

# Invesco Corporate Bond Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of Sept. 30, 2022



### Investment objective

The fund seeks to provide current income with preservation of capital. Capital appreciation is a secondary objective that is sought only when consistent with the fund's primary investment objective.

### Portfolio management

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### Fund facts

Total Net Assets	\$2,264,064,457
Total Number of Holdings	1234

### Fund characteristics

Effective Duration	6.99
WAM (years)	15.18

### Investment categories (%)

#### Government Bonds

US Treasuries	0.30
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#### Corporate Bonds

US Investment Grade Bonds	60.05
US High Yield Bonds	9.87

#### Securitized Debt

US Asset-Backed Securities	1.40
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#### Municipal Bonds

	1.12
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#### US Dollar Denominated Foreign Debt

Non-US Investment Grade Bonds	10.45
Non-US High Yield Bonds	3.92
Emerging Markets Debt	8.02
Sovereign Debt	3.33

#### Convertible Bonds

	1.06
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#### Other

	0.01
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#### Cash

	0.47
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May not equal 100% due to rounding.

### Credit quality breakdown (% total)<sup>1</sup>

Cash	0.47
AAA	0.51
AA	3.64
A	21.97
BBB	53.48
BB	14.46
B	4.85
CCC and below	0.18
Not Rated	0.44

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

### Market overview

- + US bonds, as measured by the Bloomberg US Aggregate Bond Index, had a negative return for the third quarter.
- + Changes in US interest rates and inflation risk significantly affected fixed income valuations during the quarter. Yields on 2-year and 10-year Treasuries rose from 2.92% to 4.22% and from 2.98% to 3.83%, respectively. The yield curve, as measured by the yield differential between 2- and 10-year Treasuries, inverted during the quarter as short-term rates were higher than long-term rates.
- + The asset-backed securities (ABS) sector outperformed duration-matched Treasuries for the quarter, while commercial mortgage-backed (CMBS) and Agency residential mortgage-backed (RMBS) securities sectors underperformed for the quarter.

### Positioning and outlook

Our short-term outlook for bond markets is cautiously optimistic:

- + The macroeconomic backdrop of tightening financial conditions, interest rate volatility and slowing economic growth is negative for credit asset classes. However, valuations and yields for credit assets have improved. Corporate credit issuance is relatively low because companies have no need to refinance debt into a weak market, which signals the strength of corporate balance sheets.
- + The Federal Reserve is expected to continue its rapid tightening of monetary policy in an effort to control inflation and slow the economy. The Fed's projected target for the federal funds rate at the end of 2022 has increased to 4.25-4.5%, up from June's expectation of 3.4%. Additionally, the Fed continues to shrink its balance sheet. Overall, the Fed's policy going forward will largely dictate how significant and long-lasting an economic downturn will be.
- + Geopolitical and economic tensions continue to bubble in Eastern Europe. If Russia cuts off energy to Europe, we would anticipate higher inflation, weaker growth and less monetary tightening globally. If tensions with Russia ease, that could lead to decreased inflation, higher growth and more aggressive monetary tightening.
- + In terms of positioning, the fund remains overweight in investment grade issues based on valuations and a supportive technical environment (supply/demand balance). In the high-yield segment, the fund is positioned mainly in higher quality issues with potential for ratings upgrades, though the slowing economy will likely limit upgrade opportunities. In emerging market debt, the fund is focused on US-dollar denominated issuers. We have kept the fund's duration neutral relative to its benchmark due to interest rate volatility.

### Performance highlights

- + Invesco Corporate Bond Fund Class A shares at net asset value (NAV) declined for the quarter but outperformed its benchmark, the Bloomberg US Credit Index. (Please see the investment results table on page 2 for fund and index performance).

### Contributors to performance

- + The fund benefited from security selection in the banking and energy sub-sectors.
- + Overweights in the finance companies and insurance sub-sectors positively affected relative performance.

### Detractors from performance

- + Security selection in the REITs and technology sub-sectors detracted from relative performance.
- + Underweights in the consumer non-cyclical and capital goods sub-sectors detracted from relative performance.

Expense ratios	% net	% total
Class A Shares	0.72	0.72
Class C Shares	1.47	1.47
Class Y Shares	0.47	0.47

Per the current prospectus

## Investment results

Average annual total returns (%) as of Sept. 30, 2022

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 09/23/71	NAV	Inception: 08/30/93	NAV	Inception: 08/12/05	
	<b>Max Load</b> 4.25%		<b>Max CDSC</b> 1.00%			<b>Bloomberg U.S. Credit Index</b>
Inception	6.39	6.48	4.39	4.39	4.09	-
10 Years	1.75	2.19	1.59	1.59	2.44	1.58
5 Years	-0.82	0.05	-0.69	-0.69	0.28	-0.05
3 Years	-4.60	-3.19	-3.91	-3.91	-2.98	-3.61
1 Year	-23.49	-20.08	-21.41	-20.65	-19.95	-17.89
Quarter	-8.70	-4.65	-5.72	-4.78	-4.58	-4.95

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.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. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class Y shares have no sales charge; therefore, performance is at NAV. Performance includes litigation proceeds. Had these proceeds not been received, total return would have been lower. 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](https://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](https://www.standardandpoors.com) and select 'Understanding Ratings' under Rating Resources on the homepage; [www.moodys.com](https://www.moodys.com) and select 'Rating Methodologies' under Research and Ratings on the homepage; [www.fitchratings.com](https://www.fitchratings.com) and select 'Ratings Definitions' on the homepage.

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

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.

The Bloomberg Barclays U.S. Credit Index is an unmanaged index considered representative of publicly issued, SEC-registered U.S. corporate and specified foreign debentures and secured notes. 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.

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## About risk

Convertible securities may be affected by market interest rates, the risk of issuer default, the value of the underlying stock or the issuer's right to buy back the convertible securities.

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.

Credit risk refers to an issuer's ability to make timely payments of interest and principal. Because the fund generally invests only in investment-grade-quality debt securities, it is subject to a lower level of credit risk than a fund investing in lower quality securities.

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.

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, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Junk bonds have greater risk of default or price changes due to changes in the issuer's credit quality. Junk bond values fluctuate more than high quality bonds and can decline significantly over a short time.

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.

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.

***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 financial professionals 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. Financial professionals, 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.