Invesco

Invesco Peak Index

A Focus on Quality to Reach New Heights

The Invesco Peak Index puts it all together

High-quality stocks

+

Responsive bond exposure

+

Dynamic asset allocation

The Invesco Peak Index is built on three key components with the goal of delivering attractive results along a steady path

High-Quality Companies

Powered by **high-quality companies**, which have historically outperformed the broader stock market[1]

Responsive Bond Exposure

Complemented with short- and longer-term bonds to **adapt to changing market conditions**

Dynamic Asset Allocation

Dynamically calibrated between stock, bond, and cash holdings to seek to deliver smoother performance over time

Invesco's factor expertise

Factor investing — a blueprint for better outcomes

The centerpiece of the Invesco Peak Index is a focus on quality companies. Quality is a stock characteristic, or factor, shown by academics and practitioners to deliver more attractive returns historically than the broad market.[1] Factor investing is nothing new. This precise way of looking at the market and choosing securities based on attributes associated with higher returns has been around for decades. In fact, Invesco has been working with factor strategies since 1983.

Invesco is a global leader in factor investing:

Experience

Invesco's practical expertise in working with factor strategies dates back to 1983

Scale

$155 billion in factor-based assets under management[2]

Customizability

Client-centric focus with factor, multi-asset, and ESG investment expertise

1. Sloan, R. 1996. Do stock prices fully reflect information in accruals and cash flows about future earnings? The Accounting Review 71 (July): 289-315.

   Ikenberry, D., J. Lakonishok, and T. Vermaelen. Market underreaction to open market share repurchases. Journal of Financial Economics 39 (1995): 181-208.

   Novy-Marx, R. The other side of value: the gross profitability premium. Journal of Financial Economics 108 (2013): 1-28.

2. As of March 31, 2022. Factor assets represent Invesco's full range of factor-based products and are available via affiliates of Invesco Ltd.

High-quality companies

Quality is the engine that drives the Invesco Peak Index.

Management quality

Companies with a strong track record of returning excess cash to their shareholders through stock buybacks rather than diluting existing ownership through new equity issuance demonstrate that company management is making efforts to act in the best interest of current shareholders.

Operating quality

Companies that generate higher levels of profit from their available assets demonstrate a superior ability to manage their resources efficiently and identify projects with higher rates of return that offer the potential to drive more value for their shareholders.

Earnings quality

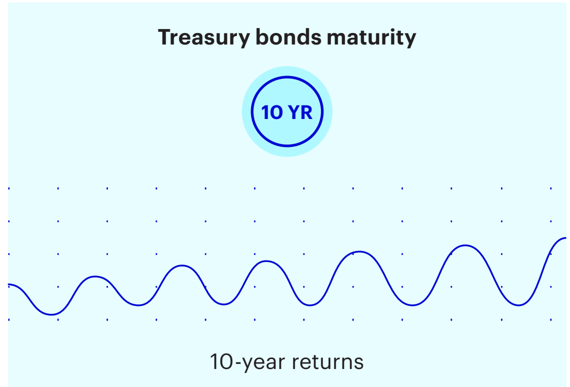
Companies marked by high earnings quality are those that are able to generate higher-than-average cash flow from their business relative to their accounting earnings. Accounting measures may not always reflect the true dollars coming in and out of the firm, leading to earnings that may be less indicative of a company's health. Cash earnings, on the other hand, are real and may be a truer measure of an organization's strength.

Responsive bond exposure

Bond holdings adjust to changing market conditions in an effort to mitigate the negative impacts of rising interest rates.

In addition to positions in high-quality stocks, the Invesco Peak Index also provides exposure to bonds as an additional and complementary source of returns. Another attractive feature of bonds — and, in particular, US Treasury bonds — is that they quite often experience less dramatic swings in returns relative to stocks.

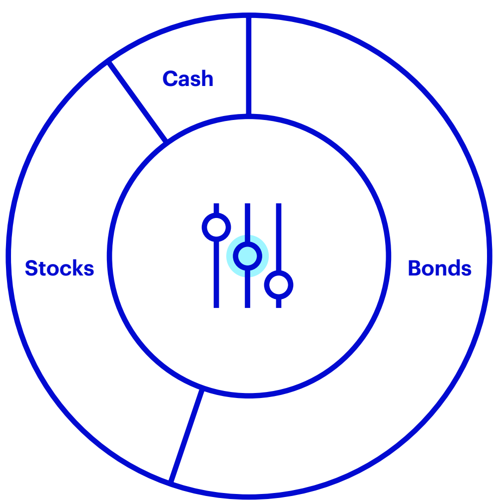
In most market environments, bond exposure in the index comes from holdings of 10-year Treasury bonds, which, historically, have delivered stronger returns than other Treasury bonds with shorter maturities.[1]



However, a steady drop in the price of 10-year Treasuries often signals a rise in interest rates. When this happens, the index allocates a portion of the bond exposure away from 10-year Treasuries and into two-year Treasuries. These shorter-dated bonds tend to offer more price stability under these conditions. The goal is to provide more defensive exposure and help cushion the impact of declining bond prices.

Dynamic asset allocation

Exposure to stocks, bonds, and cash are dynamically adjusted daily to seek a smoother performance experience for the Invesco Peak Index over time.



For instance, as the riskiness of its stock holdings increases, the index will shift away from stocks and into bonds.

On the other hand, as the riskiness of those stock holdings decreases, the index will shift away from bonds and into stocks.

And as the riskiness of the combination of stocks and bonds rises and falls, the index will allocate more and less, respectively, to cash.

1. For example, the annualized returns from December 31, 2002, to June 30, 2022, for the Credit Suisse 10-Year US Treasury Note Futures Index and Credit Suisse Two-Year US Treasury Note Futures Index are 2.49% and 0.57%, respectively.

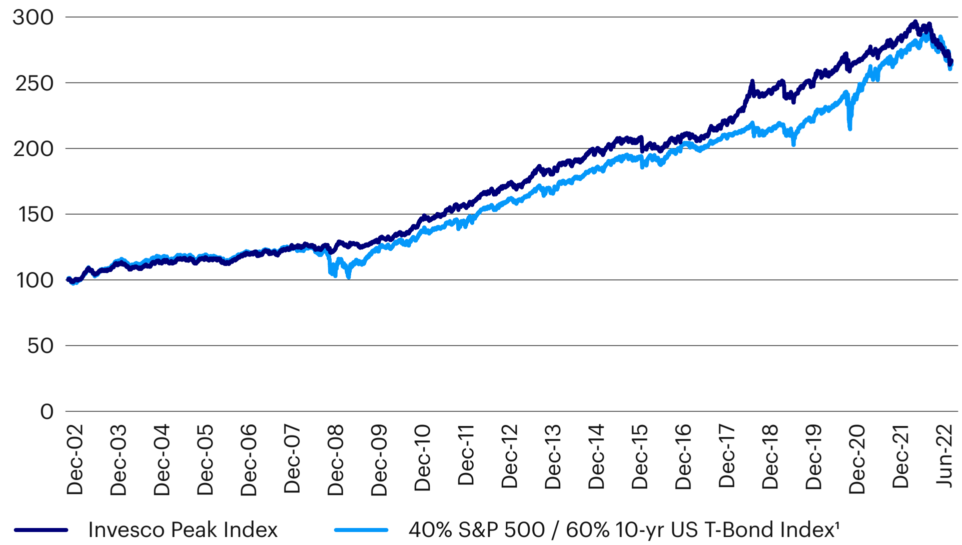
Performance through time

Attractive returns delivered through a smoother ride by dynamically adjusting between stocks, bonds, and cash.

Return profile

Quality stocks have outperformed the broader market historically.

Return Profile (cumulative)

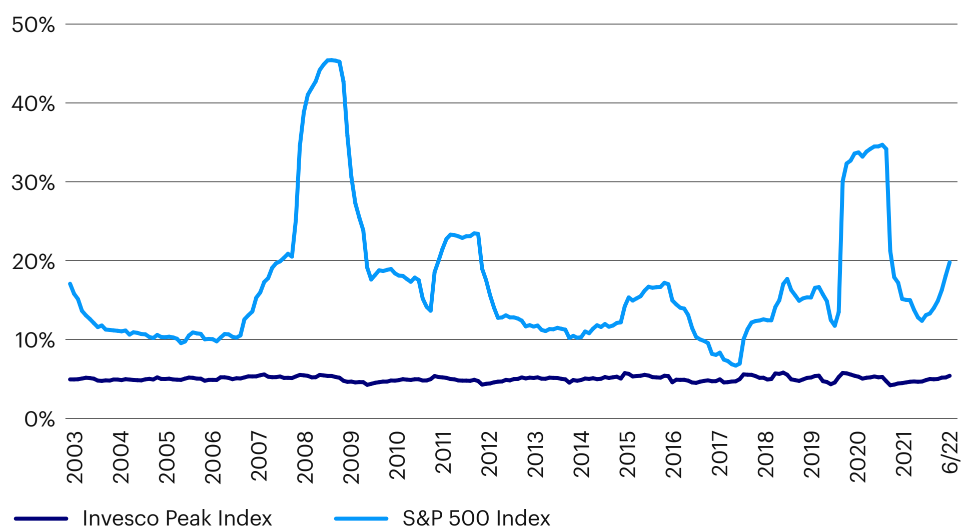


Source: Invesco. As of June 30, 2022. Full Period for all indexes is December 31, 2002 – June 30, 2022. The Invesco Peak Index was launched on April 2, 2020. All data prior to a launch date is back-tested (i.e., calculations of how the index might have performed over that time period had the index existed). Back-tested performance is subject to inherent limitations because it reflects retroactive application of an index methodology and selection of index constituents with the benefit of hindsight. Past performance, actual or back-tested, is no guarantee of future performance.

Volatility profile

Dynamic asset allocation delivers a smoother ride through time.

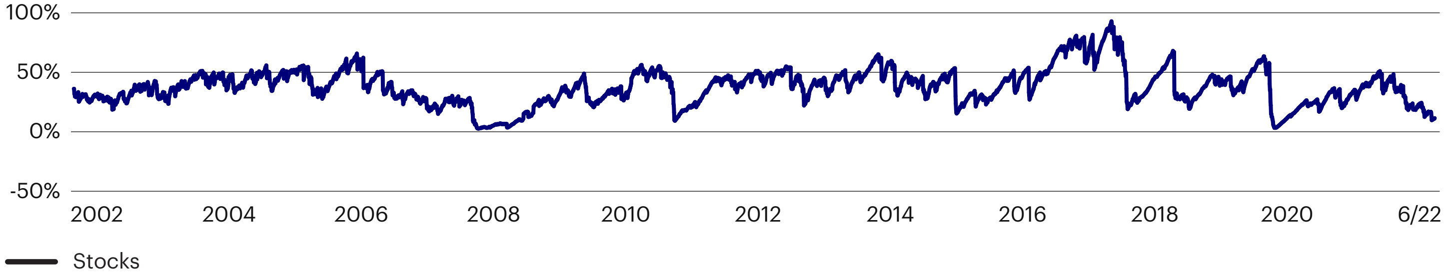
Rolling 12M Volatility

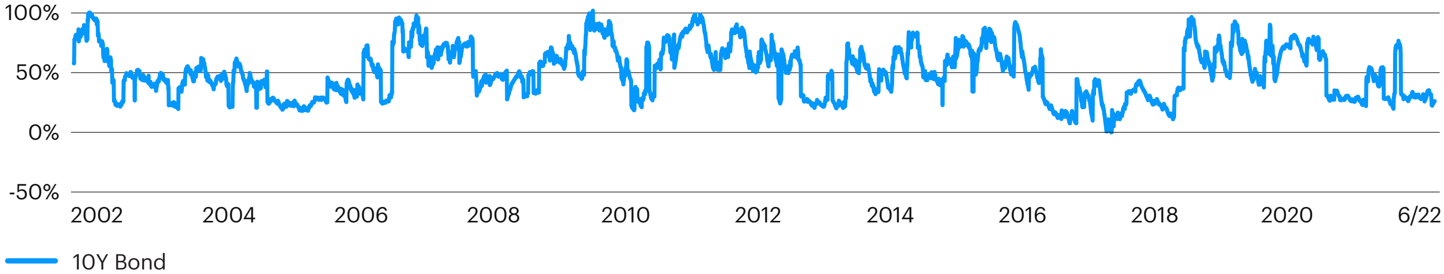


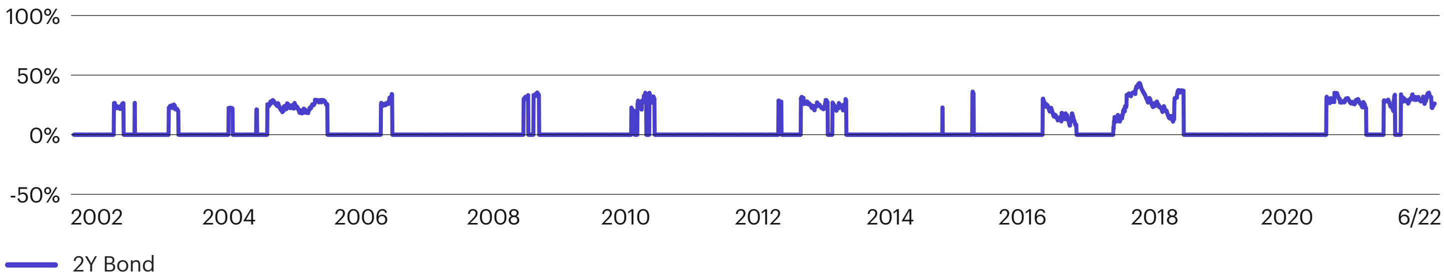
Source: Invesco Indexing. December 31, 2002 to June 30, 2022. The Invesco Peak Index Index was launched on April 2, 2020. The S&P 500 Index was launched on March 4, 1957. All data prior to a launch date is back-tested (i.e., calculations of how the index might have performed over that time period had the index existed). Back-tested performance is subject to inherent limitations because it reflects retroactive application of an index methodology and selection of index constituents with the benefit of hindsight. Past performance, actual or back-tested, is no guarantee of future performance.

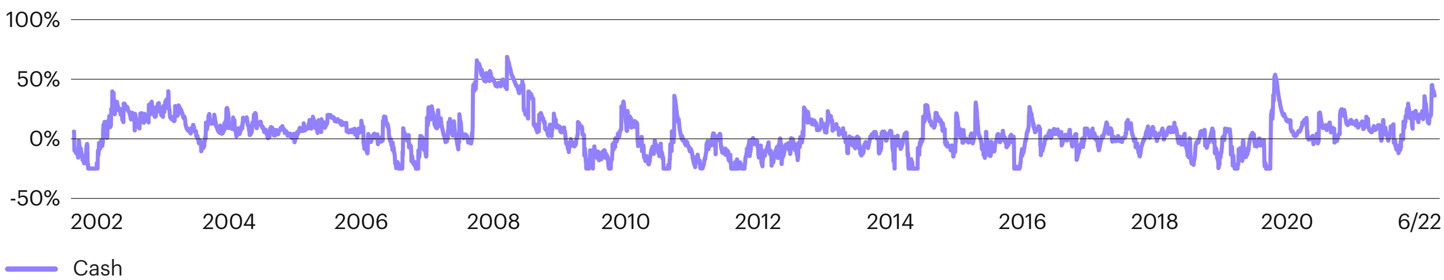
1. To be consistent with the construction of the Invesco Peak Index, the equity component of the 40/60 benchmark is reduced by a reference rate (3-month USD LIBOR through December 31, 2021 and the 3-month SOFR thereafter) and an annual 0.50% performance reduction is applied to the full benchmark.

Asset allocation exposures through time









Source: Invesco Indexing. December 31, 2002 to June 30, 2022. The Invesco Peak Index was launched on April 2, 2020. All data prior to a launch date is back-tested (i.e., calculations of how the index might have performed over that time period had the index existed). Back-tested performance is subject to inherent limitations because it reflects retroactive application of an index methodology and selection of index constituents with the benefit of hindsight. Past performance, actual or back-tested, is no guarantee of future performance.

Disclosures

Although bonds generally present less short-term risk and volatility than stocks, the bond market is volatile and investing in bonds involves interest rate risk; as interest rates rise, bond prices usually fall, and vice versa. Bonds also entail issuer and counterparty credit risk, and the risk of default. Additionally, bonds generally involve greater inflation risk than stocks.

Indexes are unmanaged and it is not possible to invest directly in an index. Exposure to an asset class or trading strategy represented by an index is only available through investable instruments (if any) based on that index. Invesco Indexing LLC does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, derivative or other security, financial product or trading strategy that is based on, linked to or seeks to track the performance of any Invesco Indexing LLC index. There is no assurance that the index discussed in this material will achieve its investment objective.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

Invesco Indexing LLC is an indirect, wholly owned subsidiary of Invesco Ltd. The group is legally, technologically and physically separate from other business units of Invesco, including the various global investment centers.