

Invesco US Corporate Bond SMA Third quarter

Fact Sheet: Separately Managed Accounts
Sept. 30, 2019



Portfolio management team

23-member team

Average of 16 years

Experience spread throughout global financial center

The main objective of the strategy is to provide current income with potential capital appreciation for total return, while seeking to outperform the Bloomberg Barclays U.S. Credit Index by 35 basis points over a complete market cycle.

Current portfolio positioning

US credit returns continued to generate strong nominal results for the quarter, as rates fell precipitously amid a decelerating global economy and persistent trade disputes between the US and China. Global risks remained a headwind to growth, especially in Europe with the uncertainties of Brexit, auto tariffs, and Italy still in crisis. Chinese growth also continued to slump, even as policy makers were actively easing monetary policy. Nevertheless, credit investors were generally rewarded over the period, despite the heightened volatility and escalating recession fears. US-based yield strategies remained competitive from a global perspective as negative yields increased across regions. The Federal Reserve cut the fund rate twice during the period by 25 basis points (bps) each time, which lowered the overnight yield target range to 1.75% - 2.00%. These accommodative policy actions were well received by the market, but US market yields still finished the quarter pricing in further rate cuts by the Fed.

The US investment grade credit sector generated 8 basis points (bps) of excess return for the quarter. Financials (14 bps) and utilities (14 bps) were marginally outperforming sectors, led by credits within the finance companies, REITs, brokerage, and natural gas sub-sectors. Industrials (-3 bps) lagged over the period with energy (-90 bps), transportation (-80 bps), and basic (-43 bps) sub-sectors driving the negative outcome. Despite the market weakness, capital goods (32 bps), technology (28 bps), and consumer non-cyclical (25 bps) were the outperformers within industrials. Lower investment grade bonds continued to outperform higher rated credits, but the differential across ratings was marginal. High yield credit also posted positive excess return, despite recession fears.

US investment grade credit had robust supply of roughly \$386 billion over the period, with \$190 billion just in September. Investors' appetites for yield aptly absorbed the supply glut, even as market expectations for slower growth were escalating. Demand for US credit continued from overseas investors, with hedging costs less of an impediment with declining rates and policy makers taking accommodative actions. Market bias remained on lower-rated investment grade (BBB/Baa) and high yield credits, despite the economic headwinds. While corporate leverage remained at high levels, free cash flow and interest coverage ratios continued as positive highlights. Deleveraging remained a central theme for many corporate issuers across investable sectors, so security selectivity was essential to relative results amid the late cycle market activity.

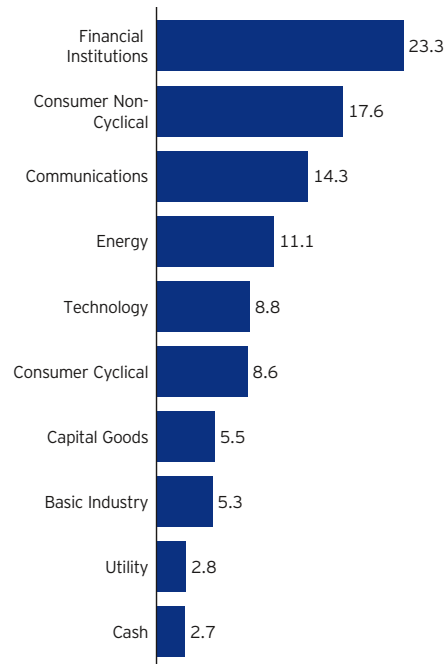
The Invesco US Corporate Bond SMA slightly underperformed the benchmark for the quarter, driven by the overweight risk posture to lower-rated investment grade securities and the out-of-index allocation to high yield. Security selections within the banking, energy, transportation, and technology sub-sectors were positive drivers of relative return. The modest underweight to duration also detracted from results. The overweight to the transportation and energy sub-sectors amid the volatility with oil did detract from returns.

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Sector weightings (%)

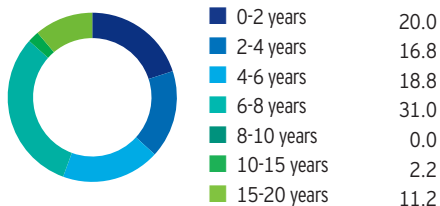


Portfolio characteristics

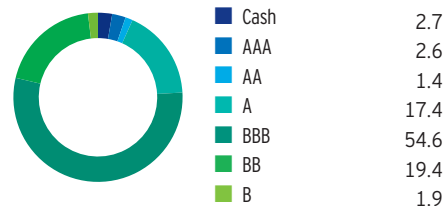
Portfolio characteristics	Portfolio
Number of Holdings	65
Yield-to-Worst (YTW)	3.4
Weighted Average Maturity (Years)	10.5
Modified Duration (Years)	5.62
Effective Duration (Years)	5.69

Portfolio characteristics are subject to change.

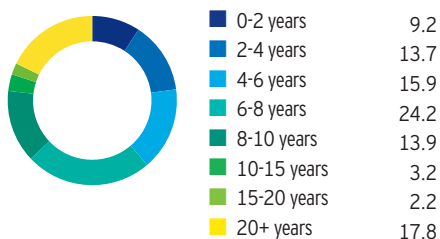
Effective duration (%)



Credit quality (%)



Maturity (%)



Figures may not add up to 100% due to rounding. Cash and equivalents is deemed to have a 0% Maturity and Duration.

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All data as of Sept. 30, 2019

Source: Invesco ■ Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. NR indicates the debtor was not rated, and should not be interpreted as indicating low quality. For more information on rating methodologies, please visit the following NRSRO website: www.standardandpoors.com and select 'Understanding Ratings' under Rating Resources on the homepage; www.moodys.com and select 'Ratings Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions' on the homepage. ■ Weighted average maturity is a measure, as estimated by the portfolio managers, of the length of time the average security in a bond will mature or be redeemed by the issuer. It takes into account mortgage payments, puts, adjustable coupons and potential call dates. ■ Modified duration is a duration calculated which incorporates the expected duration-shortening effect of an issuer's embedded call provision. ■ Option adjusted duration is a measure, as estimated by the portfolio managers, of a bond portfolio's price sensitivity to changes in interest rates. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

Sample portfolio
Top 10 holdings

Security	Coupon	Maturity	Weight
1. Microsoft Corp.	4.250	2/6/2047	2.66
2. Morgan Stanley	3.950	4/23/2027	2.58
3. Micron Technology Inc.	5.500	2/1/2025	2.51
4. Anheuser-Busch Inbev Worldwide Inc.	4.000	4/13/2028	2.36
5. Dollar General Corp.	4.130	5/1/2028	2.34
6. MPLX LP	4.130	3/1/2027	2.26
7. International Paper Co.	4.400	8/15/2047	2.23
8. Abbvie Inc.	4.450	5/14/2046	2.22
9. Gilead Sciences Inc.	2.950	3/1/2027	2.21
10. Comcast Corp.	3.200	7/15/2036	2.20

Other sample holdings

Allergan PLC	3.450	3/15/2022
Ally Financial Inc.	5.130	9/30/2024
Altria Group Inc.	4.400	2/14/2026
AMC Networks Inc.	4.750	8/1/2025
American International Group Inc.	3.900	4/1/2026
Ashland LLC	4.750	8/15/2022
Ball Corp.	5.250	7/1/2025
Bank Of America Corp.	5.880	12/31/2049
Bank Of America Corp.	3.090	10/1/2025
Becton Dickinson and Co.	2.680	12/15/2019
CenterPoint Energy Inc.	6.130	12/31/2059
Charter Communications Operating LLC	4.910	7/23/2025
Citigroup Inc.	6.250	12/29/2049
Citigroup Inc.	2.880	7/24/2023
Citigroup Inc.	2.910	7/24/2023
Comcast Corp.	3.950	10/15/2025
Conagra Brands Inc.	4.600	11/1/2025
Continental Resources Inc.	3.800	6/1/2024
CVS Health Corp.	2.130	6/1/2021
CVS Health Corp.	4.300	3/25/2028
EMC Corp.	3.380	6/1/2023
Energy Transfer Operating LP	5.880	1/15/2024
Energy Transfer Operating LP	4.200	9/15/2023

Other sample holdings (continued)

Enterprise Products Operating LLC	4.880	8/16/2077
Equinix Inc.	5.880	1/15/2026
Freeport-McMoRan Inc.	5.000	9/1/2027
General Motors Financial Co.	4.350	1/17/2027
GLP Capital LP /GLP Financing li Inc.	5.380	4/15/2026
Goldman Sachs	3.690	6/5/2028
HCA Healthcare Inc.	5.630	9/1/2028
HCA Healthcare Inc.	5.250	4/15/2025
Hughes Satellite Systems Corp.	7.630	6/15/2021
Intercontinental Exchange Inc.	4.250	9/21/2048
JPMorgan Chase & Co.	3.540	5/1/2028
JPMorgan Chase & Co.	4.630	12/31/2049
Kinder Morgan Energy Partners LP	3.500	3/1/2021
Lowe's Companies Inc.	4.550	4/5/2049
Match Group Inc.	6.380	6/1/2024
MGM Resorts International	6.000	3/15/2023
MPLX LP	4.250	3/1/2027
MPT Operating Partnership LP	4.630	8/1/2029
Netflix Inc.	4.880	4/15/2028
Occidental Petroleum Corp.	2.900	8/15/2024
PayPal Holdings Inc.	2.650	10/1/2026
Southern Co.	2.350	7/1/2021
Spectrum Brands Inc.	5.750	7/15/2025
T-Mobile US Inc.	6.500	1/15/2026
Toronto-Dominion Bank	3.630	9/15/2031
United Rentals Inc.	5.250	1/15/2030
United Technologies Corp.	3.650	8/16/2023
Verizon Communications Inc.	3.260	5/15/2025
Wabtec Corp.	4.400	3/15/2024
Walmart Inc.	3.630	12/15/2047
Wells Fargo & Co.	2.630	7/22/2022
Williams Cos. Inc.	3.600	3/15/2022

This table illustrates the composition of a model portfolio as of the date listed and should not be considered as a recommendation to purchase or sell a particular security; additionally, there is no assurance that the securities purchased remain in the portfolio or that securities sold have not been repurchased. Past performance does not guarantee future results. Holdings may vary depending on program sponsor restrictions or specific client guidelines. To obtain a list of all recommendations made by Invesco Advisers, Inc. in this investment style during the last year, please contact Invesco Advisers, Inc. at 800 349 0953.

Quarterly returns

Period	Bloomberg Barclays U.S. Credit Index Total Return		
	"Pure" gross return* (%)	Net return (%)	(%)
YTD	13.26	12.01	12.61
3Q19	2.59	2.21	2.98
2Q19	4.07	3.69	4.27
1Q19	6.08	5.69	4.87

Returns less than one year are not annualized.

* "Pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. See note 5 on page 4.

Annualized compound returns
as of Sep. 30, 2019

Period	Bloomberg Barclays U.S. Credit Index Total Return		
	"Pure" gross return* (%)	Net return (%)	(%)
1 Year	11.83	10.18	12.63
Since Inception (8/1/17)	5.09	3.51	5.40

Invesco US Corporate Bond SMA Wrap composite

Year	"Pure" gross return* (%)	Net return (%)	Bloomberg Barclays U.S. Credit Index total return (%)	Composite dispersion (%)	Composite 3-year annualized standard deviation (%)	Benchmark 3-year annualized standard deviation (%)	Number of accounts	Composite assets (\$ millions)	Total firm assets (\$ billions)	% wrap assets
2018	-2.80	-4.25	-2.11	0.05	N/A	N/A	15	10	579	100
2017**	1.14	0.47	1.66	N/A	N/A	N/A	<5	6	660	100

Annualized compound returns as of Dec. 31, 2018

Period	"Pure" Gross return* (%)	Net return (%)	Bloomberg Barclays U.S. Credit Index total return (%)
1 Year	-2.80	-4.25	-2.11
Since Inception (8/1/17)	-1.19	-2.69	-0.34

Returns less than one year are not annualized.

* "Pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. See note 5.

** Returns are for the period from August 1, 2017 (inception) through December 31, 2017.

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- Invesco Worldwide claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Invesco Worldwide has been independently verified for the periods January 1, 2003 through December 31, 2018. 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.
- A complete list and description of Firm composites and performance results is available upon request. Additional information regarding policies for calculating and reporting returns is available upon request. All returns are expressed in U.S. dollars and are gross of nonreclaimable withholding tax, if applicable.
- The Invesco US Corporate Bond SMA Wrap Composite includes all discretionary accounts styled after the Invesco US Corporate Bond SMA Model Portfolio, which seeks total return, comprised of current income and capital appreciation by investing in investment grade and high yield credit securities. For all periods, the composite was composed of 100% non-fee paying discretionary wrap accounts. The composite is managed in comparison to, not duplication of, the benchmark. The composite was created in August 2017.
- "Pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. Performance results are presented both net and gross of total wrap fees. Net returns reflect the deduction of the maximum total wrap fee, which is currently 1.50% per annum or 0.125% monthly, from the "pure" gross return. A model fee is the highest wrap fee a client could pay (1.50% annually as charged by the program sponsor). The total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. The standard wrap fee schedule currently in effect is as follows: 1.50% on total assets. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.
- The Bloomberg Barclays U.S. Credit Index Total Return (TR) is an unmanaged index considered representative of publicly issued, SEC-registered U.S. corporate and specified foreign debentures and secured notes. The benchmark is used for comparative purposes only and generally reflects the risk or investment style of the product. For comparison purposes the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.
- The dispersion of annual returns is measured by the equal-weighted standard deviation of account returns included in the composite for the full year. For partial years, dispersion is not presented as it is not considered meaningful.
- The three-year annualized ex-post standard deviation measures the variability of the monthly returns of the composite and the benchmark over the preceding 36 months. The standard deviation is not presented where there is less than 36 months of performance history.

Past performance is not indicative of future results. As with any investment vehicle there is always the potential for gains as well as the possibility of losses.

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All data as of Sept. 30, 2019

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