

# Invesco Investment Grade Floating Rate Bond SMA Fourth quarter

Fact Sheet: Separately Managed Accounts  
Dec. 31, 2020



## Portfolio management team

### 23-member team

Average of 16 years

Experience spread throughout global financial centers

The main objective of the strategy is to provide current income with potential capital appreciation for total return, while seeking to outperform the 3 Month LIBOR Index over a complete market cycle.

## Current portfolio positioning

In the fourth quarter of 2020, the pandemic worsened in many countries with infections, hospitalizations and deaths on the rise. As a result, some countries implemented varying levels of lockdown measures, which put pressure on their respective economic recoveries. In the U.K. and the eurozone, the services sector came under particular pressure. There was also an inability to get another substantial fiscal stimulus package passed in the United States for much of the quarter, which put additional pressure on the domestic economic recovery.

In terms of monetary policy, central banks remained very accommodative during the period. The European Central Bank increased the size of its planned asset purchases and extended the time to make those purchases. The Bank of England announced a decision to expand its asset purchase facility, while the U.S. Federal Reserve also agreed to increase asset purchases. Additionally, the Bank of Canada (BoC) announced a decision to recalibrate its quantitative easing (QE) program to purchase more longer-term bonds, with the goal of lowering borrowing rates that have a greater impact on households and businesses.

US bond returns remained positive for the period, despite a modest increase in longer maturity rates. The US corporate credit market continued to enhance bond results for the quarter, closing off an historic period of volatility amid the COVID-19 pandemic. Credit markets have performed in an orderly manner since March, as the Federal Reserve intervened with a quantitative easing action to facilitate the purchase of securities in the market, in a similar manner as the mortgage-backed and treasury purchases.

The US investment grade corporate sector notably outperformed duration-matched treasuries, generating 4.11% of excess return for the quarter. Each of the sectors produced positive relative results, with industrials (4.45%) outperforming utility (4.22%) and financials (3.38%). Longer maturity corporates outperformed as rates along the yield curve were increasing. Securities with maturities 10+ years had an excess return of 7.39%. Within industrials, the energy (6.69%), basic industry (5.48%), capital goods (4.93%), and transportation (4.92%) sub-sectors led to the outperformance.

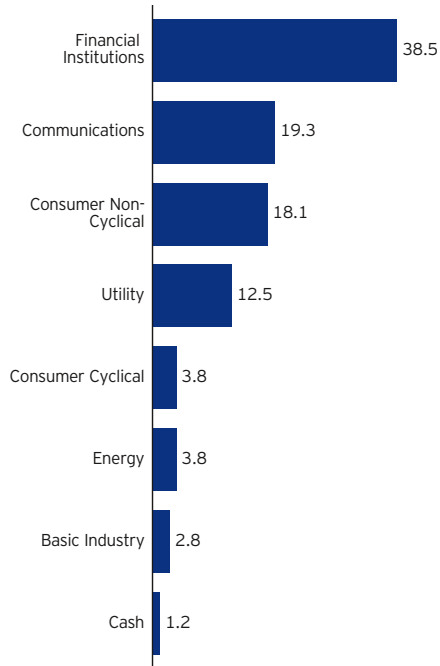
For the quarter, the Invesco Investment Grade Floating Rate Bond SMA outperformed its benchmark, 3-Month LIBOR, driven by its positioning in investment grade corporate bonds. In particular, the allocation to financial institutions; technology, media and telecom; and utilities were the primary drivers of relative return.

## FOR PUBLIC USE

### Not a Deposit Not FDIC Insured Not Guaranteed by the Bank May Lose Value Not Insured by any Federal Government Agency

All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be construed as an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment making decision. As with all investments there are associated inherent risks. This should not be considered a recommendation to purchase any investment product. This does not constitute a recommendation of any investment strategy for a particular investor. Investors should consult a financial professional before making any investment decisions if they are uncertain whether an investment is suitable for them. Please obtain and review all financial material carefully before investing.

### Sector weightings (%)

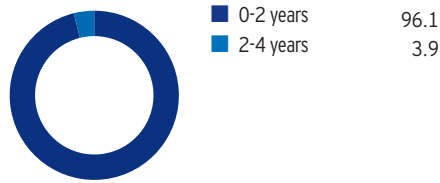


### Portfolio characteristics

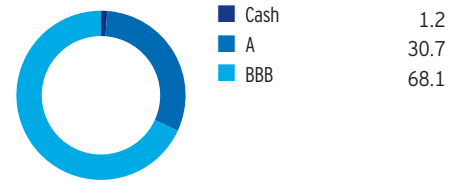
Portfolio characteristics	Portfolio
Number of Holdings	30
Yield-to-Worst (YTW)	1.15
Weighted Average Maturity (Years)	7.2
Modified Duration (Years)	0.26
Effective Duration (Years)	0.33

Portfolio characteristics are subject to change.

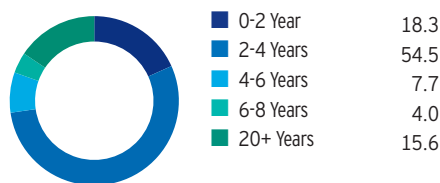
### Effective duration (%)



### 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.

### FOR PUBLIC USE

All data as of Dec. 31, 2020

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](http://www.standardandpoors.com) and select 'Understanding Ratings' under Rating Resources on the homepage; [www.moodys.com](http://www.moodys.com) and select 'Ratings Methodologies' under Research and Ratings on the homepage; [www.fitchratings.com](http://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. Southern Co.	5.500	3/15/2057	3.98
2. Goldman Sachs Group Inc.	1.972	10/28/2027	3.98
3. Bank of America Corp.	5.200	12/31/2049	3.95
4. Charles Schwab Corp.	4.625	12/31/2049	3.89
5. Verizon Communications Inc.	1.321	5/15/2025	3.88
6. Charter Communications Operating LLC	1.864	2/1/2024	3.88
7. AT&T Inc.	1.400	6/12/2024	3.87
8. Morgan Stanley	1.433	5/8/2024	3.85
9. General Mills Inc.	1.228	10/17/2023	3.84
10. Vodafone Group PLC	1.220	1/16/2024	3.83

**Other sample holdings**

American Electric Power Co.	0.680	11/1/2023
American Express Co.	0.883	2/27/2023
Bank of America Corp.	0.995	2/5/2026
Bank of New York Mellon Corp.	1.264	10/30/2023
BAT Capital Corp.	1.101	8/15/2022
Becton Dickinson and Co.	1.255	6/6/2022
Cigna Corp.	1.127	7/15/2023
Citigroup Inc.	1.322	5/17/2024
Comcast Corp.	0.867	4/15/2024

**Other sample holdings (continued)**

CVS Health Corp.	0.950	3/9/2021
Dominion Energy Inc.	0.747	9/15/2023
General Motors Financial Co.	1.779	1/14/2022
Goldman Sachs Group Inc.	0.963	2/23/2023
JPMorgan Chase & Co.	4.625	12/31/2049
JPMorgan Chase & Co.	3.545	12/31/2049
LYB International Finance III LLC	1.230	10/1/2023
MPLX	1.330	9/9/2022
Pacific Gas And Electric Co.	1.699	6/16/2022
Phillips Co.	0.840	2/15/2024
Wells Fargo & Co.	1.325	1/24/2023

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	"Pure" gross return* (%)	Net return (%)	3 Month LIBOR Index (%)
4Q20	1.17	0.78	0.06
3Q20	1.74	1.36	0.06
2Q20	7.66	7.27	0.15
1Q20	-7.85	-8.20	0.38

**Annualized compound returns**

Period	"Pure" gross return* (%)	Net return (%)	3 Month LIBOR Index (%)
1 Year	2.12	0.58	0.65
Since Inception (4/01/19)	3.59	2.04	1.32

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.

**Invesco Investment Grade Floating Rate Bond SMA Wrap composite as of Dec. 31, 2019**

Year	"Pure" gross return* (%)	Net return (%)	3 Month Libor Index (%)	Composite dispersion (%)	Composite 3-year annualized standard deviation (%)	3 Month Libor Index (%)	Number of accounts	Composite assets (\$ millions)	Total firm assets (\$ billions)	% wrap assets
2019**	4.16	3.00	1.66	N/A	N/A	N/A	8	6	826	100

**Annualized Compound Returns as of Dec. 31, 2019**

Period	"Pure" Gross Return*	Net Return	3 Month Libor Index
Since Inception (04/01/19)	4.16	3.00	1.66

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 April 1, 2019 (inception) through December 31, 2019.

- Invesco Worldwide ("The Firm") is defined as follows: For purposes of compliance with the Global Investment Performance Standards (GIPS®), the "Firm" (Invesco Worldwide) refers to: U.S.-based Invesco Advisers, Inc.; Invesco Managed Accounts, LLC; and wholly owned Invesco firms outside of North America. This definition excludes: unit investment trusts; Invesco India; Source Investment Management Ltd.; Invesco Asset Management Australia (Holdings) Ltd.'s investments in Asia; Invesco Asset Management Australia (Holdings) Ltd.; Invesco Real Estate Investment Asia Pacific Ltd.; Invesco Real Estate Investment (Asia) LLC's Singapore branch; Invesco Global Real Estate Asia Pacific, Inc.'s Japan branch; Invesco Real Estate (Cayman) Ltd.; Invesco Great Wall Fund Management Co. Ltd., a fund management company established under China Securities Regulatory Commission's approval; and Invesco Senior Secured Management, Inc., Invesco Private Capital, Inc., and Invesco Capital Management LLC, which are SEC-registered investment advisers and affiliates of the Firm marketed as separate entities. Invesco Canada Ltd. is also a GIPS-compliant firm whose assets are managed by a subsidiary of Invesco Ltd. All entities within the Firm are directly or indirectly owned by Invesco Ltd. On May 24, 2019 Invesco acquired Massachusetts Mutual Life Insurance Company's asset management affiliate OppenheimerFunds. As a result of this transaction, assets previously part of the OFI Global Asset Management (OFI Global) GIPS® firm will now be part of Invesco Worldwide (IWW) GIPS® firm. IWW and OFI Global firm assets were combined beginning December 31, 2019.
- 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, 2019. 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 Investment Grade Floating Rate Bond SMA Wrap Composite includes all discretionary accounts styled after the Invesco Investment Grade Floating Rate Bond SMA Model Portfolio, which seeks to provide current income with potential capital appreciation for total return by primarily investing in investment grade floating rate corporate debt securities. The strategy can also invest up to 20% of its net assets in preferred 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 April 2019.
- "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 London Inter-Bank Offered Rate (LIBOR) 3 Month USD Index is an unmanaged index considered representative of the average interest rate at which a selection of banks in London are prepared to lend to one another in U.S. Dollars with a maturity of three months. 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.

**FOR PUBLIC USE**

All data as of Dec. 31, 2020

**Invesco Advisers, Inc. is the investment adviser for the separately managed accounts (SMA); it provides investment advisory services to individual and institutional clients and does not sell securities. It is an indirect, wholly owned subsidiary of Invesco Ltd.**

The Investment Advisers Act of 1940 requires investment advisory firms, such as Invesco Advisers, Inc., to file and keep current with the Securities and Exchange Commission a registration statement of Form ADV. Part II of Form ADV contains information about the background and business practices of Invesco Advisers, Inc. Under the Commission's rules, we are required to offer to make available annually Part II of Form ADV to our clients along with our privacy policy. Accordingly, if you would like to receive a copy of this material, please write to Invesco Advisers, Inc., Managed Accounts Operations Department, 11 Greenway Plaza, Suite 1000, Houston, Texas 77046. For more complete information about our separately managed portfolios, please contact your financial advisor.

Invesco Advisers, Inc. ■ 11 Greenway Plaza, Suite 1000 ■ Houston, Texas 77046-1188 ■ 713 626 1919

invesco.com/us

APAM:IGF

01/21