INVESCO OPPENHEIMER

CAPITAL INCOME FUND

Q2 2019 COMMENTARY | AS OF 6/30/19

Fund Focus

The Fund is a multi-asset strategy which invests in a variety of asset classes.

Ticker Symbol

OPPEX (Class A Shares)
OCIYX (Class Y Shares)
OCIIX (Class R6 Shares)

Morningstar Category

Allocation – 30% to 50% Equity

Portfolio Managers
Michelle Borré, CFA
(Since 4/09)
Krishna Memani
(Since 4/09)

Average Industry Experience
27 years

Client Portfolio Manager
John Corcoran

Invesco Oppenheimer Capital Income Fund[1] Class A, Y and R6 Shares
Average Annual Total Returns as of 6/30/19

	2Q19	1-Year	3-Year	5-Year	10-Year or Since Inception
Invesco Oppenheimer Capital Income Fund (Class A shares without sales charge)	2.19%	5.22%	4.48%	3.42%	7.13%
Oppenheimer Capital Income Fund (Class A shares with sales charge)	-3.46	-0.55	2.52	2.26	6.53
Invesco Oppenheimer Capital Income Fund (Class Y shares)*	2.25	5.47	4.73	3.67	5.59
Invesco Oppenheimer Capital Income Fund (Class R6 shares)**	2.28	5.63	4.91	3.86	4.45
65% Bloomberg Barclays U.S. Aggregate Bond Index[2]/35% Russell 3000 Index[3]	3.48	8.59	6.49	5.69	7.89
Morningstar Allocation - 30% to 50% Equity Funds Category Average[4]	-	5.14	5.38	3.38	6.22
Morningstar Percentile Rank and Ranking: Allocation - 30% to 50% Equity Funds Category[5] (Class A shares based on total return)	--	60th #318/553	84th #412/492	63rd #247/398	46th #117/265

Returns for periods less than one year are cumulative and not annualized.
Annual Expense Ratios:
Class A shares: Gross: 0.99%; Net: 0.95%
Class Y shares: Gross: 0.74%; Net: 0.70%
Class R6 shares: Gross: 0.61%; Net: 0.57%
*Class Y shares inception date is 1/28/11
**Class R6 shares inception date is 12/27/13

Performance data quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month-end, visit oppenheimerfunds.com or call 1-800-959-4246. Fund returns include changes in net asset value with dividends and capital gains reinvested. Class A shares include the 5.50% maximum sales charge where indicated. Class Y and Class R6 shares are not subject to a sales charge. Fund performance reflects fee waivers, absent which, performance data quoted would have been lower. Total annual fund operating expenses after any contractual fee waivers and/or expense reimbursements by the adviser are in effect through May 28, 2021. See current prospectus for more information. 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. Class I shares were reorganized into Class R6 shares. R6 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. Y shares are generally intended for certain investors, such as wrap-fee based programs or commissionable brokerage platforms that charge sales commission. See prospectus for details.

EXECUTIVE SUMMARY

Invesco acquired OppenheimerFunds on May 24, 2019. As a result of this transaction, management of Oppenheimer Capital Income Fund (Fund), now renamed Invesco Oppenheimer Capital Income Fund, transitioned to Invesco's Global Asset Allocation Team (GAA Team). The GAA Team is led by portfolio manager Scott Wolle and consists of five portfolio managers and a total of 18 team members. The GAA Team currently manages more than $25 billion in assets. The management approach to the Fund will transition over time to closely resemble that of Invesco Multi-Asset Income Fund. That strategy has a seven-plus year track record, is rated 5 stars by Morningstar, and has a yield of approximately 5%. The GAA Team assumed formal responsibility for the Fund on June 24, and will work with the former portfolio manager, Michelle Borre, to transition the portfolio as quickly as is consistent with prudent management. We currently expect much of the portfolio to transition over the next several months. The following commentary reflects performance through 6/28/19 and reflects the strategy of the Fund through 6/24/19, the date when management of the Fund transitioned to the GAA Team.

During the second quarter of 2019, the Fund's Class A Shares (without sales charge) generated a total return of 2.19%, underperforming the 3.48% return from our blended benchmark (65% Bloomberg Barclays U.S. Aggregate Bond Index / 35% Russell 3000 Index). For the first half of 2019, the Fund generated a total return of 8.41%.

After a brutal fourth quarter in 2018, risk assets rallied sharply in the first half of 2019 as economic growth slowed, inflation expectations moderated and the Federal Reserve (Fed) continued its pause in the rate hiking cycle. Significantly, the Fed also signaled that it might cut rates if the economic slowdown worsened or ongoing trade disputes intensified. Numerous central banks did cut rates during the second quarter, including those in India, Australia, Russia, New Zealand, Malaysia, Philippines, Iceland and Chile, among others. Against this backdrop, the Russell 3000 Index generated a total return of 4.10% in the period while the Bloomberg Barclays U.S. Aggregate Bond Index (Bloomberg Index) climbed 3.08%. All three of the Fund's strategies generated positive returns and contributed to performance during the quarter. However, all three strategies did detract from performance on a relative basis.

In the Equity & Equity Like strategy, the largest contributors to performance were our positions in Lockheed Martin and Northrop Grumman. Our holdings in Philip Morris International and Mylan were the largest detractors. In the High-Grade Fixed Income strategy, the largest contributors to performance were the High-Grade Investment Team's allocations to investment grade credit and agency mortgage-backed securities (MBS). The biggest detractor from performance was weak security selection in both agency MBS and asset-backed securities (ABS). In the Opportunistic strategy, our holdings in gold, a corporate bond issued by Bank of America and senior bank loans were the biggest contributors to performance. The largest detractors were our long/short position in European credit spreads, our short position in U.S. bond futures and our holdings in an event-linked bond.

Dividend Update: The Fund paid a $0.0611 dividend (Class A shares) on 6/20/19 and had a NAV of $10.08 per share on 3/29/19. It paid $0.2736 in dividends during the past twelve months.

PORTFOLIO REVIEW & POSITIONING

The Fund generated a total return of 2.19% in the second quarter, underperforming the blended benchmark, which generated a 3.48% return. All three strategies generated positive returns and contributed to performance in the reporting period. However, all three strategies were detractors on a relative basis as the Bloomberg Index climbed 3.08% in the quarter while the Russell 3000 Index rose 4.10%.

During the period that Michelle Borre managed the Fund, it contained a variety of macro and change-related themes that were implemented across asset classes and supported by detailed bottom-up research conducted by the investment team. These themes were typically expressed through a variety of positions and helped to guide overall construction of the portfolio. The most recent themes in the portfolio included: (1) Breakthrough Advances in Healthcare; (2) Central Bank Policy; (3) China Imbalances and Implications; (4) Commercial Aerospace Cycle; (5) Competition in Consumer Products and Retailing; (6) Cyclical Change in Credit; (7) Demographics and Consumer Preferences; (8) Energy Cost Curve and its Implications; (9) Energy Efficiency/Renewable Energy; (10) European Fragmentation; (11) Geopolitical Tensions & Global Threats; (12) Healthcare Reform and Structural Change; (13) Housing Cycle; (14) IOT, Internet and Cloud; (15) Mobile Evolution; (16) Regulatory Change; (17) Risk/Reward Profile; (18) Event-Linked Bonds; and (19) Security/Industry Specific Changes.

The Fund has continued to deliver attractive risk-adjusted returns combined with strong downside risk mitigation. For example, our Sharpe Ratio, an important measure of risk-adjusted returns, is ranked in the 4th percentile of the Morningstar Allocation (30%-50% Equity) category for Class A shares for the period from portfolio manager Michelle Borre's transition date (4/15/09) through 6/28/19. Similarly, our Sortino Ratio (another measure of risk-adjusted return that penalizes only downside volatility) is also ranked in the 4th percentile (Class A shares) over the same period. The Fund's standard deviation ranks in the 3rd percentile of its peer group and its maximum drawdown ranks in the 8th percentile (Class A shares) for that time period.

EQUITY STRATEGY

The Equity & Equity Like strategy generated a positive return and contributed to performance on an absolute basis but detracted from performance on a relative basis in the reporting period. The top contributors were our positions in Lockheed Martin and Northrop Grumman while the largest detractors were our holdings in Philip Morris International and Mylan.

Our position in **Lockheed Martin (LMT),** a leading U.S.-based defense company, contributed to performance in the period. The outperformance was driven by a combination of solid revenue and earnings results on strong U.S. defense outlays, continued strength in F-35 orders, and improving F-35 margins. Increasing global tensions in Iran and throughout the Middle East, and macro concerns arising from U.S./China trade tensions, also helped the defense space.

Our position in **Northrop Grumman (NOC)**, another leading U.S. defense company, also contributed to performance. The company benefitted from a combination of improving margins, improved earnings outlook for 2019, and strong growth in backlog as the recent book to bill came in at 1.5x.

EQUITY STRATEGY (CONTINUED)

These factors reflect the strong backdrop for U.S. defense spending, with NOC positioned to benefit from a combination of the F-35 program and the ramp up of the new bomber program. Increasing global tensions in Iran and throughout the Middle East, and macro concerns arising from U.S./China trade tensions, also helped the defense space.

In contrast, our position in **Philip Morris International (PM),** a cigarette and tobacco company, detracted from performance. The shares declined in the second quarter partly as a result of rising costs related to the company's investment in its heated tobacco products. Investor remain unsure about the trajectory of the ramp for iQOS although management continues to project solid end-market demand and is pushing to improve market penetration in countries where the product is sold.

Our position in **Mylan (MYL),** a global generics and specialty pharmaceutical company, also detracted from performance after reporting disappointing quarterly financial results. The company unexpectedly missed analyst expectations for its European generics division, which is normally a steady business, due to the one-time impact from a new regulatory change as well as unfavorable movements in foreign exchange. Cash flows in the quarter were also lower than expected as Mylan increased its investments ahead of new biosimilar launches later this year.

FIXED INCOME STRATEGY

The High-Grade Fixed Income strategy generated a positive return and contributed to performance on an absolute basis but was a relative detractor in the period. The largest contributors to performance were allocations to investment grade credit and agency MBS. The biggest detractor from performance was weak security selection in both agency MBS and ABS. During the reporting period, a number of fixed income asset classes generated excess returns over U.S. Treasuries, including investment grade corporate bonds, ABS, agency MBS and commercial mortgage-backed securities (CMBS).

The High-Grade Fixed Income team believes macroeconomic fundamentals remain stable with U.S. growth at or near potential. The High-Grade team also believes the Fed may cut interest rates two to three times in 2019, and has kept duration neutral to the benchmark at 5.67 years. The team has maintained its overall positioning relative to the Bloomberg Index—overweight ABS, CMBS, agency MBS and corporate bonds along with a strategic underweight to Treasuries. The High-Grade team increased exposure to agency MBS and is now overweight to the benchmark. Within structured credit, the team continues to favor auto ABS given its attractive fundamentals, carry and solid structures. The team has also maintained an overweight in CMBS and remains up-in-structure. Overall, the High-Grade team remains cautious on credit as it believes we reside in the fourth quarter of the credit cycle. The team maintained its overweight to investment grade corporate credit and will continue to monitor valuations to determine appropriate weightings. The High-Grade team has decreased exposure to BB-rated corporates as spreads have tightened and intends to continue reducing exposures. As a result, the High-Grade team continues to be less likely to meaningfully increase credit risk, absent specific relative value opportunities.

OPPORTUNISTIC STRATEGY

The Opportunistic strategy generated a positive return and contributed to performance on an absolute basis but was a relative detractor in the second quarter. In this strategy, we seek asymmetric risk/reward opportunities where the return profile has a low correlation to traditional investment strategies and where the positions help us achieve the Fund's objectives. Our holdings in gold, a corporate bond issued by Bank of America and senior bank loans were the biggest contributors to performance. In contrast, our long/short position in European credit spreads, our short position in U.S. bond futures and our holdings in an event-linked bond were the biggest detractors.

Our position in **gold (GLD)** contributed to performance as the yellow metal climbed by 9.07% to $1,409 per troy ounce in the period. Gold bullion, which began the period at $1,292, oscillated in a $173 range before ending the period with a gain of $117 per ounce. The precious metals complex climbed in the quarter on the back of rising geopolitical risks in the Middle East and Europe, slowing economic growth, a falling U.S. dollar, benign inflation expectations, continuing trade wars and easing monetary policies. We believe some investors are increasingly viewing gold and other precious metals as warrants (i.e., long-dated options) on monetary policy going off the rails or a potential hedge against competitive currency debasement or adverse geopolitical events.

Our position in the **corporate debt of Bank of America** also contributed to performance. These are junior subordinated fixed-to-floating-rate bonds which are now paying a fixed rate of 6.25%. If these securities are not called (redeemed) in September of 2024, they will pay interest at a floating rate of 3-month Libor plus 371 bps. These bonds benefited from a rally in longer-term Treasuries and a tightening in corporate credit spreads. These bonds also outperformed high yield bonds and the S&P Preferred Stock Index in the second quarter.

Our holdings in the **Oppenheimer Master Loan Fund** contributed to performance as credit spreads were mostly flat in the quarter. Loan default rates remain very low at 1.3%. The positive contribution in the reporting period was primarily driven by the coupons on the loans.

In contrast, our long/short position in **European credit spreads** detracted from performance. This position benefits from wider spreads between Germany and less credit worthy European sovereigns (i.e., Italy, Spain and France). Deterioration in the European economy prompted the ECB to signal that it may ease financial conditions in the near term. This guidance exceeded expectations and caused credit spreads to tighten in Europe. This, in turn, caused the outperformance of bonds in Italy, Spain and France relative to German bonds, negatively impacting the value of our position.

Our short position in **U.S. bond futures** also detracted from performance. This position benefits from higher interest rates in the U.S. Supply chain disruptions from tariff increases and uncertainty created by escalating trade tensions weakened the domestic economy. This caused the Fed to signal that it could cut rate later this year, which in turn caused interest rates to fall, negatively impacting the value of this position.

Our position in **Akibare, an event-linked bond** (aka catastrophe bond), detracted from performance as well. The bond has declined in value because it is facing a potential loss of principal due to the typhoon events in Japan in 2018.

CASH

The total cash position ended the quarter at 6.7%. The High-Grade Fixed Income team holds certain positions against which it posts collateral, typically in the form of its investment in an institutional money market fund or short-term ABS. Consequently, the economic exposure to cash is less than the full stated amount.

SPECIAL RISKS

Fixed income investing entails credit and interest rate risks. When interest rates rise, bond prices generally fall, and the Fund's share prices can fall. Below-investment-grade ("high yield" or "junk") bonds are more at risk of default and are subject to liquidity risk. Value investing involves the risk that undervalued securities may not appreciate as anticipated. Mortgage-backed securities are subject to prepayment risk. Derivative instruments entail higher volatility and risk of loss compared to traditional stock or bond investments. Asset-backed securities are subject to prepayment risk. Foreign investments may be volatile and involve additional expenses and special risks, including currency fluctuations, foreign taxes, regulatory and geopolitical risks. Emerging and developing market investments may be especially volatile. The Fund may also invest through a wholly owned Cayman Islands subsidiary, which involves the risk that changes to the laws of the Cayman Islands could negatively affect the Fund. Diversification does not guarantee profit or protect against loss.

Top Ten Equity Holdings[7]

2nd Quarter 2019 (as of 6/30/19)

	Long	Short	Net
Citigroup Capital XIII PFD	1.4%	--	1.4%
Coca-Cola Co.	1.3	--	1.3
Cisco Systems, Inc.	1.1	--	1.1
Philip Morris Intl, Inc.	1.1	--	1.1
Blackstone Mortgage Trust	1.1	--	1.1
Chubb Ltd.	1.1	--	1.1
Lockheed Martin Corp.	1.0	--	1.0
M&T Bank Corp.	0.9	--	0.9
Alphabet, Inc	0.9	--	0.9
Northrop-Grumman	0.8	--	0.8

Cash & Hedges[6]

2nd Quarter 2019 (as of 6/30/19)

	Long	Short	Net
Cash	6.7%	-	6.7%
Currency & Duration Hedges	-	-5.7%	-5.7%

Opportunistic Strategy Allocations[6]

2nd Quarter 2019 (as of 6/30/19)

	Long	Short	Net
Senior Loans	14.0%	-	14.0%
Corporate Bonds & Hybrids	5.4	-0.3	5.2
Asset Backed Securities	7.2	-	7.2
Commodities	1.3	-	1.3
Sovereign	1.9	-6.0	-4.1
Interest Rates	-	-0.9	-0.9
Relative Value	3.9	-4.7	-0.8
Currencies	0.7	-2.5	-1.9
Catastrophe Bonds	1.3	-0.1	1.2

High Grade Strategy Allocations[6]

2nd Quarter 2019 (as of 6/30/19)

	Long	Short	Net
Mortgage Related Securites	17.3%	-	17.3%
Corp. Bond/Corp. Expsoure	17.6	-	17.6
Duration Hedges	4.5	-5.4	-0.9
Asset Backed Securities	5.3	-	5.3

Asset Breakdown[6]

2nd Quarter 2019 (as of 6/30/19)

	Long	Short	Net
High-Grade Fixed Income Strategy	44.7%	-5.4%	39.3%
Equity Strategy	37.5	-	37.5
Opportunistic Strategy	35.6	-14.5	21.1

Equities and Equity-like Portfolio: Securities may include common stock, high delta convertible bonds, preferred stocks and structured notes.

High Grade Strategy: Securities may include corporate bonds, ABS, CMBS, agencies, U.S. Treasuries, agency MBS, non-agency MBS, derivatives and cash.

Opportunistic Strategy: Securities may include equity hybrids, low delta convertible bonds, corporate bonds, ABS, derivatives, cash, options and structured products.

The Fixed Income team uses futures to gain exposure to U.S. Treasury and mortgage markets. The Fund holds cash collateral against these positions, w ith the effect that economic exposure to cash may be less than it appears. Cash is allocated among the Investment-Grade Fixed Income and Opportunistic strategies of the portfolio. The portfolio managers have the discretion to change the allocations of the portfolio.

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DISCLOSURES

Past performance does not guarantee future results.

1. The Fund's investment objective changed from "The Fund's primary objective is to seek as much current income as is compatible with prudent investment" to "The Fund seeks total return" on 12/28/12.
2. The Bloomberg Barclays U.S. Aggregate Bond Index is an Index of U.S. dollar-denominated, investment-grade U.S. corporate government and mortgage-backed securities. The index is unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund.
3. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. equity market. The Index is unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund.
4. Source: Morningstar, Inc., 6/30/19. The Morningstar Allocation – 30% to 50% Equity Funds Category Average is the average return of the mutual funds within the investment category as defined by Morningstar. Returns include the reinvestment of distributions but do not consider sales charges. The Morningstar Allocation – 30% to 50% Equity Funds Category Average performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund.
5. Source: Morningstar, Inc., 6/30/19. Morningstar ranking is for Class A shares and ranking may include more than one share class of funds in the category, including other share classes of this Fund. Ranking is based on total return as of 3/31/19, without considering sales charges. Different share classes may have different expenses and performance characteristics. Fund rankings are subject to change monthly. The Fund's total-return percentile rank is relative to all funds that are in the Allocation – 30% to 50% Equity category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1.
6. Holdings are subject to change, and are dollar weighted based on total net assets. Negative weightings may result from the use of leverage. Leverage involves the use of various financial instruments or borrowed capital in an attempt to increase investment return. Leverage risks include potential for higher volatility, greater decline of the Fund's net asset value and fluctuations of dividends and distributions paid by the Fund. Asset tables may not display cash weightings. The Fund's investment strategies and focus can change over time. The mention of specific portfolio holdings does not constitute a recommendation by the Fund or by Invesco.
7. The S&P 500 Index is a capitalization-weighted index of 500 stocks intended to be a representative sample of leading companies in leading industries within the U.S. economy. The DAX is a stock index that represents 30 of the largest and most liquid German companies that trade on the Frankfort Exchange. The MSCI EM (Emerging Markets) Index is a market-capitalization-weighted index designed to measure the performance of emerging market stocks. The Shanghai Stock Exchange Composite Index (SSE Index) is a capitalization-weighted index of all stocks (A shares and B Shares) that are traded at the Shanghai stock exchange. The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Index is unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund.

Shares of Invesco funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.

The mention of specific companies does not constitute a recommendation by Invesco. These views represent the opinions of the Portfolio Managers at Invesco. and are not intended as investment advice or to predict or depict the performance of any investment. These views are as of the close of business on June 30, 2019, and are subject to change based on subsequent developments. The Fund's portfolio and strategies are subject to change.

Total returns do not show the effects of income taxes on an individual's investment. Taxes may reduce an investor's actual investment returns on income or gains paid by the Fund or any gains realized if the investor sells his/her shares.

Before investing in any of the Invesco funds, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses and summary prospectuses contain this and other information about the funds, and may be obtained by asking your financial advisor, visiting oppenheimerfunds.com, or calling 1.800.959.4246. Read prospectuses and summary prospectuses carefully before investing.

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