Fund in Focus

VRIG

Invesco Variable Rate Investment Grade ETF

Invesco

Inception	Sept. 22, 2016
Expense ratio	0.30%
Strategy	Short Duration Fixed Income
AUM (as of June 30, 2019)	$417 million

Key features

1. **Attractive yield potential –** may provide income competitive with the broad bond market
2. **High quality –** investment grade fixed income assets
3. **Short duration –** a short interest rate duration strategy of less than one year
4. **Method of diversification –** portfolio design may provide low correlation with equities and fixed income
5. **Tenured fixed income investment team –** 22-member team averaging ~ 17 years of industry experience specifically focused on structured securities[1]

Potential for attractive yield that is competitive with the broad bond market[2]

Invesco Variable Rate Investment Grade (VRIG) ETF's high quality income focus offers the potential for attractive yield by investing in non-traditional investment grade securities. This strategy may provide a compelling alternative to traditional fixed income investments. Longer duration bonds are subject to higher interest rate risk, whereas VRIG expects to have an average duration of one year or less.

The US structured securities market has over $9 trillion in investable assets with over $200 billion traded daily.

The Securities Industry and Financial Markets Association (SIFMA), as of Dec. 31, 2018.

Focused on high quality investment grade fixed income assets

VRIG will focus on investment grade assets across a broad spectrum of asset classes. Broadly, the fund will focus investments in US Treasuries, government sponsored agency mortgage-backed securities, US Agency debt, structured securities and investment grade corporates.[3]

The fund will not utilize leverage, nor will it employ derivative positions. The VRIG portfolio may benefit from active management by a team that has the ability to predominantly invest in the highest quality fixed income assets, such as US Treasuries and other government debt, should the credit cycle turn or global market liquidity become impaired.

Invesco Variable Rate Investment Grade ETF:
The fund seeks to generate current income while maintaining low portfolio duration as a primary objective and capital appreciation as a secondary objective.

Macro Analysis	Sector Analysis	Security Analysis	Allocation & Positioning		
+ Consumer market + Residential market + Commercial market + Corporate market + Rates environment + Regulatory environment + Financial conditions + Business cycles	+ Agency basis + Prepayments + Credit sector basis + Relative value + Asset sourcing	+ Loan, property, borrower + Related party analysis + Structural analysis + Corporate credit analysis + Re-underwriting (quarterly)	+ Sourcing + Security selection + Trading + Risk management + Performance attribution	→	Invesco Variable Rate Investment Grade ETF

The fund invests in short-term instruments which generally provide lower returns than longer-term fixed income securities.

*Fund inception date of Sept. 22, 2016. Performance quoted represents past performance. **Past performance is not a guarantee of future results**; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost. See invesco.com to find the most recent month–end performance numbers. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times. Fund performance reflects fee waivers, absent which, performance data quoted would have been lower. Index returns do not represent fund returns. An investor cannot invest directly in an index.*

Concentrated on short duration

VRIG primarily invests in short-term securities that may help to preserve capital while also potentially mitigating volatility.

Standardized performance as of June 30, 2019
Total expense ratio: 0.30%

Index history	YTD	1 year	3 year	5 year	10 year	Since fund Inception
Bloomberg Barclays US Floating Rate Note Index	2.60	3.06	2.58	1.76	1.89	2.55

Fund history	YTD	1 year	3 year	5 year	10 year	Since fund Inception
Fund NAV	2.41	2.55	–	–	–	2.56
Fund Market Price	2.62	2.38	–	–	–	2.46

May provide low correlation with equities and longer duration instruments

VRIG holds allocations to multiple fixed income asset classes consisting of high quality variable and floating rate securities. Traditionally, these investments have demonstrated lower correlation to equities and longer duration instruments, as reflected by the comparatively lower correlations of the various security types in the table below.

Variable rate securities have traditionally demonstrated lower correlation to equities and longer duration instruments.

US fixed income sector correlation matrix

	US Treasury	US Credit	US MBS	US Corp High Yield	US ABS Variable Rate	US Floating Rate Note	US Equities
US Treasury	1.00	–	–	–	–	–	–
US Credit	0.55	1.00	–	–	–	–	–
US MBS	0.84	0.64	1.00	–	–	–	–
US Corp High Yield	-0.24	0.57	0.03	1.00	–	–	–
US ABS Variable Rate	**-0.36**	**0.19**	**-0.10**	**0.57**	**1.00**	**–**	**–**
US Floating Rate Note	**-0.21**	**0.50**	**-0.07**	**0.56**	**0.44**	**1.00**	**–**
US Equities	-0.30	0.30	-0.12	0.72	**0.27**	**0.38**	1.00

*Source: Bloomberg L.P., data January 2005 through June 30, 2019. The highlighted portion of the chart above represents variable rate fixed income sectors. **Past performance cannot guarantee future results**. The following indexes were used to represent sectors in the above chart: US Treasury: Bloomberg Barclays US Treasury Index; US Credit: Bloomberg Barclays US Credit Index; US MBS: Bloomberg Barclays US Mortgage Backed Securities Index; US Corporate High Yield: Bloomberg Barclays US Corporate High Yield Index; US ABS Variable Rate: Bloomberg Barclays US Asset–Backed Securities Floating Rate Index; US Floating Rate Note: Bloomberg Barclays US Floating Rate Note Index; US Equities: S&P 500 Index. For index definitions and risk information, see the next page. An investment cannot be made in an index.*

Invesco Fixed Income has been managing assets since 1977.

Managed by a tenured fixed income investment team with vast experience

Invesco Fixed Income (IFI) has over 40 years of experience in fixed income investing, with a long history in Agency MBS, Non-Agency MBS, ABS, CMBS and corporate bonds. In addition, the investment team has been involved with securitized assets including ABS, CMBS and RMBS since the early years of those markets.

The investment team's process, rooted in quantitative research, offers a comprehensive approach to credit analytics and continuous risk management. The investment team's experience in securitized assets is demonstrated through the management of a mortgage REIT and their selection by the US Treasury Department to participate in the Public Private Investment Program (PPIP) in 2009. PPIP was a plan designed to value and remove troubled assets from the balance sheet of troubled financial institutions in the US.

Invesco Fixed Income — a unique global fixed income platform[1]

1 Over $300 billion in fixed income assets under management (AUM), with over $50 billion in structured securities AUM

2 233 investment professionals

3 The structured securities investment team within IFI consists of 22 team members averaging 17 years of industry experience

4 Global footprint with 14 locations in key markets

VRIG is offered by Invesco, an ETF industry innovator and smart beta pioneer.
Contact us to learn more:

Financial Advisors	**800.983.0903**
Registered Investment Advisors & Institutions	**866.406.5693**

1 Source: Invesco, as of June 30, 2019. Subject to change.

2 *Source: Barclays as of June 30, 2019; The Bloomberg Barclays US Floating Rate Note Index yield to worst was 2.79%, compared to the broad bond market as represented by the Bloomberg Barclays US Aggregate Index, which had a yield to worst of 2.49%.* ***Past performance cannot guarantee future results****. An investment cannot be made in an index*.

3 *The fund is able to invest in other types of securities as outlined in the prospectus, including up to 20% in non investment grade securities*.

LIBOR is a benchmark rate that some of the world's leading banks charge each other for short-term loans.It stands for London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world.

A **variable rate security** is a security whose stated interest rate varies as a percentage of a baseline indicator, such as the prime rate. Compared to fixed-rate debt instruments, variable rate securities can help hedge against a rise in interest rates. This is because variable rate securities have lower durations than fixed-rate debt, and since interest rates have an inverse relationship with bond prices, the market price of a fixed-rate note may drop more significantly than a variable rate security if interest rates increase. For this reason, however, variable rate securities carry lower yields than fixed notes of the same maturity. They also have unpredictable coupon payments, although the note sometimes has a cap and/or a floor, which allows an investor to know the maximum and/or minimum interest rate the note might pay.

A **fixed-rate bond** is a bond that pays the same amount of interest for its entire term. The benefit of owning a fixed-rate bond is that investors know with certainty how much interest they will earn and for how long. Due to the fixed coupon (interest rate), the market value of a fixed-rate bond is susceptible to fluctuations in interest rates, and therefore has a significant amount of interest rate risk. Bonds with longer maturities are more sensitive to changes in interest rates, whereas bonds with shorter maturities and lower duration are less susceptible to fluctuations in interest rates.

Correlation is the degree to which two investments have historically moved in relation to each other.

Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates.

Yield to worst is the lowest potential yield that can be received on a bond without the issuer actually defaulting.

Bloomberg Barclays US Securitized MBS, ABS, CMBS Index is a composite of asset-backed securities, collateralized mortgage-backed securities (ERISA-eligible) and fixed rate mortgage-backed securities.

Bloomberg Barclays US Aggregate Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market.

Bloomberg Barclays US Treasury Index is an unmanaged index of public obligations of the US Treasury with remaining maturities of one year or more.

Bloomberg Barclays US Credit Index is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes.

Bloomberg Barclays US Mortgage Backed Securities Index represents mortgage-backed pass-through securities of Ginnie Mae, Fannie Mae and Freddie Mac.

Bloomberg Barclays US Corporate High Yield Index is an unmanaged index considered representative of fixed-rate, noninvestment-grade debt.

Bloomberg Barclays US Asset-Backed Securities Floating Rate Index is a subset of Bloomberg Barclays US Aggregate Index that focuses on credit cards, auto loans and home equity loans, and is considered representative of asset-backed securities (ABS).

S&P 500 Index is an unmanaged index considered representative of the US stock market.

Bloomberg Barclays US Floating Rate Note Index measures the performance of US dollar-denominated, investment grade floating rate notes.

Risk information

There are risks involved with investing in ETFs, including possible loss of money. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Actively managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply. The fund's return may not match the return of the index. The fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the fund.

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

Investments focused in a particular industry or sector are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

The fund is non-diversified and may experience greater volatility than a more diversified investment.

The fund may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

The fund currently intends to effect creations and redemptions principally for cash, rather than principally in-kind because of the nature of the fund's investments. As such, investments in the fund may be less tax efficient than investments in ETFs that create and redeem in-kind.

If interest rates fall, it is possible that issuers of callable securities will call or prepay their securities before maturity, causing the fund to reinvest proceeds in securities bearing lower interest rates and reducing the fund's income and distributions.

Risks of collateralized loan obligations include the possibility that distributions from collateral securities will not be adequate to make interest or other payments, the quality of the collateral may decline in value or default, the collateralized loan obligations may be subordinate to other classes, values may be volatile, and disputes with the issuer may produce unexpected investment results.

Defaulted securities involve the substantial risk that principal will not be repaid and may be subject to restrictions on resale.

An investment in exchange-traded funds (ETFs) may trade at a discount to net asset value, fail to develop an active trading market, halt trading on the listing exchange, fail to track the referenced index, or hold troubled securities. ETFs may involve duplication of management fees and certain other expenses. Certain of the ETFs the fund invests in are leveraged, which can magnify any losses on those investments.

For mortgage-backed securities, if interest rates rise, borrowers may prepay mortgages more slowly than originally expected. This may further reduce market value and lengthen durations.

Instruments issued by government agencies, including the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), are generally only backed by the general creditworthiness and reputation of the issuing government agency and are not backed by the full faith and credit of the US government.

As a result, there is uncertainty as to the current status of many obligations that are placed under conservatorship of the federal government.

Income generated from the fund is based primarily on prevailing interest rates, which can vary widely over the short- and long-term. If interest rates drop, the fund's income may drop as well.

Preferred securities may include provisions that permit the issuer to defer or omit distributions for a certain period of time, and reporting the distribution for tax purposes may be required, even though the income may not have been received. Further, preferred securities may lose substantial value due to the omission or deferment of dividend payments.

Reinvestment risk is the risk that a bond's cash flows (coupon income and principal repayment) will be reinvested at an interest rate below that on the original bond.

Obligations issued by US Government agencies and instrumentalities may receive varying levels of support from the government, which could affect the fund's ability to recover should they default.

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 50,000, 75,000, 80,000, 100,000, 150,000 or 200,000 shares.

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

Note: Not all products are available through all firms.

Before investing, investors should carefully read the prospectus/summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund call 800.983.0903 or visit invesco.com for the prospectus/summary prospectus.