Invesco

Money Market Regulatory Reform

June 2015

Reform Update: SEC Implementation Schedule

On July 23, 2014, the Securities and Exchange Commission (SEC) voted to approve new rules and amendments to Rule 2a-7 under the Investment Company Act of 1940, which governs money market funds. The SEC stated that these rules will include structural and operational reforms to address risks of investor runs in money market funds, while preserving their benefits to investors. In the period since the reforms were initially announced, the industry has been able to gain more clarity and important details on the reforms, including a more concrete timeline for implementation.

The structural element of the 2014 reforms resulted in three distinct money fund categories:

Money Market Fund Category	Liquidity Fees and Redemption Gates	Investors
Constant Net Asset Value (CNAV) Treasury and Government Funds	Optional	Open to institutional and retail investors
Constant Net Asset Value (CNAV) Prime and Municipal Funds	Yes	Limited to retail investors
Floating Net Asset Value (FNAV) Prime and Municipal Funds	Yes	Open to institutional and retail investors

Operational Reforms

Reform	Final Rule	Final Implementation Date
Significant event reporting (Form N-CR)	Funds will be required to promptly disclose: – Imposition or removal of liquidity fees or redemption – Portfolio security defaults – Disclosure of sponsor support including the amount and reason for the support – For retail and government funds, any decrease in the fund's market-based NAV per share below $0.9975	July 2015
New diversification requirements	– Aggregation of affiliates subject to 5% issuer diversification and 10% single institution diversification limit for guarantors and demand feature providers. – For tax-exempt funds, the basket is limited to 15% of single institution	April 2016
Increased disclosure	– Web sites must disclose on daily basis - daily and weekly liquid assets, net shareholder inflows or outflows, market-based NAVs per share, imposition of fees and gates, and any affiliate sponsor support. – Disclosure regarding any occasion during the last 10 years (after the implementation date) where the fund received sponsor or fund affiliate support.	April 2016
Floating NAV	Applicable funds will have a floating NAV for sales and redemptions based on the current market value of the securities in their portfolios rounded to the 4th decimal (e.g. $1.0000).	October 2016
Liquidity fee	– If a fund's "weekly liquid assets" falls below 30%, the fund's board may impose a 2% fee on redemptions. – If a fund's "weekly liquid assets" falls below 10%, redemptions will be subject to 1% fee, unless the fund's board determines otherwise.	October 2016
Redemption gate	If "weekly liquid assets" fall below 30%, the fund's board may suspend redemptions for up to 10 days in any 90-day period.	October 2016
Retail fund	A fund must have policies and procedures designed to limit all beneficial owners to natural persons.	October 2016
Government fund	A fund must invest at least 99.5% of its assets in cash, government securities, and/or repo collateralized by government. securities/cash.	October 2016

Invesco Global Liquidity: A long-term approach to short-term investing
For more than 30 years, Invesco Global Liquidity has worked to gain and keep the trust of our investors through our deep industry knowledge and our investment expertise.

Our primary goal through the money market fund reform process is to provide our investors with a full suite of liquidity management solutions to meet their investing needs with the least amount of disruption while remaining focused on our disciplined investment process.

For Invesco Global Liquidity, safety is of paramount importance in the investment process for all of our money market funds. Our conservative investment philosophy has always focused on providing safety, liquidity and yield — in that order — to our money market fund investors.

We're dedicated to the future of this industry — and to yours.

Rule 2a-7 of the Investment Company Act of 1940, which governs money market funds, will be amended to define a "retail money market fund" as a money market fund that has policies and procedures reasonably designed to limit all beneficial owners of the fund to natural persons. In its release accompanying the final rules, the SEC states that money market funds will have flexibility in how they choose to comply with the natural person test, including developing policies and procedures that best suit a fund's investor base. The SEC expects that many funds will rely on social security numbers to confirm beneficial ownership by a natural person; however a money market fund or the appropriate intermediary could determine the beneficial ownership of a non-US natural person by obtaining other government-issued identification, for example, a passport. Retail money market funds will also develop policies and procedures in order to determine that underlying beneficial owners of omnibus accounts are natural persons.

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An investor should consider the investment objectives, risks, fees and expenses carefully before investing. Please read the prospectus or other offering documents carefully before investing. For this and other important information, please contact your financial advisor or visit invesco.com/fundprospectus.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in such a Fund.

The opinions expressed herein are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be construed as an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment making decision. As with all investments there are associated inherent risks. This does not constitute a recommendation of the suitability of any investment strategy for a particular investor. Diversification does not guarantee a profit or eliminate the risk of loss.

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