

# Invesco Tax-Free Limited Term ESG SMA

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## Why invest in this strategy

- 1 Targeted ESG active management**  
 Our approach to ESG investing is more active on security selection and sector allocation while being more passive on duration management.
- 2 Tax optimization**  
 We seek to efficiently deliver tax alpha through a process that uses proprietary technology to continuously monitor tax-loss harvesting opportunities.
- 3 Customization**  
 We build portfolios that are customized to reflect clients' views, values, tax situation, and liquidity needs in a cost-efficient manner.

## What this strategy does

The strategy invests entirely in investment grade tax-exempt municipal bonds and targets a weighted average portfolio duration of 3.75 years with individual bond maturities no greater than 12 years. This limited-duration strategy exhibits moderate sensitivity to changes in interest rates.

## Overview (as of 06/30/2024)

Composite AUM	\$238 mil
Strategy AUM	\$321 mil
Type/sub category	Fixed Income   Investment Grade   ESG
Inception date	12/31/2013
Separate account minimum	\$250 thousand
Average number of holdings	20-25
Portfolio manager (Industry start date)	Eddie Bernhardt (1999), Tim Benzel (2006), Mark Paris (1990), Galen True (2009), Joshua Cooney (1998) , Rebecca Setcavage (2004)
Investment Advisor	Invesco Managed Accounts, LLC
Benchmark <sup>1</sup>	ICE BofA 1-10 Year U.S. Municipal Securities Index

## Portfolio characteristics<sup>2</sup>

	Strategy	Benchmark
Yield to Worst (YTW)	3.65	3.43
Yield to Maturity	3.88	3.61
Weighted Average Maturity (Years)	5.33	9.39
Effective Duration (Years)	3.64	3.74
Average Coupon	4.15	4.63
Average Credit Quality <sup>3</sup>	AA	AA2

## Quality breakdown

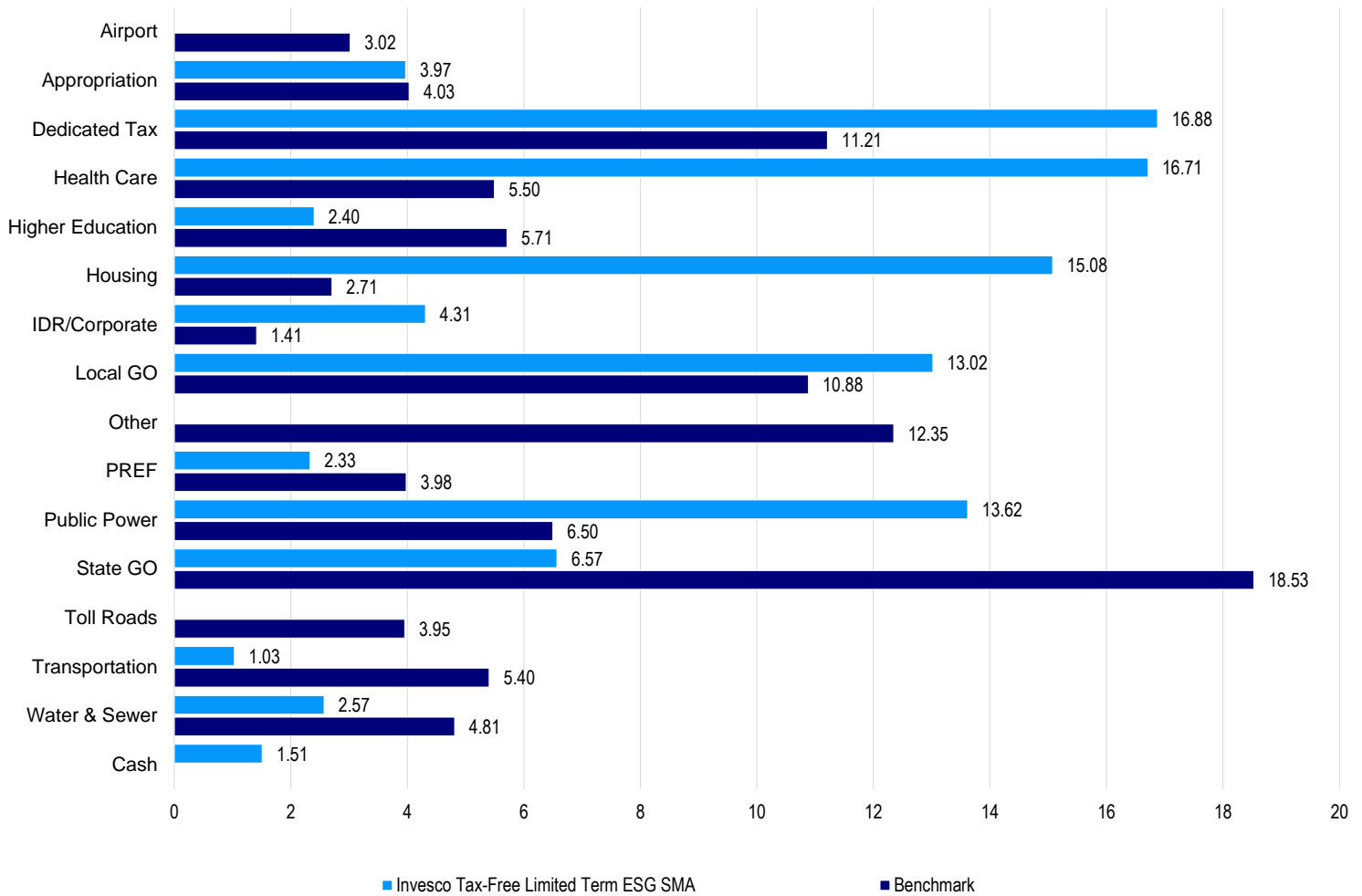
Net cash & equiv.	1.51
AAA	22.58
AA	45.15
A	30.65
BBB	0.11
BB	0.00

Source: Invesco, Investortools. These portfolio statistics are subject to change. Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. If securities are rated differently by the rating agencies, the higher rating is applied. Data as of 6/30/24.

1. Please see Disclosure Statement for benchmark index description.
2. The portfolio characteristics are based on a representative account for the strategy and are subject to change without notice.
3. Average credit quality (ACQ) is an internal measurement calculated by taking the highest rating of the three major rating agencies (S&P, Moody's & Fitch) at a security level. It is then changed into a numerical value, asset weighted and then calculated to be shown at the portfolio level in Moody's format. Non-rated securities are not included in the average quality calculation. Information on non-rated securities is provided in the Quality Distribution chart, if applicable. ACQ calculations may vary across the industry and should not be the only factor in analyzing a portfolio. Please review all information carefully before investing. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. If securities are rated differently by the rating agencies, the higher rating is applied. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality.

The strategy assets under management displayed above reflects multiple composites. Please refer to the GIPS Presentation at the end of this report for additional information.

## Sector breakdown (% of total net assets)



## Portfolio statistics (annualized)

### 3 Years

Information Ratio	-0.33
Sharpe Ratio	-0.79
Beta	0.96
Tracking Error	0.38
Standard Deviation	4.51

Information is based on a representative account of the composite.

## Standardized performance (%) as of June 30, 2024

	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since inception (12/31/2013)
Invesco Tax-Free Limited Term ESG SMA (gross)	0.01	-0.04	2.77	-0.38	1.00	1.75	1.88
Invesco Tax-Free Limited Term ESG SMA (net)	-0.03	-0.11	2.62	-0.54	0.82	1.55	1.68
Benchmark	-0.12	-0.31	2.65	-0.25	0.98	1.62	1.78

Benchmark: ICE BofA 1-10 Year U.S. Municipal Securities Index

Performance returns less than one year are not annualized.

Past performance is not indicative of future results. An investment cannot be made directly in an index.

## Invesco Tax-Free Limited Term ESG SMA

Year	Gross return (%)	Net return (%)	Benchmark Return (%)	Composite dispersion (%)	Composite 3-Year annualized standard deviation (%)	Benchmark 3-Year annualized standard deviation (%)	Number of accounts	Composite assets (\$ millions)	Total firm assets (1) (\$ billions)
2023	4.13	3.96	4.29	0.27	4.49	4.64	159	215	900
2022	-5.11	-5.27	-4.61	0.30	3.99	4.12	152	308	865
2021	0.10	-0.10	0.48	0.19	2.46	2.60	111	206	975
2020	4.54	4.33	3.81	0.26	2.42	2.58	83	135	876
2019	5.46	5.25	5.28	0.20	1.67	1.74	63	84	826
2018	1.73	1.51	1.69	0.18	2.39	2.23	39	62	N/A
2017	3.39	3.14	2.83	0.26	2.43	2.22	15	16	N/A
2016	0.14	-0.07	-0.05	0.13	2.34	2.14	9	11	N/A
2015	2.45	2.24	2.12	0.22	N/A	N/A	7	52	N/A
2014	3.37	3.16	3.58	0.07	N/A	N/A	7	63	N/A

Benchmark: ICE BofA 1-10 Year U.S. Municipal Securities Index

### Annualized Compound Rates of Return Ending December 31, 2023

Period	Gross return (%)	Net return (%)	Benchmark Return (%)
1 Year	4.13	3.96	4.29
3 Year	-0.37	-0.54	-0.01
5 Year	1.74	1.56	1.78
10 Year	1.98	1.77	1.90
Since Inception (12/31/2013)	1.98	1.77	1.90

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- The Invesco Tax-Free Limited Term ESG SMA Composite includes every fully representative portfolio managed in the strategy. The composite includes portfolios that generally hold at least 80% of assets in securities that are exempt from federal taxes and are managed with the Invesco Managed Accounts ESG strategy overlay. All portfolios are actively managed with tax efficient considerations in regard to state and local income taxes. All holdings within the portfolios are investment grade. Eligible securities include those in the municipal, U.S. Treasury, government-related, and corporate sectors of the investment-grade bond market. The weighted average duration of the portfolios included in the composite is between 3.5 – 4.5 years, and the weighted average credit rating of member portfolios is single A or above. The composite name was changed in September 2015. Previously, the composite name was SNW HIP Municipal Composite – Intermediate. The name of the Composite was changed from Municipal Impact Intermediate to Impact Municipal Intermediate on June 30, 2018. The composite is managed in comparison to, not duplication of the benchmark. The composite inception date is 1/1/2014. The composite was created in January 2014.
- The Composite gross-of-fee returns reflect the reinvestment of income and the impact of transaction costs, but do not include the deduction of investment advisory fees, distribution expenses or any other account expenses, such as custodial fees. Composite net-of-fee returns are calculated by deducting actual management fees from the underlying portfolios' gross returns. Annual fees for the Invesco Tax-Free Limited Term ESG SMA product range up to 0.75% of the market value of the assets under management. The minimum account size is \$250,000. Actual fees may vary depending on, among other things, the vehicle type, applicable fee schedule and portfolio size.
- The ICE Bank of America Merrill Lynch 1-10 Year U.S. Municipal Securities Index is an unmanaged index that is a subset of the ICE Bank of America Merrill Lynch U.S. Municipal Securities Index including all securities with a remaining term to final maturity less than 10 years. 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 periods with five or fewer accounts included for the entire year, 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.

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9. Prior to September 1, 2019, performance represents results achieved by the respective investment team while it was part of OppenheimerFunds, Inc. Invesco acquired Massachusetts Mutual Life Insurance Company's asset management affiliate OppenheimerFunds on May 24, 2019. Composite assets and returns prior to August 2019 represent results while it was part of OppenheimerFunds. OFI Global was GIPS verified by another firm through December 31, 2018. Effective December 31, 2019, the composite name changed from the SNW Impact Municipal Intermediate Composite to the Invesco Tax-Free Limited Term Impact SMA Composite. Effective December 9, 2022, the composite name changed from Invesco Tax-Free Limited Term Impact SMA Composite to Invesco Tax-Free Limited Term ESG SMA Composite.

**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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## Definitions

**Beta** (cash adjusted) is a measure of relative risk and the slope of regression.

**Information Ratio** measures the risk-adjusted returns of a financial asset or portfolio relative to a certain benchmark.

**Sharpe Ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance.

**Standard Deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations.

**Tracking Error** is defined as the expected standard deviation of a portfolio's excess returns over the benchmark index return.

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