

ACEHX - Neutral Rating

Invesco Van Kampen Exchange Fund



Predictive Rating

Neutral

• [Predictive Ratings](#) enable smarter investing by assessing the key drivers of fund performance.



Portfolio Management

Neutral

• Stock-picking ([Portfolio Management](#)) and fund expenses ([Total Annual Costs](#)) drive investment performance.



Total Annual Costs

Attractive

Investment Recommendation

- We do not recommend investors buy ACEHX.
- We expect the fund to continue performing in line with the market.
- ACEHX's Portfolio Management rating does not justify its Total Annual Costs.

Fund Rankings

- 91st percentile of the 6000+ equity funds we cover.
- 238 out of 977 Large Cap Blend funds.
- 8 of 42 ETFs in the same category rank better.

Portfolio Management Rating Details

- ACEHX receives our Neutral rating because it overweights Neutral-or-worse-rated stocks.
- SPY, ACEHX's benchmark, receives our Neutral rating.
- Our fund analytics are based on aggregating our models and ratings for each fund's holdings.
- Our [top-ranked](#) stock ratings leverage key data from the financial footnotes for unrivaled research quality.

Portfolio Management Rating Breakdown

Business Strength

★★★★☆	Quality of Earnings	Attractive
★★★★☆	Return on Invested Capital (ROIC)	12.44%

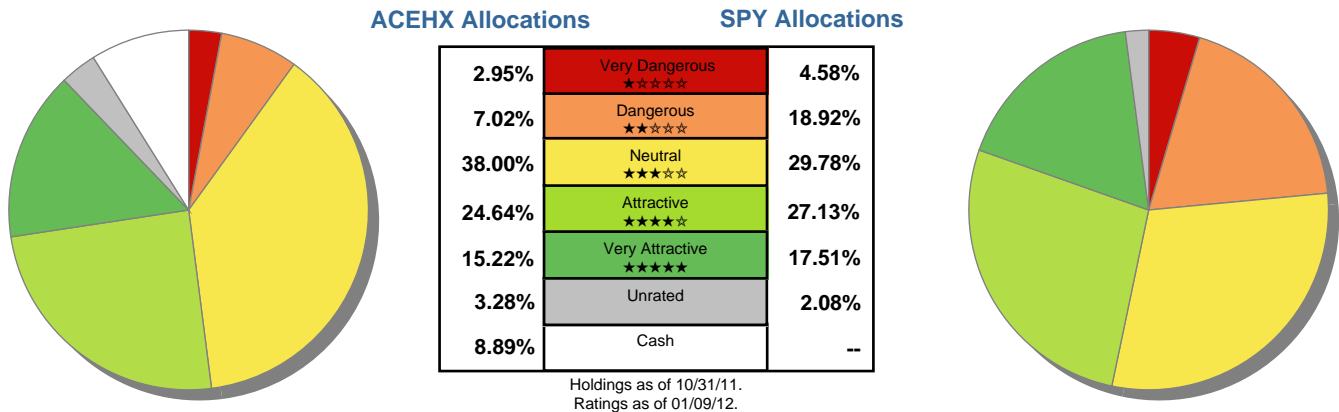
Valuation

★★★★☆	Free Cash Flow Yield	-0.36%
★★★★☆	Price to Economic Book Value	1.46
★★★★☆	Market-Implied Duration of Growth	9 years

Fund Asset Allocation

★★☆☆☆	Cash Allocation	8.89% cash
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Allocation Details: Fund vs Benchmark - SPDR S&P 500 (SPY)



Active Management Commentary

- ACEHX allocates 9.97% of its value to Dangerous-or-worse-rated stocks while SPY allocates 23.51%.
- ACEHX allocates 39.86% of its value to Attractive-or-better-rated stocks while SPY allocates 44.63%.
- Investors should expect funds with higher Total Annual Costs to allocate more value to Attractive and Very Attractive Stocks and less to Dangerous and Very Dangerous stocks than alternative funds with lower costs.
- Active portfolio management of ACEHX adds value versus its ETF benchmark SPY.

Return - Annual

Year to Date	1.93%
1 Year	2.54%
3 Year	14.82%
5 Year	4.43%
Inception	9.92%

Top 5 Holdings

Air Products and Chemicals Inc	APD
Intel Corp	INTC
McCormick and Co Inc	MKC
Exxon Mobil Corp	XOM
Merck & Co Inc	MRK

Key Mutual Fund Statistics

Net Assets(mm)	\$56.80	Category	Large Cap Blend
NAV	\$427.75	Mgmt Co	Invesco Funds
Benchmark	SPY	Manager	Janet Luby
# of Holdings	31	Tenure	2004
Initial Min	\$1,000	Inception	12/16/76

Total Annual Costs Rating and Ranking

Rating	Total Annual Costs	Fund Universe % Rank	Category Rank
★★★★☆	0.55%	97.05%	69 of 977

This rating reflects all expenses, loads, fees, and transaction costs in a single value that is comparable across all funds.

Total Annual Costs Breakdown

All Cost Types	Annualized Values	
	ACEHX	Benchmark: SPY
Front-End Load	0.00%	--
Expense Ratio	0.55%	0.10%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--
Transaction Costs	0.00%	--
Total Annual Costs	0.55%	0.10%

- To justify its higher Total Annual Costs, ACEHX must outperform its ETF benchmark by 0.45% annually over 3 years or 0.45% annually over 10 years.
- This analysis assumes a 3-year holding period, the average for all funds.
- Transaction costs are assumed to be zero because the portfolio turnover ratio is unknown.

Data from Lipper, a Thomson Reuters Company, and New Constructs, LLC.

Overview of Our Predictive Mutual Fund Rating System

New Constructs' [Predictive Fund Ratings](#) enable smarter investing by assessing the key drivers of future fund performance. We start by analyzing every fund holding based on New Constructs' stock ratings, which are regularly featured as among the [best by Barron's](#). Next, we measure and rank the all-in costs of investing in a fund.

Intuitively, there are two drivers of future fund performance.

- 1) New stock-picking ([Portfolio Management Rating](#)) and
- 2) Fund expenses ([Total Annual Costs Rating](#)) drive investment performance

The figure below details the criteria that drive our Predictive Rating system for funds. The two drivers of our predictive rating system are Portfolio Management and Total Annual Costs. The Portfolio Management Rating (details [here](#)) is the same as our Stock Rating (details [here](#)) except that we incorporate Asset Allocation (details [here](#)) in the Portfolio Management Rating. The Total Annual Costs Rating (details [here](#)) captures the all-in cost of being in a fund over a 3-year holding period, the average period for all mutual fund investors.

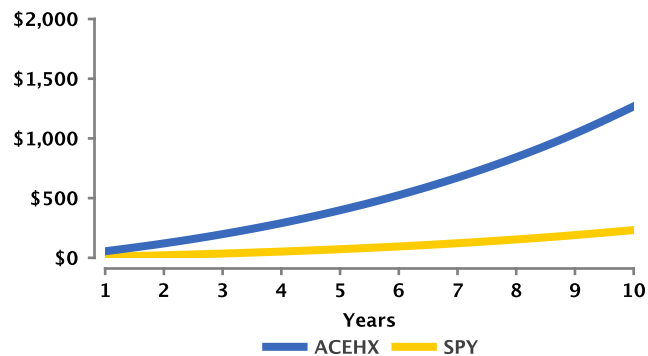
Predictive Rating	Portfolio Management Rating						Total Annual Costs Rating
	Business Strength		Valuation			Asset Allocation	
	Quality of Earnings	Return on Invested Capital	FCF Yield	Price to Econ Book Value	Mkt-Imp Duration of Growth	Cash %	
Very Dangerous ★☆☆☆	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50	> 20%	> 4%
Dangerous ★★☆☆	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50	8% < 20%	2% < 4%
Neutral ★★★☆☆	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20	2.5% < 8%	1% < 2%
Attractive ★★★★☆	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10	1% < 2.5%	0.5% < 1%
Very Attractive ★★★★★	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3	< 1%	< 0.5%

Reported Costs vs Benchmark: as of 12/31/10

	ACEHX	Benchmark: SPY
Front-End Load	0.00%	--
Expense Ratio	0.50%	0.09%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--

Accumulated Total Costs vs Benchmark

Accumulated Total Costs represent the dollar value of costs investors incur during a 10-yr holding period. Assumes a \$10,000 investment and a 10% annual return for the fund and its benchmark.



- 3-year Accumulated Total Costs are \$198.65 for ACEHX and \$35.90 for SPY. 10-year Accumulated Total Costs are \$1,268.08 for ACEHX and \$232.49 for SPY.

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Incorporated in July 2002, [New Constructs](#) is an independent publisher of investment research that provides clients with consulting, advisory and research services. We specialize in quality-of-earnings, forensic accounting and discounted cash flow valuation analyses for all U.S. public companies.

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1. **Superior Recommendations** - Our [stock-picks](#) consistently outperform. See our track record in our [stock-picking accolades](#) and [Proof Is In Performance](#) reports.
2. **More Accurate Research** - Our [patented Research Platform](#) for [reversing accounting distortions](#) and [discounted cash flow analysis](#) leverages better data to deliver smarter research.
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Accounting data is not designed for equity investors, but for debt investors. [Accounting data must be translated into economic earnings](#) to understand the profitability and valuation relevant to equity investors. Respected investors (e.g. Adam Smith, Warren Buffett and Ben Graham) have repeatedly emphasized that accounting results should not be used to value stocks. [Economic earnings](#) are what matter because they are:

1. Based on the complete set of financial information available.
2. Standard for all companies.
3. A more accurate representation of the true underlying cash flows of the business.

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