Invesco

The **Age of Income**

Senior Secured Loans May Offer Attractive Opportunities in a Challenging Yield Market

A Hedge Against Rising Rates

Consider for:
- High current income
- Inflationary and rising rate environments

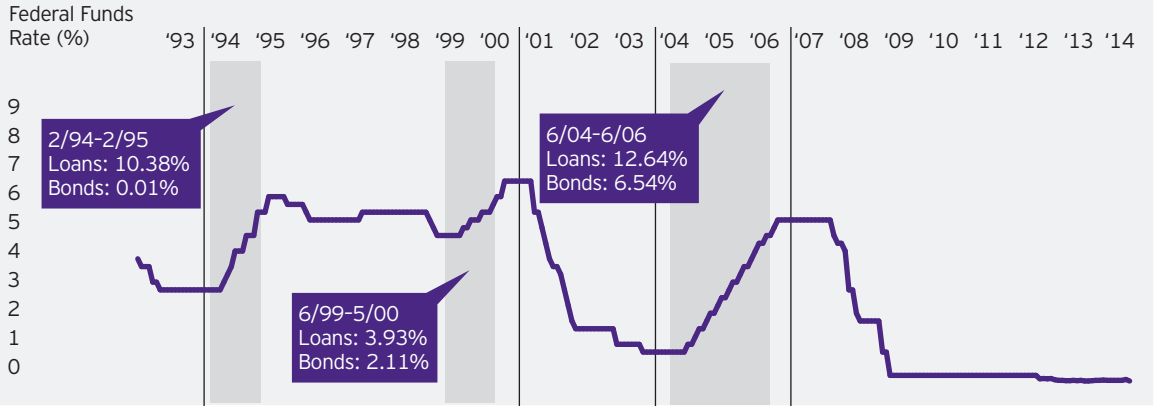
Senior secured loans (SSLs) can combine an attractive level of current income with low duration and less interest rate sensitivity versus traditional fixed-rate bonds. Additionally, SSLs may offer attractive diversification benefits due to their low correlation to other asset classes. Investing in SSLs may cushion the losses of other fixed income investments within a portfolio and mitigate overall volatility.

Additionally, the asset class provides a natural hedge against rising interest rates. SSLs pay interest at a spread over a floating base rate (Libor[1]) which means when rates rise, income payouts on SSLs typically increase as well, unlike traditional fixed income investments. SSLs have also provided a potential measure of protection against inflation. Historically, in rising rate and inflationary environments SSLs have outperformed bonds.

Since most SSLs are made to corporations with below investment-grade credit ratings, they are subject to a degree of credit risk. However, loan characteristics are designed to help mitigate credit risk. Since they are senior in the capital structure and secured by company assets and collateral, they are the first debt obligations to be paid from company cash flows and assets. Additionally, SSLs are structured to protect against the loss of principal and can have lower risk of default than traditional fixed income bonds issued by the same company.

As a result of these benefits, investors can access potentially attractive opportunities by considering SSLs in their overall strategic and tactical asset allocation.

Senior Secured Loans Outperformance During Rising Rate Environments



Source: Federal Reserve, Lipper as of Dec. 31, 2014. Performance is cumulative and rising rates are defined as any period where rates increased at least 1%. Loan performance is represented by Credit Suisse Leveraged Loan Index and bond performance is represented by Barclays U.S. Aggregate Index.

Note during declining rate environments, SSLs may have experienced periods of underperformance relative to bonds.

Unlike bonds, SSLs are secured by collateral, but are typically made to below investment-grade companies. The risk of default may be higher when compared to loans or bonds issued for investment-grade companies, but SSLs typically have a lower risk when compared to non-investment-grade or high-yield bonds.

1 London Interbank Offered Rate

Meeting clients needs in the Age of Income

Today, the need for investment income has never been greater and achieving it has never been more challenging. As you work to address evolving investor needs, uncover yield in a low-rate environment, and prepare for the risks and opportunities that tomorrow may bring, you can rely on Invesco's intentional approach for practical solutions.

Today's Investor	Today's Market	Tomorrow's Outcome
SSLs may provide investors with a source of relatively high current income in a challenging yield market.	SSLs may offer an attractive yield with little duration risk when compared to other income options available in today's market.	SSLs use a floating rate coupon that may help insulate investors from future interest rate increases while seeking to provide downside protection.

Invesco solutions

Invesco Floating Rate Fund
Class A: AFRAX Class C: AFRCX Class Y: AFRYX
A mutual fund strategy that seeks to provide a high level of current income and capital appreciation by investing in senior loans made to corporations, often rated below investment-grade, by large banks and other financial institutions.

Invesco Senior Loan Fund
Class A: VSLAX Class C: VSLCX
A mutual fund strategy that seeks to provide a high level of current income, consistent with preservation of capital by investing at least 80% of its net assets in adjustable-rate senior loans.

PowerShares Senior Loan Portfolio (BKLN)
An exchange-traded fund strategy that seeks to track S&P/LSTA US Leveraged Loan 100 Index and offers exposure to the largest loans that have a minimum initial term of one year and a minimum initial spread of Libor + 125 basis points. Loans in the index are cap-weighted, but may not exceed 2% of the index's total market value.

Explore Intentional Investing with Invesco®

About risks

Most senior secured loans are made to corporations with below investment-grade credit ratings and are subject to significant credit, valuation and liquidity risk. The value of the collateral securing a loan may not be sufficient to cover the amount owed, may be found invalid or may be used to pay other outstanding obligations of the borrower under applicable law. There is also the risk that the collateral may be difficult to liquidate, or that a majority of the collateral may be illiquid.

Credit Suisse Leveraged Loan Index represents tradeable, senior-secured, US-dollar-denominated noninvestment-grade loans. Barclays U.S. Aggregate Bond Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market.

An investment cannot be made directly in an index. Past performance is no guarantee of future results. Index performance does not reflect the performance of any Invesco fund. Performance for Invesco funds may be found at invesco.com/us.

Please see the Principal Risks of Investing in the Funds section of the fund's prospectus available at invesco.com/fundprospectus for a detailed description of specific risks associated with the funds.

FOR US USE ONLY

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit invesco.com/fundprospectus.

For this and more complete information about PowerShares ETFS call 800 983 0903 or visit invescopowershares.com/prospectus for a prospectus.

Shares are not individually redeemable and owners of the Shares may acquire those Shares from the fund and tender those Shares for redemption to the fund in Creation Unit aggregations only, typically consisting of 100,000 Shares.

PowerShares® is a registered trademark of Invesco PowerShares Capital Management LLC (Invesco PowerShares). Invesco PowerShares Capital Management LLC and Invesco Distributors, Inc. are indirect, wholly owned subsidiaries of Invesco Ltd.

Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

invesco.com/us INCSSL-FLY-1 02/15 Invesco Distributors, Inc. US2021