October 2023

Commodity market – Month in review and key drivers

Our thoughts and prayers continue to go out to all those impacted by the conflicts in the Middle East and in Ukraine. May peace be reached soon.

Commodities, overall, were lower in October with the DBIQ Optimum Yield Diversified Commodity Index down slightly (-2.20%). After several months as the top performing commodity sector, energy ended the month as the largest detracting sector for the index, both for the month and year-to-date (YTD). While the breakout of the conflict between Israel and Hamas added geopolitical risk premium back into the markets (most from Russia-Ukraine war had been given back), with the war relatively contained, markets began discounting the chances of further regional or global escalation. Physical fundamentals also weakened for energy commodities – waning gasoline demand, slowing Chinese refining activity etc. – adding further downward pressure. In other sectors, industrial metals also underperformed on the usual macro headwinds while grains and softs saw some upside on strong US export demand and persisting supply concerns. Precious metals returned to its seat as the best performing sector, also for the month and YTD, amid the flood to safe havens.

Commodities turned around quite a bit in October, especially energy, reversing gains from the months prior. However, as we head into the end of 2023 against a backdrop of heightened geopolitical tensions and uncertainty, both known unknown and unknown unknowns risk surprising the market to the upside. Evident through the fading risk premium, markets seem to be reaching a stage of complacency with, or perhaps numbness to, the current geopolitical and fundamental landscape, but we caution that in current market conditions, things can flip around rapidly and violently.

See index definition on page 12. Past performance is not a guarantee of future results.
Energy

What Happened?

➢ Energy returned to being the top detracting sector in October, after taking the throne as the top contributing commodity sector for four consecutive months. In a turn of events, all index commodities were detractors except for natural gas (NG), which saw front month prices rally 22%, as colder-than-normal weather towards the end of the month boosted heating demand and record low rainfalls threatened transport through the Panama Canal, a vital shipping route for Liquidified Natural Gas (LNG) supplies from the US.

➢ Geopolitical Impact – While the conflict between Israel and Hamas should have theoretically added significant geopolitical risk premium to crude oil prices, price gains from it were short-lived. Not only were there no significant disruptions to energy supplies but the war remained largely contained, defying escalation fears. Furthermore, physical fundamentals weakened – US gasoline demand hit a 25-year seasonal low, Chinese refinery activity slowed and concerns about the European economy continued, all while Russia began ramping up its oil refineries following seasonal maintenance.

➢ Venezuela is Back? Adding to the downward pressure, the US reached a deal to ease Venezuelan oil sanctions for six months, under the condition of a “competitive” presidential election next year. This has been a key initiative for the Biden administration as energy prices rallied in the face of OPEC+’s extended production cuts, low US oil reserves and fears that Iran could be dragged into the Middle East conflict, forcing the US to tighten its grip on oil sanctions. However, Venezuela seems to have already broken the deal…

o Iran has exported about 1.4 million barrels per day (mb/d) of oil in 2023, with the bulk of it going to China, as of the end of September 2023. This is up from 200kb/d in 2018, after Trump imposed the existing oil sanctions.¹

➢ Refined products like NY Harbor Ultra Low Sulfur Diesel (ULSD) and gasoline also dropped quite sharply, respectively down 11% and 9% with Russia removing the ban of its seaborne oil product exports and gasoline inventories building as refineries ramp up runs to capture strong distillate margins amid tight diesel inventories – there is limited flexibility for refineries to shift distillate vs. gasoline yields so both are produced in the process.

Global Crude Oil and Oil Product Inventories Remain Below the 5-Year Average

Past performance is not a guarantee of future results.
What Now?

➢ Energy prices have continued to decline in November so far with US NG also turning back to losses. The key driver of energy weakness, which has shifted the front of the West Texas Intermediate (WTI)\(^2\) crude oil futures curve into contango, has been growing global demand angst – “Key demand centers like the US and China are showing quantifiable signs of slowing.” In addition to softening US gasoline demand and inventory builds, Chinese refinery utilization has dropped, and crude imports are expected to be lackluster.\(^3\)

➢ Saudi’s Next Move – Leading up to the next OPEC+ meeting (Nov 30\(^{th}\)), “there certainly has been background noise in the market that Saudi Arabia is poised to phase out their 1 mb/d production cut in Jan and that regaining market share is becoming a more important priority in the Kingdom. Nonetheless, we still contend that the Kingdom will look to sunset its unilateral reduction when the market is on stronger footing and their action will not accelerate a stronger” downward move.\(^4\)

➢ Sanctioned Oil Round Up – With the call on the US to tighten energy sanctions growing, how will President Biden find balance ahead of US elections next year?

  o Venezuela – “The new temporary sanctions relief introduced in Oct 2023 effectively lifts all restrictions on PDVSA (Venezuela’s state-owned energy company) crude exports and diluent imports and allows” US exploration “and advance investment in Venezuela.” However, decades of underinvestment will likely prevent any major ramp up in exports in the near/medium term. “Late 2024 presidential elections in both countries would determine the longer-term fate of US sanctions and Venezuelan oil production.”\(^5\)

  o Russia – “More than 99% of the nation’s seaborne [oil] was sold at prices well above a $60/barrel G-7\(^6\) threshold.”\(^7\) While the price cap helped limit the Kremlin’s oil revenue initially, Russia has found a loophole by using shadow tanker fleets, boosting profits in recent months. In response, the US has ramped up sanctions on maritime companies for price-cap breaches.

  o Iran – “We will be closely watching for any Iranian response to the tougher sanctions enforcement from Washington. In 2019, Iran targeted tankers in the Strait of Hormuz and critical energy infrastructure in the Gulf after the White House ended exemptions for importers of Iranian oil... leading Iranian experts [in Washington] conceded that Iran could adopt a similar playbook if the White House makes a serious effort to reduce its oil revenue.”\(^4\)

➢ Natural Gas Outlook – “We see 2024 as the last year of the current bull (upward) cycle for European gas and LNG, to be followed by a much softer second half of the decade as global LNG supply capacity increases significantly from 2025.”\(^8\)

  o However, “the rise in European LNG imports seen over the past couple of years has not come close to fully offsetting the supply gap left in the region by the curtailment of Russian pipeline gas exports.” Hence, “any reduction in (weather-adjusted) household heating conservation efforts, a key driver of gas savings last winter, or improvements in industrial activity, have the potential to quickly tighten European gas balances, a risk we still see in 2024.”\(^8\)

➢ A Look at Investor Positioning – “Following sharp inflows of investor length [in September] pushing [oil] prices into the mid-$90/bbl range, managed money length has been trimmed by 32% in the weeks since...Given a tough first half that was salvaged by a strong third quarter, many investors have opted to gross down risk into year-end given the elevated volatility, growing market cross currents,”\(^9\) and expectations for a drop in liquidity heading into the holiday season.

➢ Elections = Volatility? – “There is a substantial number of elections in 2024 (Taiwan in January, Russia in March, US in November, Venezuela late 2024, etc.) that could potentially heighten volatility for oil prices.”\(^5\)
Agriculture

What Happened?

➢ Grains were moderately higher in October with wheat in the lead as US export sales beat estimates; China made its biggest purchase of US soft red winter wheat in a decade after heavy rains damaged domestic crops and dry weather in Australia and Argentina persisted, allowing US grains to shine. Soybeans were also boosted by the US Dept. of Agriculture’s (USDA) outlook for tighter global supplies as heat hampered new crops in the US’s top competitor, Brazil. As a result, some market participants exited their bearish positions, providing a further lift for grain prices.

  o “Chinese grain companies participated in a formal contract-signing ceremony for the purchase of US farm goods for the first time” in six years.10 While the country has worked to diversify its supply streams in recent years, pushing out US market share, this is still meaningful given the country is the world’s largest grain importer.

➢ Soft commodities were once again the month’s top performers in the agricultural space, led by Cocoa and Coffee; their front month prices were up 12% (+47% YTD) and 14% respectively on deteriorating crops in Africa and plunging global Arabica stockpiles to an 11-month low, triggering some short covering. The Intercontinental Exchange (ICE) also put in place new rules to bar the sale of older coffee beans, which is expected to further decrease the supplies eligible for sale.

What Now?

➢ Grains have been mixed in November so far, with soybeans continuing its October rally while corn prices seesawed. Unfavorable weather resulting from El Niño in Brazil is delaying soybean plantings and threatening future crops, just as Chinese demand rapidly ramps up (i.e., the perfect storm for higher prices).

  o For context, unlike corn and wheat which have several key exporters, soybeans is dominated by Brazil and the US. Together, they account for nearly 70% of world production, according to the USDA. Argentina is the 3rd largest, making up ~12% of the world’s supplies, and is also suffering from El Niño conditions.

➢ On the other hand, wheat and corn have been pressured by ample supplies; Not only have Ukrainian grains continued to flow, but the country has introduced a new, cheaper insurance program for vessels leaving its ports. However, this follows just days after a ship at a major Ukrainian Black Sea port was attacked by a Russian missile, serving as a reminder that disruption risk still looms. In corn, a bumper harvest is expected in the US, mostly offsetting concerns in Brazil for now.

  o The delay in Brazil’s soybean plantings could likely also impact it’s safrinha (second season) crop, which goes in the ground immediately following the soybean harvest in Jan/Feb – safrinha corn output is critical as it accounts for ~75% of total Brazilian corn supplies.11

➢ Hold Your Horses – “With Northern Hemisphere crops all but in the bin, many conversations are turning fast to 2024/25 season crops. However, we caution that the next three months are critical and warrant close attention. While weather conditions in Argentina have improved lately, Brazil presents a contrasting picture… Although it is still early in the season, given the market’s reliance on record Brazilian soybean and corn crops, the current weather pattern across Brazil remains a concern and should be closely monitored.”12

➢ Sugar Update – “While Brazil’s production prospects are promising, the challenge lies in efficiently exporting sugar due to export volume constraints in Brazilian ports. Brazil has also had a record harvest of corn and soybeans, attracting high demand, especially from China. Furthermore, India has indefinitely extended the sugar [export] ban, which is expected to continue until at least May 2024, and Thailand’s efforts to regulate sugar exports to control domestic prices will [likely] continue to bolster sugar prices.”12
**Industrial Metals**

**What Happened?**

- **Industrial metals continued to move lower in October** – While most base metals rebounded in the latter half of the month on China’s surprise additional RMB 1 trillion central government bond issuance and resurfacing supply concerns, losses from the first half of October on the usual macro headwinds – Federal Reserve (Fed) interest rate path, China etc.– and waning risk appetite in the face of the Middle East conflict kept the sector in negative territory.

- **Lithium and Zinc were the largest losers** – Higher Lithium prices last year led to a rapid expansion of production capacity, but demand hasn’t picked up enough to offset it, especially as Chinese electric vehicle (EV) sales growth lost steam. As for zinc, while Chinese demand continued to strengthen, the manufacturing outlook outside of China remained bleak – Zinc is used in the galvanization process to prevent steel from rusting.

- After two months of declines, Cobalt performed positively in October buoyed by trucker strikes in the Democratic Republic of Congo, the world’s largest producer. Furthermore, news that China would be filling up its reserves provided a boost for the metal’s demand outlook.14

**What Now?**

- **Industrial metals have been mixed in November so far** with Zinc, Iron Ore and Copper gaining while Lithium, Nickel and Aluminum’s losses deepened.

  - Zinc rose after mine closures were announced in the US due to the slump in prices (lower profit margins), while both zinc and iron ore were boosted by renewed optimism for China’s property sector after inventory levels at Chinese steel mills dropped sharply in late October. Copper prices were supported by shrinking Chinese inventories to a 13-month low15 and an easing US dollar.

- **Macros Oh Macros** – The Fed path forward has been a key headwind and question mark for the sector, but things seem to trending positive as signs of a cooling US labor market and easing inflation are taking the pressure off the Fed to raise rates again. Chinese macros also seem to be firming as the government has showed its resolve to support its economy, and its beleaguered property sector is finally showing some signs of reprieve...hopefully.

- **Chinese Demand** – “China's demand for aluminum and copper remains resilient despite macro and property sector concerns...despite China's copper and aluminum output reaching all-time highs, trade data and inventory changes suggest this metal is being absorbed, not piling up or being exported.”16

  - “Property completions have been resilient in the face of a slowing property sector, +18% YTD... In turn, these strong property completions and a hot summer dragged up demand for air conditioners and washing machines. Green demand had a role to play too, with grid spend up 4%, installed solar capacity up 250% and wind investment up 33%.”16

- **Iron Ore Resilience** – “For much of 2023, iron ore has been seen as the China commodity property short. Yet, the commodity’s fundamental and price resilience has defied these expectations...With inventories still low – mill stocks stand at just 16 days currently (vs. a 24 day 5-year average) and port stocks are at 5-year lows – seasonal restocking ahead of the Chinese New Year creates a tightening skew on dynamics, vulnerability to any supply disruptions and price support ahead.”17

- **Battery metals like Lithium and Nickel remain under pressure in the near term as the supply overhang persists amid slowing EV growth**, though further price declines may help clear the glut through production curtailments and industry consolidation. Aluminum is also worth watching as production cuts in Yunnan, China return, bringing further upside potential for imports.

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**Potential Bull Pathway?**

“The US and China released a joint statement announcing support for the G20 leaders’ declaration to triple global renewable energy capacity by 2030 and intend to accelerate renewable energy deployment in their respective economies...Meeting the capacity tripling target will require 20.9% compound annual growth rate (CAGR)* of renewable energy capacity additions from 2023-2030... If realized, we estimate extra copper demand in power generation additions...as well as additional power grid copper demand.”

While bullish, this is only a potential scenario. Citi allocates a 20% probability for this.13

*Compound annual growth rate (CAGR) is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment’s life span.

Past performance is not a guarantee of future results.
Precious Metals

What Happened?

➢ Precious metals saw strong positive performance in October with front month gold prices up nearly 8%, posting its best month since Jul 2020, as safe haven demand surged on the erupting Middle East conflict. While silver had a similar run-up following the attack in Israel on Oct 7th, sharp macro-driven losses from the start of the month limited its gains.

➢ The flight to safe havens also sparked a short covering rally in gold – short positions had built up with the Fed sticking to its higher-for-longer rhetoric. While the central bank did strike a slightly more dovish tone in October, Chair Powell kept the windows cracked for another rate hike this year.

What Now?

➢ Gold and Silver prices remain elevated in November so far as tensions in the Middle East persist and market expectations that the Fed is done with its rate hikes grew. While the sector did initially move slightly lower, fading geopolitical risk premium given the conflict remained relatively contained, prices spiked following the latest, lower US inflation print and weaker labor data.

➢ Geopolitics vs. the Fed – “Geopolitically, we must continue to watch for contagion risk in the Middle East and the potential for an even wider conflict. Macro-wise, it remains about the Fed. Benchmark interest rates are still at their highest range in over two decades, and investors no longer expect additional hikes, but there will [likely] be ‘bumps along the way’…It is those bumps, sometimes from Fed officials, that will buffet gold prices on the macro-end.”\(^\text{18}\)

➢ ETFs Rebound – Total known holdings of gold in ETFs\(^\text{19}\) experienced a material pick up starting in mid-Oct, gaining for four consecutive weeks through Nov 10th.

  ○ “In the very near-term we expect gold prices could remain under pressure as some of the remaining risk premium continues to erode. Though, we largely expect prices to once again restabilize in the low $1,900s in the coming months, essentially marking time until the final approach towards our expected 3\(^\text{rd}\) quarter 2024 Fed cut becomes unambiguous, sparking a more sustained resurgence in gold prices.”\(^\text{20}\)
Invesco’s Commodity ETF Suite

**Category/ Fund Name** | **Ticker** | **Commodity Sector**
---|---|---
**Active no K-1 ETFs**
Invesco Optimum Yield (OY) Diversified Commodity Strategy No K-1 ETF | PDBC | Broad-based
Invesco Agriculture Commodity Strategy No K-1 ETF | PDBA | Agriculture
Invesco Electric Vehicle Metals Commodity Strategy No K-1 ETF | EVMT | Industrial Metals

**Index-based ETFs**
Invesco DB Commodity Index Tracking Fund | DBC | Broad-based
Invesco DB Agriculture Fund | DBA | Agriculture
Invesco DB Base Metals Fund | DBB | Industrial Metals
Invesco DB Energy Fund | DBE | Energy
Invesco DB Oil Fund | DBO | Energy
Invesco DB Precious Metals Fund | DBP | Precious Metals

**Reasons to Consider Invesco ETFs**

1. **Invesco is a leader within commodity ETFs, offering unique solutions since 2006 with 17+ years of history in the space**
2. **Invesco’s commodity line-up is represented by nine ETFs with a combined AUM of $9.6B (as of 10/31/2023)**
3. **Most of Invesco’s commodity ETFs utilize an optimum yield methodology, seeking to maximize roll yields in backwardated* markets and minimize roll costs in contango**
4. **All commodity ETFs are managed by a seasoned team of portfolio managers with an average industry experience of over 20 years**

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*Backwardation – Market condition where the price to secure a commodity at a future date is lower than the cost to acquire immediately
**Contango – Market condition where the price to secure a commodity at a future date is higher than the cost to acquire immediately

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**Source:** FactSet as of October 31, 2023. DBIQ OY Commodity Index is a rule-based index composed of futures contracts of the 14 most heavily-traded and important global commodities. An investment cannot be made into an index.
The Optimum Yield (OY) Methodology

- Futures roll starts with an eligible universe of the first 13 months of futures contracts
- Calculates the annualized implied roll yield/cost for each contract
- Selects the contract which maximizes/minimizes the potential roll yield/cost

Optimum yield methodology seeks to select futures contracts with the most beneficial annualized implied roll yield.

Unlike other futures-based commodity products, which tend to roll futures contracts on a predefined schedule, the DBIQ benchmark index utilizes the Optimum Yield process.

The Portfolio Managers

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Senior ETF Portfolio Manager

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CIMA®, CAIA  
Head of Alternatives,  
Senior ETF Portfolio Manager

Dave Sahota,  
CFA, CAIA, CIPM®  
ETF Portfolio Manager – Alternatives

Monthly and YTD Performance Indicators as of October 31, 2023

<table>
<thead>
<tr>
<th>Ticker</th>
<th>AUM ($M)</th>
<th>YTD Flows ($M)</th>
<th>Oct-23 Return (%)</th>
<th>YTD Return (%)</th>
<th>1-year Return (%)</th>
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<td><strong>9,580</strong></td>
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Note: All return values above represent NAV Total Returns
Source: Bloomberg L.P. as of October 31, 2023

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 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.
Portfolio Manager Insights

Energy (Leaning Bullish)

➢ Oil prices have sold off from their peak in mid-October, with geopolitical risk premium retreating as WTI short positioning increased to near summer highs
➢ Oil volatility remains elevated with a call skew as the market prefers to have length on via options to hedge any contagion from the Palestine-Israel conflict
➢ The market is trying to bring oil prices to a just right price in the $70s, however bullish risks remain abundant:
  o US inflation slowed in October, reducing the risk of further rate hikes
  o The US could be forced to crack down on sanctioned oil exports if Iran is dragged into the Gaza war. Other regional groups have also been firing missiles near Saudi and US forces, posing escalation risk
  o The war in Ukraine continues with the Ukrainian army recently threatening to attack Russian energy infrastructure
➢ Margins have ticked up slightly over the past month but remain well off Aug highs
➢ Focus for Q4:
  o Reactions to Israel’s Counter-offensive – Does the conflict extend to regional neighbors including Lebanon and Egypt? Does this impact multilateral agreements on normalizing relations with Israel? Does it continue to draw in the US, Russia and China, thus becoming a proxy war for other conflicts?
  o Global Oil Demand – Indian oil demand rose 5% m/m in October; However, US retail gasoline prices have moderated with inflation slowing over the month
  o Global Gas Prices – Global gas prices sold off from all times highs early last winter and continued to the summer. Prices started to climb in the 3rd quarter as labor unrest in Australia, increased power demand in the US, and shut in of Israeli production tightened global balances. Prices remain volatile and in the US are following short term weather forecasts.

Industrial Metals (Mixed)

➢ China’s aluminum production is nearing its ceiling and internal demand has remained strong. Physical premiums are still above pre-Covid levels and futures are trading at 90th percentile of production cost
➢ Copper is facing potential supply slowdown as both Chile and Peru pull back production. Chinese demand remains strong and exchanges stocks are near all-time lows. Ex-China is seeing more surplus and ample exchange stocks
➢ Iron Ore mills have kept inventories low, and stocks and Chinese ports continue to draw down. Demand has surprised to the upside despite threats of steel production cuts
➢ Global industrial recession has hurt demand and China’s property market has remained weak and will likely not return as aggressively as investors had hoped
➢ Focus for Q4:
  o Chinese Housing/Property Stimulus Measures
  o Global Industrial Production & Manufacturing PMI Data
  o US Fed Rate Decisions
Portfolio Manager Insights (Cont.)

Agriculture (Mixed)

- US is harvesting large corn and soybean crops; Argentina should see a larger crop with Brazil having a similar crop to last year despite El Niño risk
- Cattle herds remain small and due to culling of heifers (young female cows), the herd is not expected to grow, which should limit downside risk through 2024
- El Niño is forecasted to occur as we move through the year which will further threaten already tight sugar, coffee, grain and cocoa markets across South America, India, and Ivory Coast
- China has purchased a large amount of grain from Ukraine suggesting the corridor is open and will likely remain open

Focus for Q4:
- Crop Developments – US harvest as well as the initial planting of corn and soybeans in South America
- El Niño Impact – Formation of El Niño and its impact on weather in India, Africa, and South America as the Southern hemisphere prepares to plant
- Global Economic Turnaround – Cotton, meats, sugar, cocoa, and coffee are all reliant on global consumer strengthening and spending
# Standardized Performance as of September 30, 2023

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<th>Inception Date</th>
<th>Mgmt. Fee (%)</th>
<th>Expense Ratio (%)</th>
<th>1 Year (%)</th>
<th>3 Year (%)</th>
<th>5 Year (%)</th>
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<td>DBO NAV</td>
<td>1/5/07</td>
<td>0.75</td>
<td>0.77***</td>
<td>17.78</td>
<td>35.24</td>
<td>6.52</td>
<td>(3.91)</td>
<td>(1.11)</td>
<td>(2.68)</td>
</tr>
<tr>
<td>DBO Market Price</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17.07</td>
<td>35.25</td>
<td>6.37</td>
<td>(3.94)</td>
<td>(1.39)</td>
<td>(2.72)</td>
</tr>
<tr>
<td>DBIQ OY Crude Oil Index</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13.46</td>
<td>33.95</td>
<td>5.48</td>
<td>(3.92)</td>
<td>N/A</td>
<td>(2.85)</td>
</tr>
<tr>
<td>DBB NAV</td>
<td>1/5/07</td>
<td>0.75</td>
<td>0.77***</td>
<td>7.13</td>
<td>8.32</td>
<td>3.68</td>
<td>1.76</td>
<td>(0.21)</td>
<td>1.75</td>
</tr>
<tr>
<td>DBB Market Price</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8.05</td>
<td>8.51</td>
<td>3.77</td>
<td>1.80</td>
<td>(0.61)</td>
<td>1.80</td>
</tr>
<tr>
<td>DBIQ OY Industrial Metals Index</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.97</td>
<td>6.80</td>
<td>2.41</td>
<td>1.38</td>
<td>N/A</td>
<td>1.24</td>
</tr>
<tr>
<td>DBE NAV</td>
<td>1/5/07</td>
<td>0.75</td>
<td>0.77***</td>
<td>4.12</td>
<td>34.91</td>
<td>6.14</td>
<td>(1.45)</td>
<td>0.61</td>
<td>0.15</td>
</tr>
<tr>
<td>DBE Market Price</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.26</td>
<td>35.22</td>
<td>6.14</td>
<td>(1.41)</td>
<td>0.34</td>
<td>0.19</td>
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<tr>
<td>DBIQ OY Energy Index</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.32</td>
<td>33.57</td>
<td>5.10</td>
<td>(1.54)</td>
<td>N/A</td>
<td>(0.13)</td>
</tr>
<tr>
<td>DBP NAV</td>
<td>1/5/07</td>
<td>0.75</td>
<td>0.77***</td>
<td>10.95</td>
<td>(2.57)</td>
<td>7.25</td>
<td>1.17</td>
<td>4.72</td>
<td>3.41</td>
</tr>
<tr>
<td>DBP Market Price</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11.13</td>
<td>(2.42)</td>
<td>7.26</td>
<td>1.15</td>
<td>4.53</td>
<td>3.36</td>
</tr>
<tr>
<td>DBIQ OY Precious Metals Index</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6.92</td>
<td>(3.49)</td>
<td>6.28</td>
<td>0.90</td>
<td>N/A</td>
<td>2.93</td>
</tr>
<tr>
<td>EVMT NAV</td>
<td>4/27/22</td>
<td>0.59</td>
<td>0.59**</td>
<td>(6.85)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(35.65)</td>
<td>N/A</td>
</tr>
<tr>
<td>EVMT Market Price</td>
<td>(6.27)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(36.46)</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S&amp;P GSCI Electric Vehicle Metals Index</td>
<td>(9.18)</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Shaded line items represent the underlying index/benchmark of the preceding fund(s). For example, the DBIQ Optimum Yield Diversified Commodity Index is the benchmark for PDBC and DBC. Please find index definitions on page 12.

*Common Inception as of 11/7/14; PDBA and EVMT are new Funds and are excluded from the determination of the common inception date.

**Represents Net Expense Ratio. The Adviser has contracted to waive fees and/or pay certain Fund expenses through at least Aug. 31, 2024. Gross Expense Ratio is 0.64% for PDBC, 0.62% for PDBA, and 0.73% for EVMT.

***Includes Est. Future Brokerage Fee. See the prospectus for more information.

OY = Optimum Yield (see page 8)

Source: Bloomberg L.P. as of September 30, 2023

Performance data quoted represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than performance data quoted. Returns less than one year are cumulative. Returns for periods over one year are annualized. Call 800-983-0903 for the most recent month-end performance. An investor cannot invest directly in an index. The DB Funds’ performance from inception up to and including February 23, 2015, reflects performance associated with the predecessor managing owner. Performance on and after February 23, 2015, reflects performance associated with the current managing owner, Invesco Capital Management LLC. 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. Please keep in mind that high, double-digit and/or triple-digit returns are highly unusual and cannot be sustained. See the next page for index definitions and important index & fund information.
Notes

1. Barron's Advisor, Iran's Oil Revenue Helps Finance Hamas. How to Cut off the Money, Oct 16, 2023
2. West Texas Intermediate (WTI) is one of the major global benchmarks for crude oil
3. RBC Insight, Commodity Comment: Market Dissonance, Nov 16, 2023
4. RBC Insight, OPEC Preview: Background Noise, Nov 20, 2023
5. JPMorgan, Oil Outlook 2024/2025: The Endgame, Nov 20, 2023
6. Group of 7 (G-7) is an intergovernmental group consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States. The European Union (EU) is a nonenumerated member.
7. Bloomberg L.P., Almost All Russia's Oil Sold Above the Price Cap Last Month, Nov 16, 2023
8. Goldman Sachs Research, Natural Gas – 2024 Outlook: LNG will set you free (just wait one more year), Nov 20, 2023
9. RBC Insight, Commodity Comment: Shifting Focus, Nov 09, 2023
11. S&P Global, El Niño threat looms large over Brazil's bumper soybean, corn harvest prospects in MY 2023-24, Oct 19, 2023
12. JPMorgan, Agricultural Commodities Tracker: El Niño strengthens; Brazilian weather remains a concern, Nov 03, 2023
13. Citi Research, Global Commodities: US and China support for tripling global renewable capacity could add further 2.5 Mt to 2030 copper demand in bull case, Nov 15, 2023
15. Bloomberg L.P., Copper Extends Weekly Gain as Global Metal Inventories Decline, Oct 30, 2023
18. RBC Insight, Commodity Comment: Shifting Focus, Nov 09, 2023
19. Based on Bloomberg L.P.'s Total Known ETF Holdings of Gold (ETFGTOTL Index). An investment cannot be made into an index
20. JPMorgan, Metals Weekly: Gold’s geopolitical risk premium finally cracks but still has room to further erode, Nov 09, 2023

Index Definitions

An investment cannot be made into an index.

- DBIQ Optimum Yield Diversified Commodity Index is a rule-based index composed of futures contracts of the 14 most heavily-traded and important global commodities
- DBIQ Diversified Agriculture Index is a rule-based index composed of futures contracts of commodities in the agriculture sector
- DBIQ Optimum Yield Crude Oil Index is a rule-based index composed of futures contracts of WTI crude oil
- DBIQ Optimum Yield Industrial Metals Index is a rule-based index composed of futures contracts of Copper, Zinc and Aluminum
- DBIQ Optimum Yield Energy Index is a rule-based index composed of futures contracts of energy commodities
- DBIQ Optimum Yield Precious Metals Index is a rule-based index composed of futures contracts of gold and silver
- S&P GSCI Electric Vehicle Metals Index is composed of futures contracts of several metals used in the production of electric vehicles
Risks and Important Information

Index history has certain inherent limitations and does not represent actual trading performance or returns of the Fund. Index history does not represent trades that have actually been executed and therefore may under or overcompensate for the impact, if any, of real market factors, such as illiquidity. No representation is being made that the Fund will or is likely to achieve profits or losses similar to the Index history.

From Feb. 3, 2006 (the DBIQ’s exchange listing date) to May 24, 2006, DBIQ sought to track the non-Optimum Yield version of the Deutsche Bank Liquid Commodity Index® Excess Return. From May 24, 2006, to Oct. 16, 2009, DBIQ sought to track the Optimum Yield version of the Deutsche Bank Liquid Commodity Index® Excess Return. As of Oct. 19, 2009, DBIQ commenced tracking the Deutsche Bank Liquid Commodity Index®-Optimum Yield Diversified Excess ReturnTR (the “Interim Index”). Effective Jan. 1, 2011, DBIQ commenced tracking the Index (Symbol: DBIQ). The Index is identical to the Interim Index except with respect to the name of Index. The inception date of January 2007 remains identical. Except as provided in the immediately preceding sentence, all prior underlying formulas, data (e.g., closing levels, measure of volatility, all other numerical statistics and measures) and all other characteristics (e.g., Base Date, Index Sponsor, inception date, rolling, etc.) with respect to the Index are identical to the Interim Index.

From Jan. 5, 2007 (the DBIQ’s exchange listing date) to Oct. 19, 2009, DBIQ sought to track the Deutsche Bank Liquid Commodity Index®-Optimum Yield Agriculture Excess ReturnTM. From Oct. 19, 2009, to Dec. 31, 2010, DBIQ sought to track the Deutsche Bank Liquid Commodity Index® Diversified Agriculture Excess ReturnTM (Symbol: DBAQ). Since Dec. 31, 2010, DBIQ seeks to track the DBIQ Diversified Agriculture Index ER (Symbol: DBAQ). The only difference between the Deutsche Bank Liquid Commodity Index® Diversified Agriculture Excess ReturnTM and the DBIQ Diversified Agriculture Index ER is a name change. The Index results from each discrete time period reflect the closing levels of each applicable index that the Fund tracked during the corresponding time period.

Because the DB Funds collateralizes its futures positions primarily with US Treasuries, money market funds and T-bill ETFs, the results of DBIQ Optimum Yield Diversified Commodity Index Total ReturnTM (DBIQ Optimum Yield Diversified Commodity Index TR) (Symbol: DBIQ) are also displayed for DBIQ. With reference to the total return version history, it followed the same Index history as the excess return version except from Jan. 1, 2011, forward, where the performance shown is of the DBIQ Optimum Yield Diversified Commodity Index TR; DBIQ Diversified Agriculture Index Total Return (DBIQ Diversified Agriculture Index TR) (Symbol: DBIQDAB) are also displayed for DBIQ. With reference to the Diversified Agriculture Index TR history, it followed the same Index history as the excess return version except from Dec. 31, 2010, forward, where the performance shown is of the DBIQ Diversified Agriculture Index TR; DBIQ Optimum Yield Crude Oil Index Total ReturnTM (DBIQ Optimum Yield Crude Oil Index TR) (Symbol: DBIQOLT) are also displayed for DBIQ. DBIQ Optimum Yield Industrial Metals Index Total ReturnTM (DBIQ Optimum Yield Industrial Metals Index TR) (Symbol: DBIQMYTM) are also displayed for DBIQ. DBIQ Optimum Yield Energy Index Total ReturnTM (DBIQ Optimum Yield Energy Index TR) (Symbol: DBIQEMY) are also displayed for DBIQ. DBIQ Optimum Yield Precious Metals Index Total ReturnTM (DBIQ Optimum Yield Precious Metal Index TR) (Symbol: DBIQMYP) are also displayed for DBIQ. Please see invesco.com for indicative intra-day NAV and last end-of-day NAV.

Important information about the DB Funds:

The DB Funds are not suitable for all investors due to the speculative nature of an investment based upon the Funds’ trading which takes place in very volatile markets. Because an investment in futures contracts is volatile, such frequency in the movement in market prices of the underlying future contracts could cause large losses. See the Prospectus for additional risk disclosures.

Commodities and futures generally are volatile and are not suitable for all investors.

The value of the Shares of the Funds relate directly to the value of the future contracts and other assets held by the Funds and any fluctuation in the values of these assets could adversely affect an investment in the Funds’ Shares.

Please review the prospectus for break-even figures for the Funds.

The Funds are speculative and involve a high degree of risk. An investor may lose all or substantially all of an investment in the Funds.

DB, DBIQ & DBE

The Funds may experience significant losses as a result of global economic shocks. Specifically, oil experienced shocks to supply and demand, impacting the price and volatility of oil may have an adverse effect on the Funds.

The Funds are not a mutual fund or any other type of Investment Company within the meaning of the Investment Company Act of 1940, as amended, and is not subject to regulation thereunder.

These Funds issue a Schedule K-1.

This material must be accompanied or preceded by a DB, DBIQ, DBM, DBIQ, DBM, DBIQ, DBIQ, DBIQ prospectus. Please read the prospectus carefully before investing.

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DBIQ Optimum Yield Diversified Commodity Index Excess ReturnTM, DBIQ Optimum Yield Diversified Commodity Index Total ReturnTM, Deutsche Bank Liquid Commodity Index® and Deutsche Bank Liquid Commodity Index®-Optimum Yield Diversified Excess ReturnTM (the “Indices”) are products of Deutsche Bank AG and/or its affiliates. Information regarding these Indices is reprinted with permission.

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**Important information about PDDBC & EVMT:**

There are risks involved with investing in ETFs, including possible loss of money. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Actively managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. 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.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

Risks of futures contracts include: an imperfect correlation between the value of the futures contract and the underlying commodity, a possible lack of a liquid secondary market; inability to close a futures contract when desired; losses due to unanticipated market movements; obligation for the Fund to make daily cash payments to maintain its required margin; failure to close a position may result in the Fund receiving an illiquid commodity; and unfavorable execution prices.

In pursuing its investment strategy, particularly when "rolling" futures contracts, the Fund may engage in frequent trading of its portfolio securities, resulting in a high portfolio turnover rate. Swaps involve greater risks than direct investments.

Swaps are subject to leveraging, liquidity and counterparty risks, and therefore may be difficult to value. Adverse changes in the value or level of the swap can result in gains or losses that are substantially greater than invested, with the potential for unlimited loss.

Commodity-linked notes may involve substantial risks, including risk of loss of a significant portion of principal and risks resulting from lack of a secondary trading market, temporary price distortions, and counterparty risk.

Leverage created from borrowing or certain types of transactions or instruments may impair liquidity, cause positions to be liquidated at an unfavorable time, lose more than the amount invested, or increase volatility.

To qualify as a regulated investment company ("RIC"), the Fund must meet a qualifying income test each taxable year. Failure to comply with the test would have significant negative tax consequences for shareholders. The Fund believes that income from futures should be treated as qualifying income for purposes of this test, thus qualifying the Fund as a RIC.

If the IRS were to determine that the Fund's income is derived from the futures not constitute qualifying income, the Fund likely would be required to reduce its exposure to such investments in order to maintain its RIC status. The Fund may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

The Fund currently intends to effect creations and redemptions principally for cash, rather than principally in-kind because of the nature of the Fund's investments. As such, investments in the Fund may be less tax efficient than investments in ETFs that create and redeem in-kind.

The Fund is subject to management risk because it is an actively managed portfolio. The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

The Fund may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

**PDDBC**

The Fund’s strategy of investing through its Subsidiary in derivatives and other financially linked instruments whose performance is expected to correspond to the commodity markets may cause the Fund to recognize more ordinary income. Particularly in periods of rising commodity values such as was experienced in 2021, the Fund may recognize higher-than-normal ordinary income. Investors should consult with their tax advisor and review all potential tax considerations when determining whether to invest.

**EVMT**

Investments linked to prices of commodities may be considered speculative. Significant exposure to commodities may subject the Fund to greater volatility than traditional investments. The value of such instruments may be volatile and fluctuate widely based on a variety of factors. Prices fluctuations may be quick and significant and may not correlate to price movements in other asset classes.

Investments focused in a particular sector, such as metals, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments. Investments in metals may be highly volatile and can change quickly and unpredictably due to factors, including the supply and demand of each metal, environmental or labor costs, political, legal, financial, accounting and tax matters and other events the Fund cannot control. As a result, the price of a metal could decline, adversely affecting the Fund’s performance.

Thematic investing involves the risk that the electric vehicle theme is out of favor, or that the metals chosen to capitalize on that theme underperform the market. The Fund invests in instruments linked to the metals used in the production of electric vehicles, and performance may suffer if the metals do not benefit from the development of the electric vehicle theme.

While the Fund will not invest directly in electric vehicles and other related companies, the performance of its commodity-based strategy may be indirectly impacted by the performance of such companies.

The Fund’s investments in futures contracts will cause it to be deemed to be a commodity pool, subjecting it to regulation under the Commodity Exchange Act and Commodity Futures Trading Commission ("CFTC") rules. The Adviser, a registered Commodity Pool Operator ("CPO") and commodity trader advisor ("CTA"), and the Fund will be operated in accordance with CFTC rules.

Registration as a CPO or CTA subjects the Adviser to additional laws, regulations, and enforcement policies; all of which could increase compliance costs, affect the operations and financial performance. Registration as a commodity pool may have negative effects on the ability of the Fund to engage in its planned investment program.

A decision as to whether, and how to use options involves the exercise of skill and judgment and even a well-conceived option transaction may be unsuccessful because of market behavior or unexpected events. The prices of options can be highly volatile, and the use of options can lower total returns.

Exchange-traded notes ("ETNs") are subject to credit risk of the issuer, and the value of the ETN may drop due to a downgrade in the issuer’s credit rating, despite the underlying market benchmark or strategy remaining unchanged.

Counterparty risk is the risk that the other party to the contract will not fulfill its contractual obligations, which may cause losses or additional costs.

Because the Subsidiary is not registered under the Investment Company Act of 1940, as amended (1940 Act), the Fund, as the sole investor in the Subsidiary, will not have the protections offered to investors in U.S. registered investment companies.

The Fund is non-fermented and may experience greater volatility than a more diversified investment.

**PDDBA**

The Fund is non-fermented and may experience greater volatility than a more diversified investment.

Risks of investing the agriculture sector include but are not limited to general economic conditions or cyclical market patterns negatively affecting supply and demand; legislative or regulatory developments related to food safety, the environment, and other government policies; environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices; and increased competition. The Fund’s performance is linked to the daily spot price performance of certain agriculture commodities, which may be highly volatile and can change quickly and unpredictably due to several factors, including the supply and demand of each commodity, environmental or labor costs, political, legal, financial, accounting and tax matters and other events the Fund cannot control. Increased competition caused by economic recession, labor difficulties and changing tastes and spending can affect the demand for agricultural products, and consequently the value of investments in that sector. As a result, the price of an agricultural commodity could decline, which would adversely affect the Fund if it held that commodity and may materially adversely affect Fund performance.

**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 call 800 983 0903 or visit invesco.com for the prospectus/summary prospectus**

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, 20,000, 25,000, 50,000, 80,000, 100,000 or 150,000 Shares. Forward-looking statements are not guarantees of future results. They involve risks, uncertainties and assumptions, there can be no assurance that actual results will not differ materially from expectations.