Following the Federal Open Market Committee meeting on June 18, 2013, the Federal Reserve Board (FRB) announced that it will be keeping the key Federal Funds Rate low until sometime in 2014, reflecting an unprecedented course of action. This may create an environment of sustained interest rates that could potentially result in an abundant supply of premium bonds in the bond market. With that being said, the FRB also announced the potential to start tapering their $80 billion a month bond buying later this year.

What are premium bonds
A bond often trades at a premium when its stated interest rate (or “coupon”) is higher than prevailing interest rates in the market. The fact that a premium bond pays a higher coupon than a new bond issued at face value (or “par”) drives the premium bond’s price above par. When an investor pays more than par value for a bond, the amount above par is in essence the premium paid for that bond.

Reasons to invest in premium bonds

- **Potential for higher current income.** Current income will be greater for a premium bond than a par bond due to the larger semiannual interest payments. For example, a premium bond with a 4.50 percent coupon pays interest of $45 a year per $1,000, while a par bond with a 3.50 percent coupon pays interest of $35 per $1,000 over the same period. This is an attractive feature for investors who wish to maximize current income without extending maturities or lowering quality standards.

- **May be undervalued.** Many investors will not consider premium bonds because of a common misconception that a premium represents an overpayment on the bond. For this reason, premium bonds typically offer a higher yield to maturity than par bonds of similar quality and maturity. For example, if a par bond is priced to yield 3.50 percent, a competing premium bond may be priced to yield 3.60 percent or more. Thus, the market perception of the premium may create opportunities to pick up additional yield without incurring additional risk. There is no assurance, however, that such opportunities will be available at any time.

- **Potential for price stability.** Premium bonds have strong defensive characteristics, which is why they are known as “cushion bonds.” Their prices tend to decline more slowly than those of par or discount bonds when interest rates rise, thereby offering the potential for downside price protection. Conversely, premium bond prices tend to advance more slowly than other bonds when interest rates fall. The reason for this lower price volatility relative to par or discount bonds is primarily because the higher coupon of the premium bond returns more reinvestable cash to the investor sooner.

Risk of early redemptions on premium bonds

- The call feature on a bond gives the issuer the option to redeem the bond prior to maturity. Because there is uncertainty about whether the bond will be called prior to maturity, yields on callable bonds are calculated using the call date or maturity date that results in the lowest yield, known as the “yield-to-worst.” The risk of early redemption on a premium bond is that principal is returned to the investor when interest rates are low, which would likely result in a lower principal reinvestment rate. Investors are rewarded with additional yield for accepting call risk. One way to avoid risk of early redemption is to invest in noncallable bonds, or bonds that offer a deferred first call date.

Conclusion
Successful investors take advantage of opportunities as they arrive to enhance their portfolio returns. Premium bonds allow investors to potentially enhance yield without incurring additional risk. For a list of bond trust offerings for both taxable and tax-exempt trusts within Invesco Unit Trusts, please contact your Financial Advisor.

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1 Invesco is offering trust units for purchase and not individual bonds. There is no assurance that units of any particular trust will own premium bonds.
**Risk considerations**

There is no assurance that a unit trust will achieve its investment objective. Unit trusts are subject to market risk, which is the possibility that the market values of securities owned by the unit trust will decline and that the value of your units may therefore be less than what you paid for them.

An investment in a trust should be made with an understanding of the risks associated therewith, such as the inability of the issuer or an insurer to pay the principal of or interest on a bond when due, volatile interest rates, early call provisions and changes to the tax status of the bonds. As interest rates rise, bond prices fall.

Investments in a trust may be subject to interest rate risk. If interest rates rise, the value of the bonds in a trust may decline and if interest rates decline the value of the bonds may increase. Also, the longer the period to maturity, the greater the sensitivity to interest rate changes tends to be.

A trust may concentrate in bonds of a particular type of issuer. This makes the trust less diversified and subject to greater risk than a more diversified portfolio.

The financial markets, including those for corporate bonds, have recently experienced periods of extreme illiquidity and volatility. Due to these significant difficulties in the financial markets, there can be substantial uncertainty in assessing the value of an issuer's assets or the extent of its obligations. For these or other reasons, the ratings of the bonds in the Trust's portfolio may not accurately reflect the current financial condition or prospects of the issuer of the bond.

Although the underlying securities in the portfolio are rated at or above the minimum credit quality as of the date of deposit, the ratings may change after inclusion in the trust.

The HIGT trust is concentrated in the consumer discretionary and consumer staples sectors. Companies that manufacture, distribute and provide consumer products and services face risks such as intense competition, the lack of serious barriers to entry for on-line entrants, economic recession and a slowdown in consumer spending trends. A portfolio concentrated in a single market sector may present more risk than a portfolio broadly diversified over several sectors.

Should the issuer of a Build America Bond or Qualified Bond fail to continue to meet the applicable requirements imposed on the bonds as provided by the American Recovery & Reinvestment Act of 2009, it is possible that such issuer may not receive federal cash subsidy payments, impairing the issuer's ability to make scheduled interest payments.

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**Before investing, investors should carefully read the prospectus and consider the investment objectives, risks, charges and expenses. For this and more complete information about the trusts, investors should ask their advisor(s) for a prospectus or download one at invesco.com/unittrust.**

Invesco's history of offering unit investment trusts began with the acquisition of the sponsor by Invesco Ltd. in June 2010. Invesco unit investment trusts are distributed by the sponsor, Invesco Capital Markets, Inc. and broker dealers including Invesco Distributors, Inc. Both firms are wholly owned, indirect subsidiaries of Invesco Ltd.

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