

# Invesco BulletShares Municipal Portfolios

## 2025

### Key takeaways

- 1 Global markets in Q4 2025 saw equities edge higher amid easing rate expectations, resilient growth, and ongoing geopolitical uncertainty.**
- 2 Most of the Invesco BulletShares Municipal Portfolios produced positive returns, although all underperformed their custom benchmarks for the year on a net of fees basis.**
- 3 With exposure to a wide range of maturities, the municipal bond ladder portfolio delivered a balanced blend that generated dependable income and competitive returns while adapting to an evolving interest rate landscape.**

#### What this model does

The Invesco BulletShares Municipal Model portfolios invest in BulletShares Municipal Bond ETFs to create bond ladders, offering investors a tax-free, cost-effective, and convenient approach to portfolio laddering. These portfolios provide customized municipal bond portfolios tailored to specific maturity profiles, risk preferences, and investment goals. The portfolios are designed to be evergreen across four maturity bands: 0–3, 0–5, 0–7, and 0–10 tax-free years.

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. An investment cannot be made directly in an index. See the last page for additional important information.

#### Market Overview

Both equity and bond markets registered positive gains, driven by easing inflation, Fed rate cuts in October and December, and resilient corporate earnings, even as delayed economic data and persistent geopolitical and trade uncertainties posed risks. Non-US equities once again outperformed the broad US equity market. The Fed lowered rates by 50 basis points and signaled a cautious stance going forward. The US dollar held firm on strong growth and safe-haven demand, while commodities advanced broadly, with precious metals benefiting from shifting monetary expectations. Key themes included optimism around AI-driven growth, volatility from fiscal gridlock, and investor positioning for a changing interest rate environment.

#### US Equity

Domestic markets were marked by volatility, a brief late November dip, and a market environment focused on quality and earnings strength during the fourth quarter. Despite the longest government shutdown on record, the S&P 500 advanced, helping the market achieve another year of double-digit returns. Health care and communication services led performance, driven by steady demand, innovation, and strong digital platform growth alongside improving consumer sentiment. Real estate and utilities lagged as falling interest rates and monetary easing reduced the appeal of traditionally defensive, rate-sensitive sectors. Collectively, value stocks outpaced growth, and large-caps led the market, followed by small-caps.

#### International Equity

International equities maintained their strong performance and outpaced US markets for a fourth consecutive quarter. Emerging markets outperformed, driven by attractive valuations and strong earnings momentum, with India and South Korea among the best performers thanks to robust technology and export sectors. China lagged due to regulatory pressures and slower economic recovery, while Mexico underperformed amid trade-related headwinds. Geopolitical tensions and trade uncertainties persisted, encouraging investors to favor diversified, high-quality exposure while remaining cautious on regions sensitive to policy risk. Overall, sentiment improved as monetary easing and stabilizing fundamentals boosted confidence across global markets.

#### Fixed Income

Bond markets ended Q4 on a positive note as global monetary easing gained momentum. US Treasuries posted modest gains as front-end yields declined following multiple Fed rate cuts, while longer maturities held firm, resulting in a steeper curve. Credit markets strengthened, with investment-grade and high yield spreads tightening on solid corporate fundamentals. Inflation-linked bonds underperformed as price pressures continued to ease. European government bonds rallied on dovish central bank signals and stabilizing growth. Emerging market debt saw robust inflows, supported by a weaker dollar and improving risk sentiment. Investors focused on duration and credit opportunities as rate normalization accelerated worldwide.



## Portfolio performance for the year

- Fixed income performance was driven in part by intermediate-term municipal bonds, whereas shorter-term municipal bonds detracted from the total portfolio returns.
- The Invesco BulletShares Municipal 0-3 Year Portfolio produced a return of 3.06% (0.02% net-of-fees) for the year and underperformed its custom benchmark which returned 4.11%. The custom benchmark consists of 100% Bloomberg Municipal Bond: Muni Short (1-5) Total Return Index.
- The Invesco BulletShares Municipal 0-5 Year Portfolio produced a return of 3.22% (0.18% net-of-fees) for the year and underperformed its custom benchmark which returned 4.11%. The custom benchmark consists of 100% Bloomberg Municipal Bond: Muni Short (1-5) Total Return Index.
- The Invesco BulletShares Municipal 0-7 Year Portfolio produced a return of 3.44% (0.39% net-of-fees) for the year and underperformed its custom benchmark which returned 5.14%. The custom benchmark consists of 100% Bloomberg Muni 1-10yr Total Return Index.
- The Invesco BulletShares Municipal 0-10 Year Portfolio produced a return of 3.49% (0.44% net-of-fees) for the year and underperformed its custom benchmark which returned 5.14%. The custom benchmark consists of 100% Bloomberg Muni 1-10yr Total Return Index.

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. An investment cannot be made directly in an index. Model holdings change over time and there is no guarantee securities will remain in the portfolio.

## Holdings and characteristics

### Portfolio holdings (%)

Underlying investment	Ticker	0-3	0-5	0-7	0-10
<b>Fixed Income</b>		<b>98.0</b>	<b>98.0</b>	<b>98.0</b>	<b>98.0</b>
Invesco BulletShares 2026 Municipal Bond ETF	BSMQ	32.7	19.6	14.0	9.8
Invesco BulletShares 2027 Municipal Bond ETF	BSMR	32.6	19.6	14.0	9.8
Invesco BulletShares 2028 Municipal Bond ETF	BSMS	32.7	19.6	14.0	9.8
Invesco BulletShares 2029 Municipal Bond ETF	BSMT	0.0	19.6	14.0	9.8
Invesco BulletShares 2030 Municipal Bond ETF	BSMU	0.0	19.6	14.0	9.8
Invesco BulletShares 2031 Municipal Bond ETF	BSMV	0.0	0.0	14.0	9.8
Invesco BulletShares 2032 Municipal Bond ETF	BSMW	0.0	0.0	14.0	9.8
Invesco BulletShares 2033 Municipal Bond ETF	BSSX	0.0	0.0	0.0	9.8
Invesco BulletShares 2034 Municipal Bond ETF	BSMY	0.0	0.0	0.0	9.8
Invesco BulletShares 2035 Municipal Bond ETF	BSMZ	0.0	0.0	0.0	9.8
<b>Cash</b>		<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Portfolio characteristics

	0-3	0-5	0-7	0-10
% ETFs	98	98	98	98
Weighted average expenses (%)	0.18	0.18	0.18	0.18
Total number of holdings (excluding cash)	3	5	7	10

Source: Invesco, as of December 31, 2025. Holdings are subject to change and are not buy/sell recommendations. Totals may not equal 100% due to rounding. The model portfolio expense ratio is a weighted average net expense ratio of the underlying holdings. The expenses do not include transaction costs. Brokerage commissions may or may not apply. The table above reflects all recommended securities in the strategy and their allocation as of the date of this document. Where cash is shown, it is for the model level. It does not include possible amounts held within each underlying fund.

## Composite performance

### Performance (%) as of December 31, 2025

Period		0-3	0-5	0-7	0-10
3-month	"Pure" Gross Return*	0.82	0.80	0.89	1.15
	Net Return	0.07	0.05	0.13	0.39
	Benchmark Return	0.47	0.47	0.98	0.98
1-year	"Pure" Gross Return*	3.06	3.22	3.44	3.49
	Net Return	0.02	0.18	0.39	0.44
	Benchmark Return	4.11	4.11	5.14	5.14
3-year	"Pure" Gross Return*	3.02	3.10	3.19	3.41
	Net Return	-0.02	0.06	0.15	0.36
	Benchmark Return	3.25	3.25	3.53	3.53
5-year	"Pure" Gross Return*	1.73	1.42	1.20	0.81
	Net Return	-1.28	-1.58	-1.79	-2.17
	Benchmark Return	1.43	1.48	1.35	1.39
Since inception (12/10/19)	"Pure" Gross Return*	1.82	1.68	1.59	1.41
	Net Return	-1.19	-1.32	-1.41	-1.59
	Benchmark Return	1.61	1.78	1.80	1.94

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. Returns for greater than one year are annualized.

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

Model launch date December 10, 2019. Performance reporting began December 31, 2019, the month-end following launch.

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3. Composite information for Invesco BulletShares Municipal Portfolio Wrap Composites is representative of Invesco BulletShares Municipal 0-3 Year Portfolio Wrap Composite, Invesco BulletShares Municipal 0-5 Year Portfolio Wrap Composite, Invesco BulletShares Municipal 0-7 Year Portfolio Wrap Composite, and Invesco BulletShares Municipal 0-10 Year Portfolio Wrap Composite. Invesco BulletShares Municipal Portfolio Wrap Composites include all discretionary accounts styled after the corresponding Invesco BulletShares Municipal Model Portfolio. The portfolios seek to track the investment results (before fees and expenses) of the appropriate broad-based market indexes that represent the duration and style of the relative BulletShares. For periods beginning June 1, 2024, the composite is composed of 100% non-fee paying discretionary wrap accounts. Prior to June 1, 2024, the composite was composed of 100% non-fee paying discretionary institutional accounts. The historical performance results are those of the four bond ladders in the Invesco BulletShares Municipal Portfolio Institutional Composites noted above. The composites are managed in comparison to, not duplication of, the respective benchmarks. The composites were created in January 2020.
4. "Pure" gross of fees returns reflect the deduction of trading costs but do not reflect any other expenses, outside of the operational expenses, and are supplemental to net returns. Performance results are presented both net and gross of total wrap fees. For periods beginning March 1, 2024, the net returns reflect the deduction of the maximum total wrap fee, which is currently 3.00% per annum or 0.250% monthly, from the "pure" gross return. For periods from March 1, 2021 through February 29, 2024, the net returns reflect the deduction of the maximum total wrap fee of 1.50% per annum or 0.125% monthly, from the "pure" gross return. Prior to March 1, 2021, the net returns reflect the deduction of the maximum total wrap fee of 2.00% per annum or 0.1667% monthly, from the "pure" gross return. Effective March 1, 2024, the model fee has been retroactively changed for all periods since inception to 3.00%. A model fee is the highest wrap fee a client could pay (3.00% 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: 3.00% on total assets. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. All returns are expressed in U.S. dollars and are gross of nonreclaimable withholding tax, if applicable.
5. The Invesco BulletShares® Municipal Custom Indexes (thru 12/31/2021) were used solely prior to January 1, 2022, and Bloomberg Municipal Bond TR Indexes Unhedged USD are used thereafter. The benchmarks were changed to broad-based market indexes that better represent the duration and style of the relative municipal BulletShares portfolio. The BulletShares® Indexes are designed to provide maturity-targeted exposure to the US dollar-denominated investment grade municipal bond market. Each Index tracks a diversified basket of bonds with the same annual maturity and is designed to have a return profile similar to that of an individual held-to-maturity bond. The benchmarks are used for comparative purposes only and generally reflect the risk or investment style of the products. The custom indexes are rebalanced daily. For comparison purposes the indexes are fully invested, which includes the reinvestment of income. The returns for the indexes do not include any transaction costs, management fees or other costs.
6. In September 2023 the composite changed names from the Invesco BulletShares Municipal SMA Wrap Composite to the Invesco BulletShares Municipal Portfolio Wrap Composite.
7. The following are available on request:
  - \* Policies for valuing investments, calculating performance, and preparing GIPS reports
  - \* List of composite descriptions
  - \* List of limited distribution pooled fund descriptions
  - \* List of broad distribution pooled funds.
8. To receive a composite report that adheres to the GIPS standards, and/or to receive a complete list and description of the firm's composites, please write to Invesco Advisers, Inc., PMAR – NA Performance, pmarperformancenaretail@invesco.com, 11 Greenway Plaza, Suite 1000, Houston, Texas 77046.
9. 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.
10. Prior to September 1, 2019, performance represents results achieved by the respective investment team while it was part of OppenheimerFunds, Inc.

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Source: Invesco, Bloomberg L.P. and FactSet as of December 31, 2025.

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