



Investment Philosophy and Process: Separately Managed Accounts **Invesco Long Municipal Income SMA**

Objective

Seeks monthly income by investing in a portfolio of long-maturity municipal bonds.

Universe

- Long-term maturity investment grade municipal bonds
- Focus on project and essential service revenue bonds

Team

- Manages over \$25 billion in assets
- Ranked among the top 10 municipal bonds managers by assets¹
- 14 dedicated municipal bond analysts
- Average of 20+ years industry experience

Philosophy

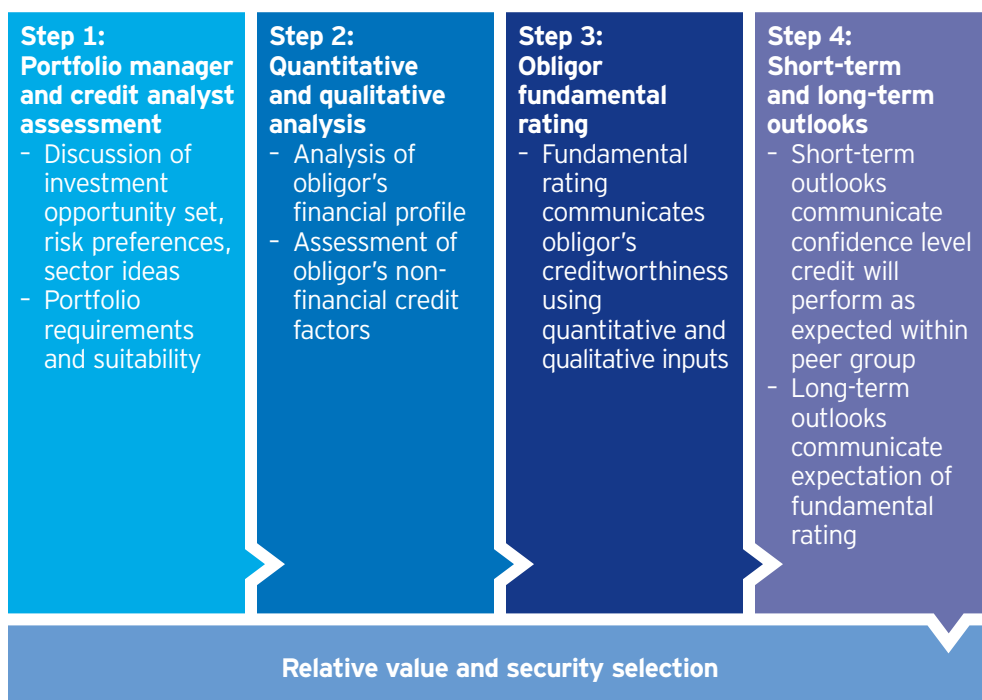
Our management philosophy is based on the belief that creating long-term value through comprehensive forward-looking research is the key to providing clients with investment solutions that are both consistent and successful.

We maintain an integrated, team-based investment process that combines the strength of our fundamental credit research staff with the market knowledge and investment experience of our portfolio managers. This value-oriented combination of proprietary research and integrated risk management allows us to seek to maximize risk-adjusted returns.

Process

The Invesco Municipal Bond team specializes in combining top-down and bottom-up decision making to identifying and exploit market trends and inefficiencies. Our investment focus has historically been on the essential service and project revenue sectors of the municipal market. Our proprietary and comprehensive, forward-looking research process allows us to sift through the market noise to uncover attractive relative value opportunities that allow us to structure highly-diversified portfolios away from the headline risk associated with general obligation bonds.

Investment process overview



1 Source: Strategic Insight Simfund/MF Desktop, based on assets under management as of March 31, 2017

Step 1 Portfolio manager and credit analyst assessment

- Investment decisions are made in a collaborative manner with portfolio managers and credit analyst input.
- Regular forums exist in the form of asset class industry reviews and security selection discussions among analysts and portfolio managers to allow for challenging and vetting ideas.

Step 2 Quantitative and qualitative analysis

- Dedicated municipal credit research analysts conduct bottom-up research, providing portfolio managers with security level recommendations based on a fundamental assessment of issuers' creditworthiness.
- The team completes thorough analysis of current opportunities in the municipal universe as well as ongoing surveillance of those issuers held, to identify opportunities to add alpha or deterioration in credit quality.

Step 3 Obligor fundamental rating

- An assessment of the credit worthiness of individual securities is based upon financial characteristics and covenants of the issues to determine an independent credit rating.

Step 4 Short-term and long-term outlooks

- Credits are assigned an internal proprietary credit rating as well as short- and long-term outlooks, which provide an assessment of an analyst's expectations for future credit appreciation or deterioration developed through the evaluation of trend analysis.
- Ongoing surveillance parameters are set for each issuer to ensure that our investment thesis and outlook are on track to achieve the target alpha for each of our credit decisions.

Portfolio management sits at the center of the investment process and monetizes the top-down and bottom-up recommendations in the most appropriate manner for an individual portfolio, keeping within regulatory and portfolio specific guidelines.

Security selection

The universe of available process and monetizes municipal bonds is evaluated on criteria that include price, credit quality, maturity, rich/cheap analysis, taxability, liquidity and sector. We assess the credit worthiness of individual securities based upon financial characteristics and covenants of the issues and determine an independent credit rating. Geographic, political and economic considerations are evaluated to assess the potential for future tax and revenue streams for the municipality or taxing authority backing the bond.

Sell discipline

The investment team may seek to sell securities, based on factors such as:

- Degradation in credit quality
- A conscious decision to shorten or lengthen the portfolio's duration
- Limiting or reducing exposure to a particular sector or issuer
- Opportunities in secondary or primary markets to swap into a security with better relative value

At a glance

Portfolio construction:

- Long-term municipal bonds
- 10 to 15 holdings
- Investment grade credit quality
- Average weighted portfolio maturity of more than 12 years
- 3.0% yield target
- \$200,000 minimum investment

FOR PUBLIC USE

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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. Please obtain and review all financial material carefully before investing.

Invesco Advisers, Inc. is an investment adviser; 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 advisor 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.

Invesco does not provide tax advice. This information is not intended to be legal or tax advice. Investors should seek advice from a tax professional.

Alpha is a measure of performance on a risk-adjusted basis.

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