



Invesco International Total Return Fund

Investment Process

Universe Definition

Domestic and foreign debt securities

- Foreign Sovereign
- Agency
- Corporate
- Foreign currency
- Asset backed

Fund Design

- Duration and risk characteristics similar to those of the benchmark index, Barclays Global Aggregate ex-U.S. Index (unhedged).
- Normally, the fund will invest in at least three countries other than the US.

Investment Decision Making

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

- Duration and yield curve
- Country & currency selection
- Sector/subsector selection
- Market Segments (Gov't., Corp., MBS)

Bottom-up. 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 consideration

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

We believe increasingly dynamic and complex fixed income markets create investor opportunities that are best captured by independent specialist decision makers interconnected as a global team.

Timely investment decisions, made by specialists, result from a rigorous portfolio construction process designed to maximize each opportunity. We believe our approach to decision making and portfolio construction sets us apart from other managers. Using this philosophy, we seek to generate total return, composed of current income and capital appreciation, for investors.

Universe definition

The fund invests in a diversified portfolio of foreign government and corporate debt securities, generally represented by the sector categories within the Barclays Global Aggregate ex-U.S. Index (unhedged), and in foreign currency investments. The fund may invest up to 30% of its total assets in US dollar-denominated securities and up to 25% of its total assets in non-investment grade securities (junk bonds), including non-investment grade emerging market securities. The fund may also invest in derivatives, including swaps, options, and futures contracts.

The fund will use the Barclays Global Aggregate ex-U.S. Index (unhedged), its benchmark index, as a guide in structuring and selecting its investments, but will seek to outperform the index by applying an actively managed top-down portfolio construction and bottom-up security selection total return strategy.

Investment decision making

Consistent with the belief that markets are increasingly complex, we use a distributed approach to decision making that gives the proven specialists closest to the information the authority to make decisions. Investment decisions are made continuously and shared instantly for timely implementation in our portfolios. This is true for top-down macro and bottom-up security selection decisions, which are all made by specialists.

We track the results of every investment decision to develop a detailed understanding of the quality and skill of our decision makers to enhance quality control.

Portfolio construction

We use a dynamic, highly engineered portfolio construction process to create the fund's portfolio. We use a proprietary product design tool that factors in product investment parameters, current market opportunities and realistic decision-making skills to determine the combination and size of active investment decisions. Our goal is to produce attractive total return while seeking to minimize risk.

Portfolio managers leverage this powerful technology to help them implement the many investment decisions that affect the fund. Strategic positioning is periodically retuned in an effort to maximize opportunities in the prevailing fixed income investment environment.

Risk management and oversight

Our risk management process combines the evaluation of forward looking portfolio risks, a strong commitment to portfolio construction oversight, and an assessment of post-performance returns and risk. Four key components are essential to the fund's investment risk management process:

- Design. Our disciplined portfolio design process calculates appropriate position sizes for each investment decision.
- Decisions. Every investment decision is recorded, measured and evaluated to improve overall decision-making quality.
- Portfolio construction. Our unique portfolio design approach allows the daily monitoring of portfolio management accuracy relative to recommended investment positions.
- Fund oversight. A global committee of our most senior fixed income investment professionals provides oversight of our investment capabilities and products.

Clear buy-sell disciplines

Each investment decision is assigned to an individual within the firm. He or she uses an independent, distributed approach to decision making that gives the proven specialists closest to the information the authority to make decisions. Specialists are required to explain the rationale behind every investment decision, thereby enabling the firm to distinguish skill from good fortune.

Each investment decision includes pricing review levels. The upper level is the objective that the trade is expected to reach, and the lower level is the point at which the rationale for maintaining the position must be re-evaluated by the specialist. Specialists receive alerts from our proprietary investment system when the investment decision is approaching or has reached these levels. While specialists are not forced to sell when these levels are reached, the investment decision must be re-evaluated. Pricing levels are monitored continuously by senior management, which is integral to the firm's risk management oversight.

In addition to the realignment of a security's valuation targets, sell decisions may also be based on:

- A conscious decision to alter the fund's macro risk exposure (e.g., duration, yield curve positioning, sector exposure).
- The need to limit or reduce exposure to a particular sector or issuer.
- Degradation of an issuer's credit quality.
- Realignment of a valuation target
- The presentation of a better relative value opportunity.
- The general liquidity needs of the fund.

About risk

Active Trading Risk. The Fund engages in frequent trading of portfolio securities. Active trading results in added expenses and may result in a lower return and increased tax liability.

Call Risk. If interest rates fall, it is possible that issuers of debt securities with high interest rates will prepay or call their securities before their maturity dates. In this event, the proceeds from the called securities would likely be reinvested by the Fund in securities bearing the new, lower interest rates, resulting in a possible decline in the Fund's income and distributions to shareholders.

Credit Risk. The issuer of instruments in which the Fund invests 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.

Currency/Exchange Rate Risk. The dollar value of the Fund's foreign investments will be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded.

Derivatives Risk. Derivatives may be more difficult to purchase, sell or value than other investments and may be subject to market, interest rate, credit, leverage, counterparty and management risks. A fund investing in a derivative could lose more than the cash amount invested or incur higher taxes. Over-the-counter derivatives are also subject to counterparty risk, which is the risk that the other party to the contract will not fulfill its contractual obligation to complete the transaction with the Fund.

Developing/Emerging Markets Securities Risk. Securities issued by foreign companies and governments located in developing/emerging countries may be affected more negatively by inflation, devaluation of their currencies, higher transaction costs, delays in settlement, adverse political developments, the introduction of capital controls, withholding taxes, nationalization of private assets, expropriation, social unrest, war or lack of timely information than those in developed countries.

Foreign Securities Risk. The Fund's foreign investments may be affected by changes in a foreign country's exchange rates; political and social instability; changes in economic or taxation policies; difficulties when enforcing obligations; decreased liquidity; and increased volatility. Foreign companies may be subject to less regulation resulting in less publicly available information about the companies.

High Yield Bond (Junk Bond) Risk. Junk bonds involve a greater risk of default or price changes due to changes in the credit quality of the issuer. The values of junk bonds fluctuate more than those of high-quality bonds in response to company, political, regulatory or economic developments. Values of junk bonds can decline significantly over short periods of time.

Interest Rate Risk. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise; conversely, bond prices generally rise as interest rates fall. Specific bonds differ in their sensitivity to changes in interest rates depending on their individual characteristics, including duration.

Leverage Risk. Leverage exists when the Fund purchases or sells an instrument or enters into a transaction without investing cash in an amount equal to the full economic exposure of the instrument or transaction and the Fund could lose more than it invested. Leverage created from borrowing or certain types of transactions or instruments, including derivatives, may impair the Fund's liquidity, cause it to liquidate positions at an unfavorable time, increase volatility or otherwise not achieve its intended objective.

Management Risk. The investment techniques and risk analysis used by the Fund's portfolio managers may not produce the desired results.

Market Risk. The prices of and the income generated by the Fund's securities may decline in response to, among other things, investor sentiment; general economic and market conditions; regional or global instability; and currency and interest rate fluctuations.

Mortgage- and Asset-Backed Securities Risk. The Fund may invest in mortgage- and asset-backed securities that 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. Faster prepayments often happen when interest rates are falling. As a result, the Fund may reinvest these early payments at lower interest rates, thereby reducing the Fund's income. Conversely, when interest rates rise, prepayments may happen more slowly, causing the security to lengthen in duration. Longer duration securities tend to be more volatile. Securities may be prepaid at a price less than the original purchase value.

Sovereign Debt Risk. Investments in foreign sovereign debt obligations involve certain risks in addition to those relating to foreign securities or debt securities generally. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt, and the Fund may have limited recourse in the event of a default against the defaulting government. Without the approval of debt holders, some governmental debtors have in the past been able to reschedule or restructure their debt payments or declare moratoria on payments.

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.

The Barclays Global Aggregate ex-U.S. Index is an unmanaged index considered representative of bonds of foreign countries. An investment cannot be made directly in an index.