

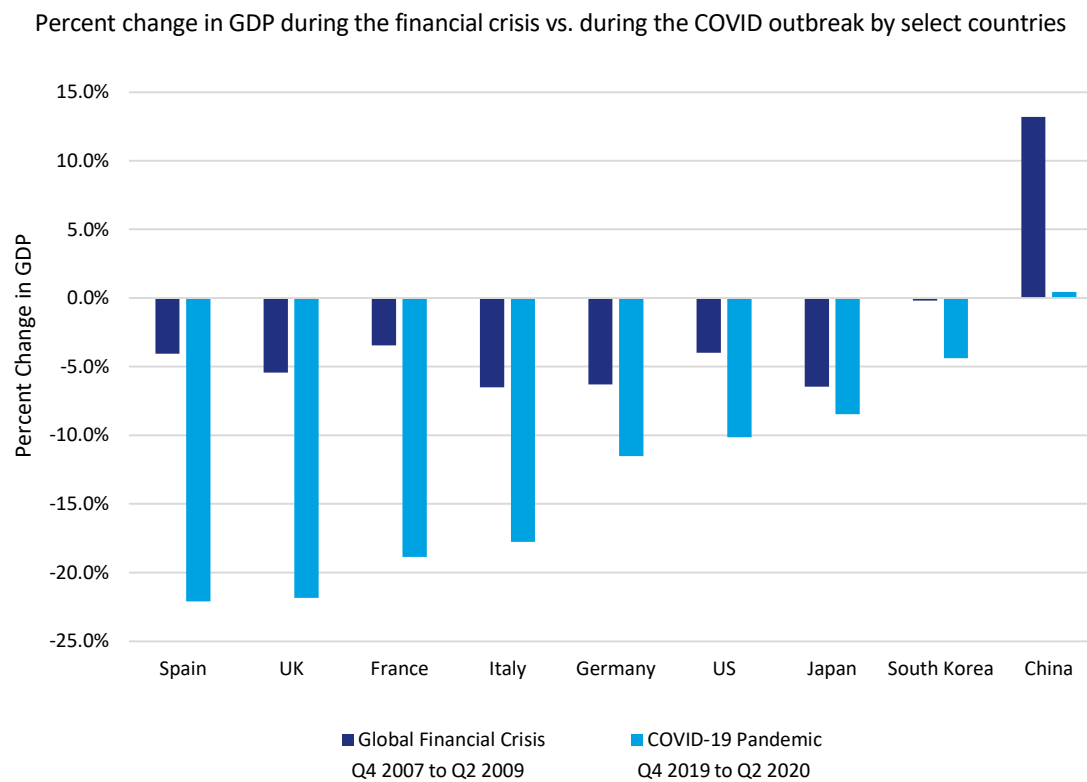


2021 Outlook The Recovery Takes Hold



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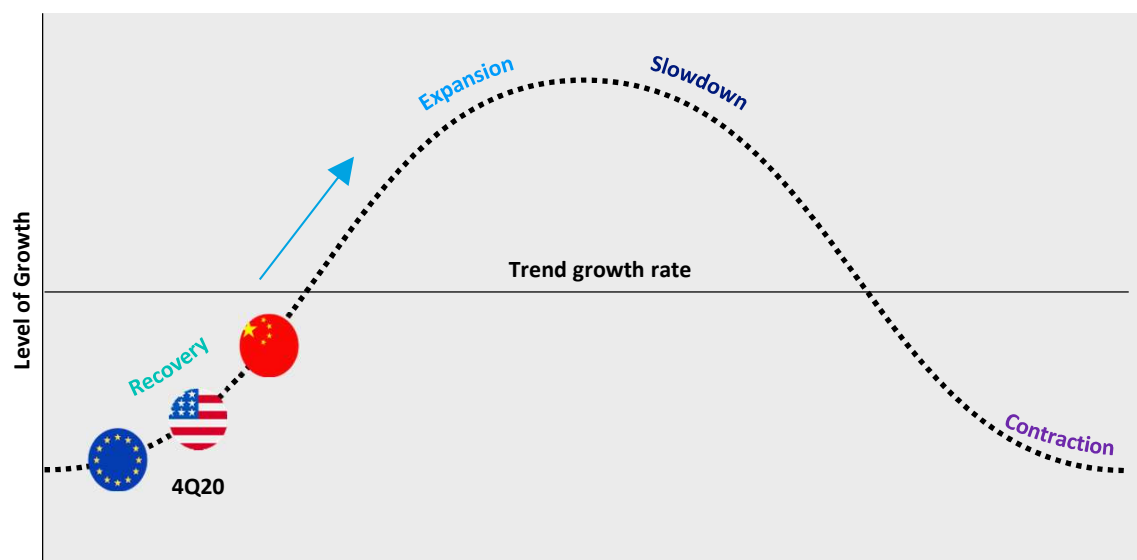
This crisis is not economic in origin, and experiences of it vary.



Sources: Macrobond, Invesco, as of 11/3/20.

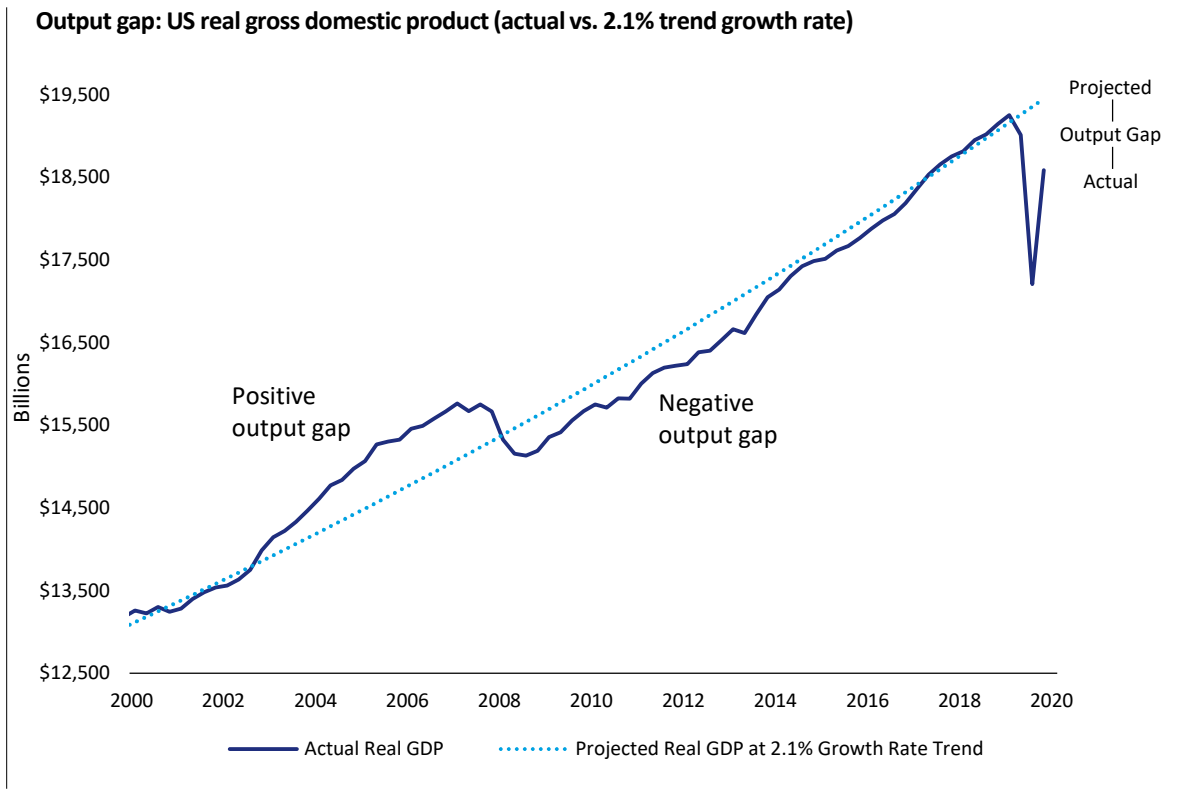
In which direction is the economy trending? Global economy

Macro framework



Source: Invesco. For illustrative purposes only.

In which direction is the economy trending? US economy

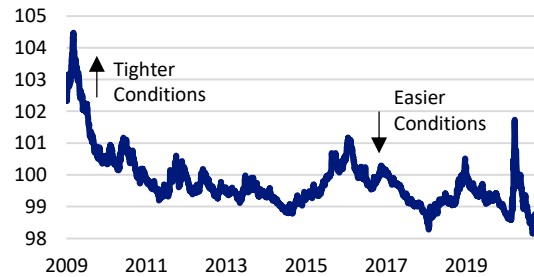


In which direction is the economy trending? US economy

US economic recovery progression

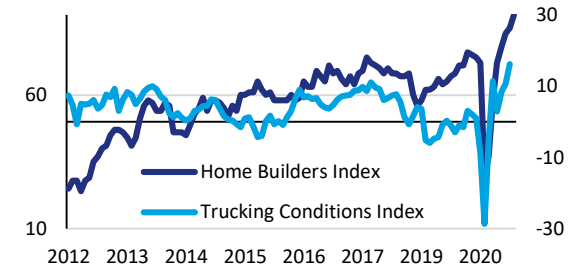
1. Financial Conditions

US Financial Conditions*



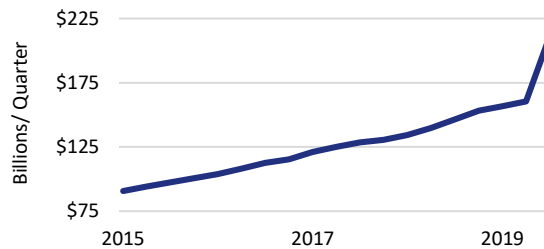
2. Housing/Transportation

NAHB Home Builders Index and FTR Trucking Conditions Index



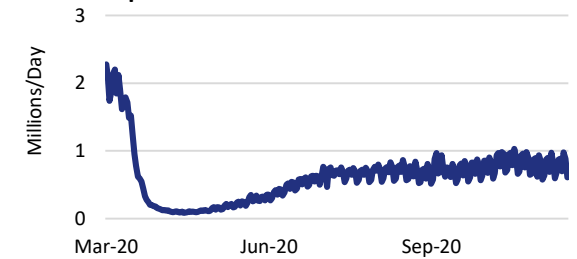
3. At-home Economy

US E-Commerce Sales



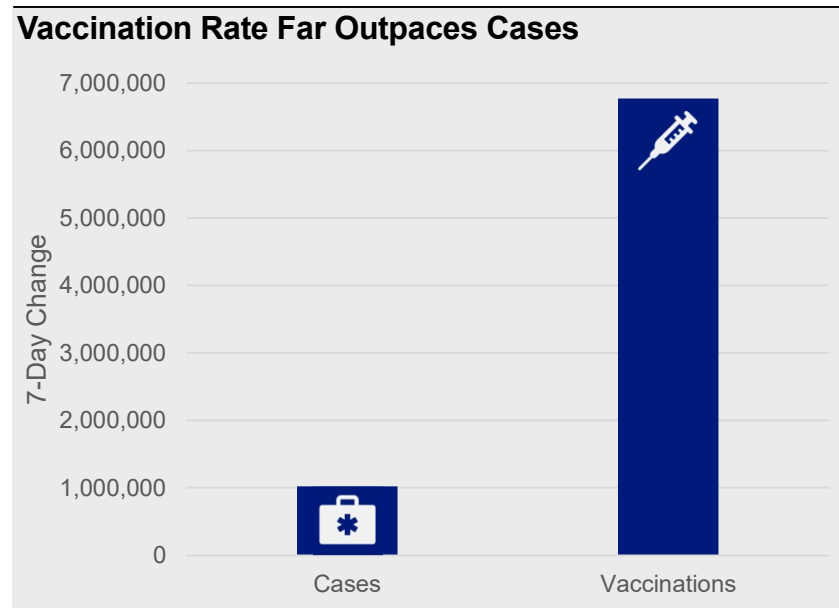
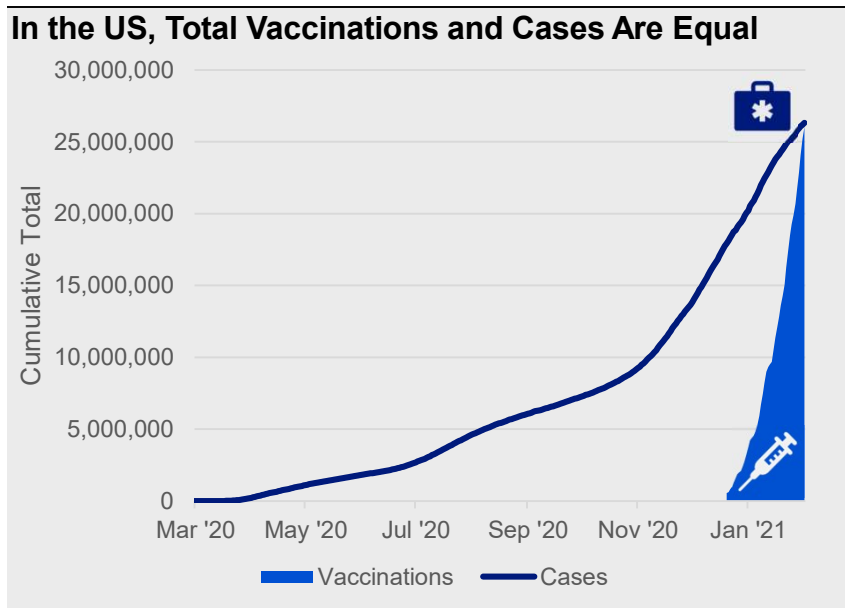
4. Re-opening Economy

TSA Checkpoints Total Travelers



Sources: Goldman Sachs, National Association of Homebuilders, Freight Transportation Research, US Census Bureau, Transportation Security Authority.
*Financial conditions is a weighted average of riskless interest rates, yield curve, the exchange rate, credit spreads and equity valuations.

There Are As Many People Vaccinated As There Are Cases

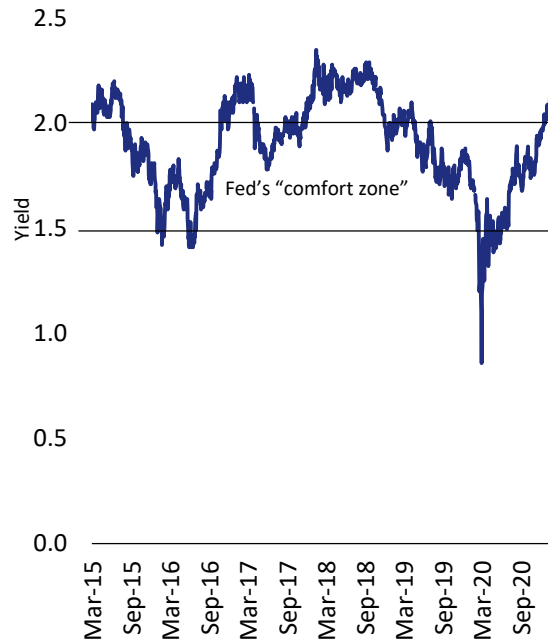


Note: Vaccinations are the number of people who have received at least one dose of a COVID-19 vaccine.
Sources: OurWorldInData, JHU CSSE, and Invesco, as of 1 February 2021. Data is for the United States only.

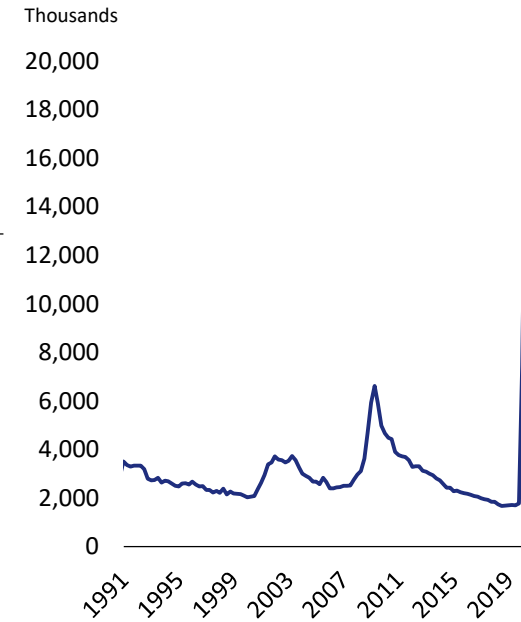
What will be the policy response? Monetary policy

US Federal Reserve dual mandate: Price stability and full employment

Expected inflation (on average) over the five-year period that begins five years from today



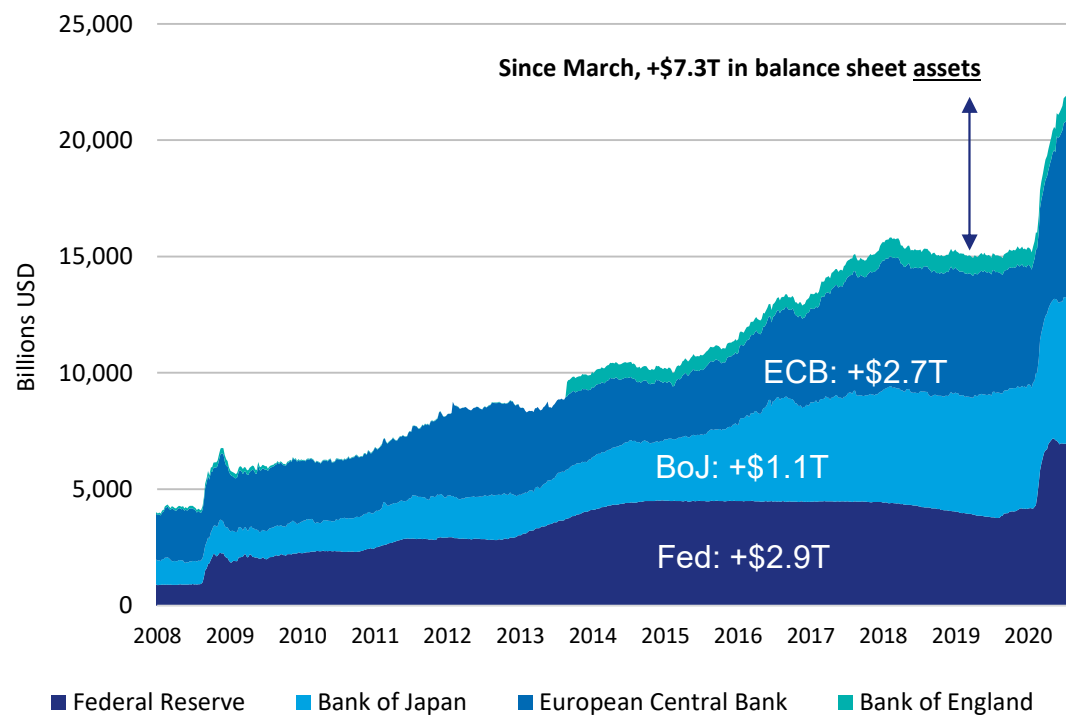
US continuing jobless claims (SA)



Sources: Bloomberg as of 2/22/21, US Department of Labor as of 12/31/20.

What will be the policy response?
 Monetary policy

Broad money growth has surged across the developed world



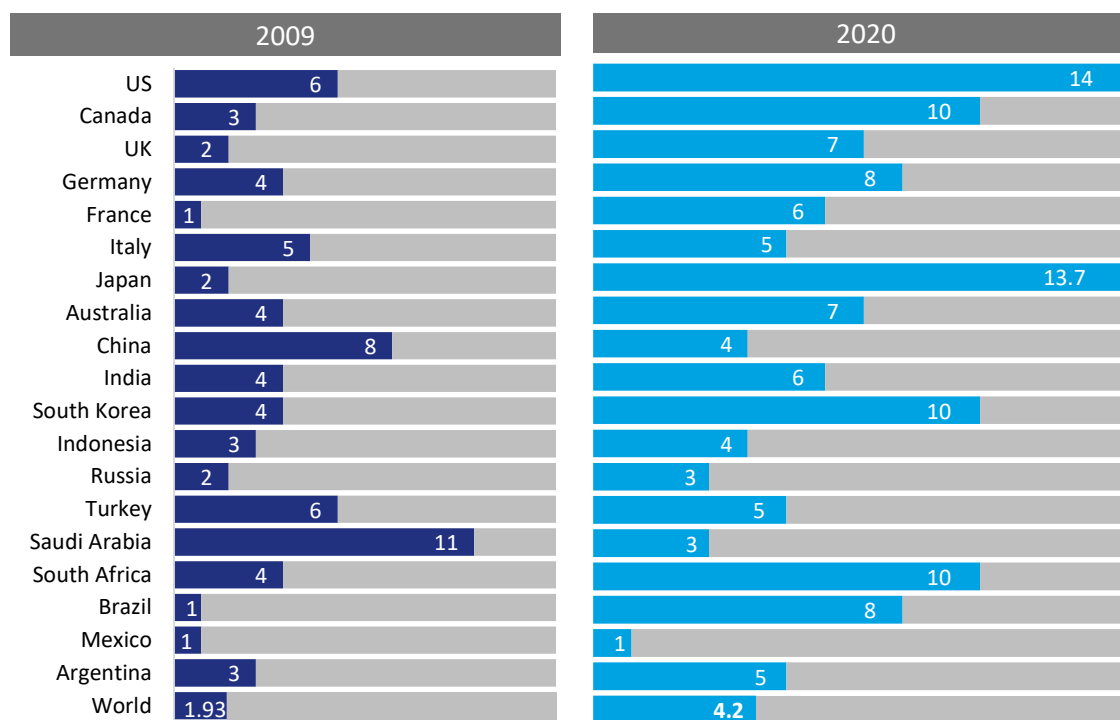
Sources: Federal Reserve, European Central Bank, Bank of England, Bank of Japan, as of 11/15/20.

What will be the policy response?

Fiscal policy

Sources: IMF Policy Tracker, IMF GDP Data, Atlantic Council, DE Data Wrapper, Invesco. Calculations based on data at various national release and announcement dates, and Atlantic Council as of 7/26/20. 2009 based on IMF, Eurostat and G20 data. NB: Calculations exclude deferrals and guarantees; include discretionary fiscal support programs (aside from "automatic stabilizers"); announced and implemented programs -- all scaled against 2008 and 2019 GDP, respectively. The "World" aggregate represents G20 nations -- G20 comprises 19 major economies plus the EU.

Fiscal support by G20 members as % of national GDP

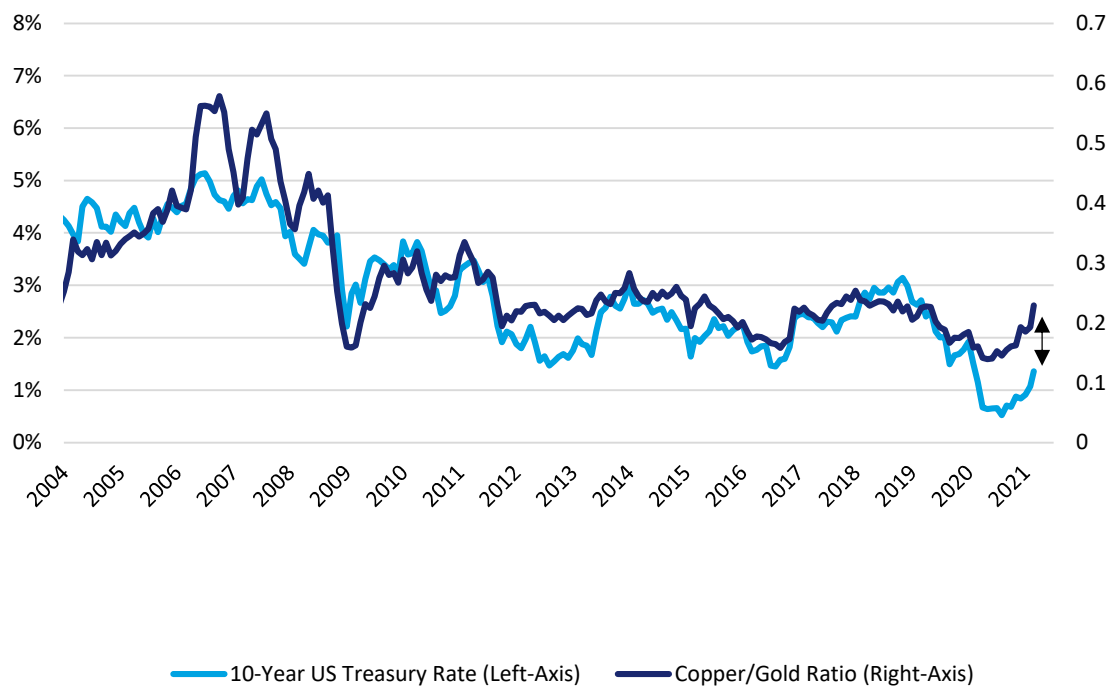


What will be the impact on the market?



Market leadership:
Interest rates, shape of the
yield curve

10-year US Treasury rate and copper/gold ratio



Sources: Bloomberg, US Federal Reserve Board, 2/22/21.

Market leadership: Safe-haven currencies – US dollar

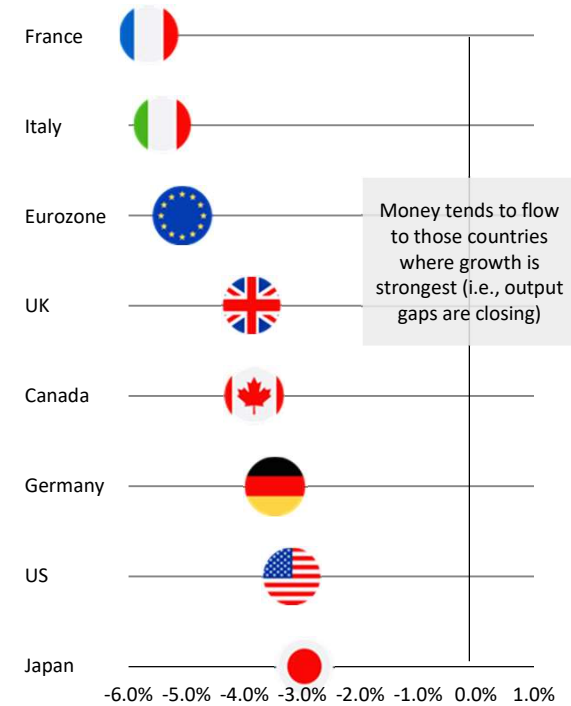
Source: Bloomberg L.P., Invesco, 12/31/20. Notes: In the left chart, shaded areas denote Federal Reserve (Fed) tightening cycles. Bond yields = 10-year government. USD = US dollar. So called safe-haven assets do not imply risk-free investments. Index definitions can be found on page 22. An investment cannot be made directly in an index. **Past performance does not guarantee future results.**



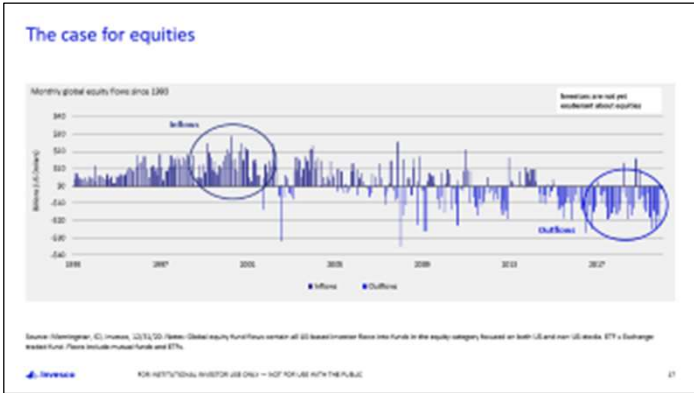
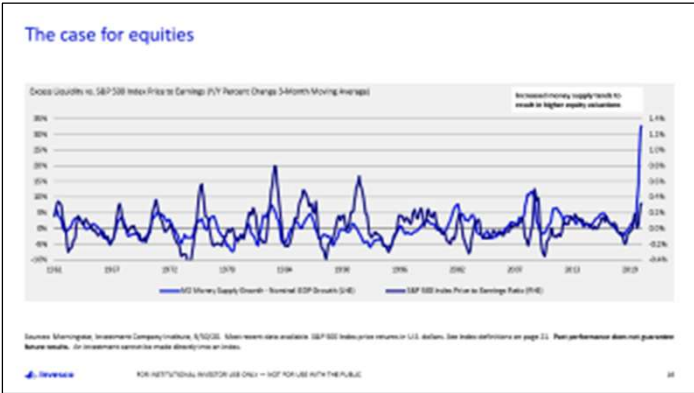
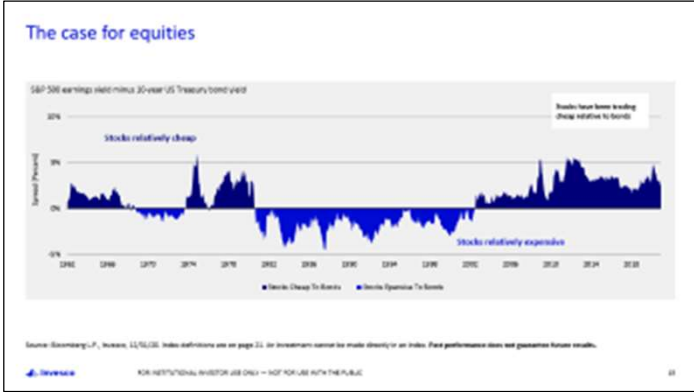
US dollar and Federal Reserve tightening cycles since 1976



Output gap % of GDP: G7 countries and eurozone



The case for equities

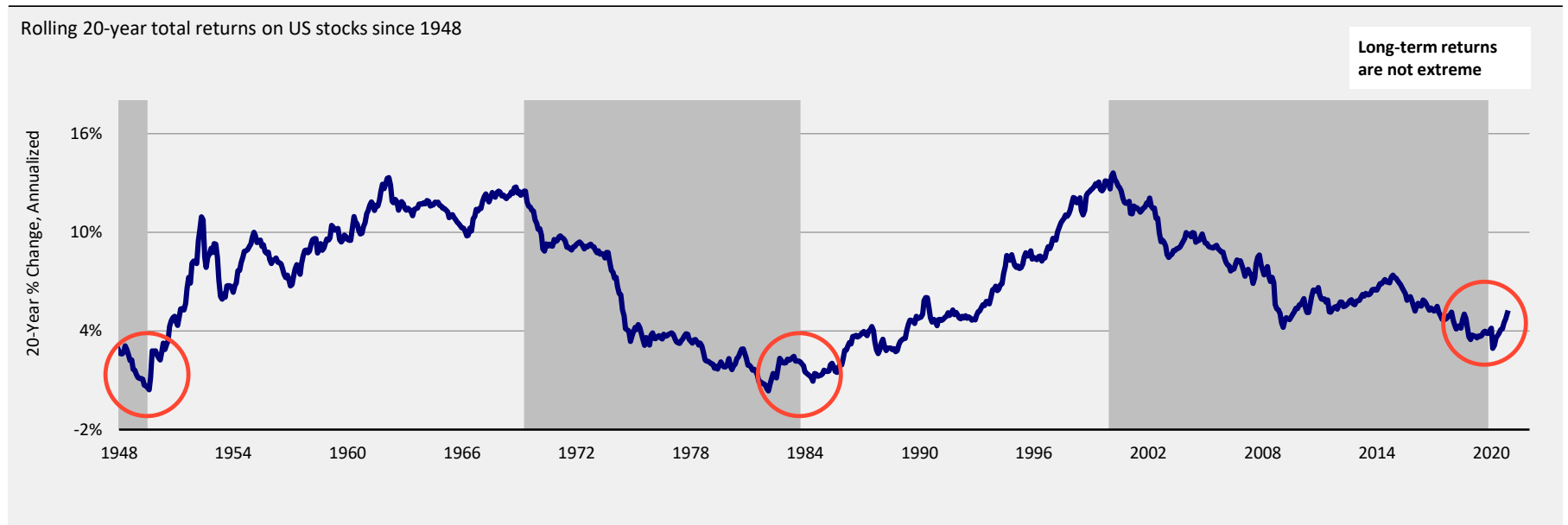


For illustrative purposes only



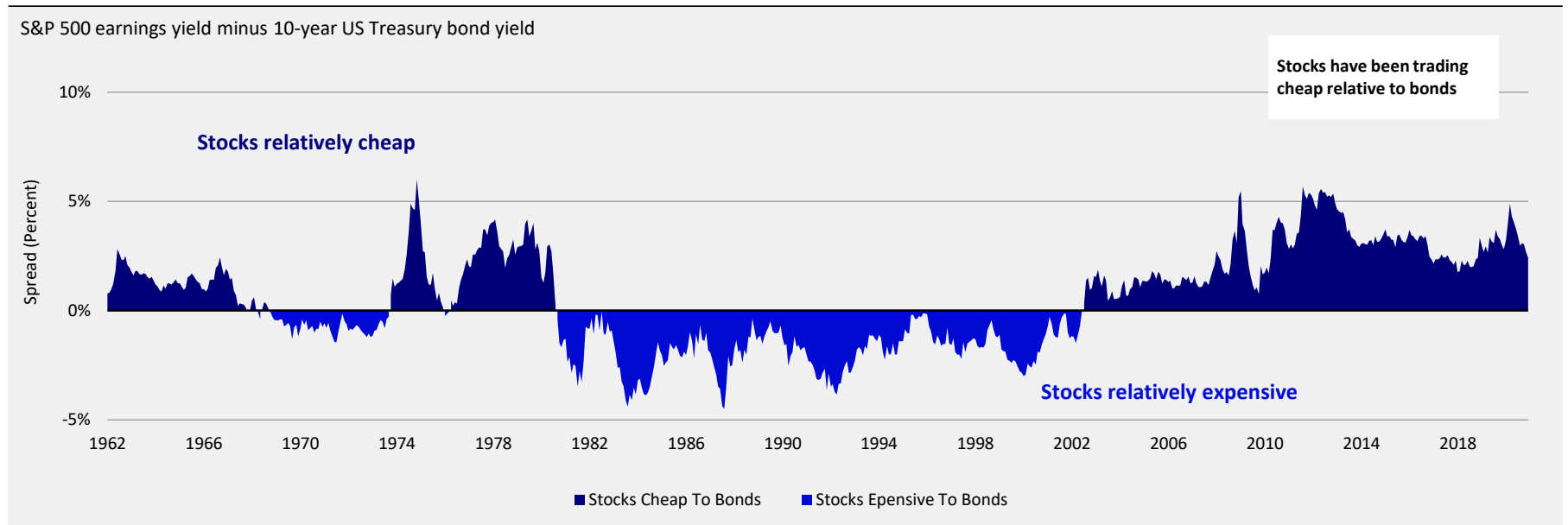
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The case for equities



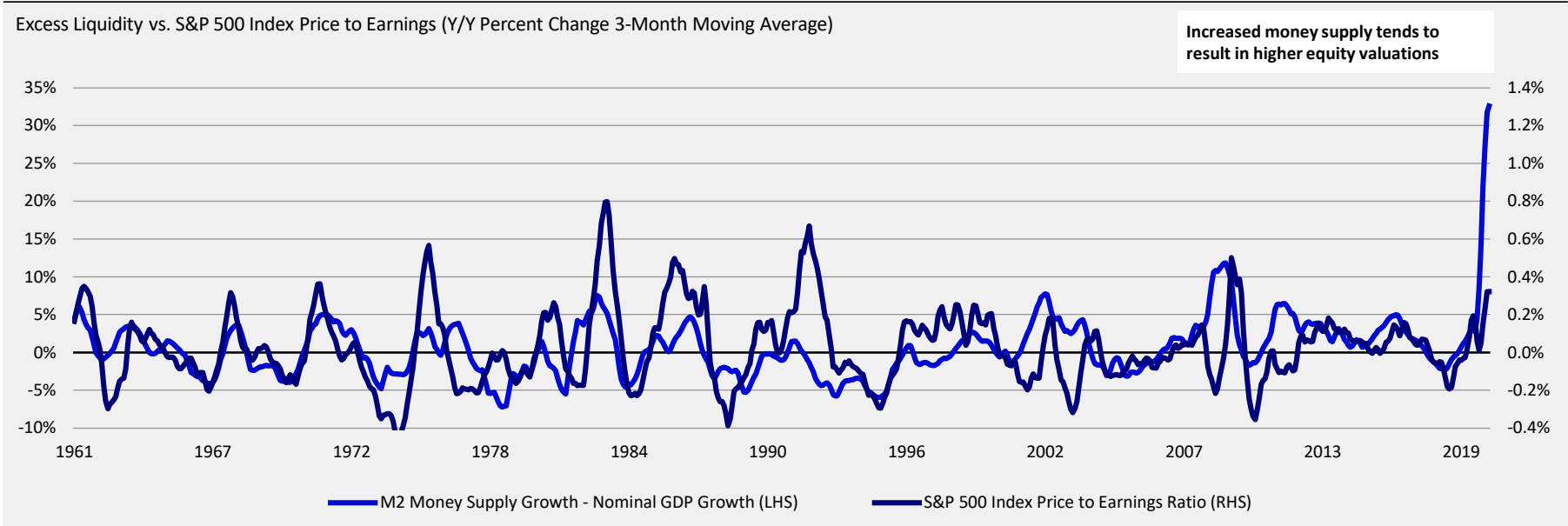
Source: Shiller, Yale database, Invesco, 12/31/20. Notes: Rolling 20-year annualized returns on the S&P 500 Total Return Index. Gray areas denote prolonged periods of declining rate of rolling 20-year returns. Index definitions are on page 21. An investment cannot be made directly in an index. **Past performance does not guarantee future results.**

The case for equities



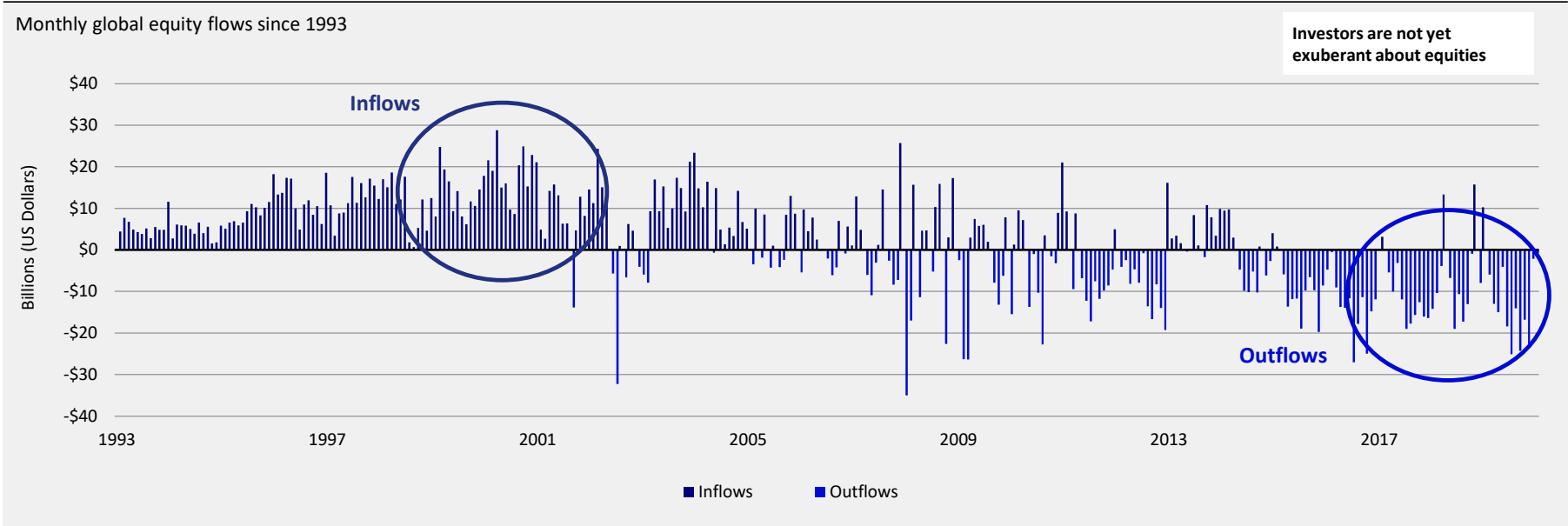
Source: Bloomberg L.P., Invesco, 12/31/20. Index definitions are on page 21. An investment cannot be made directly in an index. **Past performance does not guarantee future results.**

The case for equities



Sources: Morningstar, Investment Company Institute, 9/30/20. Most recent data available. S&P 500 Index price returns in U.S. dollars. See index definitions on page 21. **Past performance does not guarantee future results.** An investment cannot be made directly into an index.

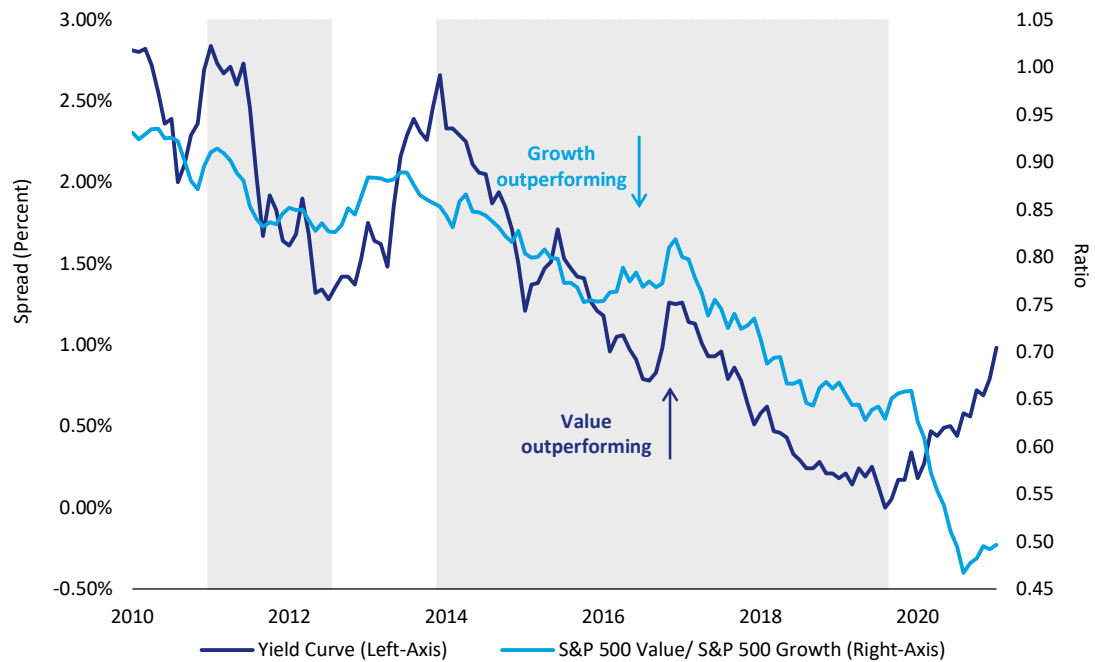
The case for equities



Source: Morningstar, ICI, Invesco, 12/31/20. Notes: Global equity fund flows contain all US-based investor flows into funds in the equity category focused on both US and non-US stocks. ETF = Exchange-traded fund. Flows include mutual funds and ETFs.

Market leadership: Value or growth

10-year US government bond minus 2-year US government bond yield (left-axis) and value relative to growth (right-axis) since 2010



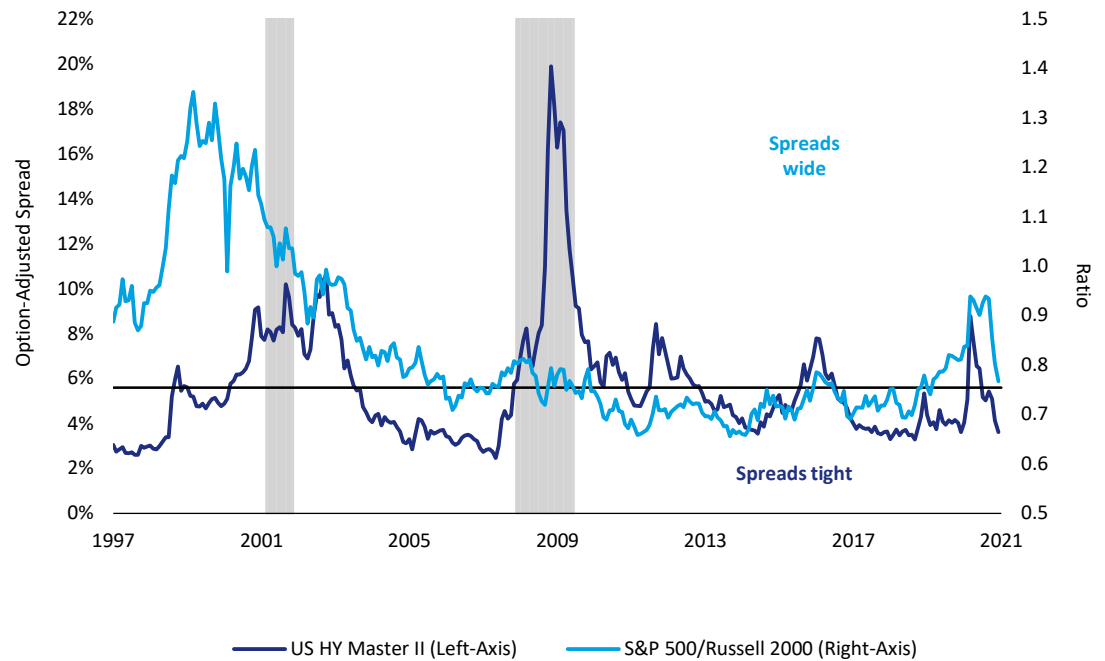
Source: Bloomberg L.P., FRED, Invesco, 1/11/21.
Notes: Shaded areas denote flattening US Treasury yield curve regimes. Index definitions can be found on page 21. An investment cannot be made directly in an index. **Past performance does not guarantee future results.**

Market leadership: Small caps or large caps

Source: Bank of America Merrill Lynch, Bloomberg L.P., FRED, Invesco, 9/30/20. Notes: C&I = Commercial and industrial. HY = High yield. S&P 500 and Russell 2000 price indices. The thicker, darker horizontal line = the long-term average high-yield corporate bond spread. Shaded areas denote NBER-defined US recessions. Index definitions can be found on page 21. An investment cannot be made directly in an index. **Past performance does not guarantee future results.**

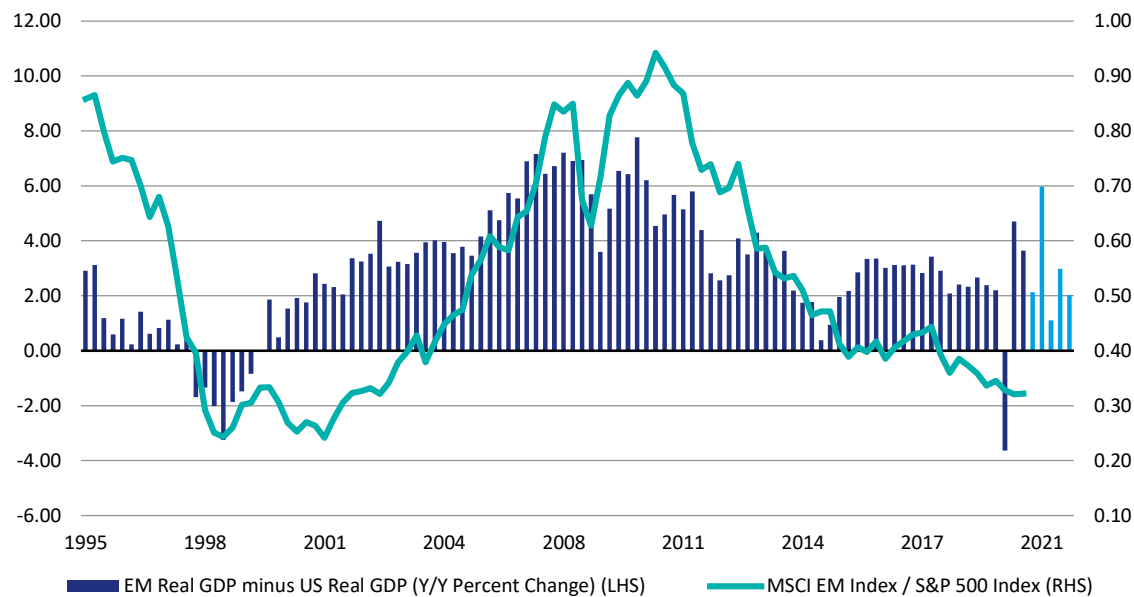


US high-yield corporate bond spread (left-axis) and large relative to small caps (right-axis) since 1997



Market leadership: Emerging markets or developed markets

EM and DM Expected Growth Differentials and
Market Performance

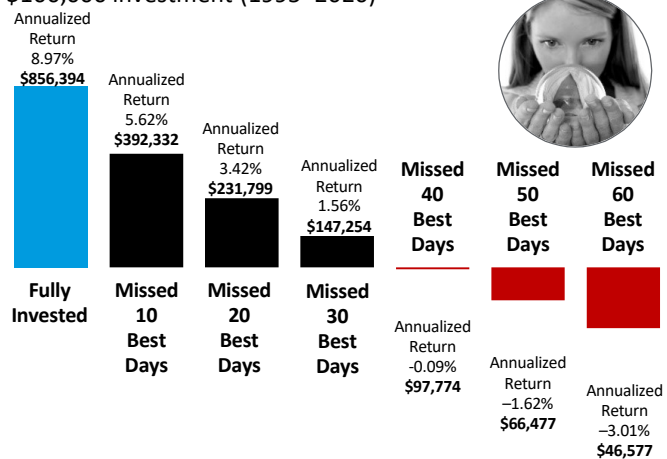


Source: Bloomberg, MSCI, 11/30/20. There is no guarantee forecasts will come to pass. Estimates are made by Invesco. Index definitions are on page 21. **Past performance is no guarantee of future results. An investment cannot be made directly into an index.**

Missing the Best Market Days Can Be Detrimental And They Almost Always Happen During the Bear Markets

Missing Even the 10 Best Days in the Market Reduced Returns by Almost 50% in the Last 25 Years

S&P 500 Index: Annualized total returns and growth of \$100,000 investment (1995–2020)



Best Days Come Near the Worst

30 Best Days Since 1995

13. 07/24/02	5.7%	1. 10/13/08	11.6%	3. 03/24/20	9.4%	17. 10/28/97	5.1%
15. 07/29/02	5.4%	2. 10/28/08	10.8%	4. 03/13/20	9.3%	18. 09/08/98	5.1%
19. 01/31/01	5.0%	5. 03/23/09	7.1%	6. 04/06/20	7.0%	20. 12/26/18	5.0%
23. 03/16/00	4.8%	7. 11/13/08	6.9%	11. 03/26/20	6.2%	24. 08/09/11	4.7%
25. 10/15/02	4.7%	8. 11/24/08	6.5%	12. 03/17/20	6.0%	26. 08/11/11	4.6%
29. 04/05/01	4.4%	9. 03/10/09	6.4%	21. 03/10/20	4.9%	28. 05/10/10	4.4%
		10. 11/21/08	6.3%	27. 03/02/20	4.6%		
		14. 09/30/08	5.4%				
		16. 12/16/08	5.1%				
		22. 10/20/08	4.8%				
		30. 01/21/09	4.3%				

Tech Wreck (20%)	Financial Crisis (40%)	COVID (20%)	Other (20%)
------------------	------------------------	-------------	-------------

Source: Bloomberg L.P., as of 3/31/20. For illustrative purposes only and is not intended as investment advice. The charts are hypothetical examples which are shown for illustrative purposes only and do not predict or depict the performance of any investment. An investment cannot be made directly into an index. Index definitions can be found on slide 22. **Past performance does not guarantee future results.**

Every Generation Faces Its Share of Challenges

Dow Jones Industrial Average: Growth of \$10,000 and Volatility (1900-2018)

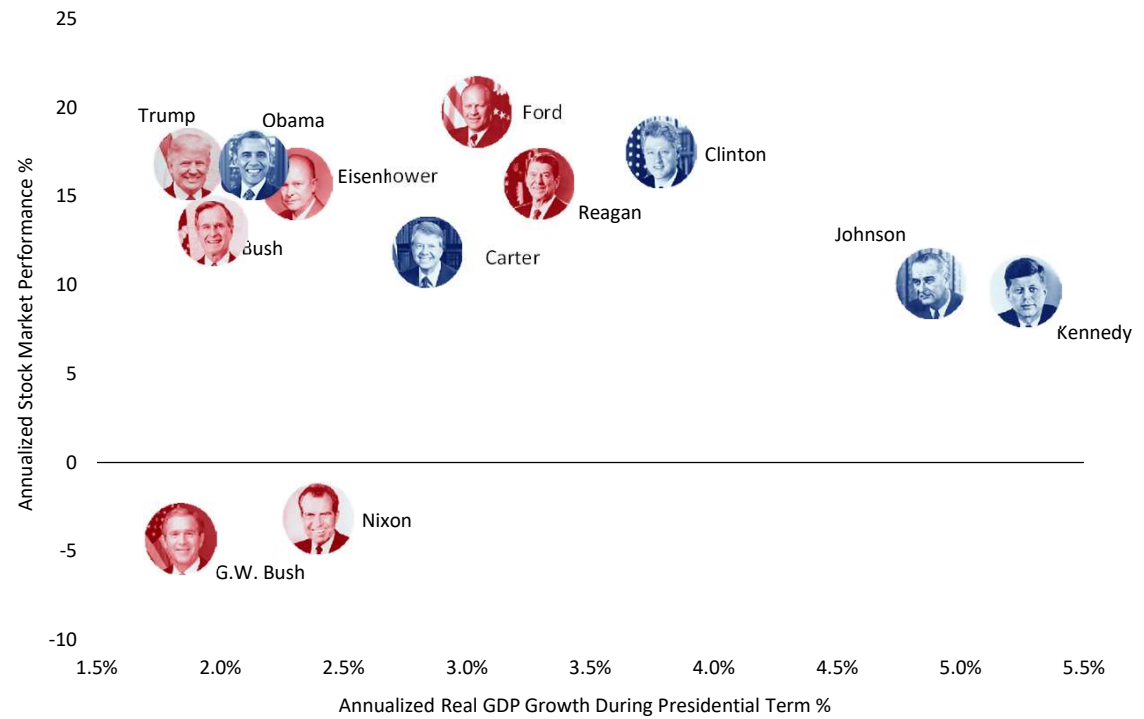


Images: Permission to use from Time, Inc.

Source: Bloomberg L.P., 12/31/18. Volatility is measured by the standard deviation of price moves on returns of the index. Standard deviation is a statistic that measures the dispersion of a dataset relative to its mean. The chart is a hypothetical example shown for illustrative purposes only and does not predict or depict the performance of any investment. An investment cannot be made directly into an index. Index definitions can be found on slide 22. Past performance does not guarantee future results.

Markets Have Performed Well Under Both Parties

Presidential term stock market returns vs. economic growth (1957-2021)



Sources: Haver, Invesco, 1/21/20. Note: President Trump stock market performance data from 1/20/17-1/20/21. Real GDP data from 12/31/2016 to 9/30/2020 as GDP is reported with a lag. Stock market performance is defined by the total return of the S&P 500 Index. Past performance does not guarantee future results.

Index definitions

Gross Domestic Product (GDP) is a measure of all of the goods and services produced within an economy during a year.

Consumer Price Index (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

The S&P 500 Index is a market-capitalization-weighted index of the 500 largest domestic US stocks.

S&P 500 Value Index is an unmanaged index considered representative of large-cap value stocks.

S&P 500 Growth Index is an unmanaged index considered representative of large-cap growth stocks.

The Russell 2000 Index is an unmanaged index considered representative of small-cap stocks. The Russell 2000 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

Institute for Supply Management (ISM) Manufacturing Index is an index measures manufacturing activity based on a monthly survey, conducted by ISM, of purchasing managers at more than 300 manufacturing firms.

Institute for Supply Management (ISM) Non-Manufacturing Index is an economic index based on surveys of more than 400 non-manufacturing (or services) firms' purchasing and supply executives, within 60 sectors across the nation, by the ISM.

The BofA Merrill Lynch U.S. High Yield Master II Index tracks the performance of below-investment-grade, US-dollar-denominated corporate bonds publicly issued in the US domestic market.

MSCI World Index is an unmanaged index considered representative of stocks of developed countries. The index is computed using the net return, which withholds applicable taxes for nonresident investors.

MSCI Emerging Markets Index is an unmanaged index considered representative of stocks of developing countries. The index is computed using the net return, which withholds applicable taxes for nonresident investors.

Commodity Research Bureau (Bureau of Labor Statistics) Raw Industrials Sub-Index is an index that measures the aggregated price direction of the raw industrial commodity sector.

JP Morgan Global Manufacturing Purchasing Managers Index (PMI) is a weighted average of new orders, output, employment, suppliers' delivery times, and stocks of purchases.

The U.S. Dollar Index measures the strength of the dollar against a basket of major currencies.

Indexes are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. **Past performance does not guarantee future results.**

Disclosures

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Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. International markets may be less liquid and can be more volatile than U.S. markets. Smaller companies offer the potential to grow quickly, but can be more volatile than larger company stocks, particularly over the short term. 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. Commodities may subject an investor to greater volatility than traditional securities such as stocks and bonds and can fluctuate significantly based on weather, political, tax, and other regulatory and market developments. The dollar value of foreign investments will be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded.

All data provided by Invesco unless otherwise noted.

For US Audiences:

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Most references are US centric and may not apply to Canada.

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