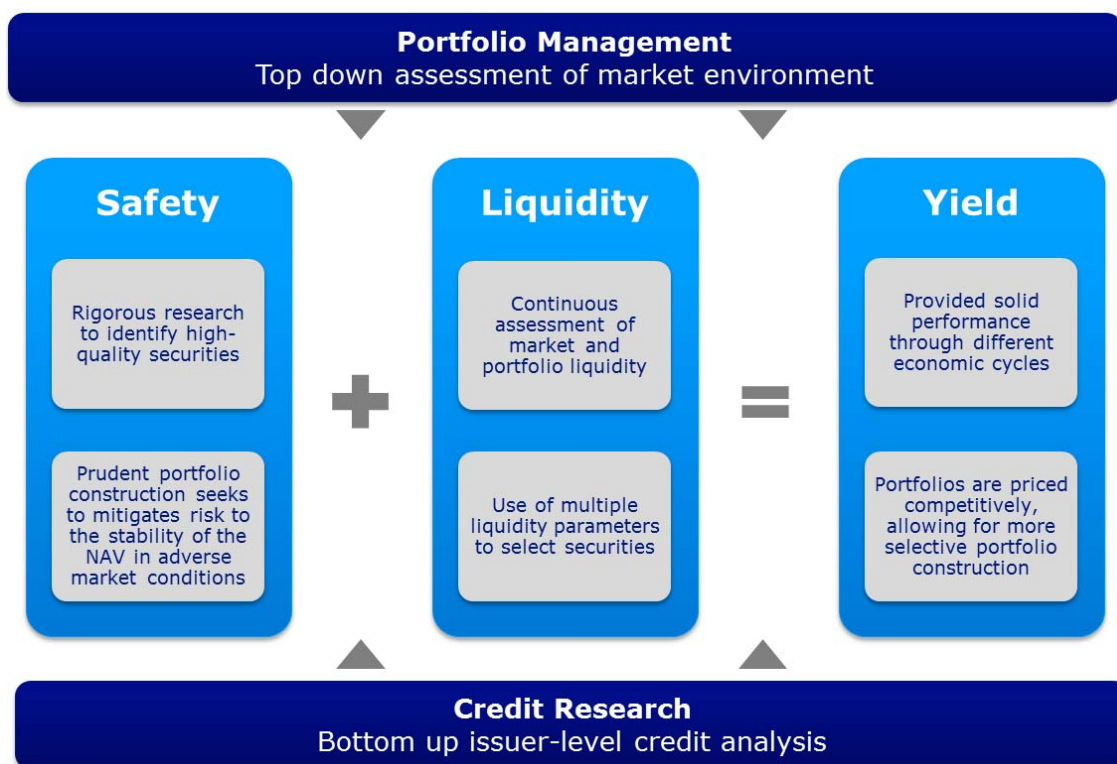
Within the money market space, for more than 30 years, Invesco Global Liquidity has been committed to a disciplined approach that includes a primary focus on safety of principal and daily liquidity, while seeking to deliver a competitive yield. At the core of our investment process are two teams – portfolio management and credit research – working separately in pursuing a singular focus - safety, liquidity and yield:

² Invesco Global Liquidity's total assets under management are composed of all cash management products, including global institutional, retail and customised vehicles.

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

- Safety of principal is paramount in the investment management process of our liquidity products. The majority of the funds managed by Invesco Global Liquidity are AAA-rated by at least one of the following rating agencies: Standard & Poor's, Moody's and Fitch Ratings. Stress testing is performed regularly on the portfolios.
- The team perform daily assessments of market liquidity, events and portfolio liquidity positions. Portfolio allocation is based on multiple liquidity parameters. Invesco Global Liquidity portfolios have a relatively low weighted average maturity and a relatively low weighted average life, relative to the industry average.
- Yield - throughout various economic conditions, Invesco has provided solid competitive performance. Portfolios are priced competitively, allowing for more selective portfolio constructions while seeking to deliver a competitive yield and meet our client's performance needs.



For illustrative purposes only.

Credit Process

Invesco Global Liquidity's team portfolio management has initial responsibility in submitting new names for consideration by their Credit Research team. A priority list is distributed monthly with portfolio management's updated requests. This provides an efficient use of resources allowing portfolio management to determine the attractiveness of the credit based on availability and pricing.

An analyst reviews the credit to determine whether the credit is eligible under prospectus guidelines, regulation guidelines, internal policies, and finally whether it meets our credit standards.

At the core of the research process is the initial credit analysis which provides the basis of the approval and board review. The company's financials are characterised according to

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

fundamental trend and ratio analysis in the context of their industry position and business strengths and weaknesses. The company's backup lines and liquidity resources are also detailed.

The status of the rating agencies views are reported with any opinion of the analysts on possible directions of future ratings action. The credit is written and discussed with the Head of Invesco Global Liquidity's Credit Research, before being distributed to the other credit team members for a peer review of the credit at the weekly meeting. After a discussion, where any questions are answered and any changes to the written report are determined, the issuer must be approved by unanimous consent. The report is then distributed to the entire credit and portfolio management teams. The credit is added to the Approved List where the analyst will continue to monitor the credit.

Once a month, a written Credit Action memo is delivered to the board members with any additions, changes or deletions to the Approved List and includes actual credit write-ups.

Research is responsible for daily monitoring of rating and news events of each credit and a formal annual review.

A dedicated analyst is assigned to monitor current events daily on the portfolio names. A Daily Events Update report is distributed to both research and portfolio management of rating changes and newsworthy events on specific credits that are included in the Approved List.

The credit team in monitoring the credits determines the credit worthiness and risk to the portfolio. If they determine the credit no longer represents minimal credit risk to the portfolio, the analyst has the authority to place the credit on watch making it ineligible for purchase immediately. "On watch" means that the analyst will continue to monitor the credit for either an improving or deteriorating credit situation and cannot be purchased. The Head of Global Liquidity Credit Research, Portfolio Manager and the Director of Cash Management immediately decide on appropriate actions based on the recommendation of the credit analyst.

If a credit deteriorates, the research team notifies the portfolio management team that a credit is deteriorating and any action that the analyst deems necessary is taken, such as a sale or hold decision. The team's analysts are very sensitive to event risk and seek to minimise any potential loss or headline risk to the portfolio.

With the credit process, extensive experience and diligent oversight, Invesco's rated institutional money market funds have never wavered from their AAA-rated status.

Portfolio construction

The portfolio management team utilises a strong fundamental, top-down approach when formulating investment strategies. This incorporates initial liquidity assessment and fundamental economic overview with an overlay of technical issues such as supply, diversification, and valuation. The following factors are considered in the management of the portfolio:

Liquidity management

Each Portfolio is first evaluated for liquidity needs both for the current day and on a roll-forward basis before any potential trades are executed. Liquidity exists on many levels. First and foremost, knowing and understanding our customer base and their liquidity needs has to be the primary driver before implementing even the best investment strategy. Second, understanding the liquidity in the markets, i.e. what other money funds are buying, dealer and issuer positions, plays an important role in positioning the portfolios.

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

As many market participants have learned, we are all inter-dependent, both the takers and receivers of credit. Understanding both the securities that are available in the market, the dealers and other buy side participant's appetite for those securities is critical when assessing liquidity risk.

Fundamental economic overview

The entire cash management team reviews the macroeconomic fundamentals in formulating an overall investment strategy, which is then incorporated to each portfolio based on its investment objective and liquidity needs.

The team has never taken big "bets" or interest rate calls with respect to portfolio management. Since all of the money market portfolios are managed using a team approach, there isn't an opportunity for one portfolio manager to have control over any one decision.

Supply factors

Once a portfolio is evaluated for liquidity needs, then further reviewed based on macro-economic decisions, an investment strategy is formulated. The markets are extremely dynamic and changes in security types, issuers, and maturity interest change on a daily basis. Knowing and understanding the various factors that can impact implementing liquidity and market strategy is critical to successful portfolio management.

The team work closely with its trading partners to stay abreast of trends in the market, what other short-end buyers are doing and the needs of issuers. The portfolio management team also meets daily with the credit staff to incorporate their views on issuers, industries, and security structure risks.

Portfolio Diversification

Portfolio diversification is a key element in portfolio construction and includes diversification not only to issuers, but to security types, maturity periods, industries, indexes and affiliation amongst entities to capture any contagion risk.

Invesco Global Liquidity utilises an Approved List, which contains issuers and securities that have been evaluated and approved by Invesco's Research team and further approved by the Board of Directors. The portfolio management team analyses eligible investment options in the market, taking into specific consideration an issuer's frequency of issuance and size in the market, price actions, and modes of issuance, yield and credit ratings.

The portfolios need to be balanced with respect to issuers and industries. Depending on the interest rate environment, the portfolios may need to be diversified to index to protect the fund from any over or underweight positions.

Valuation assessment

An important aspect of portfolio construction is the ability to filter through supply in the markets and make valuation assessments. Many times, various issuers, asset-backed commercial paper conduits and other structured securities trade as though they are interchangeable entities, and that is not the case. This has never been the way Invesco Global Liquidity has traded in the markets. The portfolio management team again works closely with the credit research group regarding headline risk, trends in prices and spread valuations.

Invesco Global Liquidity primarily maintains a buy-and-hold strategy for all portfolios; however, the team may seek to enhance the yield of a portfolio by taking advantage of yield disparities or other factors that occur in the markets while foremost maintaining our primary mandate of providing safety and liquidity to our clients.

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognises that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organisational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

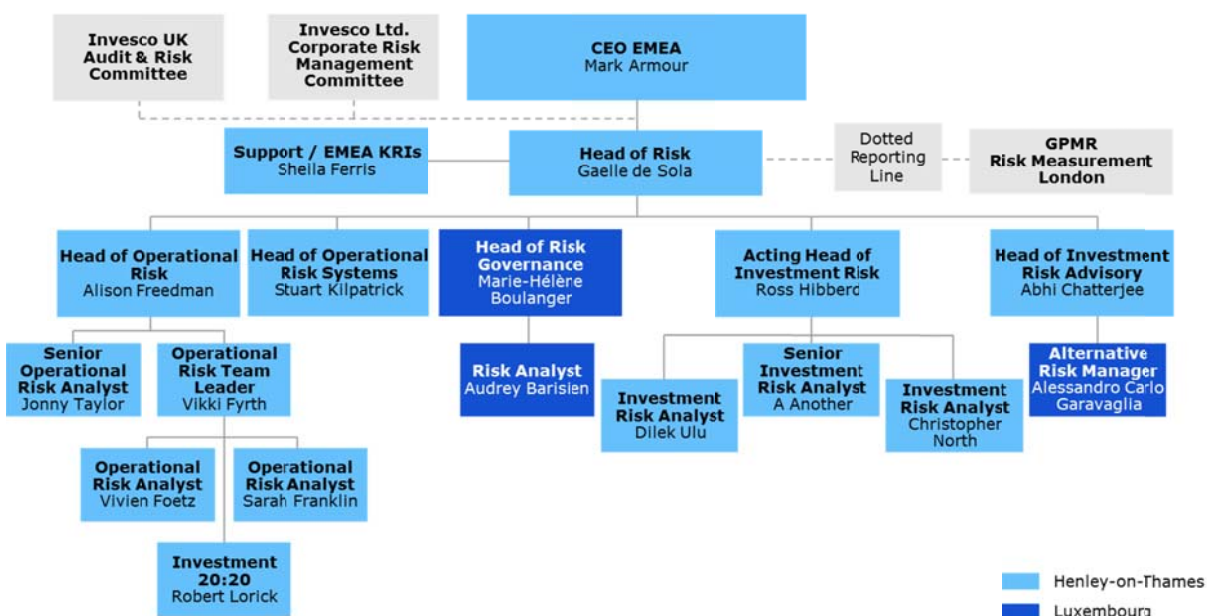
Invesco Global Liquidity Strategy

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Invesco's Independent Risk Function (IRF) in EMEA

Gaelle de Sola leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios.

Gaelle de Sola, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 March 2015.
 For illustrative purposes only.
 EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly “risk challenge” sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks’ aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their “risk challenge” sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on B Wise.
- Active management and administration of the Risk Management module of B Wise.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of B Wise including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GP MR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.
- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Unquoted Approval and Pricing Committees as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

Invesco Global Liquidity Strategy

Invesco Global Liquidity - London

Strategy overview

Global Liquidity

Investment strategy and risk

Invesco Global Liquidity is committed to a disciplined approach that includes a primary focus on safety of principal and daily liquidity, while seeking to deliver a competitive yield. The portfolios offer prime, government/Treasury and tax-free/tax-exempt funds to meet clients' liquidity management needs. The portfolios pursue this objective by investing primarily in short-term, high-quality money market instruments including US dollar-denominated obligations, Sterling-denominated obligations and Euro dominated obligations. All of the portfolios are AAA-rated by at least one of the Nationally Recognized Statistical Rating Organizations.

The inherent risks of money market funds include liquidity risk, interest rate risk and counterparty risk. The Invesco Global Liquidity investment team seeks to mitigate and minimize these risks by performing daily assessments of market liquidity, events and portfolio liquidity positions. Portfolio allocation is based on multiple liquidity parameters. Stress testing is performed regularly on the portfolios to determine the potential impact on US\$1 Net Asset Value. Moreover, the credit research team is responsible for the daily monitoring the credits on the Approved List to determine credit worthiness and risk to the portfolio. The credits are also subject to an annual review.

Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

Contact information

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Appendix E

Invesco Fixed Income London Product Profile



Strategy profile

Invesco Global Bond Strategy

Invesco Fixed Income - London

March 2015



Invesco Global Bond Strategy

Invesco Fixed Income - London

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Invesco Global Bond Strategy

Invesco Fixed Income - London

Corporate overview

Invesco Ltd. (Invesco)

Invesco is one of the world's leading independent global investment firms, solely focused on investment management. With more than 6,000 employees worldwide, the firm directs all of its intellectual capital, global strength and operational stability towards helping investors achieve their long term financial objectives. By delivering the combined power of its distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail and institutional clients around the world. Operating in over 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

With US\$792.4 billion in assets under management¹, specialised investment teams with distinct perspectives deliver diversified investment strategies ranging from major equity and fixed income asset classes to other alternative asset classes, including real estate, private equity and commodities. These capabilities are delivered through numerous investment centres designed around distinctive asset classes, styles or regional expertise. Each investment centre adheres to clearly defined investment strategies and philosophies intended to align with client expectations.

To further strengthen its investment culture, Invesco also maintains an active Investors Forum that consists of senior investment professionals from each investment centre. Co-chaired by Chief Executive Officer (CEO) Martin L. Flanagan and Senior Managing Director Karen Dunn Kelley, the role of the Investors Forum is primarily to foster, promote and grow investment excellence across the organisation.

Invesco's distinctive combination of independent thought within individual investment centres and collaboration across investment centres provides clients the reach and resources of a global organisation and the focus and attention of a boutique firm: Invesco's investment capabilities are both diverse and specialised; the firm is global in reach yet local in presence and processes are disciplined yet can be delivered in customised ways. All of which distinctively positions Invesco to keep pace with clients' evolving investment needs worldwide.

Investment team & assets under management

Invesco Fixed Income's (IFI) organisational structure and investment teams are aligned with the investment process and include defined responsibility and accountability for analysis, implementation, and review of key elements of investment risk. As such, there are clear functional reporting lines for fundamental research teams (bottom up analysis) and macro research (top down) comprising rates and currency teams. Collectively, the IFI global investment platform comprises 160 investment professionals.

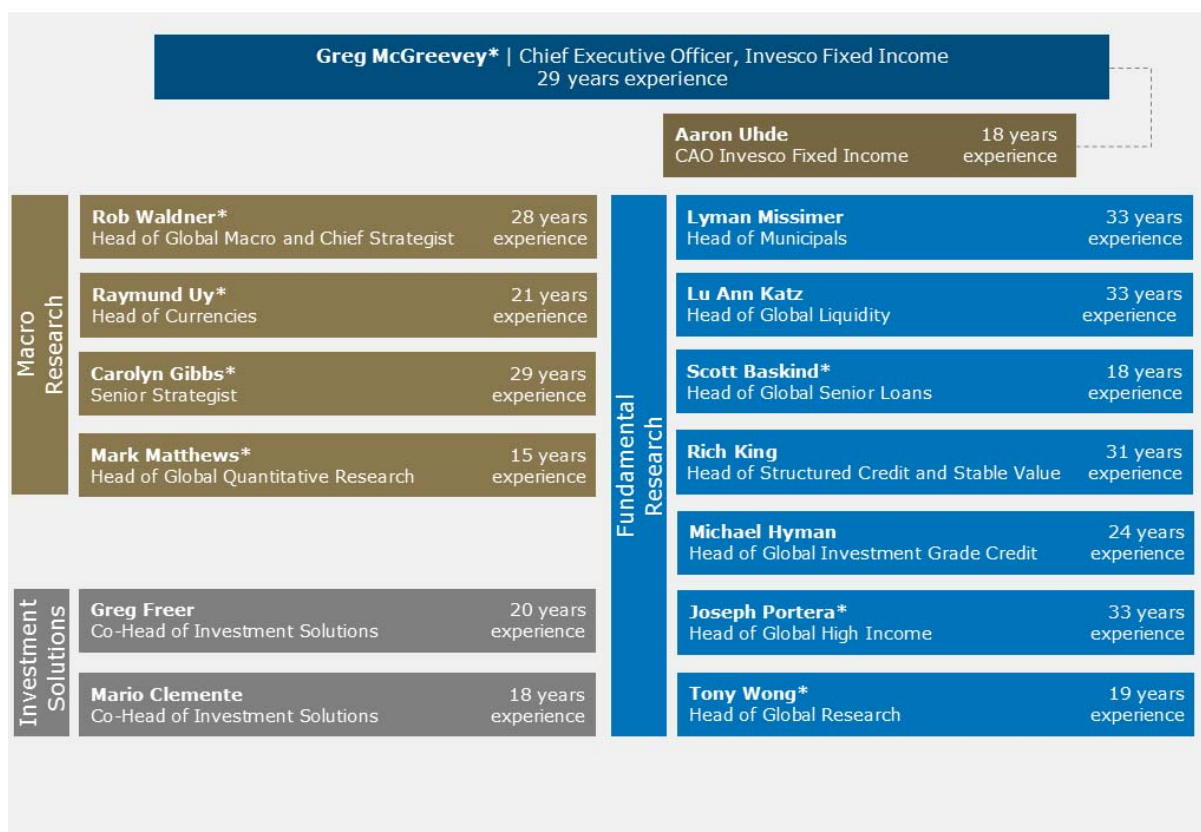
Investment strategy formation is led by the Investment Strategy team (IST), which consists of senior investors who assimilate, discuss, and debate inputs from the Rates team, Currency team, and bottom-up sector teams to establish strategic and tactical house macro views. Each of these teams operates within a rigorous process framework to provide actionable outputs. Documentation and communication of these outputs occurs within proprietary technology to ensure maximum transparency across the team.

Please see the team structure illustrated below:

¹ Source: Invesco as at 31 December 2014. Invesco AUM includes all assets under advisement, distributed and overseen by Invesco and its affiliate Invesco Powershares which has an agreement with Deutsche Bank to provide certain marketing services for the Powershares DB products. Neither firm is affiliated with Deutsche Bank.

Invesco Global Bond Strategy

Invesco Fixed Income - London



* Investment Strategy Team ("IST") member.

Source: Invesco as of January 31, 2015. Subject to change without notice.

Investment decisions are made continuously and shared instantly, around the globe, allowing for timely implementation in the team's portfolios.

The primary role of the fund managers (portfolio managers) is to ensure that each portfolio achieves clients' aims through the optimum implementation of investment decisions. As such, they have the final say as to which securities are included or excluded from their portfolios and have sole responsibility for investment performance.

The Invesco Global Bond Strategy incorporates active investment decisions from investment professionals across the IFI investment team and the fund benefits from investment decisions made in macro/sovereigns, global investment grade credit and global high income (high yield and emerging markets).

Invesco Global Bond Strategy

Invesco Fixed Income - London

Assets under management

Assets managed under Invesco Global Bond strategy totaled US\$1.03 billion as at 31 December 2014, and can be categorized as follows:

	Separate Accounts	Cross-Border Fund	Grand Total
Invesco Global Bond Strategy (AUM in US\$ million)	687.84	346.82	1,034.65

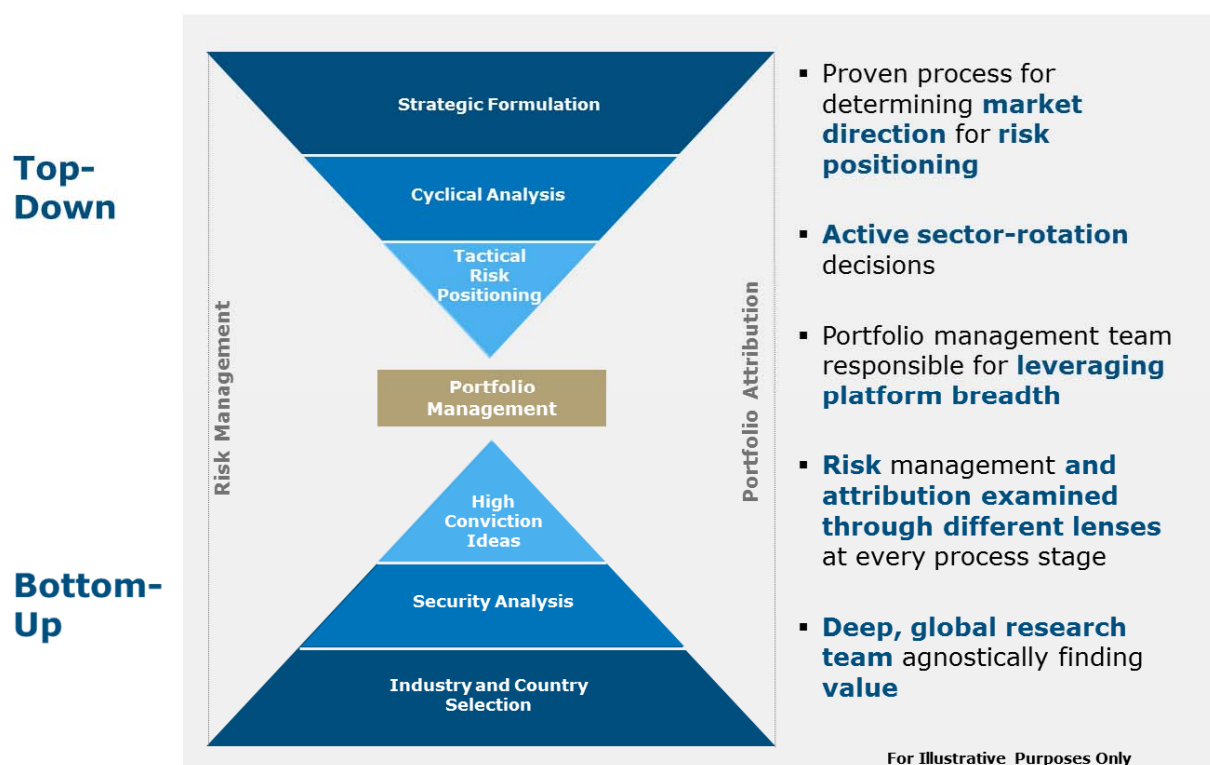
Source: Invesco Perpetual as at 31 December 2014. May not sum to total due to rounding.

Investment philosophy

IFI believes increasingly dynamic and complex fixed income markets create opportunities for investors that are best captured by investment specialists interconnected as a global team. The firm dynamically balances top-down and bottom-up decision-making to create information advantages that exploit opportunities in any geographic region or market environment.

Investment process

The investment process seeks to determine the appropriate combination of market (top-down) returns and idiosyncratic (bottom-up) returns for each client portfolio. IFI believes that a process integrating top-down and bottom-up decision-making best positions client portfolios to benefit from the opportunities presented by dynamic fixed income markets.



Transparency and accountability are key principles of the IFI approach. To this end, investment decisions are communicated openly and tracked quantitatively for performance measurement purposes. Responsibility for the IFI multi-asset investment platform rests with an Investment Strategy Team (IST), comprised of senior investment professionals.

Invesco Global Bond Strategy

Invesco Fixed Income - London

Global teams of asset class and sector specialists drive the bottom-up research and decision-making that is core to the investment process.

IFI's investment view is expressed initially through a Strategic Market Outlook, which sets expectations for global economies and fixed income asset markets. The Strategic Market Outlook sets out long-term (12-18 month investment horizon) expectations for macroeconomic conditions, interest rates, credit spreads, currencies and fixed income asset allocation preferences. Formulation of the Strategic Market Outlook takes place on a semi-annual basis and is reviewed regularly thereafter. IFI recognizes that fixed income markets are dynamic, and opportunities arise continuously. As such, the views that arise from the Strategic Market Outlook are reviewed at least monthly in order to generate tactical investment decisions with a one to three month investment horizon.

Dedicated credit research analysts, who are organized by asset class and sector, conduct bottom-up research. These analysts provide portfolio managers with security level recommendations based on a fundamental assessment of issuers' creditworthiness and an analysis of individual securities' relative value. Regular forums exist in the form of asset class industry reviews and security selection discussions among analysts and portfolio managers to allow for challenge and vetting of ideas. All analysts communicate their recommendations in common language with ratings to indicate the relative value opportunity.

Portfolio management sits at the center of the investment process. The objective of portfolio management is to monetize the top-down and bottom-up recommendations in the most appropriate manner for an individual portfolio, keeping within regulatory and client specific guidelines. There are two elements to the value proposition. The first is a rigorous portfolio design process based on proprietary techniques that establish clear exposure levels for each client portfolio. These exposure levels are adaptable to changing market conditions. The second element of the portfolio management process allows for portfolio manager judgment in the allocation of portfolio against its design across individual top-down and bottom-up decisions.

Oversight of portfolio performance and risk attribution on an ex-ante and ex-post basis is carried out by strategy review teams comprised of relevant sector specialists and IST members. Additionally, IFI leverages Invesco Ltd.'s independent group risk function as well as leading third-party risk and performance systems to facilitate this continuous oversight function.

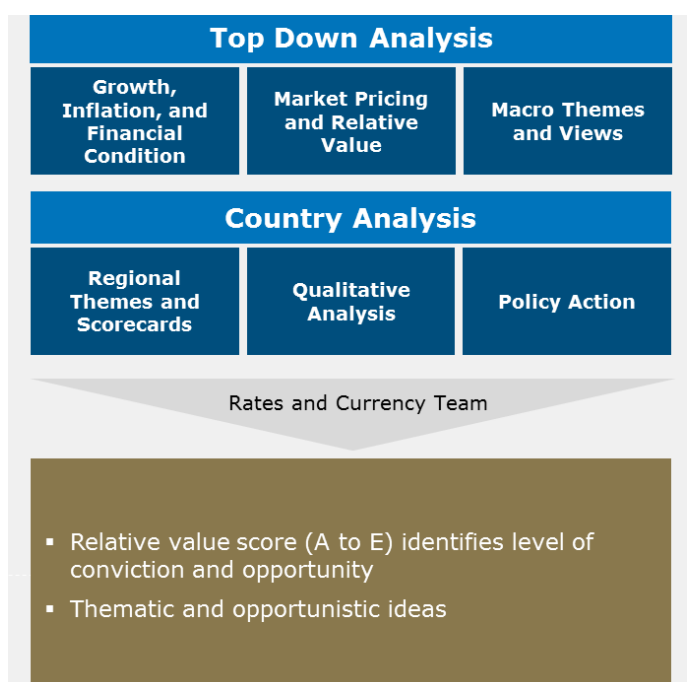
Research

Fundamental research is conducted in three broad areas- rates, currency, and credit- by teams of specialist investors. The research is qualitative in nature but utilizes a scorecard framework to ensure consistency and repeatability. Fundamental, liquidity, technical, and valuation drivers are detailed across countries and sectors. This fundamental research is supplemented with quantitative models to formulate the views across rates, currency, and sectors. These teams provide continuous input to an IST, comprised of senior investment leaders, which sets strategic macroeconomic views and asset allocation recommendations for the IFI platform.

Rates and currency teams meet formally on a bi-weekly basis and more frequently if needed to address market events to determine views and positioning. Members of these teams have specific areas of responsibility and meet regularly to discuss and debate decisions. Internal ratings provide guidance toward areas of relative value opportunity and ultimately to position portfolios to optimize risk and return. Decisions are documented, disseminated, and tracked in proprietary technology for maximum transparency and to monitor and measure performance.

Invesco Global Bond Strategy

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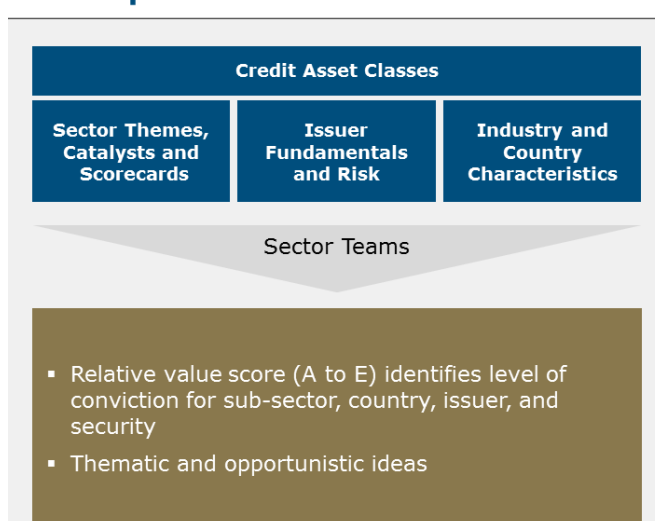
For illustrative purpose only.

Focused rates and currency research and analysis

- **Top down analysis** sets foundational back drop for G-20 countries
- **Country analysis** allows for detailed qualitative review, policy action and score cards
- Rates and currency teams synthesize research into **thematic** and **high-conviction ideas**
- Asset modeling and monitoring based on **standardized scoring**

Credit research is conducted by credit research analysts who are functionalized by asset class, but also integrated as a global research team in order to provide consistency of approach and output. Analysts partner closely with the portfolio managers and trading professionals in their asset classes and are generally physically located with them as well. Analysts specialize by sector and sub-sector and have responsibility for generating investment recommendations within a defined universe of coverage.

Specialized Research Teams



For illustrative purpose only.

Focused security and sector-level research and analysis

- Asset modeling and monitoring based on **standardized scoring**
- Global **coordination** of credit teams to determine sub-sector opportunities and leverage **views across the capital structure**
- Credit analysis informed by **top down** views
- Sector PMs and research analysts synthesize research into **thematic and high-conviction ideas**

The credit research process begins with a comprehensive fundamental analysis of each issuer. We assess qualitative aspects such as competitive position, secular/industry factors, management and strategy, event risk, equity performance, market perceptions,

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access to capital markets, litigation, and regulatory issues. Additionally, liquidity and short-term access to capital markets are analyzed since they have become increasingly important within various credit sectors. Analysts issue allocation ratings and targeted price or valuation levels on a representative security for an issuer and monitor developments in these recommendations for ongoing validity.

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Portfolio construction

The IST provides the investment team with three key outputs that provide the foundation for top-down positioning. These outputs include:

- 1) formal macro outlooks for multiple regions that include assessments for credit risk, rates, currencies trends, monetary and fiscal policy expectations and financial conditions
- 2) a formal expression of the economic and risk cycle stage of each region; and
- 3) allocation ratings across the multi-sector relative value prospects across investment grade, high yield, emerging market, municipal, bank loans, CMBS, ABS, and non-agency RMBS markets.

Each macro source of return across interest rates, currencies, and credit are assigned an allocation rating that guides the appropriate macro positioning for the fund, adjusted for the fund's investment guidelines and risk tolerances.

The portfolio management team translates the macro view into modulating the risk profile across the fund. While targeted beta and/or tracking error risks are driven by the macro overlay, the bottom-up analysis drives the sector rotation within corporate credit.

The investment process was designed to incorporate a comprehensive set of portfolio construction inputs intended to ensure uniformity in positioning logic, appropriateness in risk allocation, and optimal capture of our best ideas on the global platform. IFI believe in and deploy specialist decision makers across all segments of the market to fulfil that design. However, IFI do recognize that communication is critical to the process. IFI have implemented a clear delivery and measurement of decisions via their proprietary Qtech platform. In addition to this tool providing transparency of views and communication to the broader team, IFI also use the information stored in Qtech to assess decision quality and to maintain risk management from an oversight, spread, and allocation rating perspective.

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Risk management

Investment management success is dependent upon prudent risk taking. Invesco believes that measuring and defining investment risk itself is a multi-dimensional undertaking and recognizes that assessing risk requires human judgment with the aid of quantitative tools.

Invesco employs a multi-faceted approach to oversight and risk management that is deeply embedded in the firm's culture, organizational governance and business structure. In the first instance, each investment team has embedded risk controls within its investment management discipline, including review and oversight processes tailored to its philosophy and objectives. These investment teams' processes are bolstered and overseen by multi-dimensional independent controls.

Invesco's Global Performance Measurement and Risk (GPMR) team is an independent function consisting of over 80 professionals providing comprehensive, detailed sources of information and analysis that will help Invesco better understand investment performance, quality, and risk. This team provides regular reviews of the performance and risk attributes of the various investment team disciplines to senior management.

With regards to firm-level risk management, Invesco's Corporate Risk Management Committee consists of senior executives representing all of the company's major business functions including Investment Management, Trading, Information Technology, Portfolio Operations, Legal and Compliance, Finance and Internal Audit. The Committee exists to facilitate the timely and consistent top-down identification, evaluation, monitoring, and mitigation of operational and business risk on a consolidated basis. Relevant areas of focus have included operational controls regarding new investments.

Augmenting this effort are strong Internal Audit and Compliance teams. The Internal Audit team works closely with business units to improve the integrity, consistency, and control of all operations. This team designs and leads audits of operations, compliance, and financial reporting functions and ensures appropriate implementation of Sarbanes-Oxley and other regulatory requirements. The Compliance team works with the business to establish and maintain policies and procedures designed to prevent, detect and correct violations of applicable laws and regulations and client investment guidelines. Portfolios are subject to daily compliance review. Compliance routinely monitors existing practices, policies, and procedures and reviews written policies and procedures at least annually. Reports on all exceptions, errors and other information are provided to senior management regularly or as necessary.

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Risk Oversight and Governance	Board of Directors and Fund Boards			
	Executive Management Team			
Risk Management Facilitation	Risk Areas of Focus	<ul style="list-style-type: none">▪ Investment▪ Credit/Asset/Liability	<ul style="list-style-type: none">▪ Financial▪ Operational	<ul style="list-style-type: none">▪ Business
	Global Performance Measurement and Risk <ul style="list-style-type: none">▪ Facilitates investment oversight function▪ Independently reviews investment execution and process application▪ Monitors consistency of investment results with mandates, market environments, client and CIO expectations▪ 80+ professionals	Corporate Risk Management Committee <ul style="list-style-type: none">▪ Timely and consistent identification, evaluation and mitigation of operational and business risk▪ Senior executives from all major business functions including:<ul style="list-style-type: none">– Investment: management/trading– Product management– Administration (information technology, investment operations, human resources, procurement)– Portfolio operations– Legal and compliance– Finance and internal audit– Strategy		
Risk Management Embedded in the Business	Investment Risk Management Managing our core risks through the investment centers			
	Business/Operational Risk Management Managing all other risks in the business			
Internal Control	Compliance and Internal Audit Facilitate and monitor internal control at all levels			

For illustrative purposes only.

The table above visually presents how investment teams' processes are bolstered and overseen by multi-dimensional independent controls. These controls include:

- The GPMR team (consisting of over 80 professionals), an independent group responsible for analysing performance and activities, as well as position and risk, in the context of investment process and philosophy, market environment and client expectations.
- Invesco's senior management oversight, comprised of:
 - Reporting lines running from investment team CIOs who have day-to-day responsibility for investment team risk controls up to the Invesco Senior Managing Director having management responsibility for the investment team.
 - Quarterly and monthly reviews, performed based upon investment performance and risk analytics of each investment discipline produced by the GPMR team. These reviews are conducted by the CEO and those Senior Managing Directors who oversee the investment teams.
 - Review of operational controls and related corporate exposures by Invesco's Corporate Risk Management Committee.
 - Regular review of investment matters by Invesco's Board of Directors and independent Fund Boards, including quarterly reporting on investment performance data produced by the GPMR team and related reviews by the CEO and Senior Managing Directors, as well as presentations (on a rotating basis) by investment team CIOs and other senior investment professionals.
 - Additional reviews and support from Invesco's Compliance and Internal Audit functions.

These layers of controls are designed to provide enhanced transparency, reporting and risk assessment from and to the investment teams.

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Within IFI, monitoring of investment risk is facilitated through BlackRock's Aladdin and Barclays POINT, as well as a proprietary internal system called QTech. The internal, proprietary technology management platform provides the transparency for senior investment professionals to monitor and measure risk.

The investment process is completely transparent and each professional has access to investment decisions and monitoring tools. Daily monitoring is available for complete review of holdings, deviation of holdings within a given strategy, maximum exposure limits, credit rating flexibility, and a summary of other reports that are able to be crafted given the flexibility of the proprietary system.

Additionally, IFI also loads client guidelines into the BRS Aladdin Trading System. Pre-trade compliance is conducted within BRS Aladdin to prevent trades that would violate guidelines. Any trade error that does occur is handled through our escalation procedure. Discretion is removed from the trader / portfolio manager in resolution procedures. In-process and out-of-process personnel are involved to ensure proper resolution.

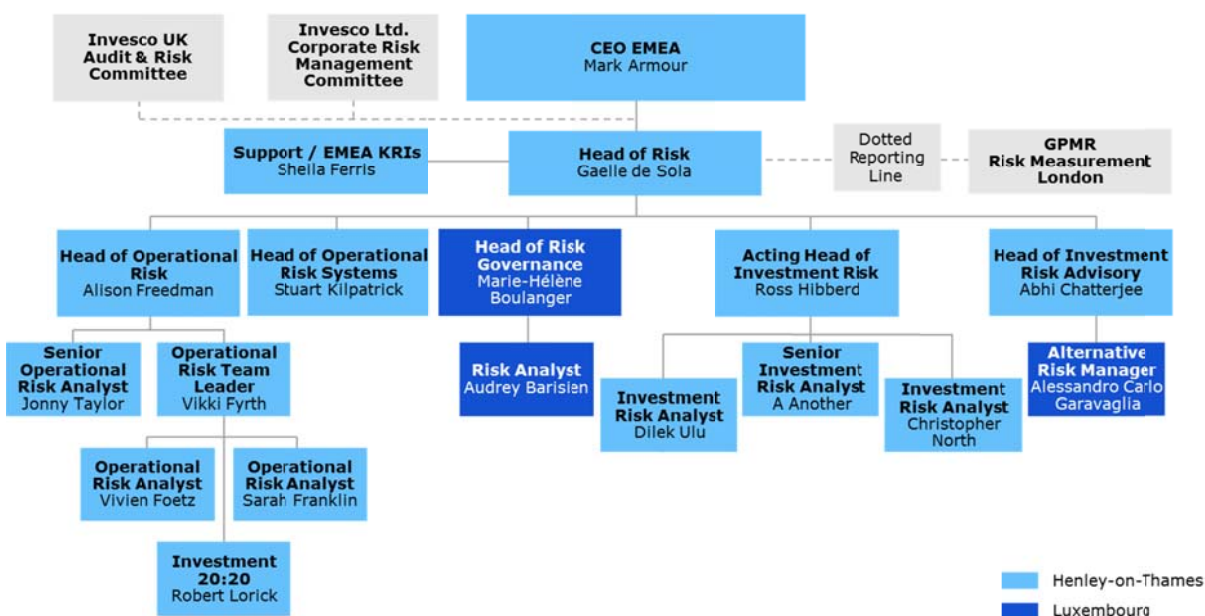
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Invesco's Independent Risk Function (IRF) in EMEA

Gaelle de Sola leads Invesco's IRF in EMEA, and has a team of risk specialists reporting to her who facilitate the risk monitoring process, covering both operational as well as portfolio risk, including market, liquidity and counterparty risk, for the firm's UK and European (France, Ireland and Luxembourg) domiciled UCITS funds, AIFs and other relevant portfolios.

Gaelle de Sola, Head of Risk for EMEA, reports directly to Mark Armour CEO of Invesco Perpetual, Senior Managing Director of Invesco and Head of Invesco's EMEA region. Please refer to the chart below that illustrates the framework in which the IRF in EMEA functions:



Source: Invesco as at 1 March 2015.
 For illustrative purposes only.
 EMEA: Europe, the Middle East and Africa.

The IRF is an independent assurance function for Invesco UK Limited. The IRF does not own Invesco UK Limited's risks, its aim is to support and facilitate Directors, senior management and the business in assessing, managing, monitoring and reporting all Invesco's risks. Risks that are assessed by the business or the management team to be inadequately managed, outside of Invesco's policies and procedures, risk appetite, best practice and regulatory requirements, are reported together with recommended actions for their reduction to within Invesco's tolerance level. The IRF has a duty to highlight where risks may be inadequately or incorrectly assessed to the Board to ensure appropriate attention is paid to these risks.

The IRF has no reporting lines into other business units, but a direct reporting line into various fund boards, the CEO and the Audit and Risk Committee of Invesco UK Limited. In the event of a conflict or other issue arising, then such issues can be raised to either the Board or the Audit and Risk Management Committee (the Committee is chaired by a Non-Executive Director) for discussion and onward resolution.

The role of the IRF is to undertake independent risk controlling duties at company and fund level. The tasks and duties of the IRF encompass different areas that include the oversight of implemented actions, strategies and processes aimed to comply with regulatory requirements for internal audit, compliance, risk management and risk reporting. The IRF ensures relevant techniques for risk measurement and reviews

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regularly the adequacy of existing methods. Furthermore, the IRF is in charge of coordinating the execution of identification, evaluation and quantification of risks.

The activities of the three teams within the IRF are as follows:

Investment risk

- Independently monitor, quantify and assess all investment-related risks within and across products, including real estate and other alternatives. Also applicable to new product development.
- Communicate/heighten awareness and escalate these risks/risk factors in the business - on an ad hoc basis as warranted, through the quarterly “risk challenge” sessions with fund managers.
- Prepare related monthly/quarterly Management Information (MI) and reports (including input for the board packs).
- Derivatives risk management oversight.
- Oversight of outsourced risk systems, models and analytics, and all related outsourcing arrangements.

Risk governance

- Risk management policies: production of all risk management policies in coordination with the input of relevant stakeholders.
- Request for proposal: centralisation and/or production of the responses related to the portfolio risks’ aspects.
- Portfolio risk monitoring: monitoring of portfolio risk limits (regulatory and internal). If the breach is genuine, then the case will be passed over to the Investment Risk team for investigation and appropriate remediation with the fund managers.
- Risk Profile and Limit System (RPLS) packs: production of RPLS packs as a support for the Investment Risk team to conduct their “risk challenge” sessions.
- Risk disclosures and reporting to fund boards etc.

Operational risk (across all European business functions)

- Facilitate and coordinate the quarterly risk self-assessment (RSA) process and independently challenge the RSAs completed by each business function on B Wise.
- Active management and administration of the Risk Management module of B Wise.
- Provide operational risk information for Capital Requirements Directive purposes i.e. ICAAP, ICA and MaRisk; including quantified aggregated inherent impact exposures and viable stress test scenarios.
- Prepare quarterly MI and reports (including input for the board packs) for EMEA-based Risk Management Committees.
- End to end management of the incident reporting module of B Wise including independently following up on and ensuring effective mitigation of incidents logged by the business and investigation of systemic and thematic issues.

The IRF cooperates closely with other risk experts within the firm, in particular:

- **GP MR Risk Measurement** focuses on the production of Value at Risk (VaR) together with back-testing and stress testing as well as liquidity risk analysis. Output from this measure is shared with the IRF, as well as the business for analysis, and where relevant, investigation.
- **Compliance** is responsible for monitoring all investment restrictions including leverage. Daily reports are produced and analysed; breaches of regulatory limits are immediately logged and allocated for resolution. Compliance also monitors general compliance with rules and regulations and escalates any risk findings to the IRF.

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- **Data management** is responsible for security pricing or the oversight of it if completed by third party administrations. This includes OTC derivative pricing. Data management reports on stale pricing, pricing volatility and any other pricing matters.

The IRF is a key participant in all material committees including the European Counterparty Risk Committee, the Derivatives Committee, Broker Review Committee, Dealing Commission Committee, Unquoted Approval and Pricing Committees as well as the European Pricing Committee (for the purpose of valuing securities for which market quotations are not readily available or other securities for which fair value needs to be determined).

The IRF also provides formal and informal reports to the firm's management on various topics, including capital adequacy or incidents. The IRF is also responsible for providing risk advice and facilitating the risk awareness culture across the business.

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Strategy overview

Global Bond

Strategy name , manager and objective	Benchmark	Concentration
Invesco Global Bond strategy Mark Nash - Rob Waldner The global bond strategy is permitted to pursue investments in areas outside of its core global government bonds opportunity set. Under its current design parameters, the strategy may hold US and European corporate bonds. The strategy targets an active return of 150 basis points over the JP Morgan Global Government Bond Index. Active investment strategies in currencies are adopted and should contribute up to one-third of the expected alpha generation. Derivatives are used, but for hedging purposes only in this strategy. Diversification is one of the cornerstones of our investment approach. In the context of portfolio construction, this concept extends to the number of active investment decisions deployed in each portfolio but also, the number of securities held.	JP Morgan Global Government Bond Index	Typically 60 to 90 stocks

Please find below Mark Nash's And Rob Waldner's biographies:

Mark Nash, CFA

Senior Portfolio Manager

Based in London, Mark is a senior fixed income fund manager for Invesco Fixed Income (IFI), responsible for managing multi-currency global fixed income portfolios for retail and institutional clients.

Aside from managing portfolios, Mark is the head of global multi-asset fixed income at IFI managing the other portfolio managers in London, responsible for around US dollar 8 billion in AUM. He is the lead analyst for European fixed income and foreign exchange on the global platform at IFI providing European strategy for all applicable products in IFI's range worldwide.

Mark holds a BSc (Honours) degree (2000) in Chemistry from the University of Nottingham. In 2004, Mark was awarded the Chartered Financial Analyst® (CFA®) designation.

Rob Waldner, CFA

Chief Strategist and Head of Multi-Sector

Rob Waldner is Chief Strategist and Head of the Multi-Sector team for Invesco Fixed Income. Mr. Waldner is responsible for facilitating the overall macro investment strategy for the fixed income platform and for oversight of the multi-sector portfolio construction process. He joined Invesco in 2013.

Prior to joining Invesco, Mr. Waldner was with Franklin Templeton for 17 years. At Franklin Templeton, he was a senior strategist and senior portfolio manager. Previously, Mr. Waldner was a member of the Macro team at Omega Advisors and a portfolio manager with Glaxo (Bermuda) Ltd. He entered the industry in 1986.

Mr. Waldner earned a BSE degree in civil engineering from Princeton University in 1986. He holds the Chartered Financial Analyst® designation.

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Important information

The information contained in this document relating to the composition of the portfolio of any fund advised or managed by us or any of our associated companies is confidential. It is disclosed to you on the strict basis you will 1) use it only for the purpose of analysing this document, 2) disclose it only to those of your staff and professional advisers who need to know it for the purposes of such analysis and 3) not disclose it, or permit it to be disclosed, in any way, other than as mentioned in 2).

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.

All data is as at 31 December 2014, sourced from Invesco unless otherwise stated.

Where Invesco has expressed views and opinions, these may change.

As with all investments there are associated risks. Please obtain and review all relevant materials carefully before investing.

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Appendix F

Invesco Perpetual Policy on Corporate Governance and Stewardship



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1. Introduction

Invesco Perpetual (IP), a business name of Invesco Asset Management Limited, has adopted a clear and considered policy towards its responsibility as a shareholder on behalf of all investors in portfolios managed by them. As part of this policy, IP will take steps to satisfy itself about the extent to which the companies in which it invests look after shareholder value in their companies and comply with local recommendations and practices, such as the UK Corporate Governance Code issued by the Financial Reporting Council and the U.S. Department of Labor Interpretive Bulletins.

IP has a responsibility to optimise returns to its clients. As a core part of the investment process, IP's fund managers will endeavour to establish a dialogue with company management to promote company decision making that is in the best interests of shareholders, and is in accordance with good Corporate Governance principles.

Being a major shareholder in a company is more than simply expecting to benefit in its future earnings streams. In IP's view, it is about helping to provide the capital a company needs to grow, about being actively involved in its strategy, when necessary, and helping to ensure that shareholder interests are always at the forefront of management's thoughts.

IP primarily defines stewardship as representing the best interests of clients in its fiduciary role as a discretionary asset manager (not asset owner) and as an institutional shareholder, i.e. an organization which pools large sums of money and invest those sums in securities, real property and other investment assets. This is considered more appropriate than undertaking the stewardship of investee companies, which we believe should always remain the responsibility of the directors and executives of those companies. IP may at times seek to influence strategies of investee companies, where appropriate, on behalf of its clients, but IP will never seek to be involved in the day to day running of any investee companies.

IP considers that shareholder activism is fundamental to good Corporate Governance. Although this does not entail intervening in daily management decisions, it does involve supporting general standards for corporate activity and, where necessary, taking the initiative to ensure those standards are met, with a view to protecting and enhancing value for our investors in our portfolios.

Engagement will also be proportionate and will reflect the size of holdings, length of holding period and liquidity of the underlying company shares. This is because in most of IP's investment jurisdictions, the only effective remedy of last resort available to shareholders, other than liquidating their share ownership, is the removal of directors.

2. Scope

The scope of this policy covers all portfolios that are managed by the IP investment teams located in Henley on Thames, United Kingdom and specifically excludes portfolios that are managed by other investment teams within the wider Invesco group that have their own voting, corporate governance and stewardship policies. As an example, within IP's ICVC range the following funds are excluded: IP UK Enhanced Index, IP Hong Kong & China, IP Japanese Smaller Companies, IP Global Balanced Index, IP Global ex-UK Core Equity Index, IP Global ex-UK Enhanced Index and the IP Balanced Risk 6, 8 and 10 funds.

3. Responsible voting

One important means of putting shareholder responsibility into practice is via the exercising of voting rights. In deciding whether to vote, IP will take into account such factors as the likely impact of voting on management activity, and where expressed, the preference of clients in portfolios managed by them. As a result of these two factors, IP will tend to vote on all UK, European and US shares but to vote on a more selective basis on other shares. (See Appendix I - Voting on shares listed outside of the UK, Europe and the US).

IP considers that the voting rights attached to its clients' investments should be actively managed with the same duty of care as that applied to all other aspects of asset administration. As such, voting rights will be exercised on an informed and independent basis, and will not simply be passed back to the company concerned for discretionary voting by the Chairman.

In voting for or against a proposal, IP will have in mind three objectives, as follows:

- To protect the rights of its clients
- To minimise the risk of financial or business impropriety within the companies in which its clients are invested, and
- To protect the long-term value of its clients' investments.

It is important to note that, when exercising voting rights, the third option of abstention can also be used as a means of expressing dissatisfaction, or lack of support, to a board on any particular issue. Additionally, in the event of a conflict of interest arising between IP and its clients over a specific issue, IP will either abstain or seek instruction from each client.

IP will actively exercise the voting rights represented by the shares it manages on behalf of its clients where it is granted the discretion to do so. In certain circumstances the discretion is retained by the client, where they wish to be responsible for applying their own right to vote.

Note: Share blocking

Generally, IP will not vote where this results in shares being blocked from trading for a period of more than a few hours. IP considers that it is not in the interest of clients that their shares are blocked at a potentially sensitive time, such as the time around a shareholder meeting.

4. Voting procedures

IP will endeavour to keep under regular review with trustees, depositaries, custodians and third party proxy voting services the practical arrangements for circulating company resolutions and notices of meetings and for exercising votes in accordance with standing or special instructions. Although IP's proxy voting service will provide research and recommendations for each resolution, each fund manager will cast their vote independently considering their own research and dialogue with company management.

Proxy voting research and services are currently provided by Institutional Shareholder Services (ISS), part of the RiskMetrics Group.

IP will endeavour to review regularly any standing or special instructions on voting and where possible, discuss with company representatives any significant issues.

IP will take into account the implications of stock lending arrangements where this is relevant (that is, when stock is lent to the extent permitted by local regulations, the voting rights attaching to that stock pass to the borrower). However, IP does not currently enter into any stock lending arrangements as it believes the facility does not support active shareholder engagement.

5. Dialogue with companies

IP will endeavour, where practicable and in accordance with its investment approach, to enter into a dialogue with companies' management based on the mutual understanding of objectives. This dialogue is likely to include regular meetings with company representatives to explore any concerns about corporate governance where these may impact on the best interests of clients. In discussion with company boards and senior non-Executive Directors, IP will endeavour to cover any matters of particular relevance to investee company shareholder value.

Those people on the inside of a company, most obviously its executives, know their businesses much more intimately. Therefore, it is usually appropriate to leave strategic matters in their hands. However, if that strategy is not working, or alternatives need exploring, IP will seek to influence the direction of that company where practicable. In IP's view, this is part of its responsibility to investors, where possible, in shaping strategy. Ultimately the business' performance will have an impact on the returns generated by IP's portfolios, whether it is in terms of share price performance or dividends, and IP wants to seek to ensure that the capital IP has invested on behalf of its clients is being used as effectively as possible. In the majority of cases IP is broadly in agreement with the direction of a company that it has invested in, as its initial decision to invest will have taken these factors into account. But these issues demand regular review, which can only be achieved through company meetings.

The building of this relationship facilitates frank and open discussion, and on-going interaction is an integral part of the fund manager's role. The fact that IP has been a major shareholder in a number of companies for a long time, in particular within its domestic UK portfolios, reflects both the fact that IP's original investments were based on a joint understanding of where the businesses were going and the ability of the companies' management to execute that plan. Inevitably there are times when IP's views diverge from those of the companies' executives but, where possible, it attempts to work with companies towards a practical solution. However, IP believes that its status as part-owner of companies means that it has both the right and the responsibility to make its views known. The option of selling out of those businesses is always open, but normally IP prefers to push for change, even if this can be a slow process.

Specifically when considering resolutions put to shareholders, IP will pay attention to the companies' compliance with the relevant local requirements. In addition, when analysing companies' prospects for future profitability and hence returns to shareholders, IP will take many variables into account, including but not limited to, the following:

- Nomination and audit committees
- Remuneration committee and directors' remuneration
- Board balance and structure
- Financial reporting principles
- Internal control system and annual review of its effectiveness
- Dividend and Capital Management policies
- Socially Responsible Investing policies

6. Non-routine resolutions and other topics

These will be considered on a case-by-case basis and where proposals are put to the vote will require proper explanation and justification by (in most instances) the Board. Examples of such proposals would be all political donations and any proposal made by a shareholder or body of shareholders (typically a pressure group).

Apart from the three fundamental voting objectives set out under 'Responsible Voting' above, considerations that IP might apply to non-routine proposals will include:

- The degree to which the company's stated position on the issue could affect its reputation and/or sales, or leave it vulnerable to boycott or selective purchasing
- Peer group response to the issue in question
- Whether implementation would achieve the objectives sought in the proposal
- Whether the matter is best left to the Board's discretion.

7. Evaluation of companies' environmental, social and governance arrangements

At IP, each fund manager is individually responsible for environmental, social and governance (ESG) matters, rather than utilising ESG professionals or an internal / external discrete team independent from the fund management process. ESG issues are deemed as an essential component of the fund manager's overall investment responsibilities. Additionally, fund managers may call on the support of the IP Investment Management Operations team on any ESG matter.

As mentioned in Section 5, company meetings are an integral part of IP's investment research approach and discussions at these meetings include all matters that might affect the share price, including ESG issues.

IP's research is structured to give it a detailed understanding of a company's key historical and future, long-term business drivers, such as demand for its products, pricing power, market share trends, cash flow and management strategy. This enables IP's investment teams to form a holistic opinion of management strategy, the quality of the management, an opinion on a company's competitive position, its strategic advantages/ disadvantages, and corporate governance arrangements, thus incorporating any inherent ESG issues.

IP will, when evaluating companies' governance arrangements, particularly those relating to board structure and composition, give due weight to all relevant factors brought to its attention.

8. Disclosure and reporting

Although IP acknowledges initiatives of transparency, it is also very aware of its fiduciary duty and the interests of all investors in portfolios managed by them. As such, IP is very cognisant that disclosure of any meeting specific information may have a detrimental effect in its ability to manage its portfolios and ultimately would not be in the best interests of all clients. Primarily, this is for investor protection and to allow IP's fund managers to manage their portfolios in the interests of all its clients.

Although IP does not report specific findings of company meetings for external use, it will seek to provide regular illustrations to demonstrate that active engagement is at the heart of its investment process.

For clients with individual mandates, (i.e. not invested in a fund), IP may discuss specific issues where it can share details of a client's portfolio with that specific client. Occasionally, where IP has expressed strong views to management over matters of governance, those views have gained media attention, but IP will never seek to encourage such debates in the media.

On request from investors, IP will in good faith provide records of voting instructions given to third parties such as trustees, depositaries and custodians provided that:

- In IP's view, it does not conflict with the best interests of other investors; and
- It is understood that IP will not be held accountable for the expression of views within such voting instructions and
- IP is not giving any assurance nor undertaking nor has any obligation to ensure that such instructions resulted in any votes actually being cast. Records of voting instructions within the immediate preceding three months will not normally be provided for activities within the funds managed by IP

Note:

The record of votes will reflect the voting instruction of the relevant fund manager. This may not be the same as votes actually cast as IP is entirely reliant on third parties complying promptly with such instructions to ensure that such votes are cast correctly. Accordingly, the provision of information relating to an instruction does not mean that a vote was actually cast, just that an instruction was given in accordance with a particular view taken.

9. The UK Stewardship Code

The UK Stewardship Code (the Code) issued by the Financial Reporting Council (FRC) aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. The Code sets out seven principles, which support good practice on engagement with UK investee companies and to which the FRC believes institutional investors should aspire. The Code is applied on a 'comply or explain' approach. IP sets out below how it complies with each principle or details why it chooses not to.

Principle 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

IP complies with Principle 1 and publishes the Invesco Perpetual Policy on Corporate Governance and Stewardship, which sets out how it will discharge its stewardship responsibilities, on the 'About us' page on its website:

The following is a summary:

IP primarily defines stewardship as representing the best interests of clients in its fiduciary role as a discretionary asset manager (not asset owner) and as an institutional shareholder, i.e. an organization which pools large sums of money and invest those sums in securities, and other investment assets. This is considered more appropriate than undertaking the stewardship of investee companies, which we believe should always remain the responsibility of the directors and executives of those companies. IP may at times seek to influence strategies of investee companies, where appropriate, on behalf of its clients, but IP will never seek to be involved in the day to day running of any investee companies. As a result, in the interests of the beneficiaries of the assets under its management, IP will engage with investee companies on strategy, share value performance, risk, capital structure, governance, culture, remuneration and other significant matters that may be subject to voting in a general meeting and of proportional interest in terms of value discovery in a business.

Principle 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

IP complies with Principle 2 by meeting its regulatory requirement of having an effective Conflicts of Interest Policy. Any conflicts of interest arising through its stewardship of investee companies will be handled in accordance with that policy.

In respect of stewardship, IP anticipates the opportunity for conflicts arising would be limited, e.g. where it invests in a company that is also a broker (i.e. dealing) of, or client of IP.

This Invesco UK Conflicts of Interest Policy is available on request and covers potential conflicts of interest in relation to stewardship. The Conflicts of Interest Policy defines a conflict of interest as 'a situation where there is a material risk of damage to the interests of a client arising because of the interests of Invesco and our clients differ and any client and those of another client differ.' As UK Stewardship is carried out in our clients' interests, there are limited opportunities for conflicts of interest arising and, where they do, these are managed appropriately.

Principle 3

Institutional investors should monitor their investee companies.

As an active shareholder, IP complies with Principle 3. Through its investment process, fund managers endeavour to establish on a proportionate basis, on-going dialogue with company management and this is likely to include regular meetings. In discussions with company boards and senior non-Executive Directors, IP will explore any concerns about corporate governance where these may impact on the best interests of clients, together with any other matters of particular value to shareholders.

Meeting company boards of investee companies is a core part of IP's investment process and IP is committed to keeping records of all future key engagement activities. As part of the engagement process IP fund managers may choose to be made insiders (i.e. to be made privy to material, non-public information) to protect and/or enhance investor value. In such circumstances they will follow IP's regulatory required policy and processes to mitigate against market abuse, principally by systematically blocking any trading in insider securities.

When casting votes on behalf of investors, IP keeps detailed records of all instructions given in good faith to third parties such as trustees, depositories and custodians. Although the rationale for voting in a particular manner is not automatically captured through the voting process, the individually responsible fund manager would be expected to be able to clearly articulate their decision whenever required.

9. The UK Stewardship Code

Principle 4 Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

IP complies with Principle 4 with its fund managers managing corporate governance matters independently being a key part of their investment process to protect and add value on behalf of investors. Initially any issues/concerns would be raised by its fund managers through IP's process of on-going dialogue and company meetings. On occasions that a fund manager believes an issue is significant enough to be escalated, this will be done through IP's Chief Investment Officer (CIO) and the IP Investment Management Operations team who will ensure the relevant internal resources are made available to support the fund manager in securing the most appropriate outcome for IP's clients.

Principle 5 Institutional investors should be willing to act collectively with other investors where appropriate.

IP is supportive of collective engagement in cases where objectives between parties are mutually agreeable, there are no conflicts of interest and, as they pertain to the UK market, are not in breach of 'concert party' rules. Other shareholders can engage directly with the relevant fund manager or through an investment adviser. Alternatively, enquiries can be directed to any of the below:

- Stuart Howard - Head of IP Investment Management Operations
- Dan Baker - IP Investment Management Operations Manager
- Charles Henderson - UK Equities Business Manager

Principle 6 Institutional investors should have a clear policy on voting and disclosure of voting activity.

As detailed in Section 3, IP is committed to voting on all the UK (together with European and US) stocks it holds for its underlying investors and where it has the full discretion to do so. Whilst comprehensive records of IP's voting instructions are maintained, IP does not report specifically on its voting activity. Whilst being mindful of its fiduciary duty and the interest of all investors, IP believes that automatic public disclosure of its voting records may have a detrimental effect on its ability to manage its portfolios and ultimately would not be in the best interest of all clients.

On specific requests from clients, IP will in good faith provide records of voting instructions given to third parties such as trustees, depositaries and custodians subject to limitations detailed in Section 8.

IP uses ISS to process its voting decisions and the ABI's IVIS service for research for UK securities. Its instructions to ISS include a default instruction to vote with management, which is used only on the rare occasion when instructions are not successfully transmitted to ISS. IP will also consider the need to attend and vote at general meetings if issues prevent the casting of proxy votes within required time limits.

IP does not enter into stock lending arrangements which might impact the voting process.

Principle 7 Institutional investors should report periodically on their stewardship and voting activities.

IP complies with Principle 7 through a commitment to provide regular illustrations of its engagement activities and to respond to voting record requests from investors in its portfolios on an individual basis.

Although IP does not report specific findings of company meetings for external use, we will seek to provide illustrations to demonstrate that active engagement is at the heart of its investment process. On request from investors, IP will in good faith provide records of voting instructions given to third parties such as trustees, depositaries and custodians subject to certain limitations outlined in Section 8. Although the rationale for its voting decision is not captured through the voting process, individual fund managers would be expected to articulate their decision whenever required.

IP currently does not obtain an independent opinion on its engagement and voting processes as it believes any value for its clients from such an opinion is outweighed by the costs of obtaining such an opinion. There is also no material demand from clients to provide such an independent assurance.

Appendix 1

Voting on shares listed outside of the UK, Europe and the US

When deciding whether to exercise the voting rights attached to its clients' shares listed outside of the UK, Europe and the US, IP will take into consideration a number of factors. These will include the:

- Likely impact of voting on management activity, versus the cost to the client
- Portfolio management restrictions (e.g. share blocking) that may result from voting
- Preferences, where expressed, of clients

Generally, IP will vote on shares listed outside of the UK, Europe and the US by exception only, except where the client or local regulator expressly requires voting on all shares.

Note: Share blocking

Generally, IP will not vote where this results in shares being blocked from trading for a period of more than a few hours. IP considers that it is not in the interest of clients that their shares are blocked at a potentially sensitive time, such as that around a shareholder meeting.

Important information

As at 8 July 2014.

For more information on our funds, please refer to the most up to date relevant fund and share class-specific Key Investor Information Documents, the Supplementary Information Document, the ICVC ISA Key Features and Terms & Conditions, the latest Annual or Interim Short Reports and the latest Prospectus. This information is available using the contact details shown.

Telephone calls may be recorded.

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.

Where Invesco Perpetual has expressed views and opinions, these may change.

Invesco Perpetual is a business name of Invesco Asset Management Limited.
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