



Invesco Limited Maturity Treasury Fund

Investment Process

Universe Definition

Direct obligations of the US Treasury:

- US Treasury bills
- US Treasury notes

Fund Design

Dollar-weighted average maturity of three years or less

Investment Decision Making

Top-down. Macroeconomic and market analysis is conducted to formulate independent investment decisions on relevant macro investment factors:

- Duration and yield curve
- Market segments (Gov't., Corp., MBS)
- Sector/subsector selection

Bottom-up. Intensive fundamental credit and technical research is performed to arrive at independent investment decisions regarding individual securities. The team analyzes:

- Security structure and underlying collateral
- Credit dynamics and quality
- Relative value opportunities
- Price volatility and liquidity consideration

Portfolio Construction

Portfolio management and trading skills used to implement the many investment decisions that affect the fund.

Risk Management and Oversight

Several layers of ongoing oversight:

- Design
- Decisions
- Portfolio construction
- Invesco Fixed Income oversight

Investment Objective

The fund seeks to achieve total return, comprised of current income and capital appreciation.

Investment philosophy

We believe increasingly dynamic and complex fixed income markets create investor opportunities that are best captured by independent specialist decision makers interconnected as a global team.

Timely investment decisions, made by specialists, combine with a rigorous portfolio construction process designed to maximize each opportunity. We believe our approach to decision making and portfolio construction sets us apart from other managers. Using this philosophy, we seek to generate total return, composed of current income and capital appreciation, for investors.

Universe definition and fund design

The Fund invests principally in short-term US Treasury notes with remaining maturities of five years or less at the time of purchase. We may invest in derivative instruments such as interest rate futures contracts. The Fund may also maintain a portion of its assets in cash and cash equivalents to handle daily cash needs or to assume a temporary defensive position during adverse market conditions. The fund is benchmarked to the Barclays 1-2 Year U.S. Government Index and seeks to maintain a weighted average maturity of three years or less.

Investment decision making

Consistent with the belief that markets are increasingly complex, we use a distributed approach to decision making that gives the proven specialists closest to the information the authority to make decisions. Investment decisions are made continuously and shared instantly for timely implementation in our portfolios. This is true for top-down macro decisions and bottom-up security selection decisions, which are all made by specialists.

We track the results of every investment decision to develop a detailed understanding of the quality and skill of our decision makers to enhance quality control.

Portfolio construction

We use a dynamic, highly engineered portfolio construction process to create the fund's portfolio. We use a proprietary product design tool that factors in product investment parameters, current market opportunities and realistic decision-making skills to determine the combination and size of active investment positions. Our goal is to produce attractive total return while seeking to minimize risk.

Portfolio managers leverage this powerful technology to help them implement the many investment decisions that affect the fund. Strategic positioning is periodically retuned in an effort to maximize opportunities in the prevailing fixed income market environment.

Risk management and oversight

Our risk management process combines the evaluation of macroeconomic portfolio risks, strong commitment to portfolio construction oversight, and post-performance returns and risk oversight. Four key components are essential to the fund's investment risk management process:

- **Design.** Our disciplined portfolio design process calculates appropriate position sizes for each investment decision.
- **Decisions.** Every investment decision is recorded, measured and evaluated to improve overall decision-making quality.
- **Portfolio construction.** Our unique portfolio design approach allows the daily monitoring of portfolio management accuracy relative to recommended investment positions.
- **Fund oversight.** A global committee of our most senior fixed income investment professionals provides oversight of our investment capabilities and products.

Clear buy-sell disciplines

Each investment decision is assigned to an individual within the firm. He or she uses an independent, distributed approach to decision making that gives the proven specialists closest to the information the authority to make decisions. Specialists are required to explain the rationale behind every investment decision, thereby enabling the firm to distinguish skill from good fortune.

Each investment decision includes pricing review levels. The upper level is the objective that the trade is expected to reach, and the lower level is the point at which the rationale for maintaining the position must be reevaluated by the specialist. Specialists receive alerts from our proprietary investment system when the investment decision is approaching or has reached these levels. While specialists are not forced to sell when these levels are reached, the investment decision must be reevaluated. Pricing levels are monitored continuously by senior management, which is integral to the firm's risk management oversight. In addition to the realignment of a security's valuation targets, sell decisions may also be based on:

- A conscious decision to alter the fund's macro risk exposure (e.g., duration, yield curve positioning, sector exposure).
- The need to limit or reduce exposure to a particular sector or issuer.
- Degradation of an issuer's credit quality.
- The presentation of a better relative value opportunity.
- The general liquidity needs of the fund.

About risk

The fund may use enhanced investment techniques such as derivatives. The principal risk of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives are subject to counterparty risk – the risk that the other party will not complete the transaction with the fund.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

The fund may invest a large percentage of its assets in a limited number of securities or other instruments, which could negatively affect the value of the fund.

The investment techniques and risk analysis used by the fund's portfolio managers may not produce the desired results.

Reinvestment risk is the risk that a bond's cash flows (coupon income and principal repayment) will be reinvested at an interest rate below that on the original bond.

FOR US INSTITUTIONAL INVESTOR USE ONLY – NOT FOR USE WITH THE PUBLIC

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.