

Invesco Intermediate Term Municipal Income SMA Third quarter

Fact Sheet: Separately Managed Accounts
Sept. 30, 2019



Portfolio management team

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Senior Portfolio Manager
Industry since 1994
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Senior Portfolio Manager
Industry since 2001
B.S., Eastern Illinois University
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Senior Portfolio Manager
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Portfolio Manager
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Senior Portfolio Manager
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Seeks monthly income by investing in intermediate municipal bonds with the potential to deliver competitive yields with less risk compared to long-term bonds.

*Source: Simfund. Assets include ETF Open-End, ETF UIT/Other, Open-End and Closed-End Funds. Fund of Funds and Money Market Funds are excluded. Data includes the following Morningstar categories: High Yield Municipal (Muni), Muni CA Intermediate (Interm), Muni CA Long, Muni FL, Muni MA, Muni MN, Muni NJ, Muni NY Interm, Muni NY Long, Muni National Interm, Muni National Long, Muni National Short, Muni OH, Muni PA, Muni Single State Interm, Muni Single State Long, and Muni Single State Short. Invesco is the 7th largest muni portfolio manager out of 116. Any reference to a ranking provides no guarantee for future performance results and is not constant over time.
All data as of Sept. 30, 2019 unless stated otherwise.

Invesco Fixed Income Footprint

+ Invesco Fixed Income (IFI) is a world leader in investment management with \$371.8 billion in assets under management.

+ The Invesco Municipal Bond Team manages \$59.0 billion in assets under management.

Invesco Municipal Bond Team

+ The Municipal Bond team consists of 15 portfolio managers and 26 municipal credit research analysts with over 21 years of average industry experience.

+ Invesco's municipal professionals are located in several regions around the country, providing easy access for on-site due diligence visits, a key aspect of the research process.

Current portfolio positioning

During the third quarter, the Bloomberg Barclays Municipal Index and the Bloomberg Barclays High Yield Municipal Index showed positive returns of 1.58% and 2.84%, respectively. This brings year-to-date total returns to 6.75% and 9.69%, respectively.

Strong market technicals, with a favorable balance of supply and demand, have continued to support municipal bond results. We believe that the tax changes made as a result of the Tax Cuts and Jobs Act (TCJA) of 2017 will continue to be a main driver of demand for municipals. Under the new law, the \$10,000 cap on state and local tax deductions, the so-called SALT cap, has resulted in surprisingly larger individual tax bills for people in high state income tax states (especially Democratic-leaning states like California, New York and New Jersey). Although the TCJA went into effect on Jan. 1, 2018, investors did not fully understand how they would be personally affected until they filed their tax returns later that year. Inflows to municipal mutual funds now total \$67 billion year-to-date, on pace for a record year. Positive inflows began in January and continued through the end of the quarter as investors realized the ramifications of the Tax Cut and Jobs Act's implementation of the state and local tax deduction cap of \$10,000. Albeit, high yield municipals did experience brief outflows in September as a result of a sell-off in US Treasuries.

Over the period, positive market performance was spurred, in part, by escalating trade tensions between China and US President Donald Trump's announcement that he would impose 10% tariffs on \$300 billion in Chinese imports, which led investors to seek the safe haven of bonds for security. Positive total returns across the yield curve were primarily driven by outperformance in the hospital and tobacco sectors. Within the investment grade segment, lower-rated investment grade credits outperformed their higher-quality counterparts.

New municipal issuance over the quarter totaled \$103 billion. This brings year-to-date issuance to \$277 billion, 10% higher than the equivalent period last year. Steady issuance is expected to continue into the end of the year as issuers look to take advantage of historically low rates.

In line with market consensus, on July 31 the US Federal Reserve (Fed) cut interest rates by 25 basis points (bps) and another 25 bps on September 18. According to Fed Chairman Powell's comments, these cuts are a mid-cycle adjustment, rather than a series of aggressive cuts. This has not stopped the market from pricing in additional cuts. Lack of consensus among Fed governors regarding the cuts trickled into general market sentiment, resulting in increased volatility among risk assets.

Looking ahead, municipal fundamentals should remain strong. We believe that the SALT deduction limit will continue to be a driver of performance into early 2020, although not to the same magnitude seen thus far in 2019.

Contributors to Performance

- + An overweight exposure and security selection among the utility sector significantly contributed to relative return over the quarter.
- + An overweight allocation and security selection among 5.00% - 5.49% coupon bonds was additive to relative performance.
- + An overweight exposure and security selection among intermediate duration bonds (6.00-6.99 years specifically) was beneficial to relative return.

Detractors from Performance

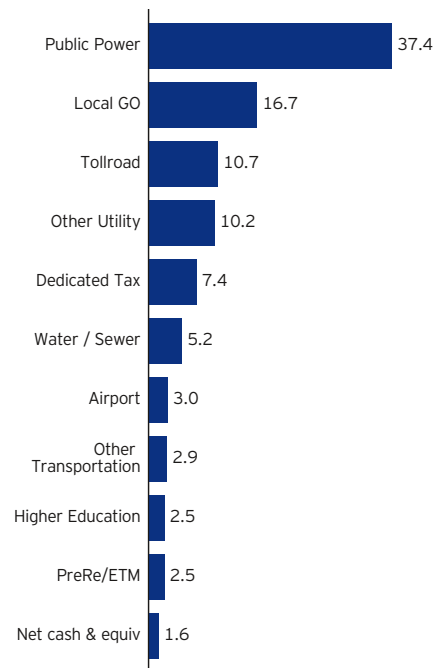
- + An underweight exposure among state and local general obligation bonds decreased relative performance over the period.
- + An underweight exposure among lower coupon bonds (4.49% and less) weakened relative performance.
- + An underweight exposure among bonds of 7.00 - 14.99 year durations was detractive from relative return.

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Sector weightings (%)

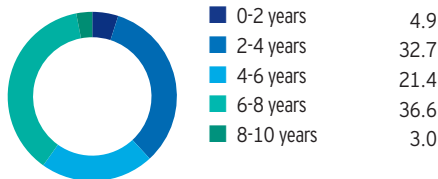


Portfolio characteristics

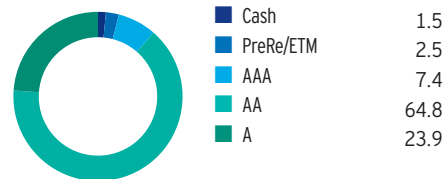
Portfolio characteristics	Portfolio
Number of Holdings	13
Average Price	115.9
Yield-to-Worst (YTW)	1.39
Weighted Average Maturity (Years)	7.84
Modified Duration (Years)	4.43
Option Adjusted Duration (Years)	4.59
Alternative Minimum Tax Exposure	0.00%
Strategy Assets	\$2,041,892,102
Current Yield	4.22%
Coupon	4.96%
Average Credit Quality	AA

Portfolio characteristics are subject to change.

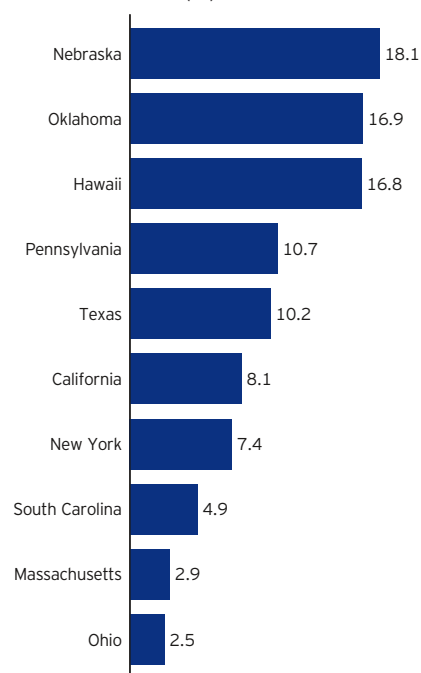
Effective duration (%)



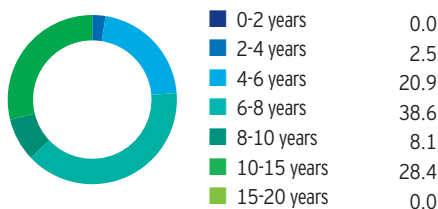
Credit quality (%)



State distribution (%)



Maturity (%)



Figures may not add up to 100% due to rounding. Cash and equivalents is deemed to have a 0% Maturity and Duration, be Non-Callable and have an AAA rating.

Investment categories (%)

Revenue Bonds	78.09
General Obligation	17.30
PreRe/ETM	2.58
Cash	2.04

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All data as of Sept. 30, 2019

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 and select 'Understanding Ratings' under Rating Resources on the homepage; www.moody.com and select 'Ratings Methodologies' under Research and Ratings on the homepage; 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

Security	Coupon	Maturity	Weight %
City & County of Honolulu	5.000	09/01/2026	16.88
Grand River Dam Authority	5.000	06/01/2027	16.88
Pennsylvania Turnpike Commission	5.000	12/01/2024	10.70
Nebraska Public Power District	5.000	01/01/2030	10.68
City of Austin TX Water & Wastewater System	5.000	11/15/2023	10.11
New York City Transitional Finance Authority	5.000	11/01/2031	7.32
Bay Area Water Supply & Conservation Agency	5.000	10/01/2027	5.12
City & County of Honolulu	5.000	09/01/2026	5.01
Piedmont Municipal Power Agency	5.750	01/01/2034	4.87
City of Los Angeles Department of Airports	5.000	05/15/2031	2.96
Massachusetts Transportation Trust Fund	5.000	01/01/2029	2.95
City & County of Honolulu	5.000	09/01/2026	2.50
Ohio Higher Educational Facility Commission	5.000	12/01/2030	2.49

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 (%)	S&P Municipal Bond 2-17 Year Investment Grade Index Return (%)
YTD	6.30	5.12	6.05
3Q19	1.40	1.02	1.27
2Q19	1.93	1.55	2.01
1Q19	2.85	2.47	2.66

Annualized compound returns

as of Sep. 30, 2019

Period	"Pure" gross return* (%)	Net return (%)	S&P Municipal Bond 2-17 Year Investment Grade Index Return (%)
1 Year	8.10	6.51	7.96
3 Year	2.62	0.97	2.83
Since Inception (1/1/16)	3.03	1.09	3.20

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 on page 4.

Invesco Intermediate Term Municipal Income SMA Wrap composite

Year	"Pure" gross return*(%)	Net return (%)	S&P Municipal Bond 2-17 Year Investment Grade Index return (%)	Composite dispersion (%)	Composite 3-year annualized standard deviation (%)	Benchmark 3-year annualized standard deviation (%)	Number of accounts	Composite assets (\$ millions)	Total firm assets (\$ billions)	% wrap assets
2018	1.45	-0.05	1.38	N/A	3.14	3.18	<5	0.21	579	100
2017	3.76	2.23	4.54	N/A	N/A	N/A	<5	0.21	660	100
2016	-0.06	-3.02	0.13	N/A	N/A	N/A	<5	0.20	599	100

Annualized compound returns as of Dec. 31, 2018

Period	"Pure" Gross return* (%)	Net return (%)	S&P Municipal Bond 2-17 Year Investment Grade Index Return (%)
1 Year	1.45	-0.05	1.38
3 Year	1.70	-0.30	2.00
Since Inception (01/01/16)	1.70	-0.30	2.00

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 Worldwide ("The Firm") manages a broad array of investment strategies around the world. The Firm comprises U.S.-based Invesco Advisers, Inc. (excluding Unit Investment Trusts) and all wholly owned Invesco firms outside of North America (excluding Invesco India and Source Investment Management Limited). All entities within the Firm are directly or indirectly owned by Invesco Ltd. Invesco Canada Ltd. is also a GIPS-compliant firm whose assets are managed by a subsidiary of Invesco Ltd. Invesco Senior Secured Management, Inc., Invesco Private Capital, Inc., and Invesco Capital Management LLC are affiliates of the Firm. Each is an SEC-registered investment adviser and is marketed as a separate entity. Invesco Great Wall Fund Management Co. Ltd is a fund management company established under China Securities Regulatory Commission's approval, and its assets are excluded from total Firm assets. 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. Firm assets under management for OFI Global as of December 31, 2018 were \$214 billion. IWW historical firm assets have not been restated to reflect the acquisition. OFI Global was independently GIPS® verified through December 31, 2018.
- 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, 2018. 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 Intermediate Term Municipal Income SMA Wrap Composite includes all discretionary accounts styled after the Invesco Intermediate Term Municipal Income SMA Model Portfolio, which seeks monthly income by investing in intermediate municipal bonds with the potential to deliver competitive yields with less risk compared to long-term bonds. 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 January 2016.
- "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. For periods beginning January 1, 2017, the net returns reflect the deduction of the maximum total wrap fee, which is currently 1.50% per annum. On a monthly basis approximately 0.125% (based on the geometric calculation) is reduced 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). Prior to January 1, 2017, the net returns reflect the deduction of the maximum total wrap fee of 3.00% per annum or 0.25% monthly, from the "pure" gross return. 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 S&P Municipal Bond 2-17 Year Investment Grade Index is composed of market value-weighted investment grade U.S. municipal bonds and seeks to measure the performance of U.S. municipals whose maturities are equal to or greater than two years, but less than seventeen years. 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 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.

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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All data as of Sept. 30, 2019

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