



INVESCO SENIOR SECURED MANAGEMENT, INC.

**Form ADV Part 2A
Firm Brochure**

CRD#: 107590

SEC#: 801-38119

This brochure provides information about the qualifications and business practices of Invesco Senior Secured Management, Inc., a registered investment adviser located at *1166 Avenue of the Americas, New York, New York 10036*.

If you have any questions about the contents of this brochure, please contact us at: (404) 881-3435 or by email at scott.trapani@invesco.com

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Additional information about Invesco Senior Secured Management, Inc., is available on the SEC's website at www.adviserinfo.sec.gov

MARCH 31, 2012

Item 2 - Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. The last annual update to the Form ADV Part 2 was completed on March 31, 2012.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. This Brochure conforms to this rule.

Full Brochure Available

Whenever you would like to receive additional copies of our Firm Brochure, please contact us by telephone at: (404) 881-3435 or by email at scott.trapani@invesco.com

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Item 4 - Advisory Business

Firm Description

Invesco Senior Secured Management, Inc. ("ISSM") was founded in 1992.

ISSM provides investment management supervisory services to commingled investment vehicles organized as collateral debt obligations (CDOs), affiliated mutual funds and other pooled vehicles, as well as institutional and other separately managed accounts.

Principal Owners

Invesco North American Holdings, Inc. is sole owner of ISSM.

Invesco, Ltd. is the ultimate parent company.

Types of Advisory Services

ISSM provides investment advisory services on a fully discretionary and non-discretionary basis. When discretionary, ISSM has the authority to make all investment decisions for its clients' accounts including buying and selling any public and private investments, subject to the investment guidelines or restrictions agreed to with its clients.

As for non-discretionary advisory services, ISSM provides all the services described above under discretionary, except that recommendations to purchase and sell portfolio holdings on behalf of these types of clients' accounts are subject to client approval by either the client directly or client designated service provider.

In addition to the above advisory services, ISSM provides recommendations to purchase and sell certain investments in a pre-funded account at an unaffiliated firm that has agreed to create and distribute either a new CDO or other type of special purpose vehicle where ISSM is the intended investment adviser, commonly referred to as warehousing.

Assets Under Management

*As of **December 31, 2011**, ISSM managed approximately **\$16.0 billion** in assets for approximately **36** clients. Approximately \$15.0 billion is managed on a discretionary basis, and the remaining \$1.0 billion managed on a non-discretionary basis.*

Regulatory Assets Under Management

Recently adopted SEC rules and rule amendments require all investment advisers to report "regulatory assets under management" in Form ADV Part 1. This new terminology distinguishes the assets reported in Form ADV Part 1 from the assets under management disclosed above and elsewhere in this Brochure.

When calculating its regulatory assets under management, ISSM is required to include the value of any private fund over which it exercises continuous and regular supervisory or management services, regardless of the nature of the assets held by the fund. ISSM must also include the amount of any *uncalled capital commitments* made to a private fund. The new SEC rule also requires ISSM to use the market value of private fund assets or the fair value of private fund assets where market value is unavailable. This represents a change from previous filings that permitted an adviser to calculate the value of its assets under management based on whatever method the adviser used to report its assets to clients (e.g., what was in the fund documents) or used to calculate fees for investment advisory services.

Item 5 - Fees and Compensation

Fees and Compensation

The fees described in this section are strictly for ISSM's investment advisory services and do not include other fees that a client account may incur, such as custody fees or fees embedded in the selection of investment opportunities for clients' accounts. Fees and account minimums are subject to negotiation. ISSM may waive the management fee on employee or other accounts. Existing clients of ISSM may have different fee arrangements from newer clients.

ISSM does not use side pockets to calculate client fees and all fees are negotiable.

Collateralized Debt Obligations (CDOs)

ISSM provides, on a fee and non-fee paying basis, recommendations to purchase and sell certain investments in a pre-funded account at an unaffiliated firm that has agreed to create and distribute either a new CDO or other type of special purpose vehicle where ISSM acts as investment adviser.

All fees charged are based on either the cost or value of clients' accounts as determined by the custodian or administrative agent for some CDOs and ISSM for other accounts.

Mutual Fund Management

ISSM serves as the sub-adviser to affiliated mutual funds and fees for the funds are calculated based on valuation determined by ISSM's affiliated administrator subject to the overall supervision of the investment adviser.

For Invesco US Senior Loan Fund, a sub-fund of Invesco Zodiac Funds, ISSM may choose to waive or rebate its entire fee or any portion thereof at its absolute discretion for an indefinite period. ISSM may pay a portion of its investment advisory fee to distributors, dealers or other entities that assist ISSM.

Complete information concerning each mutual fund that ISSM advises, including advisory and sub-advisory fees, is disclosed in the prospectus and statement of additional information for each such fund. All prospectus information can be obtained from Invesco's website: www.invesco.com.

Separately Managed Accounts

Fees for separately managed accounts are generally billed quarterly *in arrears* and are computed by applying 1/12th of the annual percentage rate to the ending month book values. The sum of the three monthly fees is the quarterly billing amount. Advisory fees charged are from 45 – 100 bps.

Private Pooled Vehicles

Fees for private pooled vehicles are individually negotiated. Factors considered when negotiating fees may include - any specialized guidelines, other performance fee arrangements with the client, clients with multiple accounts or relationships with ISSM or its affiliates, off-shore relationships, and client account size.

Other Fees

ISSM does not provide custodial services and does not receive any portion of the custody fees resulting from the custodial services provided to its clients' accounts.

Termination of Agreements

Investment advisory services may be terminated by either party with written notice in accordance with the terms of the CDO or agreement with the client. CDOs may be terminated, and then liquidated, either because the entity has reached its originally intended duration or it is called. CDOs may also terminate according to the terms of the arrangements between the organizer or syndicator of the CDO and its underlying investors. Some of ISSM's contracts require 90 days' written notice, while others have no notification provisions. There are certain contracts with clients that have termination provisions that have been individually negotiated. *Upon termination, any unearned fee will be refunded to the client in accordance with the terms of the agreement with the client.*

Item 6 - Performance-Based Fees

Performance-Based Fee Arrangements

ISSM may charge performance fees consistent with the requirements the Investment Advisers Act of 1940 and ERISA.

Item 7 - Types of Clients

Description

ISSM advises unregistered onshore and offshore investment vehicles, third party separate accounts and registered investment funds formed for the purpose of investing in its bank loan strategies.

Account Minimums

The minimum account size for a separately managed account is **\$75 million** of assets under management. ISSM has the discretion to waive the account minimum. Accounts of less than \$75 million may be set up when the client and the advisor anticipate the client will add additional funds to the accounts within a reasonable time or to foster future relationships.

Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

ISSM's analytical methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

ISSM's investment style is a fundamental, credit-driven approach that evaluates default risk and principal preservation. We use a proprietary rating assigned to each investment that is intended to reflect our view on value at risk. Investment selection and portfolio construction seeks to balance the identified value against the specified investment objective of each managed fund.

Senior secured investment strategies require additional analyses relating to factors such as credit, cash flow, composition of capital structure, valuation of collateral, the covenant package, market liquidity and relative value of the financing to others available in the market.

ISSM uses research from third party vendors such as Bloomberg, Moody's, S&P and Reuters Knowledge. All third party research providers are paid in cash.

Investment Strategies

ISSM invests in public and private debt instruments, primarily floating rate corporate loans, commercial paper, and government securities. In addition, ISSM may use total return swap arrangements to receive the economic benefit of some of the instruments described above at a negotiated cost to the client account.

Risk of Loss

All investment strategies have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. ISSM clients may face the following investment risks:

- *Interest-Rate Risk* - Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk* - The price of a security, bond, or fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of an investment's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk* - When any type of inflation is present, purchasing power is eroding at the rate of inflation.
- *Currency Risk* - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk* - The risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk* - These risks are associated with a particular industry or a particular company within an industry.
- *Liquidity Risk* - Liquidity is the ability to readily convert an investment into cash.
- *Financial Risk* - Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 - Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Matters

Affiliate of WL Ross – Disciplinary Information

On October 8, 2004, IFG, the former investment advisor to certain AIM Funds, and Invesco Aim Advisors, the AIM Fund's investment advisor, announced that final settlements had been reached with the Securities and Exchange Commission ("SEC"), the New York Attorney General ("NYAG"), the Colorado Attorney General ("COAG"), the Colorado Division of Securities ("CODS") and the Secretary of State of Georgia to resolve civil enforcement actions and investigations related to market timing activity and related issues in the AIM Funds, including those formerly advised by IFG.

In their enforcement actions and investigations, these regulators alleged, in substance, that IFG and Invesco Aim Advisors failed to disclose in applicable Fund prospectuses for the AIM Funds that they advised and to the independent directors/trustees of such Funds that IFG and Invesco Aim Advisors had entered into certain arrangements permitting market timing of such Funds, thereby breaching their fiduciary duties to such Funds. As a result of the foregoing, the regulators alleged that IFG, Invesco Aim Advisors and Invesco Aim Distributors, Inc. ("IADI"), the distributor of the retail AIM Funds and a wholly owned subsidiary of Invesco Aim Advisors, breached various Federal and state securities, business and consumer protection laws.

Under the terms of the settlements, IFG, Invesco Aim Advisors and IADI consent to the entry of settlement orders or assurances of discontinuance, as applicable, by the regulators containing certain terms, some of which are described below, without admitting or denying any wrongdoing.

Under the terms of the settlements, IFG agreed to pay a total of \$325 million, of which \$110 million is civil penalties. The \$325 million total payment was paid in two equal installments in accordance with the terms of the settlement and the final payment was paid before December 31, 2005. Invesco Aim Advisors and IADI agreed to pay a total of \$50 million, of which \$30 million is civil penalties. The entire \$50 million payment by Invesco Aim Advisors and IADI was paid on November 8, 2004.

The entire \$325 million IFG settlement payment will be available for distribution to the shareholders of those AIM Funds that IFG formerly advised that were harmed by market timing activity, and the entire \$50 million settlement payment by Invesco Aim Advisors and IADI will be available for distribution to the shareholders of those AIM Funds advised by Invesco Aim Advisors that were harmed by market timing activity, all as to be determined by the independent distribution consultant who was appointed under the terms of the settlements. The settlement payments will be distributed in accordance with a methodology to be determined by the independent distribution consultant, in consultation with Invesco Aim Advisors and the independent trustees of the AIM Funds and acceptable to the staff of the SEC.

Under the settlements with the NYAG and COAG, Invesco Aim Advisors agreed to reduce management fees on the AIM Funds by \$15 million per year for the next five years, based upon effective fee rates and assets under management as of July 1, 2004, and not to increase certain management fees. Invesco Aim Advisors implemented such fee reductions as of January 1, 2005. IFG also paid \$1.5 million to the COAG to be used for investor education purposes and to reimburse the COAG for actual costs. Finally, IFG and Invesco Aim Advisors paid \$175,000 to the Secretary of State of Georgia to be used for investor education purposes and to reimburse the Secretary of State for actual costs.

None of the costs of the settlements will be borne by the AIM Funds or by Fund shareholders.

Under the terms of the settlements, Invesco Aim Advisors made certain governance reforms, including maintaining an internal controls committee and has retained an independent compliance consultant, a corporate ombudsman and, as stated above, an independent distribution consultant. Also, commencing in 2007 and at least once every other year thereafter, Invesco Aim Advisors will undergo a compliance review by an independent third party.

In addition, under the terms of the settlements, Invesco Aim Advisors has undertaken to cause the AIM Funds to operate in accordance with certain governance policies and practices, including retaining a full-time independent senior officer whose duties will include monitoring compliance and managing the process by which proposed management fees to be charged the AIM Funds are negotiated. The AIM Funds have engaged Mr. Russell Burk as the senior officer, and he reports directly to the Chairman of the AIM Funds Board of Trustees.

Also, commencing in 2008 and not less than every fifth calendar year thereafter, the AIM Funds will hold shareholder meetings at which their Boards of Trustees will be elected.

Regulatory Action Alleging Market Timing

On April 12, 2005, the Attorney General of the State of West Virginia ("WVAG") filed civil proceedings against AIM, IFG and Invesco Aim Distributors, Inc. ("IADI"), as well as numerous unrelated mutual fund complexes and financial institutions. None of the AIM Funds has been named as a defendant in these proceedings. The WVAG complaint, filed in the Circuit Court of Marshall County, West Virginia [Civil Action No. 05-C-81], alleges, in substance, that AIM, IFG and ADI failed to disclose in the prospectuses for the AIM Funds, including those formerly advised by IFG, that they had entered into certain arrangements permitting market timing of such Funds, thereby breaching their fiduciary duties to such Funds. As a result of the foregoing, the WVAG alleged violations of W. Va. Code § 46A-1-101, et seq. (the West Virginia Consumer Credit and Protection Act).

The WVAG was seeking injunctions; civil monetary penalties; a writ of quo warrant against the defendants for their alleged improper actions; prejudgment and post-judgment interest; costs and expenses, including counsel fees; and other relief. This matter was transferred to the Federal Courts' Multi-District Litigation ("MDL") Court on October 19, 2005. On July 7, 2005, the Supreme Court of West Virginia ruled in the context of a separate lawsuit that the WVAG does not have authority under the West Virginia Consumer Credit and Protection Act to bring an action based upon conduct that is ancillary to the purchase or sale of securities. On April 14, 2006, the WVAG voluntarily dismissed this action without prejudice.

On August 30, 2005, the West Virginia Office of the State Auditor - Securities Commission ("WVASC") issued a Summary Order to Cease and Desist and Notice of Right to Hearing to AIM and IADI (Order No. 05-1318). The WVASC purports to make findings of fact that AIM and IADI entered into certain arrangements permitting market timing of the AIM Funds and failed to disclose these arrangements in the prospectuses for such Funds and conclusions of law to the effect that AIM and IADI violated the West Virginia securities laws (essentially mirroring the WVAG's allegations mention above).

The WVASC orders AIM and IADI to cease any further violations and seeks to impose monetary sanctions, including restitution to affected investors, disgorgement of fees, reimbursement of investigatory, administrative and legal costs and an "administrative assessment," to be determined by the Commissioner. Initial research indicates that these damages could be limited or capped by statute. By agreement with the WVASC, AIM's time to respond to that Order has been indefinitely suspended.

Private Civil Actions Pending Against IFG, Invesco Aim Advisors and Related Entities and Individuals

A number of civil lawsuits related to market timing, late trading and related issues have been filed against (depending on the lawsuit) certain of the AIM Funds, IFG, Invesco Aim Advisors, Invesco Ltd., certain related entities, certain of their current and former officers and/or certain unrelated third parties. All such lawsuits have been transferred to the United States District Court for the District of Maryland (the "MDL Court") for consolidated or coordinated pre-trial proceedings.

Other civil lawsuits have been filed against (depending on the lawsuit) IFG, Invesco Aim Advisors, ADI, certain related entities, certain of their current and former officers and/or certain of the AIM Funds and their trustees alleging the improper use of fair value pricing, excessive advisory and/or distribution fees, improper charging of distribution fees on closed funds or share classes, improper mutual fund sales practices and directed-brokerage arrangements, and failure to participate in class action lawsuits. The suits alleging excessive fees were settled.

The suits alleging improper mutual fund sales practices were dismissed with prejudice by the Court. The suits alleging improper charging of distribution fees on closed funds or share classes have been dismissed. The suit alleging improper use of fair value pricing was dismissed; however, the appellate court overturned the dismissal. This case is pending in Illinois State Court. The suit alleging failure of Invesco Aim Advisors to participate in class action lawsuits was dismissed with prejudice by the Court.

More detailed information concerning the lawsuits pending in the MDL Court, as well as all other civil lawsuits that have been served on IFG, Invesco Aim Advisors, the AIM Funds or related entities, or for which service of process has been waived as of a recent date, including the parties to the lawsuits and summaries of the various allegations and remedies sought, can be found in the Fund's statement of additional information and on Invesco Aim Advisors' Internet website under the heading "Regulatory Inquiries and Pending Litigation"(<http://www.invescoaim.com/litigationsummary.pdf>).

Item 10 - Other Financial Industry Activities and Affiliations

Financial Industry Activities

ISSM is an SEC-registered investment advisor.

Affiliations

ISSM is affiliated with Invesco Ltd, a large global financial services firm that offers investment solutions to clients world-wide. As such, ISSM is affiliated with many other entities ("Affiliates") within the Invesco global structure including broker-dealers, and registered/unregistered US and non-US investment advisers. ISSM's funds are distributed by Invesco Distributors, Inc. a FINRA registered affiliated broker-dealer. Invesco Advisers Inc., an affiliated registered investment adviser provides marketing and certain administrative services to ISSM. ISSM may also use the analytical capabilities of analysts throughout the Invesco organization but the cost of these services is not passed through to ISSM clients.

None of the Affiliates have relationships or arrangements in place with the ISSM that are material to its business other than to serve as a conduit in various jurisdictions internationally.

Sub-Adviser Arrangements

ISSM provides investment sub-advisory supervisory services to affiliated registered investment companies (mutual funds), subject to the overall supervision of an affiliated investment adviser, Invesco Advisers, Inc.

Pooled Vehicles

ISSM or related persons may control or serve as collateral manager to certain limited partnerships, LLCs, or collateralized debt obligations. Invesco Asset Management (Bermuda) Limited, a Bermuda-based affiliated investment adviser, serves as a special shareholder that has sole proxy voting authority to a Cayman Island based corporation that ISSM serves as the investment adviser. ISSM senior management and certain related persons are members of the board of directors for this entity. ISSM or its employees do not receive directors' fees or other compensation for serving as a director to any entity, affiliated or otherwise.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

ISSM and affiliates may recommend that clients buy or sell interests in the same investment products in which it or its related persons have some financial interest, including ownership. ISSM and/or its related persons may own, buy or sell for themselves the same securities that they may have recommended to clients. Examples are described below. Our policies and procedures are intended to identify these and other potential conflicts and to ensure that in all instances client interests come first.

ISSM Code of Ethics is available for review by clients and prospective clients upon request.

Participation or Interest in Client Transactions**Investment of ISSM's Capital**

Registrant or related persons may invest their own capital in securities or investment products in which clients and underlying investors in vehicles managed by ISSM may also have made investments, such as CDOs, bank loans, credit default swaps, as well as liquid securities including, but not limited to, US Treasury securities and corporate debt obligations, equity, fixed income and/or derivative or other similar investments, as well.

Employee Co-investment Program

ISSM employees, officers or directors may be offered the opportunity to participate in a co-investment program with ISSM or an affiliate because of their employment with ISSM or an affiliate. Such opportunities include investments in both public and non-public securities as well as future products created and packaged by ISSM.

Conflicts

ISSM has discretionary authority to contract with any of ISSM's related persons to perform any services deemed necessary or appropriate in connection with the investment management services provided to its clients.

ISSM may recommend the purchase or sale of a security in which ISSM and related persons including its affiliates also have a position or interest in the same security or various classes of the same security. The investors in these issuers could have different rights that may be in conflict with decisions made by ISSM, related persons and affiliates in the event of a default or in a workout situation. These situations could potentially raise or give the appearance of an unavoidable and irreconcilable division of interests and responsibilities with respect to multiple parties.

ISSM manages its clients' accounts in accordance with guidelines established through either an offering memorandum or directly with the client through a separate agreement including side letters

Personal Trading

ISSM and substantially all of our affiliates have a written Code of Ethics (the "Code") and Policy Statement on Insider Trading Prohibitions. The Code is administered by the compliance department. Compliance department is responsible for interpreting the provisions of the Code, for adopting and implementing rules and procedures, for enforcing the provisions of the Code and for determining whether violations of the Code or of any such rules or procedures have occurred.

Pursuant to the Code, all ISSM employees, including members of the investments staff, are required to report to the compliance department the names of all personal brokerage accounts in which they have a direct or indirect beneficial ownership interest. Compliance uses an automated system in the daily monitoring of compliance with the Code.

Fire Wall Policies

To address instances where ISSM is in possession of material non-public information ("MNPI"), the company has adopted policies and procedures designed to wall off certain information that govern the activities of ISSM and its affiliates, Invesco Institutional (N.A.), Inc., Invesco Private Capital, Inc. and WL Ross & Co. LLC.

In addition, ISSM has adopted monitoring procedures that have been developed and designed to reasonably ensure compliance with federal securities laws. These procedures include the establishment of a restricted list and watch list, where securities placed on the restricted list limit ISSM's and its employees' trading activity due to the receipt of MNPI. The watch list is used to monitor investment activity of affiliated entities to reasonably ensure information does not flow to unintended individuals and affiliates. ISSM is also walled-off from the public areas of the firm through physical walls with key card access. Only the most senior management of ISSM has access to public areas, and accounts over which these individuals either exercise discretion or have some other beneficial interest are subject to a heightened level of scrutiny.

Item 12 - Brokerage Practices

Selecting Brokerage Firms

ISSM generally has the authority and responsibility to select broker-dealers to execute client account transactions.

In selecting the broker ISSM believes is most capable, the company will base its judgment principally on the broker's past performance. This evaluation can include commissions, mark ups, and quality of execution as compared to other brokers providing the same or similar services.

Best Execution

ISSM selects brokers based on their ability to obtain best execution. In seeking best execution and negotiating commission rates, commission cost is one factor ISSM considers. Other factors include - reliability of the brokerage services, execution capability, a firm's financial responsibility, and the difficulty of specific transactions. ISSM weighs such factors in selecting brokers that ISSM believes are most capable of delivering the best reasonably available price.

ISSM does not obligate itself to seek the lowest commission, fee or mark up on each individual transaction and may cause a client to pay commission costs that exceed the cost charged by another broker-dealer. This may occur when a good faith determination is made that the commission costs are reasonable in relation to the research (including proprietary) and/or brokerage services provided by the broker-dealer.

ISSM reviews the execution of trades quarterly.

Soft Dollars

ISSM does not currently have any soft dollar arrangements.

There are no client accounts used to generate soft dollar credits and ISSM does not use clients' commissions as compensation to anyone in connection with the sale of any of its products. However, ISSM may execute with certain brokers or dealers that have provided research. This may cause clients to pay a higher commission than it could have otherwise obtained had another broker been selected.

ISSM does not make binding commitments as to the level of brokerage commissions it will allocate to a broker nor will it commit to pay cash if an informal target is not met.

Trade Allocations

In discharging its fiduciary duty to reasonably ensure that all client accounts are treated fairly and equitably so that no one client account is disadvantaged, ISSM has adopted allocation procedures to guide both new and existing investment opportunities across its client base.

The allocation of investments across clients' accounts (portfolios or funds) is largely driven by global new issue thresholds established by the Investment/Credit Committee ("Committee"). A large portion of secondary trading activity is based on global thresholds, which are subject to additional discretionary determinations such as suitability, portfolio guidelines and uncommitted cash positions.

The Committee reviews analysts' recommendations for the potential purchase of new issues. It must also decide the suitability of each investment opportunity and on a global exposure limit for (i) aggregate exposure across all portfolios, (ii) types of portfolios (e.g., leveraged, non-leveraged, etc.), and (iii) individual portfolios that may supersede broader fund type strategies.

ISSM allocation policy is available for review by clients and prospective clients upon request.

Item 13 - Review of Accounts

Periodic Reviews

ISSM portfolio managers perform daily reviews of portfolio composition for compliance with account guidelines and to managed cash positions. All cash positions are managed against individual account strategies, which are updated quarterly.

Where applicable, ISSM personnel conduct a second level of review that may require portfolio managers and operations personnel to provide daily, monthly and quarterly reviews regarding specific client account requirements. The frequency of reviews varies depending on the type of investment activity. Major changes in market conditions may also trigger ad hoc reviews.

Review Triggers

Other conditions that may trigger a review are changes in tax laws, new investment information, market conditions, and changes in a client's own situation.

Regular Reports

Clients receive portfolio reports at least quarterly. These reports provide performance information, sector classifications, yield, income, portfolio composition, value, and a summary of all purchases and sales.

Item 14 - Client Referrals and Other Compensation

Solicitors

ISSM has four solicitation arrangements in place for the Invesco Zodiac Funds as permitted by Rule 206(4)-3 of the Investment Advisors Act of 1940. Such fees are paid by ISSM and not by the client. ISSM will not charge the referred client a higher fee to compensate for the fee it pays to the solicitor.

Item 15 - Custody

Pooled Investment Vehicles

ISSM may occasionally act as general partner and investment adviser to a limited partnership and therefore may be deemed to have custody of client assets. However, all clients' assets are held at qualified custodians and may be subject to an annual audit that is provided to clients within 120 days after fiscal year end.

Item 16 - Investment Discretion

Discretionary Authority for Trading

ISSM has discretionary authority to invest client portfolios including the amounts to be bought and sold, which broker-dealers to use, acceptable bid/ask spreads, or commission rates charged. Contract restrictions might include concentration limits, diversification criteria, liquidity requirements, maximum rates of turnover, specific asset allocations, prohibitions on investing in an issuer, class or sector, and direction to use specific broker dealers.

Aggregation of Orders

The same investment decision may be made for more than one client account managed by ISSM. In those circumstances when multiple purchase and sell orders of the same class of security are received at the same time for different accounts, the orders for such transactions may be combined in order to seek best execution. Orders partially filled will, as a general matter, be allocated pro rata in proportion to each account's original order or account size, although exceptions may be made to avoid odd lots and de minimis allocations. Execution prices for a combined order will be averaged so that each participating account receives the average price paid or received.

There is no certainty that allocation processes will in fact result in fair allocations, or that the investments will be allocated to all clients or equally. However, ISSM intends to allocate on a fair and equitable basis so that no one client account is systematically advantaged.

Directed Brokerage

ISSM currently does not have any directed brokerage accounts. If ISSM were to accept such an account, it would not allow a client to direct more than 30% of its total transactions to any one broker.

Cross Transactions

Where ISSM's clients are registered investment companies, it may effect cross transactions where one portfolio is buying and the other portfolio is selling, pursuant to procedures adopted under Rule 17a-7 under the Investment Company Act of 1940.

Item 17 - Voting Client Securities

Proxy Votes

ISSM does not generally vote proxies on behalf of its clients' accounts, as proxy voting is not applicable to the bank loan asset class. However, we may occasionally participate in a loan workout or creditor committee and ISSM will represent its clients' long term best economic interest without regard for its own personal interest.

In the event ISSM is ever required to vote a proxy on behalf of a client account due to a spin-off of securities received from a reorganization or a bankruptcy, we will vote all proxies in accordance with its policy of seeking its clients' best long term economic interest.

Item 18 - Financial Information

Financial Condition

ISSM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because ISSM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.