



M.A.I.N. Street | The Language of Risk

Making risks understandable, actionable and motivational



Words matter,
it's not what we say...
it's what people hear.

PREDICTABLE NEW ASSET CLASSES **ANTICIPATE**
NON-CORRELATED
MARKET RISK **EXPOSURE**
IF YOU DON'T...
DEFENSIVE **THE UNKNOWN**
TACTICAL DIVERSIFICATION
BASED ON 60 YEARS...

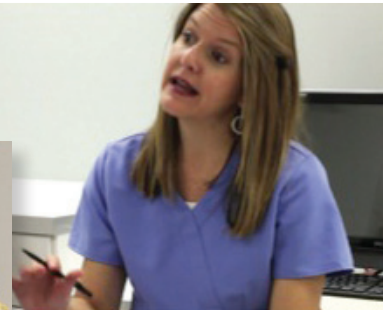
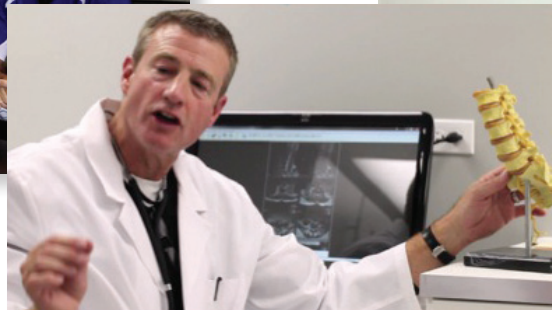
M.A.I.N. Street - The Language of Risk

Making risks understandable, actionable and motivational

The M.A.I.N. Street keynote presentation covered the foundational communication principles, words to use, words to lose and the methodology for finding the emotional response investors have to the words we use. This brochure includes more of the findings from our research - what we asked, what they said and what we learned, so that you can make investment risks more understandable, actionable and motivational for your clients.

How to talk about risk and how not to talk about risk

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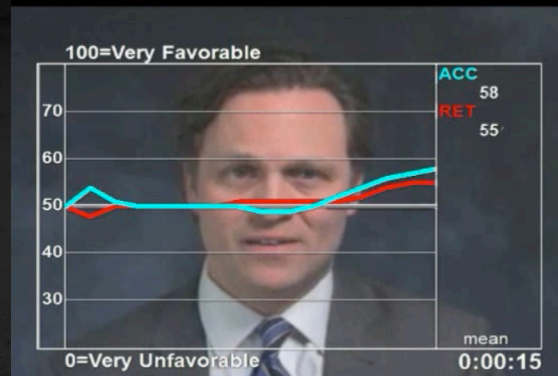
Personal

Making the conversation feel personal

OPTIMAL INVESTMENTS
INFLATION
MARKET VOLATILITY
OUR INFLATION
YOU BEAR MARKETS
OPTIMAL INVESTMENTS
BEAR MARKET'S
MARKET VOLATILITY

In their words: Make the meeting about me.

The people-based communications can best be illustrated by the client-center opener - the first minute of the advisor-client risk conversation. The opener resonates with investors for three reasons. One, it communicates that the conversation will be about them - not about the markets, mathematics or the masses. Two, it attaches clear benefits to each agenda topic. And three, it shows that you are prepared but willing to modify the agenda to cover all of their questions and concerns.



Personal: Making the conversation feel personal

Dial result: The client centered opener is highly effective



I really appreciate the opportunity to meet with you today. I am prepared to talk about several topics in the time we have, all centered on creating a better financial situation for you and your family.



I would like to begin with you. If we're going to create a financial plan that's right for you, it's important that I understand your personal goals, priorities and attitudes toward

risk. Next, I'd like to help you make sense of the markets with a realistic snapshot of what's been happening out there - good and bad.



And finally, I want you to have confidence in the value we provide with a straightforward conversation on costs.



To be sure we use your time effectively, I would like to make sure there is nothing I have missed. Is there anything more you would like to cover today?





Personal: Making the conversation feel personal

In their words: Begin the risk conversation by learning about *my situation* first.

Which of the following statements would you want to hear FIRST from your financial advisor?

86% **"Let's talk about your current situation and whether your needs or goals have changed since we last spoke."**

14% "Let me tell you about what our firm's research analysts think about what is going on in the markets right now."

In their words: The biggest risks are *market volatility, recessions and the unknown*.

What is the biggest obstacle standing between you and your financial goals? (Top 3)

64% **Market volatility**

57% **Recessions**

49% **The unknown**

29% Inflation

26% Time

23% Bear markets

15% Not having the optimal investments and portfolio

15% Investment mistakes

8% There are no major obstacles

Purpose

Making the benefits clear

**A BETTER
LIFESTYLE**

MANAGE RISKS

CONSISTENT RETURNS

FINANCIAL FREEDOM

OPPORTUNITIES

"The market's not back," said the irate woman in our focus group.

"I've lost 5 years of growth. My investments are where they were in 2008. I need to make it back. But I can't afford another 2008."



Purpose: Making the benefits clear

In their words: I would prefer risks that are *constrained to acceptable levels*.

What makes a risk worth taking?

55% **The potential gains and losses are constrained to acceptable levels**

41% The potential gains outweigh the potential losses

4% The potential gains are enormous and life-changing

In their words: I want my advisor to help me *protect my assets, generate growth and build consistent returns*.

Which do you most want your financial advisor to help with when it comes to investing? (Top 3)

74% **Protect your assets**

66% **Generate growth**

56% **Build consistent returns**

30% Establish and maintain a stable portfolio

26% Manage risk

20% Help you avoid investment mistakes

13% Manage market volatility

8% Educate you on risks you may not be thinking about

Purpose: Making the benefits clear

In their words: Help me invest for *financial security and a comfortable retirement*.

When it comes to my retirement, I hope to achieve...?

71%Financial security

29%Financial freedom

In their words: Lead with the *benefits of risk strategies*.

Making sure you can participate in the gains while reducing your downside risk or managing market risk?

77%Making sure you can participate in the gains while reducing your downside risk

23%Managing market risk

Making sure you can afford to maintain your lifestyle or managing inflation risk?

74%Making sure you can afford to maintain your lifestyle

26%Managing inflation risk

Making sure you have enough money as long as you live or managing longevity risk?

79%Making sure you have enough money as long as you live

21%Managing longevity risk

Position

Establishing confidence in **you** and your role

PLAN FORWARD THE TRUTH
SOLUTIONS
ADVANCED DIVERSIFICATION
PREDICT SOLUTIONS
THE TRUTH
WIN WITH DEFENSE
PLAN FORWARD
PLAN FORWARD

The most credible remedy to investment risks is a long-term, realistic, structured plan where both the advisor and client share responsibilities.

Position: Establishing confidence in **you** and your role

Research-based bios

The M.A.I.N. Street keynote presentation covered the foundational communication principles, words to use, words to lose and the methodology for finding the emotional response investors have to the words we use.

This section of the brochure includes more of the findings from our research specifically on how to communicate the credibility and competency of financial advisors and risk managers—what to say in a bio and how to say it.

In their words: Investors in general do not have a clear preference on using formal or informal names

Please choose the advisor you would prefer to work with.

54% ... Robert J. Tanner

46% ... Bob Tanner

In their words: We want “knowledgeable” advisors

Which of the following attributes do you most want to see in your advisor? One who is ...?

51% ... Knowledgeable

33% ... Experienced

12% ... Tested

5% Educated



Position: Establishing confidence in **you** and your role

Please choose the advisor you would prefer to work with.

70% ... Bob has 20 years' worth of insights and knowledge from successfully managing client portfolios in constantly changing markets.

30% ... Bob has managed money in all market cycles of growth, inflation, recessions and depressions.

In their words: Timely and relevant awards are more credible

Please choose the advisor you would prefer to work with.

88% ... Bob was named financial advisor of the year by Investment Advisor Magazine.

12% ... Bob graduated summa cum laude from the University of Michigan.

In their words: We prefer specialists who know our situation

Please choose the advisor you would prefer to work with.

64% ... Bob specializes in working with investors with financial situations that are similar to yours.

36% ... Bob works with investors in a wide range of financial situations.

Position: Establishing confidence in **you** and your role

In their words: The team must have a clear leader

We are capable at managing risk and building wealth because we are organized as:

59% ... A dedicated relationship manager supported by a team of specialists.

41% ... A team of specialists led by a dedicated relationship manager.

We are capable at managing risk and building wealth because we are part of ABC Financial Services and:

72% ... Are supported by economists, strategists and analysts.

28% ... Have access to economists, strategists and analysts.

In their words: A successful firm is good if you still have time for your clients

Please choose the advisor you would prefer to work with.

73% ... Bob limits his active accounts to less than 100 clients.

27%Bob manages over \$725 million for his clients.



Position: Establishing confidence in you and your role

In their words: We want *long-term, ongoing strategies*, not “quick-fix” solutions.

Assuming your new financial advisor has already assessed your needs and goals. Which approach gives you more confidence in his or her ability to protect and grow money?

74% **“Now that I have an understanding of your needs, goals and concerns, I’d like to discuss our responsibility to you. Our approach is about thinking carefully, planning thoughtfully, and acting deliberately with the money you’ve entrusted to us.”**

26% “Following extensive research, I’d like to show you a model investment portfolio that is well suited for your needs, goals and concerns. We can get started today.”

In their words: Don’t tell us what went wrong in the past, tell us how to make it right going forward.

If you knew nothing about a potential meeting with your advisor other than its title, which title would make you most interested in attending? (Top 3)

47% **Smart strategies for a new reality**

41% **Preparing your portfolio for the unexpected**

39% **Straight talk on investment risks**

34% The truth about diversification

28% Making the right risks

26% Five truths investors need to know

21% What’s changed? What hasn’t?

19% Straight talk on risk

Position: Establishing confidence in you and **your role**

In their words: We'd rather *plan forward* than *plan backward*.

Which approach to financial planning do you prefer?

67%A plan that starts with what you know today and works forward so that you can set realistic goals

33%A plan that starts with your future needs and goals and works backward, so that you can adjust how much you're saving today

In their words: Financial advisors cannot *predict* market risks.

And which investment strategy are you more interested in? One that tries to...

88%Anticipate the market

12%Predict the market

In their words: What describes an appealing investment strategy?

Which of the following investment strategies is most appealing to you? One that is...

63%Diversified

19%Disciplined

16%Predictable

2%Not correlated to the market



Position: Establishing confidence in you and **your role**

In their words: *Balanced* diversification is better.

*And which of the following types of diversification are you most interested in? Is it...diversification?
And which are you next most interested in?*

61% Balanced

50% Risk-managed

44% Strategic

26% Comprehensive

11% Tactical

4% Enhanced

4% Advanced

In their words: We can't accomplish our goals with *defense* alone.

And which strategy are you more interested in? One that strives to...

66% Invest with cautious optimism

20% Win by not losing

14% Win with defense, not offense

Position: Establishing confidence in you and **your role**

In their words: Credible strategies for today's challenges can't be based on old information or future predictions.

Which investment strategy do you have the most confidence in? The strategy that...

70%Is grounded in long-term fundamentals with adjustments for today's markets

18%Is built for today's markets based on recent trends

4%Is based on the trends of the past 60 years

8%Is designed based on forecasts for the next 30 years

Research Methodology

Dial session: The instantaneous, emotional and simultaneous response

In the example below, a group of 35 investors listened to a numbers-based communication on the risks of NOT investing. All participants started their dials at 50. They dialed up when they liked and believed what they were hearing (maximum of 100) and down when they disliked or disbelieved what they were hearing (minimum of 0). Dials above 70 indicate the communications are effective and persuasive. Dials below 30 indicate the communications are destructive. Dials between 30 and 70 are “flat liners” - ineffective and unpersuasive.

The research was conducted in three steps. In step one, Maslansky, Luntz and Partners interviewed 20 client-facing investment professionals to capture the conventional language used with investors to communicate risks. In step two, 120 investors in Chicago, Tampa and Boston participated in dial sessions to register their emotional reactions to the conventional language - what they liked, disliked, believed and disbelieved. In step three, 800 investors nationwide participated in online surveys to statistically validate the opinions expressed in the smaller dial sessions.

The dial sessions and national survey included “Accumulators” - 35-49 years old, employed, with a minimum of \$50,000 in investable assets and who are participating in a Defined Contribution plan, “Pre-retirees” - 55-69 years old, employed, with a minimum of \$150,000 invested, participating in a Defined Contribution plan and who use a financial advisor, and “Retirees” - 55-75 years old, retired, with a minimum of \$250,000 invested who use a financial advisor. The participants were split evenly by gender.



Explore intentional investing with Invesco

At Invesco, all of our people and all of our resources are dedicated to helping investors achieve their financial objectives. It's a philosophy we call Intentional Investing[®], and it guides the way we:

- **Manage investments.** Our dedicated investment professionals search the world for the best opportunities, and each investment team follows a clear, disciplined process to build portfolios and mitigate risk.
- **Provide choices.** We manage investment strategies across all major asset classes and deliver them through a variety of vehicles to meet your needs.
- **Connect with our clients.** We're committed to giving you the expert insights you need to make informed investing decisions, and we are well-equipped to provide high-quality support for investors and advisors.¹

Diversification does not guarantee a profit or eliminate the risk of loss.

All data is created and produced by Invesco Consulting unless otherwise noted.

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The opinions expressed are those of the author and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

This material is for illustrative purposes only and does not constitute a recommendation of the suitability of any investment strategy for a particular investor. Please keep in mind that this program is intended to be used as a guide and is no guarantee of individual results.

This material is based on our firm's research with Maslansky Luntz + Partners 2007-2012.

This material must be used in conjunction with the M.A.I.N. Street presentation.

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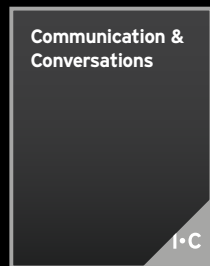
Grow

Helping financial professionals get, keep and grow business with never seen before ideas.

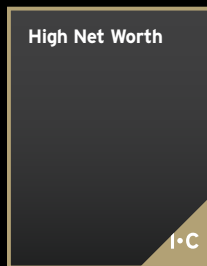
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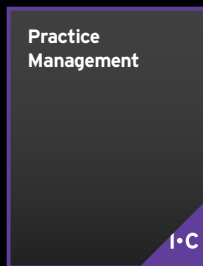
*Speaking engagements, December 2001 - December 2012



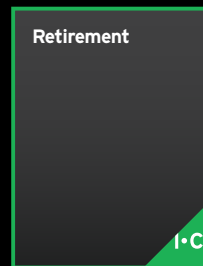
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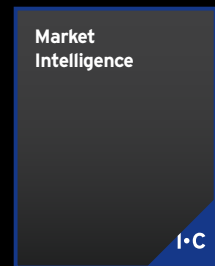
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