Invesco European Senior Loan ESG Fund

A Sub-Fund of Invesco Zodiac Funds

Invesco Senior Secured Management, Inc.

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2024 Second quarter market review

The Credit Suisse Western European Leveraged Loan Index ("CS WELLI" or "Index") returned 2.04% during the quarter, consisting of interest income of 2.09% and principal return of -0.05%.[1] Year-to-date total returns at quarter end were 2.04%[1]

During the second quarter of the year, financial markets displayed a varied performance as investors concentrated on multiple risks. On the upside, equities continued to climb, with the S&P 500 Index reaching a new record high, driven by further gains from the Magnificent 7.[2] However, these equity gains were not widespread, and the equal-weighted S&P 500 Index actually fell during the quarter.

Fixed rate bonds faced some difficulties even though the ECB enacted their first rate cut for five years in June, decreasing their deposit rate by 25 basis points (bps) to 3.75%; investors are now expecting fewer rate cuts for the rest of the year, sending bonds lower. Forward rates today suggest that nominal interest rates will decrease further, to approximately 3.1-3.3% by year-end and to around 2.5%-2.8% by the end of 2025. Geopolitical risks were also a focal point and French assets declined during June after President Macron announced a snap legislative election.

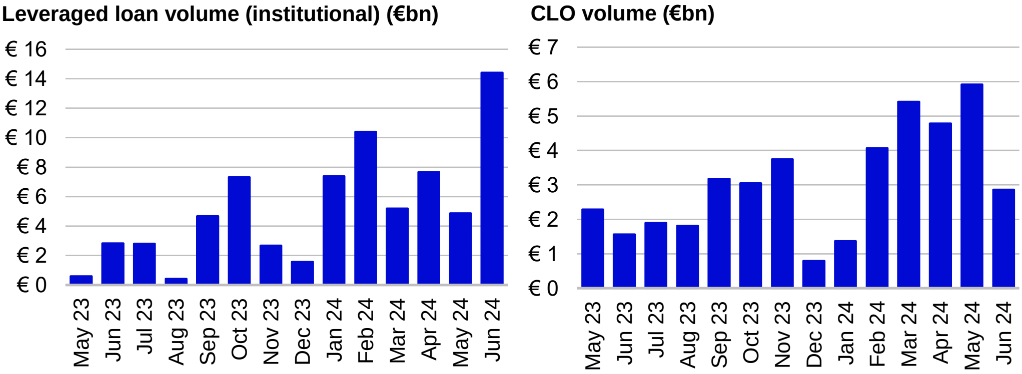
At the same time, European macroeconomic data continued to improve. After recording Q1 GDP growth of 0.3%, the European Commission (EC) issued a full-year outlook of an accelerated 1.0% growth expectation for the European Union (EU) for the full year 2024 and 1.6% during 2025. Importantly, the EC expects all European countries to grow, with economic expansion in the southern rim of the EU (Spain, Portugal, Greece) still outpacing growth in northern and western Europe.

The leveraged loan market performed well in this macroeconomic climate witnessing growth picking up withing a "higher for longer" rate environment. As such, loan prices have increased to €97.10 during the year, up from €96.89 at the beginning of the year.[1] Year-to-date returns for the first half of the year stand at 4.13% (8.26% annualized)[1] and a feared spike in defaults is yet to materialize, with last-twelve-months default rate still low at 1.29%.[3]

The second quarter also saw a strong pick-up in primary transactions. During the quarter, €27 billion (bn) of new loan transactions priced, which was significantly higher compared to approximately €4bn during Q2 2023. Arrangers and issuers opportunistically took advantage of a strong market environment at the beginning of the month and launched a flurry of refinancing, repricing, and add-on transactions. New money leveraged buyout supply improved as well, with a handful of new sponsor buy-outs hitting the market.

Invesco Management S.A. (the Management Company) has appointed and delegated discretionary investment decisions with respect to the Fund to Invesco Senior Secured Management, Inc. ("The Investment Manager"). See prospectus for more information. All information as of June 30, 2024 unless otherwise noted. Fund launch date is January 21, 2020. Base currency is EUR.

Figure 1: Supply/demand backdrop



Source: Pitchbook Data Inc. as of June 30, 2024.

New issue yields compressed slightly to 8.51%, with the typical B2/B rated loan priced around the EURIBOR + 425-450bps level with small original issue discount (OID) of approximately 0.5-1.0 points. While H2 2024 is expected to continue to feature more issuance compared to H2 2023, the current loan pipeline seems to suggest that volumes might cool somewhat from their Q2 highs.

European CLO activity remained very strong and year-to-date volumes stand at record high for the CLO 2.0 era at €24.4bn, which is more than double compared to the same period last year. Sell-side analysts now expect around €40-€45bn of CLO new issue for the year, which would exceed the previous record level of €38.6bn in 2021. This also compared to initial forecasts at the start of the year of just approximately €20bn.

AAA liabilities – whilst around the EURIBOR + 140-150bps area for most of the year – have now tightened further, with deals pricing around the EURIBOR + 130-135bps area. Even at such levels, CLO AAAs continued to offer strong relative value compared to other AAA asset classes. The asset arbitrage to the loan market is well functioning and a stream of repayments from CLOs outside reinvestment period returning cash to investors means that there continued to be investor capital available to support further solid new issue levels going forward.

Fundamentals

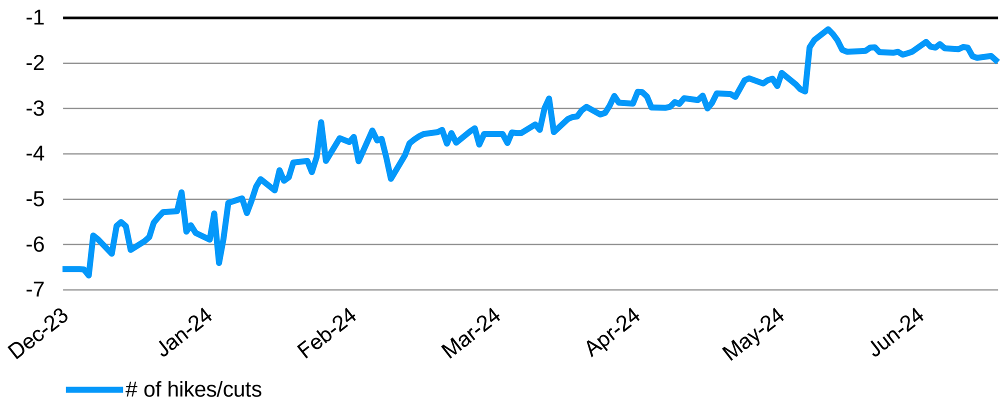
Euro area (EA) macroeconomic indicators moderated in the later parts of the second quarter. The region‘s composite output PMI (flash-estimate) declined by 1.3pts to 50.8 in June, which was below consensus of 52.5, and halted the upward trend seen between November and May when the PMI cumulatively increased by almost 6 points. The Manufacturing sector was the main detractor where the output index fell (by 3.4pts) to 46.0. Across countries, the decline in the area-wide index was broad-based. Furthermore, the EA economic sentiment survey declined 0.2pts to 95.9 in June. A rise in consumer confidence (via real wage gains) has been negated by a reduction in business confidence where sentiment is still stronger in services than in other sectors (e.g., Manufacturing, Retail, and Construction). Sentiment remains weakest in Germany. The election outcome in France, resulting in a hung parliament may cause some macro pressures in the upcoming quarter as the formation of a coalition is likely to take sometime to finalise.

Disinflation has broadly continued to occur, with June flash Eurozone inflation edging down by 0.1 percentage points (pp) to 2.5%, in line with consensus. The decline was driven by lower energy (-0.1pp to 0.2% year-over-year (yoy)) and food inflation (-0.1pp to 2.5% yoy). Core inflation was unchanged at 2.9% yoy, a small miss of consensus expectations of 2.8%. Within core, both goods and services inflation were unchanged at 0.6% yoy and 4.1% yoy, respectively.

As expected, the ECB began cutting deposit rates at their June meeting – the first cut since 2019. The rate was lowered to 3.75% from 4.0%. President Lagarde mentioned there was a “strong likelihood” that the dialing back of the restrictive monetary policy has started, although the language used by the ECB was thought to be more hawkish in tone. The ECB says it will continue to follow a “data dependent and meeting by meeting approach to determining the appropriate level and duration of restriction”. It was also repeated that the ECB is “not pre-committing to a particular rate path.”

The market is pricing around two more cuts in 2024, in September and December. Although a cut in September is not a done deal, with recent data suggesting that ECB staff need to revise the near-term inflation outlook, with growth at risk of underperforming and inflation still forecasted to be on target in 2025, a cut in September remains the most likely outcome. Overall, EA expectations for GDP growth remain positive for 2024 albeit below 1%. As the ECB cuts work through to the real economy, an increase in real disposable incomes should be expected.

Figure 2: Estimated number of hikes/cuts by December 2024



Source: Bloomberg as of July 16, 2024. **Past performance is not a guarantee of future results**. Forward-looking statements are not a guarantee of future results. They involve risks, uncertainty and assumptions.

The last twelve-month default rate for the Morningstar European Leveraged Loan Index (based on principal amount) is 1.29%.[3] The historical average annual default rate is 2.84%.[3]

Risk warnings

For important information on risks associated with this product, see the "Risk Factors" in Section 31 on pages 54-59 of the Prospectus.

Senior loans may be illiquid and more difficult to sell quickly at a fair price. Because of the risk of illiquidity of the instruments in which the product will invest, the processing of the redemption requests may be deferred in certain circumstances. Interest rates on senior loans depend on the level of an underlying rate; as such, they may change and cause fluctuations in the net asset value of the product. Senior loans are exposed to credit risk which is the ability of the borrower to repay the interest and capital on the scheduled dates. The product will hold High Yield Bonds/Non-investment Grade Bonds which are of lower credit quality and may result in larger fluctuations in the value of the product. The product may also use derivatives for investment purposes. The use of derivatives may result in the product being significantly leveraged and may result in large fluctuations in the value of the product. The lack of common standards may result in different approaches to setting and achieving ESG objectives. In addition, the ESG criteria may cause the product to forego certain investment opportunities. The product may invest in developing markets, this may cause large fluctuations in the net asset value of the product.

Invesco European Senior Loan ESG Fund objective and strategy

The Fund seeks to provide a high level of current income, consistent with the preservation of capital, by investing primarily in adjustable rate senior secured loans, collateralized loan obligations, second lien loans, mezzanine securities and credit derivatives relating to non-investment grade companies and denominated in Euro, Sterling, and other European currencies (including, but not limited to, Norwegian Krone, Swedish Krona, Swiss Franc and Danish Krone), while integrating environmental, social and governance ("ESG") criteria. The Fund invests primarily in senior, secured loans to non-investment grade corporations with interest rates that float at a spread above a base rate, resets about every 60 days. The Fund's team seeks loans to companies which, in the judgment of the analyst team, have excellent management teams, consistent and dependable sources of cash flow and reliable collateral packages providing a second source of repayment. To manage risk, the team keeps the portfolio broadly diversified and generally avoids industries they believe to be fundamentally flawed or speculative. The Fund's ESG criteria will be reviewed and applied on an ongoing basis by the Investment Manager, integrated as part of the investment process for credit selection and portfolio construction. The Investment Manager will review the ESG characteristics of issuers and implement an internal ESG rating methodology. Any investment decision should consider all the characteristics of the Fund as described in the legal documents. For sustainability related aspects, please refer to https://www.invescomanagementcompany.lu. The investment concerns the acquisition of units in an actively managed fund and not in a given underlying asset. While the portfolio manager may consider Environmental, Social and Governance (ESG) aspects, they are not bound by any specific ESG criteria and have the flexibility to invest across the ESG spectrum. Information used to evaluate ESG factors may not be readily available, complete or accurate. ESG factors may vary across types of investments and issuers, and not every ESG factor may be identified or evaluated. There is no guarantee that the evaluation of ESG considerations will be additive to a strategy's performance.

Past performance does not predict future returns. Please see the following returns for the Invesco European Senior Loan ESG Fund's G share class.

Performance

Time frame	Invesco European Senior Loan ESG Fund G share class gross (%)	Invesco European Senior Loan ESG Fund G share class net (%)	Credit Suisse Western European Leveraged Loan Index (CS WELLI) (%)
Q2 2024	1.38	1.16	2.04
Six months	2.18	1.77	4.13
1 year	8.41	7.56	9.78
3 years	2.83	2.00	4.82
Since inception (January 21, 2020)	3.43	2.59	4.33

Time frame	Invesco European Senior Loan ESG Fund G share class gross (%)	Invesco European Senior Loan ESG Fund G share class net (%)	CS WELLI (%)
6/30/20 – 6/30/21	12.90	11.96	9.52
6/30/21 – 6/30/22	-7.47	-8.20	-5.21
6/30/22 – 6/30/23	8.39	7.48	10.68
6/30/23 – 6/30/24	8.41	7.56	9.78

Source: Invesco, as of June 30, 2024. Fund and benchmark returns are total returns in EUR. Returns may increase or decrease as a result of currency fluctuations. The benchmark index is shown for performance comparisons purposes only. The Fund is actively managed and does not track the index.

Invesco European Senior Loan ESG Fund performance and positioning

Q2 2024 / year-to-date performance commentary[4]

The Fund's gross total return (G shares) amounted to 1.38% in the second quarter of 2024, 66 basis points ("bps") behind the Credit Suisse Western European Leveraged Loan Index return of 2.04%.[1] The net return for the G shares of the Fund over the quarter was 1.16%. The Fund's gross total return amounted to 2.18% for the year-to-date ("YTD") period ending June 30, 2024, which was 195bps behind the CS WELLI. The net return for the G shares of the Fund over the YTD period was 1.77%.

During the quarter, the Fund's underperformance was primarily the result of the following factors as outlined below:

- **Asset Selection (Fixed Rate):** Fixed rated instruments continued to benefit from the expectation of rate cuts in 2024. Nevertheless, some idiosyncratic risk in the Fund was a detractor from performance, with most of the underperformance coming from the Altice complex and Arrow, which more than offset positive outcome from high conviction credits such as Keter, Shop Direct, and My Alarm.
- **Risk Positioning (Loans and FRN Only):** The Fund is overweight the 'CCC' segment of the market, which underperformed during the quarter.
- **Credit Selection (Loans and FRNs only):** The quarter saw very strong performance from the high conviction credits in the Fund, particularly Keter, Shop Direct, and MyAlarm. This was more than offset by weak performance of the Fund's holding in Hurtigruten, the Nordic River Cruise business.

Sector Positioning was neutral (-1bp) during the quarter.

The Fund's underperformance YTD was the result of Asset Selection and Credit Selection, which was partially offset by Risk Positioning. Sector Positioning was neutral YTD. Please refer to "Credit contributors to and detractors from performance" section below for details on the Fund's largest contributors.

The weighted average market price of the Fund was €88.01 at the end of the quarter, which was €9.09 less than the CS WELLI.[1] At the end of the quarter, the Fund had a weighted average spread of EURIBOR + 5.04%, which was above the CS WELLI's spread of EURIBOR + 3.99%.[1] At quarter end, the yield-to-maturity of the Fund was 12.33%.

We share a few brief thoughts on the loan market and strategy below:

- Euro area (EA) macroeconomic indicators have moderated in the latter parts of the second quarter. For example, the EA composite output PMI (flash/first-estimate) declined by 1.3pts to 50.8 in June, below consensus of 52.5 – breaking the upward trend seen between November and May when the PMI cumulatively increased by almost 6 points. The Manufacturing sector was the main detractor where the output index fell (by 3.4pts) to 46.0. Across countries, the decline in the area-wide index was broad-based. Furthermore, the EA economic sentiment survey declined 0.2pts to 95.9 in June. A rise in consumer confidence (via real wage gains) has been negated by a reduction in business confidence where sentiment is still stronger in services than in other sectors (e.g., Manufacturing, Retail, and Construction). Sentiment remains weakest in Germany.
- Disinflation has broadly continued to occur, with June flash Eurozone inflation edging down by 0.1 percentage points (pp) to 2.5%, in line with consensus. The decline was driven by lower energy (-0.1pp to 0.2% year-over-year (yoy)) and food inflation (-0.1pp to 2.5% yoy). Core inflation was unchanged at 2.9% yoy, a small miss of consensus expectations of 2.8%. Within core, both goods and services inflation were unchanged at 0.6% yoy and 4.1% yoy, respectively.
- As expected, the ECB cut deposit rates at their June meeting – the first cut since 2019. The rate was lowered to 3.75% from 4.0%. President Lagarde mentioned there was a "strong likelihood" that the dialing back of the restrictive monetary policy has started, although the language used by the ECB was thought to be more hawkish in tone. The ECB says it will continue to follow a "data dependent and meeting by meeting approach to determining the appropriate level and duration of restriction". While it was also repeated that the ECB is "not

pre-committing to a particular rate path", the market expects a further cut in September (i.e., not at the July ECB meeting).

- EA expectations for GDP growth remain positive for 2024 albeit below 1%. As the ECB cuts work through to the real economy, an increase in real disposable incomes should be expected.
- On the demand side, CLO investors have been buoyed by an improved arbitrage environment, namely AAA liability spreads have compressed meaningfully. Thus, while refinancings have generally resulted in lower borrower all-in-coupons, the CLO-calculus continues to work given the reduced overall average cost of debt. This symbiotic relationship helps to maintain a floor in loan repricings margins.
- As funding costs become lower (base rates + credit/margin spreads) and as demand remains strong via CLOs and other market participants, we envision increased M&A activity as the year progresses – which, thus far, has been muted. Overall, the demand/supply technical remains favourable for loan assets.

Credit selection: *-25bps Q2 / -33bps YTD*. Credit selection was a negative detractor during the quarter and YTD. We outline the largest contributors and detractors in more detail below:

Credit contributors to and detractors from performance

- **Keter: *contributor Q2 / YTD***. Keter is a global manufacturer and distributor of resin-based household products and outdoor furniture. The Fund bought the first lien term loan at a significant discount to par in 2019. Thereafter, Keter saw strong commercial momentum coupled with cheaper resin prices, which led to a significant de-levering and rating upgrade. The business is a global consumer brand that resonates with its clients. The business is also well diversified in terms of product, geography, and client base with a proven track record of market shares gain and new product launches.

  Trading was good for the first three quarters of the year, with earnings growth driven by cheaper resin procurement price and the ability of the business to retain pricing power. In July 2023, the company announced an agreement with its lenders (ISSM was a driving force in the Steering Committee) to extend its maturity and to kick off a sale process. First round bids cleared the first lien debt and a handful of bidders moved into second round. On October 7, 2023, Hamas launched a terrorist attack in the South of Israel which started a conflict in the area. While Israel represents a fraction of the sales, the business manufactures some of these products in the North of the country (i.e., not near the Gaza band, Israel: 1/3 group production exported to Europe and US). Plants re-opened on October 10, 2023, and production continued without disruption since. However, this halted the M&A sale process. Given bids did not clear the first lien debt as stipulated in the transaction agreement from July 2023, there was an automatic transfer of ownership to the group of lenders who took over the business. The business successfully completed a smooth transition of the ownership with a de-levered capital structure and strong governance. The business continued to perform well.

- **Shop Direct (aka The Very Group): *contributor Q2*.** Shop Direct is the second largest pure-player online department store in the United Kingdom behind Amazon. Shop Direct has remained operational throughout the COVID-19 pandemic, delivering record revenues and strong profit growth now selling over 2,000 brands to nearly 5 million customers. Strong performance and cash-flow generation allowed Shop Direct to refinance its outstanding indebtedness in July 2021. Going forward, we believe that pure online retailers will continue to benefit from the channel shift seen in the Retail industry as shoppers spend more online.

  The business has continued to gain share vis-à-vis high street retail stores driving EBITDA growth from £164mm for FY14 to approximately £280mm for FY23. In our view, the strong resonance of the Very brand with its customers and the significant investments made in associated IT infrastructure helped Shop Direct outperform the UK retail market. The business is extremely cash generative, diversified in terms of retail categories, and gaining shares against the store-based channel. On May 22, 2024, the company reported its earnings for the calendar period January to March 2024 (Q3 earnings for the fiscal year ending 30 June 2024) with YTD group revenue flat yoy and pre-exceptionals EBITDA up +3.8%. Very UK's performance was consistently ahead of the UK online non-food retail market, implying market share gain during the period. The company recently announced an improvement in its governance, with new board representatives not affiliated to the controlling shareholders. According to press reports, the controlling shareholders have agreed to launch a sale process in 2025. We believe the debt is covered from a valuation perspective.

- **My Alarm: *contributor Q2***. My Alarm, doing business as Alert360, is one of the top residential alarm monitoring businesses in the United States. The Fund opportunistically purchased the distressed bank debt of My Alarm and Alert360 before gaining majority equity ownership through Chapter 11 Bankruptcy proceedings in late 2021. Since the combination of the businesses concluded in mid-2023, the company has far outperformed our expectations both in terms of customer retention and free cash flow generation. Due to the illiquid nature of the asset, Invesco employs the use of third-party valuations to determine the fair market value of the asset, on a quarterly basis. During the most recent quarter, the company saw last-twelve-months EBITDA increased by 3% as well as refinanced their existing debt, adding leverage to fund a dividend to the ownership group.

- **Hurtigruten: *detractor Q2 / YTD*.** Hurtigruten is a leading expedition travel company focusing on sustainable cruising. The business is the market leader in its home market, Norway, offering cruises along the Coast and Fjords of Norway as well as Expedition Cruises amongst others to exotic destinations such as the South Pole or the Galapagos islands. Pre-pandemic, the business was growing strong at around 7-8% per annum, driven by good demand for cruise ship travel and a competitive product offering.

  While Hurtigruten's brand-name and cruises remain globally leading, operations ramp-up post COVID have been slower than anticipated (marketing efforts directed at wrong booking windows, unfavorable routing decisions). In order to bridge to an expected operational recovery in 2024/2025, lenders and sponsor TDR have negotiated: (1) €185mm injection of new liquidity into the group; (2) deleveraging the operating group by reinstating some facilities into a new HoldCo facility (PIK pay); and (3) providing consent to implement the business separation on Hurtigruten Expedition and Hurtigruten Norway to position the group for future strategic alternatives with an expected sale of Hurtigruten Norway over the coming 12-18 months.

  Recent results have been more favorable. Q1 saw revenues increase to €187mm, up 16% with corresponding EBITDA of €9.9mm (compared to €3.3mm in Q1-2023). As of May 30, 2024, the company had €536mm in pre-booked ticket revenue for 2024 which stands at 3.5% higher compared to the same period last year. Booking trends for 2025 appear particularly encouraging at €130mm as of May 30, 2024, up 35% compared to the same period in prior year.

- **Altice International (Altice Financing S.A.): *detractor Q2 / YTD***. Altice Financing provides cables and fibre-based services (television, broadband and fixed line telephony) and mobile services to residential and corporate customers. The core asset, Portugal (c. 50% of EBITDA) with highest market share continues to perform in both mobile and fixed segment. Additionally, it has the highest fiber coverage in the country leading to sticky customer base due to better network quality. The company reported Q4 '23 +2.9% year-over-year growth in revenues and +4.9% year-over-year growth in EBITDA on a constant currency basis. The group also has telco businesses in Dominican Republic and Israel and media business named 'Teads'.

  In September 2023, management announced their intention to sell Altice Portugal. Different news sources have cited bid interests from parties ranging from €7-€9bn. Altice Financing is a strong performing credit with stable net leverage levels of 4.5x and adequate liquidity levels of €786mn consisting of a €519mn undrawn RCF and €267mn of cash. However, trading levels are often impacted on noise/news around its sister company – Altice France.

- **Arrow: *detractor Q2 / YTD***. Arrow is a leading European investor and asset manager in nonperforming and non-core assets sector that acquires and manages secured and unsecured loan and real estate portfolios. Sponsor TDR bought the business in 2021. Arrow's strategy is to move from a capital-intensive debt collection business model towards a capital-light model of managing assets and investments for clients. Such strategy is on track, with funds under management increased to €9.3bn as of March-2024 (up +18% over the past 12 months) and capital-light EBITDA most recently in Q1 increasing by +63% to €13.8mm in Q1 2024. There has been some softness in trading of outstanding bonds given the business is reducing activity in its capital-intensive debt collection business, which is not yet fully offset by the growth in its asset management business. Given strong fundraising performance and deployment, we expect growth in the capital-light asset management business to outweigh the reduction in capital-intensive activities.

Risk positioning (Loans and Floating Rate Notes ("FRNs") only): *-10bps Q2 / +10bps YTD*. The Fund is overweight the "CCC" segment of the market, which underperformed during the quarter. However, on a YTD basis, the Fund's overweight in the lower-rated credit quality buckets remained a positive contributor.

Sector positioning (Loans and FRNs only): *-1bps Q2 / +2bps YTD*. We outline below some of the noteworthy themes in the largest sectors in the Fund.

- **Service:** The Fund is market weight the Service industry. In a climate of improving, but still low macroeconomic growth in Europe, the Service industry has broadly outperformed manufacturing and industrial businesses. In addition, market-leading Service businesses with pricing power are successfully managing to pass through inflationary cost to its end customers. The Fund continued to benefit from its exposure to businesses with recurring revenues with low customer churn, including credits in the education industry (e.g., Global University Systems, characterized by its defensive nature and stable underlying demand), security alarm systems operators (e.g., My Alarm), and market research providers and business solutions specialists (e.g., Kantar, delivers essential market insights to the food and consumer goods industry).
- **Travel/Leisure**: The bookings for the summer travel season have been good throughout March to June. The Fund is diversified in terms of sub-segments and saw solid earnings across leisure parks (Parques Reunidos), hotels (B&B hotels), concession catering operators (Areas). Scenic, a leading privately-owned luxury river cruise, land tour and ocean cruise operator, recorded levels of bookings that were the highest received during its history.

Booking levels pointed towards a highly successful 2024 based on the additional passenger capacity that the company has operated successfully. The Fund bought the facility below par. Hurtigruten, a cruise operator, has seen a slower-than-anticipated recovery and was a detractor to performance.

- **Financials:** The Fund's overweight position in the Financials sector largely stems from its allocation to the debt collectors space with investments in some of Europe's leading collectors such as Lowell (Garfunkelux), Arrow Global, and Encore Capital. Over recent quarters, collections have performed broadly as expected. Resilient collections are aided by historically low unemployment rates in Europe and consumers' ability to repay their debts. Furthermore, acquisition costs of NPLs (Non-Performing Loans) have fallen over the past year in a higher funding cost environment. This benefited operators who were able to deploy capital at attractive prices which should help de-lever balance sheets. At the same time, there has been some stress in the sector. Given capital-intensive business models, companies have felt the rising interest and funding costs on their debt. As a result, one of the industry leaders, Intrum (to which the Fund does not have any exposure) launched a recapitalization transaction with bondholders taking a small debt haircut (circa 10 cents) in exchange for equity in the business. We believe that across the industry, debt in the sector traded lower in sympathy with the highly levered Nordic debt collector. However, fundamentally we believe going forward that funding costs for the sector will improve as interest rates start coming down. We furthermore expect the low-growth, low-unemployment environment to remain supportive for collections. As such, the Fund has built positions at what we believe are attractive entry prices in some of the leading players in the space.

Asset selection (non-index exposure including Fixed Rate bonds and CLOs): *-31bps Q2 / -173bps YTD.* The Fund has a number of off-benchmark positions in the portfolio. The drag on performance this quarter primarily stemmed from the Fund's exposure to the Altice complex (France and International). This more than offset the successful outcome from two high conviction credits the Fund bought at a discount to par: Kantar (refinancing and extension) and Douglas (successful IPO).

1 Credit Suisse Western European Leveraged Loan Index (CS WELLI) in EUR as of June 30, 2024.

2 STOXX Europe 600 Index, S&P 500 Index, and Nikkei Stock Average (Nikkei 225) in EUR as of June 30, 2024.

3 Morningstar European Leveraged Loan Index, average default rates covering June 1, 2007, through June 30, 2024.

4 Performance Attribution descriptions:
- **Credit Selection:** contribution to performance from over/underweights in individual credits to the CS WELLI.
- **Risk Positioning**: contribution to performance from ratings over/underweights relative to the CS WELLI.
- **Sector Positioning**: contribution to performance from sector over/underweights relative to the CS WELLI.
- **Asset Selection**: contribution to performance from non-benchmark (CS WELLI) assets (i.e., small non-index European loans, Floating Rate Notes, bonds, non-Euro loans, CLOs, etc.)
- **Trade Execution**: contribution to performance from ability to execute inside the bid/ask spread of the European senior loan market.

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As with all investments, there are associated inherent risks. If investors are unsure if this fund is suitable for them, they should seek advice from an advisor. Asset management services are provided by Invesco in accordance with appropriate local legislation and regulations. Views and opinions are based on current market conditions and are subject to change.

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Restrictions on marketing

Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Luxemburg, the Netherlands, Norway, Spain, Sweden, Switzerland, and the UK

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The Fund is not approved for public offer by the Swiss Financial Market Supervisory Authority ("FINMA") and is directed at professional clients, including high-net-worth-individuals or their private investment structure as per Art.5 para 1 FinSA, and at retail clients with a portfolio management or advisory relationship with a financial intermediary pursuant to Article 10(3ter) CISA.

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