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Enhance and Diversify Your Portfolio with Non-Core Fixed Income

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Help Enhance and Diversify your Core Bond Portfolios

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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 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's are subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Funds.

Preferred securities may include provisions that permit the issuer to defer or omit distributions for a certain period of time, and reporting the distribution for tax purposes may be required, even though the income may not have been received. Further, preferred securities may lose substantial value due to the omission or deferment of dividend payments. Preferred securities may be less liquid than many other securities, such as common stocks, and generally offer no voting rights with respect to the issuer. Preferred securities also may be subordinated to bonds or other debt instruments in an issuer's capital structure, subjecting them to a greater risk of non-payment than more senior securities.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

The risks of investing in securities of foreign issuers, including emerging market issuers, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

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.

All or a portion of the Fund's otherwise tax-exempt income may be subject to the federal alternative minimum tax.

Note: Not all products, materials or services available at all firms.

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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.

***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 for prospectus/summary prospectus*.**

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Most look to the ***Bloomberg US Aggregate Bond Index***[1] *for fixed income exposure, but it only tells half the story.* ***Historically the sectors it ignores have been key return drivers.***

1 **Incomplete Benchmark**

2 **Missing sectors are key alpha[2] drivers**

[1]**The Bloomberg US Aggregate Bond Index (BBA)** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (MBS), asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS). An investment cannot be made directly into an index.

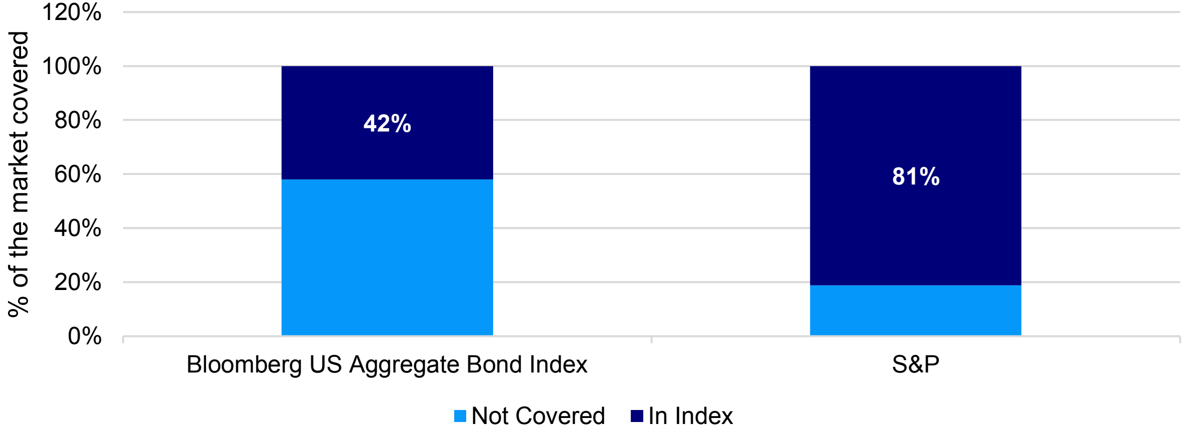
[2]**Alpha** is a measure of the performance of an investment as compared to a suitable benchmark index.

1 Incomplete benchmark

The Aggregate Bond Index’s constraints severely limit its exposure

The Bloomberg US Aggregate Bond Index (BBA) only represents ~42% of the $57 trillion in US fixed income assets

The “S&P” represents 81% *of the US stock market*



Source: Fixed income market, SIFMA and Bloomberg US Aggregate as of December 30, 2022. US stock market: Coverage of the S&P Composite 1500 (“S&P”, S&P 500 + S&P 400[1] + S&P 600[2]) of the US listed stock market using FactSet Research Systems, Inc. and Bloomberg as of December 30, 2022.

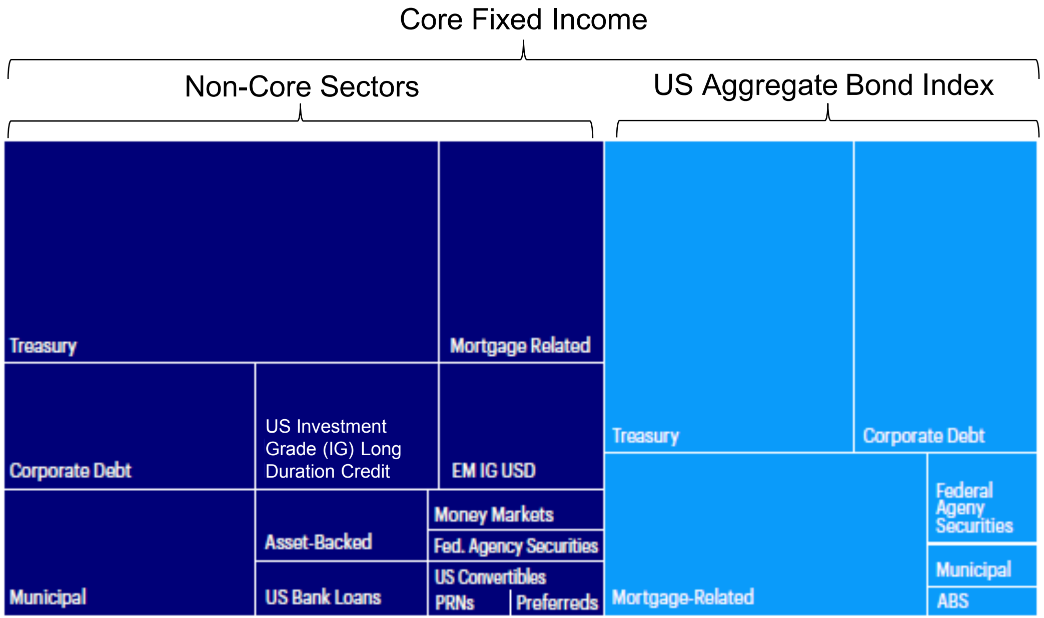
[1]The S&P MidCap 400 Index (S&P 400) serves as a gauge for the performance of the US mid-sized equities sector and is the most widely followed mid-cap index.

[2]The S&P SmallCap 600 Index (S&P 600) seeks to measure the small-cap segment of the U.S. equity market. Cap refers to the market value of the companies’ outstanding stocks.

1

Incomplete benchmark

The missing sectors (Non-Core) represent a substantial portion of the US fixed income market



US Aggregate Bond Index's Key Constraints:

- ✓ Must be investment grade (IG)
- ✓ Fixed-rate
- ✓ USD
- ✓ Taxable

This misses:

- High yield
- Bank loans
- Floating rate corporates
- Preferreds
- TIPS
- Convertibles
- EM USD debt
- Tax-exempt Munis

2

Missing sectors are key alpha drivers

Historically active managers have looked to missing sectors to enhance return potential

88%

underweight the BBA's government securities allocation

94%

allocate to the missing sectors

BBA = The Bloomberg US Aggregate Bond Index

Source: Morningstar Direct February 24, 2023.

There's a potential solution. Consider strengthening your core with fixed income ETFs that may provide…

✓ **Added diversification[1]**

✓ **Improved risk-adjusted return potential**

[1]Diversification does not guarantee a profit or eliminate the risk of loss.

Interest rate risk: Fixed income ETFs are vulnerable to interest rate risk. When interest rates rise, the value of bonds held by the ETFs tends to decline, and the price of the ETF will also decrease.

Credit risk: Fixed income ETFs invest in bonds issued by various companies, governments, and other entities. These bonds may have varying levels of credit quality, and some issuers may default on their payments, which can lead to a decline in the value of the ETF.

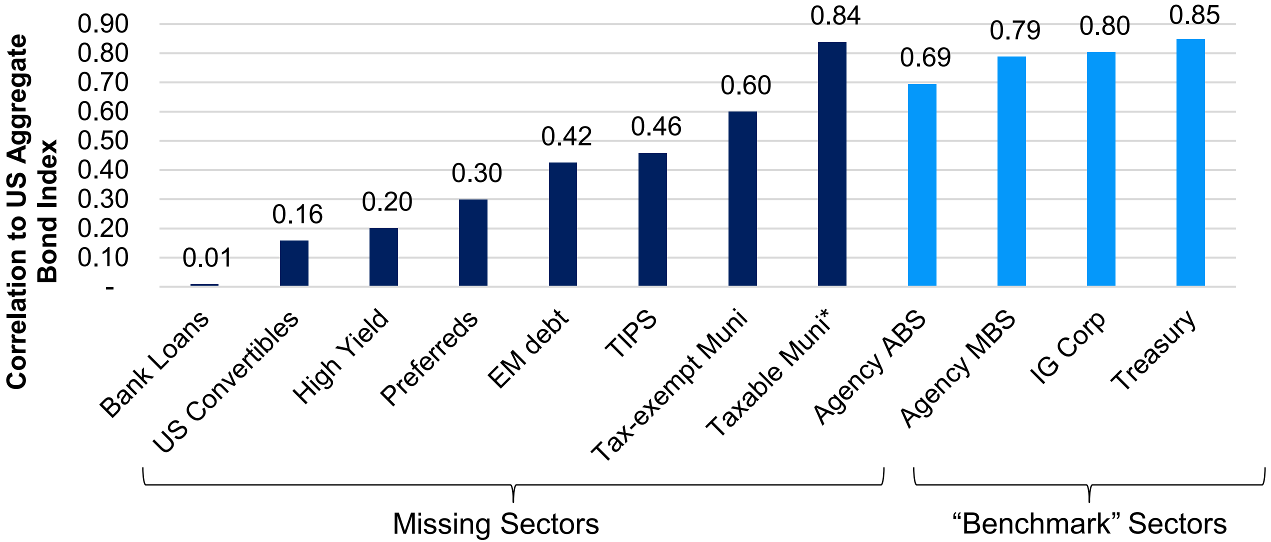
Liquidity risk: Fixed income ETFs trade on exchanges, and their liquidity may be affected by market conditions. If there are no buyers or sellers in the market, it can be difficult to buy or sell the ETF, which can lead to significant price fluctuations.

Inflation risk: Fixed income ETFs may be exposed to inflation risk, which is the risk that the rate of inflation will exceed the rate of return on the ETF, leading to a decline in purchasing power.

Currency risk: Fixed income ETFs that invest in bonds denominated in foreign currencies may be affected by currency risk. Fluctuations in the exchange rate can impact the value of the ETF, even if the underlying bonds are performing well.

Diversification

The missing sectors (i.e., non-core sectors) can help diversify a Bloomberg US Aggregate Bond Index allocation:

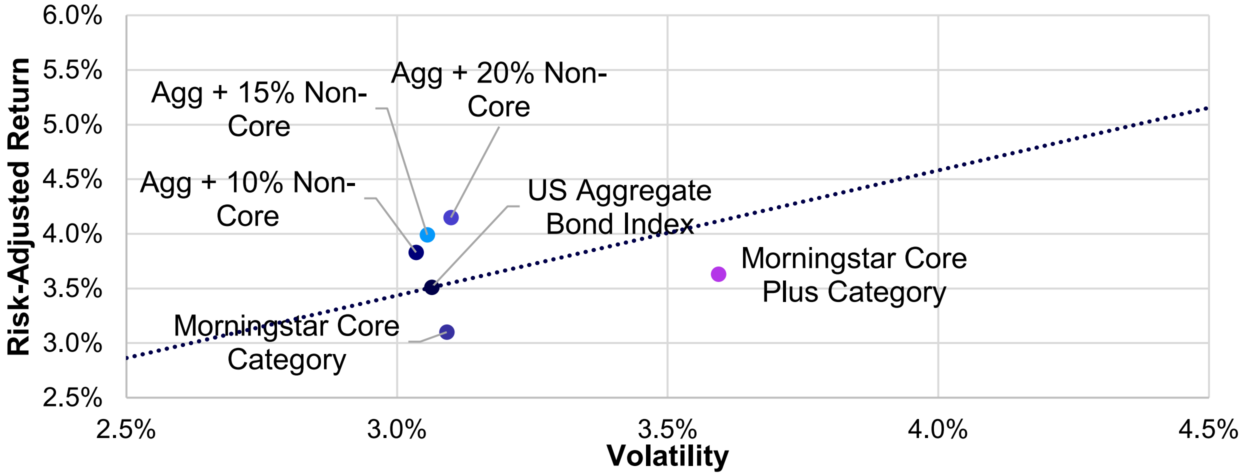


Many of the missing sectors offer ***low correlations[1] to the US Aggregate Bond Index***, providing potential diversification benefits.

*Taxable Munis are a small allocation within the US Aggregate Index. Adding a taxable muni allocation to a non-core sleeve may benefit the portfolio due to the sector's unique characteristics.
Source: 5 year correlations from Bloomberg as of December 30, 2022. Please see page 19 for the list of indexes that were used as sector proxies. Diversification does not guarantee a profit or eliminate the risk of loss.
[1]Correlation is a statistical measure that determines the degree to which two variables move in relation to each other.

Enhanced risk-return profile

Completing the fixed income exposure improved risk-adjusted returns



- ***Pairing the missing sectors (i.e., non-core) with the BBA improved risk-adjusted returns.***
- The sleeve of missing sectors equally allocates to each of the alpha drivers on the previous slide.

Non-core represents an equal weighted portfolio of Tax-exempt Muni, Emerging Market (EM) Debt, Preferreds, US Convertibles, Bank Loans, Treasury Inflation-Protected Securities (TIPS), High Yield and Taxable Muni. See page 19 for index definitions.
Example: "Agg + 15% Non-Core" represents an 85% weighting to BBA and the remaining 15% is equally distributed amongst the above-mentioned categories.
Morningstar Core Plus Category consists of Intermediate-Term Core-Plus Bond Funds. **Morningstar Core Category** consists of Core Bond Funds – Intermediate-term taxable-bond funds.
Volatility is measured by the standard deviation between returns.

Source: Five-year volatilities and annualized returns from Morningstar and Bloomberg as of December 30, 2022. Past performance is not a guarantee of future results. An investor cannot invest directly in an index. Index returns do not represent Fund returns. The performance results shown are hypothetical (not real) and were achieved by means of the retroactive application of the statistical model. It may not be possible to replicate the hypothetical results.

Three ways to complete Fixed Income exposure

1

Potentially Enhance & Diversify

your "benchmark" bond ETF exposure with Non-Core ETFs

2

Help Simplify

your core plus allocation with bond ETFs

3

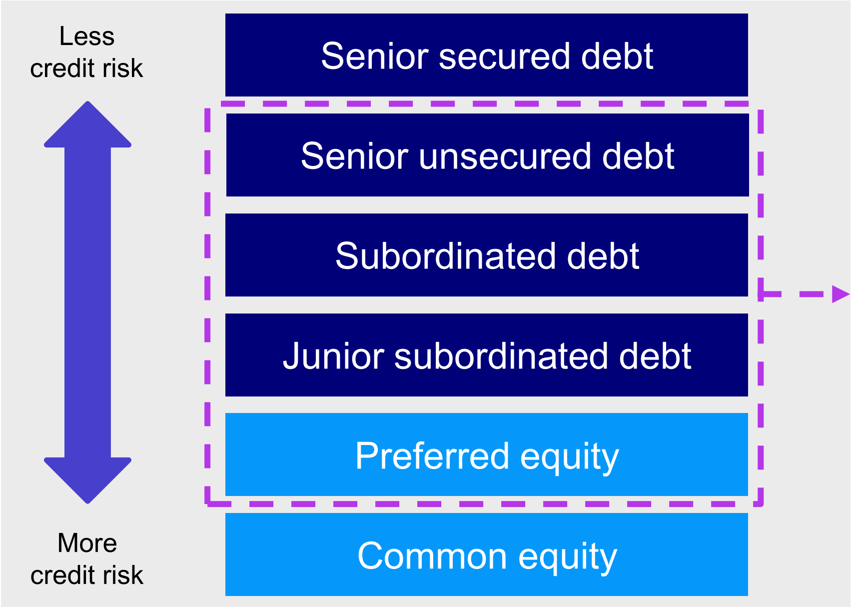
Possibly Replace

high-fee, underperforming active strategies

Overview of Preferred Securities

What are preferred and hybrid securities?

Securities with a preferred status versus common shares in a company's capital structure



Preferred/hybrid securities include characteristics of both equity and debt, and are characterized by:

- Long-dated or perpetual maturities
- Deep subordination to traditional debt
- Deferable payments without triggering a default event
- Cumulative or Non-cumulative distributions

Source: Invesco, for illustrative purposes only

Key features of preferred and hybrid securities

Defined Distributions

- "Preferred" as they are paid before any dividends to common shareholders
- Can be cumulative i.e. missed dividends must be paid before any dividends are paid to common shareholders

Perpetual or long-dated fixed maturity

- Often callable, typically after five years

No voting rights

Returns driven more by income than capital growth

Preferred/hybrid securities have several characteristics that investors may find attractive:

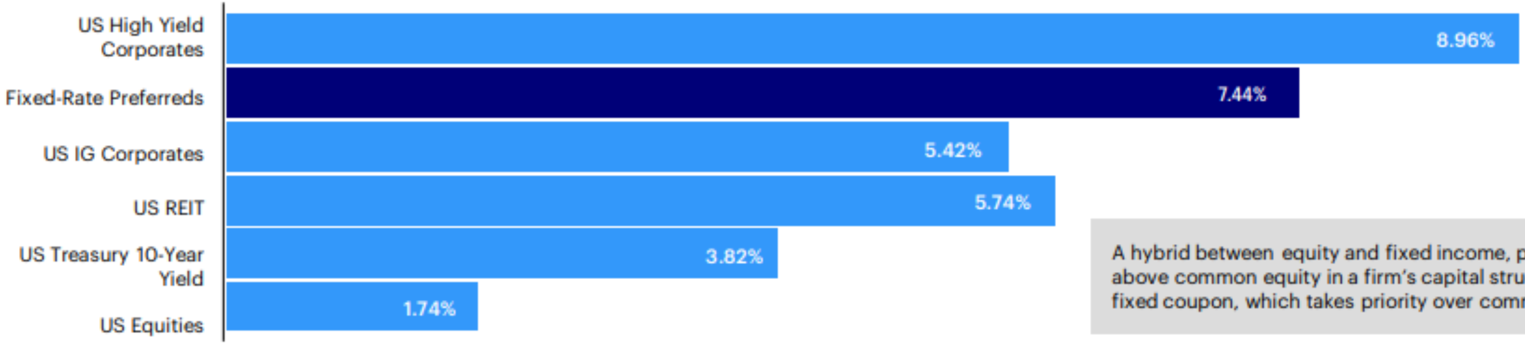
- Fixed income diversification
- Potential for higher yields vs. traditional corporate bonds
- Historically low rate of default/deferral[1]

Diversification does not guarantee a profit or eliminate the risk of loss

[1]Lower Default Risk: A significant proportion of preferreds are issued by banks and the banking sector historically has a lower default rate than other sectors. From 1981 –2021 the annual default rate of the banking sector averaged 0.64% while all other sectors averaged 1.85% (Source: Moody's as of April 2022)

The performance results shown are hypothetical (not real) and were achieved by means of the retroactive application of the statistical model. It may not be possible to replicate the hypothetical results.

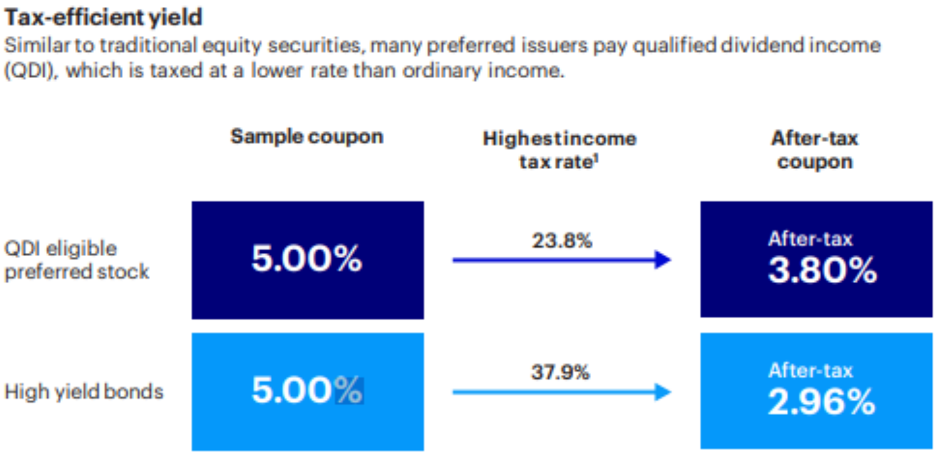
Potential for High Income



A hybrid between equity and fixed income, preferred securities sit above common equity in a firm's capital structure and often pay a fixed coupon, which takes priority over common stock dividends.

Source: Bloomberg L.P., as of December 31, 2022. Yield to Worst was represented in this chart. **Past performance is not a guarantee of future results.** S&P 500 Index, ICE BofAML US Treasury Current 10-Year Index, ICE BofAML US Corporate Index, MSCI US REIT Index, ICE BofAML US High Yield Index, ICE BofAML Core Plus Fixed Rate Preferred Securities Index. An investment cannot be directly into an index.

Tax-efficient Yield



For Illustrative Purposes Only.

- **Preferreds can offer tax-advantaged income for investors in high tax brackets**
- **Many preferred securities are Qualified Dividend Income-eligible (QDI)[1]**

[1]**Qualified Dividend Income-eligible (QDI)** refers to dividends that are taxed at a lower rate. A qualified dividend is an ordinary dividend that meets the criteria to be taxed at capital gains tax rates, which are lower than income tax rates for some taxpayers.

Taxable Municipal Bonds

What are municipal bonds?

Issued by U.S. state and local governments, eligible not-for-profit corporations, and territories of the US.

Typically used to finance the building of schools, highways, hospitals, sewer systems, and other public projects.

Traditionally, municipal bond interest payments have been exempt from federal income taxes for in-state residents, however, changes in the tax code over the years has given rise to municipal bonds that are subject to varying levels of taxation.

Source: Invesco. For illustrative purposes only.

Types of taxable municipal bonds

Taxable municipal bonds

Taxed as ordinary income

- Represents 80% of taxable municipal bonds outstanding
- A big portion consists of Federal Program bonds, such as Build America Bonds (BABs)

Subject to AMT

- Represents 20% of taxable municipal bonds outstanding
- Private activity bonds, issued by municipalities and used to attract private investment for projects with some public benefit
- Examples include projects that fund stadiums, airports, and hospitals

Source: Bloomberg L.P. as of July 27, 2021

Why invest in taxable municipal bond funds?

Taxable municipals are often exempt from state & local income taxes for investors who reside in the state of issuance, allowing for the possibility that the after-tax yield of the muni to be higher than that of a corporate bond of similar credit quality and duration.

Taxable municipals are secured with the same revenue streams and/or tax pledges that secure the tax-exempt bonds of the same issuers.

Taxable municipals may make sense in retirement accounts such as IRAs, 401(k)s, and pension funds, since tax on the interest income is tax-deferred.

Index Definitions

Fixed Income Indexes that were used as proxies for fixed income sectors:

Sector	Index Name	Index Definition
Agency MBS	S&P US Mortgage-Backed Securities Index	Rules-based, market-value-weighted index covering USD-denominated, fixed-rate and adjustable-rate/hybrid mortgage pass-through securities.
IG Corp	iBoxx USD Liquid Investment Grade Index	Designed to reflect the performance of USD-denominated Investment Grade corporate debt.
Treasury	Bloomberg US Treasury Total Return Unhedged USD	Measures USD-denominated, fixed-rate, nominal debt issued by the US Treasury excluding treasury bills due to maturity constraint.
Agency ABS	Bloomberg US Agg ABS Total Return Value Unhedged USD	Measures the investment grade, US dollar-denominated, fixed-rate taxable, asset-backed securities (ABS) market.
Tax-exempt Muni	ICE BofA National Long-Term Core Plus Municipal Securities Index	Composed of USD-denominated, investment grade, tax-exempt debt, publicly issued by US states and territories, or their political subdivisions, in the US domestic market with a term of at least 15 years remaining to final maturity.
EM debt	J.P. Morgan EMBI Global Core	Tracks liquid, US dollar emerging market fixed and floating-rate debt instruments issued by sovereign and quasi sovereign entities.
Preferreds	ICE BofA Core Plus Fixed Rate Preferred Securities Index	Tracks the performance of fixed rate US dollar-denominated preferred securities issued in the US domestic market.
US Convertibles	Bloomberg U.S. Convertibles Liquid Bond Index TR Unhedged USD	Designed to represent the market of US convertible bonds.
Bank Loans	S&P/LSTA U.S. Leveraged Loan 100 Index	Designed to measure the performance of the 100 largest facilities in the US leveraged loan market.
TIPS	ICE BofA 0-5 Year US Inflation-Linked Treasury Index	Designed to measure the performance of the shorter maturity subset of the U.S. Treasury Inflation-Protected Securities (“TIPS”) market.
High Yield	iBoxx USD Liquid High Yield Index	Rules-based index consisting of liquid USD-denominated, high yield corporate bonds for sale in the United Sates.
Taxable Muni	ICE BofA US Taxable Municipal Securities Plus Index	Designed to track the performance of USD-denominated taxable municipal debt publicly issued by US states and territories, and their political subdivisions.