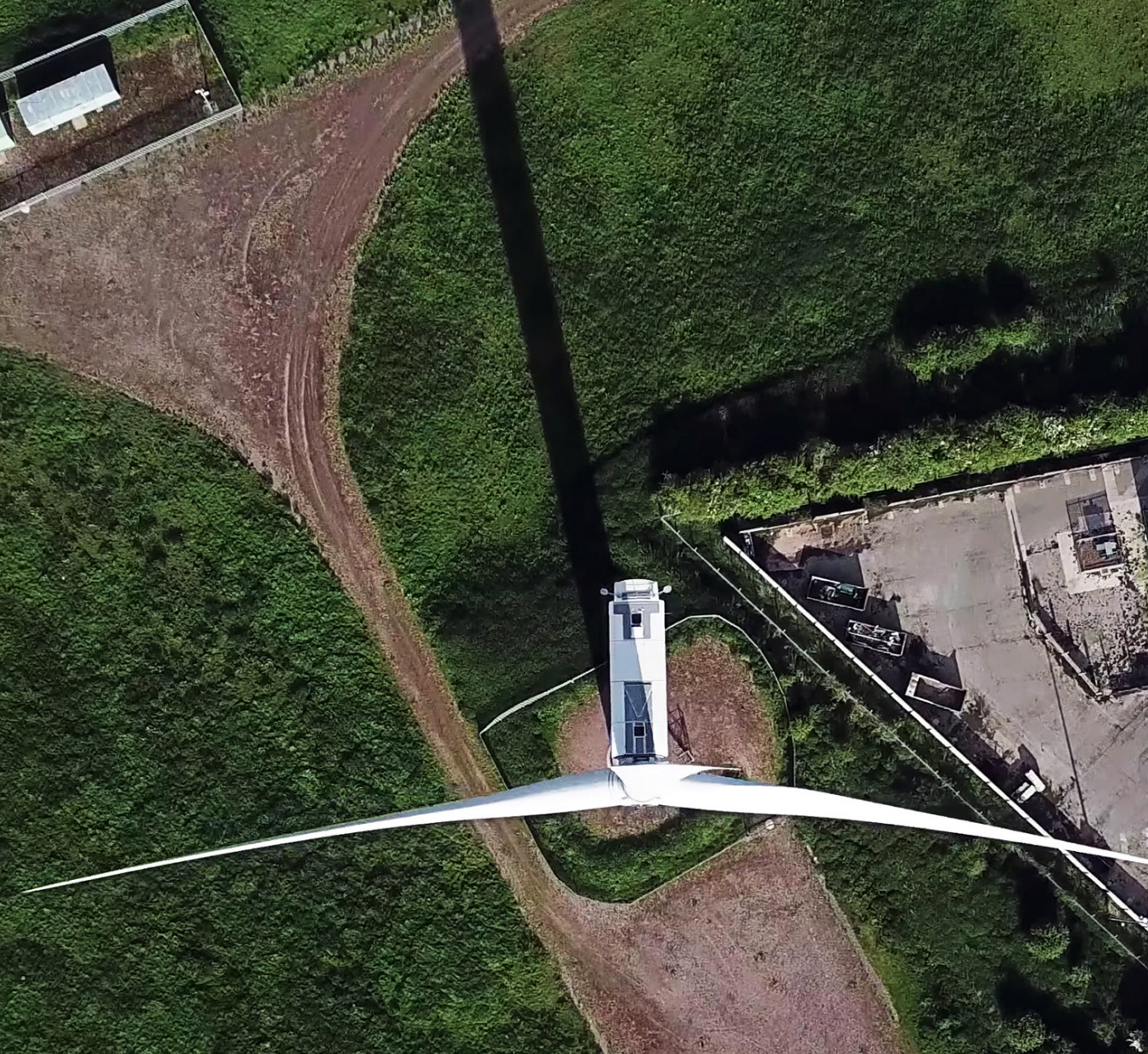


Introducing the

# Invesco Sustainable UK Companies Fund (UK)

A core UK equity allocation for a new era of sustainable investment





## Active engagement

473

Company meetings per year

372

Company meetings where ESG discussed

25

Company meetings dedicated to ESG topics

Data: UK Equities team, year to 31 December 2021.

# The fund at a glance

## Invesco Sustainable UK Companies Fund (UK)

This fund is a core UK equity allocation for a new era of sustainable investment. It invests in world class UK companies that demonstrate superior sustainability characteristics. These can come from a wide range of industries.

We don't just rely on exclusions. We use sustainability factors to positively screen the investment universe for the most exciting opportunities.

Our objective is to achieve long-term capital growth (five years plus). We have no sector, style or market-cap bias. So we're free to invest in what we consider to be the most attractive and sustainable opportunities at any given point in time.

### What makes this fund different?



#### Multifaceted approach – "3D sustainability"

Our approach looks at more than simple ESG factors. To assess whether a company is truly sustainable, we look at three different areas:

- Environmental and social sustainability
- Financial and governance sustainability
- Valuation sustainability



#### Encouraging progress, not just perfection

We invest in sustainability leaders, enablers and improvers. We actively engage to bring about change, carrying out around 500 company meetings each year. We also hold boards accountable by exercising our voting rights.



#### Proprietary scoring system

Our robust scoring system uses best-in class data and proprietary research to bring clarity to environmental, social, governance, financial and valuation factors and to identify opportunity in misunderstood and mispriced companies.



#### Management and resources

The fund has an experienced manager. He is well supported by specialist ESG resource within the UK Equities Team, and also by the Invesco Global ESG Team.





## Meet the manager



**Tim Marshall**  
UK Equities Fund Manager

Based in Henley-on Thames, Tim joined the company in August 2014 and started managing portfolios in December 2016.

Prior to joining Invesco, Tim was a research analyst and Partner at Redburn.

Tim holds an MA in International Relations and Modern History from the University of St Andrews.

### Experience

**20** years

### Tenure

**7** years



We believe that acting as a responsible steward of capital will create long-term value for clients and bring sustainable benefits for the economy, the environment and society.

## 3D sustainability: our multifaceted approach

Sustainability has many facets. Only when you consider them in the round do you achieve a full perspective.

We pay attention to every angle. We invest in companies which support a fairer society and take their environmental responsibilities seriously. But we also recognise that, to be truly sustainable, companies need to be financially stable too, with good corporate governance. It's about making sure they're here for tomorrow as well as today.

We also believe that, in order to invest responsibly, you shouldn't need to sacrifice returns. If you're to hold onto your investments and act as a responsible owner, it's important that you are rewarded with a fair and sustainable return from a reasonable valuation base.

We have identified three different types of sustainability, summarised below.

### Sustainability's three dimensions



#### Environmental and social sustainability

We look at a company's operations and assess their impact on the environment, health and wellbeing. We also seek out companies that support a fairer society by reducing environmental, social and economic inequalities in their business models.



#### Financial and governance sustainability

Management teams can only make the right decisions if financial stability allows. And, in turn, good corporate governance supports financial stability. We consider these factors together.



#### Valuation sustainability

Periodically, momentum can distort valuations and overwhelm the performance of individual stocks. We study a company's fundamentals to ensure its valuation is sustainable. The key is to identify underappreciated companies with the potential to deliver long-term total returns.



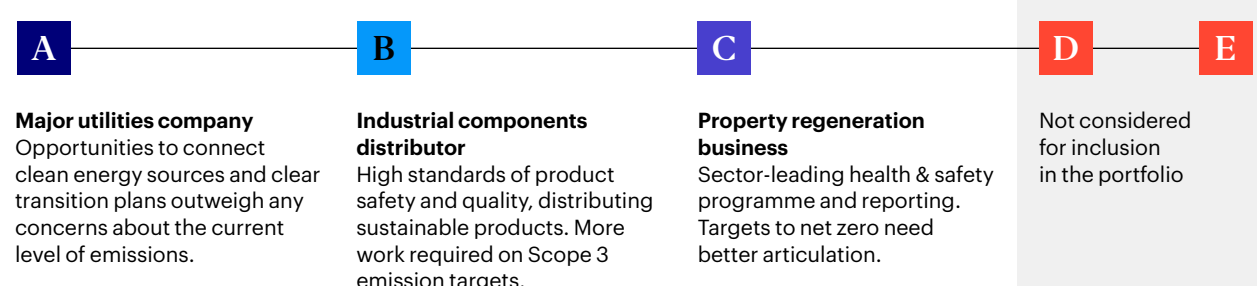
# Robust scoring of 3D sustainability factors

Third-party ESG ratings are often backward-looking and gaps and inconsistencies in the data can skew analysis.

Our robust scoring system uses best-in-class data and proprietary research. This brings clarity to environmental, social, governance, financial and valuation factors. In turn, this helps us to identify opportunity in misunderstood and mispriced companies.

## Case studies: environmental and social sustainability

We rank companies on a scale of A (high) to E (low). A company needs to score at least a C to be considered for inclusion in the portfolio



## Case studies: financial and governance sustainability

We score companies on a scale of 1 (high) to 5 (low). A company needs to score at least a 3 to be considered for inclusion in the portfolio.

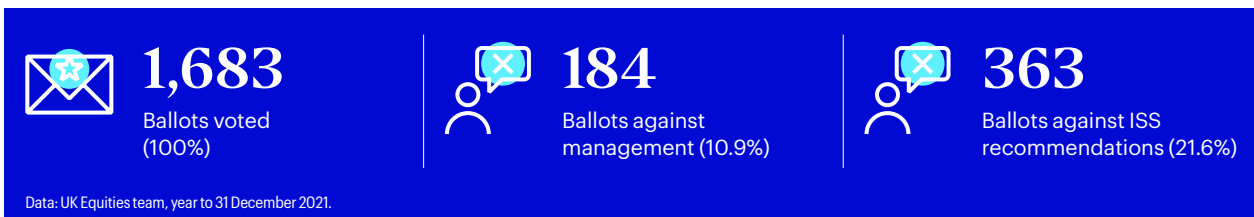






Meaningful change can only take place if we engage. As active investors, this is at the core of what we do.

**Tim Marshall**  
UK Equities Fund Manager



## Encouraging progress, not just perfection

We invest in sustainability leaders, enablers and improvers. We actively engage to bring about change, carrying out around 500 company meetings each year. We hold boards accountable by exercising our voting rights.

We share some examples of leaders, enablers and improvers held in the portfolio.

### Leader case study

#### Clothing retailer



Strong culture of always striving to do the right thing. Very strong management team, with the financial strength to invest in progress. Stands out as being best placed to meet the many challenges facing the industry.

### Enabler case study

#### Electricity transmitter, distributor & supplier



As long as power continues to be generated from fossil fuels, businesses like this will score poorly on carbon intensity. But the future of this business is in improving the distribution of new, cleaner sources of power to homes, industry and transportation. It is an enabler of energy transition – a vital and growing need for a sustainable world.

### Committed improver case study

#### Food retailer



A simple business that relies on extraordinarily complex processes in order to work. Nutrition, ethical sourcing, packaging, transportation, labour management, waste, and energy efficiency all come under close daily scrutiny. A vital business, whose importance was reinforced during the pandemic. Committed to continual improvement, with clearly defined targets. These are essential to future success. The company 'gets it'. It has a thoughtful management team and a purpose-driven culture.

# Our UK equity pedigree

The UK Equities Team forms part of the Henley Investment Centre in the UK. We have a rich heritage spanning over four decades and manage over £8 billion in assets under management.

Tim Marshall, who manages the fund, forms part of a core team of six fund managers. The team is well-resourced, with seven further investment professionals supporting the fund managers. Its members span a wide range of investment backgrounds and together bring decades of industry experience.

Within the team, there are two specialists dedicated to corporate governance and voting. They work closely with Tim to identify and consider governance issues and to engage with companies to effect change. Tim is also supported by a dedicated analyst.



£8bn  
UK equity assets

13  
Investment professionals

20 yrs  
Average industry experience

# Our long-standing expertise in responsible investing

In the UK Equities Team, we have long recognised that ESG factors should be assessed as part of a holistic consideration of investment risk and opportunity.

What's more, we have always been active shareholders – which means we regularly meet with management teams and board members. In fact, we carry out around 500 company meetings per year to gain insight into potential investments and to hold management teams' feet to the fire on the issues that matter most to our clients.

We are responsible for all investment decisions affecting the portfolio but, as a part of Invesco, we enjoy access to the firm's extensive ESG resources. This includes its centralised ESG team, which provides all investment teams with expert knowledge, specialist research, and high-quality resources.



## Invesco's commitment to ESG

ESG is a key part of our firmwide ambition: to provide an investment experience that helps people get more out of life. Doing what's right for the environment, society and the communities we serve matters to us and our clients.



Furthermore, at the Henley Investment Centre, our approach has always been aligned with ESG integration and responsible ownership. As active, long-term, valuation-led investors, making sure businesses are sustainable for the long-term is a key part of what we do.

We became a signatory of the UN sponsored PRI on 12 July 2013, and we are proud to have been awarded an A+ rating in 2020 for our overall approach to responsible investment. This was the fourth consecutive year that we achieved this rating. We also achieved A or A+ ratings across all categories in the 2020 assessment period.

We are a [TCFD supporter](#) and discloser, a CDP member and discloser, and a Tier 1 signatory of the UK Stewardship Code. In 2020, we also signed up to the Climate Action 100+ initiative, which works with some of the world's largest corporate emitters to support the energy transition. And our participation in industry initiatives and collaborative engagements does not end there. More information can be found in our latest [Stewardship Report](#).



As a firm, we have been committed to investing responsibly for more than 30 years. Our purpose is to deliver an investment experience that helps people get more out of life – and sustainable value creation and effective risk mitigation are fundamental to achieving this goal.

### Important information

All data is as at 31 December 2021 and sourced from Invesco unless otherwise stated.

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. This communication is marketing material and is not intended as a recommendation to invest in any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication. The information provided is for illustrative purposes only, it should not be relied upon as recommendations to buy or sell securities.

### Investment risks

The value of investments and any income will fluctuate. This may partly be the result of exchange rate fluctuations. Investors may not get back the full amount invested.

The use of ESG criteria may affect the fund's investment performance and the fund therefore may perform differently compared to similar products that do not screen investment opportunities against ESG criteria.

The fund may use derivatives (complex instruments) in an attempt to reduce the overall risk of its investments, reduce the costs of investing and/or generate additional capital or income, although this may not be achieved. The use of such complex instruments may result in greater fluctuations of the value of the fund. The manager, however, will ensure that the use of derivatives within the fund does not materially alter the overall risk profile of the fund. Such derivatives may not be aligned with the fund's ESG screening criteria.

For the most up to date information on our funds, please refer to the relevant fund and share class-specific Key Investor Information Documents, the Supplementary Information Document, the Annual or Interim Reports and the Prospectus, which are available using the contact details shown.

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