Press Release
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For trade press only

Invesco launches Europe's first USD AAA CLO UCITS ETF alongside a EUR AAA CLO UCITS ETF offering professional investors access to the firm's 25+ years' CLO Note management expertise

London, 13 February 2025

Invesco is launching two actively managed UCITS ETFs that provide exposure to the highest rated tranches of the collateralised loan obligation ("CLO") market. The **Invesco USD AAA CLO UCITS ETF*** and **Invesco EUR AAA CLO UCITS ETF*** leverage the combined strength of Invesco's global Private Credit and ETF franchises, two of the firm's largest and fastest-growing investment areas. The **Invesco USD AAA CLO UCITS ETF* is the first European-domiciled UCITS ETF to provide diversified exposure to USD AAA CLO notes, the world's largest and most liquid CLO market.**
*These products are intended for professional investors only.

Stephanie Butcher, Co-Head of Investment at Invesco, said: "Clients choose to partner with Invesco for the depth and breadth of our offering, from asset class and investment style to the choice of investment vehicle. We aim to deliver the best results for our clients by empowering highly experienced teams to focus on their key areas of expertise, and we can leverage this advantage by combining specialisms that further benefits clients. For instance, we have been combining our expertise in Private Credit and ETF construction successfully for 15 years in the US, and we expect the launch of this type of actively managed ETF to drive growth in Europe."

Michael Craig, Head of European Senior Loans at Invesco Private Credit, said: "How you gain exposure to this US$1.3 trillion asset class is crucial, and having an experienced manager making the investment decisions can make all the difference. With over 25 years of experience as both an investor and issuer of CLOs, we know that the quality of the CLO manager is key to performance through market cycles. Our active security selection, risk management process, and market presence add significant value. While we aim to deliver index-like performance, we're not constrained and actively select each security we invest in based on its merit. We focus on CLOs from high-quality managers that we trust, as these tend to exhibit less volatility and better liquidity in stressed market conditions. We regularly perform stress-testing on our portfolios to simulate these scenarios."

Gary Buxton, Head of ETFs and Indexed Strategies for EMEA and APAC at Invesco, said: "Last year's record flows bear testament to the popularity of the ETF structure. The ETF assets we manage in Europe grew by 40% in 2024, and we believe demand should continue broadening as more ETFs are created to provide investors with efficient exposure to new asset classes, including those that have been difficult to access. For instance, although the CLO market has grown rapidly, with outstanding issuance nearly doubling in the past five years, they have only recently become available to investors via an ETF, first in the US and now in Europe. This exposure opens up CLO investment to a wide range of sophisticated investors."

Invesco's new CLO UCITS ETFs

The new ETFs will aim to provide consistent income and capital preservation over the long term by investing primarily in the AAA-rated tranches of floating-rate debt securities issued by CLOs. One will invest primarily in USD-denominated assets, and the other in EUR-denominated assets. At least 80% of the CLO debt securities in which the ETFs will be invested will be AAA-rated, and the balance will still be investment grade, consisting primarily of the second highest-rated AA tranches.

Michael Craig explained: "The AAA tranche of CLOs offers an uplift in spread versus other similarly rated instruments, despite having never defaulted. Their floating rate nature means they exhibit low correlation with many other fixed income asset classes, making them attractive to professional investors looking to diversify."

As UCITS ETFs, these funds differ from similar products in the US. Under the European Securitisation Regulation, the funds may only invest in those CLOs where the originator, sponsor, or original lender has disclosed that it retains – both at issuance and on an ongoing basis – a net economic interest in the CLO of at least 5%, ensuring the managers have "skin in the game".

Collateralised Loan Obligations

A CLO is a special purpose vehicle that issues debt securities that are collateralised by a pool of primarily the senior secured loans of corporations. The CLO issues securities in different classes (or "tranches") for investors of different risk tolerances.

Distributions from the CLO's pool of assets are paid out based on seniority, with the highest-rated AAA tranche paid first, then continuing down to the lowest-rated tranche and finally to any equity holders. This "cashflow waterfall" feature means the highest-rated AAA tranches are the most protected and is the reason that no AAA-rated CLO in either USD or EUR has ever defaulted.

ETF details**

	Invesco USD AAA CLO UCITS ETF	**Invesco EUR AAA CLO UCITS ETF**
ETF BBG ticker**	ICLO	CLOD
Benchmark***	JP Morgan CLOIE AAA Index	JP Morgan European Collateralized Loan Obligation AAA-only Index
Base / trading currency	USD / USD	EUR / EUR
Income treatment	Distributing	Distributing
Income frequency	Quarterly	Quarterly
Annual charge	0.35% p.a.	0.35% p.a.

**Other share classes (Accumulating and Distributing shares and trading in other currencies) are available on the LSE, Xetra, Euronext Milan and the SIX Swiss Exchange.

***Benchmark may be used for performance comparison purposes only. The ETF does not track the index nor is it constrained by a benchmark.

Costs may increase or decrease as result of currency and exchange rate fluctuations. Consult the legal documents for further information on costs. An investment in this fund is an acquisition of units in an actively managed fund rather than in the underlying assets owned by the fund.

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Notes to editors

Investment risks

For complete information on risks, refer to the legal documents.

The value of investments, and any income from them, will fluctuate. This may partly be the result of changes in exchange rates. Investors may not get back the full amount invested.

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.

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For more information on our funds and the relevant risks, please refer to the share class-specific Key Information Documents/Key Investor Information Documents (available in local language), the financial statements and the Prospectus, available from www.invesco.eu. A summary of investor rights is available in English from www.invescomanagementcompany.ie. The management company may terminate marketing arrangements. Any investment decision should take into account all the characteristics of the fund as described in the legal documents. For sustainability related aspects, please refer to www.invescomanagementcompany.ie/dub-manco.

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The representative and paying agent in Switzerland is BNP PARIBAS, Paris, Zurich Branch, Selnaustrasse 16 8002 Zürich. The Prospectus, Key Information Document, and financial reports may be obtained free of charge from the Representative. The ETFs are domiciled in Ireland.

German investors may obtain the offering documents free of charge in paper or electronic form from the issuer or from the German information agent (Marcard, Stein & Co AG, Ballindamm 36, 20095 Hamburg, Germany).

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The publication of the supplement in Italy does not imply any judgment by CONSOB on an investment in a product. The list of products listed in Italy, and the offering documents for and the supplement of each product are available: (i) at etf.invesco.com (along with the audited annual report and the unaudited half-year reports); and (ii) on the website of the Italian Stock Exchange borsaitaliana.it.

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