



i-Watch Rating System:

Date March 25, 2025

Fund Manager Invesco Ltd.

i-Watch Status ● **In Good Standing**

- 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) affected

Manulife Invesco Global Small Cap Equity Fund (8184)

Summary

- Global Manager Research (GMR) has upgraded the Manulife Invesco Global Small Cap Equity Fund (the Fund) from Increased Scrutiny to In Good Standing after monitoring the Fund for the last 18 months.
- Previous concerns regarding the Portfolio Manager (PM) change were alleviated. There are currently no concerns with the Fund.

Commentary

In Q3 2023, GMR downgraded the Fund after the lead PM and co-head of the European equity sleeve, Erik Esselink, departed Invesco Ltd. (the Firm) on July 31, 2023. His lead PM role was succeeded by Michael Oliveros, who also became the co-head on the European equity sleeve with James Matthew and the Asia and Emerging Markets equity sleeve with Andy Tidd, while receiving support from the US, UK and Japan equity sleeve. Prior to joining the Firm in July 2023, Oliveros spent eight years as the lead PM for Global and European small caps at M&G Securities, one of United Kingdom's largest asset management firms.

As detailed in the i-Watch Alert published in November 2023, GMR has minimal concerns regarding the PM change. Over the past 18 months under Oliveros' leadership, the Invesco Global Small Cap team has largely remained intact, with only one notable departure (Douglas Turnbull, co-head on the Asia and Emerging Markets sub-sleeve) in May 2024. The team employs a regional sub-sleeve approach (covering Europe, the UK, Asia and Emerging Markets, Japan, and the US) for stock selection, which helps mitigate the impact of any single individual's exit. Since assuming control, Oliveros has systematically reviewed each regional portfolio, maintaining the core principles of the Fund's investment strategy as promised, while also implementing a sensible risk management framework focusing on stock-specific risks. The resulting portfolio remains a core-style portfolio with a focus on bottom-up security selection.

Closing Remarks

After an 18-month review, GMR determined that the PM change did not significantly affect the investment process or performance expectations. While the number of portfolio holdings decreased, the portfolio remained well diversified with 206 holdings as of December 31, 2024. The new risk management framework led to more subdued regional allocations, highlighting the critical role of stock selection in contributing to performance. The well-resourced team of 43 continued to add value through strong stock selection, as demonstrated by their 2024 performance. Consequently, the Fund has been upgraded to In Good Standing.



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