

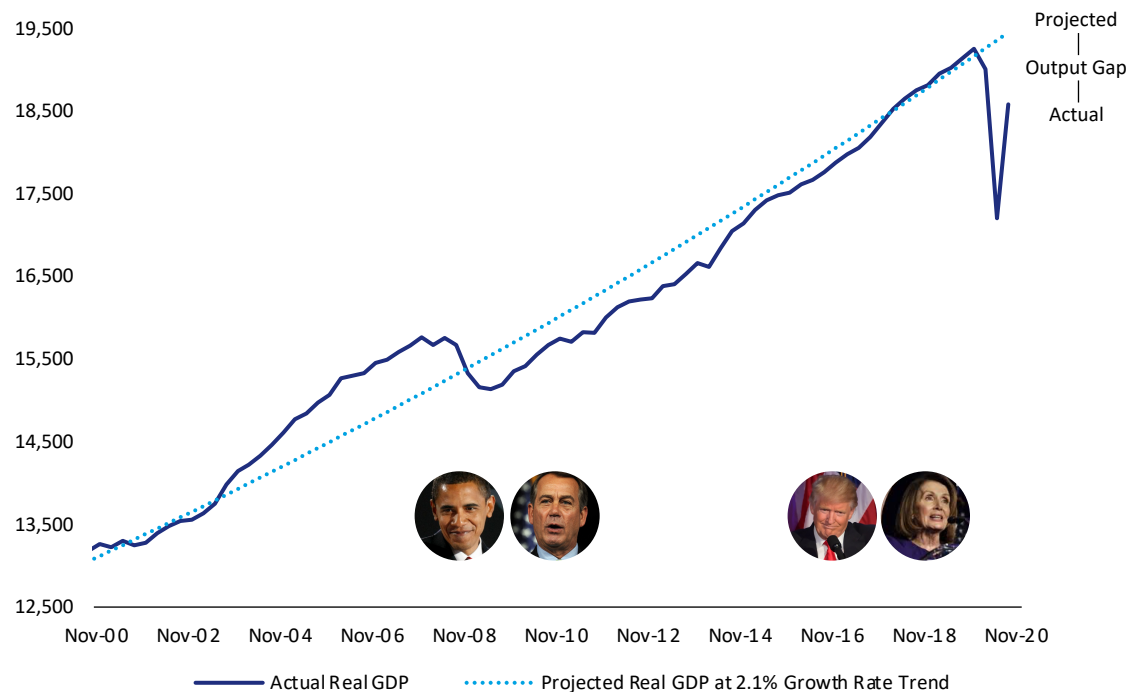


Election Aftermath

MORE TRUTHS NOW THAT WE KNOW WHO WON, OR NOT

Economic Disappointment Tends to Result in Political Volatility

Output Gap: U.S. Real Gross Domestic Product (Actual vs. 2.1% Trend Growth Rate)



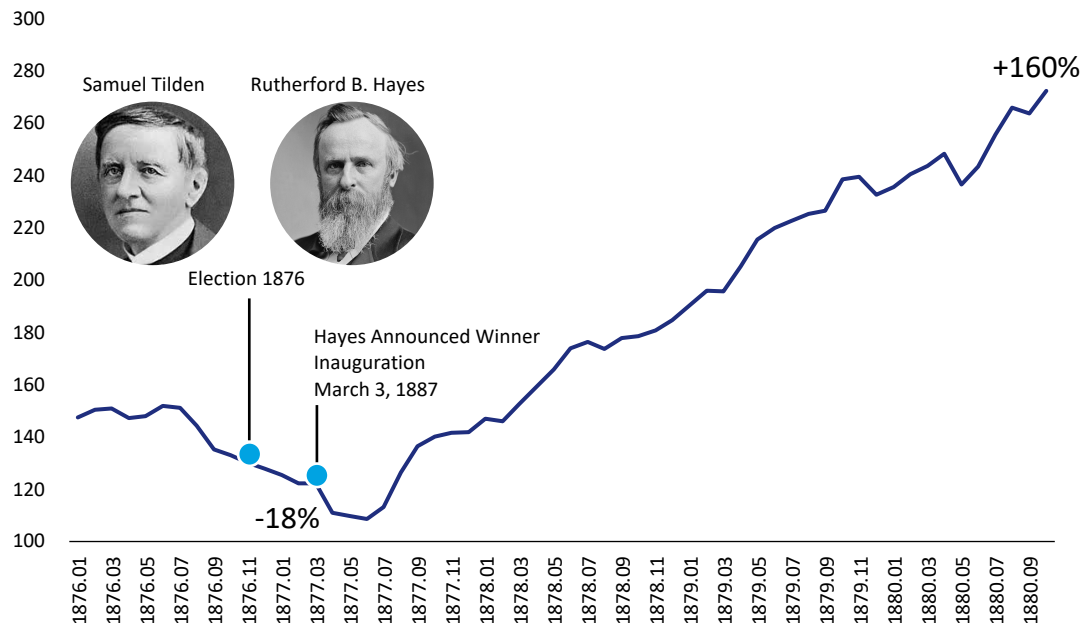
Source: Bloomberg, Bureau of Economic Analysis, as of 9/30/20. 2.1% projected real GDP growth is based on the estimates of the International Monetary Fund. Index definitions can be found on page 16.

Contested Elections May Result in Market Volatility but is Unlikely to Change the Trajectory of the Economy/Financial Markets

Source: Yale University/Shiller database

Chart is meant for illustrative purposes only and is not meant to depict or predict the performance of any investment strategy. US Large Cap Equities Real Total Returns are represented by the Shiller US Large Cap Index. Index definitions can be found on page 16. Indices cannot be purchased directly by investors. **Past performance does not guarantee future result.**

US Large Cap Equities Real Total Return Index
1876 - 1880



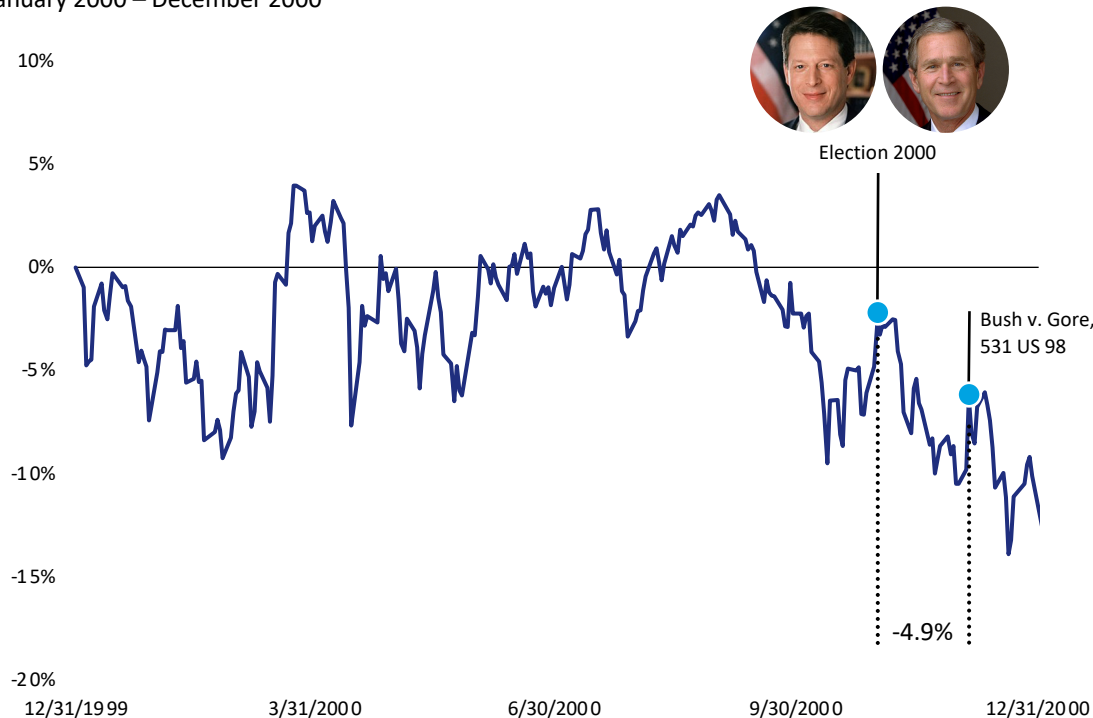
2000 is an Interesting Analogy But the Economic Environment Appears to be Different

	Then	Now
Fed Funds Rate (Last 12 Months)	6.50% (+ 100 basis points)	0.00% (- 175 basis points)
S&P 500 Earnings Yield minus 10 Year US Treasury Rate	-1.96%	+3.02%
State of Economy	Entering Recession	Exiting Recession

Source: Bloomberg, US Federal Reserve, National Bureau of Economic Research

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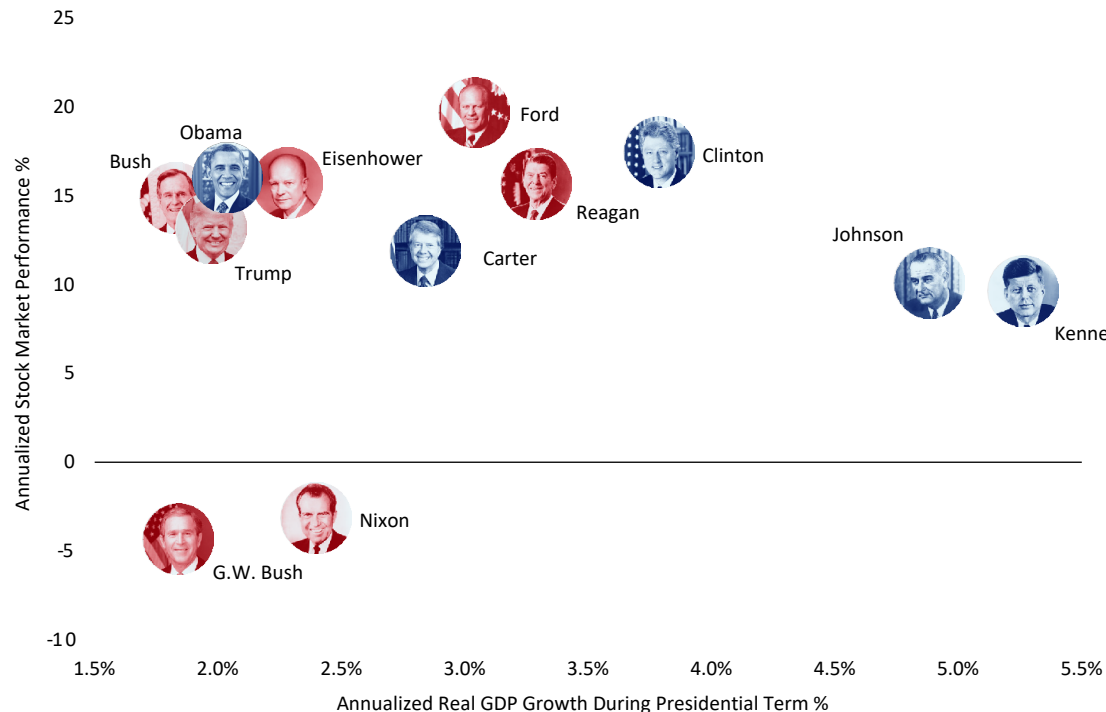
S&P 500 Index Total Returns
January 2000 – December 2000



Markets Have Performed Well Under Both Parties

Sources: Haver, Invesco, 9/30/20. Note: President Trump stock market performance data from 1/20/17-9/30/20., real GDP data from 12/31/2016 to 3/31/2020 as GDP is reported with a lag. Stock market performance is defined by the total return of the S&P 500 Index. Index definitions can be found on page 16. Past performance does not guarantee future results. The GDP results under Donald Trump are through 3/31/20 and do not reflect the economic decline experienced during the second quarter of 2020.

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



Starting Points Matter

What did Reagan and Obama have in common?

- + Terms began in recessions
- + Stocks historically cheap
- + Fed policy designed to restore health to economy
- + Good demographics

S&P 500 Index During President Ronald Reagan



+207%

Cumulative Price
Return

(1/20/1981 to
1/20/1989)

S&P 500 Index During President Barack Obama



+234%

Cumulative Price
Return

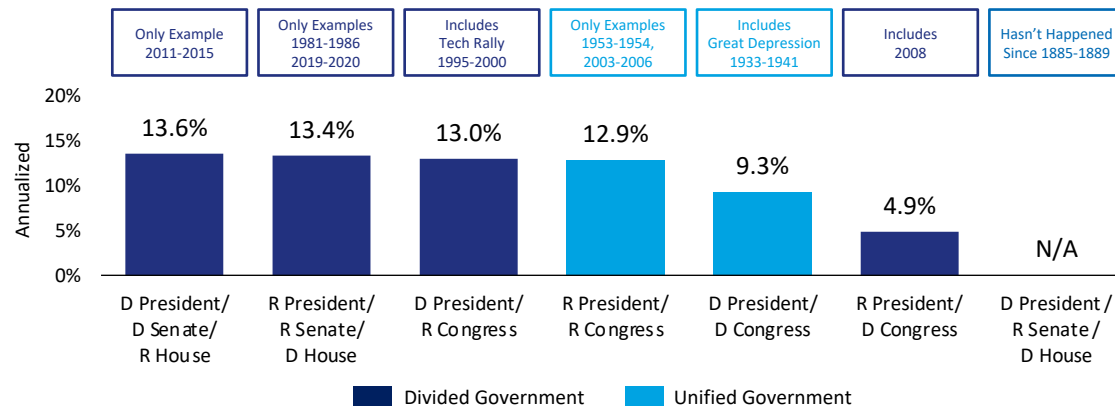
(1/20/2009 to
1/20/2017)

Source: Bloomberg L.P., National Bureau of Economic Research, US Federal Reserve, US Census Bureau

Chart is meant for illustrative purposes only and is not meant to depict or predict the performance of any investment strategy. Indices cannot be purchased directly by investors. **Past performance does not guarantee future result. Analysis of stock valuations is based on the price to earnings ratio of the S&P 500 Index.**

“Divided Government Is Best for Markets” Is Not Statistically Significant

Partisan Control: US Large Cap Equity Returns



Examples of Strong S&P 500 Index Returns Under United Government

1/20/09 – 1/20/10: +44.73%

1/20/17 – 1/20/18: +26.21%



President Obama
(D)



Majority Leader Reid
(D)



Speaker Pelosi
(D)



President Trump
(R)



Majority Leader McConnell
(R)

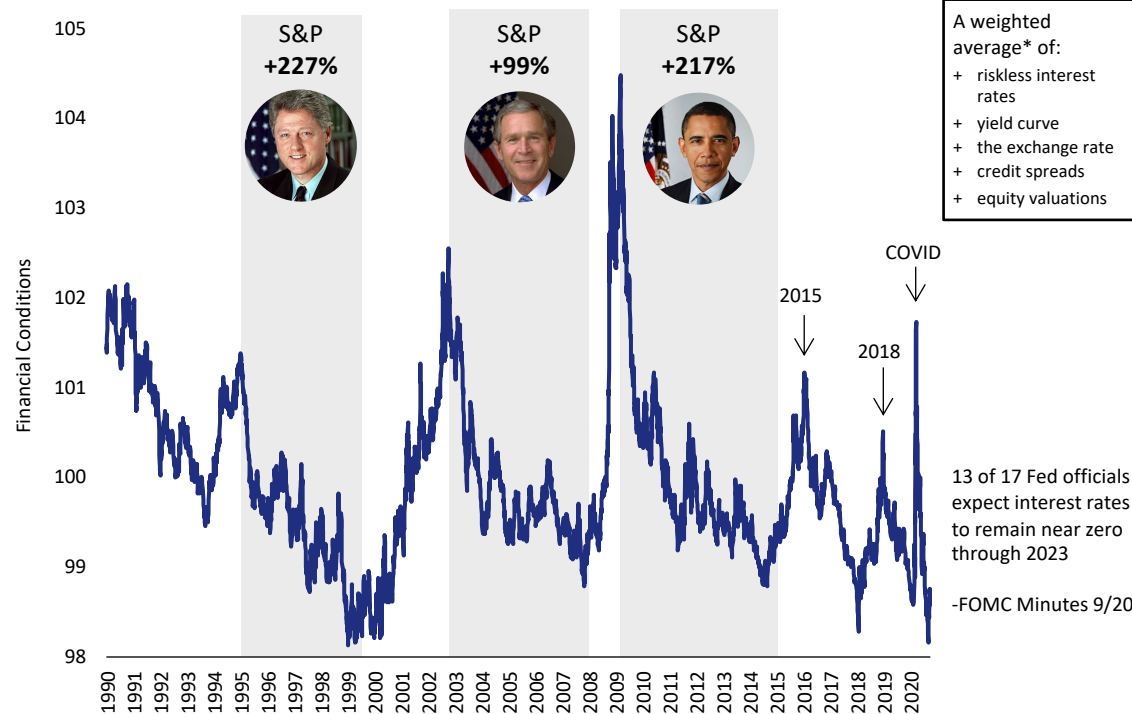


Speaker Ryan
(R)

Source: Yale University/Shiller database, Strategas Research Partners
Chart is meant for illustrative purposes only and is not meant to depict or predict the performance of any investment strategy. US Large Cap Equity Returns are represented by the Shiller US Large Cap Index. Index definitions can be found on page 16. Indices cannot be purchased directly by investors. **Past performance does not guarantee future result.**

Monetary Policy Matters More

Financial conditions and S&P 500 performance during easing conditions



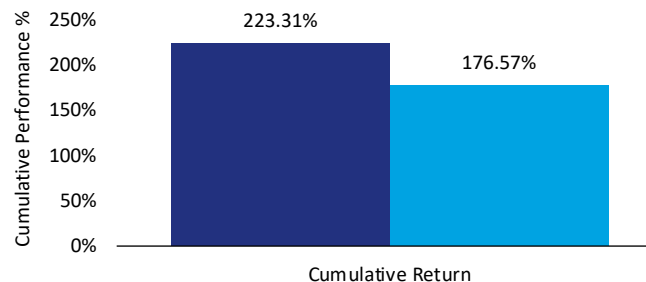
Sources: Goldman Sachs, Bloomberg L.P., 9/30/20. See index definitions on page 16. An investment cannot be made in an index. Past performance does not guarantee future results.

The Economic and Interest Rate Environment, and thus Market Leadership Rarely Changes With an Election

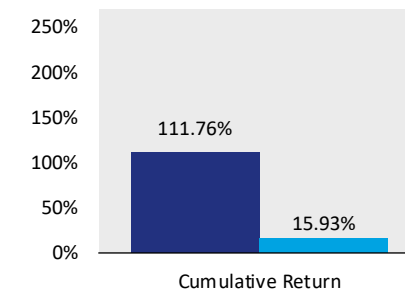
Nominal US 10-Year Yield



2009-2016



2017-9/2020



■ Russell 1000 Growth

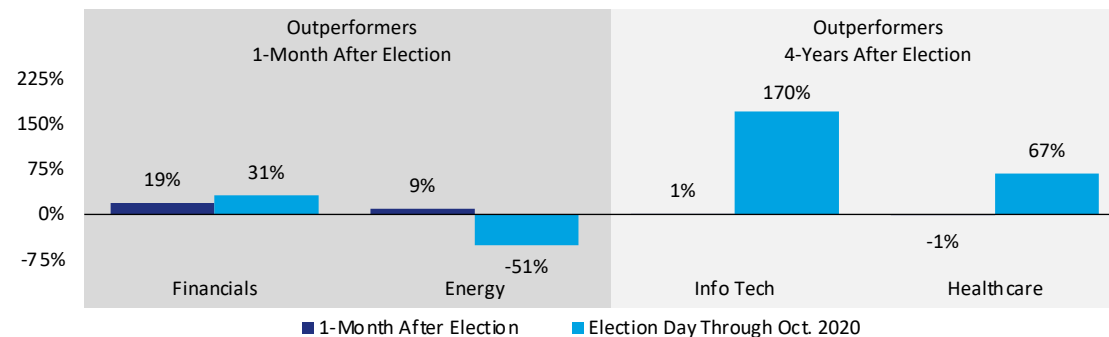
■ Russell 1000 Value

Sources: Bloomberg L.P., Russell, 9/30/20. Index definitions can be found on page 16. **Past performance does not guarantee future results.**

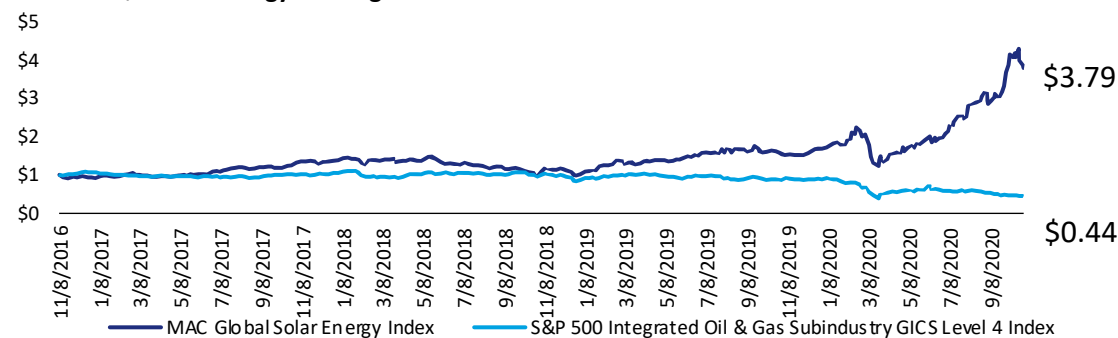
Investing Based on Politics Rarely Works

2016 Anecdotal Consensus:
“If Donald Trump wins, then
buy Financials and
(Traditional) Energy”

S&P 500 Index in First Month After 2016 Election vs. Later Performance



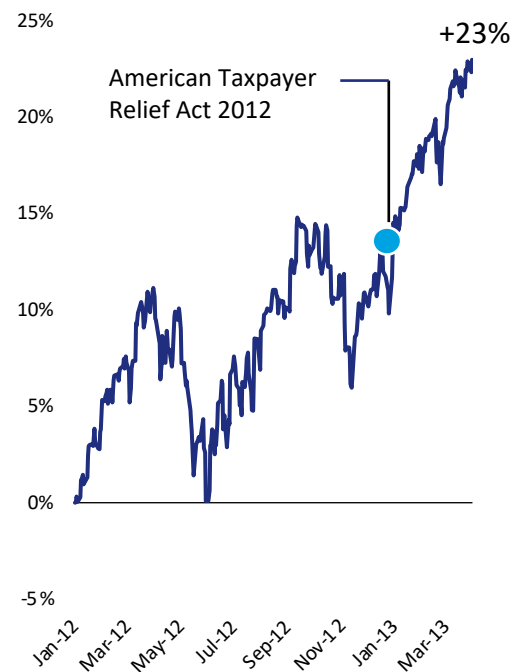
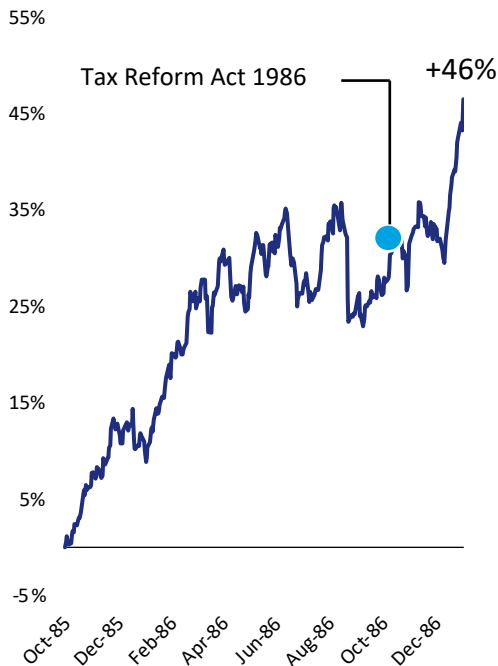
Growth of \$1: Solar Energy vs. Integrated Oil and Gas



Sources: Bloomberg L.P., 9/30/20. See index definitions on page 16.
An investment cannot be made in an index. **Past performance does not guarantee future results.**

Tax Increases, Historically Have Not Derailed Market Advances

S&P 500 Cumulative Daily Price Return
1-Year Before to 3-Months After Capital Gains Tax Increase



Sources: Bloomberg L.P., 9/30/20. See index definitions on page 16.
An investment cannot be made in an index. Invesco does not offer tax advice. Please consult your tax professional for information regarding your own personal tax situation. **Past performance does not guarantee future results.**

The US Federal Government Is Not a Bad Credit Risk, Additional Fiscal Stimulus Notwithstanding

Liabilities: \$25 Trillion



Assets: >\$200 Trillion

Land, Buildings, and Commodities



640 million acres of land representing **28%** of the country and **47%** of the west coast



\$55.7 trillion of oil



\$8.6 trillion of natural gas



\$22.5 trillion of coal



\$3.3 trillion in government buildings and other property



≈ **\$6–\$10 trillion** in military assets

Financial Assets



\$2.0 trillion in stocks, bonds and other financial assets (ex. gold)



\$320 billion in bullion gold reserves

Present Value of Future Taxes



2019 Tax Revenue
\$3.7 trillion



2066 Tax Revenue
\$22 trillion
(17% of \$131 trillion GDP)

Sources: US Treasury, US General Services Administration, Institute for Energy Research, Federal Reserve, and Bloomberg, as of 9/30/20.

Private Sector Ingenuity Continues Unabated

Select Innovations Since the 2008 Election

Cloud Computing



Tablets



Fitness Trackers



3D Printing



Social Media



Ride Share



Bionic Eye



Electronic Vehicles



Autonomous Vehicles



Virtual Meetings
Software



Gene Editing



Virtual Home
Assistants



Virtual Payment
Systems



Smart Homes



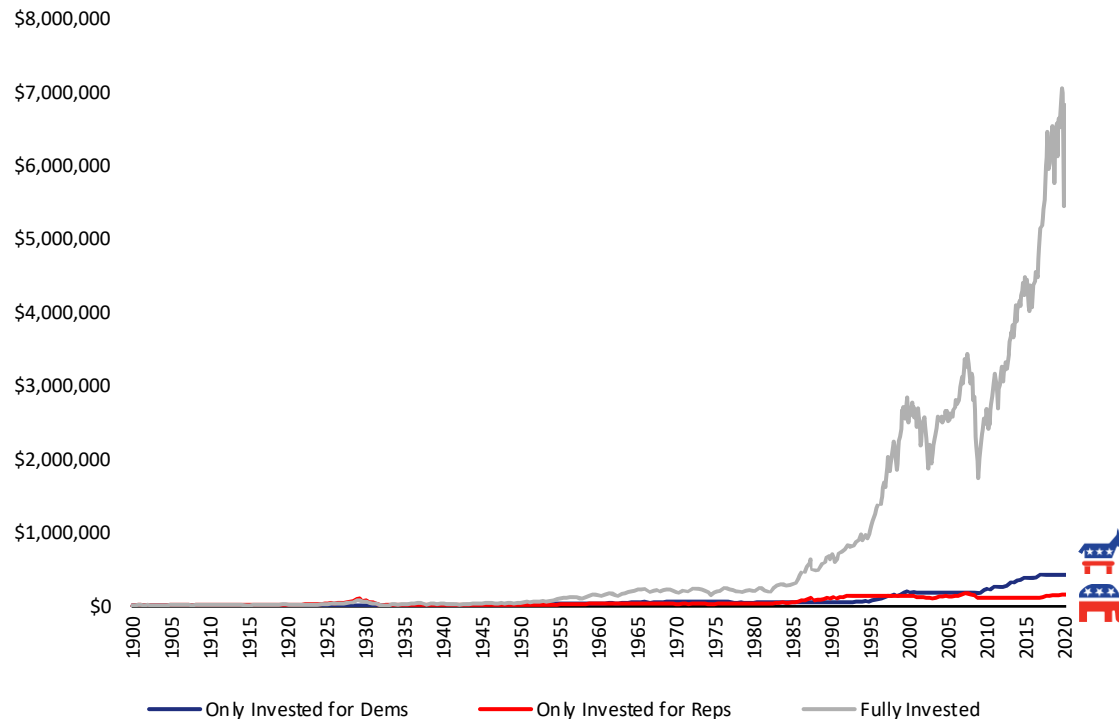
Multi-Use Rockets



For illustrative purposes only and not intended as investment advice

Investors Are Better Off Staying Fully Invested

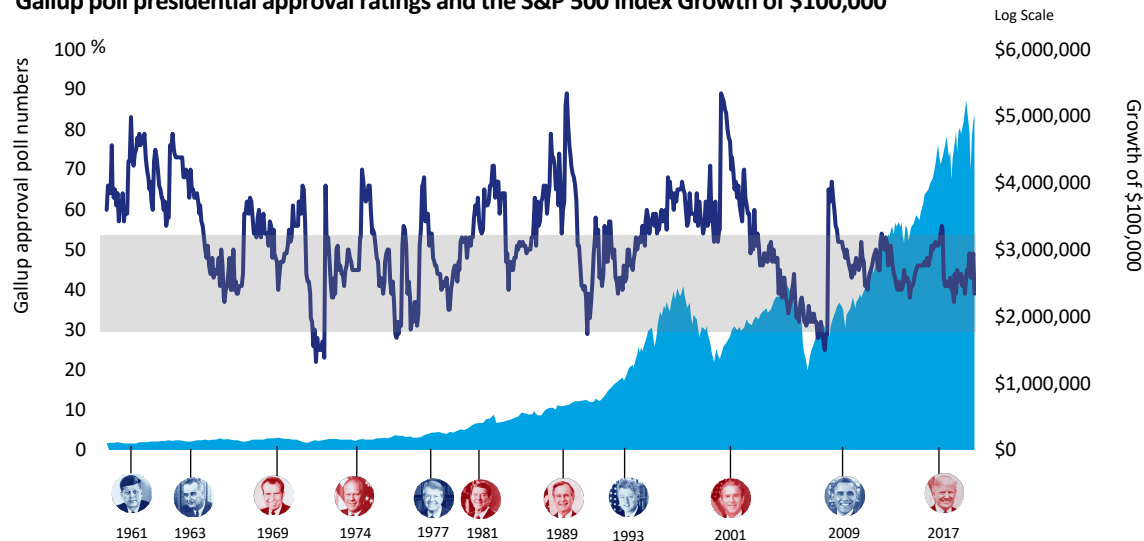
Growth of \$10,000 in the Dow Jones Industrial Average since 1896



Sources: Haver, Invesco, 6/30/20. For illustrative purposes only. Index definitions can be found on page 16. **Past performance does not guarantee future results.**

Markets Don't Care If You Don't Like Who's President

Gallup poll presidential approval ratings and the S&P 500 Index Growth of \$100,000



Presidential Approval Rating

>65

51-65

35-50

<35

Gain/Annum

5.4%

4.2%

15.3%

-19.7%

% of Time

13.9%

38.4%

41.1%

6.6%

Source: Bloomberg, L.P., 6/30/20. See index definitions on page 16.
An investment cannot be made in an index. **Past performance does not guarantee future results.**

Index Definitions

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 Dow Jones Industrial Average is a price-weighted index of the 30 largest, most widely held stocks traded on the New York Stock Exchange.

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

The Russell 1000 Value is an unmanaged index considered representative of large-cap value stocks. The Russell 1000 Value Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

The Russell 1000 Growth is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000 Growth Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

The Misery Index is an economic indicator calculated by adding the current unemployment rate and the inflation rate.

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

The Shiller US Large Cap Index is an index created by Robert Shiller that measures the stock performance of US large cap stocks.

The MAC Global Solar Energy Index ("Underlying Index") is designed to provide exposure to companies listed on exchanges in developed markets that derive a significant amount of their revenues from the following business segments of the solar industry: solar power equipment producers including ancillary or enabling products such as tracking systems, inverters, or batteries; suppliers of raw materials, components or services to solar producers or developers; companies that produce solar equipment fabrication systems; companies involved in solar power system installation, development, integration, maintenance, or finance; or companies that sell electricity derived from solar power.

The S&P 500 Integrated Oil & Gas Subindustry GICS Level 4 Index comprises stocks in the S&P Total Market Index that are classified in the GICS oil & gas exploration & production sub-industry.

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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