Invesco Dynamic U.S. Factor Rotation Portfolio

November 7, 2025

Investment Strategy

The Invesco Dynamic U.S. Factor Rotation Portfolio aims to offer a cost-effective, dynamic U.S. equity solution that is systematically driven by leading economic indicators and global risk appetite.

Portfolio positioning and commentary

Following an extended period in a Contraction regime, characterized by below-trend and decelerating growth, our global macro framework is **transitioning to a Recovery regime** as of November 2025. This shift is underpinned by a sustained improvement in market-implied growth expectations, captured by our global risk appetite cycle indicator.

Our framework correctly anticipated the deceleration in global growth to below trend levels. This view was supported by signs of weakening labor markets and underperformance in cyclical sectors. However, while growth remained subdued, recessionary conditions ultimately did not materialize, and asset class performance diverged from our expectations.

Looking ahead, the structural tech super-cycle, renewed fiscal policy stimulus, and the de-escalation of global trade tensions appear to be significant tailwinds, sufficient to offset the weakness in other sectors such as manufacturing, housing, trade, and overall employment. We believe this recovery regime has the potential to deliver modest positive returns across risky assets, hence warranting a change in portfolio positioning until new economic developments become available. This transition does not represent the beginning of a new cycle, but an extension of the existing cycle given low unemployment rates and credit spreads near all-time lows.

From a factor lens, we are increasing portfolio risk: we favor value, small- and mid-caps, hence cheapening portfolio valuations.

The result of this shift means the following for the **Invesco Dynamic U.S. Factor Rotation Portfolio:**

- Increased our allocation to the **Invesco S&P 500 Equal Weight ETF (RSP)** and the **Invesco S&P 500 Enhanced Value ETF (SPVU).**

- Reduced our allocation to the **Invesco S&P 500 Low Volatility ETF (SPLV),** the **Invesco S&P 500 Momentum ETF (SPMO),** and the **Invesco S&P 500 Quality ETF (SPHQ).**

Changes to holdings (%)

Underlying investment	Ticker	U.S. Factor Rotation
US Equity		**-**
Invesco S&P 500 Enhanced Value ETF	SPVU	25.0
Invesco S&P 500 Equal Weight ETF	RSP	25.0
Invesco S&P 500 Low Volatility ETF	SPLV	-20.0
Invesco S&P 500 Momentum ETF	SPMO	-15.0
Invesco S&P 500 Quality ETF	SPHQ	-15.0

Source: Invesco as of November 07, 2025. A dash represents no allocation change.This table illustrates the composition of model portfolios 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. Holdings may vary depending on program sponsor restrictions or specific client guidelines. Holdings may not equal 100% due to rounding. Where cash is shown, it is for the model level. It does not include possible amounts held within each underlying fund. To obtain a list of all recommendations made by Invesco Advisers, Inc. in this investment model during the last year, please contact Invesco Advisers, Inc. at 800 349 0953.

Portfolio holdings (%)

Underlying investment	Ticker	U.S. Factor Rotation
US Equity		**100.0**
Invesco S&P 500 Enhanced Value ETF	SPVU	35.0
Invesco S&P 500 Equal Weight ETF	RSP	35.0
Invesco S&P 500 Low Volatility ETF	SPLV	10.0
Invesco S&P 500 Momentum ETF	SPMO	10.0
Invesco S&P 500 Quality ETF	SPHQ	10.0
Total		**100.0**

Source: Invesco as of November 07, 2025. This table illustrates the composition of model portfolios 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. Holdings may vary depending on program sponsor restrictions or specific client guidelines. Holdings may not equal 100% due to rounding. Where cash is shown, it is for the model level. It does not include possible amounts held within each underlying fund. To obtain a list of all recommendations made by Invesco Advisers, Inc. in this investment model during the last year, please contact Invesco Advisers, Inc. at 800 349 0953.

Glossary

Active Management – active funds are directly managed by a manager, or team of managers, seeking to beat market returns.
Alpha – the excess return of an investment relative to the return of a benchmark index.
Beta – a measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole.
Collaterlized Loan Obligations (CLO) - securities backed primarily by a pool of bank loans.
Credit Rating – refers to the quality of a company's credit, as determined and assigned by a recognized credit ratings agency.
Duration – a bond's price sensitivity to changes in interest rates.
Exchange Traded Product – financial instruments traded on stock exchanges that provide investors with exposure to diverse asset classes such as stocks,bonds, commodities, and currencies. Exchange Traded Products (ETPs) can be Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), Exchange Traded Commodities (ETCs), or other vehicles representing structured investment products.
Factor – investment approach in which securities are grouped into categories, and portfolio allocation is based on selection among "factors" rather than among individual securities. These targeted factors, such as low volatility, momentum, or quality, give investors a set of tools to tailor exposures.
Open Ended Mutual Funds – a diversified portfolio of pooled investor money that can issue an unlimited number of shares. The fund sponsor sells shares directly to investors and redeems them as well. These shares are priced daily based on their current net asset value (NAV).
Managed Futures – Managed futures are an investment in a portfolio of futures contracts managed by commodity trading advisors (CTAs)
Separately Managed Account – a portfolio of securities that's professionally managed separately from other portfolios. The portfolios are made up of stocks, bonds, and other securities and can be customized to align with an investor's unique goals and preferences.
Smart Beta – a long-only rules-based investment strategy that seeks to outperform a capitalization-weighted benchmark.
Spread – difference between the quoted rate of return on different debt instruments which often have varying maturities, credit ratings, and risk.
Spread Duration – a bond's price sensitivity to changes in spreads.
Strategic Asset Allocation – constructed based on long-term asset class forecasts with targets to maintain a set combination of assetclasses.
Style – an investment approach in which securities are grouped into categories, and portfolio allocation is based on selection among "styles" rather than among individual securities.
Sub-Advised – an investment that is managed by another management team or firm than where the assets are held. A sub-advised portfolio may consist of specialty or niche investments that the main portfolio managers seek outside expertise for.
Tactical Asset Allocation – constructed on the basis of shorter-term asset class forecasts seeking to capitalize on changing market prices.
Tracking Error – the volatility of portfolio's returns versus benchmark returns. Also known as active risk.

Investments have varying degrees of risk. Some of the risks involved with equities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political, or social events in the US or abroad. Bonds are subject to interest rate, inflation, and credit risks. Investments in high yield bonds may be subject to greater market fluctuations and risk of loss of income and principal than securities in higher rated categories. Investments in foreign securities involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic, or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. Alternative strategies may include investments in private equity, private credit, real estate, and infrastructure, which may involve additional risks such as lack of liquidity and concentrated ownership. Investors considering alternatives should be aware of their unique characteristics and additional risks from the strategies they use. Managed futures investments are speculative and involve a high degree of risk. ETFs are subject to certain risks that may affect the price, yield, total return, and ability to meet its investment objectives. ETF shares may trade at a premium or discount to NAV. ETFs may be subject to management fees, transaction costs or expenses. Mutual funds are subject to investment risks, including possible loss of the principal amount invested. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Separately Managed Accounts (SMAs) differ from pooled vehicles like ETFs and mutual funds in that each portfolio can be customized to match objectives, needs and risks.

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