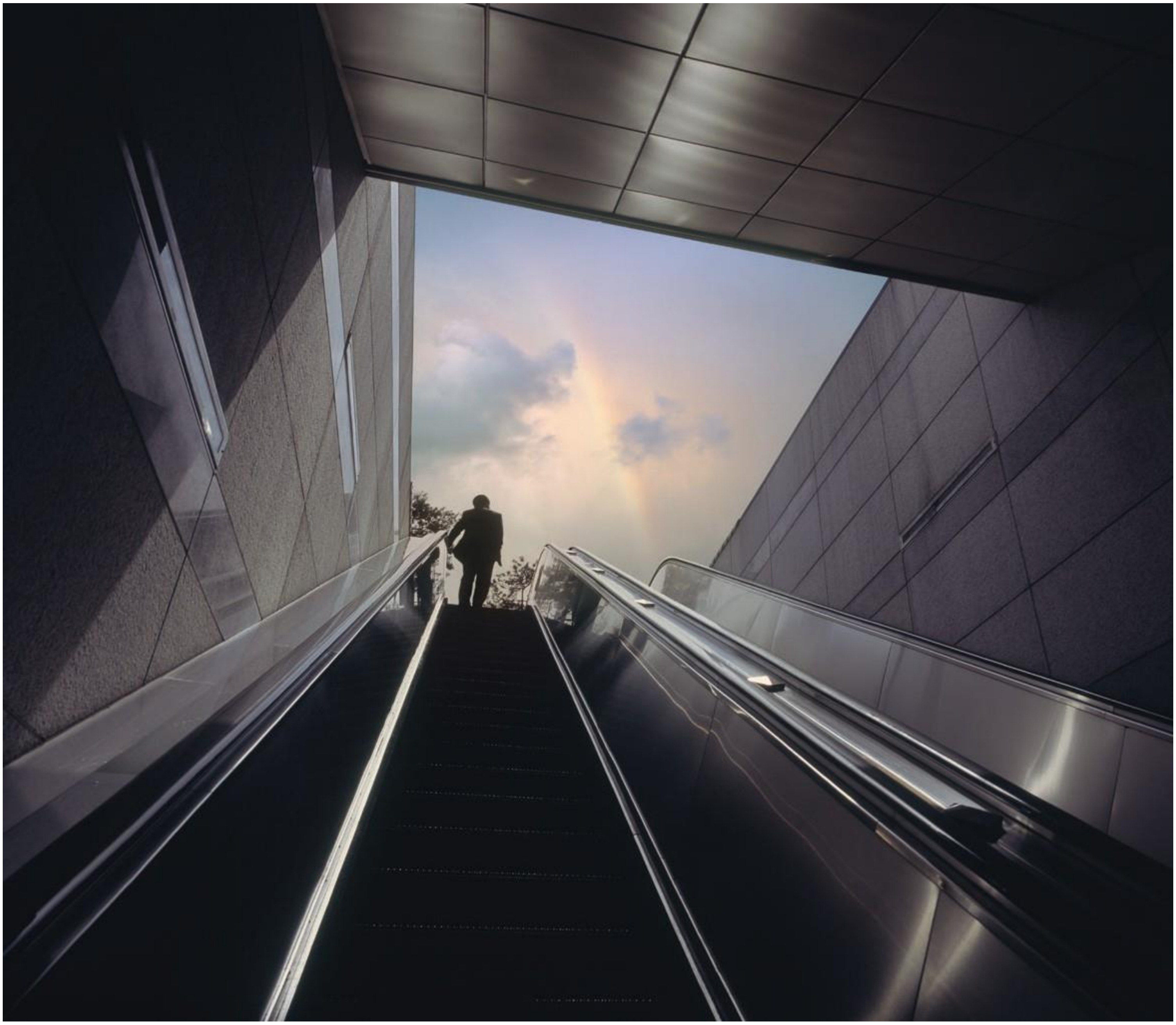
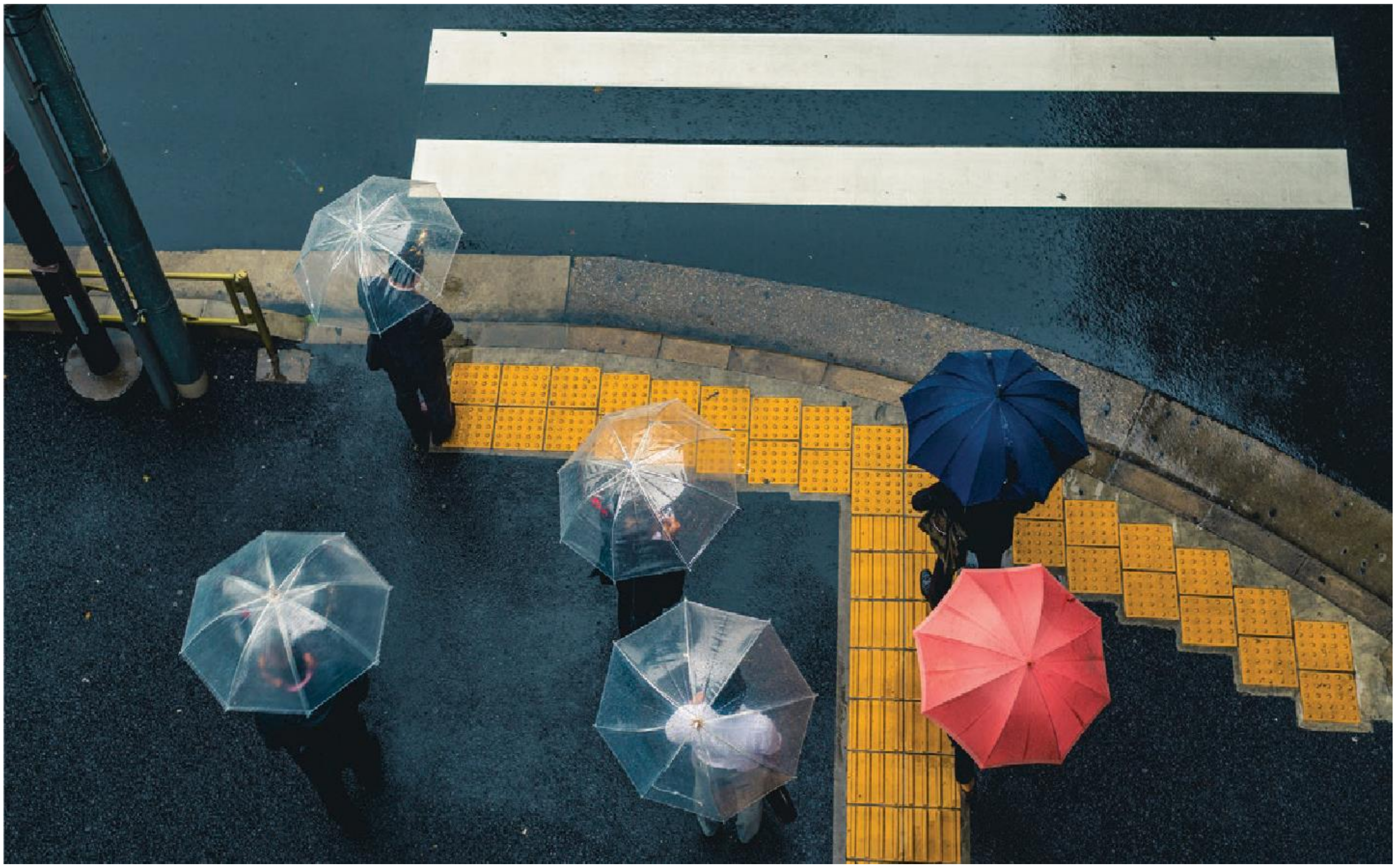
# Invesco Dynamic Growth Index

Rising to the challenge of ever-changing markets





# The Invesco Dynamic Growth Index puts it all together

The Invesco Dynamic Growth Index adapts to changing market conditions utilizing three key features aimed at delivering attractive results on a steady path

### Dynamic Multi-Factor

Stock exposure adjusts to the current economic regime by selecting companies with qualities suited for potential outperformance, while maintaining diversification across these varying market environments

### Responsive Bond Exposure

The Index strategically allocates between long- term bonds and cash to adapt to changing market conditions

### Adaptive Asset Allocation

Exposures to stocks, bonds, and cash are adjusted daily to help deliver a smoother performance profile for the Index over time

# Why factors work

## Factor investing — A blueprint for better outcomes

The centerpiece of the Invesco Dynamic Growth Index is a dynamic multi-factor approach. Value, Momentum, Quality, Low Volatility and Size are stock characteristics, or factors, shown by academics and practitioners to deliver more attractive returns historically than the broad market[1]:

### Value

**Investment Rationale**

Attractively priced stocks tend to outperform those that are expensive

**Factor Metrics**

Cash flow, earnings, and sales multiples

### Momentum

**Investment Rationale**

Trends in recent company stock performance tend to continue

**Factor Metrics**

Recent stock performance

### Quality

**Investment Rationale**

Well-run companies in a position of financial strength tend to be rewarded

**Factor Metrics**

Profitability, leverage ratio

### Low Volatility

**Investment Rationale**

High volatility stocks tend to be treated like lottery tickets, disappointing investors in the end

**Factor Metrics**

Long term stock return variation

### Size

**Investment Rationale**

Small companies tend to perform better than larger companies

**Factor Metrics**

Market capitalization

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. Narasimhan J., S. Titman. Returns to Buying Winners and Selling Losers: Implications for Stock Market Efficiency. The Journal of Finance Vol. 48, No. 1. (1993): 65 – 91. Malcolm, B., B. Bradley, and J. Wurgler. Benchmarks as Limits to Arbitrage: Understanding the Low-Volatility Anomaly. Financial Analysts Journal Volume 67 (2011): 1 – 15. Rosenberg B., K. Reid, and R. Lanstein. Persuasive evidence of market inefficiency. Journal of Portfolio Management 11.3 (1985): 9 – 16. Basu S. Investment Performance of Common Stocks in Relation to Their Price-Earnings Ratios: A Test of the Efficient Market Hypothesis. Journal of Finance Volume 32, No. 3. (1977) 663 – 682.

# Dynamic Multi-Factor

## Regime-specific stock exposure is the foundation of the Invesco Dynamic Growth Index.

### Positioning for success

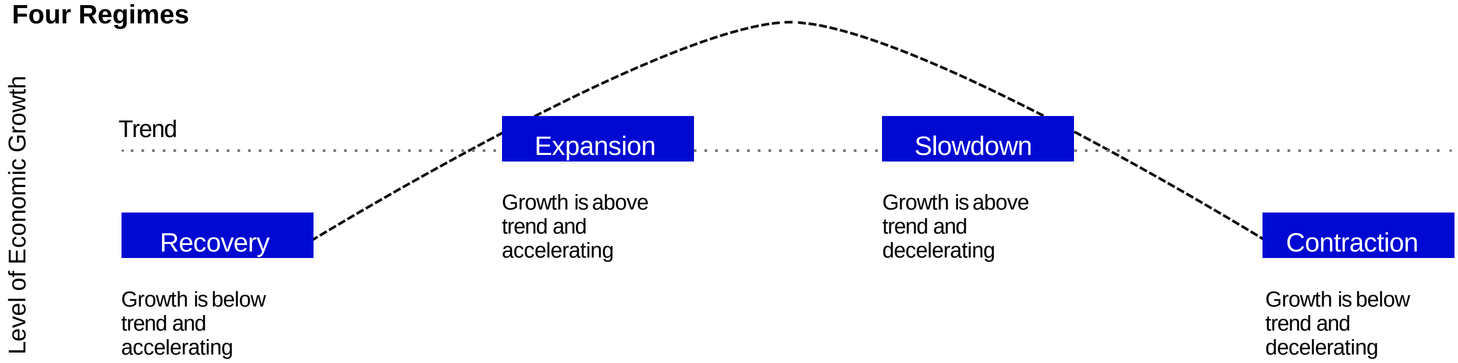
Dynamic multi-factor strategy seeks to take advantage of changing market environments. Using a disciplined approach to determine the current economic regime, the strategy increases exposure to factors that tend to be rewarded in that climate and decreases exposure to those that do not. The goal is to deliver better returns than generic stock market exposure.

### Rules-based approach

Securities are assigned a score for each investment style: Value, Momentum, Quality, Low Volatility and Size. Security weights are then tilted in a rules-based manner based on the factors most relevant to the current economic regime.

## Macro Regimes Framework

**Four Regimes**




Emphasis on each factor is determined by the current environment

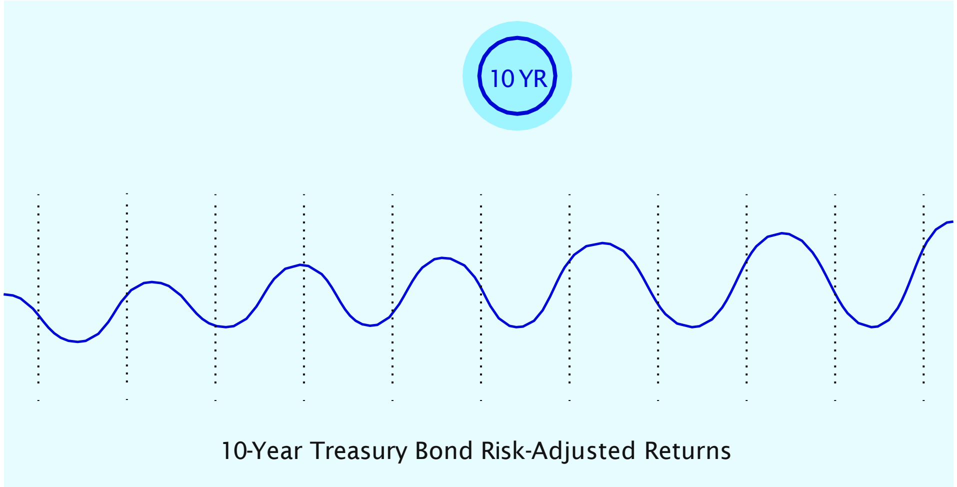
| Recovery | Expansion | Slowdown | Contraction |
|---|---|---|---|
| **Size** | **Size** | Size | Size |
| **Value** | **Value** | Value | Value |
| Momentum | **Momentum** | Momentum | **Momentum** |
| Low Volatility | Low Volatility | **Low Volatility** | **Low Volatility** |
| Quality | Quality | **Quality** | **Quality** |

For illustrative purposes only.

# Responsive bond exposure

In addition to multi-factor equity, the Invesco Dynamic Growth Index also provides exposure to bonds when conditions warrant as an additional and complementary source of returns. Beneficially, bonds — and, in particular, US Treasury bonds — quite often experience less dramatic swings in returns relative to stocks.[2]

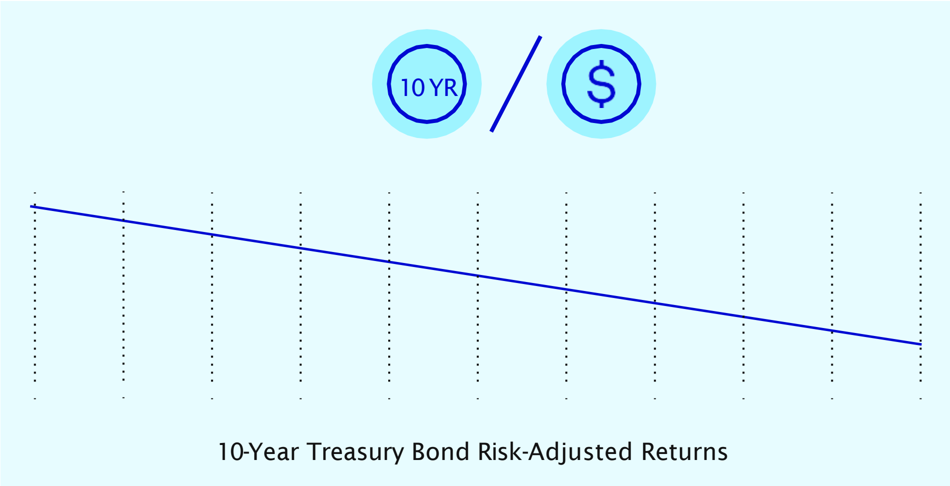
Fixed Income Allocation




For illustrative purposes only.

However, a drop in price coupled with higher volatility in 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 cash, potentially offering more price stability under these conditions. The goal is to provide more defensive exposure and help cushion the impact of declining bond prices.

Fixed Income Allocation




For illustrative purposes only.

Bond and cash holdings adjust to changing market conditions to seek to provide defense when needed.

2. Volatility is the annualized standard deviation of returns. For the 10-year period September 30, 2014, to September 30, 2024, the annualized volatilities of the S&P 500 Index and Bloomberg US Trsy Bellwethers 10Y TR USD Index were 15.25% and 7.18%, respectively.

# Adaptive asset allocation

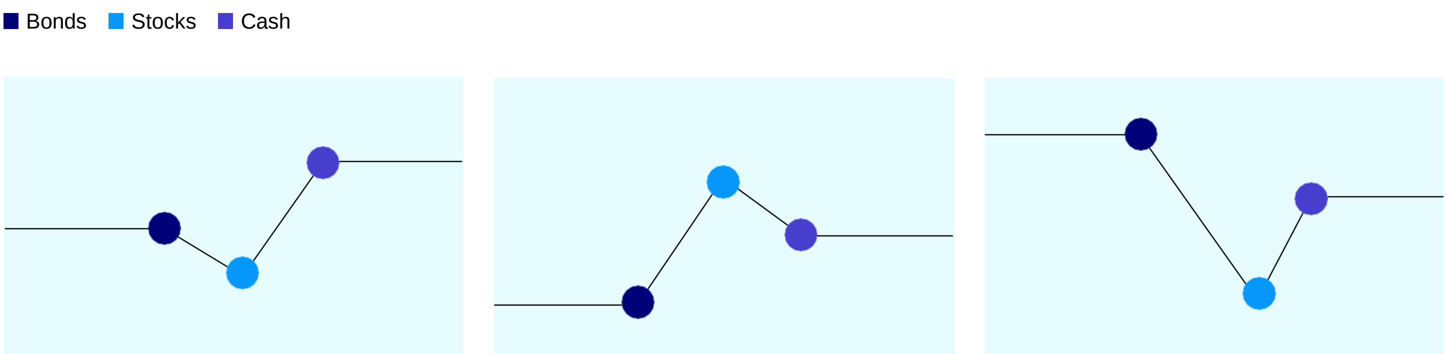
## Daily fine-tuning to stock, bond, and cash exposure seeks to deliver stable results

Exposure to stocks, bonds, and cash are adjusted daily to help deliver a smoother performance profile for the Invesco Dynamic Growth Index over time.

For instance, when the riskiness of stock holdings rises, the Index will shift away from stocks and into bonds, into cash or into a combination of bonds and cash.

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

Additionally, as the riskiness of the combined allocation of stocks and bonds rises and falls, the Index allocates more and less, respectively, to cash. In periods of high volatility, it may be possible for the index to be comprised heavily or fully of bonds and / or cash, which may persist as volatility is elevated. Due to excess return index construction, cash allocations in the index are non-remunerated*.



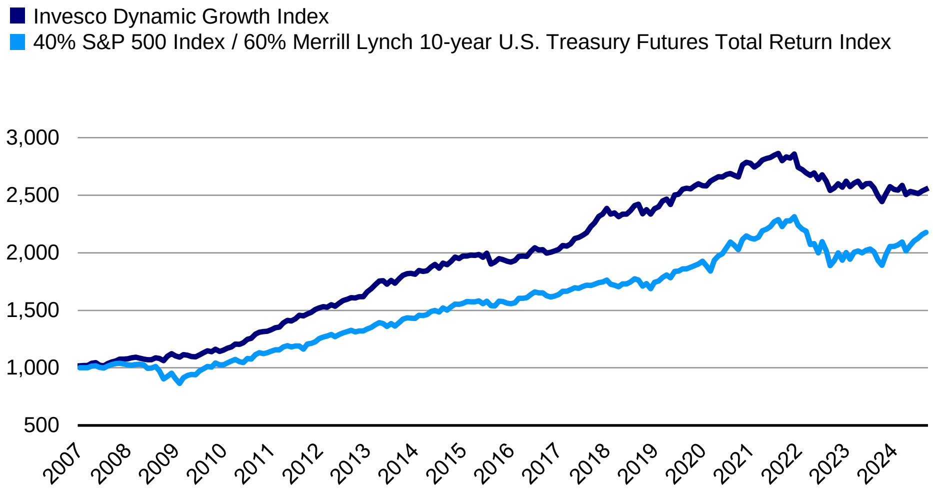

For illustrative purposes only.

*The cash position is non-remunerated means that the amount of readily available cash does not directly generate income or provide any financial return; it simply represents the current level of liquid funds on hand, not a source of earnings itself

# Results through time

## Performance

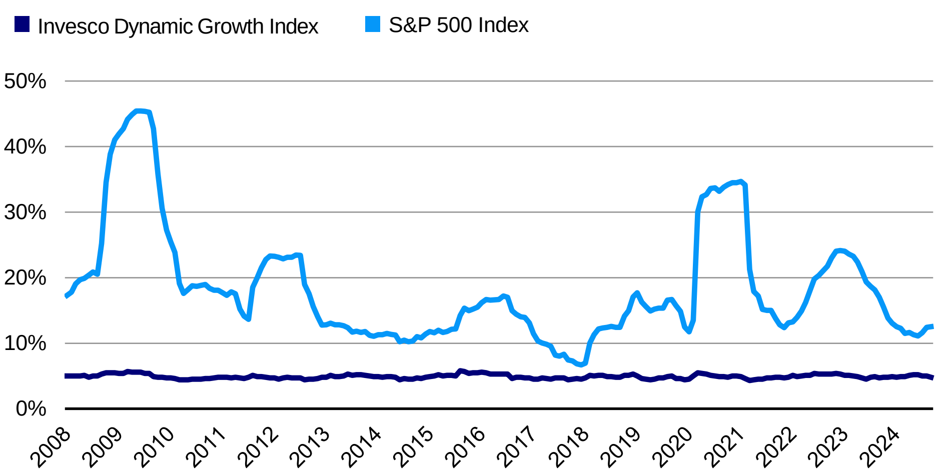
Cumulative performance[3]




| Return (%) | 1Y | 3Y | 5Y | 10Y | SI |
|---|---|---|---|---|---|
| Invesco Dynamic Growth Index | 2.43 | -3.01 | -0.05 | 3.02 | 5.35 |
| 40%/60% Benchmark | 12.76 | -0.72 | 3.22 | 3.78 | 4.51 |

## Risk

Rolling 12 month volatility[4]




| Risk (%) | 1Y | 3Y | 5Y | 10Y | SI |
|---|---|---|---|---|---|
| Invesco Dynamic Growth Index | 4.84 | 4.98 | 4.93 | 4.94 | 4.92 |
| S&P 500 Index | 12.53 | 17.52 | 21.17 | 17.79 | 19.95 |
| **Tracking Error (%)** | **1Y** | **3Y** | **5Y** | **10Y** | **SI** |
| Invesco Dynamic Growth Index | 6.17 | 7.64 | 6.26 | 4.73 | 5.94 |

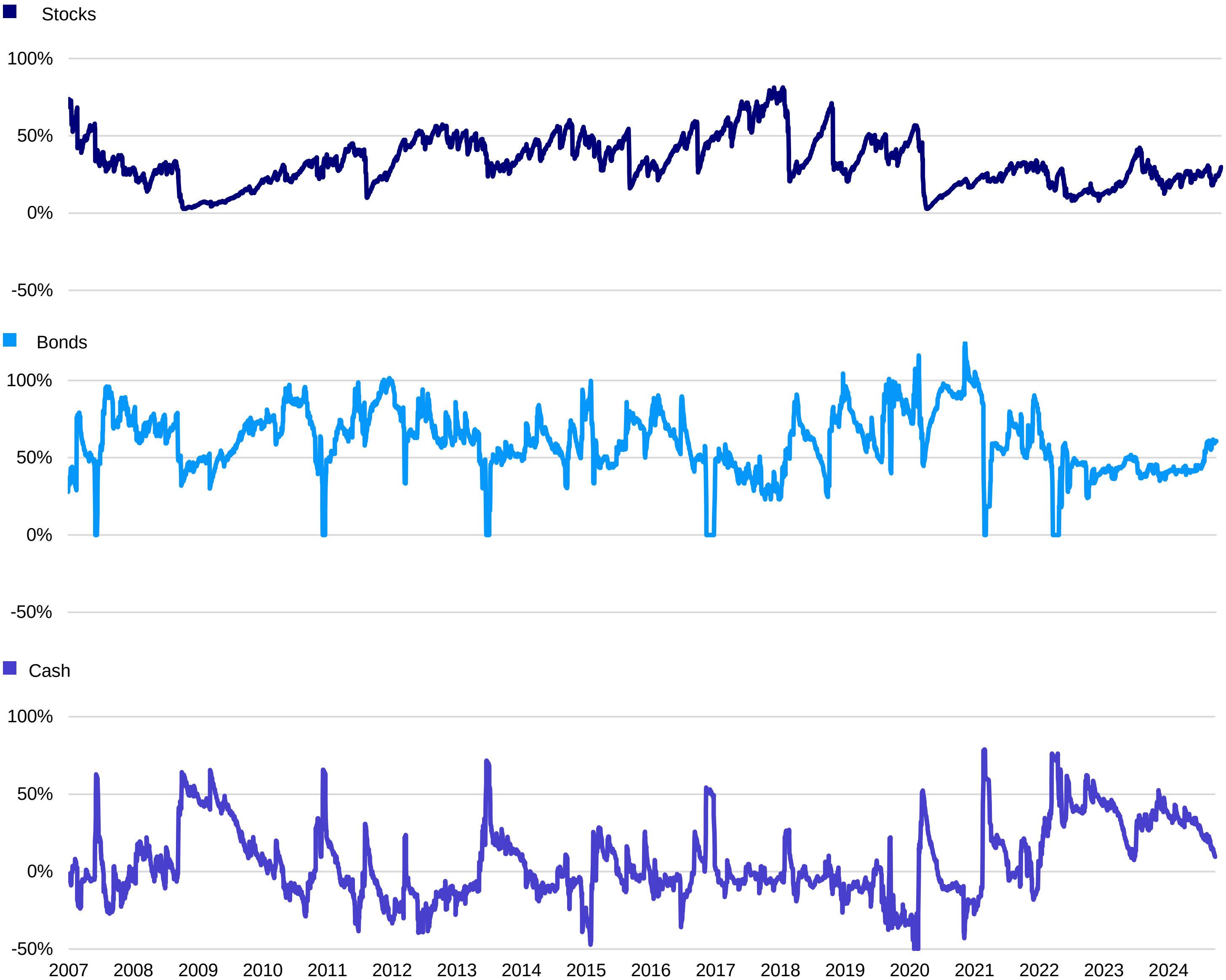
Combining stocks, bonds and cash, and targeting a specific volatility level, the Invesco Dynamic Growth Index has the potential to deliver stable returns across different market landscapes.

3. Source: Invesco Indexing. January 31, 2007 to September 30, 2024. The Invesco Dynamic Growth Index was launched on February 17, 2022. The 40%/60% Benchmark is comprised of 40% as the S&P 500 Index (Gross) and 60% as the Merrill Lynch 10-year U.S. Treasury Futures Total Return Index, the combined index is then reduced by the Federal Funds Rate and a 0.85% performance reduction. The performance reduction is a return adjustment to facilitate higher crediting rates within annuity & insurance products. Please see the index methodology for more information
4. Source: Invesco Indexing. January 31, 2007 to September 30, 2024. Volatility is the annualized standard deviation of daily returns. Risk is the annualized standard deviation of daily returns. The Invesco Dynamic Growth Index was launched on February 17, 2022. 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.

## Historical Asset Allocation

The Invesco Dynamic Growth Index adjusts quickly to changing market conditions.




Source: Invesco Indexing. January 31, 2007 to September 30, 2024. The Invesco Dynamic Growth Index was launched on February 17, 2022. 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.

**Important Information**

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.

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.

Diversification/Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns and does not assure a profit or protect against loss.

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Holding cash or cash equivalents may negatively affect performance.

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