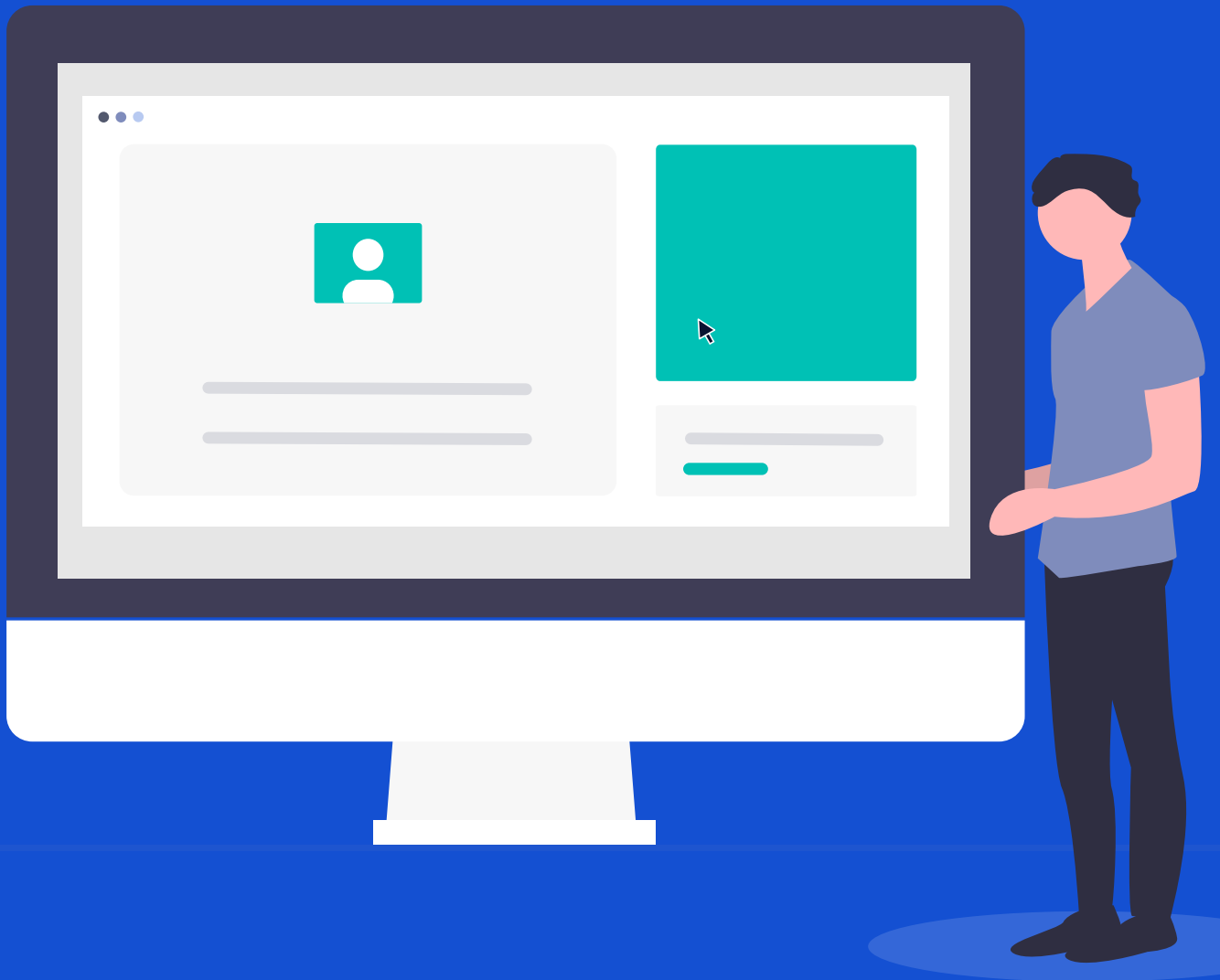




Invesco Model Portfolio Service

Getting started guide

This document is for Professional Clients only and is not for consumer use.



Giving you back more time to focus on what really matters to your clients

Our advisory Model Portfolio Service enables you to:

1. **Access Invesco's global investment expertise to support a wide range of client outcomes**
2. **Retain control over the investment process and client experience**
3. **Reduce admin and improve efficiency by seamlessly seeking investor authorisation for portfolio changes remotely via Intelliflo's Intelligent Office**
4. **Create more high-quality advice events to support better client outcomes**
5. **Enhance your client experience with market leading commentary**

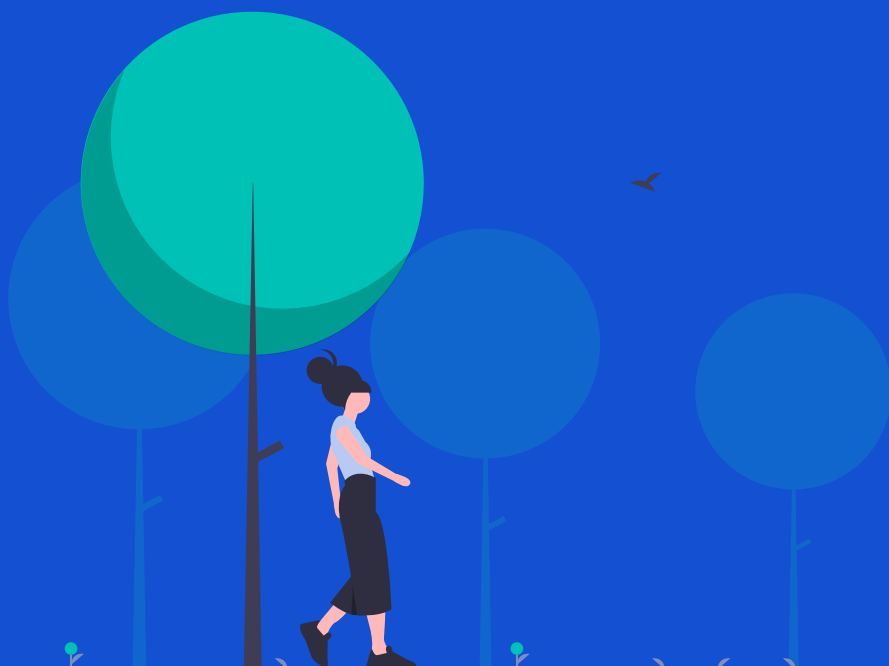
Implementing our Model Portfolio Service

Retain control over the investment process while accessing Invesco's global investment expertise

In this guide, we explore the benefits of outsourcing and how our Model Portfolio Service can support streamlining your business, managing risk and supporting business growth. We examine some of the practicalities of setting-up and running advisory models, and the time and cost savings you can expect to achieve.

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Why outsource?

Outsourcing is growing in popularity as more firms seek to focus on what they do best. Advice firms are realising that the key to profitable growth is concentrating on the activities which create value, rather than attempting to undertake each and every financial planning task.

Successful advice businesses often do the following:

- Identify the activities it undertakes to deliver client value.
- Focus on improving process efficiency to unlock adviser time and prepare for scalable growth.

Client value creation

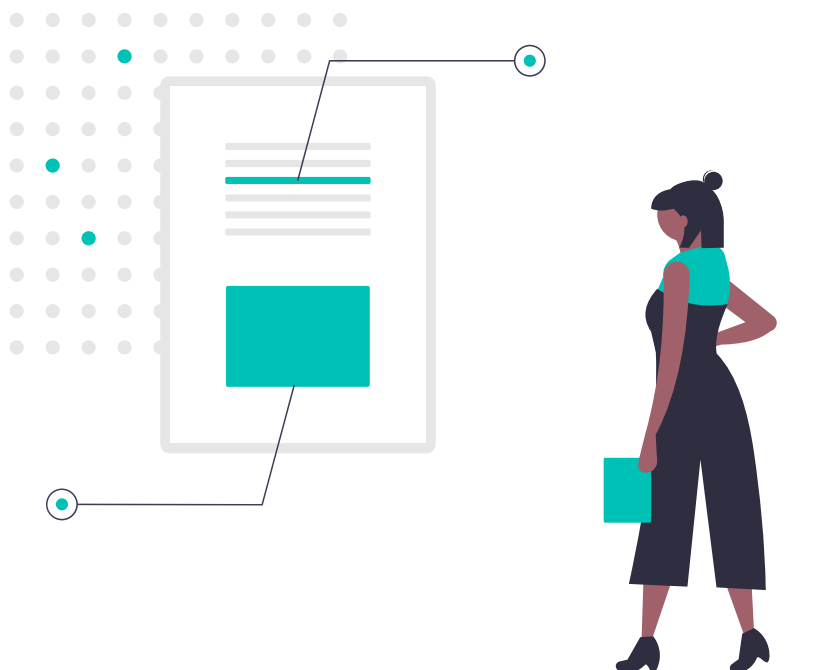
Research has shown that client experience centric firms have almost double the average account size than the industry average.¹ A clear focus on your client may be one of the most effective ways of building your client book AUM and may also help you differentiate your firm in an increasingly competitive landscape. A large number of advisers are also migrating away from measuring their value based solely on their investment expertise, which can more easily be commoditised, and are instead beginning to think more holistically about the impact they can have on clients' lives.

Outsourcing investment management can give advisers back precious time which they can invest in activities that contribute most to creating client value, such as relationship building, behavioural coaching and holistic financial planning.

Process efficiency

As your business grows and you onboard more clients, the more time consuming it becomes to manage them and their assets. Many advisers solve this dilemma by outsourcing investment management.

Outsourced model portfolios can help you to deliver a consistent investment process and consistent client outcomes at scale, across a range of client needs. Some firms may decide to fully outsource investment management, whereas others may prefer to outsource only part of their client book.



¹ Median client size for client experience centric practices is \$1,000,000 whilst the industry average is \$518,732. US Advisor Metrics (2018) Cerulli.

How does our Model Portfolio Service work?

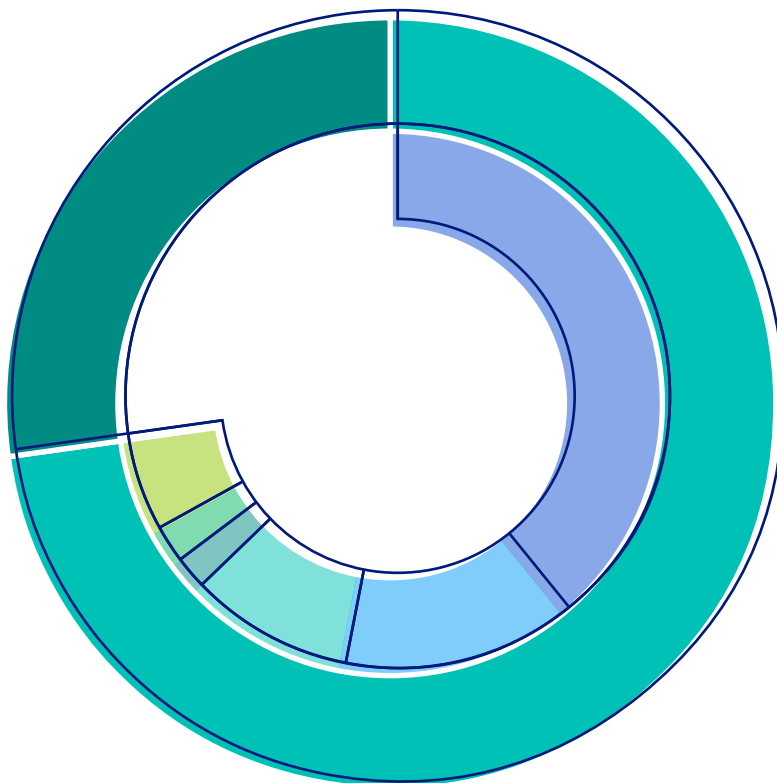
Why model portfolios

Many advisers are realising the benefits that come with running model portfolios. There is no need to reinvent the wheel for every client: a predetermined model can be selected that best fits your client's financial objectives and risk tolerance.

Model portfolios allow you to:

- Optimise efficiencies and systematise your processes.
- Deliver consistent investment outcomes at scale.
- Meet a wide range of client situations and needs.
- Reduce the number of investments you track.
- Spend more time with clients and prospects.

Our research shows that almost three out of four firms now use model portfolios as part of their investment proposition, with 25% working with third parties to construct and manage their model portfolio range



Does your firm use model portfolios as part of their investment proposition?

Yes	73%
No	27%

If yes, who builds them?

Your own firm	54%
A national discretionary asset management firm	19%
Your network	13%
A local discretionary asset management firm	3%
A ratings agency	3%
Other	8%

Source: Invesco. Invesco Investment Seminar feedback form, Round 2 2019 based on 1880 respondents. 'Other' included External Investment Committee, Asset Managers; Network provider, a mix of several approaches.

Key benefits

Unlike discretionary managed model portfolios, our service enables you to offer outsourced model portfolios under an advisory mandate, allowing you to remain firmly in control of the client relationship. Our integration with Intelliflo means you can spend more time giving financial advice and less time on admin, so that you can add real value to your relationships through an engaging and digitally enabled planning process.

Low cost flat fee

We charge just £1 per client per month, capped at £70 per firm (excluding VAT) for ongoing access to our model portfolios including the Intelligent Office integration, ongoing model updates and leading market commentary.

How we compare

Based on a client account of £150,000:

	Invesco Model Portfolio Service	Typical discretionary managed model portfolio service
Annual model charges (per client)	£0 ²	£1,035 ³
Annual firm costs	£1 per client per month, capped at £70. Total max annual charge £840 excl VAT	n/a
Control of client relationship	Yes	No
Control over rebalance events	Yes	No
Increase number and quality of advice events while preserving margin	Yes	No

² Excludes underlying fund cost

³ Excludes underlying fund cost. Average discretionary fee 0.66%. Divided but conquering? A deep dive into the DFM market (22 Feb 2018) Money Marketing from <https://www.moneymarketing.co.uk/analysis/divided-conquering-deep-dive-dfm-market/>

Lower administrative burden

- Our seamless integration with Intelliflo's leading back office software drastically reduces the amount of admin required to run and rebalance advisory models while enabling you to maintain full control over the client relationship.
- The efficiency of model portfolios enables advisers to refocus on their priorities and potentially expand their client base by cost-effectively serving smaller but growing accounts. Outsourcing portfolio management also lowers the operational expenses associated with managing portfolios in-house, including due diligence, administration and reporting.

Refocus the conversation on the value of financial planning, not performance

- Many advisers recognise the tremendous value financial planning offers their clients and are outsourcing investment management as they re-orientate conversations away from short-term performance towards the impact they can have on clients' lives through holistic planning.
- Outsourcing investment management also enables you to sit at the same side of the table as your clients - if performance is not adequate, you have the freedom to terminate the relationship while safeguarding your client relationship.

Remote client servicing

Provide a compelling and engaging digital experience for your clients and seek authorisation for portfolio changes with one-click acceptance online.

Manage business risk

- Intelliflo's integrated Model Portfolio Service (iMPS) technology enables you to:
 - deliver a consistent investment process at scale; and
 - deploy digital systems and controls to improve the robustness of your portfolio management processes.
- In addition, the technology is underpinned by a cloud-based digital audit trail to provide you with further peace of mind.

Access to in-depth investment expertise and resources

- Outsourcing investment management can bring new capabilities into your business and help provide a smoother investment journey to better serve client outcomes. Our Model Portfolio Service enables you to access our deep investment expertise and unlock the capabilities of the Invesco Investment Solutions team within your business.
- Prepare yourself for client meetings with our concise market comment and videos, covering the major market talking points; released on a monthly basis in a timely manner.



“We’ve developed our Model Portfolio Service to help advisers offer clients an institutional grade investment proposition. Combined with our leading edge technology, this will also give advisers more time to do what they do best; chiefly, adding value through the creation of personalised financial plans, as well as ongoing reassurance and supporting in the pursuit of these financial goals.”

Ben Gutteridge
Director of MPS

Due diligence made easy

There are few more important responsibilities than safeguarding client assets and helping them to achieve their financial goals.

Selecting an appropriate investment provider and generating a due diligence report to evidence your choice can seem like a daunting task. To make this easy for you, we've collated some of the most commonly asked adviser questions.

What is my level of access to the investment team?

- There are several ways to engage with the investment team
- Scheduled meetings - at Invesco or as a result of regular national client visits by the team.
 - Investment roadshows.
 - Clients can learn more about the investment team's approach by consuming the monthly and quarterly publications, authored specifically by the Investment Solutions team within Invesco.
 - The Intelliflo Chat Room also allows for engagement with Invesco's Investment Solutions team.
 - Phone calls/emails - the team will endeavour to deal with any investment related questions by phone or email if this is the preferred form of communication.
 - Please speak to your respective Invesco contact who will strive to grant all the access you need to the Invesco Investment Solutions team.

Who is responsible for determining asset allocation?

- Invesco Investment Solutions team
- The team calculate long-term return forecasts for the major asset classes, along with expected levels of volatility and correlations. This information is then utilised within an optimisation framework to build portfolios offering the maximum level of return potential for a given level of risk.

Are there any style biases present in the asset allocation?

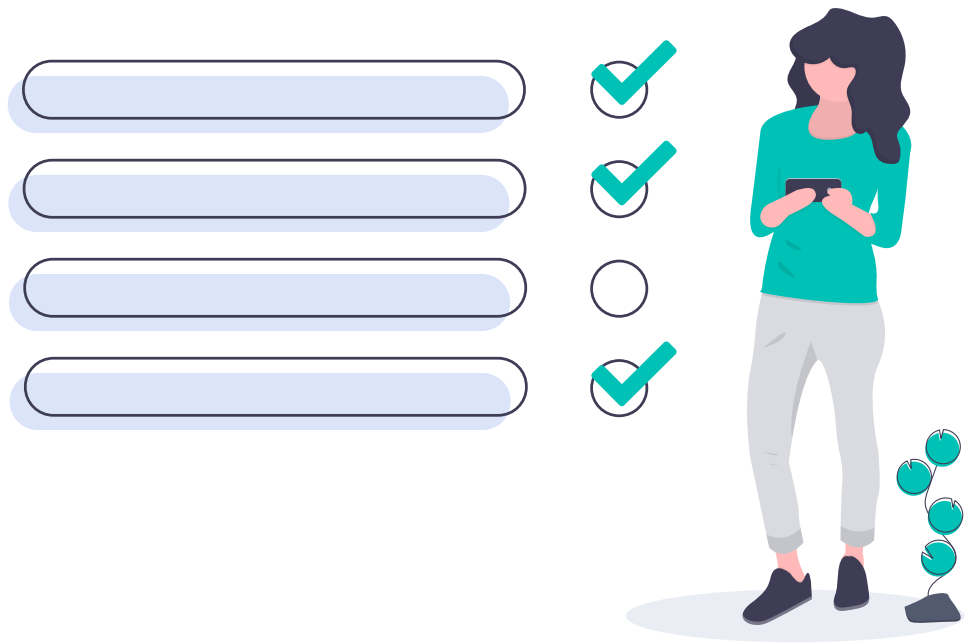
There is a preference for asset classes offering the greatest potential return, so there could be a slight bias to "value" assets relative to the broad global equity market. We expect these style tilts to be modest and not at the cost of overall diversification.

What is the asset allocation response mechanism to significant news flow?

- Like any collectivised model, there is little flexibility to take advantage of short-term mispricing in markets.
- At the heart of this process is the belief that detailed research into the long-term attractions of the various asset classes can bring long-term reward. It does not form part of this model's process to attempt to add value through shorter-term trades, believing it not to be in the best interests of clients.

How will portfolios be kept within the appropriate risk category?

- Invesco model portfolio updates will guide to a portfolio composition that falls within the appropriate risk category.
- It is at Invesco's discretion if new guidance is needed in between scheduled model updates.
- It is at the adviser's discretion to execute a portfolio rebalance either in line with Invesco's guidance or at any other desired moment, in order to keep portfolios within their risk category.



What is the process for fund selection?

- The process is managed using a quantitative screen to identify specific attributes of fund managers and teams such as skill level, style biases and market capitalisation preferences.
- Fund specific meetings are held with the Fund Selection team to further scrutinise the various attributes of a mandate.
 - A member of the Fund Selection team will meet with either the fund manager or an investment specialist at least twice a year.
- Once funds of sufficient quality have been selected, an optimisation process will combine them to make sure a balance of risks has been achieved, with no unintended biases having an outsized impact on risk levels.

Are there any investment style biases within the fund selection process?

- Notwithstanding the scope for modest style biases within asset allocation, there are no style biases within the process, with a balance of risks being a key goal. Though not exclusive, there is likely to be a higher weighting to active funds versus passive. Though subject to prevailing market conditions, active fund managers typically have less exposure to the very largest names in an index; preferring greater levels of diversification and the opportunities present in the wider market.

How does the model deal with fund manager changes?

The fund selection team will deal with these changes on a case-by-case basis. Fund managers utilising a heavily integrated team approach may not become an automatic sell if the incumbent team or an assistant of significant influence remain.

To what extent does the process monitor liquidity?

- Analysis of fund holdings analysis will be the basis for liquidity monitoring. Fund managers will also be required to inform Invesco if less liquid or unlisted securities are purchased.
- A small number of funds may take a very modest allocation to unquoted companies. The level of exposure will be appropriate for the mandate and level of assets being managed and will be closely monitored by the Invesco Investment Solutions team. The number of unquoted companies is currently 0% across all equity funds within the models.

What is the communication strategy for alerting clients to changes?

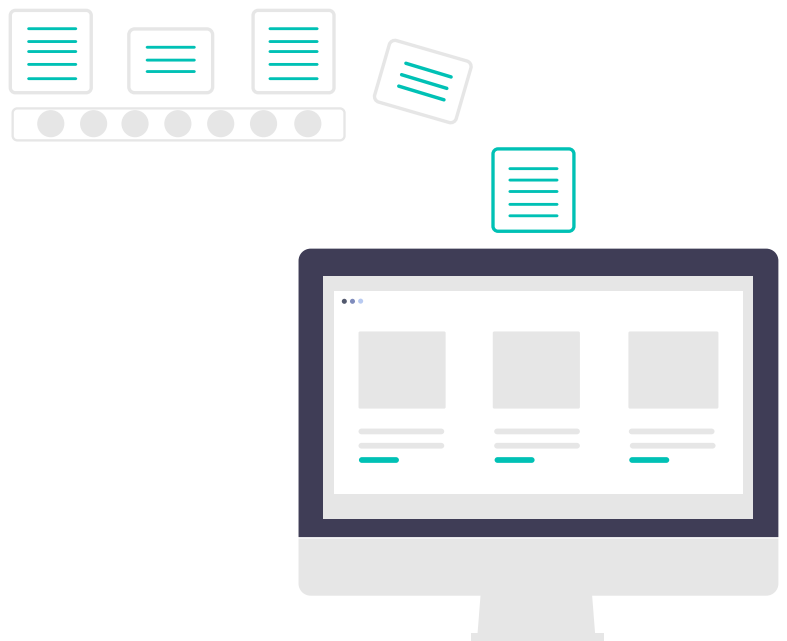
Clients receive communications about changes to their portfolio via the Personal Finance Portal. Whether a model update or a rebalance recommendation, you remain in control of when the client receives the communication, with Intelligent Office enabling you to mass customise your recommendation and execute in bulk.

Implementing our Model Portfolio Service

It is important to know where your responsibilities start and finish, which is why we've outlined exactly who does what at every stage, how long each step should take, and who we think might be best placed to execute each stage. Don't forget, we're always here to help guide you through each step.

What	Who	Frequency	Time
Setup			<10 minutes/firm
1. Install the Invesco app	Firm administrator	One off	30 seconds
2. Select your preferred models from our income and growth ranges	Firm administrator	One off	5 minutes
3. Set your default settings across tolerance to drift and who you would like to receive model update notifications	Firm administrator	One off	3 minutes
Assign a model to a client			3 minutes/client
1. Add a manual recommendation via Advice Flow	Administrator/ Paraplanner	Ongoing	3 minutes/client
Execute on platform			5 minutes/client
2. Set up the model on your preferred platform	Administrator/ Paraplanner	One-off	5 minutes/model
3. Align the model to your client on the preferred platform	Administrator/ Paraplanner	Ongoing	5 minutes/client
Rebalance models			5 - 30 minutes/client bank
1. Set a tolerance for drift and tailor your rebalance recommendation commentary across each model or across all on a bulk basis	Adviser	Ongoing	5 minutes
2. Clients outside tolerance will automatically receive an email asking them to log in to the Personal Finance Portal and accept your rebalance recommendation	System	Ongoing	Nil - system managed
3. Client accepts or rejects the rebalance recommendation	Client	Ongoing	Nil - client managed
4. A rebalance export available within Intelligent Office will indicate which clients have accepted the recommendation along with portfolio-level data to manage the client rebalance on your preferred platform	Administrator/ paraplanner	Ongoing	5 minutes (for platforms that enable bulk rebalancing)

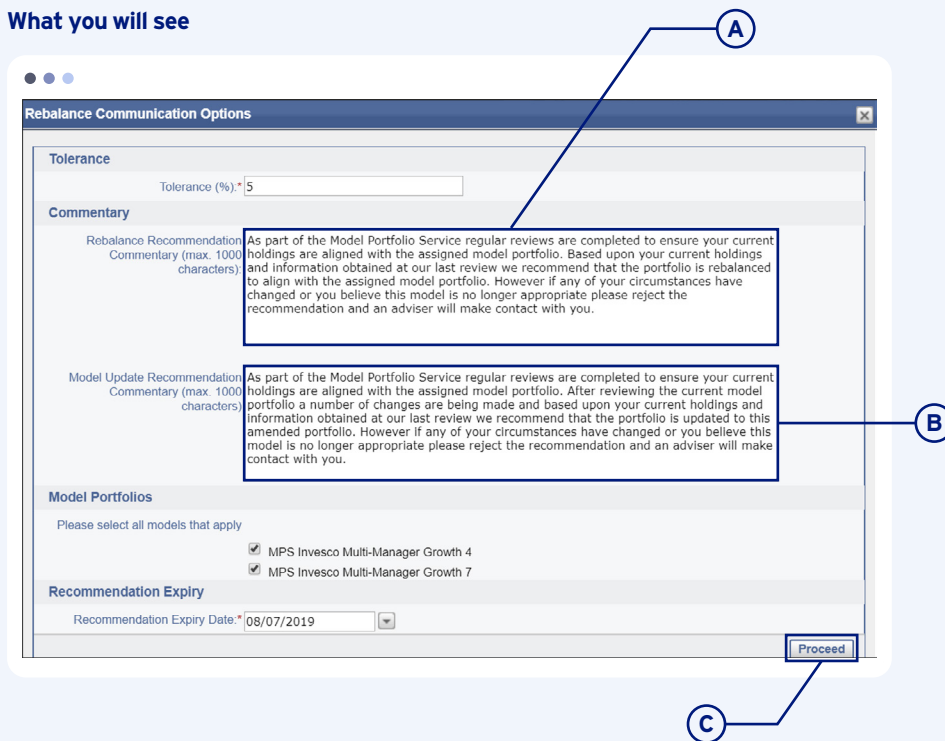
What	Who	Frequency	Time
Model update			
1. Updates to models will automatically appear within Intelligent Office	Invesco	Ongoing	Nil - Invesco managed
2. Individuals marked as recipients of model updates will receive an email once the model update has been published within Intelligent Office	Model update recipients	Ongoing	2 minutes
3. The latest model version can be selected from available model portfolios	Firm administrator	Ongoing	<30 seconds
4. Enter the settings tab of the previous version of the model and deselect the current one	Firm administrator	Ongoing	<30 seconds
5. Run the rebalance process as above to re-align clients to the newest version of the model	See rebalance process above	Ongoing	10 minutes



How it works

We have compiled an overview of how you will be able to manage model portfolios via Intelliflo's Integrated Model Portfolio technology. The screenshots below cover what you will see versus your clients. Remember the control is always in your hands, the digital processes and systems simply support your decision making and enable execution at scale.

What you will see



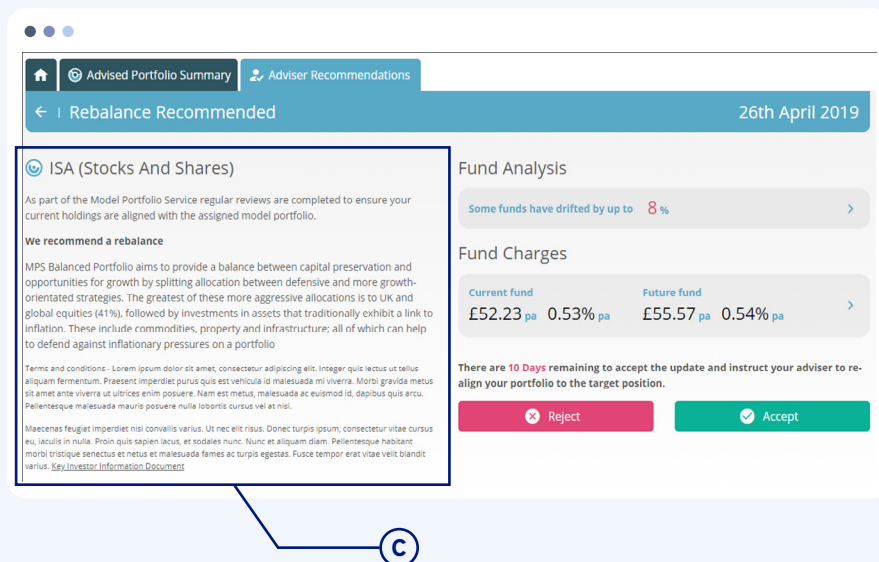
A You will receive model commentary from Invesco on a quarterly basis that you are able to include in your rebalance recommendation. You can fully customise this content within Intelligent Office before sharing with your clients.

You can set your tolerance to drift anywhere from 0-100%. Any client who is outside your tolerance band will automatically receive your rebalance recommendation once you click 'Proceed'.

B When models are updated, you'll receive model update commentary from Invesco which you can fully customise within Intelligent Office before sharing with your clients.

C Once you are happy with any customisations you've made to the rebalance recommendation and you click the 'Proceed' button, the content will automatically push into the Personal Finance Portal where your clients will be able to view your recommendation and authorise any changes to their portfolio.

What your client will see



What your client will see (cont.)

The screenshot shows the 'Advised Portfolio Summary' page. A blue banner at the top indicates 'Rebalance Recommended' as of '26th April 2019'. Below this, the 'ISA (Stocks And Shares)' section is visible. A callout box labeled 'D' points to the 'Fund Analysis' section, which displays 'Some funds have drifted by up to 8%'. Below this, the 'Fund Charges' section compares 'Current fund' (£52.23 pa, 0.53% pa) and 'Future fund' (£55.57 pa, 0.54% pa). A warning states 'There are 10 Days remaining to accept the update and instruct your adviser to re-align your portfolio to the target position.' with 'Reject' and 'Accept' buttons.

D Your client can click 'Funds Analysis' to view a more detailed breakdown of their portfolio drift.

E Your client can view their current portfolio, including drift, by individual fund as well as download KIIDs.

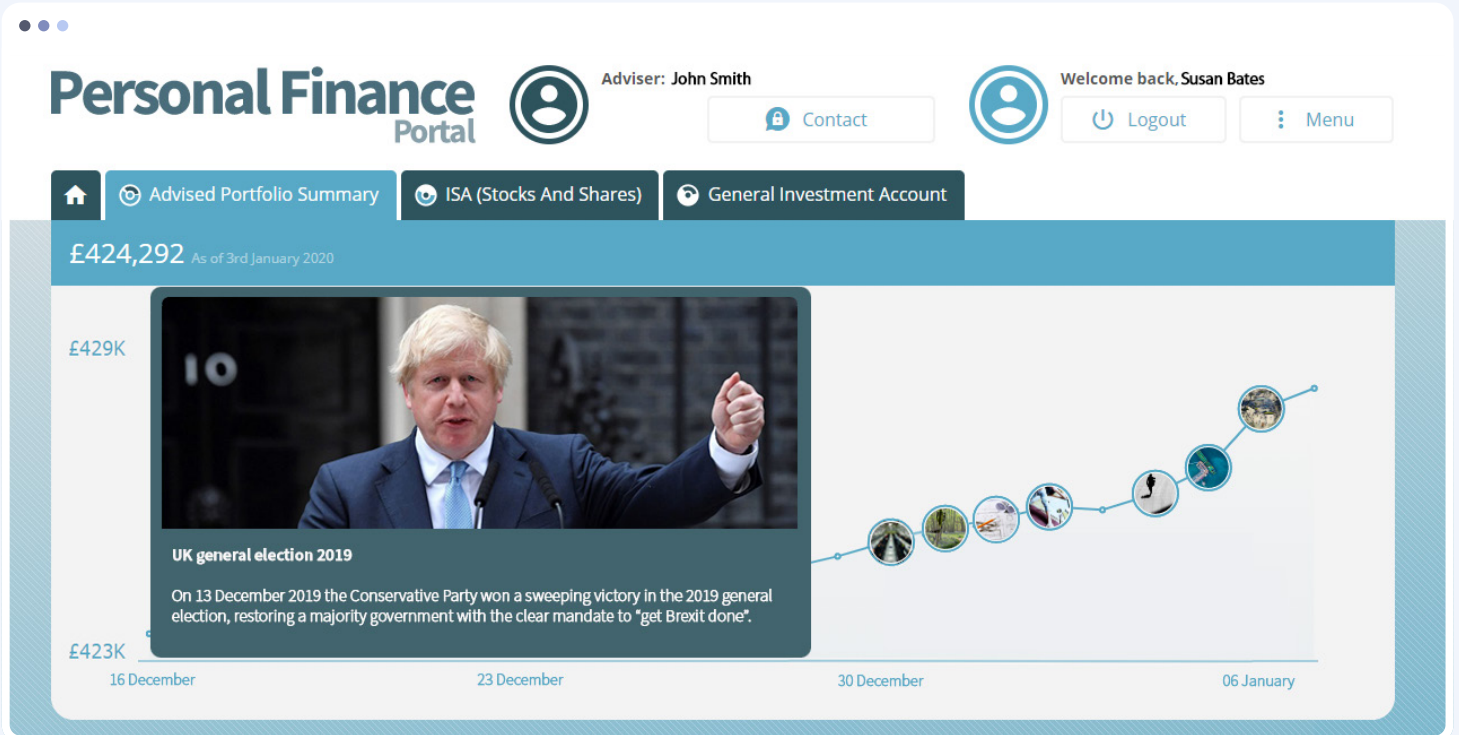
The 'Funds Analysis' modal window displays a table with the following data:

Fund	Current	Target	Drift	Document
First State Glbl Lstd Infrs B Inc GBP	1.92%	1.8%	6.43%	Download
Threadneedle European Sel Z Acc GBP	7.60%	7.18%	5.85%	Download
L&G Global Real Estate Div Index I Acc	1.88%	1.8%	4.43%	Download
JPM Japan C Net Acc	3.87%	3.72%	3.94%	Download
Liontrust UK Growth I Inc	8.84%	8.61%	2.72%	Download
Fidelity Index US P Acc	9.72%	9.48%	2.53%	Download
iShares UK Gilts All Stocks Index Fund (UK) H Acc	1.51%	1.5%	0.98%	Download

A callout box labeled 'E' points to the bottom of this modal window.

Market insights

As part of the ongoing commentary provided by Invesco (see page 15), market insights will appear alongside your client's advised portfolio summary within the Personal Finance Portal.



“The UK stock market took kindly to the Conservative Party’s ‘thumping’ majority in December’s election, likely enjoying the end to the Brexit deadlock. Boris has given his government a tight deadline to complete talks over the future relationship, with the year end seemingly a hard cut off. A ‘No deal’ needn’t be the base case, but it’s possibility remains, and may yet inject further volatility into UK assets.”

Ben Gutteridge
Director of MPS

Ongoing commentary

We'll provide market leading commentary and insights which you can share directly with your clients or can be accessed by your clients via an RSS feed in the Personal Finance Portal (see page 14). You can access commentary across a variety of formats;

Commentary type	Description	Audience	Frequency
Model description	An overview of the model including its risk ratings	Client facing (via the Personal Finance Portal)	One-off
Model updates	A description and rationale of any changes made to the models	Client-facing - with the ability for advisers to tailor content	It is expected that model updates will occur infrequently
Model commentary⁴	Commentary on those funds having the greatest impact on portfolio performance	Client facing - with the ability for advisers to tailor content. Triggered by the adviser rebalancing the model	Quarterly
Market insights	Succinct market and economic updates	Provided via email for adviser use or to be distributed to end clients at adviser discretion	Ad hoc
Detailed market insights	Monthly reports and videos and a quarterly extended note	Provided via email for adviser use or to be distributed to end clients at adviser discretion	Quarterly

Ongoing commentary is provided by Invesco's Director of Model Portfolio Services, Ben Gutteridge, supported by the broader Invesco Investment Solutions team.

Ben will also be keeping advisers up-to-date with regular podcasts, across a wide range of relevant topics, via the Invesco Model Portfolio Service website.

The Invesco Investment Solutions team is a client-centric group of investment professionals with extensive experience of working across investment teams globally to develop their portfolios. The team currently manages over 250 portfolios with approximately US\$37bn in assets under management that include active, passive and hybrid models.

⁴ Model commentary will be most useful to those IFAs who rebalance exclusively in line with Invesco provided model updates.

Already using Intelligent Office?
Get started in less than 5 minutes.

Ready to get started?

If you've decided to take the next step in growing your business and are interested in insourcing your investment proposition, then we would love to help. We want to empower you to give the next level of service to your clients. We enable you to access our global investment expertise while putting you firmly in control, without the admin headache.

The implementation checklist

Have you completed your own due diligence on the Invesco Model Portfolio Service?

Are you currently using Intelliflo's Intelligent Office?

If you're currently using Intelligent Office it is a simple process to set up the integrated Model Portfolio Service. If you are new to Intelligent Office, one of Intelliflo's account managers would be delighted to help you get acquainted with the system.

Do you use Advice Flow within Intelligent Office?

If you are using Advice Flow within Intelligent Office you'll benefit from an expedited way to quickly and easily align your clients to model portfolios. If you're not currently using Advice Flow, your Intelliflo account representative can help you get set up.

Are your clients actively using the Personal Finance Portal?

The Personal Finance Portal is Intelliflo's cutting-edge client portal and is a complimentary component of most Intelliflo user licences. If you'd like some additional support in onboarding your clients or advisers onto the portal, Intelliflo would be happy to assist.

Once you have Intelligent Office along with Advice Flow and the Personal Finance Portal installed, you are ready to install the Invesco App from the iO Store™ to begin using our Model Portfolio Service. You will benefit from one of the most time- and cost-effective methods of implementing and managing advisory model portfolios.

While we hope you find this guide useful, we realise there's no substitute for having a conversation. If you have any questions about what you've read, or want to talk through some of the practicalities of implementation, don't hesitate to get in touch. We're happy to help.

Contact details

Telephone 01491 417600
salesadmin@invesco.com

www.invesco.co.uk/mps

Telephone calls may be recorded.

Investment risks

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.

Important information

This document is for Professional Clients only and is not for consumer use.

All information as at 30 June 2020 unless otherwise specified.

Where individuals or the business have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice.

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