

|  |                               |
|--|-------------------------------|
| <b>Index</b>                             | S&P 500® Low Volatility Index |
| <b>Inception</b>                         | May 5, 2011                   |
| <b>Total expense ratio</b>               | 0.25%                         |
| <b>AUM</b><br>(as of September 30, 2019) | \$12.8 Billion                |



For illustrative purposes only.

## Key features

- 1 One of the purest approaches to harvesting the low volatility anomaly<sup>1</sup>
- 2 Potential downside protection and upside participation
- 3 Unconstrained methodology may allow for dynamic sector allocation in an attempt to avoid sector bubbles and allow for excess return potential across market cycles
- 4 Historically offered lower downside capture in drawdown periods versus an optimized minimum volatility strategy<sup>2</sup>

## One of the purest approaches to harvesting the low volatility anomaly

Not all low volatility approaches are alike. SPLV provides access to the low volatility factor without imposing sector constraints. It's a simple, transparent approach that allows SPLV's underlying index to rotate, through quarterly scheduled rebalancing, out of the most volatile sectors to provide risk mitigation potential.

We refer to it as a "pure" approach to low volatility because investors have unconstrained exposure to stocks with the lowest volatility in their universe. This contrasts with an optimized minimum volatility strategy, which applies a mathematical process of portfolio optimization to derive a portfolio of low volatility stocks, using constraints chosen by the creator of the optimization model. Such constraints may result in unintended consequences of less protection with the inclusion of stocks that may not be the lowest volatility stocks within their universe.

## Potential to mitigate downside risk and participate in rising markets

**SPLV provided significant protection during each of the large drawdown periods since its inception**

| Large drawdown periods | S&P 500 index return (%) | SPLV return (%) NAV | SPLV down capture (%) |
|------------------------|--------------------------|---------------------|-----------------------|
| 9/20/18 - 12/24/18     | -19.36                   | -10.73              | 55                    |
| 7/7/11 - 10/3/11       | -18.38                   | -8.00               | 44                    |
| 11/3/15 - 2/11/16      | -12.71                   | -4.32               | 34                    |
| 7/20/15 - 8/25/15      | -12.04                   | -7.86               | 65                    |
| 1/26/18 - 2/8/18       | -10.10                   | -8.92               | 88                    |
| 10/27/11 - 11/25/11    | -9.60                    | -5.69               | 59                    |

Source: Bloomberg L.P., as of September 30, 2019. **Past performance does not guarantee future results.** An investment cannot be made directly into an index. Index returns do not represent fund returns. Drawdown periods are periods during which the S&P 500 Index had its largest declines from peak to trough, May 5, 2011 to September 30, 2019.

**SPLV outperforms when the S&P 500 drops by 5% or more**

|   |       |
|---|-------|
| SPLV win rate when S&P 500 is down 5% or more | 94%   |
| Average outperformance of SPLV                | 4.69% |
| Average downcapture                           | 48%   |

Source: Bloomberg L.P., as of September 30, 2019. **Past performance does not guarantee future results.** An investment cannot be made directly into an index. Index returns do not represent fund returns. Drawdown periods are periods during which the S&P 500 Index declines by 5% or more. May 5, 2011 to September 30, 2019. Win rate is the percentage that SPLV outperforms the compared index during all pullbacks of the S&P 500 greater than or equal to 5% since SPLV's inception.

1 A common assumption in finance is that increasing a portfolio's risk exposure should generate a higher return. In contrast, the low volatility anomaly refers to the observation that historically, portfolios of lower-volatility stocks produced higher risk-adjusted returns than portfolios with high-volatility stocks.

2 The fund is considered non-diversified and may be subject to greater risks than a diversified fund. The fund's unconstrained approach can result in industry or sector concentration, which may subject it to greater risk and impact by market volatility than investments with sector constraints, such as optimized minimum volatility strategies.

Through its pure exposure to the low volatility factor, SPLV:

- 1 captured only 43% of the broad equity market's downside
- 2 experienced a smaller maximum drawdown than the broad equity market
- 3 captured 75% of the broad equity market's upside

### SPLV has offered participation in rising markets since inception

|               | 1 year (%) | 5 year (%) | Annualized return since SPLV inception (5/5/2011) (%) | Sharpe ratio <sup>3</sup> |
|---------------|------------|------------|---|---------------------------|
| SPLV NAV      | 19.86      | 13.37      | 13.70   | 1.36                      |
| S&P 500 Index | 4.25       | 10.84      | 13.24   | 0.98                      |

Source: Bloomberg L.P., as of September 30, 2019. Performance data quoted represents past performance. **Past performance is not a guarantee of future results**; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost. See [invesco.com](http://invesco.com) to find the most recent month-end performance numbers. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times. Fund performance reflects fee waivers, absent which performance data quoted would have been lower.

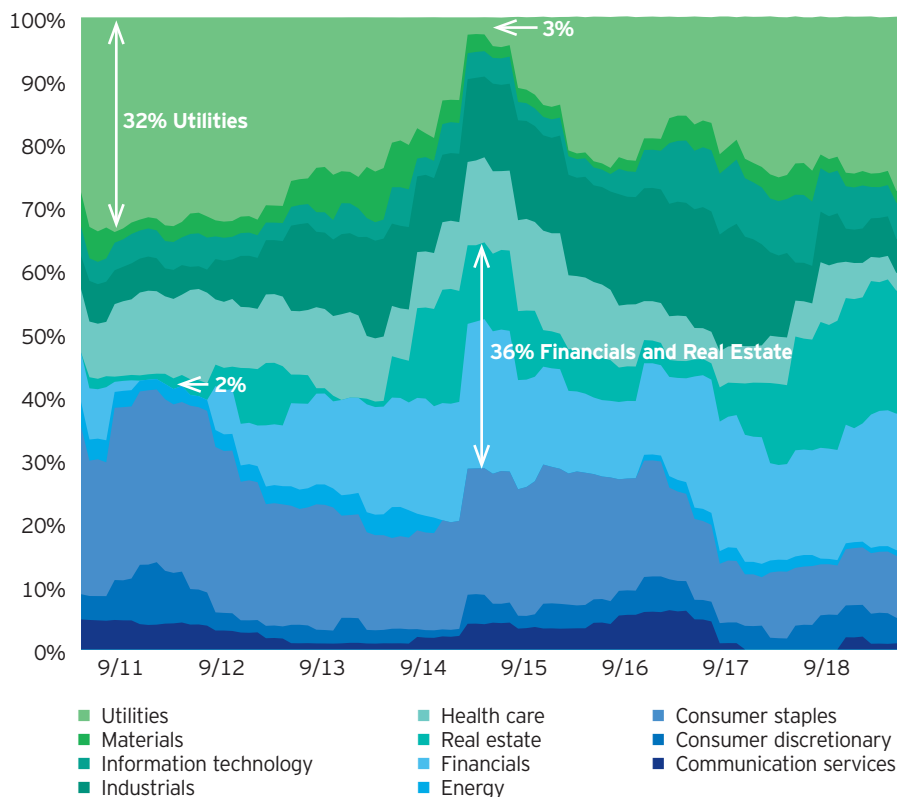
## Unconstrained methodology results in dynamic sector allocation

The unconstrained methodology of the S&P 500 Low Volatility Index results in dynamic sector allocation, which through scheduled quarterly rebalancing:

**1 May help avoid major sector downturns and bubbles**, such as the technology bubble of 2000 and the financial crisis of 2008. An optimized minimum volatility index approach may have constrained its sector exposure to closely track the broader market, which could have potentially resulted in extended exposure to out-of-favor sectors.

**2 Allows for the possibility of excess returns across market cycles.** SPLV's exposure to the underperforming utilities sector was reduced from 32% to as low as 3% by mid-2015, while its exposure to recovering financial and real estate stocks increased from 2% to 36% between July 2012 and late March 2015 – an example of how SPLV's unconstrained methodology can produce excess returns over time.

### SPLV's dynamic sector allocation across market cycles



Source: Bloomberg, L.P., from July 31, 2011 to September 30, 2019.

The fund and the S&P 500 Low Volatility Index shown above rebalance quarterly in February, May, August and November. Investors cannot invest directly in an index.

<sup>3</sup> Sharpe ratio is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance.

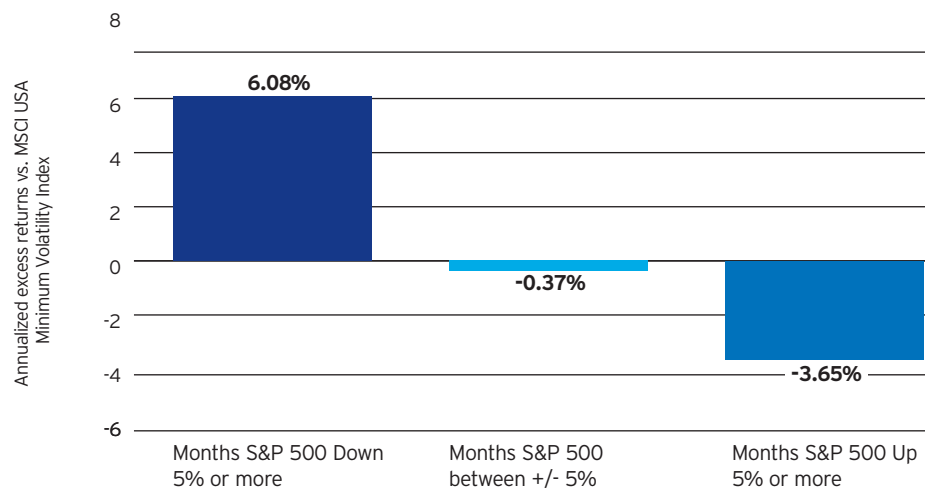
Across large drawdown periods since SPLV's inception, its underlying index provided greater downside protection than the MSCI USA Minimum Volatility Index.

## Historically offered lower downside capture in drawdown periods versus an optimized minimum volatility strategy

- 1 In drawdown periods, a pure low volatility strategy like the S&P 500 Low Volatility Index has historically outperformed the market and provided greater relative downside protection than the MSCI USA Minimum Volatility Index, which utilizes an optimized minimum volatility approach. We believe this relative outperformance is attributable to our pure, unconstrained approach, which does not impose sector constraints.
- 2 With a correlation of 0.74, the S&P 500 Low Volatility Index was less correlated to the S&P 500 Index ("the market") during drawdowns than the MSCI USA Minimum Volatility Index, which had a correlation 0.81.\* This relatively lower correlation to the market has meant the S&P 500 Low Volatility Index has historically offered greater downside protection relative to the MSCI USA Minimum Volatility Index.
- 3 The S&P 500 Low Volatility Index is designed to participate in rising markets but will tend to underperform the broader market in an uptrend.

\*Source: Bloomberg, LP, as of September 30, 2019

### S&P 500 Low Volatility Index annualized excess return versus MSCI USA Minimum Volatility Index



Diversification does not guarantee a profit or eliminate the risk of loss. Source: Bloomberg, L.P. from May 5, 2011 to September 30, 2019. **Past Performance does not guarantee future results.** An investment cannot be made directly into an index. Index returns do not represent fund returns. During the period, the annualized return for the S&P 500 Low Volatility Index was 13.47%, and the annualized return for the MSCI USA Minimum Volatility Index was 12.92%.

### S&P 500 Low Volatility Index annualized excess return versus MSCI USA Minimum Volatility Index

| Large drawdown periods | S&P 500 Index (%) | S&P 500 Low Vol Index (pure low vol.) (%) | MSCI USA Min Vol Index (optimized min. vol.) (%) | S&P 500 Low Vol excess return vs. MSCI USA Min Vol (%) |
|------------------------|-------------------|---|--|--|
| 9/20/18 - 12/24/18     | -19.36            | -10.69                                    | -12.49   | 1.80   |
| 7/7/11 - 10/3/11       | -18.38            | -7.93                                     | -10.04   | 2.11   |
| 11/3/15 - 2/11/16      | -12.71            | -4.26                                     | -5.20  | 0.94   |
| 7/20/15 - 8/25/15      | -12.04            | -7.84                                     | -7.77  | -0.07  |
| 1/26/18 - 2/8/18       | -10.10            | -8.92                                     | -9.13  | 0.20   |
| 10/27/11 - 11/25/11    | -9.60             | -5.67                                     | -5.62  | -0.05  |
| <b>Average</b>         | <b>-13.70</b>     | <b>-7.55</b>                              | <b>-8.37</b>                                     | <b>0.82</b>  |

Source: Bloomberg L.P., as of September 30, 2019. **Past performance does not guarantee future results.** An investment cannot be made directly into an index. Index returns do not represent fund returns.

Drawdown periods are periods during which the S&P 500 Index had its largest declines from peak to trough, May 5, 2011 to September 30, 2019.

### Index information

Index returns do not represent fund returns. An investor cannot invest directly in an index. Neither the underlying index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown; nor do any of the indexes lend securities, and no revenues from securities lending were added to the performance shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated.

The **S&P 500® Low Volatility Index** measures performance of the 100 stocks with lowest realized volatility over the past 12 months from the S&P 500®. The index benchmarks low volatility or low variance strategies for the US stock market. Constituents are weighted relative to the inverse of their corresponding volatility, with the least volatile stocks receiving the highest weights.

The **MSCI USA Minimum Volatility Index** aims to reflect the performance characteristics of a minimum variance strategy applied to the US large- and mid-cap equity universe. The index is calculated by optimizing the MSCI USA Index, its parent index, for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI USA Index.

### Definitions

**A bull market** is a period in which prices are rising or expected to rise in a financial market of a group of securities, which encourages buying.

**Correlation** is the degree to which two investments have historically moved in relation to each other.

**Down(side) capture** measures how much performance loss a fund captures relative to a benchmark index in down markets.

**Low volatility** describes using volatility rankings while seeking to minimize the effects of market fluctuations.

**Maximum drawdown** is an indicator of the risk of a portfolio chosen based on a certain strategy. It measures the largest single drop from peak to bottom in the value of a portfolio (before a new peak is achieved).

**Up(side) capture** measures how much performance gain a fund captures relative to a benchmark index in up markets.

**Volatility** measures the standard deviation from a mean of historical prices of a security or portfolio over time.

### Risk information

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. The fund's return may not match the return of the index. The fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the fund.

Investments focused in a particular industry or sector are subject to greater risk and are more greatly impacted by market volatility, than more diversified investments.

There is no assurance that the fund will provide low volatility.

The Global Industry Classification Standard was developed by and is the exclusive property and a service mark of MSCI, Inc. and Standard & Poor's.

## Standardized performance as of September 30, 2019 (%)

|                              | YTD   | 1 year | 3 year | 5 year | 10 year | Since inception |
|------------------------------|-------|--------|--------|--------|---------|-----------------|
| SPLV NAV                     | 26.21 | 19.56  | 14.19  | 13.07  | –       | 13.40           |
| SPLV Market Prie             | 26.69 | 19.61  | 14.17  | 13.04  | –       | 13.40           |
| S&P 500 Low Volatility Index | 26.46 | 19.86  | 14.49  | 13.37  | –       | 13.70           |
| S&P 500 Index                | 20.55 | 4.25   | 13.39  | 10.84  | 13.24   | 12.35           |

*The fund's total expense ratio is 0.25%. Performance data quoted represents past performance. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost. See [invesco.com](http://invesco.com) to find the most recent month-end performance numbers. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times. Fund performance reflects fee waivers, absent which performance data quoted would have been lower. An investment cannot be made directly into an index. Index returns do not represent fund returns.*

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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 are available through all firms.

**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 fund, investors should ask their advisor(s) for a prospectus or download one at [invesco.com](http://invesco.com).**