
Invesco U.S. Government Fund
Quarterly Schedule of Portfolio Holdings
May 31, 2017



Schedule of Investments

May 31, 2017
(Unaudited)

	Principal Amount	Value
U.S. Government Sponsored Agency Mortgage-Backed Securities—43.60%		
Collateralized Mortgage Obligations—23.49%		
Fannie Mae ACES, 1.57%, 09/25/2023 ^(a)	\$ 2,679,683	\$ 2,693,786
Fannie Mae REMICs,		
5.00%, 04/25/2018 to 08/25/2019	536,271	543,412
4.00%, 07/25/2018 to 07/25/2040	2,782,672	2,924,905
2.25%, 02/25/2021	130,849	131,318
1.37%, 10/25/2025 ^(a)	1,313,736	1,313,406
2.50%, 03/25/2026	665,057	668,264
7.00%, 09/18/2027	845,683	945,149
1.50%, 01/25/2028	6,420,208	6,315,875
6.50%, 03/25/2032	2,326,803	2,605,702
5.75%, 10/25/2035	660,524	725,239
1.32%, 05/25/2036 ^(a)	2,979,562	2,971,949
4.25%, 02/25/2037	870,629	901,150
1.47%, 03/25/2037 ^(a)	1,733,648	1,733,847
1.52%, 03/25/2037 to 03/25/2040 ^(a)	2,898,514	2,904,621
1.62%, 10/25/2037 ^(a)	5,765,797	5,827,734
1.42%, 06/25/2038 to 09/25/2046 ^(a)	16,287,780	16,330,597
6.58%, 06/25/2039 ^(a)	1,946,585	2,283,668
1.57%, 02/25/2041 ^(a)	3,015,093	3,033,354
1.54%, 11/25/2041 ^(a)	1,504,111	1,511,430
1.30%, 08/25/2044 ^(a)	3,499,167	3,491,004
1.38%, 11/25/2046 ^(a)	6,223,956	6,223,474
1.46%, 02/25/2056 ^(a)	7,958,480	7,973,356
1.40%, 12/25/2056 ^(a)	7,842,700	7,852,888
Freddie Mac REMICs,		
4.00%, 12/15/2017	24,135	24,208
4.50%, 07/15/2018 to 11/15/2039	824,474	851,871
3.00%, 10/15/2018 to 04/15/2026	933,252	945,647
5.00%, 01/15/2019 to 04/15/2019	142,160	143,844
1.49%, 12/15/2035 to 03/15/2040 ^(a)	5,443,085	5,466,885
1.29%, 03/15/2036 to 09/15/2044 ^(a)	16,909,955	16,878,331
1.33%, 11/15/2036 ^(a)	2,285,130	2,287,910
1.36%, 03/15/2037 ^(a)	1,776,680	1,780,420
1.39%, 05/15/2037 to 06/15/2037 ^(a)	5,463,025	5,482,008
1.34%, 03/15/2039 ^(a)	843,630	849,187
1.44%, 03/15/2039 to 02/15/2042 ^(a)	13,406,126	13,405,831
1.85%, 11/15/2039 ^(a)	400,573	408,049
Freddie Mac STRIPS, 1.33%, 10/15/2037 ^(a)	4,840,364	4,832,405

	Principal Amount	Value
Collateralized Mortgage Obligations—(continued)		
Ginnie Mae REMICs, 5.72%, 08/20/2034 ^(a)	\$ 1,350,831	\$ 1,514,883
4.00%, 02/20/2038	103,545	103,897
5.89%, 01/20/2039 ^(a)	4,115,795	4,627,020
1.79%, 09/16/2039 ^(a)	1,506,790	1,530,246
4.49%, 07/20/2041 ^(a)	918,421	984,062
2.23%, 09/20/2041 ^(a)	4,185,481	4,333,365
1.26%, 01/20/2042 ^(a)	991,558	989,310
Ginnie Mae REMICs, IO 1.54%, 09/20/2064 ^(a)	10,912,357	1,088,592
		150,434,099
Federal Home Loan Mortgage Corp. (FHLMC)—7.77%		
Pass Through Cfts.,		
6.00%, 06/01/2017 to 07/01/2038	668,453	713,640
6.50%, 10/01/2017 to 12/01/2035	4,461,154	5,153,361
10.00%, 01/01/2019 to 04/01/2020	33,632	35,010
4.50%, 09/01/2020 to 01/01/2040	3,483,688	3,784,835
7.50%, 11/01/2020 to 05/01/2035	2,122,355	2,460,389
9.50%, 11/01/2020 to 04/01/2025	24,172	25,033
10.50%, 01/01/2021	1,025	1,038
9.00%, 06/01/2021 to 04/01/2025	129,574	139,003
7.00%, 12/01/2021 to 02/01/2035	1,021,058	1,141,663
5.50%, 12/01/2022 to 01/01/2037	867,330	915,218
8.00%, 10/01/2023 to 02/01/2035	435,258	495,152
8.50%, 05/01/2026 to 08/01/2031	195,558	232,166
3.50%, 08/01/2026	2,051,840	2,162,507
3.00%, 05/01/2027 to 02/01/2032	16,443,311	16,997,867
7.05%, 05/20/2027	188,606	207,644
6.03%, 10/20/2030	379,121	431,352
5.00%, 07/01/2035 to 01/01/2040	1,850,617	2,048,656
Pass Through Cfts., ARM,		
3.25%, 09/01/2035 ^(a)	1,217,918	1,291,875
2.86%, 10/01/2036 ^(a)	1,511,310	1,586,426
3.33%, 10/01/2036 ^(a)	526,749	560,077
3.54%, 12/01/2036 ^(a)	368,225	387,062
2.83%, 05/01/2037 ^(a)	667,782	694,878
3.51%, 11/01/2037 ^(a)	2,398,606	2,499,266
3.68%, 01/01/2038 ^(a)	357,689	382,603
3.28%, 07/01/2038 ^(a)	2,469,812	2,628,089
2.88%, 06/01/2043 ^(a)	2,643,504	2,771,901
		49,746,711

See accompanying notes which are an integral part of this schedule.

	Principal Amount	Value
Federal National Mortgage Association (FNMA)—8.65%		
Pass Through Ctf.,		
6.50%, 06/01/2017 to 10/01/2038	\$ 3,459,720	\$ 3,879,245
7.00%, 06/01/2017 to 06/01/2036	4,242,529	4,824,087
6.00%, 07/01/2017 to 10/01/2038	3,493,431	3,985,294
5.00%, 10/01/2017 to 03/01/2039	2,021,233	2,185,266
8.00%, 12/01/2017 to 12/01/2036	2,682,852	3,175,710
4.50%, 04/01/2019 to 08/01/2039	2,903,298	3,128,775
10.00%, 12/20/2019 to 12/20/2021	19,663	19,960
5.50%, 03/01/2021 to 05/01/2035	4,697,220	5,368,108
9.50%, 08/01/2022	1,676	1,697
6.75%, 07/01/2024	316,782	352,046
8.50%, 01/01/2025 to 08/01/2037	869,506	1,012,627
9.88%, 04/20/2025	6,469	6,584
6.95%, 07/01/2025 to 10/01/2025	58,040	58,509
7.50%, 07/01/2025 to 08/01/2037	3,411,175	4,023,993
3.50%, 05/01/2027 to 06/01/2027	3,925,639	4,119,167
3.00%, 12/01/2031	3,618,266	3,736,030
Pass Through Ctf., ARM,		
2.95%, 10/01/2034 ^(a)	2,279,449	2,410,390
2.93%, 05/01/2035 ^(a)	1,066,405	1,125,353
3.16%, 01/01/2037 ^(a)	4,294,420	4,586,102
2.73%, 02/01/2042 ^(a)	1,464,361	1,529,985
2.18%, 08/01/2043 ^(a)	2,492,349	2,538,989
2.21%, 06/01/2044 ^(a)	511,161	520,080
2.48%, 07/01/2044 ^(a)	2,750,305	2,793,781
		55,381,778

Government National Mortgage Association (GNMA)—3.69%

Pass Through Ctf.,		
8.00%, 06/15/2017 to 04/15/2036	1,141,202	1,315,758
9.50%, 08/15/2017 to 03/15/2023	14,737	15,846
6.50%, 09/15/2017 to 09/15/2034	1,995,798	2,211,657
10.00%, 12/15/2017 to 07/15/2024	26,433	26,629
9.00%, 05/15/2018 to 04/15/2021	10,634	10,713
7.00%, 07/15/2018 to 12/15/2036	927,336	992,023
6.95%, 07/20/2025 to 11/20/2026	270,107	283,829
7.50%, 03/15/2026 to 10/15/2035	1,422,430	1,681,684
6.00%, 12/15/2028 to 08/15/2033	933,049	1,066,862
8.50%, 07/15/2030 to 01/15/2037	119,225	133,181
6.10%, 12/20/2033	2,114,962	2,439,649
3.50%, 08/20/2042 to 10/20/2042	3,082,553	3,175,689
4.00%, 09/20/2045	9,568,603	10,281,799
		23,635,319
Total U.S. Government Sponsored Agency Mortgage-Backed Securities (Cost \$276,067,787)		
		279,197,907

U.S. Treasury Securities—40.47%

U.S. Treasury Bills—0.27%

0.89%, 08/10/2017 ^{(b)(c)}	1,700,000	1,697,008
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U.S. Treasury Notes—30.61%

1.00%, 08/15/2018	800,000	798,031
1.38%, 09/30/2018	4,000,000	4,007,968
1.38%, 12/31/2018	3,800,000	3,807,570
1.00%, 03/15/2019	8,500,000	8,460,322
1.63%, 06/30/2019	10,000,000	10,067,770

U.S. Treasury Notes—(continued)

0.75%, 07/15/2019	\$ 12,000,000	\$ 11,863,356
1.63%, 07/31/2019	9,700,000	9,766,687
3.38%, 11/15/2019	1,700,000	1,783,108
1.00%, 11/30/2019	4,000,000	3,965,936
3.63%, 02/15/2020	7,800,000	8,261,604
1.38%, 02/29/2020	7,500,000	7,493,850
3.50%, 05/15/2020	3,500,000	3,708,565
1.38%, 08/31/2020	13,500,000	13,443,840
2.00%, 09/30/2020	4,900,000	4,976,180
1.75%, 12/31/2020	7,800,000	7,848,290
1.38%, 01/31/2021	4,000,000	3,970,000
1.25%, 03/31/2021	9,500,000	9,371,968
3.13%, 05/15/2021	6,700,000	7,081,719
1.13%, 06/30/2021	3,200,000	3,133,312
2.13%, 08/15/2021	3,700,000	3,768,942
2.00%, 10/31/2021	2,500,000	2,530,810
2.00%, 11/15/2021	100,000	101,301
2.13%, 12/31/2021	3,000,000	3,052,851
1.88%, 03/31/2022	4,000,000	4,022,500
1.75%, 05/15/2022	1,750,000	1,749,078
2.00%, 07/31/2022	9,000,000	9,088,596
1.75%, 09/30/2022	7,000,000	6,973,204
2.13%, 12/31/2022	12,000,000	12,167,340
1.50%, 02/28/2023	4,500,000	4,405,603
1.63%, 04/30/2023	4,000,000	3,936,796
1.63%, 10/31/2023	1,700,000	1,666,432
2.25%, 01/31/2024	1,000,000	1,016,406
2.38%, 08/15/2024	5,000,000	5,111,620
2.25%, 11/15/2025	700,000	705,127
1.50%, 08/15/2026	12,600,000	11,870,095
		195,976,777

U.S. Treasury Bonds—7.05%

7.88%, 02/15/2021	6,500,000	7,964,274
3.50%, 02/15/2039	2,500,000	2,826,513
4.25%, 05/15/2039	2,900,000	3,635,478
4.63%, 02/15/2040	2,800,000	3,692,226
4.75%, 02/15/2041	2,000,000	2,691,718
3.38%, 05/15/2044	11,900,000	13,083,955
3.00%, 05/15/2045	3,000,000	3,076,641
2.88%, 08/15/2045	4,100,000	4,101,279
2.50%, 05/15/2046	3,000,000	2,773,713
2.25%, 08/15/2046	1,500,000	1,311,270
		45,157,067

U.S. Treasury Inflation - Indexed Notes—2.54%

0.13%, 04/15/2021	16,149,648	16,278,813
Total U.S. Treasury Securities (Cost \$259,203,598)		259,109,665

Bonds—12.67%

Collateralized Mortgage Obligations—12.26%

Banc of America Commercial Mortgage Trust, Series 2015-UBS7, Class XA, IO Variable Rate Pass Through Ctf.,		
0.91%, 09/15/2048 ^(a)	19,429,498	1,101,880

See accompanying notes which are an integral part of this schedule.

Invesco U.S. Government Fund

	Principal Amount	Value
Collateralized Mortgage Obligations—(continued)		
Barclays Bank Commercial Mortgage Securities Trust, Series 2015-RRI, Class D, Floating Rate Pass Through Cdfs., 3.89%, 05/15/2032 ^{(a)(d)}	\$ 3,070,000	\$ 3,075,049
Bear Stearns Adjustable Rate Mortgage Trust, Series 2004-10, Class 12A1, Variable Rate Pass Through Cdfs., 3.29%, 01/25/2035 ^(a)	990,895	1,007,532
Chase Mortgage Trust, Series 2016-1, Class M3, Variable Rate Pass Through Cdfs., 3.74%, 04/25/2045 ^{(a)(d)}	3,201,217	3,232,876
Series 2016-2, Class M3, Variable Rate Pass Through Cdfs., 3.70%, 12/25/2045 ^{(a)(d)}	3,948,768	3,976,810
Commercial Mortgage Trust, Series 2013-THL, Class A2, Floating Rate Pass Through Cdfs., 2.04%, 06/08/2030 ^{(a)(d)}	6,675,000	6,699,316
Series 2015-CR23, Class CMB, Variable Rate Pass Through Cdfs., 3.68%, 05/10/2048 ^{(a)(d)}	5,390,000	5,390,980
Series 2015-CR24, Class B, Variable Rate Pass Through Cdfs., 4.38%, 08/10/2048 ^(a)	6,800,000	7,227,675
Credit Suisse Mortgage Capital Trust, Series 2015-TOWN, Class B, Floating Rate Pass Through Cdfs., 2.89%, 03/15/2028 ^{(a)(d)}	8,100,000	8,101,934
La Hipotecaria El Salvadorian Mortgage Trust (El Salvador), Series 2013-1A, Class A, Pass Through Cdfs., 3.50%, 10/25/2041 (Acquired 04/22/2013; Cost \$8,247,521) ^(d)	7,968,619	8,287,364
La Hipotecaria Panamanian Mortgage Trust (El Salvador), Series 2010-1GA, Class A, Floating Rate Pass Through Cdfs., 2.25%, 09/08/2039 (Acquired 11/05/2010- 10/27/2011; Cost \$11,843,045) ^{(a)(d)}	11,452,802	11,867,966
LSTAR Commercial Mortgage Trust, Series 2014-2, Class A2, Pass Through Cdfs., 2.77%, 01/20/2041 ^(d)	3,711,725	3,718,507
Morgan Stanley Capital I Trust, Series 2015-XLF2, Class AFSD, Floating Rate Pass Through Cdfs., 4.65%, 08/15/2026 ^{(a)(d)}	3,600,000	3,626,069
Towd Point Mortgage Trust, Series 2015-1, Class AES, Pass Through Cdfs., 3.00%, 10/25/2053 ^(d)	4,009,252	4,066,072
Wells Fargo Commercial Mortgage Trust, Series 2015-C28, Class B, Variable Rate Pass Through Cdfs., 4.13%, 05/15/2048 ^(a)	7,100,000	7,120,100
		78,500,130

Sovereign Debt—0.41%

Israel Government Agency for International Development (AID) Bond, Unsec. Gtd. Global Bonds, 5.13%, 11/01/2024	2,200,000	2,619,004
Total Bonds (Cost \$80,169,660)		81,119,134

Corporate Notes-1.61%

Private Export Funding Corp.—1.61%

Series BB, Sec. Gtd. Notes, 4.30%, 12/15/2021	\$ 4,800,000	\$ 5,289,118
Series HH, Sr. Sec. Gtd. Notes, 1.45%, 08/15/2019	5,000,000	4,991,397
Total Corporate Notes (Cost \$6,460,660)		10,280,515

U.S. Government Sponsored Agency Securities—1.12%

Federal Farm Credit Bank (FFCB)—0.81%

Unsec. Medium-Term Notes, 5.75%, 12/07/2028	4,000,000	5,166,008
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Tennessee Valley Authority (TVA)—0.31%

Sr. Unsec. Global Notes, 1.88%, 08/15/2022	2,000,000	1,997,268
Total U.S. Government Sponsored Agency Securities (Cost \$5,865,917)		7,163,276

Shares

Money Market Funds—0.30%

Government & Agency Portfolio – Institutional Class, 0.71% ^(e)	1,156,023	1,156,023
Treasury Portfolio – Institutional Class, 0.67% ^(e)	770,681	770,681
Total Money Market Funds (Cost \$1,926,704)		1,926,704
TOTAL INVESTMENTS—99.77% (Cost \$629,694,326)		638,797,201
OTHER ASSETS LESS LIABILITIES—0.23%		1,491,504
NET ASSETS—100.00%		\$640,288,705

Investment Abbreviations:

ACES	—Automatically Convertible Extendable Security
ARM	—Adjustable Rate Mortgage
Cdfs.	—Certificates
Gtd.	—Guaranteed
IO	Interest only
REMICs	Real Estate Mortgage Investment Conduits
Sec.	—Secured
Sr.	—Senior
STRIPS	—Separately Traded Registered Interest and Principal Security
Unsec.	—Unsecured

See accompanying notes which are an integral part of this schedule.

Invesco U.S. Government Fund

Notes to Schedule of Investments:

- (a) Interest or dividend rate is redetermined periodically. Rate shown is the rate in effect on May 31, 2017.
- (b) Security traded on a discount basis. The interest rate shown represents the discount rate at the time of purchase by the Fund.
- (c) All or a portion of the value was pledged as collateral to cover margin requirements for open futures contracts. See Note 1F and Note 3.
- (d) Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at May 31, 2017 was \$62,042,943, which represented 9.69% of the Fund's Net Assets.
- (e) The money market fund and the Fund are affiliated by having the same investment adviser. The rate shown is the 7-day SEC standardized yield as of May 31, 2017.

See accompanying notes which are an integral part of this schedule.

Invesco U.S. Government Fund

Notes to Quarterly Schedule of Portfolio Holdings

May 31, 2017
(Unaudited)

NOTE 1 -- Significant Accounting Policies

A. Security Valuations – Securities, including restricted securities, are valued according to the following policy.

Debt obligations (including convertible securities) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

A security listed or traded on an exchange (except convertible securities) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and asked prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and asked prices. For purposes of determining net asset value ("NAV") per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange ("NYSE").

Investments in open-end and closed-end registered investment companies that do not trade on an exchange are valued at the end-of-day net asset value per share. Investments in open-end and closed-end registered investment companies that trade on an exchange are valued at the last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded.

Foreign securities' (including foreign exchange contracts) prices are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the NYSE. If market quotations are available and reliable for foreign exchange-traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that the Adviser determines are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities' prices meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources. The last bid price may be used to value equity securities. The mean between the last bid and asked prices is used to value debt obligations, including corporate loans.

Securities for which market quotations are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/asked quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

The Fund may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain Fund investments.

A. Security Valuations – (continued)

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

B. Securities Transactions and Investment Income – Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income (net of withholding tax, if any) is recorded on the accrual basis from settlement date. Paydown gains and losses on mortgage and asset-backed securities are recorded as adjustments to interest income. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes.

The Fund may periodically participate in litigation related to Fund investments. As such, the Fund may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Fund's net asset value and, accordingly, they reduce the Fund's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and the Statement of Changes in Net Assets, or the net investment income per share and the ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Fund and the investment adviser.

The Fund allocates realized and unrealized capital gains and losses to a class based on the relative net assets of each class. The Fund allocates income to a class based on the relative value of the settled shares of each class.

C. Country Determination – For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

D. Dollar Rolls and Forward Commitment Transactions - The Fund may enter into dollar roll transactions to enhance the Fund's performance. The Fund executes its dollar roll transactions in the *to be announced* ("TBA") market whereby the Fund makes a forward commitment to purchase a security and, instead of accepting delivery, the position is offset by the sale of the security with a simultaneous agreement to repurchase at a future date.

The Fund accounts for dollar roll transactions as purchases and sales and realizes gains and losses on these transactions. These transactions increase the Fund's portfolio turnover rate. The Fund will segregate liquid assets in an amount equal to its dollar roll commitments. Dollar roll transactions may be considered borrowings under the 1940 Act.

Dollar roll transactions involve the risk that a Counterparty to the transaction may fail to complete the transaction. If this occurs, the Fund may lose the opportunity to purchase or sell the security at the agreed upon price. Dollar roll transactions also involve the risk that the value of the securities retained by the Fund may decline below the price of the securities that the Fund has sold but is obligated to purchase under the agreement.

E. Treasury Inflation-Protected Securities - The Fund may invest in Treasury Inflation-Protected Securities ("TIPS"). TIPS are fixed income securities whose principal value is periodically adjusted to the rate of inflation. The principal value of TIPS will be adjusted upward or downward, and any increase or decrease in the principal amount of TIPS will be included as interest income in the Statement of Operations, even though investors do not receive their principal until maturity.

F. Futures Contracts – The Fund may enter into futures contracts to manage exposure to interest rate, equity and market price movements and/or currency risks. A futures contract is an agreement between two parties ("Counterparties") to purchase or sell a specified underlying security, currency or commodity (or delivery of a cash settlement price, in the case of an index future) for a fixed price at a future date. The Fund currently invests only in exchange-traded futures and they are standardized as to maturity date and underlying financial instrument. Initial margin deposits required upon entering into futures contracts are satisfied by the segregation of specific securities or cash as collateral at the futures commission merchant (broker). During the period the futures contracts are open, changes in the value of the contracts are recognized as unrealized gains or losses by recalculating the value of the contracts on a daily basis. Subsequent or variation margin payments are received or made depending upon whether unrealized gains or losses are incurred. These amounts are reflected as receivables or payables on the Statement of Assets and Liabilities.

F. Futures Contracts – (continued)

When the contracts are closed or expire, the Fund recognizes a realized gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the Fund's basis in the contract. The net realized gain (loss) and the change in unrealized gain (loss) on futures contracts held during the period is included on the Statement of Operations. The primary risks associated with futures contracts are market risk and the absence of a liquid secondary market. If the Fund were unable to liquidate a futures contract and/or enter into an offsetting closing transaction, the Fund would continue to be subject to market risk with respect to the value of the contracts and continue to be required to maintain the margin deposits on the futures contracts. Futures contracts have minimal Counterparty risk since the exchange's clearinghouse, as Counterparty to all exchange-traded futures, guarantees the futures against default. Risks may exceed amounts recognized in the Statement of Assets and Liabilities.

G. Call Options Purchased and Written – The Fund may write covered call options and/or buy call options. A covered call option gives the purchaser of such option the right to buy, and the writer the obligation to sell, the underlying security or foreign currency at the stated exercise price during the option period. Options written by the Fund normally will have expiration dates between three and nine months from the date written. The exercise price of a call option may be below, equal to, or above the current market value of the underlying security at the time the option is written.

Additionally, the Fund may enter into an option on a swap agreement, also called a "swaption". A swaption is an option that gives the buyer the right, but not the obligation, to enter into a swap on a future date in exchange for paying a market-based premium. A receiver swaption gives the owner the right to receive the total return of a specified asset, reference rate or index. Swaptions also include options that allow an existing swap to be terminated or extended by one of the Counterparties.

When the Fund writes a covered call option, an amount equal to the premium received by the Fund is recorded as an asset and an equivalent liability in the Statement of Assets and Liabilities. The amount of the liability is subsequently "marked-to-market" to reflect the current market value of the option written. If a written covered call option expires on the stipulated expiration date, or if the Fund enters into a closing purchase transaction, the Fund realizes a gain (or a loss if the closing purchase transaction exceeds the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a written covered call option is exercised, the Fund realizes a gain or a loss from the sale of the underlying security and the proceeds of the sale are increased by the premium originally received. Realized and unrealized gains and losses on call options written are included in the Statement of Operations as Net realized gain (loss) from and Change in net unrealized appreciation (depreciation) of Option contracts written. A risk in writing a covered call option is that the Fund gives up the opportunity for profit if the market price of the security increases and the option is exercised.

When the Fund buys a call option, an amount equal to the premium paid by the Fund is recorded as an investment on the Statement of Assets and Liabilities. The amount of the investment is subsequently "marked-to-market" to reflect the current value of the option purchased. Realized and unrealized gains and losses on call options purchased are included in the Statement of Operations as Net realized gain (loss) from and Change in net unrealized appreciation (depreciation) of Investment securities. A risk in buying an option is that the Fund pays a premium whether or not the option is exercised. In addition, there can be no assurance that a liquid secondary market will exist for any option purchased.

H. Put Options Purchased – The Fund may purchase put options including options on securities indexes, or foreign currency and/or futures contracts. By purchasing a put option, the Fund obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the Fund pays an option premium. The option's underlying instrument may be a security, securities index, or a futures contract.

Additionally, the Fund may enter into an option on a swap agreement, also called a "swaption". A swaption is an option that gives the buyer the right, but not the obligation, to enter into a swap on a future date in exchange for paying a market-based premium. A receiver swaption gives the owner the right to receive the total return of a specified asset, reference rate or index. Swaptions also include options that allow an existing swap to be terminated or extended by one of the Counterparties.

Put options may be used by the Fund to hedge securities it owns by locking in a minimum price at which the Fund can sell. If security prices fall, the put option could be exercised to offset all or a portion of the Fund's resulting losses. At the same time, because the maximum the Fund has at risk is the cost of the option, purchasing put options does not eliminate the potential for the Fund to profit from an increase in the value of the securities hedged. Realized and unrealized gains and losses on put options purchased are included in the Statement of Operations as Net realized gain (loss) from and Change in net unrealized appreciation (depreciation) of Investment securities. A risk in buying an option is that the Fund pays a premium whether or not the option is exercised. In addition, there can be no assurance that a liquid secondary market will exist for any option purchased.

I. Other Risks – The Fund may invest in obligations issued by agencies and instrumentalities of the U.S. Government that may vary in the level of support they receive from the government. The government may choose not to provide financial support to government sponsored agencies or instrumentalities if it is not legally obligated to do so. In this case, if the issuer defaulted, the Fund may not be able to recover its investment in such issuer from the U.S. Government. Many securities purchased by the Fund are not guaranteed by the U.S. Government.

J. Collateral – To the extent the Fund has designated or segregated a security as collateral and that security is subsequently sold, it is the Fund’s practice to replace such collateral no later than the next business day.

NOTE 2 -- Additional Valuation Information

Generally Accepted Accounting Principles ("GAAP") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment’s assigned level:

- Level 1 – Prices are determined using quoted prices in an active market for identical assets.
- Level 2 – Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.
- Level 3 – Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund’s own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of May 31, 2017. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

	Level 1	Level 2	Level 3	Total
U.S. Government Sponsored Agency Mortgage-Backed Securities	\$ —	\$ 279,197,907	\$ —	\$ 279,197,907
U.S. Treasury Securities	—	259,109,665	—	259,109,665
Bonds	—	81,119,134	—	81,119,134
Corporate Notes	—	10,280,515	—	10,280,515
U.S. Government Sponsored Agency Securities	—	7,163,276	—	7,163,276
Money Market Funds	1,926,704	—	—	1,926,704
	1,926,704	636,870,497	—	638,797,201
Futures Contracts*	783,368	—	—	783,368
Total Investments	\$ 2,710,072	\$ 636,870,497	\$ —	\$ 639,580,569

* Unrealized appreciation.

NOTE 3 -- Derivative Investments

The Fund may enter into an International Swaps and Derivatives Association Master Agreement (“ISDA Master Agreement”) under which a Fund may trade OTC derivatives. An OTC transaction entered into under an ISDA Master Agreement typically involves a collateral posting arrangement, payment netting provisions and close-out netting provisions. These netting provisions allow for reduction of credit risk through netting of contractual obligations. The enforceability of the netting provisions of the ISDA Master Agreement depends on the governing law of the ISDA Master Agreement, among other factors.

For financial reporting purposes, the Fund does not offset OTC derivative assets or liabilities that are subject to ISDA Master Agreements in the Statement of Assets and Liabilities.

Open Futures Contracts

Futures Contracts	Type of Contract	Number of Contracts	Expiration Month	Notional Value	Unrealized Appreciation (Depreciation)
U.S. Treasury 2 Year Notes	Short	99	September-2017	\$ (21,431,953)	\$ (4,853)
U.S. Treasury 5 Year Notes	Short	12	September-2017	(1,419,750)	(2,653)
U.S. Treasury 10 Year Notes	Long	186	September-2017	23,491,219	136,151
U.S. Treasury 10 Year Ultra Bonds	Short	15	September-2017	(2,036,016)	(11,614)
U.S. Treasury Long Bonds	Short	79	September-2017	(12,151,188)	(121,146)
U.S. Treasury Ultra Bonds	Long	328	September-2017	54,161,000	787,483
Total Futures Contracts—Interest Rate Risk					\$ 783,368

Value of Derivative Investments at Period-End

The table below summarizes the value of the Fund’s derivative investments, detailed by primary risk exposure, held as of May 31, 2017:

Derivative Assets	Value Interest Rate Risk
Unrealized appreciation on futures contracts—Exchange-Traded ^(a)	\$923,634
Derivatives not subject to master netting agreements	(923,634)
Total Derivative Assets subject to master netting agreements	\$ —

Derivative Liabilities	Value Interest Rate Risk
Unrealized depreciation on futures contracts—Exchange-Traded ^(a)	\$140,266
Derivatives not subject to master netting agreements	(140,266)
Total Derivative Liabilities subject to master netting agreements	\$ —

^(a) Includes cumulative appreciation (depreciation) on futures contracts.

Effect of Derivative Investments for the three months ended May 31, 2017

The table below summarizes the gains (losses) on derivative investments, detailed by primary risk exposure, recognized in earnings during the period:

	Location of Gain (Loss) on Statement of Operations Interest Rate Risk
Realized Gain (Loss):	
Futures contracts	\$ 959,301
Options purchased ^(a)	(359,900)
Change in Net Unrealized Appreciation:	
Futures contracts	362,470
Options purchased ^(a)	211,456
Total	\$1,173,327

^(a) Options purchased are included in the net realized gain (loss) from investment securities and the change in net unrealized appreciation of investment securities.

The table below summarizes the three months average notional value of futures contracts and the two months average notional value of options purchased outstanding during the period.

	Futures Contracts	Options Purchased
Average notional value	\$122,971,029	\$12,200,000

NOTE 4 -- Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the three months ended May 31, 2017 was \$28,932,313 and \$17,328,916, respectively. During the same period, purchases and sales of long-term U.S. Treasury obligations were \$21,290,137 and \$30,027,789, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed federal income tax reporting period-end.

Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis		
Aggregate unrealized appreciation of investment securities	\$	10,302,402
Aggregate unrealized (depreciation) of investment securities		(5,518,871)
Net unrealized appreciation of investment securities	\$	4,783,531

Cost of investments for tax purposes is \$634,013,670.