This marketing communication is for professional investors and qualified clients/sophisticated investors only. Investors should read the legal documents prior to investing.

European ETF Snapshot

September 2025

Summer break 2025 – it's been a hot one!

July and August was a particularly heated period in more ways than one. Outside of actual temperatures, equity markets were recording new all-time highs and the tension between the Fed and US administration appeared to be nearing breaking point. Find out how ETF investors are positioning their portfolios.

What to focus on this month

Has the US Dollar moved from being a diversifier to a risk driver in 2025? We look at the changing nature of the US Dollar and explore different ways to position for the dollar weakness.

1

Putting cash to work

For portfolios retaining a large cash allocation, it's worth making it work harder

2

What's the alternative?

Consider diversifying away from the US dollar with gold, silver and bitcoin

3

Currency hedging

USD weakness could make currency-hedged ETFs worth considering for US assets

Investment Risks

For complete information on risks, refer to the legal documents. The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Invesco EUR Overnight Return Swap UCITS ETF

The Fund intends to purchase securities that are not contained in the Index and will enter into Swap agreements to exchange the performance of those securities for the performance of the Index. As such, the Fund has exposure to the Index (comprised of a cash deposit) and not to the physical holdings of the Fund (comprising global equity and equity related securities). In very limited circumstances (e.g. if it is not possible for the Fund to enter into Swap agreements) the Fund may, on a temporary basis, have exposure to the physical holdings of the Fund (comprising global equity and equity related securities). The value of equities and equity-related securities can be affected by a number of factors including the activities and results of the issuer, general and regional economies, market conditions and broader economic and political developments. This may result in fluctuations in the value of the Fund and the loss of capital. The Fund's ability to track the benchmark's performance is reliant on the counterparties to continuously deliver the performance of the benchmark in line with the swap agreements and would also be affected by any spread between the pricing of the swaps and the pricing of the benchmark. The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

Invesco EUR AAA CLO UCITS ETF and **Invesco USD AAA CLO UCITS ETF**

The creditworthiness of the debt the Fund is exposed to may weaken and result in fluctuations in the value of the Fund. There is no guarantee the issuers of debt will repay the interest and capital on the redemption date. The risk is higher when the Fund is exposed to high yield debt securities. Changes in interest rates will result in fluctuations in the value of the Fund. It may be difficult for the Fund to buy or sell certain instruments in stressed market conditions. Consequently, the price obtained when selling such instruments may be lower than under normal market conditions. Highly rated tranches of CLO Debt Securities may be downgraded, and in stressed market environments even highly rated tranches of CLO Debt Securities may experience losses due to defaults in the underlying loan collateral, the disappearance of the subordinated/equity tranches, market anticipation of defaults, as well as negative market sentiment with respect to CLO securities as an asset class.

Invesco BulletShares Corporate Bond UCITS ETFs:

The creditworthiness of the debt the Fund is exposed to may weaken and result in fluctuations in the value of the Fund. There is no guarantee the issuers of debt will repay the interest and capital on the redemption date. The risk is higher when the Fund is exposed to high yield debt securities. Changes in interest rates will result in fluctuations in the value of the fund. The Fund may be exposed to the risk of the borrower defaulting on its obligation to return the securities at the end of the loan period and of being unable to sell the collateral provided to it if the borrower defaults. The Fund intends to invest in securities of issuers that manage their ESG exposures better relative to their peers. This may affect the Fund's exposure to certain issuers and cause the Fund to forego certain investment opportunities. The Fund may perform differently to other funds, including underperforming other funds that do not seek to invest in securities of issuers based on their ESG ratings. It may be difficult for the Fund to buy or sell certain instruments in stressed market conditions. Consequently, the price obtained when selling such instruments may be lower than under normal market conditions. The Fund is invested in a particular geographical region, which might result in greater fluctuations in the value of the Fund than for a fund with a broader geographical investment mandate. The term of the Fund is limited. The Fund will be terminated on the Maturity Date. During the Maturity Year, as the corporate bonds held by the Fund mature and the Fund's portfolio transitions to cash and Treasury Securities, the Fund's yield will generally tend to move toward the yield of cash and Treasury Securities and thus may be lower than the yields of the corporate bonds previously held by the Fund and/or prevailing yields for corporate bonds in the market. The issuers of debt securities (especially those issued at high interest rates) may repay principal before the maturity of such debt securities. This may result in losses to the Fund on debt securities purchased at a premium. The Fund may be terminated in certain circumstances which are summarised in the section of the Prospectus titled "Termination".

Invesco Physical Gold ETC and **Invesco Physical Silver ETC**

Instruments providing exposure to commodities are generally considered to be high risk which means there is a greater risk of large fluctuations in the value of the instrument. If the issuer cannot pay the specified return, the proceeds from the sale of the precious metal will be used to repay investors. Investors will have no claim on the other assets of the issuer.

Invesco Physical Bitcoin

Investing in cryptocurrencies is high risk. You should only invest in this product if you understand the risks associated with it. Any decision to invest should be based on the information contained in the relevant prospectus. Prospective investors should consult their professional advisers to ascertain the suitability of this product as an investment to their own circumstances. Investment Risk: The value of the product depends on the performance of the underlying investment. Cryptocurrencies do not have any intrinsic value and may become worthless. Volatility Risk: Cryptocurrencies are subject to extreme price volatility as evidenced by the large daily movements in the price of Bitcoin since its inception. Cryptocurrency markets do not close and so sudden price swings could occur at any time. Risk of Hacking: A hack of a depositary wallet could result in the loss of the main body of the underlying cryptoassets backing one or more series of certificates. Such a hack could result in a loss of value of the certificates for all the certificateholders of the affected series. Certificateholders of the affected series would risk losing their entire investment. Liquidity Risk: The product may be adversely affected by a decrease in market liquidity which may impair the ability to exchange cryptocurrencies into fiat currencies. Regulation Risk in the Market of Cryptocurrencies: The price of cryptocurrency can be affected by factors such as global or regional political conditions and regulatory or judicial events.

European ETF Snapshot

Summer break 2025 – it's been a hot one

ETF Flows Highlights

- US$62.3 bn of net inflows in July-August took year-to-date NNA to US$226.5 bn
- Global Equities maintained top spot over the two months but demand for US Equities was greatest in August
- Cash Management exposure continued to dominate fixed income flows, and investors showed a preference for credit risk over duration

European ETF Industry Trends

Welcome back after the summer. Markets spent much of that break breaking records. In the US, both the S&P 500 and the more tech-heavy Nasdaq-100 set new all-time highs in August. Interestingly, so did perceived havens such as Bitcoin (and gold would follow suit shortly after the month drew to a close).

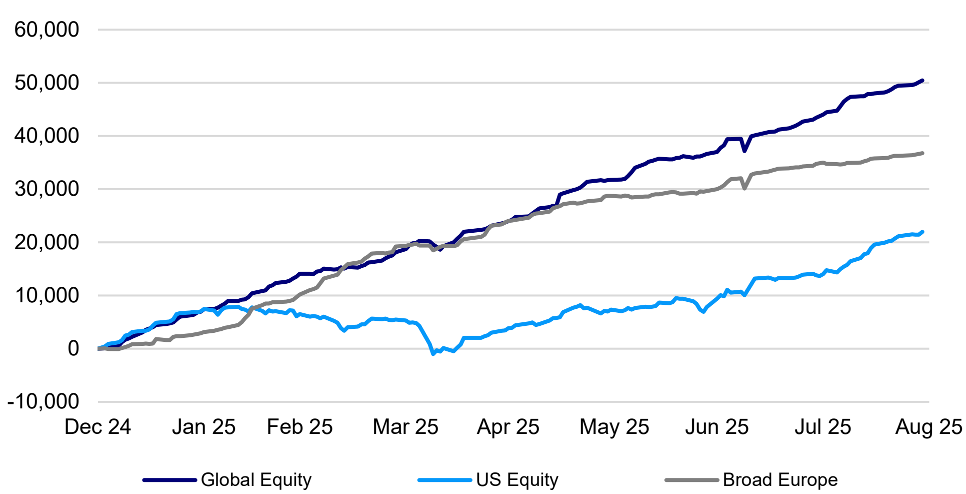
Part of gold's ongoing allure is being stoked by the tension between the US administration and the Fed, which heated up over the summer months. However, as the US labour market shows signs of softening, we now anticipate the first rate cut of 2025 should be at the Fed's September meeting. The US Dollar firmed from the three-year low where it began July, but we believe the greenback could see more weakness in the months ahead. We explore the role of the USD on page 5.

Turning to the European ETF market, net flows exceeded US$30 bn in both July and August, the first months to reach this level since February. A total of US$62.3 bn of NNA was gathered in the two-month period, with 74% going into equities. US beta exposures were the most popular equity funds in August after playing second fiddle to Global Equities in July and as they have for most of the year. Global Equity flows nonetheless remained consistently strong in both months, partly a reflection of their popularity among long-term monthly savers.

Emerging Market Equities also picked up over the period, as did demand for Thematics, with Defense and AI among the most popular themes. Outside of equity categories, flows into fixed income and commodities (primarily precious metals) were also strongly positive with both asset classes gathering pace in August.

Cash Management continued to dominate fixed income flows, but we also saw a pick-up in demand for IG credit and High Yield. Government bonds remained largely out of favour albeit still with positive flows. These flow patterns suggest a preference among investors for credit risk over duration.

US Equity demand recovering from tariff-related fears and as indices hit new highs
Year-to-date net inflows into Global, US and Broad Europe UCITS ETFs



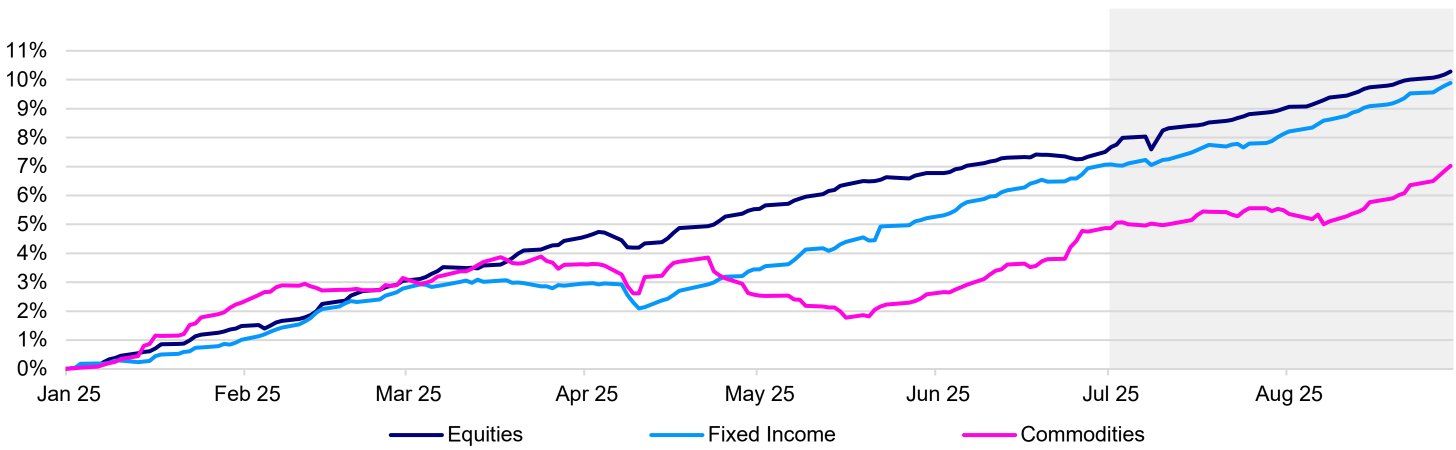
Source: Bloomberg, Invesco, as at 31 Aug 2025.

AUM & Flows by Asset Class (US$bn)

Asset Class	AUM	YTD NNA	Jul & Aug NNA	Jul & Aug % Market Moves
Equity	2,077	169.7	45.9	3.3%
Fixed Income	583	47.6	13.6	-0.1%
Commodity	178	9.2	2.8	4.1%
Other	*28*	*2.0*	*0.2*	*14.1%*
Total	**2,866**	**226.5**	**62.3**	**2.7%**

Source: Invesco using Bloomberg data on EMEA-domiciled products as a proxy, based on percentage change in AUM excluding the impact of NNA during the period. NNA = net new assets.

ETF YTD NNA by Asset Class (as a percentage of end of 2024 AUM)



Source: Invesco, Bloomberg, as at 29 August 2025. All figures in USD. The shaded area covers the months of July and August 2025.

Top 10 ETF Inflows / Outflows by Category July & August (US$bn)

Top 10 category inflows

Category	NNA ($bn)	AUM
Global Equity	13.5	468
US Equity	12.6	635
Emerging Markets Equity	4.6	127
Cash Management	4.0	64
Thematic	3.7	88
Europe Equity	3.3	132
Precious Metals	2.6	157
EMU Equity	2.4	92
Global ex US Equity	2.2	6
High Yield	2.0	40

Top 10 category outflows

Category	NNA ($bn)	AUM
Euro Govies	-1.0	76
Japan Equity	-0.6	55
Switzerland Equity	-0.6	32
China Equity	-0.5	18
China Bond	-0.3	2
Govt Global	-0.2	12
Sweden Equity	-0.2	4
France Equity	-0.1	6
MDB	-0.1	2
APAC Equity	-0.1	2

■ Equities ■ Fixed Income ■ Commodities

Source: Bloomberg, Invesco; European ETF flows as at 29 August 2025.

The changing nature of the US Dollar

The US dollar is no longer the haven of choice. The US administration's actions are undermining confidence in US institutions and making the US less attractive to foreign capital. The USD has weakened this year but likely could weaken further in the coming years.

The USD has shifted from a return driver and diversifier to a risk in 2025

From a diversifier to a risk driver

Since 2008 the USD has tended to provide investors with a source of return and a means of hedging a range of risks. Historically, the USD has appreciated strongly as US assets sucked in capital from foreign investors and when negative shocks hit markets or the economy the USD tended to strengthen as it was seen as a haven asset.

No longer. The US administration has hinted, if not explicitly stated, that it wants to see a weaker USD. The USD as measured by DXY has fallen more than 10% from its January high. There are good reasons to think this is just the start of more prolonged weakness in the USD.

Even after a meaningful fall in 2025 we still see the USD as richly valued and it has only gone a small way to unwind the gains seen since 2008.

After years of buying US assets, positions there are elevated, and little has been done in 2025 to reduce those positions. For the USD to rise it needs to attract foreign capital. The broad trade war the US is fighting and the threats (even if thus far not followed through on) to tax foreign investors differently, means foreigners are looking to alternative regions to deploy their capital. A change in fiscal picture in Europe means there are more opportunities outside of the US today than in previous years.

Further, FX hedging of US exposure held by foreign investors would put further downward pressure on the USD.

The actions taken to challenge the independence of the Federal Reserve, the BLS, and generally challenge historical norms means investors are, understandably, questioning the USD's haven status and the US as a destination for their capital. The administration's attacks on Fed Chair Powell and more recently Governor Lisa Cook clearly show the administration is gunning for greater control over monetary policy. Political control over the Fed risks higher structural inflation, high long-term rates, steeper rates curves, and a weaker USD.

If these views prove correct, they have profound consequences for investors.

If the USD is no longer as negatively correlated to risk assets, portfolios will not be as well diversified as in the past. Alternative diversifiers of risk will need to be sought.

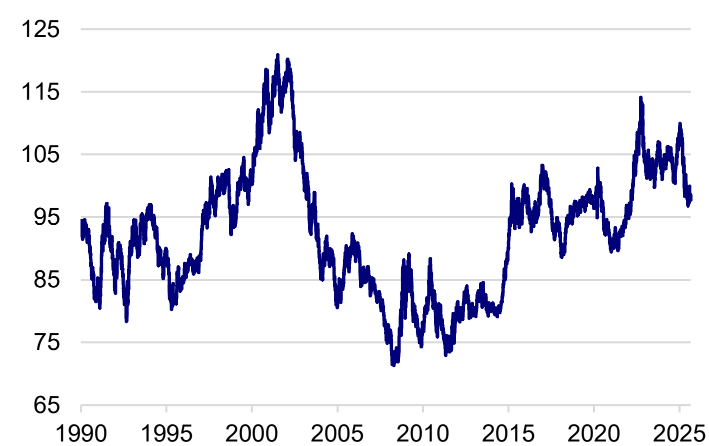
The second natural consequence is that foreign investors in US assets now face an FX headwind. Investors outside the US would not have been well served hedging USD exposure in recent years but they should now consider whether they should reduce their US exposure or hedge the exposure they have through alternatives to the USD.

The challenge to the weaker USD argument is that the AI story dominates as companies continue to attract global investors which would necessitate buying of the USD from a capital flow perspective (if held unhedged).

USD has weakened substantially under current administration
DXY (USD Index) over the past 12 months

Source: Bloomberg, Invesco, as of 31 August 2025.

USD isn't necessarily 'cheap' in longer-term context
DXY (USD index) since 1990



Source: Bloomberg, Invesco, as of 31 August 2025

1

Putting cash to work

Cash management ETFs have seen strong inflows in 2025 as investors look to be keeping some of their powder dry. We highlight some compelling alternatives for investors to consider if they want their cash allocation to work that little bit harder.

Consider cash alternatives to enhance your returns:

- Invesco EUR Overnight Return Swap UCITS ETF*
- Invesco EUR and USD AAA CLO UCITS ETFs

**To be launched mid-September 2025*

Investments in these funds are an acquisition of units in either an actively managed fund or a passively managed, index tracking fund rather than in the underlying assets owned by the funds.

Invesco AAA CLO UCITS ETFs are only suitable for professional and advanced private investors. For further details, please consult the Fund's supplement.

Cash (management) is still king

Should the Fed cut rates, as is now looking more likely in September, short rates will come lower. It is not clear however that will lead to lower long end rates. Therefore, investors should be wary of adding duration to their portfolios even in a rate cutting cycle.

We believe rates curves are likely to steepen and term premia to expand. ETF flow data from the past two months would suggest that yield-seeking fixed income investors are generally preferring to take on credit risk through an allocation to IG or High Yield rather than increasing duration.

We also believe that investors who are maintaining outsized cash allocations in their portfolios may want to consider putting some of it to work. Cash management ETFs include overnight return and other ultra-short exposures and have been the fixed income segment gathering the most assets this year, with US$16.6 bn of NNA YTD including US$4 bn in the past two months.

The **Invesco EUR Overnight Return Swap UCITS ETF*** tracks the Solactive €STR Overnight Total Return index and is designed to offer low volatility and daily liquidity. And by using Invesco's market-leading swap-based ETF platform, this newly launched ETF offers the potential for enhanced returns versus the index through attractive swap economics.

Taking cash-tiering to the next level

The portion of cash currently held in portfolios that is surplus to near-term liabilities can be invested in other fixed income ETFs for improved risk-adjusted returns. In this respect, allocations to fixed-maturity bond ETFs (see page 7) or to AAA CLOs can be useful complements to cash management holdings.

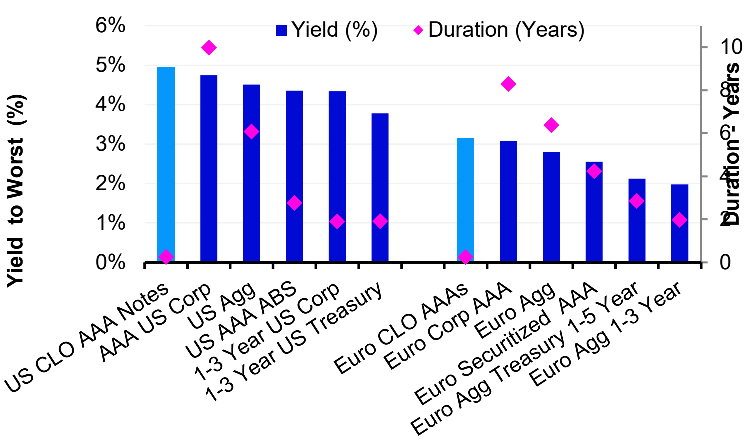
CLOs (collateralised loan obligations) are diversified pools of primarily senior secured loans. This market has more than doubled in the past five years and now boasts US$1.3 trillion of assets, with approximately 60% in the highest rated AAA CLOs. Demand for ETFs providing targeted exposure to this specific segment has surged in the US in recent years and is now taking off through the launch of UCITS ETFs. .

AAA CLOs offer an attractive level of income relative to other highly rated asset classes as well as having low very low duration and low correlation to traditional fixed income assets.

The **Invesco USD AAA CLO UCITS ETF** and **Invesco EUR AAA CLO UCITS ETF** are both actively managed, leveraging the expertise of our global Private Credit team with more than 30 years' experience in managing senior loans and around US$46 bn of assets globally.

Attractive income and low duration

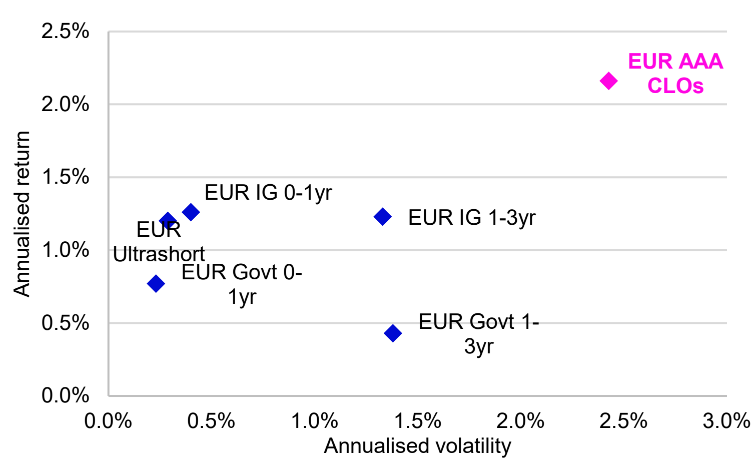
AAA CLOs versus other highly rated fixed income assets



Source: Bloomberg, Invesco, as of 30 June 2025.

Attractive risk-return profile

EUR CLOs versus traditional short duration bonds



Source: Bloomberg, Invesco, as of 30 June 2025.

BulletShares ETFs

Tailoring your bond portfolio with **Invesco BulletShares UCITS ETFs**

An investment in these funds is an acquisition of units either in a passively managed, index tracking fund or an actively managed fund, rather than in the underlying assets owned by the funds.

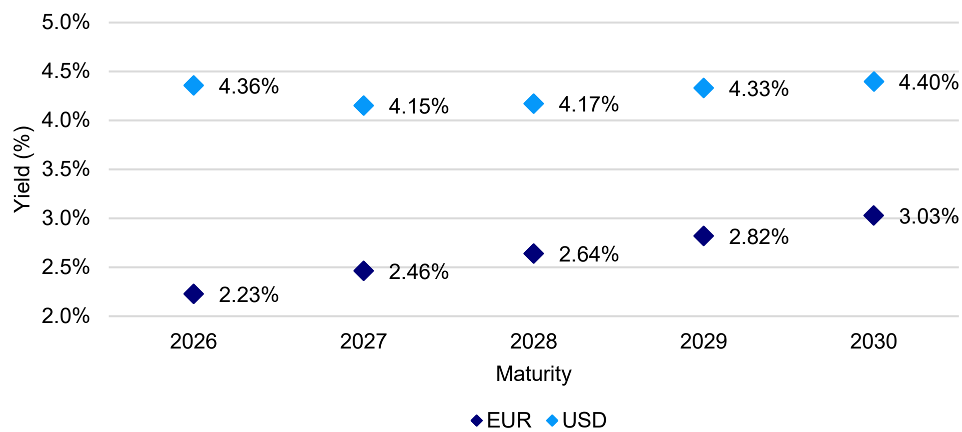
The precision of bonds. The advantages of ETFs.

BulletShares ETFs are uniquely designed to hold bonds until their effective maturity dates, which offer a myriad of investor use cases. BulletShares can help insulate investors from interest rate volatility and provide greater visibility to future total return expectations within an asset allocation. Additionally, BulletShares ETFs can provide investors the ability to effectively implement bond ladders into portfolios – an effective strategy in an uncertain rate environment as it enables investors to potentially lock in higher yields, while mitigating the negative impacts of rate uncertainty within a fixed income portfolio.

With central banks now cutting rates and signaling further reductions, investors may start to look at extending duration and locking in current yields. This can easily be done with **Invesco BulletShares UCITS ETFs**. These ETFs can help insulate investors from interest rate volatility, as long-term yields are less impacted by future rate movements. Additionally, BulletShares can provide greater visibility to future total return expectations, with the ETF's yield at the time of investment being a good indicator of the expected annualised return if held to maturity.

BulletShares offers targeted exposure to specific maturities

Yield vs. Maturity



BulletShares ETF Characteristics

Investment Grade Corporate Bonds

	ETF	Yield to Worst (%)	Effective Duration (years)	Weighted Average Life (years)	Spread (OAS in bps)	Average Rating
EUR	BulletShares 2026 EUR Corporate Bond UCITS ETF	2.23%	0.78	0.81	31	A-
EUR	BulletShares 2027 EUR Corporate Bond UCITS ETF	2.46%	1.71	1.79	52	A-
EUR	BulletShares 2028 EUR Corporate Bond UCITS ETF	2.64%	2.66	2.79	62	A-
EUR	BulletShares 2029 EUR Corporate Bond UCITS ETF	2.82%	3.57	3.79	71	A-
EUR	BulletShares 2030 EUR Corporate Bond UCITS ETF	3.03%	4.37	4.75	80	A-
USD	BulletShares 2026 USD Corporate Bond UCITS ETF	4.36%	0.73	0.80	33	A-
USD	BulletShares 2027 USD Corporate Bond UCITS ETF	4.15%	1.62	1.77	42	A-
USD	BulletShares 2028 USD Corporate Bond UCITS ETF	4.17%	2.48	2.77	51	A-
USD	BulletShares 2029 USD Corporate Bond UCITS ETF	4.33%	3.37	3.79	66	BBB+
USD	BulletShares 2030 USD Corporate Bond UCITS ETF	4.40%	4.19	4.71	67	A-

Source: Invesco, Bloomberg, as of 29 August 2025. Yields represented by yield to worst.

2 What's the alternative?

With the USD no longer the haven of choice, investors and central banks may wish to look for other, perhaps non-fiat assets to diversify their portfolios.

Diversify away from the US dollar into alternative assets:

- Invesco Physical Gold ETC
- Invesco Physical Silver ETC
- Invesco Physical Bitcoin

Gold, silver and Bitcoin are seeing demand

Gold has long been a go-to-asset in times of uncertainty, and central bank demand for the yellow metal has been strong for several years now. ETF demand has been missing for much of that time but has recently started to improve. Flows into physical gold and other precious metal ETCs have accelerated in Europe over the summer including more than US$2.5 bn of NNA in July and August.

The current backdrop favours further gains in the gold price in our view. Gold has shown itself to be one of the best means of hedging macro and geopolitical risks in 2025 and inflation over longer horizons.

But gold has run a long way (setting a record high at the time of writing) and some are asking if there are other assets that could be added. Silver is a logical alternative. As the chart on the left illustrates, gold has recently traded at more than 100x that of the silver price, with the ratio very wide compared to historical norms. The Gold-Silver ratio has now started to narrow but remains elevated.

Invesco ETCs provide investors with some of the lowest overall costs of owning precious metals. The **Invesco Physical Gold ETC** and **Invesco Physical Silver ETC** both have long-term track records of delivering efficient tracking of the LBMA Gold and Silver prices respectively, with the ETCs holding bullion stored securely in London bank vaults.

With US$23.7 bn of assets, the Invesco Physical Gold ETC is also one of the largest precious metal ETCs in Europe.

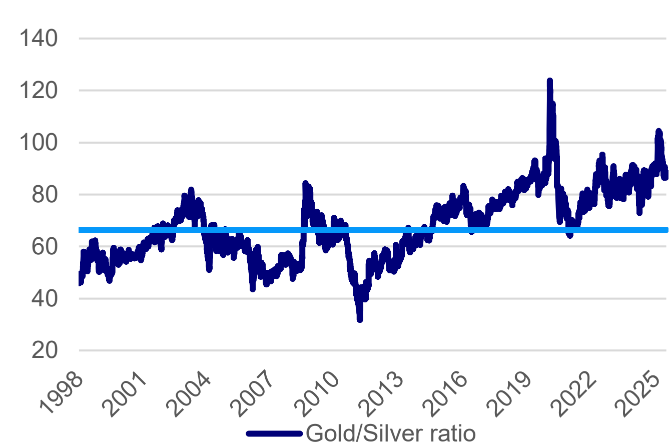
What about cryptocurrencies?

Other alternative assets such as cryptocurrencies are in favour too as investors look for alternative sources of diversification. Bitcoin reached a new record high price in August. The supply of this and other cryptocurrencies are limited and, therefore, they can act as a store of value though historically the volatility has been high.

Furthermore, the regulatory landscape is changing rapidly for cryptocurrencies, with the current US administration highly supportive, meaning a broader set of investors are now looking at this space.

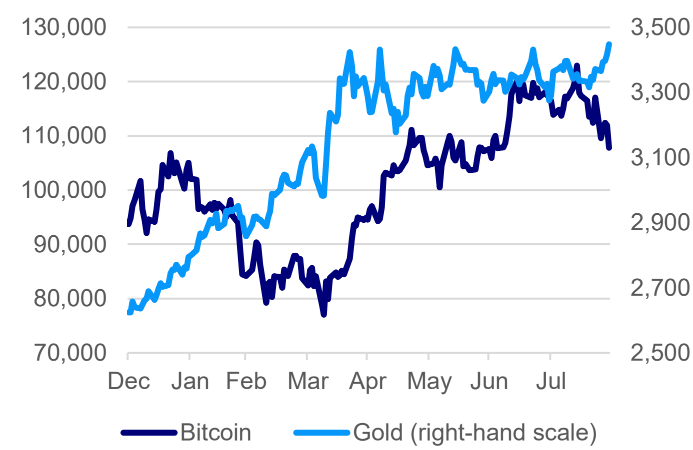
Invesco Physical Bitcoin offers investors efficient tracking of the spot Bitcoin price, using the same proven structure as the Invesco Physical Gold ETC. The Bitcoin ETP is backed by Bitcoin held in cold storage.

Silver could offer value relative to the current gold price
Gold / Silver price ratio



Source: Bloomberg, Invesco, as of 31 August 2025.

Bitcoin has surged on support from the US administration
Bitcoin and Gold spot prices in 2025 (in USD)



Source: Bloomberg, as of 31 August 2025.

Invesco UCITS ETFs provide currency-hedged exposures to:

- Popular US and Global equity indices
- US and Global fixed income benchmarks
- Gold and BCOM

An investment in these funds is an acquisition of units in passively managed, index tracking funds rather than in the underlying assets owned by the funds.

3 Hedging your bets

The S&P 500 recently hit 10% returns year-to-date, however, a EUR-based investor would still be in the red though 2025 on an S&P 500 investment. Hedging does come with a cost but in times such as these, when we believe US assets are facing currency headwinds, it can help investors preserve their capital.

To hedge or not to hedge…

Through the first half of 2025 the US dollar experienced its steepest decline since the Global Financial Crisis. This followed a strengthening of the currency in late 2024 after the presidential elections, but the 'Trump Trade' momentum quickly dissipated, and investors became more concerned about economic growth than inflation.

As we've explored earlier in this piece, there are good reasons to think this may only be the beginning of a more prolonged period of US dollar weakness. Indeed, market analysts have amplified this negative USD sentiment, most notably in March, with JPMorgan turning bearish on the USD for the first time in four years.

At the same time, there are good reasons for wanting to stay invested in US stocks. These companies are among some of the most profitable firms around and are best placed to benefit from the AI narrative. With the US such a large part of global indices, it is also nigh on impossible not to be invested to some degree in those markets.

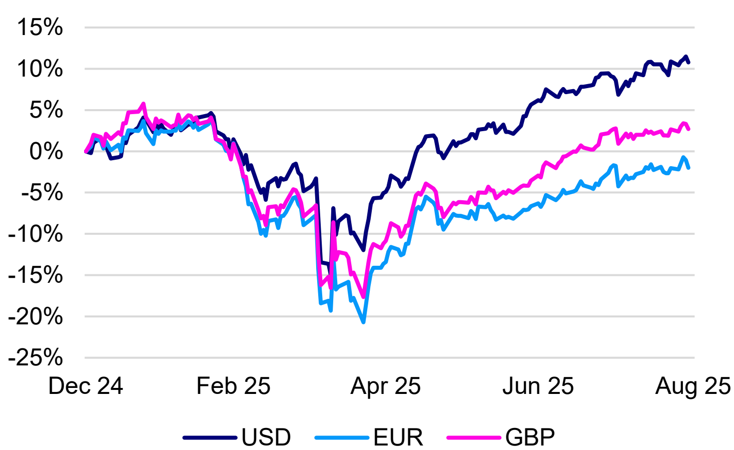
To achieve both these, seemingly, contradictory aims, investors can utilise hedging to mitigate the impact of currency risk. Such a strategy allows investors to make an investment in assets denominated in one currency but receive the returns of this investment denominated in another currency.

There is certainly a cost associated with such hedging activity, however, with a 13% gap between USD and EUR S&P 500 returns so far this year (see bottom-left chart) there are certainly times that such an approach pays off. A holder of our S&P 500 EUR-hedged product through this period would've seen returns of over 9% YTD, vs. -2% in EUR terms for the equivalent unhedged investment.

A hedged vehicle can offer steady consistent performance relative to a standard unhedged product, with returns denominated in an alternate currency (see bottom-right chart). This pays off through periods of dollar decline and should we be about to enter a longer such period, it might make sense to hedge assets denominated in USD to an investor's own base currency, or indeed any alternative.

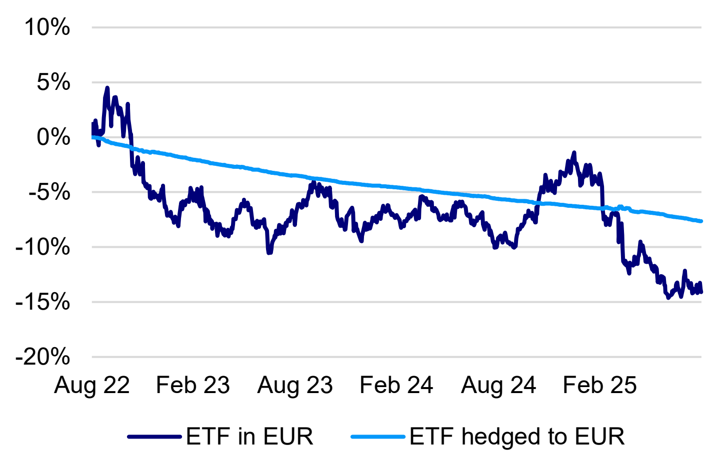
Invesco offer a range of products that hedge USD returns to EUR, GBP, or even CHF. We have hedged share classes available for a number of US and Global equity ETFs, as well as our BCOM fund and various fixed income ETFs. These include USTs, US Corps, Global Corps, Global HY, plus other innovative areas of the asset class. We also have available EUR- or GBP-hedged Gold products.

S&P 500 still underwater this year in EUR-terms
Absolute year-to-date S&P 500 performance in various currencies



Source: Bloomberg, Invesco, as of 29 Aug 2025.

Hedging can help preserve capital, though timing matters
Relative 3Y S&P 500 ETF EUR options, perf. vs. S&P 500 ETF



Source: Bloomberg, Invesco, as of 29 Aug 2025. Invesco S&P 500 UCITS ETF in EUR terms and hedged to EUR, vs. USD.

A quick guide to currency hedging
Hedge your investments

Why hedge currency risk and how does it work?

Investors frequently base their asset allocation decisions on view of the underlying asset class (e.g., US equities) and not on the currency in which that asset is denominated.

But investing in foreign markets always involves two steps: first, the investor sells their local currency to buy the foreign currency and then uses this to purchase the foreign asset. This means that the full notional value of the investment is exposed to currency fluctuations. A rise in the price of the foreign asset can be undermined by a weakening of the foreign currency relative to the investor's base currency.

Currency hedging reduces an investment's exposure to exchange rate movements. When deciding whether to currency hedge, investors need to conder any incremental fees (higher OCF), the cost of hedging (transaction costs), the impact of interest rate differentials (which may be positive or negative), and any view the investor has on the exchange rate (over- or undervalued).

Once the impact of currency hedging is fully understood, investors can also use currency-hedged share classes for speculative purposes by proactively taking on currency exposure where they have a view.

What are the costs of hedging?

There are three key costs associated with hedging, however, others can play a part:

1. **Interest rate differentials:** One of the key components of the cost of currency hedging is the difference in the overnight interest rates of the two currencies being hedged, as the hedging investor is in effect borrowing the hedging currency to buy, and hold cash, in their home currency.

   Through the last year, rates in the US and UK have been similar, which makes the cost of hedging the USD back to GBP relatively modest and fairly stable. However, base rates for EUR and CHF differ significantly, resulting in much higher costs. Over the last year, an investor would have paid 2% to hedge USD back to EUR, and 4% to hedge back to CHF.

1. **Trading costs:** The cost associated with trading the currency forwards that are used to hedge the currency exposure. This cost will vary depending on several factors: i) the bid-ask spread; ii) the degree of volatility in the underlying assets, with higher volatility driving greater FX trading to maintain the hedge.

2. **FX slippage:** Any change in value of the assets being held will result in the currency being over- or under-hedged (if the asset value falls or rises respectively). This results in a portion of the asset being exposed to changes in spot currency rates. Specifically, an under-hedged exposure will underperform if the USD weakens and outperform if USD strengthens. Similarly, an over-hedged exposure will outperform if the USD strengthens and underperform if USD weakens.

Invesco ETF's approach to currency hedging

Invesco ETPs take slightly different approaches to currency hedging, depending on the platform.

Physically replicating ETFs apply one of two approaches:

- **Portfolio-hedged** share classes mitigate the currency exposure between the share class currency, and each of the currencies of the underlying investments of the fund. Forward currency contracts are executed at the share class level to hedge the currency exposure back to the share class currency. These contracts are rolled monthly and can be rolled more frequently during periods of higher volatility.
- **NAV-hedged** share classes use a single currency forward contract to mitigate the exposure to exchange rate movements between the base currency of the index and the currency of the share class. The hedge cycle can vary based on market conditions, with adjustments made as needed during periods of extreme volatility.

Our swap-based ETFs and Gold ETC:

- **BCOM** uses a similar approach to the physical ETFs, with the aim of keeping hedge positions within a range of 95-105%.
- **Synthetic equity** products include the currency hedge in the index calculation, with the exposure managed directly through the swap to match that index approach.
- **Hedged Gold ETCs** the hedge is adjusted daily with the mark-to-market on the hedge settled daily in gold to ensure that the certificates are fully supported by gold held in our segregated account

Featured Invesco Exchange-Traded Products

Main Ticker	Invesco ETF	ISIN	OCF	Swap Fee
Currency Hedged				
To view all our currency hedged ETFs, please visit etf.invesco.com				
Cash Management				
RONS GY	Invesco EUR Overnight Return Swap UCITS ETF	IE000YPOHA39	0.10%	0.42%
Corporate Bonds				
CLOD GY	Invesco EUR AAA CLO UCITS ETF	IE000U7LIXH5	0.25%	N/A
ICLO LN	Invesco USD AAA CLO UCITS ETF	IE000PKN5N58	0.25%	N/A
Commodities				
SGLD LN	Invesco Physical Gold ETC	IE00B579F325	0.12%	N/A
SSLV LN	Invesco Physical Silver ETC	IE00B43VDT70	0.19%	N/A
Digital Assets				
BTIC LN	Invesco Physical Bitcoin	XS2376095068	0.25%	N/A
Invesco BulletShares				
BE26 GR	Invesco BulletShares 2026 EUR Corporate Bond UCITS ETF	IE000AYJ75E5	0.10%	N/A
BE27 GR	Invesco BulletShares 2027 EUR Corporate Bond UCITS ETF	IE000XOS4OJ6	0.10%	N/A
BE28 GR	Invesco BulletShares 2028 EUR Corporate Bond UCITS ETF	IE000LKGEZQ6	0.10%	N/A
BE29 GR	Invesco BulletShares 2029 EUR Corporate Bond UCITS ETF	IE000ZC4C5Q1	0.10%	N/A
BD30 GR	Invesco BulletShares 2030 EUR Corporate Bond UCITS ETF	IE000W6YTDH7	0.10%	N/A
BU26 LN	Invesco BulletShares 2026 USD Corporate Bond UCITS ETF	IE000O36LOH8	0.10%	N/A
BS27 LN	Invesco BulletShares 2027 USD Corporate Bond UCITS ETF	IE000BMDG046	0.10%	N/A
BS28 LN	Invesco BulletShares 2028 USD Corporate Bond UCITS ETF	IE000A0RC215	0.10%	N/A
BS29 LN	Invesco BulletShares 2029 USD Corporate Bond UCITS ETF	IE000C5Q64P6	0.10%	N/A
BS30 LN	Invesco BulletShares 2030 USD Corporate Bond UCITS ETF	IE000GB2EQ90	0.10%	N/A

Please visit etf.invesco.com for additional trading lines and share classes, including currency-hedged share classes where available. Costs may increase or decrease as a result of currency and exchange rate fluctuations. Consult the legal documents for further information on costs.

The ongoing charge figure (OCF) for UCITS ETFs includes management fee, custody and administration costs. The gross total expense ratio for US ETFs includes the fund's management fees and other expenses.

The swap fee is the all-in amount paid by the fund to the counterparty for the service of replicating the index return. This applies to synthetically-replicated ETFs.

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We are a leading global ETF provider

As one of the world's largest ETF providers with over US$800 billion globally in ETF assets under management, we've been dedicated to ETF investing since 2003. We offer over 160 EMEA ETFs spanning regions and strategies across equities, fixed income, commodities and digital assets. Our culture of innovation lets us find new opportunities for investors, as well as ways to improve the performance of core ETF exposures.

How to trade Invesco ETFs

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Our experienced capital markets team also works with the extensive range of market makers, brokers and Authorised Participants (APs) who trade our products, and can help look for ways to increase liquidity and lower trading costs.

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RO4799885/2025