



Invesco US Unconstrained Senior Loan Strategy

Key Facts

Benchmark	Credit Suisse Leveraged Loan Index
Inception	08/31/2006
Total product assets*	\$6.8 billion

Management Team

Invesco Senior Secured Management, Inc.

Representative Account Characteristics

Loan/bond asset average:

Market price	\$95.75
Current yield	5.96%
Yield to maturity	7.02%
Maturity (years)	5.27
Average spread (above Libor)	366 bps
Average coupon	5.73%
Average Rating**	B1

Available Investment Vehicles

Separately Managed Account	\$150 million investment minimum
Commingled Vehicles	

Investment objective

To provide a high level of current income, consistent with the preservation of capital, by investing primarily in adjustable rate senior loans whose interest rates float at a spread above Libor and reset on average approximately every 60 days organized or located in the United States or Canada.

Investment strategy

- The strategy invests primarily in senior, secured loans to non-investment grade corporations with interest rates that float at a spread above Libor, resets about every 60 days.
- Invesco seeks to invest in loans to companies which in its judgment exhibit mature and stable operating profiles, with dependable cash flow generation and strong asset coverage.
- To manage risk, the team keeps the portfolio broadly diversified and generally avoids industries they believe to be fundamentally flawed or speculative.

Market commentary

Risk assets rode a rollercoaster through the second quarter of 2019, as varying economic data, trade war concerns and a dovish tone from the central bank impacted returns. Loans tracked broader market sentiment, albeit in a more muted fashion, gaining 1.58% in the second quarter overall and bringing year-to-date returns to 5.42%. 2019 has seen the asset class's best performance in the first half of the year since 2009.¹

On a relative basis, loans underperformed high yield (2.53%)² and high grade corporates (4.32%)³ during the quarter. With the US Federal Reserve (Fed) pivoting back toward an easing bias, investors continued to rotate capital from floating rate loans to fixed rate bonds. Investors' narrow focus on interest rate expectations - rather than the full spectrum of characteristics that define the loan asset class - has driven this reallocation of capital from senior secured risk toward unsecured risk despite the absence of incremental yield for moving down quality. As a result, loans are now offering equivalent yields to bonds, despite being ranked senior secured (i.e., less risky).

Through the first half of 2019, new issue supply was relatively light due to the relative dearth of merger and acquisition activity and easier financing conditions in the bond market. Overall, the second quarter's issuance net of refinancings/repricings was \$49.7 billion, down 45% from last year.⁴ From a demand standpoint, retail accounts continued to withdraw assets, while collateralized loan obligation issuance remained steady and was able to absorb supply that came to market.

From a fundamentals standpoint, the backdrop for loans remained favorable. US economic growth picked up quarter-over-quarter in the first quarter to 3.1%, although it is expected to slow in the second quarter as the 2018 fiscal stimulus impact fades and trade tensions weigh on investment. The overall earnings environment remained supportive of loan issuers despite a moderation in profit growth. Going forward, trade remains a key source of uncertainty; however, recent bouts of US brinksmanship with China have been de-escalated, and tensions with Mexico have been largely resolved, indicating that the Trump administration is ultimately seeking resolution. Against a backdrop of these tensions, the Fed's shift toward a more accommodative monetary posture should help maintain the underlying economic momentum which has powered consistent earnings improvement in the US corporate sector. Year-over-year EBITDA (earnings before interest, taxes, depreciation and amortization) growth among the universe of loan issuers was solid in the first quarter at 3%.⁵ This continued growth indicates companies' debt service burdens should remain manageable and bodes well for a prolonged low default rate.

Strategy Commentary

The gross return for the Invesco US Unconstrained Senior Loan Strategy for the second quarter of 2019 was 1.69%, 11 basis points (bps) ahead of the Credit Suisse Leveraged Loan Index.

The largest driver of outperformance was credit selection, which added to relative outperformance.

Additionally, the Strategy's overweight in BB rated loans and underweight in CCC rated loans as well as in larger, high beta credits also drove outperformance. During the quarter, the larger, higher-quality BB rated issuers outperformed B and CCC rated deals with returns of 1.66%, 1.57% and 0.58%, respectively.¹

Also offsetting some of the outperformance from credit, risk and sector positioning was asset selection, which subtracted 8 bps from relative performance. Although the Strategy held a relatively modest average cash position during the quarter, given the strong market rally, even this modest position weighed on performance, as did the performance of some equities received in restructurings.

*Total product assets shown above may include accounts that are not reflected in the GIPS composite performance.

**Average credit quality (ACQ) is an internal measurement calculated by taking the highest rating of the three major rating agencies (S&P, Moody's & Fitch) at a security level. It is then changed into numerical value, asset weighted and then calculated to be shown at the portfolio level in Moody's format. Non-rated securities are not included in the average quality calculation. Information on non-rated securities is provided in the Quality Distribution chart, if applicable. ACQ calculations may vary across the industry and should not be the only factor in analyzing a portfolio. Please review all information carefully before investing.

Portfolio characteristics shown are from a representative account and are subject to change. The principal risk of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. For some derivatives, it is possible to lose more than the amount invested in the derivative or, if used as a hedge, the hedge may not succeed. Derivatives are also subject to counterparty risk - the risk that the other party will not complete the transaction.

Sources: Invesco, Bloomberg, Barclays

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1 Credit Suisse Leveraged Loan Index, total returns in USD, as of June 30, 2019.

2 BAML High Grade Corporate Index, total returns in USD, as of June 30, 2019.

3 BAML High Yield Bond Index, total returns in USD, as of June 30, 2019.

4 JP Morgan, as of June 30, 2019.

5 S&P/LSTA as of June 30, 2019.

Asset Breakdown (%)

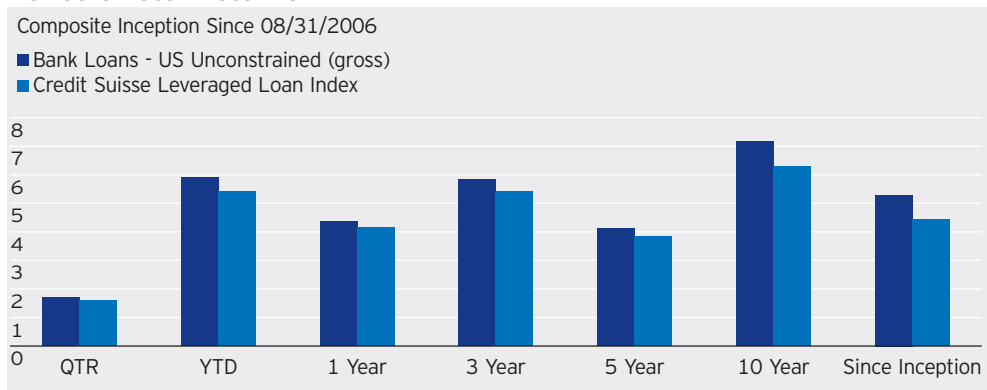
Senior Loans & Secured Notes	93.55
First lien	80.86
Second lien	4.53
Secured Notes - floating	1.74
Secured Notes - fixed	6.41
Unsecured Notes	1.56
Unsecured Notes - floating	0.02
Unsecured Notes - fixed	1.54
Structured Products	1.16
Equities	1.93
Cash & Equivalents	1.79
Total	100.00

Top 10 Industries (%)

Electronics/Electrical	10.69
Business Equipment & Services	9.73
Telecommunications	8.28
Cable & Satellite Television	7.97
Oil & Gas	6.19
Utilities	5.21
Health Care	4.04
Containers & Glass Products	3.77
Lodging & Casinos	3.56
Aerospace & Defense	3.44

Data as of June 30, 2019

Periodic Total Returns

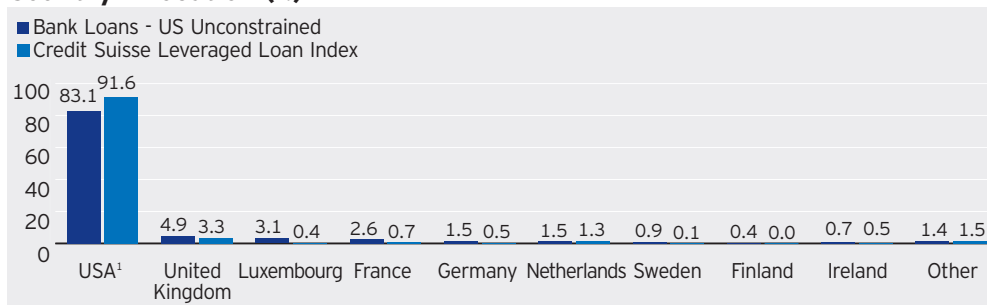


Performance (%)

	Quarter	1 year	3 years	5 years	10 years	Since inception
Bank Loans - US Unconstrained (gross)	1.69	4.36	5.82	4.13	7.16	5.29
Credit Suisse Leveraged Loan Index	1.58	4.15	5.43	3.85	6.29	4.42

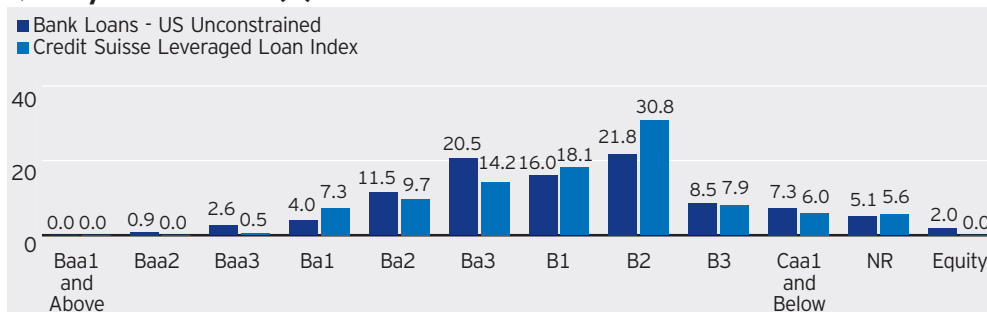
Gross of fee returns are before deduction of management and custodial fees but after trading commissions. Net returns will be lower. Past performance is not a guarantee of future results. All performance is through June 30, 2019 and returns for periods greater than 12 months are annualized.

Country Allocation (%)



¹ USA allocation includes Canadian issuers and all Structured Products.

Quality Distribution (%)



Important Information

All materials presented are compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. Past performance is not an assurance of future results. This is not to be construed as an offer to buy or sell any financial instruments. As with all investments there are associated inherent risks. Please obtain and review all financial material carefully before investing.

Invesco Bank Loan Strategy

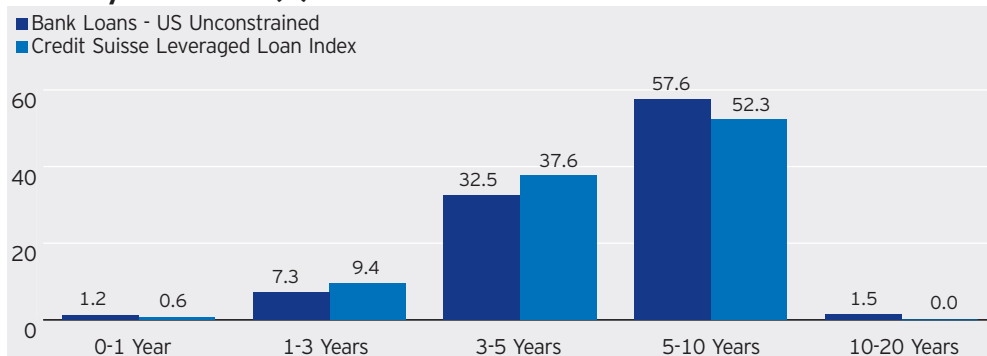
- Dedicated loan platform singularly focused on the unique asset class

- Invesco Bank Loan team manages US\$32.5 billion in senior loan assets

- Bank Loan Team of 45 professionals including 29 investment professionals to minimize downside risk

- Four-person Senior Investment Committee with average 29 years' experience

Maturity Allocation (%)



Schedule of Investment Performance

Composite Inception Since 08/31/2006

	Gross rate of return (%)	Net rate of return (%)	Benchmark return (%)
2018	0.75	0.04	1.14
2017	4.46	3.68	4.25
2016	11.11	10.34	9.88
2015	-0.63	-1.34	-0.38
2014	1.97	1.22	2.06
Annualized Compound Rates of Return Ending Dec. 31, 2018			
1 Year	0.75	0.04	1.14
3 Year	5.35	4.60	5.03
5 Year	3.45	2.71	3.33
10 Year	9.38	8.54	8.30
Since Inception	5.02	4.20	4.16

Invesco Worldwide claims compliance with the Global Investment Performance Standards (GIPS®).

Composite Notes

A complete list and description of the firm's composites as well as additional information regarding policies for calculating and reporting composite and portfolio returns are available upon request. Invesco Worldwide claims compliance with the Global Investment Performance Standards (GIPS®). Invesco Worldwide has been independently verified for the periods 1st January 2003 thru 31st December 2017. The legacy firms that constitute Invesco Worldwide have been verified since 2001 or earlier. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Invesco Worldwide, the Firm, is defined as follows: Invesco Worldwide ("The Firm") manages a broad array of investment strategies around the world. The Firm comprises U.S.-based Invesco Advisers, Inc. (excluding Unit Investment Trusts) and all wholly owned Invesco firms outside of North America (excluding Invesco India and Source Investment Management Limited). All entities within the Firm are directly or indirectly owned by Invesco Ltd. Invesco Canada Ltd. is also a GIPS-compliant firm whose assets are managed by a subsidiary of Invesco Ltd. Invesco Senior Secured Management, Inc., Invesco Private Capital, Inc., and Invesco Capital Management LLC are affiliates of the Firm. Each is an SEC-registered investment adviser and is marketed as a separate entity. Invesco Great Wall Fund Management Co. Ltd is a fund management company established under China Securities Regulatory Commission's approval, and its assets are excluded from total Firm assets.

On May 24, 2019 Invesco acquired Massachusetts Mutual Life Insurance Company's asset management affiliate OppenheimerFunds. As a result of this transaction assets previously part of the OFI Global Asset Management (OFI Global) GIPS® firm will now be part of Invesco Worldwide (IWW) GIPS® firm. Firm assets under management for OFI Global as of December 31, 2018 were \$214 billion. IWW historical firm assets have not been restated to reflect the acquisition. OFI Global was independently GIPS® verified through December 31, 2018.

The Invesco US Unconstrained Senior Loan Composite - USD includes all fee paying, fully discretionary, senior loan accounts. These accounts may consist of, but are not limited to, investment primarily in adjustable rate senior loans, collateralized loan obligations, second lien loans, mezzanine securities and credit derivatives relating to non-investment grade companies and denominated in USD. The composite is benchmarked to the CS Leveraged Loan Index. This composite inception August 31, 2006.

The Credit Suisse Leveraged Loan Index represents tradable, senior-secured, US-dollar-denominated, noninvestment-grade loans. Separate Account Fee Schedule: 50 basis points on the first \$150 million; 45 basis points on the next \$150 million; 42.5 basis points on amounts above \$300 million. Commingled Private Placement Fee Schedule: 80 basis points on investments \$160,000 up to \$10 million; 55 basis points thereafter.

Invesco Senior Secured Management, Inc. has been the subadvisor for this strategy since the inception. Gross returns are presented before the deduction of management fees, brokerage commissions and administrative fees; are net of all transaction costs; and are supplemental to net returns. Net returns are calculated using the weighted average of the net returns of the underlying portfolios in the composite. Portfolio returns are net of all foreign withholding taxes, as applicable. The standard settlement date of senior loans is trade date plus seven business days. Actual settlement may extend beyond the stated settlement date. Interest earned between stated and the actual settlement date is not accrued but is recorded on a cash basis that may result in a timing difference between monthly rates of return.

The base currency for the Invesco US Unconstrained Senior Loan Composite - USD is US Dollar.
The composite creation date is July 05, 2010.

To receive a presentation that adheres to the GIPS standards, and/or to receive a complete list and description of the firm's composite, please contact Paige Dennison at 502 561-3283 or by email at Paige.Dennison@invesco.com.