



Municipal Bond Investing

A Closer Look at Tax-Exempt Debt

01

Municipal Bonds 101

02

Tax Advantages of
Municipal Bonds

03

Invesco's Municipal
Bond Team

04

Invesco's Municipal
Investment Strategies

05

Invesco's Municipal
Bond Suite Positioning

01

Municipal Bonds 101

Municipal bonds are the **building blocks** of a community

Investing in America Through Municipal Bonds

Municipal bonds have financed vital infrastructure throughout the United States for over 200 years.

Financing America's Infrastructure

Municipal bonds are essentially the building blocks of a community. They have played a pivotal role in building the framework for America's modern infrastructure. As illustrated in the timeline below, municipal bonds were a major source of financing for canals, roads and railroads during the country's westward expansion in the 1800s. Today, the proceeds from municipal debt continue to fund these projects, as well as a wide range of state and local infrastructure components, including schools, hospitals, universities, airports, bridges, highways and water and sewer systems.

Municipal bonds are debt obligations issued by states, cities, counties and other governmental entities. When you purchase a municipal bond, you lend to build schools, highways, hospitals, sewer systems, and many other projects for the public good. In return, the government entity promises to pay a specified amount of interest – usually paid semiannually – and return the principal to you on a specific maturity date.

The Importance of Municipal Bonds in the Development of US Infrastructure

Notable events in history for the municipal bond market¹

1776	The Declaration of Independence is signed
1807	Municipal bonds finance building canals, roads and railroads in westward expansion
1812	New York City issues the first general obligation bond
1820	New York State bonds are used to finance the Erie Canal project
1900	Rapid population growth begins 25-year infrastructure boom
1913	Inception of the federal income tax
1926	New York State Port Authority issues first revenue bond
1927	Municipal market size reaches \$14.9 billion
1950	Most states in the US enact legislation allowing for the issuance of revenue bonds
1969	Tax Reform Act of 1969 introduces the Minimum Tax, known today as the Alternative Minimum Tax
1975	Municipal Securities Rulemaking Board is established
2017	Municipal market size reaches \$3.8 trillion ²
2018	TCJA changes go into effect, including elimination of advance refunding bonds

¹ Source: Feldstein, Sylvan G. and Fabozzi, Frank J. The Handbook of Municipal Bonds. Copyright © 2008 by John Wiley & Sons, Inc. All rights reserved.

² Source: Federal Reserve, as of 9/30/17.

02

Tax Advantages of Municipal Bonds

The taxable equivalent yields of municipal bonds can make them **more appealing** than taxable bonds

Weighing the Tax Benefits of Investing in Municipal Securities

Tax advantages are among the many reasons to consider investing in municipal bonds. Interest income from municipal bonds is often exempt from federal taxes. Additionally, bonds issued from entities within a certain state are often exempt from taxation to residents in that state. Occasionally, bonds issued from entities within a certain municipality or region are exempt from taxes in that municipality, possibly providing triple tax exemption – federal, state and local.¹

Earning Tax-Free Income

One of the best ways to gauge the tax-exempt advantage of a municipal bond is to compare its yield to that of a comparable taxable investment. The table below shows the tax-equivalent yield based on the individual federal income tax rates for municipal bonds yielding 3.0%, 4.0% or 5.0%. For example, an investor in the 37% marginal federal income tax bracket who earns a 5.0% yield from a municipal bond would need to earn a 7.9% yield from a taxable investment to produce an equivalent amount of after-tax interest.

Municipal Bonds Offer Attractive Taxable Equivalent Yields

Federal Tax Rate (%)	Regular Federal Tax-Exempt Yield (%)		
	3.0	4.0	5.0
10	3.3	4.4	5.6
12	3.4	4.5	5.7
22	3.8	5.1	6.4
24	3.9	5.3	6.6
32	4.4	5.9	7.4
35	4.6	6.2	7.7
37	4.8	6.3	7.9

Based on 2020 federal tax rates. For illustrative purposes only. Taxable equivalent = (tax-deferred interest rate) x [1 / (1 - your tax bracket)]. These numbers are for illustrative purposes only and are not a representation of future yields. Actual yields may be lower or higher than the example. Income exempt from regular federal income tax may be subject to the US federal alternative minimum tax, as well as state and local taxes. It is important to note that the tax advantages of municipal bonds affect only the interest they pay. Gains or losses from the sale of these bonds are taxed as capital gains or losses.

¹ Some income and interest on out-of-state bonds may be subject to state and local taxes and to the federal alternative minimum tax (AMT). Capital gains, if any, are subject to tax.

03

Invesco's Municipal Bond Complex

Invesco is among the
Top 5 municipal bond
managers by assets¹

Dynamic Municipal Capabilities to Meet Investors' Evolving Needs

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 strategies that are both consistent and successful.

Our Investment Process

Proprietary credit research and risk management are the foundations of our investment process, supported by a deep and experienced team of investment professionals with expertise that spans the entire municipal investment universe. 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.

Our position among the top 5 municipal managers¹ allows us the ability to access preferred market opportunities and gain valuable market insight. The Invesco Municipal team has established relationships with over 120 national and regional tax-exempt debt dealers. These established relationships, as well as our size, allow us to achieve superior execution in daily transactions. Our ability to aggregate trades across multiple funds allows us to obtain lower institutional pricing, which can be additive to fund performance. This value-oriented combination of proprietary research and integrated risk management allows us to create highly diversified portfolios that aim to maximize risk-adjusted returns.

The Four Pillars of our Philosophy²

1

Team of Specialists

At Invesco, our team of dedicated municipal bond professionals has an average of over 20 years of industry experience.

2

Top 5 Municipal Manager

Invesco's municipal complex manages over \$55 billion on behalf of our clients and is ranked among the top 5 municipal bond managers by assets.¹

3

Fundamental Research

Our dedicated municipal credit analysts are among the most seasoned in the industry. The team completes thorough analysis of current opportunities in the municipal universe, as well as on-going surveillance of those issuers held, to identify opportunities to add alpha³ or reduce exposure to deteriorating credits. Site visits are an important part of our bottom-up fundamental research process. Credit analysts perform anywhere from 100-200 site visits and management conference calls per year. This specialization means that every bond is thoroughly vetted before making it into one of our portfolios.

4

Active Investing

Our investment experts make informed decisions by combining experience-based knowledge with market trends to uncover relative value opportunities.

¹ Source: Alpha Strategic Insight Simfund/MF Desktop, based on assets under management as of 3/31/20.

² Data as of 3/31/20.

³ Alpha refers to the fund's risk-adjusted return. It is calculated by comparing the volatility of a fund to the risk-adjusted performance of a benchmark index. The alpha of the fund is the excess return compared to that of the index.

04

Invesco's Municipal Investment Strategies

Invesco has over **\$55 billion** in municipal assets under management¹

¹ Data as of 5/15/20.

A separately managed account (SMA) is a private portfolio of actively managed, individual securities. SMAs differ from pooled vehicles like mutual funds in that each portfolio can be customized so that it is unique to a single account, and they are typically offered to high-net-worth and institutional investors seeking more specialized services. Invesco Managed Accounts, LLC ("IMA") and Invesco Advisers, Inc. ("IAI") are investment advisers; they provide investment advisory services to individual and institutional clients and do not sell securities. Both are an indirect, wholly owned subsidiaries of Invesco Ltd.

The Investment Advisers Act of 1940 requires investment advisory firms, such as Invesco Managed Accounts, LLC, and 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 Managed Accounts, LLC and 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 Managed Accounts, Attn: Client Services, 2001 6th Ave, Suite 2310, Seattle, WA 98121.

Invesco Advisers, Inc., Managed Accounts Operations Department, 11 Greenway Plaza, Suite 1000, Houston, TX 77046.

Invesco Offers Municipal Investment Strategies that Span the Risk Spectrum

Just as planning and funding infrastructure was essential to growing the nation, selecting the right municipal bond investment is essential to achieving your portfolio objective.

Choosing the Right Municipal Bond Investment

At Invesco, we understand that investors need a variety of choices to meet their financial goals within their risk tolerance. That's why we offer a suite of mutual funds and separately managed accounts (SMAs) that invest in municipal bonds and provide a wide range of:



Credit Qualities

From investment grade to high yield



Maturities

From short term to long term



Geographies

From national to state-specific

Invesco Offers Various Strategies that Invest Primarily in Municipal Bonds

Strategies designed to meet a variety of objectives

Category	Ticker	Fund Name
High Yield	ACTHX	Invesco High Yield Municipal Fund
	ORNAX	Invesco Oppenheimer Rochester High Yield Municipal Fund
Short Duration High Yield	ISHAX	Invesco Short Duration High Yield Municipal Fund
Long Term	VKMMX	Invesco Municipal Income Fund
	OPAMX	Invesco Oppenheimer Municipal Fund
		Invesco Managed Accounts SMA
Intermediate Term	VKLMX	Invesco Intermediate Term Municipal Income Fund Invesco Managed Accounts SMA
AMT-Free	OPTAX	Invesco Oppenheimer Rochester AMT-Free Municipal Fund
	OPNYX	Invesco Oppenheimer Rochester AMT-Free New York Municipal Fund
	ATFAX	Invesco Limited Term Municipal Income Fund
		Invesco Managed Accounts SMA
Short Term	ORSTX	Invesco Oppenheimer Short Term Municipal Fund Invesco Managed Accounts SMA
State-Specific	LTNYX	Invesco Oppenheimer Rochester Limited Term New York Municipal Fund
	RMUNX	Invesco Oppenheimer Rochester New York Municipals Fund
	ONJAX	Invesco Oppenheimer Rochester New Jersey Municipal Fund
	OPTAX	Invesco Oppenheimer Rochester Pennsylvania Municipal Fund
	OPCAX	Invesco Oppenheimer Rochester California Municipal Fund
	OLCAX	Invesco Oppenheimer Rochester Limited Term California Municipal Fund
		Invesco Managed Accounts SMA

05

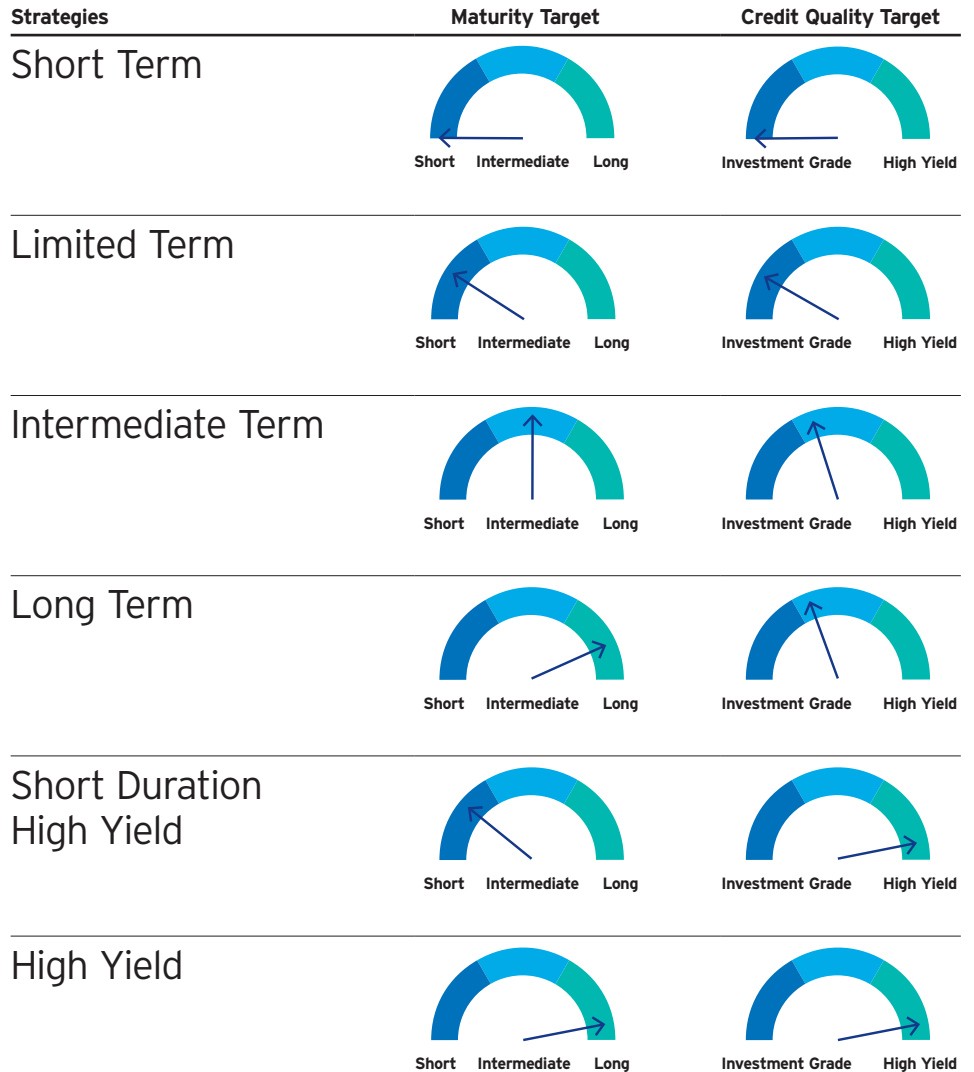
Invesco's Municipal Bond Suite Positioning

Invesco's Municipal Strategies Target Various Maturities and Credit Ratings

Investors have varied financial objectives and needs when seeking tax-free income. Invesco's Municipal bond suite offers investment vehicles for risk-averse and risk-tolerant investors.

Investing Across Duration and Quality

Investors have a choice of various maturity and credit quality targets to help them build wealth





Winner of **14 Lipper Awards**
for 2019 Performance

Invesco's Award Winning Municipal Investment Strategies

Fund Name	Class	Year	Lipper Rating
Invesco Oppenheimer Rochester High Yield Municipal Fund	Y shares	3 years	out of 149 funds
	Y shares	5 years	out of 129 funds
Invesco Oppenheimer Rochester AMT-Free Municipal Fund	Y shares	3 years	out of 299 funds
	Y shares	5 years	out of 199 funds
	A shares	10 years	out of 160 funds
Invesco Limited Term Municipal Income Fund	R5 shares	10 years	out of 42 funds
Invesco Oppenheimer Short Term Municipal Fund	Y shares	5 years	out of 94 funds
Invesco Oppenheimer Rochester California Municipal Fund	Y shares	5 years	out of 104 funds
Invesco Oppenheimer Rochester Municipals Fund	Y shares	3 years	out of 84 funds
	Y shares	5 years	out of 83 funds
	Y shares	10 years	out of 62 funds
Invesco Oppenheimer Rochester Pennsylvania Municipal Fund	Y shares	3 years	out of 49 funds
	Y shares	5 years	out of 47 funds
	A shares	10 years	out of 43 funds

Lipper Awards are granted annually to the funds in each Lipper classification that achieve the highest score for Consistent Return, a measure of funds' historical risk-adjusted returns, measured in local currency, relative to peers. Winners are selected using the Lipper Leader rating for Consistent Return for funds with at least 36 months of performance history as of 11/30/19. Awards are presented for the highest Lipper Leader for Consistent Return within each eligible classification over 3, 5 or 10 years. Other share classes may have different performance and expense characteristics. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Lipper awards are not intended to predict future results. Licensee shall provide a From Lipper Fund Awards from Refinitiv, © 2020 Refinitiv. All rights reserved. Used under license. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited. Past performance is no guarantee of future results.

Talk to Your Financial Advisor

Like all investments, municipal bonds need to fit into the strategy you and your financial advisor map out to help you reach your financial goals. Talk with your advisor about what types of municipal bonds may work for you.

About risk

Municipal securities are subject to the risk that legislative or economic conditions could affect an issuer's ability to make payments of principal and/or interest.

The funds may invest in municipal securities issued by entities having similar characteristics. The issuers may be located in the same geographic area or may pay their interest obligations from revenue of similar projects. This may make the fund's investments more susceptible to similar social, economic, political or regulatory occurrences. As the similarity in issuers increases, the potential for fluctuation in the fund's net asset value also increases.

Junk bonds involve a greater risk of default or price changes due to changes in the issuer's credit quality. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

Market prices of municipal securities with intermediate lives generally fluctuate more in response to changes in interest rates than do market prices of municipal securities with shorter lives but generally fluctuate less than market prices of municipal securities with longer lives.

The income you receive from the fund is based primarily on prevailing interest rates, which can vary widely over the short and long term. If interest rates drop, your income may drop as well.

All fixed income securities are subject to two types of risk: credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

The funds' distributions primarily are exempt from regular federal income tax. A portion of these distributions, however, may be subject to the federal alternative minimum tax and state and local taxes. The fund may also make distributions that are taxable to you as ordinary income or capital gains.

Please see the "Principal Risks of Investing in the Funds" section of the prospectuses available at www.invesco.com/fundprospectus for a detailed description of specific risks associated with the funds.

NOT FDIC INSURED MAY LOSE VALUE NO BANK GARANTEE

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit invesco.com/fundprospectus.

Invesco Managed Accounts, LLC and Invesco Advisers, Inc. are Registered Investment Advisers and provide investment advisory services and do not sell securities. Both are indirect, wholly owned subsidiaries of Invesco Ltd. Please consult the Firm's Form ADV disclosure documents, the most recent versions of which are available on the SEC's Investment Adviser Public Disclosure website at [HYPERLINK "http://www.adviserinfo.sec.gov" www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for additional information.

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office. Diversification does not guarantee a profit or eliminate the risk of loss.