



Invesco Quantitative Strategies

Socially Responsible/ESG Investment Proposal

February 2016



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Invesco Advisers, Inc.

US 2697

Rhode Island 529 Plan

Socially Responsible/ESG¹ Investing Proposal



Overview

- Global equity investment strategy that seeks to provide long-term capital growth
- Integrates active multi-factor investing within a socially responsible investment universe
- Employs a research-intensive, disciplined investment process that results in a carefully constructed portfolio based on earnings expectations, market sentiment, management and quality, and value

Structure

- Unitized separate account

Primary Investments

- Global equities (developed markets only)

Management Team

- Invesco Quantitative Strategies

Source: Invesco as of December 30, 2015. Above data relative to MSCI World index.

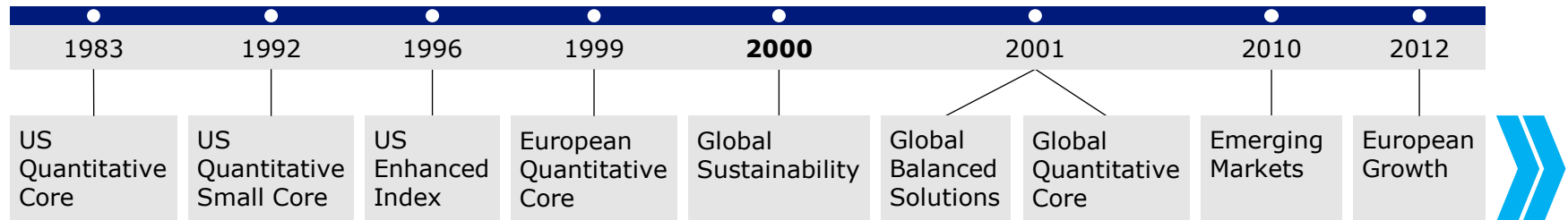
¹ESG: Environmental; Social; Governance.

Strategy can also be referred to as Sustainable or Socially Responsible Investing

Invesco Quantitative Strategies (IQS)



- Managing more than **\$34 billion**
- **Experienced team** of over 40 investment professionals
- **Global research** capabilities
- **Unified platform** for risk management and portfolio construction
- **A rich history of product development**
 - Actively managed equities for 32 years
 - \$2 billion in SRI/ESG related mandates for non-US clients*
 - 15 years of experience in managing sustainable investments

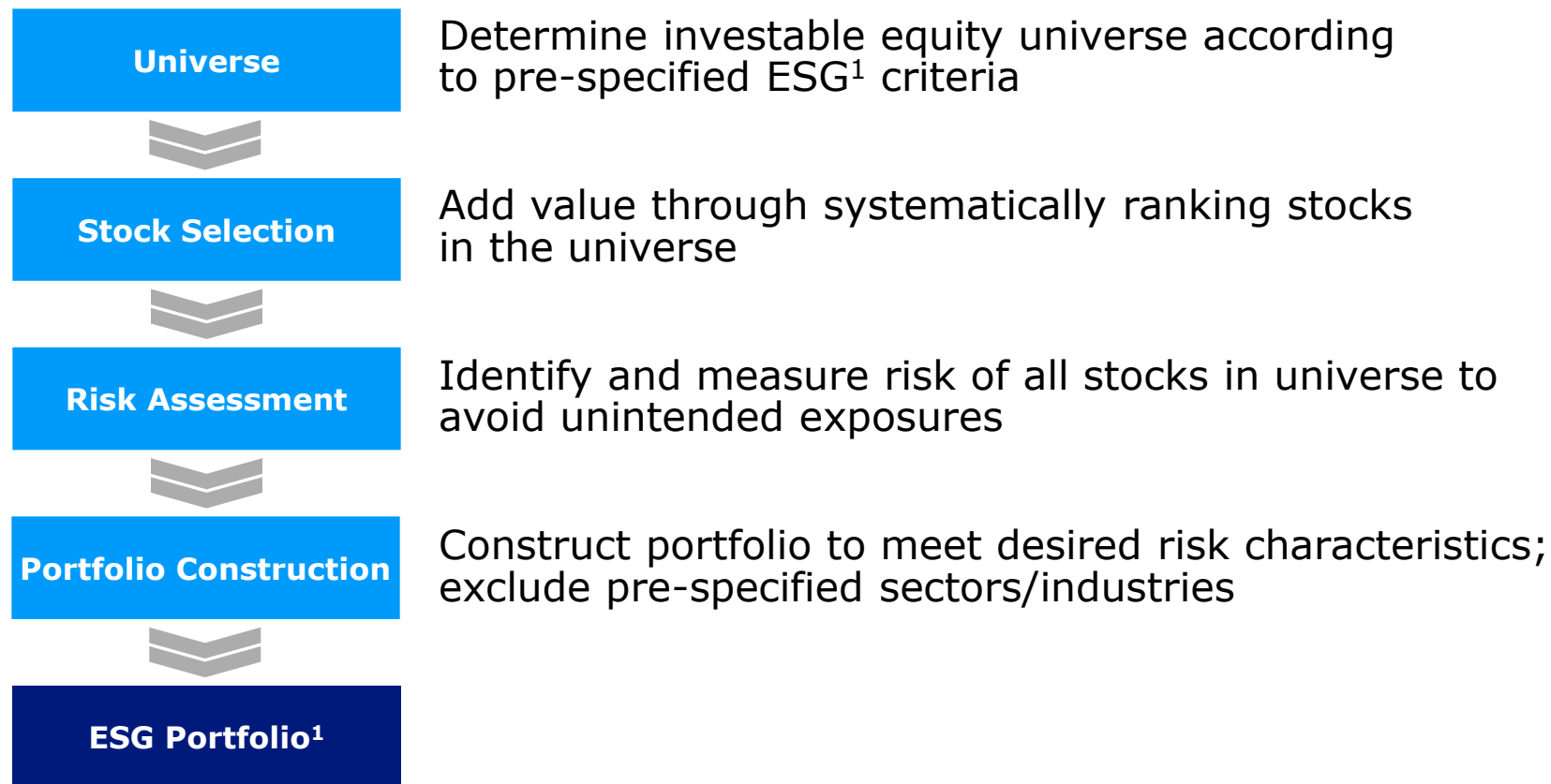


Source: Invesco. As of December 31, 2015

Note: This is a representative list of Invesco Quantitative Strategies Equity strategies and is not inclusive of all strategies offered. Balanced Solutions are managed in cooperation with the Global Asset Allocation team.

*All SRI/ESG mandates managed by Invesco are located in regions other than the U.S.

Proven Investment Process



Source: Invesco

¹ESG: Environmental; Social; Governance.
For illustrative purposes only.

Determine the Sustainable Investment Universe

Use EIRIS Portfolio Manager¹



Pre-Specified ESG² Policy

Exclusion Criteria

- Fossil Fuels
- Social Concerns



Sustainable Investment Universe

- EIRIS research universe consists of over 3500 global companies
- Rhode Island mandate: Focus on MSCI World constituents plus 10% or less in non-benchmark names
- Positive criteria and negative criteria resulted in eliminating about 600 companies
- Rhode Island mandate: sustainable investment universe of approximately 1000 companies

Source: Invesco. For illustrative purposes only.

¹ EIRIS (Experts in Responsible Investment Solutions) Portfolio Manager: Invesco has licensed subscription

² ESG: Environmental; Social; Governance.

Rhode Island 529 Plan

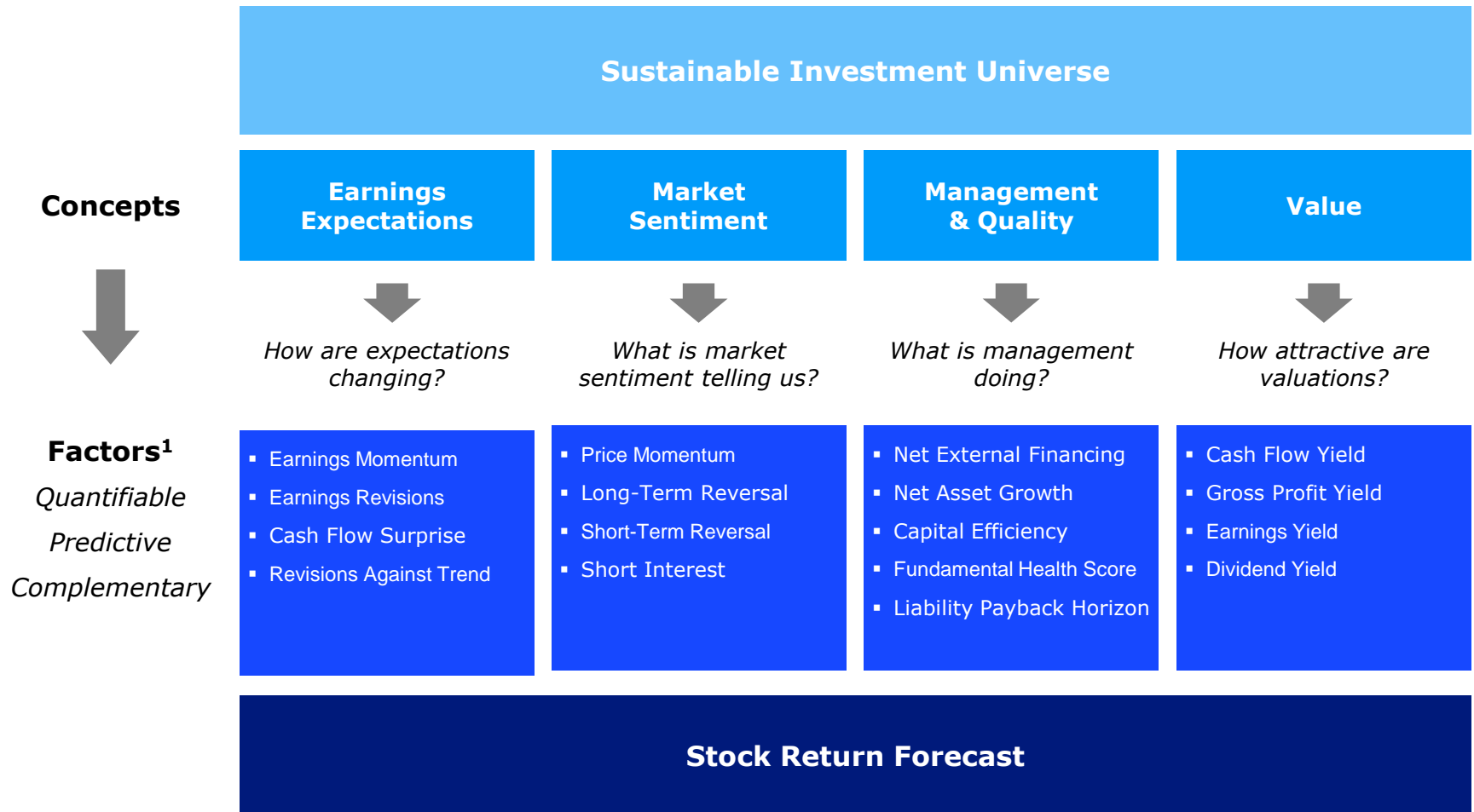
Exclusion criteria



Reduce exposure to fossil fuels	Reduce exposure to societal concerns
Integrated Oil & Gas	Abortion
Oil & Gas Exploration & Production	Firearms & Armaments
Oil & Gas Refining & Marketing	Alcohol
Oil & Gas Drilling	Cluster munition
Oil & Gas Equipment & Services	Pornography
Oil & Gas Storage and Transportation	Tobacco
Electric utilities	Genetic engineering
Gas utilities	
Multi-Utilities	
Independent Power Producers & Energy Traders	

Add value by ranking stocks in the universe

Global Stock Selection Model



¹ Not all factors are used in all regions and sub-models. Additional factors may be used in specific sub-models and definitions may vary across regions.
For illustrative purposes only. Source: Invesco. As of December 31, 2015.

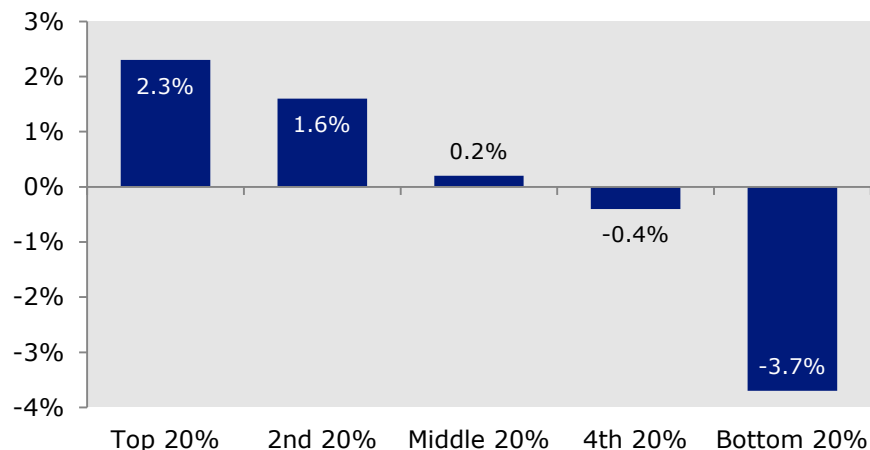
Skillful stock selection

Global Sustainability versus Global Equity Universe



Global Stock Selection Model

Annualized Returns By Quintile¹



- Historically, successful differentiation between sector leaders and laggards
- Top 20% (highest-ranked stocks) meaningfully outperformed
- Bottom 20% (lowest-ranked stocks) meaningfully underperformed

Alpha-Quintiles ²	Weight Global Sustainability ³	Weight Global Equity Universe ⁴
1 (most attractive)	70%	22%
2	21%	23%
3	4%	18%
4	0%	19%
5 (least)	4%	19%

Source: Invesco as of 12/31/2015.

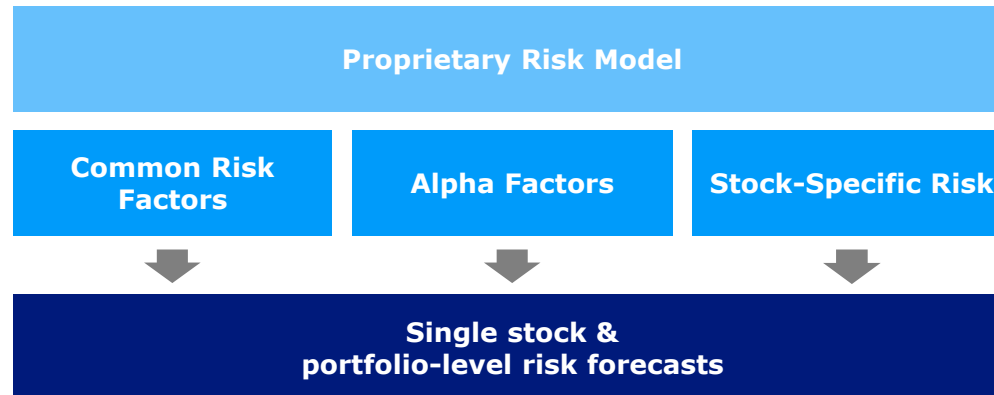
- Strong focus on stocks we like
- Maximize our core competency: stock selection
- Limited allocation to unattractive index heavy weights

¹ Data calculated by Invesco on a monthly basis using real time factor scores and weights applied on an industry neutral basis. Excess returns are calculated by comparing the Model's industry neutral forecast at month end with the actual industry neutral returns for the following month and then weighting all of the returns in each quintile by the square root of market cap. Results employ the Model and the global universe defined during applicable time periods; the Model and the stocks change over time. Model calculations are gross and do not deduct management fees, transaction costs or other expenses which will reduce the performance of actual portfolios. Model results are not the only factor considered by IQS in constructing portfolios. Past performance is not indicative of future results. Results as of June 30, 2005 through December 31, 2015 for the Global Model.

² The alpha-quintiles represent the research universe ranked from 1(best 20%) to 5 (worst 20%).

³ Weight in a representative Global Sustainability portfolio ⁴ Over 3500 equities in the Invesco Quantitative Strategies Research investment universe.

Measure risk of all stocks in universe to avoid unintended exposures



Potential benefits of a proprietary risk model

- ✓ More accurate risk forecasts
- ✓ Better alignment with our return-forecasting model
- ✓ More alpha transferred to portfolios
- ✓ Ability to enhance model as and when desired
- ✓ Different outcomes than mass market, third party risk vendors

Portfolio Construction

Use proprietary portfolio management system to construct portfolio



Global Quantitative Sustainability

Primary Investments	Global Developed Equities
Benchmark	MSCI World
Expected # of Holdings	70 – 100 securities
Estimated Turnover	100%
Currency Hedging	None
Target Tracking Error ¹	4% - 5%
Max Individual Position ¹	±4.0%
Max Sector Exposure ¹	±4.0%
Max Industry Exposure ¹	±5.0%
Max Country Exposure ¹	±5.0%
Max Beta Exposure ¹	0.98 - 1.02

Source: Invesco as of December 30, 2015. Above data relative to MSCI World index.

¹At monthly rebalancing. Global Portfolio Management System (GPMS) is the proprietary portfolio management system used to construct portfolios. All GICS sub-industry restrictions are excluded from the benchmark using GPMS.

Appendix



Bernhard Langer, CFA, CIO

Research	Michael Abata, CFA (BOS) Bob D'Amore (BOS) Eric Cheng, CFA (TOR) Bartholomäeus Ende (FRA) Michael Fraikin (FRA) Stefan Freudenreich, CFA (FRA) Dr. Xavier Gerard (FRA) Anna Gulko, CFA (NY)	Anne-Marie Hofmann (FRA) Dr. Stephan Holtmeier (FRA) Satoshi Ikeda (TYO) Jochen Jenkner (FRA) Dr. Matthias Kerling (FRA) Charles Ko, CFA (BOS) Dr. Jens Langewand (FRA)	Edward Leung, PhD (NY) Dr. Gangolf Mittelhäußer (FRA) Zhanar Omarova (FRA) Sergey Protchenko (BOS) Peter Secakusuma (BOS) Dr. Margit Steiner (FRA) Andrew Waisburd, PhD (BOS)
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Benefits of Group Structure:

- Team members located in Australia, Germany, Japan and US ensuring diversity of insights and broad geographic scope
- All portfolios are team-managed and benefit from the team's breadth and depth
- Incentives are aligned with team structure to maximize benefits of collaboration and idea sharing
- Average industry experience: 16 years
Average tenure at firm: 11 years

City locations: BOS = Boston, US; FRA = Frankfurt, Germany; MEL = Melbourne, Australia; NY = New York, US; TOR = Toronto, Canada; TYO = Tokyo, Japan. As of December 31, 2015.

Additional Information



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