

Keep more of what you earn

What you need to know about year-end capital gains distributions

01

Know what you own: Many funds pay cap gains distributions to existing fund holders¹

61% (2,104 funds)

Percentage of US equity mutual funds that paid capital gains distributions in 2022

2%-4%

Range of average annual capital gains distribution as a % of NAV of US equity style box mutual funds over last 10 years

02

Taxes on cap gains distributions can erode returns over time²

Hypothetical example of the impact that paying taxes on capital gains distributions from US equity large cap mutual funds can have over 10 years



03

Consider switching into tax-efficient ETFs before distributions are paid or to harvest losses³

193

the number of Invesco ETFs that have not paid capital gains distributions in the past 5 years

Featured Invesco ETFs that have not paid capital gains distributions since inception

RSP

U.S. large cap blend equity

QQQM

U.S. large cap growth equity

BKLN

Senior bank loans

Investors should be aware of the material differences between mutual funds and ETFs. ETFs generally have lower expenses than actively managed mutual funds due to their different management styles. Most ETFs are passively managed and are structured to track an index, whereas many mutual funds are actively managed and thus have higher management fees. Unlike ETFs, actively managed mutual funds have the ability to react to market changes and the potential to outperform a stated benchmark. Since ordinary brokerage commissions apply for each ETF buy and sell transaction, frequent trading activity may increase the cost of ETFs. Investors should talk with their advisers regarding their situation before investing.

1. Source: Morningstar as of 12/31/2022. Based on a total universe of 3,426 U.S. equity mutual funds. 10-year period from 1/1/12-12/31/2022.
2. Source: Morningstar and Bloomberg using annual capital gains from 2013 to 2021 and an average of the 2013 to 2022 returns of the Morningstar US Fund Large Value, US Fund Large Growth and US Fund Large Blend. The highest federal tax rates to short and long term capital gains were applied. A 23.8% tax rate was applied to long term capital gains distributions and 40.8% tax rate was applied to short term capital gains distributions. The tax rates included the 3.8% net investment income tax. The average short term and long term capital gains distribution percentages are calculated large cap funds and ETFs as a whole for each of the past 10 years. Morningstar large cap category performance is used to calculate a large cap portfolio's hypothetical performance over the past 10 years. At the end of each year the historical average cap gain distribution is taxed at the highest short and long term tax rates. This tax is removed from the hypothetical value of the portfolio and remaining cap gain is reinvested into the hypothetical portfolio. At the end of the 10 year analysis the value of a hypothetical portfolio that paid tax on capital gains is compared to the hypothetical balance if no capital gains taxes were paid. This difference is the opportunity cost of the capital gains distributions. Hypothetical example assumes an investor is conducting this investment in a taxable account.
3. Source: Invesco as of 12/31/2022. Although these funds have not yet paid capital gains distributions, there is still a possibility that it could occur. Capital gains distributions should not be the only consideration when considering ETFs and mutual funds.

Risk & other information

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Underlying 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.

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 Funds call 800-983-0903 or visit [invesco.com](https://www.invesco.com) for prospectus/summary prospectus.

Invesco S&P 500 Equal Weight ETF (RSP)

Investments focused in a particular industry or sector, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investment. Stocks of medium-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

Invesco NASDAQ 100 ETF (QQQM)

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

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

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

Invesco Senior Loan ETF (BKLN)

Most senior 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.

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

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.

Non-investment grade securities may be subject to greater price volatility due to specific corporate developments, interest-rate sensitivity, negative perceptions of the market, adverse economic and competitive industry conditions and decreased market liquidity.

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

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

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.

The Fund may engage in frequent trading of its portfolio securities in connection with the rebalancing or adjustment of the Underlying Index.

The Fund's use of a representative sampling approach will result in its holding a smaller number of securities than are in the underlying Index, and may be subject to greater volatility.

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.

Under a participation in senior loans, the fund generally will have rights that are more limited than those of lenders or of persons who acquire a senior loan by assignment. In a participation, the fund assumes the credit risk of the lender selling the participation in addition to the credit risk of the borrower. In the event of the insolvency of the lender selling the participation, the fund may be treated as a general creditor of the lender and may not have a senior claim to the lender's interest in the senior loan. Certain participations in senior loans are illiquid and difficult to value.

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.

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 invests in financial instruments that use the London Interbank Offered Rate ("LIBOR") as a reference or benchmark rate for variable interest rate calculations. LIBOR will be phased out by the end of 2021, and it's anticipated that LIBOR will cease to be published after that time. To assist with the transition, US dollar LIBOR rates will continue to be published until June 2023. There is uncertainty on the effects of the LIBOR transition process, therefore any impact of the LIBOR transition on the Fund or its investments cannot yet be determined. There is no assurance an alternative rate will be similar to, produce the same value or economic equivalence or instruments using the rate will have the same volume or liquidity as LIBOR. Any effects of LIBOR transition and the adoption of alternative rates could result in losses to the Fund.

Invesco does not offer tax advice. Please consult your tax adviser for information regarding your own personal tax situation.

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.

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 10,000, 20,000, 25,000, 50,000, 75,000, 80,000, 100,000, 150,000 or 200,000 Shares.

Note: Not all products, materials or services available at all firms.