
Investment philosophy

Invesco Canadian Fund seeks to provide strong capital growth over the long term. The Fund invests primarily in common shares of Canadian and global companies.

Performance summary

- Invesco Canadian Fund, Series I generated a return of 10.66% over the fourth quarter of 2021 versus its benchmark, the 65% S&P/TSX Composite Index/35% MSCI World Index, which returned 6.83% (C\$).

Key contributors to performance

- The Fund's relative performance versus the benchmark was helped by strong stock selection in the financials and energy sectors. The two most significant individual contributors to Fund performance over the quarter were Brookfield Asset Management Inc. (BAM) and the Bank of Nova Scotia (BNS)
- BAM is a global alternative asset manager with approximately US\$650 billion* of assets under management. The company's investments are focused on real estate, renewable power, infrastructure, private equity and credit. Shares in BAM rose over the quarter on strong quarterly operating results, attractive fundraising prospects and more positive investor sentiment around the U.S. economy improving, which the portfolio management team (the "team") believes should benefit BAM's investments
- BNS is one of the largest banks in Canada. Shares in BNS rose over the quarter due to strong quarterly results, which highlighted improvements in their international business as well as strong growth in their Canadian mortgage business. BNS has a solid banking presence in Latin America that the team feels provides long-term growth opportunities. As well, the Canadian banking industry enjoys a fundamentally positive oligopoly industry structure, which has helped to generate attractive returns on invested capital

Key detractors from performance

- The Fund's relative performance versus the benchmark was hurt by a lack of exposure to the real estate sector, which generated positive returns over the period
- The Fund also held an average of approximately 3% in cash over the period, which was a drag on relative performance in a rising equity market
- On an individual basis, there were no stocks in the Portfolio that were material individual detractors over the period

Portfolio activity

- During the period, no new buys were initiated for the Portfolio
- Oracle Corp. was sold as the share price reflected full valuation in the team's view
- In terms of positioning, the Fund is most overweight the financials sector. In contrast, the Fund is most underweight information technology and materials. Sector weights are a function of the team's bottom-up, fundamental investment approach and are not a top-down call on the attractiveness of any given sector

Investment outlook

In the team's view, caution is warranted today given the enthusiasm for equities along with examples of elevated valuations that it feels are disconnected from fundamentals. However, the team remains comfortable with how the Fund is positioned in large part because the Portfolio's holdings look very different than the overall market. The Fund is a concentrated portfolio of select quality businesses that, on average, trade at a discount to the market. In the team's view, Portfolio valuations have remained quite reasonable and, in some cases,

significantly discounted. The team believes the Fund is well-positioned to benefit from potential improvements in the economy as the distribution of vaccines progress and businesses gradually return to a normal state.

Important information

Sources: Invesco Canada Ltd., Bloomberg L.P., Factset Research Systems, Inc., Morningstar Research Inc., as at December 31, 2021. Data expressed in Canadian Dollars.

*Source: Brookfield Asset Management, as at December 31, 2021.

The above securities were selected for illustrative purposes only and are not intended to convey specific investment advice.

Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total returns, including changes in security values and reinvestment of all distributions, and do not take into account sales, redemption, distribution or optional charges, or income taxes payable by any securityholder, which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the simplified prospectus before investing. Copies are available from your advisor or Invesco Canada Ltd.

	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)
Invesco Canadian Fund, Series I	38.89	20.72	12.03	9.41
65% S&P/TSX Composite Index/35% MSCI World Index (Net) C\$	23.63	17.99	11.38	11.30

The views expressed above are based on current market conditions and are subject to change without notice; they are not intended to convey specific investment advice. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations.

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