Tax-Loss Harvesting with Invesco Exchange-Traded Funds (ETFs)

Negative returns on investment can create an opportunity to reduce taxes by locking in capital losses for tax purposes. Capital losses can be used to offset capital gains, and any excess capital losses can also be used as a tax write off to deduct up to $3,000 from an individual's personal income depending on your filing status. Remaining losses can be carried forward and used in future years.

In some cases it may be beneficial to realize a security's capital loss while still maintaining the investment's intended exposure. Internal Revenue Code "wash-sale" laws disallow capital losses if a security is sold at a loss and the same security is repurchased or a "substantially identical" security is purchased 30 days prior to or 30 days after the sale of the security for a loss. However, ETFs should not be considered "substantially identical" to individual stocks or bonds.[1] Consequently, an investor may sell a security (realizing capital loss) and purchase an ETF that correlates strongly to the same security in the same day.

ETF holdings-based tax-loss harvesting and ETF correlation-based tax-loss harvesting are two strategies discussed below:

Six Steps to ETF Holdings-Based Tax-Loss Harvesting

1. Identify a security in your portfolio that is worth less than what you paid for it.
2. Navigate to the Invesco website, go to the Tools page and click on the Stock Screener Tool, or click here.
3. Enter the ticker symbol of your underperforming security.
4. Examine the Invesco ETFs that hold your underperforming security.
5. Conduct a review of both investments and determine if the replacement is appropriate for your portfolio and your investment objectives.[2]
6. The sale of an underperforming security coupled with the purchase of a Invesco ETF that contains the sold security may allow for the realization of capital losses while maintaining similar investment exposure.

In the same vein, an investor may sell a security for less than the original purchase price and invest in an ETF that correlates strongly to the sold security. This process is called ETF correlation-based tax-loss harvesting.

Six Steps to ETF Correlation-Based Tax-Loss Harvesting

1. Identify a security in your portfolio that is worth less than what you paid for it.
2. Navigate to the Invesco web site, go to the Tools page and click on the Correlation Analyzer, or click here.
3. Enter the ticker symbol of your underperforming security.
4. Examine the Invesco ETFs that correlate strongly with your underperforming security.
5. Conduct a review of both investments and determine if the replacement is appropriate for your portfolio.[2]
6. Consider selling your underperforming security (realizing capital losses) and investing in a Invesco ETF that correlates strongly to the sold security (capturing the exposure similar to the security you sold).

For more information about Invesco ETFs, contact the Invesco sales desk at **800 983 0903**.

1 The Internal Revenue Service has not released a definitive opinion regarding the definition of "substantially identical" securities and its application to ETFs.
2 An investor should consider the Funds' investment objectives, risks, charges and expenses carefully before investing. Please read the prospectus carefully before investing.

Important risk information

Correlation is the similarity of performance between two assets.

Visit Invesco.com for current holdings information.

There are risks involved with investing in ETFs including possible loss of money. Index-based ETFs are not actively managed. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Both index-based and actively managed ETFs are subject to risk similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply.

ETF Shares are not individually redeemable and owners of the shares may acquire those shares from the fund and tender those shares for redemption to the fund in creation unit aggregations only, typically consisting of 10,000, 50,000, 75,000, 80,000, 100,000, 150,000 or 200,000 shares.

Invesco does not provide tax advice, and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties and (ii) was written to support the promotion or marketing of the transactions or matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax adviser.

The information in this communication is not a complete analysis of every material aspect relating to tax-loss harvesting. Tax communication is for educational purposes only. Tax consequences will vary between individuals and each individual should carefully evaluate his or her tax position with an independent adviser. The benefits of tax-loss harvesting will vary depending on each investor's income tax situation. ETFs may have additional risks that may not be associated with an investor's original investment.

Before investing, investors should carefully read the prospectus/summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the Funds call 800 983 0903 or visit Invesco.com/us for prospectus/summary prospectus.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial advisor/financial consultant before making any investment decisions.

Note: Not all products available through all firms.