Invesco

Custom SMAs by Invesco

High-quality, tax-efficient fixed income management offered by Invesco Managed Accounts, LLC.

Why Custom SMAs by Invesco?

We focus on generating after-tax income/total returns with a unique ability to account for an individual investor's state of residence.

Investors today are seeking fixed income strategies that are optimized for their income needs and tax situation, with an emphasis on wealth preservation. Custom SMAs by Invesco (Custom SMAs) focuses on one thing: Understanding investor objectives and then delivering high-quality, tax-efficient fixed income solutions through SMAs (separately managed accounts). This includes providing investors with the ability to align their missions with their portfolios through ESG (environmental, social, and governance) or faith-driven investing.

Consistency, low volatility, and risk-adjusted outperformance are hallmarks of our Custom SMAs approach, as is a commitment to putting our clients at the center of everything we do. By partnering with our clients throughout the relationship, we are able to build portfolios with their unique needs and goals in mind.

Broad investment capabilities
We offer four investment-grade strategies that can be personalized at inception to meet investors' tax, volatility, liquidity, and impact objectives. We focus on generating after-tax income/total returns with a unique ability to account for an individual investor's state of residence.

ESG versions of each strategy are available and include only securities that are highly rated within our proprietary ESG methodology. These strategies are designed to provide investors with an opportunity to generate a measurable social and/or environmental impact alongside a financial return.

Strategies	Target tax profile	Duration profile offerings	ESG strategy availability	Fixed income sectors permitted
Tax-Free	High federal tax brackets	• Enhanced cash • Short • Limited • Intermediate	✔	Tax-exempt municipals
Tax-Aware	Mid-level federal tax brackets and/or reside in no- to low-income tax states	• Enhanced cash • Short • Limited • Intermediate	✔	Tax-exempt and taxable municipals, corporates, Treasuries, agencies, agency MBS
Investment-Grade Gov't Credit	Low federal tax brackets or for tax-advantaged accounts	• Enhanced cash • Short • Intermediate • Long	✔	Treasuries, agencies, corporates, agency MBS, taxable municipals
Investment-Grade Taxable	Low federal tax brackets or for tax-advantaged accounts	• Enhanced cash • Short • Intermediate • Long	✔	Corporates, taxable municipals

Additional customization options
- Optimize after-tax income/total returns through strategy selection and state of residence
- Identify acceptable level of volatility through duration profile selection
- Specify recurring distributions by dollar amount

Overlays that align with a mission
We started our ESG overlays in 2014. On top of our standard credit criteria, we overlay a proprietary, pragmatic approach to security selection based on the following strategies:

ESG | **Environment leadership** | **Gender equity** | **Faith-driven**

Risk management focus

Critical to the investment process is our comprehensive risk framework that allows us to manage portfolio risks accurately and also mitigate the downside.

An experienced team
Our veteran team of portfolio managers, analysts, and traders operates within a collaborative environment highlighted by:
- Over 17 average years of investment experience dedicated to fixed income SMAs with an average of over ten years working together.[1]
- The ability to leverage the broader Invesco Fixed Income expertise of over 90 sector-specific credit analysts and 77 portfolio managers, with whom strategy, positioning and market outlook are discussed.[1]
- Access to Invesco Fixed Income's coverage universe of 5,200 municipal issuers and 600 investment-grade credit issuers.[1]
- A scalable, repeatable process for implementing strategies across Invesco Fixed Income.

An active, risk-focused investment approach and core principles for success
Across all strategies and portfolios, we employ an active top-down, bottom-up investment approach. Critical to the investment process is our comprehensive risk framework that we believe allows us to manage portfolio risks accurately and also mitigate the downside.

Ultimately, we seek to achieve investor objectives and endeavor to outperform stated benchmarks on a rolling three-year basis while exhibiting similar levels of volatility. By upholding the following core principles, we believe these goals can be consistently accomplished.

Return	• Income can drive a bond portfolio's multi-year return • Seek portfolio yield advantage above benchmark by at least average level of fees
Tax optimization	• SMAs allow for efficient tax-loss harvesting opportunities • Our proprietary technology continuously evaluates tax-alpha opportunities
Volatility/ risk	• Target overall portfolio volatility levels similar to benchmark • Risk is managed at the portfolio, sector/credit rating, and security levels
Credit	• Seek securities offering attractive income potential with stable/ improving credit profiles • Ongoing bottom-up fundamental analysis is conducted on each holding
Trading	• Consistently aim to maximize cost efficiency and tax efficiency
Duration	• Consistently predicting direction/level of interest rates is difficult • Portfolio duration is typically managed within tight bands of benchmark

Continuous client support
Our collaborative investment culture relies on constant communication between team members.
- Client service team is available via phone and email for account servicing needs
- Reporting available to keep investors up to date on their portfolios
- Portfolio managers publish frequent thought leadership and quarterly market outlooks

Never content to rest on our laurels, we are committed to continuous improvement and work each day to exceed investor expectations.

To learn more about Custom SMAs by Invesco, please visit us online at: **invesco.com/sma**.

1. As of December 31, 2022.