

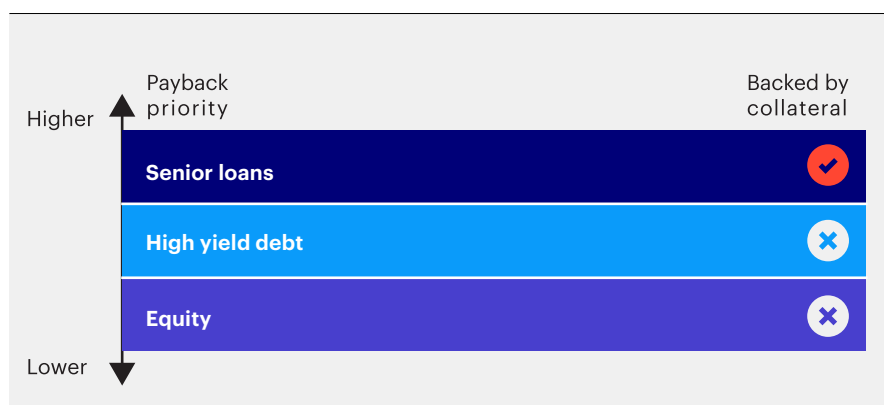
What are senior loans?

Senior in the capital structure

Senior loans are below investment grade* debt obligations. They are underwritten by banks and are then syndicated out to a broad array of institutions such as asset management companies, resulting in a liquid secondary market.

Senior loans are utilized by corporations to finance acquisitions, refinance existing debt or for other business purposes.

Senior loans are called “senior” because they sit atop the capital structure and are secured by the assets of a company. In the case of a default, senior loans are the first to be repaid.



Why senior loans today?

Floating rate feature

Senior loans are floating rate debt instruments, as their coupon is comprised of a credit spread over a base rate that adjusts. This results in senior loans having a duration of 0.25 years** and thus very low sensitivity to interest rate movements.

Rising interest rates		
	Income	Prices
Floating rate (i.e. senior loans)	Will adjust to changes in interest rates ↑	Less sensitive to changes in interest rates ↔
Fixed rate (i.e. government bonds)	Is fixed ↔	Adjusts to changes in interest rates ↓

Source: Invesco, For illustrative purposes only

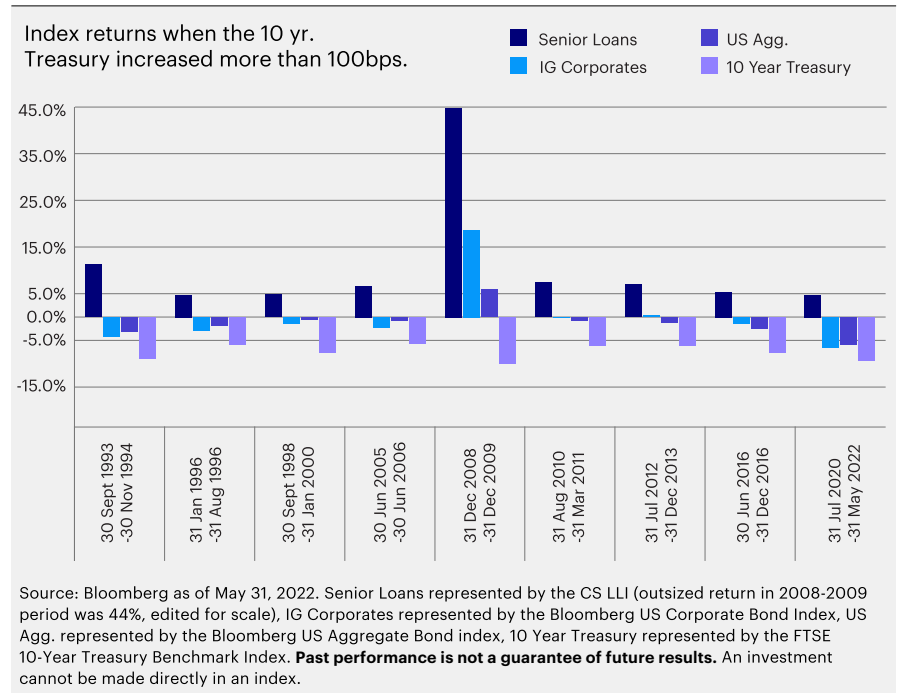
*Investment grade securities are: (i) securities rated BBB- or higher by S&P Global Ratings (S&P) or Baa3 or higher by Moody's Investors Service, Inc. (Moody's) or an equivalent rating by another nationally recognized statistical rating organization (NRSRO), (ii) securities with comparable short-term NRSRO ratings, or (iii) unrated securities determined by the Adviser to be of comparable quality, each at the time of purchase.

**Source: Credit Suisse, as of June 30, 2022. Credit Suisse Leveraged Loan Index represents Senior Loans. Past performance is not a guarantee of future results.

Why senior loans today?

Natural hedge against rising interest rates and inflation

Senior loans have performed well during previous periods of rising rates.



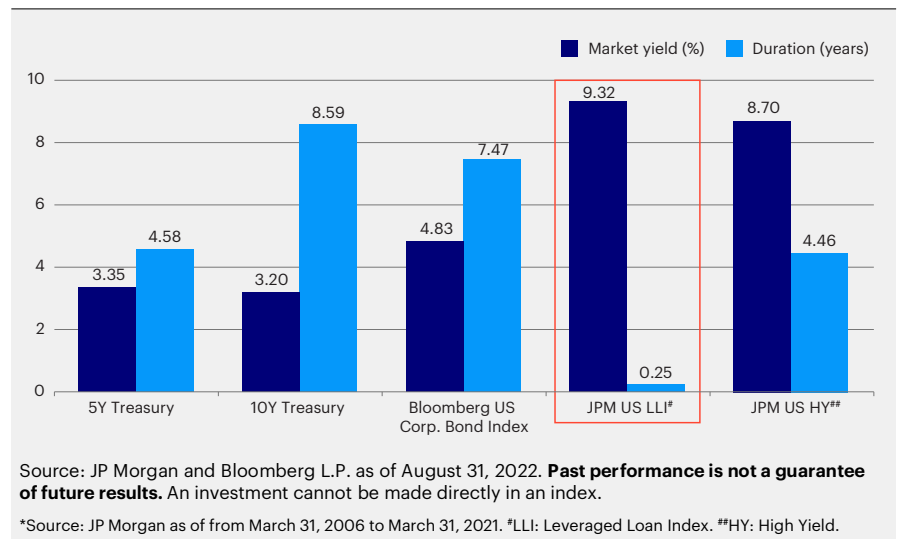
Senior loans provide a compelling yield

Senior loans provide a compelling yield in today's landscape of low rates / yields. Similar to traditional fixed income, most of senior loans return is comprised of current income.

Strong relative value vs. high yield bonds

Historically, high yield bonds have out-yielded senior loans by 70bps* to compensate investors for being junior and structurally riskier.

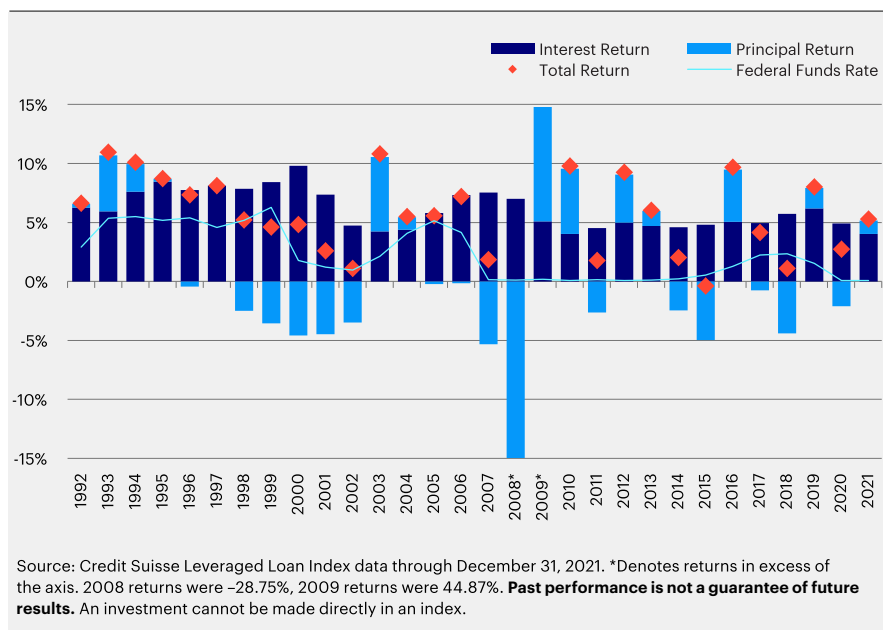
Currently, senior loans are providing a **higher** yield than high yield bonds. As such, investors can swap into a structurally safer asset class, while picking up yield.



Why senior loans today?

Strong attractive return profile

The unique combination of senior secured status and relatively high level of coupon has resulted in loans generating positive returns in 28 years out of the last 30 years.



Diversification potential

Senior loans have had low correlation with other traditional asset classes, which may help mitigate overall volatility.

Senior loans' floating rate feature offers investors "pure" exposure to credit risk (i.e. relatively lower duration exposure). This makes loans a compelling pairing with corporates and other traditional fixed income asset classes that, in many cases, have investment grade yields near historic lows, and duration at all-time highs.

Asset class	Senior loans	High yield	10 year Treasury	S&P 500	High grade corp
Correlation attributes 1997 - December 2020					
S&P/LSTA Leveraged Loan Index	1.00	0.79	-0.36	0.49	0.43
ML US High Yield Index		1.00	-0.18	0.65	0.58
ML 10yr US Treasury Index			1.00	-0.28	0.55
S&P 500				1.00	0.28
ML US Corp Index					1.00

Source: S&P Leveraged Commentary & Data (LCD) 1997- December 31, 2020. **Past performance is not a guarantee of future results.** An investment cannot be made directly in an index.

Why Invesco for senior loans?

- With over US\$1,390.4 billion* in assets under management, Invesco is one of the world's largest managers of senior loans.
- Invesco's size and scale can lead to many benefits such as preferred allocations on new issuance and the ability to execute trades inside the bid/ask spread.
- Invesco has sizable team dedicated solely to the asset class, with 32 investment professionals and over 100 total professionals supporting the loan platform.
- Invesco has developed a proprietary process that evaluates each issuer's ESG impact and incorporates that analysis into portfolio construction.
- Invesco was one of the first to bring a commingled ESG fund to the senior loan asset class.

*Source: Invesco as of June 30, 2022.

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Most senior loans are made to corporations with below investment-grade credit ratings and are subject to significant credit, valuation and liquidity risk. The value of the collateral securing a loan may not be sufficient to cover the amount owed, may be found invalid or may be used to pay other outstanding obligations of the borrower under applicable law. There is also the risk that the collateral may be difficult to liquidate, or that a majority of the collateral may be illiquid.

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.

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