



Invesco Core Plus Bond Fund

Investment process

Universe definition

- Investment-grade corporate bonds
- Government securities
- Foreign securities
- Emerging markets debt
- Mortgage-backed securities
- Asset-backed securities
- Noninvestment-grade securities
- Currencies
- Derivatives

Fund design

Dollar-weighted average maturity (3-10 years)
Duration within ± 2 years of the Barclays US Aggregate Index

Investment decision making

Macro research

Macroeconomic and market analysis is conducted to formulate independent investment decisions on relevant macro investment factors:

- Duration and yield curve
- Market segments (Gov't., Corp., MBS)
- Sector/subsector selection

Credit research

Intensive fundamental credit and technical research is performed to arrive at independent investment decisions regarding individual securities. The team analyzes:

- Security structure and underlying collateral
- Credit dynamics and quality
- Relative value opportunities
- Price volatility and liquidity considerations

Portfolio construction

Portfolio management and trading skills used to implement the many investment decisions that affect the fund.

Risk management and oversight

Several layers of ongoing oversight:

- Design
- Decisions
- Portfolio construction
- Invesco Fixed Income oversight

Investment objective

The fund's investment objective is total return comprised of current income and capital appreciation.

Investment philosophy

Invesco Fixed Income's (IFI) decision-making approach balances the macro and credit investment research generated across the IFI platform. We believe our approach creates information advantages that can be used to exploit investment opportunities in any geographical region or market environment.

Key components to our philosophy include:

- An inclusive culture that fosters the collective input of investment specialists closest to the sources of investment information.
- Global inter-connection across markets that distills the broad collection of informed perspectives among investment professionals into our strongest convictions and ensures they are properly captured across portfolios.
- Process transparency for consistency and uniformity in portfolio logic. We utilize a proprietary framework that provides a high degree of visibility to every formalized investment decision and fosters an equally high degree of investment decision-maker accountability.

Universe definition and fund design

We invest primarily in investment grade fixed income securities represented by the Barclays U.S. Aggregate Index, including corporate bonds, US Treasury and agency securities, mortgage-backed securities (MBS) and asset backed securities (ABS). The Fund may also invest up to 30% of its total assets in foreign debt securities, up to 20% in high yield debt securities (junk bonds), up to 30% in developing markets debt securities and up to 20% in currencies other than the US dollar. The fund is benchmarked to the Barclays U.S. Aggregate Index. We seek to maintain an effective duration within a range of approximately ± 2 years around the index, and a dollar-weighted average portfolio maturity of between three and 10 years.

The Fund invests in derivative instruments such as futures contracts, options and swap agreements, including interest rate and credit derivatives, such as interest rate futures, currency options, swaptions and credit default swaps. It also can engage in to-be-announced (TBA) transactions where the Fund buys or sells mortgage-backed securities on a forward commitment basis. These strategies are implemented within the risk profile of the guidelines set forth in the Fund's prospectus.

Investment decision making

In managing the Fund, we seek to balance macro and credit investment research to create informational advantages that exploit opportunities in different geographic regions or market environments. Experienced and specialized macro and credit research teams use well-defined processes to generate investment recommendations that are derived consistently over time, allowing for comparison and prioritization of views across the platform and targeting repeatable results. In general, the Fund will look for attractive risk-reward opportunities and securities that best enable the Fund to pursue those opportunities. We consider the recommendations of market-specific specialists in adjusting the Fund's risk exposures and security selection.

Portfolio construction

Portfolio management sits at the center of the investment process. The objective of portfolio manager is to monetize the macro and credit investment research recommendations in the most appropriate manner for the Fund. The portfolio management team incorporates the various inputs on economic formation to factors generated by the Investment Strategy Team (IST) to formulate risk positioning. With portfolio managers also on the IST, there remains connectivity between the investment team and the overall risk view for IFI. Thematic allocations are collectively outlined setting the framework for sector positioning and populating best ideas through security selection. Tactical opportunities are also factored into the investment process as the portfolio manager modulate risks based on either a combination of top-down (macro) and/or bottom-up (micro) shifts.

Risk management and oversight

Risk oversight is driven by performance attribution and various risk tools. On an ex-ante and ex-post basis, senior members of the investment team carry out strategy review sessions to ensure strategies are in alignment with IFI's overall view on risks. Additionally, IFI leverages Invesco's independent group risk function which uses leading thirdparty risk and performance systems to facilitate this continuous oversight function.

Risk management guidelines are firmly set within the investment process beginning with a common risk bias and a bottom-up fundamental research framework across the team. The process allows for continuous evaluation at multiple levels. Each portfolio utilizes our fundamental credit research driven approach with macro assessment of aggregate portfolio positioning.

Clear buy-sell disciplines

Decisions to purchase or sell securities are determined by relative value considerations, which factor in economic and credit-related fundamentals, market supply and demand, market dislocations and situation-specific opportunities. The purchase or sale of securities may be related to a decision to alter the Fund's macro risk exposure (such as duration, yield curve positioning and sector exposure), a need to limit or reduce the Fund's exposure to a particular security or issuer, degradation of an issuer's credit quality or general liquidity needs of the Fund.

About risk

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

The risks of investing in securities of foreign issuers, including emerging market issuers, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Junk bonds involve a greater risk of default or price changes due to changes in the issuer's credit quality. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

Mortgage- and asset-backed securities are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Securities may be prepaid at a price less than the original purchase value.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risks associated with an investment in the Fund.

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NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.