



i-Watch Rating System:

Date 12/1/2023
Fund Manager Invesco Ltd.
i-Watch Status ● **Increased Scrutiny**

- No concern(s)
- Moderate concern(s) requiring frequent and close monitoring
- Serious concern(s) that require a full review and may lead to removal from the fund platform

Product(s) Impacted:

Manulife Invesco EQV International Equity Fund

Summary

Effective December 29, 2023, Clas Olsson, Chief Investment Officer (CIO) and Senior Portfolio Manager (PM), will step down from day-to-day portfolio manager responsibilities for multiple funds, including the Invesco EQV International Equity Fund (the “Fund”). Olsson will remain at Invesco in his current role as the CIO of the Invesco EQV International Equities Team (the “EQV Team”). At the same time, Steve Cao, Senior PM, will retire from Invesco effective December 29, 2023.

As a result of these changes, Amrita Dukeshier will be added as a PM on the Fund alongside the existing Senior PMs Brent Bates, BorgeEndresen, Mark Jason, and Richard Nield.

The Global Manager Research team (GMR) is downgrading the rating of the Fund in view of the PM changes. The Fund will be placed on the Closely Monitored List under Increased Scrutiny.

Impact

The changes in the portfolio management team were expected and well communicated by Invesco, having first been announced in June 2023. GMR does not expect the changes to have a material impact on the performance expectations and process of the Fund for several reasons. It is important to note that this is not the first time Olsson is stepping down from portfolio management responsibilities. Supported by the team of experienced PMs and analysts, Olsson has been gradually stepping back from day-to-day portfolio management responsibilities on a series of funds as early as January 2023 to build up the next generation of PMs within the EQV team. GMR views this change positively as it suggests thoughtful, advanced succession planning and ensures a smooth transition of responsibilities. On top of that, Olsson is less involved in the fundamental research and stock selection process within the Fund. Instead, he has an oversight role in terms of risk management which he will likely retain as the CIO of the team. The team-based approach used in the management of this Fund also helps reduce the impact of Olsson’s stepping-away.

Cao has been with Invesco since 1997 and is responsible for the Asia Pacific and Latin America (APAC/LatAm) Small and Mid-Cap (SMID) research coverage in the EQV team. While the loss of his expertise is notable, the allocation to APAC/LatAm SMID in the Fund is relatively small. With his retirement, the research coverage will be transitioned to two experienced members of the EQV team, each with an average experience of 13 years, and supported by the APAC/LatAm Large-Cap group of three (average experience of 25 years), which GMR believes provide sufficient coverage.

The newly named PM Dukeshier has been a member of Invesco's EQV Team since 2011 and was promoted to portfolio manager in Q1 2023. Her strong contributions to the EQV team were highlighted as a reason for her promotion. Since then, she has been added as a PM on several other Invesco funds, and Invesco's move to add her to the PM team for the Fund was not unexpected.

Closing Remarks

The Fund has been downgraded to Increased Scrutiny for the changes in portfolio management team. While GMR does not have significant concerns, it is important to monitor how the new team will operate and continue to deliver on the Fund's investment objective for clients.



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