



Drescher & Cie: High Yield Bond ETFs

This marketing communication is for Drescher & Cie . Investors should read the legal documents prior to investing.

Investment Risks

For complete information on risks, refer to the legal documents.

Value fluctuation: The value of investments, and any income from them, will fluctuate. This may partly be the result of changes in exchange rates. Investors may not get back the full amount invested.

Securities Lending: The Invesco AT1 Capital Bond UCITS ETF, the Invesco US High Yield Fallen Angels UCITS ETF and the Invesco Euro Corporate Hybrid Bond UCITS ETF may be exposed to the risk of the borrower defaulting on its obligation to return the securities at the end of the loan period and of being unable to sell the collateral provided to it if the borrower defaults.

Credit Risk: The creditworthiness of the debt the funds is exposed to may weaken and result in fluctuations in the value of the Fund. There is no guarantee the issuers of debt will repay the interest and capital on the redemption date. The risk is higher when the Fund is exposed to high yield debt securities.

Concentration: The Invesco AT1 Capital Bond UCITS ETF and the Invesco US High Yield Fallen Angels UCITS ETF might be concentrated in a specific region or sector or be exposed to a limited number of positions, which might result in greater fluctuations in the value of the Fund than for a fund that is more diversified.

Liquidity Risk: It may be difficult for the Invesco Global High Yield Corporate Bond ESG UCITS ETF to buy or sell certain instruments in stressed market conditions. Consequently, the price obtained when selling such instruments may be lower than under normal market conditions.

Contingent Convertible Funds: This Invesco AT1 Capital Bond UCITS ETF invests in contingent convertible bonds, a type of corporate debt security that may be converted into equity or forced to suffer a write down of principal upon

the occurrence of a pre-determined event. If this occurs, the Fund could suffer losses. Other notable risks of these bonds include liquidity and default risk.

Interest Rates: Changes in interest rates will result in fluctuations in the value of the fund.

High Yield Debt Instruments: This Invesco US High Yield Fallen Angels UCITS ETF and the Invesco Global High Yield Corporate Bond ESG UCITS ETF may hold a significant amount of debt instruments which are of lower credit quality. This may result in large fluctuations of the value of the ETF as well as impacting its liquidity under certain circumstances.

ESG Risk: The Invesco Global High Yield Corporate Bond ESG UCITS ETF intends to invest in securities of issuers that manage their ESG exposures better relative to their peers. This may affect the Fund's exposure to certain issuers and cause the Fund to forego certain investment opportunities. The Fund may perform differently to other funds, including underperforming other funds that do not seek to invest in securities of issuers based on their ESG ratings

Equity Risk: The value of equities and equity-related securities can be affected by a number of factors including the activities and results of the issuer and general and regional economic and market conditions. This may result in fluctuations in the value of the Fund.

Invesco is an independent, global investment manager that manages 1.5 USD + Trillion in assets (Top-15 globally)



1,538 USD
Bn in AUM



8,400+
professionals



70+ Years

of experience managing investments through multiple market environments

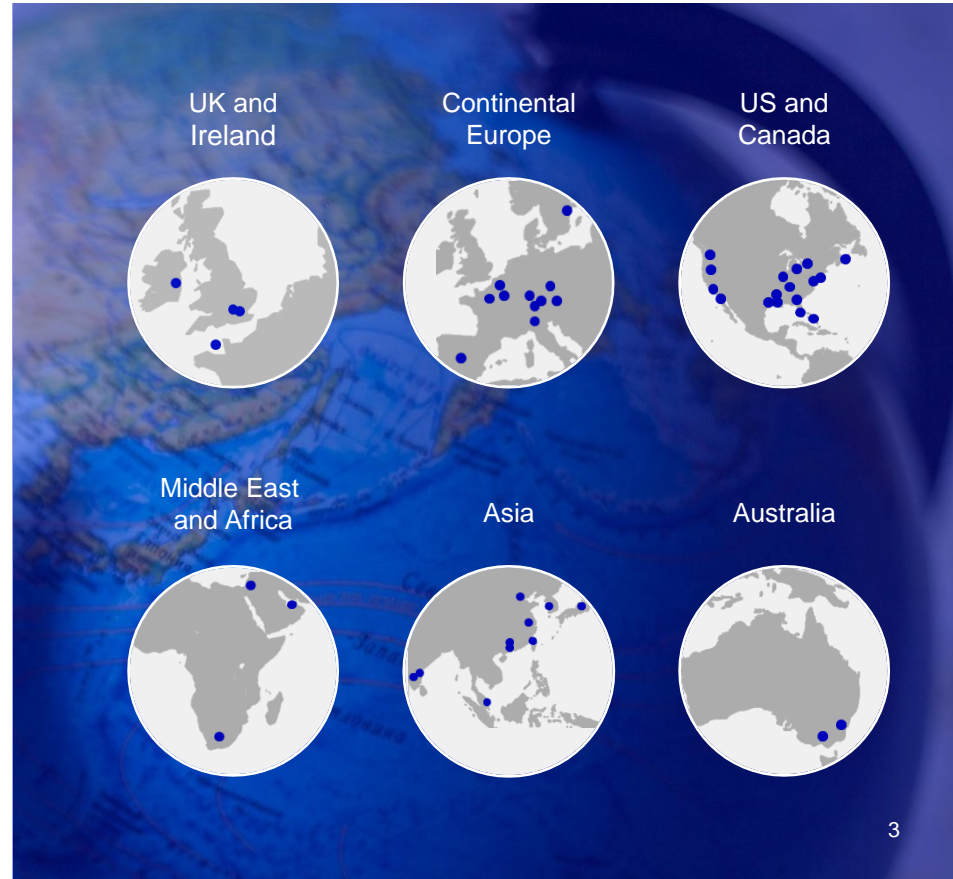


25+
countries¹



6
investment centres

Data as of 30 June 2023. Locations shown indicate offices hosting Portfolio Manager, Analyst, Trader, Economist, Strategist and/or Distribution staff. AUM figure includes all assets under advisement, distributed and overseen by Invesco. ¹On-the-ground presence. Source: Invesco Homepage



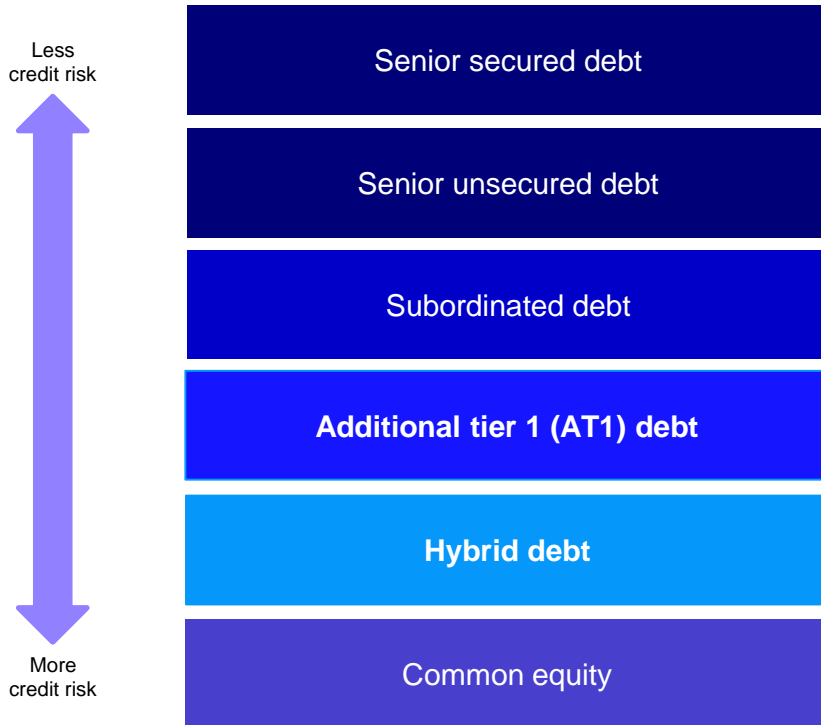
Yield driver: subordination

Invesco Euro Corporate Hybrid Bond UCITS ETF

Invesco AT1 Capital Bond UCITS ETF

Issuer capital structure, subordination and hybrids

Different faces of high yielding bonds



Higher yield...but not necessarily high yield

- Hybrid securities combine the characteristics of bonds (coupon payments) & equities (perpetual/very long maturity)
- Like equity dividends, issuers can choose not to pay the coupon
- Due to this, hybrids rank only just above common equity in the capital structure
- Hybrid securities include AT1 contingent convertible bonds, preferred shares and corporate hybrid debt
- Ratings agencies regard hybrids as half debt, half equity

Hybrids sit low in the capital structure and offer higher yields due to their subordination

Source: Invesco, for illustrative purposes only

Yields driven by subordination

A case study – Hybrid & additional tier 1 debt

Higher yield (and lower rating) because of *subordination*, rather than issuer quality.

Example issuer: Volkswagen

Volkswagen International Finance (Example Issuer)		
	Rating	Yield (%)
Senior debt	BBB+	3.17%
Hybrid	BBB-	6.77%

Note: A blue arrow points up from BBB- to BBB+, and another blue arrow points down from 3.17% to 6.77%.

Example issuer: HSBC

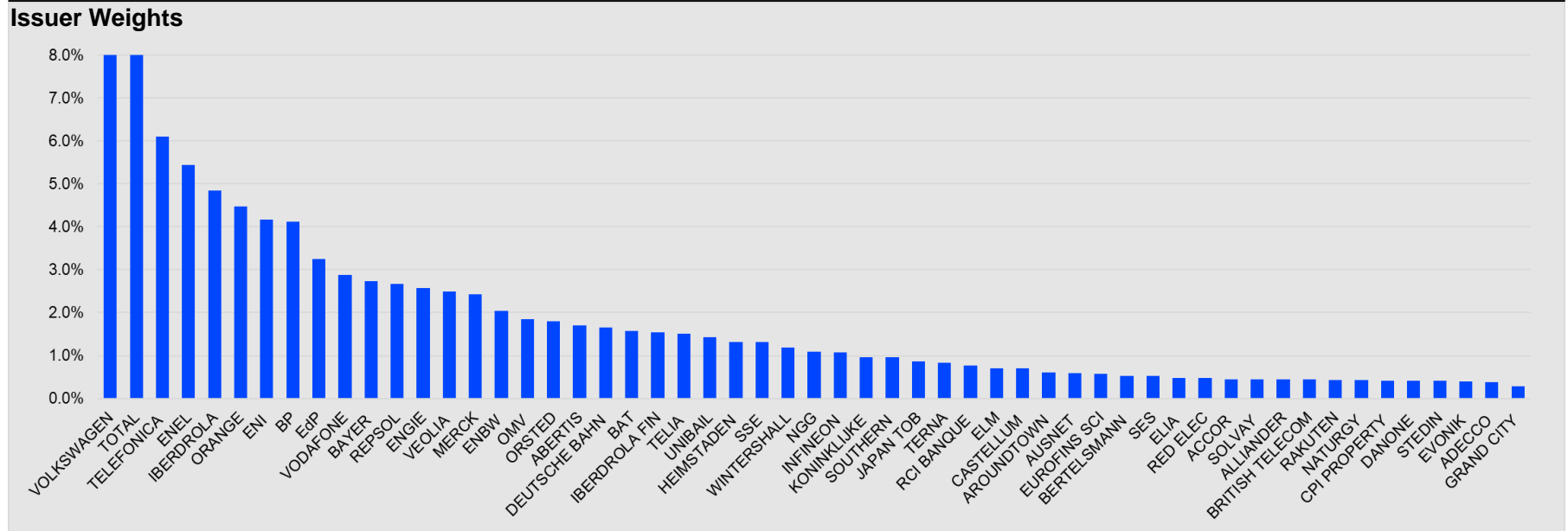
	Rating	Yield (%)
Senior debt	A-	5.52%
Subordinated debt	BBB+	5.99%
AT1 capital bonds	BBB-	8.53%

Note: A purple arrow points up from BBB- to A-, and a blue arrow points down from 5.52% to 8.53%.

Data: Bloomberg, 31 Jul 2023. The mention of securities is for illustrative purposes only and is not intended as a recommendation to invest in any particular asset class, security or strategy.

Index breakdown by Issuer

76 of the 145 issues, accounting for 60% of market value, are also in the Bloomberg Euro Aggregate Corporates Index



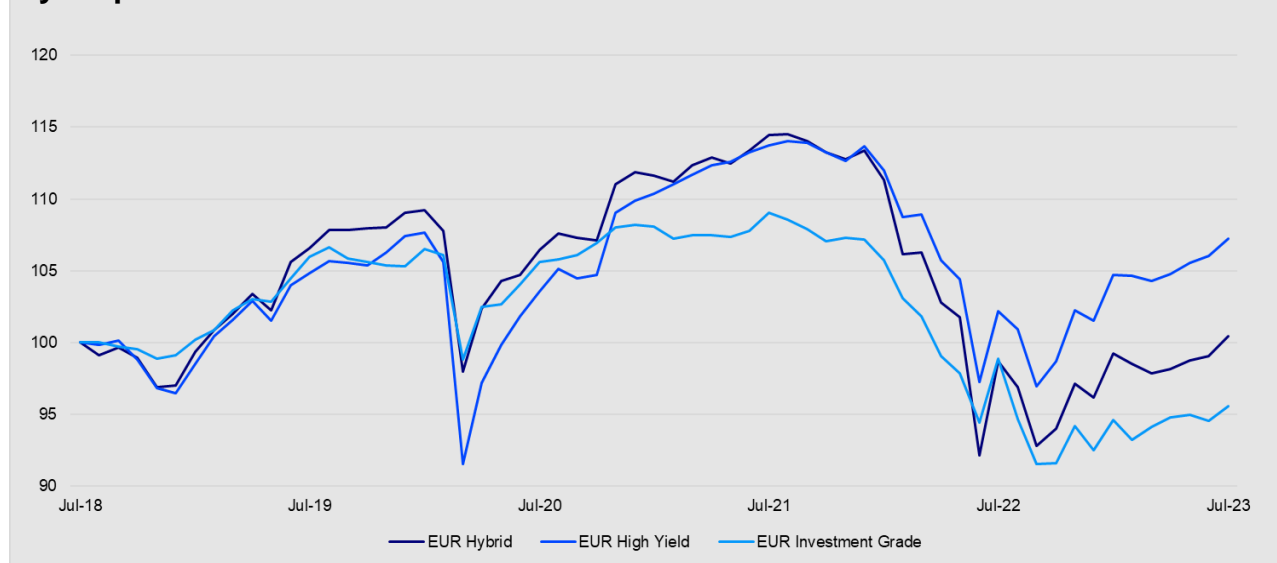
Source: Bloomberg, Invesco, as at 31 Jul 2023. The mention of securities is for illustrative purposes only and is not intended as a recommendation to invest in any particular asset class, security or strategy.

Historical performance

Comparison with EUR-denominated Investment Grade and High Yield

Past performance does not predict future returns.

5 year performance



	EUR Hybrid	EUR HY	EUR IG
Ann. Return	0.08%	1.41%	-0.90%
Ann. Vol.	8.9%	9.3%	6.1%
Ret./Vol.	0.01	0.15	-0.15
Index characteristics			
No. of Issuers			54
No. of Constituents			145
Yield			7.40%
Duration (OAD)			3.43
Average Rating			BBB-

Source: Bloomberg, based on monthly data from 31 Jul 2018 to 31 Jul 2023. EUR hybrids are represented by the Bloomberg Euro Universal ex Financials Hybrid Capital Securities 8% Capped Bond Index - the index was created in July 2020, with history backfilled (simulated) to January 2013. EUR HY is the Bloomberg Pan-European High Yield (Euro) Index and EUR IG is the Bloomberg Euro Aggregate Corporate Total Return Index. Returns may increase or decrease as a result of currency fluctuations.

Invesco Euro Corporate Hybrid Bond UCITS ETF

Key investor takeaways



Attractive level of income from European issuers, with relatively low interest rate sensitivity



Credit exposure driven by subordination, rather than risky issuers



Low correlation to other asset classes can make hybrids a useful diversification tool

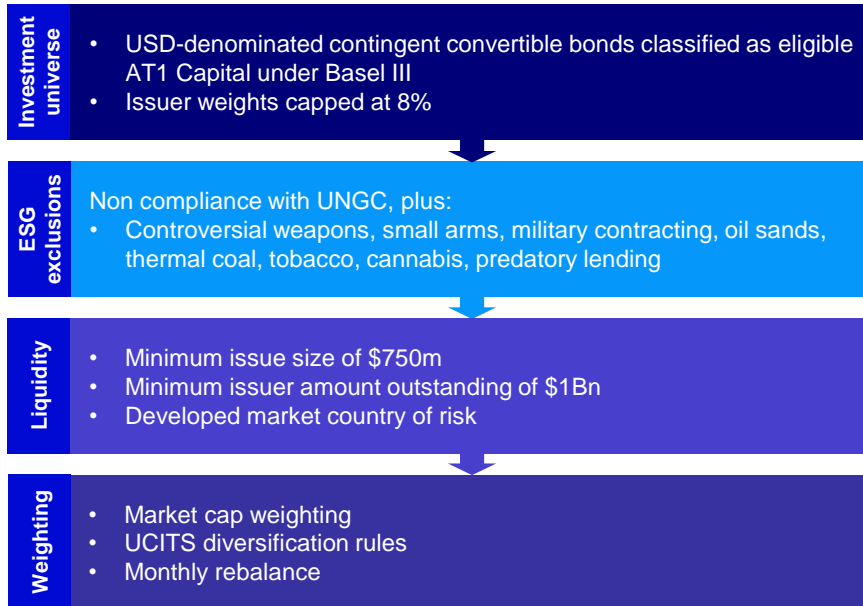
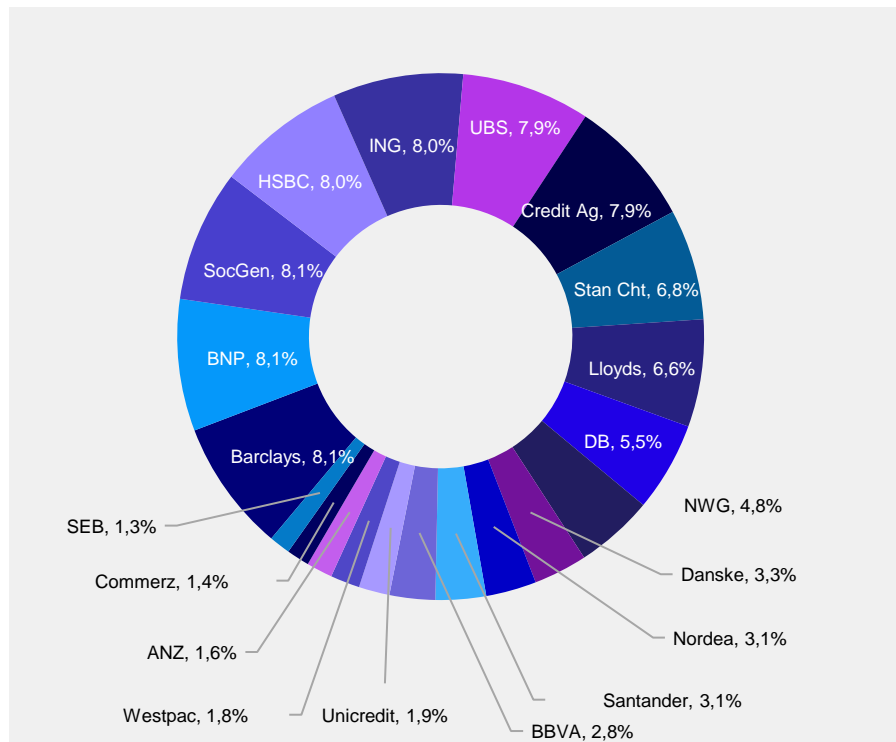


A growing asset class with increasing liquidity and transparency

Source: Bloomberg as of 31 Jul 2023. Yield shown is Yield to Call. The investment concerns the acquisition of units in a passively managed, index tracking fund and not in a given underlying asset.

The Invesco Euro Corporate Hybrid Bond UCITS ETF Dist aims to track the total return performance of the Bloomberg Euro Universal Corporate ex Financials Hybrid Capital Securities 8% Capped Bond Index, less fees. *Potentially.

iBoxx USD Contingent Convertible Liquid Developed Market AT1 (8% Issuer Cap) Index



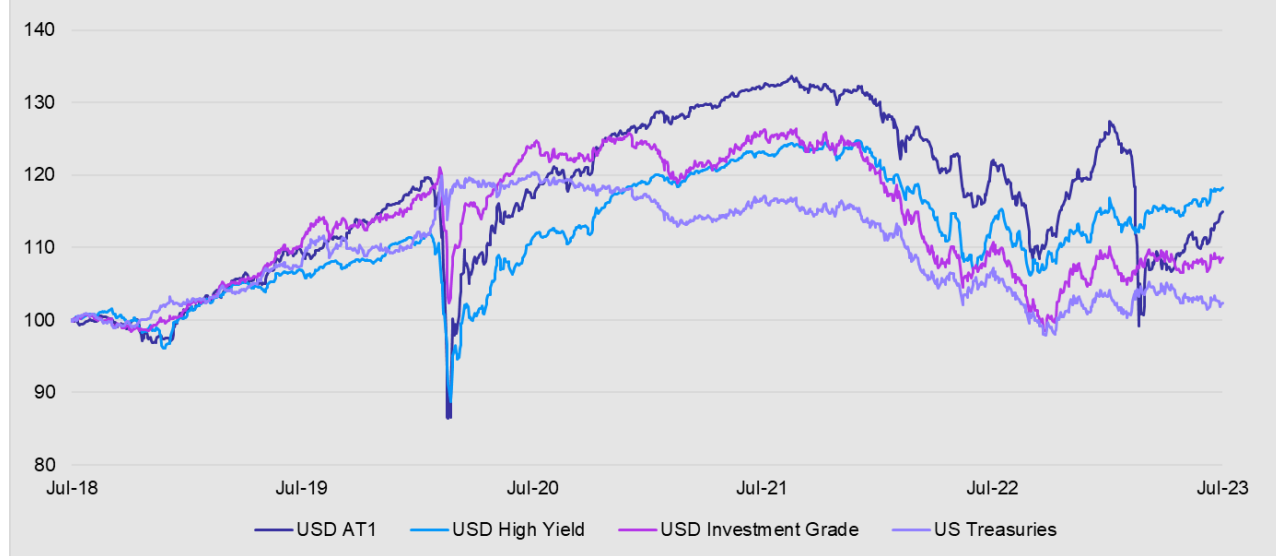
Source: Bloomberg, Markit. Currency breakdown based on the Bloomberg Global Contingent Capital Index as at 31 Jul 2023.

AT1s tend to outperform traditional fixed income in normal markets

But do suffer deeper drawdowns during “risk-off” periods

Past performance does not predict future returns.

5-year performance history



- AT1s tend to suffer deep drawdowns during risk-off periods such as Covid or the CS AT1 write down.
- But, they tend to outperform during market recoveries and in periods of stability, benefiting from their higher yield and lower duration.

	5yr total return	5yr return p.a.
USD AT1	14.88%	2.81%
USD HY	18.28%	3.42%
USD IG	8.61%	1.67%
UST	2.27%	0.45%

Source: Bloomberg, IHS Markit, 31 Jul 2023. Rebased to 100. USD AT1s are represented by the iBoxx USD Contingent Convertible Liquid Developed Market AT1 (8% Issuer Cap) Index, USD High Yield by the Bloomberg US Corporate High Yield Bond Index, USD Investment Grade by the Bloomberg US Corporate Bond Index and US Treasuries by the Bloomberg US Treasury Index. Full performance data is available on slide 31. Returns may increase or decrease as a result of currency fluctuations.

Invesco AT1 Capital Bond UCITS ETF

Key investor take-aways



Potentially attractive level of income, with low interest rate sensitivity

8.7%
YTC

8.8%
YTM



Credit exposure driven by subordination, rather than risky issuers



Low correlations to other asset classes to diversify an income strategy



A maturing asset class having previously grown rapidly due to regulatory requirements

Source: Aladdin as of 31 Jul 2023. An investment in this fund is an acquisition of units in a passively managed, index tracking fund rather than in the underlying assets owned by the fund.
Note: USD AT1s are represented by the iBoxx USD Contingent Convertible Liquid Developed Market AT1 (8% Issuer Cap) Index from 01 Sep 2022 and the iBoxx USD Contingent Convertible Liquid Developed Market AT1 (8/5% Issuer Cap) Index prior to 01 Sep 2022

*The Invesco AT1 Capital Bond UCITS ETF Acc aims to track the total return performance of the iBoxx USD Contingent Convertible Liquid Developed Market AT1 (8% Issuer Cap) Index, less fees.

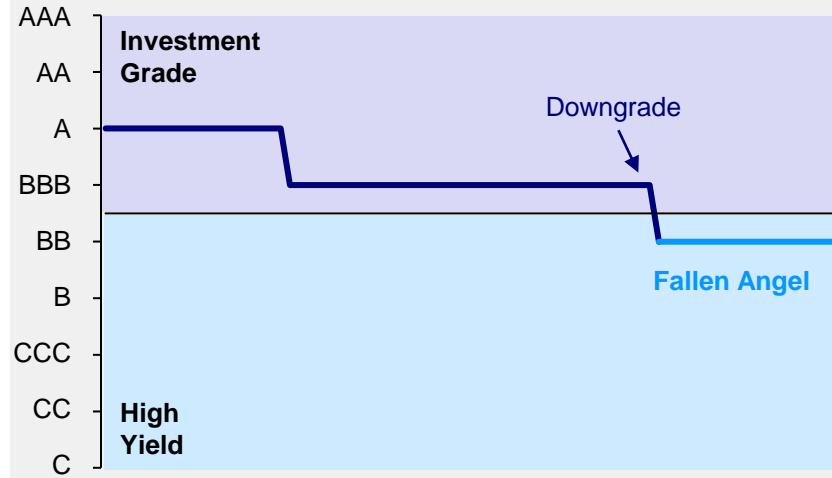
Yield driver: downgrades

Invesco US High Yield Fallen Angels UCITS ETF

What is a fallen angel?

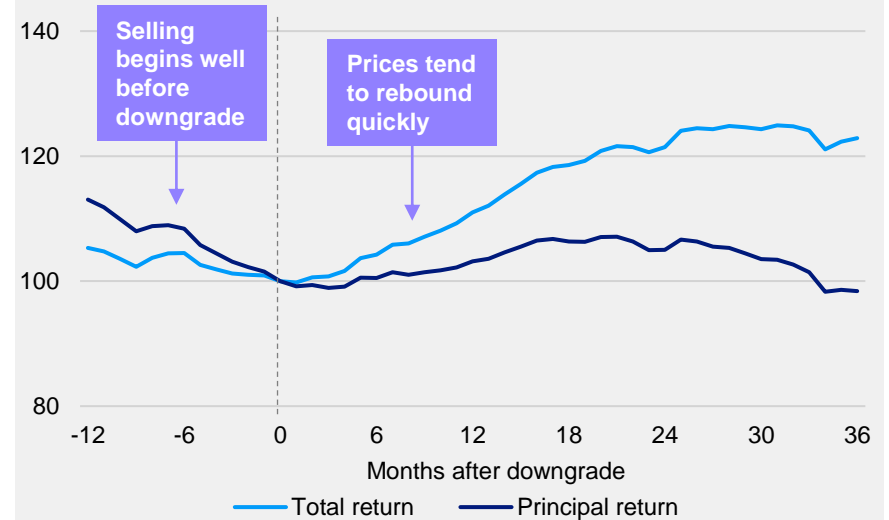
An investment grade bond that has been downgraded to high yield

The “fallen angel” opportunity



Past performance does not predict future returns.

What happens when a bond is downgraded?

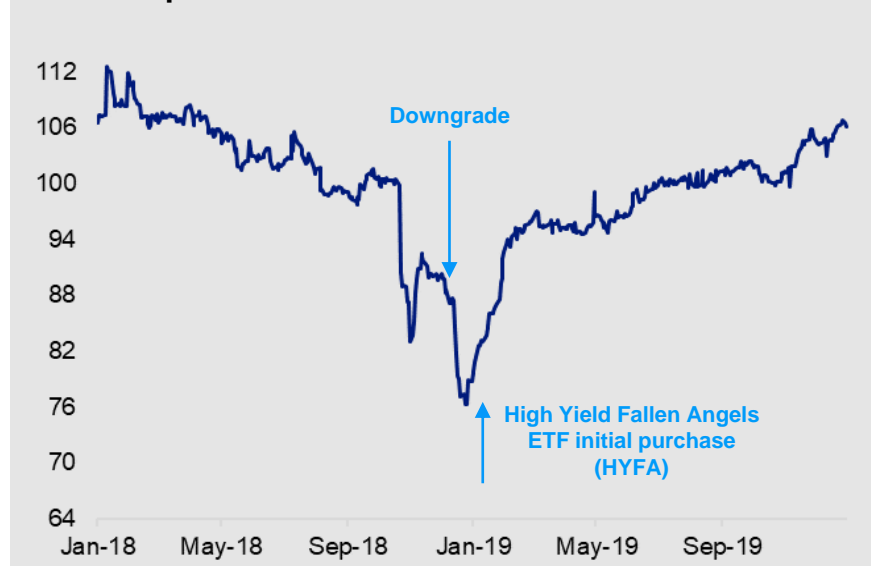


For illustrative purposes only. Data: Citi Research, Jun 2015. Historical simulated performance for bonds issued during the period from Jan 2002 to Mar 2015. Study based on 30 US bond issuers downgraded to high yield since 2012.

Fallen angel examples

Past performance does not predict future returns.

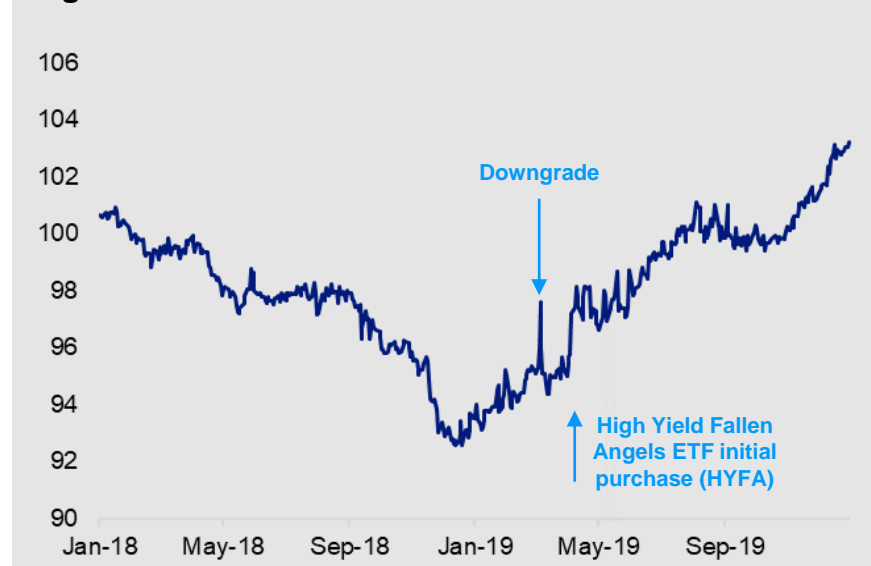
Xerox Corp 15/12/39



Data: Bloomberg, 31 Dec 2019. XRXCRP 6 3/4 12/15/39 (Baa3- to Ba1). For illustrative purposes only. The mention of individual securities does not constitute a recommendation to adopt any investment or trading strategy.

Past performance does not predict future returns.

Magellan Health Inc 22/09/24



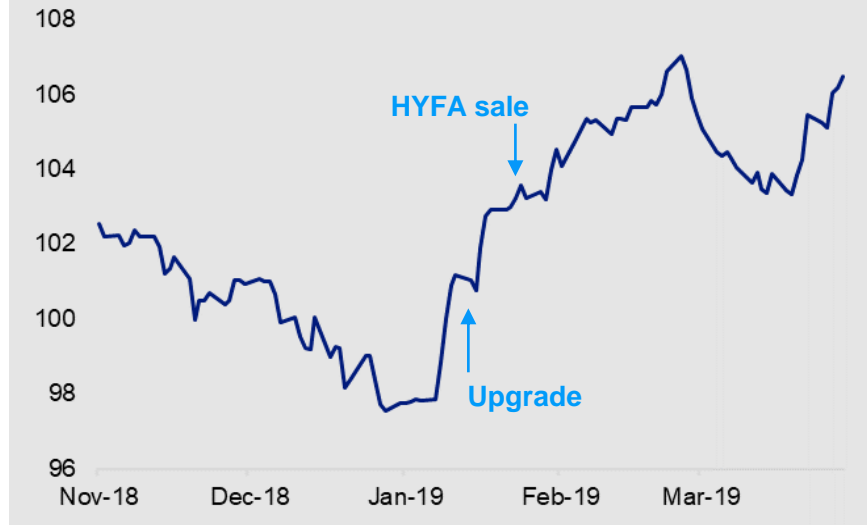
Data: Bloomberg, 31 Dec 2019. Bond is MGLN 4.4 09/22/24 (BBB- to BB+). For illustrative purposes only. The mention of individual securities does not constitute a recommendation to adopt any investment or trading strategy.

...but there are also are the rising stars

When a high yield bond is upgraded to investment grade

Past performance does not predict future returns.

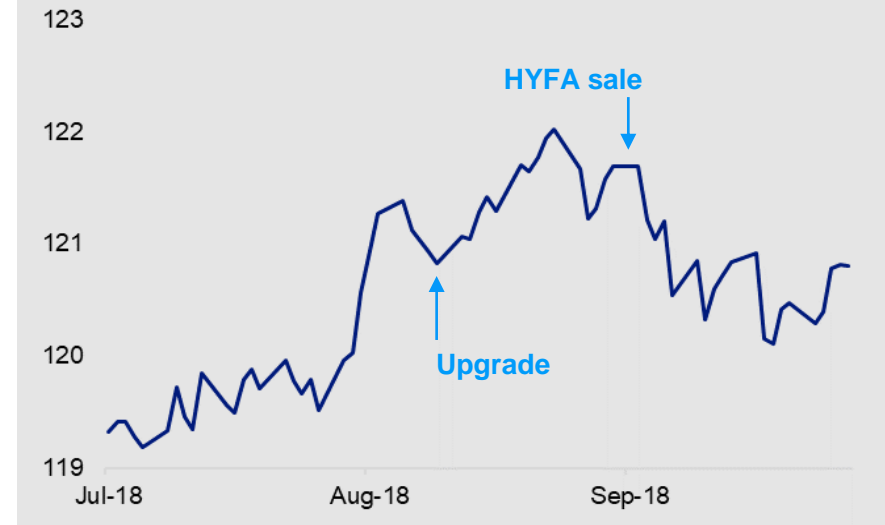
Teck Resources rallied after it was upgraded and sold shortly afterwards



Data: Bloomberg, 31 Mar 2019. Bond is TCKBCN 6 1/8 10/01/35 (BB to BBB-). For illustrative purposes only. The mention of individual securities does not constitute a recommendation to adopt any investment or trading strategy.

Past performance does not predict future returns.

The Williams Cos Inc rallied after upgrade and was sold at next rebalance

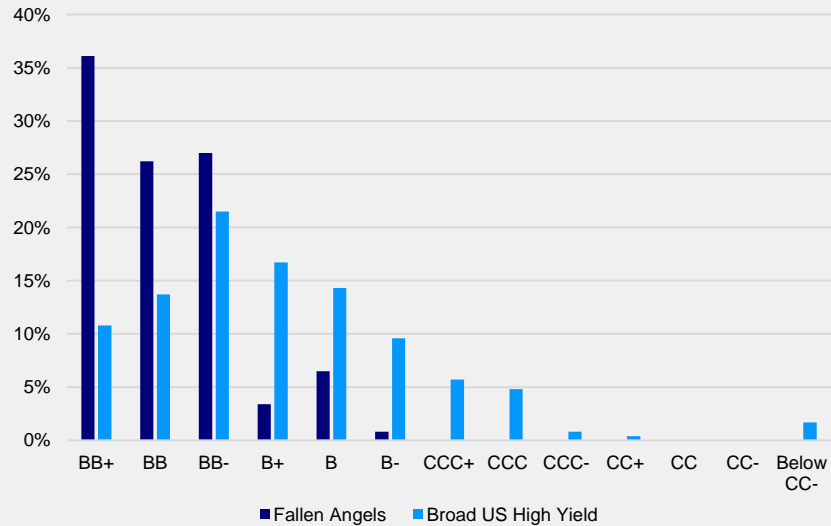


Data: Bloomberg, 30 Sep 2018. Bond is WMB 7 1/2 01/15/31 (BB to BBB-). For illustrative purposes only. The mention of individual securities does not constitute a recommendation to adopt any investment or trading strategy.

Higher quality than broad US high yield

89% of the Fallen Angels index is rated above B+ compared to only 46% for broad HY.

Weight by Rating



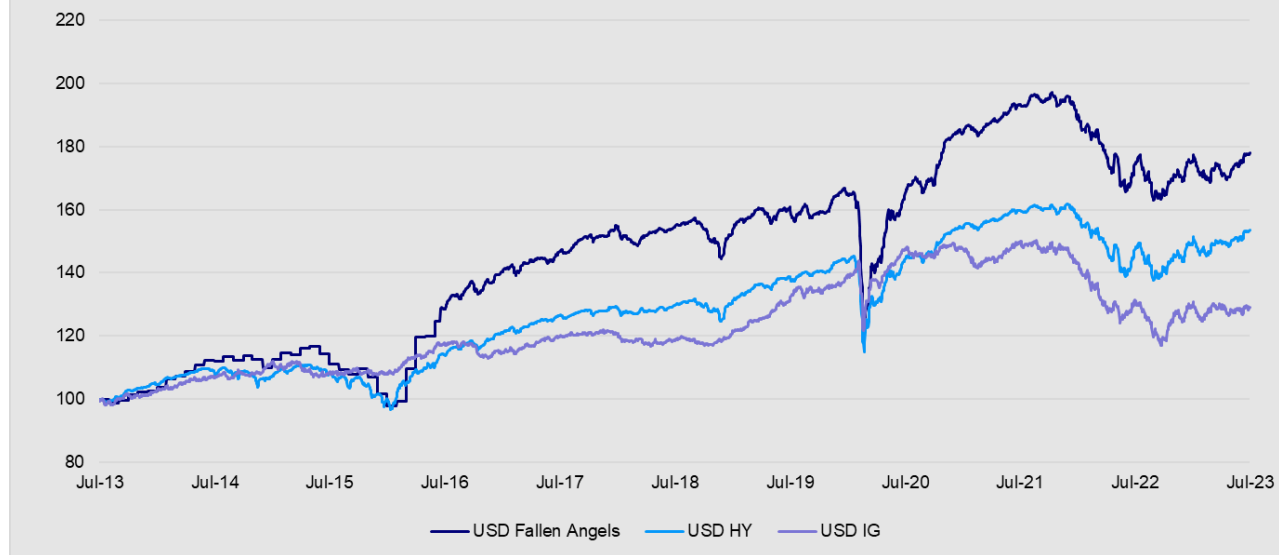
	Bloomberg US Corporate High Yield Index	FTSE Time-Weighted US Fallen Angel Bond Select Index
# of issues	1959	126
Yield to maturity	8.2%	7.8%
Option adjusted duration	3.4	4.4
Option adjusted spread	352 bps	333 bps

Data: FTSE, Bloomberg PORT, as at 31 Jul 2023.

Index performance

Past performance does not predict future returns.

10-year Index performance



- The FTSE Time-Weighted US Fallen Angel Bond Select Index has outperformed both US IG and US HY over the longer term.

	USD FlIn Angels	USD HY	USD IG
Annualised return (10y)	5.94%	4.38%	2.58%
Annualised volatility (10y)	4.61%	1.51%	3.90%
Yield to maturity (%)	7.80%	8.30%	5.45%
Effective duration	4.52	4.03	7.34

Source: Bloomberg, based on 10 years to 31 Jul 2023. USD Fallen Angels index is the FTSE Time-Weighted US Fallen Angel Bond Select Index and performance for the index is simulated prior to 15/07/2016. USD HY is the Bloomberg US Corporate High Yield Bond Index and USD IG is Bloomberg US Corporate Bond Index.

Invesco US High Yield Fallen Angels UCITS ETF

Capture the fallen angels opportunity



Time-weighted, systematic approach to best capture fallen angel performance

7.8%
YTM



Targets greater capital appreciation from the US high yield market



Generally higher quality than broad US high yield



Easy access via the efficiency of an Invesco ETF

Source: Bloomberg as of 31 Jul 2023. Please visit etf.invesco.com for more trading details. The Invesco US High Yield Fallen Angels UCITS ETF Dist aims to provide the performance of the FTSE Time-Weighted US Fallen Angel Bond Select Index, less fees.

Invesco Euro Corporate Hybrid Bonds UCITS ETF

ETF details

Invesco Euro Corporate Hybrid Bond UCITS ETF						
Benchmark	Bloomberg Euro Universal Corporate ex Financials Hybrid Capital Securities 8% Capped Index					
Benchmark ticker	I35142EU					
Share class	Distributing				Accumulating	
ISIN	IE00BKWD3966				IE00BKWD3B81	
Exchanges	LSE	Xetra	Milan	SIX	Xetra	Milan
Trading Currencies	GBP	EUR	EUR	EUR	EUR	EUR
Bloomberg tickers	EHYB LN	EHBD GR	EHYB IM	EHYB SW	EHBA GR	EHBA IM
Replication method	Physical (passive)					
Inception	September 2020					
Fees (p.a.)	0.39%					

Source: Invesco, as at 31 Jul 2023. The ongoing charge figure (OCF) includes management fee, custody and administration costs. It excludes transaction costs such as swap costs. Find out more at <https://etf.invesco.com/>. Costs may increase or decrease as result of currency and exchange rate fluctuations. Consult the legal documents for further information on costs. The investment concerns the acquisition of units in a passively managed, index tracking fund and not in a given underlying asset.

Invesco AT1 Capital Bond UCITS ETF

Trading details

Share Class Type	ISIN	OCF	Ticker	Base Currency	Trading Currencies						Exchanges				
					USD	GBP	EUR	CHF	ILS	Xetra	SIX	LSE	Milan	Tel Aviv	
Acc	IE00BFZPF322	0.39%	AT1 LN	USD	✓	✓	✓			✓		✓	✓	✓	✓
Dist	IE00BG0TQB18	0.39%	AT1D SW	USD	✓	✓	✓				✓	✓	✓		
Dist, EUR-hedged	IE00BFZPF439	0.39%	XAT1 GR	EUR			✓			✓	✓		✓		
Dist, GBP-hedged	IE00BYZLWM19	0.39%	AT1S LN	GBP		✓					✓	✓			
Acc, CHF-hedged	IE00BLM1CB28	0.39%	AT1C SW	CHF				✓			✓				

Source: Invesco, Markit, as at 31 Jul 2023. Find out more at <https://etf.invesco.com/>. Costs may increase or decrease as result of currency and exchange rate fluctuations. Consult the legal documents for further information on costs.

Invesco US High Yield Fallen Angels UCITS ETF

Trading details

Share Class Type	ISIN	OCF	Ticker	Base Currency	Trading Currencies					Exchanges			
					USD	GBP	EUR	CHF	Xetra	SIX	LSE	Milan	Euronext
Acc	IE0009D6K2A2	0.45%	HYFC LN	USD	✓						✓		
Dist	IE00BD0Q9673	0.45%	HYFA LN	USD	✓	✓	✓		✓	✓	✓	✓	✓
Dist, EUR-hedged	IE00BYVTMZ20	0.50%	FAEU GY	EUR			✓		✓	✓		✓	
Dist, GBP-hedged	IE00BYVTN047	0.50%	FAGB LN	GBP		✓				✓	✓		
Acc, CHF-hedged	IE00BYVTMY13	0.50%	FACH SE	CHF				✓		✓			

Source: Invesco, 31 Mar 2023. Find out more at <https://ef.invesco.com/>

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Invesco Global High Yield Corporate Bond ESG UCITS ETF

Product Name	ISIN	OCF	Ticker	Trading currency	Exchanges			
					Xetra	SIX	LSE	Milan
Invesco Global High Yield Corporate Bond ESG UCITS ETF Dist	IE000ZWSN3F7	0.25%	GBHY LN	USD			✓	
			GBHS LN	GBP			✓	
			GB1D GY	EUR	✓			
			GBHY IM	EUR				✓
Invesco Global High Yield Corporate Bond ESG UCITS ETF Acc	IE0001VDDL68	0.25%	GBHA SE	USD		✓		
			GB1A GY	EUR	✓			
Invesco Global High Yield Corporate Bond ESG UCITS ETF GBP PfHdg Dist	IE00020C1NS6	0.30%	GBHG LN	Dist, GBP-PfHedged			✓	
Invesco Global High Yield Corporate Bond ESG UCITS ETF EUR PfHdg Acc	IE000XG0ZRI7	0.30%	GB1E GY	Acc, EUR-PfHedged	✓			✓

Source: Invesco, as of 19 Apr 2023. Find out more at [etf.invesco.com](https://www.etf.invesco.com). Costs may increase or decrease as result of currency and exchange rate fluctuations. Consult the legal documents for further information on costs.

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Data as at 31 July 2023, unless otherwise stated.

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(collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies.

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EMEA 3067224

Thank you