



Invesco Income Fund[®]

Quarterly Performance Commentary

Nasdaq: A: AGOVX Y: AGVYX R: AGVRX R6: AGVSX R5: AGOIX

Investment objective

The fund's investment objective is current income, and secondarily, capital appreciation.

Portfolio management

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Portfolio information

Total Net Assets	\$470,544,015
Total Number of Holdings	341

Fund characteristics

WAM (years)	6.28
Effective Duration	3.55
Distribution Frequency	Monthly

Credit quality breakdown (% total)¹

Cash	0.81
AAA	5.16
AA	1.68
A	13.35
BBB	39.60
BB	7.33
B	4.60
CCC	1.30
FX	-0.04
Equity	7.65
Not Rated	18.55

Market overview

- US bonds posted positive results for the quarter, as interest rates fell amid decelerating global growth and trade uncertainties. Investors enthusiastically sought yield in the corporate credit market, despite elevated risk. Global demand for US-based yield strategies vacillated during the quarter, but gained traction with the Federal Reserve poised for a 2019 rate cut.
- The 2-year Treasury yield fell from 2.27% to 1.75%, the 10-year from 2.41% to 2.00% and the 30-year from 2.81% to 2.52%. The yield curve, as measured by the yield differential between 2-year and 30-year Treasuries, steepened notably, driven by investors anticipating aggressive rate cuts by the Federal Reserve in the coming year.
- Structured credit sectors posted positive returns as collateral quality in the commercial mortgage-backed (CMBS), asset-backed (ABS) and residential mortgage-backed (RMBS) securities sectors remained strong. However, slumping auto activity and subprime lending were growing concerns. Agency mortgage-backed securities (MBS) produced positive absolute returns but underperformed duration-matched Treasuries as increased volatility, combined with prepayment fears, hurt relative results.
- Corporate credit issuance lagged the same period last year, but yield seekers drove relative valuations higher as lower rates appeared inevitable. Investors preferred lower-rated investment grade (BBB/Baa) and high-yield corporate credits, despite decelerating global growth.
- Emerging market debt had strong second quarter performance, driven by improvement in external funding conditions and easier monetary policy stances from global central banks.

Performance highlights

- Invesco Income Fund Class A shares at net asset value (NAV) underperformed its broad-based benchmark for the quarter. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- The fund's security selection within the CMBS sector boosted relative return.
- The fund's allocation to RMBS, which are not in the index, added significantly to relative return for the quarter.

Detractors from performance

- The fund's underweight in investment grade corporates detracted from relative return for the quarter.
- The fund's security selection in the emerging market sovereign debt segment was a slight detractor.

Positioning and outlook

- US growth is likely to be below market expectations in the second half of 2019. We expect the Fed to remain accommodative and probably cut interest rates in July, unless economic data show significant upside surprises.
- Within CMBS, we believe senior non-Agency CMBS offer attractive income and, in the near term, potential for incremental tightening of yield spreads relative to Treasuries. In subordinate CMBS we currently prefer seasoned subordinate credits that benefit from embedded property price appreciation and declining sensitivity to change in credit spreads.
- Within RMBS, we continue to see better value in recently issued GSE CRT (government sponsored entities credit risk transfer) securities compared to seasoned classes. Meanwhile, senior classes in Non-QM (non-qualifying mortgages) and seasoned loan securitizations remain an attractive means for accessing yield.
- We believe the relative value proposition for ABS has improved and that there is potential for moderate tightening of yield spreads relative to Treasuries. Higher yields on the short end of the yield curve also support demand for short-duration, amortizing ABS, which also offer decent coupon income and good liquidity.
- The fund has allocations to emerging market debt and high-yield corporates, consisting of issues where we have high conviction in favorable performance. The fund also has an allocation to mortgage REITs.

Investment results						
Average annual total returns (%) as of June 30, 2019						
	Class A Shares	Class Y Shares	Class R Shares	Class R6 Shares	Class R5 Shares	
	Inception: 04/28/87	Inception: 10/03/08	Inception: 06/03/02	Inception: 04/04/17	Inception: 04/29/05	Broad- Based Index
						Bloomber g Barclays U.S. Aggregate Bond Index
Period	NAV	NAV	NAV	NAV	NAV	
Inception	4.94	2.91	2.96	-	3.50	-
10 Years	2.40	2.67	2.16	2.46	2.78	3.90
5 Years	1.67	1.92	1.42	1.79	2.05	2.95
3 Years	0.80	1.06	0.55	1.00	1.15	2.31
1 Year	4.60	4.74	4.34	4.67	4.78	7.87
Quarter	2.61	2.55	2.54	2.69	2.69	3.08

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit invesco.com/performance 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, and you may have a gain or a loss when you sell shares. Class A shares at NAV are available only to certain investors and have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Class R shares have no sales charge; therefore, performance is at NAV. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R6 shares have no sales charge; therefore, performance is at NAV. Class R5 shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges.

Index source: FactSet Research Systems Inc.

For more information you can visit us at www.invesco.com/us

1 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. If securities are rated differently by the rating agencies, the higher rating is applied. 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 the rating methodology, please visit www.standardandpoors.com and select 'Understanding Ratings' under Rating Resources on the homepage; www.moodys.com and select 'Rating Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions' on the homepage.

■ Effective July 26, 2018, the Invesco U.S. Government Fund was renamed Invesco Income Fund. The fund's investment objective, policy and strategy also changed. Please see the prospectus for additional information.

Class A shares at NAV and Class Y shares are available only to certain investors. Class R shares are generally available only to employee benefit plans. Class R6 shares and Class R5 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. See the prospectus for more information. The Bloomberg Barclays 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.

Effective duration is a modified duration calculation which incorporates the expected duration-shortening effect of an issuer's embedded call provision. **Weighted average effective maturity (WAM)** is a measure, as estimated by the fund's portfolio managers, of the length of time the average security in a bond fund will mature or be redeemed by its issuer. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

Expense ratios	% net	% total
Class A Shares	0.98	0.98
Class Y Shares	0.73	0.73
Class R Shares	1.23	1.23
Class R6 Shares	0.57	0.57
Class R5 Shares	0.58	0.58

Per the current prospectus

Investment categories (%)

US Treasuries	3.63
High Yield Corporates	5.45
US Agency MBS	0.45
Non-Agency RMBS	28.21
CMBS	29.65
ABS	20.98
Emerging Market Debt	7.60
REITs	4.49
FX	-0.04
Derivatives	-1.25
Cash	0.81

May not equal 100% due to rounding.

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.

The risks of investing in securities of foreign issuers,

including emerging markets, 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.

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.

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).

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. Advisors, please contact your home office.

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. Holdings are subject to change and are not buy/sell recommendations.

All data provided by Invesco unless otherwise noted.