Invesco Core Bond Fund

Q1 2025

Key takeaways

1 **Potential to lock in yields**
Bond yields, though down from their highs, are still at attractive levels compared to the last 10 years, in our view. Investors can lock in these yields for years to come by investing in high grade bonds before interest rates come down further.

2 **Picking your spots**
We believe numerous important factors enhance the attractiveness of investment grade credit. We observe that yield spreads between Treasuries and non-Treasury sectors have been tight, which makes our credit underwriting and security selection even more important.

3 **Beating the crowd**
Investors have amassed large amounts in cash and money markets (Source: St. Louis Fed. Data as of 12/31/24). As US Federal Reserve (Fed) rate cutting resumes and interest rates fall, cash will likely move to risk assets, pushing bond prices up and yields down. Timing a move is hard, but for now, investors are in our view being paid to wait in fixed income.

Investment objective
The fund seeks total return.

Fund facts

Fund AUM ($M)	3,107.06

Portfolio managers
Michael Hyman, Matthew Brill, Todd Schomberg

Manager perspective and outlook

- Global economic outlooks shifted markedly in the first quarter. Positive outlooks after the November election have been challenged by Trump administration policies on immigration, spending cuts and tariffs, lowering US and global growth forecasts. The velocity of tariff announcements and reversals, along with broader policy uncertainty, has heightened anxiety, provoking market corrections and sell-offs. Dampened business sentiment and weakening consumption are both unfavorable for growth.
- Yields generally fell during the quarter due to mixed economic data and expectations for fewer interest rate cuts in 2025. At February's meeting, the Fed paused rate cutting and held monetary policy steady, citing the possibility that the tariff impact on consumer prices might be "transitory." The Fed's projections, detailed by its dot plot, reflected lower growth expectations and higher expectations for inflation and unemployment.
- Nevertheless, we maintain a constructive outlook for bonds. Potentially slower, though still positive, global growth and uncertainty about aggressive US policy changes generally in our view support bonds globally. The Trump administration has stated its intent to contain government spending and lower bond yields. There is room for yields to decline if economic momentum slows sharply, and bonds should in our view benefit if recession fears grow.

Portfolio characteristics*

	Fund	Index
Effective duration (yrs)	6.27	5.87
Coupon (%)	4.51	3.52
30-day SEC yield (Class A shares)	3.62	-
30-day SEC unsubsidized yield (Class A shares)	3.60	-

Investment categories (%)

	Portfolio	Index
Securitized	**49.09**	**26.95**
MBS	37.16	24.99
ABS	9.33	0.46
CMBS	2.60	1.50
Corporate Bonds	**29.03**	**20.65**
US Investment Grade Bonds	27.94	20.64
US High Yield Bonds	1.09	0.01
Government Bonds	**17.25**	**44.54**
US Treasuries	17.25	44.54
Non-US Debt	**9.08**	**6.49**
Non-US Investment Grade Bonds	8.09	3.23
Non-US High Yield Bonds	0.35	0.00
Sovereign Debt	0.33	2.07
Emerging Market Debt	0.31	1.19
Municipal Bonds	**0.12**	**0.69**
Convertible Bonds	**0.00**	**0.00**
Others	**0.34**	**0.68**

Portfolio positioning

Although we still favored investment grade corporates, we decreased the fund's overweight during the quarter because we believe near-term uncertainty warrants a more neutral allocation. Yield spreads between Treasuries and investment grade credit have widened, breaking out of the decade-high tightness of 2024 due to the elevated risk environment. Despite recent widening of yield spreads, the credit quality of the US Investment Grade Credit Index has further improved, and overall duration has decreased from highs in 2021. Based on the segment's health, we believe investment grade corporates remain attractive on a risk-adjusted basis. In our view, corporate fundamentals remain firm, the yield backdrop appears attractive, and a lower average dollar price of bonds across the index presents discounted buying opportunities, potentially enhancing downside mitigation for bondholders.

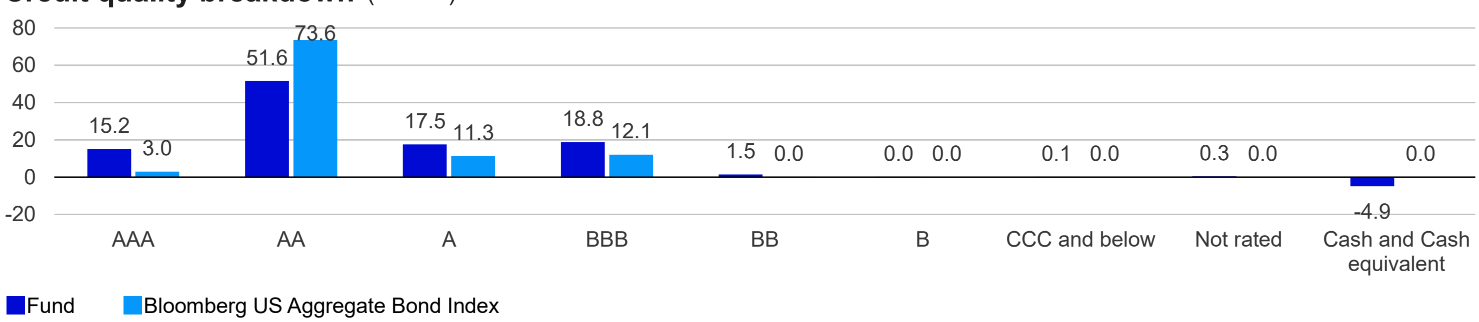
Additionally, we believe investment grade corporates should perform well in our base case of an economic soft landing or in a recession scenario. In a soft landing, interest rates would come down more slowly and investors would continue to earn higher yields for longer. In a recession, the Fed would likely cut rates faster thus accelerating bond returns via duration exposure. We also believe the credit market seems "under-invested," with significant cash on the sidelines or in money markets as investors remain cautious amid elevated policy risk. As policy becomes clearer, we believe cash could flow into bond markets, boosting demand and providing a technical tailwind for credit assets.

Within the investment grade corporate segment, we maintained an overweight in financials, particularly in the banking sector.

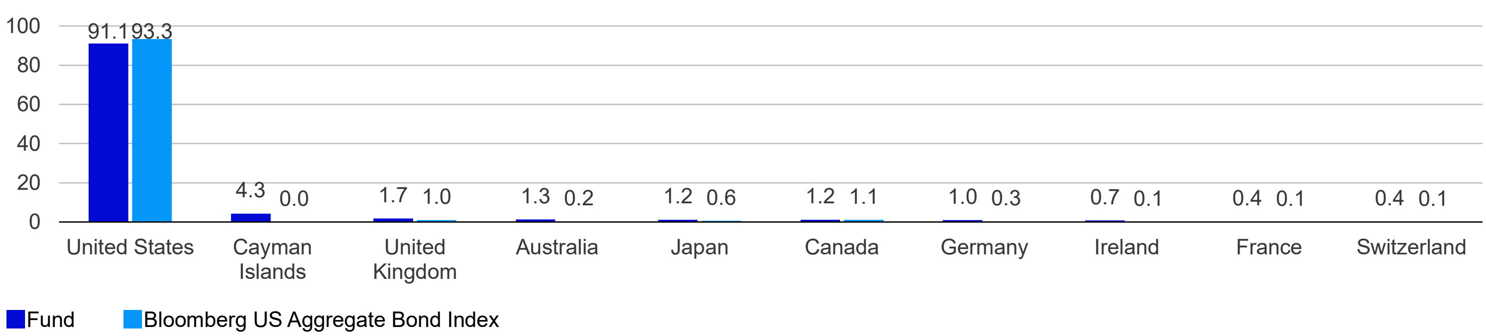
We ended the quarter with overweights across structured debt, having increased the fund's allocations to Agency mortgages and asset-backed securities (ABS).

Due to overall market volatility and uncertainty, we increased the fund's allocation to US Treasuries. Additionally, we kept the fund's duration fairly neutral compared to the benchmark, lengthening it due to potential slowing of US growth and as a hedge to credit risk.

Credit quality breakdown (% total)



Top countries (% of total net assets)



Top contributors (bps)

Issuer	Return	Contrib. to return
JPMORGAN CHASE & CO	278.80	0.75
FOUNDRY JV HOLDCO LLC	497.42	0.50
RIO TINTO FINANCE (USA) PLC	143.53	0.47
GENERAL MOTORS FINANCIAL CO INC	112.99	0.35
MARS INC	246.42	0.34

Top detractors (bps)

Issuer	Return	Contrib. to return
GOLDMAN SACHS GROUP INC/THE	170.78	-2.09
CITIBANK NA	94.30	-1.78
HORIZON MUTUAL HOLDINGS INC	116.60	-1.53
SAN DIEGO GAS & ELECTRIC CO	-149.39	-1.53
ORACLE CORPORATION	94.63	-1.13

Performance highlights

Invesco Core Bond Fund Class A shares at net asset value (NAV) had a positive return for the quarter but underperformed its benchmark, the Bloomberg US Aggregate Bond Index.

Contributors to performance

Security selection: The fund benefited from security selection in the insurance and consumer non-cyclical sub-sectors.

Sector allocation: Overweights within the banking sub-sector added to absolute return.

Securitized assets: An overweight in Agency mortgages positively affected results.

Detractors from performance

Security selection: Security selection in securitized credit negatively affected relative return.

Sector allocation: An overweight in investment grade credit negatively affected relative performance.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 04/15/88	NAV	2.52	2.52	5.03	0.27	0.12	1.52	3.85
	Max. Load 4.25%	-1.87	-1.87	0.57	-1.16	-0.74	1.09	3.73
Class R6 shares inception: 04/27/12	NAV	2.42	2.42	5.16	0.55	0.43	1.86	2.64
Class Y shares inception: 04/27/98	NAV	2.59	2.59	5.29	0.55	0.41	1.81	2.57
Bloomberg US Aggregate Bond Index		2.78	2.78	4.88	0.52	-0.40	1.46	-
Total return ranking vs. Morningstar Intermediate Core Bond category (Class A shares at NAV)		-	-	40% (173 of 463)	73% (279 of 423)	42% (162 of 381)	37% (102 of 277)	-

Expense ratios per the current prospectus: Class A**: Net: 0.71%, Total: 0.79%; Class R6**: Net: 0.40%, Total: 0.42%; Class Y**: Net: 0.46%, Total: 0.54%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit invesco.com for the most recent month-end performance. Performance figures reflect reinvested distributions and changes in net asset value (NAV). Investment return and principal value will vary so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all others are annualized. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. Index source: RIMES Technologies Corp. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	0.51	2.75	4.29	-1.11	9.53	9.22	-1.60	-14.06	5.24	2.12
Class R6 shares at NAV	0.85	2.96	4.81	-0.77	9.77	9.63	-1.13	-13.96	5.73	2.43
Class Y shares at NAV	0.75	3.01	4.60	-0.84	9.89	9.44	-1.19	-13.94	5.70	2.37
Bloomberg US Aggregate Bond Index	0.55	2.65	3.54	0.01	8.72	7.51	-1.54	-13.01	5.53	1.25

****** Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Feb 28, 2026 and contractual management fee waivers in effect through at least Aug 31, 2026.

Unless otherwise specified, all information is as of 03/31/25. Unless stated otherwise, Index refers to Bloomberg US Aggregate Bond Index.

The Bloomberg U.S. Aggregate Bond Index is an unmanaged index considered representative of the US investment grade, fixed-rate bond market. An investment cannot be made directly in an index.

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.

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.

Environmental, Social and Governance (ESG) considerations may vary across investments and issuers, and not every ESG factor may be identified or evaluated for investment. The Fund will not be solely based on ESG considerations; therefore, issuers may not be considered ESG-focused companies. ESG factors may affect the Fund's exposure to certain companies or industries and may not work as intended. The Fund may underperform other funds that do not assess ESG factors or that use a different methodology to identify and/or incorporate ESG factors. ESG is not a uniformly defined characteristic and as a result, information used by the Fund to evaluate such factors may not be readily available, complete or accurate, and may vary across providers and issuers. There is no guarantee that ESG considerations will enhance Fund performance.

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

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

The Fund may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

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.

Obligations issued by US Government agencies and instrumentalities may receive varying levels of support from the government, which could affect the fund's ability to recover should they default.

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.

The opinions expressed are those of the fund's portfolio management, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.
Note: Not all products available at all firms. Financial professionals, please contact your home office.
Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality. A negative in Cash indicates fund activity that has accrued or is pending settlement. For more information on rating methodologies, please visit the following NRSRO websites: www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; https://ratings.moodys.io/ratings and select 'Understanding Ratings' on the homepage; www.fitchratings.com and select 'Ratings Definitions Criteria' under 'Resources' on the homepage. Then select 'Rating Definitions' under 'Resources' on the 'Contents' menu.
The fund holdings are organized according to the Global Industry Classification Standard, which was developed by and is the exclusive property and service mark of MSCI Inc. and Standard & Poor's.

*** Effective duration** is the managers' estimate of a bond fund's price sensitivity to changes in interest rates. This measure takes into account mortgage prepayments, puts, adjustable coupons and potential call dates. **Contribution to Return** measures the performance impact from portfolio holdings over a defined time period. It takes into account both weight and performance of the portfolio holdings. Contribution to Return is calculated at security level.

Morningstar

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.