



Invesco Global Matrix Funds

Quarterly update

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**STANDARD
& POOR'S**

S&P FUND RATING



December quarter 2009

Market review

All major developed equity market regions delivered solid gains once more during December as steadily improving economic data, along with positive corporate news flow, underpinned markets. Even a downgrade to Greece from credit rating agencies, as well as Dubai World missing a scheduled debt repayment, could not dent the upward momentum. Economic news continued to list improvement in a number of important areas with the ISM manufacturing index for the US higher than in the previous month. The German Ifo business sentiment index also moved up once more, taking the index to its highest level since July 2008. Amid fresh concerns about deflation, the Bank of Japan made ¥10 trillion (US\$115bn) available to banks in three-month loans and the government unveiled fresh stimulus measures.

Contributors to performance

Active performance for the Funds is generated via a quantitative bottom-up process driven by stock selection, based on four concepts: Earnings Momentum, Price Trend, Management Action, and Relative Value. The results, for each concept separately as well as combined, provide information about the predictive ability of our stock selection model.

The Funds outperformed their respective benchmark over the fourth quarter by 0.56%. Stock selection and style factors added value. Industries as well as countries and currencies were negative for performance. Countries and currencies detracted the most value. More detail on the key drivers of the relative return is provided below.

Added value:

- In terms of stock selection and industries, an overweight in ASML (Electronic Components & Instruments) added most value. Shares of the Dutch semiconductor manufacturing equipment producer rose in December after the company announced it expects a "reasonably good" first half of 2010.

Detracted value:

- In terms of stock selection, holdings in Aeropostale (Merchandising), Astellas Pharma (Leisure & Tourism) and Cypress Semiconductor (Electronic Components & Instruments), were key detractors. Shares of Aeropostale, the US casual apparel and accessories retailer, fell during November due to reported October sales that missed analyst's estimates.
- In terms of style factors, Success and Value, which are positively correlated with our Price Trend and Relative Value concepts, contributed -7 bps and 6 bps, respectively to the Funds' quarterly relative return.



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Performance

Invesco Global Matrix Funds – unhedged performance to 31 December 2009		
	Wholesale Fund %	Benchmark* %
3 months	2.39	2.13
1 year	1.16	0.77
3 years p.a.	-13.49	-9.69
5 years p.a.	-3.32	-0.75
Since Inception p.a. [†]	-1.19	-2.03
Calendar year to date	1.16	0.77

*Benchmark: MSCI World Index (net dividends reinvested) unhedged in A\$
[†]Wholesale Fund inception date 31 August 1999

Performance

Invesco Global Matrix Funds – hedged performance to 31 December 2009			
	Wholesale Fund %	Retail Fund %	Benchmark* %
3 months	5.58	5.30	5.28
1 year	25.83	24.50	26.96
3 years p.a.	-11.76	-12.67	-6.34
5 years p.a.	-1.02	-2.13	2.79
10 years p.a.	-2.40	-3.35	1.67
Since inception p.a. [†]	4.42	7.69	8.03
Calendar year to date	25.83	24.50	26.96

*Benchmark: MSCI World Index (net dividends reinvested) hedged in A\$
[†]Wholesale Fund inception date 31 August 1994, Retail Fund inception date 28 February 1985
 Investments can go up and down. Past returns are not a reliable indicator of future returns. Future returns may be affected by a range of factors including economic and market influences. Returns are calculated after fees and expenses and assume reinvestment of income distributions. Performance does not take into account entry fees of 0-4% that may have been paid on the retail funds

Activity

We made a number of stock adjustments to the portfolio during the quarter as a result of our stock selection model.

- We increased our holdings in PartnerRe, Takeda and Oshkosh by 1.05%, 1.00% and 0.77%, respectively.
- On the other side we sold out our holdings in Charles Schwab and Marsh & McLennan with weights of 0.85% and 0.73% respectively, while reducing our position in Ensco International with a trade weight of 0.56%.

Risk control

Q4's ex-ante tracking error of the Funds increased to 2.58% (ex post target 3%). At 80%, the major part of our active risk is associated with pure stock-specific risk. A further 10% comes from risk indices representing style exposure within the portfolio. The exposures to size and volatility are very tightly constrained and residuals of stock selection. Country/Currency and Industry risk contribution, a by-product of stock selection, represent 6% and 4%, respectively. The portfolio beta of 1.01 is in line with its tightly constrained boundaries of +/- 0.02 around market beta.

The views contained in this statement are those of the author and are based on information available at the time. That information can change. You should not rely on this statement in making an investment decision about any security, but should make your own independent enquiries.

Invesco Wholesale Global Matrix Fund – unhedged

Tracking error to 31 December 2009	
	Tracking error %
1 year	1.7
3 years p.a.	2.7
5 years p.a.	2.9

Information ratio to 31 December 2009	
	Information ratio
1 year	0.2
3 years p.a.	0.3
5 years p.a.	-0.9

Fund size as at 31 December 2009 (\$m)	
Wholesale	13.7

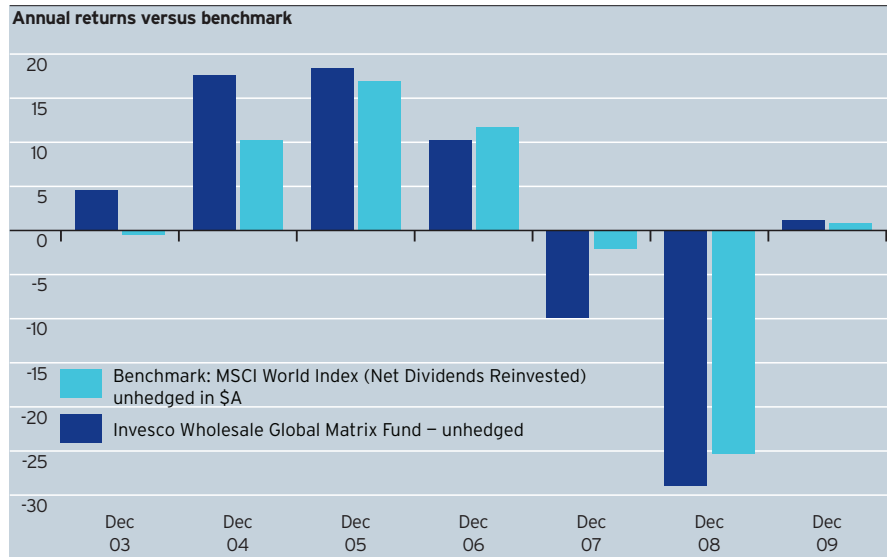
Invesco Wholesale Global Matrix Fund – hedged

Tracking error to 31 December 2009	
	Tracking error %
1 year	1.5
3 years p.a.	2.9
5 years p.a.	3.0

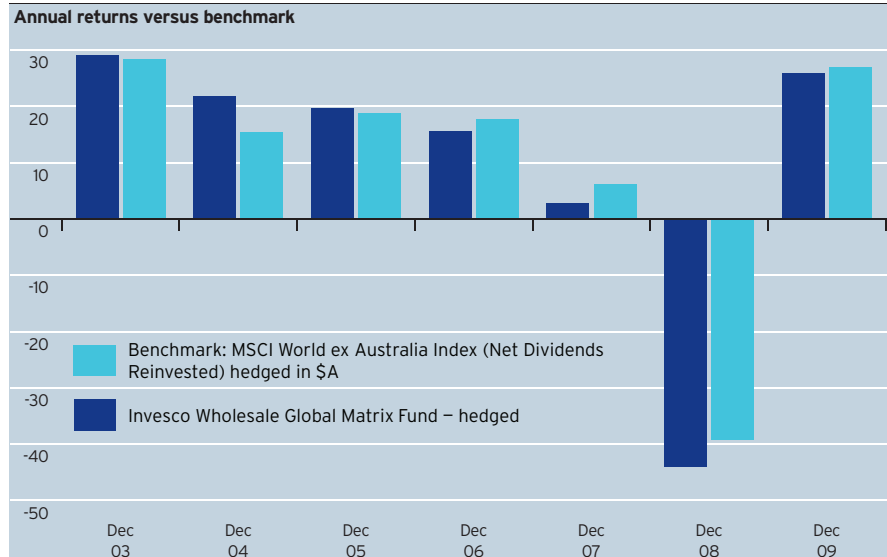
Information ratio to 31 December 2009	
	Information ratio
1 year	-0.7
3 years p.a.	-1.9
5 years p.a.	-1.3

Fund size as at 31 December 2009 (\$m)	
Wholesale	67.5
Retail	18.1

Invesco Wholesale Global Matrix Fund – unhedged



Invesco Wholesale Global Matrix Fund – hedged



Outlook/strategy

Since markets bottomed in March, we've seen a significant rally in low quality 'junk' stocks due to increased risk appetite. However, we expect markets to return to more normal territory where high quality stocks continue to deliver good long term performance. Nonetheless, global equity markets, especially developed equity markets, are facing challenging times ahead. We think some key risks will be lower than expected money and credit growth, which would slow consumer spending and increase the risk of deflation. The eventual unwinding of government fiscal stimulus measures and balance sheet restoration will make recovery rather subdued and fraught with additional risks.

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Invesco Global Matrix Funds

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Invesco Wholesale Global Matrix Fund – unhedged sector allocation* at 31 December 2009			
	Fund	Benchmark†	Active weight
	%	%	%
Energy	9.3	10.9	-1.7
Materials	6.1	7.5	-1.4
Industrials	9.4	10.4	-1.1
Consumer discretionary	13.9	9.3	4.6
Consumer staples	4.9	10.2	-5.3
Health care	12.4	10.1	2.4
Financials	19.6	20.6	-1.0
Information technology	14.4	12.0	2.4
Telecommunication services	3.7	4.4	-0.7
Utilities	3.0	4.6	-1.6
Cash	2.0	0.0	2.0
Total portfolio	100.0	100.0	

*For the underlying fund
†Benchmark: MSCI World Index (net dividends reinvested) unhedged in A\$

Invesco Wholesale Global Matrix Fund – hedged sector allocation* at 31 December 2009			
	Fund	Benchmark†	Active weight
	%	%	%
Energy	9.2	10.9	-1.7
Materials	6.1	7.5	-1.4
Industrials	9.3	10.4	-1.1
Consumer discretionary	13.8	9.3	4.5
Consumer staples	4.8	10.2	-5.3
Health care	12.4	10.1	2.3
Financials	19.5	20.6	-1.1
Information technology	14.3	12.0	2.4
Telecommunication services	3.7	4.4	-0.7
Utilities	3.0	4.6	-1.6
Cash	2.4	0.0	2.4
Total portfolio	100.0	100.0	

*For the underlying fund, does not reflect any impacts of hedging instruments
†Benchmark: MSCI World Index (net dividends reinvested) unhedged in A\$

Country allocation* at 31 December 2009		
	Unhedged Fund	Hedged Fund
	% of portfolio	% of portfolio
USA & Canada	51.5	51.9
United Kingdom	9.3	9.2
Continental Europe	21.2	21.1
Japan	11.7	11.7
Asia ex Japan	1.7	1.7
Other countries	3.1	2.1
Cash	1.5	2.3
Total portfolio	100.0	100.0

*For the underlying fund, for the hedged fund does not reflect any impacts of hedging instruments

To learn more about the Funds, please call your Invesco representative or call freecall 1800 813 500. You can also visit us at www.invesco.com.au.



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