



Don't judge a book by its cover

What's really in your currency ETP?

Historically, a well-diversified investment portfolio, with exposure across the traditional asset classes of cash, stocks and bonds, has helped reduce investment risk. However, in today's volatile markets, an investor's portfolio may need additional diversification protection. One increasingly popular option is the addition of foreign currency.

Currency exchange traded products (ETPs) offer a convenient way for investors to gain foreign currency exposure, however, not all ETPs are created equal. Not all currency ETPs invest solely in their underlying currency and there are important structural differences. Understanding the differences can help you choose the most appropriate investment for your needs.

Legal structure	Open-end ETF	Exchange traded note (ETN)	Grantor trust - Invesco CurrencyShares	Limited partnership
Registered under	Investment Company Act of 1940	Securities Act of 1933	Securities Act of 1933	Securities Act of 1933
Principal risks	Market and counterparty	Market and credit-worthiness of note issuer	Market and credit-worthiness of depository	Market and counterparty
Currency-related holdings¹	Forward contracts, swaps, repos, money markets, treasuries	Senior, unsubordinated debt linked to an index's performance	Physical currency deposits	Futures contracts, swaps, forward contracts, option contracts
Holding risks¹	Currency related holdings may not track the currency's market movement (tracking error)	No direct exposure to the currency and its market movement; may not track the currency's market movement accurately (tracking error)	Market	Currency related holdings may not track the currency's market movement accurately (tracking error)
Recourse²	Portfolio of securities	Note issuer	Pro-rata interest in the trust's assets	Pro-rata interest in the partnership's assets
Tax implications on sale of investments	Taxed as long-term capital gains if held for more than 1 year; taxed as ordinary income if held for 1 year or less	All gains taxed as ordinary income no matter how long the shares are held ³	All gains taxed as ordinary income no matter how long the shares are held	Gains are taxed at a 60% long-term/40% short term blended rate, no matter how long the shares are held
Tax reporting	Form 1099	Form 1099	Form 1099	Form K-1

Any overviews herein are intended to be general in nature and do not constitute tax advice or legal advice. Please consult your tax advisor, the IRS and/or state and local tax offices for more complete information. **Diversification does not guarantee a profit or eliminate the risk of loss.**

Legal structure	Open-end ETF	Exchange traded note (ETN)	Grantor trust - Invesco CurrencyShares	Limited partnership
Maturity date	No	Yes	Yes	No
Considerations (in respect to holdings and legal structure)	<ul style="list-style-type: none"> Derivatives don't always follow underlying currency spot exchange rates Portfolios may be optimized to garner additional alpha but that may also leave them vulnerable to increased tracking error 	<ul style="list-style-type: none"> Inability to take advantage of preferential tax treatment for longterm gains Underlying debt is typically unsecured Potential for phantom income if income is generated Contango may benefit an ETN via positive tracking error while backwardation may hurt the performance via negative tracking error⁴ 	<ul style="list-style-type: none"> Offers approximately 1-for-1 exposure to underlying currency "Purest" way to gain currency exposure Inability to take advantage of preferential tax treatment for long-term gains May have lower fees due to the structure's relatively "hands off" management approach Relatively low trading volume may add to tax efficiency 	<ul style="list-style-type: none"> Whether or not distributions are made, shareholders are required to report their share of the LP's income, gains, losses and deductions on their annual tax returns; this may be magnified by "mark-to-market" rules K-1 may mean greater complexity and return preparation cost at tax time

It's also important to note that each currency ETP is subject to specific fees and expenses that are unique to the investment. These fees will impact total return.

¹ This table doesn't represent a list of each eligible holding and risk. ² In the event of default of the issuer of the investment security, this would be the resource available to owners of the investment for recourse. ³ According to IRS Revenue Ruling 2008-1, gains from currency ETNs are generally taxed as ordinary income, regardless of how long the shares are held by the investor. However, please note, there are significant aspects of the tax treatment of ETNs, which still remain uncertain. ⁴ "Contango" occurs when the current futures price of an asset (as quoted in the futures market) is higher than the current spot price of the underlying asset. "Backwardation" occurs when the futures price of an asset is lower than the current spot price of the underlying asset.

Shares in the fund are not FDIC insured may lose value and have no bank guarantee.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

There are risks involved with investing in ETPs, including possible loss of money. ETPs are subject to risks similar to those of stocks.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

CurrencyShares are subject to risks similar to those of stocks and may not be suitable for all investors. The value of the shares relates directly to the value of the underlying currency held by the trust. Fluctuations in the price of the underlying currency could materially and adversely affect the value of the shares.

This material must be accompanied or preceded by a prospectus.

CurrencyShares only invest in the underlying currency to gain pure exposure. By utilizing the grantor trust structure, CurrencyShares allow investors to gain direct exposure to the currency. CurrencyShares are subject to risks similar to those of stocks and may not be suitable for all investors. The value of the shares relates directly to the value of the underlying currency held by the trust. Fluctuations in the price of the underlying currency could materially and adversely affect the value of the shares.

Commodities, currencies and futures generally are volatile and are not suitable for all investors.