Invesco

Complacency is Not an Investment Strategy

Portfolio Advisory Insights and Opportunities

ISPI-PPT-2 NA5125939

Important information

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Invesco Vision, designed by Invesco Solutions, is a decision support system that combines analytical and diagnostic capabilities to foster better portfolio management decision-making.

Invesco Solutions develops our Capital Market Assumptions (CMAs) that provide long-term estimates for the behavior of major asset classes globally. The team is dedicated to designing outcome-oriented, multi-asset portfolios that meet the specific goals of investors. The assumptions, which are based on a 10-year investment time horizon, are intended to guide these strategic asset class allocations.

The opinions expressed are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

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Team overview

Invesco Total CX

Connect with your clients

Time-tested client management strategies, insights and resources

Optimize your portfolios

Products and expert guidance to help strengthen your investment process and outcomes

Enhance Your business

Tools to help grow your practice and drive your team's performance

Invesco Solutions

Tailoring solutions to unique client requirements using a dynamic asset allocation approach

$194.7B

total
assets[1]

160+

dedicated Invesco
Solutions team members

19

offices in investment centers
around the world

Research focus

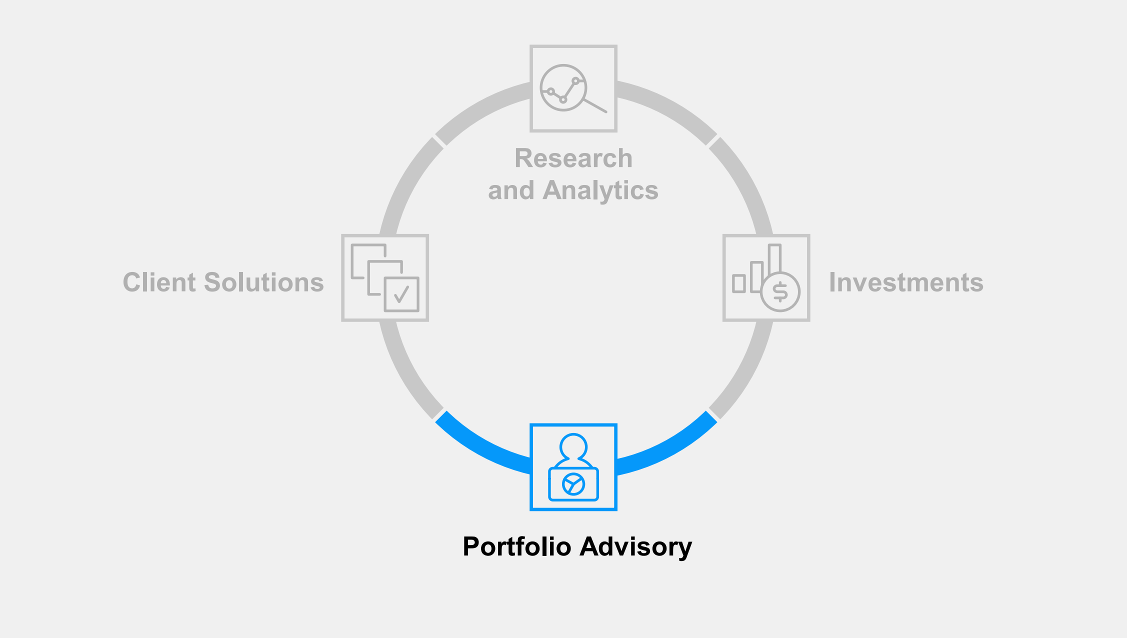
Strategic allocation: Balanced portfolios and models

Dynamic allocation: Regime-based asset, factor and sector rotation

Customization: Multi-manager portfolios, overlays and exposure management

1. Source: Invesco as of Jun. 30, 2025. Includes assets under management and assets under advisement for the broader Invesco Solutions team; there is overlap of assets with other areas.
There can be no assurance that any investment process or strategy will achieve its investment objective.

Portfolio Advisory Solutions
Partner with seasoned investment professionals

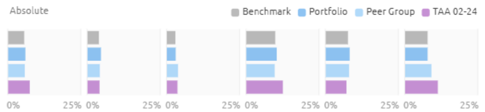


Our Goal: Partner with wealth managers to create better client outcomes by offering in-depth, objective, forward-looking portfolio consulting.

Region	Portfolio Advisory Consultant
West	Rick Casagrande
Big Sky	Kima McCoy
South Central	Combination of PACs
Midwest	Jon Salett
Mid-Atlantic	Kima McCoy
Southeast	Neil Patel
Northeast	Sonia Dobosz
Great Lakes	Combination of PACs

As of Jun. 30, 2025.

Portfolio Advisory Solutions differentiators

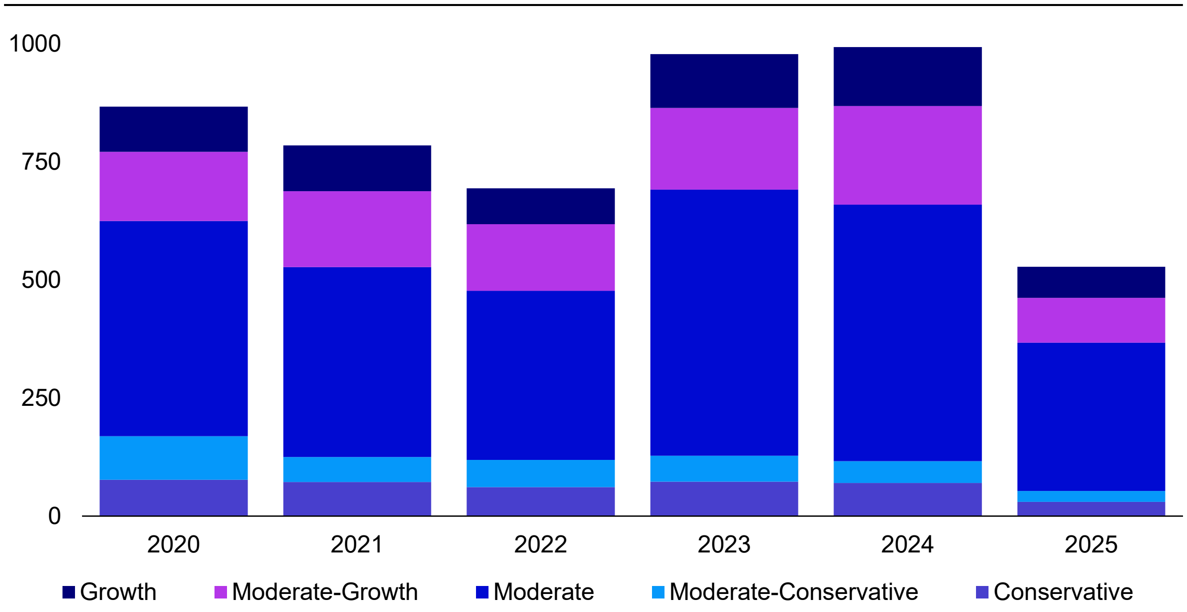
1	Objective product agnostic consultations	✓ allocation guidance	~~product-pushing~~
2	Output incorporates BarraOne factor analysis and our proprietary CMAs	BarraOne	**170+** proprietary asset class CMAs
3	Invesco Solutions manages assets just like advisors do for their clients, practitioner to practitioner conversations	**$194.7B** in strategies managed by Invesco Solutions[1]	**160+** dedicated Invesco Solutions team members
4	Glean insights from 2,000+ portfolio consultations and the common portfolio pitfalls observed in recent client engagements		

1. Includes assets under management and assets under advisement for the broader Invesco Solutions team; there is overlap of assets with other areas.
AUM, investment professionals, and CMA data as of Jun. 30, 2025. For illustrative purposes only

Portfolio Insights introduction

From Jan. 1, 2020 to Jun. 30, 2025, Invesco Solutions collected **4,845** portfolios across five risk classifications defined by standard deviation and equity allocation.

We will focus on the 2,636 **Moderate** portfolios falling in the moderate classification. The moderate risk group, also referred to as "Balanced" or "60-40 equity-bond," allows us to see trends in both equities and bonds.

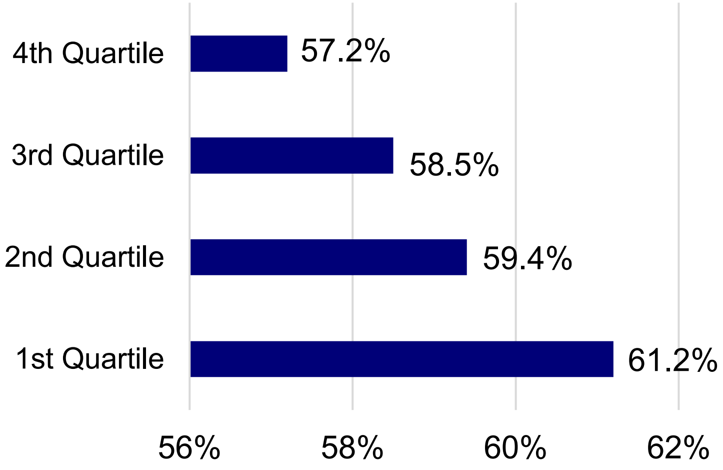


Source: Invesco Solutions Custom Portfolio Analysis.
Composite portfolios include all 4,845 models analyzed across various target risk objectives. Holdings based asset classifications per Morningstar. Portfolios represented by classification: Conservative – 383, Moderate-Conservative – 327, Moderate – 2,636, Moderate-Growth – 925, Growth – 574.

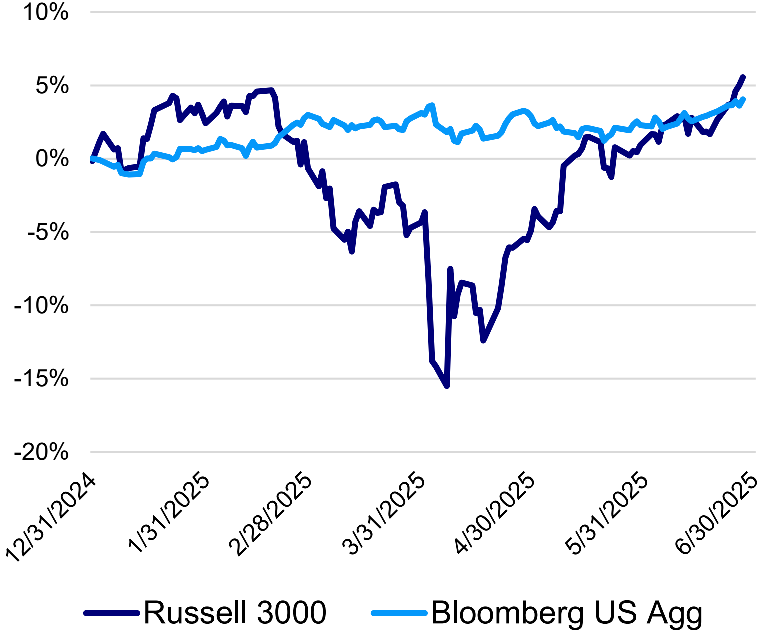
2025 YTD Review

Overweighting equities has worked albeit with much more volatility

2025 Average Quartile Equity Exposure

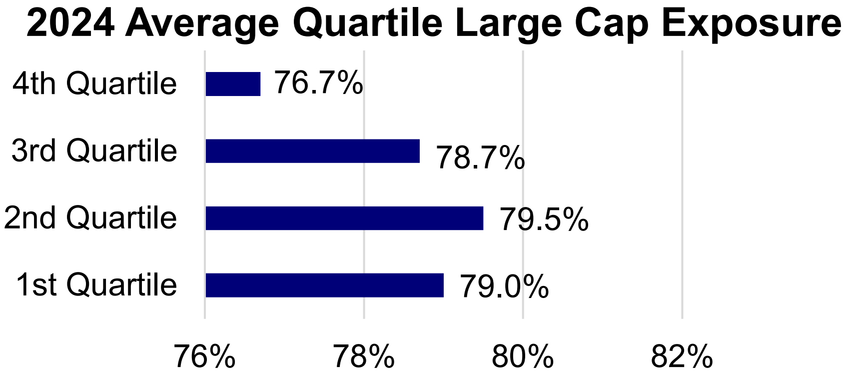


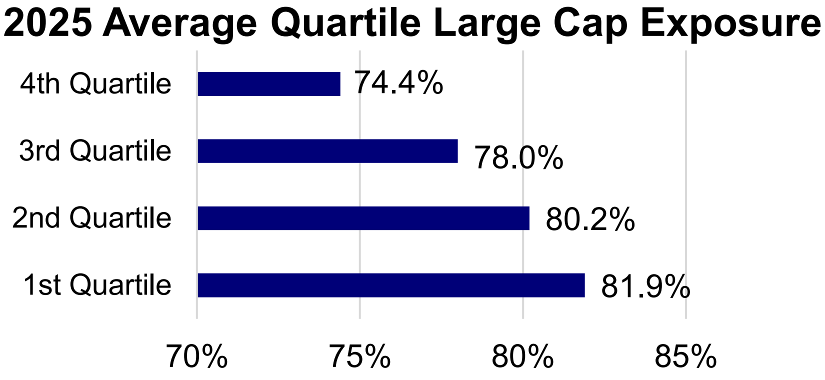
Equities vs Fixed Income YTD

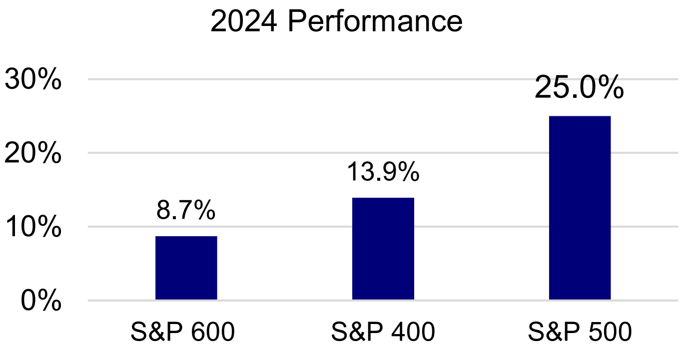


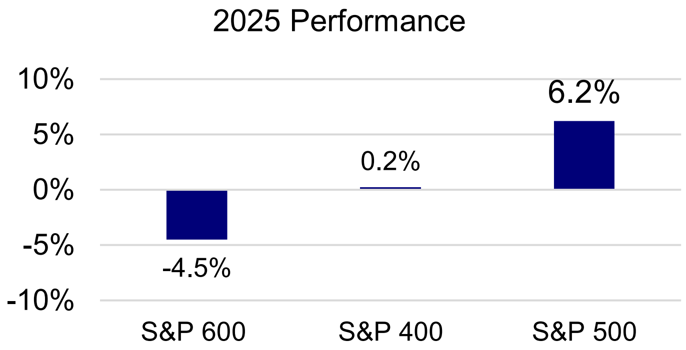
Source: Invesco Vision and Morningstar, Jun. 30, 2025. Quartiles are determined by performance for the 314 Moderate portfolios collected in 2025. An investment cannot be made in an index. Past performance is not guarantee of future results.

Similar to 2024, large cap continues to outperform





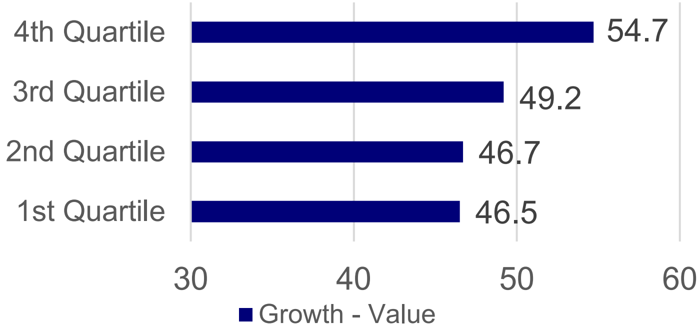




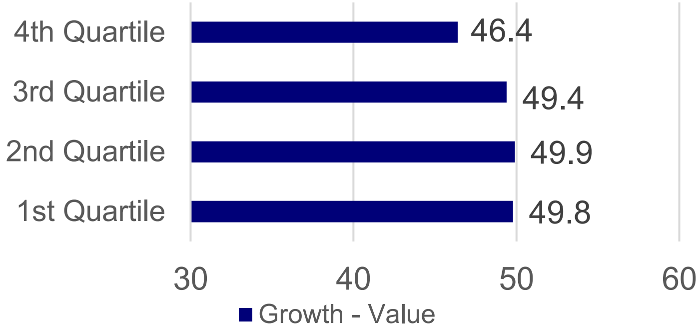
Source: Invesco Vision and Morningstar, Jun. 30, 2025. Quartiles are determined by performance within 543 and 314 Moderate portfolios collected in 2024 and 2025, respectively. Large cap exposure is determined by Morningstar style boxes. An investment cannot be made in an index. Past performance is not guarantee of future results.

Unlike 2024, higher growth exposure hasn't necessarily lead to outperformance

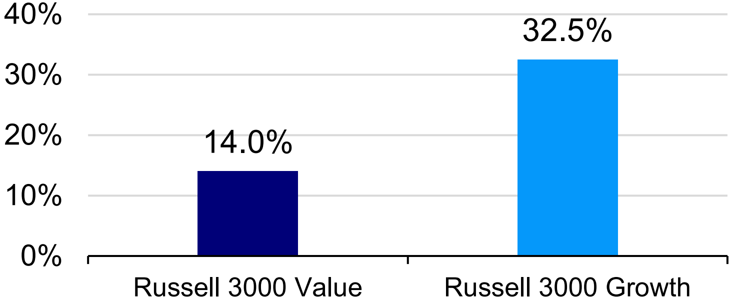
2024 Average Quartile Value Score



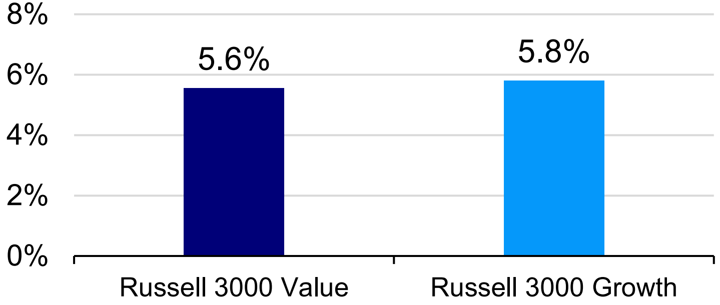
2025 Average Quartile Value Score



2024 Performance



2025 Performance



Source: Invesco Vision and Morningstar, Jun. 30, 2025. Quartiles are determined by performance within 543 and 314 Moderate portfolios collected in 2024 and 2025, respectively. Value scores are based on Morningstar percentiles that score funds relative to one another given different style characteristics. An investment cannot be made in an index. Past performance is not guarantee of future results.

Not all investment decisions are showing correlations with quartile performance

- **Bond positioning –**Treasury rates have moved lower since the beginning of the year and credit spreads have remained tight but neither appear to be having an impact on quartiles
- **Regional equity allocations –** Surprisingly, the bottom quartile had the most international exposure and the top quartile had the 2nd most exposure. International equities have outpaced US equities by 11.7% YTD[1]
- **Equity sectors –** All quartiles had very similar sector positioning

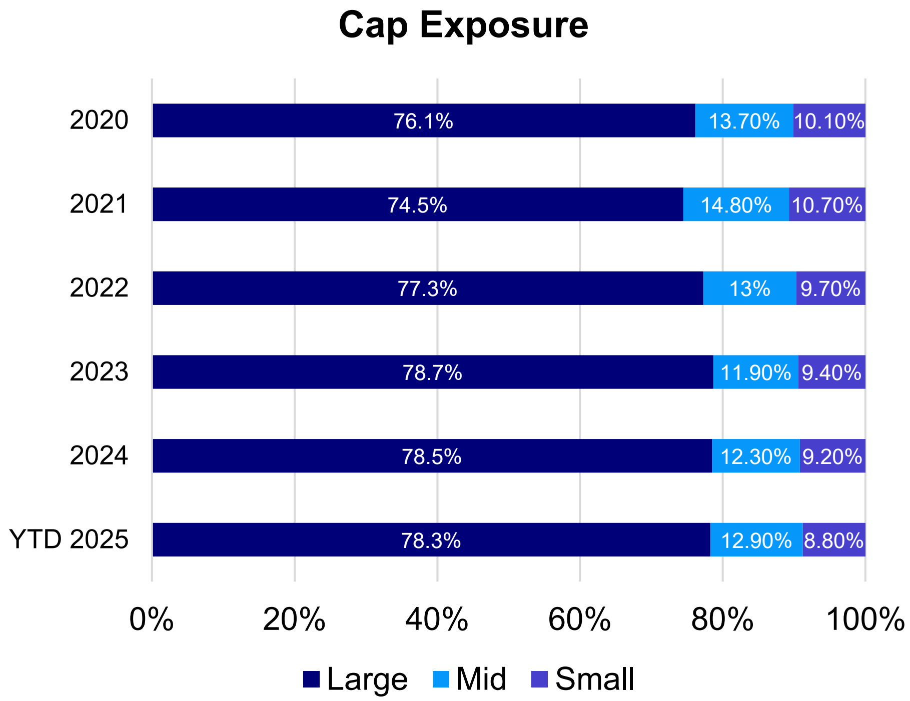
1. International equities measure by the MSCI All Country World Index ex US and US equities are measured by S&P 500.

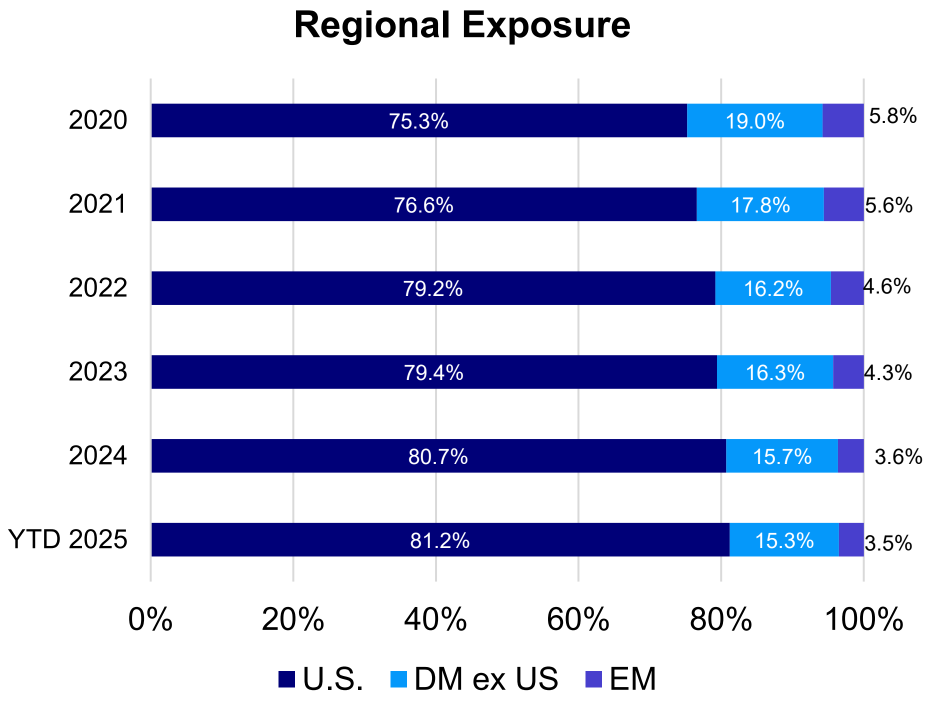
Source: Morningstar as of Jun. 30, 2025. Past performance is not a guarantee of future results.

What’s trending in our client conversations

Is now the time to diversify across regions and the cap spectrum within equities?

Advisor portfolios continue to tilt more towards large cap and U.S equities



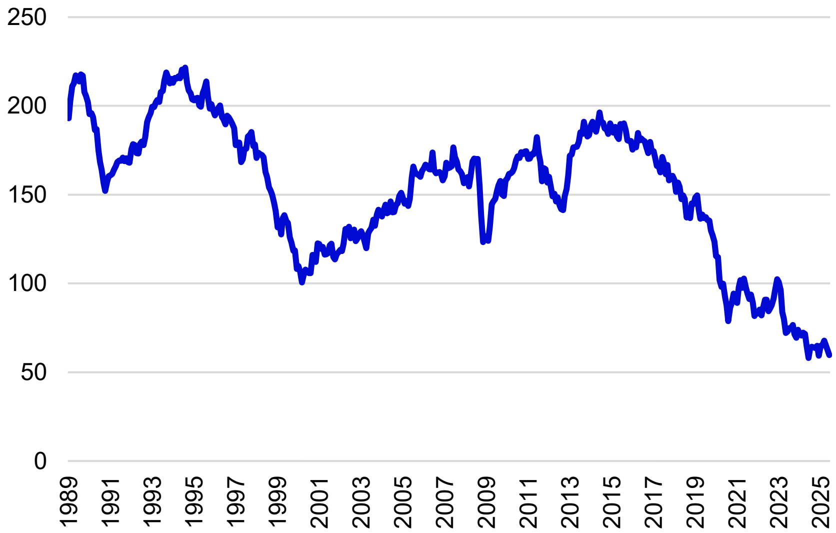


Source: Invesco Solutions. Allocation data represented by Morningstar style boxes. Allocation dates are calendar years from Jan. 1, 2020 to Jun. 30, 2025.

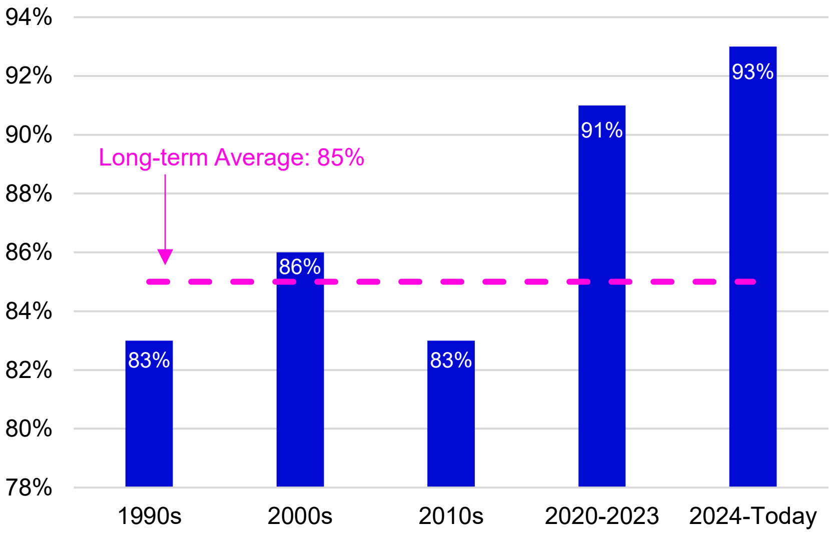
Large cap indices getting more concentrated as well

60 large cap stocks today are doing the work of 1,000

Russell 1000 Market Breadth



Russell 1000 Concentration Ratio



Source: FTSE Russell, Invesco, as of Jun. 30, 2025. Market Breadth measured as 1/Herfindahl–Hirschman Index.(HHI) and can be interpreted as the “effective” number of firms within an index. HHI is a metric of concentration where individual constituent weights (in percent) are squared then summed to generate a measure of concentration.

The concentration ratio takes the market breadth and scales it by the number of constituents in the index, such that C = 1 – (market breadth / n stocks in corresponding index). Concentration lies between 0 and 1. C = 0 corresponds to an equal-weighted index, whereas C = 1 corresponds to dominance by one asset.

Markets have been increasingly less affected by macro-events

As the large get larger, risk is becoming more stock-specific and less systematic

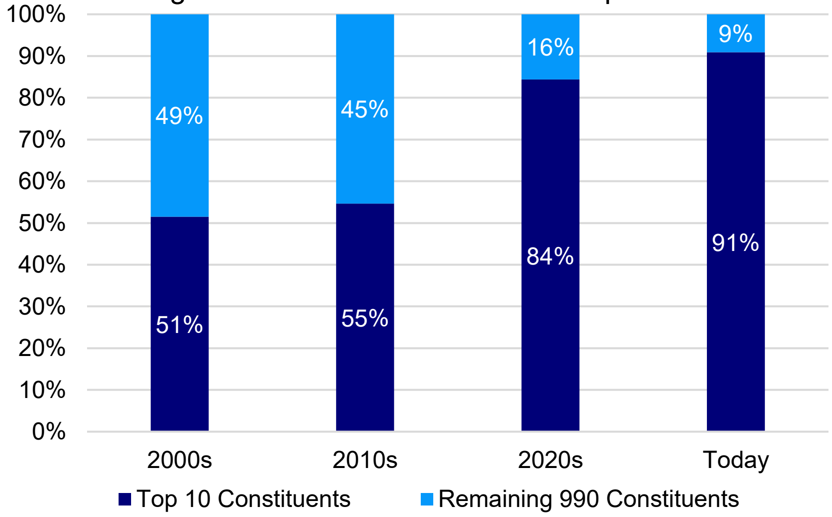
Markets are becoming increasingly stock-specific

Stock-Specific Risk: Total Level within Index[1]

[1] Index refers to the Russell 1000 Index.

… and increasingly from a few names

Average Contribution to Index[1] Stock-Specific Risk



Source: FactSet, MSCI Barra, Invesco calculations. Data is quarterly from Dec. 31, 1999, through Jun. 30, 2025. Idiosyncratic risk, also known as unsystematic risk or specific risk, refers to the risk that is unique to a particular company or asset. This type of risk is associated with individual events or factors that can affect a specific company or industry, rather than the market as a whole. Idiosyncratic risk can arise from various sources, such as management decisions, product recalls, regulatory changes, or competitive pressures. Unlike systematic risk, which affects the entire market (e.g., economic recessions, interest rate changes), idiosyncratic risk is not correlated with market movements.

Factors within large cap can potentially give differentiated experience versus passive

Calendar year returns (%) 2007-2024 (includes back-tested data)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Quality 11.56	Low vol -31.10	Size 41.73	Size 27.76	Low vol 8.46	Size 19.18	Size 36.60	Low vol 15.85	Low vol 3.06	Value 18.66	Quality 28.07	Low vol -2.43	Quality 32.19	Quality 26.32	Value 31.73	Value -8.74	Quality 31.85	Momentum 29.80
Momentum 9.13	Quality -31.14	Market 28.43	Value 20.13	Quality 8.46	Value 18.82	Value 36.38	Market 13.33	Momentum 2.69	Size 15.99	Momentum 22.83	Quality -2.68	Low vol 32.16	Momentum 24.65	Quality 30.21	Low vol -16.15	Market 26.53	Quality 28.85
Market 5.77	Momentum -36.66	Quality 26.72	Momentum 17.07	Momentum 2.28	Market 16.42	Momentum 33.58	Quality 13.24	Quality 2.11	Market 12.05	Market 21.69	Momentum -4.39	Market 31.43	Market 20.96	Low vol 26.86	Size -17.97	Low vol 21.25	Market 24.51
Value 3.92	Value -36.74	Value 24.90	Market 16.10	Value 1.80	Quality 15.87	Market 33.11	Value 12.88	Market 0.92	Low vol 11.56	Low vol 20.00	Market -4.78	Momentum 30.92	Size 16.39	Market 26.45	Momentum -18.20	Momentum 18.44	Low Vol 18.27
Low vol 3.70	Size -37.57	Momentum 22.44	Quality 14.55	Market 1.50	Momentum 15.23	Quality 31.66	Momentum 12.65	Size -2.26	Quality 10.71	Value 19.74	Value -8.09	Value 29.78	Low vol 13.65	Momentum 25.20	Market -19.13	Size 18.40	Value 16.70
Size 3.48	Market -37.60	Low vol 17.85	Low vol 11.83	Size -1.17	Low vol 13.04	Low vol 29.61	Size 11.32	Value -3.34	Momentum 7.94	Size 18.25	Size -8.34	Size 29.03	Value 7.06	Size 22.80	Quality -21.42	Value 17.99	Size 15.06

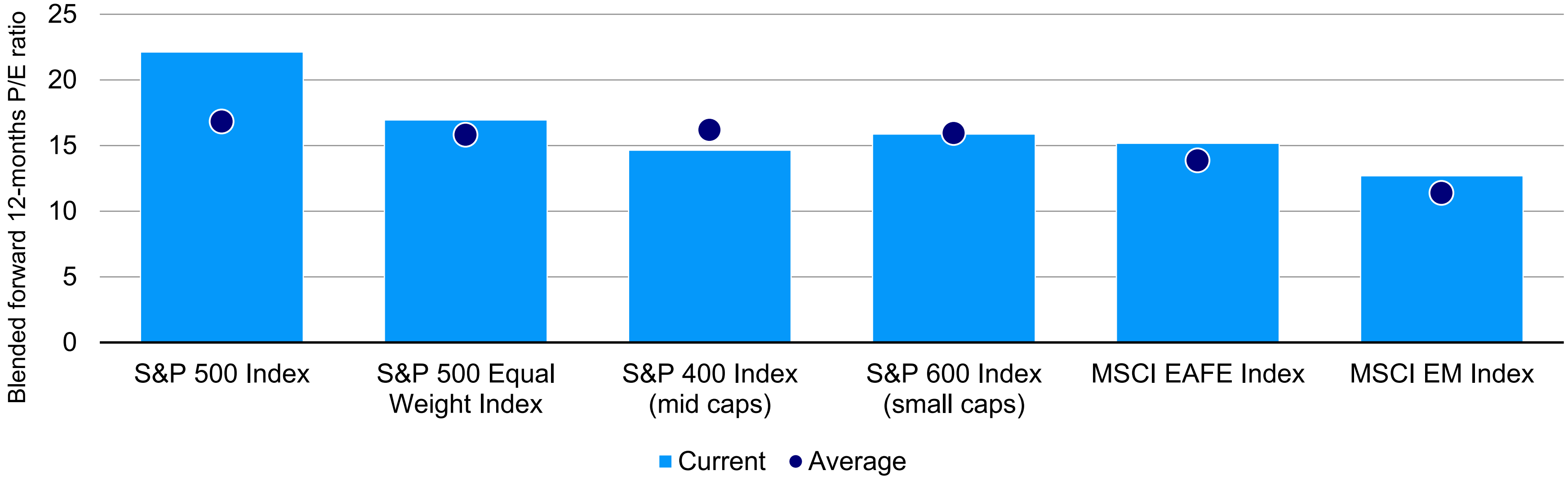
Dispersion (best factor – worst factor)

8.08	6.50	23.89	15.93	9.63	5.93	6.99	4.53	6.40	10.72	9.82	5.90	3.17	19.26	8.93	12.68	13.86	14.74

Source: FTSE Russell, as of Dec. 31, 2024. Data presented is provided for illustrative purposes and includes hypothetical performance. The Russell 1000 Index (Market) was incepted Jan. 01, 1984. Russell 1000 single factor indexes (size, value, momentum, low volatility, quality and yield) were incepted on Sept. 28, 2015. Information presented prior to their 2015 inception date is back-tested. Although back-tested data may be prepared with the benefit of hindsight, these calculations are based on the same methodology that was in effect when the indexes were officially launched. Index returns do not reflect payment of any sales charges or fees. An investment cannot be made in an index. Past performance is not a guarantee of future results.

Areas of the market outside of large cap are trading at more reasonable valuations

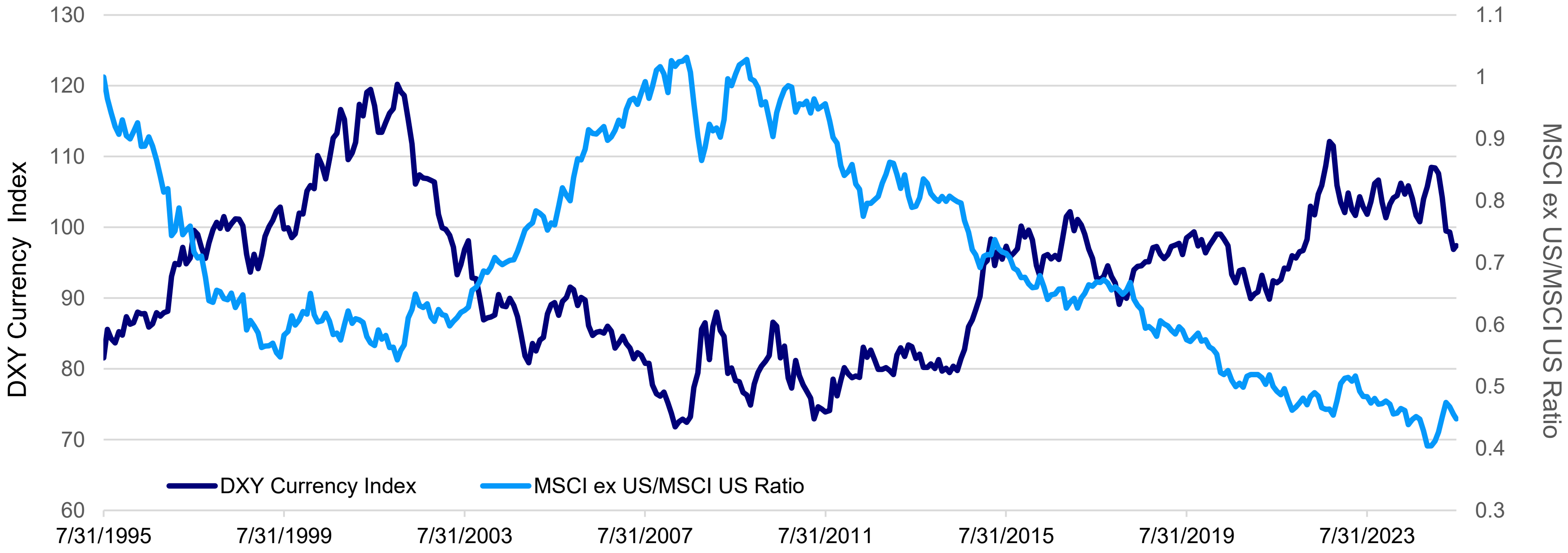
Price-to-earnings ratios by market capitalization and world region



Source: Bloomberg L.P., blended forward 12-months price-to-earnings ratios from Feb. 28, 2010 (earliest common inception date) through Jun. 30, 2025. The S&P 500® Equal Weight Index is the equally weighted version of the S&P 500® Index. The S&P 400 Index measures the performance of mid-capitalization stocks in the US. The S&P 600 Index measures the performance of small-capitalization stocks in the US. The MSCI EAFE Index is a free-float weighted equity index comprised of stocks across developed market countries in Europe, the Middle East, Australasia, and the Far East. The MSCI EM Index is a free-float weighted equity index comprised of stocks across emerging market countries. An investment cannot be made directly into an index. Past performance does not guarantee future results.

Historically periods of USD depreciation were accompanied by MSCI ex US outperformance

DXY Currency Index vs MSCI ex US/MSCI US Ratio



Source: Bloomberg L.P. Monthly data from Jul. 31, 2025 through Jun. 30, 2025.

What’s trending in our client conversations

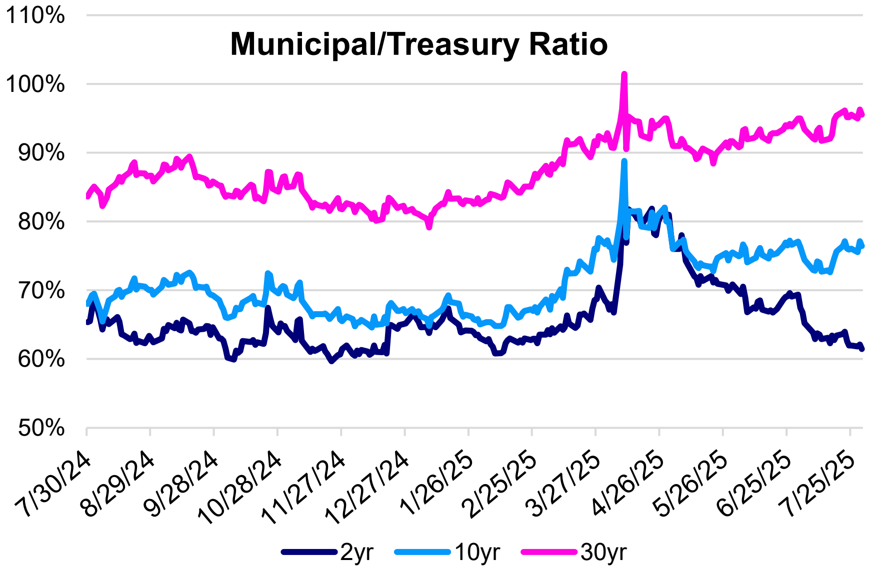
Should I be scared of interest rate and credit risks?

High current yields can help mitigate interest rate risk

Bloomberg indexes	Duration	Parallel shift			Current yield to worst	Parallel shift		
		-100	-75	-50		50	75	100
1-3-year Corporate Index	1.83	6.27%	5.81%	5.35%	4.44%	3.52%	3.07%	2.61%
3-5-year Corporate Index	3.62	8.24%	7.34%	6.43%	4.62%	2.81%	1.91%	1.00%
5-7-year Corporate Index	5.23	10.09%	8.79%	7.48%	4.86%	2.24%	0.94%	-0.37%
US Aggregate Bond Index	6.04	10.66%	9.15%	7.64%	4.62%	1.59%	0.08%	-1.43%
US Treasury Index	5.83	9.99%	8.53%	7.07%	4.16%	1.24%	-0.21%	-1.67%

Bloomberg L.P., Invesco. As of Jul. 7, 2025. Figures are total returns. Parallel returns are calculated using an instantaneous increase in treasury rates, spreads remaining unchanged. Past performance does not guarantee future results. An investment cannot be made in an index.

Municipals – Offer attractive value as you go further along the curve



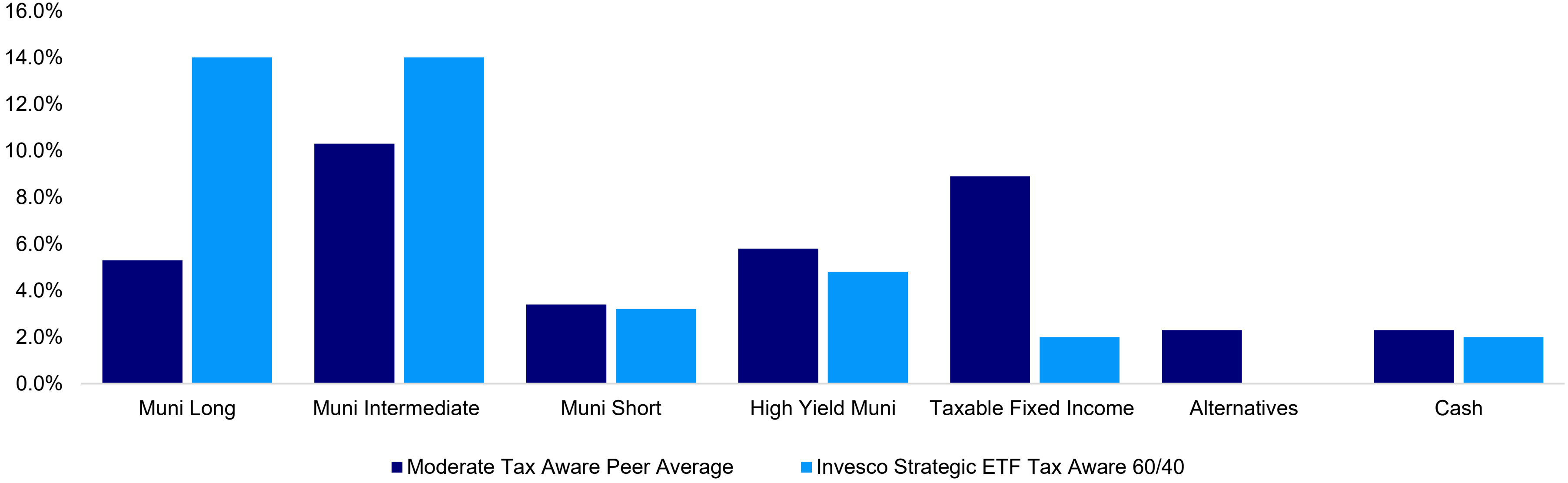
Source: Thomson Reuters TM3, as of Jul. 30, 2025. US Treasury is represented by the public obligations of the US Treasury. Treasurys are backed by the full faith and credit of the US government as to the timely payment of principal and interest, while legislative or economic conditions could affect a municipal securities issuer's ability to make payments of principal or interest. The Municipal AAA GO bond yield is represented by the Municipal Market Data proprietary yield curve of AAA-rated state general obligation bonds, based on the institutional block size of $2 million-plus market activity in both the primary and secondary bond market. Past performance does not predict future returns. An investment cannot be made directly into an index.

Term	US Treasury (UST)	Muni AAA	Muni A	Muni TEY AAA	Muni TEY A	Muni UST Ratio	Muni TEY UST Ratio
10 year	4.39	3.27	3.70	5.52	6.25	74.4%	125.6%
20 year	4.94	4.35	4.91	7.35	8.29	88.0%	148.7%
30 year	4.89	4.65	5.20	7.86	8.79	95.1%	160.7%

Source: Bloomberg as of Jul. 30, 2025. TEY = Tax-Equivalent Yield. UST = United States Treasury. US Treasury is represented by the public obligations of the US Treasury. Treasurys are backed by the full faith and credit of the US government as to the timely payment of principal and interest, while legislative or economic conditions could affect a municipal securities issuer's ability to make payments of principal or interest. Muni AAA is represented by the Municipal AAA GO bond yield, a Municipal Market Data proprietary yield curve of AAA-rated state general obligation bonds, based on the institutional block size of $2million-plus market activity in both the primary and secondary bond market. The Muni TEY AAA is the Tax-Equivalent Yield is assuming a top tax rate of 40.8% of the Muni AAA yield. Muni A is the Bloomberg Municipal Bond A Index is an unmanaged index of the A-rated municipal bond market. The Muni TEY A is the Tax-Equivalent Yield is assuming a top tax rate of 40.8% of the Muni A yield. The Muni UST Ratio is the comparison of the Muni AAA vs. the yield on the US Treasury. The Muni TEY UST Ratio is the Tax-Equivalent Yield is assuming a top tax rate of 40.8% of the Muni UST Ratio. An investment cannot be made directly into an index. Tax-Equivalent Yield is assuming a top tax rate of 40.8%, 37% federal tax rate and 3.8% net investment income tax (NIIT), effective Jan. 1, 2025. Irs.gov, as of Oct. 22, 2024. Top marginal tax rate for single taxpayers with more than $626,350 in taxable income or couples with $751,600 or more. NIIT is the net investment income tax investment income for single taxpayers with more than $200,000 in taxable income or couples with $250,000 or more.

Advisors may not be taking full advantage of Municipals

Municipal allocation in non-qualified moderate portfolios



Source: Invesco Solutions, Morningstar. Moderate Tax Aware Peer Average is a carve out of portfolios we have collected with an allocation to municipals. Portfolios are placed in the Moderate Tax Aware Peer Average if the portfolio is designated "non qualified" or "tax aware" by the advisor, or if the portfolio has a municipal allocation of 5% or more. Allocation based on Morningstar categories for 157 tax aware portfolios collected between Jan. 1, 2024 to Jun. 30, 2025. Dates selected are narrowed from the Portfolio Insights sample to illustrate the current market landscape. Invesco Strategic Active Passive Tax Aware portfolio suite was created by Invesco Solutions for investors seeking tax efficiency in taxable accounts. The Invesco Strategic Active Passive Tax Aware model is considered our moderate 60/40 offering within its suite. Cash allocation percentages do not include cash that might be held in other portfolios.

Higher municipal allocations can potentially lead to higher tax equivalent yields

Municipal tax equivalent yield =

$$\frac{\text{Municipal bond SEC yield}}{1 - \text{Tax rate (40.8\% for this exercise)}}$$

Portfolio SEC tax equivalent yield[1]

6.32%
Invesco Strategic ETF Tax Aware Portfolio[2]

6.08%
Peer average non qual 60/40[3]

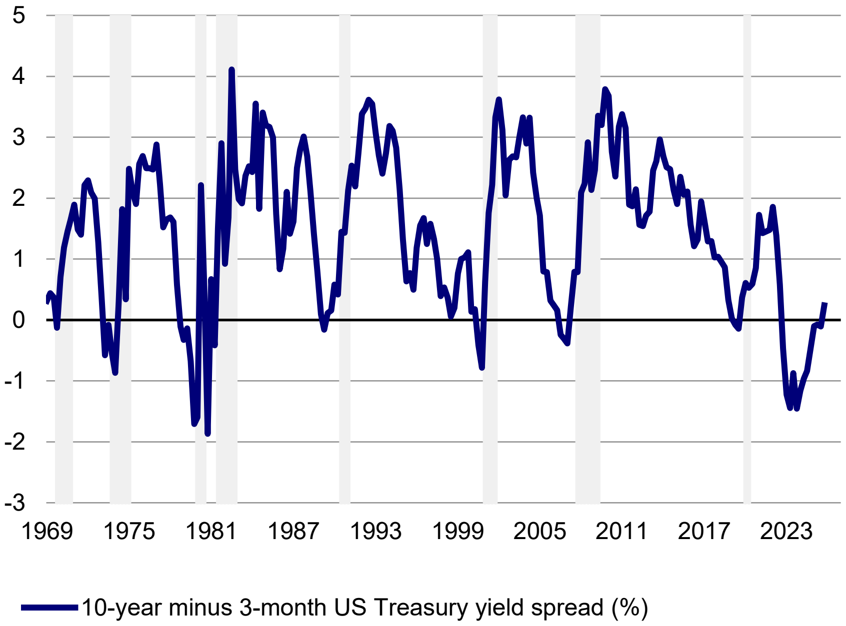
1. A calculation based on a 30-day period ending on the last of the previous. It is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period.
2. Calculated by using Invesco ETF municipal funds within Invesco Strategic Active Passive Tax Aware allocation.
3. Calculated using Invesco Advisory Solutions Tax Aware Moderate peer group portfolios. SEC yields for both ETFs and mutual funds as of Jun. 30, 2025.

40.8% tax rate assumes top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%

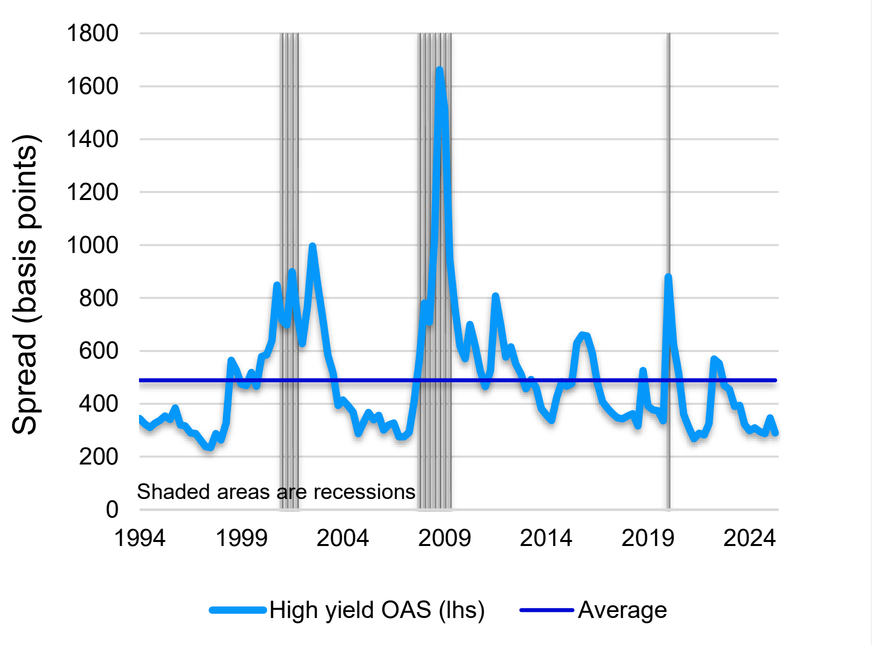
For illustrative purposes only. Portfolio tax equivalent yields are calculated by taking a weighted average of the tax equivalent yields of municipal strategies and the SEC yields of taxable strategies.

Credit spreads remain historically low regardless of higher rate environment

Monetary policy remains modestly restrictive
US Treasury yield curve (10-year minus 3-month)



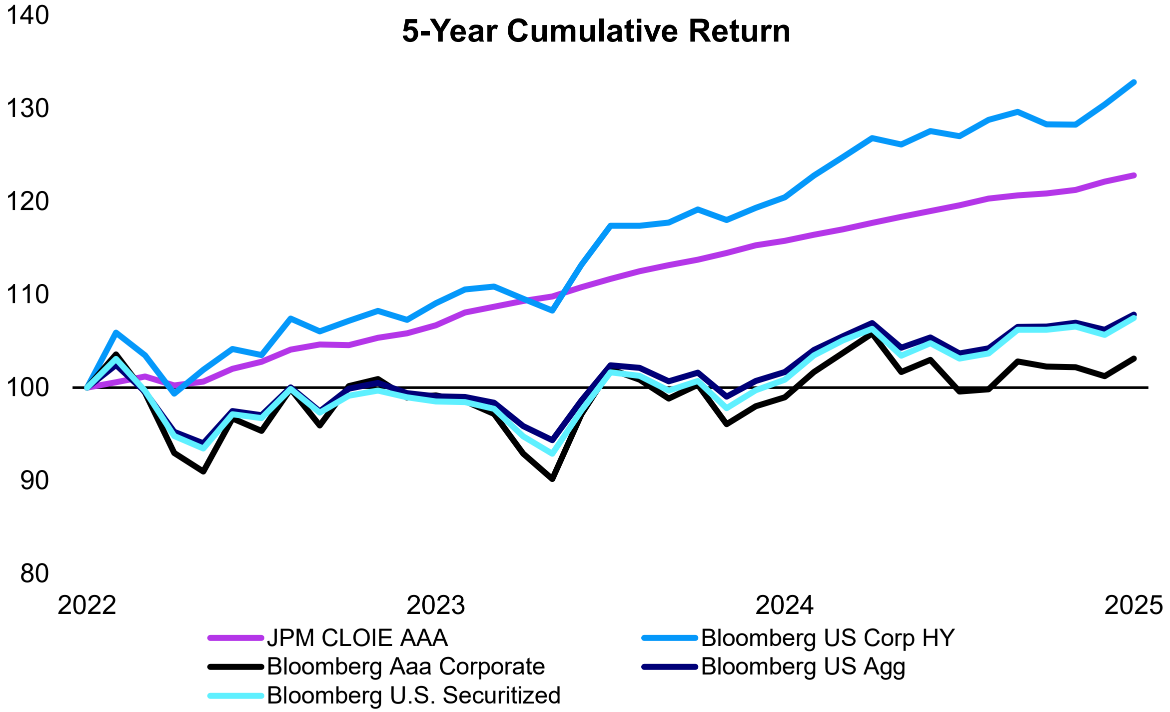
Bloomberg High Yield Corporate Bond Index Option-Adjusted Spread



Sources: Bloomberg L.P. and Koyfin as of Jun. 30, 2025. High yield is represented by the ICE BofA US High Yield Index. Option-adjusted spread (OAS) is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, adjusted to account for an embedded option, such as calling back or redeeming the issue early. An investment cannot be made directly into an index. Past performance does not guarantee future results.

Invesco

AAA CLOs can offer a more defensive approach to credit



Index	Standard Deviation	Yield
JPM CLOIE AAA	1.3%	5.0%
Bloomberg US Corp HY	6.7%	7.1%
Bloomberg US AAA Corp	11.4%	4.7%
Bloomberg US Agg	7.3%	4.5%
Bloomberg US Securitized	8.0%	4.9%

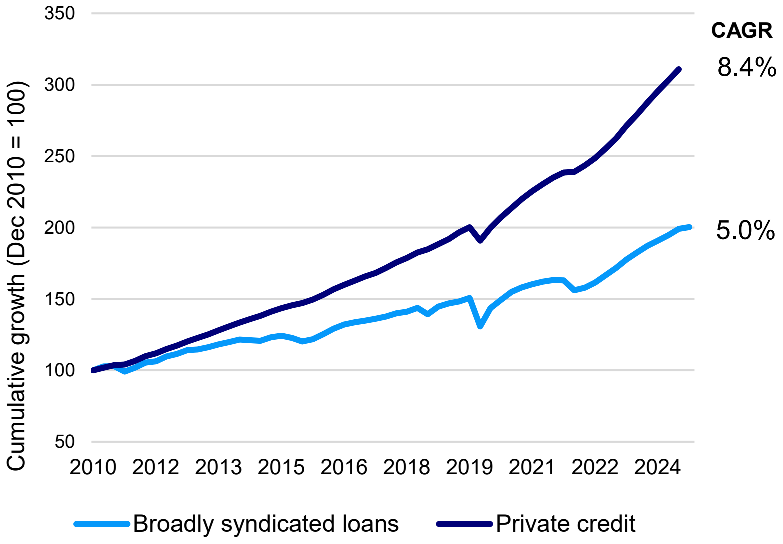
Source: JP Morgan and Bloomberg as of Jun. 30, 2025. An investment cannot be made in an index. Past performance is not guarantee of future results.

What’s trending in our client conversations

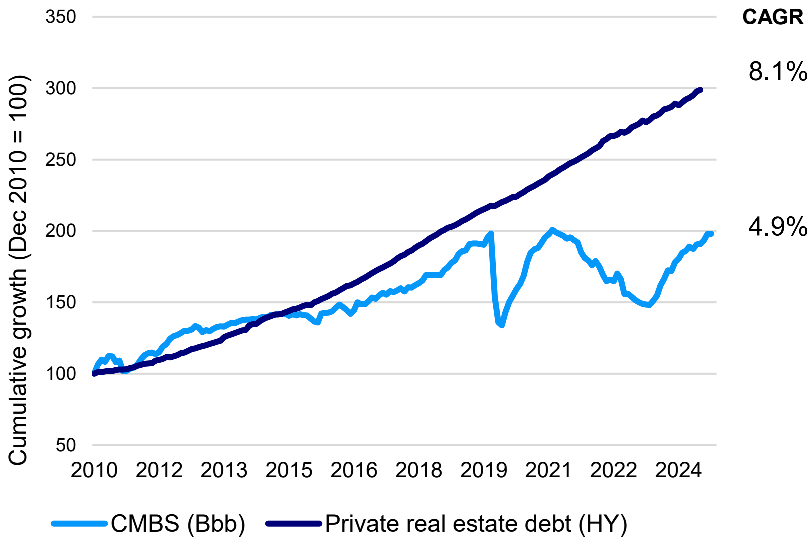
What are the most attractive opportunities in the alternatives space and how do I implement it?

Cumulative growth of private credit vs. public credit

Senior direct lending and broadly syndicated loans



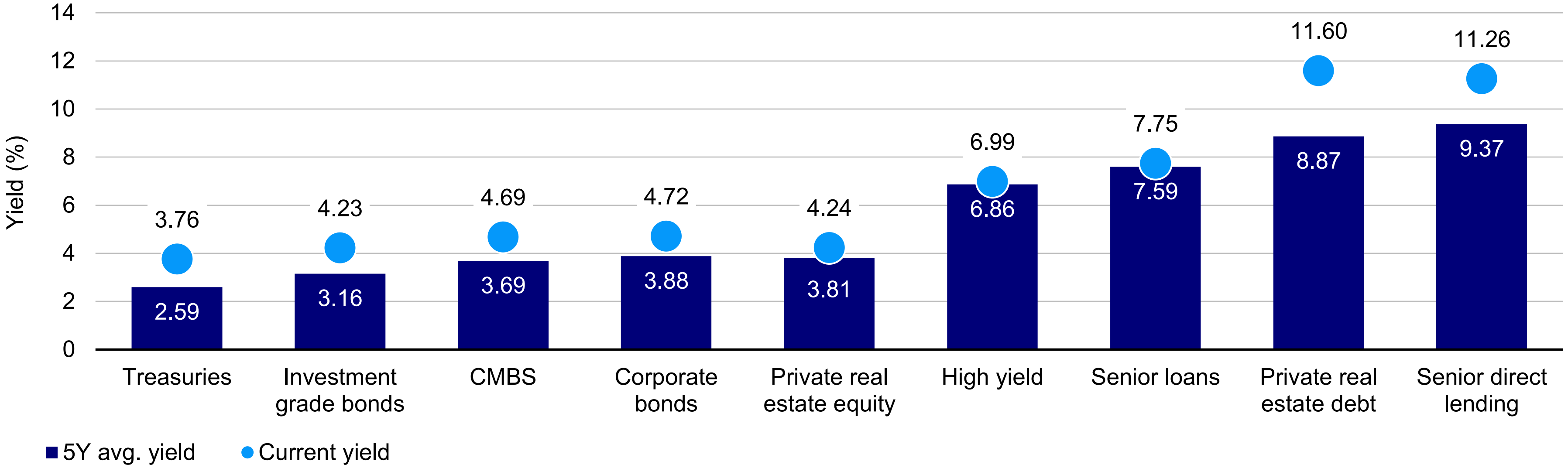
Real estate debt and CMBS



Sources: Investment growth of 100; Private credit represented by the Cliffwater Senior Direct Lending Index and broadly syndicated loans represented by the Credit Suisse Leveraged Loan Index, quarterly from Dec. 1, 2010 to Mar. 31, 2025 or most recently available; CMBS (BBB) represented by Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Unhedged Index and private real estate debt (HY) represented by the Giliberto-Levy High Yield Commercial Real Estate Debt Index (G-L 2), monthly, from Dec. 1, 2010 to Mar. 31, 2025 or most recently available. Private credit is net of normative fees, while loans are gross of fees. An investment cannot be made directly into an index. Past performance does not guarantee future results.

Private credit yields look attractive relative to historical average

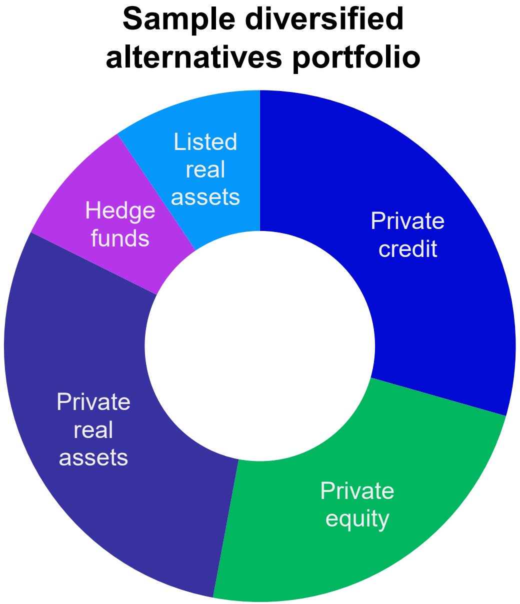
Current and 5Y average yield (%)



Sources: Invesco Real Estate as of Sept. 30, 2024, using yield to worst data (unless otherwise specified) from the RE Credit - Gilberto-Levy 2 Commercial Mortgage Index (latest quarter's income return, annualized), Direct Lending– Cliffwater Senior Direct Lending Index (current yield), Investment Grade Bonds – Bloomberg US Aggregate Bond Index, High Yield – Bloomberg US Corporate High Yield Index, Senior Loans – S&P/LSTA Leverage Total Return (current yield), Treasuries – Bloomberg US Treasury Total Return Unhedged Index, Corporate Bonds – Bloomberg US Corporate Total Return Value Unhedged USD Index, CMBS – Bloomberg CMBS IG Total Return Index Value. Past performance is not indicative of future results. Diversification does not guarantee a profit or eliminate the risk of loss.

How much should investors allocate?

Investment allocation will vary with client objective and risk tolerance



Asset class	Allocation range	Funding source
Private credit	25-35%	70% bonds/30% equities
Private equity	20-30%	100% equities
Private real assets	25-35%	50% equities/50% bonds
Hedge funds	5-15%	100% bonds
Listed real assets	5-15%	70% equities/30% bonds

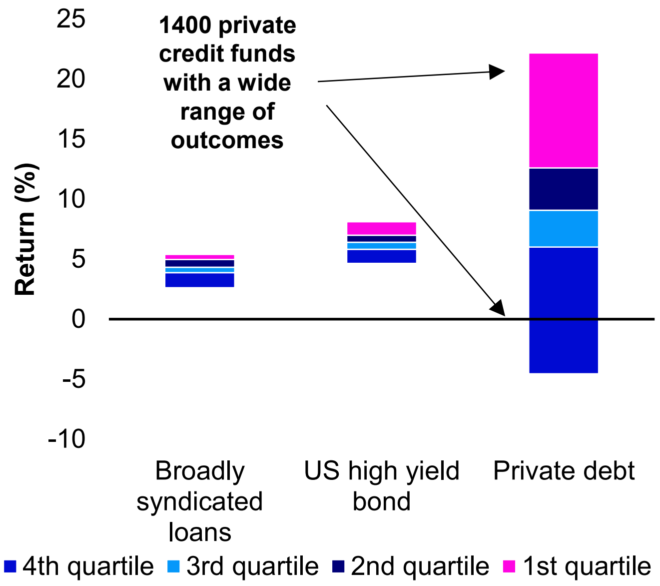
The portfolio shown is for illustrative purposes only and does not constitute investment advice nor investment recommendations.

Wide array of outcomes within the private credit space

Manager selection is of critical importance when investing in private credit as the range of outcomes varies significantly when compared to that of comparable liquid credit asset classes like broadly syndicated loans or high yield bonds. It has been true that the median private credit funds outperform even the best funds within public credit, however an underperforming manager within private credit could be disastrous.

Picking a “good” manager requires significant due diligence before committing capital to their fund. To aid in deciding on a private credit fund, we provide a few common items to review when selecting a manager or team.

Private credit versus public credit return dispersion (5Y)



Manager selection checklist

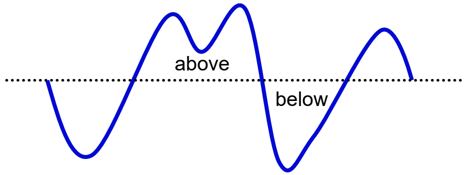
- ❑ Does the manager have a large platform with in-house capabilities providing unique insight across private credit?
- ❑ How will the manager react to changing market conditions? Standalone private credit allocations have limited liquidity and therefore lack flexibility for end investors to shift.
- ❑ Does the manager have proprietary sourcing and diligence for credit investments?
- ❑ What is the manager’s history of performance?

Sources: Invesco Private Credit as of Dec. 31, 2023, latest data available. Morningstar, Burgiss. Private Debt return data provided by Burgiss. Broadly syndicated loans are represented by the Morningstar US Bank Loans category; US high yield bond is represented by the Morningstar US High Yield category. Data is based on 5-year annualized total returns for public assets and IRR to date for private assets. All fund returns are net of fees. Past performance is not indicative of future results.

Tactical Asset Allocation (TAA) framework

Anticipating changes in the business cycle
Applying signals to identify one of four regimes

Leading Economic Indicator (LEI)



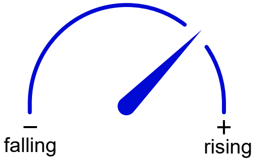
Above/Below long-term trend

Forward-looking measure
of the level of economic activity

Equally weighted composite of:
- Manufacturing activity/business surveys
- Consumer sentiment surveys
- Monetary/Financial conditions
- Housing/Construction activity
- Labor market activity

+

Global Risk Appetite Cycle Indicator (GRACI)

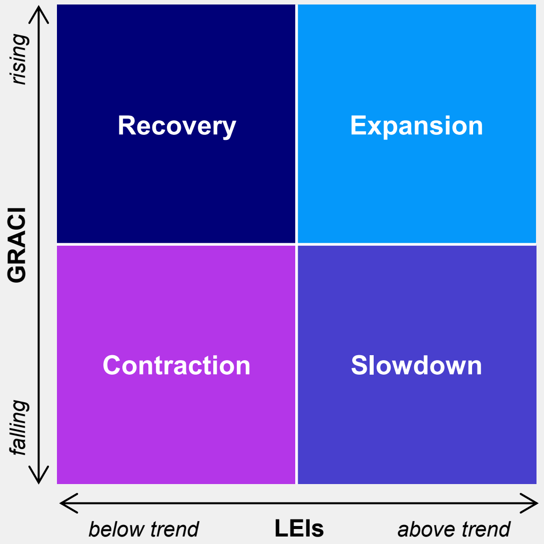


Rising/Falling growth

Measure of the market's risk sentiment,
strongly correlated with changes in
economic growth expectations

Equally weighted asset universe:
- Country-level total return indexes across equity, credit and fixed income markets
- Developed and emerging markets
- Global benchmark providers: Citi, MSCI, Bloomberg, JPMorgan, Credit Suisse

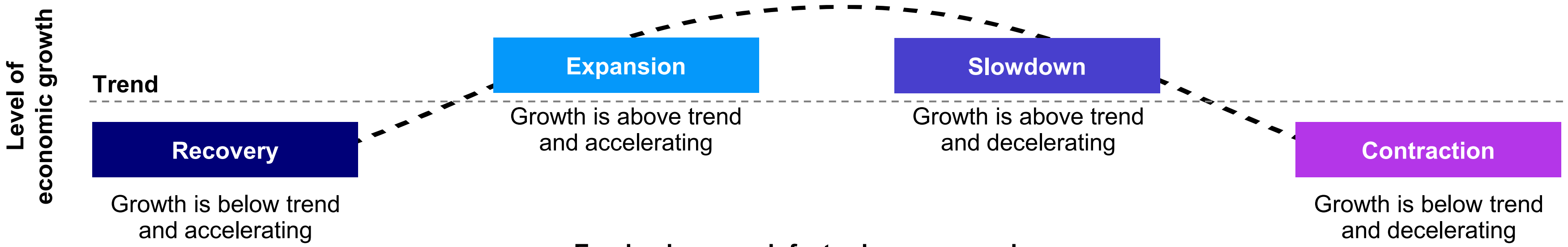
Expected macro regime



Source: de Longis, Alessio, "Dynamic Asset Allocation Through the business Cycle: A Macro Regime Approach", *Invesco Solutions Manuscript* (2019).
Alessio de Longis and Dianne Ellis, "Market Sentiment and the Business Cycle: Identifying Macro Regimes Through Investor Risk Appetite", *Invesco Solutions Manuscript* (2019).
Polk, Haghbin, de Longis. "Time-Series Variation in Factor Premia: The Influence of the Business Cycle." *Journal of Investment Management* 18, no. 1 (2020): 69–89.
For illustrative purposes only.

Invesco Solutions macro regime framework

Macro regimes framework



Emphasis on each factor by macro regime

Recovery	Expansion	Slowdown	Contraction
Size ◄	**Size** ◄	Size	Size
Value ◄	**Value** ◄	Value	Value
Momentum	**Momentum** ◄	Momentum	**Momentum** ◄
Low volatility	Low volatility	**Low volatility** ◄	**Low volatility** ◄
Quality	Quality	**Quality** ◄	**Quality** ◄

Factor cyclicality

- **Size** and **value** tend to be cyclical, with higher operating leverage and more reliance on external funding
- **Quality** and **low volatility** tend to be defensive, with lower operating leverage and more reliance on internal cash flows
- **Momentum** is more transient, and tends to perform well in later stages of cyclical upturns and downturns

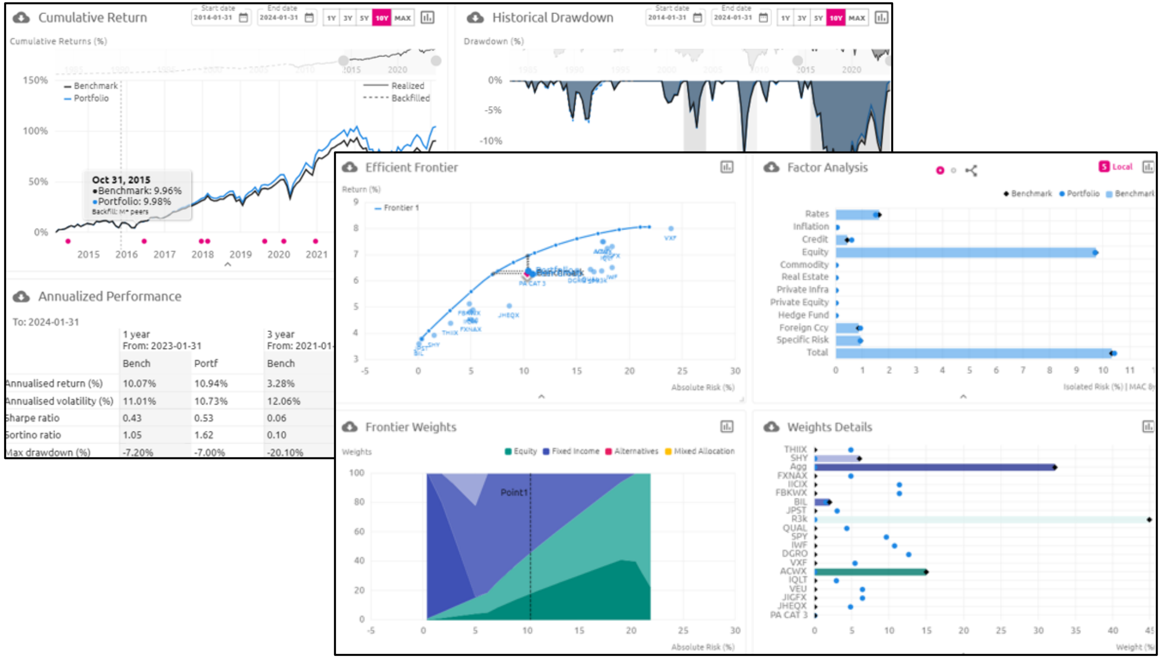
Source: Invesco Solutions' proprietary global business cycle framework.

How to partner with us

1:1 portfolio review with a Portfolio Advisory Consultant

Invesco Vision is a proprietary, research-driven platform designed to help advisors:

- Analyze your current asset allocation
- Evaluate the impact of asset allocation changes
- Stress test your portfolio
- View return estimates for portfolio assets
- Isolate risk for individual assets
- Correlation, factor and ESG analysis

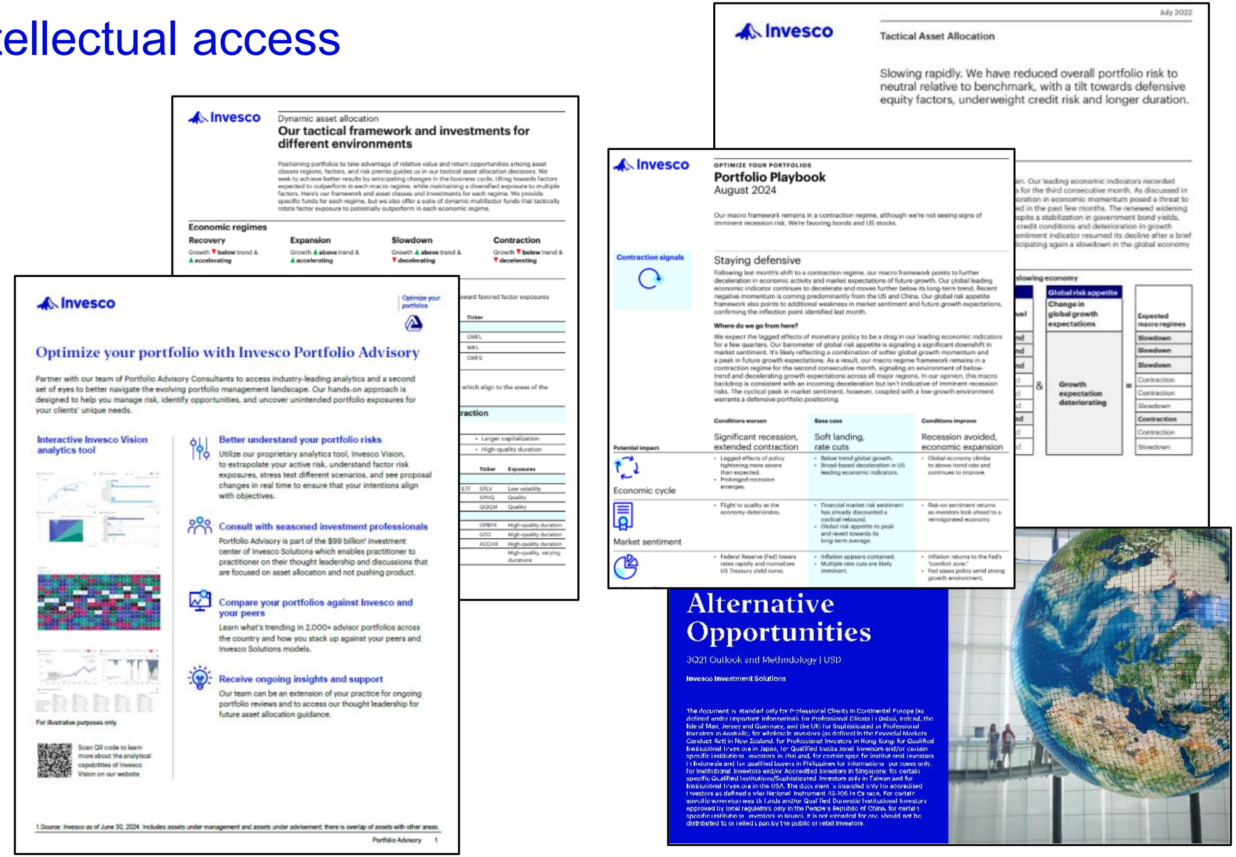


For illustrative purposes only. Please see the appendix for additional information regarding Invesco Vision.

Thought leadership
Committed to providing intellectual access

From white papers to latest market insights, Invesco Solutions creates content on an ongoing basis:

- Portfolio Playbook
- Tactical framework and investments for different environments
- Portfolio Insights Tactical Asset Allocation Blog
- Private markets outlook “Alternative Opportunities”
- Asset class-specific white papers
- Long-term capital market assumptions



For illustrative purposes only

Appendix

Invesco Vision

Designed by Invesco Solutions, Invesco Vision is a decision support system that combines analytical and diagnostic capabilities to foster better portfolio management decision-making. Invesco Vision incorporates capital market assumptions (CMAs) developed by Invesco Solutions, proprietary risk forecasts, and robust optimization techniques to help guide our portfolio construction and rebalancing processes. Advanced risk management approaches have been incorporated into the system such as de-smoothing of alternative risk factors, multi-asset factor decompositions, in addition to stress test analyses (both historical and hypothetical) to understand the drivers of volatility within our portfolios. By helping investors and researchers better understand portfolio risks and trade-offs, it helps to identify potential solutions best aligned with their specific preferences and objectives.

The Invesco Vision tool can be used in practice to develop solutions across a range of challenges encountered in the marketplace. The analysis output and insights shown here from Invesco Vision does not take into account any individual investor’s investment objectives, financial situation or particular needs. The insights are not intended as recommendations to invest in a specific asset class or strategy, or as a promise of future performance. For additional information on our methodology, please contact Invesco.

Capital Market Assumptions (CMAs)

Invesco Solutions develops CMAs that provide long-term estimates for the behavior of major asset classes globally. The team is dedicated to designing outcome-oriented, multi-asset portfolios that meet the specific goals of investors. The assumptions, which are based on 5- and 10-year investment time horizons, are intended to help guide our strategic asset class allocations and should not serve as the basis or primary source for any investment decision. For each selected asset class, we develop assumptions for estimated return, estimated standard deviation of return (volatility), and estimated correlation with other asset classes. Estimates and targets reflecting our various assumptions concerning anticipated results are inherently subject to significant economic, competitive, and other uncertainties and contingencies and have been included solely for informational and illustrative purposes. Forecasts of financial market trends that are based on current market conditions constitute our judgement and are subject to change without notice.

This information is not intended as a recommendation to invest in a specific asset class or strategy, or as a promise or guarantee of future performance. These Invesco proprietary asset class assumptions are passive, and do not consider the impact of active management. As the themes discussed herein may be unsuitable for investors depending on their specific investment objectives and financial situation, and given the complex risk-reward trade-offs involved, we encourage you to consider your own judgment and quantitative optimization approaches in setting strategic allocations to asset classes and strategies. Asset allocation and diversification do not guarantee a profit or eliminate the risk of loss. This material is not intended to provide, and should not be relied on, for tax advice.

References to future returns are not promises or estimates of actual returns a client portfolio may achieve. Assumptions and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell securities. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. Estimated returns can be conditional on economic scenarios. If a particular scenario comes to pass, actual returns could be significantly higher or lower than these estimates.

Indexes are unmanaged and used for illustrative purposes only. They are not intended to be indicative of the performance of any strategy. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. It is not possible to invest directly in an index. Please see the proxy tables for asset classes and representative indices used. All estimates in this document are in US dollar terms unless noted otherwise. For additional details regarding the methodology used to develop these estimates, please contact Invesco.

Thank you

Invesco

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