

Invesco Short Duration Inflation Protected Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Sept. 30, 2019



Investment objective

The fund seeks to provide protection from the negative effects of unanticipated inflation.

Portfolio management

Brian Schneider, Robert Young

Fund facts

Total Net Assets	\$542,900,870
Total Number of Holdings	12

Fund characteristics

WAM (years)	3.02
Effective Duration	2.98
Distribution Frequency	Quarterly

Credit quality breakdown (% total)¹

AAA	100.00
-----	--------

Holdings by maturity

US treasuries	Coupon rate (%)	Total net assets (%)
7/15/2020	1.25	7.50
1/15/2021	1.13	8.44
4/15/2021	0.13	9.40
7/15/2021	0.63	8.02
1/15/2022	0.13	9.04
4/15/2022	0.13	9.06
7/15/2022	0.13	8.88
1/15/2023	0.13	8.85
4/15/2023	0.63	9.53
7/15/2023	0.38	8.85
1/15/2024	0.63	8.97
4/15/2024	0.50	3.44
Other assets less liabilities	-	0.01

Market overview

- + Returns on US Treasury Inflation-Protected Securities (TIPS) were positive for the quarter, with the ICE BofA Merrill Lynch 1-5 Year US Inflation-Linked Treasury Index gaining 0.28%. Returns were driven by positive price gains that resulted from falling real yields.
- + The 2-5 year maturity segment of the TIPS yield curve remained inverted during the quarter. Yields on 2-year and 5-year maturities ended the quarter at 0.36% and 0.20%, respectively. The average yield of the ICE BofA Merrill Lynch 1-5 Year US Inflation-Linked Treasury Index rose 0.08% during the quarter to end at 0.45%.
- + Short-term TIPS underperformed their nominal US Treasury bond counterparts on a maturity-matched basis for the quarter. Inflation expectations decreased during the quarter as real yields on TIPS decreased less than nominal yields on Treasuries, causing breakevens to decrease. The difference between yields on maturity-matched nominal Treasuries and TIPS is a measure of inflation expectations, also known as breakeven inflation (the amount of inflation needed for TIPS to break even with nominal Treasuries).

Positioning and outlook

- + The annual inflation rate decreased 0.3% from June to end the third quarter at 1.7%, which was mainly driven by the decline in energy prices. We expect US inflation to remain rangebound over the remainder of 2019 but we could see an increase due to uncertainty about tariffs. US growth is likely to remain around 2%, which is supported by consumers, but could slow due to weakness in the industrial sector.

Performance highlights

- + Invesco Short Duration Inflation Protected Fund Class A shares at net asset value (NAV) performed in line with its benchmark, the BofA Merrill Lynch 1-5 Year US Inflation-Linked Treasury Index (before fees). (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- + The fund seeks to match the performance of its index. There were no contributors to relative performance.

Detractors from performance

- + The fund seeks to match the performance of its index. There were no detractors from relative performance.

Expense ratios	% net	% total
Class A2 Shares	0.45	0.57
Class A Shares	0.55	0.67
Class Y Shares	0.30	0.42

Per the current prospectus

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2020. See current prospectus for more information.

Investment categories (%)

U.S. Government Bonds	100.01
Cash	-0.01

May not equal 100% due to rounding.

Investment results

Average annual total returns (%) as of Sept. 30, 2019

Period	Class A2 Shares		Class A Shares		Class Y Shares	Style-Specific Index
	Inception: 12/15/87		Inception: 10/31/02		Inception: 10/03/08	
	Max Load 1.00%	NAV	Max Load 2.50%	NAV	NAV	ICE BoAML 1-5 Year US Inflation-Linked Treasury Index
Inception	3.70	3.74	1.30	1.45	0.97	-
10 Years	0.66	0.77	0.45	0.71	0.86	1.84
5 Years	1.08	1.29	0.68	1.20	1.40	1.29
3 Years	0.82	1.17	0.19	1.03	1.32	1.58
1 Year	2.32	3.32	0.65	3.21	3.47	3.63
Quarter	-0.70	0.27	-2.23	0.24	0.30	0.24

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 Y shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. On Dec. 31, 2015, the fund's investment objective, principal investment strategy and benchmarks changed. For more information about the changes, please see the fund's prospectus. Results prior to Dec. 31, 2015, reflect the performance of the fund's previous strategy. 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.moody's.com and select 'Rating Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions' on the homepage.

Class Y shares and Class A2 shares are available only to certain investors. See the prospectus for more information.

The ICE BofAML 1-5 Year US Inflation-Linked Treasury Index is a subset of The BofA Merrill Lynch US Inflation-Linked Treasury Index including all securities with a remaining term to final maturity less than five years. An investment cannot be made directly in an index.

Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates ("BofAML") indices and related information, the name "Bank of America Merrill Lynch", and related trademarks, are intellectual property licensed from BofAML, and may not be copied, used, or distributed without BofAML's prior written approval. The licensee's products have not been passed on as to their legality or suitability, and are not regulated, issued, endorsed, sold, guaranteed or promoted by BofAML. BOFAML MAKES NO WARRANTIES AND BEARS NO LIABILITY WITH RESPECT TO THE INDICES, ANY RELATED INFORMATION, ITS TRADEMARKS, OR THE PRODUCT(S) (INCLUDING WITHOUT LIMITATION, THEIR QUALITY, ACCURACY, SUITABILITY AND/OR COMPLETENESS). **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.

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.

Because the fund operates as a passively managed index fund, adverse performance of a particular security ordinarily will not result in its elimination from the fund's portfolio. Ordinarily, the Adviser will not sell the fund's portfolio securities except to reflect changes in the securities that comprise the Index, or as may be necessary to raise cash to pay fund shareholders who sell fund shares.

Inflation-indexed securities generally fluctuate in response to changes in real interest rates, and the Fund's income from its investments in these securities is likely to fluctuate considerably more than income distributions on its investments in more traditional fixed-income securities.

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

The Fund's use of a representative sampling approach will result in its holding a smaller number of securities than are in the Index and in holding securities not included in the Index. As a result, underperformance of securities held by the Fund could result in a greater decline in NAV than would be the case if all of the securities in the Index were held, and the Fund may not track the return of the Index as well as it would have if it held all of the securities in the Index.

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.